

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS

MEETING

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

July 31, 2014
9:00 a.m.

MEMBERS:

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

TIMOTHY K. IRVINE, Executive Director

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 09404 Cevallos Lofts San Antonio

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3. Report on Request for Proposal for firms registered as independent municipal advisors interested in providing financial advisory services to the Department
4. TDHCA Outreach Activities, June 2014
5. Status report on the development of the 2015-2019 State of Texas Consolidated Plan as required by the U.S. Department of Housing and Urban Development
6. Update on the Status of the Preparation of the State of Texas Plan for Fair Housing Choice: Analysis of Impediments
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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 you to the July 31 meeting of the Texas Department
4 of Housing and Community Affairs Governing Board.

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

7 MS. BINGHAM ESCAREÑO: Here.

8 MR. OXER: Mr. Gann?

9 MR. GANN: Here.

10 MR. OXER: Professor McWatters is not with us.

11 Dr. Muñoz?

12 DR. MUÑOZ: Present.

13 MR. OXER: I am here, and we expect Mr. Thomas
14 here in just a bit, he's running a few minutes late. We
15 have a quorum, we're in business.

16 Tim, let's start with saluting the flags.

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

19 MR. OXER: All right. As a first item on our
20 agenda, there are many of you that know, but we'll tell
21 everybody anyway, that Sandy Donoho, our internal auditor
22 for quite some time, has decided to retire, and today is
23 her formal last day, I believe. So pulling the pin out of
24 this gate and walking away, Sandy? So anyway, I'd like
25 to have Leslie, the chair of our Audit Committee, read a

1 few words on the record for us.

2 Come up here, Sandy.

3 MS. BINGHAM ESCAREÑO: So I saw Sandy earlier
4 today and said, you know, like this is your last day
5 before you retire, how does it feel? Because she's always
6 just cool as a cucumber, but I get the sense there's a lot
7 going on in that head right now, lots of planning. So how
8 many of us are jealous? There you go. That's what I
9 thought, Mr. Chair.

10 I put together just a couple of words. I know
11 you guys are fairly familiar with Sandy's job, but I
12 thought I'd put a couple of notes together. So Sandy has
13 been in the service of the State for 28 years in internal
14 audit, with our organization for the last seven, and the
15 last seven have not been without their own challenges
16 along the way. So some of the things that came to mind
17 for us were disaster recovery funding and several
18 initiatives that we had related to disaster recovery, and
19 then probably the latest and greatest was the last couple
20 of years, the stimulus, and huge responsibility in that
21 regard too.

22 So we just want to recognize Sandy for her
23 service to the organization and to the State and wish her
24 well, and take a minute, too, to just say how grateful we
25 are, not just for her great job in Internal Audit, but for

1 the fact that she's really put together a fantastic team
2 that's taken a great deal of support and energy, and I
3 think you guys would agree that she's been a very good
4 role model and a very good teacher to you.

5 So with that, we wish you the very best.
6 You're heading to the other UT country, University of
7 Tennessee, so for those of you, the other UT.

8 MR. OXER: You get a pass because Sam Houston
9 was the governor of Tennessee also.

10 MS. BINGHAM ESCAREÑO: Sure we've got some
11 connections there.

12 MS. DONOHO: It's a different shade of orange.
13 (General laughter.)

14 MS. BINGHAM ESCAREÑO: It is. Well, thank you
15 very much. Anything that you would like to say?

16 MS. DONOHO: Well, it's been a good seven years
17 at TDHCA. I think the best part of TDHCA are the
18 employees, great people to work with. I will miss each
19 and every one of you. I will miss my staff. Some of them
20 I have raised, so I think that they will carry on without
21 me quite well.

22 Just to rub it in a little bit, I'll be sitting
23 on my front porch watching fall arrive in the great Smokey
24 Mountains and enjoying my retirement. I think everybody
25 will carry on with the good work that TDHCA does, and you

1 have been a great Board and I've really enjoyed the time
2 that I've spent with you.

3 MS. BINGHAM ESCAREÑO: Thank you for your
4 service. We wish you the very best.

5 (Applause.)

6 MR. OXER: Okay. On to the consent agenda. We
7 have one item. Marni, did you want to just detail
8 adjustments on one of these?

9 And while she's coming up, does any member of
10 the Board have any item on the consent agenda that they'd
11 like to pull?

12 MS. BINGHAM ESCAREÑO: I don't.

13 MR. OXER: Okay. Let's hear what Marni has to
14 say.

15 MS. HOLLOWAY: Good morning, Chairman Oxer,
16 members of the Board. My name is Marni Holloway. I'm the
17 director of the Neighborhood Stabilization Program and the
18 Single Family coordinator for this round.

19 Item 1(e) is the Single Family Umbrella Rule.
20 We are making some changes and updates to that rule.
21 Since the Board book was published, we have a couple of
22 changes that we need to make to definitions. These
23 changes will be included in the rule that goes into the
24 *Texas Register*, but it's not included in the Board book
25 that you have.

1 So on Section 20.3, definitions of the Single
2 Family Umbrella Rule, the first paragraph we are adding at
3 the end "and the applicable Federal Regulations" which
4 brings the definitions from the Federal Regulations into
5 the Single Family Umbrella Rule.

6 Also, we are adding number 49, the definition
7 for Reconstruction which is: "The demolition and
8 rebuilding of a single family housing unit on the same lot
9 in substantially the same manner. The number of housing
10 units may not be increased, however, the number of rooms
11 may be increased or decreased dependent on the number of
12 family members living in the housing unit at the time of
13 application."

14 We are also adding definition number 50,
15 Rehabilitation: "The improvement or modification of an
16 existing residential unit through an alteration, addition
17 or enhancement."

18 The definition section will be renumbered
19 because we're adding these two. When we get to the final
20 rule there will be changes throughout the rule making
21 little Rs capital Rs throughout the rule wherever these
22 terms are used.

23 MR. OXER: So it's essentially a clarification.
24 Are any of them considered substantive?

25 MS. HOLLOWAY: The addition of the definitions,

1 I believe, could be considered substantive, and as I said,
2 the version of the rule that's being published in the
3 *Texas Register* does include these definitions. The
4 changes going through making little Rs capital Rs would
5 not be a substantive change.

6 MR. OXER: So what you've added to it will be
7 the version that's actually published?

8 MS. HOLLOWAY: Yes, and that's going out for
9 public comment.

10 MR. OXER: Okay. Are there any other
11 considerations from the Board about this?

12 (No response.)

13 MR. OXER: Good. Thanks, Marni.

14 MS. HOLLOWAY: Thank you.

15 MR. OXER: We have a commenter.

16 MS. CARLTON: Good morning. My name is Belinda
17 Carlton, and I'm a public policy specialist for the Texas
18 Council for Developmental Disabilities. Our purpose is to
19 encourage policy change so that people with disabilities
20 have opportunities to be fully included in their
21 communities and exercise control over their own lives.

22 I want to thank you for the opportunity to
23 state our support of the proposed amendment to the Single
24 Family Umbrella Rule that will remove the prohibition of
25 manufactured housing units for eligibility for the Amy

1 Young Barrier Removal Program. The Amy Young Program had
2 included manufactured housing from its inception and we
3 understand it was removed last year because of a concern
4 that modifications would remove a manufactured home from
5 compliance with federal standards. So the proposed
6 amendment, as we read it, will insert the words "federal
7 funds" clarifying that rehabilitation of a manufactured
8 housing unit is an eligible single family activity with
9 non-federal funds, and the Amy Young Barrier Removal
10 Program is carried out with state funds only.

11 I would especially like to thank Brooke Boston,
12 associate commissioner. We have been through this process
13 for the past year trying to get to this point today. She
14 listened to TCDD, other housing advocates. She followed
15 up, asked us to identify experts in this field, and she
16 followed up with those experts. Amy Young, may she rest
17 in peace. And the council feels that Brooke has only
18 demonstrated a commitment to advancing opportunities for
19 Texans with disabilities to live in integrated,
20 affordable, accessible housing while remaining true to
21 your mission, and we appreciate her very much.

22 Thank you.

23 MR. OXER: Good. Any questions of Belinda?
24 Thanks very much, Belinda.

25 And as a reminder to everybody who chooses to

1 speak, please sign in so that we can identify you for the
2 record for the transcript.

3 With that, I'll assume you're in favor of the
4 changes that are being made?

5 MS. CARLTON: Yes, I support the changes.

6 MR. OXER: Just a clarification.

7 MS. CARLTON: I'm supposed to put the time.
8 Can anybody help me here?

9 MR. OXER: 9:13.

10 MS. CARLTON: Thank you.

11 MR. OXER: With nothing being pulled from the
12 agenda, I'll entertain a motion to consider the consent
13 agenda.

14 MS. BINGHAM ESCAREÑO: Move to approve the
15 consent agenda with the recommended modifications.

16 MR. OXER: Motion by Ms. Bingham.

17 DR. MUÑOZ: Second.

18 MR. OXER: Second by Dr. Muñoz. Is there any
19 other comment? There appears to be none. All in favor?

20 (A chorus of ayes.)

21 MR. OXER: It's unanimous. Thank you.

22 On to ventures in government.

23 MR. IRVINE: And I believe in the interest of
24 expediency and a variety of other issues, the report item
25 under action item number 2 will not be provided this time,

1 we'll provide that in September.

2 MR. OXER: So we're on to item number 3
3 already. We're whistling through this agenda, Tim. This
4 shouldn't be as bad as we thought; somebody is going to
5 lose on the over and under today.

6 Item number 3. Cameron, good morning.

7 MR. DORSEY: Good morning.

8 So item number 3 is both a kind of report as
9 well as requesting that the Board authorize us to hire a
10 provider for crime statistics data. I'll start off by
11 kind of describing the type of crime data that we're
12 looking at purchasing.

13 Right now in the multifamily rules we have some
14 limitations with regard to site location for things like
15 frequent criminal reports and these types of things,
16 criminal activity in an area. And in an effort to provide
17 more objective kind of criteria and more consistent
18 criteria that's applicable throughout the state, and to
19 enable us to do more evaluation, the Fair Housing Team can
20 do more evaluation about where our deals are located, what
21 kind of crime statistics exist in the areas where we're
22 locating developments, and these types of things, and
23 possibly at some point, as well, for single family
24 programs in some manner these crime statistics would
25 really help facilitate these types of things.

1 There's some really great data sources out
2 there. The problem that we have at the staff level
3 without this data is that law enforcement agencies all
4 report data in different formats. A lot of the data
5 overlaps. You have everything from campus police at
6 colleges to state troopers and county sheriffs
7 departments, and there's just all of these different law
8 enforcement agencies frequently collect the data in
9 different formats, report it in different formats, and so
10 it becomes very, very difficult to holistically assess any
11 particular area.

12 So what we would hope to get in responses to
13 the invitation for bid that we're looking to put out is
14 data, crime statistics that would be available statewide,
15 that would incorporate all of the different law
16 enforcement agencies that exist in any given area of the
17 state, and so it would be really consistent, really good
18 data available at a very site-specific local level.

19 So we've gone through the process of developing
20 an invitation for bid with our purchasing staff at the
21 Department, and we would like to request the Board's
22 authorization to go through the process of actually
23 releasing that and then selecting a data provider. This
24 would not be an actual approval to change the rules. The
25 first step in the process is to look at what kind of data

1 we can get, and then at that point we would have more
2 information that would enable us to develop any rules that
3 kind of incorporate the use of that data. So that's one
4 thing we're requesting the Board's authorization to do.

5 I think probably I can finish out the report
6 item and then you all can take any action to the extent
7 you want to on that issue.

8 The other big thing that I wanted to highlight,
9 you'll notice that the agenda item walks through a variety
10 of different efforts that we're engaged in, but one of the
11 big ones that I've talked about recently is the Fair
12 Housing Tracking Database, and we've made a lot of headway
13 in the development of this database. Being able to track
14 the different fair housing activities that the Department
15 is engaged in is tremendously important, both because it's
16 an obligation we have, we've certified to affirmatively
17 furthering fair housing and one of the requirements is to
18 collect data and ensure that we can convey all of the
19 different efforts that we've engaged in. That's just a
20 logical part of that certification.

21 In addition to that, though, I think the
22 collection of data is really important for helping, on an
23 ongoing basis, to kind of identify where there may be
24 areas for improvement and how we provide information to
25 the public, provide information to program recipients and

1 make sure that they're fully aware of the different types
2 of programs that are available to them, the different
3 types of options that they have, these types of things.
4 It will basically enable us to identify holes.

5 And so in your Board book, as an exhibit to the
6 agenda item, I just encourage you, if you haven't already
7 done so, to take a look at some of the screen shots from
8 the database. I encourage the folks in the audience to do
9 so, as well. It just gives folks a sense for the kind of
10 information the database is going to contain, everything
11 from call logs on any calls we get related to fair
12 housing, any kind of outreach that we're engaged in.

13 And Laura Debellas, who is our Fair Housing
14 Team lead -- I think I introduced her at the last
15 meeting -- she's actually logging pretty much everything
16 she does into this database so that we can show the
17 internal activities that are going on -- you know, it's
18 not always evident how much work we're doing on a
19 particular issue in between the times we bring rules to
20 you or what-have-you -- and so it's going to kind of
21 document all that stuff.

22 I just wanted also to mention Chad Landry who
23 reports to Brooke Boston. I don't know if he's in the
24 audience or not, but Chad is a phenomenal data guy, and I
25 worked with Chad when I was down in the HOME Division as

1 the manager of the HOME Program a while back, and he loves
2 to do fun, innovative stuff. You know, if you ask him can
3 you do this, even if he doesn't know how, it's always a
4 response of: Well, I don't know how but it would be cool
5 to figure it out. So that kind of attitude is just really
6 fantastic. So I kind of convey a vision to those two,
7 Laura and Chad, and their ability to take it and make it
8 real is really what I need in some staff folks. So just a
9 shout out to them.

10 Other things we're doing are reflected in the
11 Board book, affirmative marketing rules. We'll continue
12 to bring updates as we go. I anticipate at either the
13 next meeting or the following, you'll start seeing an
14 exhibit that is an actual report that is generated by the
15 database and shows you kind of the status of all of the
16 different activities we're engaged in, rather than us
17 having to go create these agenda items from scratch each
18 time. And it really only shows a snapshot of what the
19 Department is engaged in. You all just heard some comment
20 about rule changes in the single family rules and the
21 definitions that will help facilitate more access to the
22 program, the Amy Young Barrier Removal Program, for folks
23 living in manufactured housing units. All of these types
24 of things we can log and reflect as efforts that are part
25 of the state's holistic efforts to help affirmatively

1 further fair housing.

2 With that, I'll just take any questions, and if
3 there are no questions, recommend that the Board authorize
4 staff to go through the process of selecting a crime data
5 provider.

6 MR. OXER: Good. Thanks, Cameron.

7 Any questions from the Board?

8 DR. MUÑOZ: Cameron, when I read the request
9 for the bid for the crime statistics, I thought that that
10 was a very thoughtful thing for you all to recommend. You
11 know, even recently we had sort of a presentation of crime
12 statistics from one group, and we had the chief of police
13 contradicting, perhaps, the veracity of some of what was
14 being claimed. And so for us internally to be able to
15 have something that's reliable, that we can sort of refer
16 to with confidence, I think is very prudent. So when I
17 read that, it had occurred to me in the past, I just
18 didn't know how we could accomplish that, so I think this
19 will be a useful tool for you all to help advise the
20 Board.

21 MR. DORSEY: Great.

22 MR. OXER: And so this would be, certainly
23 amongst gathering the statistics, it also gives us a tool
24 to continue to quantify the efforts that we're making on
25 the FFH efforts that we're putting forth today.

1 MR. DORSEY: Yes, definitely. The undesirable
2 site and area features rule originally -- well, the areas
3 features in particular was part of the remedial order that
4 was developed in response to the court order in the ICP
5 litigation, and you know, this is just part of kind of the
6 continued efforts to make sure that we're conveying
7 expectations in a very clear objective manner. I think we
8 had one application this year that I can think of off the
9 top of my head that the Board confirmed was ineligible
10 after staff terminated the application, and part of the
11 issue was crime.

12 But those applications cost \$20-, \$30,000 to
13 put together in some cases, and the idea that we can spend
14 some funding to help all of the applicants out there
15 understand exactly what the expectation is, where the
16 lines are, I think is generally what our objective has
17 been with the Tax Credit Program, most certainly, and with
18 our other multifamily programs and single family programs
19 as well.

20 MR. OXER: And let's not forget to do so, I'd
21 like to have the record reflect that Mr. Thomas is here
22 with us, so we now have five which certainly constitutes a
23 quorum.

24 Back to the item, Cameron. The intent is to
25 have somebody go out and figure out how to gather all of

1 these databases and put them into one.

2 MR. DORSEY: Well, there are already some
3 companies out there doing this. Insurance companies are
4 using some of this type of data, as well as we're aware of
5 the New York Housing Agency also utilizing very, very
6 similar data that's provided from one of the data
7 providers out there. There aren't a huge number of them
8 but there are certainly more than one, and so we want to
9 make sure we provide the opportunity to get the best data
10 set we can, but our expectation is that it already really
11 exists, it's already being collected, it's already a tool
12 out there.

13 MR. OXER: Essentially, we're not creating the
14 database, we're importing it from somebody else that's
15 aggregated it.

16 MR. DORSEY: That's right.

17 MR. OXER: Okay. Good.

18 Mr. Thomas.

19 MR. THOMAS: Pivoting on J. Paul's question and
20 your answer about the universe of potential providers, and
21 I don't know that there's an answer to this, but this is
22 an area where I think it would be really wonderful to kind
23 of understand, as the process goes along, our ability to
24 pull in maybe DBE/HUBs to the extent. Again, I would
25 anticipate, with no basis or knowledge, that this might be

1 a very narrowly focused area, and I know we're under
2 general state rules and obligations to meet those
3 objectives, but this is just something I think would be a
4 great way to understand as the process goes through, so I
5 encourage the staff to maybe report back is this an area
6 where we are able to effectuate some of those goals.

7 MR. DORSEY: No problem. We will definitely
8 take that back and review the draft invitation for bid
9 we've got.

10 MR. OXER: And I know some of the federal
11 contract data management companies that are out there have
12 that data that Robert referred to in their database, to
13 the extent that it's germane to what we're doing, but in
14 addition to the crime statistics, there's the contracting
15 capability there. I think the remedial plan requires that
16 we look at something like crime statistics, but we could
17 also look at the replication of that data set, something
18 similar to it, it would be pretty easy to import that sort
19 of data as well, wouldn't you think?

20 MR. DORSEY: Yes. And I mean, the format we're
21 looking for is basically we could put out a map and
22 identify the areas that we feel like have higher crime, we
23 can overlay those types of things with our existing
24 portfolio of properties and take a look at where our
25 properties are located. I mean, there's a whole host of

1 different things that I think we'll be able to do with the
2 data, and as we've done research, we're quite confident
3 that we're going to be able to get what we need.

4 MR. OXER: Good. Any other questions?

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

6 MR. OXER: Motion by Mr. Gann to support staff
7 recommendation on this item.

8 MR. THOMAS: Second.

9 MR. OXER: Second by Mr. Thomas. There's no
10 public comment. 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 Thanks, Cameron.

16 MR. DORSEY: Thank you.

17 MR. IRVINE: If I might must interject a
18 comment that you will be seeing Cameron and Laura and lots
19 of us coming forward regularly at Board meetings.

20 Affirmatively furthering fair housing is not a checkbox
21 requirement, it is a continual process. I think that you
22 have watershed moments, such as when the Board adopted the
23 document that was prepared by BBC Consulting, but that's
24 not an end, that's a beginning. And right now we're
25 really moving very intensively into the planning efforts

1 where we come up with specific ways that we can use our
2 funding sources to address the identified impediments.

3 The one constant you will see is data. We will
4 keep rigorous records, meticulously tracking the things
5 that we're doing, and also bringing in the other state
6 agencies that administer HUD programs and are impacting
7 the state's overall effort to affirmatively further fair
8 housing.

9 MR. OXER: Good. Thanks, Tim.

10 Let's move on to item number 4.

11 MR. IRVINE: I believe item 4 has been pulled.

12 MR. OXER: Well, then in that case, let's go to
13 item number 5.

14 MS. LATSHA: Good morning.

15 MR. OXER: Hi, Jean. Get any sleep last night?

16 MS. LATSHA: Yes, I did.

17 MR. OXER: Get any sleep this morning after you
18 went home this morning?

19 MS. LATSHA: Got a little bit this morning too.

20 Thanks for asking.

21 (General laughter.)

22 MS. LATSHA: So item number 5 is appeals
23 related to housing tax credit applications, just a few
24 left here. My understanding is the first on your list is
25 Hudson Providence.

1 MR. OXER: Mr. Gann.

2 MR. GANN: Jean, I'm sorry, but I need to
3 recuse myself on this first item.

4 MS. LATSHA: It's been withdrawn, I believe.

5 MR. OXER: Let's make sure. Is that true?

6 MS. LATSHA: That's right.

7 MR. OXER: It has been withdrawn?

8 MS. LATSHA: Yes.

9 MR. OXER: There's no need for Mr. Gann to
10 recuse himself?

11 MS. LATSHA: If it was about Hudson Providence,
12 then no need.

13 MR. OXER: Good. Just clarifying the record.
14 Okay.

15 MS. LATSHA: Great. So moving on, we have
16 number 14106, Manor Lane Senior Apartments in Hondo. This
17 application was terminated for having non-functioning
18 bookmarks. You might recall a few weeks ago Katherine
19 stood up here and talked about another application that
20 was terminated for a very similar reason. That
21 application had no bookmarks, and she explained very
22 eloquently why it is that that's important to our
23 application cycle. Although it seems like an
24 administrative error, the presence of those bookmarks in
25 these quite lengthy applications give staff the ability to

1 review those applications. It also gives other
2 stakeholders, folks that would want to comment on those
3 applications, the ability to review them.

4 So basically, the argument is the same that it
5 was a few weeks ago with the other application. There's a
6 slight difference here. This application, when you open
7 it up there appear to be bookmarks there, but when you
8 click on any of them, they don't do anything, so it's
9 essentially the same thing as not having any at all.

10 In the appeal to the executive director, this
11 applicant did submit a new application file, a new CD.
12 Because we are hearing this appeal here, we actually did
13 open up that new application file, had staff bookmark it
14 themselves so that they could review it, and then went
15 through a lengthy process of comparing actually the old
16 application file to the new application file, and in fact,
17 there were four new pages that were submitted, which
18 basically reiterates our argument which this is why we
19 can't accept new application files after the application
20 submission deadline. While these four pages probably
21 could have been corrected through an administrative
22 deficiency, it still begs the point.

23 This is a slightly different situation also
24 because they are appealing that because this is the only
25 eligible application left in this particular subregion

1 that basically they should be granted a waiver of the
2 requirement to submit an application with bookmarks.
3 Basically, staff can't find a reason that that waiver
4 should be granted. In order to grant a waiver, we must
5 find that the circumstances were beyond the applicant's
6 control, and how, if not granted, the Department would not
7 be fulfilling some specific requirement of law.

8 Again, it's the same argument that we've made
9 several times: there are several eligible applications in
10 line behind this one that will be funded, and therefore,
11 we're still meeting the requirements of statute. So in
12 short, staff recommends denial of the appeal, and
13 technically, really, denial of the waiver request.

14 Any questions for me?

15 MR. OXER: Any questions from the Board?

16 (No response.)

17 MR. OXER: Stay up there for a second, Jean. I
18 think we've said that although these rules seem to be
19 slicing hairs occasionally, there's a reason for them
20 because of the amount of work that's required to go back
21 and re-review an application. We had somebody that was
22 late a couple of years ago by twelve hours, and we made
23 them come back and reapply the next year.

24 MS. LATSHA: Right. And we've seen this time
25 and again over the past few years, I imagine we'll see it

1 again next year. Sometimes what might seem to those
2 outside the competitive housing tax credit world like
3 small mistakes, some of those small mistakes have pretty
4 big consequences.

5 MR. OXER: There are repercussions for doing
6 these sorts of things.

7 MS. LATSHA: Yes, sir.

8 MR. OXER: Okay. Dr. Muñoz has had to step out
9 just for a second. I'd like to make sure that he's here
10 for a motion on this. We still have a quorum, we'll take
11 a motion.

12 Are there any questions?

13 (No response.)

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

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

16 MR. OXER: Motion by Mr. Gann to accept staff
17 recommendation on this item.

18 MS. BINGHAM ESCAREÑO: I'll second.

19 MR. OXER: Second by Ms. Bingham. We have
20 public comment.

21 MR. DU MAS: Thank you, ladies and gentlemen.
22 My name is Mark du Mas. I'm with the Paces Foundation.
23 We're the nonprofit CHDO sponsor of the project. We're
24 based in Atlanta, Georgia. We came to Texas years ago in
25 response to an RFP by the City of Del Rio. They were

1 looking for a development partner to help replace housing
2 wiped out by a flood.

3 MR. OXER: And pardon me for just a moment.
4 Because we're expecting a fairly full agenda today, we're
5 going to run what everybody knows as the shot clock, so
6 we'll have a three-minute limit on testimony for each
7 individual.

8 MR. DU MAS: I have three minutes. Is that
9 correct?

10 MR. OXER: You have three minutes.

11 MR. DU MAS: All right. Thank you. But I do
12 have to say this, it's worth it, your staff has been
13 tremendously courteous. You should know that. I don't
14 know how often you hear that, but they've been wonderful
15 to work with through this.

