TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

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

October 15, 2015
10:00 a.m.

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
# INDEX

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CALL TO ORDER</td>
<td>7</td>
</tr>
<tr>
<td>ROLL CALL</td>
<td></td>
</tr>
<tr>
<td>CERTIFICATION OF QUORUM</td>
<td></td>
</tr>
<tr>
<td>CONSENT AGENDA</td>
<td>8</td>
</tr>
<tr>
<td>ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:</td>
<td></td>
</tr>
<tr>
<td><strong>LEGAL</strong></td>
<td></td>
</tr>
<tr>
<td>a) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Haymon Elliott Senior Citizens Complex (HTF 355077 / CMTS 2642)</td>
<td></td>
</tr>
<tr>
<td>b) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Gardens of Taylor (HTC 05034 / CMTS 4245)</td>
<td></td>
</tr>
<tr>
<td>c) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Telstar Apartments (HTC 91022 / CMTS 951)</td>
<td></td>
</tr>
<tr>
<td>d) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Weldon Blackard (HOME 539112 / CMTS 2706)</td>
<td></td>
</tr>
<tr>
<td>e) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Lincoln Courts (HOME 533186 / CMTS 2631)</td>
<td></td>
</tr>
<tr>
<td><strong>ASSET MANAGEMENT</strong></td>
<td></td>
</tr>
<tr>
<td>f) Presentation, Discussion and Possible Action regarding Material Amendments to Housing Tax Credit Applications</td>
<td></td>
</tr>
<tr>
<td>09961 Villas on the Hill Fort Worth</td>
<td></td>
</tr>
<tr>
<td>12365 Stepping Stone and Taylor Square Apartments Taylor</td>
<td></td>
</tr>
<tr>
<td>14003 Whitestone and Tamaric Apartments Cedar Park</td>
<td></td>
</tr>
</tbody>
</table>

ON THE RECORD REPORTING
(512) 450-0342
HOUSING RESOURCE CENTER

**g)** Presentation, Discussion, and Possible Action on the draft 2016 State of Texas Consolidated Plan: One-Year Action Plan

COMMUNITY AFFAIRS

**h)** Presentation, Discussion, and Possible Action on Corrections to Previous Program Year 2015 Emergency Solutions Grants Program Awards to Applicants from the City of Houston/Harris County Continuum of Care

MULTIFAMILY FINANCE

**i)** Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

15417 Tuckaway Apartments
Cedar Park

**j)** Presentation, Discussion, and Possible Action regarding a Waiver of 10 TAC §10.204(8)(B), Uniform Multifamily Rules related to the Submission of an Alternative Utility Allowance and a Determination Notice for Housing Tax Credits with another Issuer
15410 Aldrich 51 Austin

RULES

**k)** Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, §5.12 concerning Purchases, and directing its publication in the Texas Register

**l)** Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, §5.2 Definitions and §5.10 Procurement Standards, and directing that they be published in the Texas Register

**m)** Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter B, Community
directing that they be published in the Texas Register

n) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter D, Comprehensive Energy Assistance Program, §§5.401, Background; §§5.407, Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria; §§5.422, General Assistance and Benefit Levels; and §§5.423, Household Crisis Component, and directing that they be published in the Texas Register

o) Presentation, Discussion, and Possible Action on an order adopting an amendment to 10 TAC Chapter 5, Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §5.503 Definitions; and new §5.529 Program Requirements, and directing that they be published in the Texas Register

p) Presentation, Discussion, and Possible Action proposing an amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter A, General Provisions, §5.7, and directing that it be published for public comment in the Texas Register

q) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, §§21.1 Purpose, 21.2 Applicability, 21.3 Definitions, 21.4 General Requirements, 21.5 New Construction and Reconstruction Activities, and 21.6 Rehabilitation Activities, and directing their publication in the Texas Register

r) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, §§24.1 Purpose, 24.2
Definitions, 24.4 Participant Requirements, 24.5 Program Activities, 24.6 Prohibited Activities, 24.7 Distribution of Funds, 24.8 Criteria for Funding, 24.9 Program Administration, 24.10 Owner-Builder Qualifications, 24.11 Types of Funding Transactions, 24.12 Property Guidelines and Related Issues, and 24.13 Nonprofit Owner-Builder Housing Program Certification, and directing their publication in the Texas Register

s) Presentation, Discussion, and Possible Action on proposed repeal of 10 TAC Chapter 12, concerning the Multifamily Housing Revenue Bond Rules, and a proposed new 10 TAC Chapter 12, concerning the Multifamily Housing Revenue Bond Rules, and directing its publication for public comment in the Texas Register

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) TDHCA Outreach Activities, September 2015

b) Report on the Department=s 4th Quarter Investment Report in accordance with the Public Funds Investment Act (APFIA@)

c) Report on the Department=s 4th Quarter Investment Report relating to funds held under Bond Trust Indentures

d) Report Regarding a Request for Proposal (ARFP@) for Mortgage Warehouse Facility issued by the Texas Department of Housing and Community Affairs (the ADepartment@)

e) Report on the procurement of outside counsel to assist with matters concerning securities disclosure, single-family and multi-family bonds, and loan document preparation

f) Report Regarding the Voluntary Financial Commitment of Funds from Homeless Housing and Services Program (AHHSP@) Subrecipients for Youth Count Texas!

g) Compliance Division Update

h) Executive Report of Multifamily Program Amendments, Extensions and Ownership Transfers

i) Report Regarding an Invitation for Bid

ON THE RECORD REPORTING
(512) 450-0342
(AIFB®) for Texas Statewide Homebuyer Education Program (ATSHEP®)

Administrator
issued by the Texas Department of Housing and Community Affairs (the ADepartment@)

ACTION ITEMS

ITEM 3: MULTIFAMILY FINANCE
a) Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department=s Program Rules
   15000 Palm Parque
   Houston
   15001 Selinsky Street Supportive Housing Houston

b) Presentation and Discussion on the development of the 2015-2 Multifamily Direct Loan Notice of Funding Availability (NOFA)

ITEM 4: ASSET MANAGEMENT
Presentation, Discussion and Possible Action regarding Material Amendments to Housing Tax Credit Applications
   14127 Haymon Krupp
   El Paso
   14130 Tays
   El Paso
   13417 Masters Ranch Apartments
   San Antonio

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

EXECUTIVE SESSION

OPEN SESSION

ADJOURN
MR. OXER: Good morning, everyone. I'd like to welcome you to the October 15 meeting of the Texas Department of Housing and Community Affairs Governing Board.

We'll begin, as we do, with roll call. Ms. Bingham?

MS. BINGHAM ESCAREÑO: Here.

MR. OXER: Mr. Chisum?

MR. CHISUM: Present.

MR. OXER: Mr. Gann?

MR. GANN: Here.

MR. OXER: Mr. Goodwin?

MR. GOODWIN: Here.

MR. OXER: Dr. Muñoz is not with us today. I'm here, that gives us five, we've got a quorum, we're in business.

Tim, lead us in the pledges.

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

MR. OXER: Okay. Let's get to work here. Any special announcements? Michael, have we got anybody joining us today? Bobby Wilkinson is not with us. He said to me yesterday he had something to do but he passed on his best regards to all.
MR. IRVINE: I see J.D. Pedraza back there.

MR. OXER: There she is.

MR. IRVINE: House Oversight Committee.

MR. OXER: Okay. With respect to the consent agenda, Marni, you have one modification to make, I believe.

MS. HOLLOWAY: Good morning, Chairman Oxer, members of the Board. My name is Marni Holloway. I'm the director of the Multifamily Finance Division.

Item 1(j) is presentation, discussion, and possible action regarding a waiver of 10 TAC 10.204(8)(b), Uniform Multifamily Rules related to the submission of an alternative utility allowance and a determination notice for Housing Tax Credits with another issuer. We just have a correction to the information in the Board action request. The unit count is described as 18 at 30 percent of AMI, 52 percent at 50 of AMI, and 146 at 60 percent of AMI, and 24 market rate. In actuality, there will be 36 market rate units at this development, and the development was reviewed and underwritten by our REA division at that 36 number.

MR. OXER: At 36, so it's different but not material, but it still meets the real estate.

MS. HOLLOWAY: Absolutely. Thank you.

MR. OXER: All right. Thanks.
Does any Board member care to pull any item from the consent agenda?

(No response.)

MR. OXER: Hearing none, I'll accept a motion to consider.

MS. BINGHAM ESCAREÑO: Mr. Chair, I'll move to approve the consent agenda with the one staff recommendation for a change to item 1(j).

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

MR. GOODWIN: Second.

MR. OXER: And second by Mr. Goodwin. No public comment. Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none.

Let's go to item 3 on Multifamily Finance.

You're back up, Marni.

MS. HOLLOWAY: Good morning again. Marni Holloway, Multifamily Finance.

Item 3(a) is presentation, discussion, and possible action on timely filed appeals and waivers under any of the Department's program rules. We are presenting two appeals this morning. They are for the same applicant, but because they are very different
circumstances, I'm going to suggest that we deal with them separately.

Application 1500 for the Palm Parque development was timely submitted and received an award of 9 percent credits on July 30. At commitment, which is the next step after the award, the application was denied three points related to educational excellence because the development was not located in the attendance zone of a school with the appropriate rating. The application was also denied eleven points under commitment of development funding by local political subdivisions because 100 percent of the governing board of the Midtown Tax Increment Reinvestment Zone, which is providing support in the form of an in-kind donation, 100 percent of the board was not appointed by elected officials of the city or county.

