TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

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

July 16, 2015
9:03 a.m.

BOARD MEMBERS:

J. PAUL OXER, Chair
JUAN MUÑOZ, Vice-Chair
LESLIE BINGHAM ESCAREÑO, Member
T. TOLBERT CHISUM, Member
TOM H. GANN, Member
J.B. GOODWIN, Member

TIMOTHY K. IRVINE, Executive Director

ON THE RECORD REPORTING
(512) 450-0342
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HOUSING TRUST FUND
c) Presentation, Discussion, and Possible Action on the approval of the proposed 2016-2017 Housing Trust Fund Biennial Plan

OFFICE OF COLONIA INITIATIVES
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14070 Lakeline Station Austin

ON THE RECORD REPORTING
(512) 450-0342
CONSENT AGENDA REPORT ITEMS

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

EXECUTIVE SESSION

ADJOURN
MR. OXER: Good morning, everyone. I'd like to welcome everyone to the July 16 meeting of the Texas Department of Housing and Community Affairs Governing Board.

We'll begin with our roll call, as we do.

Ms. Bingham?

MS. BINGHAM ESCAREÑO: Here.

MR. OXER: Mr. Chisum?

MR. CHISUM: Here.

MR. OXER: Mr. Gann?

MR. GANN: Here.

MR. OXER: Mr. Goodwin is not with us today.

Dr. Muñoz?

DR. MUÑOZ: Present.

MR. OXER: And I'm here. We've got five, it's a quorum. We are in business.

All right. Tim, lead us in the salute.

(Whereupon, the Pledge of Allegiance and the Texas Pledge were recited.)

MR. LYTTLE: Mr. Chairman, I wanted to point out before we started, per your direction, that we are broadcasting live on the Texas House Media Services page, as well, and we also indicate results from the meeting at our Twitter account which is "TDHCA, so just for folks, we
use multiple venues to get information out about the Board meeting.

MR. OXER: I think we invite everybody that's listening to connect or follow.

MR. LYTTLE: Follow us at our Twitter account.

MR. OXER: Great. Okay. Thanks for that, Michael, or as you're known, Captain Tweety reporting for duty.

All right. Let's get to work. Consent agenda, is there any item on here that any Board member wishes to pull? If you're all satisfied with the consent agenda, I'll entertain a motion to consider.

MR. CHISUM: So moved.

DR. MUÑOZ: Second.

MR. OXER: Okay. Motion by Mr. Chisum, second by Dr. Muñoz to approve the consent agenda. There's no public comment. All in favor?

(A chorus of ayes.)

MR. OXER: Those opposed?

(No response.)

MR. OXER: There are none. It's unanimous.

Let's get to the hard part here. Teresa, I think you're up.

MS. MORALES: Teresa Morales, acting director of Multifamily Finance.
Item 3(a) is a multifamily bond issuance by the Department and involves the acquisition and rehabilitation of a 100-unit elderly development in El Paso. There are a few corrections to the information contained in the writeup.

First, while EARAC had not yet made a recommendation at the time of Board posting for this application, it did meet on July 10 and recommended approval, subject to confirmation by our legal counsel, that the elderly restrictions required by HUD are not in conflict with the Department's definition of a qualified elderly development, or if they are in conflict, to modify one of those definitions.

Second, there was, in fact, public comment received. The Department received letters of support from State Senator Jose Rodriguez, former State Representative Naomi Gonzalez, and current State Representative César Blanco.

And third, the credit amount should be $378,494. Additional conversations with the applicant after the posting resulted in a change to the credits.

Staff recommends approval of Bond Resolution 15-021 in an amount not to exceed $5,750,000 and a determination notice of $378,494.

MR. OXER: Questions from the Board?
(No response.) So we're essentially harmonizing these definitions? Is that what I hear correctly?

MS. MORALES: Yes.

MR. OXER: No broken glass in the mashed potatoes here, just making this work?

MS. MORALES: Just making sure.

MR. OXER: Making all this work.

MS. MORALES: Yes.

MR. OXER: Okay. We do want to be good stewards and good samaritans, particularly when dealing with HUD. Right?

MS. MORALES: Yes.

MR. OXER: Motion to consider?

MS. BINGHAM ESCAREÑO: Move to approve.

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

MR. GANN: Second.

MR. OXER: And second by Mr. Gann. There's no public comment. Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: And there are none.

MS. MORALES: Item 3(b). Item 3(b) has two parts. First, there is the fact-intensive issue as to
whether the applicant has established that the factors it has disclosed in accordance with the applicable rules should not render its proposed site ineligible. And second, if the Board finds the site to be eligible, there is the procedural requirement of bond inducement.

The rule regarding undesirable neighborhood characteristics requires disclosure if a proposed site is in a census tract with a poverty rate in excess of 40 percent and where the Part 1 violent crimes is greater than 18 per 1,000 persons annually. Gateway on Clarendon not only triggers the application of these undesirable neighborhood characteristics, but it triggers them by a good margin with a poverty rate of 58.4 percent and a reported Part 1 violent crimes of 39.83 per 1,000 persons.

Staff has been working extensively with the applicant over the past few months, primarily through their counsel, to obtain documentation to address these issues and staff has conducted site visits as well. To summarize the information that as provided, the TODTIF which stands for Transit Oriented District Tax Increment Financing -- and we'll refer to that as the TODTIF annual report -- identified retail and residential development that has occurred, however, these projects are located several miles south of the proposed site in the Lancaster Corridor and census tracts with lower poverty rates.
While the Grow South initiative, which is another document the applicant provided, includes several different focus areas, the proposed site does not lie specifically within one of those targeted areas and the boundaries for the targeted area closest to the site abut IH-35 and do not appear to be part of the neighborhood.

Lastly, planning efforts associated with The Bottom plan began as far back as the early 2000s with more active planning efforts by the city occurring recently from 2012 to 2015, culminating in the adoption of a plan in April of this year. The city has indicated that many of the blighted homes have been acquired by the city, however, a definitive timeline associated with the redevelopment of lots addressing the observed blight has not been provided.

Also provide was the Neighborhood Plus Revitalization Plan for Dallas, however, this is a citywide plan and it does not speak to specific efforts currently underway in this neighborhood.

The rule regarding undesirable neighborhood characteristics has a provision that despite the presence of such unfavorable characteristics the Board may, in certain circumstances find the site eligible. The rule enumerates specific rationales which can be employed to support such a finding: one, the preservation of existing
affordable units subject to existing federal subsidy; two, improvement of housing opportunities for low income households and members of protected classes that do not have high concentrations of existing affordable housing; or three, providing affordable housing in areas where there has been significant recent community investment and evidence of new private sector investment.

There are clearly local interests, both in favor of and opposed to this development, but the real issue is not support or opposition. The issue here is simply has the applicant provided a compelling written record to substantiate that the application will be clearly consistent with one of the three factors previously stated: Does this meet our rules? Staff does not believe that this is the case.

The major adverse factors present which the applicant has worked to address are the high rate of violent crime, as reported on Neighborhood Scout, and the presence of significant blight. Staff has conducted the additional review and assessment provided for in the rule and has simply been unable to document to its satisfaction that this proposed site ought to be found eligible. Even if one could, in reliance upon the statement of the Dallas chief of police, as provided in your supplemental materials, get there with respect to the issue on crime,
the fact remains that whatever local public and private investment may be in the works has not been made manifest in a manner that meets the third criterion.

Clearly, this is not affordable housing subsidy preservation. Staff does not believe that the development would improve housing opportunity for protected classes that do not have existing concentrations of affordable housing. So it all comes down to local public and private sector investment that has already occurred. Staff believes that this Board has previously made abundantly clear that affordable housing should not be the vanguard effort but should follow after the investment has already begun to occur and significant sources have begun to enter the area and make their positive impact known. After several site visits, staff just did not believe that this was the case.

Staff recommends that the proposed site be found ineligible.

MR. OXER:  Any questions?

