TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

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

November 13, 2014
9:32 a.m.

MEMBERS:

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

TIMOTHY K. IRVINE, Executive Director
AGENDA ITEM

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

Announcements and Introductions - Gov. Rick Perry has appointed T. Tolbert Chisum of Beaumont and J.B. Goodwin of Austin to the Governing Board of the Texas Department of Housing and Community Affairs.

CONSENT AGENDA

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

**EXECUTIVE**

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<td>a)</td>
<td>Presentation, Discussion, and Possible Action on Board Meeting Minutes Summary for September 4, 2014</td>
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<td>Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 10, Subchapter E, concerning Post Award and Asset Management Requirements, and an order adopting the new 10 TAC Chapter 10, Subchapter E, and directing its publication in the Texas Register</td>
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<td>e)</td>
<td>Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 10, Subchapter D, concerning Underwriting and Loan Policy, and an order adopting the new 10 TAC Chapter 10, Subchapter D, and directing its publication in the Texas Register</td>
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<td>f)</td>
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concerning Client Income Guidelines, and directing their publication in the Texas Register.

g) Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 5, Subchapter A, §5.16 concerning Monitoring and Single Audit Requirement; and §5.20 concerning Determining Income Eligibility, and directing their publication in the Texas Register.

h) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Subchapter B, §5.204 concerning Use of Funds; §5.207 concerning Subrecipient Performance; §5.210 concerning CSBG Needs Assessment and Community Action Plan; and §5.213 concerning Board Structure, and directing their publication in the Texas Register.

i) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Subchapter D, §5.423 concerning the Household Crisis Component, and directing its publication in the Texas Register.

j) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Subchapter E, §5.502 concerning Purpose and Goals; and §5.528 concerning Health and Safety, and directing their publication in the Texas Register.

k) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC Chapter 5, Subchapter H, Housing Choice Voucher Program §5.801 concerning Project Access Initiative and directing their publication for public comment in the Texas Register.

l) Presentation, Discussion, and Possible Action on an order adopting new 10 TAC Chapter 5, Subchapter K, §5.2013 concerning Environmental Clearance, and directing its publication in the Texas Register.

m) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC Chapter 20, Single Family Umbrella Rule, §20.4 and §20.15, and directing their publication for public comment in the Texas Register.
HOUSING RESOURCE CENTER
n) Presentation, Discussion, and Possible Action on the 2015 Regional Allocation Formula Methodology

MULTIFAMILY FINANCE
o) Presentation, Discussion, and Possible Action on Inducement Resolution No. 15-005 for Multifamily Housing Revenue Bonds and an Authorization for Filing Applications for 2014 Private Activity Bond Authority for Artist Lofts at Fort Worth Town Square
p) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer 14412 Parmer Place Austin

ASSET MANAGEMENT
q) Presentation, Discussion, and Possible Action on Housing Tax Credit Application Amendments 13144 Mariposa at Pecan Park La Porte 14017 Catalon Houston

NEIGHBORHOOD STABILIZATION
r) Presentation, Discussion, and Possible Action to authorize the programming of NSP1 Program Income

REPORT ITEMS
The Board accepts the following reports:
1. TDHCA Outreach Activities, September-October 2014
2. Report on the Department’s 4th Quarter Investment Report in accordance with the Public Funds Investment Act (“PFIA”)
3. Report on the Department’s 4th Quarter Investment Report relating to funds held under Bond Trust Indentures
4. Report on the Status of the 2014 Competitive 9% Housing Tax Credit Application Cycle

ACTION ITEMS
ITEM 2: EXECUTIVE Presentation, Discussion, and Possible Action on the Executive Director’s Appointment of the Director of Internal Audit
ITEM 3:  SECTION 811 PRA PROGRAM
Presentation, Discussion, and Possible Action approving the Program Selection Guidelines for 2015 9% Housing Tax Credit Applicants placing Section 811 Units in Existing Properties and regarding contractual issues with HUD

ITEM 4:  RULES
a)  Presentation, Discussion and Possible Action on an order adopting the amendments to 10 TAC Chapter 11 §11.1(e), concerning Census Data; §11.2, concerning Program Calendar for Competitive Housing Tax Credits; §11.3(e), concerning Developments in Certain Sub-Regions and Counties; §11.3(f), concerning Additional Phase; §11.5, concerning Competitive HTC Set-Asides; §11.6, concerning Competitive HTC Allocation Process; §11.7, concerning Tie Breaker Factors; §11.8(b), concerning Pre-Application Threshold Criteria; §11.9(c9)(4), concerning Opportunity Index; §11.9(c)(5), concerning Educational Excellence; §11.9(c)(7), concerning Tenant Populations with Special Housing Needs; §11.9(d)(1), concerning Local Government Support; §11.9(d)(4), concerning Quantifiable Community Participation; §11.9(e)(7), concerning Funding Request Amount; and §11.10, concerning Challenges of Competitive HTC Applications; concerning the Housing Tax Credit Program Qualified Allocation Plan and directing its publication in the Texas Register

b)  Presentation, Discussion, and Possible Action on orders adopting the 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 orders adopting the new 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 for Applications; and Subchapter G, concerning Fee Schedule, Appeals, and Other Provisions; and directing their publication in the Texas Register.

ITEM 5: MULTIFAMILY FINANCE

a) Presentation, Discussion, and Possible Action on a Request for a Waiver of §11.3(e) of the 2014 Qualified Allocation Plan Relating to Developments in Certain Sub-regions and Counties for Villas at Plano Gateway

b) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer 14414 Villas at Plano Gateway Senior Living Plano

c) Presentation, Discussion, and Possible Action to adopt the 2015 Multifamily Programs Procedures Manual

d) Presentation, Discussion, and Possible Action regarding Awards of HOME funds from the 2014-1 HOME Multifamily Development Program Notice of Funding Availability

e) Presentation, Discussion, and Possible Action to Approve the Programming of Funds from the Tax Credit Assistance Program and issuance of a NOFA

f) Presentation, Discussion, and Possible Action on a request for an Extension of a deadline to submit documentation as a condition of a Housing Tax Credit Award for Application #14130, Tays, El Paso

ITEM 6: APPEALS (deferred)

Appeal of a denial recommendation for a HOME reservation participation agreement for Starr County
PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS
EXECUTIVE SESSION
OPEN SESSION
ADJOURN
MR. OXER: Good morning, everybody. I'd like to welcome you to the November 13 meeting of the Texas Department of Housing and Community Affairs Governing Board. We will proceed as we do.

Ms. Bingham?

MS. BINGHAM ESCAREÑO: Here.

MR. OXER: Mr. Gann?

MR. GANN: Here.

MR. OXER: Mr. McWatters is not with us.

MR. OXER: Dr. Muñoz?

DR. MUÑOZ: Present.

MR. OXER: I am here, and Mr. Thomas is not here, so we have four, that's a quorum, we're in business.

Tim, lead us in the flag pledge.

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

MR. OXER: As a quick program note, Tim will have a few things to say here in a minute, but as most of you may know, we have two new members of the Governing Board that have accepted their appointments: Tolbert Chisum from the Beaumont area, and Mr. J.B. Goodwin, who is a well-known Realtor here in the Austin area. They are, as yet, unofficially on because they haven't taken their oath of office and gone through their training, so
they'll be here for the December 18 meeting and we'll introduce you then, and then the roll call will change, as you might guess.

Let's see, who have we got? Bobby Wilkinson, there he is.

Anybody else we need to ID here, Michael?

MR. LYTTLE: No, sir.

MR. OXER: Okay. Glad to have you with us Bobby. You're going to have a new boss here coming up in January, it looks like. We're hoping it's going to be you; that's what we're thinking.

Do you want to make a note before we got into the consent agenda?

MR. IRVINE: Yes, Mr. Chairman. I have one comment on the consent agenda. Under item 1(e), this covers the real estate analysis rules, there's been a fair amount of discussion about the way that these rules are applied and administered in connection with the cost certification process, and I just want the Board to know that we intend to initiate a roundtable to discuss these late developing ideas more fully, and we'll quite likely early in the new year be bringing back to you recommendations for changes to these rules once they become final. That's all.

MR. OXER: Any other thoughts from the Board on
the consent agenda?

   (No response.)

MR. OXER: Jean, you have a point?

MS. LATSHA: Yes, sir. I just wanted to --

MR. OXER: Jean Latsha?

MS. LATSHA: I'm sorry. Jean Latsha, Multifamily Finance director.

Mr. Lyttle has a couple of letters related to item 1(o) which was recommendation for an inducement resolution for Artist Lofts at Fort Worth Town Square. In addition to the letters he read, we received several emails and letters in support of that development as well.

MR. OXER: And that's for a development is it this cycle?

MS. LATSHA: It's a 4 percent tax exempt bond transaction.

MR. OXER: Okay. Do we need to get that in the record here?

MR. LYTTLE: Yes, sir.

MR. OXER: Let's go ahead and get that one in the record right quick.

MR. LYTTLE: Okay. The first letter is from State Representative Nicole Collier, District 95:

"I am writing in regards to the application for housing tax credits concerning the Artist Lofts at Fort
Worth Town Square. The Texas & Pacific Warehouse is proposed to be converted into a high rise multifamily housing community in the downtown area. The population of Fort Worth and the surrounding area is growing rapidly and there is tremendous need for affordable housing, specifically in the downtown area.

"The estimated 500 apartments of the Artist Lofts at Fort Worth Town Square are being offered to low income households whose incomes do not exceed 60 percent of AMI, and the development is designed to provide occupancy preference to those who are involved in artistic or literary activities, as provided under Section 43(g)(9)(C) of the Internal Revenue Code.

"The ability to live and work in a vibrant eclectic community atmosphere will support Fort Worth's goals for density, increased downtown residence, the arts, urban design, open space and tourism. In addition, the development will use a historic building as a business, economic development and transportation generator. With this project we will be able to offer affordable housing. It does not have a full mixed income component, however, the occupancy standards will likely create a diverse residence population that will benefit Fort Worth.

"In light of the information I have received to date, I stand in support of this application for housing
tax credits.

"Kindest regards, Nicole Collier."

The second letter comes to us from State Senator Wendy Davis. It reads as follows:

"I would like to express my support for the application for housing tax credits concerning the Artist Lofts at Fort Worth Town Square, and adaptive reuse and historic preservation of the iconic Texas & Pacific Warehouse located in downtown Fort Worth, which is in Senate District 10. The Texas & Pacific Warehouse is proposed to be converted into an affordable high rise multifamily housing community in the downtown area, which, due to the high cost of land and construction, makes it difficult to develop affordable housing for low income persons wanting to live close by where they work.

"The population of Fort Worth and the surrounding area is growing rapidly, and there is a tremendous need for affordable housing, specifically in the downtown area. This need is identified in the ten-year strategic action plan for downtown Fort Worth entitled "Plan 2023" which also supports the redevelopment and historic preservation of the Texas & Pacific Warehouse. Plan 2023 was adopted by the Fort Worth City Council in December 2013 and endorsed by the Fort Worth Transportation Authority November 21, 2013."
"The Artist Lofts at Fort Worth Town Square will provide qualify affordable housing to those in need and begin to satisfy the large demand for affordable housing units. The development further supports the area's transportation goals due to its proximity to the TNP's TRE station which also will serve the TxRail commuter station. This transit-oriented development will potentially attract residents from other cities in the Metroplex utilizing the commuter trains and other mass transportation systems.

"The proposed apartments of the Artist Lofts at Fort Worth Town Square are being offered to low income households whose incomes do not exceed 60 percent of AMI, and the development is designed to provide occupancy preference to those who are involved in artistic or literary activities, as provided under Section 42(g)(9)(C) of the Internal Revenue Code. The ability to live and work in a vibrant eclectic community atmosphere will support Fort Worth's goals for affordable housing, density, increased downtown residency, the arts, urban design, open space, tourism and historic preservation. In addition, the development will use a historic building as a business, economic development and transportation generator. It is an example of the most effective use of housing tax credits.

ON THE RECORD REPORTING (512) 450-0342
"Although I recognize the project is proposed without a full mixed income component, the occupancy standards will create a diverse resident population that will benefit Fort Worth. However, we also know that the plans for its development remain in progress and will be subject to further consideration and approval in public meetings.

"Please know that the law firm of Newby Davis, PLLC, in which I am a partner, represents Cleopatra Investments, Ltd., an affiliate of the applicant, Artist Lofts of FWTX, Ltd.; however, in this matter I am acting in my capacity as a state senator for Senate District 10. I give this application for housing tax credits my full support.

"Sincerely, Wendy Davis, State Senator, Senate District 10."

MR. OXER: Thanks. Anything else? Nothing else irregular on this, Jean?

All right. Any other questions on the consent agenda?

(No response.)

MR. OXER: Motion to consider?

MS. BINGHAM ESCAREÑO: So moved.

MR. OXER: Motion by Ms. Bingham to approve the consent agenda.
MR. GANN: Second.

MR. OXER: Second by Mr. Gann.

Peggy, do you have another item to add?

MS. HENDERSON: Peggy Henderson, TDHCA, registering public opinion for item 1(f) by Maria Allen, City of Austin Health and Human Services Department. She has submitted an email of comment:

"Thank you for accepting the public comment form on agenda item 1(f) for tomorrow's TDHCA agenda. Unfortunately, I will be unable to attend. As you may know, the City of Austin Health and Human Services Department submitted a public comment on the proposed rule change to 10 TAC, Chapter 5, Subchapter A, 5.2(b)(13). In response, TDHCA staff maintained their position that declaration of income statements must be notarized for all programs, despite acknowledging this is not a requirement for the Community Services Block Grant. We wish to register our opinion that the CSBG should be excluded from this requirement as it has created unnecessary barriers for the clients we serve."

Thank you.

MR. OXER: Thanks, Peggy.

Any other public comment?

(No response.)

MR. OXER: Okay. Motion by Ms. Bingham, second
by Mr. Gann, to approve the consent agenda. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

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

Let's go straight to the action items here.

MS. RODRIGUEZ: Excuse me. May I comment? We had registered to comment on 1(f).

MR. OXER: Okay. It's a little late, but we'll be happy to have your comment.

MS. RODRIGUEZ: We notified the clerk. I'm sorry.

MR. OXER: Let me add a little housekeeping point here. Everybody that comes to these meetings by now should know that when we're addressing an item, including consent agenda, those who wish to make comment sit in the front row on this side. So that's just for those coming beyond now, but we'll be happy to have your comment.

MS. RODRIGUEZ: My apologies.

MR. OXER: No problem.

MS. RODRIGUEZ: Good morning. My name is Stella Rodriguez. I'm the executive director of the Texas Association of Community Action Agencies, and I come before you on behalf of our membership.

With respect to this agenda item 1(f), the
proposed amendments to 10 TAC, Chapter 5, Community Affairs Programs, representatives from our network met, reviewed, commented, we filed comments, and so we have further comments to make. Many of our comments were not accepted by the Department, but there are two that we want to bring to your attention that are critical to our network, it's in reference to 5.19, Income Eligibility.

The current rule includes a list of included income and another of excluded income for the purpose of an agency determining if a client is eligible for services. The Department staff recommends removing the included income list and expanding the excluded income list. We disagreed with the recommendation and asked for a finite list of included income. Staff's response was, and I quote: "Staff has yet to find a finite list of income inclusions. Since staff is unable to assemble a finite list of income inclusions based on federal guidance, staff recommends no changes to the rule based on this comment."

There is federal guidance on what is included income, and I refer to the federal HHS application for states for the Low Income Home Energy Assistance Program. In it there's the federal application, and it's included in TDHCA's State Plan for 2015, approved by this Board at the July 31, 2014 meeting, which reflects a list of what
is called countable income. On pages 9 through 10 of the State Plan there's a list of boxes to check for countable income. Texas's State Plan to the federal government checked nineteen boxes but one was unchecked, per staff recommendation to this Board -- and we agreed with it -- at the July 31 meeting.

    The eighteen boxes are: wages, self-employment income, contract income, payments from mortgage or sales contracts, unemployment insurance, strike pay, Social Security Administration benefits excluding Medicare deduction, Supplemental Security Income, retirement, pension, general assistance benefits, Temporary Assistance for Needy Families, rental income, income from employment through Workforce Investment Act, alimony, interest dividends, royalties, commissions, Veterans Administration with some exclusions, and there was an other list which referenced workers comp and some military allotments, net gamblings, lottery, et cetera.

    So we recommend that the TAC mirror the 2015 LIHEAP federal application state plan to reflect these sources of income for determining eligibility for the programs in this rule.

    Regarding the excluded income list, the Department proposes to expand the list from nineteen sources to forty-five. We don't think it is necessary to
expand the excluded list. Imagine a flyer sent out to an
assisted living home or an apartment building or an agency
not being able to include what is included income that is
required by the agency. The confusion would be immense
and time spent explaining to clients during a call or
intake would impede the quality and timeliness of our
processes. When clients call for assistance, we no longer
have a list of income to document and to tell them what to
bring to the application process so that we can verify
their income. If we don't have a list to provide clients
of what types of income documentation they need to bring,
imagine the results: no documentation.

Equally concerning is how compliance will
monitor our programs if it's not listed in the included
income. Our programs will be evaluated on what income was
not considered for determining eligibility. Logic
dictates we should be evaluated on what income was counted
for determining eligibility.

So we understand there may not be a finite list
but we ask that you at least include in the TAC a list of
included income which mirrors the LIHEAP state plan as
submitted to the federal government. We're not asking the
Department to abandon the excluded income list but rather
the Department recognize that without the included list,
subrecipients will be denied access to a reasonable
The expectation of success.

The second issue is in reference to Social Security disability income. That has been excluded -- rather, it has been included as countable income. It is not part of the federal application to include SSDI, and so we ask that the Department either reverse that action to not include SSDI. What is happening is it is throwing clients over the income guidelines and so we're having to deny many, many clients based on this nominal amount that they're receiving for SSDI which sometimes they use for housing or other needs that they have. So either exclude SSDI as countable income or raise the assistance percentage up to 150 percent of poverty which is allowable, this Department can do that, it's in the federal guidelines that you can do that.

So these two are critical as to how we qualify or disqualify clients for the much needed services like bill payment assistance to the elderly and persons with disabilities. Our mission is to assist clients, our stakeholders expect us to help our vulnerable Texans, and we see an issue that not only affects community affairs programs but the housing programs as well. Often we ask for low income citizens to choose between housing obligations and their energy and nutrition needs. So we ask you to please take action to address these two issues.
MR. OXER: Thanks for your comments, Stella.

MS. SWENSEN: Members of the Board, good morning. Mr. Irving. It's been a while. Good to see all of you.

I'm Karen Swensen. I'm the executive director of Greater East Texas Community Action, based in Nacogdoches and serving Angelina County. Good morning, and I appreciate the opportunity to share comments in relation to be proposed changes, particularly to 10 TAC, Chapter 5, and many of these issues have already been raised by Ms. Rodriguez previously.

I want to reiterate the critical importance of the CEAP assistance program. LIHEAP federal money comes to this state and it is a lifeline for many who are the poorest of the poor. For elderly, disabled and families with young children and the working poor, it makes the difference in a house being dark or heat in the winter, and today I think we can all understand how it would be if you had to get up this morning to a house that was bitterly cold and in the dark. Keeping the lights on allows them to pursue their efforts and to pursue employment opportunities, as well as to maintain health and stability. Being warm in the winter and cool in the summer is significant to the overall health.

