

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

John H. Reagan Building, JHR 140
1400 Congress Avenue
Austin, Texas 78701

December 9, 2021
9:00 a.m.

MEMBERS:

LEO VASQUEZ, Chair
PAUL A. BRADEN, Member
BRANDON BATCH, Member
KENNY MARCHANT, Member
AJAY THOMAS, Member
SHARON THOMASON, Member (Absent)

BOBBY WILKINSON, Executive Director

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ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	
EXECUTIVE	
a) Presentation, discussion, and possible action on Board meeting minutes summary for November 10, 2021	
ASSET MANAGEMENT	
b) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application 18018 Columbia Renaissance Square II Senior Fort Worth 20077 Lockwood South Houston 20419 Woodway Village Apartments Austin 20449 EMLI at Pecan Creek Aubrey	
BOND FINANCE	
c) Presentation, discussion, and possible action on Inducement Resolution No. 22-011 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority for The Reserves (#22605) in Seagoville	
d) Presentation, discussion, and possible action on Resolution No. 22-012 authorizing the filing of one or more applications for reservation with the Texas Bond Review Board with respect to qualified mortgage bonds, authorizing state debt application, and containing other provisions relating to the subject	
RULES	
e) Presentation, discussion, and possible action on an order adopting the amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, Sick Leave Pool; and an order directing its publication	

in the Texas Register

- f) Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, §5.801, Project Access Initiative; adopting new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, §5.801, Project Access Initiative; and directing their publication in the Texas Register
- g) Presentation, discussion, and possible action on the draft 2022 State of Texas Low Income Housing Plan and Annual Report; proposed repeal of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report; proposed new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report; and directing their publication for public comment in the Texas Register
- h) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; proposing new 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; and directing their publication for public comment in the Texas Register
- I) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 28, Taxable Mortgage Program; proposing new 10 TAC Chapter 28, Taxable Mortgage Program; and directing their publication for public comment in the Texas Register
- j) Presentation, discussion, and possible action on an order adopting new 10 TAC Chapter 20, Single Family Programs Umbrella Rule, and directing its publication for adoption in the Texas Register
- k) Presentation, discussion, and possible action on an order adopting new 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, and directing their publication

for adoption in the Texas Register

- l) Presentation, discussion, and possible action on an order adopting new 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, and directing its publication for adoption in the Texas Register
- m) Presentation, discussion, and possible action on an order adopting new 10 TAC Chapter 25, Colonia Self-Help Center Rule, and directing its publication for adoption in the Texas Register
- n) Presentation, discussion, and possible action on an order adopting new 10 TAC Chapter 26, Texas Housing Trust Fund Rule, and directing its publication for adoption in the Texas Register

MULTIFAMILY FINANCE

- o) Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(8)(B) relating to visitability requirements associated with Franklin Place (#21468) and Mesa Place (#21469)
- p) Presentation, discussion, and possible action regarding the approval for publication in the Texas Register of the 2022-1 Multifamily Direct Loan Notice of Funding Availability
- q) Presentation, discussion, and possible action regarding a Material Amendment of the Housing Tax Credit Application for The Palms at Blucher Park (HTC #21186)
- r) Presentation, discussion, and possible action to adopt the 2022 Multifamily Programs Application Procedures Manual

COMMUNITY AFFAIRS

- s) Presentation, discussion, and possible action regarding authorization to release a Notice of Funding Availability for 2022 Community Services Block Grant Discretionary funds for education and employment initiatives for Native American and migrant seasonal farm worker populations

LEGAL

- t) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning related properties Villa Elaina (HTF 853338 / CMTS 4210) and The Cornerstone (HTF 1000358 / CMTS 4319)
- u) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Mission Pointe Club f/k/a Country Villa (HTC 91040 / CMTS 958)

TEXAS HOMEOWNERSHIP

- v) Presentation, discussion, and possible action on the Participating Lender List for the Single Family Mortgage Loan and Mortgage Credit Certificate Programs

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) Media Analysis and Outreach Report (October 2021)
- b) Report on Activities Related to the Department's Response to COVID-19 Pandemic
- c) Report on the outcomes of the HUD Fair Housing Initiatives Program Grant
- d) Report on the Draft Computation of Housing Finance Division Total and Unencumbered Fund Balances and Transfers to the Housing Trust Fund

ACTION ITEMS

Executive Session: the Chair may call an Executive Session at this point in the agenda in accordance with the below-cited provisions

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ITEM 4: INTERNAL AUDIT

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- b) Presentation, discussion, and possible approval of the Annual Internal Audit Plan for Fiscal Year 2022 24

ITEM 5: HOME AMERICAN RESCUE PLAN --

Presentation, discussion and possible action on approval of a Draft HOME-ARP Plan to be released for public comment and to release Notices of Funding Availability after Plan acceptance

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- | | | |
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| a) | Presentation, discussion, and possible action on Resolution No. 22-013 authorizing the issuance, sale and delivery of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2022A, approving the form and substance of related documents, authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution, and containing other provisions relating to the subject | 26 |
| b) | Quarterly report relating to staff-issued Determination Notices for 2021 Noncompetitive 4% Housing Tax Credit applications and summary of year-end activity | 29 |

ITEM 7: HOMEOWNER ASSISTANCE FUND

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| c) | Presentation, discussion, and possible action regarding an award from the Multifamily Direct Loan (MFDL) 2021-1 Notice of Funding Availability (NOFA), as amended
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action regarding awards from the Multifamily Direct Loan (MFDL) 2021-3 Notice of Funding Availability (NOFA), as amended
 21502 Lockwood South
 21510 Avanti at Viking Hills
 21512 Dallas Stemmons
 21521 Palladium W. Francis

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- a) Presentation, discussion, and possible action regarding the adoption of a final order concerning termination of CEAP and CSBG funding and contracts, and CEAP Provider and CSBG Eligible Entity status, of Galveston County Community Action Council, Inc. (SOAH Docket #332-21-2743.HCA) 77
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- c) Presentation, discussion, and possible action regarding authorization to proceed with the procurement of a statewide weatherization provider to support the Weatherization Assistance Program in the provision of home weatherization assistance to low income Texans, and authorization, if necessary, to amend the 2021 DOE WAP State Plan and the 2022 LIHEAP State Plan to effectuate the procurement of a statewide WAP provider and submit such amended Plans to the U.S. Department of Energy and U.S. Department of Health and Human Services 100
- d) Presentation, discussion, and possible action regarding authorization to proceed with the procurement of a statewide Community Energy Assistance Program and Low Income Household Water Assistance Program provider to support subrecipients in the provision of utility assistance to low income Texans, and authorization to amend the 2022 LIHEAP State Plan and the LIHWAP State Plan to effectuate the procurement of a statewide CEAP and LIHWAP 105

provider and submit such amended Plans to
the U.S. Department of Health and Human
Services

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS	none
OPEN SESSION	--
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P R O C E E D I N G S

1
2 MR. VASQUEZ: The Chair is calling to order the
3 meeting of the Governing Board of the Texas Department of
4 Housing and Community Affairs. It is 9:02 o'clock in the
5 morning on December 9, 2021.

6 We will begin with roll call. Mr. Batch?

7 MR. BATCH: Here.

8 MR. VASQUEZ: I didn't have my microphone on.

9 MR. WILKINSON: Yeah. I was just going to say.

10 MR. VASQUEZ: You all heard that, right?

11 So start with roll call. Mr. Batch?

12 MR. BATCH: Here.

13 MR. VASQUEZ: Mr. Braden?

14 MR. BATCH: Here.

15 MR. VASQUEZ: Mr. Marchant?

16 MR. MARCHANT: Here.

17 MR. VASQUEZ: Mr. Thomas?

18 MR. THOMAS: Here.

19 MR. VASQUEZ: And Ms. Thomason is unable to join
20 us again today. So -- and excused. And myself are here.
21 So we do have a quorum.

22 And as usual, we will start the meeting with
23 pledges led by Mr. Wilkinson.

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

1 MR. VASQUEZ: Great. Thank you, Mr. Wilkinson.
2 And today, we have a resolution for the Board to recognize
3 December 21, 2021, as National Homeless Persons Memorial
4 Day. And Mr. Lyttle will read the resolution into the
5 record, please.

6 MR. LYTTLE: The resolution reads as follows:
7 "Whereas, more than 27,000 persons experiencing
8 homelessness were counted in Texas on one day during the
9 last two weeks of January 2020, including more than 1,400
10 unaccompanied homeless youth, as measured by the 2020
11 Annual Homeless Assessment Report; whereas, the Texas
12 Department of Housing and Community Affairs awards
13 state and federal funds to assist nonprofits and local
14 governments in aiding persons affected by homelessness;

15 "Whereas, the Department=s homeless programs
16 assisted more than 58,000 persons in State Fiscal Year
17 2021; whereas, the Department awarded more than 148 million
18 in state-funded Homeless Housing and Services Program
19 funds, federally-funded Emergency Solutions Grants annual
20 and CARES Act funds, federally-funded Housing Stability
21 Services funds under the Emergency Rental Assistance
22 Program, and the donation-based Ending Homelessness Fund in
23 State Fiscal Year 2021;

24 "Whereas, the Department recognizes the
25 perseverance of persons volunteering or working to

1 alleviate homelessness; whereas, the Department recognizes
2 the struggle of persons striving to end their homelessness
3 and those who have lost their lives while experiencing
4 homelessness; and whereas, December 21, 2021, is National
5 Homeless Persons= Memorial Day, which annually falls on the
6 first day of winter and the longest night of the year;

7 "Now, therefore, it is hereby resolved that the
8 Governing Board of the Texas Department of Housing and
9 Community Affairs does hereby commemorate December 21,
10 2021, as Homeless Persons= Memorial Day in Texas.

11 "Signed this ninth day of December 2021."

12 MR. VASQUEZ: Thank you, Mr. Lyttle. I'll take
13 a motion to adopt the resolution.

14 MR. BRADEN: So moved.

15 MR. BATCH: Second.

16 MR. VASQUEZ: Motion made by Mr. Braden,
17 seconded by Mr. Batch. All those in favor, say aye.

18 (A chorus of ayes.)

19 MR. VASQUEZ: Any opposed?

20 (No response.)

21 MR. VASQUEZ: Hearing none, motion carries.

22 Moving right along to the consent agenda, which
23 is rather extensive but straightforward today, do any Board
24 members or members of the public have wish to pull an item
25 from the consent agenda?

1 (No response.)

2 MR. VASQUEZ: Hearing none, is there a motion to
3 adopt the consent agenda as presented?

4 MR. BATCH: Mr. Chairman, I'll make a motion to
5 adopt the consent agenda.

6 MR. VASQUEZ: Motion made by Mr. Batch. Is
7 there a second?

8 MR. THOMAS: Mr. Chairman, I second.

9 MR. VASQUEZ: Seconded by Mr. Thomas. All those
10 in favor, say aye.

11 (A chorus of ayes.)

12 MR. VASQUEZ: Any opposed?

13 (No response.)

14 MR. VASQUEZ: Hearing none, the motion carries.

15 We will not have an executive session today, and before
16 getting to the main item, just letting everyone know that
17 Item 8(b) has been pulled from the agenda. And with that,
18 we will have our Executive Director's report.

19 Mr. Wilkinson?

20 MR. WILKINSON: Thank you, Chairman. Texas Rent
21 Relief is still probably, you know, one of the biggest
22 things we've been doing over the last year. We're nearing
23 the end, though, as far as the disbursement of the actual
24 rent and utility relief funds.

25 We're at, I don't know, 1.7 billion out of the

1 1.9 that's been disbursed. There's another 100- and
2 something million that's already approved. So we've been
3 having close to \$20 million days. So it's just a matter of
4 a couple weeks until we're out of funds.

5 You'll recall that there's another portion of
6 the funds that's for housing stability services, and those
7 are going to be grants for homeless services and legal
8 services, et cetera. Those will still be flowing for quite
9 a while.

10 And there will be a long tail of, like, audits
11 and some repayments and reporting. So it's not -- the
12 website shuts down in two weeks and it's all over, but as
13 far as the substantial amount of funds for rent relief,
14 it's done. We're going to have to communicate to
15 applicants -- we have more applications than we have money
16 for, and -- but luckily, there's a lot of local programs
17 that were a little slower in getting their money, which
18 means they still have money, and that -- so a lot of these
19 folks can pivot to those programs and get served.

20 We did ask Treasury for an additional 3 billion
21 and they signaled -- the mechanism for this is not a new
22 appropriation. From the first round of rental assistance,
23 there was something in the bill about reallocating for --
24 from programs that weren't performing to programs that
25 were.

1 Treasury signaled that we should not really
2 expect to get much. They've taken kind of a lenient
3 approach with other programs where they'll accept a new
4 plan, and as long as they can spend that first round by
5 September 2022 or reasonable project that they can, they're
6 going to be allowed to keep their funds.

7 And we've had staff discuss with the local
8 programs in Texas: Will you relinquish? You know, were
9 you thinking about it? And in general, maybe with only one
10 exception, they want to hold onto their funds.

11 You know, politically and such, they want their
12 funds to be spent within their area, you know, their
13 county, their city. That makes sense. We didn't really
14 guarantee that we could spend it that way.

15 You would think we could just, like, geofence,
16 you know, with technology and guarantee them that we could
17 do that, but it's -- our software doesn't have that
18 capability and we can't remake the wheel here at the very
19 end. So don't expect to get much more funding with that,
20 and we'll be wrapping it up.

21 But I really want to thank staff, I mean, you
22 know, Mariana, Brooke, who's here, who's done just a great
23 job. We had some trouble at the beginning, and we really
24 pulled through.

25 And the vendors have really stepped up. Horne,

1 CohnReznick and Witt O'Brien's. So thanks to everybody,
2 the whole team. I appreciate it. Witt O'Brien's and
3 CohnReznick will be wrapping fairly quickly and we'll keep
4 Horne, you know, around for a while to help us some of the
5 reporting and 1099s to all the tens of thousands of
6 landlords who got paid and all that kind of stuff.

7 We have assisted about 300,000 households. I
8 talked about money, but that's -- I'm translating that to
9 people, which is quite a bit. I think we're number one in
10 the nation. California might be spending more dollars, but
11 rent there, it's a million dollars per month, apparently,
12 so they've served two people.

13 So -- and HUD Treasury has asked us to provide
14 technical assistance in our best practices, so that they
15 can share that with other jurisdictions that are
16 struggling. Homeowner Assistance Fund is going to be the
17 new rent relief. You know, it's another new pot from
18 Treasury.

19 It will be a slower moving -- it's not as urgent
20 as eviction from rental, and a little more complicated as
21 well. But it's \$830-something million that we have. We've
22 not gotten approved by Treasury yet, our program, but we
23 have quietly launched a pilot.

24 You can grill Monica on that a little more on
25 Item 7 today. But I would like to introduce Tanya Birks,

1 our HAP Director. Tanya, please stand. Do a princess
2 wave.

3 MR. VASQUEZ: Hiding behind the --

4 MR. WILKINSON: Yeah.

5 MR. VASQUEZ: There you go. So happy to have
6 her aboard. So she's going to be the Director of the HAF
7 Program.

8 We're staffing up internally. We have an
9 executed contract with a vendor, setting up a website, and
10 so we're working with our accounting groups to work on, you
11 know, the master servicers, to get all the pieces together
12 so that we're ready to roll when we get to Treasury's
13 approval.