The applicant appealed that initial scoring notice on the 28th. We looked at the information that was presented. We sent a letter back to them on October 2 requesting additional information -- all of this is in your Board book -- with the question: How are all of the Midtown Tax Increment Reinvestment Zone board members currently appointed? We received additional information back on the 5th, and on the 6th we denied the appeal on the basis that the information received did not answer our
question, did not support our concern.

In a nutshell, the creation ordinance for the Midtown TIRZ states that positions one and two on their board will be appointed by the state senator and the state representative, respectively, and that position eight will be appointed by the Houston Independent School District. So the board for the TIRZ is not appointed by all elected city and county officials. On that basis we have denied that appeal and staff recommends that you deny it also.

MR. OXER: So how many are on the board?

MS. HOLLOWAY: There are nine.

MR. OXER: Nine. Okay. And of those, just to be clear, there are some that are appointed by -- how many are appointed by the state and county? Run through the numbers again.

MS. HOLLOWAY: Okay. There are nine members. One and two are appointed by the state representative and state senator, and eight is appointed by the Houston Independent School District. The balance of the board, under the creation ordinance, is appointed by either the city or the county.

MR. OXER: So six out of the nine meet the requirement, but our requirement rule says all.

MS. HOLLOWAY: Yes.

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

MR. OXER: Motion to consider? It appears the staff has recommended denial of this waiver.

MS. BINGHAM ESCAREÑO: I'll move staff's recommendation.

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

MR. CHISUM: I second.

MR. OXER: Second by Mr. Chisum. There does not appear to be any public comment.

Okay. Recount, motion by Ms. Bingham, second by Mr. Chisum to approve staff recommendation to deny this appeal. Those in favor?

(A chorus of ayes.)

MR. OXER: And those opposed?

(No response.)

MR. OXER: There are none.

It's the same applicant, not the same project.

MS. HOLLOWAY: Exactly. The other application is number 15001, Selinsky Street, also timely submitted and also received an award at the July 30 meeting. The application was denied points under review because the development site must have been located in an area targeted for revitalization in a community revitalization plan. In addition, a resolution must be provided.
indicating that the development contributes significantly
to the concerted revitalization efforts of the city.

During the review process there were multiple
rounds of deficiencies on this question in an attempt to
ascertain whether or not the development actually was
within that CRP. The applicant provided several responses
but was unable to provide clear evidence that the
development met that requirement. Ultimately, on July 29
of 2015, the applicant conceded the two points related to
that resolution. The two-point reduction put the
application in a tie with application 15180, and
application 15180 won the tiebreaker. Five points were
also deducted for late response.

Staff recommends denial of the appeal.

MR. OXER: It seems like it was fairly clear
what we did on this one. Did we get a sense that they're
just appealing to see if they can get it through or if
they have any real basis on this?

MS. HOLLOWAY: I believe that they're just
trying to see if they can get it through. This actually
happened prior to my taking on this new role, so I don't
have that historic perspective, but looking at the
information that was provided here, it seems that there
was some question about the tiebreaker and whether or not
credits should still be flowing to this particular
development.

MR. OXER: Do you have any insight on that, Tim? The rules are fairly clear, if I understand those. Aren't they, Tom?

MR. GOURIS: (Speaking from audience.) Yes, they are

MS. HOLLOWAY: And again, the correspondence and information back and forth is all in your Board book on this one.

MR. OXER: Okay. Then staff recommends denial of the appeal on item 3(b) -- I'm sorry -- 3(a), part two, application 15001. Motion to consider?

MR. GANN: I'll move staff recommendation.

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

MS. BINGHAM ESCAREÑO: I'll second.

MR. OXER: And there's a second by Ms. Bingham. There appears to be no public comment requested.

Motion by Mr. Gann, second by Ms. Bingham to approve staff recommendation on item 3(a) for application 15001. Those in favor?

(A chorus of ayes.)

MR. OXER: Those opposed?

(No response.)

MR. OXER: And there are none.
Good job your first shot in the box here. Two for two so far.

(General laughter.)

MR. OXER: 3(b).

MS. HOLLOWAY: All right. 3(b) is titled presentation and discussion on the development of the 2015-2 Multifamily Direct Loan Notice of Funding Availability. This is a discussion item only. We are seeking to gather input both from the Board and from members of the public regarding our plans for the next HOME and TCAP NOFA. We discussed this briefly during the Permanent Supportive Housing Committee meeting this morning, and I think there are some folks that have some thoughts about what this next NOFA should look like.

MR. OXER: I'll make a brief interruption here as chair, but anybody who's going to want to make comments on this needs to be in that front row right over there. Otherwise, my assumption is you don't have anything to say. A couple of you guys are regular, you know what the routine is.

Go ahead, Marni.

MS. HOLLOWAY: All right. So funds will be available from both TCAP and HOME, loan repayments and HOME 2015 annual allocation. There will be about $2.3 million that's currently available from TCAP in interest
payments, and between $9- and $13 million will be available from principal payments for award under this NOFA. For HOME there will be just over $15 million: $7.2 million of that will be 2015 program year funds and they will be awarded under our regional allocation; $3.2 million will be CHDO funds as a set-aside; the balance will be general.

We are planning to bring the full NOFA back to the Board next month, so again, this is just a discussion item, this is just so that these folks have an opportunity to provide input, as do any members of the Board.

Just broadly, we are planning to put the funds out in basically three tranches. This fills a number of purposes. One of them is that we can make the HOME commitment deadlines. Since HUD has changed the way that they're accounting to a grant accounting system, those commitment deadlines become very important. So the first two groups are entirely about making those commitment deadlines. The last priority will be applicants that are layering with 9 percent credit deals. Applications will be accepted throughout the entire period. Which group it falls into will be what it's layered with and what the expected closing date is of the transaction.

There will be several set-asides, as I mentioned: $3.2 million for CHDO; permanent supportive
housing will have $2.3 million of funds available, TCAP or HOME, depending on the location; we will have a set-aside for 4 percent applications, there will be $4 million; and then the balance of the funds, again, will be general.

Other than the permanent supportive housing, this will all be available as fully repayable loans at 3 percent interest with a 30-year amortization. The maturity terms will match within six months of the superior loan. We are talking about a $2 million maximum request for new construction, $1 million for rehab, and have created a scoring criteria that we think will support a number of the efforts of the agency, including opportunity index and 811 units.

MR. OXER: Do we expect these funds to be oversubscribed?

MS. HOLLOWAY: Potentially.

MR. OXER: So that's a typical approach to this.

This is a report item only?

MS. HOLLOWAY: This is a report item only.

MR. OXER: Requires no Board action, Board motion to consider. Okay. Grab a seat and we'll start over here.

When you come up to speak I'll remind you to please sign in so we make sure that Nancy can identify
you. We'll go from here at the aisle and work to your right, our left, so you get to start, sir.

MS. BINGHAM ESCAREÑO: Mr. Chair, while he's coming up and signing that, may I ask a question?

MR. OXER: Absolutely.

MS. BINGHAM ESCAREÑO: So Marni, obviously there's a lot of moving parts here and so we're not pressed to make a decision, it's not an action item today. Can we look into the future and the next time the Board gets together will we pretty much be pressed to take action at that meeting because of the sensitivities that you mentioned?

MR. OXER: The deadlines that we'll have to meet.

MS. HOLLOWAY: Exactly. The plan is to bring the full NOFA back for your approval at the November meeting.

MS. BINGHAM ESCAREÑO: Okay.

MR. OXER: So we're getting some advance warning on what we're going to have to figure out so it gives us a month to work on this.

MS. HOLLOWAY: Right.

MS. BINGHAM ESCAREÑO: Thank you.

MR. OXER: Good. I'll remind everybody, there are obviously several that want to speak, we'll be on a
MR. McVEY: Good morning, ladies and gentlemen.
I'm Robert McVey. I'm the chief of staff for State
Representative Ryan Guillen. Sounds fancy but it's not.
The representative asked me to be here today to
address you just briefly -- I know you've got a lot to
do -- about the provision for Section 11.9(c)(7)(A) of the
QAP which basically changes the 811 point rules and allows
people in larger municipalities that have been designated
811 to have a little advantage on the point system for
getting tax credits for building low income housing.
Low income housing is very important to the
representative, it's very important to our district.
We're in an area that has a terrible housing shortage for
many reasons. One of them is the very strict subdivision
rules along the Rio Grande border that makes it more
difficult and more expensive to build there than other
parts of the state, and so anything that slows down or
inhibits developers from going in doing projects, the
representative is very concerned about.
He's going to send you a copy of this letter,
which I assume your staff to give to all of you, but
primarily he would like the point system to remain very
competitive. The new rules would apparently give 811
developers that already have projects in major cities an
advantage of one or two or three points, I'm not sure which, frankly. But any advantage, they tell me, is big because those contracts are won and lost by one point sometimes frequently, and therefore, it changes the whole thing.

The gist of the letter is that the rules, in his opinion, would limit that kind of development to just those that have developments in big cities for every district in the state, and the smaller developers that don't would have a very hard time competing and so they'd be kind of cut out of the picture. Assuming his understanding is true, and at this point we think it is but we're happy to be corrected, he would like you to reconsider that seriously. You're going to take action on this, I think, at your November meeting, and he wants to be involved and he wants to make sure that everybody is on the same page, basically.

Thank you. I won't take up any more of your time. I was going to read this but it's very technical.

MR. OXER: If you can give it to the staff, we'll make sure it's in the process of being considered. Thank you for your time, Mr. McVey.