In reference, I strongly encourage the use of
the income included that TDHCA submitted in their 2015 LIHEAP state plan, and this was referenced by Ms. Rodriguez previously. Federal rules are complicated, they're complicated enough. The federal plan requires detail for what is included rather than excluded. Uniformity should continue, as in the previous years, explaining what should be included.

Our agency explains what is required by guidelines to all of those who are potentially eligible, but even at that, we still have a number of low income folks who are very confused by this, and this excluded language is going to further complicate this process.

In addition to that, GETCAP urges the federal 150 percent of federal poverty, and actually, part of this actually caused my trip out here today. Yesterday I was working in our office and one of the cases came in from Diboll, Texas, and this little lady is 132 percent of federal poverty. She's doing the best she can. To be 125 percent of federal poverty means that she has $15,000 a year or less -- it comes in just slightly under $15,000 a year, a little elderly lady, and we can't help her. She's on a rural co-op and no one can help her.

For a family of two -- and we see a lot of elderly disabled couples that are doing the best they can on Social Security -- it's $20,000 a year or less. That's
at 125 percent of federal poverty. I understand, friends, that there is always going to be someone that falls over the income guideline. Let the feds make that determination. Let's go with what the feds require which is we can go up to 150 percent of federal poverty.

I assure you that these funds are critical to low income Texans. I know they are absolute life and death for many of the folks that we serve in rural East Texas. The feds make it complicated enough. Simplifying and going with their guidelines is what we recommend. The 2015 LIHEAP state plan that was submitted by the TDHCA is a good plan, it complies with the federal guidelines, and we encourage the use of going by that federal plan as closely as possible within the federal guidelines.

I strongly encourage you also to consider the comments that TACAA has submitted. We have a very active energy assistance CEAP committee that looks at this statewide. Their comments are front-line. We're talking about low income folks. This is the poorest of the poor in our state, and unfortunately, we have far too many of them.

Again, I thank you for this opportunity to comment and would be glad to entertain any questions.

MR. OXER: Thanks, Karen. Any questions from the Board?
MR. OXER: And despite the fact that the Board has acted on this in terms of the consent agenda, is Brooke here? There's Brooke. Have you got any thoughts? Can you add any illumination to this at all? Hey, we're throwing you a curve ball in the middle of the field here.

MS. GAMBLE: Good morning, Mr. Chairman and Board. My name is Sharon Gamble. I'm the programs manager in the Community Affairs Division at TDHCA.

MR. OXER: Good morning, Sharon.

MS. GAMBLE: Good morning. And I want to just give a brief answer to the comments that were made this morning.

When we drafted this rule, this part of the rule is in the general section of the Community Affairs Division rules. That means it's overarching for five of the six programs that we have in the Community Affairs Division, the Section 8 program being excluded, and so in this rule it affects more than just the one program. The commenters suggested that we use the list that's included in the LIHEAP state plan. That state plan only fits one program, that's the CEAP program, and so that is why we don't use that list in this overarching rule because that list doesn't apply to all of the programs that this rule applies to.
As far as the excluded list versus the included list, it is true we have yet to find a list that is an exhaustive list of all of the included income. There's always but what about this, but what about this. Whereas, in looking at federal guidance, HUD puts out an excluded incomes list and the Department of Energy also has an excluded incomes list, and so we were able to put together a list of the things that we know federal authorities exclude as income. And so for us it's better to be able to say we know that this is not included rather than have a list that is basically incomplete as far as what can be included. Essentially, if it's not on the excluded list, then it should be included, and that's the bottom line.

MR. OXER: What we're essentially providing is implicit guidance.

MS. GAMBLE: Exactly, and that will be made clear to the network. And so essentially it does not prohibit them from having a list of included income, they can still use that, still provide that to their clients, still provide that guidance.

MR. OXER: So it's included as long as we don't say it's not included.

MS. GAMBLE: Exactly. So that's why we went to the excluded list which we do believe is a better list.

MR. OXER: It allows the applicant more
latitude in finding income to consider?

MS. GAMBLE: It allows the applicant more latitude. It also allows the subrecipients more latitude because they don't have to say to us, okay, I have this thing, it's not on the list, I need to ask about it, or I will risk a finding because of this. It's very clear if it's not in the excluded list then it should be included.

One of the commenters mentioned SSDI as a source of income, and we are aware of the fact that this does prohibit some people from receiving services. On the excluded list that we referred to, Social Security income is listed as a source of income that should be included or that should not be excluded -- excuse me -- and it does not differentiate between whether it is Social Security retirement income or Social Security disability income.

MR. OXER: SSDI is then considered a subset of SSI.

MS. GAMBLE: That's correct. I'll let her answer that.

MR. OXER: In your perspective SSDI --

MS. GAMBLE: In my perspective, yes, we view it as a financial benefit that's coming in to the family and therefore it is income, as far as we view it. And I'll let Stella answer that.

The last comment was on the 150 percent income
limit. Our CSBG program does have a 125 percent income limit. We can take it up to 150 percent, we do have that latitude. We keep it at 125 percent simply because the LIHEAP statute requires us to provide the greatest services to the households that have the lowest incomes and the highest energy burdens, and with the limit at 125 percent, we're still only reaching a fraction of the households in Texas that qualify at that income level, and so to raise it would be to certainly bring in different clients but it would not be meeting the intent of the statute that says households with the lowest incomes and the greatest energy burden.

DR. MUÑOZ: Sharon, I've got a question. How much in real dollars are we talking about between 125 and 150? When you're that poor, what are we really talking about? From my perspective, bringing in, that's good, if more people qualify, great. So I mean, when you're that poor, what are we talking about here, $1,500?

MS. GAMBLE: Probably.

DR. MUÑOZ: Well, okay.

MS. GAMBLE: I'll just repeat, we do keep it at 125 percent to meet the intent of the statute. That's what we're following.

DR. MUÑOZ: Summarize for me intent.

MS. GAMBLE: Well, the intent is just that the
greatest benefit goes to the households with the lowest
incomes and the highest energy burden. It may be
literally what it says, but I can send you the language.

   DR. MUÑOZ: No, no. The 125 percent, 150
probably captures lowest income, highest energy needing
population.

   MS. GAMBLE: Probably, yes; not completely but
probably.

The CEAP program is funded by Health and Human
Services. The other Health and Human Services program
that we administer is the Community Services Block Grant,
and that has been held at 125 percent, and so we keep --

   MR. OXER: By whom?

   MS. GAMBLE: By HHS. HHS has not raised that
limit forever.

   MR. OXER: They just haven't raised the limit, period.

   MS. GAMBLE: Yes. And so we keep the CEAP at
125 percent so that it basically works smoothly with the
CSBG. Those programs work pretty hand in hand.

   But those are my answers to their concerns, and
I can answer any questions that you have.

   MR. OXER: So recognizing that if we did what
Stella and Karen have asked, it would have an impact and
you would bring in more and you would cover. Of course,
if we could add more money to every program we have, then there would be more people that would be covered by it. But part of what we have to do is maintain some consistency across all the program management that we're working on. Is that what I'm hearing you saying?

MS. GAMBLE: That's what I'm hearing you say -- I mean that's what you're hearing me say. I'm cold.

(General laughter.)

MR. OXER: I was trying to repeat what you're saying.

MS. GAMBLE: My brain is frozen.

Yes, that is what I'm saying. We could raise it to 150 percent, we would still be serving low income Texans, people who need the services. I don't believe that we would be serving the lowest income, just simply because with people with higher incomes coming in, I just think it would possibly crowd out some of those others.

MR. OXER: I'm going to tell you like I told Walter a couple of years ago. Stand right there, take a deep breath, breathe. Walter figured out how to do it and he's got a project across the street from us.

What my question is how would increasing the level to 150 percent exclude anybody that's already in it.

MS. GAMBLE: Increasing the levels would not mean more funds, it would mean the same funds for the
organization.

MR. OXER: So you'd be spending more per unit.

MS. GAMBLE: Basically you'd have a larger population of clients, basically, and so with a larger population of clients but with the same funding.

MR. OXER: It's a lower number. I got it.

MS. GAMBLE: Somebody is going to get squeezed.

DR. MUÑOZ: But we wouldn't be the somebody, it would be the subrecipients, they would allocate those resources.

MS. GAMBLE: Correct. They would determine which clients received the benefit.

DR. MUÑOZ: And they're indicating that they're comfortable doing so.

I suppose my position is not on the sort of the list question, which seems very reasonable and strategic the way you've organized that, but one of the other points that they made in terms of this sort of threshold. I suppose in my math, when you're at that level of poverty, a few hundred dollars this way or that way, if the non-profits believe would be helpful to increase that range, then why wouldn't we work to comply with that recommendation?

MR. OXER: Well, they've got a certain number of applications and a fixed amount of money. If they
increase the number of applications, it automatically
drops the amount of money available to each one of the
applicants.

MR. IRVINE: Or the number of applicants you
can serve.

MR. OXER: Or the number of applicants you can
serve.

MS. GAMBLE: The number of applicants you could
serve for sure. Yes.

DR. MUÑOZ: You've got people bringing you up a
couple of notes.

MS. GAMBLE: I know. Right? Crack team behind
me.

So in answer to the different question, for
2014 poverty income 125 percent is at $19,662, and I
believe that would probably be for a family of two, and
150 percent is $23,595, so it's a $3,900 difference.

MR. OXER: About $4,000.

MR. GANN: I had a question.

MR. OXER: Mr. Gann.

MR. GANN: Is the money equal in each different
agency? So they have their own monies basically allocated
to them?

MS. GAMBLE: That's correct. It's based on
several factors, one of which is the poverty population in
their service area.

MR. GANN: But I mean, it's possible that one agency could use the 150 and serve more people with the same amount of money. Am I wrong or right there?

MS. RODRIGUEZ: (Speaking from audience.) Yes.

MR. OXER: Hold on, Stella.

MR. GANN: And that's where I'm thinking, they have that independence to decide which way it goes or because they have more money they can do it that way for some reason.

MS. GAMBLE: They do have that independence locally. I think that what we seek to preserve is, again -- well, not the intent of the statute but what's written in the statute -- and I really wish I would have brought it -- that says the lowest income households served with the greatest benefit.

MR. IRVINE: I think the single example would convey it the most impactful way: each agency is formula allocated a certain amount of money and if it has the authority to go to 150 percent and if the need far exceeds the amount of money available, when you serve that 150 percent household, what that means is there is a 125 percent household that didn't get served.

MS. GAMBLE: Won't get served. That's correct.

And Megan will kill me if I don't say that if
we changed it we would have to amend our LIHEAP plan, which is certainly doable, but that's just something to consider.

MR. OXER: Okay. All right. Anything else?

(No response.)

MR. OXER: Megan, thanks. Welcome to the kitchen. Megan, have you got anything you want to add to this?

MS. SYLVESTER: Just that it would be possible to amend the LIHEAP plan.

MR. OXER: And you are?

MS. SYLVESTER: Megan Sylvester, Legal Services.

MR. OXER: That's what we thought.

MS. SYLVESTER: A possibility -- I don't want to say for sure but it's a possibility that that would delay their contract start date of getting the money out because we have those scheduled to go out January 1.

MR. OXER: So this sounds like it's boiling down to more or less procedural. And while we recognize that there are more monies that would be available to more people if we could put more money in more programs, as we've pointed out on pretty much every program we've got, we're not looking for opportunities to spend money, we're looking for money to spend on those opportunities.
Thanks, Megan.

Stella, would you like to make a last comment?

MS. RODRIGUEZ: Please. I just want to clarify that we're not saying to raise it at 150, we're asking up to 150, so every agency has that flexibility. If someone qualifies at the 125, 130, it's up to 150.

MR. OXER: So you're asking for latitude on behalf of the agency, not management, on the disposition of the funds.

MS. RODRIGUEZ: Yes, that and also to remind that, yes, CSBG is capped at 125 percent of poverty but our other weatherization program under the Department of Energy is capped at 200 percent of poverty, so we already juggle locally whether a client is going to qualify for this program at 125 percent, 150 percent, or up to 200 percent. So we already juggle that.

And also, a clarification on the SSDI, the way it is listed in the plan and in the federal application, it's Social Security Administration, and then it has excluding Medicare deduction, and then there's supplemental security income. It's spelled out, two different line items. Supplement security disability income is not included in here, so it doesn't fall under the caveat of SSA.

MR. OXER: Okay. Your comments are noted.
Karen, anything else? You can say yes, you agree with her, and that will be fine.

MS. SWENSEN: I concur with everything that she said, but I do want to stress 150 percent is poor, and we already do that energy burden. The lady that I was talking about yesterday, her electric bill was $198, and on that kind of income, that's a lot of money. So this does matter, it definitely does.

MR. OXER: Okay. Thanks for your comments.

The item has been addressed in the consent agenda, your comments are noted. I think staff will take those into account and we'll see what we can work out. As every one of these programs tends to be, it's a work in progress, so nothing is carved into steel.

MS. RODRIGUEZ: Just one last comment. I'm sorry.

MR. OXER: That's okay.

MS. RODRIGUEZ: Stella Rodriguez.

I would hope that when we have some major changes of this nature that if we could meet and talk about it first, because we filed our comments on Monday and so they were posted in the Board book on Thursday. There really wasn't much time to have dialogue because we didn't see the response until when it was posted. So if we could have some discussion about it before, I think
that we could iron out a lot of the issues.

MR. OXER: I think it's been evident, certainly some of the major programs that we have, that the staff is enormously receptive to comments, and I'm sure Brooke will entertain yours, and Sharon, so we'll make sure that that happens.

Well, with that, just as a matter of housekeeping, we've got a pretty extensive agenda today. I think you hear Annette is running a clock. We're going to have to run a hard clock for any of the long comments that we have on the long items, and for a couple of these if there's a group that has an interest in making comment en banc, so to speak, we're going to ask you to collect among yourselves those comments and have one or two of you make those on behalf of the entire group when we get to those.

Did you tell me there's a group here that wants to make a comment? We have several things here, we're at risk of losing our quorum late this afternoon, I'd like to take these in the order of the ones that have to get taken care of, that we don't have an option on.

MR. IRVINE: I was given to understand that there was a large group that had come from out of town to address a matter that would be under general public comment. Is there such a group here?
MR. OXER: From El Paso, raise your hand.

(No response.)

MR. IRVINE: Well, if they're not here, they're not here.

MR. OXER: All right. Well, let's get with it then. Let's go to item 2.

MR. IRVINE: Thank you, Mr. Chairman. Since item 2 actually involves introducing a new person, I'm going to insert here a couple of comments about some other people.

First of all, I'm very sorry that the Department will be losing Cari Garcia, our director of Asset Management. I believe today is your farewell party late in the day. You've been wonderful. Thank you so much.

I'd like to introduce some new folks.

MR. OXER: I just want to know who else has been cherry-picking off of our staff.

(General laughter.)

MR. IRVINE: Monica Galuski is our new director of Bond Finance. We're thrilled to have Monica with us. Welcome. Good morning. Big job.

And I've also made a change, a personnel change within the staff. Cameron Dorsey has been designated on an interim basis as my chief of staff. I just did it on
an interim basis because I want to see how it works and
fine tune it as it goes. I have no reason to believe it
won't become permanent, unless I drive him crazy. And I
hope you'll notice he's in the back of the room and it
gets him to wear a tie.

(General laughter.)

MR. IRVINE: Those are some personnel changes.

Now, with respect to item 2, I would like to
introduce Mark Scott as my recommendation, the person I
would like to appoint as director of Internal Audit.

Mark, if you could say hi to everybody.

I'd also really like to thank Betsy Schwing for
stepping in on the interim basis and doing a wonderful
job, fantastic. It's great to have a deep bench.

So Mark is our recommendation, and if you'd
like to come make any introductory remarks. As you're
making your way, I'll say that Mark has got about twenty-
five years of experience in internal audit. He's been
with the Alcoholic Beverage Commission, he's been with the
Health and Human Services Commission, he's been with the
Texas Facilities Commission and its predecessor agency,
Texas Buildings and Procurement. He's a certified public
account, he's a certified internal auditor, and I believe
you have a certification also in information systems
auditing. He's got a lot of experience with control self-
assessments and other types of consulting arrangements.

We had a pretty extensive interview process, we had a lot of really fine candidates. Brooke and Barbara and I were the first interview team, and then we narrowed the field down, and the last couple of folks were interviewed by the entire executive team, and this is the guy we're recommending.

MR. SCOTT: Thank you very much. I want to say --

MR. OXER: And here's the first thing you have to learn: say who you are and what you do.

MR. SCOTT: Yes. I'm Mark Scott. I'm the applicant, and I think this agency has a great mission and I'm very excited about getting started, and I want to thank you very much for the opportunity. I want to thank everybody here also. And that's all I have to say.

MR. OXER: What do we need to do procedurally here?

MR. IRVINE: You just have to approve my appointment.

MR. OXER: Since this is an audit position, I will defer any comments to our Audit Committee chairman.

MS. BINGHAM ESCAREÑO: I'd like to make a motion to approve the executive director's appointment of Mark Scott as director of Internal Audit.

ON THE RECORD REPORTING
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MR. OXER: Motion by Ms. Bingham.

MR. GANN: I'll second the motion.

MR. OXER: And a second by Mr. Gann, who is also on the Audit Committee.

Is there any public comment?

(No response.)

MR. OXER: See, you have to stand there with your back to the audience. You don't get to see who throws the arrows at you.

(General laughter.)

MR. OXER: Motion by Ms. Bingham, second by Mr. Gann, to approve the executive director's appointment of Mark Scott as the auditor. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: Of course there are none. Mark, welcome aboard. You'll soon find that your irreverence will play well in this shop.

MR. SCOTT: Thank you very much.

(Applause.)

MR. OXER: Brooke, have you got one? You're sending in your subs to soften us up. Is that what it is?

MS. MOORE: Good morning, Chairman Oxer, Board.

My name is Kate Moore.
MR. OXER: Hi, Kate.

MS. MOORE: I'm the Section 811 manager, reporting directly to Brooke Boston, deputy executive director.

We're here for agenda item 3 to ask for approval of program selection guidelines for the 2015 9 percent housing tax credit applicants who choose to place their Section 811 PRA units in existing properties.

Before I get into the specifics of this agenda item, I want to refresh you on the importance of the Section 811 program, its background, and the efforts that have gone into bringing this program to fruition. As you may recall, in February 2013, the U.S. Department of Housing and Urban Development, or HUD, announced that TDHCA was one of thirteen states selected to participate in the first ever Section 811, Housing for Persons with Disabilities Project Rental Assistance Program, that's a demonstration program from HUD.

This was designed by HUD and the Federal Health and Human Services Department specifically as an effort to look outside the more commonly used supportive housing model and consider a different approach. This new Section 811 PRA demonstration is designed to assist specific hard to serve populations through the provision of project-based vouchers. The vouchers expand integrated supportive
housing opportunities for people with the most significant and long-term disabilities and was the centerpiece of the Frank Melville Supportive Housing Investment Act of 2010.

The award of $12 million is anticipated to provide approximately 300 to 400 project-based vouchers for extremely low income Texans with disabilities. The demonstration nature of the program focuses on a strong partnership with the Health and Human Services Commission and some of the agencies it oversees to contribute to the clients' needed services.

Discussion about whether and how Texas would pursue the Section 811 program began in 2011 when TDHCA was awarded a Real Choice Systems Grant with the Texas Department of Aging and Disability Services, or DADS. TDHCA has a very strong and longstanding relationship with DADS. The grant enabled us to coordinate with key stakeholders, including the array of state health and human services agencies, housing developer advocates, legislatively created oversight committees and people with disabilities on how best to design the program.