14 And QAP, the Governor sent it back to us on
15 December 1, per statute. And just a couple of small
16 changes in there that we noted when we sent out the
17 listserv. And so I think we're ready to roll into January,
18 both with our supplemental round that -- and the regular
19 round, under the direction of Cody.

20 Real estate analysis underwriting. So as you
21 will remember, previously lost Brent Stewart to the private
22 sector and now we're losing our long-time staffer and
23 current Director, Tom Cavanaugh. I think his last day is
24 December 15, and he's retiring.

25 It's well-deserved. He's done a great job for

1 the Department. He's been with us 15 years, and he's
2 really helped things.

3 I think he was going to leave earlier, and then
4 when Brett left, we enticed him to stay a little bit. And
5 you know, I'd hoped we'd have him for longer, but you know,
6 I can't fault the guy for taking retirement. We'll miss
7 him.

8 Jeanna Adams is going to be the new Director of
9 Real Estate Analysis, and that division has done a good job
10 of having someone in place who's been groomed. And I think
11 she's really a perfect fit. I think we're going to do well
12 with underwriting in the coming year.

13 And we can always call on Tom and Brent, you
14 know. We have their cell phone numbers, right?

15 In Compliance, we've been, you know, waiving
16 final inspections, physical inspections, during COVID.
17 That's coming to an end, and we're -- Compliance is hitting
18 the highways and byways of the state, as we make up for
19 lost time during the pandemic. We waived 150 final
20 inspections on multifamily properties, and staff is now
21 going to be getting out there to do the work and get us
22 caught up. So we'll have eyeballs on our properties and
23 make sure everything is up to speed.

24 The Housing Resource Center, we've promoted
25 Jeremy Stremmer to manager of the Housing Resource Center,

1 which is a central hub of information for our agency.
2 Jeremy has been with TDHCA just under three years, and we
3 know he'll do a good job. He wears many hats.

4 You know, Housing Resource Center is kind of
5 this catch-all. When we have to do a new report for the
6 Legislature or whatever, they're often tasked with all
7 kinds of things, in addition to handling complaints and
8 whatnot. So it's a heavy lift for the division to do their
9 work, and we're glad to have Jeremy there.

10 And we've merged the Fair Housing Data
11 Management and Reporting Division into Housing Resource
12 Center. Cate, the former manager of the Fair Housing Data
13 Management, we moved over to the Housing Stability Services
14 from Rent Relief.

15 And so it made sense to merge these divisions
16 from a director and management standpoint. There's been a
17 lot of moving back and forth between divisions, and we have
18 people, you know, moving into the temporary federal roles
19 for these new programs and such, in addition to having
20 outside talent come in, like Tanya. So it's been a lot of
21 moving parts, but I'm pretty pleased with how things have
22 been going.

23 That's the end of my prepared remarks. I'm
24 prepared to answer any questions about the state of the
25 Department.

1 MR. VASQUEZ: Very good. Do any Board members
2 have questions for Mr. Wilkinson?

3 Mr. Marchant? Don't forget -- underneath.

4 MR. MARCHANT: Underneath.

5 MR. VASQUEZ: You had it. You had it. It's to
6 your right. Yes. One more time. There you go.

7 MR. MARCHANT: The first rule you've got to
8 learn, how to turn the microphone on.

9 The Homeowners Assistance -- does the word
10 "owners" mean it has to be ownership? There's no rental
11 involvement in --

12 MR. WILKINSON: Correct. Right. We had our
13 rental money. We're about done with that, and this is only
14 for homeowners, their mortgages, mortgage assistance.

15 MR. MARCHANT: Do you have a circumstance for
16 contract for deed and all those quirky kind of things that
17 happen in real estate or --

18 MR. WILKINSON: We should be prepared to handle
19 contract for deed and for unusual mortgages as well, and
20 Michael will be able to speak to that a little bit.

21 MR. MARCHANT: Oh, okay. I --

22 MR. VASQUEZ: Not emphatically.

23 MR. MARCHANT: Okay. And then if -- now that
24 the window is shut on rental assistance, if money comes
25 back in through audits or et cetera, how -- where does that

1 go? Does it go into a pot and then you're going to call
2 people and say, we've got some money or --

3 MR. WILKINSON: So to a certain extent, for a
4 couple months, we probably will do some additional
5 disbursements and people on a waiting list. At some point,
6 we'll probably just -- if it's just a trickle, we'll just
7 need to cut that off and put repayments into the Housing
8 Stability Services. And so it will add to those grants to
9 homeless providers and nonprofits and such.

10 Because at some point, it just wouldn't make
11 sense, you know --

12 MR. MARCHANT: Yeah.

13 MR. WILKINSON: -- if it's too few dollars.

14 So --

15 MR. MARCHANT: Thank you.

16 MR. WILKINSON: You're welcome, sir.

17 MR. VASQUEZ: Good. Thank you, Mr. Marchant.

18 MR. THOMAS: Mr. Chairman, I had a question, a
19 comment as well.

20 MR. VASQUEZ: Right.

21 MR. THOMAS: Bobby, you did report on the status
22 of the Texas Rental Relief Program, and again, I think I
23 and my colleagues in different Board meetings have
24 commended you and staff for the administration of that,
25 leading the nation in how we disbursed those funds, which

1 is just terribly important. It was wonderfully done.

2 The question I have is on a comment you made
3 with regard to the amount of applications that we had, that
4 we had far more applications than we could disburse. For
5 those people that were on the waiting list or didn't get
6 rental relief, and we've sort of had to cut off the program
7 based on the funds being exhausted, are we going to be
8 communicating to them where they might turn now, to local
9 organizations that either have monies that they still
10 haven't disbursed yet, and so that they can sort of pivot
11 and get access to rental relief funds where they may need
12 it? Or how is that communication going, from our
13 standpoint?

14 MR. VASQUEZ: So Mr. Thomas, could you turn on
15 your microphone and repeat that? I'm just kidding. Just
16 turn on your microphone next time. Okay. Go ahead.

17 MR. WILKINSON: I heard you. So we'll be
18 sending out some communications probably early next week,
19 and there will be a couple of different versions, depending
20 on kind of where on the waiting list you are, or during --
21 in the application process. So more recent applicants have
22 less of a chance than applications that are further along
23 in the process.

24 And yes, those communications will have the
25 information about where else to turn, et cetera. We'll

1 also be having communications to the stakeholders like
2 Texas Apartment Association and the Legislature, as well,
3 although if anyone is watching, they're hearing it now.

4 But everyone knew this was coming. I mean, we
5 had the announcement on shutting down the portal to new
6 applications, you know, over a month ago. So we will be
7 communicating, and it should be somewhat specific and
8 helpful, depending on where they are in that process.

9 MR. THOMAS: That's great. I mean, I just think
10 it's important that people understand that are on the
11 waiting list may be frustrated that they didn't get access
12 to rental relief funds. And you know, as an organization,
13 as an agency and a Board, we're not just dropping them and
14 not giving them guidance that we will be communicating to
15 them where they might be able to pivot and go get resources
16 that they did.

17 Thank you.

18 MR. VASQUEZ: Any other questions for Mr.
19 Wilkinson?

20 (No response.)

21 MR. VASQUEZ: Great. Hearing none, thank you
22 for your report.

23 And let's move on to Item 4 on the agenda,
24 report on the meeting of the Internal Audit and Finance
25 Committee. And when Mr. Thomas turns on his microphone, he

1 will get his report.

2 MR. THOMAS: Let's hope it works.

3 MR. VASQUEZ: It's not. You've got --

4 MR. THOMAS: Not on?

5 MR. WILKINSON: To the right. To the right.

6 MR. THOMAS: There we go. Thank you. Thank
7 you, Mr. Chairman, members of the Board, colleagues and the
8 public.

9 The Audit and Finance Committee met at 8:01 a.m.
10 this morning. The Director of Internal Audit, Mark Scott,
11 discussed the 2022 Annual Internal Audit Plan. Committee
12 voted at that time to recommend full approval by this
13 Board. Mark will present that as the next action item for
14 the full Board's approval.

15 During the Committee meeting, Mr. Scott then
16 presented seven additional report items, including: Report
17 No. 1, the internal audit of the Multifamily Direct Loan
18 Program; 2, the internal audit of the Ending Homelessness
19 Fund and the Homeless Housing and Services Programs; 3, the
20 internal audit of the Housing Resource Center Division; 4,
21 the internal audit of the implementation status of prior
22 audit findings and recommendations; No. 5, the internal
23 audit Self-Assessment report; No. 6, the annual report on
24 internal audit; and No. 7, the status of Internal and
25 External Audit activities.

1 With regard to the Internal Audit Plan, there
2 were questions raised about the scope of that audit, given
3 the limited resources the audit team has, and those
4 questions were asked and answered. Mr. Scott is here to
5 answer any additional questions on the report items, and
6 then to present the action item on the Annual Internal
7 Audit Work Plan.

8 MR. VASQUEZ: Great. Thank you.

9 Let's move on to Item 4(b), then, with Mr. Scott
10 presenting, "Presentation, discussion, and possible
11 action -- possible approval of the Internal Audit Plan for
12 Fiscal Year 2022." Mr. Scott?

13 MR. SCOTT: Good morning, Chairman Vasquez,
14 Board members. My name is Mark Scott. I'm the Director of
15 Internal Audit.

16 As Mr. Thomas noted, this item is the 2022
17 Internal Audit Plan, and the Internal Audit states that the
18 plan must be approved by the agency's governing board.

19 The Internal Audit Plan for 2022 is prepared by
20 utilizing a standard risk assessment matrix. We gathered
21 input from management, the State Auditor's Office and
22 others, and we discussed at length in the Committee this
23 morning the Audit Plan.

24 The plan is included in your books. So I'm
25 asking the Committee to -- for approval of the 2022

1 Internal Audit Plan.

2 MR. VASQUEZ: Great. Thank you, Mr. Scott.

3 Do any Board members have questions relating to
4 the fiscal year '22 Audit Plan? And again, it was
5 discussed in more detail during the Committee meeting
6 earlier this morning.

7 (No response.)

8 MR. VASQUEZ: Hearing none, I will entertain a
9 motion on Item 4(b) of the agenda.

10 MR. THOMAS: Mr. Chairman, I move the Board
11 approve the Internal Audit Work Plan for fiscal year 2022,
12 as expressed in the Board action request on this item.

13 MR. VASQUEZ: Great. Thank you. A motion made
14 by Mr. Thomas. Is there a second?

15 MR. MARCHANT: Second.

16 MR. VASQUEZ: Seconded by Mr. Marchant. All
17 those in favor, say aye.

18 (A chorus of ayes.)

19 MR. VASQUEZ: Any opposed?

20 (No response.)

21 MR. VASQUEZ: Hearing none, motion carries.

22 Thank you --

23 MR. SCOTT: Thank you so much.

24 MR. VASQUEZ: -- Mr. Scott.

25 Item -- I've been informed that Item 5 has been

1 pulled from the agenda, and it's actually written in front
2 of me that it's pulled. So moving on to Item 6 on bond
3 finance -- okay. This is "Presentation, discussion, and
4 possible action on Resolution No. 22-013 authorizing the
5 issuance, sale and delivery of Texas Department of Housing
6 and Community Affairs Residential Mortgage Revenue Bonds,
7 Series 2022A, approving the form and substance of related
8 documents, authorizing the execution of documents and
9 instruments necessary or convenient to carry out the
10 purposes of this resolution, and containing other
11 provisions relating to the subject."

12 Ms. Galuski.

13 MS. GALUSKI: Good morning. Can you hear me
14 okay? Is this on?

15 MR. VASQUEZ: Yeah. No. I didn't -- yeah.

16 MS. GALUSKI: Is that better?

17 MR. VASQUEZ: Mr. Scott didn't sound very loud.
18 If you could just speak up?

19 MS. GALUSKI: Can you hear me?

20 MR. VASQUEZ: Speak up.

21 MS. GALUSKI: Okay. Yeah. I'm not quiet.

22 Good morning, Mr. Chairman, members of the Board
23 and staff. With this item, staff is requesting approval to
24 issue up to 190 million in tax-exempt single-family
25 mortgage revenue bonds to be designated residential

1 mortgage revenue bonds, Series 2022A. Proceeds of the
2 bonds will be used to originate mortgage loans to low and
3 moderate income homebuyers to pay all or a portion of the
4 down payment, closing costs and related expenses associated
5 with the loans, and to pay all or a portion of the cost of
6 issuance of the bonds.

7 The bond structure is expected to include serial
8 bonds, term bonds, and a premium planned amortization or
9 PAC bond -- planned amortization class or PAC bond. Sorry.

10 Mortgage loans will be pooled into Ginnie Mae-backed,
11 mortgage-backed securities and the MBS will provide the
12 security for the bonds.

13 The Department contribution will not exceed
14 \$10 million, and will be used to fund all or a portion of
15 the down payment and closing cost assistance, while under
16 compensation, the second loan servicing fees and/or cost of
17 issuance of capitalized interest will be drawn from the
18 indenture as needed and will not exceed 5-1/2 million. The
19 actual is expected to be about 2-1/2 million capitalized
20 interest.

21 As is our practice, these are very conservative
22 maximums, and the actual contribution and capitalized
23 interest draws are not expected to reach the levels being
24 approved. The bonds will be rated AAA, AA+ by Moody's and
25 Standard and Poor's, respectively, and are expected to

1 price in early January and to close in early February.

2 I am available for any questions the Board may
3 have.

4 MR. VASQUEZ: Do any Board members have
5 questions for Ms. Galuski?

6 MR. BRADEN: Mr. Chair? Just a point of
7 clarification, Monica. So the 5.5 or -- of cap I is not
8 part of the 10 million. The 10 million -- they're two
9 different numbers?

10 MS. GALUSKI: Correct. They are separate.

11 MR. BRADEN: That's all I have.

12 MR. VASQUEZ: And any other questions on 6(a)?
13 (No response.)

14 MR. VASQUEZ: Hearing none, the Chair will
15 entertain a motion on Item 6(a) of the agenda.

16 MR. BATCH: Mr. Chairman, I move that the Board
17 adopt the Resolution No. 22-013 regarding the issuance,
18 sale and delivery of TDHCA Residential Mortgage Revenue
19 Bonds, Series 2022A, and related documents, all as
20 expressed in the Board action request on this item.

21 MR. VASQUEZ: Great. Thank you. Motion made by
22 Mr. Batch.

23 MR. BRADEN: Second.

24 MR. VASQUEZ: Seconded by Mr. Braden. All those
25 in favor, say aye.

1 (A chorus of ayes.)

2 MR. VASQUEZ: Any opposed?

3 (No response.)

4 MR. VASQUEZ: Hearing none, the motion carries.

5 Thank you, Monica.

6 Moving on to Item 6(b), "Quarterly report
7 relating to staff-issued Determination Notices for 2021
8 Noncompetitive 4% Housing Tax Credit applications and
9 summary of year-end activity."