MS. BINGHAM ESCAREÑO:  Teresa, so the three criteria, the three rationale in our Board book are the ones that are at the beginning of page 5, there's four listed, but it's preservation of existing occupied affordable housing units that are subject to existing federal grant improvement, are those the ones?
MS. MORALES: Correct.

MS. BINGHAM ESCAREÑO: And in order for the Board to even consider, does it have to meet the three? The Board book says two of them, I think, are applicable and one of them isn't, and then there's the question about the funding.

MS. MORALES: Correct. The first one has to do with essentially acquisition rehab it's preserving. Gateway on Clarendon is proposed to be new construction, so that one is not applicable. We're primarily looking at the other two.

MS. BINGHAM ESCAREÑO: Okay. So the other two, if it meets one of the two and then if we can get the hurdle of the funding, then the Board would have rationale, otherwise, the Board wouldn't have defendable rationale.

MS. MORALES: That's correct.

MR. IRVINE: If I might clarify my understanding.

MR. OXER: Tim.

MR. IRVINE: I think that there are really two different aspects. One is whether you can provide evidence that notwithstanding what's been disclosed and found that, in fact, there is no longer a blight issue. That is one possibility. If you don't get there, in other
words, there are still present undesirable characteristics, the only way that you can waive the requirements and still find the site eligible is under the rationale under those three things.

DR. MUÑOZ: Can I ask a followup question to the ED's point? How could we possible get there, if I understood you, Teresa, to say a timeline to address the blight has not been established? So if we can't definitively sort of ascertain when the blight will be abated, then how do we consider these other criteria?

MR. IRVINE: I think you would have to find that one or more of these criteria were present in such a manner that it presented a compelling and overriding reason to go forward notwithstanding.

MR. OXER: Teresa, the economic development, we have a lot of apparently some information that there was economic development that's planned and that is coming. How much is there? Because as it turns out, we have to evaluate applications for this and any other criteria or any other item brought before us not on what's expected to be. We turned down some folks last meeting on the fact that they said their schools were going to be some of the best in the state, and that's probably true, they likely will be, but what are they now. So we look at things in terms of the instance presented to us and that's what we
have to make our decision on. Fairly or unfairly, that's what we have to do.

So in staff's mind what is the magnitude of the economic development that has already occurred because it's been the policy of this board for the last couple of years that housing is there to support the demand for housing that accrues when economic development has occurred.

MS. MORALES: The one plan that would speak to the economic investment would be the TODTIF annual report. The TODTIF plan covers -- it's broken down into various subdistricts and the subdistrict that would be most applicable to this site is called the Lancaster Corridor which is actually a little bit further south. Within the Lancaster Corridor there is another boundary map that references the 8th and Corinth Street station, and that is within a half mile of this proposed site and most applicable.

With respect to any investment that has occurred within the 8th Street and Corinth Street station, there has not been any commercial or retail economic investment. There has been investment further south within the Lancaster Corridor approximately four miles south of other multifamily development, but staff does not believe that that is a direct relationship with this
particular site.

MR. OXER: Any questions?

(No response.)

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

MR. GANN: I'll move staff's recommendation.

MR. OXER: Motion by Mr. Gann to approve staff's recommendation on item 3(b) which is to deny the appeal. Is that correct?

MS. MORALES: Correct.

MR. CHISUM: Second.

MR. OXER: Second by Mr. Chisum.

It appears we've got some folks that want to speak on this one. Claire. Good morning and welcome.

MR. PALMER: Thank you, Chairman Oxer and members of the Board. First, Chairman Oxer, I have a handout which we brought 150 copies for all of the people who are at the meeting, and I would like, first, your approval to present this to the Board since everyone else has gotten it.

MR. OXER: How many pages is this?

MR. PALMER: It's fourteen but four of those are actually just cover sheets, so there's ten pages. It really is only going to be when I speak to you I'm going to talk about the revitalization areas and this contains
maps that will make it easier for you to understand what we're talking about, and that was the reason for the clarification, the maps.

MR. OXER: I think we've got enough. Your request is denied, and the chairman's position is there are plenty of maps in here.

MR. PALMER: And I'm going to request that Renee Hartley from Representative Eric Johnson's office be allowed to speak first.

MR. OXER: You didn't know she was going to throw you under the bus that quick.

(General laughter.)

MS. HARTLEY: No. Good morning, and thank you, Chairman, for allowing me to speak today. I am chief of staff for Representative Eric Johnson. He represents House District 100 in which this development will lie.

I have actually two letters. I'm also here on behalf of Dallas County Judge Clay Jenkins, and I'll be reading a letter of support on his behalf as well, and I believe the letter from Representative Johnson may already be in the record.

"The Gable on Clarendon is an ambitious project that will be the catalyst for neighborhood transition in southern Dallas. The proponents are committed to fostering community revitalization. Non-profit Family
Gateway serves thousands of homeless families throughout Dallas every day, and Matthews Affordable Income Development is an experienced LIHTC developer.

"The project is crucial to support Family Gateway's goal to eradicate childhood homelessness. Gateway on Clarendon not only offers affordable housing but childcare, social services and direct access to bus and light rail services. The investment complements multiple City of Dallas action plans and initiatives to alleviate physical and social blight, induce wealth generation, and improve public safety. Dallas Mayor Rawlings' Grow South initiative is but one example. My understanding is that TDHCA staff received confirmation from the City of Dallas as to the magnitude of the planned investment.

"Gateway on Clarendon will be a tremendous asset and catalyst for revitalization in a target neighborhood, truly serving as a gateway. Gateway on Clarendon is a transit-oriented development, only two DART stops from downtown Dallas. This reduces housing and transportation costs which directly increases disposable family income and quality of life.

"I respectfully request your consideration and approval to waive the neighborhood characteristics requirement for this application.
"Sincerely, Eric Johnson, Texas House of Representatives, District 100."

And this letter is from Dallas County Judge Clay Jenkins, and it's dated June 14.

"I'm writing on behalf of Dallas County to support the site eligibility waiver request for Gateway on Clarendon, a 4 percent LIHTC with tax-exempt bond application by Family Gateway and Matthews Affordable Income Development.

"Gateway on Clarendon is proximal to the 8th Street DART station, helping address poverty in Dallas County by providing affordable housing and access to transportation and nearby social services. This location is well suited for a comprehensive approach to addressing systemic poverty. The increased access to employment and services will subsequently increase wages and local productivity which will promote decreased crime in the area.

"Dallas County would be well served in the addition of the Gateway on Clarendon project, and I respectfully request TDHCA waive its undesirable neighborhood characteristics condition so the project can proceed.

"Sincerely, Clay Jenkins, Dallas County Judge."

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

MR. OXER: Okay. Thank you.

MS. HARTLEY: Thank you so much.

MR. OXER: Now, just as a matter of housekeeping for today's meeting, everybody that speaks at the podium remember to sign in, and those who wish to speak on any particular item when it's called, the row of chairs in the front here to our left will for those who wish to speak, and we'll generally begin with the one closest to the aisle and work to our left, your right.

MS. PACKARD: Good morning. I'm Cathy Packard, executive director of Family Gateway and the partner in this project with Matthews Southwest. We joined forces with Matthews Southwest because we've seen the changes that his projects have made in other parts of our city and we are very excited about that opportunity to work with Matthews Southwest.

Our goal is to end child homelessness in Dallas and we are making great strides with that. We focus on education to achieve that goal, education from five-week-old babies up to grandparents who are in our care. You're never too young or too old to be educated. Part of this project is based in an educational daycare center that will not only serve the residents of this facility but will also be open to neighboring families. We are very
excited about that opportunity. We'll also have a playground for children on the property and a busing service or a van service that's going to be available for our families to take them to good shopping areas on a regular basis during the week.

So we are thrilled to be part of this project. I know it will make a difference in South Dallas, and appreciate your time.

MR. OXER: Thank you, Ms. Packard.

Any questions?

MR. IRVINE: May I ask one?

