TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

Room JHR 120
John H. Reagan Building
105 West 15th Street
Austin, Texas

September 4, 2014
10:00 a.m.

BOARD 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

ON THE RECORD REPORTING
(512) 450-0342
AGENDA ITEM

CALL TO ORDER, ROLL CALL 8
CERTIFICATION OF QUORUM

CONSENT AGENDA

ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

EXECUTIVE
a) Presentation, Discussion, and Possible Action regarding the Board Minutes summaries for June 5, 2014, and June 26, 2014

RULES
b) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC '5.2 concerning Definitions and '5.19 concerning Client Income Guidelines and directing their publication for public comment in the Texas Register

c) Presentation, Discussion, and Possible Action on proposed repeal of 10 TAC '5.16 concerning Monitoring and Single Audit Requirement and '5.20 concerning Determining Income Eligibility and directing their publication for public comment in the Texas Register

d) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC '5.204 concerning Use of Funds, '5.207 concerning Subrecipient Performance, ' 5.210 concerning Community Needs Assessment and Community Action Plan, and '5.213 concerning Board Structure and directing their publication for public comment in the Texas Register

e) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC '5.423 concerning Household Crisis Component and directing its publication for public comment in the Texas Register

ON THE RECORD REPORTING
(512) 450-0342
f) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC '5.502 concerning Purpose and Goals and '5.528 concerning Health and Safety and directing their publication for public comment in the Texas Register

g) Presentation, Discussion, and Possible Action on proposed new 10 TAC '5.2013 concerning Environmental Clearance and directing its publication for public comment in the Texas Register

h) Presentation, Discussion, and Possible Action on adoption of amendments to 10 TAC '1.13 concerning Adjudicative Hearing Procedures

i) Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC 90 Chapter 10 Uniform Multifamily Rules, Subchapter E concerning Post Award and Asset Management Requirements, and proposed new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter E concerning Post Award and Asset Management Requirements, and directing their publication for public comment in the Texas Register

j) Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC Chapter 10 Subchapter D concerning Underwriting and Loan Policy and a proposed new 10 TAC Chapter 10 Subchapter D and directing their publication for public comment in the Texas Register

k) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC '10.601(b) concerning Compliance Monitoring Objectives and Applicability; '10.607 concerning Reporting Requirements; '10.609(5) concerning Notices to the Department; '10.612, concerning Tenant File Requirements; '10.613 concerning Lease Requirements; '10.614 concerning Utility Allowances; '10.618 concerning Onsite Monitoring; '10.620(b) concerning Monitoring for Non-Profit Participation

ON THE RECORD REPORTING
(512) 450-0342
or HUB Participation; and, ‘10.624 concerning Events of Noncompliance, proposed repeal of 10 TAC ‘10.610 concerning Tenant Selection Criteria; and, ‘10.617, concerning Affirmative Marketing Requirements, and proposed new 10 TAC ‘10.610 concerning Tenant Selection Criteria; ‘10.617 concerning Affirmative Marketing Requirements, and directing their publication for public comment in the Texas Register

l) Presentation, Discussion, and Possible Action authorizing staff for the Section 811 PRA Program, to execute all necessary agreements and contracts with Owners of Multifamily Properties, execute agreements with HUD for future funding awards, and make program design adjustments

m) Presentation, Discussion, and Possible Action on publishing the draft 2015-2019 State of Texas Consolidated Plan

n) Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning Pineywoods Home Team Affordable Housing (HOME 539113/HTF 859003)

o) Presentation, Discussion, and Possible Action on Material LURA Amendment 05612 Park Manor Sherman

p) Presentation, Discussion, and Possible Action on Housing Tax Credit Application Amendments
   13240 Summit Place Dallas
   13115 Abbington Meadows Howe
   13223 Campanile at Jones Creek Richmond
   11041/12002 Riverwood Commons Bastrop

q) Presentation, Discussion, and Possible Action Regarding an Extension Request Relating to a Determination Notice for Housing Tax Credits with another Issuer 13428 Village at Palm Center Houston

ON THE RECORD REPORTING
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REPORT ITEMS
The Board accepts the following reports:

1. Report from the Deputy Executive Director for Single Family, Community Affairs and Metrics
2. Presentation on the Department Quarterly Snapshot tool
3. TDHCA Outreach Activities, July-August 2014

ACTION ITEMS

ITEM 2: RULES:

a) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC Chapter 11 "11.1(e), 11.2, 11.3(e), 11.3(f), 11.5, 11.6(5), 11.7, 11.8, 11.9(c)(4), 11.9(c)(5), 11.9(c)(7), 11.9(d)(1), 11.9(d)(4), 11.9(e)(3), 11.9(e)(7) and 11.10 concerning the Housing Tax Credit Program Qualified Allocation Plan and directing their publication for public comment in the Texas Register

b) Presentation, Discussion, and Possible Action on proposed repeals of 10 TAC Chapter 10 Subchapter A concerning General Information and Definitions; Subchapter B concerning Site and Development Requirements and Restrictions; Subchapter C concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules; and Subchapter G concerning Fee Schedule, Appeals and Other Provisions, and a proposed new 10 TAC Chapter 10 Subchapter A concerning General Information and Definitions; Subchapter B concerning Site and Development Requirements and Restrictions; Subchapter C concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules; and Subchapter G concerning Fee Schedule, Appeals and Other Provisions, and directing their publication for public comment in the Texas Register

ON THE RECORD REPORTING
(512) 450-0342
c) Presentation, Discussion, and Possible Action regarding on the proposed repeal of 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules, and a proposed new 10 TAC Chapter 12 concerning the Multifamily Housing Revenue Bond Rules and directing their publication for public comment in the Texas Register

ITEM 3: MULTIFAMILY FINANCE

a) Presentation, Discussion and Possible Action on the 2014 HOME Multifamily Rental Development Notice of Funding Availability (NOFA)

b) Presentation, Discussion, and Possible Action Regarding Reinstatement of a Determination Notice for Housing Tax Credits with another Issuer

13249 William Cannon Apartments Austin

Public Comment on Matters Other Than Items for Which There Were Posted Agenda Items.

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(512) 450-0342
MR. OXER: Good morning, everyone. I'd like to welcome everyone to the September 4 board meeting of the Texas Department of Housing and Community Affairs Governing Board.

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

Ms. Bingham?

MS. BINGHAM: Over here.

MR. OXER: Over there?

Mr. Gann?

MR. GANN: Back over here.

MR. OXER: Okay. In his usual position. And Professor McWatters is not here.

Dr. Muñoz?

DR. MUÑOZ: Still over here.

MR. OXER: I am here, and Mr. Thomas is not here with us today. So we have four, we're in business, we have a quorum.

Tim, lead us in the salute to the flag.

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

MR. OXER: This is our last meeting of the summer, so we said since everybody is going back to school and schools are opening, and real football, SEC football has started, so happy to see everybody wearing your school
colors here. I've got to give a little shout-out to Dr. Muñoz who is our style icon.

DR. MUÑOZ: Some colors are more powerful than others.

(General laughter.)

MR. OXER: No question about it, I'll give you that one.

All right. Let's get started here. I guess we have nothing on the special items here. Tim, on the consent agenda?

MR. IRVINE: We have a couple of changes on the consent agenda. One is we have public comment on item 1(i), so that should be pulled for that public comment.

I would also just like to make a general comment about the preambles for the rules that we'll be proposing throughout the morning -- hopefully it's just the morning. In the preambles of these proposed rules, as required by the Administrative Procedures Act, we've included findings with regard to increased costs for compliance with these proposed rules, and under the general authority, the resolutions that you adopt to authorize publication of these rules, you give staff authority to make technical non-substantive corrections.

One of the things that we would propose to do on some of those where the findings have been made, we may
find it appropriate to add some additional language to
explain the rationale behind that decision. Wouldn't
impact the rule language itself, so I just wanted to make
sure that that was all right for us to be doing it that
way.

MR. OXER: So that constitutes a non-
substantial amendment to the rule itself, just an
explanation.

MR. IRVINE: I just wanted everybody to know
that that's what we're going to be doing.

MR. OXER: Okay. That's good for me.

MR. IRVINE: So that's all I've got.

MR. OXER: Does any member of the Board have
any other item they'd like to pull from the consent
agenda?

(No response.)

MR. OXER: Then we'll have a motion to
consider.

MS. BINGHAM: Mr. Chair, I move to approve
items on the consent agenda, with the exception of item
1(i).

MR. OXER: Motion by Ms. Bingham.

MR. GANN: Second.

MR. OXER: Second by Mr. Gann. Is there any
comment on the consent agenda?
Back to a quick housekeeping item here, our first row on this side of the aisle which has the reserved section here will be for those who wish to comment on the item under consideration, so while we appreciate that you're there waiting for the item that you want, is there any anybody there who wishes to comment on the consent agenda? No. That's the right answer.

All right. Motion by Ms. Bingham to accept the consent agenda with the exception of item 1(i) that's been pulled for discussion, second by Mr. Gann. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

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

Let's take item 1(i). Cari.

MS. GARCIA: Cari Garcia, director of asset management.

Item 1(i) is the proposed revision to Subchapter E of the Uniform Multifamily Rules which covers the post-award and asset management requirements for multifamily properties. So basically, after the excitement of the award in July, the baby has been passed on to asset management and compliance to raise, and let me tell you, those teenage years can be tricky.

MR. OXER: You're in the terrible twos now.
Right?

(General laughter.)

MS. GARCIA: The majority of the revisions in this chapter are for clarification of processes or correction of information in the rule which we discovered during processing various requests throughout the year. Although most of the revisions are not significant changes, some do provide additional information and clarification. There are a few sections with new information, such as the one that has public comment today, which is 10.406(e), regarding transfers when a HUB, historically underutilized business, is required in the LURA. 10.404(b) is also new information on lease-up reserve accounts that are analyzed during the cost certification review process. And 10.407(d)(3) is an addition regarding right of first refusal when the LURA does not specifically address the required period of time that the posting should be held out to non-profits. So those are just three sections with additional information, but otherwise, it's mostly clarification and correction.

This particular item was pulled from the consent agenda for public comment that we received yesterday on the section that I mentioned before, and we have a couple of people here that would like to provide public comment, and it pertains to ownership transfers.

ON THE RECORD REPORTING
(512) 450-0342
where a HUB is involved and whether the transfer, which also would involve a LURA amendment, should be allowed when a HUB is required to be maintained in the transaction through the compliance period.

When an applicant applies for funds under the Tax Credit Program, obviously there's points associated with that, and one of them is for the partnership with a historically underutilized business, and the way that is then put in the LURA is that that HUB is required to participate either by having an ownership interest or in material participation for a certain amount of time, which is usually the compliance period.

And we've had requests throughout the year to remove a HUB or replace a HUB with another HUB, which is fine. Generally when we receive requests for LURA amendments, we take those pretty seriously and we look at what the mitigating factors are behind changing the LURA since we consider the LURA as the contract with the owner, that's what you represented in the original application.

Now, in this issue there's been a lot of discussion recently, and this item has actually been on the last two agenda reports and then pulled, so I'm glad it's open under the rule revision and we'll hear some comment and be able to have some discussion with Board members, as well, about the intent of having a HUB in the
transaction. You know, it's hard to figure out way back when what the original intent was and whether a HUB should be equal to a non-profit, can a HUB be replaced by a non-profit, is the intent for the HUB to come in and receive experience in the application and development of the property but then allowed to leave once that benefit and other economic benefits have been obtained, or is the purpose to give the HUB additional experience in operating the development and being a part of the ownership and property management, at least through the compliance period.

So there's been some discussions about what the intent was and I look forward to hearing what the Board thinks about what's the purpose of having a HUB and when they should be able to leave the ownership and amend the LURA. So unless you have other questions for me, I will step aside and allow public comment.

MR. OXER: I have a question. When was the HUB component added to the rule?

MS. GARCIA: To the rule?

MR. OXER: When did we start doing this?

MS. GARCIA: Oh, gosh, we've been doing it quite a while. I mean, I would say in the late '90s, early '90s.

MR. OXER: Early '90s?
MS. GARCIA: Yes.

MR. OXER: There was obviously a reason for doing that. Is there anybody here with the institutional memory to be able to tell us what that is?

MS. GARCIA: And also, throughout the years there's been different points associated with it, so it's like in different years maybe the requirement was more serious or took on a bigger impact than in other years, and in some years because the points were equal to a non-profit and the language in the LURA is pretty much the same as how you materially participate, it would appear that they have equal status, although they're very different types of entities.

And when we've looked at this type of transaction most recently and through the rules, if an owner is wanting to come in and transfer to a non-profit, we've looked at the development itself, is it struggling, is this required to keep this development afloat, is there some kind of issue like foreclosure. Although the non-profit can't be created as a HUB, is it similar to the way a HUB is organized in composition. I mean, there's a lot of different factors that we've looked at, and there have been some transfers that we've allowed if there are mitigating factors which is why the language was written in the rule that was presented to you that this type of
transaction should be considered and brought to the Board if there's mitigating factors to be presented.

MR. OXER: So the HUBs and the non-profits are materially different entities. You assume that the HUB would be for-profit.

MS. GARCIA: Right.

MR. OXER: Okay. Is there any questions of the Board for Cari?

(No response.)

MR. OXER: Have to have a motion to consider.

DR. MUÑOZ: So moved.

MR. OXER: Motion by Dr. Muñoz to accept staff recommendation on item 1(i). Is there a second?

MS. BINGHAM: Second.

MR. OXER: Second by Ms. Bingham.

Okay. Thanks, Cari.

MS. BINGHAM: Could you refer us to the section? Is it 10.406?

MR. OXER: We have a question, Cari.

MS. BINGHAM: Are we looking primarily at 10.406, ownership transfers and the LURA stuff under that section?

