

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

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

September 4, 2014
10:00 a.m.

BOARD MEMBERS:

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

TIMOTHY K. IRVINE, Executive Director

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER, ROLL CALL CERTIFICATION OF QUORUM	8
CONSENT AGENDA	
ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	9
EXECUTIVE	
a) Presentation, Discussion, and Possible Action regarding the Board Minutes summaries for June 5, 2014, and June 26, 2014	
RULES	
b) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC '5.2 concerning Definitions and '5.19 concerning Client Income Guidelines and directing their publication for public comment in the <i>Texas Register</i>	
c) Presentation, Discussion, and Possible Action on proposed repeal of 10 TAC '5.16 concerning Monitoring and Single Audit Requirement and '5.20 concerning Determining Income Eligibility and directing their publication for public comment in the <i>Texas Register</i>	
d) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC '5.204 concerning Use of Funds, '5.207 concerning Subrecipient Performance, ' 5.210 concerning Community Needs Assessment and Community Action Plan, and '5.213 concerning Board Structure and directing their publication for public comment in the <i>Texas Register</i>	
e) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC '5.423 concerning Household Crisis Component and directing its publication for public comment in the <i>Texas Register</i>	

- f) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC '5.502 concerning Purpose and Goals and '5.528 concerning Health and Safety and directing their publication for public comment in the *Texas Register*
- g) Presentation, Discussion, and Possible Action on proposed new 10 TAC '5.2013 concerning Environmental Clearance and directing its publication for public comment in the *Texas Register*
- h) Presentation, Discussion, and Possible Action on adoption of amendments to 10 TAC '1.13 concerning Adjudicative Hearing Procedures
- i) Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC 90 Chapter 10 Uniform Multifamily Rules, Subchapter E concerning Post Award and Asset Management Requirements, and proposed new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter E concerning Post Award and Asset Management Requirements, and directing their publication for public comment in the *Texas Register* 11
- j) Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC Chapter 10 Subchapter D concerning Underwriting and Loan Policy and a proposed new 10 TAC Chapter 10 Subchapter D and directing their publication for public comment in the *Texas Register*
- k) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC '10.601(b) concerning Compliance Monitoring Objectives and Applicability; '10.607 concerning Reporting Requirements; '10.609(5) concerning Notices to the Department; '10.612, concerning Tenant File Requirements; '10.613 concerning Lease Requirements; '10.614 concerning Utility Allowances; '10.618 concerning Onsite Monitoring; '10.620(b) concerning Monitoring for Non-Profit Participation

or HUB Participation; and, '10.624 concerning Events of Noncompliance, proposed repeal of 10 TAC '10.610 concerning Tenant Selection Criteria; and, '10.617, concerning Affirmative Marketing Requirements, and proposed new 10 TAC '10.610 concerning Tenant Selection Criteria; '10.617 concerning Affirmative Marketing Requirements, and directing their publication for public comment in the *Texas Register*

- l) Presentation, Discussion, and Possible Action authorizing staff for the Section 811 PRA Program, to execute all necessary agreements and contracts with Owners of Multifamily Properties, execute agreements with HUD for future funding awards, and make program design adjustments
- m) Presentation, Discussion, and Possible Action on publishing the draft 2015-2019 State of Texas Consolidated Plan
- n) Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning Pineywoods Home Team Affordable Housing (HOME 539113/HTF 859003)
- o) Presentation, Discussion, and Possible Action on Material LURA Amendment 05612 Park Manor Sherman
- p) Presentation, Discussion, and Possible Action on Housing Tax Credit Application Amendments
13240 Summit Place Dallas
13115 Abbingtion Meadows Howe
13223 Campanile at Jones Creek Richmond
11041/12002 Riverwood Commons Bastrop
- q) Presentation, Discussion, and Possible Action Regarding an Extension Request Relating to a Determination Notice for Housing Tax Credits with another Issuer
13428 Village at Palm Center Houston

REPORT ITEMS

The Board accepts the following reports:

1. Report from the Deputy Executive Director for Single Family, Community Affairs and Metrics
2. Presentation on the Department Quarterly Snapshot tool
3. TDHCA Outreach Activities, July-August 2014
4. Report on the State of Texas Housing and Health Services Coordination Council 2014-2015 Biennial Plan

ACTION ITEMS

ITEM 2: RULES:

- a) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC Chapter 11 '11.1(e), 11.2, 11.3(e), 11.3(f), 11.5, 11.6(5), 11.7, 11.8, 11.9(c)(4), 11.9(c)(5), 11.9(c)(7), 11.9(d)(1), 11.9(d)(4), 11.9(e)(3), 11.9(e)(7) and 11.10 concerning the Housing Tax Credit Program Qualified Allocation Plan and directing their publication for public comment in the *Texas Register* 35
- b) Presentation, Discussion, and Possible Action on proposed repeals of 10 TAC Chapter 10 Subchapter A concerning General Information and Definitions; Subchapter B concerning Site and Development Requirements and Restrictions; Subchapter C concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules; and Subchapter G concerning Fee Schedule, Appeals and Other Provisions, and a proposed new 10 TAC Chapter 10 Subchapter A concerning General Information and Definitions; Subchapter B concerning Site and Development Requirements and Restrictions; Subchapter C concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules; and Subchapter G concerning Fee Schedule, Appeals and Other Provisions, and directing their publication for public comment in the *Texas Register* 94

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P R O C E E D I N G S

1
2 MR. OXER: Good morning, everyone. I'd like to
3 welcome everyone to the September 4 board meeting of the
4 Texas Department of Housing and Community Affairs
5 Governing Board.

6 We will begin with roll call, as we always do.
7 Ms. Bingham?

8 MS. BINGHAM: Over here.

9 MR. OXER: Over there?

10 Mr. Gann?

11 MR. GANN: Back over here.

12 MR. OXER: Okay. In his usual position.

13 And Professor McWatters is not here.

14 Dr. Muñoz?

15 DR. MUÑOZ: Still over here.

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

19 Tim, lead us in the salute to the flag.

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

22 MR. OXER: This is our last meeting of the
23 summer, so we said since everybody is going back to school
24 and schools are opening, and real football, SEC football
25 has started, so happy to see everybody wearing your school

1 colors here. I've got to give a little shout-out to Dr.
2 Muñoz who is our style icon.

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

5 (General laughter.)

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

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

11 MR. IRVINE: We have a couple of changes on the
12 consent agenda. One is we have public comment on item
13 1(i), so that should be pulled for that public comment.

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

24 One of the things that we would propose to do
25 on some of those where the findings have been made, we may

1 find it appropriate to add some additional language to
2 explain the rationale behind that decision. Wouldn't
3 impact the rule language itself, so I just wanted to make
4 sure that that was all right for us to be doing it that
5 way.

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

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

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

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

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

16 (No response.)

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

19 MS. BINGHAM: Mr. Chair, I move to approve
20 items on the consent agenda, with the exception of item
21 1(i).

22 MR. OXER: Motion by Ms. Bingham.

23 MR. GANN: Second.

24 MR. OXER: Second by Mr. Gann. Is there any
25 comment on the consent agenda?

1 Back to a quick housekeeping item here, our
2 first row on this side of the aisle which has the reserved
3 section here will be for those who wish to comment on the
4 item under consideration, so while we appreciate that
5 you're there waiting for the item that you want, is there
6 any anybody there who wishes to comment on the consent
7 agenda? No. That's the right answer.

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

11 (A chorus of ayes.)

12 MR. OXER: Opposed?

13 (No response.)