MR. OXER: Absolutely.

MR. IRVINE: You mentioned the importance of education for children. What are the ratings of the schools that would serve this development?

MS. PACKARD: The schools, they've got a new school in the area and we're betting on DISD being a quality -- continue to improve. There's a magnet school in the neighborhood. That doesn't mean our children have immediate access but it's there and it's in walking distance.

MR. IRVINE: But you don't know the ratings for the primary attendance zones for the schools?

MS. PACKARD: I don't know those ratings. Sorry.
MR. OXER: Any other questions of Ms. Packard?

(No response.)

MR. OXER: Okay. Thank you.

MS. PACKARD: Thank you.

MR. OXER: All right. Sit still for just a second. This is a housekeeping item, don't worry. We've got an audio problem here. We need to work through this right quick to make sure.

(Off the record at 9:26 a.m., and back on the record at 9:28 a.m.)

MR. OXER: Good. Thanks, guys.

MR. GALBRAITH: Good morning, Mr. Chairman. My name is Scott Galbraith. I'm vice president of Matthews Affordable, and I've been coming here for four years, the first time I'm ever going to speak is when you cut the sound off.

(General laughter.)

MR. GALBRAITH: I'll be very brief. Matthews Southwest is very committed to this project. We think we develop very high quality projects and we've received accolades on our most recent, The Bellevue, which I think you're all aware of.

I think one of the things we want to make real clear is the proximity of this DART station. Certainly staff's interpretation of access to economic development
opportunities, this DART station is just one stop further along than The Belleview, and we already have a waiting list at Belleview. We know that people are experiencing the benefit of the revitalization efforts we've made in The Cedars will be very close to it. This is a walkable mixed use zone, it's been just recently approved by the City of Dallas as of last week. The city certainly expects this to be linked to both Lancaster Village area as well as The Cedars, so I think the concern of housing with accessibility towards services has been perhaps overlooked by some of your staff evaluation.

I guess my key concern is that while I appreciate staff's interpretation, certainly the City of Dallas feels that we do comply with their initiatives, the investment they're making, the continuing investment we hope to make. With that, I just want to ask you to reconsider your position and give us a chance to try and prove ourselves again.

MR. OXER: Okay. Thanks, Scott.

Any other questions from the Board?

(No response.)

MR. OXER: Claire. Hold on, Claire.

Juan, did you have a question?

DR. MUÑOZ: I had a question for Teresa.

MR. OXER: It's all right, you'll get to play
too, Claire, don't worry.

DR. MUÑOZ: Teresa, in your summary you have a passage about three paragraphs down on page 5: It's evident that the city shares in the Department's observations and concerns regarding the condition of the neighborhood. You seem to imply that the city is apprehensive or has some doubts as to the ability to vitalize the area. Other than the absence of a concrete timeline, is that all that you're using as evidence to suggest this sort of temperament of the city?

MS. MORALES: That statement is mostly in reference to the city shares in the Department's concerns with respect to blight in the neighborhood, and their desire to implement plans. So that statement, it's obvious that through the City of Dallas implementing various plans, such as the Grow South, The Bottom plan in particular, that they have a desire to address the blight and the condition of that neighborhood and a desire to revitalize it. It's staff's position that an action plan that has actually come to fruition that has actually done something has not yet occurred.

DR. MUÑOZ: Okay.

MR. OXER: So what they're saying is there is blight there and they have an idea.

MS. MORALES: Which they acknowledge. Staff
isn't saying that there is a lack of a plan, there are plans, and we're not questioning the city's desire to revitalize, it's just a timeline associated with that.

And if I may, with respect to Tim's comment with the rating of the schools, there is a magnet school in the area but it's not clear that the children of this development would necessarily attend that magnet school. The attendance zone, the elementary, middle and high school, two of those schools, as determined by TEA, site improvement is required.

DR. MUÑOZ: Two of the three?
MS. MORALES: Two of the three.
DR. MUÑOZ: Do you know if it's the high school?
MS. MORALES: It's the high school.
MR. OXER: Claire, you had another comment.
MR. PALMER: Yes, sir. Claire Palmer, representing the applicant.

I just have a couple of comments. One on the timeline for redevelopment. The City of Dallas has already agreed to put $3 million into this project. I think it shows a high level of commitment to this area. It's been almost unheard of amount of support from the City of Dallas, that we had to go through an extremely rigorous NOFA process to receive. The city, at their last
council meeting, approved $1.2 million for a single family housing development directly adjacent to our site for houses that will be sold to the general public at prices ranging from $180- to $190,000. Again, I think that shows an extreme commitment on the part of the City of Dallas to revitalize this area.

When the staff drove -- I wish that we had been able to drive the site with staff because I will agree that if you drive just certain streets you're going to see blight in that area. The city is buying those houses up as fast as they possibly can. One of the things I brought in my packet that I can't hand out is a map of all of the houses that have already been bought, either by the city or by local nonprofits, for rehabilitation which would show an incredible effort on the part of both public and private sectors to eliminate blight in this area. The city is really committed to this.

The number one high school in the United States is in this census tract. This housing will, in fact, provide housing for those students who do qualify to attend that school. The elementary school that is in the particular -- that these kids go to scored a 71 in 2013. That's not a bad score when 77 is high opportunity, it's educational excellence. But better than that, the old elementary school that serves this area is reopening as a
charter school and will be 100 percent available to the students in this particular area.

The city -- one of the things that is part of the rule this year is that we provide proof that local officials are committed to this project. We have letters from the chief of police, we have a letter from the mayor of the City of Dallas, we have a letter from the interim director of housing, we have commitments from the representative, we have commitments from the commissioners court. It's an unheard of amount of support, and letters stating specifically that this area is within the revitalization area. If you draw a circle map of one mile around this project, every single one of the revitalization plans hits into this project site. It doesn't say that it has to be on top of the project site, it says surrounding area, and every revitalization effort that's going on in the South Dallas area is within a mile of our site.

We believe that this site is truly being revitalized and we believe we've provided a timeline that shows that money is already going into the area, and we request the waiver. Thank you.

MR. OXER: Thanks, Claire.

Any questions from the Board?

(No response.)
MR. OXER: Hold on, Claire. This is a 4 percent deal.

MR. PALMER: Yes, sir.

MR. OXER: So you're not under a shot clock on any appropriation.

MR. PALMER: We are under a shot clock with the City of Dallas because they have to allocate their HOME money by July 31 or they will be subject to not receiving the same amount of HOME funds as they received last year. We've already drafted and finalized the HOME loan agreement with the City of Dallas and are waiting to sign it pending the outcome of this meeting.

MR. OXER: Essentially what we're saying is there's blight there and they haven't done anything about it but they're planning to spend money.

MR. PALMER: Honestly, they are doing something about it. If you look at The Bottom plan which is the part of the area that the staff was most concerned about, you will find that the City of Dallas -- and we showed his -- has bought up over 100 of those blighted homes and continues to do so. The plan is to sell those off in blocks of land for redevelopment. First they have to buy them, it takes time to buy up, but the city is committed to buying up all of the blighted houses and redeveloping that area. That plan was adopted in February, they are
diligently working on it. You have to start somewhere.

MR. OXER: And for the record, we understand that you have to start somewhere and what we think is you start with local because we keep coming back to this thing that the housing doesn't spur the development, it's the economic development that spurs the need for the housing.

MR. PALMER: And I agree to some extent with that, but if you go one transit stop up to The Cedars neighborhood which is The Cedars transit stop, five years ago that was one of the most blighted areas in the City of Dallas. Matthews made a commitment to work with the city to get that area turned around, they put in the Belleview affordable housing. Now there is regular for profit housing going into that area that makes the area completely -- we would never be able to build another affordable development there. It's one transit stop away. They have waiting list for the Belleview of over 500 people right now. One transit stop down we're trying to build this housing where we know there's going to be a huge demand.