10 Ms. Morales?

11 MS. MORALES: Good morning, Teresa Morales,
12 Director of Multifamily Bonds. This is a report item that
13 speaks to 4 percent activity over the last quarter, from
14 September through November, and also speaks to activity for
15 all of 2021. The report stems from a shift in how the
16 Department issues determination notices for 4 percent
17 housing tax credit applications, specifically that they are
18 issued at the staff level once an application has met all
19 of the QAP requirements.

20 This was a monumental change, because for at
21 least the last 20 years, all determination notices required
22 Board consideration. This shift in policy is not
23 applicable across the board, but only applies to instances
24 where the Department's only role is considering the
25 4 percent credit, so the Department is not serving as the

1 bond issuer and the applications did not include a request
2 for multifamily direct loan funds.

3 There is an Exhibit A included in this agenda
4 item that reflects determination notices that were issued
5 by staff. Over the last quarter, staff has issued
6 determination notices which represent 2,320 total units and
7 approximately 21.2 million in annual 4 percent credits.
8 Since the implementation of the policy earlier this year,
9 staff has administratively issued 26 determination notices,
10 representing about 5,800 total units and approximately 51.9
11 million in annual 4 percent credits.

12 Exhibit B in your material highlights the
13 4 percent activity for the 2021 calendar year. The log
14 includes an application status column which denotes those
15 deals that have already closed, have been approved and are
16 pending closing, as well as those that are currently under
17 review by staff and considered active.

18 Assuming all of the approved and active
19 applications closed, under their current bond reservation,
20 the 4 percent program will produce 15,524 total units in
21 2021, which results in approximately 161 million in annual
22 4 percent credits. However, not reflected on this log are
23 a couple of additional applications that were submitted
24 since Board posting, as well as the handful of projects
25 that have reservations, but applications have not yet been

1 submitted.

2 This is the part where you pretend to see
3 fireworks or party streamers behind me. This means that
4 the total anticipated units produced in 2021 is expected to
5 be equal to or slightly greater than what we produced in
6 2020, which finished out at 16,682 total units. A pandemic
7 year and the year following, trying to come out of a
8 pandemic, has brought record numbers of production that we
9 have not seen since the early 2000s.

10 The last thing that I wanted to mention is that
11 typically the program, underwriting and compliance staff
12 only get accolades at the July meeting, once all of the 9
13 percent awards are made. I'd like to give them a shout-out
14 now for making it through another year or unprecedented
15 activity and getting these applications swiftly through the
16 process. Their hard work, attention to detail and attempts
17 to find resolutions to issues that arise is very much
18 appreciated, and one of the main reasons why the past two
19 years have gone as smoothly as they have.

20 The staff recommends that you accept the report.

21 MR. VASQUEZ: Great. Thank you. Those were
22 fantastic numbers, and especially given the pandemic years
23 that we went through. So fiscal year 2022, we're going to
24 look at breaking 20,000 units?

25 MS. GALUSKI: Seventeen.

1 MR. VASQUEZ: Seventeen? Ah, come on. Shoot
2 for 20. Do any Board members have questions for Ms.
3 Morales on the report?

4 (No response.)

5 MR. VASQUEZ: Great. Again, great numbers.
6 Thanks to you and your staff, and it looks like the system
7 is working well. So thank you for the report.

8 Moving on to Item 7 on the agenda, the
9 Homeowners Assistance Fund, "Presentation, discussion, and
10 possible action on delegation of authority to the
11 Department's Executive Director or designee to make up to
12 \$8.5 million in awards to eligible organizations to provide
13 outreach and application intake assistance for the
14 Homeowner Assistance Fund."

15 And Ms. Galuski is going to give us the
16 background on this.

17 MS. GALUSKI: Good morning. Monica Galuski,
18 Director of Bond Finance.

19 So I'm going to start with an update on HAF.
20 Bobby introduced Tanya earlier, and she is our new HAF
21 Director. She has background and experience in the
22 American Rescue Plan Act, and we are fortunate to her on
23 board. She's a perfect fit for HAF, and in the future, I
24 expect you'll see her up here talking about HAF and not me.

25

1 So update. As you're aware, TDHCA is
2 administering 842 million through the Homeowners Assistance
3 Fund. The homeowners in Texas that experience a COVID
4 impact and are delinquent on their mortgage or mortgage-
5 related property charges. TDHCA's HAF plan includes
6 assistance to homeowners that are at or below, the greater
7 of, 100 percent of AMI or 100 percent of the U.S. median
8 income, which is 79,090.

9 TDHCA submitted its HAF plan to Treasury on
10 September 30, which included a reinstatement plan to bring
11 delinquent mortgage loans current and a property charge
12 program for delinquent property taxes, delinquent homeowner
13 association and condo fees, and homeowner insurance of
14 various nature -- flood homeowner insurance, you know, wind
15 insurance, any of the various home-related insurance.

16 As with other state HAF plans, Treasury
17 submitted a list of questions to TDHCA and TDHCA
18 participated in a call with Treasury on December 2.
19 Responses to Treasury's questions are in process and will
20 be submitted to Treasury next week, along with a revised
21 HAF plan that includes a loan modification option for
22 homeowners that need a reduced mortgage payment in order to
23 continue making their monthly payments.

24 So those homeowners where reinstatement isn't
25 enough, their payment is too high given their current

1 circumstances, they're going to need -- in addition to
2 being reinstated, they're going to need a lower mortgage
3 payment. So we're adding in a loan modification option
4 into the plan.

5 We expect that following submission of the
6 revised plan and responses to Treasury's questions, TDHCA
7 should receive approval within two to three weeks of
8 submission, although we do have the holidays in the middle
9 of it.

10 But -- and basically, when I say, Treasury's
11 questions, they were just more detail, you know. How are
12 you looking at this? Really just wanting to know that, you
13 know, the plan has been well thought out and is being
14 designed to meet the needs of Texas homeowners.

15 So in the meantime, though, as Bobby mentioned,
16 TDHCA has launched a pilot with our master servicer who is
17 Idaho HFA. The pilot began on Monday. And on Monday, we
18 really released just to two homeowners to just ensure that
19 they went through the system, right -- that they could
20 actually go in.

21 We didn't have any glitches. And so we
22 identified two homeowners. One was needing a loan mod.
23 One was needing a reinstatement. Brought them through the
24 process, and then we immediately started on Tuesday adding
25 additional homeowners.

1 And we're going to be bringing them in
2 initially, you know, 100 to 200 at a time, and sort of work
3 them through and use this Idaho HFA/TDHCA loans as the
4 initial pilot to make sure the system is good. These
5 homeowners can access the housing counseling through Idaho
6 HFA, and everything is up and running and we're able to
7 help homeowners in advance of getting our Treasury
8 approval.

9 The second pilot that we're launching is a
10 property charge pilot which will be launched in Hidalgo
11 County that will allow homeowners who have delinquent
12 property charges to receive assistance. That pilot will
13 also test intake centers, which are the main focus of this
14 Board item.

15 TDHCA is establishing intake centers for the HAF
16 Program. The intake centers will be brick-and-mortar, with
17 staff available to assist homeowners and determining if
18 they qualify for HAF assistance and to help them input
19 their application and upload the required documents.

20 This assistance will, at a minimum, be available
21 in English and Spanish. The intake center will have access
22 to the HAF portal, and they can actually input the
23 application on the homeowners' behalf. They can track the
24 status of the application, assist the homeowner in
25 gathering and uploading any missing information or

1 documentation that's required, and they will also market
2 the program and perform community outreach to make sure
3 homeowners are made aware of the available of the HAF
4 funds.

5 Homeowners that don't need the assistance of an
6 intake center will be able to access the portal directly to
7 determine their eligibility and to submit their application
8 for assistance. We expect the intake centers to be more
9 important in rural areas and in persistent poverty counties
10 in particular, in areas of higher concentrations of
11 nontraditional loans, such as contract for deeds, et
12 cetera.

13 A lot of the homeowners with the more
14 traditional mortgages, their servicers are going to reach
15 out to them and say, you're delinquent. There's HAF money
16 available. But people with contract for deeds, people with
17 mobile homes, people who don't have traditional financing
18 are going to need to hear about this somehow, right?

19 We're going to do traditional marketing, you
20 know -- oops. I'm so -- I do that all the time. We're
21 going to do traditional marketing, radio ads, publications.

22 We're going to get the word out that way, but in a lot of
23 these communities, we're going to need the intake centers.

24 They're going to be talking -- they're going to
25 be knocking on doors. They're going to be reaching out to

1 churches and other community groups, and just trying to do
2 a grassroots-level awareness, in particular to target those
3 nontraditional homeowners.

4 So the item before you authorizes the Executive
5 Director or his designee to make awards to intake centers
6 for up to 8-1/2 million; which is the amount that's
7 currently in the HAF budget before Treasury for this
8 activity.

9 When possible, TDHCA will use nonprofit agencies
10 that are HUD-approved counseling agencies as the intake
11 centers. The goal is to contract with a network of intake
12 centers that will provide statewide coverages, and staff
13 expects also to request authorization at the January
14 meeting to start contracting with housing counselors for
15 the actual -- this is intake.

16 That will be for actual ability to counsel
17 homeowners on how to stay in their homes. The contract for
18 each intake center will be negotiated on a case-by-case
19 basis, taking into account the amount of funding necessary
20 for capacity-building to meet the anticipated needs of the
21 geographic area, as well as the level of marketing and
22 outreach that the intake center will be responsible for.

23 The actual intake activity itself of helping a
24 homeowner with their application, that's a fee for service,
25 and so that will be X dollars per, for every application

1 that they enter or help a homeowner with. They plan to
2 establish at least one intake center in each of the 13
3 uniform state service regions.

4 While several intake center discussions are
5 underway, we cannot tell you today the exact entities and
6 service areas of each intake center. We are in the process
7 of determining which eligible entities that are interested
8 as serving as intake centers actually have the capacity to
9 do so, particularly in light of the recent influx of
10 federal dollars from CARES and ARPA.

11 And you know, frankly, in the state of Texas,
12 there's, like, 45 HUD-approved counseling agencies in the
13 whole state. So -- but we have been having very
14 concentrated, very good discussions with those entities,
15 and we're looking for authorization here for Bobby to be
16 able to award intake centers as we contract with them.

17 That concludes my presentation, and I am
18 available for questions.

19 MR. VASQUEZ: Monica, I have a question. So
20 we're going to have a combination of physical intake
21 centers, probably at least 13, in the different areas, but
22 is there also going to be a centralized, online portal for
23 people --

24 MS. GALUSKI: There is a centralized, online
25 portal. We anticipate that the vast majority of homeowners

1 are coming in through that portal.

2 MR. VASQUEZ: Okay. Great.

3 MS. GALUSKI: Yes.

4 MR. VASQUEZ: Do any Board members have
5 questions on the upcoming HAF Program? Mr. Marchant?

6 MR. MARCHANT: Could we get a list? Could each
7 Board member get a list of the HUD-approved intake -- or
8 the intake centers, the HUD-approved --

9 MS. GALUSKI: The HUD-approved counseling
10 agencies that we're trying -- yes, we can.

11 MR. MARCHANT: And the region that I'm in, and
12 if, you know, the Board members --

13 MS. GALUSKI: So do you want the whole list, or
14 do you want the list of those that are actually --

15 MR. MARCHANT: Just in my --

16 MS. GALUSKI: -- served?

17 MR. MARCHANT: -- hamlet, in my region --

18 MS. GALUSKI: Understood.

19 MR. MARCHANT: -- so I can become familiar with.

20 MS. GALUSKI: I'll do that.

21 MR. VASQUEZ: Great. I guess, hearing no other
22 questions at this point, the Chair will entertain a motion
23 on Item 7 of the agenda.

24 MR. MARCHANT: Mr. Chairman, I move that the
25 Board grant the Executive Director and his designee the

1 authority to make awards to eligible organizations to
2 provide outreach and application intake assistance for the
3 Homeowner Assistance Fund, as expressed and conditioned in
4 the Board action request on this item.

5 MR. VASQUEZ: All right. Motion made by Mr.
6 Marchant. Is there a second?

7 MR. BATCH: Second, Mr. Chairman.

8 MR. VASQUEZ: And seconded by Mr. Batch. By the
9 way, up to this point on the agenda, I haven't been asking
10 if there is public comment on agenda items. Just a
11 reminder, if you are interested in commenting on the item,
12 come up into these first two rows and raise your hand when
13 we get to that point. But again, I'm assuming there's no
14 one else on this particular item.

15 So we have a motion made by Mr. Marchant,
16 seconded by Mr. Batch. All those in favor, say aye.

17 (A chorus of ayes.)

18 MR. VASQUEZ: Any opposed?

19 (No response.)

20 MR. VASQUEZ: Hearing none, the motion carries.
21 Thank you, Monica.

22 Moving right along to Item 8(a) on the agenda,
23 "Presentation, discussion, and possible action on a waiver
24 of certain amenity requirements in 10 TAC '11.101(b)(4)
25 relating to the Commons at St. Anthony's Application 20042

1 and -- for Housing Tax Credits, and 21506 for Multifamily
2 Direct Loans."

3 And hopefully, Mr. Campbell can provide us a
4 window into the -- into this item for discussion.

5 MR. CAMPBELL: Yes, sir. I'm here to pull back
6 the curtains. As always, it is a pleasure to be with you.

7 My name is Cody Campbell. I am the director of
8 Multifamily Programs for the Department.

9 The next item on your agenda does concern a
10 waiver for certain amenity requirements for the Commons at
11 St. Anthony's in Amarillo. The Commons at St. Anthony's is
12 a hospital that was built in the early 1900s that, in 2020,
13 was awarded housing tax credits for the adaptive reuse to
14 turn this old hospital into some wonderful low income
15 housing.

16 Speak up? Okay.

17 As part of the Housing Tax Credit Program, there
18 are certain amenity requirements established in the QAP.
19 One of those is that the development must provide Energy
20 Star rated windows throughout the development.

21 Due to the historic nature of the building, the
22 owner has also applied for historic tax credits from the
23 National Park Service, which have their own set of exacting
24 standards. The National Park Service has reviewed the
25 Commons at St. Anthony's plan and is requiring that the

1 owner install windows that have a clear glazing and an
2 aluminum frame to match the original windows that were
3 present at the development.

4 Unfortunately, this is irreconcilable with the
5 QAP requirements, as there does not appear to be a product
6 on the market that meets both the QAP requirements and the
7 National Park Service's requirements. The owner has
8 identified the product on the market which most closely
9 meets our requirements, while satisfying the National Park
10 Service requirements.

11 Staff has reviewed this product and determined
12 that it is approximately 15 percent less efficient than
13 what is required by the QAP. Depending on how much you
14 want to know about windows, I can explain to you how we got
15 to that number.

16 But we do believe that this is, you know, based
17 on our research, the best option that the owner has in this
18 situation, and because of that, we recommend that the Board
19 approve this waiver request and allow them to use the
20 windows that have proposed.

21 And I'm happy to take any questions if you have
22 any.

23 MR. VASQUEZ: So bottom line, the National Park
24 Service, you're saying, has no interest in energy
25 efficiency?

1 MR. CAMPBELL: Unfortunately, that appears to be
2 the case. Yes, sir.

3 MR. VASQUEZ: Okay. That's -- I want to make
4 that clear for the record.

5 Do any Board members have questions for Mr.
6 Campbell about this Agenda Item 8(a)?

7 (No response.)