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

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

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

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

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

1 Right?

2 (General laughter.)

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

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

1 where a HUB is involved and whether the transfer, which
2 also would involve a LURA amendment, should be allowed
3 when a HUB is required to be maintained in the transaction
4 through the compliance period.

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

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

20 Now, in this issue there's been a lot of
21 discussion recently, and this item has actually been on
22 the last two agenda reports and then pulled, so I'm glad
23 it's open under the rule revision and we'll hear some
24 comment and be able to have some discussion with Board
25 members, as well, about the intent of having a HUB in the

1 transaction. You know, it's hard to figure out way back
2 when what the original intent was and whether a HUB should
3 be equal to a non-profit, can a HUB be replaced by a non-
4 profit, is the intent for the HUB to come in and receive
5 experience in the application and development of the
6 property but then allowed to leave once that benefit and
7 other economic benefits have been obtained, or is the
8 purpose to give the HUB additional experience in operating
9 the development and being a part of the ownership and
10 property management, at least through the compliance
11 period.

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

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

20 MS. GARCIA: To the rule?

21 MR. OXER: When did we start doing this?

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

25 MR. OXER: Early '90s?

1 MS. GARCIA: Yes.

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

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

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

1 transaction should be considered and brought to the Board
2 if there's mitigating factors to be presented.

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

6 MS. GARCIA: Right.

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

9 (No response.)

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

11 DR. MUÑOZ: So moved.

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

14 MS. BINGHAM: Second.

15 MR. OXER: Second by Ms. Bingham.

16 Okay. Thanks, Cari.

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

19 MR. OXER: We have a question, Cari.

20 MS. BINGHAM: Are we looking primarily at
21 10.406, ownership transfers and the LURA stuff under that
22 section?

23 MS. GARCIA: The public comment that we
24 received was specifically for 10.406(e) which is regarding
25 transfers to a HUB.

1 MS. BINGHAM: Okay. Very good.

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

4 MS. BINGHAM: Thank you.

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

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

13 The reason I'm here today is to very briefly
14 talk to you about section .406(e), as the rule is
15 proposed. Contrary to what the preamble says, rule
16 .406(e) as proposed is not a correction or a
17 clarification, it is a brand new policy statement. There
18 is nothing in the current .406(e) that deals with the
19 HUB/non-profit issue explicitly, and so that's why it's
20 attracting this kind of attention. And really, I have
21 three points -- four points that I want to make to you
22 here in my brief three minutes that I have.

23 Number one, the new rule proposes that a HUB
24 cannot be replaced by a non-profit unless there's a
25 showing of good cause and there is a showing that

1 replacing the HUB with a non-profit will further the
2 purposes of Section 2306 more than not replacing it. The
3 first comment is this, that strangely enough in the rules
4 good cause is never defined. There's no way for an
5 applicant, or for the Board, for that matter, to know what
6 constitutes good cause in any given application, and so my
7 first point is good cause should be further defined, at
8 least in .406(e) so the applicants and the Board know what
9 criteria are going to be applied.

10 The second thing is the issue about it must
11 further the purposes of 2306 more than not replacing the
12 HUB. That's completely unintelligible. There is no way
13 any applicant can know what that means. If you look at
14 2306, that deals with the purpose of the Department, it
15 has nothing to do with HUBs. And so this rule, as
16 constructed, is almost impossible to comply with when you
17 come down here and make an application and ask the Board
18 to approve it. We don't know what the criteria are going
19 to be and we don't know how to comply with it.

20 The other point I want to make, and there has
21 been a lot of discussion about HUBs versus non-profits,
22 but I do want to make this point: HUBs, as Mr. Oxer just
23 pointed out, are for-profit entities. If a HUB which is
24 owned by either a minority, a Native American or a woman,
25 if a HUB feels that it's in its best interests to sell, it

1 should be allowed to sell. After all, HUBs are in the
2 business of making a profit, and oftentimes HUBs receive
3 offers in these kinds of situations that we're dealing
4 with and it's in their own best interests to sell.

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

14 Now, the other point that I wanted to make is
15 that the discussion of this rule as proposed, it's
16 obviously going to go out for public comment at some
17 point, and I intend to make public comments on it, but my
18 preference would be for the Board to extract this
19 particular rule from the *Texas Register* at this point and
20 give it back to the Board for further working. The
21 problems that I have discussed with you today, these are
22 serious issues and they go to the heart of how a person
23 comes in before this Board and knows what he or she is
24 supposed to present in order to get an application
25 approved, and also, what criteria the Board is supposed to

1 use. Everybody is in the dark on this one, and this issue
2 of HUBs and non-profits is too important to let that pass.

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

4 Any questions from members of the Board?

5 (No response.)

6 MR. OXER: Thank you.

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

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

10 MR. MONTY: Pardon me?

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

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

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

25 MR. OXER: It's more like a puddle?

1 MR. MONTY: Or a raindrop. But thanks again,
2 and any consideration that you can give to our firm and to
3 me, I'd appreciate it.

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

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

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

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

1 asking that that be maintained.

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

7 MR. OXER: Good. Thanks, Gerry.

8 Any questions of Gerry?

9 (No response.)

10 MR. OXER: Thanks, Gerry.

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

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

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

17 FEMALE SPEAKER: I'm a newbie.

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

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

1 it now and that we not look at trying to create something
2 later and plug it back into the rules. I think that the
3 rules need to be cohesive and move forward as a body.

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

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

23 I think that there are lots of operational
24 considerations. Obviously when a deal is up and running,
25 it's 15 years out or 10 years out, or wherever, if the HUB

1 that's in it decides to exit, you want to make darn sure
2 that whoever comes in and replaces them is not going to
3 imperil the development, that they're, in fact, bringing
4 strength, that they're good capable managers, that they've
5 got financial resources, that they can be all the things
6 that you want a tax credit owner to be.

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

10 MR. IRVINE: Exactly. And looking for an
11 existing HUB that isn't involved in the deals that has all
12 of those capabilities and capacities may be a tall order.

13 You know, there are not HUBs that are experienced and
14 seasoned in operation of multifamily tax credit properties
15 in all communities.

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

18 DR. MUÑOZ: We're agreeing to put this out for
19 public comment. Simultaneously, couldn't we direct staff,
20 once that external sort of feedback is provided, to come
21 up with some clarification? I mean, there has to be some
22 better definition. We cannot knowingly consider a rule
23 that provides this kind of degree of ambiguity for those
24 that would propose to enter into this process. I think
25 some of the earlier points were well made.

1 In terms of Tim's comments about what is the
2 sort of purpose or what is the policy purpose, it seems to
3 me that the point value involving the HUB is to introduce
4 a certain element or presence into the process that
5 provides them the opportunity to become proficient and
6 expert in acquiring these kinds of funds. That doesn't
7 necessarily mean that they have to be there throughout the
8 entire sort of contracted sort of time.

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

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

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

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

23 MR. CICHON: That's correct.

24 MR. OXER: How many and when? Ike, how many
25 have you sold?

1 MR. MONTY: Ike Monty, El Paso, Texas.

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

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

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

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

9 MR. MONTY: Yes, sir.

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

12 MR. MONTY: Developed and in good shape.

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

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

18 MR. MONTY: Absolutely.

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

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

1 there was HUBs involved back then.

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

12 Did you have another comment, Juan?

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

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

23 We've probably considered a handful, maybe up
24 to ten questions or requests to replace HUBs with non-
25 profits. Again, we go back to asking is there a problem,

1 have you offered it to other HUBs to try and meet the
2 requirements of the LURA. But at the end of the day, I do
3 believe there have been at least one or two before the
4 Board in the past where that transfer has been made.