16 We've given our appeal, two appeals, we've
17 provided arguments. I presume you've all read them. We
18 could mince hairs over the issues, whether our appeal is
19 appropriate or not. I understand that there are rules,
20 but there are also exceptions, and that's what your job
21 is: to provide those exceptions, to hear the arguments,
22 say in this circumstance it is exceptional, and we will
23 override the staff's rules. Staff has to follow rules, we
24 recognize that, but it is your responsibility and
25 authority to waive those where appropriate.

1 I'm going to skip through the argument for the
2 appeal and I'm going to discuss your regional distribution
3 of credits. They point out that there's one project that
4 is going to get an award of credits. It's an acquisition
5 rehab; it is a scattered site project covering Regions 1,
6 7 and 9; it adds no new housing to Region 9 Rural; it is
7 an existing 24 units that have been in place for many
8 years with a rental subsidy.

9 As I pointed out in my waiver request, \$458
10 million has gone to the six major metropolitan areas since
11 1990, and there's not been a single, since 1987 -- and
12 I've been in the program since 1989 -- there's not been a
13 single tax credit, single devoted to Medina County for
14 senior housing. On the basis of that, I think you've got
15 an overriding responsibility to make such adjustments, and
16 I'm going to ask you to override staff's recommendation
17 and support our waiver request and give us an allocation
18 of credits. The citizens in Medina County deserve it.

19 Furthermore, because of the competitive nature
20 of your program -- and everyone means well, we understand
21 that -- your demographic studies requiring communities of
22 less poverty, favoring those kinds of projects placed
23 there, a higher school system, some communities will never
24 compete. In fact, there were eight applications in this
25 category, we were the lowest scoring applicant in Medina

1 County, we just couldn't garner the points. If you don't
2 make these adjustments at this moment right here when
3 matters like this percolate to the top, some communities
4 will never get their funding, ever, they just won't
5 compete.

6 So for that reason we're asking you to grant us
7 the waiver and give us an allocation of credits. Thank
8 you.

9 MR. OXER: Thank you for your time. Don't
10 forget to sign in.

11 Any questions from the Board?

12 MR. THOMAS: Yes.

13 MR. OXER: Mr. Thomas.

14 MR. THOMAS: I'm sorry, sir. I was busy
15 reading the third argument when it was clear that was
16 going to be an important one. Can you tell me your name
17 again?

18 MR. DU MAS: Mark du Mas, D-U-M-A-S.
19 Alexandre, The Three Musketeers.

20 MR. THOMAS: I saw your name on the papers.
21 Help me understand the change and the four new additional
22 pages that were included in the subsequent submission, and
23 why and how, given Jean's comments and our staff's
24 concerns, shouldn't that be a material, on its face,
25 denial of your appeal.

1 MR. DU MAS: I believe that those pages -- Jean
2 will have to correct me -- were signature pages. I think
3 they were provided in, they were just missing signatures,
4 which would have been allowed under an administrative
5 deficiency. I don't believe we submitted any new
6 exhibits.

7 MS. LATSHA: I think it was not even a
8 signature page but a four-page form that lists all of the
9 development team members, the architect, engineer, market
10 analyst, and such.

11 MR. OXER: Is that all your questions, Robert?

12 MR. THOMAS: Yes, sir.

13 MR. DU MAS: The form was there, it was just
14 some material information that was missing. It would have
15 been cured under an administrative deficiency.

16 MR. IRVINE: Under the law, only staff can
17 request an administrative deficiency.

18 MR. DU MAS: We understand, but they did deny
19 us on a threshold and give us the opportunity to respond,
20 so that was a request from staff.

21 MR. OXER: Any other questions?

22 (No response.)

23 MR. OXER: We have a motion by MR. Gann, second
24 by Ms. Bingham, to approve staff recommendation on item 5
25 on application 14181. All in favor?

1 MR. IRVINE: Item 14106.

2 MR. OXER: Item 14106. My mistake. Consider
3 it corrected. Item 14106. Motion by Mr. Gann, second by
4 Ms. Bingham to approve staff recommendation. All in
5 favor?

6 (A chorus of ayes.)

7 MR. OXER: And opposed?

8 (No response.)

9 MR. OXER: There are none, with Dr. Muñoz away.
10 Jean.

11 MS. LATSHA: Yes, sir.

12 Next on the list is number 14130, Tays. This
13 is an application in El Paso. You know, we had a little
14 discussion earlier about the crime data that Cameron and
15 the Fair Housing Team plans on obtaining, and that would
16 have been helpful, probably, in evaluating this
17 application.

18 This is another application that was initially
19 terminated due to undesirable area features. Like the
20 other ones that you've seen, we had one in San Antonio,
21 one in Houston and another in Port Arthur this year, staff
22 put quite a bit of time into this with actual site visits,
23 a lot of meetings with the applicant to try to figure out
24 what's going on at the site and what kind of community
25 revitalization efforts are in place.

1 So you're going to see here that we're actually
2 recommending that this appeal be granted and the
3 application be reinstated, however, we are recommending
4 that should this application be awarded credits -- and it
5 is currently being recommended for a credit award -- that
6 that award be conditioned on the applicant obtaining a
7 letter from the appropriate officials at HUD with the
8 authority to speak for fair housing and equal opportunity
9 stating that this specific proposed transaction complies
10 fully with the Fair Housing Act.

11 And the reason being is that when we looked at
12 the technical requirements of our rules, when we're
13 talking about being within 1,000 feet of a railway,
14 significant presence of blight, crime, things like this,
15 we couldn't really come to the conclusion that this
16 necessarily violated that rule, but that doesn't mean that
17 there weren't some concerns about this site. One in
18 particular, our inability to really assess the level of
19 crime that is in the area.

20 This is a very poor area of the state. I think
21 we have about 5,200 census tracts in the state, and I
22 think there's only 30-some-odd that have lower median
23 incomes than this census tract. We're talking about
24 levels of poverty in the 50 to 60 percent. These types of
25 things raise our eyebrows when we do look at the site, and

1 we want to make sure that this is the type of site that
2 when we fund it that we are affirmatively furthering fair
3 housing.

4 That being said, unless Tim or Cameron might
5 have anything to add to that, I think the applicants have
6 some things to say about their revitalization efforts in
7 the area.

8 MR. OXER: Cameron, did you have anything you
9 wanted to add?

10 MR. DORSEY: No.

11 MR. OXER: Tim?

12 MR. IRVINE: No.

13 MR. OXER: Then we'll have a motion to consider
14 first. Are there any questions for Jean?

15 MR. THOMAS: I'm a little confused. I
16 apologize, Jean. Staff's recommendation is to grant the
17 appeal but there's an issue that's going to arise that's
18 going to require?

19 MS. LATSHA: It's just going to require a
20 little bit more legwork on the part of the applicant. And
21 one thing that is not entirely clear in this
22 recommendation, and I might modify it, is to say that this
23 condition be met by carryover which would be November 1.
24 Basically, we would ask that the applicant obtain a letter
25 from HUD confirming that this transaction is affirmatively

1 furthering fair housing, or at least is not violating the
2 Fair Housing Act.

3 We placed a similar condition on, I believe,
4 the Galveston deal. So recommending, yes, that the
5 application be found eligible but that we ask that
6 applicant to take one further step before executing
7 carryover.

8 MR. THOMAS: Okay.

9 MR. OXER: A little more legwork, but they're
10 in the game, they just need to do a little more legwork.

11 MS. LATSHA: That's right.

12 MR. OXER: Mr. Thomas, any other questions?
13 Motion to consider?

14 DR. MUÑOZ: So moved.

15 MR. OXER: Motion by Dr. Muñoz to support staff
16 recommendation on this item.

17 MR. THOMAS: Second.

18 MR. OXER: And a second by Mr. Thomas.

19 We have some public comment. Good morning.

20 MR. CICHON: Good morning. How are y'all doing
21 today?

22 MR. OXER: Good so far.

23 MR. CICHON: Gerry Cichon, CEO, Housing
24 Authority, City of El Paso. We agree with staff's
25 recommendation.

1 I want to take a second, though. I've had the
2 opportunity to talk to staff multiple times, talked to
3 them about the issues we had, very open, willing to sit
4 and talk to us. You've got a great staff here, and I just
5 wanted to recognize them publicly. It has been a long
6 process and the time it's taken to get to this point has
7 been pretty arduous, but their willingness to talk and to
8 listen is something that's very, very commendable.

9 As to trying to get that letter by carryover, I
10 don't know if you've ever dealt with HUD. I deal with
11 them on a daily basis.

12 MR. OXER: We do occasionally. Every once in a
13 while we have to deal with them.

14 (General laughter.)

15 MR. CICHON: So trying to get a document like
16 that out of their legal team by November could be pretty
17 difficult to do. Our ask would be that we have additional
18 time for that type of request because their legal team, in
19 dealing with stuff, especially as we go through RAD, is a
20 significant effort, and so I would ask for additional time
21 in that regard.

22 MR. OXER: How much? Hold on. Barry.

23 MR. PALMER: Barry Palmer with Coats Rose.

24 In connection with closing this transaction
25 with HUD, we'll need HUD approvals. This is a RAD

1 transaction, it will go through a mixed finance approval
2 with HUD in Washington, and it would be natural for them
3 to give all their approvals at once, and so we would ask
4 that we have until the 10 percent test deadline because
5 that would allow us to close the transaction and get all
6 of the HUD approvals.

7 MR. OXER: When is that?

8 MR. PALMER: That would be July 1 of '15.

9 MR. OXER: So July 1?

10 MR. PALMER: Yes.

11 MR. OXER: Does that fit in the calendar, Jean?

12 MS. LATSHA: I appreciate their request and I
13 appreciate that it does make sense. I think the only
14 thing that the Board would consider with considering one
15 date or the other is that if that requirement had to be
16 met by carryover and it were not met, that we would be
17 able to reallocate those credits this year. If we move
18 that date out to 10 percent test, then those credits would
19 come back to us and we would be able to reallocate them
20 but not until next year.

21 MR. OXER: Okay. Let me make sure I'm clear on
22 this. Let's look at the worst case scenario -- I'm not
23 saying it's going to happen -- but let's say if they don't
24 get through this and don't get the approval by July of
25 next year, we don't get to use those credits this year.

1 Those credits are not lost to the process or system for
2 Texas.

3 MS. LATSHA: That's correct.

4 MR. OXER: Okay. So that means that next year,
5 in addition to the allocation that we would have under the
6 2015 allocation, we would have those some several that
7 come off of this and on to this that would be added next
8 year. No damage to them. Assuming they approve your
9 request, Barry and Gerry, then what you're saying is their
10 approval would constitute an implicit assessment that it
11 does meet affirmatively furthering fair housing test. Com
12 up to the mike and say it, please.

13 MR. PALMER: Yes, and we will be able to
14 satisfy the condition and get something from HUD saying
15 either that it affirmatively furthers or that it doesn't
16 violate fair housing, but the timing on it, the natural
17 timing with HUD would be for them to give all the
18 approvals at once which would be when we're ready to close
19 the financing in the next calendar year.

20 DR. MUÑOZ: You wouldn't come before us in May
21 or June and say: We have doubts that we'll receive that
22 by July.

23 MR. OXER: They're not coming before us in May
24 or June saying they have doubts.

25 DR. MUÑOZ: I mean, if you don't have it buy

1 July, there will be no extension beyond then.

2 MR. PALMER: We understand.

3 MR. OXER: Tim.

4 MR. IRVINE: I would just like to point out --
5 and Megan may want to come up and address this in
6 additional depth -- when we encountered these kinds of
7 issues in the Galveston transaction, we found that the
8 very highest level of HUD were very prompt and responsive
9 on the fair housing issue. And fair housing is a very
10 complex and somewhat confusing world, and we really
11 believe that getting that guidance early on is strongly
12 beneficial, it's an efficient way to keep this process
13 moving along, and that's why we like the shorter time
14 frame.

15 MR. OXER: Mr. Thomas.

16 MR. THOMAS: Thank you.

17 I have concerns, particularly in light of the
18 appeal that we just denied, about the utilization of these
19 funds this year in another part of our community that
20 could use these funds this year. There's a reason why
21 these rules exist. And while I appreciate and respect
22 that our staff have tried to work with the applicant here
23 to make sure that the funds would be determined available
24 or not by November, my concern, quite frankly, in the form
25 of a statement is that this does not, from my perspective,

1 address our greater global concern of deploying the funds
2 as quickly, as effectively and as efficiently as we can
3 this year if they are not going to be available.

4 I don't know that there's necessarily a
5 response to that I need, but that's just a position that I
6 feel is important to state.

7 MR. CICHON: Sure. We don't believe there's a
8 fair housing issue.

9 MR. OXER: Gerry, you have to say who you are
10 every time.

11 MR. CICHON: I'm sorry. Gerry Cichon. We
12 don't believe that there is a fair housing thing. I will
13 tell you I will personally contact the secretary's office.

14 I've been in contact with a lot of the assistant
15 secretaries, not only on this trip but routinely. They
16 have offered their assistance. We believe we can get it
17 to you by November, we're very optimistic as to that, but
18 there's just no guarantee when you start dealing with the
19 legal aspects and the morass of bureaucracy with HUD. So
20 we're just asking for a little bit of understanding, even
21 though we believe that we will be able to comply with
22 staff's request.

23 MR. OXER: Jean.

24 MS. LATSHA: Sure. A couple of thoughts.
25 First off, one thing that we are whispering about back

1 there is we understand that you guys are kind of on a RAD
2 fast track and that November 1 might actually be a
3 possibility for you, so one thing we could do is bring
4 this back with respect to the date and let them give us an
5 update as to where they are, or we could also make the
6 deadline carryover. If they felt like they weren't going
7 to meet that, there is a November Board meeting, they
8 could simply ask for an extension of that deadline and we
9 would be in a position of hearing that again, be able to
10 give them until a December date or a date further on. I
11 think there's enough time in the year to where if the
12 Board was compelled to want to stick with that carryover
13 date that if there was good reason to extend that further
14 that we would have time to do that.

15 MR. OXER: I'm inclined to want to keep it at
16 November 1 for many of the reasons that Robert just
17 outlined, with the understanding that you have a good shot
18 at it, Gerry, and we understand all of the adventures of
19 dealing with HUD. They call every once in a while; talk
20 to them every once in a while. So we know, more or less,
21 what it's like to deal with HUD, but we also want the heat
22 on so that you don't let this lag until the first quarter
23 of next year. Maybe it's a telegraph of which way I would
24 go on this, but I'd say stay with the November date and
25 we'll hear from you every meeting that we have between now

1 and then about how it's going.

2 MR. IRVINE: And I think what we're looking for
3 is qualitatively different from the kinds of internal
4 approvals that are necessary to a closing. We're looking
5 for a signal from HUD that when you look at this site and
6 its demographics, and all of the things that are occurring
7 there, that it's consistent with their approach.

8 MR. OXER: We're looking for a definition of
9 principle and philosophy as opposed to checking a box on a
10 technical closing. Is that a fair statement, Jean?

11 MS. LATSHA: Fair statement.

12 MR. OXER: Any other comment?

13 (No response.)

14 MR. OXER: There's been a motion by Dr. Muñoz.

15 DR. MUÑOZ: Would we then withdraw the motion
16 and then make a motion to table till November?

17 MS. LATSHA: No. I think it's just a slight
18 modification to the recommendation. I failed to put that
19 date in this recommendation, so just the addition of the
20 condition being met by carryover.

21 MR. OXER: So it would be met by the carryover
22 date which is November 1.

23 MS. LATSHA: Yes, sir.

24 MR. OXER: So with that, just to clarify, there
25 was a motion by Dr. Muñoz to support staff recommendation,

1 second by Mr. Thomas, that they have to meet the
2 requirement by November 1, with the idea that there could
3 be some consideration later on, but the motion is to
4 support staff recommendation that they meet the November 1
5 carryover date.

6 Any questions from the Board?

7 (No response.)

8 MR. OXER: All in favor?

9 (A chorus of ayes.)

10 MR. OXER: Opposed?

11 (No response.)

12 MR. OXER: There are none.

13 Thanks, Gerry. Thanks, Barry. Make sure you
14 guys sign in. All right?

15 MS. DEANE: Mr. Chair, let me just mention
16 something Michael was bringing to my attention.

17 Originally we had gotten a request for Spanish language --
18 or that there was going to be a person to do some Spanish
19 language translation for this last item. We did not have
20 anyone come forward and mention that or ask for that, so
21 we just wanted to make sure if there was something.

22 MS. LATSHA: What's the item that's up, Jean?

23 MS. DEANE: It was the Tays, the last one, but
24 no one came forward.

25 MR. OXER: Well, there was no request for

1 public comment and no request for speaking or translation.

2 MS. DEANE: Not that we were aware of.

3 MR. OXER: We want to make sure that the record
4 reflects that we were looking for that if there was
5 somebody. We were prepared to provide that.

6 MS. DEANE: We were prepared to do that but no
7 one asked for it. Just for the record.

8 (General talking and laughter.)

9 MS. LATSHA: The next on our list is number
10 14181, The Trails on Mockingbird Lane. This application
11 was denied points for community revitalization plan.

12 Points are awarded for these plans, two points
13 if the budgets are at least \$4 million, and four points
14 for plans with a budget of \$6 million or more. The Cobb
15 Park area revitalization plan in Abilene was submitted and
16 indicated a budget of over \$9.5 million. \$7 million of
17 that budget was associated with the building of Martinez
18 Elementary School which opened in 2012. So our rules do
19 allow for earlier expenditures to count towards these
20 budget numbers, but only if they serve to accomplish some
21 purpose of the community revitalization plan. And staff
22 couldn't determine how the building of the new school
23 really accomplished any of the objectives of that plan, so
24 we took out the \$7 million, they wound up with only the
25 \$2.65 million in their budget which was not enough to

1 award points.

2 So just to give a little timeline -- which this
3 is kind of a combination of what was submitted in the
4 application and in the appeal -- the city adopted a
5 comprehensive plan in 2004, it looks like. Staff hasn't
6 seen this plan but there's enough evidence that that did
7 happen. That plan does cover the entire city. That was
8 in 2004. According to the applicant, that comprehensive
9 plan did call out the Cobb Park area as needing
10 revitalization. Again, I haven't seen it but I think
11 there's probably enough evidence that that probably took
12 place.

13 Then in 2007, Franklin Middle School is left
14 vacant, and then demolished in 2010. We could maybe
15 presume that was also driven by the comprehensive plan,
16 but again, I don't really know. Then the new Martinez
17 Elementary School was built and opened in 2012. So early
18 in 2014, a couple of years later, the City of Abilene
19 assesses the Cobb Park area and lists five issues to be
20 addressed in this community revitalization plan. Those
21 five issues included environmental conditions, blight,
22 inadequate transportation, lack of employment, and a need
23 to promote diversity. Interestingly, though, the plan
24 does not mention a lack of public schools; instead, it
25 actually points out that the schools are an asset in the

1 community.

2 In reading our rules with respect to community
3 revitalization plans, we list eight factors that these
4 plans should have five of these eight factors in them that
5 are issues in the community, one of which is a lack of
6 public schools, and so it was rather obvious that this was
7 left out of that assessment. So then the goals of the
8 plan included establishing pedestrian access, redeveloping
9 aged commercial structures, creation of a neighborhood
10 association, among a host of others, but really, again, no
11 mention of a lack of public schools and the need to build
12 more, which made sense because they had already built one
13 a couple of years prior.

14 So again, there just seemed to be no connection
15 between the development of this revitalization plan and
16 the building of the new school, so staff, as I said, took
17 out that \$7 million from the budget and denied the points.

18 So staff's recommendation is denial of the appeal, and if
19 you have any other questions for me, I believe there's
20 some public comment too.

21 MR. OXER: Any questions of Jean?

22 MR. GANN: I have one question.

23 MR. OXER: Mr. Gann.

24 MR. GANN: Was there ever mention of a prior
25 plan?

1 MS. LATSHA: The comprehensive plan, the one
2 that was adopted in 2004.

3 MR. GANN: Never mentioned that school.

4 MS. LATSHA: I've not seen it.

5 MR. OXER: Any other questions?

6 (No response.)

7 MR. OXER: Okay. Motion to consider?

8 MR. THOMAS: So moved.

9 MR. OXER: Motion by Mr. Thomas to approve
10 staff recommendation on item 14181. Is there a second?

11 DR. MUÑOZ: Second.

12 MR. OXER: Second by Dr. Muñoz.

13 We have public comment. I would remind the
14 commenters we have three minutes on the clock, and please
15 sign in and tell us who you are.

16 MR. REED: Good morning, Chairman, Board. My
17 name is Gene Reed. I'm the executive director for the
18 Abilene Housing Authority. I've been the executive
19 director for about six years now.

20 I've had experience working under a regulatory
21 environment. I spent ten years in the gas and electric
22 utility industry and another ten years here in the public
23 housing industry, and can totally respect the
24 complications and the technicality of working in a
25 regulatory environment. And I must say it's been a

1 pleasure working with the staff of TDHCA and I really
2 appreciate their businesslike attention and manner toward
3 evaluating the applications, which definitely has to be a
4 very challenging task.

5 What I'd like to do is take you on a very quick
6 journey because I only have a few minutes, and through
7 that quick journey I'd like to talk about where the
8 Abilene Housing Authority has come from over the past six
9 years.

10 Again, once I arrived at the Abilene Housing
11 Authority, we had a strategic planning session, and during
12 that strategic planning session we wanted to look at some
13 different types of things that we could get involved with.

14 Understanding that HUD's public housing program is slowly
15 but surely going away and actually been de-funded over the
16 last 25 years, one of the vehicles we wanted to look at
17 getting involved with is the tax credit program so that we
18 would be able to continue the mission of our organization,
19 even in the absence of public housing federally funded
20 through the government. So again, we embarked upon this
21 journey with tax credits, and through that whole strategic
22 planning process that happened five years ago, again,
23 we've kind of landed at this point.

24 So two years after that I met with the city, I
25 had a meeting with the mayor and the city manager, and

1 unbeknownst to where we are right now, we actually talked
2 about The Trails on Mockingbird. Their question to me was
3 what are some of my development plans. My development
4 plans was to eliminate one of the older complexes that we
5 have in our portfolio that was built in 1974. We also
6 wanted to acquire the adjacent property which is really an
7 eyesore within the community. And both of those
8 properties sit across the street from Abilene High School.

9 So during those discussions we talked about
10 this being a particular area that we wanted to see
11 revitalization in and that we wanted to work together if
12 that adjacent property ever became available so that we
13 may be able to build a brand new development in that
14 particular location. And that's why we're here today to
15 talk about building, or actually acquiring those units,
16 using the tax credit vehicle and then actually building an
17 new 84-unit complex.

18 Along that journey, about a year after that, we
19 started an RFP to develop our development team. We
20 brought in DMA as the developer, which also has Carlton
21 Construction attached to their entity, and we also brought
22 in Coats Rose so that we could start along this journey of
23 looking at new development in the community.

24 Once we put together that development team, we
25 started meeting with the city again. As we started

1 talking through a lot of our planning sessions, we talked
2 about the need within the community on where we needed to
3 revitalize, and this is one of the areas that the city
4 mentioned that they wanted to revitalize. And through
5 their comprehensive plan that was developed in 2004, this
6 area was an area that was addressed that they wanted to
7 see community revitalization in.

8 And so really what we're asking for is a
9 sensible approach to considering that school as a part of
10 that comprehensive plan. The Martinez school had an
11 opportunity to locate in about four different locations.
12 In conjunction with the city and discussions with the
13 city, they chose this specific location to place the
14 school, and we would like to continue to see
15 revitalization in this particular area.

16 So we've had some small fast food chains come
17 in in that area, we've had a Family Dollar come in in that
18 area, there was a fire department outside of the
19 regulatory time required by the QAP, but we've seen
20 revitalization in this area and this has been an area that
21 has been specifically targeted by the city to move forward
22 with. So again, we really ask for a sensible approach to
23 considering the Martinez school as part of that
24 revitalization plan.

25 One of the challenges that we have, as well, is

1 that we're not a large Houston community, we're not a
2 large San Antonio community, we have about 115,000 in
3 population. I'm from the city of Cincinnati. This is
4 really a neighborhood, so once the city considered a
5 comprehensive plan which included the entire city, again,
6 these specific items for revitalization were addressed.
7 Again, a school has been located in that particular area,
8 and we would ask that the Board consider Martinez School
9 as a part of that revitalization plan.

10 MR. OXER: Thanks for your comments, Gene.

11 Any questions? Dr. Muñoz.

12 DR. MUÑOZ: Jean repeatedly mentioned that she
13 hadn't seen the plan. Why don't we have a copy of it?

14 MR. REED: We could actually get a copy of that
15 for the Board and actually for staff too.

16 DR. MUÑOZ: Do you have a copy already?

17 MS. LATSHA: No, but I can guess why the
18 applicant didn't submit the comprehensive plan because it
19 would not have qualified as a community revitalization
20 plan because it's a comprehensive plan. It covers the
21 whole city. It might have within it identified
22 neighborhoods for community revitalization, but it
23 wouldn't have qualified

24 MR. OXER: So they would have identified,
25 perhaps, neighborhoods for revitalization but there was no

1 discussion or delineation of that plan for that
2 neighborhood, detailed plans for that neighborhood as
3 opposed to a comprehensive plan.

4 DR. MUÑOZ: Well, I understand that there was.

5 MR. REED: Under the comprehensive plan -- and
6 no, I don't have that with me today -- but under the
7 comprehensive plan, and speaking with some of the city
8 councilman, yes, the Cobb Park area was an area that they
9 wanted to look at for revitalization, and they were very
10 appreciative during the council meetings where we were
11 looking for support letters and referenced the fact that
12 they wanted to see revitalization continue to happen in
13 this particular area. So again, in 2014, ten years later
14 after that plan was written, yes, we wanted to make sure
15 that we were meeting the requirements of the QAP so we did
16 work with the city to put in place a 2014 revitalization
17 plan.