MS. GARCIA: The public comment that we received was specifically for 10.406(e) which is regarding transfers to a HUB.
MS. BINGHAM: Okay. Very good.

MS. GARCIA: But the whole rule will be out for public comment.

MS. BINGHAM: Thank you.

MR. OXER: Okay. We have public comment. And I'll remind everybody to sign in while you're there so we can identify you, and you need to identify who you are when you speak, please, for the benefit of our recorder here.

MR. AINSA: Mr. Oxer, my name is Frank Ainsa. I'm an attorney in El Paso. I'm here representing Investment Builders.

The reason I'm here today is to very briefly talk to you about section .406(e), as the rule is proposed. Contrary to what the preamble says, rule .406(e) as proposed is not a correction or a clarification, it is a brand new policy statement. There is nothing in the current .406(e) that deals with the HUB/non-profit issue explicitly, and so that's why it's attracting this kind of attention. And really, I have three points -- four points that I want to make to you here in my brief three minutes that I have.

Number one, the new rule proposes that a HUB cannot be replaced by a non-profit unless there's a showing of good cause and there is a showing that
replacing the HUB with a non-profit will further the purposes of Section 2306 more than not replacing it. The first comment is this, that strangely enough in the rules good cause is never defined. There's no way for an applicant, or for the Board, for that matter, to know what constitutes good cause in any given application, and so my first point is good cause should be further defined, at least in .406(e) so the applicants and the Board know what criteria are going to be applied.

The second thing is the issue about it must further the purposes of 2306 more than not replacing the HUB. That's completely unintelligible. There is no way any applicant can know what that means. If you look at 2306, that deals with the purpose of the Department, it has nothing to do with HUBs. And so this rule, as constructed, is almost impossible to comply with when you come down here and make an application and ask the Board to approve it. We don't know what the criteria are going to be and we don't know how to comply with it.

The other point I want to make, and there has been a lot of discussion about HUBs versus non-profits, but I do want to make this point: HUBs, as Mr. Oxer just pointed out, are for-profit entities. If a HUB which is owned by either a minority, a Native American or a woman, if a HUB feels that it's in its best interests to sell, it
should be allowed to sell. After all, HUBs are in the business of making a profit, and oftentimes HUBs receive offers in these kinds of situations that we're dealing with and it's in their own best interests to sell.

And that's one of the purposes of the HUB program is to give minorities, women and Native Americans a chance to make a dollar, and so it's very difficult to understand what the rationale is from preventing a HUB from being placed with a non-profit if the non-profit is qualified. And this distinction that seems to be coming up here eludes the fact that HUBs are in the business of making a dollar and should be permitted to further their own interests any chance they get.

Now, the other point that I wanted to make is that the discussion of this rule as proposed, it's obviously going to go out for public comment at some point, and I intend to make public comments on it, but my preference would be for the Board to extract this particular rule from the Texas Register at this point and give it back to the Board for further working. The problems that I have discussed with you today, these are serious issues and they go to the heart of how a person comes in before this Board and knows what he or she is supposed to present in order to get an application approved, and also, what criteria the Board is supposed to
use. Everybody is in the dark on this one, and this issue of HUBs and non-profits is too important to let that pass.

MR. OXER: Good. Thanks for your comments.

Any questions from members of the Board?

(No response.)

MR. OXER: Thank you.

MR. MONTY: Chairman and Board and staff, thanks for allowing us to make this presentation.

MR. OXER: You have to identify yourself, Ike.

MR. MONTY: Pardon me?

MR. OXER: You have to say who you are.

MR. MONTY: I'm sorry. Ike Monty from El Paso, Texas.

In this particular issue, we have sold these GP interests to the housing authority in the past, and typically that's the only buyer for these types of transactions when we're choosing to exit. In this particular case there's seven transactions that we are choosing to sell to the housing authority, so in regular people speak, that's what this is about, and thank you for letting us make the presentation. We just want to be able to sell the GP interests to the housing authority, at the end for the day, and we feel like the pool is a little limited in terms of who buys these.

MR. OXER: It's more like a puddle?
MR. MONTY: Or a raindrop. But thanks again, and any consideration that you can give to our firm and to me, I'd appreciate it.

MR. OXER: Okay. Don't forget to sign in, Ike.

MR. CICHON: Good morning, everybody. Gerry Cichon, Housing Authority, City of El Paso.

As Ike has already talked about, we're in the purchase right now of about 1,100 tax credit units, the creation of about another 6,000 to 7,000 more with the RAD conversion, about $500 million in investments in the next five years. Part of the strategy, of course, is the acquisition of these units. We need to have them, and unfortunately, we can't be a HUB, we're government. We've looked at every possibility, we've turned our lawyers over every single way, and it's not possible.

We've already purchased units like this in the past, it's worked out very, very well. Our mission is very similar to your mission. All non-profits are not equal. We've been around for 75 years, we have a $100 million a year budget, we provide services very, very well, we're one of the highest performing housing authorities in the country. To pass a rule that I don't think is well defined takes away power from the Board. Right now you have the authority, you have the ability to look at every single deal, to say yes or no, we're just

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asking that that be maintained.

We believe our specific circumstance is such that you would want us to acquire these properties because it does further the overall aspects of continued affordable housing, not only in Texas but also specifically in El Paso. Thank you.

MR. OXER: Good. Thanks, Gerry.

Any questions of Gerry?

(No response.)

MR. OXER: Thanks, Gerry.

Any other comments? I'll warn you, if you're sitting there, that means you have a comment to make on the item we're discussing.

FEMALE SPEAKER: (Speaking from audience.) Oh, I'm sorry. I'll come back up.

MR. OXER: That's probably a good idea.

FEMALE SPEAKER: I'm a newbie.

MR. OXER: That's all right. That's why we go over the rules every time we do this.

MR. IRVINE: If I might offer a couple of additional comments, having heard this useful testimony. Staff would certainly be amenable to Board direction to tighten and clarify some of these language issues that Frank presented, but I would strongly urge that if you want to give us that direction and authority that you do

ON THE RECORD REPORTING (512) 450-0342
it now and that we not look at trying to create something later and plug it back into the rules. I think that the rules need to be cohesive and move forward as a body.

I also think that there's a pretty simple policy issue involved here. First of all, HUBs and non-profits are different. There are, in fact, very specific statutory requirements relating to the inclusion of non-profits that crop up chiefly in the non-profit set-aside, and you can't look at them as being interchangeable because only a qualifying non-profit meets the requirements of the non-profit set-aside under either state or federal law.

I think that there's a pretty discreet policy issue here, and that is when you have awarded someone tax credits and part of the award is based on points that were granted for the inclusion of a HUB, is the policy purpose met by including that HUB at that time, or have you created some sort of a place that for some extended period, if the current HUB exits, then there's a preference for a HUB to come back in and replace them. So to me, that's pretty much the issue that's involved here, or at least that's the policy issue that's involved here.

I think that there are lots of operational considerations. Obviously when a deal is up and running, it's 15 years out or 10 years out, or wherever, if the HUB
that's in it decides to exit, you want to make darn sure that whoever comes in and replaces them is not going to imperil the development, that they're, in fact, bringing strength, that they're good capable managers, that they've got financial resources, that they can be all the things that you want a tax credit owner to be.

MR. OXER: And keeping with our farmer parlance, that would mean that they've got enough gas in their tractor to pull this load.

MR. IRVINE: Exactly. And looking for an existing HUB that isn't involved in the deals that has all of those capabilities and capacities may be a tall order. You know, there are not HUBs that are experienced and seasoned in operation of multifamily tax credit properties in all communities.

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

DR. MUÑOZ: We're agreeing to put this out for public comment. Simultaneously, couldn't we direct staff, once that external sort of feedback is provided, to come up with some clarification? I mean, there has to be some better definition. We cannot knowingly consider a rule that provides this kind of degree of ambiguity for those that would propose to enter into this process. I think some of the earlier points were well made.
In terms of Tim's comments about what is the sort of purpose or what is the policy purpose, it seems to me that the point value involving the HUB is to introduce a certain element or presence into the process that provides them the opportunity to become proficient and expert in acquiring these kinds of funds. That doesn't necessarily mean that they have to be there throughout the entire sort of contracted sort of time.

Your point about somebody coming in that is equally capable and has the material resources to continue the purpose of the development makes sense. That you're requiring it to be a HUB doesn't strike me as making sense after the fact. So I think to your question that should be answered: What's the policy intent of that requirement?

MR. OXER: And I'll echo that because HUBs are for-profits. Now, as it turns out, I've got a question, Gerry, that these have been done before.

Stay around, Cari, because this is going to be a few minutes here.

This has been done before, you've bought these before?

MR. CICHON: That's correct.

MR. OXER: How many and when? Ike, how many have you sold?
MR. MONTY: Ike Monty, El Paso, Texas.

About five years ago we sold them about a thousand units.

DR. MUÑOZ: How long were you into those units, Ike?

MR. MONTY: We'd been into them about eight years.

DR. MUÑOZ: Okay. Almost half of the time.

MR. MONTY: Yes, sir.

DR. MUÑOZ: So they were fully occupied, in good shape.

MR. MONTY: Developed and in good shape.

DR. MUÑOZ: And remained mostly occupied to that percentage?

MR. OXER: So they go into the maintenance side of it and this gives you the capital to reinvest to build some more projects.

MR. MONTY: Absolutely.

MR. OXER: That's essentially what the philosophy is. Right?

MR. MONTY: Unfortunately, and fortunately, we've been a little ahead of the curve in selling the GP interests. Typically they're really difficult to sell. We've actually closed two other transactions with the housing authority, one dating all the way back to '95, and
there was HUBs involved back then.

MR. OXER: I think it's a good idea to give the HUBs -- the purpose was to give them a business interest in this and to continue to develop that opportunity to go in and try to replace a HUB with a brand new one in there who doesn't have the opportunity, we're starting at zero, trying to get their intellectual capital up to the point that the ones that are being replaced have already achieved. My inclination is the same as Dr. Muñoz, if it's a business interest, there should be, in my way of thinking, no restriction on that.

Did you have another comment, Juan?

DR. MUÑOZ: Cari, I'm just curious. I mean, Ike makes the point that sort of selling these GP interests for these kinds of properties with those that have the kinds of resources that this particular housing authority possesses is rare, he said a raindrop. I mean, I guess right now I'm sitting here thinking there can't be too many of these instances in our portfolio of projects in the state where this sort of situation presents itself.

MS. GARCIA: Cari Garcia, director of Asset Management.

We've probably considered a handful, maybe up to ten questions or requests to replace HUBs with non-profits. Again, we go back to asking is there a problem,
have you offered it to other HUBs to try and meet the
requirements of the LURA. But at the end of the day, I do
believe there have been at least one or two before the
Board in the past where that transfer has been made.

DR. MUÑOZ: And let me ask when it's been
before the Board in the past, one or two times, I presume
that we agreed to it.

MS. GARCIA: It's been 50-50. Some you've
approved because of mitigating circumstances, such as a
pending foreclosure, there weren't any other HUBs, we have
to get a non-profit in to keep this property affordable.
Others have been strictly denied. So it's been a handful.

DR. MUÑOZ: There's no question here that the
properties would remain affordable under the housing
authority.

MS. GARCIA: Right, there's no question about
that.

DR. MUÑOZ: So we would be continuing to
affirmatively advance affordable housing in a marketplace
that requires precisely this kind of residency.

MS. GARCIA: Yes, and we would handle the
ownership transfer to the housing authority just as we
would any other, where we would look into their background
and their ability to comply with the restrictions and how
they've operated their other deals. We would assess it
the same way. The issue would be in this case, if it was
approved to transfer from a HUB requirement to a non-
profit, we would amend the LURA and approve that transfer,
bring it before the Board and see what your opinion was on
whether there were mitigating circumstances, whether the
HUB had actually met the benefit.

MR. OXER: I'll give you a shot in a second,
Ike, but my thought no this is that if the HUB wishes to
sell as a consequence of its own business interests, then
the only real restriction should be whether or not the
entity to which it's making the sale has the management
capacity to maintain this or even more management capacity
than the HUB does so that we don't wind up giving these to
folks who let them fall into disrepair or are just not
capable of managing them properly.

Ike, you had another comment?

MR. MONTY: Yes, Chairman. Ike Monty, El Paso,
Texas.

I just want to say that Tim and the staff, Cari
obviously included, have been very open and transparent.
It's just that we're kind of muddling around in the gray
area to where only the Board can kind of take the
leadership.

MR. OXER: We're trying to draw the lines and
you've got to color in. That's where I'm headed.
MR. MONTY: But I did want to add that the housing authority, to your staff's credit, is bringing some additional services to the properties, and again, without overselling this, I think that that's important for the Board to know. And staff wanted to make sure that that was one of the things -- I mean, it wasn't quid pro quo, but it was just what Gerry's team was going to do for the properties.

Thanks.

MR. OXER: Okay. Thanks, Ike.

With respect to this, what have we got to do, Tim, not just approve or deny the staff recommendation, or does the staff recommendation have enough detail to have the policy constraints identified?

MS. DEANE: Mr. Chair, if I can just make a comment in response to Dr. Munoz's question specifically. Once the rule goes out for proposal, staff, and the Board on its own without a staff recommendation, can make changes to the proposal in response to comment. So I guess my suggestion would be that I trust that those that are commenting today will provide their comments during the time when the rule is open so that those can be considered and possibly form the basis for a recommendation to the Board or the Board on its own to make some changes to the rule as proposed before it's
adopted.

And the only proviso on that is that you can't basically change the essence of the rule or make it affect new people or anything like that, but as long as you're within those boundaries and it's in response to comment, those changes can be made. So I trust the individuals that are commenting today will bring those comments forward.

MR. OXER: Frank, come on up. So the question then is does the rule as drafted now, Frank -- and I'll give you a chance to address this -- does that constitute, within the list by which we are constrained, Barbara, do we have enough latitude in there to make this fit what we're trying to do?