8 MR. VASQUEZ: And again, to summarize, the staff
9 is recommending that we grant this waiver and --

10 MR. CAMPBELL: Yes, sir. It does appear --

11 MR. VASQUEZ: -- understand the --

12 MR. CAMPBELL: -- that that is --

13 MR. VASQUEZ: -- totality of the
14 circumstances --

15 MR. CAMPBELL: Yes, sir.

16 MR. VASQUEZ: -- it makes sense.

17 MR. CAMPBELL: Yes, sir.

18 MR. VASQUEZ: Okay. Hearing no questions, does
19 a -- we'll entertain a motion for Item 8(a) of the agenda.

20 MR. BRADEN: Mr. Chair. I'll make a motion. I
21 move the Board grant the waiver of the 10 TAC Section
22 11.101(b)(4)(m) to the Commons at St. Anthony's in
23 Amarillo, subject to the conditions as expressed in the
24 Board action request on this item.

25 MR. VASQUEZ: Thank you. Motion made by Mr.

1 Braden. Is there a second?

2 MR. BATCH: I'll second.

3 MR. VASQUEZ: Seconded by Mr. Batch. All those
4 in favor, say aye.

5 (A chorus of ayes.)

6 MR. VASQUEZ: Any opposed?

7 (No response.)

8 MR. VASQUEZ: Hearing none, the motion carries.
9 Thank you, Cody.

10 Again, we pulled 8(b) from the agenda, or
11 someone pulled 8(b), not necessarily us.

12 MR. ECCLES: To be clear, it was withdrawn by
13 the appellant, so it will not appearing on a future agenda.

14 MR. VASQUEZ: Great. Thank you. And that bring
15 us to Item 9 --

16 MR. WILKINSON: Item 8(c).

17 MR. VASQUEZ: -- or 8(c). Okay. "8(c),
18 Presentation, discussion, and possible action regarding an
19 award from the Multifamily Direct Loan 2021-1 NOFA, as
20 amended." Ms. Flickinger?

21 MS. FLICKINGER: Good morning, Mr. Chairman,
22 members of the Board. Charlotte Flickinger, Manager of
23 Multifamily Direct Loan Programs. Item 8(c) on your agenda
24 recommends Southton Apartments for approval under the 2021-
25 1 NOFA.

1 Southton Apartments will serve a general
2 population in San Antonio. Half of the 239 newly
3 constructed units will be restricted to AMI levels ranging
4 from 30 to 80 percent, and the balance will be market rate.

5 We are recommending \$3 million in National
6 Housing Trust Fund today under the soft repayment set-
7 aside. This will be subordinate to a FHA-insured first
8 mortgage. The \$3 million MFDL loan will have a 40-year
9 term and amortization, structured as a cash flow loan in
10 keeping with FHA requirements.

11 And it will also leverage -- excuse me --
12 1.8 million in opportunity zone funding, as well as
13 property tax abatements pursuant to its partnership with
14 the San Antonio Housing Trust Public Facilities
15 Corporation.

16 I'm happy to answer any questions, and
17 respectfully request approval of this Item 8(c) for
18 Southton Apartments.

19 MR. VASQUEZ: Great. Thank you, Ms. Flickinger.
20 Do any Board members have questions on Item 8(c)?

21 (No response.)

22 MR. VASQUEZ: It actually sounds interesting
23 that they're using the opportunity zone funds as well on
24 this.

25 MS. FLICKINGER: I agree, sir. There are two

1 individuals investing in this qualified opportunity area
2 under that program.

3 MR. VASQUEZ: I'm glad that -- good to hear that
4 that program is actually working there. Hearing no
5 question, we will entertain a motion on Item 8(c).

6 MR. THOMAS: Mr. Chairman, I move that the Board
7 award National Housing Trust Funds from the 2021-1 Notice
8 of Funding Availability to Southton OZ, LLC, for Southton
9 Apartments in San Antonio, subject to the conditions and
10 revised deadlines, as expressed in the Board action request
11 on this item.

12 MR. VASQUEZ: Great. Thank you. Motion made by
13 Mr. Thomas. Is there a second?

14 MR. MARCHANT: Second.

15 MR. VASQUEZ: Seconded by Mr. Marchant. All
16 those in favor, say aye.

17 (A chorus of ayes.)

18 MR. VASQUEZ: Any opposed?

19 (No response.)

20 MR. VASQUEZ: Hearing none, the motion carries.

21 MS. FLICKINGER: Thank you.

22 MR. VASQUEZ: Charlotte, are you still up on
23 Item 8(d)?

24 MS. FLICKINGER: Yes, sir.

25 MR. VASQUEZ: Okay. "Presentation, discussion,

1 and possible action regarding awards from the Multifamily
2 Direct Loan 2021-3 Notice of Funding Availability, as
3 amended. And there are four items on --

4 MS. FLICKINGER: Yes.

5 MR. VASQUEZ: -- four projects?

6 MS. FLICKINGER: If it's okay --

7 MR. VASQUEZ: Please.

8 MS. FLICKINGER: -- Mr. Chairman and members of
9 the Board, I will present all four and happy to take
10 questions throughout or at the end.

11 First up, under Item 8(d) on the agenda is
12 Lockwood South, which will serve a general population in
13 Houston. It was previously approved for competitive
14 housing tax credits in 2020. In the application documents,
15 a building cost increase of over \$4 million.

16 We are recommending 1.3 million in HOME funds
17 under the general set-aside. This MFDL loan will have a
18 15-year term, in keeping with the conventional first
19 mortgage term, and will be structured as deferred
20 repayable. It will leverage 7.5 million in disaster relief
21 funding from the City of Houston.

22 Thirteen MFDL-designated units of the 80-unit
23 total will be restricted to 30 percent AMI. The rest will
24 be restricted to between 50 and 80 percent AMI, with eight
25 unrestricted units.

1 The second item up for consideration today is
2 Avanti at Viking Hills, which will also serve a general
3 population in 82 newly constructed units -- pardon me -- in
4 Waco. Previously approved for 8 percent credits, the
5 application documents a building cost increase of over
6 4.8 million.

7 We are recommending 4.5 million in HOME funds
8 under the HOME set-aside. Second to a first position FHA-
9 insured mortgage, the MFDL loan will have a 40-year term
10 and amortization in keeping with the FHA requirements
11 structured as surplus cash.

12 There will be 23 MFDL units. The rest, they
13 will range between 30 and 60 percent AMI, and the balance
14 will be restricted to housing tax credit rents with 13
15 market-rate units.

16 The third recommendation today is for Dallas
17 Stemmons Apartments, which will serve a general population
18 in Dallas. Previously approved for tax credits in 2020,
19 they had a lumber cost increase of \$988,000. We are
20 recommending 540,300 in HOME funds under the general set-
21 aside of this NOFA, and it will also be second to a first
22 position FHA first -- pardon me -- FHA-insured mortgage,
23 and with a 40-year term and amortization.

24 In Dallas Stemmons, we will have nine MFDL-
25 designated units out of the 87 total, and those will all be

1 restricted to 30 percent AMI. The rest will have housing
2 tax credit limits with two unrestricted units.

3 And finally today, Palladium at West Francis,
4 which will serve a general population in Midland.
5 Previously approved for 4 percent housing credits, this
6 application documents a lumber cost increase of over \$2.4
7 million. We're -- we are recommending \$2,472,726 in
8 National Housing Trust Funds under the general set-aside.

9 This will be in addition to a 2020 National
10 Housing Trust Fund award of a little over 1.25 million.
11 These two loans will be in second and third position to a
12 first position FHA mortgage. It's a 40-year term and 30-
13 year amortization.

14 There were be 25 total MFDL-designated units out
15 of 240 total, and those will all be restricted to
16 30 percent AMI. The balance other than those 25 will
17 including housing tax credit and unrestricted rents. I'm
18 happy to answer any questions on any of these.

19 Mr. Chairman, members of the Board, otherwise, I
20 respectfully request approval of these proposals under the
21 2021-3 NOFA.

22 MR. VASQUEZ: Actually, I do have a question,
23 and I don't know if I missed it in the materials on the
24 Avanti at Viking Hills. Do we know what was the original
25 cost projection of that project?

1 MS. FLICKINGER: The original cost projection is
2 contained in the materials, sir, and I will -- but it is
3 deep into the materials. We have a fairly lengthy
4 underwriting report with this one, and on page 6 of 8 of
5 the URA report, we are showing an original -- I have the
6 original basis -- or a total cost of 23,365.

7 I'm sorry. I've got that -- I have that
8 backwards. It went from about 18.7 to 23,365. Sorry.

9 MR. VASQUEZ: And they're asking for 4-1/2
10 million on the --

11 MS. FLICKINGER: Basically, most of the gap.

12 MR. VASQUEZ: -- 18 million original?

13 MS. FLICKINGER: The 18 million was the original
14 cost.

15 MR. VASQUEZ: That just seems like a huge miss.

16 MS. FLICKINGER: That is a very large cost
17 increase. You are correct, sir. And I -- we have a lot of
18 construction contracts from the developer.

19 They don't yet have their firm commitment from
20 FHA, so this one is much earlier along in the process than
21 others. And it appears to have a significantly larger
22 increase than -- well, all of the ones that we brought to
23 you today. We have one more application that is still
24 pending that has a similar amount being requested.

25 MR. VASQUEZ: I mean, dollar-wise and percent

1 change is just seems, even given the pricing changes -- do
2 we have a representative of the project that could --

3 MS. FLICKINGER: We have a representative.

4 MR. VASQUEZ: -- maybe explain this?

5 MS. FLICKINGER: Mr. Williams might be able to
6 help answer this question --

7 MR. VASQUEZ: Okay.

8 MS. FLICKINGER: -- if you would like.

9 MR. VASQUEZ: Okay. Well, that would be great.
10 Let's first, I guess, have a motion from the Board to
11 accept public comment on this and future -- the rest of the
12 agenda items.

13 MR. MARCHANT: So moved.

14 MR. VASQUEZ: Made by Mr. Marchant. Seconded
15 by --

16 MR. BATCH: Second.

17 MR. VASQUEZ: -- Mr. Batch. All those in favor,
18 say aye.

19 (A chorus of ayes.)

20 MR. VASQUEZ: Any opposed?

21 (No response.)

22 MR. VASQUEZ: None. Mr. Eccles will be happy
23 for that now.

24 Okay. Sir, if you could identify yourself and I
25 guess, hopefully, there's a sign-in sheet there and --

1 MR. WILLIAMS: There is. My name is Toby
2 Williams. I am here representing the Avanti at Viking
3 Hills development.

4 Yeah, you're right. You're 100 percent right.
5 There was a miss on that particular project.

6 You know, we have actually put that project out
7 to bid twice now, and we have done significant value
8 engineering on the deal, trying to get those costs back in
9 line with what our original projects were. Waco is kind of
10 an interesting market.

11 It's -- there's not a strong sub-base there. So
12 you're pulling a lot of your subs from the DFW area.
13 You're pulling a lot of your subs from the Austin area.

14 It's far enough -- we do a lot of stuff out in
15 Corpus Christi. We're running the same situation there,
16 where, you know, we're pulling subs from the Valley and
17 pulling subs from San Antonio and Houston. And so we
18 see -- you know, we see an increase in costs over what you
19 see in a lot of the other areas.

20 It was kind of a perfect storm on this
21 particular deal. We didn't get the equity that we were
22 hoping to, you know, the initial commitment, and you know,
23 we've been, again, working for almost two years now trying
24 to get this -- or a year and a half, trying to get this
25 deal closed, and --

1 MR. VASQUEZ: Is there -- I mean, and maybe it's
2 in your -- in this tiny-font spreadsheet. I mean, is there
3 a -- what are the biggest driving factors? I mean, is
4 it lumber? Is it --

5 MR. WILLIAMS: Lumber was, yeah.

6 MR. VASQUEZ: -- labor? Is it --

7 MR. WILLIAMS: Lumber was, hands-down, one of
8 the largest. You know, the other -- we saw an increase
9 across plumbing, all -- really all of the major trades,
10 electrical, plumbing, you know, the HVAC. But the --
11 really and truly, the biggest was in lumber.

12 On our most recent -- you know, when we out to
13 bid, masonry is another one that we're seeing a big hit
14 now, right there. The Hardy folks are saying they won't
15 even accept orders right now from multifamily. And so you
16 know, it's just been -- again, it's kind of a perfect
17 storm, and we're just trying to ride the ship and get --
18 you know, get through it.

19 MR. VASQUEZ: Again, I guess one last question.
20 Is this -- and I don't know if -- who's going to answer
21 this best. Is this contingent upon other financing and
22 things that need to be put in place and finalized?

23 MR. WILLIAMS: Just FHA. You know, we're going
24 through -- we have a commitment from the lender. We have
25 not submitted our firm application at this point, but we're

1 still going through for the FHA underwriting.

2 MR. VASQUEZ: But is the other lender contingent
3 upon this loan, this additional direct loan?

4 MR. WILLIAMS: Yeah. Well, yeah. The --
5 ultimately, the deal is not -- you know, is not financial
6 feasible without these bonds. So yes, it will be
7 contingent upon this.

8 MR. VASQUEZ: Okay. And I guess, this is back
9 for Charlotte, I guess. So our loan, our award doesn't
10 happen unless he gets all of the other financing in place?

11 MS. FLICKINGER: Yes.

12 MALE VOICE: Correct.

13 MR. VASQUEZ: All right. Yeah. Okay. Yeah.

14 MS. FLICKINGER: Absolutely, Mr. Chairman.
15 That's a condition, an underwriting condition that we'll be
16 attaching to our award letter after this --

17 MR. VASQUEZ: Okay.

18 MS. FLICKINGER: -- meeting, if you approve it.

19 And then the -- we're not able to answer --

20 MR. VASQUEZ: Hang on, Toby. Hang on, Toby. I
21 think we have some questions.

22 MS. FLICKINGER: We're not actually able to
23 enter into a commitment on this loan right now because it
24 is an FHA-insured product and we don't have a subordination
25 agreement with FHA. So it will be -- we will do an award,

1 and then no commitment will be made until FHA subordination
2 is -- agreement is reached, but also all the commitments
3 for all the financing have to be in place.

4 MR. VASQUEZ: So this would be, essentially,
5 contingent upon checking all these other --

6 MS. FLICKINGER: Absolutely, sir.

7 MR. VASQUEZ: -- boxes. Okay.

8 Mr. Marchant, you had some questions?

9 MR. MARCHANT: Yeah. Is there a spreadsheet
10 that I'm just not finding on here? Just --

11 MR. VASQUEZ: Yeah. What page is this?

12 MR. MARCHANT: It's very possible my
13 technological -- lack of technological --

14 MR. VASQUEZ: Does anyone have the page number
15 on --

16 MR. MARCHANT: Okay. Well, I think that
17 answered my question.

18 Can you explain to me your role? You're the
19 developer? You're the contractor? You're the owner?
20 What's your little slots that you fall into?

21 MR. WILLIAMS: We are the developer and owner of
22 the --

23 MR. MARCHANT: Okay. Developer and owner. And
24 the development fee, does it escalate with the additional
25 funds?

1 MR. WILLIAMS: We capped the -- when we
2 submitted our application, we -- you know, we capped the
3 developer fee, you know, based on the requirements for --
4 you know, for the NOFA.