In addition, TDHCA consistently receives public comment on the need to create affordable housing opportunities for extremely low income households. However, even as other funding streams at TDHCA continue to contract, greater pressure is placed on the Department
to provide those housing opportunities. Achieving those efforts for these hard-to-serve populations is particularly challenging because of the high subsidies required to serve this population. The Section 811 program is a unique opportunity for Texas to access funds we would otherwise not have access to.

I want to acknowledge our health and human service partners in the room. This is not only a contractual partnership but also a partnership of state agencies that are committed to making this program work. We have two of our partners here. Laura Gold -- if you want to wave -- she's with the Department of Aging and Disability Services. DADS is serving as the lead state agency for the health and human services and they've been a wonderful partner to us on this program. The Department of State Health Services is represented by Anna Sonenthal, and she's here today as well. So we thank them for this continued partnership. There are other state agency folks that couldn't be here today, but it's really been a really wonderful collaborative partnership between state agencies.

Based on a variety of reasons, we have always been aware that the success of the 811 grant in Texas would require active participation in the tax credit program, and only through its inclusion in the QAP could
the program be reasonably expected to succeed.

So that leads me back to the agenda item. As you heard discussed in September, as you adopted the draft 2015 QAP for public comment, staff included in that draft a scoring item that provides an option for 2015 9 percent housing tax credit applicants to participate in the state's Section 811 Project Rental Assistance program. You may hear some opposition to this later, but I would like to emphasize that this item is a scoring item and therefore a choice of applicants, not a mandatory threshold item. You will see that the 811 point item is still included in the 2015 QAP being presented for your consideration and adoption today. My item is correlated to the QAP, which Jean will cover later under agenda item 4(a).

For the 811 QAP scoring item, we have developed a mechanism for applicants to qualify for points in the 2015 QAP either through their 2015 competitive application property or through placing those 811 units in an existing property within the applicant's portfolio. The ability for applicants to place units in an existing property is a win-win for the program and the applicants. The program can access more units quickly in existing properties will result in many of the Section 811 PRA property development requirements for new construction and rehabilitation to be
inapplicable.

As you will recall, at the September Board meeting you, Dr. Muñoz, and Chairman Oxer wanted careful consideration of the qualities of the properties that might be used. TDHCA has created criteria that are anticipated to ensure that the existing properties used for this purpose are high quality existing properties by requiring high standards for physical inspection and occupancy rates. This includes a recent UPS inspection score of an 80, an occupancy rate of 85 percent. In addition, existing properties cannot have been awarded before 2002 and must be within a quarter mile of public transportation or provide free transportation to a bus stop.

We held a roundtable on September 30, and at that roundtable there was quite a bit of discussion regarding the proximity of the transportation, and staff believe we have found a middle ground that as best as possible for the varying perspectives that were brought up on that issue.

The existing properties with these characteristics will create a balance of properties, along with those properties in the newly awarded in the 2015 9 percent tax credit round, that will help the Department to meet the goals of the program. Department staff
anticipate that allowing applicants for the 9 percent housing tax credit program to place Section 811 PRA units in existing properties will allow the Department to serve tenants starting in 2015 and provide a certain number of properties with close proximity to transit which some Section 811 tenants will need.

If this item and inclusion of the points in the QAP are adopted today, our next step for this policy will be to provide applicants the means for preapproval of these properties by accepting submissions from potential 2015 9 percent housing tax credit applicants. We will screen those existing properties to determine if they meet guidelines in this policy. Housing tax credit applicants will then be confident that they have an approved existing property before their housing tax credit application is submitted.

In addition, I have a technical correction to the agenda item. On page 6 a couple of the metropolitan statistical names need just technical corrections to be consistent with OMB definitions. The Austin-Round Rock-San Marcos MSA needs to be edited to take out San Marcos to just read Austin-Round Rock MSA. The Houston MSA should read the Houston-Woodlands-Sugar Land, instead of Houston-Sugar Land-Baytown.

And I'm happy to answer any questions that you
MR. OXER: Any questions from the Board?

(No response.)

MR. OXER: Do I have a motion to consider?

MS. BINGHAM ESCAREÑO: I'll move approval of staff recommendation.

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

MR. GANN: Second.

MR. OXER: And a second by Mr. Gann. Any other questions?

(No response.)

MR. OXER: Okay. We have public comment. And as a reminder to everybody that comes up, make sure you identify yourself and sign in.

MS. CORDRY: Chair and members, good morning. My name is Joanna Cordry and I'm the planning coordinator for the Texas Counsel for Developmental Disabilities. TCDD is established by federal law and is governed by a 27-member board appointed by the governor. Sixty percent of our members are either adults who have developmental disabilities or they're parents of individuals with developmental disabilities. The council's purpose in law is to establish policy change so that people with disabilities have opportunities to be
fully included in their communities and to exercise control over their lives.

TCDD wishes to express our support for action item 3 that establishes program selection guidelines for 2015 housing tax credit applicants who wish to participate in the 811 supportive housing program. We understand that the current proposal will allow developers to use new development tax credits to place 811 units in existing properties that are in close proximity to public transportation. This would allow the 811 program to start next year rather than wait for the construction of new developments.

TDHCA staff held two meetings with developers, staff of state agencies related to long-term services and supports and protective services and disability advocates to consider how to incentivize tax credit developers to participate in the 811 program. Because of these productive meetings, stakeholders were able to address misconceptions about developer responsibilities in the provision of long-term services and supports -- they have no responsibilities in that area -- and able to address myths about the people who will benefit and concerns about burdensome requirements for a provider of project rental assistance.

People with intellectual developmental and
mental health disabilities already live in tax credit developments, they already receive Medicaid or privately funded services and supports. These services will be provided by local providers, not the property owner. The 811 program is different only because it's the first federal stand-alone project-based rental assistance project.

The Texas Council appreciates the efforts of TDHCA and your staff to prioritize deeply affordable housing for extremely low income individuals with disabilities and youth in foster care, and we strongly recommend that TDHCA and tax credit developers give the Section 811 program and people with disabilities a home. And thank you for your service to Texas.

MR. OXER: Okay. Is there any questions for Joanna from the Board? I have a question. One of the things that we're -- and Kate, come back up because I want to hear something on this -- what we're essentially saying is we're implementing this early. What would be different from what we're doing now?

MS. MOORE: Well, this particular agenda item will give us the ability to place -- it will give the applicants for the 2015 9 percent tax credit round --

MR. OXER: The next round coming.

MS. MOORE: -- the next round coming, to place
their units in an existing property that's in their portfolio.

DR. MUÑOZ: So they ask for the credits in the application, and if they're awarded they make immediately available units in existing.

MR. OXER: In another place they already have.

DR. MUÑOZ: Right away rather than a year and a half out.

MS. MOORE: Exactly.

DR. MUÑOZ: But if I read the insert correctly, sort of the requirements of the room, they're very high standards, they have to have very specific characteristics in order to qualify for this kind of use.

MS. MOORE: Yes. And so we took your feedback and we created criteria that we believe will bring in high quality existing properties, and we think it will be a benefit, in addition, that will allow us at least some properties that will be available in 2015. We anticipate being able to approve these existing properties before the applications would be due for 9 percent, so that once an applicant goes in, they will know whether their existing property is approved by the Department or not.

MR. OXER: And the ones that are preapproved that an existing developer decides they'll accept 811 vouchers and they set aside a certain number of rooms in
an existing facility, would there be any upgrades required
to those facilities to accept that?

   MS. MOORE: No.

MR. OXER: And so the point of the item is that
to define that 811 property or those that are available
for the 811, they would be preexisting, or what?

   MS. MOORE: Yes. So they will be preexisting
properties that might be already managing and have as a
part of their portfolio.

   MR. OXER: That's right, but the rooms
themselves would not necessarily be -- is there anything
that makes the individual units available on this program
in the existing facilities any different than anything
that would come into the new facilities to be built later
on?

   MS. MOORE: No.

   MR. OXER: Okay. That was the question.

Anything else?

   MS. BINGHAM ESCAREÑO: I had a question for
Joanna. Are there any specifics in these proposed program
requirements that you hold most important or that are most
key to you?

   MS. CORDRY: I'd like to say that I'm the
planning coordinator and I am here in part because this
issue is extremely important to the council. Obviously,
affordable, accessible, integrated safe housing is important to people with disabilities. I can't answer your specific question because I'm not our housing expert, but I would be glad to get back with you as soon as I can, probably when I get back to the office, about whether or not there's anything specific.

MS. BINGHAM ESCAREÑO: I think that's okay. It was just anticipating comment and wanting to know what was most important, but we'll listen to comment.

MS. CORDRY: Thank you.

MR. OXER: All right. We've had a motion by Ms. Bingham and second by Mr. Gann. Is there other public comment?

MS. LANGENDORF: Good morning. I'm Jean Langendorf with Disability Rights Texas. I have a letter here from one of our supervising attorneys.

Disability Rights Texas is the federally designated legal protection and advocacy agency for people with disabilities in Texas. Our mission is to help people with disabilities understand and exercise their rights under the law, ensuring their full and equal participation in society. The Texas Department of Housing and Community Affairs with this program is offering housing resources to those most in need, those exiting institutions. The lack of resources for housing for those individuals has been
identified as a crucial, crucial issue, and we applaud the Department and the Board for approving the application, albeit several years ago, and we know this has been a work in progress, and hopefully there's going to be more units coming.

We are here today in support of those guidelines. Transportation is a big issue as far as anything that's very specific. And we also want to say the actual guidelines in allowing units to become available earlier is very, very beneficial to this program and to those individuals. We know at least on one of your own waiting lists that you have, I believe, over 125 individuals waiting to move out of an institution, and this program would offer them the opportunity to move out.

We support these guidelines, we support it being in the QAP, obviously, and we feel it is imperative that it be in the QAP and included as a scoring incentive so we can have some of these units to address what you all have which is to us in the community a gold mine when you have these units that have subsidies that come along with them. So just want to encourage you all to consider what the staff has presented to you.

MR. OXER: Okay. Thanks, Jean.

Are there any other comments? Is anybody opposed to this?
MS. DEANE: Mr. Chair, let me just mention that you might have seen a letter offered to Michael to pass out, but it's my understanding that this was not given to staff ahead of time, in terms of our public comment rule, so it would be strictly up to the chair as to whether or not you would want to accept it at this time.

MR. OXER: At this point, it doesn't appear that it's going to go contrary to what the Board is inclined to consider, so let staff keep it for this point.

Yes, and you are?

MS. LEA: Good morning. My name is Jemila Lea. I'm a policy fellow at the Hogg Foundation for Mental Health and an attorney. I just want to thank you for the opportunity to provide public comment.

The 811 Project Rental Assistance program should be supported with a scoring option in the 2015 Tax Credit Qualified Allocation Plan for owners that choose to participate through application on an existing property. As you all know, affordable housing is a primary barrier for individuals with disabilities living in the community.

The 811 demonstration program is modeled on the Project Access program that has served to transition individuals from institutions. There are still many individuals on the Project Access voucher waiting list waiting to be relocated into the community. This program could assist
many individuals with disabilities living in institutions, individuals with serious mental illness, and youth with disabilities exiting foster care.

Allowing points for developers who participate in the Section 811 program will support the targeted population for this demonstration project in accessing affordable housing in their communities, including individuals with serious mental illness that are engaged in services but face challenges due to housing instability. Developers receiving tax credits should be encouraged to continue the mission of preservation of affordable housing for low income individuals through participation points in the 811 program allocated.

Thank you.

MR. OXER: Great. Thanks for your comments.

Any questions from the Board?

(No response.)

MR. OXER: Peggy, do you have one to add?

MS. HENDERSON: Peggy Henderson, TDHCA, registering public opinion for Tanya Lavelle, Easter Seals Central Texas for agenda item number 3, for staff recommendation. And registering opinion for Cate Graziani with Mental Health America of Texas on agenda item 3, for staff recommendation.

MR. OXER: Okay. Thank you.
Anybody else have anything to say?

(No response.)

MR. OXER: Item number 3, have a motion by Ms. Bingham, second by Mr. Gann. All in favor of staff recommendation?

(A chorus of ayes.)

MR. OXER: And those opposed?

(No response.)

MR. OXER: We'll take that as a positive sign, those opposed there are none; it's unanimous. Thank you.

Okay. Let's go on to number 4 here. This is in the supplement.

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

If the Board would indulge me, I'd like to make a request in behalf of El Paso Housing Authority. They have some flights to catch and we have, I assume, a pretty quick agenda item, number 5(f), that I think they'd like to hear.

MR. OXER: That's why I was asking if they were here earlier because we wanted to give them the opportunity to make their point. Have they arrived?

MS. LATSHA: I think that was a different set of folks that we were talking about earlier, from El Paso but on a different subject.
MR. LYTTLE: Mr. Chairman, if I may.

MR. OXER: Yes, Michael.

MR. LYTTLE: Michael Lyttle, TDHCA staff.

Terri Roeber from our staff did indicate to me that the folks from El Paso that want to provide comment at the end of the meeting on a non-listed agenda item were here, have gone away, but they're expected to be checking back.

MR. OXER: All right. This is going to be rough balancing the agenda and the quorum today, so we're going to work until lunch, lunch is going to be short, we have practically no -- well, actually, we have no executive session. It would be very short to begin with, if at all. So we'll have a half hour for lunch, we'll take the folks that want to make public comment on an item, we'll take that immediately after lunch. That way it will give them some certainty of when we'll be back. We'll plan to stop for lunch no later than 12:30 so we can be back in our chairs at one o'clock. They're here.

Jean.

MS. LATSHA: And although both groups are from El Paso, I think these are different issues, so item 5(f) is, I believe, separate from what the other folks from El Paso would like to speak about. The El Paso Housing Authority, it's their agenda item that is 5(f), and
they're the ones that have requested to just hear that really quickly.

    MR. OXER: So your request is to bring 5(f) to the front.

    MS. LATSHA: Yes, sir.

    MR. OXER: Are you okay with that?

    MS. LATSHA: Absolutely.

    MR. OXER: All right. As chair I get to do that, so we'll take 5(f).

    MS. LATSHA: So 5(f) is about an application for Tays 14130 in El Paso. You may recall you heard about this development at the July meeting. Staff had some concerns with the development site and its eligibility, so the Board ultimately found the site eligible but conditioned the award on the receipt of a letter from the appropriate officials at HUD to speak on fair housing issues. That letter was due on November 3 and they haven't been able to obtain it, but I understand there's been quite a bit of back and forth with the office. We've actually spoken with them as well, so staff is recommending that we extend that deadline to December 10. The December 10 date is so that if for some reason they were unable to meet that deadline as well, we would still have time to bring it to the December Board meeting and possibly discuss it again.
Basically, the story is the same: if we were to get the credit back before the end of December, we would reallocate it in this cycle; if they were ultimately unable to meet a deadline that extended past into 2015, then we would still reallocate the credit, we would simply reallocate it in the next cycle. So the recommendation is extension to December 10.

MR. OXER: Okay. Any questions by the Board of Jean?

(No response.)

MR. OXER: Motion to consider?

DR. MUÑOZ: So moved.

MR. OXER: Motion by Dr. Muñoz to approve staff recommendation on item 5(f).

MS. BINGHAM ESCAREÑO: I'll second.

MR. OXER: And second by Ms. Bingham.

It looks like we've got somebody who wants to say something. Everything good? Smart thinking.

Anybody else?

(No response.)

MR. OXER: Item 5(f), motion by Dr. Muñoz, second by Ms. Bingham, to approve staff recommendation. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?
(No response.)

MR. OXER: There are none. Congrats, you got it. I think December 10 is going to be a drop dead date, though.

Anything you want to say, Juan?

DR. MUÑOZ: That's what I was going to say.

MS. LATSHA: So item 4 then?

MR. OXER: Is that where we were? Yes, let's go to item 4(a).

MS. LATSHA: The first one is Chapter 11.

MR. OXER: Let me get this question back up on here. Is the bus team that showed up from El Paso, are they here, are they planning to come back, or do we have a way to get a message to them? No, no and no, I gather. Well, if they're listening in, somebody will be listening in, we'll plan to hear their contribution or comments immediately after lunch. We'll take that out of order so that they can have an opportunity. We appreciate that they've come this far to make their comments, so we'll hear them first thing after lunch which should be very close after one o'clock.

Okay, Jean, 4(a).

MS. LATSHA: Yes, sir. So item 4(a) is staff's presentation of a final draft of Chapter 11, the Qualified Allocation Plan, so that it could be approved and sent on
So one thing I want to say, it was funny, I was looking back at some transcripts from last year and I saw all of the praise that Cameron was giving Teresa, and so I have to stand up here and do the same thing. I think people see Cameron and I up here a lot, talking about rules and things like that for the last couple of years, and I think Cameron might agree with me in that I can probably sometimes function without him and him without me, but neither of us could do this without Teresa, there's no way. So thank you to Teresa for all of her work on this, it's really quite amazing.

So one thing really quickly, the one thing that did change this year, and we discussed this at the July meeting and at the September meeting as well, was that this was presented as an amendment to the rule and not a repeal and replace. This was in an effort to keep the QAP much the same as it was last year.

MR. OXER: Essentially reflecting all the work that's been put into it the last couple of years to get it up and sort of polished up a bit.

MS. LATSHA: Yes. So what you do see in your reasoned response, in staff's reasoned response is the response to comment that was received on those amended sections. We did receive comment on some of the sections.
that were not amended, particularly on cost per square foot, the leveraging scoring item, commitment of development funding from local political subdivision. We did review all of that comment too. I don't think that staff's recommendations would have changed at all as a result of that comment.

So a few things that we did change as a result of the comment, first I'll talk about 811 just very briefly.

MR. OXER: Hold on just for a second, Jean.

This is an important item, I know that, so just for the record, anybody that wants to say anything sit in those chairs right there, because if there's nobody in them, there's not going to be any public comment.

MS. LATSHA: I was so hopeful for a moment.

MR. OXER: What troubles me is a number of the regulars that are coming out of their seats to get up here, you guys knew this, didn't you?

Go ahead, Jean.

MS. LATSHA: Sure. So a few things that did change, and these are changes from the September draft to now. I'm not going to repeat what we changed up to September. So 811, you'll see a lot of red in there. It looks like that changed substantially, it actually didn't. That was a lot of cleanup language just to help us
explain a little bit further and have the rule match what
the 811 folks were doing with respect to those existing
developments. The concept of the rule is very much the
same, with one exception, and that is that supportive
housing developments are not required to participate in
the 811 program in order to achieve those points.

One of the other significant changes, which
actually we didn't change from September to now, but it
garnered quite a bit of discussion, was the lifting of the
elderly restriction in some subregions and counties. This
garnered a lot of discussion in staff too. I'll say
really quickly that when we imposed that restriction, that
was a snapshot of a relevant piece of data, a piece of
data that's still relevant now, and although we're
cognizant of that data with respect to the number of units
that are in these regions and the number of eligible
elderly households, there's other data that we looked at
as well this year, population trends, the need to serve
persons with disabilities, and where we landed was lifting
that restriction, and so in the proposed draft that
restriction does not exist.

We also added some language to our new
provision which is our force majeure provision which
allows developers to return credits and get it back in
cases where they have started construction, and we all
heard about one very specific example where you're halfway through construction and your development breaks down, a tornado comes and wipes it out, events like that that are clearly very outside of the development owner's control, so that they would be able to return that credit and get it back in the next cycle.

With respect to the opportunity index, we did make one relatively significant change, especially to some school districts out there that have choice school programs. We looked at this pretty extensively and where the rule was pretty tight last year and we would have had to look at the lowest rated school when looking at choice programs, we have decided to look at the district rating instead in cases where tenants can choose which school.