MS. DEANE: I think if, for example, I heard a suggestion that we flesh out good cause. I think that certainly that would be something that would be within the bounds of what we could do in response to comment.

MR. OXER: Frank, and you've got to tell her who you are.

MR. AINSA: Frank Ainsa. This proposed rule .406(e) has so many problems with it, and they're fundamental problems. It seems to me that the reasonable thing to do would be to pull it out and rework it. I gave the staff a draft of some thoughts of mine.
DR. MUÑOZ: Is that what we're looking at right here that says Investment Builders?

MR. AINSA: Yes.

MR. OXER: We can't consider that unless it's been made available.

MR. AINSA: I understand that you can't consider it openly, but I'm just making the point that I gave the staff a redraft of it that deals with these issues. And these are issues that we can deal with. Tim and Cari and everybody have been very, very nice to work with. These are not issues that we can't redraft, but it shouldn't go out the way it is because there's basically no standards and there's no guidelines in this rule. The best approach, in my view, would be to pull it, rework it and then send it out.

DR. MUÑOZ: Wouldn't it strengthen your argument to send it out and have others affirm your position that it's too vague, that it's not helpful? I mean, there might be others that have equally germane insights to correcting the rule that we could then consider along with your or staff's recommendation.

MR. OXER: Hold that thought for a second, Frank.

In the event that we did that, Barbara, if the rule goes out as currently stated and we get comments and
it looks like we don't really like that, can we back that rule up and reissue it?

  MS. DEANE: Not under the restrictions that we have in terms of when the rule has to be adopted. We need to get this adopted. The QAP, of course, has that statutory deadline.

  DR. MUÑOZ: But if we receive a redraft and we don't find it satisfactory, we don't have to vote on it, we can ask for further revisions.

  MR. AINSA: My only concern is that the rule in its present form is, in my view, so far off the mark it should not be sent out this way until the staff and those who have commented against it have a chance to work together to get it in better shape.

  MR. OXER: Tim.

  MR. IRVINE: I'm very comfortable that if the Board wished to table this item for now that by the end of the meeting we could have some very crisp alternative language for you to take the rule back up and consider.

  MR. OXER: Because I don't want to wait for a month. This QAP has got too much of a shot clock running on it.

  MS. DEANE: Right. We really don't have time to re-propose, and my concern would be if you pull it out completely, you wouldn't be able at adoption to put it
back in because that is such a substantive change that you would probably have to re-propose. So I think it's better to have something in there, if nothing else, as a placeholder to give notice to people.

   MR. IRVINE: You would have to re-propose and you would be locked out while the whole thing is pending.

   MR. OXER: All right.

   DR. MUÑOZ: So do I withdraw my motion?

   MR. OXER: No. I think what we do is we'll just table it for now to hold it until later and bring it up for a vote and it will still be an open item on the agenda at this point, and that will give us time to take a look at it. Procedurally we can do that. Is that correct?

   MS. DEANE: Right. You could table it to take it up later in the meeting.

   MR. OXER: Okay. We'll need a motion to table, as it turns out.

   DR. MUÑOZ: Motion to table.

   MR. GANN: Second.

   MR. OXER: Motion by Dr. Muñoz, second by Mr. Gann to table this until later. Let's hold that final decision until later.

   Cari, you'll be back, I'm sure.

   Now, with respect to the redraft, that should
be information that goes to staff. Frank, have you given
this to Cari and her crew? Okay. Because we can't
consider that until they give it to us, unless you have
copies for everybody to look at. Okay?

Okay. We have more rules. Jean. Item 2,
first on the action items, so good morning, Jean.

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

Item 2(a) on the agenda is the proposed
amendment to the 2014 QAP. This item is typically
presented as a repeal of the current year's QAP and a
replacement with a new QAP for the coming year, however,
this year staff is recommending very few substantial
changes to the document; therefore, we plan to publish
this is the Register as an amendment rather than repealing
the old rule and replacing with a new one.

When drafting this amendment, staff did take
into consideration suggestions made at the TAAHP
conference in July, at the last Board meeting, at a
roundtable hosted by the Department in August, and through
a number of conversations with stakeholders. Overall,
staff concluded that the 2014 QAP did serve its purpose
well, furthering the policies and objectives of the
statute and the Board effectively. I think we discussed
this a little bit at the last Board meeting as well.

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And in addition, staff finds that we are in a unique situation this year with no new legislation necessitating any change, and with the ICP litigation still not at final resolution. All these factors lend themselves toward minimal change in the rule which also gives stakeholders in the program more time to formulate plans for future development without having to wait for possible changes in the rules. This is not only good for the development community, but I'd argue it's good for the public and elected officials, as well, who should have more time to interact with developers and make informed comment about what's being proposed in their communities.

Good morning.

MR. THOMAS: Good morning, ma'am.

MS. LATSHA: That being said, obviously I expect we are still going to hear quite a bit of comment on this proposed amendment, so I'll give some detail with respect to the changes we did make. I do want to point out that this item is just the QAP, 2(b) is the rest of the rules where there are some more substantial changes.

First, just some housekeeping clarifying language changes that we did make. The program calendar was updated. It reflects essentially the same timeline as the previous cycle, with one exception. While challenges to applications are still due in May, challenges with
respect to sites are due earlier on April 1. I know that this past cycle we had some site eligibility issues that came up pretty late in the cycle, so we've moved up that site challenges date a little bit to afford staff a little bit more time to take a look at those sites. Also, there was a typo in the 2014 QAP that's been corrected, making it clear that the pre-application participation is worth six points, not four. So those were pretty innocuous changes, if you will.

We're also recommending language that will remedy a potentially problematic situation with respect to neighborhood organizations being on record with the Department for purposes of scoring points under quantifiable community participation. The scoring item remains essentially unchanged, but neighborhood organizations that choose to be on record with the Department, as opposed to being on record with the Secretary of State or the county, would need to do so prior to January 2. This way applicants can know which neighborhood organizations they need to notify before the notifications are actually due, which makes sense.

Staff is suggesting a similar change to the notification requirement in Subchapter C, but we'll get to that in the next agenda, those two are just related to each other.
We also had some minor clarifications made regarding applications in the set-asides being required to be qualified for the set-aside at the time of application submission. This was a result of an appeal you might recall earlier in the cycle. And also about recently awarded tax credit developments counting when considering tiebreakers. These are not items that staff is really looking at any differently, just clarifications in the rule so there's no question about them.

Next staff is recommending one change that looks like housekeeping but actually could have some effect on site selection for potential applicants. This is simply a change from using the 2013 accountability ratings for schools to using the 2014 ratings. Interestingly enough, we didn't change the threshold for the performance index. The 2014 QAP required that schools have at least a score for 77 on the performance index in order to qualify for points under opportunity index and educational excellence. That was based on the average, the state average for 2013. Interestingly enough, the average is the same this year, so the threshold did not change.

However, not surprisingly, that did affect some schools that flip-flopped. There are over 8,500 schools in Texas with these ratings. About 430 or so with a met
standard rating went from having a score of at least 77
which would have qualified them last year, to one below
77. About 570 schools flip-flopped the other direction.
So we might hear some comment about changing that
threshold, I wouldn't be surprised as people might be
looking to the same sites as they were last year and
perhaps the school dropped down from a 78 to a 76.

One thing I would like to say, staff did
consider using some multiple years of ratings and we've
looked at the TEA publishes ratings, average ratings for
their regions. They have 20 regions that don't quite
align with ours. But we saw some problematic issues with
using that. It's really clean cut if you just have one 77
rating across the board.

But if we do -- and I do expect to hear some
comment on that today -- I don't know that that's
something that would necessitate a change to this draft.
Those are changes that are a few words in the QAP, so if
we were to go through the public comment period and folks
were to say, you know, I think we should use those
regional averages instead of a flat 77 for the state,
that's something that could be changed by adding three
words to the QAP, and so we could do that after we vet
those comments a little bit more over the next month.

So with respect to scoring criteria, there's
only really one substantive change, and that is to tenant populations with special needs. In the 2014 QAP, in order to achieve two points on the applications, applicants must have agreed to set aside 5 percent of their units in the proposed development for tenants with special needs. This includes migrant farmworkers, veterans, Colonia residents, and a number of other populations. These units would be required to be held vacant for these populations for 12 months and then continuously marketed to those populations thereafter.

Staff's proposed amendment includes an incentive for owners to participate in the Section 811 project rental assistance program. This program provides a kind of hybrid between a tenant-based voucher and a project-based voucher, targets specific populations. Those are people with disabilities living in institutions, people with serious mental illness, and youth with disabilities exiting foster care. All of these populations would be eligible for community-based long-term care services as provided through Medicaid waivers, Medicaid state plan options or state-funded services.

So in order to achieve these two points in the proposed 2015 QAP, some applicants would be required to commit ten of their units for participation in this program. Participating in the 811 program essentially...
means agreeing to work with the Department to place these tenants in that development. The only applicants that would be required to commit units to participate in the 8911 Program in order to achieve these points are those that meet the following requirements. The development proposed in the 2015 9 percent housing tax credit application is: number one, not a qualified elderly development; number two, was not constructed before 1978; number three, has a minimum number of units that do not have any other source of project-based rental or operating assistance; and number four, is located in one of our large MSAs, Houston, Dallas, San Antonio -- I can't list them all in my head.

Applicants who do not meet all of these requirements are still eligible to get the points by setting aside 5 percent of their units as they did before. The proposed rule also includes a provision which allows applicants that do elect to participate in the 811 Program to substitute a property in their portfolio for participation in the program and still retain the points. We've received a lot of questions about how this will work, so I'd like to explain it.

So this is my Applicant Jane/Applicant Joe scenario. So under the new rule, Applicant Jane proposes a rehab deal in Dallas that's going to serve the general
population. That property was built in 1954, so the only way she can get the points on her 9 percent tax credit application is to set aside 5 percent of her units for tenants with special needs, just like we did in 2014. So she does that and moves on without participating in the 811 Program.

Meanwhile, Applicant Joe propose a 100-unit new construction general population deal in Houston, called Joe's Place, does not have any additional project-based vouchers, and so he selects these points. That means he's agreeing to set aside ten units in Joe's place for participation in the 811 Program. So then Joe gets his 9 percent award, and he has a big party. Right? But then he says, you know, I don't really want to commit my Joe's Place units to participate in the 811 Program, I built this other complex a couple of years ago, Kate's Place, I'd rather put the units over there. We're actually going to say okay to that.

However, we're going to place some requirements on Kate's Place. Those requirements are not in the 2015 QAP. This will be part of something that the folks running the 811 Program are going to publish probably early next week. But in general, those are going to be that also they're in one of those large MSAs, built after 1978, and in accordance with accessibility requirements of...
Section 504, also going to require that they got a score of at least 70 on their last UPCS inspection, and that they had maintained at least 85 percent occupancy for three consecutive months. Finally, we're going to confirm that it's not transitional housing and that it's not a qualified elderly development that is restricted to serving populations 62 and older.

So that's if he wanted to move those units, he's got all of those requirements. Like I said, those things are not in this 2015 QAP but we've had a lot of questions about what those requirements might be.

DR. MUÑOZ: Can we ask a question?

MS. LATSHA: Yes, absolutely.

DR. MUÑOZ: Why would we agree to put those 10 units or 10 percent in Kate's Place? Why not, if the points were allocated for the proposal involving Joe's Place, why wouldn't we make them put them there? Maybe there are amenities, maybe the location. Why would we give the developer the option after the awarding of points to decide I want to maybe put these somewhere else?

MS. LATSHA: I think the simple answer is that we can place the tenants faster because otherwise we'd have to wait for Joe's Place to get built, and we plan on already having a waiting list of these tenants. But I would probably leave that question more to Kate and
Brooke, unless there's something more to be said about that.

MR. OXER: And a follow-on to that too, Jean, is that when they're looking at the other place that you'd move them out to, that's going to have to meet certain minimum requirements for 811 standards.

MS. LATSHA: Exactly, and that's why there's been questions about what those requirements would be if we wanted to go ahead and allow those units to be committed in a property that was already built. We do want to make sure that developers aren't choosing one of their rundown properties and saying, hey, yeah, let's commit 10 units over here, which is exactly why we're trying to put these requirements in place.

DR. MUÑOZ: There's just something that sounds a bit disingenuous about give me the points for this project, I've been awarded those points, I've been successful in receiving these tax credits, now after the fact I decide I no longer want to place these units there, I'm going to place them in some other project that was funded differently for which these two points were not considered.

MR. OXER: Given the competitive nature of this whole thing, those two points can be the difference of in and out.
MS. LATSHA: Absolutely, yes. And I appreciate that sentiment as well. I think we'll probably hear comment on both sides of that fence. This was a coordinated effort with the folks that are running the 811 Program, and they wanted to be able to use some existing development too. Maybe it's a matter of making those requirements pretty stringent, or maybe it's a matter of taking that option away.

DR. MUÑOZ: And for those populations within that program, I'm sure most are just going to want a place to live as quickly as possible, so I appreciate the accuracy of what you're representing.

MR. OXER: As long as it's not a lesser quality place to live than is being proposed under the project that the entity is scoring the points for. That's why if anything I would recommend, or my inclination would be to jack up the points on the other one -- or jack up the standards so that if you're going to score the points but you want to move the residences to another development, those have to be of a higher standard.

MS. LATSHA: Right. And that is the publication that the 811 folks are going to send out for comment. They're going to host a roundtable, too, to discuss the requirements that would be placed on those existing properties, and so it's sounding to me like we're
getting direction to make those requirements pretty
stringent.

MR. OXER: That's what I'd do.

DR. MUÑOZ: Yes.

MS. LATSHA: At the least.

MR. OXER: That's what I would do; I think
that's what he would do.

All right. Continue.