5 MR. MARCHANT: And the --

6 MR. WILLIAMS: And -- sorry.

7 MR. MARCHANT: -- last competitive bids were
8 open when on the project?

9 MR. WILLIAMS: We got them back right before we
10 submitted, which was mid- or early July.

11 MR. MARCHANT: Oh, my.

12 MR. WILLIAMS: Yeah, and --

13 MR. MARCHANT: The world's turned around several
14 times since then.

15 MR. WILLIAMS: It has, and just -- you know, I
16 spent a couple of years working -- you know, working under
17 Brett Stewart here at TDHCA in the Underwriting department,
18 and -- you know, and really appreciate all the effort that
19 Charlotte has put into -- you know, into helping us get
20 this deal through, and the other REA staff. And
21 they will get another bite at the apple, right? So what --
22 you know, we'll have to come back right before we close. I
23 mean, obviously, there's going to be a condition on the
24 report or on the recommendation, but we'll bring it back in
25 right before we close, because it's -- you know, it's going

1 to take us another six months to get through the HUD
2 process, right? And the world could change again
3 between -- you know, between now and then.

4 So we'll come in right before we're supposed to
5 close for that closing memo. REA will re-underwrite the
6 deal. At that point, we'll have an actual construction
7 contract that's been signed, you know, with the true -- you
8 know, true, final cost for the development, so --

9 MR. MARCHANT: And I guess my other question,
10 Mr. Chairman, is -- while we're nurturing this deal along,
11 it sounds like that there's almost an opportunity for
12 another deal to come and be funded and finished in that
13 time frame. How affordable are the units going to be?

14 MR. WILLIAMS: I mean, we've got a mix of, you
15 know, 30 to 60 percent units there. It was -- I think we
16 had 10 percent at 30, 20 percent at 50, and the balance of
17 the affordable units were all at 60. We had --

18 MR. VASQUEZ: Thirteen market-rate?

19 MR. WILLIAMS: Yeah. We had 13 market-rate
20 units. So you know, the vast majority of the unit is -- or
21 the development is going to be affordable.

22 And we actually wanted to go -- our original
23 intention was go 100 percent affordable, but the City of
24 Waco actually required, as part of their resolution of
25 support, that we had to have a certain percentage of the

1 units set aside as market-rate. They want a true mixed-
2 income development.

3 MR. MARCHANT: Okay. Thank you, Mr. Chairman.

4 MR. VASQUEZ: Mr. Braden, do you have any
5 questions?

6 MR. BRADEN: So earlier on in your discussion,
7 you said you had not yet identified a general contractor?

8 MR. WILLIAMS: No. We had put it out to bid.
9 We are actually working with a contractor now.

10 We're working with a group called Nations.
11 They're based out of Houston. They currently have one --
12 we have one under construction with them now.

13 We got the first round -- I think we had four
14 contractors respond, and we had, you know, a pretty wide
15 range of -- I don't remember those numbers off the top of
16 my head -- that initial round we did back in February, and
17 we put it back out on the street.

18 So we just got those back a couple of months
19 ago. We had three contractors respond at that point, and
20 the prices ranged anywhere from, you know, \$175 a foot to
21 \$225 a foot. We had a pretty -- you know, had a pretty
22 wide range there.

23 And a lot of it is in the uncertainty on the --
24 you know, on the contractor's part. They're being told by
25 the supply houses, hey, you call and get a quote, and they

1 say, you can call us back in an hour and sign this up, but
2 if you wait till tomorrow morning, we're going to re-quote
3 it for you.

4 You know, there's just -- there's still a lot of
5 uncertainty in the market, supply chain issues. You know,
6 we're seeing -- starting to see some issues with those. I
7 mentioned the Hardy siding a few minutes ago. It's just,
8 you know --

9 MR. BRADEN: So what assurances do you have that
10 the financing that you're lining up is going to be adequate
11 since you don't really have the price locked up?

12 MR. WILLIAMS: Well, I mean, there's -- that's
13 one of those risks, you know, that we run. I don't know
14 that I can -- I don't want to sound like a smart aleck, but
15 it's one of those where I don't really have a crystal ball
16 that we can look at the future and say, hey, we think
17 construction prices are going to -- you know, are going
18 this way.

19 We do still have some developer fees, so you
20 know, have some room in our deal where we can defer some
21 additional developer fee if there are additional cost
22 increases. You know, I'll tell you, we're 100 percent
23 confident that we're going to get this deal funded, you
24 know, or closed, funded and put into -- or put into --
25 placed in service.

1 MR. BRADEN: Okay. That's all I have. Thank
2 you.

3 MR. MARCHANT: Mr. Chairman? How many units did
4 we -- were completed in this last year? That's a general
5 question. Under the program, is that your 16,000 or
6 17,000?

7 MS. FLICKINGER: Under the --

8 MR. VASQUEZ: I think those --

9 MS. FLICKINGER: -- 4 percent tax credit, I
10 think that was 16,000.

11 MR. MARCHANT: Of those units, how many people
12 came in and asked for this kind of assistance?

13 MS. FLICKINGER: For the Multifamily Direct
14 Loan? I --

15 MR. MARCHANT: The costs -- they missed the cost
16 and --

17 MS. FLICKINGER: The number of applications that
18 we have received this year is approximately 25, and that's
19 just -- each of those is a range between 40 units and 240
20 units. I'd be more than happy to put that information
21 together in --

22 MR. MARCHANT: Well, I'm just asking generally,
23 as -- how many people ran into this problem and their
24 complete project stopped and they didn't get its financing
25 and has not even started yet out of that group?

1 MS. FLICKINGER: Probably about -- between 60
2 and -- well, probably about 70 percent. Most of the folks
3 hadn't closed yet when they came in for the -- this is
4 under the '21-3 NOFA only, which was, you know, from the
5 previously approved deals.

6 There were a total of approximately 20
7 applications. We had a couple drop out. Two or three were
8 already in construction. Several had closed, but had not
9 started construction because they were going back and
10 forth --

11 MR. MARCHANT: How many did all of those
12 projects make it through and get their units built and --

13 MS. FLICKINGER: Well, they're still --

14 MR. MARCHANT: -- funded?

15 MS. FLICKINGER: -- building.

16 MR. MARCHANT: Huh?

17 MS. FLICKINGER: They're still building. Those
18 guys, a lot of those haven't closed yet. They're still in
19 the process.

20 MR. MARCHANT: Yeah, but they're not coming in
21 asking for this.

22 MS. FLICKINGER: Yes, and I can't speak to what
23 they did --

24 MR. MARCHANT: Okay. Thanks.

25 MS. FLICKINGER: -- sir, but you are correct.

1 MR. VASQUEZ: And --

2 MR. WILLIAMS: You know, I'll admit this has
3 been an extreme case, but there are a number of deals from
4 2019 and 2020 that are in similar situations, right. Maybe
5 not quite to the extreme that the Viking Hills project is,
6 but that's a big part -- I mean, that -- well, that -- not
7 a big part.

8 That is the reason that we have the 2021-3 NOFA.

9 That is the reason that there's the supplemental, you
10 know, applications that are going on. I mean, again, I am
11 fully aware that this is an extreme case and we had just
12 kind of a perfect storm of things that hit us on this
13 particular deal.

14 But we are committed to getting it done, getting
15 it closed, getting it placed in service, providing that
16 affordable housing for the folks there in Waco. You know,
17 we have, to date, probably spent close to a million dollars
18 on this deal, you know, out of pocket for full plans and
19 specs.

20 We've gone through the entire process at the
21 City of Waco. They're just waiting on us to come down and
22 pay our building permit fee, and they'll issue the permits.

23 You know, we're ready to go. We just need to these -- you
24 know, these financing pieces put in place.

25 MR. MARCHANT: The City of Waco, with housing --

1 I mean, they're helping fund the project and they're 100
2 percent behind it?

3 MR. WILLIAMS: They provided -- you know, they
4 provided the fee -- the \$500 at the beginning of the
5 project as part of our application. The City of Waco
6 doesn't have a whole lot of funds --

7 MR. MARCHANT: Well, I drove through it
8 yesterday, and it didn't like it was hurting really bad.

9 MR. WILLIAMS: No, no, no. Well, they are --

10 MR. MARCHANT: It took me an hour to get through
11 it.

12 MR. WILLIAMS: Yeah, yeah. Well, you've got to
13 love I-35. You know, they -- the City of Waco, one -- you
14 know, one of the things -- they do provide some fee waivers
15 for affordable, like the impact fee waivers. We're -- you
16 know, we're not required to pay those, you know. So they
17 are providing some incentives, but you know -- but again,
18 the bulk of it is coming from traditional financing, FHA
19 direct loan and tax credits.

20 MR. BRADEN: And this is more for Charlotte, and
21 just for clarity. This is under the 9 percent program, not
22 the 4 percent program. Is that right?

23 MS. FLICKINGER: I believe Avanti was a
24 4 percent -- or pardon me -- a 9 percent credit. That's
25 correct.

1 MR. BRADEN: Okay. And so we just adopt the
2 supplemental financing because people are having these same
3 problems, right, under the 9 percent program, where we're
4 allowing for -- more directed to Bobby -- we're allowing
5 for tax credits in 2022 because people are having problems
6 in terms of financing projects?

7 MR. WILKINSON: Yes. Are you an applicant for
8 supplement credits as well?

9 MR. WILLIAMS: No, not on this deal. No, no.
10 We had contemplated requesting supplemental credits on this
11 project, but you know, assuming we get the award here,
12 we're not planning to pursue the supplemental credits.

13 MR. BRADEN: But my point is, he's seeking
14 another solution while other people who had the same
15 problems as your issue sought another solution with this
16 Board. So it's not -- his problem is not an isolated
17 problem, obviously. We saw a lot of people who encountered
18 that.

19 MR. WILKINSON: Definitely.

20 MR. WILLIAMS: Thank you, Mr. Braden.

21 MR. VASQUEZ: And then I guess the last question
22 is to Charlotte. The final numbers on costs and then, you
23 know -- in the next six months, labor -- or labor -- lumber
24 may drop further, you know, back into line, and we've
25 already seen it coming down over the last year. So the

1 final project cost numbers may be lower than what we're
2 projecting right now. So that's one --

3 MS. FLICKINGER: That's correct.

4 MR. VASQUEZ: -- yeah, that's correct. And then
5 the next part, we -- by the Board awarding this, which is
6 essentially a contingent award with direct loan funds based
7 on all these other things that need to close --

8 MS. FLICKINGER: Yes, sir.

9 MR. VASQUEZ: -- we are not actually preventing
10 some other projects that may not have had such a big miss
11 to -- from getting funds, a direct loan under this NOFA.

12 MS. FLICKINGER: That is correct.

13 MR. VASQUEZ: This doesn't really -- this
14 doesn't elbow out someone else that is in line.

15 MS. FLICKINGER: The NOFA expired last month --
16 or pardon me -- earlier this month with funds still
17 available.

18 MR. VASQUEZ: Right. Okay.

19 MS. FLICKINGER: So it was not oversubscribed.

20 MR. VASQUEZ: So we're not saying we're giving
21 this group that missed by 25 percent, and we didn't give it
22 to someone who missed by --

23 MS. FLICKINGER: No.

24 MR. VASQUEZ: -- 8 percent or something?

25 MS. FLICKINGER: No. There are some that --

1 MR. VASQUEZ: Or that -- again, that's --

2 MS. FLICKINGER: Right. Pardon me, sir. But
3 there are some that are ineligible for other reasons --

4 MR. VASQUEZ: Sure, sure.

5 MS. FLICKINGER: -- but no, not for funding
6 reasons. And you've probably noted in the 2022 NOFA
7 that's -- yeah, the 2022 NOFA -- that's in the consent
8 agenda, that we will be extending the ability for folks to
9 apply that were impacted by COVID, that were 2020 and 2021
10 applicants.

11 MR. VASQUEZ: Right.

12 MS. FLICKINGER: So there will be another
13 opportunity, hopefully.

14 MR. VASQUEZ: Okay. Do we have any other
15 relevant public comment?

16 (No response.)

17 MR. VASQUEZ: We have one more speaker.

18 MS. FLICKINGER: I have --

19 MR. WILKINSON: Charlotte, someone is behind you
20 to speak.

21 MS. FLICKINGER: Oh.

22 MS. RICKENBACKER: Good morning. Donna
23 Rickenbacker with Marque. I really wasn't planning on
24 speaking on this agenda item, but you all raised some very,
25 very good points and questions.

1 And I'm not here to pick on Avanti. They do
2 great work all over the state of Texas. But I do want to
3 recognize that I made some fairly significant comments
4 early on this year that dealt with the awarding, if you
5 will, of direct loan funds, and to open up that process to
6 allow for some of these '19 and '20 deals that were
7 impacted by COVID to come in and seek some additional funds
8 to offset those disruptions.

9 And that was done, and I'm very happy that that
10 was done. But do keep in mind that -- and I was also
11 hoping that we would then reduce the number of folks that
12 would be seeking supplement credits so that we don't,
13 again, use the word disruption, disrupt too significantly
14 the '22 round.

15 What's happened -- what I'm seeing happening, is
16 that folks are not always seeking supplemental credits.
17 They're seeking direct loan funds, and in some instances,
18 including one that you all are probably going to approve
19 today, is also being granted Harvey disaster funds in the
20 City of Houston.

21 You know, where do we kind of get to a point
22 where some of these deals are potentially, you know,
23 oversourced transactions? So I just want to kind of put it
24 out there to this Board. Thank you.

25 MR. VASQUEZ: All right. Thank you, Donna.

1 Okay.

2 So do any Board members have further questions
3 on either the Viking Hills project or any other item under
4 8(d)?

5 (No response.)

6 MR. VASQUEZ: If not, the Chair would entertain
7 a motion on Item 8(d).

8 MS. FLICKINGER: May I read something into the
9 record --

10 MR. VASQUEZ: Oh, please.

11 MS. FLICKINGER: -- briefly, sir?

12 MR. VASQUEZ: Okay.

13 MS. FLICKINGER: I need to make a correction to
14 the amount for the Dallas Stemmons project. The amount
15 that I quoted to you was the requested amount. It was
16 reduced to \$466,153 for the MFDL award.

17 MR. VASQUEZ: Okay. From 540? Okay.

18 MS. FLICKINGER: Yes.

19 MR. MARCHANT: Mr. Chairman? In light of the
20 comments from the lady that spoke just a moment ago, I have
21 some of the same -- these are the things rolling around in
22 my head, and would it be appropriate to ask for a one-month
23 delay so that we can maybe -- the staff can give us some
24 backup on that?

25 MR. VASQUEZ: Well --

1 MS. FLICKINGER: Because we'd like to -- pardon
2 me.

3 MR. VASQUEZ: Go ahead.

4 MS. FLICKINGER: We'd like to be able to provide
5 you with backup on the subsidy layering analyses that we
6 perform on all of these projects --

7 MR. VASQUEZ: Yeah.

8 MS. FLICKINGER: -- to be sure that they're not
9 oversourced. And when they come to get their money after
10 the closing, we also document everything with primary
11 documentation that that cost wasn't incurred and not paid
12 by another source --

13 MR. MARCHANT: Yeah.

14 MS. FLICKINGER: -- as well as get third-party
15 opinions from certified public accounts that all the costs
16 are true and reasonable. So that's --

17 MR. MARCHANT: Well, I'm not accusing anybody --

18 MS. FLICKINGER: -- the information that we
19 could provide in detail.

20 MR. MARCHANT: -- of malfeasance. I'm just
21 saying to you, the whole concept of -- we thought that we
22 were -- you know, we've given and given and given and
23 flexed and flexed and flexed, and there doesn't seem to be
24 any end to the flexing now.

