

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

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

September 3, 2015
9:36 a.m.

BOARD MEMBERS:

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

TIMOTHY K. IRVINE, Executive Director

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER	9
ROLL CALL	
CERTIFICATION OF QUORUM	
CONSENT AGENDA	
ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	15
EXECUTIVE	
a) Board Meeting Minutes Summaries for June 16, 2015; June 30, 2015; July 16, 2015; and July 30, 2015	
LEGAL	
b) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Van Apartments (HTC 92181 / CMTS 1091)	
c) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Villa Elaina (HTF 85338 / CMTS 4210)	
HOME PROGRAM	
d) Presentation, Discussion, and Possible Action to authorize the issuance of the 2015 HOME Investment Partnerships Program ("HOME") Single Family Programs Competitive Award and Reservation System Notices of Funding Availability ("NOFAs") for Single Family Non-Development Programs, and the publication of the NOFAs in the <i>Texas Register</i>	
e) Presentation, Discussion, and Possible Action on amendments to two HOME Homeowner Rehabilitation Assistance Household Commitment Contracts issued under Reservation Agreement 2012-0800 for the reconstruction of two single family homes by WREM Literacy Group, Inc. under the Disaster set-aside 1002069	
COMMUNITY AFFAIRS	
f) Presentation, Discussion, and Possible Action on Corrections to Previous Program	10

Year 2015 Emergency Solutions Grants Program Awards and the Associated Award of a Contract under the Program Year 2014 Emergency Solutions Grants Program

- g) Presentation, Discussion and Possible Action on State Fiscal Year 2016 Homeless Housing and Services Program Awards
- h) Presentation, Discussion, and Possible Action Authorizing Staff to Identify an Eligible Entity, through release and subsequent award of a Request for Applications ("RFA") to Permanently administer the Community Services Block Grant in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties

TEXAS HOMEOWNERSHIP PROGRAM

- I) Presentation, Discussion, and Possible Action on the Single Family Mortgage Loan and Mortgage Credit Certificate (MCC) Programs Participating Lender List

HOUSING RESOURCE CENTER

- j) Presentation, Discussion, and Possible Action on the 2016 Regional Allocation Formula Methodology

ASSET MANAGEMENT

- k) Presentation, Discussion and Possible Action regarding Housing Tax Credit Application Amendments
 - 14051 Churchill at Champions Circle
Fort Worth
 - 14155 Cypress Place Apartments
Beaumont
 - 14291 Cypress Creek at Wayside
Houston
 - 14292 Cypress Creek at Parker Creek North
Royse City

BOND FINANCE

- l) Presentation, Discussion, and Possible Action on Resolution 16-001 Authorizing the Issuance, Sale and Delivery of Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable) (the "2015A Bonds") and Single Family Mortgage Revenue Bonds, 2015 Series B (the "2015B Bonds"); Approving the Form 20

and Substance of Related Documents;
 Authorizing the Execution of Documents
 and Instruments Necessary or Convenient
 to Carry Out the Purposes of this
 Resolution; and Containing Other
 Provisions Relating to the Subject

MULTIFAMILY FINANCE

- m) Presentation, Discussion, and Possible 13
 Action on Determination Notices for
 Housing Tax Credits with another Issuer
 15405 Sagetree Terrace Houston
 15407 Reserve at Quebec Fort Worth
 15412 Timbers Apartments Austin
 15413 Martha's Vineyard Dallas
- n) Presentation, Discussion, and Possible
 Action on Inducement Resolution
 No. 16-002 for Multifamily Housing
 Revenue Bonds Regarding Authorization
 for Filing Applications for Private
 Activity Bond Authority on the 2015
 Waiting List for Williamsburg Apartments
- o) Presentation, Discussion, and Possible
 Action Authorizing and Directing the
 Executive Director to Approve
 Modifications to the Organizational
 Structure Relating to Darson Marie
 Terrace (#15404) Prior to Bond Closing

RULES

- p) Presentation, Discussion, and Possible
 Action on an order adopting new 10 TAC
 Chapter 5, Community Affairs Programs,
 Subchapter J, Homeless Housing and
 Services Program, §5.1009 Shelter and
 Housing Standards, and directing its
 publication in the *Texas Register*
- q) Presentation, Discussion, and Possible
 Action on an order adopting amendments
 to 10 TAC Chapter 5, Community Affairs
 Programs, Subchapter K, Emergency
 Solutions Grants ("ESG"), §5.2002 Purpose
 and Use of Funds, and §5.2004 Eligible
 Applicants, and directing its publication
 in the *Texas Register*
- r) Presentation, Discussion, and Possible
 Action proposing the repeal of 10 TAC
 Chapter 20 Single Family Umbrella Rule,

§20.1 Purpose, §20.2 Applicability, §20.3 Definitions, §20.4 Eligible Single Family Activities, §20.5 Funding Notices, §20.6 Applicant Eligibility, §20.7 Household Eligibility Requirements, §20.8 Single Family Housing Unit Eligibility Requirements, §20.9 General Administration and Program Requirements, §20.10 Inspection and Construction Requirements, §20.11 Survey Requirements, §20.12 Insurance Requirements for Acquisition Activities, §20.13 Loan, Lien and Mortgage Requirements for Activities With Acquisition, §20.14 Amendments to Agreements and Contracts and Modifications to Mortgage Loan Documents, §20.15 Compliance and Deobligation, and §20.16 Waivers and Appeals, and proposing new 10 TAC Chapter 20 Single Family Umbrella, §20.1 Purpose, §20.2 Applicability, §20.3. Definitions, §20.4 Eligible Single Family Activities, §20.5 Funding Notices, §20.6 Applicant Eligibility, §20.7 Household Eligibility Requirements, §20.8 Single Family Housing Unit Eligibility Requirements, §20.9 General Administration and Program Requirements, §20.10 Inspection Requirements for Construction Activities, §20.11 Survey Requirements for Acquisition Activities, §20.12 Insurance Requirements for Acquisition Activities, §20.13 Loan, Lien and Mortgage Requirements for Activities With Acquisition, §20.14 Amendments to Agreements and Contracts and Modifications to Mortgage Loan Documents, §20.15 Compliance and Monitoring, and §20.16 Waivers and Appeals, and directing their publication for public comment in the *Texas Register*

CONSENT AGENDA REPORT ITEMS

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ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) TDHCA Outreach Activities, July-Aug 2015
- b) Report Regarding a Request for Proposal ("RFP") for Master Servicer for the Texas First Time Homebuyer Program and the My First Texas Home Program issued by the Texas Department of Housing and Community Affairs (the "Department")

- c) Report Regarding a Request for Proposal ("RFP") for TBA Program Administrator issued by the Texas Department of Housing and Community Affairs (the "Department")
- d) Report Regarding the Awards of HOME and TCAP funds from the 2015-1 Multifamily Development Program Notice of Funding Availability

ACTION ITEMS

ITEM 3: MULTIFAMILY FINANCE

- a) Presentation, Discussion, and Possible Action on Inducement Resolution No. 16-003 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2015 Waiting List for Cheyenne Village Apartments and Chisolm Trace Apartments and Determination regarding Eligibility under 10 TAC §10.101(a)(4) related to Undesirable Neighborhood Characteristics 24
- b) Report and Discussion regarding the need to clarify 10 TAC §10.3(a) definition of "Qualified Elderly Development" in light of recent HUD guidance on age-restricted developments 29

ITEM 4: ASSET MANAGEMENT

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Presentation, Discussion and Possible Action regarding Amendments to HOME Direct Loan Terms for Allegre Point (HTC # 11123, HOME # 1001576)

ITEM 5: REAL ESTATE ANALYSIS

- a) Presentation, Discussion, and Possible Action on appeal of the recommended HOME loan terms in connection with the application under the Multifamily Development Program 2015-1 Notice of Funding Availability ("NOFA") for West Ridge Villas, #15502, McKinney 38
- b) Presentation, Discussion, and Possible Action on appeal of the recommended HOME loan terms in connection with the application under the Multifamily 38

Development Program 2015-1 Notice of Funding Availability ("NOFA") for Merritt Hill Country, #15273, Dripping Springs

ITEM 6: RULES

NOTE: The following items were tabled (see page 109) to be taken up at a special Board meeting to be held on September 11, 2015

- a) Presentation, Discussion, and Possible Action on proposed repeals of 10 TAC Chapter 10 Subchapter A, concerning General Information and Definitions, Subchapter B, concerning Site and Development Requirements and Restrictions, Subchapter C, concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applications, and Subchapter G, concerning Fee Schedule, Appeals and Other Provisions, and a proposed new 10 TAC Chapter 10 Subchapter A, concerning General Information and Definitions, Subchapter B, concerning Site and Development Requirements and Restrictions, Subchapter C, concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applications, and Subchapter G, concerning Fee Schedule, Appeals and Other Provisions, and directing their publication for public comment in the *Texas Register* 63
- b) Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, and a proposed new 10 TAC Chapter 11, concerning the Housing Tax Credit Program Qualified Allocation Plan, and directing its publication for public comment in the *Texas Register*
- c) Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC Chapter 10 Subchapter D concerning Underwriting and Loan Policy and a proposed new 10 TAC Chapter 10 Subchapter D and directing their publication for public comment in the *Texas Register*

- d) Presentation, Discussion and Possible action on the proposed repeal of 10 TAC Chapter 10 Subchapter E concerning Post Award and Asset Management Requirements and a proposed new 10 TAC Chapter 10 Subchapter E and directing their publication for public comment in the *Texas Register*

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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 September 3 meeting of the Texas
4 Department of Housing and Community Affairs Governing
5 Board.