This is not being built -- this is being built for workforce people who need to work in the City of Dallas but don't necessarily have a car and they can walk to the transit stop and be in downtown Dallas in five minutes. It's an unbelievable site for anyone to live. I
would be living to live in that site if I qualified for the income levels. This is a good site.

MR. OXER: Based on the pay scale for this group, I probably do at this time.

MR. PALMER: Well, based on the pay scale for the amount of time I've spent on this transaction, I probably do too.

MR. OXER: You're way under minimum wage on this one.

MR. PALMER: Thank you.

MR. OXER: Certainly.

Teresa. I continue to struggle with how to support things that add to this but maintain the integrity of our rule which we've bumped into this question before in terms of what leads what here, and the economic development tends to lead the housing.

And Claire, you may want to come up here and stand at the podium also to be able to answer some other questions that we have.

DR. MUÑOZ: I have a question.

MR. OXER: I think Dr. Muñoz has a question, and Mr. Chisum will be next.

DR. MUÑOZ: Teresa, you know, one of these provisions, improvement of housing opportunities, et cetera, in their response they indicate that there's a
public housing development close but it would not serve
this project, Gateway at Clarendon, and in your writeup it
implies that it's just across the street. I mean, I grew
up next to public housing and people went across the
street to live. So is that your conclusion that people
from this side of the street would move across and that
there could be some migration? In other words, there is a
concentration of affordable housing?

MS. MORALES: The AMI levels served at the
public housing development that's across the street does
not coincide with the AMIs projected to serve at the
Gateway on Clarendon.

With regards to concentration of affordable
housing and that provision in the rule, there is a public
housing development immediately across the street and then
there's also a senior affordable complex that is just
further south of the site.

MR. OXER: Mr. Chisum.

MR. PALMER: But those are the only two --
there is only one other low income tax credit project
within probably five miles.

DR. MUÑOZ: But there are two within proximity
of this project.

MR. PALMER: No, sir.

DR. MUÑOZ: Well, you're saying no, sir, and
Teresa is going like this.

MS. MORALES: It's a public housing development that's owned by the Dallas Housing Authority, it's not one of TDHCA's funded properties. The senior development that is just on the other side of this one is an affordable property.

MR. OXER: Affordable but not funded by.

MS. MORALES: It is funded by TDHCA, yes.

MR. OXER: Okay.

MR. PALMER: It's senior housing.

MR. OXER: Tolbert.

MR. CHISUM: I'm somewhat familiar with this area, but I'm going through the maps and whatever, and in the information that was shared with us there is an article here about strengthening and engaging neighborhoods and it got a grade B with more neighborhood organizations, a half million dollar grant from Wells Fargo Foundation, and neighborhood plus briefed and incorporated in the strategy, AmeriCorps VISTA members have been assigned, the cultures are clean, had a grade of B minus, demolished over 250 structures. I'm assuming that's by the City of Dallas?

MR. PALMER: Yes, sir.

MR. CHISUM: Attracting City of Dallas owned properties, new technology for Dallas Animal Shelter.
Could you give me some definition on this blight and the 250 structures? That appears to me to be the entire City for Dallas, not this area. Is that correct?

MS. MORALES: I believe you're referring to the Grow South initiative with those grades. The Grow South initiative includes several different targeted areas, and the one that I referenced in my initial presentation was the North Oak Cliff area which would be specific to this site, however, staff does not feel that it is within the neighborhood of this site. So with respect to your question and the number of homes and stuff, staff is unable to determine exactly what part of the Grow South initiative that is in particular to.

MR. CHISUM: Right. Well, she referenced 100.

MS. MORALES: With right in the neighborhood, from staff visits that were performed, a lot of those blighted homes are within a half a mile of this site in an area that includes The Bottom plan. There's a lot of older single family homes and a lot of the pictures that are in your Board book are coming from that area as well as a little bit further to the east.

And staff isn't disputing the fact that the homes may very well have been acquired by the city. I think that the issue is with respect to the timeline associated with doing something with those homes. In
looking at Google Maps, if I take my little guy and drop
down, some of those pictures on Google Maps are from 2012-
2013. Driving around there in 2015, those homes are still
there and those homes are still boarded up.

As it relates to that, the rule specifically
says that mitigation of undesirable characteristics should
include timelines that evidence a reasonable expectation
that the issues being addressed will be resolved or at
least improved by the time the proposed development is
placed in service, and that's where staff is at an
impasse.

MR. OXER: So Claire, what's the timeline --
what's the construction line -- hold on a second.

Scott, what's your timeline on this? And I
will remind you and everybody else here when you come back
up to the mic you have to re-identify who you are.

MR. IRVINE: Before we launch into this, I
think it's very important that the written record
substantiate everything that's said, so just bear that in
mind.

MR. OXER: Right, and it will. I'm also
looking for some information here because we have to make
the determination based on the written record that we
have, on the facts that we have, and our purpose not in
interrogation but the questions that we ask is to clarify
those things that are in the record as opposed to adding to the record. So on the timeline, how long does it take to get one of these -- if somebody said go, how long does it take before people start going in the front door?

MR. GALBRAITH: Scott Galbraith, Matthews Affordable.

We would expect a probably 14-month construction period, 14 to 16 months, so if we could commence fall of this year, we'd be 2017 leasing, so I would think that early 2017 we could expect to be leasing.

MR. OXER: All right. Any other questions?

(No response.)

MR. OXER: Claire, do you have a last comment?

MR. PALMER: I have one last comment on the timeline issue. On June 26 we had a conference call with Teresa and Jean Latsha, when she was still here, plus Bernadette Mitchell with the City of Dallas, and Scott and I. We discussed The Bottom plan and these timelines. I don't have The Bottom plan with me, unfortunately, although I have a map of the bought up houses, I don't have the plan with me, and it's my understanding -- and I just cannot recall right now, but it's my belief that The Bottom plan actually does have a timeline on when each phase of The Bottom plan is supposed to be implemented.

And the TOOTIF plan also has a timeline, and I
did mark that and it's shown in your book of investment annually into the 8th Street-Corinth Street station area. So there is, in fact, timelines on development, and if you look at the one for the TODTIF, it started in 2010 and there's investment shown each year, and all of those things have happened.

So I understand that staff has had a difficult time determining timelines just based on the fact that there's still some blighted houses, but honestly, it was our belief that we provided actual information on the timelines and until we saw that we weren't getting a favorable review from staff, we believed we had provided sufficient information to show that there is significant revitalization.

 MR. OXER: Were your timelines documented?

 MR. PALMER: Yes, sir. They're in all the materials you have.

 MR. OXER: We're on the record that you said yes. That's all.

 Teresa.

 MS. MORALES: The only thing that it would add is in your Board book The Bottom plan is included, and on page 366 it does include a timeline associated with The Bottom plan and it includes five, ten and 15-year outlooks. With respect to the five-year plan, it says
that the five-year scenario anticipates the rehabilitation of existing single family homes along 8th Street and a significant entry into the neighborhood. And then ten years out it speaks to revitalizing the public housing development across the street to include a mixed use component. So again, with respect to a timeline, according to The Bottom plan, the rehabilitation or repurposing of the blighted single family homes isn't anticipated until at least five years out which would be beyond when this development would be placed in service.

MR. OXER: And while I'm confident that they make their plan with every intention of carrying it out, we still have to measure what's there now and what they've done as opposed to what they plan to do.

MR. PALMER: Can I just add one more thing, sir?

MR. OXER: Last comment, Claire.

MR. PALMER: Claire Palmer.

I just want to add that the TODTIF -- I mean, it only says we have to provide one revitalization plan. The TODTIF plan alone, standing by itself, shows significant investment and a significant timeline beginning in 2010 for this site. I really and truly believe that we have -- this is a new rule, it's the first year it's been in place -- I believe that we have met the
requirements of this rule. Thank you.

MR. OXER: Okay. Thanks for your comments.

Bill, do you have a comment?

MR. FISHER: Good morning, Board members. Bill Fisher, Sonoma Housing, Dallas, Texas.