MS. LATSHA: The one thing that I just want to
make clear about this scoring item that has been the other
cause for concern, I think there's been confusion about
whether or not folks are going to qualify for these
points. The scoring item is written so that all
applicants will be able to access the points. You'll
basically say I either am proposing a development that
could qualify for participation in 811, in which case I
need to participate in 811 to get the points, or I'm
proposing a development that does not meet those
requirements, in which case I set aside some of my units
and I get the same number of points. So our playing field
is still level.

The scoring item itself is pretty clear,
although I do appreciate that there is still some work to
be done on program requirements with respect to those
existing properties.
Do you have a question for me?

MS. BINGHAM: Just not quite level. Right?

Because if you didn't have another development to which you could assign those units then it wouldn't be a level playing field for you.

MS. LATSHA: True. The two applicants that would be proposing developments that would qualify to participate in 811, you might have one that has a portfolio of choice and one that doesn't. That's right.

MR. OXER: Let the record reflect that Mr. Thomas has joined us, and we're glad to have you here. Good morning, Robert.

MR. THOMAS: Thank you.

(General talking and laughter.)

MR. OXER: Okay, Jean.

MS. LATSHA: That is the only scoring item that's really changing substantially, and I'm sure that we're going to have some more comment on that, and perhaps if it's about the program itself, I might look to Kate and Brooke to speak to it a little bit more as well.

But if we want to continue on with the QAP revisions, the rest of Chapter 11, I can go over those really fast.

MR. OXER: Yes, let's do item 2(a) first.

MS. LATSHA: Right. This is still 2(a).
So the scoring items in the QAP are all at 11.9, but there's other parts of the QAP where we did make a couple of revisions, a couple of which are substantial. The first is the deletion of Section 11.3 related to developments in certain subregions and counties. In 2004, this section limited proposals for qualified elderly developments in Regions 5, 6 and 8 and in several counties in the state. Several stakeholders have suggested the staff lift this restriction. In addition, the 2014 QAP indicated that the limitations imposed by this provision would be reassessed in 2015. Staff believes that the result of the 2014 application brought the portfolio closer to a balance of general population and elderly developments in these areas, and that, combined with all of the comment we received on this, staff is recommending removing this restriction. So it's a pretty significant change for the development community out there.

The second rather large change is the addition of Section 11.65 which is a provision for applicants to be able to return credits resulting from force majeure events and have those credits reallocated to the same development. This isn't an invitation for developers to just sit on their hands and return their credits and try and get extensions of placed in service, but it's a pretty
restrictive item but it does account for some extraordinary unforeseen events that could put the developer in a pretty tough situation if they can't get the IRS an extension of placed in service.

So that about sums it up. I think we've gone over earlier about what types of changes really do need to be made in this draft. Those would be like really new concepts that would be difficult to introduce at a later Board meeting, but some of those other changes, like the school scoring threshold, I think could be made after the public comment period and a longer period of vetting those.

So I'm happy to answer any questions as we hear public comment, but I would suggest allowing us to take a short break after all those comments so that staff can kind of formulate a response to all of them.

MR. OXER: Any questions from the Board?

That's a no. Right, Leslie?

MS. BINGHAM: No questions, yes.

MR. OXER: No questions. Correct.

So with respect to receiving commentary on the public, we've had multiple channels that people can get their thoughts to you even earlier, and there will be some more opportunity for this?

MS. LATSHA: Absolutely.
MR. OXER: We still have to have a motion to consider before we have comment.

MS. BINGHAM: Mr. Chair, I'll move staff's recommendation.

MR. OXER: Motion by Ms. Bingham.

DR. MUÑOZ: Second.

MR. OXER: Second by Dr. Muñoz to accept staff recommendation on item 2(a) with respect to the QAP.

Now it looks like we've got a whole bunch of folks up here that we recognize and it hasn't been the first time you're up here. Let's start on the back end over there since she was here earlier. And obviously we're going to have comments today, so folks, please respect our three-minute clock, and at this point, if you can't make your comment in three minutes, you probably haven't thought about it enough.

MS. NAUGHTON: Good morning. I work for Purpose Built Communities. We're a not-for-profit consultant group with a proven model for neighborhood transformation. And I'm delighted to be here. Thank you for this opportunity. I will do my best to be brief; I am enthusiastic about this work.

Our model was based on the experience of the revitalization of the East Lake Neighborhood in Atlanta, and over a 19-year period, through implementing a very
defined model of community revitalization, the
neighborhood has transformed, but more importantly, the
people who live in that neighborhood have achieved at
really high levels. And as a result of the success there,
we have created this not-for-profit consultant group that
charges without cost and we go where we are invited.

We have been invited to Texas and we are
delighted to be here. We have been invited by community
leaders in Houston and Fort Worth and other cities to
explore whether our model makes sense. Our model involves
creating mixed income housing, a cradle through college
education pipeline, and community wellness, all under the
leadership of a community quarterback, a new not-for-
profit whose sole reason for existence is to make sure
this revitalization works.

One of the things we do is help folks
understand the Qualified Allocation Plan, and you have
some really interesting things in your Qualified
Allocation Plan that are exciting to us. You recognize
the tie between housing policy and education policy, and I
wanted specifically to ask for your consideration of a
couple of ideas around that.

Unless we're able to make sure that every child
who lives in affordable housing, that's subsidized through
the Low Income Housing Tax Credit Program, receives a
great education, we're just making sure that they're going
to need to live in those housing units when they're adults. And so we're looking to tie high quality early
learning and high quality K-12 together for opportunities in the neighborhoods that we care about.

Research tells us that the biggest bang for your buck in breaking the cycle of poverty is early learning, with a $7 return for every dollar investment, and so we would encourage you to think about early learning as another part of the education solution for the places where you're going to be.

We'd also like you to think about recognizing that neighborhoods of opportunity are not limited to the neighborhoods that already have high incomes and great schools, but neighborhoods that are part of this kind of revitalization strategy, with a great plan and extraordinary leadership from the civic and business community to implement can, in fact, be the kinds of places where this can take hold. And so we would encourage you to look at a dual strategy that recognizes both placing affordable housing in higher income neighborhoods but uses also these credits to revitalize neighborhoods.

So thank you very much. We'll be submitting our comments in writing to you going forward, and I really
appreciate the opportunity to speak with you today. Thank you very much.

MR. OXER: Thanks, Carol.

Any questions from the Board?

(No response.)

MR. OXER: Good. Thanks.

Joy.

MS. HORAK-BROWN: (Speaking from audience.) Chairman Oxer, might I speak after Walter Moreau.

(General laughter.)

MR. OXER: I'll leave it up to you. Anybody else want to go next? Come on, Walter.

MR. MOREAU: Walter Moreau, the director of Foundation Communities.

MR. OXER: See, when we shoot at you, you see us pull a gun up. Okay?

(General laughter.)

MR. MOREAU: I want to comment on the supportive housing definition. And first, I want to say thank you. We're really grateful for your investment in our work and families over many years. We're really excited. We're almost done with construction on Capital Studios, right across the street from TDHCA, and I hope at some point you'll have a chance to come visit and see the property.
Our first resident signed his lease a few weeks ago, a guy named Roger. He lives on his own, he lived in substandard housing before living at M Station five years ago, but when he heard about Capital Studios, he really got excited. He has cerebral palsy, he's in a wheelchair, he loves live music and he wants to be able to live downtown, be able to go to shows and be on his own. So he already picked out his apartment, he signed his lease, and he's going to move in in December.

We talked to Jean yesterday. We saw the draft come out with a lot of stuff was added to supportive housing. I don't think it needs to change in the draft but we will have substantive comments that some of the things that were added I think work and make sense for our residents, some we don't understand.

For instance, there's a requirement that case management be provided by a third party, and we partner all the time with Caritas, Salvation Army, Family Eldercare to bring services on site, but we also have our own licensed social workers that coordinate services. So that didn't make sense.

There's a requirement that supportive housing be within one mile proximity to a XY&Z list of services. It's not so much a one-mile proximity, some of our services are right there on-site at people's doorstep,
some services, like 12-step programs, are not close to the property, and then we partner with Austin Recovery for outpatient substance abuse treatment, and their facility is sort of a retreat center 30 miles out of town.

Finally, there's changes trying to get right -- all of our supportive housing does not carry debt. We can't serve extremely low income and homeless folks and carry debt, and that's been a hallmark of the definition that we support and want to see continue and not be confused.

So we'll make written comment, but I wanted to just be on record at this stage that we're really concerned about all the stuff that's been added on supportive housing.

MR. OXER: Thanks, Walter.

Any questions from the Board?

(No response.)

MR. OXER: Good. Thanks.

Now, Joy.

MS. HORAK-BROWN: Joy Horak-Brown, executive director of New Hope Housing, Inc. Thank you very much for your indulgence this morning, and also for all that you have done for us over almost 20 years now. We have almost a thousand units of single room occupancy housing today and almost 45 percent of those units serve chronic
homeless. That would be the people that you see on the street, the folks who are costing the City of Houston more than $103 million a year. So thank you very much.

And I also have some concerns about the changes that are being made to supportive housing as proposed. I've been talking to staff about them and they are, as always, gracious and helpful. Let me point out, in addition to what Walter said, that there are actually some programs that offer services that would not be legally able, I couldn't contract with those service agencies. For example, with the 1115 waiver funds that the City of Houston is using for its permanent supportive housing, those funds must go to a health agency, such as a federally qualified health clinic, they cannot go directly to me, so I wouldn't be able to do that.

And we do have the same rich patchwork of services that Walter described to you, some with our own staff and much of it with partner organizations so that we aren't duplicating services and we aren't requesting funding in conflict with established social service agencies.

There's also a very brief comment I would like to make about 811 which I am working to understand, and Kate Moore and staff here, Brooke and Jean, have been wonderful to help me work through that because it's
obviously something that would be of great interest to us. And one of the details -- that's always where the devil is, as we know -- about doing it with an existing property, one that you're proposing for next year, would be that it triggers Davis-Bacon, and if you have no other funds in that project that require Davis-Bacon, that is a considerable additional cost to the developer, whereas, an existing building has already been built, you aren't triggering anything except some additional compliance expenses that I understand are attendant with 811, so that is an important factor that I'd like you to keep in mind.

MR. OXER: Thanks.

Any questions from the Board?

(No response.)

MR. OXER: Thanks, Joy.

Claire.

MS. PALMER: Claire Palmer, the Law Offices of Claire Palmer. I really come bearing comments from people who were not able to be here today, so bear with me. I tried to put them in enough order so that they make a little bit of sense.

The first is respect to the USDA set-aside and having to score opportunity index and educational excellence points to be competitive. In the past the USDA set-aside was not that competitive and so most of the
deals that applied in that set-aside were able to get funded. Not so anymore. And these are projects that are old, they're already existing, you can't move them to a site that scores high on educational excellence and opportunity index because you're rehabbing a project that's been in existence for a considerable period of time.

And what the existing developers are starting to see is people going in and trying to find a site that will qualify, rather than developers who have those sites and desperately need the rehab being able to be competitive and get an allocation. And so I would hope the Board would take a look at that just from the perspective of the fact that this has to be a rehab, the sites already exist, it doesn't make a lot of sense to try to make them fit into a box that's completely different than the normal new construction or regular general set-aside of projects.

The second is similar and it deals with rural areas. There's a one-mile rule for the amenities in all of the rural areas. The fact is that in most very small rural areas there's only going to be one elementary school, one middle school, one high school. It's very difficult to find land that's going to be exactly within one mile of that site. I think across the board the rural
developers are looking to have that moved to two miles so that it gives them a lot more flexibility in finding their site. People in rural areas are used to traveling more considerable distances, it's not walkable as it would be in an urban area. So I would urge the Board to look at that.

The third is in the educational excellence, my area that I seem to spend more time on than any other because I live in Region 3 and tend to look at sites there, I urge, again, the Board to go to a 76 instead of a 77 so that North Dallas has some educational excellence scoring schools areas. That one point difference opens up huge areas of North Dallas that cannot score right now.

And the other thing is in areas, for example, Garland and Wichita Falls are two that I know of specifically that have open enrollment school systems, but you automatically get to go to your closest school, I would really love to see a change where you got to use the score of your closest school if that's the school you get to attend rather than the lowest scoring elementary school in the open enrollment district. To me it makes no sense to have to use the score of the lowest. Nobody is going to choose that lowest scoring school to go to; if you have choice, you're going to go to the school that's the best scoring, and if the best scoring is the one that's closest
to your neighborhood, you should get the points.

The last is on the elderly. While the prohibition on certain counties has been removed, elderly still don't score equally and I know a lot of people who would really like to do some senior deals and would like to see those points equalized with general population.

That's it.

MR. OXER: Thanks, Claire.

Any questions from the Board?

(No response.)

MR. OXER: Good morning. Next.

MR. TOMKO: Jonathan Tomko with the City of Austin's Neighborhood Housing and Community Development Department. Today I'm going to be reading from Resolution 20140227-047 which was approved by the Austin City Council on February 27, 2014:

The City of Austin has benefitted greatly from affordable housing projects that leverage private dollars and city funding to receive state tax credits in order to build projects.

TDHCA administers the Low Income Housing Tax Credit Program and allocates the tax credits at the state level.

TDHCA's Qualified Allocation Plan, or QAP, determines how tax credits will be awarded, and they also

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have a competitive housing tax credit selection criteria that is used to evaluate and rank applications.

   Recent selection criteria changes have resulted in some projects receiving high scores, although the projects do not have good access to public transportation. The City of Austin already has a requirement that projects meet S.M.A.R.T. housing guidelines which includes having a bus route located within one-quarter mile of a development for an urban boundary, and within half a mile of any development within the project's city limits.

   There's a large body of research that shows that the cost of transportation is the second largest expense for the typical American family, trailing only housing costs, meaning it's more expensive than the cost of food, clothing or health care.