6 We'll begin with roll call. Hope everybody had
7 a nice summer. Ms. Bingham?

8 MS. BINGHAM ESCAREÑO: Here.

9 MR. OXER: Mr. Chisum?

10 MR. CHISUM: Present.

11 MR. OXER: Mr. Gann?

12 MR. GANN: Here.

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

14 Dr. Muñoz?

15 DR. MUÑOZ: Here.

16 MR. OXER: And I'm here, we have five present,
17 that gives us a quorum, so we're in business.

18 Tim, lead us in the pledges.

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

21 MR. OXER: Good to see everybody back. Let's
22 get to work here. Do we have any special items to take a
23 look at this morning?

24 MR. IRVINE: Yes. Mr. Chairman, if we might
25 remove item 1(1) from the consent agenda.

1 MR. OXER: Is that being pulled or
2 reconsidered?

3 MR. IRVINE: It's going to be considered as an
4 action item. And also, I believe staff has some
5 clarifications to read into the record before you approve
6 the consent agenda, and those would be under item 1(m), as
7 in Mike, and 1(f) also.

8 MR. OXER: Okay. Hold on a second, Michael.
9 Bobby Wilkinson from the Governor's Office, there he is.
10 Welcome back. Good to see you made it over the summer.
11 And Ms. Pedraza from the Urban Affairs Committee, there
12 she is back in the back. Happy to see everybody here. We
13 appreciate the interest that the Governor's Office and the
14 legislature takes in what we're doing.

15 That said, with respect to the consent agenda,
16 we need to hear the correction first, so Michael, let's
17 take yours.

18 MR. DeYOUNG: Michael DeYoung, Community
19 Affairs director.

20 Item 1(f), in the weeks following the July 16
21 meeting of the Governing Board of TDHCA, staff was
22 contacted by the Coalition of the Homeless for Houston/
23 Harris County relating to the local competition that they
24 had done. In the past, I think you will remember, that we
25 have encouraged the local COCs to begin controlling part

1 of this process and making decisions for funding in an
2 effort to give more local control to where these ESG
3 dollars are put into force. Their award recommendations
4 to the Department were based on a competition and had
5 included awards that were joint collaborations, something
6 the Department is trying to encourage, and they requested
7 the awards previously approved by the Board be modified
8 slightly. So the item that you see before you is we're
9 requesting this verbal correction.

10 The COC board chose to apportion the award
11 previously approved for the Coalition for the Homeless of
12 Houston/Harris County such that Catholic Charities, the
13 Archdiocese of Galveston-Houston now also receives some
14 funding from that award. Further, the COC informed the
15 Department that a previous internal reapportioning of
16 funds between the Coalition for the Homeless of Houston/
17 Harris County and the Bridge Over Troubled Waters failed
18 to move administrative funds along with the program.

19 So what we're requesting is that the award for
20 Coalition for the Homeless of Houston/Harris County be
21 reduced from \$691,836 to \$128,750, also, that the award
22 for Bridge Over Troubled Waters be increased from \$411,469
23 to \$416,951, and finally, an award for Catholic Charities,
24 Archdiocese of Galveston-Houston of approximately \$553,765
25 is now approved.

1 So they've had some time to go through their
2 competition and realized they need to make some
3 adjustments within their competition, and we're in favor
4 and in support of those adjustments that they're wanting
5 to make in their Houston COC competition.

6 MR. OXER: So this is essentially repairing or
7 modifying or cleaning up something inside money that we've
8 already given them to start with.

9 MR. DeYOUNG: Yes. We awarded funds to the
10 COC. We did it with two COCs this year, we awarded them
11 directly and let them run the competition, and upon
12 further review they decided they want to include a
13 different decision, and we support that decision. They
14 have a board that works together, a committee that works
15 together on their process, and this is their request to
16 TDHCA and subsequently would change what you see in your
17 Board book as presented.

18 MR. OXER: It changes but is it considered a
19 material change?

20 MR. DeYOUNG: Enough because there's a new
21 entity within that recommendation that we need to read it
22 into the record.

23 MR. OXER: But just to read it into the record.
24 Correct?

25 MR. DeYOUNG: Correct. I'm not an attorney but

1 I play one on Governing Board days.

2 MR. OXER: Right. Wait till you see what I
3 play on Governing Boar days.

4 (General laughter.)

5 MR. OXER: Is there anything else in that,
6 Michael?

7 MR. DeYOUNG: No.

8 MR. OXER: And we're pulling item 1(1), is that
9 correct, to be considered as an action item?

10 MR. IRVINE: Correct.

11 MR. OXER: We're just going to take that up
12 later, Monica? Okay.

13 And on 1(m), Teresa, did you have a change you
14 wanted to make on that?

15 MS. TERESA MORALES: Teresa Morales, acting
16 director of Multifamily Finance.

17 With respect to 1(m), it relates to 4 percent
18 housing tax credit transactions and the issuance of
19 determination notices. The one clarification relates to
20 15475 Sage Tree Terrace. The underwriting report for this
21 particular transaction was posted after the Board writeup
22 was, so there's a slight change to the credit amount
23 that's reflected in your Board writeup. Instead of the
24 \$280,152, the revised credit amount should be \$278,948,
25 and that is consistent with underwriting.

1 MR. OXER: So we're just changing basically
2 1,800 bucks in that one item.

3 MS. TERESA MORALES: That's correct.

4 MR. OXER: All right. Appreciate the attention
5 to detail.

6 Given that, is there any item that any Board
7 member wishes to pull from the consent agenda?

8 (No response.)

9 MR. OXER: Apart from modifications on 1(f) and
10 1(m) and we're going to pull item 1(1) for consideration
11 as an action item.

12 Peggy, let's hear that before we get started.

13 MS. HENDERSON: Peggy Henderson, TDHCA,
14 registering public opinion for Jolene Sanders from Easter
15 Seals Central Texas in support for staff recommendation of
16 item 1(d).

17 MR. OXER: Okay. We'll take that.

18 Given that, I'll entertain a motion to consider
19 for the consent agenda.

20 MS. BINGHAM ESCAREÑO: Mr. Chair, I move to
21 approve the consent agenda with the modifications made on
22 1(f) and 1(m), and pulling 1(1) to the action agenda.

23 MR. OXER: Motion by Ms. Bingham. Do I hear a
24 second?

25 MR. CHISUM: Second.

1 MR. OXER: Second by Mr. Chisum.

2 Is there any other consideration, any other
3 public comment?

4 (No response.)

5 MR. OXER: There is none. Motion by Ms.
6 Bingham, second by Mr. Chisum to approve the consent
7 agenda with the exception of modifications on item 1(f)
8 and 1(m) and pulling 1(l) for later consideration. Those
9 in favor?

10 (A chorus of ayes.)

11 MR. OXER: And opposed?

12 (No response.)

13 MR. OXER: There are none.

14 Before we consider item 1(l), I want to take an
15 opportunity to accept one public comment at the chair's
16 discretion here because we have some logistics issues to
17 deal with. Jaime, if you'd like to come to the front and
18 make a point.

19 MR. LONGORIA: Good morning. First of all, I'd
20 like to thank you for having me here today, Chairman Oxer
21 and distinguished members of the Board.

22 MR. OXER: And I'll have to ask you first,
23 Jaime, you have to give your name, tell us who you are and
24 who you represent.

25 MR. LONGORIA: Right. My name is Jaime

1 Longoria, and I'm the executive director of the Community
2 Service Agency of Hidalgo County. I'm here today
3 representing County Judge Ramon Garcia and the entire
4 Commissioners Court of Hidalgo County.

5 As you're probably aware, our agency underwent
6 a rapid change in leadership back in March of this past
7 year. The top three administrators resigned en masse and
8 the Commissioners Court, in their wisdom, chose me to be
9 the interim executive director -- and I say wisdom
10 facetiously.

11 MR. OXER: In their wisdom but not yours.
12 Right?

13 MR. LONGORIA: That's right.

14 I was appointed the interim director on March
15 17 of 2015. I must tell you those first few days were
16 rather challenging, to say the least. Probably the
17 smartest thing I did during the first few days of my very
18 new tenure there was I returned a phone call to Mr.
19 Michael DeYoung, the director of Community Affairs for
20 TDHCA.

21 Over the next few months, TDHCA staff made
22 themselves available to our program and visited our
23 program, actually in the building, five or six times.
24 Those were all very pleasant visits and very good visits.