I've been asked to read this into the record because it appeared before it could have gone in the Board books. It's an editorial from the Dallas Morning News. I know most of the Board members are not from our area.

"No means no when it comes to more subsidized housing in South Dallas. Why City Hall thinks southern Dallas needs another big multifamily subsidized housing project is beyond me. It appears to be beyond the Supreme Court as well.

"Last month's Supreme Court ruling on the segregation promoting effects of overly concentrated public housing in South Dallas should have been enough warning for the City of Dallas that it must rethink its plans for tax credit subsidized housing. Last month's initial voicing of rejection by TDHCA of one such southern Dallas project, Gateway at Clarendon, should have been yet another warning sign, but City Hall presses forward, so the TDHCA Board will consider again in Austin on Thursday. Before it is a resolution from staffers stating, in the strongest possible terms, don't approve this.
"The project is proposed for an area that is definitely in need of an uplift but perhaps not another multifamily complex destined to concentrate more people in an already poor area with decaying houses and more than its fair share of multifamily subsidized housing. Crime is high. What other ingredients are necessary to fit the profile of exactly the kind of project the Supreme Court and TDHCA don't want to see again in minority dominated parts of southern Dallas.

"The Supreme Court case was brought by Inclusive Communities. Their VP wrote an article this week in Viewpoints that was exceedingly blunt in condemning this project. TDHCA's Multifamily Finance Division also couldn't be more blunt in its recommendation that the full Board of Directors deny this proposal at its meeting on Thursday.

"Matthews Affordable Income Development, which is making the proposal along with the city, sees this project as a way to alleviate family homelessness. Don't get me wrong, that's a very good thing. The added population would help DISD reopen an elementary school that was closed in the area for lack of students. The project, two years in the planning, is very close to a DART rail station. All good things.

"But it's also across the street from an
existing public housing project. Walking pretty much in any direction the neighboring houses are crumbling and barely habitable. Just a block northwest toward the Trinity River flooding is a serious problem. Abandoned houses are everywhere. Median family income is around $13,500 a year. The poverty rate is 58 percent. Unemployment is 12 to 27 percent. Housing vacancies are 18 to 36 percent. TDHCA calls these ingredients undesirable neighborhood characteristics. The heavy concentration of them in this area makes the project unworkable, regardless of the developer's good intentions.

"Obviously, when we take all these things together, we have got a lot of concerns about this site, so we did reach out to the applicant several times after doing a lot of due diligence, the site visits, plus a lot of demographic research, and asked the applicant basically to paint a different picture for us, Jean Latsha, the head of Multifamily Finance, told the TDHCA board last month. We to date have not received enough information to convince us at the staff level that there's enough of an effort going on there to mitigate all of these negative factors, she said.

"City Hall seems to be relying on the same formula that's sitting decisions: staffers cannot find suitable, that is cheap enough, land in North Dallas to
place a affordable housing multifamily housing project, so
reverts to the places where it's easiest to build in the
parts of southern Dallas where crime is high, bad housing,
low performing schools and high poverty concentration make
the land values cheap. The cheaper the land, the cheaper
the development cost. That's why 11 of 23 Low Income
Housing Tax Credit applications for TDHCA by Dallas
developers and the city are in southern Dallas.

"The state is deliberately cautious, not
anxious to find itself in court again and again on the
losing side if it appears this project is in direct
contradiction of the Supreme Court ruling. Why doesn't
City Hall learn from its mistakes instead of constantly
trying to repeat them on the vague hope that this time
this housing based neighborhood revitalization will work
out better. It won't. Five or six decades of testing
this failed formula prove that that is not the way to go."

Thank you.

MR. OXER: Any comments? What's the date on
that op ed? Is that an op ed?

MR. FISHER: It's an editorial. July 14 at
four o'clock, Todd Robertson, editorial writer for the
Dallas Morning News.

MR. OXER: Okay. Thanks, Bill.

Thirty seconds, Claire.
MR. PALMER: That editorial was in response to an op ed that was written by an ICP staffer. I'm not sure what Mr. Fisher has to do with either of those, but the op ed piece that was written contained glaring errors. I had originally decided I was going to talk about those but was asked not to, we don't want to get into a fight. But I will say that this project fits squarely within Justice Kennedy's ruling and very succinct written comments on page 19 of the Supreme Court decision talking about factors that are important for revitalization of neighborhoods. And I would point out that, once again, this is the second transit stop from downtown. The first transit stop has been developed by Matthews, it is a fabulous growing, thriving area. I can guarantee you that the same will be true at the second transit stop from downtown.

MR. OXER: Great. Thanks for your comments. Any other questions from the Board? Any other comments by the Board?

(No response.)

MR. OXER: Okay. We are on item 3(b) which is Gateway on Clarendon, application number 15602, for a 4 percent deal. Motion by Mr. Gann, second by Mr. Chisum, if I recall correctly -- it was so long ago -- to approve staff recommendation to deny the appeal. Is that correct?
To deny the appeal. Okay. Those in favor?

(A chorus of ayes.)

MR. OXER: And those opposed?

(No response.)

MR. OXER: There are none. It's unanimous.

The appeal is denied.

Tom, you're up. 3(c).

MR. GOURIS: Good morning. Tom Gouris, deputy executive director.

Item 3(c) is a status update regarding additional funding to the 2015 multifamily development program NOFA. At the last meeting staff proposed to increase the funding for this NOFA in order to make funds available not only for the 9 percent tax credit allocations but also for all other applications that has submitted application and in anticipation of some additional applications that were anticipated to be coming to be added.

MR. OXER: Let me ask a quick question, Tom.

This is going to be a robust discussion here about this, is it not?

MR. GOURIS: I'm not sure how robust it is.

MR. OXER: We're going to have some questions for you. The only participation comments I figure three minutes is robust.
MR. GOURIS: It's a discussion piece that we'll act on next time. I would imagine there would be some discussion. Yes.

MR. OXER: All right. It was a timing and housekeeping item, but go ahead.

MR. GOURIS: Okay. So we have received comment last time about the expansion of the NOFA, some concerns were brought forward with regard to wanting to see funding made more available broadly for supportive housing and also to provide funding for bond transactions for 4 percent credits.

Staff has re-looked at the funding requests that have been made so far and the amounts that were available and in your package there's a chart that kind of reflects how that funding was anticipated originally, where the requests were made, and now where we stand with what our thought process is with where the funding perhaps should be.

What staff has kind of determined was that we'd like to fund the CHDO transactions and probably need to increase the amount of CHDO funding, that the general and TCAP funding received a lot more in applications than we're able to fund. A lot of those applications were for property developments that are in the 9 percent realm that aren't currently competitive and aren't likely to receive
a 9 percent award so we think that we can draw back to a place where we're just increasing the CHDO funding and we'll bring that back to you next time.

I can go into more detail. So there's two pieces: there's bringing that back next time for this funding and then saving the discussion for supportive housing and the other funding choices for a new NOFA that we would bring forward probably September-October, but have that discussion today, continue that discussion next time to see how we can make that effective.

MR. OXER: So what we're really looking to do is see if we can make a policy amendment or change, evolution perhaps is the right word, to look at ways to support these nonprofit deals adding some TCAP money to them.

MR. GOURIS: So we're actually taking from all of our sources to make sure that the CHDO requests that have been made -- which these CHDO requests are not for supportive housing, they're for traditionally tax credit transactions and 4 percent transactions -- to make those viable, fundable because they're in the money for 9 percent or whatever other funding sources we have when we move forward with those, but then to hold off on the supportive housing requests and on any other bond transactions to be able to have a more robust conversation
about that and put that into the next NOFA instead of including it in this one.

Mr. Oxer: Not unlike turning our battleship here, we don't want to get in a hurry to do that.

Mr. Irvine: I think that the way I look at it is there are two parts to this. One is taking care of the things that we really need to do promptly, and the other is framing the thoughtful consideration of all of the resources in a policy discussion that's to occur later.