MR. McVEY: Thank you, sir.

MR. OXER: The QAP for some reason attracts a lot of attention this time of year.
Yes, ma'am.

MS. TELGE: Good morning. Thank you all for this opportunity. My name is Judy Telge. I live in Corpus Christi, Texas where I am the original founder and still work at the Center for Independent Living, the Coastal Bend Center for Independent Living. In addition to that, when I have other extra time, I'm president of three small housing efforts, two of which are 811 projects.

What I'd like to encourage you folks to do with this TCAP utilization is to help us address some of the very glaring needs that we can't address. Vouchers are getting less, as we know, HOME funds are getting less, as we know, but we've got more and more people who want to get out of nursing homes, want to get out of institutions. These would come under what is widely called the Olmstead population. These are folks that basically are under 30 percent median income, sometimes even less than 15 percent median income. What we're seeing is many people aging off the streets as homeless, and guess where they go? Into nursing homes. Guess who gets them out? Because we have a DADS relocation contract, us. Where do we put them? They don't get out. People end up staying in nursing facilities because of the lack of deeply subsidized housing.
We are not encouraging the continuation or expansion of housing and services, supportive services, because we have the independent living philosophy that what people really need is the deeply subsidized units. They get their services; if they're Medicaid eligible, if they're on Social Security, they do have services, they have service coordination, they have the medical and health services they need, they bring their services with them to whatever the housing that's available is. So I encourage you to look at, in a broad sense, people under 30 percent median income as the recipients of this in order to make that subsidy deep enough to serve them.

Thank you very, very much.

MR. OXER: Okay. Thank you, Ms. Telge. And don't forget to sign in when everybody comes up.

And while she's signing in, I'll ask that when you come up let us know if you've made these comments to the staff and you want to reiterate those, and we'll be happy to hear you, or if this is something that's new that we haven't been told or having considered yet, if you would. I suspect that most of this is going to be a reiteration which is fine and we're happy to hear you, but it will help staff parse through what's there, because we're on a pretty tight timeline here to get the QAP out, so I'm asking you to help us get that done.
MS. HEADRICK: Good morning. My name is Isabelle Headrick and I'm with Accessible Housing Austin! and this is, to a certain extent, a reiteration of what I said this morning at the PSH subcommittee meeting and some written comments I've submitted.

My nonprofit is a small but very active nonprofit whose mission is to serve extremely low income people, very and extremely low income people with disabilities by providing affordable, accessible and integrated housing. As you know, in the City of Austin alone there is a shortage of 48,000 housing units, affordable to households earning under 30 percent of the median family income. Of this, it is safe to say that in these there's a shortage of 7,000 units affordable to people with disabilities, and 2,000 for people with ambulatory disabilities.

Additionally, the city's housing market study found that 25 percent of renters with disabilities were in housing that did not meet their accessibility needs, and I would imagine that if you changed the denominator to people with ambulatory, that percentage is actually much higher.

The fact is many of the 48,000 in Austin, and I'm sure if you project out to the rest of Texas, either do not need or do not currently have access to services,
yet their need for housing is no less dire and they should
not be denied the opportunity to have a home they can
afford. Furthermore, of those that do have access, most
are able to be independent consumers of the services they
need. At AHA! we believe strongly that services and
housing should be kept separate, that all services,
specifically any services related to disabilities,
including mental health and substance abuse, be voluntary.
We would not want a failure to comply with services to be
a reason for an individual to lose housing, or conversely,
a failure to maintain housing to be a reason an individual
could lose services. For that reason, although we
certainly house people who receive services, we choose to
not be the entity that delivers them.

As you may also know, the Supreme Court in the
Olmstead decision held that under the ADA, people with
disabilities have the right to live in the community
rather than in institutions, however, the lack of
affordable, accessible and integrated housing is the
primary barrier keeping people from exiting institutions.
This is exactly the kind of housing that AHA! develops.

We’re working to develop a 27-unit project in
partnership with and on land owned by the Housing
Authority of the City of Austin. All of the apartments
will serve households at or below 50 percent MFI.
According with federal integration standards, six, or 25 percent, of the units will be dedicated with disabilities, and the remaining 75 percent will be open to people with and without disabilities. To maximize choice and integration, 50 percent of the units will be accessible and the other 50 percent will be adaptable.

Is my time up?

MR. OXER: Pretty close.

MS. HEADRICK: Okay. Just to sum up, I just really want to encourage you all to be targeting the deepest lowest income and to see a way to expand the number of units that are serving people who don't necessarily have vouchers and to be creating housing, not just carve out for people with disabilities or carve out for the chronically homeless or carve out for this group or that group, but really target the lowest income people and expand the number of units that are available instead of just overlapping them with other sources.

Thank you.

MR. OXER: Good. Thank you, Ms. Headrick.

As you're coming up, I would remind everybody that those of you who have made comments this morning in the earlier hearing we had on permanent supportive housing, those are in the record and constitute public record that will be considered in the development of the
QAP. So you don't have to go say exactly the same thing
you've already said but we're happy to hear anything you
would like to say in three minutes.

MS. HICKS: Jennifer Hicks, director of housing
finance for Foundation Communities. Walter had to jump on
a plane so you have me this morning.

I, first of all, just want to thank staff and
Board Member Chisum and Gann for being on the PSH
subcommittee and bringing this set-aside to bear, so just
extremely grateful and thankful. Supportive housing is so
difficult to develop, so complex, and this will be a huge
boost for supportive housing in the state.

The first comment I was going to make, it was
commented in the PSH subcommittee. Just for the record,
we should drop the P in PSH and just make it supportive
housing. That matches the set-aside definition that's
already in the rules, it's not broken, it's worked very
well, and so not to complicated matters, open up
loopholes, keep what's been working and let's use the term
supportive housing.

Under the NOFA, my comments are new now going
forward. Under eligibility right now it's restricted to
just 9 percent and 4 percent deals. For supportive
housing I ask that that be opened up to not necessarily 9
percent and 4 percent. TDHCA has been an investor in
three of our past supportive housing deals that were not 9 percent or 4 percent deals, and that's been a key piece of funding and something that's been missing, frankly, the past five years. And so I think with this NOFA that would be specifically for the supportive housing, that would be key is to open it up to all deals.

Under the scoring criteria, you might not have a choice in this but the high opportunity area just doesn't have any value for supportive housing deals. More value is being in the urban core, being near public transit, being accessible to services. Just something to note.

The 811 requirement, supportive housing is exempt from 811, and so to make that a note in the supportive housing set-aside.

Also, right now rehab is scored as a priority, and I ask that for the supportive housing set aside it should be open to new construction and rehab. It's going to be a finite amount of money and I would hope that you have the supportive housing deals that are in the pipeline applying for that money, and so by restricting it to rehab, I would be a little bit concerned about that. And then also, just leaving it not restricted, rehab or new construction could apply.

And then finally, on the tiebreaker, for
supportive housing the distance to another tax credit development is irrelevant. More importantly would be the distance to public transportation or distance to critical services.

Thank you.

MR. OXER: Good timing. Thanks for your comments.

MR. GOODWIN: I have a question, if I could.

MR. OXER: Certainly.

MR. GOODWIN: You made the comment, I think, that high opportunity area has no basis in supportive housing.

MS. HICKS: Sure. Let me clarify that. So what I mean by that is high opportunity area tagged with educational excellence. So there's two forms of supportive housing, there's supportive housing for individuals which is the bulk of TDHCA funding has gone into supportive housing as single-room occupancy developments, but Foundation Communities also does and TDHCA has also funded supportive housing for families.

More specifically just focused on the single-room occupancy supportive housing, educational excellence isn't an issue because it's single adults without children, school-age children. But that wouldn't be a true statement if we were talking about family supportive
housing because education is extremely important.

The high opportunity areas, the income, most of those areas in urban areas are going to be outlying areas and not urban core areas, and where you see supportive housing -- and I'm speaking more specifically to single-room occupancy supportive housing -- developed will be in urban cores where they are accessible to public transit which is critical -- less than 10 percent of the residents have access to cars -- and next to services, medical, educational and psychiatric, all those sorts of services that are critical to the population as well. So an extremely high income area isn't necessarily -- it's not the areas that usually single-room occupancy supportive housing is located.

Did that help clarify?

MR. GOODWIN: Yes.

MR. OXER: So what you're saying is supportive housing is not monolithic.

MS. HICKS: That's correct. And so I guess applying the high opportunity area I could see it as for family supportive housing that would be good, but for single-room occupancy supportive housing, that's kind of completely opposite of what we look at.

MR. OXER: Doesn't make a real difference. I get your point. Thanks for your comments.
MS. HICKS: Thank you.

MR. OXER: Joy, are you next?

MS. HORAK BROWN: I am.

MR. OXER: Come on.

MS. HORAK BROWN: Good morning. I'm Joy Horak Brown. I'm president and CEO of New Hope Housing in Houston, Texas. We have a thousand units of supportive housing. Thirty percent of our residents have zero income and the others have an income of less than $10,000 a year, 65 percent have experienced homelessness.

I'm not going to reiterate Jennifer's very clear and well delivered message -- we collaborated a bit on those comments -- but I will reiterate this one point and that is the word "permanent" needs to be removed from permanent supportive housing. There are very specific definitions that were discussed at great length earlier today. They are in conflict and they are always changing. The very broad umbrella that the Department has created thus far has been extremely effective and needs to remain intact for this particular NOFA.