18 DR. MUÑOZ: When did the school open, in 2012?

19 MR. REED: In 2012, yes.

20 DR. MUÑOZ: So this plan was adopted two years
21 after the school was already opened?

22 MR. REED: Yes.

23 MR. OXER: Okay. Thanks.

24 MS. SISAK: Good morning, Board, Chair. I'm
25 Janine Sisak from DMA Development Company.

1 Yes, I think I can answer some of the questions
2 that came up. Yes, we did not submit the comprehensive
3 plan, the 2004 comprehensive plan, because it was a
4 citywide plan and we knew it didn't meet the TDHCA
5 requirements. And I think this issue has come up. This
6 tax credit application round, I think, to me, had a
7 similar appeal last time, and it's that in these cities,
8 especially cities this size, when they're doing planning
9 efforts -- in this case these are planning efforts back in
10 2004 -- unless there's a crystal ball, there's no way that
11 plan can meet the 2014 QAP requirements when they're doing
12 planning efforts years and years before even this highly
13 technical version of the CRP rule was included in the QAP.

14 So going back to some of the points that Gene
15 made, the City of Abilene absolutely targeted the Cobb
16 Park area for revitalization back in 2004 as part of the
17 comprehensive plan process. And then the City of Abilene
18 also passed a resolution for us to use in this year's
19 application because they believe that this project most
20 significantly contributes to the revitalization efforts in
21 those areas which started in 2004 and are still ongoing
22 today. It's not as if the school was completed in 2012
23 and nothing else has happened. There are ballfield
24 improvements underway, there's infrastructure improvements
25 underway. This has been a ten-year process of

1 revitalization.

2 I mean, Gene really laid out the timing well,
3 but there's all this focus on the plan, with a capital P,
4 in 2014. While our big argument is let's look at the
5 initiation of the revitalization efforts in 2004 and treat
6 it holistically as the effort started in 2004. The money
7 was actually spent, this was \$7 million actually spent,
8 we're not talking about projected expenses, we're not
9 talking about projected economic benefit -- which, you
10 know, after working with this for a couple of years, I
11 don't quite understand what that means. In this case
12 we're talking about real expenditures that the Abilene
13 Independent School District provided in this neighborhood.

14 So a couple of other points with regard to
15 Jean's comment. You know, this was very difficult because
16 I was the one that responded to the deficiencies on this
17 item. First, I got a deficiency that said that maybe it
18 didn't count because it was school finance, so I responded
19 to that. And then I got a comment saying, oh, well,
20 there's no real nexus between the plan and the school, and
21 I felt like I responded to that. In this case, this
22 school, this middle school was blighted, it was boarded
23 up, it was functionally obsolete, it was an eyesore in the
24 neighborhood. So I feel like even though the plan, the
25 2014 plan didn't talk about the need for stabilized

1 schools or repositioning schools, this school in
2 particular was blighted, and therefore, that issue
3 identified in the plan, blight, put the school thing
4 aside, it still was a blighted structure, it was still
5 boarded up and needed to be demolished.

6 DR. MUÑOZ: I have a question about that
7 comment, though. That seems very reasonable when you look
8 at the five areas, it says very explicitly blighted
9 buildings, vacant tracts. I mean, this was a vacant
10 building that was blighted. But this is two years after
11 the fact.

12 MS. SISAK: After the fact?

13 DR. MUÑOZ: Well, I mean, the plan was adopted
14 in '14, they're taking sort of credit in their plan moving
15 forward for something that was already -- you know,
16 construction must have started a few years before that.

17 MS. SISAK: Right.

18 DR. MUÑOZ: I'm having trouble reconciling the
19 timing.

20 MS. SISAK: And it's our position that the
21 planning efforts started in 2004 based on the
22 comprehensive plan. And you know, we absolutely carved
23 out the 2014 plan, we carved it out of the comprehensive
24 plan because the comprehensive plan did not meet the TDHCA
25 requirements. There's nothing in the QAP that says that

1 applicants can't tweak plans or ratify plans. Basically
2 what we did is we --

3 DR. MUÑOZ: Are you indicating that the 2014
4 plan is essentially sort of a re-articulation of the 2004
5 plan, I mean, maybe a more abbreviated version of it?

6 MS. SISAK: Right, because there were two
7 things about the 2004 plan that were problematic. One is
8 it was citywide and it didn't have this economic budget,
9 this total budget or projected economic value, which,
10 again, as I mentioned, I've struggled with that. I look
11 at all sorts of plans when we're doing applications, and
12 it's very rare for these plans to have dollar figures.
13 And I know Jean will kind of confirm, often staff goes
14 back to the applicant and says: We think this is a plan
15 but there's no budget. I think there's something even in
16 the QAP that says you can submit a separate letter from
17 the city kind of outlining economic benefit.

18 So that's why in 2014 the City of Abilene
19 basically carved out the Cobb area neighborhood plan,
20 really looked to the findings and the revitalization
21 efforts that were articulated in the 2004 comprehensive
22 plan and basically restated it and ratified all the actual
23 dollars and activities that happened between 2004 and
24 2014.

25 MR. THOMAS: Can I ask a question on that?

1 MS. SISAK: Sure.

2 MR. THOMAS: Because I think I've made clear
3 over the last year or so that I'm really hesitant to have
4 the bureaucratic regulatory tail wag the dog, but I'm
5 still having a real -- consistent with that question that
6 just came up, I'm still struggling here with getting an
7 appreciation for what would appear to be a retroactive
8 look back in this context which I think could be said
9 across the state in these smaller towns. I'm having a
10 real problem with that nexus issue but I'm very sensitive
11 to the argument you're making, but I'm still trying to
12 figure out how we, as a Board, are going to resolve that
13 in this context.

14 MS. SISAK: Right. And this isn't a big reach
15 back in terms of years. I mean, when you think about
16 it --

17 MR. OXER: Janine, one more minute, I'll give
18 you another minute because we've got some more folks and I
19 know they're on your team and we want to make sure that
20 they get to speak too.

21 MS. SISAK: And I'm done with my comments, I
22 can just answer questions, but let me answer that one.
23 And if anybody has other questions for me, I can answer
24 them; otherwise, I'll turn it over to Diana.

25 These planning efforts, especially -- well, not

1 even especially in cities this size -- these true
2 community revitalization efforts, it is not unusual for
3 them to take 10, 15, 20 years. So we're talking about a
4 10-year period. And I don't consider it, while I said the
5 plan ratified, like the plan did ratify, it kind of pulled
6 back, you have to look at it from the 2004 perspective, or
7 I encourage you to look at it from 2004. This was
8 identified as a targeted area, the city spent dollars in
9 this neighborhood from 2004 to 2012, the city is still
10 spending money there today.

11 The city, with our counsel, created a plan that
12 I considered a comprehensive plan, a parent document to
13 this plan that, again, talked about the revitalization
14 efforts in this area, including blighted structures, which
15 the school definitely was, and then talked about an actual
16 budget, an actual budget. Some of it was actual dollars
17 spent, some if was projected, but we had to do that to
18 meet the QAP requirements.

19 MR. OXER: Okay. Thank you.

20 MR. IRVINE: If I might chime in with a
21 perspective.

22 MR. OXER: You'll get your shot, Diana, don't
23 worry.

24 MR. IRVINE: The way I look at it is every city
25 government should always be trying to make sure that all

1 areas of the city are vital and should be addressing
2 issues as they can, and we fully understand and appreciate
3 that the city did that in its 2004 plan. But we think
4 that the point item in question here has got more to do
5 with when a city has identified that those types of
6 general efforts are not specifically addressing localized
7 conditions and they say: We've identified a portion of
8 our city that needs some sort of additional special
9 attention, therefore, we're going to put together a very
10 focused issue to assess what the conditions are in that
11 localized area, we're going to pour money into it, it's
12 going to be -- in the words of Section 42 of the Internal
13 Revenue Code -- a concerted community revitalization
14 effort.

15 And we believe that the way that we have
16 developed the rule and identified the process it's when
17 the city goes to that level of specificity that this whole
18 thing really kicks in and we understand that there should
19 have been things that happened before then but it's only
20 really when that effort is brought to bear that the point
21 item actually comes into existence. And we understand
22 fully that cities that are proactive and working with the
23 affordable housing development community will craft their
24 revitalization plans going forward in a manner that
25 promotes the claiming of points.

1 What we are really looking to at this
2 particular time is saying there are localized efforts that
3 have already occurred at the city level and we want to
4 reward cities that have done that by awarding them points.

5 MR. OXER: Thanks, Janine.

6 Good morning, Diana.

7 MS. McIVER: Good morning. It's been a long
8 time since I've been up here. Board, Chair.

9 MR. OXER: And you are?

10 MS. McIVER: I am Diana McIver with DMA
11 Development company.

12 MR. OXER: Not that we had a question.

13 MS. McIVER: Right. Thank you.

14 And just as a point of clarification before I
15 talk about my remarks, this community revitalization plan
16 was passed as an ordinance to amend the city's
17 comprehensive plan, so we provided that ordinance as part
18 of our submission in the application just to show that
19 those two things draw together.

20 What I want you to understand -- and you know
21 I'm a big advocate for smaller cities, and what I want you
22 to understand is the complexity of small cities and
23 revitalization efforts. You take Abilene, it's 115,000,
24 that's one-twentieth of the size of Houston. Abilene
25 could be a neighborhood in Houston. But your rules say

1 that you don't allow citywide plans, and it doesn't talk
2 about how large the city is, so in the case of these
3 smaller cities, they do comprehensive plans, they do
4 different plans, but they don't assign budgets to them and
5 they are citywide. So here's where we got penalized: we
6 could not submit the comprehensive plan for the City of
7 Abilene because it was citywide. So we had to take their
8 targeting efforts and do an ordinance amending the
9 comprehensive plan for the Cobb Park area.

10 Now, I have been working with the City of
11 Abilene since 2005. In 2006 we got an award, we opened in
12 2007 a very delightful senior community, financed with the
13 Tax Credit Program, and I can tell you that when I went in
14 to see the City of Abilene in 2005 and they had this
15 comprehensive plan of 2004, but in those days we didn't
16 talk about revitalization, it wasn't a point in the QAP,
17 but that city said to me: Diana, these are the areas of
18 town we want you to help us with.

19 We ended up on a five-acre site, it was an
20 infill site, I loved it, but we had to remove a gas
21 station and we had to do a lot of work with some
22 detention, Catclaw Creek that was running through the
23 site. It was a very difficult to develop site, but we did
24 it because it was important to the city and it was part of
25 their comprehensive plan and part of their revitalization

1 efforts, and that's revitalization plan with a small R and
2 a small P, not a big R and a big P.

3 So when we went in with the Abilene Housing
4 Authority in September of 2013, the city is very
5 consistent. That's where they wanted things to go. They
6 said, Please help us with our revitalization areas, please
7 do not go way out in the hinterlands, we need your help in
8 helping us with these small neighborhoods to make them
9 really good livable communities.

10 So I just want you to know that the City of
11 Abilene, it doesn't have a fancy planning staff. Six
12 million -- which is the test for a revitalization plan
13 under the QAP -- that's a lot of money in Abilene. I know
14 it's peanuts to Houston, or to Dallas, or to Austin, but
15 \$6 million, and when you can put a \$7 million school in as
16 part of that effort.

17 So just to wrap up, I just want you to know
18 that this city, Abilene, has a concerted revitalization
19 effort and we honored that, and they have amended their
20 comprehensive plan to include the Cobb Park area
21 specifically with those expenditures, and I really would
22 ask for your consideration under those circumstances.
23 Thank you.

24 MR. OXER: Thanks. Any questions?

25 MR. THOMAS: I have one of Jean.

1 MR. OXER: Okay, Mr. Thomas.

2 MS. LATSHA: Jean, can you help me, and I
3 apologize, but can you help me, the June, I believe it was
4 the 23rd Board meeting, do you remember? Do you know what
5 I'm talking about?

6 MS. LATSHA: I do.

7 MR. THOMAS: How would we distinguish this
8 request from what I remember in June we did where we
9 decided not to follow staff's recommendation because of
10 similar issues? Did I get that right or not?

11 MS. LATSHA: Well, if I recall, I think you're
12 probably talking about the one in Houston that was a TIRZ,
13 a tax increment reinvestment zone, there was quite a bit
14 of discussion about it. That item was actually tabled and
15 then that appeal was withdrawn.

16 MR. THOMAS: That's right.

17 MS. LATSHA: You typically would have been
18 hearing it today but the applicant decided to withdraw
19 that appeal, it really didn't meet the requirement of the
20 rule.

21 I view those two situations a little bit
22 differently. Overall, yes, we're talking about two plans
23 that were submitted that didn't meet the technical
24 requirements of the rule. In that case you had a TIRZ
25 that was adopted 20 years ago or 15 years ago, I think it

1 was '98, and it didn't perform the assessment that we feel
2 is required to adopt these plans. In this case there was
3 an assessment, it's just that the assessment lacked a need
4 for new public schools because it was done in 2014.

5 MR. THOMAS: And then did we have a
6 discussion -- I think when Tom had to recuse himself -- of
7 another small area we were talking about. And Tom,
8 forgive me, and I wish I had an encyclopedic memory but
9 not anymore.

10 MS. LATSHA: There was also an appeal with
11 respect to commitment of development funding from a local
12 political subdivision and it was a related party issue.

13 MR. THOMAS: Related party issue. Okay.

14 MS. LATSHA: That's pretty different from
15 what's going on here.

16 MR. THOMAS: Yes, very. I'm sorry. Thank you.
17 I knew you would know.

18 DR. MUÑOZ: Jean, I've got a followup question.
19 There's no dispute, though, of the balance of the \$2.65
20 million?

21 MS. LATSHA: There hasn't been to date, no.

22 DR. MUÑOZ: That it was invested in that area.

23 MS. LATSHA: No. Certainly staff didn't find
24 any reason to dispute the remaining budget, no.

25 DR. MUÑOZ: Almost \$3 million, that's pretty

1 close to that \$4 million.

2 MS. LATSHA: Pretty close.

3 DR. MUÑOZ: It's not Houston.

4 MS. LATSHA: I agree, sir.

5 DR. MUÑOZ: When I drove through Abilene
6 yesterday, the sign of population said 117,000. Maybe
7 they're incorporating some of Sweetwater, I'm not sure.

8 MR. OXER: The town that I grew up in had the
9 city limits sign on both sides of the same pole.

10 (General laughter.)

11 MS. LATSHA: And if the Board wanted to
12 consider simply lowering that threshold for points, and \$4
13 million is for two points, a \$4 million budget gives you
14 two points, a \$6 million gives you four points, and then
15 you get an extra two points on top of that if you get a
16 resolution from the city saying that your particular
17 development contributed most significantly to that
18 concerted revitalization effort.

19 MR. IRVINE: We might address that in the next
20 QAP.

21 MR. THOMAS: I was going to say that goes to
22 the question. Jean, my concern is -- obviously you guys
23 know how I feel about these, it gives me heartburn, but
24 that's why, as our chairman says, we get paid so much to
25 sit up here -- what harm, what damage do we do going

1 forward if the Board decides to side with the applicant in
2 this issue, what harm do we do versus waiting to allow
3 clarification in the QAP going forward and maybe allowing
4 for stratification?

5 MS. LATSHA: Well, I can give you some kind of
6 specifics as to where this application lies in this
7 competitive round, if that's helpful.

8 MR. OXER: Yes.

9 MR. THOMAS: Whatever puts some context, yes.

10 MS. LATSHA: All right. So let's say, for
11 purposes of argument, the Board wanted to say: You know
12 what, \$2.5- is close enough to \$4-, let's give them the
13 two points.

14 DR. MUÑOZ: \$2.65-.

15 MS. LATSHA: Right, \$2.65-, close enough to \$4-
16 to award two points, and then the additional two because
17 they did have that resolution for the other two. This
18 application would wind up not being competitive, even with
19 the six points. They're actually what we call a bubble
20 deal, they would not be recommended for an award in this
21 round but would be the first on the waiting list should an
22 at-risk application fall out.

23 DR. MUÑOZ: Are they aware of their position?

24 MS. LATSHA: They are.

25 DR. MUÑOZ: My presumption is being aware of

1 their position they would still like to proceed.

2 MS. LATSHA: Well, I think that the four points
3 wouldn't put them quite where they want to be, the six
4 points puts them closer to where they want to be. Right.

5 So with respect to future rounds, I think it
6 probably basically serves as direction with respect to
7 future QAPs and that threshold. All I can say to that is
8 that there was quite a bit, two years worth, of public
9 comment on this very item which we all arrived at those \$4
10 million and \$6 million thresholds for a reason. Reasons
11 change. Right?

12 MR. THOMAS: No, no, no. They don't change
13 midstream without a compelling reason. This is not a new
14 issue of differentiation of city size. In complete
15 deference to the staff, I think I was asking a little bit
16 different question. For other applicants -- going back to
17 our concern about having QAPs which are transparent,
18 reliable and consistently applied -- if we were to not
19 follow staff's recommendation on this, what is that going
20 to do to us to the extent that you're aware of deals in
21 the pipeline and other applicants that are going to flood
22 us and come back and say you didn't follow your QAP?

23 MS. LATSHA: You know, would there be some
24 applicants that would be upset about that? Sure. I think
25 my phone would probably ring and say: You know, yes, we

1 would have submitted an application, we had a plan in a
2 small city that had a \$3 million budget and decided not to
3 go that route because we couldn't get it to \$4-.

4 MR. OXER: I might add too, Jean, several years
5 ago we had an applicant who the application was due at
6 five o'clock one afternoon and they got it in the next
7 morning. Now, was that close enough to five o'clock?

8 MR. THOMAS: I appreciate the distinction, but
9 I'm asking clearly on this kind of a narrow issue, because
10 this is an equity issue. This is really not just timing.
11 The nexus issue, as I think our vice-chair pointed out,
12 I'm getting clearer on, but this really comes down to an
13 equity issue in treating applicants and regions in a fair
14 manner and a consistent manner. I'm trying to get some
15 clarification.

16 MR. IRVINE: I would say that because of the
17 date, the last day for awarding 9 percent credits, the
18 persons that might be aggrieved on the other side of that
19 equity equation don't have an opportunity to raise their
20 issue.

21 MR. THOMAS: That's what I'm concerned about.

22 MR. OXER: Right. It's late in the game for
23 anybody who wanted to seek similar consideration.

24 MS. LATSHA: Well, we treated all of these
25 reviews the same way, so we would have denied other

1 applications for exactly the same reason and perhaps they
2 didn't appeal. You know, it was their right to appeal and
3 they didn't.

4 MR. OXER: But they elected not to appeal based
5 on the fact that they were below the threshold and
6 recognized that fair application, consistent application
7 of the rules under the QAP, they would have not managed to
8 meet the threshold for the points.

9 MS. LATSHA: That's right.

10 MR. OXER: Does that answer your question,
11 Robert? Is that where you were headed?

12 MR. THOMAS: Yes. Thank you so much.

13 MR. OXER: Cameron, do you have something to
14 add?

15 MR. DORSEY: Yes. I just wanted to mention one
16 thing.

17 MR. OXER: Say who you are.

18 MR. DORSEY: Cameron Dorsey, deputy executive
19 director.

20 I just wanted to mention that I would probably
21 advise being relatively cautious in referring to the fact
22 that other people may not have appealed. I think Jean
23 stated it absolutely correctly, but then making a decision
24 based on that. We have a lot of instances where someone
25 gets determined to be ineligible or loses points for an

1 issue, they choose not to appeal or something, and then
2 someone does appeal and they might have a case for getting
3 the points awarded. The idea that somehow that loops back
4 to the person who chose not to exercise their appeal
5 rights, I think we should be pretty cautious about that
6 because they made a choice.

7 MR. THOMAS: And let me be real clear, that's
8 not the equity issue I'm concerned about. I agree, from a
9 legal standpoint I don't believe that would cause us to
10 presume why people make decisions to appeal or not appeal.

11 I'm not taking that into consideration whatsoever, that's
12 a business decision. My concern is the equity side from
13 our perspective, the agency's perspective in looking at
14 what constitutes fairness, transparent application of our
15 rules, and whether the QAP process requires and preserves
16 under these types of circumstances an exception this time
17 around in this context versus revisiting this issue next
18 year in the QAP. That's more, so the record is clear,
19 what my concern is.

20 MR. OXER: And I think what that's boiling down
21 to, certainly in my mind, is does maintaining the
22 consistent application of the QAP now, with the idea that
23 we could modify this whole point so that, yes, \$4 million
24 means a lot more to Abilene, Diana, than it does to the
25 City of Houston, so perhaps it would be a sliding scale on

1 those dollars for city size. I don't know, it's something
2 we need to address. But that's one of the reasons that
3 the QAP, and everybody in here knows, it's an organic
4 document that we have to continue to modify as it becomes
5 clear that we need more differentiators to be able to be
6 clear and fair to each one of the applicants.

7 MS. SISAK: May I make another comment?

8 MR. OXER: Sure, Janine. Come on. Make it
9 short, you've got 60 seconds.

10 MS. SISAK: Janine Sisak, GMA Development
11 Company.

12 You know, what we are asking for is that you
13 count the school. I think lowering the requirement, while
14 generous, is much more problematic from a fairness
15 standpoint. What we're asking for is the school to count.

16 There were other expenditures that were made prior to the
17 2014 date that staff counted. So it's just the school,
18 the school should count. It was a catalyst part of the
19 revitalization plan that was established in 2004.

20 MR. OXER: Okay. Jean, I've got a question on
21 that. Not Jean and Janine. Do we have a Joanne in here
22 who can step up to the mike?

23 So what are the other items that Janine refers
24 to that were counted as a part of the plan that were
25 expenditures? Help her out, Janine.

1 MS. LATSHA: I don't recall exactly, but like I
2 said, the rule does allow for that, for staff to consider
3 items that were expended prior to the plan. That's not
4 why this was excluded. This was excluded because there
5 was no connection between the assessment of the area that
6 was done in 2014 and the building of the school. Those
7 other expenditures that were made before 2014 did tie in
8 to that assessment.

9 MR. OXER: And I have a simple mind, let's make
10 it a simple problem for me. So the citywide redevelopment
11 plan, small R, small P, whatever it is, and somewhere in
12 there they needed a new school and they happened to stick
13 it over here and it turned out it was Cobb Park or near
14 Cobb Park. That's one of those things, it just happened.

15 MS. SISAK: And they strategically chose Cobb
16 Park. It could have gone in three other neighborhoods,
17 but they chose it.

18 MR. OXER: And that explains part of the issue
19 right there because it was a citywide plan, as opposed to
20 a Cobb Park Plan or this neighborhood. So the very fact
21 that it's a comprehensive citywide plan without, as Tim
22 identified, the specific concerted focus on the Cobb Park
23 neighborhood or that neighborhood wherein Cobb Park
24 development would go is the issue that you have right now.

25 Is that correct, Jean? It was generic to the city, not

1 specific to the neighborhood.

2 MR. THOMAS: Well, but we have ISD -- and I'm
3 sorry, Chairman -- we have ISD expenditures versus city
4 expenditures, and that's where I've been trying to grab
5 this nexus. And I appreciate it, but the essence of what
6 I understood our executive director to talk about -- which
7 really did kind of crystallize it in my mind and why I
8 think this is a QAP issue as opposed to an exception issue
9 now -- is whether or not our staff, in being fair and
10 transparent to all applicants, could reasonably reach back
11 and using all inferences available to it make the
12 connection, the nexus that these city expenditures, i.e.,
13 they didn't exist, versus ISD expenditures which do exist
14 which can go and be a partnership between the city and the
15 ISD for revitalization in a small city that doesn't have
16 the resources. I'm getting long-winded.

17 I see a distinction in those expenditures and
18 the concern about how to fairly apply this rule going
19 forward until we get a chance to visit it again, if we
20 deny the appeal.

21 MR. OXER: Well, the interesting thing about
22 that is we'll have the opportunity to revisit the rule
23 next month. Once this round is over today, we're into
24 going back and fixing. You know, a couple of years ago on
25 this we dug up a whole bunch of quirks and I thought we

1 had buried most of them.

2 MS. LATSHA: I'm not sure, and forgive me, but
3 I'm not sure that this is a quirk. This was a line that
4 we drew after considerable discussion.

5 MR. OXER: Considerable public comment.

6 MS. LATSHA: And if we were to draw that line
7 at \$2 million, then assuredly we would be having this same
8 conversation with somebody who had a plan that had \$1.25-.

9 DR. MUÑOZ: I have a question. How many ISDs
10 in Abilene? Is it just the one?

11 MS. SISAK: One.

12 DR. MUÑOZ: There's no adjacent outlying
13 community that takes from the city?

14 MR. REED: Well, there is a Wiley ISD.

15 MR. OXER: You have to identify yourself every
16 time you come up.

17 MR. REED: Gene Reed, executive director of
18 Abilene Housing Authority.

19 There is a Wiley ISD that's just south of
20 Abilene, considered almost Abilene but just south of
21 Abilene.

22 MS. SISAK: So in closing, part of my
23 frustration is that this has been a moving target. It was
24 a moving target through the deficiency process, and I feel
25 the target moving with you guys too. Ten minutes ago I

1 thought it was a timing issue, now I'm hearing that maybe
2 it's because Abilene Independent School District funding
3 and that's not really city funding. So my frustration
4 with this process has been, you know, there have been all
5 of these issues raised about this plan. This rule was
6 supposed to be administered really objectively this year,
7 and I feel like it's been very subjective, and I feel like
8 it's been a moving target the whole time. I mean, it
9 feels really like every time I address an issue raised by
10 someone, another issue pops up. So that's where our
11 frustration comes from.