25 You know, generally when the state shows up, agencies are

1 not real excited, but under these particular circumstances
2 we welcomed them with open arms and we were very grateful
3 to see them. They also provided training and technical
4 assistance that resulted in uninterrupted service, and
5 most importantly, improved customer service for the
6 residents of Hidalgo County. Specifically, Executive
7 Director Tim Irvine and Deputy Director Brooke Boston
8 dispatched Community Services Director Michael DeYoung,
9 Cathy Collingsworth, and Laura Saintey to our facility. I
10 cannot emphasize to you enough how reassuring it was for
11 me and for the rest of our staff to have the state in our
12 corner every step of the way.

13 Because of this, Judge Garcia and the rest of
14 the Commissioners Court wanted me to come here today and
15 express their gratitude for your staff's work over the
16 past six months. The people of Hidalgo County are forever
17 grateful for their efforts. To express this sentiment, at
18 the September 1 meeting of the Commissioners Court, they
19 passed this resolution of appreciation, and with your
20 permission, Mr. Chair, I would like to read this into the
21 record.

22 MR. OXER: Please.

23 MR. LONGORIA: It's a Resolution of
24 Appreciation to the Texas Department of Housing and
25 Community Affairs.

1 "Whereas, the Texas Department of Housing and
2 Community Affairs provided staff to assist in the
3 transition of Hidalgo County's community service agency
4 after the agency experienced a quick turnover in
5 leadership during the month of March, 2015; and,

6 "Whereas, members of the Community Affairs
7 Division reached out to the community service agency and
8 began the process of evaluating all aspects of the
9 department's operations, with the goal of providing the
10 best to the residents in need; and,

11 "Whereas, the Community Affairs Division team
12 provided invaluable assistance to newly appointed
13 Executive Director Jaime Longoria and his staff which
14 resulted in providing uninterrupted and markedly improved
15 services to the residents of Hidalgo County; and,

16 "Whereas, Executive Director Tim Irvine and
17 Community Affairs Division Deputy Executive Director
18 Brooke Boston dispatched Director of Community Affairs
19 Michael DeYoung, Manager of Community Affairs Cathy
20 Collingsworth, and Project Manager Laura Saintey to
21 Hidalgo County and they spent countless hours over the
22 last six months providing technical assistance to county
23 personnel; and,

24 "Whereas, because of their efforts the
25 community service agency clients reaped the benefits of

1 improved service, shorter wait times for benefits, and a
2 client-friendly atmosphere. The advice and
3 recommendations have resulted in the community service
4 agency serving more people in six months as were served in
5 all of 2014. The community service agency will reach full
6 expenditure of funds by the end of the program year rather
7 than sending money designated for Hidalgo County residents
8 back to the state and the program has transitioned eleven
9 people out of poverty this program year with more to come.

10 "Now, therefore, be it resolved that Hidalgo
11 County Commissioners Court hereby gratefully acknowledges
12 the fine work of the Texas Department of Housing and
13 Community Affairs and the leadership of its Governing
14 Board for creating an atmosphere of collaboration and
15 assistance that allowed staff to assist in turning around
16 the community service agency in four months.

17 "Dated this 1st day of September 2015."

18 And it's signed: Ramon Garcia, County Judge;
19 A.C. Cuellar, County Commissioner Precinct 1; Eduardo
20 "Eddie" Cantu, County Commissioner Precinct 2; Joe Flores,
21 County Commissioner Precinct 3; and Joseph Palacios,
22 County Commissioner Precinct 4. And it's attested by
23 Arturo Guajardo, County Clerk.

24 So thank you, ladies and gentlemen. I certainly
25 appreciate all the work that your staff has done.

1 MR. OXER: Well, we appreciate your comments,
2 and I hope you'll give our best to Judge Garcia. We're
3 always happy to hear that we got it right and somebody
4 else recognized all the work that the staff puts in,
5 actually got it right occasionally. So thanks very much
6 again.

7 That will be something we can put on the proud
8 wall.

9 MR. IRVINE: Thank you so much.

10 MR. LONGORIA: I certainly appreciate it.
11 Thank you so much for having me.

12 MR. OXER: We know you have some logistics
13 issues, so thanks again.

14 DR. MUÑOZ: Safe travels.

15 MR. OXER: Okay. Back to the action agenda.
16 Monica, I believe you're first here since we pulled your
17 item.

18 MS. GALUSKI: Good morning. I'm Monica
19 Galuski, your director of Bond Finance.

20 With this item, staff is seeking final approval
21 for the issuance of the 2015A and 2015B bonds. The 2015A
22 bonds will be fixed rate taxable bonds that will refund
23 the Department's 2006 Series H bond issue and pay related
24 costs of issuance. The par amount of 2015A bonds will not
25 \$34,740,000. Refunding the 2006H bonds reduces the

1 outstanding variable debt of the Department and allows for
2 termination on full of the 2016 swap, it allows the
3 Department to cancel the 2006H liquidity facility with the
4 Comptroller, and it removes potential future tax liability
5 associated with the 2006H variable rate bonds.

6 The 2015B bonds will be fixed rate tax-exempt
7 bonds, the proceeds of which will be used to purchase
8 mortgage-backed securities backed by loans originated
9 through TMP 79, the Department's TBA program, and to pay
10 related costs of issuance. The par amount of 2015B bonds
11 will not exceed \$35 million and is expected to be closer
12 to \$25 million.

13 This issue is a step toward rebuilding the
14 asset base of the single family indenture and it provides
15 a long-term strategy for a sustainable program. As the
16 structure evolves and efficiencies are achieved, we hope
17 to provide even greater benefits to first-time homebuyers
18 in the State of Texas. It's our intent to continue to
19 originate bond-eligible loans through TMP 79, allowing the
20 Department to determine best execution, TBA or bonds,
21 meaning that there may or may not be a new money bond
22 issue before you in the near future. Staff would seek
23 Board approval for any future bond issuance.

24 This issue is expected to price October 14 and
25 to close October 29. The maximum contribution by the

1 Department is a not to exceed \$4 million, which is
2 expected to be closer to \$3 million. This amount includes
3 approximately \$1.5 million in down payment assistance, the
4 2006H swap termination fee, costs of issuance for both
5 series, lender compensation and capitalized interest. The
6 overall economic benefit to the Department, which is
7 difficult to calculate given the variable nature of the
8 2006H bond issue, but even with conservative estimates,
9 it's in the neighborhood of a million dollars on a present
10 value basis.

11 Staff recommends approval of Resolution 16-001.

12 MR. OXER: Good. Any questions? Mr. Chisum,
13 from a bank standpoint are you satisfied?

14 MR. CHISUM: Very comfortable.

15 MR. GANN: I'm very comfortable too. In fact,
16 I'd like to make a motion when you get ready.

17 MR. OXER: Happy to see that happen.

18 So it reduces our liquidity exposure with the
19 Comptroller's Office, it takes down our variable rate
20 debt, both of which were target goals that we had
21 identified several years ago. With this, what would be
22 the current exposure that we have on variable rate debt
23 and our liquidity facility? Don't get it down to the
24 tenth of a dollar.

25 MS. GALUSKI: About \$155 million, I believe.

1 MR. OXER: That's down from \$325- when we
2 started this little adventure.

3 MS. GALUSKI: Right.

4 MR. OXER: I'll take that as a plus.

5 Okay. Any other questions? Mr. Gann, would
6 you kindly grace us with a motion?

7 MR. GANN: I'd like to make a motion that as
8 presented by staff to approve.

9 MR. CHISUM: And I second.

10 MR. OXER: Motion by Mr. Gann, second by Mr.
11 Chisum to approve staff recommendation on item 1(1). Is
12 there any public comment?

13 (No response.)

14 MR. OXER: There appears to be none. Motion by
15 Mr. Gann, second by Mr. Chisum to approve staff
16 recommendation on item 1(1). Those in favor?

17 (A chorus of ayes.)

18 MR. OXER: And those opposed?

19 (No response.)

20 MR. OXER: And there are none. Good.

21 Thanks, Monica.

22 MS. GALUSKI: Thank you.

23 MR. OXER: I'm really happy to see this
24 variable rate debt going away as quickly as possible
25 because I think we can fairly say that's part of what was

1 getting us in trouble some time ago.

2 MR. CHISUM: I concur.

3 MR. OXER: Thanks again.

4 All right. The first of the action items on
5 item 3 on Multifamily Finance. Teresa, I think you're up
6 again.

7 MS. TERESA MORALES: Teresa Morales, acting
8 director of Multifamily Finance.

9 Item 3(a) involves a determination of site
10 eligibility relating to undesirable neighborhood
11 characteristics and adoption of an inducement resolution
12 for bond volume cap. There are aspects of this discussion
13 that may sound familiar, as it resembles a previous
14 transaction, Gateway on Clarendon, that was presented
15 before you in July. This item involves two existing
16 properties in San Antonio, Cheyenne Village and Chisolm
17 Trace, that are proposed to be rehabbed with 4 percent
18 credits and bonds. After submission of the bond pre-
19 application, the applicant disclosed the presence of
20 undesirable neighborhood characteristics that affected
21 each of the sites.