I will also mention that the first supportive housing deal that the Department funded for New Hope Housing was neither a 9 percent nor a 4 percent, and so I very much agree with that and all of Jennifer's other comments.
Thank you very much.

MR. OXER: Good.

Sarah, come on up.

MS. SARAH ANDERSON: I was hoping to be last; I was hoping to not be here. My name is Sarah Anderson with SAnderson Consulting.

MR. OXER: Let the record reflect that the chairman let that pass.

MS. SARAH ANDERSON: No comment, I know.

Just one comment for now. I know that we will be gathering more information and speaking with staff about the HOME NOFA, but there's just one issue that I think was an issue the last time with the HOME NOFA that I would like to bring up and have in your minds as we go through this again and hopefully we can get it changed in this, which has to do with the underwriting standards that they have set out from the beginning.

The question was asked how over-subscribed this money was. On its face the money was over-subscribed until the strict underwriting was put in place with the 3 percent at 30 years, and at that point I think you'd find that a lot of people actually chose not to take the money because it didn't add any value to the development. This money is needed to be more flexible than that. In rural areas we sometimes need zero percent, we sometimes need 40
years if we're doing FHA, and I would just really ask that
there be a little bit more openness in the review of this.

This money is so important to what we're doing
that to limit it to terms that people are just not going
to be interested in applying or seems counterproductive to
going the money out and being useful for development.
So I would just ask you to keep that in mind, and I know
we'll be making these comments later as well.

MR. OXER: The money we have doesn't do anybody
any good when it's just sitting there on our account
books, so we're trying to make sure we get it out and
doing its job.

MS. SARAH ANDERSON: I think terms that are a
little bit more --

MR. OXER: Amenable?

MS. SARAH ANDERSON: Well, amendable. We saw
this issue with a lot of people doing FHA deals that have
40-year amortization and being able to underwrite it where
it matches those terms and to, frankly, go lower than 3
percent. I mean, the market is 4 percent in some cases.
We need the money to help get us places that we can't do
with traditional lending products. So we would just ask
that this be looked at overall as we're going through the
NOFA process.

MR. OXER: Thanks for your comments.
MR. TAYLOR: Craig Taylor with Communities for Veterans, Sarasota, Florida. This is not just a reiteration of what I said this morning to the committee but you have heard this as well, but I'm going to reiterate it one more time.

My specific concern is in the NOFA writeup where staff is considering a prohibition on applications that previously received an award of Department assistance. I've mentioned our Kerrville, Texas project, permanent supportive housing, 49 units for at-risk of homelessness and disabled veterans on the Kerrville VA Medical Center campus. It's true supportive housing, very much needed, and at this point very close to completion of construction. However, I've been candid and transparent about our funding gap and shortage which was purely a function of a tremendous and unexpected escalation in pricing for construction from the time we were awarded credits until we could work through the bureaucratic process at the VA to get to a point where we could close, and so we have this gap.

The TCAP funds were originally allocated to the state to address funding shortfalls in tax credit projects, so in that sense, being able to use the TCAP funds for a project like this is a perfect use, and in fact, the intended use of those funds. So what we would
ask today in all humility is that there be some way to
make this upcoming NOFA available to specifically existing
permanent supportive housing projects if possible.

Thank you very much, Chairman.

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

Peggy, do you have one to read in?

MS. HENDERSON: Peggy Henderson, TDHCA.

Registering public opinion for Louis Bernardy.

He is the senior vice president and director of
development in Texas for McCormick-Behrens-Salazar, Inc.,
and he is against staff's recommendation in the QAP for
the proposed rules related to housing tax credit
competitive selection criteria for educational excellence.

Also registering opinion for Tim Alcott of the
San Antonio Housing Authority, against staff's
recommendation for proposed rules as it relates to
educational excellence in the QAP. There should be points
awarded for Choice Neighborhoods because education is a
component of the grant.

MR. OXER: Okay. Thanks.

Who's next on this item on 3(b)?

MR. NISIVOCcia: Good afternoon, Mr. Chair and
Board. My name is David Nisivoccia. I'm the interim
president and CEO of the San Antonio Housing Authority,
and I wanted to talk about the items that were just
highlighted under the QAP regarding the points for
educational excellence. There will be two speakers that
come behind me.

MR. OXER: Hold on, David. We are talking
about the NOFA on item 3(b), we're not talking about the
QAP yet.

MR. NISIVOCCIA: I want to talk about the QAP.
Should I sit back down?

MR. OXER: Yes, because what we want to do is
finish up the discussion on item 3(b) which is the NOFA
that's up.

MR. NISIVOCCIA: I apologize.

MR. OXER: That's okay. Perhaps we weren't
clear.

MR. IRVINE: For clarification, the QAP is not
a posted item for consideration at this Board meeting.
Today at five o'clock the public comment period for the
QAP ends. If you want to make comment on the QAP you need
to submit it as public comment. Under the Open Meetings
Act we really can't discuss matters other than what's
before the Board.

MR. OXER: Right. And apart from the public
comments that are available, even when you come to the
part at the end of the meeting where we're formally
creating the agenda for the next meetings, there is a mechanism for you to make public comment on the QAP which I think has been well publicized, you can put it on the website, get all that stuff in there, but even then when we have open invitation for public comment at the end of the meeting to create future agendas, we still can't say that apart from saying we'd like to consider the QAP in the next meeting, which we're going to do because that's when we have to approve it.

MR. IRVINE: Actually, they could place public comment on the record at the end of the meeting. The Board can't respond to it but you can place comment on the record then.

MR. OXER: All you can do is put it in, you'll have a minute to make your comments to say we need to take that up at the next meeting. Is that clear to everybody?

Item 3(b) on the NOFA that Marni talked to us about -- remember Marni -- anybody else want to comment on that one? Terri. This is item 3(b), right, Terri?

MS. TERRI ANDERSON: Yes, sir, it is item 3(b).

MR. OXER: Just checking.


I did want to make similar comments to what Sarah made regarding the use of the NOFA and the terms
that are provided for, the prior experience where it made the funding, I guess, less than a subsidy, as it were, and it's more similar to market financing. I think that should certainly be considered in the underwriting provisions and all of the terms should track the first lien.

In addition to that, at one of the last Board meetings there was a comment which was related to providing zoning at the time of a commitment acceptance, and in an instance of annexation of a property during the application cycle, to the extent a city would want to involuntarily annex a property in an ETJ to prevent the housing. I believe Board Member Muñoz asked what other instances that had happened, and I haven't been able to find a broad number, but Bobby Boling did offer that it occurred on his property in Horizon City, and the time frame that it took to prove his vested rights would certainly expand beyond the time of receipt of a commitment and having to provide that at the time of commitment. So I just wanted to add that as a point of consideration.

MR. OXER: Great. It's on the record, we got it.

MS. TERRI ANDERSON: Thank you.

MR. OXER: On item 3(b). Okay, Bill.
MR. FISHER: Bill Fisher, Sonoma Housing.

To supplement the other two speakers, this is a policy issue. And we did TCAP many years ago and we were flexible in both the amortization as well as the interest rate. Underwriting underwrote it and in some of the developments it was 1 percent, in some it was 2 percent, some they determined it could be 3 percent. Thirty-year 3 percent money is market rate. Tax credit assistance HOME money is designed to supplement these development budgets and help them to be financially feasible and work, and 30 and 3 just isn't market.

I have a client who recently closed a 35-year loan with HUD at 3.20. You've heard comments about the low 4 percent rate and 40-year amortization FHA debt. Part of the 30 and the 3 percent simply drives the developer to a HUD execution which requires you to sign a cash flow subordination agreement. So the Board sets policy. I'd ask you to go back to the TCAP policy that we used when we had TCAP funds which is to give the developer the opportunity to submit an application that repaid the TCAP money.

Now, we're completely in favor of this whole recycle approach. It's proved itself, the Board at that time is really showing the results today because we have TCAP money coming back from payments that everyone has
made on their TCAP money so it can be recycled to
supplement the loss of HOME. So that's absolutely a good
program.

So I'd ask the Board to consider encouraging
staff to look at the old policy and be flexible so that
we're not just adding additional market rate debt, we're
assisting these developments with a prudent approach that
doesn't allow a developer to take an unreasonable return
but can be flexible on the amortization, the term of the
loan and the interest rate.

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

Anybody else on 3(b)?

(No response.)

MR. OXER: Okay. That was a report item only,
as I understand. Marni has got those comments, we'll take
that into consideration, it will be dialed into the
consideration for what we prepare for the November Board
meeting. Is that correct?

MS. HOLLOWAY: Yes.

MR. OXER: Okay, Toni. I understand you want
to say something on a couple of the items that you weren't
here when we took those up. It's going to require a
member of the Board -- you have one minute to make a case
that it needs to be reconsidered, and you have to talk one
of them into making a motion to reconsider the item.

MS. JACKSON: Thank you, Mr. Oxer.

I come before you, and I do apologize for missing agenda item 3(a), However, I ask that you please consider my comment and not me for missing this item. I sent the information to the staff yesterday as well as the fact that the local redevelopment authority contacted the staff, however, they were at the TAAHP meeting yesterday and unable to reach them.

When we substituted the funding for the City of Houston funds for Palm Parque, that was substituted with an in-kind donation from the redevelopment authority, the Midtown Redevelopment Authority. In the City of Houston, the redevelopment authorities have comparable tax increment reinvestment zones, and so those boards, although they are similar in terms of who sits on them, the appointments for the redevelopment authority has to be made by the mayor and they are appointed and approved by the city council, as is required by the QAP.