12 MR. THOMAS: And I respect that. Don't leave.

13 I want to address that. As our chairman says, if these
14 were easy, everybody would do them. The vast majority of
15 these don't fall in this level. And the struggle you're
16 feeling, I'd like to believe, are people that are trying
17 to figure out how to apply these rules and still grant the
18 desire for the construction. So I sense your frustration,
19 but it has to be in the context of a partnership of
20 believing that the global community here, all interested
21 parties, including this Board, care passionately about how
22 to make this work in fairness.

23 Since you looked at me when you said that, let
24 me be very clear, I'm up here, I've read all the stuff,
25 but the testimony obviously starts becoming very powerful

1 and moving, coupled with the credibility of the people
2 making the requests, so that's very, very important to me.

3 That having been said, I think I've been very clear, as
4 our vice-chairman pointed out, I'm still seeing a nexus
5 issue. So all of the questions around my concerns,
6 including my questions to Jean about our recent historical
7 decisions on the TIRZ, et cetera, were related to try to
8 draw some kind of consistency here. So I understand you
9 feel like, at least as you looked at me, that the sands
10 were shifting.

11 MS. SISAK: It wasn't accusatory.

12 MR. THOMAS: Okay. I was sitting over here
13 trying to figure out how to draw a consistent line that I
14 could justify and articulate that might be able to support
15 your position, quite frankly.

16 MS. SISAK: Thank you. I appreciate that. And
17 I apologize.

18 MR. THOMAS: Those darts were clear, I got it.

19 MS. SISAK: I just don't even really know what
20 we're talking about anymore, so thank you very much for
21 your time.

22 (General laughter.)

23 MR. OXER: We would, frankly, have been pretty
24 surprised if you thought we were all doing a perfect job,
25 so we understand what you're saying.

1 MS. SISAK: I appreciate everybody's time and
2 the time that they've put in, and the Board's and staff's
3 time trying to get this right.

4 MR. OXER: Dr. Muñoz.

5 DR. MUÑOZ: Here's my trouble. If you had had
6 a side-by-side copy of the 2004 plan and the 2014, and you
7 were to assert that both in spirit and letter the '14
8 reflected was culled out, was teased out or pulled out,
9 then that school would have been part of that earlier plan
10 very explicitly in that particular community, and then I
11 suppose I would have no trouble recognizing that that was
12 part of a concerted deliberate effort.

13 There's no doubt in a town like this you're
14 going to have people understand that building that school
15 there, the construction, the materials, the labor, the
16 employees, the teachers that are hired, the benefits that
17 are allocated to employees, et cetera, has an economic
18 benefit to that physical geographic area. In a town like
19 that, you're going to know it. You're going to know
20 people that are involved in it. If you work at the ISD,
21 you're going to have friends or family or colleagues that
22 work in the city.

23 So I don't see, for me, the great separation,
24 it's just whether or not the school was part of a
25 deliberate sort of plan. But if the 2014 plan is, as is

1 being represented, very -- I don't want to say word for
2 word, but highly reflective, to a point where you're
3 satisfied, of the 2004 plan and expectation, then I guess
4 I'd have less trouble reconciling that the school was part
5 of an earlier visioning for that specific area to be
6 revitalized, et cetera. But you don't have it.

7 MS. LATSHA: I don't, and I don't know,
8 sometimes I think, you know -- and maybe part of what I'm
9 hearing in that is was there a way for them to craft this
10 to where that connection was made more apparent and it did
11 meet the requirements. Maybe, but that's just not what
12 was presented. What was presented was a concerted plan
13 that was adopted in 2014, and so it became really
14 difficult for us to look back in time because there was no
15 indication in that plan that they were looking back in
16 time.

17 DR. MUÑOZ: And it's impossible for them in
18 2004 to look forward in time.

19 MS. LATSHA: Right. True.

20 MR. OXER: Any other questions from the Board?

21 (No response.)

22 MR. OXER: I have a summary statement just to
23 add a few comments into this. As you pointed out, Jean,
24 and all the folks who made comment -- and by the way, is
25 there one other final comment to be made?

1 MALE SPEAKER: No.

2 MR. OXER: Okay. Just making it clear here.

3 And I hate to say it quite like this, Diana,
4 but this is a sort of on the bubble, marginally
5 competitive application, and I want it to be clear that
6 we're spending an enormous amount of time up here trying
7 to make sure we're clear on the application of the QAP
8 because it's not sanctity but the consistency of the rule,
9 recognizing that these are the rules we're playing under
10 this year. If it doesn't work and things need to be
11 changed, we'll work on that for next year, but the rules
12 that we have this year include these details. And I hope
13 it would be evident to everybody out there that
14 maintaining the strength of the QAP and the transparency
15 and the consistency with which we apply those rules is
16 very important to us until we find something that is so
17 philosophically overpowering that we need to take relief
18 from those rules.

19 So given that, are there any other comments or
20 questions from the Board?

21 (No response.)

22 MR. OXER: All right. Regarding application
23 14181, there's a motion by Mr. Thomas, second by Dr. Muñoz
24 to approve staff recommendation. All in favor?

25 (A chorus of ayes.)

1 MR. OXER: Opposed?

2 (No response.)

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

4 Okay, everybody. It's 10:46 right now. We're
5 going to take a 15-minute break. Let's be back in our
6 seats at eleven o'clock.

7 (Whereupon, at 10:46 a.m., a brief recess was
8 taken.)

9 MR. OXER: Okay. It's eleven o'clock. Let's
10 get back in the game here. Jean.

11 MS. LATSHA: Yes, sir. Let me find my place
12 again here. I think it might be appropriate to take item
13 6(b) before 6(a). 6(b) is one 4 percent application, and
14 6(a) is the 9 percent awards.

15 MS. LATSHA: They're slightly related.

16 MR. OXER: We can do that easy enough, can't
17 we? Okay.

18 MS. LATSHA: All right. So item 6(b) is an
19 award of 4 percent tax credits for Pine Grove. This is an
20 application in Orange, it's 66 units. It was originally
21 approved as part of three applications that were all
22 redeveloping 216 units of public housing. The applicant
23 wasn't able to close on an earlier reservation so had to
24 come back for 2014 credits. The transaction itself, like
25 I said, has been previously approved and there's certainly

1 no issues there. This recommendation does, however,
2 include a number of conditions that were a result of the
3 previous participation review.

4 Just to explain some of the reasoning behind
5 one of the conditions that was placed on this award
6 regarding applications submitted through the end of 2015.
7 ITEX is the developer in this transaction. ITEX is
8 undertaking some measures to ensure that it will have a
9 compliance function that meets the Department's standards.

10 The Executive Award and Review Advisory Committee --
11 EARAC, as we lovingly call it -- called to the attention
12 of ITEX that until and unless there's been an opportunity
13 to conduct additional monitoring of ITEX properties
14 following the implementation of the conditions placed on
15 this award, the compliance record EARAC would review in
16 connection with any new applications in 2015 for
17 assistance would be the same compliance record that EARAC
18 had reviewed in the current previous participation review
19 and presumably EARAC would have the same concerns. And
20 that was kind of the reasoning behind the condition on the
21 award.

22 I think that the applicant would like to say a
23 few words with respect to some of those conditions, but
24 the recommendation is for the award with the conditions
25 that are in your Board book. There are a number of them,

1 14 or 15.

2 MR. OXER: And from the staff's perspective,
3 has the applicant raised any issue with you?

4 MS. LATSHA: Yes. They had some concerns over
5 one of the conditions that's listed in your Board book, I
6 believe specifically condition number 3, but I might let
7 them speak to that.

8 MR. OXER: Okay. That's what I was trying to
9 get to. But this is on 6(b) only.

10 MS. LATSHA: They are also being recommended
11 for a 9 percent tax credit application on which EARAC has
12 recommended the same conditions on that award.

13 MR. OXER: Is that another item on the agenda?

14 MS. LATSHA: It is.

15 MR. OXER: Okay. So we're looking at only the
16 4 percent deal at this point.

17 MS. LATSHA: That's correct.

18 MR. OXER: And EARAC's approval was conditioned
19 on this list.

20 MS. LATSHA: That's correct.

21 MR. OXER: Any questions from the Board of
22 Jean?

23 (No response.)

24 MR. OXER: Motion to consider?

25 MS. BINGHAM ESCAREÑO: I'll move to approve

1 staff's recommendation with conditions as presented.

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

3 MR. GANN: Second.

4 MR. OXER: Second by Mr. Gann.

5 We have public comment. Barry, good morning,
6 again.

7 MR. PALMER: Good morning. Barry Palmer with
8 Coats Rose.

9 I'm here on behalf of the developer, and the
10 developer will be speaking as well, to raise an issue with
11 one of the conditions that are included in the list. I
12 believe there are 16 conditions that are listed on this
13 list, and we're in agreement with 15 of them, but one of
14 them would result in essentially a suspension of the
15 developer for the next year and a half.

16 MR. OXER: What's the number on that one,
17 Barry?

18 MR. PALMER: It's number 3, that says that no
19 projects would be approved by EARAC for the next 17
20 months. And we do not believe that that is appropriate
21 and wanted to talk about that.

22 The EARAC committee process is a new process.
23 You may recall that previously there was an objective
24 process whereby for compliance if you scored 30 points or
25 more on your property you were ineligible to participate

1 in programs, but you scored less than that you would be
2 eligible to participate. That was done away with by the
3 legislature in the last session, so now it's been replaced
4 by the previous participation review which is a more
5 subjective process where the EARAC committee meets and
6 considers your overall compliance record and decides
7 whether or not you meet the test.

8 ITEX has 19 properties in the Tax Credit
9 Program. They've been developing projects, mostly in East
10 Texas, for the last 13 years, and they've done a great
11 job. Many of their properties are showcase properties
12 that we can all be proud of. But like many developers, if
13 you have that many properties you're going to make some
14 mistakes on compliance, and I think Patricia would confirm
15 that many developers have had trouble, particular with the
16 Fair Housing Disclosure Notice. That's the thing that's
17 giving ITEX problems.

18 The majority of their issues on compliance have
19 been on the new Fair Housing Disclosure Notice, not that
20 they didn't give it out but that they gave it out at the
21 wrong time. There's a specific window that you have to
22 give it out, and if you miss that window you can't cure it
23 for another year, you've got to wait for the tenant's
24 lease to come up for renewal and then give them the
25 disclosure notice within a specific window.

1 And also, ITEX has had some issues with not
2 reporting or responding in a timely fashion to some of the
3 compliance requests for information and inspections, and
4 Chris Akbari, from the developer, is going to talk about
5 steps that they've taken to make sure that their reporting
6 and compliance is improved.

7 But it's important to note that all of the
8 compliance issues that are capable of being corrected at
9 this point have been corrected. As I said, there are some
10 that you have to wait a period of time before you can
11 correct, mostly on the Fair Housing Disclosure Notices.

12 The penalty that's being imposed here, we
13 believe, to have ITEX ineligible to receive funding for
14 the next year and a half, is very harsh and goes beyond
15 what is a reasonable penalty for having made some mistakes
16 in the compliance arena. And in effect, putting this
17 condition in like this results in a suspension when, in
18 fact, you have rules, debarment and suspension rules, that
19 allow developers due process, entitlement to hearing, and
20 to put on their case, and this really kind of goes around
21 those rules and results in a suspension merely through a
22 condition.

23 The EARAC process is new, it is still being
24 developed. We would suggest that there's room for some
25 improvement in the process itself, that it's not a totally

1 fair and transparent process. The meetings are not open
2 to the public. The developer cannot attend the meetings
3 and present their case, although the Department did give
4 us an opportunity to come not to the meeting when it was
5 voted on but at a separate meeting to address some of the
6 issues, and Chris Akbari will talk about that further.

7 But we believe that it is not appropriate to,
8 in this instance, suspend the developer for a year and a
9 half when they have made a good faith effort to comply,
10 they've got a long track record in Texas of developing
11 good properties and being in compliance, and we ask that
12 this condition be removed from the conditions.

13 MR. OXER: Thanks, Barry.

14 Any questions from the Board?

15 (No response.)

16 MR. AKBARI: Hi. I'm Chris Akbari. Chairman,
17 Board members, Director, I appreciate your time. And I
18 just want to first commend staff. This EARAC previous
19 participation review is a very difficult thing, it's very
20 new, and it's taken a lot of their effort, a lot of
21 sleepless hours for them to do these reviews.

22 Through this process I've learned a lot. I've
23 learned that our company has a lot of room to grow, and a
24 lot of the conditions that were set forth by EARAC are
25 ways for our company to grow. But what has happened is

1 this one condition has been placed that essentially
2 prevents us from doing business. It prevents us from
3 doing development business for one year, it prevents us
4 from doing construction business the next year, and
5 effectively, it tarnishes our reputation, and we've worked
6 very diligently to keep our reputation as a developer.

7 I really believe that staff has the best of
8 intentions and they've really done a great job with this,
9 and they've really worked very diligently to come to a
10 consensus on how to move forward from this issue, but I
11 believe that the Board should consider approving all the
12 conditions except for number 3.

13 I'd also like to point out that our company is
14 not a new company. My father started developing in 1978.

15 In 2003 his dream came true, he was able to buy the
16 company that he worked for, and for over 12 years we've
17 been what I would consider a very well respected developer
18 here in the State of Texas. And so I'm here today to ask
19 you to not put us out of business and to not allow for
20 something like this, a condition that will effectively
21 tarnish our reputation and help us to move forward with
22 the other conditions that really help us to become a
23 better company and help us to do a better job as a tax
24 credit developer.

25 MR. OXER: Good. Thanks, Chris.

1 Any questions from the Board?

2 MR. THOMAS: Actually, I do.

3 MR. OXER: Mr. Thomas.

4 MR. THOMAS: Chris, thank you. You say,
5 effectively, item 3 would cause you for the next 2-1/2
6 years to not be able to do any projects. Is that right?
7 Did I understand your testimony correctly?

8 MR. AKBARI: Yes, because what happens is as a
9 developer the development work then goes to our
10 construction company, so our construction company would
11 have an effective 12-month period after the 12 months that
12 we don't do the development work.

13 MR. THOMAS: And you're only doing tax credit
14 related construction?

15 MR. AKBARI: For the most part; 99 percent of
16 our work is tax credit development.

17 MR. THOMAS: And if this is such a severe --
18 and we'll hear from them but I can't imagine staff would
19 have recommended this unless there was -- you've alluded
20 to areas for learning, and I appreciate the way you've
21 approached this, but I'd like to understand from you what
22 are the critical factors that your company is engaged in
23 or that you see which has caused the staff to be concerned
24 enough to recommend this to the Board, and give very
25 specifically what's the downside of your hand.

1 MR. AKBARI: Sure. What a lot of our issues
2 were related to not providing the notices on time. The
3 second set of issues that we had were that we actually
4 missed three deadlines that were noted in our previous
5 participation review where things were not responded to on
6 those deadlines. One happened in 2012 when an email
7 didn't go through; one happened in 2013 when a staff
8 member told her direct report that it was sent, she was
9 immediately terminated; and one this year when,
10 unfortunately, my father, who is ill, we were in the
11 hospital with him and we were unable to submit the report
12 on time. And so those are the three specific instances of
13 non-responsiveness that we have had.

14 We've also had issues where we would send a
15 reply to the staff, what we thought was comprehensive and
16 would resolve the issue, and then they would then reply
17 back and say we need additional information. And so some
18 of those items didn't get cleared within what they call
19 the corrective action period.

20 And so in order for us to mitigate some of
21 those issues, some of those things that we could have done
22 better, we actually have hired an outside third party
23 compliance firm to come in and help us to get better.
24 We've also, at the recommendation of that compliance firm,
25 gone through a training process, we've watched online

1 videos. We've also all registered, from the top down, to
2 go to compliance training here that the staff will put on
3 in Beaumont, a second training that we'll go to that I
4 believe is in Houston. Several of our staff members are
5 going to take their HCCP so that they get better.

6 And another thing that we've really done is
7 we've actually devoted a staff member to compliance and
8 we're working to hire someone who has experience as a
9 compliance director to help us make sure that we don't
10 fail any more with some of these issues.

11 MR. THOMAS: What was the significance and
12 severity? It sounds like the way you described it these
13 were just insignificant administrative issues, but my
14 concern is, again -- and we'll hear from staff -- but from
15 your perspective what was the severity or the potential
16 downside or risk or harm of any of these deficiencies?

17 MR. OXER: Let me ask a quick question that
18 will help you out on this, it might help you out some,
19 Chris. What you're essentially saying is you -- concede
20 may be the wrong term, but you agree that 15 of the 16
21 were valid and you've made efforts to address those and
22 you're working on that and you taken no issue with those.

23 MR. AKBARI: Yes, sir.

24 MR. OXER: And it's the one that takes you out
25 of the game for a year and a half that's the principal

1 issue that's apparently is based on the Fair Housing
2 Disclosure Notification.

3 MR. AKBARI: Not solely on that, no, sir.
4 There are other issues that took place. I would say that
5 out of the compliance issues that were reported on the
6 report, 99 percent of those were the Fair Housing
7 Disclosure Notices. There were three times when we did
8 not respond during the corrective action period, and in
9 our meetings with staff, those were the things that
10 weighed the most heavily on this. I don't know if just on
11 this condition, but those weighed very heavily on their
12 decisions to make these conditions required.

13 And so what we are saying is all of these
14 conditions that we have presented really help us to become
15 a better company. We've brought in outside people to help
16 us make sure that we respond on time, and every one of
17 these issues, I believe, can be resolved from us going
18 through the conditions. I think there's actually 22 of
19 those, and one of them we're actually disputing.

20 And I'd also like to say that staff recommended
21 this one condition because they felt like there wasn't
22 enough opportunity to really see that we had changed as a
23 company or that we were doing a better job, and we
24 actually provided in our appeal like 17 different
25 instances where we could be able to justify that we can

1 really do a better job before recommendations are made for
2 the next cycle.

3 MR. OXER: Good. Thanks.

4 Do you have a followup question on that, or
5 comment?

6 MR. THOMAS: Only of staff.

7 MR. IRVINE: Can I make a comment?

8 MR. OXER: Yes, Tim.

9 MR. IRVINE: First of all, I cannot and do not
10 speak on behalf of EARAC. EARAC is a body, I don't sit on
11 EARAC at this time, and it's a statutory body, and I fully
12 understand and appreciate Barry's comments about not being
13 able to meet with EARAC and not having it function as a
14 public matter. I think that EARAC is quite different from
15 other types of meetings in that it is a core group of high
16 level people on our staff and they are statutorily charged
17 with looking at things and making their recommendation to
18 you, their assessment of the compliance record. And I
19 think that EARAC has to be able to function the way that
20 it does in order to meet its statutory requirements.

21 I think that we have gone outside of our normal
22 processes and we have had two meetings with the ITEX
23 folks, and I've been in both of those meetings, and I've
24 got to say that, Chris, you said exactly the right things
25 and I think you have taken the appropriate actions. I've

1 looked the guy in the eye and I feel confident in his
2 commitment to follow forward with training, with policies,
3 with the use of capable third party assistance, and
4 develop a really robust compliance function that would
5 hopefully be as effective as their ability to develop has
6 been. So I feel that they're absolutely pointed in the
7 right direction.

8 I believe that the concerns that I've heard
9 expressed from EARAC really had more to do with
10 responsiveness, the details of the structure that were in
11 place. You know, a company with as many developments as
12 they have needs to have a well-oiled compliance machine,
13 and we're hopeful that what they're doing will result in
14 that compliance machine.

15 Again, I can't speak for EARAC on the purposes
16 behind that third condition, but my concern would just
17 simply be that they know that until and unless there has
18 been the ability to make change and observe the change
19 that that EARAC essentially has the same record, so it
20 would be difficult for EARAC to act otherwise until it's
21 got a different record, and I think that they understand
22 that now.

23 MR. THOMAS: I need some clarification based
24 upon that.

25 MR. OXER: Sure, Robert.

1 MR. THOMAS: What authority do we as a Board
2 have then to ignore the EARAC recommendations? They're
3 purely just recommendations?

4 MR. IRVINE: Recommendations.

5 MR. OXER: It's a recommendation only.

6 And to Barry's point about it being secretive
7 and not open to the public, it's not unlike any other
8 staff conference where you have to sit down in a
9 conference room and talk about a problem or an issue. The
10 point is none of the things that EARAC does goes without
11 our stamp on it, so you're doing the right thing coming
12 here, which is the way that whole process which is
13 statutorily defined was intended to operate.

14 MR. AKBARI: Yes, sir.

15 MS. BINGHAM ESCAREÑO: I have a question for
16 Chris.

17 MR. OXER: Ms. Bingham.

18 MS. BINGHAM ESCAREÑO: So when you look at the
19 conditions, most of them look kind of like checks and
20 balances. Right? It looks like just what you said, that
21 probably there are some things that your firm could learn
22 in terms of accountability and responsibility to adhere to
23 the guidelines that are set forward. And the only one
24 that looks, and from the way that you and Barry have
25 presented it, that looks a little like a penalty kind of

1 or a consequence is that third condition.

2 Did you guys talk at all about is there a
3 period of time that you do think is fair or that you could
4 live with? You hear EARAC's position, right, which is we
5 just want enough time to go by that we can see that you've
6 got those checks and balances in place before we partner
7 again on another project. Have you considered whether or
8 not there's a period of time that would possibly meet the
9 message that EARAC is trying to send to you that your firm
10 could live with?

11 MR. IRVINE: And before you answer that, I
12 would just like to point out that Patricia runs our
13 Compliance Division and she's got staffing constraints and
14 scheduling constraints and so forth. I would hope that as
15 the natural process unfolds and she gets her staff out
16 there to monitor properties, she would observe that things
17 are taking hold and changes are being made, and those
18 ultimately would impact the way that she recommends and
19 assesses your compliance record, and she is a statutory
20 member of EARAC.

21 MR. AKBARI: So just to briefly answer that, I
22 think that there could be a few different ways that it
23 could be modified. One could be that they would not
24 recommend until they can be able to show that we really
25 have made the changes and those changes have taken effect.

1 Secondly, they would not recommend unless we possibly,
2 like a date, for instance, September 30 or December 31 of
3 this year. We did have projects that we have scheduled to
4 do for later in this year in the HOME RFP with 4 percent
5 tax credits, so that would effectively prevent us from
6 doing those projects until possibly next year, but it
7 would give us a chance to be able to show that we're doing
8 a better job.

9 And I would like to point out that several of
10 the issues that have been outstanding, since even we
11 started coming to meet with Executive Director Irvine and
12 his staff, have been resolved. At least four I know that
13 we've gotten clearance letters on recently, or we've had
14 an inspection since all of this started and we actually
15 had no findings on that inspection. So a lot of the
16 policy changes that have been going forward have really
17 already yielded results.

18 MR. OXER: It sounds like we got to a point
19 where there were some issues. EARAC said, We want to see
20 some changes. You said, Okay, we've made the changes.
21 And they're waiting to see if there's enough time in there
22 that the correction of those changes is an improvement, as
23 you agreed that they would be and hope that they would be
24 based on the changes. Staff seems to be saying they don't
25 have enough time to see any results, they just don't have

1 any data to make that assumption on. And you're
2 suggesting now that there have been at least these few
3 items that have given the indication that it is headed in
4 the right direction.

5 MR. AKBARI: Yes, sir.

6 MR. OXER: Okay. Any other questions, Robert?
7 Doctor?

8 MS. DEANE: Mr. Chairman, I'd just suggest, in
9 light of some of the discussion that I'm hearing, you
10 could, if you wanted to clarify this in number 3, say:
11 ITEX acknowledges that, if ITEX is unable to demonstrate
12 successful implementation of the plan procedures, then
13 EARAC will not recommend ITEX. And that would give them
14 an opportunity to demonstrate. I don't know if that helps
15 to clarify.

16 MR. OXER: It helps because we always want to
17 make sure that you're making an improvement. We have a
18 compliance director that sees the world in black and
19 white, and we understand that.

20 MS. MURPHY: (Speaking from audience.) I've
21 got green shoes on.

22 (General laughter.)

23 MR. OXER: Those are black in this term. Okay?
24 Forgive our humor -- it helps a little bit -- because I
25 know it's hard what you're going through right now. But

1 the point is we'd like to see that there's some
2 improvement but not with the intent to impose a death
3 penalty, what the NCAA would do for you, out of the
4 recruiting for a year. So I'm trying to figure out how is
5 it that we can come about this to say you've got some
6 time, what are you going to do to show us that it's
7 working, what are you going to do to convince Patricia
8 that it's working. And I personally think it's a good
9 suggestion from our general counsel to say if you don't do
10 this by a certain date, then we'll take EARAC's
11 recommendation a little stronger. But what I'm looking
12 for now is what kind of time frame is that date.

13 Come on up, Barry, if you've got something to
14 say. You've got to tell us who you are again.

15 MR. PALMER: Barry Palmer with Coats Rose.

16 I think we have proposed that we could live
17 with a December 31 of this year date that would at least
18 give the applicant the ability to apply in next year's tax
19 credit round. Or something more along the lines of what
20 Tim suggested which is not put a date in there but just
21 say that we won't be getting a favorable recommendation
22 from EARAC unless we've shown that these measures have
23 taken effect and have shown improved responsiveness.

24 MR. THOMAS: And how do we remove the
25 subjectivity? So point 16 which is really not a

1 condition, but point 16 would allow for a mutual consent
2 of any of the conditions to be amended or to be changed,
3 and I'm wondering is there concern about there being too
4 much subjectivity from your perspective, on the staff's
5 part or EARAC's part? I'm trying to follow up with what
6 our chairman is saying and figure out a way to address
7 this. You have a provision here which would mollify,
8 potentially mollify, you've offered and suggested ways in
9 which you could continue, Chris. And by the way, I think
10 you're beating yourself a little bit too hard, from this
11 Board member's perspective.