There's a few districts out there that have this system where the tenant would pick their top three schools and then they're placed in one of those schools based on a number of different factors in each of those districts.

We're not applying this to district-wide enrollment which is a little bit different than a choice program, but we did address that choice program situation. We had a lot of comment with respect to that.

Also, in the educational excellence scoring item, we inserted that same language to address those choice school programs, but in addition to that, lowered
the threshold for middle and high schools in Region 11. This was based on quite a bit of analysis of the data provided by the Texas Education Agency that reflected that the middle and high schools in Region 11 had a much lower average Index 1 rating than really the rest of the state.

So this was really in response to that situation last year where we wound up with three developments in Alton, Texas, and as much as I love Alton, I think all of us kind of wondered how that happened, and it happened, I think, because folks were chasing these educational excellence points. So we lowered that threshold a little bit to open up that scoring item to some more, quite frankly, good sites in Region 11.

Also a few other slight changes. The pre-application deadline back to January 8 based on just some comment and it really made sense to staff too. We'd like to use January and February to do some more site visits so that we can get all of that site eligibility out of the way sooner rather than later this coming year. And some clarifying language with respect to notifications at pre-application.

And the last change that we made in response to comment was the tiebreaker. In the September version and last year, the tiebreaker was dependent on the proximity to the nearest housing tax credit development, and we
revised that to say the nearest tax credit development serving the same target population. I think you might hear some comment on that today. That wound up being a bit of a discussion yesterday with some of the development community.

So with that, I think we can hear from these folks, unless you have any questions for me.

MR. OXER: Essentially we're buffing and polishing off some rough edges.

MS. LATSHA: Yes, sir.

MR. OXER: All right. Any questions by the Board of Jean?

(No response.)

MR. OXER: Okay. I'd like to have a motion to consider.

MR. GANN: I so move.

MR. OXER: Motion by Mr. Gann to approve staff recommendation on item 4(a). Do I have a second?

DR. MUÑOZ: Second.

MR. OXER: Second by Dr. Muñoz.

Okay. It looks like we've got a crew up here.

Let's get started. Just sort of for purposes of scheduling and timing here, it's going to take a little while to go through this, it's going to be more than we'll want to stay on. We'll hear comments, everybody gets
three minutes on the clock, and that will be pushing a
hard clock for us. Let's go until eleven o'clock straight
up and see how many we can get in, get the comments, and
we'll take a quick break and then get back in our chairs
after that.

Beginning here on the aisle, from your left to
your right.

MS. MEYER: I'll take it. Robbye Meyer. It's
good to see you again.

MR. OXER: Good morning, Robbye. Nice to have
you back among us here.

MS. MEYER: I just have one comment and it's on
the tiebreaker comment that was put in. It did add in
serving the same tenant populations. This was not in the
draft in September, and although it seems like a small
comment and I would normally accept the comment that was
in there, it wasn't in the draft in September, we weren't
allowed to make comment on it, and it does make a
significant impact now having it in there. And since we
weren't able to consider it in the draft and it does make
a considerable difference in impact going forward now, I
respectfully request that it be removed going forward now
and we can consider it for the 2016 QAP.

MR. OXER: Great. Thanks for your comments,
Robbye.
Okay, Claire.

MS. PALMER: Claire Palmer, representing various clients, I guess, today.

Real quickly, because I don't want to duplicate any efforts, I am supporting some comments that are going to be made later about waivers for daycare facilities that have received waivers from the applicable department being allowed to be considered for the daycare points. And the comments that are going to be made on underserved areas and limiting those that have never received an award within the last fifteen years rather than forever.

What I'm really here to talk about is to get a clarification on the force majeure language. As everyone, I think, is aware, this language was really drafted in an effort to rectify a problem that happened with one of my clients in a fire in Mineral Wells, and then after the language was put into the QAP we were told, oh, but it, by the way, won't apply to your transaction because the language reads: For purposes of this paragraph, credits returned after September 30 of the preceding program year may be considered to have been returned on January 1 of the current year, in accordance with the treatment described in the Treasury regulations.

And evidently, TDHCA staff at some level has taken the position that because the QAP is the 2015 QAP
and is not in effect right now that that language, credits returned in the preceding year, can't be applied, which seemed to me to be completely counterintuitive if it discusses preceding year, you would think that the 2015 QAP meant the year 2014 being the preceding year.

I have done just huge amounts of research and it seemed that the problem was that the 2015 QAP is not in effect at any time during 2014 so there was no way to use the force majeure language in the 2015 QAP to apply to a return of credits in 2014. Well, as it turns out, the Texas Register Act and the Texas Administrative Code specifically state that on any rules that have to be published in the Register, once they're given -- for example, if the Board votes on the QAP today, that force majeure language will be in it, the governor signs it on December 1 or December 5, or whenever he signs it, upon delivery to the secretary of state, the QAP automatically goes into effect twenty days thereafter. So the QAP will, in fact, be in effect at some point in December of 2014.

Staff at this point doesn't want to make a decision on whether that means that the force majeure language can apply to a 2014 return, and so I've been asked to be here today to get a Board resolution on that particular issue, and I would appreciate it. It seems clear to me that the QAP language was intended to cover
this situation, I believe the QAP will be in effect in 2014 so we can apply it to a return, and I hope that you will see it the same way. Thank you.

MR. OXER: Great. Thanks for your comments, Claire. So essentially, Jean, that's all right, you're keeping track of these comments and be prepared to address them?

MS. LATSHA: Absolutely.

MR. OXER: Okay. Who's next?

MR. DEMPSEY: Good morning. I'm Ben Dempsey with StoneLeaf Companies. I have three comments. I'll try to move quick to be able to meet the time frame.

The first thing is I ask for your consideration in changing the QAP wording under the opportunity index, the scoring section, to allow for centers that provide for school-age programs and/or childcare programs to still qualify for points if they're officially exempt from the Department of Family and Protective Services as having to obtain a license. In order for the Department of Family and Protective Services to recognize a center as officially providing a school-age or a childcare program, they have to meet the requirements of the Texas Administrative Code, Section 745.129, however, they will grant them an exemption from having to be licensed if they also meet the requirements under the Texas Human Resources
There is approximately two pages of items in the Human Resources Code that allows for qualification under exemption. One example is whether or not the center is located in an education facility that's accredited by the Texas Education Agency, and another is if the center is organized as a non-profit organization. They still have to meet the Department of Family and Protective Services regulations but as long as they maintain the requirements in the Texas Human Resources Code, Section 42.041, they're not required to hold a license.

Department of Family and Protective Services issues an exemption letter to these centers that specifically states that any changes in their program are required to be reported so that the exempt status can be reevaluated. Failure to do so could result in civil penalty and/or injunctive relief against any operation that fails to meet or maintain an exemption and engages in activities that require a license from Family and Protective Services. I mention this in order to point out that they're still under the same regulations that Department of Family and Protective Services requires of a licensed center in order to be recognized as providing a school-age or childcare program that still meets the requirements of Texas Administrative Code, Section
We at StoneLeaf Companies feel that this should still meet the requirements of the QAP under 11.9, opportunity index, with a slight modification to allow for Department of Family and Protective Services exemption of licensing.

A second comment is also within the opportunity index section of the QAP, and we recommend that developments located in rural areas be given an allowable proximity if 1.5 linear miles to essential community assets. Rural communities in Texas are commonly known to have limited resources, therefore, they have limited community assets, so it's common for these rural communities to have one health-related facility, one childcare facility, one full-service grocery store, et cetera. It's not uncommon for these Texas residents in these rural communities to drive up to two-plus miles to be able to obtain the services from these community assets.

The QAP currently allows for the qualification of the points in rural areas based on a proximity of one linear mile to essential community assets, reflected in clauses 1 through 5, and the Uniform Multifamily Rules Subchapter B lists those same community assets with an allowable radius of two miles for the rural areas. TDHCA
staff feels that because there's already a threshold requirement in place for the developments to be located within two miles that it's appropriate that any distances of these same amenities that are associated with a scoring item, that that distance be shorter. We feel that allowing the distance to be extended from one linear mile to 1.5 linear miles still accomplishes the same thing, while also giving these rural Texas communities an opportunity to score the necessary points within the opportunity index.

I did have a third comment but I've run out of time.

MR. OXER: Make it quick, Ben; we'll give you the time.

MS. DEMPSEY: Okay. Thank you.

My third comment is in regard to the QAP's underserved area scoring item. We recommend that developments in the rural areas be allowed to receive points if they're located in a census tract that's not received a competitive tax credit allocation serving the same target population within the past fifteen years. Currently under the QAP it only allows for rural developments to receive these points if they're located in a census tract that has never received a competitive tax credit allocation that serves the same target population.
It doesn't appear that a single fifteen to twenty year tax credit development in a rural community is going to redefine the definition of an underserved area. There's rural areas throughout the State of Texas that received tax credit allocations over a decade ago, they're still in need of affordable housing due to growth, and it's common to have these rural communities that are located within one single census tract so that we can't go to a different census tract within that same community.

It seems as though they're, in a way, being penalized for having this tax credit development that may no longer even be in its compliance period, and we just feel that a market study is probably the best way to determine the need for housing in any given community.

MR. OXER: Great. Thanks for your comments.

MR. BAKER: Chairman, Board, good morning. My name is Devin Baker. I'm here on behalf of Jim Lashburn, current member and former president of Rural Rental Housing. I'd like to support all comments made, future and past, comments made on behalf of the RD community and also emphasize the need to preserve our USDA 515 portfolio.

The requirement to request a fair housing letter on USDA 515 rehabs is a concern to our members because of the time it will take to have yet another

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agency review our acquisition rehab plans. I'd like to reiterate the request for the Board to remove this requirement from the multifamily rules. Our challenges with the USDA transfer process are already onerous and burdensome, and this requirement does not promote the rehab of units located in rural areas.

Lastly, please allow me to emphasize that all of these USDA properties are in fixed locations. While we in the RD industry understand and appreciate the issues that the Department must juggle regarding the pending ICP lawsuit, we must make clear to staff and the Board that the educational excellence and opportunity index requirements of the current QAP do not promote the identification of 515 properties most in need of repair. In an effort to eliminate the negative impact of these statewide rules, all members of the RD community want to continue to work with staff on alternative solutions to these requirements.

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

I'm going to exercise the discretion of the chair and we're going to take a fifteen-minute break. It's eleven o'clock straight up, let's be back in our chairs at 11:15.

(Whereupon, at 11:00 a.m., a brief recess was
MR. OXER: All right. Let's get underway again. We have a long agenda today.

On item 4(a) which is the QAP, public comments, we have some more.

MS. PARANSKY: Good morning. I am Eta Paransky, assistant director of the Housing and Community Development Department of the City of Houston, and head of our multifamily team. I bring greetings to you from Mayor Annise Parker and from Director Neal Rackleff of the Housing and Community Development Department and from the rest of the team. Neal wishes he could be here with you but he's making a presentation before city council today, so I'm here to represent Houston.

We want to thank you, Chairman Oxer, and you, Tim Irvine, for coming to visit us this week to learn about our two initiatives in Houston that are currently underway, one bringing an end to chronic homelessness and the other to revitalize three community areas and affirmatively further fair housing which is an opportunity that we began provided by the disaster relief funds in Round 2.2

Under the Disaster Relief program, we accomplished an in-depth study and planning effort with significant public input, especially from our colleagues.
at TAAHP, John Henneberger and Mattie Sloane. This program has kick-starting revitalization in these three communities which are all on the cusp of gentrification. And we also want to thank Cameron Dorsey and Jean Latsha for responding so quickly to our concerns to make sure that the QAP will allow the City of Houston and TDHCA to partner in providing resources to continue these efforts.

Jean and Cameron, you've helped us understand that the QAP will allow the CRAs, the community revitalization areas, to be considered revitalization areas under the QAP and would therefore be available to encourage developers to further invest private capital in these neighborhoods, preserving and creating affordable housing where, without this cooperation, housing for LMI households would be replaced only by gentrification. And you've assured us the provision of permanent supportive housing, Houston's program to eliminate chronic homelessness by providing a housing first model for homeless individuals, will be able to receive the same competitive advantage that participating in the 811 program for individuals with special needs has today, even though the programs are very different.

It's a pleasure to be working in an environment of support of each other's goals. The City of Houston is proud of our efforts to affirmatively further fair housing
and we appreciate TDHCA's partnership towards building a better Houston. We would like to invite you and the Board to hold a future Board meeting in Houston where we can showcase the results of our efforts.

Thank you very much.

MR. OXER: Thanks, Eta.

Any questions from the Board?

(No response.)

MR. OXER: Thank you very much, Eta. Pass on our best regards to the mayor.

MS. PARANSKY: Thank you.

MR. OXER: Now let me ask this, is there anybody there in the second row that had some things to say. Okay, you were there, so you're moving up. Everybody that wants to comment just come on up here and get in line. That's how I know there are people that want to speak.

MS. GARCIA: We've got a whole group that wants to speak.

MR. OXER: Okay. This whole group that wants to speak, is there a consistent message or do you represent a group?

MS. GARCIA: It's different organizations about a project in the City of Fort Worth.

MR. OXER: About a single project?
MS. GARCIA: In our area.

MR. OXER: Does that have to do with the development of the QAP?

MS. GARCIA: Yes.

MR. OXER: Okay. So you're not speaking about a project, you're speaking about a rule.

MS. GARCIA: I'm going to be speaking on the rules. I'm going to be introducing the speakers but I'm going to be talking about specific changes that we'd like to see to the QAP.

MR. OXER: And I understand that. It's specific change to the QAP that we're looking for, not support for a project.

MS. GARCIA: Right, exactly. Let me just introduce them really quickly.

MR. OXER: Why don't you introduce yourself first.

MS. GARCIA: My name is Cynthia Garcia. I'm the assistant director of the Housing and Economic Development Department for the City of Fort Worth. And after I speak, we'll have speakers from our Southeast Coalition, including our council member and members from Texas Wesleyan, Purpose Built Communities, YMCA, and Cook Children's, to talk about a project in southeast Fort Worth which is in a revitalization area.
I'd like to go over our comments to the QAP, and the city submitted a letter with our comments, we're number six, if you have your letters with you, and we requested all of our comments be accepted and the changes made to the QAP. I'm going to go over just two of our comments.

One of our most important comments is regarding the resolutions of support and the local funding sections. The City of Fort Worth provides resolutions of support because we are totally supportive of affordable housing and we know that there's a need for affordable housing in Fort Worth; however, because of our support and providing the resolution, what has happened is that we are losing developments that we believe are vital to our community.

The city for the last few years has issued an RFP for its HOME funds and its local housing funds, and we look at location, access to transportation, access to jobs, retail, grocery, all of those items, and normally receive between three to seven applications, and last year we chose two low income housing tax credit projects and we awarded $1.2 million to one and $2.5- in the other. However, both scored at the bottom because other developers received our four points for the resolutions because we did provide those, but these developers went to other providers for local funding, either to the housing
authority or other local housing corporations.

And the QAP scoring has completely circumvented the city's desire to support our two projects, one in a high opportunity area and one in a revitalization area. Since we've lost both of those projects, we're asking that the QAP be amended to allow the city's support and award of funds carry more weight, and so one of the changes is on page 3 of the letter and it has different scoring depending on how much dollars the city actually puts into a project.

I understand that staff believes that this proposed change is unnecessary, redundant and inconsistent, but we respectfully disagree. We believe it's necessary and that's why I'm here and these folks who will be speaking next are here. It's not redundant. The resolution of support can only come from the municipality but the local funding can come from the housing authority or other local housing corporations. And it's not inconsistent with the statute. In fact, I think it's very consistent with the statute because when you're looking at these two sections it's trying to give weight to local support and what could be more weight than actual resolutions of support from the municipality and dollars.

My second comment is on the points regarding the seven points for high opportunity areas and six points
for revitalization areas. We'd still like for those points to be changed for the following reasons. One, dollars are easier to get in high opportunity areas from private lenders, it's very difficult to get those dollars from private lenders in revitalization areas. The market rents in revitalization areas are so low they don't support the debt and so the only way to get private investment in these areas is through these low income housing tax credit dollars.

Because of the point differential, when developers look at areas in Fort Worth -- and this is talking from experience -- they come to me and they're only looking at high opportunity areas, they never even look at the -- well, there's some that do, maybe one out of ten that do look at the revitalization areas, because of that one point differential. In my opinion, I think if you look at the projects that actually got awarded last year in our region, most of them were in high opportunity areas and the only ones that were not were the set-asides.

So we'd like to see those changes.

MR. OXER: Okay. Good timing. I compliment you on your timing, and I hope that's an example for everybody else that comes up.

MR. SMITH: Good morning, Chairman, Board.

Thank you for the opportunity to speak today. My name is
Evan Smith and I'm a community development advisor with Purpose Built Communities. We're a non-profit consulting firm that provides pro bono support to local leaders as they plan and implement a neighborhood revitalization. We work at the invitation of local leadership, and I speak today on behalf of the revitalization section of the QAP, and on behalf of Renaissance Heights United, the folks here with me.

The Renaissance Heights United will attract families with choice and additional private investment, while simultaneously ensuring the neighborhood connects children and families, especially those with low income, with the opportunities and resources they need to thrive. There are two reasons we believe this revitalization will be successful and revitalization like it will be similarly successful.

First is that the approach is drawing on inspiration from other successful neighborhood revitalization efforts, notably an effort in Atlanta's East Lake neighborhood. Twenty years ago East Lake was a place of constrained and limited possibility, the crime rate was 18 times the national average, the elementary school that served children living in the neighborhood was the lowest performing in the city, and only 30 percent of students went on to graduate high school.
Through strategic coordinated investments and mixed income housing, a college education pipeline and community wellness programs and facilities, the neighborhood has been transformed. The housing, schools, programs and facilities all serve people across a broad range of incomes. East Lake is one of the safer neighborhoods in the city, and Drew Charter is one of the best schools in the city. Low income students at Drew outperform their non low income peers in both the district and the state. In the first ten years of the revitalization, more than $200 million in private investment occurred in the surrounding area.

Second, Renaissance Heights United has achieved a lot already. Renaissance Heights United is a collaborative focused on a neighborhood in southeast Fort Worth. Our efforts are concentrated in and around the property that was formerly the site of the Masonic Home and School of Texas. Since 2005 a number of investments have been made to ensure that this 180-acre tract known as Renaissance Heights is a community asset.

To date, more than $125 million in capital investment has occurred, with more plans, 330,000 square feet of retail providing families with access to service, fresh food and opportunities that didn't exist in the community previously, ACH Child and Family Services, Cook
Children's, and Uplift Education are operating on site, the YMCA will be operating on site soon and is currently operating in the neighborhood, and other quality partners, including Texas Wesleyan are operating in the neighborhood as well.

These partners are working together to better serve children and families, and a community quarterback, the Renaissance Heights Development Group, is being formed to provide the collaborative with additional coordination capacity. The missing piece is multifamily mixed income housing. The proposed QAP makes it difficult for revitalization efforts to secure the 9 percent tax credits they need to include quality affordable housing as part of the initiative.

Multifamily mixed income housing at Renaissance would do two things. It would: one, connect more low income families with the programs, services, retail and facilities at Renaissance Heights, and two, accelerate the neighborhood revitalization. As such, I recommend that TDHCA modify the scoring criteria to recognize these high opportunity areas that are created by coordinated revitalization efforts. Thank you.