25 And we're coming out of the pandemic now, and

1 hopefully, the developers for this year are building that
2 into their initial requests.

3 MS. FLICKINGER: I hope so.

4 MR. MARCHANT: Yeah. And if they're not,
5 though, it may not be because they see this added
6 flexibility they have, and not being as accurate or -- I
7 mean, they just seem like -- well, there's really not going
8 to be an end to this project when it becomes economically
9 not feasible anymore. We just keep making this deal until
10 we make this deal or we make this deal.

11 MS. FLICKINGER: I understand that it's a --

12 MR. MARCHANT: That those are just --

13 MS. FLICKINGER: -- conundrum.

14 MR. MARCHANT: -- those are my comments.

15 MR. VASQUEZ: Although just to allay some of
16 those concerns, part of what I think the Board was and the
17 Department was encouraging was, don't ask for more credits.
18 Ask for more direct loan funds.

19 MR. BRADEN: Right.

20 MR. VASQUEZ: I mean, so in this -- in these
21 cases, they're doing what I think is our preference. And
22 it doesn't -- what did she say -- you know, mess up the --
23 you know, the future year's allocations for tax credits. I
24 think -- I believe this is a better method.

25 And then, also, again, just the -- concerning

1 the laying in too much financing, we're going to wait to
2 see what the final costs truly are and then -- and so this,
3 what we're approving here today is sort of maximum --

4 MS. FLICKINGER: That's right.

5 MR. VASQUEZ: -- not to exceed, and based on all
6 the final underwriting and everything, it could up end
7 being a lower number when it comes down to the final
8 issuance.

9 Staff, correct me if I'm wrong. And does Homer
10 have something to add here? Let me -- I saw him jump up
11 with a --

12 MR. CABELLO: Yeah. Homer Cabello, Deputy
13 Director.

14 So this -- at the beginning, right before we go
15 to closing, we'll underwrite it again to make sure that
16 we're not oversourced. But when the development is built,
17 we go through another area of the Department, through our
18 Asset Management Division.

19 We look through a cost certification package,
20 and we review all the financing that's put into the deal.
21 If we feel that it's oversourced, we will then cut the tax
22 credits to make sure that we're not oversourcing the deal.

23 So there is another review when the development is
24 complete.

25 MR. MARCHANT: Okay, thank you.

1 MR. CABELLO: And we've cut credits in the past
2 to make sure that we're not over --

3 MR. MARCHANT: Thank you.

4 MR. VASQUEZ: Got anything else?

5 MR. BRADEN: Just maybe -- and I don't know
6 who -- you know, someone on staff should answer this. And
7 so the developer, Avanti, confirmed that there were no
8 supplemental tax -- housing tax credits associated with his
9 project.

10 The other three, is that correct as well?

11 MS. FLICKINGER: The first one, Lockwood South,
12 had filed a notice of intent to apply for supplemental
13 credits, but has since rescinded that request.

14 MR. BRADEN: So then -- so none of them are
15 asking for supplemental housing tax credits?

16 MS. FLICKINGER: If Avanti --

17 MR. VASQUEZ: For this project.

18 MS. FLICKINGER: -- because they are not --

19 MR. VASQUEZ: For these projects.

20 MR. BRADEN: Yeah, I see.

21 MR. WILLIAMS: Full transparency. We did
22 provide the notification that, you know, gave us a place in
23 line to where we could submit our request for the
24 supplementals. But assuming we get -- you know, we get a
25 recommendation here, we are not planning to pursue those

1 supplemental credits on this deal.

2 MR. BRADEN: Okay. So --

3 MR. WILLIAMS: We're -- I mean, to your point
4 earlier, we've been chasing every, you know -- trying every
5 which way we can to make -- you know, to make this deal
6 pencil and get it across the closing line. You know, staff
7 has done and the Board has done a great job of giving some
8 tools to help -- you know, to help get there. If we get
9 the direct loan award, we will not pursue the supplemental
10 credits.

11 And you know, I wanted to address one of the
12 comments that you had made about building these costs
13 into -- you know, into our future projects. That's
14 absolutely, you know -- hindsight's always 20/20, right?
15 So we, you know, see our misses in the past, and we are
16 absolutely building these current construction numbers into
17 our future projects.

18 We had one in last year's round, down in the
19 Valley, that we had anticipated, you know, a construction
20 cost, vertical cost, of roughly, you know -- or total
21 construction costs of \$130 a foot. We got those bids back
22 and they were significantly higher. We were still, you
23 know, through deferred developer fees and some value
24 engineering.

25 We're going to be able to make that one pencil,

1 but those -- you know, those bids that we got back, that's
2 our new benchmark. When we come in next year, you know,
3 we'll absolutely be using those numbers to perform our
4 deals. So --

5 MR. BRADEN: So you wouldn't have any objection
6 if we passed this item, that it be conditioned on probably
7 none of the applicants, but in your case, seeking
8 supplemental tax credits?

9 MR. WILLIAMS: No, no. I wouldn't have a
10 problem with that at all.

11 MR. BRADEN: Would that maybe address some of
12 your concerns?

13 MR. WILLIAMS: I'd prefer it because I have not
14 prepared the supplemental application. And if you deny
15 this, I'm not sleeping between now and five o'clock
16 tomorrow.

17 MR. BRADEN: No. But I do think Leo was right.
18 I mean, when we first talked about supplemental tax
19 credits, we were encouraging people to do this, instead of
20 seeking supplemental tax credits. So it's sort of -- in
21 some respects, it's a bad situation, but you're doing the
22 right thing in terms of what we had asked for.

23 MR. WILLIAMS: Thank you, sir.

24 MR. VASQUEZ: Great.

25 MS. FLICKINGER: Sir, did I hear you properly

1 that you'd like to condition all of these awards on them
2 not pursuing supplemental tax credits?

3 MR. BRADEN: You indicated there was only one
4 other that put themselves in line, but they had withdrawn?

5 MS. FLICKINGER: That's right.

6 MR. BRADEN: So by doing that, that should be,
7 with those --

8 MS. FLICKINGER: That's correct, sir.

9 MR. BRADEN: Yes.

10 MS. FLICKINGER: I just wanted to make sure --

11 MR. BRADEN: That would be my preference.

12 MS. FLICKINGER: -- that I had that right.

13 MR. VASQUEZ: Okay. That sounds great.

14 Hopefully, you will make a motion in one second on --
15 relating to that. I was -- I had similar questions on the
16 Palladium West Francis project.

17 However, just eyeballing on the number of units.

18 So a much bigger project than we were just discussing.

19 So --

20 MS. FLICKINGER: Yes, sir.

21 MR. VASQUEZ: -- that's probably in line, even
22 though it's over 2 million.

23 MS. FLICKINGER: Thank you.

24 MR. VASQUEZ: So given that, would a Board
25 member care to make a motion on Item 8(d) of the agenda

1 concerning all four of the projects underneath?

2 MR. BRADEN: Sure. Mr. Chair, I'll make a
3 motion, subject to the condition that none of the four
4 referenced applicants, Applications ID 21502, 21510, 21512
5 and 21521, seek supplemental housing tax credits in the
6 2022 program.

7 I'd move the Board approve the four 2021-3 NOFA
8 applications listed in this item, subject to the other
9 conditions and revised deadlines, as expressed in the Board
10 action request on this item.

11 MR. VASQUEZ: Great. Thank you. Motion made by
12 Mr. Braden. Is there a second?

13 MR. THOMAS: Second, Mr. Chairman.

14 MR. VASQUEZ: Seconded by Mr. Thomas. All those
15 in favor of the motion as presented, say aye.

16 (A chorus of ayes.)

17 MR. VASQUEZ: Any opposed?

18 (No response.)

19 MR. VASQUEZ: Hearing none, the motion carries.

20 MS. FLICKINGER: Thank you very much.

21 MR. WILLIAMS: Thanks.

22 MR. VASQUEZ: Thank you. Moving on to Item --
23 we are on nine. Correct?

24 MR. WILKINSON: It's 9(a).

25 MR. VASQUEZ: All right. 9(a), "Presentation,

1 discussion, and possible action regarding the adoption of a
2 final order concerning termination of CEAP and CSBG funding
3 and contracts, and CEAP Provider and CSBG Eligible Entity
4 status, of Galveston County Community Action Council, Inc."

5 Mr. De Young --

6 MR. DeYOUNG: Good morning.

7 MR. VASQUEZ: -- bring us up to date on this
8 multi-year ordeal.

9 MR. DeYOUNG: I sure will. Good morning, Mr.
10 Chairman and members. Michael De Young, Director of
11 Community Affairs.

12 Item 9(a) before you relates to a subrecipient
13 of the departments. They're titled Galveston County
14 Community Action Council, and I will call them -- I will
15 refer to them as GCCAC, just to shorten this.

16 This item involves the completion of our process
17 that was authorized by you, the Board, at the March 11,
18 2021, Board meeting. It's the termination of Galveston
19 County's contracts and eligibility for -- by CEAP and CSBG
20 funding and services.

21 And for background purposes, let me rebuild the
22 timeline for you, because this has been a somewhat timely
23 process. The Community Affairs Division had spent many
24 years working with the management, the staff and the Board
25 of Galveston County Community Action to address subpar

1 performance in the TDHCA programs.

2 Extensive training and technical assistance were
3 provided to try and help them improve, and in August 2020,
4 due to continued inadequate performance in serving clients
5 and expending funds, the Department provided GCCAC an
6 opportunity to submit a quality improvement plan.

7 The quality improvement plan submitted failed to
8 resolve the identified deficiencies and demonstrated that
9 GCCAC lacked the capacity to address TDHCA's staff's
10 concerns. Following GCCAC's request for more time and
11 their failure to meet CEAP and CSBG expenditure and pledge
12 benchmarks that they had proposed and set for themselves
13 for the months of November and December 2020 and also in
14 January 2021, at the March 11 TDHCA Board meeting --
15 March 11, 2021, TDHCA Board meeting, staff requested
16 authorization to proceed with termination of GCCAC's CEAP,
17 CEAP CARES and CSBG contracts.

18 So CEAP is the Comprehensive Energy Assistance.
19 CEAP CARES is just an additional allocation of funds from
20 the federal government, and CSBG is the Community Services
21 Block Grant contracts. So we asked for authorization to
22 proceed with the termination of those contracts and their
23 provider status for each of those separate pots of money.
24 The Board provided such authorization.

25 The next step was -- for the termination

1 proceedings, was to have the issue considered by the State
2 Office of Administrative Hearings, and our attorneys and
3 program staff moved forward with those actions that were
4 approved by you all. During the same meeting, we requested
5 authorization to initiate three temporary contracts with
6 existing CEAP providers for utility assistance services in
7 the four-county area served by Galveston County Community
8 Action.

9 The Board approved these actions and staff
10 proceeded accordingly. Three temporary CEAP contracts were
11 executed to provide services in the four affected counties,
12 and we used 24.99 percent of the existing Galveston County
13 CEAP contracts.

14 As additional information, both LIHEAP and CSBG
15 are considered block grants in the federal government and
16 state government terms, and therefore, they have very
17 specific provisions for how to address the termination of
18 those contracts and their provider status that goes along
19 with them. Those provisions are primarily federal for the
20 CSBG funds, the Community Services Block Grant funds, and
21 they're primarily state when you talk about the CEAP or the
22 LIHEAP Program. The 24.99 percent I just mentioned is one
23 of those provisions that we had to follow.

24 It is also -- because of those provisions, that
25 in the case of CSBG, we were not able to have temporary

1 contracts for those providers. GCCAC is entitled to retain
2 all of their CSBG funds until removal of their status as an
3 Eligible Entity is formalized through the prescribed
4 process that HHS has.

5 On September 13 and 17, 2021, the matter was
6 presented to an Administrative Law Judge from SOAH, and on
7 November 5, the SOAH Administrative Law Judge issued a PFD,
8 proposal for decision, which is attached to your Board
9 item. The Judge found that the State has good cause to
10 terminate all of the current funding and contracts for CEAP
11 and CSBG, and terminate GCCAC's Eligible Entity status, as
12 well as CEAP provider status. The Eligible Entity status
13 is a status that goes along with the Community Services
14 Block Grant.

15 GCCAC filed exceptions to the Proposal for
16 Decision with SOAH in November, and TDHCA immediately
17 responded. After the Judge's review of the exceptions
18 filed and TDHCA's response, the Judge determined that no
19 changes would be made to the Proposal for Decision.

20 So now, we come to finalizing the termination
21 process you authorized back in March. The Board action
22 request before you today asks for your acceptance and
23 approval of the Judge's Proposal for Decisions, except --
24 Proposal for Decision -- not Decisions -- acceptance of the
25 findings of facts and conclusions of law contained in the

1 Proposal for Decision, as the Board's findings and
2 conclusions and in order that all CEAP and CSBG contracts
3 and funding to GCCAC, as well as their provider status for
4 those grants, be terminated.

5 And lastly, the order before you today contains
6 a finding for your consideration concerning the necessity
7 of making this order final upon signing, due to the
8 imminent peril to public health and safety or welfare that
9 may arise by waiting any longer for the Board's order to be
10 final. This is requested due to the rapid approach of
11 winter weather and the urgent need for Texas households to
12 be able to heat their homes and the potential for
13 inefficiency and confusion or delay in the distribution of
14 the CEAP funds if there are multiple providers of those
15 services in one county.

16 We recommend that we are -- that we be able to
17 immediately move the CEAP contracts and funds to the new
18 permanent providers. In fact, that's going to be the next
19 Board agenda item for you. To be clear, the finality of a
20 decision to terminate CSBG contracts and funds and
21 termination of CSBG Eligible Entity status requires an
22 additional step under the federal law.

23 Upon the Board's approval today, the Legal
24 Division will proceed with notifying U.S. Department of
25 Health and Human Services of the SOAH Judge's decision and

1 this Board order, and HHS has a defined time period to
2 review that decision and potentially alter it before it
3 becomes final.

4 Upon the completion of that step, we will return
5 to the Board to designate the new CSBG provider or
6 providers of the four-county area previously served by
7 Galveston County Community Action Council. I'm willing to
8 answer any questions.

9 We have speakers here today, also.

10 MR. VASQUEZ: Great. And just to clarify,
11 before we started formally notifying GCCAC in August 2020,
12 problems had been happening for a long time before that. I
13 mean, to --

14 MR. De YOUNG: Yeah. I would say, we entered --
15 we had concerns for a while. We started pretty heavy
16 efforts to help them out of this crisis in 2017, and that
17 continued all the way through, with training, technical
18 assistance.

19 I went down and attended 25 to 30 Board meetings
20 over a two- to three-year period, trying to work through
21 the various issues that they had. There's been a
22 tremendous amount of training and technical assistance
23 provided by our staff at TDHCA.