The staff looked at the website and believed that the zone board and the redevelopment board were identical, however, not appointed by the City of Houston, and that is incorrect. I provided information to the staff which is the certificate of formation, the ordinance and even an example of a Board member being appointed,
showing that the city council actually approved that appointment. Simply stated, the redevelopment authority board members have four positions that are recommended to the mayor, however, the mayor still has to make the appointment and the city council has to approve the appointment. So therefore, pursuant to the QAP, the board members are all appointed by the mayor and appointed and approved by the city council, as required in any funding for the local political subdivision funds.

MR. OXER: Marni.

MS. JACKSON: And I have information in my hand as well as out for the public if the Board would like to see it.

MR. OXER: Come up, Marni, because we'll have some questions together.

The information that as presented that we have in our Board books suggests that two were appointed by the state rep and state senator?

MS. JACKSON: That is correct.

MS. HOLLOWAY: Yes.

MR. OXER: So what you're saying is those are actually recommended by them but the city actually did the appointment.

MS. JACKSON: That is correct.

MR. OXER: Anybody convinced?
MR. ECCLES: There seems to be a difference between the authority and the zone.

MS. JACKSON: There is a difference.

MR. ECCLES: Which one is the instrumentality of the city?

MS. JACKSON: The instrumentality is the redevelopment authority which provided the in-kind donation -- I'm sorry -- the redevelopment authority is who provided the donation, the zone has several components because the TIRZ zones, they actually receive taxes or a tax from the school district and from the county, and so therefore, they have appointments on the tax increment reinvestment zone boards. However, the redevelopment authorities mirror that, however, those appointments, or those positions, I mean, they have to be recommended to the mayor and then, in fact, approved by the city council. And what I provided the staff yesterday was an example of one of the appointments, the HISD appointment, which shows that the mayor is accepting the nomination for somebody from HISD, however, it is approved by the city council because it is only a recommendation, they are not automatically placed.

MR. OXER: So it's a nomination recommendation, there's nobody else that has unilateral authority to put an individual on this board.
MS. JACKSON: That is correct.

MR. ECCLES: That's for the authority, though, not for the zone.

MS. JACKSON: That is correct, and the authority is who is providing the in-kind donation of the land.

MR. IRVINE: When did staff raise this question with the applicant?

MS. HOLLOWAY: Excuse me. The question first came up with staff was reviewing the letter that provided that local political subdivision support at the commitment. So when the applicant returned their commitment package with all of the supporting documentation, there was a letter of support that said that the TIRZ would be providing support in the form of an in-kind donation. I understand that there is this connection between the zone and the authority, that's why we went back and asked for further clarification of exactly how the board members are appointed to the Midtown Tax Increment Reinvestment Zone because in the letter we received, that was the entity that was providing the support.

MR. IRVINE: So when was that occurring, like September, August?

MS. HOLLOWAY: End of September. I have the
dates. So the staff initially issued the scoring notice that informed the applicant of the reduction in points on September 25. On September 28, we received the applicant's appeal which included the articles of incorporation and bylaws of the Midtown Redevelopment Authority, and we are not at all questioning the redevelopment authority, but did not address the board composition of the Midtown TIRZ, of this other organization.

On October 2, I sent a letter to the applicant and asked how all of the Midtown TIRZ board members are currently appointed. What I received back was more information about the redevelopment authority that did not address the reinvestment zone. We were left with nothing other than the creation ordinance for the reinvestment zone which states very clearly that positions one and two are appointed by the representative and senator and position eight by the school district.

MR. IRVINE: So the applicant was representing it was getting its support from the TIRZ but we're now finding out that that is not the case?

MS. JACKSON: It is the redevelopment authority that gave the money -- that gave the land.

MS. HOLLOWAY: Well, that is not the information that we've received through the course of this

ON THE RECORD REPORTING
(512) 450-0342
appeal. The letter that we received was very clear, saying that the support came from the zone, and as we've gone back and tried to work through this with the applicant, we haven't received: Oh, it was a mistake, it wasn't the zone, it's the authority.

MR. OXER: So essentially you asked the question about the authority and got information about the TIRZ?

MS. HOLLOWAY: We've asked about the zone and we received information about the authority. And they are very, very closely related and it appears that the same people may serve on both boards, but the creation ordinance for the zone says that these board members are appointed, the articles and bylaws for the authority, are appointed by non-city and county officials. The articles and bylaws for the redevelopment authority say that all positions are appointed by the mayor.

MR. IRVINE: I would actually like to articulate it a slightly different way.

MS. HOLLOWAY: Please do.

MR. IRVINE: And if I'm wrong, correct me. We issue a commitment and our commitment specifies certain requirements to meet the commitment, and in response to proving up the local political subdivision's support, the applicant provided a statement that it got its support
from the TIRZ and provided evidence relating to the TIRZ. That did not meet the requirements of the commitment. So now what's coming forward is basically a completely different response to the conditions of the commitment long after the expiration of the commitment deadline. Is that accurate?

    MS. HOLLOWAY: I would agree with that.

    MR. OXER: Any Board member have a thought or a comment?

    (No response.)

    MR. OXER: As chairman, Toni, I get to tell you that your argument is not compelling. So there's no motion to reconsider the position on 3(a).

    MS. JACKSON: Thank you for giving me the opportunity.

    MR. OXER: Certainly.

    MR. CHISUM: Thank you.

    MR. OXER: All right. Are there any other comments on item 3(b)?

    (No response.)

    MR. OXER: All right. Raquel.

    MS. MORALES: Good morning. Raquel Morales, director of Asset Management.

    Item 4 is the presentation, discussion, and possible action regarding material amendments to three
different Housing Tax Credit applications. If it's okay with the Board chair, I'd like to take the first two on the list because the amendment requests for Haymon Krupp which is 14127 and Tays 14130, are identical, it's the same owner, it's the same request for both.

MR. OXER: They're similar requests in terms of what they're asking for?

MS. MORALES: Yes.

MR. OXER: Okay. Is this for staff? This is only for us in the book?

MS. MORALES: What's being handed out is the backup information for Tays. It was posted on the Asset Management website 15 days prior to this meeting but it didn't translate over into the Board materials. The Board action request did but that backup information, which is a copy of their amendment letter and the supporting documentation, didn't make it into the Board materials but it has been made available for the public otherwise.

MR. OXER: Okay. It has been made available for public comment.

MS. MORALES: Correct.

MR. OXER: So just to make sure I'm clear on this, we're taking number 14127 and 14130 concurrently, so the vote by the Board will take both of those into consideration at the same time.
Ms. Morales: Yes.

Mr. Oxer: Okay.

Ms. Morales: So 14127 which is Haymon Krupp and 14130 which is Tays, both of these applications were submitted during the 2014 competitive tax credit cycle. They received an award of tax credits under the at-risk set-aside. Haymon Krupp proposed to demolish and reconstruct 96 units and Tays proposed the demolition and reconstruction of 198 units. Both developments targeted the general population, they are in El Paso, and are both owned by the housing authority of the City of El Paso.

The owner submitted an amendment request identifying several changes to both applications. Again, the changes to both are identical with respect to the source of operating income for the transaction, as well as changes to the site plan and design of the development. Originally the plan for both applications called for a portion for the units to be financed with Housing Tax Credits and HUD's rental assistance demonstration, RAD program funds, however, the owner's application for that RAD conversion was denied and so they've had to change the operating source for those units. They are now being financed or proposed to be financed with Housing Tax Credits and Section 8. They still both remain eligible to qualify as an at-risk allocation so they haven't changed.
anything that would change that.

As far as the redesign of the site itself and the buildings, the owner has indicated to the Department that those changes were necessary in order to comply with local city zoning ordinances, specifically open space requirements for the City of El Paso. The original site design and site plan proposal didn't conform with that 40 percent open space requirement, and so the new plan that has been submitted with this amendment request, the new design does now.

Along with that information, they've provided revised development costs, revised financing structure information, changes to their permanent financing, their syndication. The Real Estate Analysis Division has evaluated those changes and an addendum to their original underwriting report was completed and is available in your Board materials and was handed out for Tays.

So that's just a brief summary. The Board action requests are very detailed and all of the changes that occurred with these developments we have had extensive discussions with the owner regarding our concerns about placement in service. The owner has relayed to the Department that they are committed to allocating every resource that they need to meet the 12/31/2016 placed in service deadline.
And so with that, staff recommends approval of both of these amendment requests, subject to the conditions that are identified in the Board action requests, and those conditions are specific to meeting certain timelines for loan closing, tenant relocation. When we discussed our concerns with the owner and the development team, we felt that putting these conditions would help us get comfortable that the process keeps moving forward and that there wouldn't be any more delays.

So staff recommends approval with those conditions.

MR. OXER: So the applicant has made comment to you that they intend to commit every resource they can. Are you comfortable that they have the capacity to meet their schedule and deadline?

MS. MORALES: I think that we have -- that's a hard question. I mean, I still have trouble getting there. I'm not going to lie, I have trouble getting that they're going to be able to get there.

MR. OXER: Well, let me ask this, they have to get their in-service date by 12/31/16?

MS. MORALES: Yes, sir.