12 MR. OXER: Don't let it go unsaid that we don't
13 appreciate the efforts that you've made already.

14 MR. THOMAS: That's what I'm trying to say.
15 I'm greatly appreciative of what you've done, and I don't
16 want you to feel like, in any way, shape or form, that you
17 should do anything other than to say I continue wanting to
18 be a good partner.

19 So how do we modify this in a way that allows
20 you all to have feeling that there's enough objectivity in
21 the process that our staff, that Patricia feels clearly
22 that she can then, in her reporting obligation to her
23 superiors and to the Board, know that she's following her
24 statutory and regulatory guidelines? How do we do that?

25 MR. PALMER: Well, I think what we've asked for

1 is to take out condition number 3 that essentially
2 suspends ITEX for a year and a half, that that is going
3 too far. When you think about it, ITEX has 19 tax credit
4 properties. They've been a partner of yours for 12-13
5 years, shown a long track record of developing good
6 properties. Yes, they've had some issues on reporting and
7 fair housing forms. You have other developers, out-of-
8 state developers who have never done anything in the State
9 of Texas. They come in and apply for credits, they have
10 no issue with EARAC, they've got a clean bill of health
11 with no track record.

12 MR. THOMAS: But, Barry, answer my question. I
13 agree with everything you've said; you've already talked
14 about that. This would not be in here, let's just be
15 clear -- with all the level of respect that everybody has
16 for you now -- this wouldn't be in here unless there were
17 some real concerns. And I keep looking at Patricia, who
18 is biting her tongue. So I want to recognize how to
19 address, exactly what our chairman said, how do we address
20 the concerns, my concerns of subjectivity, clearly
21 recognize that at some level statutorily we have an
22 organization with a group of identified issues that
23 they've got enough concern with but still not have the
24 death nail in position that Chris is concerned about.
25 Answer that question if you can.

1 MR. PALMER: Well, I guess my answer would be
2 to have the condition read along the lines of what Tim
3 suggested earlier.

4 MR. THOMAS: Barbara's response?

5 MR. OXER: Barbara's response.

6 MR. PALMER: Without a date in there.

7 MR. IRVINE: I believe that if the condition
8 were simply not there, the fact remains that EARAC would
9 assess whatever the record was at the time and make its
10 recommendation based on that record, and I don't want ITEX
11 running down the road, putting together deals, bringing in
12 partners and so forth, in any sort of mistaken belief that
13 everything has already been addressed. I think that
14 everything I've seen is pointing absolutely in the right
15 direction, I feel very hopeful about it, but we need to
16 have the opportunity to see the measures that have been
17 taken and how they're rippling through when we do
18 additional compliance monitoring.

19 MR. OXER: What Barbara suggested essentially
20 puts you on probation, and that's basically what it is.
21 We'll be watching this until there's some evidence the
22 data supports itself. So we're big on trying to make sure
23 we have data to make decisions on rather than to
24 subjective assessments.

25 So with that, do you have anything else, Dr.

1 Muñoz?

2 DR. MUÑOZ: You offered some language
3 modification, Barbara. How could we sort of restate this?

4 MR. IRVINE: Actually, the language that Jean
5 read, to me, kind of encapsulated it.

6 MR. OXER: Jean, come up and do it again,
7 please.

8 MS. LATSHA: And it's really the reasoning
9 behind the recommendation which is not that they could not
10 submit an application, it's simply an acknowledgment of
11 how EARAC would handle that application.

12 "ITEX is undertaking these measures to ensure
13 that it will have a compliance function that meets the
14 Department's standards. EARAC calls to the attention of
15 ITEX that until and unless there has been an opportunity
16 to conduct additional monitoring of ITEX properties
17 following the implementation of the conditions, the
18 compliance record EARAC would review, in connection with
19 any new application for assistance, would be the same
20 compliance record that EARAC has reviewed in the current
21 previous participation review and it would presumably have
22 the same concerns."

23 MR. OXER: And what you're essentially saying,
24 if I can digest it down to something a little clearer for
25 me, if you're making an application it would be through an

1 annual point of this and they're at the inflection point on
2 that date, so what they're saying is they want to have
3 another few months to give you some more data that you
4 could use to evaluate. They've essentially said they'll
5 put themselves on probation to give you more time for more
6 data.

7 MS. LATSHA: I think it's a business decision
8 on their part whether they want to put themselves on
9 probation. If they choose to wait two months or six
10 months or a year to submit an application, they can wait
11 as long as they choose to wait. EARAC is simply saying if
12 that time is relatively short -- and maybe relatively
13 short is six months, maybe it's a year, maybe it's the end
14 of 2015 which is what was written here -- then it's safe
15 to say that EARAC's recommendation will be the same, and
16 this prevents the applicant from basically being surprised
17 by a very similar recommendation for an application
18 submitted in 2015.

19 DR. MUÑOZ: But were they to present a
20 different body of evidence, then they could presume that
21 the recommendation from EARAC could be different. Now,
22 does what you just read now replace number 3?

23 MS. LATSHA: If you'd like.

24 MR. OXER: All right. I have a question. Hold
25 that thought right there.

1 Patricia, I have a question. And I think what
2 they're saying is they don't want to be put on probation
3 or held out until the end of 2015 which essentially puts
4 them too close to the margin. So how often would you
5 exercise a compliance review or monitoring review, and
6 when was the last one that was done for their properties?

7 MS. MURPHY: Patricia Murphy, chief of
8 Compliance.

9 So between now and December 2014 they're
10 anticipated to have one response due, so EARAC did not
11 believe that that would be sufficient to evaluate if
12 procedures have been implemented. By December of 2015,
13 it's anticipated that they will have about ten responses
14 due by December of 2015, which is why EARAC said at that
15 point we will have this body of monitoring completed and
16 we'll see if they had no findings -- which would be
17 great -- or if they did have findings, were they able to
18 respond to them during the corrective action period and
19 get them fixed.

20 DR. MUÑOZ: Patricia, what was that first
21 number you read, how many responses?

22 MS. MURPHY: Between now and December 2014 it's
23 anticipated -- actually, there were no findings with that
24 one, so I don't think there's any responses due between
25 now and December 2014.

1 MR. OXER: Go ahead.

2 DR. MUÑOZ: Between now and December there are
3 none but next year there will be ten?

4 MS. MURPHY: Yes.

5 MR. OXER: Are they clustered?

6 MS. MURPHY: They just went through this round
7 of reviews, so we go to properties once every three years,
8 so like awards they got in 2003, they're all monitored on
9 the same calendar schedule kind of thing, and they're all
10 in the same area so we kind of go at the same time.

11 DR. MUÑOZ: Do they all happen at the beginning
12 of the year? I mean, do you have ten take place, one
13 through five, one through six?

14 MS. MURPHY: They have two UPCS inspections due
15 in March of 2015 and they have a file inspection due in
16 April of 2015.

17 MR. OXER: What option does there exist for
18 them to offer themselves up for monitoring compliance
19 review between now and December? And I know your staff is
20 busy and I know you've got a schedule, I know we're
21 stretched tight as a drum inside the house here anyway.
22 And the follow-on question I'm going to ask Chris is if
23 they could do that, are you willing to put out the
24 resources to make sure that they have the capacity to this
25 for you.

1 MS. MURPHY: Mr. Chairman, if the Board
2 instructs us to go monitor them earlier, we will.

3 MR. OXER: Chris.

4 MR. AKBARI: Chris Akbari, ITEX. We would be
5 willing to have that occur, but I would like to also point
6 out that a lot of the compliance function has all been
7 really turned over to Capstone to be our backstop because
8 we needed to have that capability, and so we've already
9 had them come out and do file inspections at properties.
10 In fact, we're having them do a 20 percent file inspection
11 on every one of our properties because we want to find the
12 problems ahead of time. We, effectively, want to become a
13 better company from these other 22 conditions. We're more
14 than open to them coming before the end of the year to do
15 an inspection, and I'm sure that we'll do very well on
16 that.

17 The one thing I want to point out is that they
18 use -- Mr. Thomas was mentioning earlier subjectivity --
19 if they just use the same previous participation review
20 over and over, the good stuff doesn't come in. We have to
21 be able to craft this language so that you can be able to
22 show the things that we've really done well, because as
23 the PPR is presented, it only shows the places where you
24 failed to respond or you failed to do something good. So
25 if the condition could be evaluated that we can actually

1 show that they've justified that they've done a better
2 job, I think it would be more beneficial.

3 MR. OXER: So you're willing to offer yourself
4 up for an accelerated review, not on the 3-year schedule,
5 maybe on a 2-1/2-year schedule to get a couple more in
6 this year.

7 MR. AKBARI: Yes, sir.

8 MR. PALMER: If I could just make one point on
9 that.

10 MR. OXER: Barry Palmer, Coats Rose.

11 MR. PALMER: Barry Palmer with Coats Rose.

12 In the meetings that we've had with the
13 Department, it's been made clear to us that the real big
14 problem, from the Department's perspective, was not
15 problems at the properties but a lack of responsiveness --
16 and Chris mentioned that they missed three deadlines over
17 the last three years -- and so the responsiveness is the
18 thing that we've got to show an improved record on. And
19 in our appeal we listed in there as an exhibit 17 things
20 that we have to respond to over the next six months. And
21 so that track record of responsiveness will be established
22 over the next six months.

23 MR. OXER: Any other questions, Robert?

24 MR. THOMAS: No, sir.

25 MR. OXER: Any other questions? Any other

1 interest in public comment?

2 (No response.)

3 MR. OXER: And to clarify, this is a 4 percent
4 deal that doesn't impact the list that everybody is
5 sitting around waiting for us to listen to.

6 MS. LATSHA: That's correct.

7 MR. IRVINE: The same approach would apply to
8 the 9 percent deal.

9 MS. LATSHA: It will, and I can clarify that in
10 that recommendation. But yes, this particular action item
11 is just the 4 percent.

12 MR. OXER: One puzzle at a time. Okay?

13 Ms. Bingham, do you have a question?

14 MS. BINGHAM ESCAREÑO: So does the Board want
15 to see if the agency and the appellant want to get
16 together and come up with mutually acceptable language for
17 3?

18 MR. OXER: And I'm sure they would, knowing the
19 4 percent deal is not the sudden suspense date we've got
20 to deal with. The 9 percent deal we've got to deal with
21 today. Right?

22 MS. LATSHA: Yes, sir.

23 MR. OXER: So that means we might as well deal
24 with this one now because we're going to be dealing with
25 it the same way on the 9 percent when we get to the list.

1 MS. DEANE: I think the version that Jean read
2 probably comes really, really close to the intent of what
3 was trying to happen, but I haven't heard -- you talked
4 about an agreement, I haven't heard whether or not they
5 would have a huge problem with the staff language that
6 Jean proposed for number 3.

7 MR. OXER: Read the language again.

8 MS. LATSHA: I have it again. I think the only
9 issue with the language is that it's not really in the
10 form of a condition, so you'd probably want to include
11 something like the acknowledgment.

12 So the language, again, was: "ITEX is
13 undertaking these measures to ensure that it will have a
14 compliance function that meets the Department's standards.
15 EARAC calls to the attention of ITEX that until and unless
16 there has been an opportunity to conduct additional
17 monitoring of ITEX properties following the implementation
18 of the conditions, the compliance record EARAC would
19 review, in connection with any new application for
20 assistance, would be the same compliance record that EARAC
21 has reviewed in the current previous participation review
22 and it would presumably have the same concerns."

23 MR. PALMER: That would be acceptable to us
24 with one minor tweak, which is rather than saying the
25 monitoring of the properties, which Patricia has mentioned

1 would mostly not take place till next year, to have in
2 there a track record of responsiveness, or a demonstration
3 of responsiveness to compliance issues. That would be our
4 only change to it.

5 MR. OXER: Because what I'm looking for on this
6 is satisfactory language that you can live with, that
7 staff suggests, and an opportunity for Chris for another
8 couple of compliance monitoring reviews, get in there and
9 get some more data in this. To give you an opportunity,
10 Chris, to demonstrate that what you're doing is working.

11 DR. MUÑOZ: So we would have to amend the
12 motion to say, sort of, move staff recommendation with the
13 new language replacing current condition 3?

14 MR. OXER: Right, consistent with what Jean
15 just said, and with the request -- and I would offer up
16 that we should have an additional request for Patricia's
17 crew to get down there and accelerate some of those
18 monitoring reviews, two or three of those. I don't know
19 how many the staff needs. If you had three in there
20 between now and the end of the year, that ought to give
21 you some indication that they're making progress.

22 You can live with three, Chris?

23 MR. AKBARI: (Speaking from audience.) Yes,
24 sir.

25 MR. OXER: Okay. Can you make three, Patricia?

1 MS. MURPHY: (Speaking from audience.) Sure.

2 MR. OXER: Okay. Well, then let's take that
3 motion.

4 DR. MUÑOZ: Who made the motion originally?

5 MR. OXER: The original was made by Ms. Bingham
6 and second by Mr. Gann.

7 MR. THOMAS: You guys get all the hard ones.

8 (General laughter.)

9 MR. OXER: That's the emotion so you have to
10 move to amend.

11 MS. BINGHAM ESCAREÑO: So I'll move to amend my
12 original motion to include staff's recommendation to
13 replace condition 3 with the new language drafted by
14 staff, and to instruct Compliance to --

15 MR. OXER: -- to accelerate at least three
16 monitoring reviews between now and the end of the year.

17 MS. BINGHAM ESCAREÑO: That right there.

18 MR. OXER: Is three enough, Patricia?

19 MS. MURPHY: Sure.

20 MR. OXER: Can everybody live with that? Okay.

21 MR. GANN: I concur too.

22 MR. OXER: Motion to amend by Ms. Bingham as
23 stated, second by Mr. Gann. There's no comment on the
24 amendment. All in favor of the amendment?

25 (A chorus of ayes.)

1 MR. OXER: Opposed?

2 (No response.)

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

4 Now we go to the motion which is to satisfy the
5 staff recommendation as stated and amended. Any other
6 comment, Barry and Chris? Any other comment from staff?

7 (No response.)

8 MR. OXER: All in favor?

9 (A chorus of ayes.)

10 MR. OXER: Opposed?

11 (No response.)

12 MR. OXER: There are none.

13 We don't want to see you get hurt but we want
14 to make sure that you're doing what we're asking too.
15 Okay, Chris?

16 MR. AKBARI: Yes, sir.

17 MR. OXER: Okay. Thanks.

18 Go for it.

19 MS. LATSHA: All right. Item 6(c).

20 MR. OXER: Thanks, Patricia.

21 DR. MUÑOZ: 6(c) or 6(a)?

22 MS. LATSHA: 6(a). Let's not skip that one.

23 MS. BINGHAM ESCAREÑO: You scared everybody in
24 the room.

25 MR. OXER: All those poor 6(a) people in here

1 are passing out in the back.

2 (General laughter.)

3 MS. LATSHA: I'm sorry. I was going back to a
4 moment where I almost passed out on Monday night trying to
5 get this thing posted.

6 MR. OXER: It was 6:00 a.m. when you got to
7 sleep this morning. Right?

8 MS. LATSHA: All right. This is the 9 percent
9 tax credit awards. Just a really quick summary. This
10 award recommendation includes 65 applications, almost
11 \$60.1 million in tax credits, 5,338 low income units, 673
12 market rates units, 6,011 total units. We do expect to
13 award two additional applications so that total will be
14 more like \$61.7 million in credits and another 135 to 180
15 units. I'll get to that explanation in just a moment.

16 With respect to previous participation reviews,
17 we did have nine awards that included conditions. Those
18 are listed in your Board book under report 4. Actually
19 only represents six different developers and some had
20 multiple awards. One of those, I might modify this
21 recommendation ultimately to include the same modification
22 to the ITEX conditions that was included in the previous
23 action.

24 There are a couple of interesting items
25 surrounding this recommendation. We did have one

1 application where staff is recommending a five point
2 deduction from the total score on one application,
3 Savannah Park at ALK. This is a point deduction under
4 11.9(f) which calls for staff to recommend to the Board
5 such a reduction if an applicant in the previous round had
6 to request an extension of either 10 percent test or
7 carryover deadline and it was really out of the control of
8 the applicant. We found in this particular case that it
9 was not out of the control of the applicant that they
10 needed that extension. It actually doesn't affect their
11 ultimate competitive position, they're still being
12 recommended for an award, although a little bit lower on
13 the list.

14 Also, I think that we might hear some public
15 comment with respect to some of the particular awards.
16 One other interesting situation I'd like to point out,
17 staff is recommending three awards in the town of Alton --
18 which I'm all too familiar with.

19 MS. BINGHAM ESCAREÑO: Yes, you are.

20 MS. LATSHA: Do you remember that? Those are
21 painful memories. Love the town of Alton. My efforts
22 weren't so successful as these three applicants.

23 Anyway, it's a small town just north of Mission
24 which is just north of McAllen, population right around
25 15,000, so it seems a little unusual to be awarding three

1 applications for a total of 340 units in this small town
2 of Alton, so as you would expect, there were some general
3 concerns about the market, but the technical requirements
4 of the underwriting rules have been met for each of these
5 developments. Also, our de-concentration rules, things
6 like a two-mile same year rule don't apply in counties of
7 less than a million, so from a program perspective, these
8 were all eligible applications as well, and high scoring.

9 Staff simply wanted to make the Board aware of
10 this situation and to let you know to the extent one of
11 them is not able to move forward with the credits, let's
12 say if something does come back and they feel they are
13 having trouble closing or there are some market concerns,
14 then those credits would come back to the region.
15 Obviously, if that happened this fall, we would be able to
16 reallocate those this year, but even if it happened next
17 year, they would come back to that subregion. And I don't
18 know if there are any other questions about that
19 particular issue.

20 One other interesting issue which is why we are
21 essentially holding back about \$1.7 million in credit
22 awards at this recommendation, the short story here is an
23 applicant submitted three applications -- actually four
24 but we'll only need to talk about three of them -- three
25 applications with credit requests that total more than \$3

1 million, so an apparent violation of the \$3 million cap.
2 That applicant claims that there were some mistakes in the
3 original submission and that the costs were misrepresented
4 and so they actually are eligible for less than \$3 million
5 in total. This may or may not be the case, but staff
6 wanted to take some time to be certain of what these award
7 amounts ultimately should be.

8 It is a little unusual for an applicant -- it's
9 highly unusual, actually, for an applicant to ask the
10 Department to award less credit than was originally
11 requested. We have a keen eye for a situation like this
12 since the only reason you would really do this is to get
13 under that \$3 million cap. That being said, it's also not
14 unusual for our underwriting department to cut credit. So
15 taking those two points into consideration, we just want
16 to be looking carefully at this situation and making sure
17 that that ultimate recommended amount is the correct
18 amount and that we apply the \$3 million cap rule
19 correctly.

20 The applicant has appealed those underwriting
21 reports timely, but the executive director has not yet
22 responded to that appeal. That response isn't due until
23 August 12. So either the appeal would be granted and
24 staff would award that third application which is not
25 being awarded today, or the appeal would be denied by the

1 executive director, in which case it could be appealed to
2 the Board and heard at the September 4 Board meeting.

3 The only thing to consider here is that our
4 rules call for staff to hold any credit made available
5 after the late July awards until September 30 for
6 reallocation to applications on the waiting list. We
7 would suggest that in this situation that the credit made
8 available as a result of the resolution of these
9 particular appeals be held separately from any other
10 credit made available so that it could be reallocated
11 before any other credit made available by September 30.

12 I hope that didn't sound like Greek. That's
13 actually the name of my nail polish for that very reason.

14 MR. OXER: It's the last in, first out on the
15 credits in this particular case.

16 MS. LATSHA: Yes.

17 MR. OXER: They basically could go to the
18 warehouse but out of the whole pile they're the first ones
19 that could come up.

20 MS. LATSHA: Right. It's actually, luckily, a
21 relatively simple situation that we're in. The first two
22 that we're recommending for award, with the assumption
23 that there is a \$3 million cap violation, should that
24 violation exist, the applicant has indicated that those
25 top two are the ones they want to keep anyway, so the only

1 question is do we award the third application plus one
2 more or do we award two different applications. Does that
3 make sense?

4 MR. OXER: They're all the same applicant?

5 MS. LATSHA: Yes. They're all in the at-risk
6 set-aside.

7 MR. OXER: Okay. Any questions?

8 (No response.)

9 MS. LATSHA: So I think there might be some
10 comment.

11 MR. OXER: I'm sure there is. We'll have a
12 motion to consider on this, and once a year I ask Ms.
13 Bingham to offer the motion to approve this list.

14 MS. BINGHAM ESCAREÑO: Can I think about it
15 over lunch?

16 MR. OXER: Like we said before, breathe,
17 Walter, breathe.

18 (General laughter.)

19 MS. BINGHAM ESCAREÑO: So now the way we make
20 motions is a little anti-climactic, right, because we're
21 going to make and second the motion and then we're going
22 to have discussion and then hopefully take a vote. But
23 it's an honor to be here, it's an honor for us as a
24 Board -- and I don't think it's a coincidence, today we've
25 heard three times our developers, our customers talk about

1 how good it is to work with staff, how courteous and
2 helpful our staff are, and so this is always an exciting
3 time for us. Tremendous amount of work. Y'all actually
4 look pretty fresh for what you've been through over the
5 past several months.

6 Mr. Chair, I'd like to move staff's
7 recommendation for the regional allocations.

8 MR. OXER: As described and modified.

9 MS. LATSHA: Yes, at the beginning with respect
10 to the ITEX conditions.

11 MR. OXER: Okay. Considering the ITEX
12 conditions that we just imposed.

13 MS. LATSHA: Yes, sir.

14 MR. OXER: So they have a 9 percent credit
15 which is why we had to deal with that there, so just as a
16 clarification, we apply the same conditions to their 9
17 percent deal that we did to their 4 percent deal.

18 MS. LATSHA: Yes, sir.

19 MR. OXER: Okay. With the conditions that
20 you're talking about on this particular application, as
21 you said. That's summarizing your 15 minutes.

22 MS. BINGHAM ESCAREÑO: I'll count on your for
23 language.

24 MR. OXER: And that's clear?

25 MS. BINGHAM ESCAREÑO: Yes, sir. I stand

1 amended.

2 MS. DEANE: And just to be clear for the
3 record, by regional allocation you mean the 2014 tax
4 credit allocation.

5 MS. BINGHAM ESCAREÑO: 2014 housing tax credit
6 allocation.

7 MR. OXER: And Grainger is not here asking for
8 a 2017 forward again, is he? Just checking.

9 (General laughter.)

10 MR. OXER: Once a year we offer Ms. Bingham an
11 opportunity to make the motion to approve this list, and
12 once a year I, as chairman, get to second that list. I
13 try to stay out of the flurry and try to be the chief
14 referee up here, but I'd like to make a point to second
15 that motion. Given that, there's public comment.

16 MR. LYTTLE: Mr. Chairman, we have legislative
17 comment.

18 MR. OXER: Yes, and let me defer to the
19 speaker, let me defer to our legislative request. Do you
20 have a letter to read in, Michael?

21 MR. LYTTLE: I do have a letter, and we have
22 Robert from State Representative Allen Fletcher's office
23 that's here who would like to make comment.

24 MR. OXER: Okay. Robert, raise your hand.

25 Now, listen all you guys that wanted to speak,

1 you're supposed to be up here in this row.

2 MR. OXER: The first thing we're going to do,
3 you can speak, Robert. Let's have you first. We offer a
4 courtesy to legislators and their representatives, they
5 get first shot.

6 MR. PAPIERZ: Thank you. My name is Robert
7 Papierz. I'm Representative Allen Fletcher's chief of
8 staff.

9 We are opposed to application 14272.
10 Representative Fletcher's office was notified of the
11 proposed Lodge at Huffmeister earlier this year.
12 Typically we start receiving support or opposition
13 letters, emails, phone calls from our constituents soon
14 after the first notices are sent out. Prior to April 1,
15 the elected official's deadline, our office had only
16 received letters that were either neutral or in support of
17 the apartments. Without hearing opposition,
18 Representative Fletcher did draft a letter of support
19 which was then forwarded to TDHCA. We did not receive any
20 opposition to the project until well after the elected
21 official's deadline had passed.

22 Once we began receiving opposition emails and
23 phone calls from our constituents, Representative Fletcher
24 drafted and submitted a letter of opposition, dated June
25 11. I have copies of that letter for you, but I also

1 believe it's summarized in the packet of information you
2 do have. Questions?

3 MR. OXER: Good. Thanks. Any questions from
4 the Board?

5 (No response.)

6 MR. OXER: Good. Thanks, Robert.

7 MR. LYTTLE: Do you want me to read the other
8 letter?

9 MR. OXER: I want you to read the letter,
10 Michael.

11 MR. LYTTLE: This is a letter to the Board from
12 State Representative Dwayne Bohac.

13 MR. OXER: Michael Lyttle.

14 MR. LYTTLE: Sorry. Michael Lyttle, chief of
15 External Affairs, TDHCA.

16 The letter we received is from State
17 Representative Dwayne Bohac, District 138. It reads:

18 "Dear Board Members, Although I recognize that
19 this letter comes after the April 1 deadline to submit a
20 letter of support or opposition for an HTC application,
21 and that I originally submitted a letter of support for
22 the Catalon in Houston, TDHCA number 14017, I submit this
23 letter as a formal retraction of my support. My
24 opposition to the project results from the objections and
25 concerns that my office has received from our

1 constituents. I am elected to represent the constituents
2 of District 138, and after hearing from them, I formally
3 submit this letter. Sincerely, Dwayne Bohac."