   The City Council wishes to express its desire to have the state scoring system prioritize access to public transportation for projects that receive state tax credits. The city's legislative agenda has been amended to include support for prioritizing access to transit for the TDHCA Low Income Housing Tax Credit Program.

   MR. OXER: Thanks, Jonathan.

   Any questions?

   (No response.)

   MR. OXER: Thank you.
MS. WALLACE: My name is Bridgette Wallace, and I live in McKinney and I'm a citizen, and I would like to bring to your attention that this QAP does not seem citizen-friendly in several ways.

Notification is not required on the part of the city. TDHCA sends the letter to notify them of applications. They sit on it -- at least our city sat on both of both of ours. Nobody finds out about it, so what's the point? They have this huge list of government people that have to be notified, they don't tell citizens, there's no real point in it.

The second part is the 17 points for developers for a resolution, most city council resolutions do not require hearings or citizen comments. This is another time when citizens should be involved in the process, and they're not allowed. You guys, all you'd have to do is to tell the developers if they want the 17 points that they have to have a resolution accompanied with a hearing or public comments, both of those.

Our city was a special case because Inclusive Communities Project sued our city and our housing authority.

MR. OXER: You too?

MS. WALLACE: Yes. That added to a lot of the secrecy that was involved. I think that our city was so
afraid of going against the consent decree or making fair housing mistakes that they didn't tell anybody about anything. And that was what happened with us. We have one being built across the street from us. It was approved last year; we found out about it this year. And there was another one that went through this year as well.

I want to also now talk about the engagement of citizens part.

MS. BINGHAM: Can I ask you? Excuse me, sorry to interrupt. Who is we? Like when you say we weren't notified, who is we?

MS. WALLACE: We have a whole neighborhood community across the street and we were never told of it, and we're very active in our area because we have a lot of vacant land so we are involved with planning and zoning. The whole area was already zoned for multifamily, so that was not -- you know, we couldn't do anything about that.

MS. BINGHAM: So you're organized, you have like a name or an entity?

MS. WALLACE: No, and I want to talk -- this is the part I want to talk about, this whole thing about requiring citizens to go through this many hoops to become a neighborhood organization. You have to be adept at things that most citizens are not adept at, and most citizens do not want to have to go organize themselves.
into groups. I mean, there are a lot of people that
belong to HOAs only because they're required to, not
because they want to. They don't go out seeking let's get
involved, let's get in a group and have by laws and make
boundaries. People can't do that or they're not willing
to do that, and that's why I wanted to talk about it.

I went the public comment path with the M-2
application in McKinney because I really had no other
option. So we went and gathered signatures and did all
these things, and it didn't matter. We were basically a
footnote after all the points were given to the M-2. We
were irrelevant to the whole process. And you've got a
lot of angry people out there, especially now that the
typical places that these 9 percent tax credits are going
to are changing, they're going now to higher income areas.

I didn't know that TDHCA existed until this year, and I'm
not stupid, I know things, but why would I need to know
about the TDHCA. Well, I guess I should have. Right?
But this is the problem.

Okay. The points count. We need to be
involved in the points process without having to be
neighborhood organizations and go through ten hoops to do
it, ten or more. The hoops include filing paperwork with
the county or city, filing paperwork with TDHCA, making
bylaws, mapping boundaries, having at least two non-voting
administrators, having 80 percent of membership be in the
defined boundaries, and having all this maintained year
after year before you even know you should because you've
got to have it, what, by January before applications even
come out.

Citizens are required to do this for a chance
to be notified of applications -- a chance. Of the 35
application challenges in the 2014 cycle, three challenges
were from groups who thought they were neighborhood
organizations. They thought they jumped through all the
hoops. Turns out technically they didn't on some little
aspects. They also had to pay $500 to challenge. I can
understand other developers challenging other developers,
that they should spend money. Why all these burdens on
citizens? It's unnecessary. Citizens are civilians,
they're not bureaucrats. We did not sign up for this, and
yet it's coming to us.

You are going to have NIMBYs, I am a NIMBY, I
guess. Not in my neighborhood, that's fine. I am a
little bit wary of anything going into my community other
than other single family dwellings. I want to know what's
going on, with what kind of shops are coming in,
everything. This is where people are living.

I have had half of my block move away. I am
moving too, not just because of this but from other issues

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that McKinney has had, especially with not telling us
about the lawsuit from Inclusive Communities. Things like
that. People don't like it when they're not told things
and they don't like it when they don't get to participate
in something this earth-shattering for their little area.
And it is, it changes everything.

Okay. If neighborhood organizations jump
through all the hoops the right way and they oppose an
applicant's application, they're required to list at least
one reason. Supporters are not required to list a reason.
Why the additional put on people who are going to oppose
this? If you support it you should have to state a reason
as well, shouldn't you? And somebody should be able to
challenge it with a third-party challenge, like developers
can.

Developers can also help form neighborhood
organizations. Why should they be able to do that? Isn't
that kind of like putting the cat in charge of the canary,
I think.

The absolute worst part of my experience was
finding out that even though we got 137 citizens to send
in opposition emails, letters and petitions, the
developers got four extra points because there were no
registered neighborhood organizations. So to make it
worse for us, they actually got points. I don't
understand that.

And this happened to other people as well.

Let's see --

MR. OXER: Ms. Wallace, I'm going to have to ask you to respect our clock.

MS. WALLACE: I know, I know.

Application 14017 got 600-plus citizen opposition letters and the developers got four points. Application 14272 got over 2,900 opposition letters and the developers got four points because there were no neighborhood organizations. Please put us into the QAP.

Thank you.

MR. OXER: Good. Any questions?

(No response.)

MR. OXER: And I assume you're registering comments, Jean and Cameron.

MS. WALLACE: We've been sending them in all along.

MR. OXER: I know.

MS. WALLACE: Thank you.

MR. JACK: Good morning. Darrell Jack with Apartment Market Data.

I just wanted to reiterate something that Claire Palmer pointed out to you was the one mile for elementary schools in rural areas, it's kind of to the
disadvantage of the resident in some ways. Unless you live within a block or two of the school, if you have elementary age schoolchildren, you're going to have to transport those children to school. Where if you open that up outside the one mile, all of a sudden your residents become eligible to be bused to school. And so as Claire was talking and as a parent of a small child, I realize that if you don't have small children you don't understand that the school district isn't going to provide the bus service to the school when you're within that one mile, but once you go outside that one mile, all of a sudden you have that opportunity.

MR. OXER: Point of clarification here, Darrell. What's the busing limit? Is that the same statewide or does it vary?

MR. JACK: It's pretty uniform for school districts around the state.

MR. OXER: So what is it exactly?

MR. JACK: So usually in a school district, if you live within one mile of the school, as a parent you're required to get your child to the school. Once you cross that one mile boundary, then all of a sudden you're eligible for bus service to take your children to the school. So in some of our rural school districts, kids can have a 20- or 30-mile bus to the nearest school, and
I'm not saying open it up to that, but understand that you actually give your residents more services in having their kids able to ride the bus to schools once you breach that one-mile boundary from the elementary school.

Thank you.

MR. OXER: Good. Thanks.

All right. I can tell we're going to have substantially more comments, we've been in our seats here for almost an hour and a half. We're going to take a 15-minute break and we'll come right back here to the comments, we're not through with this, I know that. So it is 11:21 right now, let's be back in our seats at 11:35.

(Whereupon, at 11:21 a.m., a brief recess was taken.)

MR. OXER: All right. Let's get back started.

We have some individuals who want to make comment on this item. Who is next on the list over here?

MS. McGUIRE: My name is Ginger McGuire. I'm with Austin Stone, but I'm speaking today on behalf of the Rural Rental Housing Association. I'd like to keep my comments to existing properties, and specifically existing properties in rural areas.

First of all, I'd like to thank the staff for their clarification on the at-risk set-aside. I think that's a good change and we support that.
Existing properties, our members have about 700 properties in Texas, they're hold properties, many of them were built in the '70s and '80s, they need rehab, and what they're finding generally is that they're going through the points and trying to find winners within their properties that need rehab. I know we've come up here with this before; I'd like to keep it before the Board.

One of the issues is educational excellence. We would like to see the educational excellence changed in some way. Rural properties, the existing properties are where they are, they can't be moved, they're in communities that they're going to stay in, and we need to support those communities. Most of these properties are still serving the intended population that they were there to serve in the beginning, they're serving the communities, and so the need is there. What we need to look at is the need for rehab and the point system right now does not help them in that situation.

Back to educational excellence, in rural areas many of the new schools are being built outside of the rural areas. It's hard to be within one mile. We would like to see that changed to within the attendance zone of a rural property, particularly for existing.

On the amenities, the same issue. Many of the new amenities are being built on the outskirts of town,
rural properties exist where they exist and they've been there for many years. They need rehab, and again, the owners are going through their existing properties, trying to find the ones that point out and that will score well rather than looking at the ones with the most need. And so we're going to make some specific comments in writing and we will make some recommendations.

Two more issues. One is the seniors. The same issue applies. Seniors are the stable and growing population with rural areas. There are actually rural areas that are retirement communities and have been designated as such, and so we'd like to see at least existing properties have the same point scoring system and be equal to family properties in the Rehab.

And one more quick point I'd like to make, again, in these rural communities, never having had a tax credit project is a little bit of a stretch, we'd like to see that moved to 15 years.

Thank.

MR. OXER: Good. Thanks.

Are there any questions from the Board?

(No response.)

MR. OXER: Okay. Next.

MS. GARCIA: My name is Cynthia Garcia. I am the assistant director for the Housing and Economic
Development Department for the City of Fort Worth. I oversee all the federal funds that are used in the development of housing in Fort Worth.

Our first comment is in regards to the high opportunity areas and revitalization areas, and we understand the QAP has the difference in scoring because of the judicial action, however, the difference in scoring really impacts cities who are trying to revitalize areas of town.

The City of Fort Worth issues an RFP, or request for proposals, each year for our HOME funds. Our scoring criteria has transportation, access to retail, schools, everything. Last year we chose one project in the high opportunity area and one in the revitalization area, and while we are grateful for the projects in Fort Worth that were awarded funds, we would have liked to have seen the two projects the city was putting funds in awarded tax credits, especially the one in the revitalization area.

The project is located in southeast Fort Worth that has not had private investment for over 60 years. There was no full-service grocery stores for three miles, very limited commercial and retail, but since 2009 this has changed. Now there's a partnership between the city and the developer. The city has put in over $20 million.
We have a Super Walmart so there's fresh food for the residents, there is two medical clinics, and over 400,000 square feet of retail, and a new YMCA is getting built next year. In addition, there's a job training partnership between a private non-profit in the area that is teaching the local residents how to apply for jobs, and if they have a problem at the job in the area, then go back for additional training so they don't lose their jobs.

And we understand that you would like to keep the current scoring between the high opportunity areas and the revitalization areas in response to the judicial action, however, after this year we are requesting that this be changed so the scoring points for the high opportunity areas and the revitalization areas be equal. In addition, in order to continue to address the judicial opinion and keep the number of units produced in each area equal, we're requesting in future years the availability of tax credits be split 50-50 between these two areas, so projects in revitalization areas are given a fighting chance.

The projects in revitalization areas are typically much harder to complete because they're in older areas. They need new water, new sewer, new roads. In addition, the electrical lines have to be completely

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redone, all the telephone lines have to be redone, there's huge demolition costs, and there's always an environmental issue that has to be addressed, so they're very expensive to do. In addition, you can't get market rates there, they're very low, so you can't even get a mixed income development there, so it's very difficult to get funding in those areas.

In addition, we're asking that the Board allow points for well functioning charter schools located near the proposed developments where the charter school has committed to giving a preference to residents in the low income housing tax credit project. And lastly, we're asking an addition for points for tenant services specifically where you have a partnership with the Fort Worth ISD or a charter school that will actually do early childhood education residents in the project, so that way the residents are getting these extra educational benefits that would help them.

I have one more thing real quick, and this one is not going to be popular. If you would look at your calendar for awarding tax credits, this year we had a really big problem for the City of Fort Worth because we had two projects that we awarded funds to, over $2.5 million, and because of the new rules with HUD, we were not allowed to commit the funds for HUD because we had to
wait for an award from the Board which wouldn't happen till July, and so that meant we could not market these funds with other developers, and so we ran a huge risk of losing those funds because they have to be committed every year in October.

I was looking at HUD's website, most entitlement cities in Texas have a deadline for commitment either in September or October, so I was wondering if there was a way to have maybe a meeting with your staff and maybe entitlement cities so we could talk about ways to address concerns with neighborhoods or calendars or maybe work on some of the issues together.

MR. OXER: Good. Thanks, Cynthia.

Any questions? I think that you'll find that the staff is particularly receptive.

MS. GARCIA: They are, they're great.

MR. OXER: And if they're not, you let us know, we'll take care of it.

MS. GARCIA: They're wonderful. I think a joint meeting together would be beneficial.

MR. OXER: Okay.

MS. CHATHAM: Good morning, Mr. Chairman. I'm Donna Chatham with the Association of Rural Communities in Texas.

Just to give you a real brief history about
ARCIT, 13 years ago when I was serving as a policy
director for Chairman Carter in Urban Affairs in the
House, there was no committee in the House or the Senate
for rural affairs. Now, we're thankful to say, 15 years
later there both is, so rural Texas is coming along
getting more recognition and understanding.

MR. OXER: There used to be an agency for rural
affairs, as I understand.

MS. CHATHAM: Yes, sir. We know all about that
agency. Another story, another time.

MR. OXER: That's a two six-pack conversation
we ought to have one afternoon.

(General laughter.)

MS. CHATHAM: Yes, sir, it sure is. We were
there for every step of the way.

ARCIT was formed back in 2001 when that agency
was being formed under Speaker Laney and they wanted to be
able to have a voice at the table, and so fast forward
later in 2014 we now represent over 400 rural cities and
communities in Texas.