24 There was a significant lift to try and resolve
25 these issues.

1 MR. VASQUEZ: Right. This wasn't something we
2 just jumped into lightly. There was a lot of effort behind
3 it.

4 MR. DeYOUNG: Correct.

5 MR. VASQUEZ: Okay. Do Board members have
6 questions for Mr. DeYoung?

7 MR. BRADEN: I have one additional questions.

8 MR. DeYOUNG: Sure.

9 MR. BRADEN: Through the Chair. So you
10 indicated there's one additional federal step for
11 termination of one of these grants, but --

12 MR. DeYOUNG: The Community Services Block
13 Grant. Yes, sir.

14 MR. BRADEN: So is the item following this
15 item -- you're appointing these new service providers.
16 It's not covering the Consumer -- the CSBG?

17 MR. DeYOUNG: Correct. The next item only
18 involves the utility assistance programs.

19 MR. BRADEN: Okay. Makes sense.

20 MR. VASQUEZ: Okay. I believe we have some
21 speakers. Please come up and sign in, identify yourself
22 and the organization.

23 Note that the prior speaker that we had here had
24 more time because we were asking questions. So each
25 speaker is limited to three minutes per speaker, and please

1 go ahead.

2 MR. SOWELL: My name is Pastor Amos Sowell. I
3 am the new president for the board at GCCAC. After
4 listening, I'm not aware of all that that went on. I came
5 in as a board member, not happy with a lot of things that
6 were going on, and I had to sit on the sideline and just
7 watch.

8 We made -- we decided as a board to make
9 significant changes by removing the president and also
10 removing a lot of staff in order to do that. I have a
11 different vision.

12 I'm a servant. I'm a pastor, 45 years. And I
13 serve. And I believe that that's what Galveston County
14 Community Action Center is all about.

15 I remember when I was a boy, it was right up the
16 street from my house, and I remember them coming to a
17 friend of mine who was 64 years old and blind, feeding him,
18 helping him pay bills. They served. I think there was a
19 loss of direction over a period of time.

20 And it happens when you deal with nonprofits.
21 It happens in all situations. What am I asking for? You
22 have every right to make this decision, and you really do,
23 because in listening, if I was on the other side, I would
24 make that decision, based on the facts.

25 We're not dealing with facts. I'm asking for

1 mercy now, opportunity to turn this around. I mean, we've
2 been in existence for years, even before I was born, and to
3 be able to take that away from Galveston County would be so
4 detrimental.

5 We're different than a lot of other agencies.
6 We physically deal with clients, you know. We help them
7 fill out papers. They don't do it by computer. We do
8 things for them to make sure they do it.

9 I'm the type of person that put myself into it.
10 I came -- they elected me president right before
11 Thanksgiving, and we had Thanksgiving boxes that they gave
12 out, but they didn't give any meat out. I went in my own
13 pocket and provided it for the different counties so that
14 they would have a good Thanksgiving.

15 I also worked with Toys for Tots. I purposely
16 instituted that we partnership with them so we can provide
17 again for the different families and clients in the areas
18 of all four counties. I think that I can turn it around.

19 I'm good at helping. I'm good at serving, and I
20 just would like the opportunity to do it, because I know
21 that we need it.

22 In Galveston County, the pandemic has hit us
23 hard. Unemployment is high. People are really looking for
24 help. So I -- you know, that's just my request of you all.

25 MR. VASQUEZ: Pastor Sowell, we appreciate your

1 words and your intent, and I sincerely wish you were here
2 two years ago --

3 MR. SOWELL: Yeah.

4 MR. VASQUEZ: -- talking to us, and we wish you
5 luck on -- and the best on getting it turned around, and
6 hopefully, in the future, we can talk again.

7 MS. BOONE: To the Board members --

8 MR. VASQUEZ: Sorry. Could --

9 MS. BOONE: -- of TDHCA, I am Sonia Boone, and I
10 am the Director of Neighborhood Services for GCCAC.

11 I was hired beginning June 21, 2021. Coming
12 into this position, I faced numerous issues, all or more or
13 less all of which were resolved by me and my team. And
14 some of those issues that we resolved on behalf of our
15 agency are as follows.

16 Number one, I downsized our staff in the
17 Department of Neighborhood Services, and this reduced a
18 top-heavy department from 15 to eight, thus saving the
19 agency money.

20 Number two, we successfully completed and
21 submitted the Comprehensive Needs Assessment Report on
22 behalf of our agency, and this report is to be completed
23 every three years, and it has implications as such. This
24 report was accepted and approved by the State.

25 Number three, with the assistance of Ms. Karen

1 Keith, we successfully completed and submitted the 2022
2 Community Action plan for the Community Services Block
3 Grant, CSBG, along with the proposed budget. This too was
4 accepted and approved by the State.

5 Number four, we have submitted organizational
6 standards on behalf of the agency and they are in the
7 review process. Number five, we were actually awarded the
8 CSBG CARES contract 2020, which we fulfilled, as it was
9 completed July 2021, and no contract extension was
10 requested.

11 Number six, we will fulfill our regular CSBG for
12 this year by the end of the year. We are projecting that
13 no contract extension will be requested.

14 Number seven, since June 21, 2021, the beginning
15 of my tenure, systems and processes have been put into
16 place to ensure accountability, as well as rapid and
17 efficient payments for our clients, as we understand that
18 this impacts our clients who, in most cases, are neighbors
19 and friends.

20 My staff and I consider working for this agency
21 a labor of love, as we willingly do so to do what we can
22 for our clients, who are our neighbors and our friends. We
23 cannot continue to do what we do for our communities
24 without your support and the continuation of providing
25 funds via CSBG.

1 So on behalf of my agency, I humbly request that
2 you continue to support us via the continuation of our CSBG
3 contract so that we may continue to assist our communities.

4 And again, I thank you for this opportunity to speak on
5 behalf of my agency.

6 Thank you.

7 MR. VASQUEZ: Thank you, Ms. Boone. And again,
8 to reiterate, we wish you all the best on rebuilding this
9 organization that has some substantial history that's --
10 Mr. DeYoung, do you have any wrap-up comments?

11 MR. DeYOUNG: Sure. Just a few short comments.

12 I sympathize with the speakers. This is not an easy
13 action to take.

14 I've worked in Community Affairs for 18 years.
15 This is the first time this process has gone this far. But
16 it's been a history of low expenditures and poor
17 performance for at least the last five years, and the money
18 that is involved in this action in moving it to other
19 providers for utility assistance and ultimately for CSBG
20 later, should the federal process be completed, will keep
21 the money in these communities.

22 It's just, who is the administrator of those
23 funds? There's no change. These funds are awarded by
24 formula.

25 Utility assistance, we have a formula. It runs

1 80 percent poverty. The money is divvied up, we give it
2 out. We want every dollar expended.

3 So at this point in time, staff feels like the
4 residents of the four counties, and this is Galveston
5 County, Fort Bend County, Brazoria County, and Wharton
6 County, three major counties. You know, Wharton's a
7 smaller county, but not insignificant --

8 MR. WILKINSON: My mom was born in Wharton, so
9 it's pretty important, just saying.

10 MR. DeYOUNG: Permission to revise my remarks?
11 The most important of which is, apparently, Wharton County.
12 No.

13 Staff recommendation is cognizant that these
14 four counties deserve to be served, and it's been a while
15 since they've received the full force of all these funds
16 being implemented into the community. And staff's
17 recommendation is focused on the provision of these much-
18 needed services from providers who have extensive
19 experience and proven track record.

20 The Board item -- the next Board item, we can
21 talk about those providers. They're existing providers who
22 are currently doing the services in adjacent counties to
23 each of these counties.

24 I think that's the end of my remarks. I can
25 answer any other questions.

1 MR. VASQUEZ: Mr. Marchant?

2 MR. MARCHANT: Does our action preclude them at
3 a future date from coming back and making re-application to
4 administrate these funds?

5 MR. DeYOUNG: That's an interesting question,
6 Mr. Marchant. The only time we have applications for these
7 funds is when we have a provider who does not fulfill the
8 requirements.

9 So in the next action, we're going to ask that
10 you permanently award these funds to three entities. And
11 unless those entities show performance problems or
12 compliance problems, they would receive those funds until
13 they have a problem. So it is not often that we have areas
14 come up for application.

15 Now, under the CSBG, the Community Services
16 Block Grant, once those are completed through the process,
17 we'll go through an RFP. We will request applications or
18 proposals for the administrator of Community Services Block
19 Grant in each of the four counties.

20 Those could be the same entities. They could be
21 different. That's a whole, separate process, and we won't
22 know that for at least 90 to 120 days that we are
23 completing the federal --

24 MR. MARCHANT: And she stated that their
25 contracts were ending, or these -- but once you get

1 accepted as a provider, your contracts are pretty much
2 renewed --

3 MR. DeYOUNG: Evergreen, especially in CSBG.

4 MR. MARCHANT: So will they just not get their
5 contracts renewed or will --

6 MR. DeYOUNG: Correct. This action will
7 terminate their current contracts, all of their current
8 contracts. So they currently have 2021 contracts.

9 MR. MARCHANT: Uh-huh.

10 MR. DeYOUNG: The 2022 contracts for CEAP and
11 for CSBG would normally start on January 1. We're asking
12 for your approval to terminate their current contracts.
13 And then what will happen is any balance of funds from the
14 utility assistance will be provided to the new providers --
15 well, on your approval -- but they would get a 2021 money
16 we didn't expend contract, a 2022 contract, which is their
17 regular service area, plus whichever of the counties
18 they're going to provide new services to.

19 And moving forward, they would continue to have
20 those LIHEAP funds. CSBG is a -- because of the Eligible
21 Entity status that I've mentioned here is a little more
22 formalized as evergreen. There are agencies that receive
23 these funds as early as the late '60s, early '70s, and
24 still have CSBG funds.

25 MR. MARCHANT: So it is not -- it's hold out

1 kind of false hope that they would come back at a later
2 date as a rehabbed organization.

3 MR. DeYOUNG: Yeah. This is not something that
4 we annually procure or every five years we procure. Many
5 of our agencies have run the LIHEAP Program since its
6 inception in '84.

7 Megan, '84?

8 MS. SYLVESTER: Well, '81 [inaudible].

9 MR. DeYOUNG: Okay. '81, '82 was LIHEAP. CSBG
10 has been around longer than that. CSBG was started by
11 Lyndon Baines Johnson in the War on Poverty.

12 So any other questions?

13 (No response.)

14 MR. VASQUEZ: Okay. Hearing none, the Chair
15 will entertain a motion on Item 9(a) of the agenda. Mr.
16 Braden?

17 MR. BRADEN: Having lived through this like Leo
18 has, and we both feel for the current folks, but I remember
19 being at a meeting and Michael DeYoung asked this Board to
20 take certain drastic actions and this Board showed mercy
21 and didn't. And he had predicted that we'd probably end up
22 where we are, and we did, unfortunately.

23 But I do remember back when J.B. was chair, and
24 we were at the Greer Building, and you had made certain
25 recommendations, and the Board did not go with those

1 recommendations. And we made further efforts with respect
2 to GCCAC.

3 Obviously, new personnel don't know that
4 history. You probably -- you have, you know, but this
5 Board had a lot of history with the agency with respect to
6 all that. With that said, I'll make a motion.

7 I move the Board approve and accept the Proposal
8 for Decision in State Office of Administrative Hearings
9 Docket No. 332-21-2743, including the findings of fact and
10 conclusions of law contained therein, and based on these
11 findings and conclusions, that the Board order that, one,
12 any existing GCCAC CEAP and CEAP CARES contracts and
13 funding, as well as their CEAP provider status be
14 terminated; two, any GCCAC CSBG and CSBG CARES contracts
15 and funding, as well as their Eligible Entity status, be
16 terminated immediately upon the end of the review period
17 outlined in 42 U.S.C. Section 9915(b); and three, that this
18 order by the Board be considered final upon signature
19 today, due to the circumstances that create public peril in
20 delaying finality of this decision, all as expressed in the
21 Board action request and final order on this item.

22 MR. VASQUEZ: Thank you. Motion made by Mr.
23 Braden. Is there a second?

24 MR. MARCHANT: I'll second.

25 MR. VASQUEZ: Seconded by Mr. Marchant. All

1 those in favor, say aye.

2 (A chorus of ayes.)

3 MR. VASQUEZ: Any opposed?

4 (No response.)

5 MR. VASQUEZ: Hearing none, motion carries.

6 And you guys, I want to reiterate from the
7 Board's position and the staff's department, we look
8 forward -- hoping you all the best. I mean, it's kind of
9 akin to rebuilding one's credit score, right? You know,
10 it's just going to take some time and then you're not
11 precluded from coming back in front of this organization or
12 working with staff.

13 So again, we -- sorry that it's come to this,
14 but we wish you all the best.

15 MS. BOONE: Thank you so much.

16 MR. VASQUEZ: Moving on to Item 9(b),
17 "Presentation, discussion, and possible action on the
18 selection of subrecipients to administer the Low Income
19 Home Energy Assistance Program Comprehensive Energy
20 Assistance Program in Brazoria, Fort Bend, Galveston, and
21 Wharton counties."

22 Mr. DeYoung?

23 MR. DeYOUNG: Yes, sir. Item 9(b) is the next
24 step in this process. We're making the temporary providers
25 who have provided the CEAP assistance over the last, oh,

1 nine months for the four counties that were previously
2 served by Galveston County Community Action -- making them
3 permanent providers.

4 Back in March, you authorized, you know, the --
5 us starting this process. And so in April, we took out a
6 Request for Proposal and we received seven applications for
7 seven respondents, and those applications were scored.
8 Three of those applicants were recommended for services:
9 BakerRipley, which is a large -- being a --

10 MR. VASQUEZ: Mega.

11 MR. DeYOUNG: -- they're a huge nonprofit in
12 Houston/Harris County area. They applied for Galveston and
13 Brazoria counties.

14 Combined Community Action, which is a community
15 action agency based in Giddings, Texas, about 55 miles east
16 of here, has requested to provide services in Fort Bend
17 County, and Economic Action Committee of the Gulf Coast is
18 the recommended provider for Wharton County.

19 These three agencies served numerous clients
20 while they were the temporary providers. They were also
21 running their regular CEAP funds under a separate contract
22 in their counties that they run. Not an easy task to just
23 ramp up something in a county where you don't have offices,
24 you don't have employees and you don't have the systems
25 built there locally.

1 So they've done a very difficult job in
2 difficult circumstances. So in this action, we are
3 awarding the 2021 CEAP funds that went unspent.

4 So you'll remember, in the last item, I talked
5 about multiple different contracts. We had CEAP. We had
6 CEAP CARES. We also have the '22 CEAP funds that are going
7 to start on January 1.

8 All these of those are a part of this. And then
9 we also have the ARPA funds, the recent American Rescue
10 Plan Action. All of that is for consideration today.

11 Staff is asking you to approve these three
12 temporary providers as permanent providers for those
13 counties I mentioned, and should you give us approval, we
14 will immediately start merging contracts. And in 2022,
15 they will receive those counties in their main contract and
16 they will be shown as the permanent provider for the
17 LIHEAP, and when I say, CEAP, CEAP is the utility portion
18 of LIHEAP. So they will be doing this for the utility
19 assistance for those four counties.