4 MR. OXER: I have a quick question, Jean.
5 What's the deadline date for the letters?

6 MS. LATSHA: April 1.

7 MR. OXER: Okay. And that's for in or out.

8 MS. LATSHA: For opposition, support,
9 neutrality, any comment.

10 MR. OXER: Whatever. And so that's April 1,
11 and Robert just mentioned he listed a letter June 11, and
12 this one is obviously July 31. What was the date on your
13 letter that you just read, Michael?

14 MR. LYTTLE: July 30.

15 MR. OXER: Okay. Give him an extra day. Okay.
16 Good. Thanks.

17 MS. DEANE: And just one other housekeeping
18 item. I gave you a small group of documents at the start
19 of the meeting. One of the commenters provided a small
20 group of documents. I don't know who that might have
21 been. Was that you? And obviously these were presented
22 at the meeting, so the chair, subject to any objections by
23 other Board members, has to decide whether or not to allow
24 those documents in. And again, the rule requires that
25 it's in exceptional circumstances, they have to be

1 delivered to staff prior to the start of the meeting -- I
2 think those were -- they must not be so voluminous as to
3 cause a delay, they have to be provided in hard copy to all
4 members of the public in attendance at the meeting, and
5 they also have to be provided to staff in a PDF.

6 Now, my understanding on one of those, of hard
7 copy there were only ten copies brought. Is that right?
8 There were only 15 copies provided. So I think we do have
9 an issue. I don't know about the other items, I don't
10 know if they've been provided in PDF to staff. So we do
11 have an issue with meeting the requirements of the rule.

12 MR. OXER: The document will not go into the
13 record, I'll exclude that. We will have testimony, we'll
14 have comments from the presenter. Thanks, Jean. We'll
15 get back to you, I'm sure.

16 So since you're standing, let's take you first.
17 Don't worry, guys, we'll get to you.

18 MS. SMITH: Thank you very much. My name is
19 Kay Smith. I'm a trustee with the Harris County
20 Department of Education, and I want to thank you for this
21 opportunity. And I stood up because of the first
22 gentleman that spoke, I'm here about the same property.
23 In respect of your time, I've been asked to speak for the
24 2,250 people that you received a petition from and the
25 other people that responded via letter and email, and I

1 apologize that we are being reactive instead of proactive.

2 I would like to make you aware that we do have
3 a copy of Representative Fletcher's letter. He did come
4 to our town hall meeting. I have a copy here of minutes
5 from the Harris County Fresh Water Supply District 61, and
6 just two sentences here. "Director Cangalese moved that
7 the district decline annexation service to the 21.811 acre
8 tract for the development of The Lodge at Huffmeister,
9 with the motion being seconded by Director Merritt. There
10 being a motion and second on the floor, the board then
11 unanimously voted to decline annexation for service to
12 this tract of land."

13 This is one of the many issues that have found
14 a problem with that in searching our area there was not
15 proper notification of any of the local organizations
16 other than the state representatives, who you've now heard
17 have withdrawn their support for both tract 14017 Catalon,
18 and 14272 The Lodge at Huffmeister.

19 Of the three people supporting, the community
20 organizations in support of this property, the closest one
21 is 22.6 miles, the other one is 26.2 miles, their closest
22 office not being contiguous to this at all. Both of these
23 properties, 14017 Catalon, and 14272 The Lodge at
24 Huffmeister, their contiguous properties, and if you drive
25 in a 1-1/2 mile distance, you're going to come to four low

1 income housing projects in this 1-1/2 mile stretch of
2 land.

3 So we respectfully ask that you decline to fund
4 these two tracts of land.

5 MR. OXER: Thanks for your comments. Any
6 questions from the Board?

7 (No response.)

8 MR. OXER: Good. Thanks.

9 Okay, guys, you've got people's stomachs
10 growling behind you, so we're going to keep a pretty close
11 clock here. Okay?

12 MR. BROWN: Doak Brown with Brownstone
13 Affordable Housing. I'm here today to discuss Urban
14 Region 11 and the situation that's occurring in Alton.

15 Let me commence by saying in full disclosure
16 that our development, called Casa Verde in Laredo, is next
17 in line for funding if any of Alton's deals don't get
18 funded, and let me also say that we're the general
19 contractor for La Esperanza De Alton, so obviously I'm
20 extremely interested in seeing that deal move forward.

21 As you all are aware, the three deals totaling
22 340 units are being recommended for funding in a town of
23 less than 13,000, which in the past couple of years went
24 from being in the rural set-aside to the urban set-aside.

25 All three deals are within a mile of each other. My

1 purpose of speaking this morning is to hopefully convince
2 staff to add something to the QAP that prevents this
3 situation from occurring in future years.

4 I know all three of the developers and they're
5 all good developers, but by funding all three deals in
6 this community you're actually harming all three of them.
7 I know that market information was provided to staff that
8 shows that there's a market for all three deals because
9 they'll pull from McAllen and Mission and larger
10 communities near Alton, but that being said, I'll bet that
11 there's not a single equity provider sitting behind me
12 that would be willing or comfortable funding all three of
13 those deals.

14 As you know, there's a two-mile rule that
15 applies to major metro areas that would prevent this
16 situation from occurring in Alton if Alton were in a large
17 community of more than a million. The major reason for
18 this rule is to prevent concentration of deals. You would
19 think that if concentration of deals in a very large town
20 is a concern, that it would be even more of a concern in a
21 town of less than 13,000.

22 In fact, I'm not certain how allowing three
23 deals to be funded within a mile of each other is not a
24 fair housing violation. I don't understand how this
25 affirmatively furthers fair housing due to the

1 concentration of low income people. I can see two deals
2 having a much easier time getting done in Alton, but when
3 you fund all three, it's a problem for all of them.

4 If the QAP does not change, this issue may
5 occur again next year. The problem in Region 11 is that
6 there's only five high schools that scored high enough
7 that were in first year census tracts, so if the schools
8 don't change much, then we developers are going to go
9 right back into the exact same areas. I hope that staff
10 will create a rule that prevents this concentration of
11 deals from happening again in the future. Thanks.

12 MR. OXER: Any questions of Mr. Brown?

13 (No response.)

14 MR. OXER: Thanks. Doak, for the record, your
15 comments are noted about the evolution of the QAP.

16 MR. VELA: Good morning. How are you doing?

17 MR. OXER: Good so far.

18 MR. VELA: First of all, let me say ditto. I
19 have a lot of my comments prepared and I don't want to
20 reiterate myself too much with the comments that Mr. Brown
21 made. My name is Roque Vela, Jr. I am the city
22 councilman for the City of Laredo representing District 5.
23 District 5 will be the district that Casa Verde
24 affordable housing that's in question would be built in,
25 hopefully.

1 The City of Laredo has been growing, it's been
2 growing by leaps and bounds for well over a decade now.
3 It is or has been one of the fastest growing cities in the
4 United States since I graduated high school in 1995. And
5 with that comes a lot of infrastructure problems. Two of
6 the biggest problems we have would be infrastructure and
7 housing. Infrastructure, being the largest inland port in
8 North America and crossing well over 2 million trucks a
9 year, our roads take a beating. And also having a influx
10 of people on a daily basis, it seems like our housing
11 really is behind the eight ball and our developers just
12 can't seem to keep up with the demand that's out there,
13 and really taking advantage of this in a true capitalism
14 type of way.

15 I can kind of speak from experience. I just
16 sold my house earlier this year and I thought I'd be
17 moving into a new home within the next month or two, and
18 lo and behold, I ended up living out of a hotel for about
19 four months with my family for the simple fact that we
20 could not find something that we were comfortable with in
21 our price range to be able to go out and move into. And
22 we tried to rent a house and/or an apartment and there
23 just was nothing to be had.

24 The fact of the matter is right now there is
25 not affordable housing to had in the City of Laredo

1 because we are growing so fast. And the Eagle Ford Shale
2 boom that we have there, while it is very much welcomed,
3 it is creating some issues with us. Affordable housing is
4 the bridge between where people are now, hardworking
5 people trying to achieve that American dream, and with the
6 housing crisis that we had in 2007, some people may have
7 money in their pockets but just might not be able to come
8 up with the down payment that they may need for the house
9 that they dream of and affordable housing is a step in
10 that direction.

11 The location in question is very much
12 desirable. It's right across the street from our
13 university, within two miles of the most sought after real
14 estate in Laredo, and the schools within them, the
15 elementary and the middle school and the high school are
16 exemplary.

17 The facts Mr. Brown just stated, 7 percent of
18 the \$5.1 million allocated are going to the City of Alton,
19 a city that is very much rural. When you're talking about
20 they're getting 326 of the units out of the 459 units
21 being built, it just doesn't make sense. Laredo is in a
22 spot that we are in a housing crisis and very much in need
23 of housing, particularly affordable housing, and you're in
24 a position to make a subjective opinion. And I know it's
25 difficult. As a city councilman I'm constantly sitting in

1 those chairs and trying to make difficult decisions and
2 trying to appease both sides, but the fact of the matter
3 is that I have people in my district, people in the City
4 of Laredo that rely on me to give them opportunity, and
5 the City of Laredo is a city of growth and opportunity,
6 and that's exactly what this would provide.

7 So please, I beg that you make the right
8 decision and help me do my job that the people elected me
9 for to give them a shot at the American dream. Thank you.

10 MR. OXER: Thank you for your comments. Any
11 questions?

12 (No response.)

13 MR. OXER: Good. Thanks.

14 Donna.

15 MS. RICKENBACKER: Good afternoon -- I believe
16 it's afternoon at this point. Donna Rickenbacker with
17 Marquee Real Estate Consultants, and we work with one of
18 the applicants that's in Alton and is hopeful to receive
19 the award based on the recommendation being made today.

20 This particular developer, Steve Lawless, with
21 Texas Gray Oaks, concentrates, if you will, his efforts in
22 the Valley, has been very successful in the Valley
23 building affordable housing. His development in Alton is
24 Orchard Estates and at this point is ranked number one in
25 the region. That's the good news. The bad news obviously

1 is that we're in competition with two other applicants
2 that are being recommended within a mile of his particular
3 site.

4 I'm not going to repeat what everybody else has
5 already said to you with respect to the concentration, if
6 you will, of housing in a small rural community such as
7 Alton, but I do want you all to understand you all have --
8 obviously this is a unique situation where we're looking
9 to the Board to use its discretionary rights here, for
10 hopefully all the right reasons and the good causes that
11 are going to be represented to this Board today.

12 First and foremost, 70 percent, as has already
13 been described, of the housing tax credits in Urban Region
14 11 are going to the City of Alton. We really don't have
15 rules that apply to that level of tax credits being
16 applied in a concentrated manner in a small community.
17 What we do have is de-concentration of housing but it only
18 applies to counties that are a million or more in
19 population. It's the two-mile, one-year rule. Hidalgo
20 County, which is where Alton is, is a county of 800,000 so
21 we're right underneath that threshold.

22 These applicants have gone and staff has just
23 gone out of its way to kind of really look at the market
24 area. Underwriting did ask for the market analysts that
25 represent each of the applicants to go out and prove up a

1 market for 340 units which, of course, they did, and
2 expanding that market area so that the primary market
3 area, now that the gross capture rate can be within the
4 maximum threshold. And it's all within the rules but
5 you're kind of still back to that same situation where
6 you've got three applicants in a small area and no rules
7 that allow underwriting to basically use some subjectivity
8 on how this ultimately plays out.

9 And the deal summaries that were issued by the
10 underwriters, in each of the respective underwriting
11 reports, they say, and I quote: "While there are positive
12 economic indicators for the McAllen MSA, the primary and
13 extended market areas, as discussed below in the City of
14 Alton, the underwriter has significant concerns regarding
15 the number of units being simultaneously proposed in
16 Alton, Texas. Even so, all three proposed developments
17 meet the technical requirements of the rules.
18 Effectively, our hands are tied."

19 They also point out that if all three
20 transactions ultimately receive the award and are able to
21 meet the requirements, they would all be able to move
22 forward from a TDHCA standpoint, regardless of the market
23 concerns that underwriting has.

24 So I'm looking to this Board to kind of help
25 make that decision. You've got a concentration,

1 obviously, that's been pointed out of housing. Quite
2 frankly, I think it's very inconsistent with our fair
3 housing policies and what Cameron and his group are trying
4 to achieve with respect to rules and potentially policy
5 changes that spread the housing and deconcentrate the
6 housing, even in smaller market areas such as Alton,
7 Texas.

8 So under the rules, under the Texas Government
9 Code, this Board does have the right. The Texas
10 Government Code specifically provides and refers to
11 TDHCA's authority to use discretion to make tax credit
12 awards, and we're asking very much for you all to make
13 that discretionary decision on these awards. Thank you
14 very much.

15 Do you have any questions?

16 MR. OXER: Any questions?

17 (No response.)

18 MR. OXER: I have a quick question, Jean.

19 Let's assume for purposes of discussion that all three of
20 the awards in Alton get in, because that's where they are
21 right now, and then once they go through, the equity
22 providers behind them say no, we're only going to fund two
23 of them, what happens to the third? The tax credits are
24 returned on the third one?

25 MS. LATSHA: Yes, and likely, to be kind of

1 realistic, unless one of those applicants got a pretty
2 early indication this fall that they weren't going to be
3 able to move forward, you tend to hold on to those as long
4 as you can until you really kind of know that you're dead
5 in the water. And that's assuming that they would be.
6 Right? This whole thing is under the assumption that they
7 actually can close all three of these deals. If that were
8 true and the second and third or maybe just the third
9 can't close because the first one already did and there's
10 no more interest, then those credits would come back to
11 the region likely next year and just come back to Urban
12 11.

13 MR. OXER: But they would be restored to the
14 region, not in the statewide collapse.

15 MS. LATSHA: Yes.

16 MR. OXER: Okay. So they're not lost over the
17 long term.

18 MS. LATSHA: And also not lost to the region.

19 MR. OXER: Not lost to the region or over the
20 long term.

21 MS. LATSHA: That's right.

22 MR. OXER: Okay. Good. Thanks.

23 MS. REIDY: Honorable Chairman Oxer and members
24 of the TDHCA Board. My name is Sara Reidy of Casa Linda
25 Development Corporation, the developer and general partner

1 for La Esperanza De Alton, TDHCA 14306, in Urban Region
2 11. La Esperanza is a proposed 80-unit new multifamily
3 development in the City of Alton, located in the Rio
4 Grande Valley of Texas. Alton is in the growth corridor
5 of Hidalgo County.

6 We identified our Alton site in August of 2013
7 and subsequently had our first meeting with the City of
8 Alton the first week of October. We selected our site
9 because the site is a beautiful 10-acre tract within the
10 city limits served by all utilities. We were the first
11 developer to approach the city and received strong support
12 from the city staff. We anticipated competitor developers
13 would follow selecting sites in Alton due to the
14 exceptional schools in the Sharyland School District, and
15 guess what, we were right.

16 We met with city staff on numerous occasions
17 and we planned the design and size of our development. In
18 fact, we reduced our size to 80 units to reflect the
19 desire of the city.

20 On January 7, 2014, Casa Linda Development
21 Corporation made a presentation to the City of Alton
22 Development Corporation Board. Also on the agenda was the
23 Orchards proposed development. We told the board there
24 could be a scenario in which both of our applications
25 could be awarded. We described this possibility an

1 referred to the award of two tax credit projects in Rural
2 Region 11 in Rio Grande City in 2013. Like the two of us
3 in Alton proposing sites within a mile from each other,
4 the two projects in Rio Grande City were also located
5 within a mile from each other. One of those two projects
6 was ours. The Orchards team agreed that the two projects
7 could be awarded and coexist.

8 The city's development executive director
9 confirmed to the board that there was sufficient funding
10 available for both projects, should they be awarded, and
11 the development corporation voted unanimously for the
12 funding commitment requested. Since that January meeting,
13 the third developer approached the city and provided a
14 third funding commitment for Bella Vista in February which
15 is the third project in Alton recommended for an award
16 today.

17 Hidalgo County's population in 2000 was 569,463
18 and 774,769 in 2010, representing a 36 percent increase.
19 Hidalgo County is ranked twelfth in the state in county
20 population growth and is the eighth most populous county
21 in the state. The need is great for quality affordable
22 housing in Hidalgo County. Occupancy is between 98 and 99
23 percent for LIHTC properties in the immediate PMA and EMA.

24 We request the Board support staff
25 recommendation and award all three communities in Alton.

1 Thank you.

2 MR. OXER: Thanks, Sara.

3 Any questions?

4 (No response.)

5 MR. OXER: Are the three of you speaking
6 together for the same reason, or would each of you like to
7 speak individually?

8 MR. APOLONIO FLORES: I'm Apolonio Flores from
9 San Antonio, and I'm here to speak to you on the same
10 subject of the three Alton developments. And I think
11 earlier on your agenda you heard Cameron Dorsey and the
12 executive director comment on TDHCA responsibilities for
13 the Fair Housing Act, which basically is affirmatively
14 furthering fair housing.

15 In this particular instance, as you have been
16 told, you've got three properties, 340 units in Alton
17 within a mile of each other. All three attend the same
18 elementary school, the same middle school and the same
19 high school, so you also have a significant impact on the
20 schools. But a concern for you is that the Fair Housing
21 Act prohibits concentration of low income housing, and
22 this is exactly what will happen if you fund all three of
23 the applications.

24 It also requires that you provide a wider
25 choice of housing opportunities for low income people in

1 their choices of housing. When you put 340 units all
2 within a mile of each other, you're not providing that
3 opportunity. So I think that perhaps one or not more than
4 two applications can be funded.

5 Thank you.

6 MR. OXER: Thanks for your comments. Don't
7 forget to sign in.

8 Megan, be thinking about this, with respect to
9 the fair housing, affirmatively furthering fair housing,
10 I'd like to ask you to make a comment when we get to the
11 end of this.

12 MS. SOTO: Buenos dias. Oh, sorry. Good
13 afternoon. I'm not here to speak on Alton. I'm actually
14 from El Paso. My name is Veronica Soto. I'm the director
15 of community and human development.

16 My predecessor spoke to you around this time
17 last year, and I am now here to say thank you to the Board
18 and the TDHCA staff for the responsiveness that you raised
19 the concerns that were raised last year regarding the need
20 for local jurisdictions to have the ability to support
21 proposed applications. We really appreciate that you
22 listened, that the staff listened, and that the QAP this
23 year does consider that.

24 Addressing the QAP, to include the scoring
25 criteria for city support is very helpful, and the City of

1 El Paso was able to review and select applications that
2 best served our community, and so we thank you for that
3 responsiveness.

4 That really is all my comments, unless you have
5 any questions.

6 MR. OXER: Any questions?

7 (No response.)

8 MR. OXER: Now it's your turn.

9 MR. HENRY FLORES: My name is Henry Flores, Mr.
10 Chairman and members. I am here to speak on behalf of
11 Bella Vista.

12 I am one of the development team for that
13 property, also located in the proximity of Alton. The
14 first point of clarification would offer is these are not
15 all located in Alton. One is located in Alton and the
16 other two are in the extraterritorial jurisdiction of the
17 City of Alton.

18 Most of the comments that have been offered
19 here today have been offered by individuals who have a
20 vested interest in one of these transactions not being
21 funded, comparators, essentially. I would point out that
22 the City of Alton has reviewed all these applications and
23 supported all these applications unanimously, with
24 resolutions of support, as well as with their own
25 financial resources. They are all committed to all these

1 three. Why would they do that? Because this is the major
2 growth corridor in the Valley in one of the fastest
3 growing parts of the state in the fastest growing state in
4 the union.

5 Now, I have a long background in affordable
6 housing. I ran this agency for Ann Richards and George
7 Bush, I've been in business since 1995, did the first tax
8 credit deals in the Rio Grande Valley. I have done deals
9 in Mercedes, San Benito, Harlingen, Alamo, the first deal
10 in Alamo, McAllen, Weslaco, Donna, and now in Brownsville.

11 So we have a very, very long experience in the Valley.
12 My mom and dad are from Mercedes, so I have native roots
13 in the Valley.

14 The things I would reiterate have already been
15 shared with you. One comment that was made by Mr. Brown,
16 this has gone from being rural to urban. That suggests to
17 you the growth impact that's occurring in that area. Ms.
18 Reidy talked about the growth of that region. It's
19 dynamic; again, it's the most dynamic part of the state.
20 The issue of the staff recommendation, I would ask that
21 you support staff recommendation. They have been very
22 dutiful in their review, and like everyone else who does
23 business with staff, I again commend them for the hard
24 work that they do and for the quality of their service to
25 the people of this state.

1 We had a market study. They asked for an
2 additional market study to be commissioned by a gentleman
3 named Darrel Jack who is with Apartment Market Data.
4 Darrel looked at that market and recognized that we are in
5 the growth corridor. In fact, the road that we're all on
6 is about to experience a major expansion, it's going to
7 become a state highway. His review of that market
8 indicated that the absorption rate, the primary criteria
9 for deciding whether these are good deals or not, is only
10 12.8 percent if you take all 340 units as an assumption of
11 funding. So there is no issue with absorption rate.

12 You know, there's been an issue raised about
13 fair housing, and I'll offer you my observation on that
14 subject, Mr. Chairman. Fair housing is meant to
15 distribute affordable housing. Well, this is an area of
16 the community that is the highest income area of that
17 county. It has the very best schools, an elementary, a
18 middle and high school that are all exemplary or
19 recognized under the TEA criteria. You are meeting fair
20 housing obligations by funding these deals because right
21 now poor people don't live in that area. That is what
22 you're doing. You're providing opportunities for poor
23 people to move into a high income area. That's exactly
24 the purpose of the fair housing rules.

25 So again, every criticism that has been leveled

1 today is merely to cloud this picture and to suggest to
2 you that other communities are better served. So I'll
3 close with one last comment, Mr. Chairman. If all three
4 of these are funded and all three cannot get funding --
5 even though I do not imagine that will be the case -- but
6 if that scenario occurs, no one is harmed by the process,
7 because ultimately the money is returned to the State of
8 Texas and you can distribute it to another deal in that
9 region, so there is no harm to that region.

10 Thank you.

11 MR. OXER: Thanks, Mr. Flores.

12 Any questions?

13 (No response.)

14 MR. OXER: Megan.

15 MS. SYLVESTER: Megan Sylvester, Legal
16 Services.

17 You know, affirmatively furthering fair housing
18 is a complicated issue and I think you have to look at
19 each transaction individually. The same answer about
20 concentrating deals in the area that already had minority
21 concentration that was a minority population in an urban
22 area is probably a different analysis than what we're
23 looking for in this particular transaction. So you kind
24 of have to weigh different policy goals of the Fair
25 Housing act, and I think our staff has done that, and that

1 this is, as previous speakers and Jean have said, a high
2 opportunity area and area of growth.

3 From a legal perspective, it's always hard to
4 say what HUD is going to say, but I don't have a fair
5 housing concern.

6 MR. OXER: You're the fair housing specialist,
7 so we want to have that on the record.

8 Any other speakers? Any other request for
9 public comment? Jean, anything? Donna?

10 MS. RICKENBACKER: Can I just follow up real
11 quick?

12 MR. OXER: One quick one, 30 seconds.

13 MS. RICKENBACKER: For a correction and some
14 supplemental information. First, there's two transactions
15 that are in the City of Alton, the other one is actually
16 less than a mile away, right around the corner. It is in
17 the ETJ of the City of Alton. So that's the correction.

18 With respect to the tax credits coming back to
19 the region, please keep in mind, yes, that is what will
20 happen and that's good, but the problem is you've delayed
21 until next year putting quality affordable housing on the
22 ground by a year and not getting those tax credit units
23 made available to the most needed in that community.

24 MR. OXER: Good. Point is noted.

25 Mr. Flores.

1 MR. HENRY FLORES: Thank you, sir.

2 I don't want anyone on this Board to perceive
3 me as trying to be disingenuous in my comments. The
4 applications, when they were first submitted, there were
5 two I the ETJ and one in the city. The one that is
6 referenced now in the city was annexed last week. So
7 again, I don't want anyone to think that I would in any
8 way miscommunicate with you.

9 DR. MUÑOZ: Incidentally, in our documentation
10 it reflects what you're indicating, that there are two in
11 the ETJ.

12 MR. HENRY FLORES: Exactly.

13 MR. OXER: And the clarification is that there
14 are two in the city.

15 MR. HENRY FLORES: As of last week.

16 MR. OXER: Just last week.

17 MR. HENRY FLORES: Yes, sir. Thank you.

18 (General talking and laughter.)

19 MR. VELA: Mr. Chairman, I'm sorry. Just very
20 quickly.

21 MR. OXER: Say your name again, please.

22 MR. VELA: Roque Vela, Jr., for the record.

23 Mr. Flores mentioned earlier that the city is
24 invested in these developments and has passed a
25 resolution. So has the City of Laredo. We passed a

1 unanimous resolution, we are investing money in it as
2 well.

3 And he also mentioned that the people that have
4 been speaking against it have vested interests. Well,
5 I'll argue that everybody has a vested interest, except
6 for myself. The only interest I have is the City of
7 Laredo and trying to bring much needed affordable housing
8 to the City of Laredo. You can't afford the fact that
9 Laredo is one of the fastest growing cities in the whole
10 nation. When I graduated high school in the mid '90s we
11 were about 110,000, we're closer to about 300,000 now.
12 And I can't stress how much pressure this Eagle Ford Shale
13 boom has brought to our city.

14 And I agree, yes, maybe the tax credits do stay
15 in the region but this is needed now. When I say I was
16 living in a hotel for four months because I couldn't find
17 a house, I'm not exaggerating, and luckily for me I have
18 the means to be able to go a little bit further out of my
19 price ranges and come up with some money. Most people
20 can't do that.

21 MR. OXER: Any of us that know from doing city
22 planning and infrastructure, which I have spent a little
23 time doing infrastructure, prosperity can be its own
24 curse.