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

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

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

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

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

21 MS. GARCIA: Yes, and we would handle the
22 ownership transfer to the housing authority just as we
23 would any other, where we would look into their background
24 and their ability to comply with the restrictions and how
25 they've operated their other deals. We would assess it

1 the same way. The issue would be in this case, if it was
2 approved to transfer from a HUB requirement to a non-
3 profit, we would amend the LURA and approve that transfer,
4 bring it before the Board and see what your opinion was on
5 whether there were mitigating circumstances, whether the
6 HUB had actually met the benefit.

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

16 Ike, you had another comment?

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

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

24 MR. OXER: We're trying to draw the lines and
25 you've got to color in. That's where I'm headed.

1 MR. MONTY: But I did want to add that the
2 housing authority, to your staff's credit, is bringing
3 some additional services to the properties, and again,
4 without overselling this, I think that that's important
5 for the Board to know. And staff wanted to make sure that
6 that was one of the things -- I mean, it wasn't quid pro
7 quo, but it was just what Gerry's team was going to do for
8 the properties.

9 Thanks.

10 MR. OXER: Okay. Thanks, Ike.

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

15 MS. DEANE: Mr. Chair, if I can just make a
16 comment in response to Dr. Munoz's question specifically.

17 Once the rule goes out for proposal, staff, and the Board
18 on its own without a staff recommendation, can make
19 changes to the proposal in response to comment. So I
20 guess my suggestion would be that I trust that those that
21 are commenting today will provide their comments during
22 the time when the rule is open so that those can be
23 considered and possibly form the basis for a
24 recommendation to the Board or the Board on its own to
25 make some changes to the rule as proposed before it's

1 adopted.

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

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

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

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

21 MR. AINSA: Frank Ainsa. This proposed rule
22 .406(e) has so many problems with it, and they're
23 fundamental problems. It seems to me that the reasonable
24 thing to do would be to pull it out and rework it. I gave
25 the staff a draft of some thoughts of mine.

1 DR. MUÑOZ: Is that what we're looking at right
2 here that says Investment Builders?

3 MR. AINSA: Yes.

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

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

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

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

24 In the event that we did that, Barbara, if the
25 rule goes out as currently stated and we get comments and

1 it looks like we don't really like that, can we back that
2 rule up and reissue it?

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

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

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

15 MR. OXER: Tim.

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

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

23 MS. DEANE: Right. We really don't have time
24 to re-propose, and my concern would be if you pull it out
25 completely, you wouldn't be able at adoption to put it

1 back in because that is such a substantive change that you
2 would probably have to re-propose. So I think it's better
3 to have something in there, if nothing else, as a
4 placeholder to give notice to people.

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

7 MR. OXER: All right.

8 DR. MUÑOZ: So do I withdraw my motion?

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

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

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

19 DR. MUÑOZ: Motion to table.

20 MR. GANN: Second.

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

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

25 Now, with respect to the redraft, that should

1 be information that goes to staff. Frank, have you given
2 this to Cari and her crew? Okay. Because we can't
3 consider that until they give it to us, unless you have
4 copies for everybody to look at. Okay?

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

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

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

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

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

13 Good morning.

14 MR. THOMAS: Good morning, ma'am.

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

21 First, just some housekeeping clarifying
22 language changes that we did make. The program calendar
23 was updated. It reflects essentially the same timeline as
24 the previous cycle, with one exception. While challenges
25 to applications are still due in May, challenges with

1 respect to sites are due earlier on April 1. I know that
2 this past cycle we had some site eligibility issues that
3 came up pretty late in the cycle, so we've moved up that
4 site challenges date a little bit to afford staff a little
5 bit more time to take a look at those sites. Also, there
6 was a typo in the 2014 QAP that's been corrected, making
7 it clear that the pre-application participation is worth
8 six points, not four. So those were pretty innocuous
9 changes, if you will.

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

22 Staff is suggesting a similar change to the
23 notification requirement in Subchapter C, but we'll get to
24 that in the next agenda, those two are just related to
25 each other.

1 We also had some minor clarifications made
2 regarding applications in the set-asides being required to
3 be qualified for the set-aside at the time of application
4 submission. This was a result of an appeal you might
5 recall earlier in the cycle. And also about recently
6 awarded tax credit developments counting when considering
7 tiebreakers. These are not items that staff is really
8 looking at any differently, just clarifications in the
9 rule so there's no question about them.

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

23 However, not surprisingly, that did affect some
24 schools that flip-flopped. There are over 8,500 schools
25 in Texas with these ratings. About 430 or so with a met

1 standard rating went from having a score of at least 77
2 which would have qualified them last year, to one below
3 77. About 570 schools flip-flopped the other direction.
4 So we might hear some comment about changing that
5 threshold, I wouldn't be surprised as people might be
6 looking to the same sites as they were last year and
7 perhaps the school dropped down from a 78 to a 76.

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

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

25 So with respect to scoring criteria, there's

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

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

22 So in order to achieve these two points in the
23 proposed 2015 QAP, some applicants would be required to
24 commit ten of their units for participation in this
25 program. Participating in the 811 program essentially

1 means agreeing to work with the Department to place these
2 tenants in that development. The only applicants that
3 would be required to commit units to participate in the
4 8911 Program in order to achieve these points are those
5 that meet the following requirements. The development
6 proposed in the 2015 9 percent housing tax credit
7 application is: number one, not a qualified elderly
8 development; number two, was not constructed before 1978;
9 number three, has a minimum number of units that do not
10 have any other source of project-based rental or operating
11 assistance; and number four, is located in one of our
12 large MSAs, Houston, Dallas, San Antonio -- I can't list
13 them all in my head.

14 Applicants who do not meet all of these
15 requirements are still eligible to get the points by
16 setting aside 5 percent of their units as they did before.

17 The proposed rule also includes a provision which allows
18 applicants that do elect to participate in the 811 Program
19 to substitute a property in their portfolio for
20 participation in the program and still retain the points.

21 We've received a lot of questions about how this will
22 work, so I'd like to explain it.

23 So this is my Applicant Jane/Applicant Joe
24 scenario. So under the new rule, Applicant Jane proposes
25 a rehab deal in Dallas that's going to serve the general

1 population. That property was built in 1954, so the only
2 way she can get the points on her 9 percent tax credit
3 application is to set aside 5 percent of her units for
4 tenants with special needs, just like we did in 2014. So
5 she does that and moves on without participating in the
6 811 Program.

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

19 However, we're going to place some requirements
20 on Kate's Place. Those requirements are not in the 2015
21 QAP. This will be part of something that the folks
22 running the 811 Program are going to publish probably
23 early next week. But in general, those are going to be
24 that also they're in one of those large MSAs, built after
25 1978, and in accordance with accessibility requirements of

1 Section 504, also going to require that they got a score
2 of at least 70 on their last UPCS inspection, and that
3 they had maintained at least 85 percent occupancy for
4 three consecutive months. Finally, we're going to confirm
5 that it's not transitional housing and that it's not a
6 qualified elderly development that is restricted to
7 serving populations 62 and older.

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

12 DR. MUÑOZ: Can we ask a question?

13 MS. LATSHA: Yes, absolutely.

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

21 MS. LATSHA: I think the simple answer is that
22 we can place the tenants faster because otherwise we'd
23 have to wait for Joe's Place to get built, and we plan on
24 already having a waiting list of these tenants. But I
25 would probably leave that question more to Kate and

1 Brooke, unless there's something more to be said about
2 that.

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

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

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

23 MR. OXER: Given the competitive nature of this
24 whole thing, those two points can be the difference of in
25 and out.