MR. OXER: Okay. So that's 14 months out, more or less, 14 and change. Are there interim milestones that they have to hit that give you some sense that you'll know before 12/30/16 that they're not going to make it?
MS. MORALES: The latest milestone that they had to reach was 10 percent test. Haymon Krupp submitted their 10 percent test on time; Tays did have to request an extension but has since submitted that 10 percent test documentation to us. In conjunction with getting these amendment requests and when we got the extension request for Tays, we were practically asking give us your construction timeline, let us see how you guys are going to make it. Just because these aren't straightforward new construction deals, they're demolition and reconstruction so there's some abatement that has to happen, they've got to relocate existing tenants, there's HUD involved in the approval process, and so they've got go through notification periods before they can move on other benchmarks.

They have given us a timeline that suggests that they will be substantially complete by the 12/31/2016 date. There is some question with respect to whether all units will be done, which is a requirement of the Department on top of the Code requirement. They can place in service by documenting that one unit in each building is ready for occupancy, and per Code that satisfies, Internal Revenue Code. However, the Department's rules, which have been in place for as long as I've been here, requires that all units be ready and suitable for
occupancy. And so that's one of the concerns that staff has brought up during our conversations with the owner about whether that would be done. Again, the owner has indicated to us they are committed to having these things done.

MR. IRVINE: I'd like to clarify one thing. It's not Department rule that requires all units, it's a provision in the carryover agreement that contractually obligates them to have all units in service by 12/31, and staff is in the process, as we prepare the new carryover agreements, of conforming to IRC criteria. The rule basically conforms to the IRC.Obviously, there are tremendous financial incentives to get everything online and have a basis to support claiming credits as soon as possible.

MR. CHISUM: Mr. Chairman, I have a question.

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

MR. CHISUM: In looking at the information that you handed out, page 10 of 14, it lists several situations that would come into play should the project not be completed, and the very first one is failure to place the project in service on or before the earlier of December 31, 2016 or the date required by the agency. Carlton Guarantors shall guarantee this obligation. Do you see where I am?
MS. MORALES: No, I don't. I'm sorry.

MR. CHISUM: It's page 10 of 14 on the information that was passed out, after all of the drawings, dated June 26.

MS. MORALES: So this looks like it is a letter of intent agreement form Hunt, who is a partner in this development.

MR. CHISUM: Right. It's signed by Dana Mayo, senior vice president of Hunt Capital, and it's signed also by Gerald -- I can't read his last name.

MR. OXER: Cichon.

MR. CHISUM: Okay. But if you'll just back up to page 10 you'll see the listing there, and I want to know who Carlton is.

MS. MORALES: I believe Carlton is the contractor. Yes, it's the contractor.

MR. OXER: So in the event that they default, what happens?

MR. CHISUM: That's where I'm going.

MR. OXER: I know.

MS. MORALES: I think the owner can probably answer that question better than I can.

MR. OXER: Okay. The protocol says that we have a motion to consider. Staff has recommended approval of the amendment. Is there a question from the Board?
(No response.)

MR. OXER: Okay. Motion to consider?

MS. BINGHAM ESCAREÑO: So moved.

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

MR. CHISUM: Second.

MR. OXER: And second by Mr. Chisum.

Anybody want to say anything since you're getting what you want, Barry?

MR. PALMER: Just if you wanted a response to that question.

MR. OXER: I think that's a good idea.

MR. PALMER: Barry Palmer with Coats Rose, representing the Housing Authority of El Paso.

So with this amendment in place we will proceed to closing very shortly on Krupp in a couple of weeks, and at the closing, the tax credit investor -- who is Hunt Capital in that letter that you were reading from, Mr. Chisum, their name has since changed to Alden Torch, but they are the tax credit investor -- they'll be putting in millions of dollars into this development, and they require guarantees from the developer that the project be placed in service or else they'd have to pay the money back to the tax credit investor if the tax credits weren't available to be claimed.
MR. OXER: So they've got a hook that's going
to hurt if they don't hit 12/31/16.

MR. PALMER: Right.

MR. OXER: Good answer.

Anybody else want to say anything on this item?

(No response.)

MR. OXER: Good answer.

(General laughter.)

MR. OXER: Motion by Ms. Bingham, second by Mr. Chisum to approve staff recommendation on item 4,
application 14127 and 14130.

Did you want to clarify?

MR. IRVINE: I did want to make a comment.

MR. OXER: Okay. Let's do that.

MR. IRVINE: This is a phenomenally significant piece of an even more significant undertaking by the Housing Authority of the City of El Paso. They've got an awful lot on their plate. They've got phenomenally deep partners in their endeavor, but it's really a challenge, and quite honestly, staff was looking at documents that were put together with the best of intentions, but it's a fast-moving, multi-faceted beast and there were inconsistencies and so forth, there were timeline questions, and all kinds of things.

And at the end of the day it was really
important, I think, to me and to my team that we sit down with Gerry Cichon and look him in the eye because he's the guy that's at the apex of this organization and say, Gerry, can you get it done? And he looked me back in the eye and said, Tim, absolutely; we will do whatever it takes to get it done. And the reason that this item, even though it's got an approval recommendation, is in front of you in this particular manner is I wanted you to have the benefit of looking Gerry in the eye and hearing that from him.

MR. OXER: Actually, I'd like to have the benefit of having Gerry come up here and put it on record. Welcome to the box, Gerry. Jump in.

(General laughter.)

MR. CICHON: Good afternoon. Gerry Cichon, Housing Authority El Paso CEO.

I just want to let you know that, yes, there's been a lot of challenges with this. As you know, we just closed '14 tax credits not more than seven months ago, we've got a lot of construction and a lot of things moving. As you also know, getting that letter that you all requested with HUD put us back behind on Tays by about six months. So there's a lot of things that happened along the way that kind of put some of these things back, and that is true, but we are the housing authority, we are
very sophisticated in this, we do have fantastic partners, all of which are here, and we are committed to making sure that this is accomplished and accomplished on time, and we'll get every resource that the housing authority has available to it to ensure that that happens.

MR. OXER: Okay. Single question, yes or no. Will you have it in service by 12/31 next year?

MR. COCHON: Yes.

MR. OXER: Good. All right. For the guys that are here that are supporting and your partners in this, don't let it be misunderstood or misstated, we very much appreciate the effort that you're putting into this, and we've got a lot of trust in Gerry, we've seen him do things before, but we want to see this work too. Okay?

We have a set of rules and there are things, we do a lot of work to protect the integrity of our rules and the timelines that we're working under, so we appreciate that you're here to support Gerry, because Gerry is going to have to talk to us in January of 2017. Thanks.

Anybody else on that particular item?

(No response.)

MR. OXER: Barry, good clarification.

Appreciate that.

MR. CHISUM: Thank you very much. Appreciate it.
MR. OXER: That's on those two items.

MS. MORALES: We have one more item for you.

MR. OXER: Hold on, we're not finished yet. We have a motion by Ms. Bingham and a second by Mr. Chisum to approve staff recommendation on item 4 for applications 14127 and 14130, only those two. And we've had public comment. Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

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

We go to the third application which is 13417.

MS. MORALES: Correct. This is the last application under item 4, Masters Ranch which is file number 13417. Masters Ranch received an award of 4 percent Housing Tax Credits in 2013 to construct 252 new multifamily units in San Antonio. The application submitted for Masters Ranch proposed that 100 percent, all 252 units, would be rent-restricted to serve low income tenants at 60 percent of area median income. The Department evaluated that application and the Board approved the application under that original proposal. Ultimately, a determination notice for approximately $808,000 annually and 4 percent tax credits was issued.

In March of this year the City of San Antonio,
which is the development owner, notified the Department of
a change to the application where they were wanting to
convert 15 of the 252 units from low income to market
rate. The total number of units remains unchanged other
than converting to market rate. According to the
information presented to us by the owner, this change was
being requested as a result of a local city council
representative that was asking in order to get support
from the neighborhood for this application. To date, this
is all the information that staff has really gotten
related to the request.

Under Subchapter E, 10.405(a)(7), our rules
require that any amendments involving a reduction in the
total number of low income units has to be accompanied
with evidence to support such a request. Among that would
be written confirmation from the lender and syndicator
that basically the development would be infeasible without
converting these units over to market rate. We have asked
for that information; we have not received it. We did
receive revised financial exhibits with the amendment
request. Underwriting took a look at that, reevaluated
the transaction based on the changes represented and
proposed, and has issued an addendum to the original
underwriting report, however, staff has not received any
information to suggest that this deal is not feasible as
it was originally proposed which is 100 percent of the units be rent-restricted to low income tenants. So because of that, staff recommends denial of the amendment request.

MR. OXER: Any questions from the Board?
MR. CHISUM: I do have a question.
MR. OXER: Okay. Mr. Chisum.
MR. CHISUM: I notice that the bank is Frost Bank. Have they been advised of this proposed change?
MS. MORALES: I don't know. We were notified about the change initially from the HUD local office because I think they're doing their financing with a HUD loan. I don't know if the other partners are aware, I'm assuming they are, but if the owner is here, they could answer that question. As I understand it, the equity investor is aware but I don't know about the first lien lender.

MR. OXER: Any other questions?
(No response.)
MR. OXER: Okay. We'll have a motion to consider before we take public comment.
MR. GOODWIN: So moved.
MR. OXER: Motion by Mr. Goodwin to approve staff recommendation on item 4 for application 13417. Do I hear a second?
MR. CHISUM: Second.

MR. OXER: Second by Mr. Chisum.

I take it you folks would like to make a comment. Ms. Bast.

MS. BAST: I am available to answer Mr. Chisum's question. This is Cynthia Bast. I do represent the developer in this transaction and I can tell you that all of the financing parties are aware of this circumstance. The transaction financing has actually closed at this time.

MR. CHISUM: Thank you. That's what I was looking for.