MR. OXER: Thanks, Evan.

Any questions?

(No response.)
MS. DAVIS: Good morning.

MR. OXER: Good morning.

MS. DAVIS: Thank you for allowing me to address you today. My name is Reeshemah Davis and I represent the YMCA of Metropolitan Fort Worth, and I am the vice president of operation and community development.

The YMCA of Metropolitan Fort Worth has been a part of the Fort Worth community for over 120 years, with a longstanding history of serving the community through well-being and recreational activities, childcare, summer camp and family services. Our mission is to put Christian principles into practice through programs that build healthy spirit, mind and body for all. The uniqueness of the Y being a part of this collaborative allows us to continue to serve in this community in non-traditional ways.

We are committed to the Renaissance Heights initiative, as presented by my colleagues earlier. We're in the process of raising $10 million for a facility in southeast Fort Worth. Based on our market study, this facility will be the largest in the city of Fort Worth, it would serve youth, families and seniors with health and wellness programs, diabetes prevention programs, recovery programs for cancer survivors, community wellness, programs to address obesity, nutrition, youth and teen,
youth leadership, school readiness for preschool. We're currently partnering with Uplift Charter School regarding after school enrichment, Fort Worth ISD on preschool early learning education, and exploring other partnerships with organizations in this collaborative.

As spoken earlier, we need the housing component to allow the community wellness and all aspects of improved community revitalization. We do believe that Renaissance Heights, as well as TDHCA, desire the same results. We respectfully ask that you give the means to achieve this result in southeast Fort Worth by making the slight modification to the scoring criteria to recognize the high opportunity areas created by revitalization efforts.

The Y is definitely a committed partner to this. We serve over 1,500 youth and families in predominantly low socioeconomic status and predominantly minorities with increased health disparities in southeast Fort Worth. With 98 percent of our preschool families receiving county assistance and school families receiving county or other third party subsidies, that meet the requirements of federal and state subsidies for free and reduced lunch, the community-wide poverty rate is alarmingly high and the community disadvantage index rating for this zip code is nine out of ten. Of course,
this rating proves that the southeast area of Fort Worth has some of the greatest needs, and with revitalization, we are able to anchor support for these families who need wraparound services for their children. We are a safe haven for youth and a community hub of the community residents.

    Again, asking that you take into consideration our comments today. Thank you.

    MR. OXER: Thanks, Reeshemah.

    MS. ROARK: Good morning, Mr. Chair and Board members. My name is Debbie Roark and I'm here today representing Texas Wesleyan University. I'm the associate vice president of sponsor programs and external relations, and I'd like to share our role as a partner in the Renaissance Heights United initiative.

    Texas Wesleyan is a private four-year institution, located in southeast Fort Worth, offering bachelor's, master's and doctoral programs. The university's mission through its 124-year history is to develop students to their fullest potential as individuals and as individuals of the world community. With an overall minority enrollment of about 45 percent, an average age of 26, the university is truly diverse. Of our undergraduate domestic students, approximately 60 percent are financially needy; they receive Federal Pell
Grants to support their education. Sixty-eight percent of our students from Tarrant County and 19 percent of our incoming freshman class was from within the Fort Worth Independent School District.

Located in this predominantly Hispanic and African American community in southeast Fort Worth, we have been developing many programs that encourage minority students to pursue a college education. In fact, our fastest growing student segments include low income students, minority populations, non-traditional students, and those who are not fully prepared for college. The university has redefined its role in the community, developing new partnerships and opportunities that benefit the campus and the entire community alike.

Over the past decade, as an anchor institution in southeast Fort Worth, we have focused on community and economic development, and currently we're in the midst of a $6.7 million construction project which will bring twenty-five new jobs to the community. Additionally, we're partnering with the City of Fort Worth, Tarrant County, the North Central Texas Council of Governments, and TxDOT on a $32 million street improvements project that will be completed in the spring of 2015.

We take our role in the local community quite seriously and dedicate employee time in this endeavor,
conducting numerous outreach activities with area schools and non-profits. Joining the Purpose Built Communities and Renaissance Heights project team is a prime example of our interest in improving the social fabric of the local community, helping to move individuals and families from poverty to progress through our cradle-to-college education partnership model.

Certainly we agree with the premise to invest in high opportunity areas, but red lining areas of poverty eliminates opportunities for public-private partnerships, such as those represented by our organizations here today, striving to make a difference in their local communities deserving revitalization. Texas Wesleyan supports the recommendation submitted by the City of Fort Worth and our partner organizations to change the allocation methodology supporting revitalization efforts of large partnerships providing wraparound services to improve that social fabric of our communities. These are, in fact, high opportunity areas with community buy-in and commitment.

Thank you for your time this morning.

MR. OXER: Thank you.

MS. TALLEY: Good morning. My name is Veronica Talley. I'm the director for the neighborhood clinics at Cook Children's.

The last time I spoke here before you, I told
you about our twenty years of commitment in the southeast Fort Worth area with neighborhood clinics that provide primary care services. I also told you about our newest investment in the community in Renaissance Square, a medical and dental integrated clinic that's providing services to underserved children.

Today I just want to take a couple of minutes to tell you about two children: a young man who has chronic asthma and is now sixteen years old, he's been our patient since he was two, but he's not a productive basketball team member instead of a gang member; another young man who is the choir director for Uplift Academy, and he pursued higher education and came back to the community.

So with our concerted efforts we can produce healthy and productive members of the community, and we believe with improved housing you can help us sustain the momentum that we've already started. And so today I ask for support in my colleagues' collaboration for improving the community at Renaissance Square in southeast Fort Worth. Thank you.

MR. OXER: Thanks, Veronica.

MS. MADOLE: Good morning, Board. Thank you so much. Good morning, Chairman. I'm Becky Madole, representing Uplift Education which a free public charter
school, and I work with fourteen campuses in North Texas. We're the oldest and largest charter school network in North Texas.

In 2012, Uplift opened two campuses in southeast Fort Worth, one of which is in the Renaissance Heights United community which we are all representing today. Uplift is built on two premises, and I spoke about this last time I was here, but just to reiterate that all children can succeed in college and career and that all schools can be excellent, and we take these core beliefs seriously. We strategically open schools in communities with few high performing options. Eighty-four percent of the children across our network are free or reduced lunch, and this reaches as much as 90 percent and above in the communities in southeast Fort Worth.

The success of our students as a network is dramatic. One hundred percent of Uplift graduates are accepted to college. Last year nearly half of those colleges were top 100 schools. The class of 2014 received $67 million in scholarships and grants, and seven of our seniors received either the prestigious Gates or the Dell scholarship.

Uplift in this community is committed to being part of this revitalization effort. We're going on our third school year here and continue to watch the tenured
growth of our students. We are committing to preferential enrollment to the residents of Renaissance Heights. We're partnering with the YMCA to address early learning and to ensure that all children in Renaissance Heights come to us in kindergarten well prepared. And we're partnering with ACH, who couldn't be here today because of health issues for their representative, but they've already committed and given thousands of dollars of in-kind services of therapeutic services to our kids to ensure that their social and emotional needs are met and that they're ready to learn in our classroom.

Texas Wesleyan has committed to providing scholarships and reduced tuition to our graduates as our school continues to grow out to grade twelve. And then the Cook Children's Clinic, she mentioned that our choir director at Uplift actually was in their program, is within walkable distance from our campus and it will ensure that all families have access to the critical healthcare they need.

And so just in conclusion, TDHCA and Renaissance Heights United desire the same result. With so much of the critical infrastructure already in place, we really do believe that this is a high opportunity area that is a worthy investment, however, the current allocation methodology in the revitalization plan section
prevents us from moving forward with the missing piece which is mixed income housing. There's a dearth for that in this area of housing in general, and we need that to move forward.

So the partners before you are 100 percent committed to this area, and following the success of a national model that has already worked beautifully in ten cities in the nation, and so we ask that you change the current scoring criteria so that we can move forward.

Thank you.

MR. OXER: Thanks, Becky.

MR. TEACHEY: Good morning, Mr. Chairman and Board members. My name is Rod Teachey. I am a vice president with Columbia Residential, based out of Atlanta, Georgia. We are a multifamily developer; we have developed over 7,000 units that we currently manage, located in Georgia, Louisiana and here in Texas.

We have worked on several transformational redevelopment initiatives like Renaissance Heights that are also part of a public-private partnership where the local government is providing support and financial support. We are exited to be a part of this team and we believe that this site is an ideal location for mixed income housing for many reasons that have already been expressed by my partners here, but also the fact that the
property is very close to the Fort Worth central business district and surrounding employment centers. Our plan is to develop about 5- to 600 affordable and mixed income housing units at the site over several phases, but that's not going to be able to happen without a 9 percent tax credit allocation.

We understand TDHCA's scoring approach regarding the opportunity index and educational excellence categories and the reasoning behind it. We agree that it is counterproductive to concentrate low income housing in certain geographic areas -- it just doesn't work. However, we believe that truly transformational developments like Renaissance Heights become collateral damage, intentional or not, and can never realize their full potential to bring housing to areas that really need it.

In this regard, we implore the Board and the staff to consider alternative approaches to the scoring so that unique developments, such as ours, have a fighting chance to get done, and that's not going to happen without a 9 percent tax credit allocation. We have offered up several options to TDHCA staff on how this may be addressed, but unfortunately, they did not agree with most of those suggestions.

So again, we're here today to let you know that
we're committed to continue to work with the staff and with the Board as necessary to come up with creative solutions that will allow developments such as these to happen. Thank you.

MR. OXER: Great. Thanks, Mr. Teachey.

I want to offer, as an interim comment here -- does anybody else care to speak on Renaissance Square? Okay, we'll have one more. Come on up. Welcome back. It's nice to see you again.

MS. GRAY: It's nice to see you, as well. Good afternoon -- I guess we're almost close to that -- late good morning. My name is Kelly Allen Gray and I serve on the Fort Worth City Council, and I stand before you today representing the City of Fort Worth, as well as the 94,000 people that I represent in District 8. I want to talk just a moment about Renaissance Square and how you changing the scoring of the revitalization section of the QAP will assist us in bringing forward quality housing in southeast Fort Worth.

In 2007, as discussions of Renaissance Square swirled about, there was a major concern of two things: income earnings and the ability of the spending capacity of the residents who reside in southeast Fort Worth. We learned two things from a social compact study that was commissioned by Congressman Michael Burgess. One, that
based upon 2000 census data, the average median income in southeast Fort Worth is actually $42,000 and not $20,000. The other thing we learned was that $80 million a year from residents residing in southeast Fort Worth was spent on goods and services outside of southeast Fort Worth. So we knew beyond a shadow of a doubt that commercial development in the area would be successful.

Last year in February we opened Renaissance Square, a master planned mixed use development with a 182,000 square foot Walmart. To date we have over 330,000 square feet of commercial retail grocery space for the residents not only residing in southeast Fort Worth but those who use that commercial corridor called 287 coming back and forth into the city of Fort Worth. So we know we have a winner in Renaissance Square. It's a $125 million investment, infrastructure, with many more things to come. It gave us over 600 jobs, and it is the first development in southeast Fort Worth in over 30 years.

You've heard from our partners, you've heard from our service providers what's happening at Renaissance Square, but what's missing is the housing component. And we're not just talking about any type of housing, we're talking about quality affordable mixed use housing that will continue to make Renaissance Square very, very, very vibrant, but it also can give that ripple effect to the
rest of southeast Fort Worth.

So as I stand before you today on behalf of the City of Fort Worth and my delegation that we brought to Austin, I'm asking to help us, the City of Fort Worth, this endeavor, the changing of the revitalization section of the QAP, because the City of Fort Worth is willing to put our money where our mouth is, we want to see quality affordable housing come into southeast Fort Worth, and the only way that we can do that is by changing that section in the QAP.

So thank you so much for your time, and J. Paul, it's good to see you again.

MR. OXER: You, as well. Thanks, Kelly.

Any more on that particular component? I'll say it's nice to see all the Renaissance Square folks again. I'll point out that I went up to Fort Worth, and I had other business there but I went by to see this particular facility and location and the development that was there, and I have to say if there's anything that we should be doing, it's supporting this sort of development. The need is obvious.

As I explained to you during the site visit, and I think you'll recognize that we are under some constraints that we can't necessarily wiggle free of yet, but the intent is -- and I think we'll have some comment
and figure out the point on the revitalization -- but I think if I had something to do, if this was just me making the decision, you guys would already have the money, but that's not how it works. We have to stay within certain constraints that HUD is going to impose on us and that others are going to impose on us.

And so I hope you'll recognize that while you're in a development that's going to be strategically doing 500 to 600 units, I don't expect you're going to do them all at once so there will be a progression of these, that I'm looking forward to seeing you back here on successive opportunities for funding through the tax credit program.

So with that, does anybody have any questions of the Renaissance Square team that's here?

(No response.)


MS. McIVER: Chair, Board, Diana McIver, DMA development.

And I am not part of their team, but I would echo exactly what you said: we need to find a way to make the QAP accessible for projects like that, not just in Fort Worth but across the state. That is what we need to be funding. I'll save that for next year's QAP because I feel very strongly that we're --
MR. OXER: This won't count off on your time, but one of the things that we've brought up on a number of occasions is that housing doesn't lead the development, housing follows the development, so we're always looking for somebody to pour capital into these developments that creates the need for the housing, and it's evident that there's that need. I've seen the development, seen the way it's laid out and seen it getting close to $200 million being put into it already and more that's going forward, so it's not a long jump to be able to see that the housing tax credit financing of the multifamily housing there would definitely be in order.

MS. McIVER: Well, and on that topic -- and this really leads to 2016 which is not what I'm here to talk about -- but basically the QAP, by reasons that are beyond your control, has some rewards for revitalization areas and some for high opportunity areas, and we have an entire group in between those two that is totally shut out of the program. And I want to sit and tell you that I have 24 properties and the bulk of those are in really solid middle class areas that fall in probably the bottom of the second quartile and the top of the third quartile, but they're really healthy neighborhoods, and we've got to somehow get that group of neighborhoods back into competition for tax credits.
MR. OXER: We had high opportunity revitalization areas.

MS. McIVER: Exactly, we need those, yes, just like they're proposing.

But the real issue I'm here for really talks about the small towns because I think we need parity for the small towns, and I was here before you a couple of months ago asking for some equity for a specific project in Abilene, and we didn't get any correction to that in the QAP. We proposed a change that basically for community revitalization areas for cities under 200,000 that their requirement of having $6 million of potential revitalization in that area, a budget or potential development, that we propose that for cities under 200,000 that be cut in half, and that wasn't adopted in that QAP.

But we had a lot of good conversation here, and we just ask again that we try to find some kind of parity for those smaller cities in meeting that financial requirement for the CRP.

It also happens in the points that are given for local political subdivision contributions, financial contributions. Those cap out for cities at $100,000 and so you've got cities like Abilene and Amarillo and Brownsville and Beaumont all with in that $100- to $200-range on the LPS contributions, and they have to, for a
100-unit project come up with a million and a half, the same as Dallas, the same as Austin, the same as Fort Worth, the same as Houston, and that's just not fair. I mean, if you look at Abilene, for instance, it's got slightly over 100,000 people and its HOME allocation per year is $250,000. So we've got to somehow get back to we've got rural over here, we've got big cities over here, but somehow we've got to come back and get some point equity for those smaller cities so they can compete, bring their funds to the table, and be players in this program as well.

Thank you.

MR. OXER: Great. Thanks, Diana.

Anybody else on this item?

(No response.)

MR. OXER: Okay. Jean, are you prepared to make any comments on these or at least add to the discussion?

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

So I'll go back to the beginning of the comment. We did have one on the tiebreaker which I did expect. I think as far as administering the program, staff could certain administer that tiebreaker scenario in either scenario, whether it's including looking at the
target population of that nearest tax credit development or not. I think it's really just up to the Board which way they'd like to go there. There's two different schools of thought: you're either talking about what's important, are you near another development serving the same target population or is it about a general dispersion of the resource without respect to a target population. Staff landed on the former which was to include target population in that, but I can certainly see the other side.

With respect to Claire's comments on force majeure, we had a discussion. I'd probably defer to Barbara on that, and I don't know that needs to necessarily be resolved at this Board meeting. It winds up being an application of the rule when those credits are ultimately returned, which I think we all know that that's going to happen at least by December 31 through default. I don't know if you wanted to make any comment on those at this time or not.

MS. DEANE: Well, part of the discussion is probably best left to executive session, but let me just say that the way the statute reads, the QAP that you are adopting at this point in time and presenting to the governor is to apply to the next application cycle. You adopt it in the preceding year to apply to the next year,
and so that's the way, of course, it's always been interpreted. And if you try to read the rule in terms of credits returned during the current program year, what is the current program year, there are many, many, many legal issues that attach to trying to take a 2015 QAP rule and attach to a credit that's being returned in the 2014 cycle.

Like I said, some of those I'd prefer not to get into until executive session, but let me just say that the way the statute reads in terms of what is the QAP that you are adopting and the way the QAP currently reads, it would certainly be problematic.

MR. OXER: Jean. Hold on, Claire.

MS. LATSHA: Do you want me to continue on?

MR. OXER: Yes.

MS. LATSHA: Mr. Dempsey mentioned a comment on the opportunity index. This is something that came across my desk, Ben called me a few days ago with a very specific example of a school-age program that was exempt from being licensed, and quite frankly, I didn't have enough time to research exactly what all of that means with respect to all of those requirements to be comfortable adding it to an overall rule. I had a brief conversation with someone more experienced in that process, Megan, and I think it might result in opening up a lot more options than we
really want to, and we haven't had enough time to really contemplate that particular addition to the rule about being exempt from being licensed.

I think that might better served, considering the late date of that coming across my desk, that maybe this is something that we wind up looking at in an appeal and maybe it goes their way because it's a very specific circumstance, but I'm a little uncomfortable adjusting the rule to allow for any programs that are exempt from licensing just because I'm not sure exactly what that encompasses, I don't know what that world is.

MR. OXER: I think it's evident from the Board's tone and tenure that we like to create a generalized rule that applies to everybody and if there's an edge in it that somebody fell through the cracks, we'll leave that to us to determine if that makes sense.

MS. LATSHA: Yes.

DR. MUÑOZ: Jean, can I say something about that?

MS. LATSHA: Absolutely.

DR. MUÑOZ: I'd still like for you all to look into it. I mean, that one caught my attention as well. There's a purpose for licensure and because if you're complying with some administrative code and maybe the facilities have certain characteristics, that doesn't
necessarily require or obligate the facility to have professional personnel that are properly trained, that are they themselves properly certified, that have gone through different kinds of pedagogical cognitive training and what-have-you. I mean, there's a reason, there's a purpose for licensure. So it may be credible and I appreciate what was sort of represented, but if you see that we're going to be presented with that scenario, I'd like some due diligence done.

MS. LATSHA: Yes, sir. And like I said, that's the only reason for a lack of a change in the recommendation because we haven't had a chance to do that due diligence.

Mr. Dempsey also mentioned rural areas, the threshold for points there being increased to 1.5 miles from one mile. We actually had comment on the other side of the fence there that was actually supportive of the one-mile distance, so I'm, again, just hesitant to change the recommendation, but certainly something that we could implement if the Board so chooses.

MR. OXER: At first glance, it does seem to make some sense that -- I grew up in an area that my nearest neighbor was four miles away, not to mention the grocery store being fifteen miles, so it's a point to consider.
Please continue.

MS. LATSHA: Yes, sir.