1 MS. LATSHA: Absolutely, yes. And I appreciate
2 that sentiment as well. I think we'll probably hear
3 comment on both sides of that fence. This was a
4 coordinated effort with the folks that are running the 811
5 Program, and they wanted to be able to use some existing
6 development too. Maybe it's a matter of making those
7 requirements pretty stringent, or maybe it's a matter of
8 taking that option away.

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

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

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

1 getting direction to make those requirements pretty
2 stringent.

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

4 DR. MUÑOZ: Yes.

5 MS. LATSHA: At the least.

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

8 All right. Continue.

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

22 The scoring item itself is pretty clear,
23 although I do appreciate that there is still some work to
24 be done on program requirements with respect to those
25 existing properties.

1 Do you have a question for me?

2 MS. BINGHAM: Just not quite level. Right?
3 Because if you didn't have another development to which
4 you could assign those units then it wouldn't be a level
5 playing field for you.

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

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

13 MR. THOMAS: Thank you.

14 (General talking and laughter.)

15 MR. OXER: Okay, Jean.

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

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

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

25 MS. LATSHA: Right. This is still 2(a).

1 So the scoring items in the QAP are all at
2 11.9, but there's other parts of the QAP where we did make
3 a couple of revisions, a couple of which are substantial.

4 The first is the deletion of Section 11.3
5 related to developments in certain subregions and
6 counties. In 2004, this section limited proposals for
7 qualified elderly developments in Regions 5, 6 and 8 and
8 in several counties in the state. Several stakeholders
9 have suggested the staff lift this restriction. In
10 addition, the 2014 QAP indicated that the limitations
11 imposed by this provision would be reassessed in 2015.
12 Staff believes that the result of the 2014 application
13 brought the portfolio closer to a balance of general
14 population and elderly developments in these areas, and
15 that, combined with all of the comment we received on
16 this, staff is recommending removing this restriction. So
17 it's a pretty significant change for the development
18 community out there.

19 The second rather large change is the addition
20 of Section 11.65 which is a provision for applicants to be
21 able to return credits resulting from force majeure events
22 and have those credits reallocated to the same
23 development. This isn't an invitation for developers to
24 just sit on their hands and return their credits and try
25 and get extensions of placed in service, but it's a pretty

1 restrictive item but it does account for some
2 extraordinary unforeseen events that could put the
3 developer in a pretty tough situation if they can't get
4 the IRS an extension of placed in service.

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

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

17 MR. OXER: Any questions from the Board?
18 That's a no. Right, Leslie?

19 MS. BINGHAM: No questions, yes.

20 MR. OXER: No questions. Correct.

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

25 MS. LATSHA: Absolutely.

1 MR. OXER: We still have to have a motion to
2 consider before we have comment.

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

5 MR. OXER: Motion by Ms. Bingham.

6 DR. MUÑOZ: Second.

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

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

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

23 Our model was based on the experience of the
24 revitalization of the East Lake Neighborhood in Atlanta,
25 and over a 19-year period, through implementing a very

1 defined model of community revitalization, the
2 neighborhood has transformed, but more importantly, the
3 people who live in that neighborhood have achieved at
4 really high levels. And as a result of the success there,
5 we have created this not-for-profit consultant group that
6 charges without cost and we go where we are invited.

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

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

23 Unless we're able to make sure that every child
24 who lives in affordable housing, that's subsidized through
25 the Low Income Housing Tax Credit Program, receives a

1 great education, we're just making sure that they're going
2 to need to live in those housing units when they're
3 adults. And so we're looking to tie high quality early
4 learning and high quality K-12 together for opportunities
5 in the neighborhoods that we care about.

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

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

24 So thank you very much. We'll be submitting
25 our comments in writing to you going forward, and I really

1 appreciate the opportunity to speak with you today. Thank
2 you very much.

3 MR. OXER: Thanks, Carol.

4 Any questions from the Board?

5 (No response.)

6 MR. OXER: Good. Thanks.

7 Joy.

8 MS. HORAK-BROWN: (Speaking from audience.)

9 Chairman Oxer, might I speak after Walter Moreau.

10 (General laughter.)

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

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

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

17 (General laughter.)

18 MR. MOREAU: I want to comment on the
19 supportive housing definition. And first, I want to say
20 thank you. We're really grateful for your investment in
21 our work and families over many years. We're really
22 excited. We're almost done with construction on Capital
23 Studios, right across the street from TDHCA, and I hope at
24 some point you'll have a chance to come visit and see the
25 property.

1 Our first resident signed his lease a few weeks
2 ago, a guy named Roger. He lives on his own, he lived in
3 substandard housing before living at M Station five years
4 ago, but when he heard about Capital Studios, he really
5 got excited. He has cerebral palsy, he's in a wheelchair,
6 he loves live music and he wants to be able to live
7 downtown, be able to go to shows and be on his own. So he
8 already picked out his apartment, he signed his lease, and
9 he's going to move in in December.

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

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

22 There's a requirement that supportive housing
23 be within one mile proximity to a XY&Z list of services.
24 It's not so much a one-mile proximity, some of our
25 services are right there on-site at people's doorstep,

1 some services, like 12-step programs, are not close to the
2 property, and then we partner with Austin Recovery for
3 outpatient substance abuse treatment, and their facility
4 is sort of a retreat center 30 miles out of town.

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

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

15 MR. OXER: Thanks, Walter.

16 Any questions from the Board?

17 (No response.)

18 MR. OXER: Good. Thanks.

19 Now, Joy.

20 MS. HORAK-BROWN: Joy Horak-Brown, executive
21 director of New Hope Housing, Inc. Thank you very much
22 for your indulgence this morning, and also for all that
23 you have done for us over almost 20 years now. We have
24 almost a thousand units of single room occupancy housing
25 today and almost 45 percent of those units serve chronic

1 homeless. That would be the people that you see on the
2 street, the folks who are costing the City of Houston more
3 than \$103 million a year. So thank you very much.

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

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

22 There's also a very brief comment I would like
23 to make about 811 which I am working to understand, and
24 Kate Moore and staff here, Brooke and Jean, have been
25 wonderful to help me work through that because it's

1 obviously something that would be of great interest to us.
2 And one of the details -- that's always where the devil
3 is, as we know -- about doing it with an existing
4 property, one that you're proposing for next year, would
5 be that it triggers Davis-Bacon, and if you have no other
6 funds in that project that require Davis-Bacon, that is a
7 considerable additional cost to the developer, whereas, an
8 existing building has already been built, you aren't
9 triggering anything except some additional compliance
10 expenses that I understand are attendant with 811, so that
11 is an important factor that I'd like you to keep in mind.

12 MR. OXER: Thanks.

13 Any questions from the Board?

14 (No response.)

15 MR. OXER: Thanks, Joy.

16 Claire.

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

22 The first is respect to the USDA set-aside and
23 having to score opportunity index and educational
24 excellence points to be competitive. In the past the USDA
25 set-aside was not that competitive and so most of the

1 deals that applied in that set-aside were able to get
2 funded. Not so anymore. And these are projects that are
3 old, they're already existing, you can't move them to a
4 site that scores high on educational excellence and
5 opportunity index because you're rehabbing a project
6 that's been in existence for a considerable period of
7 time.