22 With respect to Chisolm Trace, the undesirable
23 neighborhood characteristic involves the presence of an
24 RCRA facility associated with the treatment, storage and
25 disposal of hazardous wastes on the site adjacent to this

1 property. An environmental site assessment was completed
2 and indicated that the separation distance was well
3 outside of the ASTM required search distances. Staff
4 visited the site and noticed the facility in question, and
5 when observed in the context of the environmental site
6 assessment, did not have any concerns.

7 Staff did, however, observe the presence of
8 high voltage transmission lines in proximity to one of the
9 residential buildings which is considered an undesirable
10 site feature. The way the rule is written, upon
11 disclosure of undesirable neighborhood characteristics,
12 staff is to perform an assessment of any undesirable site
13 feature if it's observed. The concern here was whether
14 the buildings were located within the easement of the
15 transmission lines. Documentation from the applicant
16 confirmed that the buildings were not located within that
17 easement.

18 Based on the acceptable distance of the RCRA
19 facility and the determination of the transmission lines,
20 staff recommends that this site be found eligible.

21 Cheyenne Village, the other transaction, is an
22 existing development that's also located in San Antonio.
23 The undesirable neighborhood characteristic associated
24 with this site includes a poverty rate of 64.8 percent
25 which exceeds the threshold in the rule of 40 percent.

1 Staff visited this site and found the neighborhood to be
2 older and more established with several small businesses
3 throughout. With the median household income for the San
4 Antonio-New Braunfels MSA of approximately \$52,000, the
5 percentage of households in the census tract with incomes
6 greater than this more than doubled from 5 percent in 2010
7 to 14 percent in 2013.

8 Following our requirements outlined in the
9 rules, staff inquired regarding any revitalization efforts
10 that are occurring within this neighborhood. The efforts
11 involved proceeds derived from local bonds and resulted in
12 improvements to lakes, parks and sidewalks that are within
13 walking distance to this particular site, with the
14 majority of those improvements having already occurred.
15 There has also been the reutilization of the former Kelly
16 Air Force Base which is located less than two miles from
17 this site to Port San Antonio which is responsible for
18 various infrastructure improvements. That has been
19 generating economic activity within this neighborhood over
20 the past few years.

21 For a site to be found eligible, the site must
22 be consistent with achieving at least one of three goals
23 outlined in the Subchapter B rule. The goal applicable to
24 this site is the fact that it involves the preservation of
25 existing occupied affordable housing units that are

1 subject to existing federal grant or income restrictions,
2 that will not result in a further concentration of
3 poverty, and the application must also include a letter
4 from the Fair Housing or Civil Rights office of the
5 existing federal oversight entity indicating that the
6 rehabilitation of the units is consistent with the Fair
7 Housing Act. The first part of this goal has been met.

8 Regarding the letter indicating consistency
9 with the Fair Housing Act, the Department has been told on
10 prior 9 percent applications that HUD will not issue such
11 letter. The applicant, however, has reached out to HUD in
12 an effort to obtain this letter but has been unsuccessful.

13 At the time that this language was placed in the rule
14 last year, it was not staff's intention for it to be a
15 hindrance in having a development move forward. It is
16 worth noting that this particular transaction involves an
17 FHA loan, and therefore, will require some level of due
18 diligence by HUD with respect to site and neighborhood
19 standards.

20 Staff recommends that the sites for Cheyenne
21 Village and Chisolm Trace under this item be found
22 acceptable and also recommends the approval of Inducement
23 Resolution 16-003 which allows the applications to move
24 forward into the full application phase. Staff notes that
25 these sites were reviewed for eligibility based on the

1 current 2015 rules. While it is anticipated that the full
2 applications for these will be submitted in a few months,
3 should they not be submitted until 2016, along with the
4 corresponding 2016 bond reservation, the sites will need
5 to be reevaluated based on the criteria in the 2016 rules
6 and will possibly need to be presented before the Board
7 again.

8 MR. OXER: Staff recommends approval of the two
9 sites?

10 MS. TERESA MORALES: Yes. Staff recommends
11 approval with respect to the site eligibility and the
12 inducement resolution.

13 MR. OXER: Site eligibility. All right. Do we
14 anticipate that there will be any changes in the rules
15 that you foresee coming between the 2015 and 2016 rules
16 that would have an impact on these?

17 MS. TERESA MORALES: We are certainly going to
18 get to that a little bit later on the agenda. The
19 undesirable neighborhood characteristic with respect to
20 one of them, the RCRA facility, that is not anticipated to
21 change, and then with respect to the poverty rate, that's
22 remaining at 40 percent.

23 MR. OXER: So currently we would be able to
24 find these sites eligible for these programs.

25 MS. TERESA MORALES:: I believe so, yes.

1 MR. OXER: Any questions from any members of
2 the Board?

3 (No response.)

4 MR. OXER: Motion to consider.

5 MS. BINGHAM ESCAREÑO: So moved.

6 MR. OXER: Motion by Ms. Bingham to approve
7 staff recommendation on item 3(a). Do I hear a second?

8 DR. MUÑOZ: Second.

9 MR. OXER: Second by Dr. Muñoz. Is there any
10 public comment? There appears to be none.

11 Motion by Ms. Bingham to approve staff
12 recommendation on item 3(a), second by Dr. Muñoz. Those
13 in favor?

14 (A chorus of ayes.)

15 MR. OXER: And opposed?

16 (No response.)

17 MR. OXER: There are none.

18 And we assume that you'll be in this rulemaking
19 potential for these changing characteristics. Right? All
20 right. We'll hear about that in a bit.

21 Tom, good morning.

22 MR. CHISUM: Good morning. Tom Gouris, deputy
23 executive director.

24 Item 3(b) is a brief report regarding recent
25 guidance from HUD on age-restricted properties. HUD has

1 recently released guidance related to the Multifamily
2 Processing Guide, otherwise known as their MAP guide for
3 FHA financing. What they've clarified for us is a way we
4 need to look at and define elderly properties,
5 specifically several of their programs, as well as
6 potentially a couple of other federal housing programs,
7 are not eligible for the Housing for Older Persons Act, or
8 HOPA, exemption to the Fair Housing Act. The HOPA
9 exemption allows an elderly limitation development to
10 primarily or exclusively serve elderly households in lieu
11 of serving families.

12 The new guidance clarifies that in certain
13 federal programs the exception is replaced with an elderly
14 preference, but this preference does not operate the same
15 way as the HOPA exemption. Among other things, these
16 elderly preference properties are not allowed to turn away
17 families when they have available units. So in a
18 nutshell, these elderly preference properties do not
19 operate in accordance with our current definition of
20 qualified elderly developments in our existing Multifamily
21 rules.

22 We have proposed a rule change for you that
23 you'll consider in the draft rules later today which adds
24 a new definition for elderly development that breaks down
25 into elderly limitation developments and elderly

1 preference developments. We also believe that there could
2 be some existing TDHCA developments that were considered
3 qualified elderly developments or HOPA eligible at the
4 time they were awarded, but because of additional specific
5 federal financing are really only an elderly preference
6 development.

7 We expect over the coming weeks and months
8 there will be much discussion about this, and we will be
9 researching and surveying the owners of developments
10 existing in our portfolio of elderly restricted properties
11 to determine if there are any elderly preference
12 developments that are mislabeled or even not recognized as
13 such by their owner and also provide assistance in
14 modifying land use restriction agreements where necessary
15 to mitigate any potential conflicts.

16 Again, this is a report item at this time. The
17 rule change that will be coming up later essentially adds
18 flexibility in our rules to consider the concept of an
19 elderly preference as an elderly development. We may also
20 come back to you, probably will come back to you with
21 additional information as we gather it and report back to
22 you on that.

23 Staff and I would be glad to answer any
24 questions you might have about this at this time.

25 MR. OXER: Any questions from members of the

1 Board?

2 So what we're really doing is clarifying this
3 so that it's a preference -- just for putting it clearly
4 on the record, for a deal like this where there's an
5 elderly preference versus an elderly only, what would the
6 process be for accepting tenants?

7 MR. GOURIS: So essentially we're right now
8 looking at them as an elderly development and just
9 expanding our understanding of what an elderly development
10 is to include elderly preference deals. An elderly
11 preference deal would be one with particular financing
12 that doesn't allow it to be what we used to call, what we
13 traditionally a HOPA eligible or now being called an
14 elderly limitation development.

15 MR. OXER: So we're expanding the options,
16 essentially.

17 MR. GOURIS: We're expanding our ability to
18 categorize these transactions so that they can be properly
19 characterized.

20 MR. IRVINE: I don't really think we're
21 expanding anything. I think that we have given developers
22 some latitude in putting together their financing sources
23 and in some instances developers have self-selected to
24 access particular HUD programs that by those programs'
25 terms do not allow these properties to be treated as HOPA

1 exempt properties. They have an elderly preference but
2 they must manage their wait list, and as Tom indicated, if
3 there's an available unit and a household that is not
4 elderly wants that unit, they must lease to them,
5 including households with children.

6 MR. OXER: So this is only a clarification so
7 if there's two households, one is elderly and one is not,
8 the elderly gets the preference in this particular case,
9 but if there's not somebody on that list, they must lease
10 to anybody on the list.