With respect to underserved area, that was a section of the rule that was not amended, so I think it would be difficult for us to recommend some changes there. That was the comment about changing that basically from an area that had never received a tax credit award to had a tax credit development that was fifteen years or older. Again, that was just a section of the QAP that was not amended, so difficult to change at this point.

Then we heard from Mr. Baker with the Rural Rental Housing about the requirement for a letter from HUD with respect to fair housing.

MR. OXER: Timeout.

DR. MUÑOZ: Do I have to be in the room?

MR. OXER: You have to be seen.

DR. MUÑOZ: I'm not sure I want to be seen that much.

MR. OXER: It's not the process that we want to see, it's the fact that you're here.

DR. MUÑOZ: Jean, as quickly as you can.

MS. LATSHA: As quickly as I can, yes, sir.

MR. OXER: The attention span shortens, you understand that, don't you.

(General laughter.)
MS. LATSHA: I do. So with respect to that letter, that is only for sites that we're already deeming ineligible, so we're not across the board saying people have to run to HUD and get a letter talking about fair housing, and so I'd argue that it's still a fair requirement for a site that otherwise would be deemed ineligible.

We were looking at the Tays situation earlier. Basically, those are the instances in which we would require such a letter.

DR. MUÑOZ: Jean, that's what I was thinking, so why couldn't the same opportunity be extended, get a letter.

MS. LATSHA: Right.

DR. MUÑOZ: It could be.

MS. LATSHA: So in a similar situation to Tays where in this year we conditioned that award upon getting the letter, we're simply putting into rule now to say go ahead and get it, because we're going to ultimately condition the award anyway.

DR. MUÑOZ: Right.

MS. LATSHA: I think we're on the same page here.

All right. And also from Rural Rental Housing there were some comments about the opportunity index and
education excellence being applied to USDA deals. I think we discussed this at the last couple of Board meetings, and we're working with that group to maybe change things for 2016 but really haven't yet come up with a better way to really distinguish one site from the other outside of using the same criteria that we use for other developments.

I did want to comment on Eta's comments from the City of Houston. We did have some long discussions with them about the compatibility between their permanent supportive housing program and the 811 program. I think we got pretty clear on that. I don't want to go on the record as saying that we've deemed community revitalization plans eligible for points at this, and I was a little bit worried that that's what that comment leading to. We did have some discussions about the plans that they have in place and the possibility of those plans qualifying for points, but obviously without applications in hand I certainly don't want to make that kind of statement.

Then we heard a lot from Fort Worth. I visited that site, as well, the last time I was there for business, and I echo your thoughts, sir, but I think we all understand that this QAP has got certain incentives in place for good reason. It's possible that the Fort Worth
Deal will fall through the cracks there, but it's possible it won't. I think that they are going to come in for another application in 2015 and maybe be competitive, so we'll see how it turns out.

MR. OXER: Quick timeout. Anybody think you guys are going to make another application?

MR. TEACHEY: (Speaking from audience.) Definitely

MR. OXER: There you go.

MR. TEACHEY: (Speaking from audience.) But we may not fall through the cracks.

MR. OXER: That's the plan.

MS. LATSHA: And it's been a pleasure chatting with all of those folks too. We've been in contact quite a bit.

And then finally, Ms. McIver. So it is true that we ultimately, after the discussions here about Abilene and community revitalization plans, ultimately did not make a recommendation to change that scoring item. I think we found that those thresholds even for small cities were relatively appropriate. If you have to talk about doing things like building a police station, you are going to be talking about multimillion dollar investments even in smaller cities, and since those numbers can include some private investment, it doesn't mean that the city had...
to plop down $6 million in cash, there's other ways to
evidence that sort of investment. We still felt that
those thresholds were appropriate.

MR. OXER: So as an example, Cook Children's
building a clinic nearby on Renaissance Square represents
a local investment that would qualify under that category.

MS. LATSHA: Yes, sir.

And as far as the LPS, the local political
subdivision contribution of funding too, those are figures
that we crunched a lot of numbers there to try to get to
something that was reasonable, and it is on that sliding
scale depending on the population of the city. And we
also had a number of applications that were successful,
that got awards that didn't necessarily max out those
points. I think with the addition of you can get an extra
point for having a firm commitment, an extra couple of
points for having that funding in the form of permanent
financing, things like that provide enough differentiation
to where if you can't get the dollar amount that you want,
there's other ways to get some more points that other
folks might not be able to get.

And that's also a scoring item that we didn't
open up in the amendment but I think regardless staff's
recommendation would be to keep it as it is.

MR. OXER: So your recommendation at this point
is no changes, irrespective of the comments that have been made or even including the comments that have been made, maintain the status of the draft.

MS. LATSHA: The draft as presented in your Board book, I think that would still be staff's recommendation. I want to make sure there wasn't anything -- no.

MR. OXER: And I would point out to everybody, Robbye particularly, that the draft, although comments may not have been in there in September, that's not the only draft that's been presented. There's been several iterations of that.

MS. LATSHA: We made a slight change to that tiebreaker section in September so it was open for comment. We received the comment which is why we made the change; it was based on comment that we received during the public comment period.

MR. OXER: You can't speak from there, Robbye. You've either got to come up to the mike or hold it.

MS. MEYER: Robbye Meyer. That comment was not available for the public to know about until we saw it on Monday. So I just want to make sure that the Board is understanding that.

MR. OXER: Do you have an answer for that, Jean?
MS. LATSHA: That's true that we didn't post the actual public comment that was made, so I think what she's getting at is she didn't realize that somebody was making that comment, and not only that somebody was making it but that we would actually take it in consideration and change the draft. But I think that's what this process right here is here to address.

DR. MUÑOZ: Did you have to post it?

MS. LATSHA: No. But had it been requested in an open records request or something.

DR. MUÑOZ: Did you have to?

MS. LATSHA: No.

MR. OXER: Any other questions? Claire.

MS. PALMER: I know that you're in a hurry. Claire Palmer. Sorry, it's always hard to remember to say your name up here.

MR. OXER: Sixty seconds.

MS. PALMER: On the force majeure and when does the QAP go into effect, I understand Barbara's issue that there is some complication to the fact that the QAP goes into effect in 2015 -- the 2015 QAP goes into effect in 2014, but the fact is the 2015 QAP talks about things that happened in 2014 anyway. For example, in the bond section it talks about if you file your application after November 16 or 17, the 2015 QAP applies, so taking the logic that
there is no 2015 QAP, that statement wouldn't apply, which makes almost no sense.

But the fact of the matter is that the Texas Administrative Code by rule says that a rule, once adopted, and in this case signed by the governor, once it's delivered to the secretary of state, it goes into effect twenty days thereafter. It's not as though you can say, oh, no, ours doesn't. I mean, the fact is that's the rule and that's the law and that's the statute. So I just hope that you'll consider that when you meet in executive session.

MR. OXER: Okay. Thanks, Claire.

Any other questions?

(No response.)

MR. OXER: Back in the box, Jean.

Are there any other questions from the Board on any item? Ms. Bingham.

MS. BINGHAM ESCAREÑO: Just on possibly changing the one mile to 1.5 mile, I know that was just one of the comments, but given the public comment and given your own personal rural experience, is that worth considering, or is there anything on this list that we would make recommendation to consider in next year's amendments?

DR. MUÑOZ: If we decide to change the
distance, which to me seems a reasonable request, I guess would just say that that point about sort of licensure to be researched to possibly address in the future. I'm not prepared to do anything about it right now.

MS. LATSHA: Yes, sir.

MR. OXER: For purposes of defining the schedule on this, run through the sequence of what's about to happen with the QAP. So we go through it, this is a draft, we post it, there's comments. Will there be additional comment time? When does it go to the governor?

MS. LATSHA: Tomorrow to the governor.

MR. OXER: Okay. Well, they'll be happy they're not getting it over Thanksgiving for a change.

MS. DEANE: November 15 it goes to the governor.

MR. IRVINE: And as regards Claire's comment on the date on which the rule takes effect, I absolutely agree with your parsing of the Administrative Procedures Act, but the thing we can't control is how long it will take for all of these sections of the process to occur, and we don't know on what date we will file this document with the secretary of state. It will probably happen, though, so that the rule will take effect before year-end.

MS. DEANE: If I may?

MR. OXER: Certainly.
MS. DEANE: Jean, there have been a couple of comments made that a certain change, and specifically talking about the tenant population, is such a significant change, and you know how that works if something is so significant or so different or could not have been anticipated that you have to go out for public comment again. Can you tell the Board whether or not any of the changes that have been made in the judgment of staff is so significant that it might require republication? I hate to put you on the spot like that, but I think the comments have been made.

MS. LATSHA: I usually ask you that question.

(General laughter.)

MS. LATSHA: We were thoughtful in the recommendations that we made based on that comment and were thoughtful of that as we made those recommendations too. So I don't think that they would be. I admit that the tiebreaker one that Robbye brought up, because it was brought up in some discussions yesterday, it does change the way somebody is going to look at a site because they either or are not considering another development when they consider a tiebreaker. It sounds crazy but I know that the development community absolutely considers tiebreakers too when they consider a site because they think they might wind up in one.
So although it's a pretty minor change with respect to just adding three words, does it have a relatively --

MR. OXER: Is it a material impact?

MS. DEANE: Well, so the change you made, for example, on the tenant population one, that was in response to comment you received asking that to go in?

MS. LATSHA: Which one?

MS. DEANE: The tenant population, the distance.

MS. LATSHA: The target population. Yes.

MS. DEANE: I'm sorry. Target population; I'm using the wrong word.

MS. LATSHA: Yes, all of this was in response to comment received, all of it. Yes.

MS. DEANE: That was all in response to comment. So clearly, at least part of the community understood that that was a logical outgrowth of opening up that particular section of the rule?

MS. LATSHA: Yes. Would I call it a logical outgrowth? Absolutely, which is we were comfortable recommending the change. Do I think it has the potential to have impact on site selection? Sure.

MR. OXER: Any other comments from the Board?

(No response.)
MR. OXER: We've had item 4(a) regarding the QAP, I have a motion by Mr. Gann, second by Dr. Muñoz, to approve staff recommendation, there's been public comment.

Jean, your response is the recommendation is to maintain the current draft as is. Is that correct?

MS. LATSHA: Yes, sir.

MR. OXER: Okay. All in favor?

MR. GANN: Hold on a second.

MR. IRVINE: Do you not want to have any discussion with counsel in executive session before voting?

MR. OXER: Do we need to?

MS. DEANE: Well, in particular that one issue has come up with regard to some legal issues surrounding force majeure. If you want to have some additional legal advice on that, I'm certainly available to do that. It's up to the Board.

MR. OXER: All right. We'll have some legal advice so we'll hold on the vote on this particular item. And so that everybody can get their schedules since it looks like the exec session is going to go a little longer than we thought, we're still in session on this item and we will take it up after lunch, everybody sit still and listen for a second.

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

The closed session will be held in the anteroom immediately behind us. The date is November 13, the current time is 12:14. We've got a long schedule left, let's be back in our chairs and ready to go at one o'clock straight up, and we'll hear the folks from El Paso very soon after that.

(Whereupon, at 12:14 p.m., the meeting was recessed, to reconvene this same day, Thursday, November 13, 2014, following conclusion of the executive session.)

MR. OXER: The Board is now reconvened in open session at 1:10.

We received advice from our counsel and made no decisions, we considered a few things.

Now back to the item at hand. Hi, Jean.

MS. LATSHA: Hello.
MR. OXER: Nice to see you back.

MS. LATSHA: You too.

MR. OXER: All right. With respect to the QAP, had a motion by Mr. Gann, second by Dr. Muñoz, for the 2015 program year QAP, public comments were heard on several components of it. Is there any more public comment on the item?

(No response.)

MR. GANN: I think I made the motion.

MR. OXER: I said that. For the record, motion by Mr. Gann, second by Dr. Muñoz.

MR. GANN: I might like to make an amendment to that, to that 1.5-mile rule that we discussed earlier.

MR. OXER: Make this in terms of a recommendation. What we'll do is add some recommendations here, Jean, which will amend. Making it amended as discussed when we present the comments here.

MR. GANN: I agree with that.

MR. OXER: And your point is?

MR. GANN: The point is that I wanted to increase it to the 1.5 miles in the rural areas.

MR. OXER: Okay.

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

That comment was in relation to 11.9(c)(4)
related to the opportunity index for rural developments.

That's what we're talking about.

MR. OXER: Okay. Ms. Bingham, did you have one
to say?

MS. BINGHAM ESCAREÑO: I did too. Shall it
come in the form of offering a friendly amendment or just
a recommendation?

MR. OXER: Just a statement on the
recommendation and then we'll add all these amended as
recommended.

MS. BINGHAM ESCAREÑO: We'd like to recommend
looking again at the tiebreaker and potential striking
same, in the same tenant population.

MR. OXER: I think it's a point of
clarification that it be a tax credit deal rather than the
same tenant population tax credit deal.

MS. LATSHA: That's right. So if we'd like to
amend staff's recommendation to take out the language --

MR. OXER: We're going to amend staff's
recommendation and incorporate all the things that we're
saying now.

MS. LATSHA: Okay.

MS. DEANE: And correct me if I'm wrong, but
the language that was added was, quote, "same target
population." Is that right?
MS. LATSHA: That's right.

MS. DEANE: So is that what you want to take out? I think I might have said tenant, but I think it's target. Right?

MS. LATSHA: That's correct.

MS. DEANE: I think I got it wrong. Can you her what page that's on?

MS. LATSHA: It's 11.7, I think. Yes, 12 of 38 and page 13 was where the change was made, so we can just take out "serving same target population."

MS. BINGHAM ESCAREÑO: Okay.

MR. OXER: Clear on that, Jean?

MS. LATSHA: Yes. I wanted to double check the rural opportunity index to make sure that we didn't need any additional clarification there. So in that rural opportunity index there's several different amenities that a development could be in proximity to. They all list one linear mile and I would assume that we're wanting to change all of those to 1.5. Right?

MR. OXER: Good?

MS. LATSHA: Yes, sir.

MR. OXER: All right. Motion by Mr. Gann, second by Dr. Muñoz, to approve staff recommendation as amended by discussion. Is there any other comment?

(No response.)
MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

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

MS. LATSHA: So moving on to 4(b)?

MR. OXER: I believe so. Hold on just a second. We had said we'd offer the folks from El Paso an opportunity to speak right after lunch. Where are they and who are they? And that is, I take it, on item 6 on the original agenda? Is that clear? Is this item 6 or is this public comment?

MR. IRVINE: This is public comment.

MR. OXER: All right. We move to the public comment, understanding we're taking this out of order. This is for public comment specifically on this item. Others who have other public comment they'd like to add to agenda items for future meetings, we'll take that up later but I want to make sure this particular item had an opportunity to be presented. So with that, we'll take comment, recognizing, as I hope you will, that it's being in public comment, a section we can't act on today, we can only receive your comment.

MS. KIRK: Good afternoon, Chairman and Board.

My name is Kathleen Kirk and I'm here today representing
Rancho del Sol neighborhood, together with neighborhood residents, Sandra Mendoza and Sylvia Esparza. Thank you for taking the time to speak to us today on the Verde Palms development in El Paso.

The Verde Palms applied for and was granted federal tax credits through the TDHCA under the 2013 rules. Under the previous notification rules, the City of El Paso and any registered neighborhood associations were notified, however, the city's input was not required. Several municipalities worked to change the notification rules to include city input and wanted to thank you for your cooperation in changing those rules.

This past Tuesday, City Council Representative Claudia Ordoz, who represents our neighborhood, introduced a resolution before the El Paso City Council to revise the city's state legislative agenda for 2015 to include legislation that further amends notification requirements for the housing tax credit program and applicants.

In light of the Verde Palms development, we'd like to discuss several issues that may provide additional insight into the application procedures as well as offer several recommendations that address the practical realities of low income individuals and, in fact, further the TDHCA's mission.

Regarding the Verde Palms development, we bring
your attention to several issues in the application.

Under the section supporting documentation for site information --

    MR. OXER: And pardon me for interrupting.

Could you give me the application number?

    MS. KIRK: No, I do not have it. I have it
with me but not up here.

The applicant submitted a letter of support
from the El Paso Apartment Association. The
applicant/principal is also the treasurer of the El Paso
Apartment Association and the chair for the Affordable
Housing Committee of the EPAA which is the El Paso
Apartment Association. This begs the question are self-

supporting letters appropriate to evidence community
support and need.

    Again, the applicant submitted a letter from
the YMCA of El Paso. The applicants are directors of a
charitable foundation and also Presidential Roundtable
donors of the YMCA. In addition, one of the YMCAs is named
after the applicant. Again, this begs the question are
self-supporting letters appropriate to evidence community
support and need.

    The applicant also submitted a letter of
support from the TBP non-profit. In 2004 the same company
sought support from the former Texas State Senator Eliot
Shapleigh on behalf of Tropicana's application for low income tax credits. The senator, however, refused. But the issue here is not that TBP submitted the letter of support for Tropicana but why would a non-interested third party seek the support of a state elected official on behalf of the developer, and how often has that happened.

The applicant also submitted a letter from Texas State Senator Jose Rodriguez, however, under the Texas Administrative Code, applicants who submit these letters can receive up to eight points or have them deducted from a scoring item, but in order to qualify under this paragraph letters must be on the state representative's letterhead, be signed by the state representative and identify the specific development and clearly state support or opposition for it. The letter did not specifically mention Verde Palms, yet it was included and awarded points.

MR. OXER: You'll need to sum it up; we're going to be busy today.

MS. KIRK: They submitted an application for 152 units but the complete drawings to the city actually include an additional 77 buildings that are going to lead to additional permitting and traffic issues that were not covered or mentioned in the application.

And so we had a couple of recommendations. You
guys were doing all the different changes to the rules, and I thought it was kind of appropriate for us to be here. When you're considering the mandatory site characteristics, they should weight towards what effects lower income people, like proximity to grocery stores. Right now the development has grocery stores but the closest one is three miles away. There's also a bus route but it's one and it ends at 6:15. So getting around and trying to get a job is going to be difficult for low income people, especially if they're participating in shift work.

And also, our last recommendation, educational excellence is a rating but it also should include capacity, because one of the schools that they listed is at 118 percent capacity. And we also would like to recommend under undesirable site features under Section 10.101(a)(3), an additional rule (I) developments near or adjacent to industrial sites with noise decibel levels that exceed state and federal health limits should be included as part of an undesirable area.

In light of this information, we request that you place the issue of the Verde Palms development on the December 2014 agenda for further consideration.

MR. OXER: And just to be clear, this is an application number 13133 that's been filed, approved and
evaluated.

MS. KIRK:  And they're in the development process right now and they're just starting to grade the spot, but the neighbors were not notified, and it's a lot bigger than they said it was going to be.

MR. OXER:  Okay. Thanks for your comments.

MS. KIRK:  Thank you.

MR. OXER:  Is there anybody else that wishes to speak on this item?

(No response.)

MR. OXER:  Thanks for your thoughts.

Now, Jean. It wasn't quite as big a busload as I expected.

MS. LATSHA:  4(b) is staff's final draft of the Uniform Multifamily Rules, particular subchapters A, B, C and G. It's the same general process as the QAP, although the QAP references these documents as part of the QAP but these rules govern all multifamily development, not just housing tax credit development.

MR. OXER:  And to point that out --

MS. LATSHA:  It's just a slightly different resolution in your Board book that doesn't include going to the governor by tomorrow.

MR. OXER:  So this does not have to go to the governor. Even though it's part of the QAP by reference,
it doesn't have to go to the governor tomorrow.