MR. OXER: That change anybody's position?

MR. CHISUM: No, sir.

MR. OXER: Any other public comment on this item?

(No response.)

MR. OXER: There's been a motion by Mr. Goodwin, second by Mr. Chisum to approve staff recommendation on item 4 with respect to application 13417. There's no other public comment. Those in favor?

(A chorus of ayes.)

MR. OXER: And those opposed?

(No response.)

MR. OXER: There are none. It's unanimous.
Okay. We're at the end of the posted agenda. We're going to go into a brief executive session because of some legal affairs we need to attend to. Everybody sit still for a second.

The Governing Board of the Texas Department of Housing and Community Affairs will go into closed or executive session at this time. The Board may go into executive session pursuant to Texas Government Code 551.074 for the purposes of discussing personnel matters, pursuant to Texas Government Code 551.071 to seek and receive the legal advice of its attorney, pursuant to Texas Government Code 551.072 to deliberate the possible purchase, sale, exchange or lease of real estate, and/or pursuant to Texas Government Code 2306.039(c) to discuss issues related to fraud, waste or abuse with the Department's internal auditor, fraud prevention coordinator or ethics advisor.

The closed session will be held in the anteroom of this room which is John H. Reagan Building 140. The date is October 15 and the time is 11:20. I expect we'll be back within half an hour so we'll be right back.

(Whereupon, at 11:20 a.m., the meeting was recessed, to reconvene this same day, Thursday, October 15, 2015, following conclusion of the executive session.)

MR. OXER: The Board is now reconvened in open
session at 12:10. During executive session the Board did not adopt any policy, position, resolution, rule, regulation, or take any formal action or vote on any item.

We have nothing hanging on the agenda, if I recall correctly, so we are at the point in the agenda where we will take public comment on matters for items other than those which were posted on the agenda. Those of you, and I gather there are several there, who wish to make comment on the QAP, I will remind you that if you made comments on the QAP before, potentially this morning, those comments are in the public record and will be considered. If you make any comments on the QAP, since this is in an area where we're simply taking input for future agendas, we will not be able to respond to you, only be able to accept your comments. Since we're doing pretty good on the clock here, I'll continue to run a hard clock and it will be three minutes apiece at the most. Okay?

Barry, did you want to go first?

MR. PALMER: Barry Palmer with Coats Rose.

I wanted to speak to ask that the Board consider putting on the agenda for the next meeting a clarification on the placed in service deadline for projects that are under construction with 2013 or 2014 tax credits. It was mentioned earlier that there is a
difference in the IRS definition of placed in service is that you have a certificate of occupancy for one unit in each building by 12/31 of the year. The TDHCA doesn't have a rule on this in its rules but in the carryover agreements for the last several years there's been a provision that says you have to have certificates of occupancy on 100 percent of the units by 12/31, and I think Tim mentioned that in the 2015 carryover agreement that's been changed and that now the Department is going to be following the IRS definition of what placed in service is.

It's important for a number of projects that are under construction. I think you're going to see in the coming months, as you know, there were a number of federally declared disasters this year in Texas, mostly flooding, which have caused a lot of projects to be behind schedule, and there is the ability to get an extension of the placed in service deadline in certain situations where there have been nationally declared disasters and you'll be seeing some requests for that.

But it would also help projects trying to meet the deadline if we just follow the federal guidelines which are a little bit more lenient so that you can make the placed in service deadline by having one unit completed in each building by the deadline, and then...
obviously you would have to complete the rest of the units in a short time thereafter. If you've got a certificate of occupancy on a unit in a building, the building is obviously pretty far along.

So this is something that is very important to the development community, not just the projects we talked about earlier, but we have a number of clients where this is an issue and that we would like some clarification on it and some relief to go by the federal definition of what placed in service means.

MR. OXER: So you're looking for an alignment of those two.

MR. PALMER: Right. To, in effect, change the carryover agreements for 2013-2014 deals to have them follow the same placed in service definition that the IRS requires.

MR. OXER: Okay. Thanks, Barry.

MS. SARAH ANDERSON: If I could just follow up on the same topic. Sarah Anderson, SAnderson Consulting.

I have to admit that I did not realize that the carryover documents, until it was brought up recently, were actually different and I know that it's reading the details that sometimes you don't see. Now, I will say that it went back when I was trying to find this rule -- and this is when we realized it wasn't in the rules -- I
did do a little bit more research and I will send it to staff, but I went back all the way to try and find where this language existed because I looked back at my carryovers for the last ten years and they all had that language. So I started looking at all the QAPs and made it all the way back to 2003 and that's the last time --

MR. OXER: That's just after they had invented fire. Right?

(General laughter.)

MS. SARAH ANDERSON: Exactly. And that's the last time that this language was actually in the rules. So in 2003 it was a rule that said the definition of placed in service was all the units in a building. 2004 there evidently was a private letter ruling by the IRS which gave this definition that now exists that it's one unit per building. So the 2004 QAP actually changed in response to that ruling and the language specifically said placed in service deadline is one unit per building.

That stayed in effect until 2011 where the rules were really pulled and moved and put in different places and the language just sort of disappeared, and all references from there on, I think -- and the legal people can confirm -- I believe that the legal references then are to the IRS Code. I think what might have happened is that when the change happened in 2004 the language wasn't
removed from the carryover documents. So I would encourage somebody else to do additional research.

MR. OXER: So you're saying that essentially the documents weren't keeping up with the QAP.

MS. SARAH ANDERSON: I think that it was specifically changed on the part of the Department from 2003 to 2004 to meet the federal definition but that the carryover document itself wasn't cleaned up to match that change in the QAP.

MR. OXER: We can't address it today, but of course it will be considered in a future agenda.

MS. SARAH ANDERSON: Exactly. I just wanted to point that out. I'll send the information because I think that that clarifies why we sort of have this dissonance maybe. Thank you.

MR. OXER: Thanks.

David.

MR. NISIVOCcia: Again, thank you, Mr. Chair and members of the Board. My name is David Nisivoccia. I'm the interim president and CEO of the San Antonio Housing Authority.

I want to talk to you about the QAP, specifically the educational excellence aspect of the proposed language. There are some people who are going to be speaking behind me who will get into more of the
specifics of it but I wanted to give you a global perspective, therefore, I won't dominate your time today out of respect for your schedule.

The general points I would like to put across is the challenge of the proposed language would greatly put our project in jeopardy based upon the fact that we have already invested in and this Board has invested in two phases of tax credits for the Wheatley project. We'll be coming forth on our third phase which will complete about a 1,417 particular unit redevelopment, and the change, we fear, would stifle that redevelopment.

What's going around in this community on the near east side of San Antonio is about $200 million of investment of which Wheatley Courts is the genesis of all the reason for the investment. Choice Project, which we have a grant through the federal government, deals with three aspects of a community: one is people, one is housing, and one is neighborhood.

The people component, obviously, are the children and the schools, and we have someone from SAISD who will talk about the progress we're making regarding the schools. The people component, obviously, in regards to the children who attend these schools, one of the major factors of them being able to move forward and achieve success is a stable home, and what we're providing in that
neighborhood with this redevelopment is a stable home. And the last part is the neighborhood where I'm talking about the $200 million worth of investment which will dramatically change this side of town in San Antonio.

It's an effort we're happy to be behind, and in fact, we have submitted letters for the record, which I won't summarize for you, that have federal support, state support, local governmental support, and other like organizations as the San Antonio Housing Authority. And so I come before you today to ask you to reconsider the language that will be in the QAP regarding educational excellence, and I very much appreciate your time and consideration. Thank you.

MR. OXER: Thanks, David.

MR. CHISUM: Thank you.

MS. BURNS: Good afternoon. Mary Ellen Burns, United Way of San Antonio and Bexar County. We are the lead entity for the Eastside Promise Neighborhood Grant which we are conducting in partnership with the San Antonio Housing Authority, the City of San Antonio, and of course, the San Antonio Independent School District. I'm here today to talk to you about this amazing initiative that is being conducted in tandem with the Choice Neighborhood effort. The whole idea of Promise Neighborhood is to build a cradle to career pipeline that
allows children from the beginning to the end of their high school to be ready for college and career to be successful in their future, and we're making significant progress.

So today I want to talk to you about that progress. I also want to address one challenge. On the progress side, early childhood. When we started this grant most of the children, the vast majority of children were showing up to kindergarten highly unready for kindergarten, very developmentally behind. Today over 90 percent of our three-year-olds are developmentally on track in our formal care, significant change.

We went up the pipeline into elementary school. All three elementary schools in this neighborhood are on track. The performance has significantly improved, they've met their benchmarks, and in fact, the three elementary schools actually outpaced the district in their science scores. They have science, technology, engineering and math focus and they're doing very well. The attendance is up as well. I'm going to come back to middle school.

Let's go to high school. We're holding at 80 percent, the students are graduating at 80 percent, but probably more significant is the fact that a few years ago only 44 percent of those kids, the students enrolled in
college, last year, this fall, 79 percent of the students enrolled in college. Significant progress.

Let's go back to middle school. Here's our challenge. Wheatley Middle School experienced a decline in their academic performance last year but not across the board. Sixth and seventh grade students on track, the real issue is in eighth grade. We evaluated that, we analyzed that and discovered that the eighth grade students were different from the seventh grade students the year before, in other words, a significant change had taken place. Many of the Wheatley families had moved out, many families moved in. Those eighth graders were significantly behind in their reading development. We didn't catch that, we didn't catch that early enough.