11 MR. GOURIS: That's correct.

12 MR. OXER: Is that correct?

13 MR. IRVINE: Close.

14 MR. OXER: Megan, come straighten this out.

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

17 Some of the elderly preference properties work
18 the way that Tim said. Other ones have an age restriction
19 for the entire property but they are required to accept
20 eligible households with children if one of the head of
21 household members, or in some cases any member of the
22 household, is of the appropriate age restriction. So it
23 is not like the Housing for Older Persons exemption where
24 you can exclude children from your property as an
25 exemption to discriminating on the basis of familial

1 status. The elderly preference properties may not
2 discriminate on the basis of familial status.

3 MR. IRVINE: So my point would be that by
4 selecting the particular funding array, a developer has
5 already subjected themselves to these criteria and we want
6 to work with them to identify with clarity what their
7 playing rules are, and as necessary, conform their LURAs
8 and also conform our monitoring to monitoring what they
9 truly are.

10 MR. OXER: So rather than a financing, there's
11 money available and the LURA that establishes this, this
12 is more or less an operating rule as opposed to a
13 financing rule.

14 MR. IRVINE: It has operating implications,
15 absolutely.

16 MR. OXER: Okay. Tom, anything else to say?

17 MR. GOURIS: We're just recognizing what is
18 going on.

19 MR. OXER: Obviously there is some need for
20 clarification.

21 MR. GOURIS: That's right.

22 MR. OXER: Just a report item?

23 MR. GOURIS: Yes.

24 MR. OXER: Great. All right. Thanks for that.

25 Any questions of the Board?

1 (No response.)

2 MR. OXER: Okay. Item number 4. Good morning,
3 Raquel.

4 MS. RAQUEL MORALES: Good morning.

5 Item 4 is a request to modify the existing HOME
6 loan terms for Allegre Point. Allegre Point was submitted
7 during the 2011 competitive round and was awarded an
8 allocation of 9 percent tax credits, as well as an award
9 of TDHCA HOME funds in the amount of \$2 million, to
10 construct 184 units here in Austin. The HOME funds are
11 structured as a hard debt second lien loan at a zero
12 percent interest rate with a 30-year term and
13 amortization. The owner is now seeking to refinance its
14 first lien debt with a 223(f) FHA loan in order to take
15 advantage of more favorable financing which would reduce
16 the interest rate on the first lien from 6.3 percent to
17 3.45 percent, and amortized and payable over 35 years.

18 The new loan amount exceeds the amount of
19 permanent financing that was recently demonstrated at the
20 cost certification stage earlier this year, placing an
21 additional \$493,000 in front of the Department's HOME
22 funds, most of which, according to the owner, will be
23 applied to loan closing costs and HUD fees. However, in
24 order to qualify for this more favorable financing through
25 HUD, any subordinate debt, including our HOME funds, must

1 be structured as payable only out of surplus cash.

2 The owner has proposed that the Department's
3 HOME loan be restructured so as to be paid from 25 percent
4 of surplus cash, not to exceed \$100,000 annually. Staff's
5 initial review and analysis of the owner's proposed
6 changes noted an increased debt coverage ratio of 1.83
7 which would exceed the level permitted under Subchapter D,
8 Section 10.302(d)(4) at the recent cost certification
9 stages. Subchapter D relates to the Department's
10 underwriting rules and the direct loan requirements in
11 Subchapter D generally allow for a cash flow structure,
12 such as what is being proposed, in cases where the first
13 lien is going to be an FHA or a HUD insured loan as long
14 as the DCR inclusive of the HOME loan is still within the
15 DCR requirements in Subchapter D. The owner has
16 acknowledged that the DCR would exceed the maximum and has
17 also requested that the Department waive the maximum DCR
18 of 135 established by Subchapter D.

19 In discussions with the owner, and in efforts
20 to help the owner take advantage of this favorable
21 financing, staff has further proposed that the interest
22 rate on the HOME loan could be increased in order to bring
23 the development back into compliance with Subchapter D
24 rules without necessitating a waiver. Increasing the
25 interest rate would bring the development into compliance

1 with the newly amended and approved Subchapter D rules
2 which allow the DCR cap to raise to a 1.5 at cost
3 certification. Staff discussed this proposal with the
4 owner and he was amenable to making such changes.

5 So staff recommends approval to modify the
6 existing TDHCA HOME loan terms and offer the development
7 owner new terms of a surplus cash note at a 3-1/2 percent
8 interest rate, amortized over 30 years with a 35-year term
9 to match the FHA term. This structure would correct any
10 potential over-sourcing of the development by reducing its
11 anticipated DCR to the maximum 1.5 which is allowed under
12 the recently amended Subchapter D rules. We did also have
13 some confirmation from the proposed HUD lender to make
14 sure that the proposed structure would meet HUD
15 requirements and received confirmation that that is the
16 case, so staff recommends approval of the request.

17 MR. OXER: Any questions from the Board? So
18 this is good for them, good for us, lines it all up, we
19 pour money back into the coffers.

20 MS. RAQUEL MORALES: Yes, sir.

21 MR. OXER: So where's the broken glass in the
22 mashed potatoes here?

23 MS. RAQUEL MORALES: There isn't any.

24 (General laughter.)

25 MR. OXER: Good. That's the kind of thing

1 we're looking for.

2 Any questions from the Board? Motion to
3 consider?

4 MS. BINGHAM ESCAREÑO: So moved.

5 MR. OXER: Motion by Ms. Bingham to approve
6 staff recommendation on item 4.

7 MR. GANN: Second.

8 MR. OXER: Second by Mr. Gann. There appears
9 to be no public comment requested. Those in favor?

10 (A chorus of ayes.)

11 MR. OXER: And opposed?

12 (No response.)

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

14 Good job, Raquel.

15 MR. STEWART: Good morning. Brent Stewart,
16 Real Estate Analysis.

17 I am here regarding two appeals, items 5(a) and
18 5(b). Both of these appeals are similar in that they
19 relate to loan terms that REA recommended under the 2015
20 Multifamily Development Program.

21 MR. OXER: To clarify, Brent, we're going to
22 take them one at a time, though. Right?

23 MR. STEWART: We will. I would like to be able
24 t cover some similarities to save you some time on each
25 one.

1 MR. OXER: Okay.

2 MR. STEWART: Basically what's happened is each
3 applicant under the NOFA applied for loan terms zero
4 percent interest rate and a 40-year amortization. The
5 NOFA states that recommendations will be made using a 3
6 percent interest rate and a 30-year amortization. Both
7 applicants, as a reason for that and why they did that
8 point to some lack of clarity in the materials that the
9 Department provided about the NOFA and how the loans would
10 be approved. So I wanted to briefly go through some of
11 that because it relates to both deals.

12 So Section 4(a) of the NOFA states that funds
13 are going to be structured in accordance with the direct
14 loan requirements that are in the REA rules, and the
15 direct loan requirements do allow for a zero percent
16 interest rate but the direct loan requirements say you
17 still have to meet all the program requirements. Well the
18 program requirements, which is the NOFA, says that we're
19 going to underwrite them at a 3 percent interest and a 30-
20 year amortization. So in this case the program
21 requirements, in essence, trump what 10.307 says in the
22 rule about being able to go to a zero percent interest
23 rate. So the rules in the NOFA are working together and
24 they're not inconsistent but they do work together in
25 terms of how we are supposed to make loans and make

1 recommendations.

2 MR. OXER: They're not inconsistent but one has
3 primacy.

4 MR. STEWART: That's right.

5 In other words, there could be other NOFAs and
6 other loan programs that would allow for a zero percent
7 interest rate, therefore, the REA rules try to be
8 consistent with any possible NOFA that comes out.

9 There's also an FAQ out there that says, yes,
10 you can apply for an interest rate that's lower than 3
11 percent and an amortization that's longer than 30 years.
12 And I'll come back to that in just a second. But the FAQ
13 itself is also consistent with the NOFA that it says that
14 the HOME/TCAP loans will be under it at the 3 percent
15 interest rate and 30-year amortization.

16 There's another document that they point to
17 with respect to this lack of clarity which is an exhibit
18 to the application itself that has a sentence in it that
19 says: If you provide 5 percent HOME match, you get a zero
20 percent interest rate. The exhibit is silent on
21 amortization. And both of these applicants provided a 5
22 percent match. That sentence refers to a rule that was in
23 place in 2013 that said if you provide a 5 percent match,
24 you can get a zero percent interest rate. The rule
25 itself -- it was the 2013 rule -- the 2014 rule changed

1 that such that all applications for HOME/TCAP funds
2 required the 5 percent match. So that exhibit does need
3 to be changed to reflect the current rule, that sentence
4 needs to be changed to reflect the current rule.

5 So why did we allow applicants to apply for an
6 interest rate lower than 3 percent and an amortization
7 greater than 30 years if we were going to be underwriting
8 at 3 percent and 30 years? The reason is we knew up front
9 that there were going to be transactions that just would
10 not work at the 3 percent, 30 years after they had gone
11 through the REA process; after they had been underwritten
12 there would be things that happened during underwriting
13 such that the feasibility would not work at 3 percent and
14 30 years.