The things that we really need to do right now to the extent that deals are layered with 9 percent tax credits and they meet our underwriting criteria, those are things we need to take care of. To the extent that we have to meet our CHDO set-aside with regard to our HOME funds -- the CHDO set-aside doesn't apply to TCAP -- we do need to meet our CHDO set-aside and assure that that's continuing along on a good, stable, robust basis. Those are the things we really have to do right now.

So this is a report that says, all right, here is this multi-part very complex funding world and the way that it stacks up and compares against the original NOFA, the requests that came in and what we might do going forward with regard to adding funds into that NOFA.

Unfortunately, when you're going through any tax credit round, one of the greatest pressures is on our
underwriters. You can only underwrite so many deals so fast. I think as these deals continue to go through the finality of underwriting, what is emerging is the picture will get even more clear and we'll know which HOME deals we'll need to be doing and which will fall out.

So I think, like I said, we're framing two pieces. One is what do we do right now to take care of the stuff that's got to be done and we will be bringing that to you in two weeks as an action item. The other is the larger policy discussion where I think we really need to engage a whole lot of folks to decide what do we do about things like putting aside funds to assist 4 percent bond transactions, what do we do with regard to requests for permanent supportive housing, what do we do on all those issues.

And I think I might just add that on that first piece and in order to fund for what we need to do immediately, one of the elements in the NOFA that we included for this round was a requirement that we would underwrite the transactions with a 30-year amortization and a 3 percent interest rate and try to see if we can make a funding recommendation based on that structure in order to make sure, one, that the deals were sound enough and had some capacity down the road if something goes awry, we have some flexibility to deal with situations
And so we're in the process of still underwriting that at that level and have found that a number of transactions could actually work without our funding at all or with a reduced amount of funding, but at that 3 percent, 30-year rate. There are a couple of transactions that we are still working with that appear to require a lower rate or a zero percent interest rate or a longer amortization, or both, and we're evaluating those as well and will provide with recommendations from that structuring perspective at the next meeting.

But all those things, as Tim said, are still kind of in the underwriting evaluation and hopefully we'll have a clearer picture of what funding levels we'll be at at the next meeting, which will likely be at a reduced level from what the picture is that I'm showing you today.

MR. OXER: So essentially what you're saying -- simple mind, let me get this right, get my picture right -- add enough money to the NOFA to get done what we need to do right now and anything that we would have tried to do later on for this other stuff, put that out in another NOFA later on once we've had a chance to study it and see what makes sense.

MR. GOURIS: That's the long and the short of it. Yes.
MR. OXER: Okay. On the CHDO side.

MR. GOURIS: No. For all of it. We will be increasing the CHDO, or recommending an increase in the CHDO because we had such a large amount of viable transactions and we always want to try to take advantage of CHDO deals because we have a mandate to fund a certain number of CHDO transactions.

MR. OXER: We want to take advantage of the opportunity to make sure that money goes out but we don't want to just flash it around irresponsibly.

MR. GOURIS: Correct.

MR. IRVINE: The other piece I would inject is that although there are blips, like the creation of an income stream from TCAP repayments, the long term trend lines, they may change but right now they're generally trending downward.

MR. OXER: So if it can work at 3 percent, it can probably work.

MR. GOURIS: Right.

MR. OXER: So we've asked Mr. Gann and Mr. Chisum to take a look at this as a subcommittee, essentially, to be comfortable on this and take a look on behalf of the Board and come back. This is a discussion item only, as I recall.

MR. GOURIS: Today it's a discussion item. The
first tranche will be an action item next time, the NOFA will probably be sometime later and the next NOFA will be sometime later.

MR. OXER: Any other questions from the Board?
(No response.)

MR. OXER: We have one item to speak on this -- you're not an item, you're a person.

MR. ALLGEIER: Yes. Thank you. I've never been close enough to notice you have the PE on here. It's nice to see.

MR. OXER: For the record, that does not stand for public enemy.

MR. ALLGEIER: I've got one too and am fingerprinted as a result.

I'm Dan Allgeier, representing today the Texas Rural Rental Housing Association.

I'll be brief, particularly based on Tom's comments, which is basically we've got a set of 24,000 units in rural Texas that's in dire straits of needing rehab. We've got our own set-aside but it's going to take 30 years to fix this with the set-aside, so we want some for the TCAP and HOME Funds.

I'm going to leave it at that because apparently we're going to talk about this later, but I will also say that please be sure that we get the
opportunity to be involved in that discussion because we've got some good points.

MR. OXER: This is going to be something we'll have an extended robust discussion on because -- keeping with our Naval analogy -- we've got this battleship headed in one direction and we're not going to change directions real quick and there's going to be a reason that we change directions.

(General talking and laughter.)

MR. OXER: Is there any other comment on this item? Apparently not. It looks like it's a good time to take a short break. We're going to take a quick break here. It's nine minutes after 10:00. Let's be back in our seats here at 10:30.

(Whereupon, at 10:09 a.m., a brief recess was taken and the meeting reconvened at 10:30 a.m.)

MR. OXER: All right. Let's get back into gear here on the action item list, item 4. Michael.

MR. DE YOUNG: Good morning, Mr. Chairman and members of the Board.

Item 4 is requesting approval of the 2015 Emergency Solutions Grant Awards. The Department expects to receive approximately $8.9 million this year from HUD, which represents a slight increase over last year. We're currently waiting on the funding letter which delineates
the final funding amount, and then we'll recalculate the actual awards. As soon as we receive that letter, it starts the time clock on a 60-day obligation period, so we have to move quickly. The awards that are being presented today are condition on the receipt of that letter, so this will allow staff to move forward quickly and implement the grants.

We published the NOFA in early February requesting applications for the funding. Applications were due to the Department in late March and we received 38 applications. Two continuum of care, Wichita Falls and Bryan-College Station area, did not submit an application; consequently, their funds were apportioned out to the other CoCs by formula.

Two other continuum of care applied for a pilot model which granted the ability to run their own competition so that we don't actually score those applications, so they set their own competition based on local needs, priorities and capacities, and those are the Fort Worth area, Tarrant County, Arlington and then the City of Houston and Harris County. Those CoCs name a lead agency to coordinate their activity and we give them an additional allocation of administrative funds to take on a more enhanced role in the ESG process.

MR. OXER: So essentially, we're outsourcing to
them what we would be having to do otherwise.

MR. DE YOUNG: The design of ESG in the last few years has evolved to more of a local need, local control process, and we've over the years gradually moved that way, we'll try and move more of the CoCs that way as time moves on. These two are a little bit more sophisticated in their processes and have a pretty good system going so that we can work with them and test out some pilots on them.

So item 4 requests your approval for conditional awards on ESG funds.

MR. OXER: Any questions from the Board?

MS. BINGHAM ESCAREÑO: Move to approve staff's recommendation.

MR. OXER: Motion by Ms. Bingham to approve staff recommendation. Do I hear a second?

DR. MUÑOZ: Second.

MR. OXER: Second by Dr. Muñoz.

Any public comment? There appears to be none. With respect to item 4, those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. It's unanimous.

MR. DE YOUNG: Thank you.
MR. OXER: Good morning, Kathryn.

MS. SAAR: Kathryn Saar, 9 Percent Tax Credits.

There are four appeals on your agenda, only one of them will be heard today. It's Robison Terrace, 15299.

MR. OXER: This is an administrative question. What were the other three?

MS. SAAR: The applicant in Flora Lofts decided not to appeal. Selinsky Street is being reviewed by staff. There was an error identified that we agreed with the applicant on and we're reviewing that application.

MR. OXER: So we'll hear that one next time?

MS. SAAR: If there's a need for an appeal, we could hear this at a later date.

And then Zion Bayou was withdrawn.

MR. OXER: Okay. Later date is getting back to the last meeting. Right?

MS. SAAR: I know.

MR. OXER: So just checking.

MS. SAAR: Correct.