25 MR. VELA: There are issues that come with it,

1 and issues that I always welcome. It's better than
2 sitting around twiddling your thumbs. But nevertheless
3 issues, and they're issues dealing with people's lives and
4 their families. And again, everybody here has an
5 interest, most of it monetarily, mine is simply for the
6 people. Thank you.

7 MR. OXER: Thanks for your comments.

8 Jean, stand to post. Anything else you want to
9 add?

10 MS. LATSHA: My only comment was one thing that
11 came up when we were all discussing this, and that, you
12 know, we don't have a restriction on the number of units
13 you can apply for so this could have been one application
14 for 340 units and we might be in the same spot. And had I
15 been able to keep my awards in 2008 and 2010 we wouldn't
16 be here because they wouldn't have gotten their
17 underserved area points. But I'm not bitter.

18 (General laughter.)

19 MR. OXER: And as we say, if a frog had wings,
20 he wouldn't bump his butt every time he hopped either.

21 MS. LATSHA: All right. So I don't think there
22 are any more comments, unless there are from you.

23 MR. OXER: with respect to item 6(a), the 2014
24 Low Income Housing Tax Credit allocation by TDHCA, motion
25 by Ms. Bingham, second by the chair. There are no other

1 comments, no other public comment, no other questions from
2 the Board. All in favor?

3 MR. IRVINE: Wait.

4 MR. THOMAS: We've got a request for comment.

5 MS. HARDIN: I'm a lay person, a mom, new to
6 this; this is my first time to ever speak. My name is
7 Barbara Hardin, and I just want to add one more thing
8 about The Lodge at Huffmeister which has been mentioned
9 before.

10 I live directly across the street from where
11 this is going to be built, or recommended to be. I have a
12 letter from Homer Stevens, who is our HOA president. I
13 just want to read this very briefly, a few sentences out
14 of it. It says: "As of today we have never been notified
15 of this application, nor have we been sent any information
16 of the potential filing of this project. Ravensway
17 Saracen Park Homeowners Association represents 857
18 families, and we should have been recognized as having
19 opinions either for or against a project."

20 So I know ignorance is not always bliss, but we
21 didn't know, and when we found out we did come together as
22 a community, and you have that information, over 2,000
23 people signed a petition saying that that's something we
24 didn't want across the street, mainly because of how it's
25 going to affect our schools. I'm a former teacher and I

1 stand in support with Cy-Fair ISD who has asked that we do
2 not go further with this development.

3 I'm also concerned about the overcrowding of
4 our school that is in my neighborhood, and we're just also
5 concerned about the roads and the sidewalks and the
6 ability for children to cross over a main thoroughfare to
7 get to that school from that Lodge.

8 So thank you for your time. Sorry I jumped up
9 and popped up at the last minute, but I appreciate it very
10 much.

11 MR. OXER: You're welcome. Glad to have your
12 comments.

13 Anybody else? Anybody on this side that wants
14 to play?

15 (No response.)

16 MR. OXER: Back to where we were. Any other
17 questions from the Board? Any other comments from the
18 Board?

19 (No response.)

20 MR. OXER: All right. Starting over. With
21 respect to item 6(a), 2014 allocation of the Low Income
22 Housing Tax Credits by the Texas Department of Housing and
23 Community Affairs, motion by Ms. Bingham, second by the
24 chair. All in favor?

25 (A chorus of ayes.)

1 MR. OXER: And opposed?

2 (No response.)

3 MR. OXER: There are none. Good job, Jean.

4 And congratulations all of you who won.

5 (Applause.)

6 MR. OXER: All right. Here's what we're going
7 to do. I can hear the stomachs growling already all the
8 way up here. Everybody sit still and be quiet. You know
9 we've got to put this on the record, so everybody be quite
10 and be still for a second.

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

22 The closed session will be held in the anteroom
23 behind us. The time right now is 12:35.

24 As a point of inquiry here, you have the list
25 prepared, there's no revisions to that, you'll be able to

1 post this list immediately so you don't need to reevaluate
2 this. Is that correct, Jean?

3 MS. LATSHA: The one that is in the Board book
4 is the current list, there were no revisions.

5 MR. OXER: Okay. So the discussions today made
6 no modifications to it.

7 MS. LATSHA: That's right.

8 MR. OXER: All right. Then we'll stand at
9 recess. It's 12:35 right now. We'll stand at recess
10 until 1:15. See you in 45 minutes.

11 (Whereupon, at 12:35 p.m., the meeting was
12 recessed, to reconvene this same day, Thursday, July 31,
13 2014, following conclusion of the executive session.)

14 MR. OXER: Welcome back, everybody. The Board
15 is now reconvened in open session at 1:24. We received
16 counsel from our general counsel and advice. No decisions
17 were made, and no decisions are pending based on the
18 information that was presented.

19 So where are we on the agenda here? 6(c) which
20 is an oral presentation. Jean is back. We thought you'd
21 been out having a margarita or taking a nap or something.

22 MS. LATSHA: No. The bar was closed.

23 MR. OXER: Not for long, though.

24 (General laughter.)

25 MS. LATSHA: Jean Latsha, director of

1 Multifamily Finance.

2 I'll try to make this quick; I think we lost
3 our crowd. I'm going to do it again at the next Board
4 meeting because with all the comment about the awards, I
5 failed to recognize the staff that reviews these
6 applications and everything else, and I don't know if
7 they're still watching over there, but they're
8 ridiculously awesome. And the thing is, too, all of those
9 guys, like the least veteran has been there for five years
10 at least, which I think speaks a lot to Tim, Barbara, like
11 the upper management here. You don't stick around a place
12 that long unless you like your boss, and I haven't been
13 there that long to claim that. But anyway, I'll tell all
14 them that too.

15 Anyway, we've been talking about this at TAAHP,
16 just that we have a pretty unique opportunity this year
17 with no new legislation and no new court orders, no
18 external factors kind of driving policy change with
19 respect to the rules, and so we were hoping to, if you
20 will, take advantage of that situation and not change the
21 scoring items in the QAP, at least not change them really
22 significantly at all.

23 What tends to happen every year is that you
24 open up the QAP for comment, you make one tiny little
25 change over here, you think that's the only thing you're

1 going to change, and then it opens the floodgates of
2 comment, and then you wind up with 400 pages of comment
3 and reasoned responses and lots of discussions that we've
4 had year after year after year. That's kind of from a
5 staff perspective, from a development community
6 perspective, instead of spending three months commenting
7 on proposed rules, they can go out and look for
8 competitive sites because they know that there's not going
9 to be really any change to the scoring items.

10 And I keep saying scoring items instead of the
11 QAP. What staff has in mind is not suggesting any
12 substantial changes at all really to 11.9 which is scoring
13 items, with the exception of the addition of the provision
14 that is an incentive to participate in our 811 Program.
15 That would leave the door wide open for changes to 11.3
16 which is de-concentration factors. There's been a lot of
17 comment about the restrictions on elderly development in
18 certain regions and counties.

19 It would absolutely leave wide open Subchapter
20 B which is undesirable area features which I think we
21 intend to completely rewrite with the help of our Fair
22 Housing Team and all of his crime data. And to work on
23 some other things that, quite frankly, sometimes just
24 get -- I don't want to say ignored, but they don't get as
25 much time and attention as the scoring items get every

1 year when we go through this process.

2 So basically what we're looking for a is a
3 little bit of guidance from the Board with respect to
4 maybe broader policy changes that would give us reason to
5 open those scoring items up a little bit more. We're kind
6 of of the opinion that those scoring items, as they're
7 written now, effectively further the policies that they
8 were supposed to further. When we wrote those we looked
9 at statute and we looked at the remedial plan, and then we
10 took some direction from the Board and that was it and
11 there wasn't anything added from staff, so we feel like we
12 could be just as effective again. And I know that
13 sometimes it doesn't feel like that because you hear all
14 these appeals and you want to go through a cycle without
15 appeals, and it's just not going to happen as long as we
16 have a provision for appeals.

17 But when I looked back at the appeals that we
18 heard, three of them were tabled and didn't even come back
19 after they were tabled. The applicant heard what you had
20 to say, heard what staff had to say, and then withdrew
21 those appeals. Four of them that took the most time were
22 about undesirable area features, and we definitely want to
23 change that. The others, there were some that were
24 initially appealed about various scoring items, all
25 withdrawn.

1 The only ones that resulted in some sort of
2 discussion or change was the one about the related party
3 which could, quite frankly, be solved through a
4 definition. That was an interpretation of a rule and it
5 wasn't really an ambiguous part of the rule but more about
6 the definition of a related party. Right? And the other
7 is community revitalization plans, and I know we did have
8 some discussion about that earlier. I think staff is of
9 the opinion that that rule, as it's written, is effective,
10 although it's difficult to meet that requirement, yes.
11 I'm not sure that it shouldn't be difficult to meet that
12 requirement since it's worth up to six points.

13 But we just wanted to kind of open up the door
14 for some discussion and get some guidance from you as we
15 develop a staff draft that will be presented to you on
16 September 4. A lot of times we develop that draft with a
17 lot of input from the development community and our own
18 heads and just trying to follow external factors, like
19 court orders and legislation, that dictate what we're
20 doing, but we don't come here at this point and say is
21 there any other sweeping policy change that you'd like us
22 to get in our heads as we craft that first draft.

23 We've been talking about the development
24 community about this idea and I think there's a couple out
25 there that want to make some comments with respect to

1 that, unless you have anything to add.

2 MR. OXER: From the Board, absolutely.

3 MR. GANN: Thank you, Mr. Chairman.

4 I kind of enjoyed the point where they were
5 talking about unit number 14181, The Trails at Mockingbird
6 Lane, I think is what it was. Anyway, they were talking
7 about the investment and whether it be \$1 million, \$10
8 million, \$5 million, and I don't remember exactly how that
9 runs, but I don't really consider 117,000 people a small
10 town. I mean, 32,000 is a small town to me. So I'm
11 wondering what adjustments can you make and how low can
12 you go.

13 MR. IRVINE: Could I field that one?

14 MS. LATSHA: Sure.

15 MR. IRVINE: First of all, I don't necessarily
16 agree that the requirement should be different depending
17 on the size of the city or the town. To me it's all about
18 neighborhoods, and typically neighborhoods are more or
19 less the same size whether they're in the middle of
20 Houston or whether they're in Abilene, and to me it's a
21 reflection of what would it typically cost to address the
22 most common things that require community revitalization.

23 MR. GANN: But what do you think is that
24 amount?

25 DR. MUÑOZ: Tim, I've got a followup question.

1 But then I suppose I view it a little differently. A
2 neighborhood of 10,000 in the City of Austin or a
3 neighborhood of 10,000 in a city of 12,000, that's the
4 city. Proportionately, a million dollars in that Houston
5 neighborhood versus in that smaller town, proportionately
6 in terms of what's available to them to invest,
7 realistically, is radically different. So how could you
8 conceptualize a tiered system based on maybe population,
9 maybe total income, assets available to the city. You've
10 got some small towns and their entire operating budget
11 might be \$30 million versus Houston with probably hundreds
12 of millions. It doesn't strike me as equitable.

13 Now, I agree with Tom, 117,000, 115,000 in West
14 Texas, that's a metropolis, when you're talking about
15 towns like Lamesa, Tahoka, Wheeler, Pampa, Idalou, et
16 cetera. I guess I feel, maybe more strongly than Tom,
17 that that's got to be looked at because these smaller
18 communities simply haven't the assets, the material
19 resources to invest even these amounts, \$4 million. I
20 mean, had this school not been built, they would have had
21 \$2.65 million which is probably a considerable investment
22 even for a town of that size.

23 MR. OXER: But I'd add something to that too.
24 When we make exceptions, for example, on the concentration
25 issue, if there's less than a million people in the

1 county, the concentration issue doesn't apply. I don't
2 where the breakpoint is but it seems like there should be
3 a breakpoint in there somewhere so that smaller towns --
4 and granted, a neighborhood is a neighborhood, there's
5 probably a range of size on those that maybe a
6 neighborhood in a big city is two or three times the size
7 of one in a small city, but it's not 50 times and it's not
8 the ratio of the size of the city, Houston versus Abilene
9 is a 20-to-1 differential.

10 DR. MUÑOZ: And maybe you predicate it on sort
11 of geographic identifier, maybe urban has a different
12 threshold than rural, maybe at-risk set-aside.

13 MS. LATSHA: And it currently does. That
14 community revitalization plan scoring item, the
15 requirement to have that kind of plan is only for urban
16 developments. The rural developments have a completely
17 different set of criteria.

18 MR. OXER: And I think what you're hearing out
19 of all of us, Jean, is that there's some question, the
20 issue needs to be addressed. Get out there and stir it up
21 and let's see what we can figure out. Okay?

22 DR. MUÑOZ: So Abilene is urban. Right?

23 MS. LATSHA: That's right.

24 MR. OXER: All 115,000 of them.

25 MR. DORSEY: But some of the other towns you

1 talked about would be rural, and so they would have a
2 different standard.

3 MS. LATSHA: Right. They would just need to
4 show some infrastructure improvement within a few miles of
5 the site.

6 MR. THOMAS: Conroe would be urban or rural?

7 MR. OXER: Conroe?

8 MS. LATSHA: I don't know offhand.

9 MR. DORSEY: I'm not sure.

10 MS. LATSHA: But maybe we could at least bring
11 some information back that shows some demographic
12 differences between the urban communities and rural
13 communities and present and see if we need to make an
14 adjustment there.

15 DR. MUÑOZ: Even if there were some kind of
16 reasonable, not sort of inexhaustive, sliding scale based
17 on population.

18 MR. OXER: We're searching for options right
19 now to address the issue that's come up, so just work on
20 it.

21 MS. LATSHA: Sure. Go right ahead.

22 MR. THOMAS: I was going to say on those lines,
23 to give you guidance, because you did ask for guidance.

24 MS. LATSHA: Yes.

25 MR. THOMAS: From my perspective, I think that

1 maybe Juan has already said it, but it's the financial
2 ability of the community to be able to target direct
3 revitalization efforts. Some of the communities, I think,
4 regardless of the size of those communities, don't have
5 the resources, the tax base or otherwise, to do those
6 types of targeted efforts.

7 The argument I took away from the Abilene
8 discussion, and I don't know that this was correct, but
9 what I took away from that was Abilene really didn't have
10 the resources to do a targeted community. It was large
11 enough for the them but their resources were too small to
12 do an eastside redevelopment effort like the city of
13 Austin might do, or targeted neighborhood communities like
14 Houston or Dallas would do. And I don't know if I
15 understood that correctly, but that's what I took away.
16 I'd like to see if there's something around that.

17 MR. DORSEY: One thing probably three years ago
18 when we originally -- I think it was three years ago,
19 maybe two years ago, we redid the scoring criteria from
20 scratch, and you guys have heard a lot about local
21 political subdivision funding. Before, a couple of years
22 ago, that item was like 2,000 bucks a unit, no matter
23 where you were, and there was a lot of concern about that
24 from folks who were in rural areas.

25 So we took that back to a roundtable, we had a

1 specific portion of a roundtable dedicated to rural
2 issues, and kind of the system based on population grew
3 out of that roundtable. And we have one on Tuesday, and
4 so I think it's certainly possible that we specifically
5 try to get folks engaged in this specific discussion,
6 let's talk specifically about how we address this type of
7 issue for areas that are of different sizes, or maybe
8 based on the size of the neighborhood itself or the
9 population of the neighborhood that's identified

10 MR. GANN: Just remember that you're not going
11 to have people from the small towns there to discuss it
12 even.

13 MR. DORSEY: Well, trust me, those rural
14 developers, they're well organized, so they'll be there.

15 MR. OXER: Yes, they are at least as aggressive
16 since they're fighting over smaller bits, as it were.

17 MR. DORSEY: Because community revitalization
18 links so much up with the undesirable area features, it
19 might be that we can kind of address those as a whole
20 thing, and still there are a whole a bunch of other
21 scoring items that I think, as Jean's statistics show,
22 didn't really become issues that the Board had to deal
23 with, and so perhaps the dedication of time to community
24 revitalization, undesirable areas, and obviously, then the
25 inclusion of 811. Legally, I'm not sure how we would open

1 up just a couple of scoring items, but we can deal with
2 that possibility or what-have-you.

3 MR. OXER: Is that sufficient? Anything else,
4 Jean?

5 MS. LATSHA: No. I think there are just a
6 couple of folks here, who, after all these discussions
7 this week, had some thoughts on the subject.

8 MR. OXER: Go ahead. Tamea, I know you know
9 what to do. You guys are supposed to be up here in the
10 front row, so anybody who wants to talk is supposed to be
11 up in the front row.

12 MS. DULA: Good afternoon. Tamea Dula with
13 Coats Rose. I just wanted to bring out three different
14 points based upon what was just said.

15 One is the discussion of the use of municipal
16 funds, whether it be for local political subdivision
17 financing or to fund a community revitalization plan.
18 Little communities don't have the right kind of money, and
19 their local council are very, very aware of this, and
20 generally if you have a small city that says to their
21 attorney can we please devote X dollars to encourage this
22 project, the response will be that the Texas Constitution
23 prohibits the use of municipal funds for the benefit of a
24 private enterprise of this nature. So unless you're a
25 participating jurisdiction and you have HUD money

1 available, there's not a whole lot of places you can go to
2 get money for this because you cannot use general tax
3 revenues.

4 Number two, with regard to the community
5 revitalization plans, I would suggest, although we have a
6 well developed plan at this point, that certainly a
7 community revitalization plan point system ought to take
8 into consideration the fact that there are revitalization
9 plans that have been around since prior to our providing
10 points for that. That like my TIRZ of last month did not
11 hit five out of eight different criteria in the discussion
12 of why we need this TIRZ, but was a legislatively
13 approved, statutorily authorized revitalization plan, and
14 something like that there ought to be an opportunity to
15 use it in order to achieve this kind of point opportunity.

16 And the final thing I wanted to say sprang out
17 of the appeal that Coats Rose had about the multi-county
18 public housing authorities and COGs. There ought to be
19 some kind of resolution within the QAP or the rules to
20 handle the situation where your local political
21 subdivision funding can come from a regional authority
22 because there are a lot of counties out there that don't
23 have their own housing authorities, even though a city
24 within them may, but you can't go to the city housing
25 authority unless you're in the city without getting a

1 local agreement with regard to that city servicing areas
2 outside of the city. So I would suggest that you think
3 about perhaps expanding the definitions in order to
4 accommodate counties like that.

5 Thank you.

6 MR. OXER: Sure. Any other questions?

7 MS. KAVILLE: Good afternoon. I'm Jocklin
8 Kaville. I'm with the City of Houston, and I am here
9 today on behalf of Director Neal Rackleff, who today is in
10 Washington, D.C. He is actually sharing some of Houston's
11 best practices regarding homelessness at a national
12 homelessness conference going on in D.C. And that's part
13 of what I would like to talk to you about and to have the
14 QAP address a little bit further.

15 We appreciate that the QAP does talk about
16 permanent supportive housing, but we think it needs to go
17 a little bit further. If we can increase the
18 understanding and the definition of the differences
19 between transitional housing and permanent supportive
20 housing, it would help.

21 The current QAP gives high scoring to high
22 opportunity areas with transitional housing. The high
23 opportunity areas are the high incomes and the quality
24 schools. The reality with permanent supportive housing is
25 that this type of housing is primarily for single people

1 who are homeless. Schools are typically not an issue.
2 Most of the units are single room occupancy units. So we
3 would ask that that be taken into consideration.

4 Also, the permanent supportive housing, since
5 it deals primarily with the homeless population and a
6 single population, it needs to be in areas that have
7 access to transportation. In the Houston region, the high
8 opportunity areas typically do not have good
9 transportation access, and so it's a little more
10 problematic to try to get these folks the help that they
11 need to remain in permanent housing. And the difference
12 there is it's a housing first model that deals first with
13 putting them in a permanent place to live and then dealing
14 with some of the social and behavioral issues that would
15 help to keep them in a more productive way in society.

16 So we appreciate the work that staff has done
17 in acknowledging permanent supportive housing in the QAP
18 and we would ask that we go a little bit further with it,
19 and we look forward to helping to draft that. Thank you.

20 MR. OXER: Thanks, Jocklin.

21 Any questions?

22 MR. THOMAS: Just very briefly.

23 MR. OXER: Yes, sir, Mr. Thomas.

24 MR. THOMAS: I really appreciate your comments
25 there, and this is an area that I have, at this point,

1 some of the least amount of information about the way our
2 agency interacts to provide that type of housing, but are
3 there unique funding challenges particularly related to
4 helping with chronic homelessness? More a statement, if
5 you could make sure that our staff has additional
6 guidance, particularly given your years of expertise in
7 Houston, about what some of those issues look like, and
8 most importantly, helping us understand how some of our
9 regulatory, statutory, constitutional limitations that
10 might exist that would impede or help us address that,
11 that would be good.

12 MS. KAVILLE: Well, we certainly would like to
13 work with you on that. We have members of our staff who
14 are very, very well versed in what the statutes are and
15 what the limitations are, and we know that there is the
16 roundtable on Tuesday and so we'll look to pull
17 information together and help with that. Did I answer
18 your question?

19 MR. THOMAS: You did, and I'm sorry, it was a
20 little bit too vague. But part of what I wasn't talking
21 about, that our executive director is near and dear to me
22 as well, is the intersection between our housing charge
23 and our community affairs charge, and what I was really
24 thinking was where do we have overlap and the ability for
25 our community affairs piece to help and tie the two sides

1 of our house together to start addressing or continue
2 addressing more affirmatively chronic homelessness.

3 MS. KAVILLE: And I don't know how to answer
4 that, but I will say is that permanent supportive housing
5 is the best practice emerging in the country right now for
6 addressing homelessness, and so I think to look at that
7 and to look at it differently than you do currently with
8 transitional housing will become appropriate, not only for
9 Houston but for other urban areas who have homeless issues
10 as well.

11 MR. THOMAS: And that's why I was talking about
12 the statutory or constitutional restrictions which may
13 exist that our prior speaker was just talking about. I'm
14 wondering can we solve some of that or address some of
15 that more effectively by charging up our community affairs
16 side and helping them. High level. I think our staff
17 understands what I'm trying to get to. Thank you. Sorry
18 about that.

19 MS. KAVILLE: Thank you.

20 MR. GRIGSBY: Good afternoon. My name is
21 Seedman Grigsby and I also work at the City of Houston's
22 Housing and Community Development Department. I'm here
23 today to request a change to the QAP scoring in regards to
24 the City of Houston's community revitalization areas.

25 The City of Houston has developed five

1 community revitalization areas and we would like them to
2 be given the same point consideration that high
3 opportunity areas receive so that we can partner with
4 TDHCA to leverage our federal and local dollars to develop
5 tax credit properties within Houston city limits. The
6 city's community revitalization areas, where investment
7 complies with affirmatively furthering fair housing, were
8 developed in conjunction with housing advocates, community
9 representatives, HUD advisory consultants, the General
10 Land Office of the State of Texas, nationally recognized
11 urban planners and affordable housing providers, and are
12 areas where economic investment and demographic trends
13 indicate that revitalization is achievable and it is
14 necessary to preserve affordable housing within those
15 areas.

16 Again, we just ask that the City of Houston's
17 community revitalization areas receive scoring along the
18 lines of high opportunity areas in the QAP.

19 MR. OXER: Thanks for your comments, Seedman,
20 and I hope you'll give our best to Mayor Parker as well.

21 MR. GRIGSBY: Will do. Thank you.

22 MR. SHAW: Chairman, Board and staff, my name
23 is Stuart Shaw, chief executive officer of Bonner
24 Carrington. I'm a developer.

25 About 12 years ago I stood before this Board

1 and I didn't know the program very well and I was trying
2 to figure out why we could not develop in a nice area, and
3 my first community ever, Cypress Creek Apartment Homes at
4 Lakeline Blvd., is now about 12 or 13 years old, we
5 finally got it done. I just wasn't very smart at it but
6 finally got it done, because the 9 percent rules did not
7 help us. We had to do a bond transaction there. It's in
8 a very nice area of Cedar Park which is a nice bedroom
9 community of Austin, going through a resurgence at the
10 time, and good schools, and so we were able to marry --
11 and it's been just a complete success -- affordable
12 housing in an area where you're not ghetto-izing
13 affordable housing, and at the time the rules, I think,
14 pushed us towards that statement by going to QCTs a lot.

15 And so anyway, we were successful in doing
16 that, and then we've kind of been through a lot of routes,
17 we tend to choose nice locations. But the current QAP
18 really plays to our strengths and we're able to take
19 affordable housing into nice neighborhoods so that people
20 who need affordable housing, who work in those
21 neighborhoods have a place to live and a place to take
22 their children to school.

23 So at any rate, I like the QAP as it is, and
24 I'm just here to say that. I know we got some awards this
25 time but we worked hard for them and we got the complete

1 support of every community we're in, we don't have any
2 opposition anywhere, like zero, none, and we have
3 unilateral, complete unanimous support across the board in
4 every community we're in.

5 And so I can't solve everybody's problems, and
6 neither can we or you, nothing it going to be perfect, but
7 I just want to congratulate staff and the Board. I think
8 it's been working pretty well. Nothing is ever going to
9 be perfect, but I'm pretty happy with it and we're able to
10 go and do wonderful things, and now we can do market rate
11 units with our affordable. Goodness, we're doing
12 remarkably good stuff in communities now and we're able to
13 do it because you all allow us to do it and help us.

14 And so I'm here to say thank you. Thank you to
15 a wonderful staff who listens to us; we don't get special
16 favors but they listen, they're fair. And you know I
17 don't get everything I want; I come up here and sometimes
18 I do, sometimes I don't, and I'm fine with that. It's a
19 level playing field. I like it, I respect it, and I'm in
20 favor of the QAP as it stands. Thank you for listening to
21 my comments.