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

19 The second is similar and it deals with rural
20 areas. There's a one-mile rule for the amenities in all
21 of the rural areas. The fact is that in most very small
22 rural areas there's only going to be one elementary
23 school, one middle school, one high school. It's very
24 difficult to find land that's going to be exactly within
25 one mile of that site. I think across the board the rural

1 developers are looking to have that moved to two miles so
2 that it gives them a lot more flexibility in finding their
3 site. People in rural areas are used to traveling more
4 considerable distances, it's not walkable as it would be
5 in an urban area. So I would urge the Board to look at
6 that.

7 The third is in the educational excellence, my
8 area that I seem to spend more time on than any other
9 because I live in Region 3 and tend to look at sites
10 there, I urge, again, the Board to go to a 76 instead of a
11 77 so that North Dallas has some educational excellence
12 scoring schools areas. That one point difference opens up
13 huge areas of North Dallas that cannot score right now.

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

1 to your neighborhood, you should get the points.

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

7 That's it.

8 MR. OXER: Thanks, Claire.

9 Any questions from the Board?

10 (No response.)

11 MR. OXER: Good morning. Next.

12 MR. TOMKO: Jonathan Tomko with the City of
13 Austin's Neighborhood Housing and Community Development
14 Department. Today I'm going to be reading from Resolution
15 20140227-047 which was approved by the Austin City Council
16 on February 27, 2014:

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

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

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

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

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

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

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

22 MR. OXER: Thanks, Jonathan.

23 Any questions?

24 (No response.)

25 MR. OXER: Thank you.

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

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

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

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

23 MR. OXER: You too?

24 MS. WALLACE: Yes. That added to a lot of the
25 secrecy that was involved. I think that our city was so

1 afraid of going against the consent decree or making fair
2 housing mistakes that they didn't tell anybody about
3 anything. And that was what happened with us. We have
4 one being built across the street from us. It was
5 approved last year; we found out about it this year. And
6 there was another one that went through this year as well.

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

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

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

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

20 MS. WALLACE: No, and I want to talk -- this is
21 the part I want to talk about, this whole thing about
22 requiring citizens to go through this many hoops to become
23 a neighborhood organization. You have to be adept at
24 things that most citizens are not adept at, and most
25 citizens do not want to have to go organize themselves

1 into groups. I mean, there are a lot of people that
2 belong to HOAs only because they're required to, not
3 because they want to. They don't go out seeking let's get
4 involved, let's get in a group and have by laws and make
5 boundaries. People can't do that or they're not willing
6 to do that, and that's why I wanted to talk about it.

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

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

20 Okay. The points count. We need to be
21 involved in the points process without having to be
22 neighborhood organizations and go through ten hoops to do
23 it, ten or more. The hoops include filing paperwork with
24 the county or city, filing paperwork with TDHCA, making
25 bylaws, mapping boundaries, having at least two non-voting

1 administrators, having 80 percent of membership be in the
2 defined boundaries, and having all this maintained year
3 after year before you even know you should because you've
4 got to have it, what, by January before applications even
5 come out.

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

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

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

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

7 Okay. If neighborhood organizations jump
8 through all the hoops the right way and they oppose an
9 applicant's application, they're required to list at least
10 one reason. Supporters are not required to list a reason.

11 Why the additional put on people who are going to oppose
12 this? If you support it you should have to state a reason
13 as well, shouldn't you? And somebody should be able to
14 challenge it with a third-party challenge, like developers
15 can.

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

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

1 understand that.

2 And this happened to other people as well.

3 Let's see --

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

6 MS. WALLACE: I know, I know.

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

12 Thank you.

13 MR. OXER: Good. Any questions?

14 (No response.)

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

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

19 MR. OXER: I know.

20 MS. WALLACE: Thank you.

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

23 I just wanted to reiterate something that
24 Claire Palmer pointed out to you was the one mile for
25 elementary schools in rural areas, it's kind of to the

1 disadvantage of the resident in some ways. Unless you
2 live within a block or two of the school, if you have
3 elementary age schoolchildren, you're going to have to
4 transport those children to school. Where if you open
5 that up outside the one mile, all of a sudden your
6 residents become eligible to be bused to school. And so
7 as Claire was talking and as a parent of a small child, I
8 realize that if you don't have small children you don't
9 understand that the school district isn't going to provide
10 the bus service to the school when you're within that one
11 mile, but once you go outside that one mile, all of a
12 sudden you have that opportunity.

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

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

18 MR. OXER: So what is it exactly?

19 MR. JACK: So usually in a school district, if
20 you live within one mile of the school, as a parent you're
21 required to get your child to the school. Once you cross
22 that one mile boundary, then all of a sudden you're
23 eligible for bus service to take your children to the
24 school. So in some of our rural school districts, kids
25 can have a 20- or 30-mile bus to the nearest school, and

1 I'm not saying open it up to that, but understand that you
2 actually give your residents more services in having their
3 kids able to ride the bus to schools once you breach that
4 one-mile boundary from the elementary school.

5 Thank you.

6 MR. OXER: Good. Thanks.

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

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

15 MR. OXER: All right. Let's get back started.
16 We have some individuals who want to make comment on this
17 item. Who is next on the list over here?

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

23 First of all, I'd like to thank the staff for
24 their clarification on the at-risk set-aside. I think
25 that's a good change and we support that.

1 Existing properties, our members have about 700
2 properties in Texas, they're hold properties, many of them
3 were built in the '70s and '80s, they need rehab, and what
4 they're finding generally is that they're going through
5 the points and trying to find winners within their
6 properties that need rehab. I know we've come up here
7 with this before; I'd like to keep it before the Board.

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

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

24 On the amenities, the same issue. Many of the
25 new amenities are being built on the outskirts of town,

1 rural properties exist where they exist and they've been
2 there for many years. They need rehab, and again, the
3 owners are going through their existing properties, trying
4 to find the ones that point out and that will score well
5 rather than looking at the ones with the most need. And
6 so we're going to make some specific comments in writing
7 and we will make some recommendations.

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

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

19 Thank.

20 MR. OXER: Good. Thanks.

21 Are there any questions from the Board?

22 (No response.)

23 MR. OXER: Okay. Next.

24 MS. GARCIA: My name is Cynthia Garcia. I am
25 the assistant director for the Housing and Economic

1 Development Department for the City of Fort Worth. I
2 oversee all the federal funds that are used in the
3 development of housing in Fort Worth.

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

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

20 The project is located in southeast Fort Worth
21 that has not had private investment for over 60 years.
22 There was no full-service grocery stores for three miles,
23 very limited commercial and retail, but since 2009 this
24 has changed. Now there's a partnership between the city
25 and the developer. The city has put in over \$20 million.

1 We have a Super Walmart so there's fresh food for the
2 residents, there is two medical clinics, and over 400,000
3 square feet of retail, and a new YMCA is getting built
4 next year. In addition, there's a job training
5 partnership between a private non-profit in the area that
6 is teaching the local residents how to apply for jobs, and
7 if they have a problem at the job in the area, then go
8 back for additional training so they don't lose their
9 jobs.

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

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

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

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

19 I have one more thing real quick, and this one
20 is not going to be popular. If you would look at your
21 calendar for awarding tax credits, this year we had a
22 really big problem for the City of Fort Worth because we
23 had two projects that we awarded funds to, over \$2.5
24 million, and because of the new rules with HUD, we were
25 not allowed to commit the funds for HUD because we had to

1 wait for an award from the Board which wouldn't happen
2 till July, and so that meant we could not market these
3 funds with other developers, and so we ran a huge risk of
4 losing those funds because they have to be committed every
5 year in October.