So for 15299, Robison Terrace, this is the appeal of the scoring notice related to a community revitalization plan. We discussed this particular scoring item at length at the last meeting, and at that meeting I walked you through the process by which staff reviews community revitalization plans for scoring purposes.
In this case the plan in question was adopted in, I believe, 2008 and staff has no question that five of the required eight factors were identified and addressed sufficiently in the plan. The points in this case were denied for two specific reasons. First, the rule requires that a letter is submitted from the municipality which states -- there's three parts, and I'm going to read them -- that the municipality duly adopted with the required public input process followed, that funding and activity under the plan has already commenced, and three, that the municipality has no reason to believe that the overall funding for the full and timely implementation of the plan will be unavailable.

The second reason staff questioned this plan was related to the budget. So in the plan itself there was a chart that showed some kind of big funding pots that they were planning to use, and one of them was a city funding which showed an amount of $10- to $15 million. Because there wasn't any specific information with regards to how that money was spent or how it was being programmed, staff issued an administrative deficiency requesting more specifics on that budget, and also requesting the required letter making those three statements that I read a moment ago. The letter that we received back did not make those statements that are
required and so that piece of the deficiency was not cleared.

To address the budget, the letter from the city outlines a number of expenditures that have occurred and they sum those to equal more than $6 million, but when you actually add up the amounts that are listed, I believe it only came up to about $5.2 million which is less than the amount required to receive the points that had been requested.

With that, the rule only allows staff to go back and look at expenditures that have happened within the last four years, and without specific information in the letter as to when those expenditures occurred, staff can't determine whether or not those expenditures would even be eligible under the plan to count towards points. So because a deficiency was issued and the response received did not satisfy the information staff was seeking, we were unable to award the points.

There was an appeal filed and the executive director denied that appeal. There was some information in the appeal that said that a lot of those statements that were not stated in the letter were implied based on information in the application, and I believe that to be true, but the rule specifically requires those statements.

MR. OXER: We've had problems with specific
language and wording in city authorizations and letters and all that kind of stuff, so it was very clear that you told them that this required that language.

MS. SAAR: Yes.

MR. OXER: Or the rule was very clear that this required that language.

MS. SAAR: Correct. And we also asked in a deficiency for a letter that made those statements, so they submitted the initial application and then got a second chance to correct it, and then were unable to do so.

MR. OXER: And the request for the administrative deficiency asked them to put that language in their letter.

MS. SAAR: Correct.

MR. OXER: Okay.

MS. SAAR: So without those two issues being resolved, again staff was unable to award the points, and in looking at the plan that was submitted with the application, it appears in the resolution that adopted the plan that funding was only contemplated until 2013, and we did not receive any information, either through the appeals process or with the initial application, that suggested that that funding had been extended to the current year or future years. So with that, staff
recommends denial.

MR. OXER: Any questions from the Board?

(No response.)

MR. OXER: Motion to consider?

MR. CHISUM: So moved.

MR. OXER: Motion by Mr. Chisum to approve staff recommendation to deny the appeal.

DR. MUÑOZ: Second.

MR. OXER: Second by Dr. Muñoz.

All right. We have public comment. Hi, Toni.

MS. WALKER: Good afternoon, Mr. Oxer and other Board members. My name is Toni Jackson from Jones Walker. And I'm trying to simultaneously sign in so I don't forget, which I usually do.

MR. OXER: We won't let you do that, you know that.

MS. JACKSON: As Kathryn said, I'm here for the Robison Terrace application, and the community revitalization plan letter that was submitted to the staff for review.

This was a plan that was prepared and adopted some years ago back in 2006-07 in conjunction with community revitalization that was taking place for Texarkana, along with their efforts with the housing authority to seek a HOPE VI grant. This HOPE VI grant was
eventually awarded and all of the revitalization that has taken place has been as a part of the HOPE VI implementation which has been a number of developments that has come under the $21 million of the HOPE VI.

As indicated in the plan, the language in the plan very specifically said that in 2006 the housing authority and the city began holding public vision meetings with residents of Rosehill to gather input for the development of a HOPE VI application. It also indicated in the resolution that was submitted and a part of the plan that those public meetings had taken place. So it is our belief that the language in the plan was already explicitly stated that the public meetings had been held and when those public meetings had taken place.

Again, this was part of an implementation for a HOPE VI, and unfortunately, the city has since that time had a big turnover with a number of employees who were not as familiar with the plan and with the development that has taken place. However, they pulled the documents that we asked for and we did give them the language that was required for the plan, however, as indicated by Kathryn, they did imply some misstatements and we do recognize that. However, we asked the staff could we clarify or provide any additional information in the event that that letter was not sufficient, and there was not a response to
that request from the developer when that was given.

We did provide the information about the HOPE VI money that went into the deal and indicated that that money, in addition to the city monies and the HOPE VI monies and the monies that the city was actually putting in to match the HOPE VI monies did, in fact, exceed the $6 million that we were required to get for this development. There was a target of over $6 million that the city had set forth. That money was utilized for infrastructure and other things that were surrounding the neighborhood, as well as the demolition of certain blight and the continued investment of single family homes that is a part of that revitalization and was also set out in that plan.

So again, it was our belief that we had fully complied with the requirements of the plan and the city did, in fact, indicate through that single family information and the HOPE VI information that we had satisfied those requirements. Thank you.

MR. OXER: Any questions for Toni? So your claim is that when they sent you the administrative deficiency that the information they were looking for was already in the plan?

MS. JACKSON: Yes, sir, that is correct.

MR. OXER: Okay. Kathryn.

MS. SAAR: Kathryn Saar, 9 Percent Tax Credits.
I do agree with Toni that there is sufficient evidence in the plan to indicate that the public input process was followed, and that I think the major issue is the third point of the letter which states -- and I'm reading this from the QAP -- it says "must be evidenced by a letter from the appropriate local officials stating," and the third bullet point is: "the adopting municipality or county has no reason to believe that the overall funding for the full and timely implementation of the plan will be unavailable." And without that statement, the letter from the city simply didn't satisfy the deficiency that was issued.

MR. OXER: So that's the hangup, that's the hanging point on this.

MS. SAAR: For that issue, because remember, we also issued a deficiency related to the budget, and the budget, again, it has to be $6 million to meet the point request that they put in their application. The letter that they outlined only came up to about $5.2 million, and we needed $6-, and also there's the four-year look back issue with respect to when those funds were actually expended.

MR. OXER: Okay. Dr. Muñoz.

DR. MUÑOZ: When we asked for this specific letter from the local official, this stipulation appears
in all of these letters that we have no reason to believe that the funds will be unavailable?

MS. SAAR: Yes. It's actually a requirement of the rule and other CRPs, some people submit that letter with the application, and if it's not present, we ask for it through an administrative deficiency.

DR. MUÑOZ: In every instance.

MS. SAAR: Yes.

MR. OXER: You have a comment, Toni?

MS. JACKSON: Yes, sir. And my response to that is that the letter did not have that information because the funds had already been spent in completion, and so therefore, there was no point -- they didn't have to say that the funds won't be available because all the funds had been available and expended.

DR. MUÑOZ: Could they have said something like there's no reason to specifically respond to the issue of unavailability given that the funds have been already committed? I mean, just some way to kind of address the question.

MS. JACKSON: I'm actually trying to find the letter.

DR. MUÑOZ: The thing is we have these rules and expectations, and on the one hand we'll have people come up and state about how we have to completely adhere
to every stipulation, every reverberation, every nuance of
the rule, and then there are instances like this saying,
well, actually we may not have to because we've already
done it or spent it or encumbered it or allocated it or
promised it or imagined it. I mean, once we begin to
consider waiving these expectations, it's hard to put your
finger in the hole on that one.

MS. JACKSON: I'm trying to pull the letter up
so I can tell you the language that they used.

DR. MUÑOZ: But that was my only question.

MR. OXER: And you're looking for the letter,
Toni, that's the letter from Kathryn to you?

MS. JACKSON: The letter from the city.