And real quickly, I'll give you a brief
background on what rural Texas looks like. Did you know
that we, first of all, have the largest rural population
in the nation? We have over 825 cities that have an
average population of 2,100. We also have 211 counties
that have an average population of 13,000. So you can see
the capacity of these smaller communities are not like
Houston or Dallas, we're a little bit different.

I also had the privilege of sitting on a
governor-appointee council for non-profits and local
governments in rural areas to work with state agencies to
stalk about barriers. Sometimes, understandably so, state
agency staff is great but they can't know all things about
all things.

MR. OXER: Despite what they think.

MS. CHATHAM: Well, sometimes they know a lot,
and we're thankful for it, but like everybody else, we all
need a team to help us understand things, so we're there
to help them understand a little bit more about rural
Texas.

We were talking yesterday at a task force
meeting about HUBs, and you were talking about that too,
and it made me think about, well, we ought to have
something for rural Texas called RUG, rural underutilized
governments. Now, sometimes those RUGs are our fault
because we don't have the capacity, but sometimes,
unfortunately, it is set up by state agencies. For lack
of understanding, they set up barriers and several
different other things. Right now we work with ten
different state agencies on a very intimate level and when
things come up with rules and regs come up that preclude us being able to access the money, that's what we're here for and that's why I'm here for you today.

Real quickly, to let you know about rural Texas, you know about rural Texas that our gig is driving, we think driving is cool. And we're not stressed by driving either, we don't mind going a mile or two miles, it's cool, we like it, so that's what we're all about. We drive to the grocery stores over one mile -- we have to, quite frankly, because they're not always right there. We have to drive more than one mile for our daycare, and our daycare is mostly in-home daycare and they are certified but they're in-home. And sometimes they do pre-K, sometimes just toddlers, but it's all over the place. We also have to drive for our schools, primarily in attendance zone. Again, we're not in the one mile and it's cool, we like it, we'll do it, it's cool. Medical offices are the same way.

As you all know, we are a graying population; we're trying to do as much as we can to retain the youth there but we are a graying population. We have more seniors overall in our area than in a lot of the urban areas do, so our needs are significant and great.

Going to the QAP quickly and how that affects us, some of you have already talked about it, the
opportunity index. Real quick about the daycare, Ms. McGuire has already talked about it. We just would ask that you consider that it not being within a one-mile radius, but rural Texas really does need some different criteria in order to access the money -- and by the way, we want that money.

    Thank you, Mr. Chairman.

MR. OXER: You're welcome.

Any questions?

(No response.)

MR. OXER: Thanks, Donna.

MS. TYLER: Good morning. My name is Kathy Tyler, and I wanted to talk about Texas farmworkers.

    Unfortunately, the Texas Low Income Housing Tax Credit Program doesn't serve Texas farmworkers very well. Two years ago you commissioned a study, TDHCA commissioned a study that was titled Texas Rural Farmworker Housing Analysis, and it showed that farmworkers have very few rental housing options in rural areas that they can depend on. And I think that there should be a way that the QAP better addresses farmworker housing. I'm not sure exactly what that answer is, but I think there's some structural issues that make it difficult for the QAP to well serve farmworkers.

    One is there is a federal program, the USDA
Section 514/516 program is geared to build housing for
farmworkers, it's a new construction program for
farmworkers. We don't attract that money to Texas. The
loan portion of that money, the Section 514 money can be
used together with tax credits. We've done one in Texas.
And I don't know, again, what the answer is, if it's a set-aside, if it's a reservation, if it's a
priority. Other states with farmworker populations have
those kinds of incentives in their QAPs, and they also
have funds that they use to attract the 514/516 money to
their states. Texas doesn't do that. It's a national
competition, so our applications don't always score as
well as the ones from other states. They're sort of a
chicken-and-egg program. All agencies want to be last in
after all the other funds have been committed, the
calendar is problematic, and those are some of the
structural problems that we're dealing with.
Texas has the second most farmworkers of any
state. Our farmworker housing that has been funded by
USDA is aging and it's difficult to combine tax credits
with that as well. I think that's less of a TDHCA problem
than it is a USDA problem, but I think that TDHCA can
really work to bring the new construction money into the
state with looking at the QAP and other TDHCA programs
that could attract those funds to us.
Thank you very much.

MR. OXER: Thanks, Kathy.

Any questions?

(No response.)

MS. GUERRERO: Good morning. My name is Debra Guerrero. I work with the NRP Group, but I'm here in my capacity as co-chair of the TAAHP QAP Committee. I am co-chairing along with Darrell Jack.

I did want to let you, Mr. Chairman, and the Board know that we will be meeting this afternoon to review the recommended changes to the QAP, as well as the other rules. And as you all know, we reach consensus, we bring our comments before you. We do definitely visit with Jean and Cameron prior to coming to you, and we did want to let you know that we are in the process of doing that.

So thank you very much for the opportunity, and we're looking forward to this next year. Thanks.

MR. OXER: Thanks, Debra.

Are there any other comments on item 2(a) which is the first item on our action agenda.

(No response.)

MR. OXER: Okay. No other comments. And Jean, you've taken comments, and let's have a sort of summary here, because I want to see what the process is here.
Going from here on out, you're going to take all these comments, we're going to make some recommendations, look at all this, modify this, and give us another shot at the QAP.

MS. LATSHA: Right. Based on comments today, and if you'd like, it might take us just a few moments, but we could kind of formulate a staff response to what you just heard, or we could hear some direction from you. So our choices now are as presented in your Board book, we publish in the register, then we continue to take comment during the public comment period. When we come back in November, we can tweak the rules a bit. If there are some pretty large issues that you just heard about that you'd like maybe incorporated into that draft, then we would incorporate those in the draft.

MR. OXER: So we could conceivably get some of the changes made today that we're anticipating.

MS. LATSHA: Yes, but as I explained earlier, it's not necessary unless those are changes that couldn't be made after the formal public comment period.

MR. OXER: Hold on a second, Cameron. Barbara, do we anticipate any of these being in that category that they wouldn't be able to be changed?

MS. DEANE: I haven't heard anything. It's kind of hard to say at this point exactly.
MR. DORSEY: Having done this a few times before --

MR. OXER: Cameron Dorsey.

MR. DORSEY: Cameron Dorsey, deputy executive director of a lot of stuff, long words.

(General laughter.)

MR. DORSEY: The comment we heard today was of a relatively minimal nature. I mean, the changes, in order to accomplish the changes that the public comments would want us to, except for a few that have some statutory issues, I think we can accomplish most of them simply through the public comment period. These are relatively minor changes that would fall within the category as kind of a logical outgrowth of the rule as presented to you.

And so one thing we can do, we've taken all of the comment down and so it's sometimes hard to formulate a really well reasoned change on the spot, so we can take all of that back and bring you guys responses back to each of the issues, and some of that might involve actually making the changes. Or you can ask us to actually look at specific changes, or you can recommend that we go ahead and make changes today. But I think the body of the comment falls into kind of two categories today: some that have some statutory issues, and we can explain those,
and then the other ones would fall within the category of changes we can make through the public comment period.

MR. OXER: And I, for one, given the amount of time that we've spent in getting the QAP in the current state that it is and not in a real big hurry to make any change in it very fast if we don't have to, I think a more reasoned response, just to sit, think through this, make sure you get it right and come back to us makes more sense. I would like to see the sort of separation of the ones that are probably detailing, buffing and polishing, and the ones that have a statutory limitation that we've got to deal with, I'd like to get a sense of what those two are.

But my own position, as a member of this Board, is to simply say if we're not constrained by being able to make changes as they come up, I'd like to hear from you next time, once we've given some thought to this, so that we don't make the mistake of changing one that has an implication somewhere else and we've thought through all the stitching that goes together so that it stays coherent.

MR. DORSEY: I think that makes a lot of sense.

The other thing is during the public comment period we will get a significant amount of additional comment, and sometimes the comments today will be contradicted by other
comments and give us new things to think about and those types of things. So I think that makes a lot of sense.

MR. OXER: So at this point the staff recommendation would be to receive comments, basically publish the rule, receive comments, take the input today and continue to develop the modifications for the 2015 version of the QAP.

MR. DORSEY: That's right, with a solid commitment to look at all of the issues that were discussed today by the folks in the audience in detail.

MR. OXER: Can you identify, at least generically, the ones that would have statutory restriction or some sort of constraints we have to work under?

MR. DORSEY: Sure. Ms. Wallace made some comments that I think would have some issues with regard to changes to statutory scoring criteria like the neighborhood organization requirements, as well as the city resolution requirements. I also heard comments concerning the idea of, for example, a 50-50 split of the funding between awards to revitalization type deals and high opportunity area deals which would likely fall in the category of the creation of kind of set-asides that we have generally come to the conclusion we don't have the statutory authority to accomplish. So those would be a
couple of examples, I think, the bigger examples.

MR. OXER: All right. Do you have anything to add to that, Tim?

MR. IRVINE: The only other one I really had some issues with, I certainly appreciate Kathy's sentiments regarding finding ways to access more funding for farmworkers, but it's such a concept level thing, it would be very hard to formulate specific proposals to include in this QAP. We need to start right now.

MR. OXER: Robert.

MR. THOMAS: I was concurring with Tim in my concern, but one of the things, I grew up in rural Montgomery County, and I mean rural, so I was one of those guys who was on the bus for an hour to get into town to go to school, and we had an absolute lack of affordable housing there. So I found it very compelling, the comments from our rural communities asking for making sure that we're not being bureaucratic in our thought process. I know we don't generally do that, but to be sensitive to that. I mean, I don't know if you were in the Iditarod.

MS. BINGHAM: Were you rural?

MR. OXER: Had to build your housing every night, did you?

MR. DORSEY: Yes. Shelter, not so much housing; I don't think it qualified as housing.

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MR. THOMAS: That would be nice for some of the stuff that I saw.

MR. DORSEY: It got down to negative 30 or so.

MR. THOMAS: That didn't happen in Monroe.

(General laughter.)

MR. DORSEY: We'll take those comments into account. Some of the stuff we've specifically asked for in the past with regard to those types of changes are show us some specific examples of where it causes this kind of issue. We look for a really good basis to recommend changes like that. Right now, for example, we've already got a two-mile radius for neighborhood related amenities, like grocery stores and stuff, as a threshold item, so one of our concerns was, well, if you move the scoring amount also to two miles, then are you just -- I mean, it's just kind of mirroring the threshold item in a scoring item. So we've got some stuff like that and we've had some conversations about maybe getting some examples to kind of show what the real world issue that we're dealing with there.

And likewise, I've gotten at least a couple of comment that they'd like the one-mile to stay the same, although I think some folks feel like the minority and don't want to make comment. So I think through the public comment period we'll hopefully get more comment on that.

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subject and maybe some specific examples and come back to you with a good recommendation that's well founded and takes into account all of those concerns.

MR. OXER: Okay. Just for point of putting it on the record too, we have a number of routes for people to make comments on the QAP including -- just run through them right quick.

MR. DORSEY: Well, the two biggies are providing public comment by email. There's generally a specific email address listed in the agenda item itself, although, I think generally folks just send it in to Jean or me, or they come in through various means and we try to collect all of them up, so email would be a key one. Obviously, mail. Just getting public comments in in accordance with the agenda item as it's written.

In addition, we plan to hold a roundtable later in the month. Just so folks know, we don't have everything nailed down, but we plan on doing a four-hour piece that's solely related to 811 so that folks can really get a handle on that. I think there's still a lot of concern out there. I heard during the break folks wanted to make public comment but they weren't even sure what comment to make. So there will be a pretty good session just for 811, and then an afternoon filled with comment on the remainder of the Multifamily rules,
including the QAP. So that will be in late September is
the plan right now.

MR. OXER: And the schedule will be posted on
the website for everybody.

MR. DORSEY: Yes, and sent out via our
LISTSERV.

MR. OXER: Okay, great. Thanks, Cameron.
Anything else you need to add, Jean, or are you
good on it? Okay.

No other public comment. We had a motion by
Ms. Bingham, a second by Dr. Muñoz, if I recall correctly,
to approve staff recommendation on item 2(a) with respect
to modifications to the 2015 QAP. Is there any other
question?

(No response.)

MR. OXER: No other question. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: And there are none; it's unanimous.
So let's get it out there and keep adding comments.

Thanks, Jean.

Here's what we're going to do, we have an item
that we tabled until we could come up with some
information on 1(i) this morning, pulled from the consent
agenda, with respect to the language, to work on the language. Do we have that language in place, Tim?

MR. IRVINE: We do.

MR. OXER: We had a motion to table by Dr. Muñoz, second by Mr. Gann. Do we have to have anything to untable? I don't think so. We just call it back to the item.

MS. DEANE: I think you just call it back up.

MR. OXER: Okay. The chairman calls item 1(i) to consider which was originally a motion by Ms. Bingham, second by Mr. Gann to approve staff recommendation, which staff recommendation was to go out and generate some language which in the intervening two hours has been generated.

MR. GOURIS: It has. Tom Gouris, deputy executive director for Asset Analysis and Management. It has. There are a couple of tweaks to it that I wanted to get both sides to look at real quick, so we might want to take it up first thing after lunch break, if that would be okay.

MR. OXER: Have you had an opportunity to chat with the partners that were interested?

MR. GOURIS: We have, but there have been some last minute things.

MR. OXER: Last minute things. Because it
looks like we're going to have considerably more, so I'm thinking we're going to break for lunch here in a few minutes and then come back here like at one o'clock and get cranked back up on it. So unless anybody has objection, because we have considerably more agenda to plow through, it's 12:06 now, let's break for lunch and be back in our seats here at one o'clock sharp.

MS. DEANE: Are you going to do an executive session or just lunch?

MR. OXER: Yes. For the record, everybody, if you're going to walk out, that's all right, just be quiet.