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

13 MR. OXER: Good. Thanks, Cynthia.

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

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

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

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

21 MR. OXER: Okay.

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

25 Just to give you a real brief history about

1 ARCIT, 13 years ago when I was serving as a policy
2 director for Chairman Carter in Urban Affairs in the
3 House, there was no committee in the House or the Senate
4 for rural affairs. Now, we're thankful to say, 15 years
5 later there both is, so rural Texas is coming along
6 getting more recognition and understanding.

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

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

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

13 (General laughter.)

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

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

21 And real quickly, I'll give you a brief
22 background on what rural Texas looks like. Did you know
23 that we, first of all, have the largest rural population
24 in the nation? We have over 825 cities that have an
25 average population of 2,100. We also have 211 counties

1 that have an average population of 13,000. So you can see
2 the capacity of these smaller communities are not like
3 Houston or Dallas, we're a little bit different.

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

10 MR. OXER: Despite what they think.

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

16 We were talking yesterday at a task force
17 meeting about HUBs, and you were talking about that too,
18 and it made me think about, well, we ought to have
19 something for rural Texas called RUG, rural underutilized
20 governments. Now, sometimes those RUGs are our fault
21 because we don't have the capacity, but sometimes,
22 unfortunately, it is set up by state agencies. For lack
23 of understanding, they set up barriers and several
24 different other things. Right now we work with ten
25 different state agencies on a very intimate level and when

1 things come up with rules and regs come up that preclude
2 us being able to access the money, that's what we're here
3 for and that's why I'm here for you today.

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

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

24 Going to the QAP quickly and how that affects
25 us, some of you have already talked about it, the

1 opportunity index. Real quick about the daycare, Ms.
2 McGuire has already talked about it. We just would ask
3 that you consider that it not being within a one-mile
4 radius, but rural Texas really does need some different
5 criteria in order to access the money -- and by the way,
6 we want that money.

7 Thank you, Mr. Chairman.

8 MR. OXER: You're welcome.

9 Any questions?

10 (No response.)

11 MR. OXER: Thanks, Donna.

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

14 Unfortunately, the Texas Low Income Housing Tax
15 Credit Program doesn't serve Texas farmworkers very well.

16 Two years ago you commissioned a study, TDHCA
17 commissioned a study that was titled Texas Rural
18 Farmworker Housing Analysis, and it showed that
19 farmworkers have very few rental housing options in rural
20 areas that they can depend on. And I think that there
21 should be a way that the QAP better addresses farmworker
22 housing. I'm not sure exactly what that answer is, but I
23 think there's some structural issues that make it
24 difficult for the QAP to well serve farmworkers.

25 One is there is a federal program, the USDA

1 Section 514/516 program is geared to build housing for
2 farmworkers, it's a new construction program for
3 farmworkers. We don't attract that money to Texas. The
4 loan portion of that money, the Section 514 money can be
5 used together with tax credits. We've done one in Texas.

6 And I don't know, again, what the answer is, if
7 it's a set-aside, if it's a reservation, if it's a
8 priority. Other states with farmworker populations have
9 those kinds of incentives in their QAPs, and they also
10 have funds that they use to attract the 514/516 money to
11 their states. Texas doesn't do that. It's a national
12 competition, so our applications don't always score as
13 well as the ones from other states. They're sort of a
14 chicken-and-egg program. All agencies want to be last in
15 after all the other funds have been committed, the
16 calendar is problematic, and those are some of the
17 structural problems that we're dealing with.

18 Texas has the second most farmworkers of any
19 state. Our farmworker housing that has been funded by
20 USDA is aging and it's difficult to combine tax credits
21 with that as well. I think that's less of a TDHCA problem
22 than it is a USDA problem, but I think that TDHCA can
23 really work to bring the new construction money into the
24 state with looking at the QAP and other TDHCA programs
25 that could attract those funds to us.

1 Thank you very much.

2 MR. OXER: Thanks, Kathy.

3 Any questions?

4 (No response.)

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

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

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

19 MR. OXER: Thanks, Debra.

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

22 (No response.)

23 MR. OXER: Okay. No other comments. And Jean,
24 you've taken comments, and let's have a sort of summary
25 here, because I want to see what the process is here.

1 Going from here on out, you're going to take all these
2 comments, we're going to make some recommendations, look
3 at all this, modify this, and give us another shot at the
4 QAP.

5 MS. LATSHA: Right. Based on comments today,
6 and if you'd like, it might take us just a few moments,
7 but we could kind of formulate a staff response to what
8 you just heard, or we could hear some direction from you.

9 So our choices now are as presented in your Board book,
10 we publish in the register, then we continue to take
11 comment during the public comment period. When we come
12 back in November, we can tweak the rules a bit. If there
13 are some pretty large issues that you just heard about
14 that you'd like maybe incorporated into that draft, then
15 we would incorporate those in the draft.

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

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

21 MR. OXER: Hold on a second, Cameron.

22 Barbara, do we anticipate any of these being in
23 that category that they wouldn't be able to be changed?

24 MS. DEANE: I haven't heard anything. It's
25 kind of hard to say at this point exactly.

1 MR. DORSEY: Having done this a few times
2 before --

3 MR. OXER: Cameron Dorsey.

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

6 (General laughter.)

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

16 And so one thing we can do, we've taken all of
17 the comment down and so it's sometimes hard to formulate a
18 really well reasoned change on the spot, so we can take
19 all of that back and bring you guys responses back to each
20 of the issues, and some of that might involve actually
21 making the changes. Or you can ask us to actually look at
22 specific changes, or you can recommend that we go ahead
23 and make changes today. But I think the body of the
24 comment falls into kind of two categories today: some
25 that have some statutory issues, and we can explain those,

1 and then the other ones would fall within the category of
2 changes we can make through the public comment period.

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

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

22 MR. DORSEY: I think that makes a lot of sense.
23 The other thing is during the public comment period we
24 will get a significant amount of additional comment, and
25 sometimes the comments today will be contradicted by other

1 comments and give us new things to think about and those
2 types of things. So I think that makes a lot of sense.

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

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

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

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

1 couple of examples, I think, the bigger examples.

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

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

10 MR. OXER: Robert.

11 MR. THOMAS: I was concurring with Tim in my
12 concern, but one of the things, I grew up in rural
13 Montgomery County, and I mean rural, so I was one of those
14 guys who was on the bus for an hour to get into town to go
15 to school, and we had an absolute lack of affordable
16 housing there. So I found it very compelling, the
17 comments from our rural communities asking for making sure
18 that we're not being bureaucratic in our thought process.

19 I know we don't generally do that, but to be sensitive to
20 that. I mean, I don't know if you were in the Iditarod.

21 MS. BINGHAM: Were you rural?

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

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

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

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

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

5 (General laughter.)

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

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

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

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

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

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

1 including the QAP. So that will be in late September is
2 the plan right now.

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

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

7 MR. OXER: Okay, great. Thanks, Cameron.

8 Anything else you need to add, Jean, or are you
9 good on it? Okay.

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

15 (No response.)

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

17 (A chorus of ayes.)

18 MR. OXER: Opposed?

19 (No response.)

20 MR. OXER: And there are none; it's unanimous.

21 So let's get it out there and keep adding comments.

22 Thanks, Jean.

23 Here's what we're going to do, we have an item
24 that we tabled until we could come up with some
25 information on 1(i) this morning, pulled from the consent

1 agenda, with respect to the language, to work on the
2 language. Do we have that language in place, Tim?