15 So having that flexibility allowed REA to make
16 adjustments to that loan such that the deal would not be
17 deemed infeasible, that in most cases would allow the tax
18 credit award to be deemed feasible and the project go
19 forward. So that flexibility didn't allow REA to make
20 adjustments to the interest rate or the amortization for
21 the purposes of maximizing the loan amount or for purposes
22 of making the HOME loan consistent with other aspects of
23 the capital structure. In one of the deals that's the
24 case.

25 So having said all that, the first appeal is

1 for West Ridge Villas in Dallas -- or McKinney, actually.

2 And this appeal is really based on kind of a similar
3 thing you just heard, this transaction applied for a \$4
4 million HOME loan, zero percent interest rate, 40-year
5 amortization. It is a HOME only deal, there are no tax
6 credits associated with this deal. It's essentially half
7 of the units are market rate, pretty high end deal, high
8 end rents, very high end rents in McKinney, and
9 essentially the \$4 million represents the equity of the
10 deal. There's some deferred fee but there's no third
11 party equity in the deal, so there's FHA debt, our debt,
12 some deferred fee.

13 So the appeal is about interest rate and
14 amortization, primarily amortization because of the
15 perception that FHA will not allow for an amortization to
16 be less than what their amortization is, and we just heard
17 on the prior deal that that's not the case, FHA/HUD does
18 allow that, and so that would be consistent with staff's
19 recommendation that would allow for a 30-year amortization
20 instead of the 40-year amortization which is on the FHA
21 loan.

22 There's other aspects of the appeal relating to
23 the surplus cash provisions of the loan. Our HOME debt is
24 generally surplus cash that meets HUD/FHA requirements.
25 We have an MOU with HUD relating to those documents that

1 subordinate our debt to them, and so with respect to the
2 subordination issue, the surplus cash issue, I don't think
3 there's disagreement really on what that is. The
4 underwriting report is silent on those issues and we could
5 certainly start putting that type of requirement in the
6 underwriting report, I guess it was just always assumed
7 that those were surplus cash loans.

8 So here's a situation where the transaction is
9 feasible using the terms that we have recommended and the
10 subordination works with FHA loan and so we recommend
11 denial of the appeal.

12 MR. OXER: Any questions from the Board?

13 (No response.)

14 MR. OXER: Okay. With respect to this item, I
15 need a motion to consider.

16 MR. CHISUM: So moved.

17 MR. OXER: Motion by Mr. Chisum to approve
18 staff recommendation to deny the appeal on item 5(a). Is
19 that correct, Brent, we're talking about 5(a) to begin
20 with only?

21 MR. STEWART: 5(a), yes, sir.

22 MR. OXER: Motion by Mr. Chisum.

23 MR. STEWART: I would clarify that we are
24 recommending a 30-year amortization, consistent with the
25 NOFA, a 40-year term consistent with HUD.

1 MR. OXER: So it works under your underwriting.

2 MR. STEWART: Based on the amount of payment of
3 a 30-year amortization, the feasibility works. To be
4 consistent with HUD on term, we're going to recommend a
5 40-year term.

6 MS. BINGHAM ESCAREÑO: Do you need a second?

7 MR. OXER: We need a second.

8 MS. BINGHAM ESCAREÑO: I'll second.

9 MR. OXER: Second by Ms. Bingham.

10 It looks like we've got somebody that wants to
11 speak. Good morning and welcome back.

12 MS. ANDERSON: Good morning. Thank you.
13 Chairman Oxer, Board members and Mr. Irvine, I am Terri
14 Anderson, president of Anderson Development and
15 Construction. Thank you for the opportunity to speak with
16 you this morning.

17 I won't read my full speech because you've
18 already heard what the actual rules from item 4, as well as
19 Mr. Stewart did just indicate that we now are looking at a
20 40-year term because the underwriting recommendations were
21 actually a 30-year term, a 30-year amortization and a 3
22 percent interest rate.

23 The one item that I would strictly like to
24 point out to the Board, and yes, there was confusion on
25 the FAQs, on the guidance, on a lot of things that you

1 heard from us at the last Board meeting about, but I just
2 wanted to point out the difference in West Ridge Villas
3 and item 4 that you just heard, as well as item 5(b). As
4 Mr. Stewart indicated, the property does not have housing
5 tax credits. The \$4 million HOME loan that is being
6 provided by TDHCA is generating 56 affordable units which
7 would otherwise not be created. That is a ratio of 42
8 percent of the total property while using 21 percent of
9 the total capital structure, which is effectively
10 unprecedented and has not been done that I can tell,
11 without any other resources including tax credits or
12 otherwise. So that to me is an amazing component.

13 But the other difference is that West Ridge
14 Villas is actually under-sourced by \$900,000. You heard
15 that the reason the term was provided for Allegre Point, I
16 believe, was in order to bring the debt service coverage
17 ratio down from 1.86 times to 1.50 times. The current
18 underwriting has increased our proposed debt service which
19 would have been \$100,000 to over \$203,000 which drops our
20 1.26 times debt service coverage down to a 1.18 times debt
21 service coverage ratio, so what that effectively does is
22 prevents us from getting additional loan proceeds to
23 bridge the gap. Any adjustments in interest rates on a
24 loan that has not been rate locked yet or any increases in
25 construction costs, et cetera are taking away the ability

1 of the developer to actually have a cushion between our
2 debt service coverage requirements for debt service
3 purposes and where we stand today.

4 So in a perfect world, if the interest rate on
5 the loan proposed back in March remained until we closed,
6 which we're not closing until the following March, then
7 that's great, but we don't have that luxury and those
8 things are outside of our control. So what I would
9 respectfully request is that the Board actually -- and I
10 have this part written down and won't go off the cuff for
11 that -- at the last Board meeting actually Mr. Gouris did
12 indicate, he said, "I think we want to create a structure
13 that allows the ability for the Board and the Department
14 to approve something that might provide a zero percent,
15 40-year loan, but we certainly don't want everyone to say,
16 well, that minimum is our maximum and that's all we are
17 going to ask for, so we attempted to do this by putting
18 something in the NOFA." I'll end his quote there. But
19 essentially, Mr. Gouris agrees.

20 And as I said, this is an extremely efficient
21 use of the Department's resources without any other
22 subsidy to create 42 percent affordability at a property
23 that would not otherwise be able to achieve that, and I
24 would respectfully request that we're able to underwrite
25 or actually have the loan terms at a 40-year amortization

1 and a zero percent interest rate to prevent any
2 re-underwriting down the line when we're ready to close
3 outside of any over-sourcing, meaning such that the
4 development would not be over funded. As I mentioned, we
5 have a \$900,000 gap right now and this takes away our
6 ability to try to close that gap.

7 So the request -- and my time is up -- the
8 request truly is to underwrite and have an amortization at
9 40 years on the total development with a zero percent
10 interest rate, because I believe this is one of those
11 special instances where we're efficiently and effectively
12 using the Department's resources.

13 MR. OXER: Thanks for your comments, Teresa.

14 MS. ANDERSON: Terri.

15 MR. OXER: Terri, Teresa.

16 MS. ANDERSON: Terri Anderson. Thank you, sir.

17 MR. BACHMAN: Good morning, folks.

18 MR. OXER: Good morning.

19 MR. BACHMAN: I'm a rookie at this so please
20 treat me kindly, as I'm sure you will. Mr. Chairman,
21 Board members, my name is Mike Bachman. I'm vice
22 president with Mason Joelson Multifamily Finance. I'd
23 like to thank all of you for your continued support you've
24 expressed for the West Ridge Villas project as affordable
25 housing in a high opportunity area, and thank you for

1 consideration of the appeal submitted by Terri on behalf
2 of this project.

3 I have worked with Terri and the center for
4 housing resources for approximately six months to
5 structure the first lien FHA 221(d)(4) mortgage that
6 you've all heard so much about. By reference, for
7 whatever it's worth, I was the former regional director
8 for FHA and that is my background, so some of the many
9 questions that you deal with used to come through my desk.

10 MR. OXER: That may or may not be to your
11 credit, you understand that?

12 (General laughter.)

13 MR. BACHMAN: Most of the times it's not.

14 So the mortgage we look to put forward would
15 allow construction of this project in, as I mentioned, a
16 high opportunity community with 56 units of affordable
17 housing structured at 60 percent AMI. I don't think that
18 can be ignored in any way.

19 During this time I visited the site on multiple
20 occasions, I've reviewed rent and demand analysis for the
21 project, met with all members of the development team, had
22 multiple conversations with FHA staff and regional
23 leadership, and am aware of their interest in seeing this
24 project move forward.

25 My prepared remarks have changed slightly in

1 that it appears the staff now agrees with the idea of a
2 40-year term, so I'll simply say thank you for that. That
3 is consistent, I think, with TDHCA policy and the
4 preference of FHA. I will say that the point considered
5 in the last agenda item with the difference in
6 amortization schedule and maturity and term, while
7 possible as discussed in item 4, is generally not the
8 preference, I think, of any lender to have those staggered
9 terms with amortization coming inside the term of the
10 loan.