MS. DEANE: If I can?

MR. OXER: Sure, please.

MS. DEANE: Obviously, portions of these multifamily rules are referenced in the QAP. They're not technically considered part of the QAP but they are referenced in the QAP, and so what we do is we present the QAP to the governor and we do present these rules to him so that he can have them and read the QAP in context. But the multifamily rules apply to additional things and they're more of an umbrella rule, and so they're not technically part of the QAP itself, but we make sure he has it so he'll know exactly what all the cross-references mean and he can view the QAP in context.

MR. OXER: These constitute program context.

MS. LATSHA: Yes, sir.

MR. OXER: Good. Go ahead.

MS. LATSHA: So we have four subchapters. I can take them one at a time or I can go through all four and hear comment on all four.

So Subchapter A relates mainly to definitions. Some changes that staff did make as a result of the public comment was some cleanup to the definitions of general partner and managing general partner. There was also a comment with respect to the definitions of
principal and control. Staff didn't adopt the exact changes that were suggested by the commenter but those were made in a much larger context and we did make some revisions in Subchapter C with respect to the principal certification that addressed some of the concerns of that commenter. I've spoken with her and I think we're all on the same page that all of these definition certifications are fitting together a little more neatly now.

We also changed the definition of Colonia. That was really more of a clarification. This does relate to a scoring item that awards points if you are in a Colonia. The Colonia definition has this term in it, geographic area, and everyone was a little but confused as to what we meant by geographic area. So in the September draft we clarified that by saying a geographic area shouldn't be more than about two square miles. We further clarified that how we're going to look at that geographic area is to consider things like access to utilities and compare the entire geographic area to the actual Colonia as identified by the Texas Water Development Board. This was based on some comment too.

I think that that's going to give the development community a lot more clarification as to whether or not they would qualify for those points, which was the idea.
MR. OXER: And I'd point out it's not a change in the points, it a clarification in the mechanism to qualify.

MS. LATSHA: That's right.

We also made an adjustment to the supportive housing definition. We'd actually adjusted it in the September draft and really kind of came back to something that's closer to what we were using in 2014, stating that supportive housing is expected to be debt-free or have no permanent forecloseable or non-cash flow debt. The only change actually ultimately wound up being the addition of the word "permanent."

And then I do need to slightly modify staff's recommendation. There was one definition that we failed to update, and that is the applicable percentage definition, so in the case where the U.S. Congress were to fix the 9 percent rate, we just need to change a 2014 to a 2015.

Moving on to Subchapter B, in response to comment we removed a requirement to be able to obtain flood insurance if you were in a flood plain. We also adjusted a requirement for supportive housing developments to be within a half mile of public transportation or to provide free transportation to the bus stop. This is actually consistent with some of the 811 requirements. We
worked with them to have some consistency across the board there.

MR. OXER: So this is a manner of harmonizing all those programs.

MS. LATSHA: Yes.

In the undesirable site features section, in response to comment we removed some references to gas stations. We didn't want proximity to gas stations to be something that would make a site ineligible. And then also removed some particular pipelines as deeming a site ineligible. We basically left in any pipelines carrying highly volatile liquids as not so good.

MR. OXER: What was the proximity on that one, do you recall?

MS. LATSHA: The development site contains the easement for the pipeline.

MR. GANN: Did you say just liquids?

MS. LATSHA: You know what, I have to go back to the rule; I've looked at it so many times. It now reads: Development sites that contain one or more pipelines situated underground or above ground which carry highly volatile liquids.

MR. DORSEY: Cameron Dorsey, interim chief of staff.

Highly volatile liquids includes liquids that
are in gaseous form for the purpose of transmission or distribution or whatever.

DR. MUÑOZ: I'm sorry. What was that title again?

MR. DORSEY: Interim chief of staff.

(General laughter.)

MS. LATSHA: Any more questions about that one for Cameron?

MR. OXER: You knew you couldn't leave him out there, he was going to make his way to the mike one way or another.

MS. LATSHA: I know. He was really hoping for some questions earlier that he told me he insisted on answering.

So moving on, probably the most significant change to Subchapter B is one of the requirements under undesirable neighborhood characteristics. If you recall, we changed this rule up quite a bit in September and have some threshold requirements that will require disclosure if your site has some environmental issues, has extremely high poverty or has some crime issues. Folks weren't too happy with how we were evaluating crime. We were suggesting using a NeighborhoodScout Crime Index, and instead we've gone to basically a violent crimes per thousand, and we've also changed it to where this would
only pertain to urban areas. So the rule now reads: This would require disclosure. This is not something that would deem a site ineligible outright, this would just simply alert staff that we need to take a closer look at this site and then make a recommendation to the Board with respect to eligibility.

So it now reads: This would cause for disclosure, if the development site is located in an urban area and the rate of Part I violent crimes is greater than 18 per 1,000 persons annually for the immediately surrounding area. Immediately surrounding area, for the purposes of this provision, is defined as the census tract within which the development site is located, the police beat within which the development site is located for a city's police department, or within a one-half mile radius of the development site. The data used must include incidents recorded during the entire 2013 or 2014 calendar year, but may include up to 36 consecutive months of data. Sources such as the written statement from a local police department or data from neighborhoodscout.com may be used to document compliance with this provision.

So the idea was to give the development community some options in presenting any crime issues they might have at their site. It doesn't take away all of the subjectivity from the item but I think it takes most of
it. I don't know if we're going to hear much comment on
that either. I think that the development community was
pretty happy with that change -- at least I hope so.

Then we also added proximity to facilities that
were providing some specific services, such as treatment
of alcohol dependency, as an option under tenant services.
This is just another option. They have a list of options
they can choose from with respect to tenant services, and
we just added that as one of them. We also added several
options under green features. Those are all in Subchapter
B.

Subchapter C, this relates to basically
application requirements and applicant eligibility as
well. Again, one change of note was a clarification to
the applicant eligibility section. This was the addition
of language that would make disseminating misinformation
about a competing applicant a violation of the rule.
Also, just some clarifying language with respect to public
notifications, and when re-notification would be required,
again, that principal certification and some
clarifications regarding the ownership chart.

Finally, also in the waiver provision, staff in
September added a new section of this rule that allowed us
to recommend granting a waiver in cases where you had
rehabilitation that had some limitations with respect to
design that might not conform to our rules. We just added
that that would apply to adaptive reuse as well.

And that pretty much sums it up, so unless you
have any questions for me, I think we might have some
comment.

MR. OXER: Any questions from the Board?

(No response.)

MR. OXER: Okay. We'll need a motion to
consider first.

MS. BINGHAM ESCAREÑO: I'll make the motion.

Move staff's recommendation.

MR. OXER: Motion by Ms. Bingham on item 4(b).

MR. GANN: And I'll second.

MR. OXER: Second by Mr. Gann.

MR. OXER: Okay. Mr. Teachey, do you have a
comment?

MR. TEACHEY: Board members, Mr. Chair. Rod
Teachey, Columbia Residential.

I'm going to take another bite at the apple
here. So we had submitted a comment specifically
regarding the tenant services section, and in light of the
demonstration of the strong social services and community
support behind this development and all of the reputable
funded organizations that were here earlier today that
pledged their support, we were hoping that the QAP could
take into consideration projects that have this kind of unprecedented level of support.

Specifically, the purpose-built part of that model is to create a privately funded non-profit staffed organization whose purpose is to essentially coordinate, oversee and integrate the various social services organizations to make sure that the services that they provide are effectively transferred to the residents and the residents get the full benefit of those services.

So our suggestion to the staff was that there be some consideration and/or some point allocation given to a project that brought that to the table where you have an organization that's staffed, that's funded and it's focused on that specific development to make sure the residents get the full brunt of all the social services available in that community.

Mr. Oxer: Great. Thank you for your comments.

Any questions?

(No response.)

Mr. Oxer: I think it's evident, Mr. Teachey, that the model you're bringing in the purpose-built communities tends to be a hybrid that's outrunning our collective capacity at this point to put it in a slot, so we're pedaling as fast as we can to keep up with that one.

Any other comments? Robbye.
MS. MEYER: Robbye Meyer, one more time.

Thank you for your decision on the QAP. My clients and I greatly appreciate that.

One point that I'd like to make and just one comment that I had for the rules, and it's in Subchapter B, Jean touched on it earlier. A comment was made earlier about the undesirable site features and the letter that's required from federal agency on developments asking for an exemption, and I realize they are actually asking for an exemption but I think the development that you heard from earlier on Tays is having difficulty receiving that letter as of right now, and they received an award back in July. Their deal was already pretty much baked and ready to go and they've got all of their design plans and everything, and they still haven't gotten their letter.

For a development right now that's trying to put their application together that does not have site plans, that does not have their scope of work, it doesn't have an appraisal and everything, and trying to get that letter to turn in an application in February, that doesn't even know whether they're going to be competitive in the pre-app process, doesn't really seem fair to ask for that letter to be received from HUD. I don't know what we could give HUD in order for them to be able to give us that letter.
MR. OXER: When you figure that out, please let
us know.

MS. MEYER: Well, that's the problem. I mean,
it's kind of difficult to have that in a rule to ask the
development community to get something that you don't know
how to get it either. I mean, staff has talked to HUD on
the previous development that you just heard, and they're
asking for another month and you're still not getting it.
So I think it's kind of difficult to ask the development
community now when we don't even have an application that
we can give to HUD. And these also involve USDA
developments and trying to get a letter from HUD on a USDA
development, I think, is going to be next to impossible as
well.

I ask if we can give this another year and
let's see if we can figure out who to get it from and make
this process a little bit easier. I'll support it if we
can figure out who to get it from and get it in a timely
manner. Thank you for your time.

MR. OXER: Good. Thanks for your comments.

Anybody else? Anything else? Jean, any last
hits you've thought of?

MS. LATSHA: Cameron and I were, as Robbye was
speaking, just discussing one direction we could go,
without that without taking the requirement out altogether
for the exemption, is having it due at a later date.

Right now the rule is written says: Such an exemption must be requested at the time of or prior to the filing of an application and must include a letter from the Fair Housing or Civil Rights office of the existing federal oversight entity indicating that the rehabilitation of the existing units is consistent with the Fair Housing Act. We could simply make that sentence so that it's due at commitment or carryover or some much later date. That would be my suggestion in response to that comment.

MR. OXER: Do you have a thought on that, Tim?

MR. IRVINE: Well, without the letter, it's ineligible. Right?

MS. LATSHA: As the rule is drafted right now, that would be right. Yes.

MR. IRVINE: I mean, I think that the Board certainly does have limited discretion to grant waivers for good cause. Staff certainly is supportive when people are truly in a good cause situation. I kind of like the bright line of the rule, and if there is a good cause situation that occurs, then we'll deal with it in good faith.

MR. OXER: We're back to keeping a strong rule and providing waivers, as opposed to trying to write a rule that's got so many holes through it you could figure
Okay. All right. With respect to item 4(b), motion by Ms. Bingham, second by Mr. Gann, to approve staff recommendation, and we've heard public comment. Any other comments from the Board?

(No response.)

MR. OXER: There are none. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

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

Thanks, Jean.

And I think 5(a) is up.

MS. LATSHA: So 5(a) is a request for a waiver of 11.3(e) of the 2014 QAP. This is the elderly restriction in certain subregions and counties. We heard this waiver at the last Board meeting, and so I don't know that I would go into a whole lot further, except that the difference between last month's Board meeting and this one --

MR. OXER: Hold on just for a second. Move that microphone because we're intermittently in and out from this set of speakers. Apparently we're not getting anything out of it. Can you guys hear it? I mean, we're right here listening to her so that's close enough.
MS. LATSHA: Is that better?

MR. OXER: That's a lot better.

MS. LATSHA: It wasn't on.

MR. OXER: Imagine that.

(General laughter.)

MS. LATSHA: All right. So the only difference really between last month and this month is that now we have a QAP that we're going to send to the governor that no longer has this restriction in it. I certainly couldn't speak for what the governor is going to do with that QAP either, but I think that what you're probably going to hear from the applicant is that now that we're lifting the -- or at least proposing to lift the elderly restriction for 2015, why not grant the waiver essentially lifting it a couple of months earlier.

Staff's recommendation is still not to grant the waiver. I think that there was some expressed urgency with respect to this application, but as we started reviewing the application, it was a little bit difficult for us to really understand the urgency with having the application in 2014 and not just waiting until 2015 when the rules might allow for this application to be eligible on its face.

That being said, staff's position stands, we are not recommending the waiver. And unless you have any
other questions for me, I'll let them speak to it.

    MR. OXER: Okay. And this is a 4 percent deal, it's on the competitive list. Right?

    MS. LATSHA: That's correct.

    MR. OXER: All right. On that item we have to have a motion to consider before we hear comment.

    DR. MUÑOZ: So moved.

    MR. OXER: Okay. Motion by Dr. Muñoz to approve staff recommendation which is to deny the waiver which would essentially move this into the 2015 program year application.

    MR. GANN: I'll second.

    MR. OXER: Second by Mr. Gann.

    Kent. I'd say welcome back.

    MR. CONINE: Thank you. Glad to be back, and good to see the hard core four still at it again. I guess the next meeting you'll have two new Board members and you guys can take a break maybe.

    MR. OXER: If you think we're tough, wait till you see the two new marines that are showing up.

    MR. CONINE: Well, that's good, that's good.

    We are back, and as Jean said, I think have the urgency of needing to get this project moving, and we now have the certainty, if you will, of having the QAP state what our concern might have been last time. I'll also
tell you that when Jean suggests waiting until next year, the real truth to that process is it's not like you can get it done in January because we'd have to resubmit and then there would be the 75-day waiting period, and then there would to be a Board meeting, and then we're talking in realistic terms about as six-month delay, and that's material, especially in today's world with rising interest rates and rising construction costs. This is a big deal, it's a $20 million deal, it's not something small, so a 5 percent cost increase in construction, we're talking a million dollar increase, and that obviously might essentially make the deal not feasible at that time.

So again, I would urge you to grant the waiver so that we can go ahead and get started, with all confidence in saying that we have everybody lined saying that we have everybody lined up to get the deal closed in the next week or so, if you so deem to do so, and would appreciate the request.

I'm here to answer any questions.

MR. OXER: Great. Thanks, Kent.

Any questions for Kent from the Board? Doctor.

DR. MUÑOZ: You know, I made the motion, Jean, but what concrete sort of difficulty would the waiver present in the middle of November, six weeks out to the beginning of the year?
MR. CONINE: To do the processes, Dr. Muñoz, that the Department has set up, we couldn't actually close the transaction until April, and that's what hurts. It essentially kills the deal, and as I view the mission of TDHCA, it's to put affordable housing on the ground, and we certainly have a tremendous opportunity to do this in an area that you wouldn't normally get an opportunity. And I won't drag up the history of the merits of the project, but suffice it to say it's an unusual opportunity.

DR. MUÑOZ: Arguably, you're aware of the mission more than maybe anybody else in the room, but how does it kill it? How does it kill the deal by waiting until April? Interest rates may go, may not go as high.

MR. CONINE: They've gone up 30 basis points since we were here in October. I can tell you that. I'm getting calls all day from contractors saying our price is going to go up, and I've got them all locked in right now for a November-December initialization. They can't hold those till April, not going to, not in this marketplace. It's hotter than a firecracker in Dallas right now for all kinds of construction, not just multifamily. It would make the deal unfeasible because your sources and uses always balance out, and if I have a million or $2 million cost increase between now and April, they won't balance
out.

DR. MUÑOZ: So here's my question for Jean. Obviously, I made the motion just to get us talking. What would the waiver -- what harm would it cause and how does that harm exceed the benefit of affirmatively advancing affordable housing?

MS. LATSHA: You know, that's a tough question, and I think Tim had a thought on there too. My first gut reaction is there's a reason you rarely see staff up here recommending granting of waivers, and that's so that we don't set a precedent of granting such waivers, but I think Tim has something to add to that.

MR. IRVINE: I don't think staff has any visceral opposition to it. It's simply the current rules states X and staff follows the current rule, as long as it's in effect. You know, I think the fact that it is a 4 percent deal is of note. It's, for all intents and purposes, right now an unlimited asset that hopefully will get utilized to put units in Texas.

MS. LATSHA: The only other comment I might make, you'll see that the next item is the deal itself. Staff, even though we were trying to get all of the reasoned response with the rules and a pretty hefty agenda done, we spent a good deal amount of time on this application. Unfortunately, we're not able to get the

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underwriting completed and get it to EARAC and everything that we needed to do to be able to take the actual deal before you today. That being said, since we have done so much work on it already, if the Board were not to grant the waiver and we were to wait until 2015, it wouldn't be a typical situation where we would have to wait until a March Board meeting; I don't think we have a Board meeting schedule yet, but it would likely be more than that. So not quite the delay, but a delay nonetheless, yes.

MR. OXER: What you're saying, Jean, is we could essentially take this up in January and approve it in January, were that to be the case.

MS. LATSHA: This would be one of the only circumstances where I would say that's a real possibility.

MR. OXER: So go back to your schedule again, Kent, let's hear how this works.

MR. CONINE: I've got a 2015 QAP I've got to deal with that now may create changes in the application that I'm not prepared to say whether I can make or not can make right at this point in time.

MR. OXER: At least the 2015 lifts the restriction.

MR. CONINE: Right. But as far as the physical characteristics of the building may have to change, I don't know. All I can just tell you that the timing is
such, and we have had so much money being spent to this point, that it's just critical for us to get it started now, based on what I'm seeing in the marketplace today, and I just don't see, again, with the QAP lifting the prohibition against seniors, why it isn't advantageous to the Department. You're not issuing the bonds, we're doing that local, Collin County Housing Finance Corporation is doing the bonds, all you're doing is issuing a determination notice on the credits, effectively, so that we can get started. And that amount of credits is adjusted at the tail-end on all 4 percent deals anyway, at cost certification. So we just need to get this one rolling; I've got the D-9s waiting to go.

MR. OXER: Fueled up and warm, huh?

MR. CONINE: Yes, sir.

MR. OXER: I hear you.

DR. MUÑOZ: And Jean, you haven't done all the underwriting but you've looked at this, right, a little bit carefully?

MS. LATSHA: Yes, sir.

DR. MUÑOZ: Is there anything other than this that gives you any sort of pause?

MS. LATSHA: I think Brent and Tom could probably speak to that the most, but they haven't mentioned anything to me.
MR. OXER: Brent, you can either come speak or you can go up or down with a thumb on this.

MR. STEWART: Brent Stewart, Real Estate Analysis.

We've underwritten the transaction, we have not published the underwriting report. There is nothing in that report that would cause a negative recommendation from us.

MR. OXER: Stay with us, Kent, but Toni, you're going to be up next.

It's a 4 percent deal so there are currently unused assets available thought the 4 percent program that apparently don't go accessed by the communities doing these developments.

MR. STEWART: There is sufficient volume cap of private activity bonds that's not being used.

MR. OXER: Okay. Anything else right quick, Kent?

MR. CONINE: You've got about, my understanding, a billion dollars in unused bond cap sitting out there. You probably only closed two or three of these 4 percent deals this year anyway. Now is the time to go.

MR. OXER: Toni.

MS. JACKSON: Good afternoon. Toni Jackson,
I just wanted to also give the Board one last thing that I had actually brought up during last month when we were discussing this. The waiver request that we are speaking of, as the wording is in the QAP, it indicates in the 2014 application round the following counties are ineligible. As I got before you last month and indicated that we also did not believe that the bond applications actually fall under that application round, however, I did not have the statute in front of me, and I wanted to simply read that statute so that you have that in front of you.