20 Staff is seeking your approval for us to take
21 that action. Questions?

22 MR. VASQUEZ: Good.

23 MR. MARCHANT: I'm ready to make a motion.

24 MR. VASQUEZ: Well, actually, I -- just a quick
25 question. So CCA already has activity operations in Fort

1 Bend?

2 MR. DeYOUNG: Yes. They've provided
3 weatherization services in Fort Bend County for a long
4 while. They worked with an organization called Fort Bend
5 CORE. We have -- I don't know if they're still in
6 existence, but they -- Combined Community Action has the
7 services all the way over in CEAP up till Fort Bend County.

8 They do the weatherization for Fort Bend County
9 and receive utility funds from CenterPoint to do
10 weatherization there in that county. So --

11 MR. VASQUEZ: Okay. So they're not coming from
12 Giddings and commuting, so to speak --

13 MR. DeYOUNG: No. Huh-uh. They -- in fact, I
14 talked to their executive director yesterday on another
15 issue. They are procuring office space there in Fort Bend
16 County and hiring staff for each of these entities.

17 It's going to be the same thing. They have to
18 figure out where are the best places to place centers, so
19 they can do outreach. How many people are they going to
20 need to administer the funds.

21 You know, BakerRipley is a large organization
22 and they get a lot of money. So them taking on two major
23 counties is probably a little bit easier. They've got
24 systems in place.

25 EAC and CCA will work with them specifically to

1 walk them through kind of their numbers, how much
2 assistance they've given per household, how much the new
3 money is going to push their staff, how many people they
4 want to add, kind of, what areas of the counties have the
5 lowest -- the highest areas of concentration or lowest
6 income areas and see if they can get centers located in
7 those areas.

8 So we've got a lot of work to do to make this
9 work.

10 MR. VASQUEZ: Okay. Great.

11 MR. DeYOUNG: But I've got a great staff in my
12 Training and Technical Assistance group. I would put them
13 up against any state in the union.

14 MR. VASQUEZ: Excellent. It's what we like to
15 hear.

16 Do any other Board members have questions?

17 (No response.)

18 MR. VASQUEZ: If not, I'll entertain a motion on
19 Item 9(b).

20 MR. MARCHANT: Mr. Chairman, I move the Board
21 approve the award of 2021, 2022 and American Rescue Plan
22 Act's CEAP funds and contracts and designation of permanent
23 network provider to receive CEAP funds from Brazoria, Fort
24 Bend, Galveston and Wharton counties to BakerRipley,
25 Combined Community Action and Economic Action Committee of

1 the Gulf Coast, all as expressed in the Board action
2 request on this item.

3 MR. VASQUEZ: Great. Thank you. Motion made by
4 Mr. Marchant. Is there a second?

5 MR. BATCH: I'll second, Mr. Chairman.

6 MR. VASQUEZ: Seconded by Mr. Batch. All those
7 in favor, say aye.

8 (A chorus of ayes.)

9 MR. VASQUEZ: Any opposed?

10 (No response.)

11 MR. VASQUEZ: Hearing none, the motion carries.

12 Moving right along to Item 9(c), and we
13 appreciate everyone in the congregation who's staying with
14 us here, especially those who aren't on staff.

15 MR. DeYOUNG: Item 9(c) relates to procuring a
16 statewide provider and making the necessary adjustments to
17 plans associated with weatherization here in Texas.
18 Recently, Congress approved and the President signed an act
19 that we estimate will result in somewhere between \$200 and
20 \$250 million of weatherization funds being awarded to the
21 State of Texas.

22 I don't know what the formula is, so it makes it
23 a little bit dicey about how we get to an actual figure.
24 But I will tell you, back in 2009, federally, they awarded
25 5.1 million. Texas received \$326,975,732 in

1 weatherization -- the reason I'm bald, gray. We received a
2 55 times increase.

3 And this seems to be less of an increase,
4 probably more on the lines of 25 to 30 times what we
5 normally receive. And staff is anticipating that we will
6 probably need the services of a backup provider should we
7 have issues within the network.

8 Weatherization is a very technical program.
9 This is not going in and just putting in caulk and weather
10 stripping. You have to go into the unit, figure out where
11 the air leakage is.

12 You actually do an audit, a federal audit of the
13 home, and it tells you what measures you can do. You
14 complete all those measures, you test out, and then there's
15 a compliance aspect to it. Earnest folks go back and check
16 and make sure the work was done.

17 If you approve, staff would begin this process
18 to update our plans and tell the federal government, hey,
19 we're thinking about doing this. Secondly, it would then
20 help us to start the RFP process. These funds are not here
21 yet, and I don't know when they are coming. I would expect
22 they'll be in the spring, but when they get here, we'll
23 want to hit the ground running.

24 We have experience ramping up this program. It
25 is a heavy lift for TDHCA, for our subrecipients, if we end

1 up with \$250 million. The pandemic has affected all of our
2 agencies that do weatherization. People are not -- a year
3 ago, people were not interested in having a bunch of
4 contractors come in their house and start testing
5 everything and moving about, and they're not familiar with
6 who those individuals are.

7 So we've also had huge increases in cost, as you
8 heard in the non-Community Affairs items. You know, costs
9 of goods have gone up. Available equipment is getting
10 scarce.

11 So there's just a whole bunch of issues that
12 present themselves to our subrecipient agencies that run
13 the weatherization. We only have 21 across the state of
14 Texas, and so we think it's prudent for this item to go
15 find a statewide provider who can help out and give us a
16 backup plan, should we need to activate that plan. Staff
17 is recommending your approval of this request.

18 MR. VASQUEZ: Okay. Is this limited to just
19 funding one statewide provider? Or could it end up
20 being -- whatever -- five regional providers?

21 MR. DeYOUNG: We will probably draft the RFP to
22 go out for different versions. It could be one statewide
23 provider. It could be -- we could do it on regional basis,
24 and that may be a prudent way to put out an RFP.

25 The other thing that could happen is, you may

1 have provider who is -- a current provider who is
2 exceptionally good at this, who may decide that I could
3 help out in other areas, and they may want to also put in
4 an application.

5 MR. VASQUEZ: Okay. But we're not limiting it
6 to just one --

7 MR. DeYOUNG: I have no intentions of --

8 MR. VASQUEZ: -- statewide provider?

9 MR. DeYOUNG: -- excluding anybody from putting
10 in an application. I will tell you, this is not easily --
11 of all the programs that we administer, this one is a very
12 narrow, science-driven, federal, computerized, energy
13 audit-driven process.

14 So there's not hundreds of organizations out
15 there that have experience doing this. This is -- they're
16 going to have to come up to speed and we're going to have
17 to do a lot of training with them. But I think I've
18 mentioned, we have a great training staff, so --

19 MR. VASQUEZ: Okay. Great.

20 MR. WILKINSON: If you want be formal about it,
21 you could have whoever makes the motion change it to
22 statewide or regional weatherization provider or providers.

23 MR. DeYOUNG: That would be great.

24 MR. WILKINSON: So that will give you some --
25 give us all some flexibility.

1 MR. VASQUEZ: Sounds like a good idea. And I
2 guess one last question. So are power plants eligible to
3 apply for these funds?

4 MR. DeYOUNG: No. This is home energy related.

5 MR. VASQUEZ: Okay. All right.

6 MR. DeYOUNG: It does include multifamily. It's
7 not -- does not require home ownership. It is renter also.
8 We do -- the issue more times than not is the condition of
9 the homes that we go into.

10 It's very difficult in some of these homes that
11 haven't had periodic maintenance to be able to get a home
12 to the point where you can actually weatherize it and make
13 the expenditure of the funds actually come to the
14 realization of a lower energy bill. Done correctly,
15 though, 40 to 50 percent reduction in the bills if it's
16 done correctly.

17 It doesn't happen every time. I will tell you
18 that.

19 MR. VASQUEZ: Great. Do any Board members have
20 any more questions on this item?

21 (No response.)

22 MR. VASQUEZ: Hearing none, the Chair would
23 entertain a motion on Item 9(c) regarding weatherization
24 assistance funds, noting the suggestion of --

25 MR. THOMAS: Mr. Chairman, I move the Board

1 grant the Executive Director and his designees the
2 authority to make any necessary amendments to the 2021
3 Department of Energy State Plan and 2022 LIHEAP State Plan
4 to reflect the procurement of a statewide or regional
5 weatherization assistance provider or providers to support
6 the Department and the WAP network and release a request
7 for proposal for such a statewide or regional provider or
8 providers, all as expressed in the Board action request on
9 this item.

10 MR. MARCHANT: I second.

11 MR. VASQUEZ: Well done, Mr. Thomas. Okay.

12 Seconded by Mr. Marchant.

13 All those in favor, say aye.

14 (A chorus of ayes.)

15 MR. VASQUEZ: Any opposed?

16 (No response.)

17 MR. VASQUEZ: Hearing none, the motion carries.

18 And finally, Item 9(d).

19 MR. DeYOUNG: Item 9(d) relates to procuring a
20 statewide provider and making the necessary changes to the
21 LIHEAP State Plan for utility assistance. So this is just
22 another aspect of what we just asked for.

23 Utility assistance is not as technical, but we
24 have a lot of utility assistance money for the state of
25 Texas, and we think it's prudent to begin the process to

1 look for a backup provider or providers for CEAP assistance
2 across the state.

3 It also involves the newly approved federal
4 water funds, and we call that, LIHWAP, Low Income Household
5 Water Assistance Program. They recently awarded Texas \$94
6 million, and those contracts are going out to our
7 subrecipient who administer utility assistance.

8 We wanted to use the same network. These folks
9 are coming in with their bills, and when they go in for
10 CSBG or CEAP, they bring in their bills. Because we're
11 looking at: what is your budget? What are your bills?

12 And where can we get assistance to help you out?
13 Where can we refer you to? So we want to change the plans
14 to reflect that, at some point in time, we may need to have
15 a backup provider for these funds.

16 As I told you, we have a lot of money coming in
17 to these pools, or these pots of money. LIHEAP is an
18 annual award of about \$165 million to the State of Texas.
19 The water is 94 million. We've got the ARP funds, American
20 Rescue Plan funds, for utility assistance, and that's an
21 additional \$134 million that needs to be expended by the
22 end of September '22.

23 So we think it's prudent to go out and get
24 someone just in case we feel like we won't be able to fully
25 expend the funds awarded to the State of Texas. We want to

1 utilize every dollar and we have a very tight timeline to
2 do this.

3 MR. VASQUEZ: Very good.

4 MR. MARCHANT: Mr. Chairman? Is -- or all the
5 agencies that you contract with, do they have to be tax-
6 exempt or nonprofits, or are you contracting with for-
7 profit agencies?

8 MR. DeYOUNG: There are for-profit -- well, we
9 have -- community action agencies, and those are usually
10 defined by their Eligible Entity status if they get the
11 CSBG funds. We have nonprofits such as BakerRipley. We
12 have units of local government.

13 We have county governments and city governments
14 in some instances. We have COGs. I think we contract with
15 four COGs right now to administer various funds. That's
16 the makeup of weatherization and utility assistance --

17 MR. MARCHANT: Right.

18 MR. DeYOUNG: -- CSBG and water. So --

19 MR. MARCHANT: But the actual implementation of
20 weatherizing is always done by a for-profit contractor
21 or --

22 MR. DeYOUNG: For the most part --

23 MR. MARCHANT: Yeah.

24 MR. DeYOUNG: -- except for Travis County.

25 Travis County Health and Human Services has an abundance of

1 funds coming from the City of Austin, and they do aspects
2 of work that are high-priced by contractors. So they do a
3 hybrid.

4 They have force account. They do it themselves
5 for some of the aspects. And when they do an AC unit, they
6 let a contractor do it. But if they're going to do windows
7 or doors or any modification to the house, they have the
8 technical expertise and they receive HOME funds from the
9 City of Austin. They receive CDBG --

10 MR. MARCHANT: But generally speaking, this
11 money all ends up in the private sector --

12 MR. DeYOUNG: Private sector contractors.

13 MR. MARCHANT: -- contractor, and provides jobs
14 and --

15 MR. DeYOUNG: Yeah. So one of the 20 -- excuse
16 me -- one of the 21 does a hybrid. The other 20, all of
17 it's contracted.

18 MR. MARCHANT: Okay. Thank you.

19 MR. VASQUEZ: Great.

20 MR. DeYOUNG: And that's true nationally, the
21 subcontractor model.

22 MR. WILKINSON: I believe that we want to amend
23 this resolution as well for statewide or regional provider
24 or providers.

25 MR. VASQUEZ: Hearing -- the Chair would

1 entertain a motion on Item 9(d). Mr. Batch?

2 MR. BATCH: Mr. Chairman, I move that the Board
3 grant the Executive Director and his designees the
4 authority to make any necessary amendments to the 2022 Low
5 Income Home Energy Assistance Program State Plan, and Low
6 Income Household Water Assistance State Plan to reflect the
7 procurement of a statewide community energy assistance
8 program and LIHWAP provider to support the Department, low
9 income Texans in the CEAP and LIHWAP network, and release a
10 request for proposal for such a statewide provider or
11 providers, all as expressed in the Board action request on
12 this item.

13 MR. VASQUEZ: And that's -- just to clarify, you
14 intended, statewide or regional provider or providers?

15 MR. BATCH: Statewide or regional provider or
16 providers. That's correct.

17 MR. VASQUEZ: Okay. Motion made by Mr. Batch.
18 Is there a second?

19 MR. THOMAS: Second, Mr. Chairman.

20 MR. VASQUEZ: Seconded by Mr. Thomas. All those
21 in favor, say aye.

22 (A chorus of ayes.)

23 MR. VASQUEZ: Any opposed?

24 (No response.)

25 MR. VASQUEZ: Hearing none, the motion carries.

1 Thank you --

2 MR. DeYOUNG: Thank you very much.

3 MR. VASQUEZ: -- Mr. Young.

4 MR. DeYOUNG: Have a great holiday.

5 MR. VASQUEZ: So the Board has addressed the
6 posted agenda items. Now is the time of the meeting when
7 members of the public can raise issues with the Board on
8 matters of relevance to the Department's business or
9 request that the Board place specific items on future
10 agendas for consideration.

11 Is there anyone who would like to provide public
12 comment at this time?

13 (No response.)

14 MR. VASQUEZ: Seeing none, I'd like to thank
15 everyone for attending and wish everyone a happy and safe
16 holiday season, and we look forward to seeing you all in
17 2022. The next scheduled meeting of the Board is Thursday,
18 January 13, 2022, at this same location, same room.

19 And it is 11:07 a.m. and this meeting is
20 adjourned.

21 (Whereupon, at 11:07 a.m., the meeting was
22 adjourned.)

C E R T I F I C A T E

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3 MEETING OF: TDHCA Board of Trustees

4 LOCATION: Austin, Texas

5 DATE: December 9, 2021

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 109110, inclusive, are the true,
8 accurate, and complete transcript prepared from the verbal
9 recording made by electronic recording by Elizabeth
10 Stoddard before the Texas Department of Housing and
11 Community Affairs.

12 DATE: December 15, 2021
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19 _____
(Transcriber)

20
21 On the Record Reporting
22 7703 N. Lamar Blvd., #515
23 Austin, Texas 78752
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