11 I'd like to simply say on the last point, a 30-
12 year amortization at a 3 percent interest rate, as
13 currently proposed, creates financial pressures on this
14 project that may jeopardize repayment of the HOME loan, so
15 something you should consider, should some of those
16 variables that Terri mentioned occur. Today we do not
17 have a locked interest rate on the first lien loan.
18 Through the FHA process that will probably be not locked
19 until February of next year. Even a slight increase, 15
20 or 20 basis points, would have a significant impact on
21 cash flow for the project and could, in fact, impair or
22 change the current debt service consideration that you
23 have for the combined loan.

24 As such, I'm requesting that you grant not only
25 the 40-year term, the 40-year amortization at the zero

1 percent interest rate. I think this supports the mission
2 of both TDHCA in creating affordable housing in high
3 opportunity areas, as well as, from personal conversations
4 I've had and my past experience, the mission and purpose
5 of FHA as a partner in this transaction. Thank you very
6 much.

7 MR. OXER: Thank you for your comments.

8 Tom, did you want to add anything to this since
9 you're getting words put into your mouth? You're being
10 quoted here. We have you on record somewhere, or Nancy
11 has got you, so just checking.

12 MR. GOURIS: Tom Gouris, deputy executive
13 director.

14 Yes, I agree that I said that, and I agree with
15 what I said before which is it does provide the
16 flexibility for you all to make a decision on does this
17 deal merit that kind of structure. The NOFA was specific
18 in what staff would do to recommend and how underwriting
19 would look at it, and staff believes, and there's no
20 reason not to believe that the structure that we've
21 provided is one that's feasible, is one that actually
22 protects the Department because it accelerates, if you
23 will, the repayment of our debt and it provides us with a
24 cushion so that something down the road happening that
25 might not be a good thing might give us some latitude to

1 deal with the potential liability to repay HUD at some
2 future point, so the cushion in interest rate is what that
3 provides. Plus, it gives us the ability to then recycle
4 funds and all the things we talked about earlier this
5 morning about how we've been trying to build for that
6 case. So it gives you the latitude but we did what we
7 said we were going to do in recommending a deal that's
8 feasible under the terms that were described in the NOFA.

9 MR. OXER: Did you have a thought, Tim?

10 MR. IRVINE: Yes. It's just that staff kind of
11 operates on the premise that we have very little latitude,
12 and obviously, the Board in a public setting has the
13 ability to use discretion when it feels compelled.

14 MR. OXER: Thanks, Tom.

15 We have a motion by Mr. Chisum and a second by
16 Ms. Bingham, so do either of the two of you have a comment
17 with respect to this? If we continue to act as a bank,
18 Mr. Chisum, you have the most banking experience of all of
19 us. Any comments? None is okay.

20 MR. CHISUM: My motion holds.

21 MR. OXER: Okay. Cynthia, did you have a
22 comment you wanted to make on this?

23 MS. BAST: (Speaking from audience.) On 5(b).

24 MR. OXER: Okay. Did you have a comment, Ms.
25 Bingham?

1 MS. BINGHAM ESCAREÑO: I was just wondering if
2 it's completely out of order if there are relevant
3 comments in 5(b) if we could possibly hear them.

4 MR. OXER: We could hold this motion in
5 abeyance at the moment until we hear 5(b).

6 MR. CHISUM: I feel good about that.

7 MR. OXER: In an effort to make sure that these
8 are consistent, I think that makes good sense to do that.
9 Good recommendation. All right. That's an open motion
10 on the table, we're going to hold it in abeyance and it
11 will remain open, which I think under Robert's Rules we're
12 able to do that, are we not, Counselor?

13 MR. ECCLES: Yes.

14 MR. OXER: Okay. Brent, let's have 5(b).

15 MR. STEWART: Sure. 5(b) relates to an appeal
16 on number 15273 Merritt Hill Country which is in Dripping
17 Springs. This is a tax credit deal, a 9 percent tax
18 credit deal, and the applicant requested a \$2 million HOME
19 loan with an interest rate of zero percent and an
20 amortization of 40 years.

21 The similar aspects of this appeal are the
22 stated lack of clarity in the documentation the Department
23 put forward, and therefore, that led the Applicant to
24 apply for the zero percent and the 40-year amortization.
25 That's about where the similarities stop. This

1 transaction is not financed with a HUD loan, it is
2 financed with conventional debt. What happened in this
3 case is by using the 3 percent interest rate and the 30-
4 year amortization, it cut the HOME loan of \$450,000 back
5 to a million five fifty. It's a DCR constrained sizing,
6 take the applicant's net operating income which was used
7 for underwriting, you take a loan at 3 percent 30 years
8 and the maximum it can serve is a million five fifty, and
9 so that's what Real Estate Analysis recommended.

10 So I'll stop there, that's the issue here on
11 this one.

12 MR. OXER: Okay. Any questions on item 5(b)?

13 (No response.)

14 MR. OXER: I tell you what we're going to do,
15 we need some thoughts on this, we're going to hold this
16 open here. We're due for a little break so we're going to
17 take a short break, just a quick timeout. It's 10:37 now,
18 let's be back in our chairs at ten minutes until 11:00,
19 that's at 10:50. We will not be considering it as we're
20 in open session and then we'll take the final discussion
21 and the vote up at 10:50.

22 (Whereupon, at 10:37 a.m., a brief recess was
23 taken.)

24 MR. OXER: We'll be back in session, please.

25 All right, with regards to item 5(a) and 5(b),

1 currently we have a motion on the table by Mr. Chisum and
2 second by Ms. Bingham to consider 5(a) and we're in the
3 process of hearing on 5(b) but we have not received a
4 motion yet. So we have a motion on item 5(a) on the table
5 and pending in abeyance at this point, and item 5(b) we've
6 heard but we've had no motion and no consideration. Is
7 that correct? That's where we stand.

8 Motion on 5(b). Ms. Bingham, are you satisfied
9 you've heard enough information to be able to make a
10 consistent decision on those? We wanted to hear the
11 conversation, hear the item presented on 5(b) to make sure
12 we were trying to be consistent on 5(a) and 5(b).

13 MS. BINGHAM ESCAREÑO: And so Mr. Chair, you
14 need a motion and then we'll hear comment?

15 MR. OXER: We have to have a motion to consider
16 on 5(b) and then we'll entertain public comment on that
17 one also.

18 MS. BINGHAM ESCAREÑO: I'll move staff's
19 recommendation on item 5(b).

20 MR. OXER: Motion by Ms. Bingham to approve
21 staff recommendation on 5(b).

22 MR. GANN: Second.

23 MR. OXER: And second by Mr. Gann.

24 MR. CHISUM: We're going to vote on these
25 separately?

1 MR. OXER: We will vote on them separately;
2 there are two on the table. I believe Ms. Bast has a
3 comment to make.

4 MS. BAST: Good morning. Cynthia Bast of Locke
5 Lord, representing the applicant in this appeal.

6 MR. OXER: On 5(b).

7 MS. BAST: On 5(b), which is Merritt Hill
8 Country, Dripping Springs. These are 80 units for seniors
9 and a requested HOME loan amount of \$2 million.

10 You've heard several times at the last Board
11 meeting, we also heard some at the TAAHP conference that
12 there was some legitimate confusion in the community about
13 how the rules, the FAQ, the workshop presentations were
14 all laid out to the applicant base. You know, it's really
15 easy to go back in hindsight and take the words and put
16 them all together and say, Oh, yes, this all makes sense.

17 I do that every day as a lawyer. But when you're in the
18 heat of the moment and in the application process, I would
19 say that I think there was a lack of clarity.

20 But I think the point for this particular
21 application, just like the 5(a) applicant, is again
22 financial. The request is for \$2 million, it has been
23 reduced to \$1.55 million, and if the \$2 million with the
24 terms that the applicant has requested were put in, I
25 don't think that this project would be considered over-

1 sourced. The amount was reduced because at a 3 percent
2 interest rate, 30-year amortization, that's all that it
3 could support from a debt service coverage perspective,
4 and the concern that this applicant has is feasibility in
5 the long run and a little bit of cushion for the potential
6 glitch.

7 You've got an 80-unit deal, elderly, potential
8 environment of perhaps some rising interest rates, there
9 is a concern that you want to make sure that you have your
10 sources just right, and if we reduce this by \$450,000 to
11 \$1.55 million now, we'll never get that back. So this
12 applicant's request would be allow the full \$2 million as
13 an award. The applicant is willing to pay the interest
14 rate, the applicant is willing to use a 40-year
15 amortization instead of a 30-year amortization if you need
16 to do that to get to a 3 percent interest rate, but at the
17 end of the day, you're going to be able to look at this
18 again and cost certify and underwrite.

19 So rather than taking away the \$450- now, allow
20 the \$2 million that was requested, based on the fact that
21 there was some confusion, that it can be supported, that
22 it will give this development the cushion that it needs,
23 and then you do have another opportunity to look at it. So
24 that would be the request that we would present and
25 request your discretion on this matter.