MR. OXER: The letter from the city. Okay.

Why don't you see if you can find that.

Kathryn.

MS. SAAR: If I can make one more point. With
respect to the fact that the funds had already been
expended, I think that speaks to the issue of the initial
funding was only contemplated until 2013. So the point of
the community revitalization plan is that there are
ongoing efforts to improve a particular area, and I'm not
sure that the rule can be read to say we've already done
that in the past and the efforts are complete.

MR. OXER: It's revitalization. If it was
complete, it wouldn't require housing for revitalization.

MS. SAAR: Yes.

MR. OXER: Simple mind.

You had a comment, Mr. ED?

Did you find your letter, Toni?

MS. JACKSON: Well, I was actually going to respond to that piece, and I'm still trying to look for the letter, look for the language in the letter. But the language in the QAP indicates that the monies for that revitalization can be expended within the last four years, and so the plan for the HOPE VI contemplated being completed in 2013. We did not get the last piece of the HOPE VI and this is the last piece of it, however, the funds -- we did not close out the HOPE VI, at least the fourth piece of it, until 2013 and the monies for the single family is still being expended, as well as the piece that will be leveraged for this. So it is our position that the 2013 closeout is still within the four years, as required for the plan.

MR. OXER: Do you have a comment on that, Kathryn?

MS. SAAR: Sure. So as Toni said, under the rules we're allowed to look back four years to capture expenses that have already occurred, but I don't think that you can read into the rule that if you expended
within the last four years funds --

MR. OXER: It's not necessarily a part of an ongoing revitalization plan.

MS. SAAR: Correct. And then there's still the issue of the letter from the City of Texarkana didn't give specific dates as to when those funds that they were outlining were expended, and since this is 2015, we can only go back to 2011.

MR. OXER: You can do math on your feet.

(General laughter.)

MS. SAAR: I can do math on my feet.

So I don't know when the amounts that are listed in that letter were expended. If they were expended in 2010, they wouldn't count towards the $6 million. And without that information, I'm unable to make a determination as to whether that $6 million threshold had been reached.

DR. MUÑOZ: That was my next question.

MR. OXER: Mr. ED.

MR. IRVINE: I think that it's also important to understand in the policy context the whole concept of the community revitalization plan really has its genesis in Section 42(m) of the Internal Revenue Code, and it talks about preferences for certain developments that contribute to a community revitalization plan. So I think
that it's clear that at least in the context of Section 42 they need to be in sync and occurring pretty much in tandem and simultaneously.

MR. OXER: Any other questions from the Board?

(No response.)

MR. OXER: We have one more comment here. Would you like to speak?

MR. HENDERSON: If I may speak.

MR. OXER: Certainly.

MR. HENDERSON: My name is Will Henderson. I'm the director of affordable housing for Carlton Developments. We're the co-developer for Robison Terrace. I think a lot of good discussion has gone on here and I don't know the ins and outs of necessarily the QAP and the finer points, I just want to point out that this property, this project is the final phase of revitalization that's gone on in this neighborhood. With all the headlines today about the areas that are ripe for low income housing help, this is an exact example of an area that ten years ago you'd be afraid to drive through there and people were leaving, and today so many people that have moved into our other developments we've done say: You know, I used to live here until it got so bad I had to leave. Now folks are coming back.

As Toni mentioned, the city was a great part of
that, of helping us do that. They've had turnover there so the folks there are very inexperienced, so even when we hand them a letter and say you've got to use this exact language, they write the letter and say, oh, this has the intent, it may not have quite the exact language but it will get you what you need. I have no doubt that had we been able to follow up with them again and we said, hey, you've got to use the exact language, they would have no problems putting those exact words in there. I feel like they did all those things, they performed all the actions, they just didn't write it down exactly the way maybe they should have.

And I know to your point, once you start making exceptions it's a slippery slope, but I think this is a worthy project, it's an area that's proven time and again that they are committed to this revitalization. And as was talked about Clarendon earlier, if you drive the site, if you go out there today, you would be amazed at the transformation of what's going on there. And there's a lot of worthy projects. This one is an example of what community revitalization is all about and it is a success story that can be held up, and this last development is the final phase, so I would hate to see us drop the ball now, I would like to keep it going.

If I could just make one more point on the
The city funds weren't the only funds in the budget, there was HOPE VI funds and other sources that the deficiency did not ask us to prove up, so in our minds those funds were counting, so even if the city funds don't count, there are other sources in that plan that add up to well over the $6 million.

MR. OXER: Were those funds listed so staff could evaluate those and count those?

MR. HENDERSON: Yes, sir. They were in the overall budget listed in the plan.

MR. OXER: Okay. I think you'll find we're back to the issue, we're not looking for projects to give money to, we have plenty of projects, we just don't have enough money, and the ones that aren't worthy -- they tend to all be worthy because the ones that aren't worthy tend to self-select, keep themselves outside, so everybody that shows up here we feel like has a worthy project. And then the question becomes: Does it meet the rule that we have to play by?

Because when it comes to revitalization and locations to do those, we are just recently trying to heal up a wound about revitalization. I want to get that clear, make sure we're clear, make sure the whole community is clear about what we're trying to do, because
that's one of those things that has been a trip wire for us that we have to make a meticulous effort to see to it that it meets the exact wording of our rule.

And with respect to the turnover in the staff at the city offices, while we understand that, I suspect that if there are enough of them that are told that this specific wording has to be in this letter and that don't it and they get turned down, then the rest of them will start putting that specific wording in their letter. I understand your point, but I hope they recognize that there's a message we need to get through to those who have to write those letters because we have to make a decision that puts us in a fiduciary hot seat and we don't want anybody weasel-wording to get themselves out of theirs either.

Any questions from the Board?

(No response.)

MR. HENDERSON: Thank you.

MR. OXER: Thanks, Will.

Last comment. Kathryn, anything to add?

MS. SAAR: Only if you have questions.

MR. OXER: Any questions?

(No response.)

MR. OXER: Okay. Regarding item 5, appeal number 15299, Robison Terrace, motion by Mr. Chisum,
second by Dr. Muñoz to approve staff recommendation to deny the appeal. Is that correctly stated, Kathryn?

MS. SAAR: Correct.

MR. OXER: Okay. We have public comment.

Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. It's unanimous.

The appeal is denied.

We've complete the formal portion of our -- not that this is an informal portion coming -- we've completed the action item list for our agenda. We have no exec session today. We'll actually now take public comment for matters other than which we had posted items, and this is for the effort to build our future agendas, particularly the one coming up two weeks from today, as I recall, which will be the meeting where we announce the winners list on the Tax Credit program.

Would anybody care to speak?

(No response.)

MR. OXER: It appears there are none.

Would any of the staff care to speak, say anything?

(No response.)
MR. OXER: I think it's fair to say that everybody on the Board appreciates the effort that goes into this and the hard work that's done to prepare the staff, and while I get to do a lot of the talking up here, it's apparent from the comments made to me by the rest of the Board that they appreciate that the staff does what it's told which is to arm us with as much information as possible. Is there any other comment from the staff? Any comments from the Board, from Mr. ED?
(No response.)
MR. OXER: I'm the chairman and I've got the hammer up here, I get the last word. It's a good thing that we do, it's hard decisions that we make. We appreciate the effort by everybody in here. We'll take delicate steps to make this work for a policy board to try and produce guidance for developing this sector in the State of Texas.

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

MS. BINGHAM ESCAREÑO: So moved.
MR. OXER: Motion by Ms. Bingham to adjourn.
MR. CHISUM: Second.
MR. OXER: Second by Mr. Chisum. Those in favor?

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

(No response.)

MR. OXER: There are none. See you in two weeks.

(Whereupon, at 10:56 a.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF:       TDHCA Board
LOCATION:        Austin, Texas
DATE:            July 16, 2015

I do hereby certify that the foregoing pages, numbers 1 through 73, 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.

07/22/2015
(Transcriber)          (Date)

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