We have already intervened with this year's eighth grade students across the board to make sure we had early warning systems in place so we don't miss the fact that when a variation like that happens in our population we can intervene quickly and early. We expect significant improvement at Wheatley. We're going to sustain those interventions so that we don't miss this in the future, and we're very optimistic about the future of the whole neighborhood. Thank you.

MR. OXER: Thank you, Ms. Burns.

DR. CASTRO: Good afternoon. My name is Dr.
Emilio Castro, deputy superintendent for the San Antonio Independent School District. I want to begin by thank you all for the very important work that you do.

Collaborative consciousness, which has been recognized by the White House as a promising national model of collective efforts and collective impact for excellence and implementing a continuum of educational and community outcomes, has enhanced the solutions from cradle to career success in San Antonio ISD.

These things have primed the pump for our new superintendent to work diligently with board of trustees, staff, parents, business and community partners to establish a very aggressive five-year plan that the metrics include 90 percent graduation rates, 80 percent of all of our students are graduates attending college, and the expectations that all of our schools will meet the A and B rating in this upcoming state accountability. We know that these goals are not only possible but they're feasible because over the last five years our graduation rates have improved from 69 to 81 percent and we predict those graduation rates will continue to climb.

SAISD is home to the Young Women's Leadership Academy. It's an all-girls public school that's the only National Blue Ribbon School in Bexar County. Of over 300 private, public and charter schools, that's the only
school that's been recognized for national excellence in academics. We've now opened up an all boys public school in the impact zone and we quickly anticipate we'll see similar results of high academic achievement in the impact zone. Last year we also opened our second early college high school at St. Phillip's College in the impact zone near Wheatley Middle School, and this year we've opened our third early college high school.

Finally, Wheatley Middle School continues to improve significantly, as Mary Ellen Burns just spoke about, but we also opened up Wheatley Middle School as a community school where we're already seeing significant impacts in supporting educational excellence by engaging the community through community-led leadership efforts. The Wheatley Community School has already been featured in NPR as a model of excellence.

The work towards educational, economic and community housing excellence cannot be overstated. The efforts led by the San Antonio Housing Authority, United Way, the San Antonio Independent School District and our mayor, along with over one hundred partners, continues to make this part of town a highly desirable living space with educational excellence at the focus. Your reconsideration of the school impact criteria will allow us to support greater access to the American dream in this
neighborhood which has not seen this much hope and
inspiration in many, many years.

Thank you so very much for your time and your
consideration.

MR. OXER: Thank you, Dr. Castro.

MR. CHISUM: Thank you.

MR. ETIENNE: Good morning, Mr. Chairman, members of the Board. My name is Mike Etienne. I'm the
director of real estate for the City of San Antonio.

I'm here essentially to support or echo what
David Nisivoccia, the executive director for the housing
authority said. Essentially, the City of San Antonio is
highly committed to revitalizing its inner city
neighborhoods. We have recently targeted six
neighborhoods for significant city investments to
revitalize those neighborhoods. One of those
neighborhoods is the Wheatley Courts community. In that
neighborhood alone, the city has invested over $100
million in city funds, to include bond funds, CDBG, HOME, and also street improvements.

We have seen significant improvements. For
example, in this neighborhood where Wheatley Courts is, crime has reduced by 7 percent, violent crime down by 7 percent. Poverty rate, which is a big thing that we are tracking, has been reduced from 35 percent to 32 percent
in one year. We're seeing more private investors moving in. Zachry is building a new multifamily unit that's 245 units, $45 million in the area. So we are seeing significant investment in those areas.

So again, I'm here to support the housing authority and also to ask for your support in ensuring that we provide maximum points when it comes to Low Income Housing Tax Credits because the use of Low Income Housing Tax Credits as a financing tool is critical to helping us revitalize those neighborhoods.

So again, thank you for supporting the first and second phase of the Wheatley Courts project, and we are looking forward to your support of the third phase. So thank you again for your continued support of the city projects.

MR. OXER: Thanks, Mike.

MR. LONG: Chairman Oxer and members of the Board. My name is Matt Long and I'm with Gaetano Housing.

I'd like to comment on a proposed change to the QAP which would create a scoring disadvantage to a large group of developers in Texas. The new rule proposes to incentivize developers who own existing portfolios in the urban 811 service areas by creating a special point category that's only available to them. These same points will not be available to persons who do not own units in
these regions.

In order to understand the magnitude of this problem, it's important to note that out of the 26 urban and rural regions, only seven regions qualify for 811 services. This means that developers from these seven areas will now have a scoring advantage over all of the regions and so will come to dominate LIHTC development across the state.

Here are a few examples of the problems this will cause. Developers in rural areas will now find the majority of their deals taken by large companies out of places like Austin, San Antonio, Houston and Dallas. Long established urban developers in non-811 areas like Corpus, Lubbock, Midland, Texarkana and Waco will now find themselves unable to win a deal in their own backyards. Nobody new will enter into the market because they can't win, and out-of-state developers will have to look for other states in which to invest their time and resources. All in all, this will be a very difficult policy for a large group of Texas developers.

If the goal for the rule is to put more 811 units onto the ground, we'd get this, but there must be a way to incentivize developers in these areas without harming developers in the rest of the state. So all we ask is that you consider modifying the language in the
draft QAP and give all developers in all areas of Texas equal access to the same scoring items.

Thank you.

MR. OXER: Good. Thanks, Matt.

MS. McGUIRE: My name is Ginger McGuire. I'm representing the Rural Rental Housing Association today, and I'd like to do two things.

Our members have talked about the rehab needs for rural housing, we have conducted a survey, and so it confirms what we thought but in a little more detail. I'd like to give you those results and then I'd like to talk about four areas where these properties and their residents are going to be impacted by recommendations in the 2016 QAP.

The survey results, what we asked was for the property owners to assess their own portfolio in $10,000 increments on hard cost needs for rehab. Rural Rental Housing Association has 701 member properties, USDA says they have 705 in the state, and so we by and large have just about all of the properties as members. And we got a response, by the way, from 53.3 percent of our members, so it's a significant representation of all units in Texas.

What we found is that over 75 percent of the units in Texas need a rehab amount of $20,000 to $50,000 per unit, and here's how that broke down: $20,000 to
$30,000 in need, that was 26 percent of the units; $30,000
to $40,000 in rehab need -- and again, this is hard cost
only -- that was 26 percent of the units also; and then
$40,000 to $50,000 was 24 percent of the units needed that
amount. So it was pretty evenly divided over those
categories.

Fifteen percent of all respondents said that
either their units don't need rehab or they had just
recently been rehabbed. So by and large the smaller
amount, and then there were just .3 percent that needed
more than $60,000.

We asked the age of the properties. Almost 20
percent were more than 35 years old, they were placed in
service prior to 1980, there were 40 percent placed in
service between 1980 and 1990, and 37 percent placed in
service between 1990 and 2000. And just as an aside, of
interest for us was that 9 percent of all responding
properties were the only properties in town; 57, or 17
percent of the responding properties still needed a
laundry room onsite; and 29 percent of the properties
needed a community room.

Now, how these properties and their residents
are going to be affected in this year's QAP by some of the
recommendations, I'll just stick with four because we
think they're the ones that impact us the most, although
we did turn in a written comment and so this is some
reiteration.

First of all, the USDA set-aside -- may I
continue fast -- the USDA set-aside, farmworker housing
new construction has been added. We would like to ask
that because these rehab units will be competing with new
construction that no more than one new construction
transaction be awarded in the USDA set-aside annually, and
we ask that that be limited to $750,000 in credits.

Senior parity, we too are affected by HB 311.
We ask for clarity on that point. Aging in place, QAP 8,
is going to be extremely challenging for the USDA set-
aside because those properties, it's going to be almost
financially impossible to make them 100 percent
accessible, and USDA does not permit the use of property
funds for services, and so those are three of the points
that we will not be able to access.

And lastly, I'd like to mention 811 that others
have mentioned today. USDA owners and managers have
focused their careers, sometimes their children's and
their grandchildren's careers, on owning and managing
rural properties, they do not own urban properties in most
urban areas that are permissible for the urban 811.

Thank you very much.

MR. OXER: Thanks, Ginger.

My only comment is more of a public service announcement. I'm a two-year breast cancer survivor, it's Breast Cancer Awareness Month, so just encourage your loved ones to do self-examinations and get their mammograms. Thank you.

MR. OXER: Thanks for your note. Good point.

Okay. Apparently there are no other requests for public comment. Any member of the staff or audience care to make any comment?

(General talking and laughter.)

MR. OXER: Any member of the Board or anybody on the staff here?

(No response.)

MR. OXER: Okay. As chairman I get the last word. It's a good thing we do here. The Board, more than you can imagine, appreciates the efforts of the staff, we know how hard you work at it and we appreciate that. We try to bring our attention and game face for this when we're coming.

With that, we'll entertain a motion to consider for adjournment.

MR. CHISUM: So moved.
MR. OXER: Motion by Mr. Chisum to adjourn.

MS. BINGHAM ESCAREÑO: Second.

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

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none. See you in a month, everybody.

(Whereupon, at 12:34 p.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF: TDHCA Board
LOCATION: Austin, Texas
DATE: October 15, 2015

I do hereby certify that the foregoing pages, numbers 1 through 82, 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.

10/20/2015
(Transcriber) (Date)

On the Record Reporting
3636 Executive Cntr Dr., G22
Austin, Texas 78731

ON THE RECORD REPORTING
(512) 450-0342