22 MR. OXER: Thanks, Stuart. We appreciate those
23 comments. It's hard to sit up here and not think
24 occasionally: Boy, what are we doing wrong? So nice to
25 hear that we're doing a few things right.

1 MR. SHAW: More than a few things, and you're
2 more than welcome. Thank you. I'd better sign this.

3 MR. OXER: Tell us who you are so she knows who
4 you are.

5 George.

6 MR. LITTLEJOHN: Chairman Ozer, members of the
7 Board, Mr. Irvine. My name is George Littlejohn. I'm a
8 CPA with Novagradac & Company. I'm also the current
9 president of TAAHP, Texas Affiliation of Affordable
10 Housing Providers, and we've had lots of discussions about
11 some of the issues, especially in terms of closing the
12 scoring criteria. I've also had some interaction with
13 members of the staff. We had what we called a TDHCA panel
14 where I was the moderator. I think our panel title was
15 "We Don't Need No Stinking Rules." And Tom Gouris was the
16 one who actually came up with the title.

17 (General laughter.)

18 MR. LITTLEJOHN: We are an organization of very
19 diverse membership, and my comments are not in my position
20 as TAAHP president because we haven't had an opportunity
21 to really go out to the full membership and discuss it. I
22 will tell you that my impressions are that in most cases
23 many of the developers, the immediate thought is: Oh, my
24 gosh, we need to fix things, we need to keep it open. But
25 then upon reflection, it seems like a lot of folks are

1 very much like: You know, this isn't a bad thing; we like
2 having the ability to maybe know what the scores are and
3 start the process now, there's some real advantages in
4 that.

5 And I came back late from lunch from a meeting,
6 but from what I understand, there are some issues, such as
7 the community revitalization. If there was a way to sort
8 of tweak some of the definitions within but not change the
9 score, I would be in favor of that. I would, as an
10 individual, think that would be a great way to do it, but
11 it may not be able to open it up to just that part.

12 Overall, I like the process of Cameron talking
13 about ways to make this process a little easier and giving
14 us all more time. Now, as the current president, for at
15 least two more weeks and then I'll be the immediate past
16 president, I can tell you right now we're committed to
17 working with TDHCA, and I've met with Executive Director
18 Irvine many times, Chairman Oxer. The process has been
19 very transparent and we appreciate that.

20 And we're going to be at the application
21 workshop, and what we hope to do on the other areas of the
22 QAP we're certainly hoping for some flexibility and to fix
23 some of the things to make the program a lot better, some
24 timing issues, some of the things like undesirable site
25 features, and I think we can certainly make a lot of

1 progress in that.

2 Thank you.

3 MR. OXER: Thanks, George. Appreciate your
4 comments.

5 MS. ANDERSON: Good afternoon, Chairman, Board,
6 Mr. Irvine, staff, everyone. I'm Terri Anderson. My
7 company is Anderson Capital, I'm a consultant. In the
8 past few years I've done the majority of my work in the
9 Dallas area, but I have done other developments around the
10 state.

11 I do agree that the QAP is relatively good. The
12 scoring is working well to include a lot of the things I
13 know you're dealing with from an ICP perspective. There
14 are two particular areas that I believe should be tweaked
15 just a little bit for the Dallas area, because in keeping
16 with the high opportunity area funding, one big component
17 of that is the schools, of course, and areas like North
18 Dallas that could ordinarily be considered or would
19 ordinarily be considered high opportunity because the
20 point scoring for schools is at 78 instead of 77 or some
21 other area that would be a median number. I know Cameron
22 went through a pretty good explanation of why he chose the
23 78 number, but I believe maybe 77 was formerly exemplary,
24 I'm not sure.

25 MR. DORSEY: Jean is the expert on that.

1 MS. ANDERSON: Okay. So I would defer to Jean.
2 But just in looking at one of the larger cities in the
3 state, we're truly unable to compete from a high
4 opportunity area where there may be land that is more
5 affordable to do an affordable housing transaction. And
6 then the other issue was not being able to do any senior
7 developments in Collin County. So I understand why those
8 were implemented last year, and I thought that those were
9 done under the presupposition that we might look at
10 changing them next year.

11 So that would just be my two comments. Thank
12 you so much.

13 MR. OXER: Thanks, Terri.

14 Yes, the potential for doing senior
15 developments continues to exist. I think we had this
16 discussion at the TDHCA panel yesterday. That was
17 probably there to rectify an imbalance that we saw
18 beginning to occur that would put us potentially at risk
19 for other litigation that we're trying to get it back in
20 balance. It is, by no means, something that is done and
21 out of the way and will not come back, it's just timing
22 until we get that balance back together.

23 Jean, anything you want to sum up?

24 MS. LATSHA: You know, I feel like I'm kind of
25 putting y'all on the spot with I would like some direction

1 right now, and we've obviously heard some of the thoughts
2 about community revitalization. I think the thoughts from
3 Seedman with the City of Houston was kind of more what I
4 was looking for. What he's suggesting is really something
5 that would have a change that would look like a policy
6 change to equalize community revitalization plan points
7 with high opportunity area. That's the kind of thing that
8 we would definitely need some clear direction if we wanted
9 to make that sort of change.

10 I did want to point out the City of Houston,
11 what happened in Region 6 this year is we wound up with a
12 lot of high opportunity area deals getting awarded, but
13 there were, at one point, two or three applications in
14 there that actually were competitive and were submitted
15 with community revitalization plans from the City of
16 Houston. Those applications, unfortunately, made some
17 technical errors that knocked them out of the running. So
18 I think that from a policy perspective it could have
19 effectuated the result that the City of Houston would have
20 been a little happier with more even distribution of deals
21 in the City of Houston proper that were part of their
22 community revitalization plans, along with some high
23 opportunity area deals. It just didn't work out that way
24 in the end.

25 MR. OXER: Cameron.

1 MR. DORSEY: Just a couple of things. Tamea
2 mentioned some of the potential constitutional issues with
3 LPS funding in small municipalities. There are a couple
4 of AG opinions out there. Barbara and I have talked to a
5 number of contracted counsels for very small cities that
6 don't have own on-staff legal counsel, and there are a
7 couple of AG opinions out there that have gotten a few
8 cities, at least, comfortable with the idea that they
9 could provide funding for affordable housing.

10 Aside from that, I wanted to highlight Jean is
11 going to be more in charge of this than I am this year,
12 but in the previous year both of us would kind of just do
13 this together. The way the scoring works is it's not just
14 about: Okay, let's take community revitalization plans
15 and then make that just, in and of itself, a singular
16 policy issue, improve that so that all rational community
17 revitalization plans that might be viable get scoring. If
18 it was that simple, it would be really, really nice.

19 But what we actually have to do is account for
20 a whole range of other issues, including predicting what
21 the outcome of the cycle will be when we're drafting the
22 items themselves. Why? The ICP litigation is a perfect
23 example. There we're trying to achieve proportionately
24 more high opportunity area deals than non high opportunity
25 area deals, and so you have to predict. The obstacles you

1 encounter in the various types of areas, whether they be
2 high opportunity or not, are different. And so getting
3 community support may be more difficult in some high
4 opportunity areas and so that is going to influence the
5 decision-making that a developer has in trying to pursue a
6 site there.

7 So any type of thing to do on its face from an
8 addition, a simple math standpoint, equalize, for example,
9 high opportunity area and community revitalization plan,
10 could, in effect, swing the balance completely in one
11 direction in reality. So we don't just look at the simple
12 math of the issue, we have to look at the likelihood that
13 this is going to produce results that are inconsistent
14 with the obligations the Department has.

15 You know, TIRZ, there are lots of TIRZs out
16 there, so perhaps we could create a community
17 revitalization plan item that captures some of the most
18 substantive TIRZs out there, but if I were to create one
19 that captured all TIRZs and then I were to create more
20 equalization in the points, then I'm just going to end up
21 with a whole bunch of TIRZ applications because a lot of
22 times those are areas that need revitalization, they have
23 less community input.

24 A developer is opportunistic -- and I say that
25 not in a bad way at all; my family is in development --

1 they take advantage of paths of least resistance to
2 accomplish these objectives and so the paths of least
3 resistance are much more complex than the simple math of
4 the scoring.

5 So I just wanted to convey that when we go
6 through this and actually craft the balance, Jean
7 mentioned what happened in Houston this year which was we
8 ended up with, I think, all high opportunity area deals,
9 maybe except one, and no community revitalization deals --
10 I think we ended up with one community revitalization deal
11 but it was not in the City of Houston -- that would have
12 been unexpected given the applications we received in the
13 beginning but the technical issues with a few of them
14 caused them to fall out.

15 Next year I could end up with the exact same
16 distribution and I could fund 50-50, you know, with the
17 exact same scoring criteria. So opening up community
18 revitalization to allow more areas to qualify becomes a
19 really difficult thing to accomplish without creating a
20 pendulum swing that's too great.

21 So the sensitivity of these issues goes way
22 beyond just the simple let's look at a community
23 revitalization plan, does this make sense. It goes way
24 beyond that. It's also if I have too many that make sense
25 then I've got to narrow the criteria some more and kick

1 out some for the ones that make sense and go to the most
2 substantive or come up with some other way to
3 differentiate.

4 One of the things we did two years ago, and we
5 kept it this last year, is have the two-point bump there
6 for the deal that most significantly contributes to
7 concerted revitalization within the city. That was a
8 specific effort to provide some ability for community
9 revitalization plan deals to get accomplished but to not
10 swing the pendulum too much because only one per city can
11 actually achieve those.

12 So anyhow, I just wanted to convey that it's
13 complicated and it's really tough.

14 MR. OXER: If every deal could qualify then
15 it's a threshold and there's no differentiation.

16 MR. DORSEY: Right. And so sometimes things
17 are real difficult, sometimes we look at community
18 revitalization plans and when we look at that one
19 individually it seems like, man, this should qualify. But
20 then if I were to base a scoring item that one and it
21 opens the item up too much, then I've got a distribution
22 of funding issue on the back-end when I get done with
23 cycle that I can't correct at that point. The only way to
24 really deal with it effectively is to craft the rules in a
25 manner that hopefully achieves those ends.

1 MR. OXER: From my own personal position on
2 this, I'd like to see a continued clarification of the
3 revitalization plans so that it becomes less and less
4 likely that somebody would have to be able to imagine that
5 something they had fit that and there's a sharper
6 clarification of what the CRPs actually look like.

7 Is that consistent with what you think, folks?

8 MR. THOMAS: Yes, sir.

9 MR. OXER: Just curious.

10 MR. HOOVER: Chairman Oxer and Board and Mr.
11 Irvine. My name is Dennis Hoover, and I want to thank
12 Jean and Eric for coming last week to our Rural Rental
13 Housing Association conference in Fort Worth and spent
14 several hours with us there and brought up the topic of
15 not doing another QAP this year, which, except for one
16 little point, I think everybody there liked a lot. And I
17 would be willing to vote for that because I know the time
18 and energy that we spend on it in the industry, not to
19 mention what the staff spends on it, they could be doing
20 something else with their time. I think I would vote for
21 that.

22 The high opportunity points impacts the USDA
23 515 deals and the at-risk, obviously. Look at my deals
24 that need a rehab. I have to go through there and instead
25 of prioritizing the one that needs the rehab the worst,

1 I've got to go which one is going to score the points.
2 And so if this thing is going to get lessened or changed,
3 the ICP, one of these days, I really want to be able to
4 prioritize my deals based on need instead of this school
5 scores better than this one. Otherwise, I'd love not to
6 work on another QAP this year.

7 MR. OXER: I can't tell you how much we agree
8 with that last statement.

9 (General laughter.)

10 MR. OXER: Claire.

11 MS. PALMER: Claire Palmer. And I actually
12 wasn't going to talk, I swear.

13 I just want to reiterate one of the things that
14 Terri Anderson brought up which is an issue that we've got
15 in the City of Dallas. Dallas is a huge city in Texas and
16 Dallas is only getting one award in 2014 on a 44-unit
17 supportive housing deal because the City of Dallas does
18 not have North Dallas land that can score. The only way
19 it scores is if it happens to be one little tiny area
20 that's in another school district and there's a little bit
21 of Dallas that sits in the Richardson School District and
22 it can score. Otherwise, the highest scoring high school
23 scores 76, and there's two high schools that score 76, and
24 if we went down to 76 instead of 77, it would open up two
25 huge areas of North Dallas.

1 I don't have a North Dallas deal, I'm not in
2 this to try to get an award for somebody that I'm
3 representing, I don't have a client who is interested in
4 doing a North Dallas deal, but I would love, love, love to
5 see something get done. There's an area between Valley
6 View and the Galleria that has three ancient tax credit
7 properties on it that desperately need to be torn down and
8 redone and would really, really make a huge impact, but
9 they just simply don't score well enough to be
10 competitive. What happens is our neighboring cities are
11 getting all the awards; Fort Worth is getting two big
12 awards this year.

13 It's just really frustrating for somebody who
14 lives in Dallas County and who works with Dallas
15 developers who are dying to do work to see us with a city
16 that we can't score. We can score South Dallas because
17 the City of Dallas has a wonderful community
18 revitalization plan and they'll name one project as most
19 significant, but it's the opposite of what ICP wants us to
20 be doing. We can score a South Dallas deal and we can't
21 score a North Dallas deal.

22 And so I would just really hope that you would
23 look at the scoring issue on schools. Thanks.

24 MR. OXER: Thanks for your comments. Noted.
25 Our crack QAP modification team is taking note of each of

1 these comments, I'm sure.

2 MS. LATSHA: I don't have anything else, unless
3 you'd like me to comment on any of that.

4 MR. OXER: I figure we'll have a chance to
5 comment on those as we're making modifications in the
6 future. Okay?

7 MS. LATSHA: Yes.

8 MR. OXER: One of the things I do hope that
9 happens is it's not going to be a wholesale rewrite,
10 there's going to be some mods, some tweaks, so we'd like
11 to get this to the Governor's Office before Thanksgiving
12 weekend so that they can take a look at it before
13 Thanksgiving.

14 MS. LATSHA: We can definitely do that. And I
15 think I've heard enough, and probably Cameron too, from
16 y'all, not only throughout the summer and the comments
17 that have been made on appeals and stuff but there too, so
18 that we can bring you something in September that is close
19 to what you want to see.

20 MR. OXER: Good. Any more questions from the
21 Board?

22 MR. IRVINE: There was one other item I would
23 like a little input on on the QAP.

24 MR. OXER: Then let's bring that one up.

25 MR. IRVINE: HUBs. When I look at the HUB

1 point item, I'm not entirely sure what the policy
2 objective is. Is it to give a HUB an opportunity to come
3 in and participate in something and make some money, just
4 profit motivation, or is it more directed towards bringing
5 HUBs in to teach them longer term skills and build them
6 more robustly into the affordable housing world? In other
7 words, is it important for the HUB to be in on the front-
8 end, get the financial benefit of being in on the front-
9 end, or is it important for them to be in the HUB as the
10 HUB for the duration, to do development, operation,
11 management and all of those things?

12 And if the HUB decides for whatever reason at
13 some point that it wants to exit, is there a policy desire
14 that the HUB be replaced by another HUB at the time that
15 it exits? Like if somebody is operating as the manager,
16 for example, and it's ten years into the deal and they've
17 had all the fun they want, do we have to get another HUB
18 in to be the new manager?

19 I'd like to hear, if you have any thoughts or
20 input on those issues.

21 MR. OXER: I don't have any thoughts right off.
22 I think ultimately it benefits the community that we serve
23 and the folks that participate in the process to try to
24 graduate the HUBs. It's like small business, you want to
25 graduate them out, move them up so that they're no longer

1 historically underutilized, they're very well utilized and
2 are strong enough to do their own deals. I don't want to
3 restrict anybody to an economic minority position in a
4 deal, but so that they have the capacity to grow and take
5 these on. That would be my own personal thought.

6 MR. IRVINE: One of the ideas I had is perhaps
7 developing some differentiation where the HUB participant
8 could say: All right, I want to get a point for doing
9 this on the front-end and I want to get a point for doing
10 this for the duration. Maybe there's some self-selection
11 where the HUB identifies what it is exactly they want to
12 accomplish.

13 MR. GANN: Just an observation. Normally these
14 things are 30 years. The tax credits are used up the
15 first ten years; that's what they're in there for. Then
16 you've got the HUB which is a highly motivated individual,
17 usually, that's very successful, probably, my guess, and
18 then if you don't keep that HUB or replace it with a HUB,
19 then what happens when these sell and it goes to a lesser
20 setup with no experience like the HUB has because she's
21 been there, he's been there, or whoever it is, been there
22 ten years, and so you lose a lot of experience in a time
23 frame when you need the most experience because it's
24 getting older at that time and you need to revitalize and
25 all these other things are coming up, there's no

1 experience there.

2 So it's our projects too, and that's why I
3 think you need to replace it with somebody that wants to
4 be there but still has the qualifications.

5 MR. IRVINE: Clearly, whoever comes in has to
6 be experienced and have the capacity to run it.

7 MR. GANN: But usually when these things sell,
8 that's usually at the fifteenth year, tenth or fifteenth
9 year, but usually fifteenth year, because all the
10 utilization of whoever was in it to start with they've
11 already gone, the tax credits are gone for whatever
12 they're there for, and then they sell it and go on. But I
13 think it's important to keep that management skill, or
14 whatever it might be, there.

15 MR. OXER: Any thoughts, gentlemen? Doctor?

16 DR. MUÑOZ: I agree with what you said, J. Paul
17 and Mr. Gann, about maintaining a HUB presence even after
18 sale.

19 MR. OXER: Okay. Robert.

20 MR. THOMAS: I was going to address Tim's
21 comment. I think from a policy perspective the policy
22 concept, the policy initiative behind we being in HUB
23 programs is to create economic opportunity today but the
24 longer term difficulty has been to drive the growth.
25 While it's a stated policy position, I think there's been

1 less of a commitment to see -- and part of that is because
2 you can't control what happens inside a business, you can
3 help create opportunity but you can't necessarily grow
4 them.

5 But to the extent that our policy can drive and
6 support the growth of HUBs, to our chairman's position, to
7 become majority contractors, if you will, I think that
8 that should be a policy that we figure out how to drive in
9 a delicate, difficult way. I mean, I don't know how you
10 do that, but I think anything we can do to help
11 incentivize that growth and development of those
12 organization is to the benefit of our citizens and the
13 benefit of our state.

14 MR. OXER: I would hasten to point out that a
15 lot of things we take on, not knowing how we're going to
16 get there, we only know where we want to go, so we're
17 working with a compass and no map to start with, but at
18 least we're working with a compass.

19 Are there any other comments you need on this,
20 Jean, since it's a report item and just input for further
21 direction? Is that sufficient for you to work on? And I
22 expect that you'll be getting some more later on, so don't
23 feel underwhelmed or under-loved. There will be plenty to
24 come.

25 Anything else on the formal agenda? We've come

1 to the point, and there's been a lot of invitation for
2 comment on this item, people have had that chance. Is
3 there anything else? We're at the point in the agenda
4 where we ask input for the development of future agendas,
5 hoping that everyone will recognize we cannot comment or
6 take action on anything that comes up from here out, but
7 we're just looking to build future agendas.

8 Stuart, you've either got to be in it or out of
9 it.

10 MR. SHAW: Stuart Shaw, Bonner Carrington.
11 Chairman, Board, staff.

12 On the subject of HUBs, I applaud that, I just
13 have one comment to make. I think it's pretty neat to
14 take HUBs and mentor them to become developers, but I
15 would hope that you all would hope that we as developers
16 know what we're doing. I really do, because a lot of the
17 things I think we do ten years out, they become somebody
18 else's ministry and we need to rehab them before it's
19 time. And I think we do a lot of that and it's nobody's
20 fault, it's an unintended consequence.

21 We like to think that we do know what we're
22 doing. There's a warehouse district in downtown Austin
23 that I developed. We have experience, we have years of
24 experience, and so when we're mentoring a HUB, I would
25 encourage you to look at the HUB as somebody who is being

1 mentored and not the person who you really want to have in
2 after the sale or something like that. I don't want to
3 step on anybody's toes here, but that's a mentoring
4 process. And so I mention that only because it's on the
5 radar screen right now, and I encourage you to let us
6 mentor HUBs but put somebody in charge of these things who
7 really knows what they're doing so in 15 years there's a
8 property there that's actually still in good shape, it's
9 been maintained.

10 MR. OXER: I think the point from Tim's comment
11 was that anybody that's in there is going to have that
12 obligation to maintain that, and anybody that would come
13 in as a replacement for anybody in the deal is going to
14 have to have the experience. Put it the way we normally
15 do it, they're going to have enough ass on their tractor
16 to pull this thing. There you go, Tom.

17 MR. SHAW: We understand that where I'm from.
18 Thank you.

19 MR. OXER: Got it. Terri, what else?

20 MS. ANDERSON: I won't take a long time. Terri
21 Anderson, Anderson Capital.

22 Anderson Capital is a HUB. I've been working
23 for TDHCA and with TDHCA for at least 15 or 15 years now.

24 I think we do have very experienced HUBs who have the
25 capacity to stay involved in transactions. Developers are

1 smart, we do know what we're doing, but not all HUBs need
2 mentoring. HUBs are smart and professional and
3 experienced.

4 MR. OXER: And I have a question.

5 MS. ANDERSON: Yes, sir.

6 MR. OXER: If you've been in the business for
7 14 years and you've got a whole bunch of people out there,
8 are you historically underutilized?

9 MS. ANDERSON: Historically very much so,
10 actually. I can tell you I work on a few transactions
11 that I think are strong and good. I'm not in it for
12 volume and a lot of other things, so historically there
13 have been issues that are well documented that I don't
14 need to go into because we're all very much aware of them.

15 And in all candor, I've been fortunate and blessed to
16 have a career that has given me the experience that I can
17 bring.

18 MR. OXER: And don't misunderstand, we're glad
19 you're hear. What I'm trying to say is at some point when
20 does historically underutilized become not.

21 MS. ANDERSON: I don't have that answer, sir.
22 Maybe when my 16-year-old is here before you and she's
23 somewhere in her 40s.

24 MR. OXER: Forty years into her career doing
25 the same thing.

1 MS. ANDERSON: Exactly.

2 MR. THOMAS: Well, I mean, there's a
3 definition, there's economic levels.

4 MR. OXER: It's like economic levels of small
5 business you actually graduate out of.

6 DR. MUÑOZ: It might be a little bit more
7 complicated.

8 MR. OXER: I don't think we're going to solve
9 it right now.

10 MS. ANDERSON: No, sir, we're not. I just want
11 to say that there are experienced HUBs, and we grow, we
12 thrive and we work.

13 MR. OXER: And glad you do and glad you're
14 here.

15 MS. ANDERSON: Thank you.

16 MR. THOMAS: But that begs a different
17 question, I think. Sorry. The question that I think that
18 begs is does a HUB want to grow out of the HUB stage from
19 the economic level of gross revenue. I guess that's the
20 question but that's a different issue.

21 MR. OXER: It's almost a small business issue.
22 Suffice it to say that there are questions surrounding
23 the issue that we'll look at, and we're delighted that
24 that community is here and being well engaged in the
25 process that we're doing. I think that's one of the more

1 laudable components of the program that we have. I ask
2 that only, as a continuation of my earlier request, if
3 you're going to take a HUB and they want to be in a deal,
4 do they want to graduate and be a developer? Do they want
5 to get bigger and better, and if they're bigger and
6 better, are they then historically underutilized? I mean,
7 at some point you're not a small business anymore, for
8 example, in the SBA.

9 MS. ANDERSON: I'm clearly still a small
10 business. I can't speak for every other HUB across the
11 state. I understand your point. But I definitely have
12 always been an advocate, whether I'm working as a
13 consultant or otherwise, for other developers who started
14 at TDHCA when I worked here and they're quite large
15 developers now. So no, I wouldn't suggest that those
16 developers are underutilized, but I do know that they were
17 given an opportunity and it has been for our state and
18 it's been good for them.

19 MR. OXER: We'll make this the LIHTC school for
20 development.

21 MS. ANDERSON: Thank you.

22 MR. OXER: Glad to have you.

23 All right. Are there any other? Cameron says
24 nobody else wants to talk. No other staff comments from
25 the audience. Any Board member have anything to say?

1 Michael.

2 MR. LYTTLE: Do you want to remind your
3 colleagues about the September meeting?

4 MR. OXER: Our September meeting is September
5 4, it will be the Thursday after Labor Day, we'll all be
6 back in school, so we keep our casual days for the summer,
7 which are May, June and July.

8 We skip the August meeting, September wear your
9 school colors. Okay. Represent your schools. Be
10 prepared, bring your school colors.

11 Does any member of the Board have any comments
12 to make?

13 (No response.)

14 MR. OXER: I get the last one. It's a good
15 thing that we do. We just put \$61.7 million worth of tax
16 credits out there that represents something in excess of
17 \$550 million in project cap ex. I don't think there's
18 many states that can say they it as well as we do.

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

20 MS. BINGHAM ESCAREÑO: So moved.

21 MR. OXER: Motion by Ms. Bingham to adjourn.

22 DR. MUÑOZ: Second.

23 MR. OXER: Second by Dr. Muñoz. No discussion
24 required.

25 All in favor?

1 (A chorus of ayes.)

2 MR. OXER: We stand adjourned. See you in
3 September, folks.

4 (Whereupon, at 2:23 p.m., the meeting was
5 concluded.)

C E R T I F I C A T E

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3 MEETING OF: TDHCA Board
4 LOCATION: Austin, Texas
5 DATE: July 31, 2014

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 197, 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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17 08/4/2014
(Transcriber) (Date)

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19 On the Record Reporting
20 3636 Executive Ctr Dr., G-22
21 Austin, Texas 78731
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