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 real estate matters under Section 551.072, to discuss issues related to fraud, waste and abuse under Section 2306.039(c) of the Texas Government Code.

The closed session will be held in the anteroom of this chamber. The date is September 4, the time is 12:07. See you at one o'clock.

(Whereupon, at 12:07 p.m., the meeting was
recessed, to reconvene this same day, following conclusion
of the executive session and lunch recess.)

MR. OXER: The Board is now reconvened in open
session at 1:02.

Do we have comments? Tom, do we have this
ready?

MR. GOURIS: Yes. Cari is ready to go.

MR. OXER: Okay, Cari.

MS. GARCIA: Cari Garcia, director of Asset
Management.

So item 1(i) was tabled, and we met and
discussed the language, and I have a proposed revision to
Section 10.406(e) of what's in your Board book.

MR. OXER: We had a motion by Ms. Bingham and
second by Mr. Gann to approve staff recommendation, and
what you're bringing back to us is modifications to the
language included in the Board book. Is that correct?

MS. GARCIA: Right, in Section 10.406(e).

MR. OXER: On that one item, that one
component?

MS. GARCIA: Right.

MR. OXER: Okay. Let's hear it.

MS. GARCIA: Okay. So 10.406(e) should read:

Historically Underutilized Business "HUB" organizations.

If a HUB is the general partner of a development owner,
and it determines to sell its ownership interest after the
issuance of 8609s, the purchaser of that general
partnership interest is not required to be a HUB as long
as the LURA does not require such continual ownership or a
material LURA amendment is approved. Such approval can be
obtained concurrent with the Board approval described
herein.

All such transfers must be approved by the
Board and require that the Board find that: the selling
HUB is acting of its own volition; the participation by
the HUB has been substantive and meaningful, enabling it
to realize not only financial benefit but to acquire
skills relating to the ownership and operation of
affordable housing; and the proposed purchaser meets the
Department's standards for ownership transfers.

MR. OXER: Any questions? Are you good with
that? Everybody okay with that? Agree with that?

DR. MUÑOZ: That is significantly improved.

MS. GARCIA: Thank you.

MR. AINSA: (Speaking from audience.) We're
okay with it.

MR. OXER: All right. Then with respect to
item 1(i), motion by Ms. Bingham, second by Mr. Gann to
approve staff recommendation as modified.

MR. GANN: Agree.
MS. BINGHAM: Agree.

MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. Thanks for your comments, Frank and Ike.

So now we've got item number 1 out of the way.

MR. IRVINE: We've allocated a minute and a half each for the remaining items.

(General laughter.)

MR. OXER: Jean, where are we at on this one?

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

We are on 2(b) which is the proposed 2015 drafts of Subchapters A, B, C and G of the Uniform Multifamily Rules. Unlike the QAP, we're recommending some pretty substantial changes to some of these rules, particularly to Subchapter B related to undesirable site features and undesirable area features which we're now calling undesirable neighborhood characteristics. I expect to hear comment again, but this is the same process as the QAP where only if we wanted to make some pretty substantial changes at this juncture would we really want to do that. We're going to take it out, publish it in the

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Register, take it out for public comment, and be able to receive that comment and vet it and bring that back to you for approval in November.

So that being said, I'll try to summarize some of these changes. Subchapter A is related to the definitions. There are a couple of changes staff is suggesting here. One is the addition of the term applicant. This was necessary because it's used throughout the rules and we never really had a definition for it, just kind of a procedural thing there. We also added a definition of award letter, modified the definition of commitment, and removed the definition of federal commitment. These are also just practical reasons to address HUD's definition of commitment and how we're going to handle our HOME awards.

The definition of control was revised to address the issue of a board member's recusal from a vote. This issue was not addressed in last year's rule and resulted in appeal, you might recall. Staff's position is still that a board member's recusal from a particular decision does not constitute relinquishing control, so we simply made that clear in the definition. If the Board thinks otherwise, then we can certainly take that out at a later date or now. The appeal was really a result of that just not being clear anywhere in the rule.
We're also recommending some revision to the definition of supportive housing. You heard some comment on that under the QAP, it probably was more appropriate to comment here, but my understanding from Walter's and Joy's comments on that definition is that they also thought that could be vetted through the public comment process.

So a few other notable changes, we'll move on to Subchapter B. We have included a requirement for sites located in a flood plain to be able to obtain flood insurance, and lifted the requirement for rehabilitation developments to provide exhaust fans in bathrooms that are vented to the outside. These are based on some suggestions that we've heard from the development community.

We also removed a couple of items from the list of possible development amenities, namely 30-year shingles and 30 percent stucco. Basically, we didn't see how these were providing any value from the perspective of the tenant, so just removed those from a laundry list of items from which the developers can choose. Also recommending some additional tenant services to be added to that laundry list of options for developers to choose from.

Slightly more significant change is regarding applications funded with direct loans, those are the HOME applications. The 2014 HOME NOFA and rules did not allow
for rehabilitation, but staff is recommending that this activity now be allowed under the rule. But I do need to make a revision to staff's recommendation with respect to this part of the rule. You'll see in Section 10.101(b)(3)(D) in the Board book indicates that property standards were going to be posted in the Register. We needed a little bit of extra time to develop these standards and didn't quite get them in the Board book. We have printed out the standards that we have come up with for everyone to see that's in attendance here, and I can go ahead and read them into the record here.

MR. IRVINE: Short.

MS. LATSHA: So 10.101(b)(3)(D) would be revised to read: Rehabilitation developments financed with direct loans provided through the HOME Program, or any other program subject to 24 CFR 92 that triggers the rehabilitation requirements of 24 CFR 92, will be required to meet all applicable state and local codes, ordinances and standards, the 2012 International Existing Building Code (IEBC), and the requirements in clauses (1) through (4) of this subparagraph.

Clause (1) reads: Recommendations made in the environmental assessment and physical conditions assessment with respect to health and safety issues, major systems (structural support, roofing, cladding and

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weatherproofing, plumbing, electrical and heating
ventilation and air conditioning) and lead-based paint
must be implemented.

(2) All accessibility requirements pursuant to
10 TAC, Section 1.206 relating to the applicability of the
construction standards for compliance with Section 504 of
the Rehabilitation Act of 1937, and Section 1.209 relating
to substantial alteration of multifamily developments must
be met.

(3) Properties located in the designated
catastrophe areas specified in 28 TAC, Section 5.4008 must
comply with 28 TAC, Section 5.4011 relating to applicable
building code standards and designated catastrophe areas
for structures constructed, repaired or to which additions
are made on and after January 1, 2008.

(4) Should IEBC be more restrictive than local
codes, or should local codes not exist, then the
development must meet the requirements imposed by IEBC.

So moving on, the big change to Subchapter B
are the changes made to undesirable site features and the
undesirable area features. In undesirable site features
we changed some of the proximity to some of these features
that would cause an application to be ineligible, namely
proximity to a railroad track changed from 300 feet to 100
feet, for industrial uses it has been expanded to include
fuel storage facilities and has a distance threshold of 500 feet instead of the 300.

Additional undesirable site features have been added to address sites that contain pipelines that carry highly volatile liquids and hazardous substances, and also one added for sites within two miles of nuclear plants and large refineries or large oilfield operations. That's been added to that list of undesirable site features.

So the undesirable area features item got flipped around a little bit. This was an item that in 2014 QAP applicants would submit a request for a pre-clearance for their site and provide staff with a bunch of information about blight in the area or crime or a railroad track within 600 feet of the development site, and we would just get 300 of these things, really a lot of them out of an abundance of caution because applicants really weren't sure if their sites were going to wind up being ineligible or not. They had pretty good sites in high opportunity areas but they're within 600 feet of a railroad, so I get this request and I have to review it, and then it's a lengthy process.

So we kind of flipped it around where now applicants will be able to look at a list of factors and determine whether or not their site has any of these issues. If the site does have any of these issues, then
they simply disclose that to staff. Then staff can perform an assessment of the site which would probably include some correspondence with the applicant to find out if there were any mitigating factors to address any of the other issues that they had with the site.

So the three threshold criteria are: sites in a census tract with a poverty rate above 35 percent, or 55 percent for Regions 11 and 13; also if a site is in a neighborhood with a crime index of 40 or less, according to neighborhoodscout.com; and then sites whose environmental site assessments indicate any facilities listings within the ASTM-required search distances for specific databases, so if there's some real big issues that were revealed in the ESA.

So if an applicant has any of these problems, they disclose that to staff. Then staff performs an assessment of the site, and that assessment would actually cover a number of factors including: blight in the neighborhood, general land use patterns, proximity to any of the undesirable neighborhood characteristics regardless of distance stated there, and that's proximity to all of the characteristics that were listed in the previous rule, the railroad track, the pipelines, the heavy industrial uses.

Staff will also perform an assessment on median
household incomes in the census tract, number of existing affordable rental units and market rate units in the neighborhood, and the extent to which any of the aforementioned characteristics are mitigated, and that would be through revitalization plans and such.

So this is a big review but at least these pretty extensive reviews are only going to be triggered if one of those first three thresholds are not met or met, however it is that you want to look at it. So the idea being, hopefully, instead of reviewing 300 requests, the vast majority of which have no problems, staff will get a few -- I don't know how many but less than 300 sites that disclose that they have some issues and then we'll perform these assessments. Then we'll take a report to the Board, and it could be presented as a report item. It might say: we got a dozen of these disclosures, we did an assessment on all of these sites, we think ten of them are fine, these two we think might be ineligible. And then you'd probably wind up with a presentation by that applicant.

So that's pretty much how it's going to work, a little bit different from last year, but hopefully just a better process, and at the same time, some pretty objective criteria for applicants to be able to rely on.

So moving on to, I think, Subchapter C, if we can, Subchapter C relates to application submission
requirements. One of these I mentioned during the
discussion related to the QAP and that's with respect to
neighborhood organization notification, so we cleaned up
some of that language to be consistent with the QAP.
We're also recommending that applicants re-notify
neighborhood organizations and elected officials if
there's a significant change to the density proposed in
the application. That's consistent with a provision we
added to the QAP one or two years ago where we are
allowing applicants to submit pre-applications with a
rather large site and then reduce that site later if they
feel the need to. The problem is that obviously changes
the density of the development and we feel that that's
something that the communities and elected officials would
want to know about.

Staff is also recommending some clarifying
language relating to administrative deficiency process,
experience certificates, documentation required to
evidence USDA and gap financing, and site control in the
case of land donations, and plats submitted with site and
design feasibility report. These are all really just
cleanup items, things that we had to address either
through FAQs or just through comment in general during the
last cycle. Didn't really cause any huge problems, but
nice to have it cleaned up in the rule.
MR. OXER: Just sharpening the edges.

MS. LATSHA: Yes, sir.

Let's see, more significant change is to Section 10.201. This is regarding the process for submitting tax credit applications for tax-exempt bond developments. In the past there's been some confusion as to which year's rules an applicant should be applying under, so we've clarified this. Staff is recommending that regardless of the date of the certificate of reservation that applicants adhere to the QAP and rules in place at the time the tax credit application is submitted -- which really does make sense.

In addition, traditional carryforward applications received after November 15 will not be accepted until January 2. That way we know that those applications also would be applying under that QAP that's in place on January 2.

There's just been a little bit of cleanup too as far as determination notices being reissued, just a better timeline, a timeline that allows the applicant to control their fate a little bit more and also speed up the process if possible. We can accept tax credit applications now if the bonds have been induced. We were waiting until a certificate of reservation was in hand and then there was another waiting period of 75 days while we...
reviewed that application. We're still going to take 75 days, probably, to review those applications, but at least the applicants can start that process a little bit earlier. So again, a lot of cleanup, I think things that will make that process just easier for the applicants.

Last but not least is a waiver provision which allows for staff to recommend waivers related to development design and construction elements not specifically required by statute. We've had some comment on this before to have some folks maybe trying to do some interesting things with some historic buildings and they're not quite meeting like a definition of bedroom or something like that. These aren't definitions and rules that were mandated by statute but just for us to be able to kind of in a practical sense review these applications.

You need to know what a bedroom is, you need to define things like unit, but there are some unique circumstances where staff would just like this not to be an uphill battle for some applicants and we'd like to be able to come to you and say we actually do recommend a waiver because this isn't something that was statutorily mandated. So I think the development community will probably be happy with that one.

That's a summary of the big changes. We have just a little bit of comment, it looks like. Maybe a lot
coming later, I'm not sure. And same goes, I'm happy to answer questions as we go, or we can sum it up later.

MR. OXER: All right. Are there any questions of the Board for Jean?

(No response.)

MR. OXER: We'll have to have a motion to consider on item 2(b).

MR. THOMAS: So moved.

MR. OXER: Motion by Mr. Thomas to approve staff recommendation on 2(b). Is there a second?

MR. GANN: Second.

MR. OXER: Second by Mr. Gann.

Claire.

MS. PALMER: Thank you. Claire Palmer.

And I think the rule changes for the most part are fabulous, honestly. They clean up a lot of things that were confusing, and I marked with little happy faces almost all the way through reading the rules.

I do have a few comments, but I'm only going to make one today before the Board, and that's on the definition of control. If you will remember, I was here with Mark Mayfield -- I'll call it the Mark Mayfield rule -- where he is the executive director of the housing authority in Marble Falls and he also sits on the economic development board, he properly recused himself from the
economic development board vote, and that's where they were getting the funding because it's the only place to get funding in Marble Falls. And in the new control definition, that would now be prohibited, that recusal would not be an option.

And when I was at that Board meeting and we discussed it and you voted, I thought the direction from the Board was pretty clear that that was one of those areas of unintended consequence, and I came away from that Board meeting feeling that the Board really wanted there to be ability to do that.