3 MR. IRVINE: We do.

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

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

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

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

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

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

25 MR. OXER: Last minute things. Because it

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

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

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

12 The Governing Board of the Texas Department of
13 Housing and Community Affairs will go into closed session
14 at this time, pursuant to the Texas Open Meetings Act, to
15 discuss pending litigation with its attorney under Section
16 551.071 of the Act, to receive legal advice from its
17 attorney under Section 551.071 of the Act, to discuss
18 certain personnel matters under Section 551.074 of the
19 Act, to discuss real estate matters under Section 551.072,
20 to discuss issues related to fraud, waste and abuse under
21 Section 2306.039(c) of the Texas Government Code.

22 The closed session will be held in the anteroom
23 of this chamber. The date is September 4, the time is
24 12:07. See you at one o'clock.

25 (Whereupon, at 12:07 p.m., the meeting was

1 recessed, to reconvene this same day, following conclusion
2 of the executive session and lunch recess.)

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

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

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

8 MR. OXER: Okay, Cari.

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

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

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

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

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

21 MS. GARCIA: Right.

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

23 MS. GARCIA: Okay. So 10.406(e) should read:
24 Historically Underutilized Business "HUB" organizations.
25 If a HUB is the general partner of a development owner,

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

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

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

18 DR. MUÑOZ: That is significantly improved.

19 MS. GARCIA: Thank you.

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

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

25 MR. GANN: Agree.

1 MS. BINGHAM: Agree.

2 MR. OXER: All in favor?

3 (A chorus of ayes.)

4 MR. OXER: And opposed?

5 (No response.)

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

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

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

11 (General laughter.)

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

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

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

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

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

16 The definition of control was revised to
17 address the issue of a board member's recusal from a vote.

18 This issue was not addressed in last year's rule and
19 resulted in appeal, you might recall. Staff's position is
20 still that a board member's recusal from a particular
21 decision does not constitute relinquishing control, so we
22 simply made that clear in the definition. If the Board
23 thinks otherwise, then we can certainly take that out at a
24 later date or now. The appeal was really a result of that
25 just not being clear anywhere in the rule.

1 We're also recommending some revision to the
2 definition of supportive housing. You heard some comment
3 on that under the QAP, it probably was more appropriate to
4 comment here, but my understanding from Walter's and Joy's
5 comments on that definition is that they also thought that
6 could be vetted through the public comment process.

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

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

23 Slightly more significant change is regarding
24 applications funded with direct loans, those are the HOME
25 applications. The 2014 HOME NOFA and rules did not allow

1 for rehabilitation, but staff is recommending that this
2 activity now be allowed under the rule. But I do need to
3 make a revision to staff's recommendation with respect to
4 this part of the rule. You'll see in Section
5 10.101(b)(3)(D) in the Board book indicates that property
6 standards were going to be posted in the *Register*. We
7 needed a little bit of extra time to develop these
8 standards and didn't quite get them in the Board book. We
9 have printed out the standards that we have come up with
10 for everyone to see that's in attendance here, and I can
11 go ahead and read them into the record here.

12 MR. IRVINE: Short.

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

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

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

4 (2) All accessibility requirements pursuant to
5 10 TAC, Section 1.206 relating to the applicability of the
6 construction standards for compliance with Section 504 of
7 the Rehabilitation Act of 1937, and Section 1.209 relating
8 to substantial alteration of multifamily developments must
9 be met.

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

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

19 So moving on, the big change to Subchapter B
20 are the changes made to undesirable site features and the
21 undesirable area features. In undesirable site features
22 we changed some of the proximity to some of these features
23 that would cause an application to be ineligible, namely
24 proximity to a railroad track changed from 300 feet to 100
25 feet, for industrial uses it has been expanded to include

1 fuel storage facilities and has a distance threshold of
2 500 feet instead of the 300.

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

9 So the undesirable area features item got
10 flipped around a little bit. This was an item that in
11 2014 QAP applicants would submit a request for a pre-
12 clearance for their site and provide staff with a bunch of
13 information about blight in the area or crime or a
14 railroad track within 600 feet of the development site,
15 and we would just get 300 of these things, really a lot of
16 them out of an abundance of caution because applicants
17 really weren't sure if their sites were going to wind up
18 being ineligible or not. They had pretty good sites in
19 high opportunity areas but they're within 600 feet of a
20 railroad, so I get this request and I have to review it,
21 and then it's a lengthy process.

22 So we kind of flipped it around where now
23 applicants will be able to look at a list of factors and
24 determine whether or not their site has any of these
25 issues. If the site does have any of these issues, then

1 they simply disclose that to staff. Then staff can
2 perform an assessment of the site which would probably
3 include some correspondence with the applicant to find out
4 if there were any mitigating factors to address any of the
5 other issues that they had with the site.

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

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

25 Staff will also perform an assessment on median

1 household incomes in the census tract, number of existing
2 affordable rental units and market rate units in the
3 neighborhood, and the extent to which any of the
4 aforementioned characteristics are mitigated, and that
5 would be through revitalization plans and such.

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

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

24 So moving on to, I think, Subchapter C, if we
25 can, Subchapter C relates to application submission

1 requirements. One of these I mentioned during the
2 discussion related to the QAP and that's with respect to
3 neighborhood organization notification, so we cleaned up
4 some of that language to be consistent with the QAP.
5 We're also recommending that applicants re-notify
6 neighborhood organizations and elected officials if
7 there's a significant change to the density proposed in
8 the application. That's consistent with a provision we
9 added to the QAP one or two years ago where we are
10 allowing applicants to submit pre-applications with a
11 rather large site and then reduce that site later if they
12 feel the need to. The problem is that obviously changes
13 the density of the development and we feel that that's
14 something that the communities and elected officials would
15 want to know about.

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

1 MR. OXER: Just sharpening the edges.

2 MS. LATSHA: Yes, sir.

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

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

18 There's just been a little bit of cleanup too
19 as far as determination notices being reissued, just a
20 better timeline, a timeline that allows the applicant to
21 control their fate a little bit more and also speed up the
22 process if possible. We can accept tax credit
23 applications now if the bonds have been induced. We were
24 waiting until a certificate of reservation was in hand and
25 then there was another waiting period of 75 days while we

1 reviewed that application. We're still going to take 75
2 days, probably, to review those applications, but at least
3 the applicants can start that process a little bit
4 earlier. So again, a lot of cleanup, I think things that
5 will make that process just easier for the applicants.

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

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

24 That's a summary of the big changes. We have
25 just a little bit of comment, it looks like. Maybe a lot

1 coming later, I'm not sure. And same goes, I'm happy to
2 answer questions as we go, or we can sum it up later.

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

5 (No response.)

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

8 MR. THOMAS: So moved.

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

11 MR. GANN: Second.

12 MR. OXER: Second by Mr. Gann.

13 Claire.

14 MS. PALMER: Thank you. Claire Palmer.

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

19 I do have a few comments, but I'm only going to
20 make one today before the Board, and that's on the
21 definition of control. If you will remember, I was here
22 with Mark Mayfield -- I'll call it the Mark Mayfield
23 rule -- where he is the executive director of the housing
24 authority in Marble Falls and he also sits on the economic
25 development board, he properly recused himself from the

1 economic development board vote, and that's where they
2 were getting the funding because it's the only place to
3 get funding in Marble Falls. And in the new control
4 definition, that would now be prohibited, that recusal
5 would not be an option.

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

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

23 And I just felt like that was really clear from
24 the Board meeting and I was surprised to see the control
25 definition when I got the rules. That's all I have.