The statute that governs TDHCA indicates that "Notwithstanding any other state law and to the extent consistent with federal law, the Department shall establish uniform application and funding cycles for all competitive single family and multifamily housing programs administered by the Department under this chapter, other than programs involving the issuance of private activity bonds."

So it is, again, our belief that when the QAP indicates in this application round these counties cannot have senior housing, we believe that that is not applicable to 4 percent transactions.

MR. OXER: Okay. Any questions of Toni?
Anything else?

MS. JACKSON: Do I have any questions of you, or any questions of me?

MR. OXER: Any questions from the Board of Toni. I know what you're asking us.

DR. MUÑOZ: Mr. Gann, are you prepared to withdraw your second?

MR. GANN: I am.

DR. MUÑOZ: And I'll withdraw my motion as well.

MR. OXER: There's been a withdrawal of the second by Mr. Gann and of the motion by Dr. Muñoz, which that motion was to approve staff recommendation. Would you care to restate, Dr. Muñoz?

Ms. Bingham.

MS. BINGHAM ESCAREÑO: Mr. Chair, I'll make a motion to grant the waiver.

MR. OXER: Motion by Ms. Bingham to grant the waiver.

MR. GANN: Second.

MR. OXER: Second by Mr. Gann. Is there any other public comment?

(No response.)

MR. OXER: Jean, have you got anything else to say to cap it off?
MS. LATSHA: No, sir.

MR. OXER: Okay. Dr. Muñoz.

DR. MUÑOZ: We might want to just add some language. I don't know if this would be the right time, or after the vote.

MR. OXER: Add contextual language to this to the effect that it's a 4 percent deal where we have an exceptionally large amount of bond cap capability left over going unaccessed. If we get this one in place, that's an extended use of the resources we have at our disposal. Is that a fair statement, Counsel?

MS. BINGHAM ESCAREÑO: I accept that context.

MR. OXER: Anything else?

(No response.)

MR. OXER: Motion by Ms. Bingham, second by Mr. Gann, to deny staff recommendation and to approve the waiver, given the context. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: Good job, Kent.

MR. CONINE: Thank you.

MS. LATSHA: So item 5(b), we don't have a presentation.

MR. OXER: For the record, I'm glad to see
somebody going after the 4 percent.

MS. LATSHA: As we said earlier, we don't have a completed underwriting report, we have not been able to take this to EARAC, so considering we don't have anything to present, I would suggest that we'll present that at December's Board meeting.

MR. CONINE: May I speak to that, Mr. Chairman?

MR. OXER: Certainly.

MR. CONINE: Given the fact that --

MR. OXER: And you are?

MR. CONINE: Kent Conine. Excuse me.

MR. OXER: Not that we don't know, it's something we've got to tell her.

MR. CONINE: I know. I apologize.

I think the Board would have the discretion to go ahead and approve the tax credit determination notice so we don't have to wait till the December meeting, and give that over to staff and the EARAC committee. Brent testified that essentially the underwriting was done. We had a conference call with him yesterday morning. He said it's virtually done, it just didn't get into the book and the three-day notice.

MR. OXER: Okay. Timeout. Brent? This is essentially moving, we just haven't gotten across the marker yet on this one?
MR. STEWART: The underwriting report is essentially complete. There is nothing in that report that would suggest that it would be a negative recommendation.

The process of these are that they go to EARAC where the deal itself, as well as the underwriting report is presented to EARAC for approval for a recommendation to this Board for approval of the transaction. That has not occurred. I don't know that we've had a transaction that hasn't been through EARAC that has not gone through that process before it comes to you.

MR. OXER: Questions of counsel?

MS. DEANE: If the Board is inclined to do this, could we make it --

MR. OXER: Provisional authorization?

MS. DEANE: -- subject to the completion? I'm sure in the rule there's a process set out that everything goes through and then it goes to EARAC and so forth, so we don't want to be in a position of having to look and see what other rules we need to waive to get there. I would make it subject to the completion of that internal process with the underwriting and going to EARAC, and if EARAC comes out with a positive determination, then the Board would tell staff to go forward.

MR. OXER: Are there any operational conflicts
with offering that latitude to EARAC? Because that's not to the ED.

MR. IRVINE: You really wouldn't be giving any latitude to EARAC. Simply, you would be approving it subject to EARAC conducting its normal review, and unless EARAC has reason to bring it back to the Board, the Board approval stands. If EARAC has a reason in its review to bring it back to the Board, we bring it back in December.

MS. LATSHA: I think the only thing I'm a little bit concerned about is we didn't send out zip code notifications which we do when we have a published underwriting report and something to put in a Board book. All of that always happens at the same time. Those notifications are required by statute and were not sent.

MR. OXER: So the public notification of this as a consequence of the EARAC follows a sequence, and you haven't done that yet. How do we get around that one, Kent?

MR. CONINE: Mail them out tomorrow. That's the only thing I can think of.

MS. DEANE: It may end having to come back to December if there's a statutory requirement in the way.

MR. CONINE: I'm just trying to create a path.

MR. OXER: I understand. I hope you recognize we're not working against you on this.
MS. LATSHA: I think the question would be if the Board book posting is required by statute. Since that didn't get done, there wouldn't be really a remedy for that. If it's on the notifications that are required by statute, then right, we mail them tomorrow.

MS. JACKSON: And that was what I was going to speak to, that is not a statutory -- I'm sorry.

MR. OXER: Toni Jackson.

MS. JACKSON: Toni Jackson. Sorry.

I was going to simply state that that is not a statutory requirement, it is part of your rules, so it does not require that it be put out at a certain time, so you would be able to put that out tomorrow.

MR. OXER: So we don't run the risk of it being in conflict with a statutory requirement if we do it this way?

MS. JACKSON: That is correct.

MR. OXER: Are you confident in that, Counselor?

MS. DEANE: Well, I'll add a little proviso to that, but I have no time to really dig in, I didn't realize this was actually going to go forward today. Subject to completing the internal process and if any statutory impediments are found, we will bring it back to December.
MS. JACKSON: And that would be acceptable.

MS. DEANE: I think we really have to anyway, but I would like to have that in there.

MR. OXER: Okay. Since we didn't have anything on this, there's not been a motion, we'd have to originate a resolution now. Is that correct? Anybody want to take a shot at that, or do you want me to do it? Gee thanks, folks. I know, I asked.

DR. MUÑOZ: Who's got the big gavel?

(General laughter.)

MR. OXER: Step over here and I'll show you.

All right. Subject to this particular project meeting the requirements of EARAC and statutory regulatory requirements, the 4 percent application is approved.

MR. CONINE: The determination notice.

MR. OXER: The determination notice is approved for the tax credits. So that's the next step in it. Does that satisfy the requirements of the rule?

MS. DEANE: Right. And if any impediments related to the rule or the statute are found, we'll bring it back in December.

MR. OXER: If EARAC or underwriting finds any impediments to this, it's got to come back.

MS. DEANE: Does it have to?

MR. IRVINE: Does the posting identify the
amount of the determination notice?

MS. LATSHA: It does. Well, typically when we post, it would identify the amount, but we didn't post anything.

MS. DEANE: Right. The agenda item today does not have an amount for the determination notice.

MS. LATSHA: I don't know if the agenda item itself has a number in it.

MR. CONINE: Orally present $890,000 in tax credits, would you?

MS. LATSHA: I don't think the number is 890-.

(General talking and laughter.)

MR. OXER: We can modify the resolution for an amount up to.

MR. IRVINE: Does REA have the number?

MR. OXER: Read that in the record somewhere.

MR. STEWART: So the draft underwriting report has a recommendation of $884,807.

MR. OXER: That was pretty close, 890-.

MR. CONINE: I knew he was going to trim me somewhere.

(General laughter.)

MR. OXER: They're a tough crowd to play.

With that modification to the resolution, that's the motion. The chair moves to approve the
determination notice in the amount that was expressed by Brent, 884,807. Chair's motion. Do I hear a second?

    MS. BINGHAM ESCAREÑO: Second.

    MR. OXER: Second by Ms. Bingham. Is there any other public comment? I assume you're not stepping forward to speak, Kent.

    MR. CONINE: No, sir. I'm just grabbing a piece of paper.

    MR. OXER: All in favor?

    (A chorus of ayes.)

    MR. OXER: Opposed?

    (No response.)

    MR. OXER: There are none. Glad to see you going after those 4 percent.

    MR. CONINE: Thank you.

    DR. MUÑOZ: Hey, Jean, I'll just say this, and Brent, your work on this proactively provided the possibility for this to move forward, so I appreciate your conscientiousness and professionalism and being able to give us the information we need to try to make a thoughtful decision on it. Thank you.

    MR. OXER: It's one of those creases we sometimes get into that you've got to exercise the latitude.

    What else have you got?
MS. LATSHA: All right. I think these we can whiz through, hopefully. Item 5(c) this is the adoption of the 2015 Multifamily Programs Procedures Manual. This just goes along with our application materials and outlines for applicants exactly how to fill out an application. It is referenced in the Uniform Multifamily Rules which is why we adopt it here. You'll see that it's a bit of a shell. It's because we update our application materials every year, but nothing in our application materials would be in conflict with the rules that were adopted.

MR. OXER: So it's more context.

MS. LATSHA: Yes, sir.

MR. OXER: Any questions?

(No response.)

MR. OXER: Motion to consider.

DR. MUÑOZ: So moved.

MR. OXER: Motion by Dr. Muñoz to approve staff recommendation on item 5(d).

MS. LATSHA: I think that was (c).

MR. OXER: I'm sorry. 5(c).

MS. BINGHAM ESCAREÑO: Second.

MR. OXER: Motion by Dr. Muñoz, second by Ms. Bingham, to approve staff recommendation on item 5(c). No public comment. All in favor?
(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

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

(General talking and laughter.)

MS. LATSHA: So item 5(d), these are HOME awards from the 2014 HOME NOFA, so although that NOFA was released relatively late in the game, what happened was we accepted applications for HOME funds under this NOFA when folks applied for 9 percent credits in 2014. So we've had these applications in house for a long time, although we didn't have our HOME grant agreement with HUD. We finally go that, we actually have the funds, so now we're awarding them. So they're a little bit behind all of those 9 percent awards, but all of the awards listed here are layered with 9 percent credits and are awarded to applications that have already been awarded 9 percent credits. If that made sense at all.

MR. OXER: So when they had the 9 percent credits, it was in anticipation of this being approved, it just took a little longer than we thought?

MS. LATSHA: That's right. And actually, in the next item I'll talk about how we're going to get back on the same cycle next year so that we don't have this kind of strange issue where we award the credits on the
application and award the HOME funds a little bit later.
But that's essentially what's happening here.

MR. OXER: Any questions for Jean?
(No response.)

MR. OXER: Motion to consider.

MR. GANN: So moved.

MR. OXER: Motion by Mr. Gann.

MS. BINGHAM ESCAREÑO: I'll second.

MR. OXER: Second by Ms. Bingham. No public comment. All in favor?
(A chorus of ayes.)

MR. OXER: Opposed?
(No response.)

MR. OXER: Good. Go.

MS. LATSHA: I waited that time. So 5(e), this is the programming of TCAP program income, actually, more accurately described as TCAP loan repayments. So I wasn't around when TCAP happened, I was on the other side of the fence, but this Board was --

DR. MUÑOZ: Jean, welcome to the good side of the fence.

MR. OXER: Come into the light, out of the dark side.

(General laughter.)

MS. LATSHA: The Department and the Board very
wisely back then decided to structure this program as a loan program which generated repayment, so in our coffers right now we have around $6 million that was generated from that program.

MR. OXER: Our coffers brimeth over?

MS. LATSHA: I wouldn't call it brimeth over, but at least there's a little cash in the bank. So we would like to program that for the Multifamily Division to administer. And why I'd like to talk about this in conjunction with HOME funds is we are also trying to get back on the same schedule with our HOME program funds so that come January-February we can actually have 2015 NOFAs for this $6 million, plus whatever balance we have in HOME and actually be able to allocate all of this on the same cycle. So I'm actually pretty happy about that.

MR. OXER: What's the general amount in the current? Add the $6 million to what you've got which would be what?

MS. LATSHA: I think maybe nine, more, upwards? I'm looking under the couch cushions, if you will, under both Tom's and Jennifer's couch cushions.

(General laughter.)

MR. IRVINE: The answer is right behind you.

MR. WEINER: Eric Weiner, HOME program administrator for Multifamily.
The question is how much money will be in 2014?

MS. LATSHA: In '15.

MR. OXER: If you add the 6 million to what we have now, what's the total?

MR. WEINER: We're anticipating about 6- to 8 million in HOME funds.

MS. LATSHA: So plus this gives us twelve.

MR. OXER: Twelve to fourteen.

MS. LATSHA: Right.

So this is just programming the funds, we still have some time for discussion on exactly what that NOFA is going to look like in January, but we did want to start that discussion. We've already started that discussion with some stakeholders and our initial recommendation is, and what we'll probably bring to the Board when we bring a NOFA to discuss further will be that it will prioritize rural rental rehabilitation development, and also mixed income developments in high opportunity areas. That's all, of course, up for discussion. Luckily in this instance we are ahead of the game, so should have plenty of time to develop that NOFA very carefully and release it in January or February.

MR. OXER: This obviously gives you the capacity to have more money to apply to projects. Are any of those larger as a consequence? Is there a limit to the
NOFA funding?

MS. LATSHA: That's something that we're going to discuss in the next couple of months, what those limits might be, whether we want to go up to a $3 million instead of only $1 million and maybe only in some very particular circumstances.

MR. OXER: Okay. So staff recommendation is to approve this item.

MS. LATSHA: Yes, sir.

MR. OXER: Obviously.

DR. MUÑOZ: So moved.

MR. OXER: Motion by Dr. Muñoz.

MS. BINGHAM ESCAREÑO: Second.

MR. OXER: And second by Ms. Bingham. No public comment. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

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

DR. MUÑOZ: I have a question for Jean. Jean, how did you describe the decision of the Board? Did you call it astutely or thoughtfully? What was that?

MS. LATSHA: I don't know.

MR. OXER: Expeditiously.

DR. MUÑOZ: It was very complimentary. I was
just wondering if all the decisions of the Board were so
categorized when you were on that side of the fence.

MR. OXER: Those fences change your
perspective, don't they?

MS. LATSHA: I'm going to plead the 5th on that
one. I can say that there was some betting going on as to
what those decisions might be.

MS. DEANE: Do you need an attorney, Jean?

I'll help you out there.

MR. OXER: So what exactly is the line on this
from your side, Jean?

(General laughter.)

MR. OXER: I think we have one more item, don't
we?

MS. LATSHA: No. We did that one earlier;
we're all done.


MR. IRVINE: Item 6 has been pulled and will be
presented in December.

MR. OXER: All right. We have come to the
point in the meeting where we offer an opportunity for
anybody who wishes to speak on any topic relevant to
TDHCA, particularly for the purpose of creating an agenda
for our future meetings. Ike Monty, welcome aboard.

MR. MONTY: Good afternoon, Chairman and Board.
Quick comment. Ike Monty, Investment Builders, El Paso, Texas.

I wanted to bring to your attention there's a development 14914 in Fabens, Texas, it's a development that we've turned in the last two years. There's no opposition. We were able to get full support from the entire delegation because it's not taking credits from any one developer or any other developer. So just to inform you that if you have any credits left over, the credits are 400,000, this particular deal is 400,000, we could scale it back.

MR. OXER: In terms of the leftover credits department, I think they're sitting behind you right there.

(General laughter.)

MR. MONTY: They've heard the spiel.

On that note, thank you for all your hard work.

MR. OXER: Great. Thanks, Ike.

All right. Any other questions? Michael, do you have a comment?

MR. LYTTLE: I have actually a letter from a state representative on a non-agenda item that I've been asked to read into the record.

MR. OXER: This is the right time.

MR. LYTTLE: Okay. It is from State
Representative Richard Raymond, and it reads as follows:

"Dear Chairman Oxer, This letter is to express my continuing support for the 2014 application for low income housing tax credits for Stone Oaks Apartments in Laredo, Texas. The application for LIHTC is in the at-risk set-aside.

"The Laredo Housing Authority's application for LIHTC proposes to relocate 100 apartments from a 200-apartment public housing development that is located in a very low income neighborhood to a Tier 1 income location that is a neighborhood of higher opportunity. The new development will include 100 LIHTC apartments and twelve market rate apartments. The very nearby amenities include one of Laredo's major hospitals, a new clinic for veterans, major grocery and retail stores, main U.S. Post Office, banks and several other amenities.

"The LHA's application meets the requirements of TDHCA's QAP. By relocating the 100 units from a very low income neighborhood to a neighborhood of higher opportunity, the LHA is affirmatively furthering fair housing. The relocation lessens the high concentration of low income residents in the 200 public housing unit development.

"It is my understanding that Stone Oaks Apartments is next in line for an LIHTC allocation and can
receive the LIHTC if TDHCA number 14130, Tays in El Paso, is not able to obtain a letter from the U.S. Department of Housing and Urban Development that the proposed development complies fully with the Fair Housing Act.

TDHCA terminated application 14130 because it did not meet the requirements of the governor-approved 2014 QAP and TDHCA's 2014 Uniform Multifamily Rules because of undesirable area features. The site is within 1,000 feet of an active railway, significant presence of blighted structures, significant criminal activity, significant high poverty levels.

"At the July 31, 2014 Board meeting, the Board granted an appeal to application 14130 and awarded LIHTCs subject to the applicant obtaining a letter from HUD that the proposed development complies fully with the Fair Housing Act. The HUD letter was due November 3, 2014. The applicant was unable to obtain the required HUD letter and is requesting TDHCA to grant an extension of the deadline." Which you all did earlier, I believe.

"TDHCA allowed the applicant 95 days to obtain the required letter from HUD but was unable to obtain the letter. In my opinion that TDHCA allowed 95 days for the applicant to obtain the HUD letter was more than sufficient and TDHCA should not grant that extension. If HUD has not provided the TDHCA with the required letter,
it seems obvious that HUD does not consider the proposed
development to fully comply with the Fair Housing Act.

"I ask that TDHCA adhere to the governor-approved 2014 QAP and 2014 Uniform Multifamily Rules and
terminate application 14130. After the application of
TDHCA number 14130, TDHCA should allocate LIHTCs to the
next at-risk application that I understand is number
14090, Stone Oaks Apartments in Laredo."

Signed: Sincerely, State Representative
Richard Peña Raymond.

MR. OXER: Good. Thanks, Michael.

Any other comments from the audience? Any
other comments from the staff? Any other comments from
the Board members?

(No response.)

MR. OXER: Chair gets the last word. Thanks
for the work that you do. We appreciate up here the work
that the staff does, we know it's hard. We also
appreciate all the efforts that the members of this
community do to improve the housing for the folks that are
the low income sector for our State of Texas.

I'll entertain a motion to adjourn.

DR. MUÑOZ: So moved.

MR. OXER: Motion by Dr. Muñoz.

MS. BINGHAM ESCAREÑO: Second.
MR. OXER: And a second by Ms. Bingham to adjourn. All in favor?

(A chorus of ayes.)

MR. OXER: See you in a month, folks.

(Whereupon, at 2:18 p.m., the meeting was concluded.)
CERTIFICATE

MEETING OF:       TDHCA Board
LOCATION:         Austin, Texas
DATE:             November 13, 2014

I do hereby certify that the foregoing pages, numbers 1 through 172, 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.

/s/ Nancy H. King  11/19/2014
(Transcriber)         (Date)

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