And I had actually provided Jean some language for that before the QAP came out, and it would have solved the problem of a board that's just created to fund by the applicant and circumventing the rules, because my language would say that: Notwithstanding the above, the board of the funding entity may recuse himself or herself from voting on the funding of the applicant, so long as the recusal fully complies with the Texas Local Government Code and there is still a quorum of board members to vote on the funding. Which would mean you would have to have a majority of the board still not related to the applicant.

And I just felt like that was really clear from the Board meeting and I was surprised to see the control definition when I got the rules. That's all I have.
MR. OXER: Okay. Thanks.

John.

MR. HENNEBERGER: John Henneberger, Texas Low Income Housing Information Service.

I just want to say that the Subchapter B changes on site and neighborhood conditions are a great thing, a huge improvement over the existing rules, and we completely support them.

Thank you very much.

MR. OXER: Thanks. Appreciate that.

Any other public comment?

(No response.)

MR. OXER: Regarding item 2(b), we have a motion by Mr. Thomas, second by Mr. Gann to approve staff recommendation. All in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none, so it's unanimous.

Jean, have you got another one?

MR. THOMAS: Just real quick.

MR. OXER: Mr. Thomas.

MR. THOMAS: On that last issue that was raised, could we get some clarification specifically related to the recusal issue. That was a painful meeting.
MR. OXER: Give us a quick discussion on that, Jean.

MR. THOMAS: Just kind of where you are on that.

MS. LATSHA: Sure. Basically, staff's position was the same as it was at the appeal. That as something that was simply not addressed in the rule at all. There was no statement in the rule saying that recusal would not constitute control and therefore they didn't have a related party issue, and there was no statement in the rule saying recusal basically -- go ahead.

MR. IRVINE: We view recusal as something that is absolutely a recognized way to cure the validity of the governmental action, we simply do not think that the governmental action, when those types of arrangements exist, should support points.

MR. THOMAS: So just for my clarification and edification, then the point of staff's suggestion and recommendation that we are going to proceed with after this vote is to clarify and remove the confusion which existed which caused that lengthy communication on the Board.

MS. LATSHA: Precisely.

MR. THOMAS: And this suggestion, if adopted and enacted, would do just that, we wouldn't have that issue
back before us again.

MS. LATSHA: That's correct.

MR. THOMAS: Okay. Thank you.

MR. OXER: Anything else? Do you have anything, Leslie?

MS. BINGHAM: No.

MR. OXER: Okay, good.

I think you're still up, Jean, 2(c).

MS. LATSHA: Yes. 2(c) is a recommendation for the 2015 Draft Bond Rule for publication in the Register.

There were a few changes made here that were just necessary to be consistent with some of the changes made in the QAP, and the Uniform Multifamily Rules. Then it also basically removes the requirement to select an investment banking firm from a Department-approved list. And we don't expect any comment on this one, it was pretty straightforward, minimal changes.

Staff recommends that we publish that in the Register for comment as well.

MR. OXER: So essentially we're just making a clarification in this one?

MS. LATSHA: Pretty much, yes.

MR. OXER: Or getting proper overlap between the QAP and this rule.

MS. LATSHA: That's right.
MR. OXER: Any questions of the Board?

MS. BINGHAM: Move staff's recommendation.

MR. OXER: Okay. Motion by Ms. Bingham to approve staff recommendation.

MR. THOMAS: Second.

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

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

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

MS. LATSHA: So I'm still standing here.

MR. OXER: Now you know how Tom used to feel.

(General laughter.)

MS. LATSHA: Item 3(a) is approval of publication in the Texas Register for the 2014 HOME NOFA.

I realize this is a 2014 NOFA so it seems a little late in the game, but that's just because we only just got our grant agreement with HUD. So basically, we've already received a number of applications under this NOFA. We had some Board action last January that basically allowed us to do that. There were a lot of folks that submitted 9 percent applications layered with HOME funds. We didn't actually have the HOME NOFA out there. All of those applicants were aware of a certain amount of risk they
were taking applying for HOME funds without us actually having it, but we were all pretty confident we were going to have it at this point, and we do.

So we have $16.8 million in HOME funds under this NOFA, $9.5 million of which will be allocated to the general set-aside, and $7.3 million of which will be the CHDO, community housing development organization, set-aside. So technically, we have to allocate the HOME funds according to the RAF, so we'll put it out under the RAF until October 20. We don't expect applications under the RAF. If we got them, then great, but it's such a small amount of money that gets funneled through the RAF so there's not that much available in each subregion.

So most likely what happens is we get to October 20 and then we take all of our 9 percent applications that had awards and also applied for HOME funds and we award them out of that $9.5 million. Right now it looks like that's about $7.5 million worth of HOME funds that will go to those 9 percent applications. That will leave us with approximately $2 million that we set aside to be layered with a 4 percent application.

And then we have the remaining $7.3 million that will go to CHDO. Since we do have so much in the CHDO set-aside, we are putting the cap on the CHDO applications at $4 million, so it would be great if we got

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a big CHDO 4 percent application that needs $4 million in
HOME funds.

So staff recommends approval for publication in
the Register.

MR. OXER: Any questions?

MR. THOMAS: And at this point there's only one
CHDO application?

MS. LATSHA: I think so, but I would probably
have to look to Eric to make sure that's right.

MALE VOICE: (Speaking from audience.) There
was one CHDO application with 9 percent.

MR. THOMAS: Okay.

MR. OXER: Okay then, Robert?

MR. THOMAS: Yes, sir.

MR. OXER: Any questions of the Board?

(No response.)

MR. OXER: Okay. Motion to consider.

MR. THOMAS: So moved.

MR. OXER: Motion by Mr. Thomas to approve
staff recommendation on item 3(a).

MS. BINGHAM: Second.

MR. OXER: And a second by Ms. Bingham. There
appears to be no public comment. All in favor?

(A chorus of ayes.)

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

Thanks.

MS. LATSHA: Next 3(b). These would actually normally be on the consent agenda, it just didn't quite make it up there, but pretty straightforward, reinstatement of a determination notice. This is William Cannon Apartments, located in Austin, new construction, 252-unit deal. Basically, they had some changes in their organizational structure which delayed their closing, so it's a simple reinstatement allowed by the rules.

MR. OXER: So it's straight procedural right out of the rules.

MS. LATSHA: That's right.

MR. OXER: Great. Any questions of the Board

(No response.)

MR. OXER: Motion to consider?

MR. GANN: I make a motion to approve staff recommendation.

MR. OXER: Motion by Mr. Gann to approve staff recommendation. Second?

DR. MUÑOZ: Second.

MR. OXER: Second by Dr. Muñoz. There's no public comment requested. All in favor?

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

(No response.)

MR. OXER: You're on a roll, Jean, keep going.

MS. LATSHA: 3(c) is another pretty straightforward. Actually, one of these has been pulled, Park at the Cliff, but other than that, we have basically three issuances of determination notices, one for 545,690 for Lakes of El Dorado. That's a rehab acquisition of 220 units in McKinney. Also, a determination of 836,038 in tax credits for an acquisition rehabilitation of 382 units in Dallas. And then also issuance of a determination notice for 584,499 for Ash Lane Apartments, an acquisition rehab of 250 units in Euless. These are all three the same ownership structure, again, pretty straightforward deals.

MR. OXER: Nothing out of bounds on these.

MS. LATSHA: Nothing out of the ordinary. No, sir.

MR. OXER: Just 500 yards straight down the fairway.

MS. LATSHA: That's right.

MR. OXER: Any questions of the Board?

MR. THOMAS: Move to approve

MR. OXER: Motion by Mr. Thomas to approve staff recommendation on item 3(c).
MS. BINGHAM: Second.

MR. OXER: Second by Ms. Bingham. Item 3(c) was unanimous in its approval.

MR. THOMAS: We have to vote.

MR. OXER: Okay. Motion by Mr. Thomas, second by Mr. Gann. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none, and it's unanimous.

She was on such a roll, I was just giving her an extension.

(General laughter.)

MS. LATSHA: So one more, 3(d). That was (c), right? So another straightforward one that you typically see on your consent agenda. This item is recommendation for inducement resolution to proceed with application submission to the Bond Review Board for possible receipt of state volume cap issuance authority from the 2014 Private Activity Bond Program for Good Samaritan Towers. This is an acquisition rehabilitation of 100 units serving the elderly in El Paso.

MR. OXER: Anything unusual in this one?

MS. LATSHA: Not a thing, sir.

MR. OXER: Good. That's the right ones.
MS. BINGHAM: Move to approve.

MR. OXER: Motion by Ms. Bingham to approve staff recommendation on item 3(d).

MR. THOMAS: Second.

MR. OXER: Second by Mr. Thomas.

Joy, need I ask is this the one or do you want to wait till later?

MS. LATSHA: Public comment. I think 3(e) we were pulling from the agenda because we don't have any awards we're actually recommending, but I understood that somebody wanted to make public comment on that item. I don't know if they do. Maybe not, maybe they changed their mind, so which means I'm done.

MR. OXER: Well, hold on a second. This is on 3(d) that we're voting on. Correct?

MS. LATSHA: Right.

MR. OXER: Motion by Ms. Bingham, second by Mr. Thomas. All in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none; it's unanimous. And item 3(e).

MS. LATSHA: Sorry. That was the one; I got ahead of the vote there. 3(e) is the one where there was
a possible award being made out of the waiting list, but that's actually not being recommended today, but I understood that since it was posted on the agenda, someone wanted to make comment on that agenda item. I'm not sure if that's still the case.

MR. OXER: Is there any comment on item 3(e)

(No response.)

MR. OXER: So we're essentially pulling that.

MS. LATSHA: Right. So now I'm done.

MR. OXER: Now you're done. Good job, Jean.

We've reached the point in the agenda where we have an opportunity for people to make comment on those things for which there was no consideration today in order to build the agenda for future meetings. Joy, as in oh, joy, or Ode to Joy.

MS. HORAK-BROWN: Thank you so much. Joy Horak-Brown, executive director of New Hope Housing.

 Twice I'm here today and it has been a couple of years since I have talked to you, and in past years I've been known to make somewhat of a pest out of myself, so we may be building back in that direction.

Today I'm here because in 2012 we had some wonderful consideration and build 160 units of single room occupancy housing for what's often called the least and the lost. And because we're talking about supportive
housing here again, it seemed a good time to show you what
you did in 2012. This is Rittenhouse, it's a two-sided
poster, and it might be fun for you to take a look at the
unit because we've been doing micro-units before they were
fashionable and written up in the *New York Times*, and we
feel very strongly. I would personally live in that unit
that you're looking at and do so with pride.

MR. OXER: What's the average size of those
units?

MS. HORAK-BROWN: The average size on those is
350 square feet, so they're small, it's like a hotel room.

MR. OXER: Twelve by thirty.

MS. HORAK-BROWN: But if they're well designed,
you can really quite comfortably live in that space, and
ours are well designed and well thought out so that you
can happily be there. They are studio efficiencies, and
today, as I said earlier, we have almost a thousand units
of this type of housing.

MR. THOMAS: And what's the rental price?

MS. HORAK-BROWN: I'm sorry?

MR. THOMAS: What's the rental price?

MS. HORAK-BROWN: The rental price varies
depending on the size and depending on the building, but
it's an average of $450, and that is free utilities and
free cable television, and in some of the buildings
there's also -- this building is Wi-Fi enabled, so in your unit you can pull out your laptop, and you know, even those who have been formerly chronically homeless, a lot of people have technology now and there are lots of organizations that provide that for them. And so we're very pleased to have a business center that's Wi-Fi equipped and has training, and also for people to be able to use that out in the beautiful courtyard which is built around a grove of mature oaks, to sit out there and be close to the building, you can pick up the Wi-Fi out there.

It's an environment I would very much hope, Mr. Thomas, if you have occasion to be in Houston you would come and see us. As I've traveled around the country looking at other people's housing, sometimes it looks better in pictures than it does in person, frankly, and I like to believe that our buildings look better in person.

MR. THOMAS: I'd like to see them. There's a big discussion going on in Austin right now about --

MR. OXER: Robert, turn on your mike.

MR. THOMAS: I'm sorry, I apologize. I got lucky to have it turned on earlier, but obviously that courtesy has now been terminated.

(General laughter.)

MR. THOMAS: This is a big discussion going on in Austin right now, and I'd love to go see that. Can I...
see the flip side of that picture again?

MS. HORAK-BROWN: Well, I'd love for you to,
and there have been some folks from Austin who have come
and visited us. In fact, Mayor Parker has a program to
end chronic and veteran homelessness by the end of 2015
which ends her term, and we are on the forefront of that
program for her and for the city. And there are actually
people coming to Houston from around the country and
coming and visiting us, as well as other city officials.
I feel really good about that.

I think Houston and Texas sometimes don't get
the credit that we deserve for what we do for others, and
you think it's all happening in California or somewhere.
So I'm really happy when a contingent comes from
California or from Florida or from Austin, and I'd love
for you to come.

MR. THOMAS: Thank you.

MR. OXER: Great. Thanks for your comments,
Joy.

MS. HORAK-BROWN: Thank you.

MR. OXER: Any other public comment? Any other
comment from the staff in the audience? Any other comment
from the Board members on the dais?
(No response.)

MR. OXER: Okay. I get the last word. Thanks
for all you do. It's an important thing we do to
contribute to the benefit of Texans.

I'll entertain a motion to adjourn.

MR. THOMAS: So moved.

MR. OXER: Motion by Mr. Thomas to adjourn.

DR. MUÑOZ: Second.

MR. OXER: And second by Dr. Muñoz. No public
comment. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: We'll see you in October.

(Whereupon, at 1:40 p.m., the meeting was
concluded.)
CERTIFICATE

MEETING OF: TDHCA Board
LOCATION: Austin, Texas
DATE: September 4, 2014

I do hereby certify that the foregoing pages, numbers 1 through 122, 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.

09/10/2014
(Transcriber) (Date)

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