1 MR. OXER: Okay. Thanks.

2 John.

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

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

9 Thank you very much.

10 MR. OXER: Thanks. Appreciate that.

11 Any other public comment?

12 (No response.)

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

16 (A chorus of ayes.)

17 MR. OXER: And opposed?

18 (No response.)

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

20 Jean, have you got another one?

21 MR. THOMAS: Just real quick.

22 MR. OXER: Mr. Thomas.

23 MR. THOMAS: On that last issue that was
24 raised, could we get some clarification specifically
25 related to the recusal issue. That was a painful meeting.

1 MR. OXER: Give us a quick discussion on that,
2 Jean.

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

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

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

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

23 MS. LATSHA: Precisely.

24 MR. THOMAS: And this suggestion, if adopted an
25 enacted, would do just that, we wouldn't have that issue

1 back before us again.

2 MS. LATSHA: That's correct.

3 MR. THOMAS: Okay. Thank you.

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

6 MS. BINGHAM: No.

7 MR. OXER: Okay, good.

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

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

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

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

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

22 MS. LATSHA: Pretty much, yes.

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

25 MS. LATSHA: That's right.

1 MR. OXER: Any questions of the Board?

2 MS. BINGHAM: Move staff's recommendation.

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

5 MR. THOMAS: Second.

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

8 (A chorus of ayes.)

9 MR. OXER: And opposed?

10 (No response.)

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

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

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

14 (General laughter.)

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

17 I realize this is a 2014 NOFA so it seems a little late
18 in the game, but that's just because we only just got our
19 grant agreement with HUD. So basically, we've already
20 received a number of applications under this NOFA. We had
21 some Board action last January that basically allowed us
22 to do that. There were a lot of folks that submitted 9
23 percent applications layered with HOME funds. We didn't
24 actually have the HOME NOFA out there. All of those
25 applicants were aware of a certain amount of risk they

1 were taking applying for HOME funds without us actually
2 having it, but we were all pretty confident we were going
3 to have it at this point, and we do.

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

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

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

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

3 So staff recommends approval for publication in
4 the *Register*.

5 MR. OXER: Any questions?

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

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

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

12 MR. THOMAS: Okay.

13 MR. OXER: Okay then, Robert?

14 MR. THOMAS: Yes, sir.

15 MR. OXER: Any questions of the Board?

16 (No response.)

17 MR. OXER: Okay. Motion to consider.

18 MR. THOMAS: So moved.

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

21 MS. BINGHAM: Second.

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

24 (A chorus of ayes.)

25 MR. OXER: Opposed?

1 (No response.)

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

3 Thanks.

4 MS. LATSHA: Next 3(b). These would actually
5 normally be on the consent agenda, it just didn't quite
6 make it up there, but pretty straightforward,
7 reinstatement of a determination notice. This is William
8 Cannon Apartments, located in Austin, new construction,
9 252-unit deal. Basically, they had some changes in their
10 organizational structure which delayed their closing, so
11 it's a simple reinstatement allowed by the rules.

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

14 MS. LATSHA: That's right.

15 MR. OXER: Great. Any questions of the Board

16 (No response.)

17 MR. OXER: Motion to consider?

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

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

22 DR. MUÑOZ: Second.

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

25 (A chorus of ayes.)

1 MR. OXER: Opposed?

2 (No response.)

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

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

16 MR. OXER: Nothing out of bounds on these.

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

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

21 MS. LATSHA: That's right.

22 MR. OXER: Any questions of the Board?

23 MR. THOMAS: Move to approve

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

1 MS. BINGHAM: Second.

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

4 MR. THOMAS: We have to vote.

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

7 (A chorus of ayes.)

8 MR. OXER: Opposed?

9 (No response.)

10 MR. OXER: There are none, and it's unanimous.
11 She was on such a roll, I was just giving her an
12 extension.

13 (General laughter.)

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

23 MR. OXER: Anything unusual in this one?

24 MS. LATSHA: Not a thing, sir.

25 MR. OXER: Good. That's the right ones.

1 MS. BINGHAM: Move to approve.

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

4 MR. THOMAS: Second.

5 MR. OXER: Second by Mr. Thomas.

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

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

14 MR. OXER: Well, hold on a second. This is on
15 3(d) that we're voting on. Correct?

16 MS. LATSHA: Right.

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

19 (A chorus of ayes.)

20 MR. OXER: And opposed?

21 (No response.)

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

24 MS. LATSHA: Sorry. That was the one; I got
25 ahead of the vote there. 3(e) is the one where there was

1 a possible award being made out of the waiting list, but
2 that's actually not being recommended today, but I
3 understood that since it was posted on the agenda, someone
4 wanted to make comment on that agenda item. I'm not sure
5 if that's still the case.

6 MR. OXER: Is there any comment on item 3(e)
7 (No response.)

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

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

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

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

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

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

22 Today I'm here because in 2012 we had some
23 wonderful consideration and build 160 units of single room
24 occupancy housing for what's often called the least and
25 the lost. And because we're talking about supportive

1 housing here again, it seemed a good time to show you what
2 you did in 2012. This is Rittenhouse, it's a two-sided
3 poster, and it might be fun for you to take a look at the
4 unit because we've been doing micro-units before they were
5 fashionable and written up in the *New York Times*, and we
6 feel very strongly. I would personally live in that unit
7 that you're looking at and do so with pride.

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

10 MS. HORAK-BROWN: The average size on those is
11 350 square feet, so they're small, it's like a hotel room.

12 MR. OXER: Twelve by thirty.

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

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

20 MS. HORAK-BROWN: I'm sorry?

21 MR. THOMAS: What's the rental price?

22 MS. HORAK-BROWN: The rental price varies
23 depending on the size and depending on the building, but
24 it's an average of \$450, and that is free utilities and
25 free cable television, and in some of the buildings

1 there's also -- this building is Wi-Fi enabled, so in your
2 unit you can pull out your laptop, and you know, even
3 those who have been formerly chronically homeless, a lot
4 of people have technology now and there are lots of
5 organizations that provide that for them. And so we're
6 very pleased to have a business center that's Wi-Fi
7 equipped and has training, and also for people to be able
8 to use that out in the beautiful courtyard which is built
9 around a grove of mature oaks, to sit out there and be
10 close to the building, you can pick up the Wi-Fi out there

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

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

19 MR. OXER: Robert, turn on your mike.

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

23 (General laughter.)

24 MR. THOMAS: This is a big discussion going on
25 in Austin right now, and I'd love to go see that. Can I

1 see the flip side of that picture again?

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

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

17 MR. THOMAS: Thank you.

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

20 MS. HORAK-BROWN: Thank you.

21 MR. OXER: Any other public comment? Any other
22 comment from the staff in the audience? Any other comment
23 from the Board members on the dais?

24 (No response.)

25 MR. OXER: Okay. I get the last word. Thanks

1 for all you do. It's an important thing we do to
2 contribute to the benefit of Texans.

3 I'll entertain a motion to adjourn.

4 MR. THOMAS: So moved.

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

6 DR. MUÑOZ: Second.

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

9 (A chorus of ayes.)

10 MR. OXER: Opposed?

11 (No response.)

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

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

C E R T I F I C A T E

1
2
3 MEETING OF: TDHCA Board
4 LOCATION: Austin, Texas
5 DATE: September 4, 2014

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 122, inclusive, are the true, accurate,
8 and complete transcript prepared from the verbal recording
9 made by electronic recording by Nancy H. King before the
10 Texas Department of Housing and Community Affairs.
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16 _____ 09/10/2014
17 (Transcriber) (Date)

18
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