1 MR. OXER: Okay. Thanks for your comments,
2 Cynthia.

3 Does anybody have any questions for Cynthia?
4 (No response.)

5 MR. OXER: I have a question generally for Tom
6 or Brent, either one of you or both. Come on up, both of
7 you. That's all right, Brent, you can blame him for it,
8 for the answer.

9 MR. STEWART: I'll just stay away from him.

10 MR. OXER: Stand aside so the paint doesn't
11 splatter.

12 (General laughter.)

13 MR. OXER: Okay. So I can see that everybody
14 wants a zero percent interest rate.

15 MR. STEWART: Me too.

16 MR. OXER: Me too. We're being given
17 commentary on the reduction of risk for the project going
18 forward. How do we mitigate our risk to make sure to make
19 sure that we get the money back? Because if there's
20 enough risk in this project that it's running problematic
21 early on like this, how do we mitigate our risk by even
22 considering something like this and when we consider
23 something like this? I understand that you recommend that
24 the Board do this because the real estate analysis and
25 underwriting has said that this works at the rate that you

1 put together. Right, Brent?

2 MR. STEWART: Yes, sir.

3 MR. OXER: Were it to be different, what
4 mechanism does the Board have even at a follow-on
5 consideration -- and this goes through, as Cynthia just
6 said, another consideration afterwards for final cost
7 certification -- where is there the capacity for the Board
8 to manage its risk then?

9 MR. GOURIS: The strategy to do a shorter
10 amortization and a higher interest rate actually is an
11 attempt to mitigate the long-term risk for the Department
12 because if something should go bad, we could extend the
13 amortization at that point or adjust the interest rate at
14 that point five or ten years from now. So it is built in.

15 MR. OXER: So it gives us the capacity, since
16 we're shortening inside that 40 years, pull it in, if
17 something went bad we could extend that amortization out
18 some years.

19 MR. GOURIS: Right. In year ten or year
20 fifteen or whatever, if that was needed. So it gives us a
21 tool that we wouldn't otherwise have if we've already
22 extended out as far as we can go.

23 As far as mitigating today, things like
24 guarantees would be things that we could use to mitigate
25 risk. With a tax credit deal that's possibly a little bit

1 more difficult. But those are things that we could
2 explore as alternatives to interest rates. Typically,
3 folks that need the zero percent 40-year amortization may
4 not have as much capacity to provide those guarantees, so
5 you might not be providing that alternative.

6 I would want to say something about Cynthia's
7 ask. In leaving the money there, it's not like the credit
8 program where we actually can adjust back. Once we commit
9 the money, the money is committed and they can draw on it,
10 so they would draw on it because that's how it would go,
11 and at the end of that cost cert we would re-true up and
12 we'd say, Oh, they had too much money. Well, we really
13 can't take the money back then. It would be difficult to
14 stricture the deal that way because they would have
15 already drawn it. And if they don't draw it and waiting
16 till the end to draw that last piece, then we've got a
17 timing issue with HUD in that we need to get our
18 expenditures to occur quickly.

19 One of the things that you'll be hearing from
20 us over the course of the next number of months is
21 mechanisms that we need to create to accelerate the
22 expenditure of HOME funds because of changes in the IDIS
23 HUD system and how they are allocating funds to us. So
24 that solution actually potentially increases our risk too.
25 While it's not unreasonable, it potentially goes the

1 other way with regard to our risk of interacting with the
2 HUD program.

3 But to answer your question, some sort of
4 guarantee would be something that would help mitigate our
5 risk. Tim, I don't know, we've talked about this before.

6 MR. IRVINE: Two traditional tools that a bank
7 uses to mitigate its risk other than the ability to
8 restructure the deal itself are financial strength of
9 obligors and collateral with good margins.

10 MR. OXER: Okay. Final summary. Anything to
11 say, Brent?

12 MR. STEWART: No, sir.

13 MR. OXER: Mr. Chisum and Ms. Bingham, did you
14 have any further comments? I take it not.

15 MR. CHISUM: Yes. I continue to be
16 uncomfortable with my motion, so I'm withdrawing my
17 motion.

18 MR. OXER: Ms. Bingham, will you withdraw your
19 second?

20 MS. BINGHAM ESCAREÑO: Mr. Chair, can you or
21 the recorder just reiterate? I'd understood Mr. Tolbert
22 Chisum's motion to be to approve staff's recommendation to
23 deny.

24 MR. OXER: Is that correct, Mr. Chisum?

25 MR. CHISUM: That's correct.

1 MS. BINGHAM ESCAREÑO: So you're withdrawing
2 your motion to approve staff's recommendation to deny?

3 MR. OXER: So Mr. Chisum is withdrawing the
4 motion to approve staff recommendation to deny the appeal.

5 DR. MUÑOZ: Is this 5(a) or 5(b)?

6 MR. OXER: It's on 5(a) is the one we're
7 considering now.

8 MR. CHISUM: I apologize. I misunderstood
9 which one we were talking about. My motion is still good.

10 MR. OXER: Your motion stands.

11 MR. CHISUM: I apologize. I was on the wrong
12 subject on 5(a) versus 5(b). I apologize.

13 DR. MUÑOZ: So the motion stands.

14 MR. CHISUM: Motion stands.

15 MR. OXER: The motion stands on 5(a), motion by
16 Mr. Chisum, second by Ms. Bingham. Ms. Bingham moved to
17 approve staff recommendation on 5(b) which was to deny the
18 appeal. Correct, Brent? And then it was seconded by Mr.
19 Gann.

20 With respect to item 5(a), motion by Mr.
21 Chisum, second by Ms. Bingham to approve staff
22 recommendation to deny the appeal to change this,
23 essentially keep it at the underwriting terms that Brent
24 presented us. Correct?

25 MR. CHISUM: Correct.

1 MR. OXER: Okay. We've heard comment. Is
2 there any other comment wished to be made? Terri, Mike,
3 anything else you want to say? Terri, 60 seconds. Make
4 it quick.

5 MS. ANDERSON: Yes, sir. Thank you so much. I
6 do appreciate the time and the opportunity.

7 MR. OXER: And one more time for the record.

8 MS. ANDERSON: Terri Anderson, Anderson
9 Development and Construction. I do appreciate your time,
10 your consideration, certainly.

11 I hope that we will not be in a position where
12 we would need to come back under asset management to
13 request a restructure of this existing debt. The 40-year
14 term and a 40-year amortization would certainly help this
15 development move forward, and if we had a 3 percent
16 interest rate as opposed to a zero interest rate, I think
17 that would be effective. I know that the 30-year
18 amortization creates a significant block or lock down on
19 our total structure, which our senior debt has not been
20 rate locked, et cetera, at this point. But thank you so
21 much again.

22 MR. OXER: All right. Thanks for your
23 comments.

24 All right. With respect to item 5(a) which was
25 just described, motion by Mr. Chisum, second by Ms.

1 Bingham to approve staff recommendation to deny the
2 appeal. There's no other public comment. Those in favor?

3 (A chorus of ayes.)

4 MR. OXER: And opposed?

5 (No response.)

6 MR. OXER: There are none.

7 MR. CHISUM: Thank you, Ms. Bingham, for
8 helping me.

9 MR. OXER: With respect to item 5(b), motion by
10 Ms. Bingham, second by Mr. Gann, with respect to the same
11 concept, to approve staff recommendation to deny the
12 appeal. We've heard public comment. Those in favor?

13 (A chorus of ayes.)

14 MR. OXER: And opposed?

15 (No response.)

16 MR. OXER: There are none.

17 Okay. Item 6, go the rules. Teresa.

18 MS. TERESA MORALES: Teresa Morales, acting
19 director of Multifamily Finance.

20 Item on the agenda involves a number of rules
21 that govern the multifamily applications that are
22 submitted to the Department. As you are aware, the Board
23 materials are published seven days before the Board
24 meeting and there is a fallback, if you will, for
25 materials to be published three days beforehand if

1 necessary. While the rules were not in a form that staff
2 was comfortable with under the seven-day posting
3 requirement of last Thursday, staff did post all of the
4 rules included under item 6 last Friday afternoon.
5 Circumstances beyond the Department's control required all
6 of the operating systems, including the Department's
7 website, to be taken offline Friday evening through Sunday
8 evening. In an effort to see all the rules to be viewed
9 by folks, we included a link on our website to our
10 Facebook page which at least created some opportunity for
11 folks to view those rules, albeit through social media.

12 That being said, item 6(a) relates to Chapter
13 10 which establishes the general requirements associated
14 with making an award of multifamily funding. In getting
15 the 2016 rulemaking process underway, staff disseminated
16 anticipated changes using various methods that included a
17 roundtable discussion in July with approximately 170
18 people in attendance, we engaged in several discussions at
19 the TAAHP conference in July, and throughout the month of
20 August, staff participated in several meetings with
21 industry individuals at their request to discuss ideas on
22 proposed changes. Lastly, staff launched, as it has in
23 prior years, the online discussion forum which allowed an
24 opportunity to engage with the Department and one another
25 and provide feedback on possible changes. Staff evaluated

1 the information received in all of these discussions by
2 which to formulate the draft rules that you have before
3 you.

4 In addition, we didn't come out of the 84th
5 Legislative Session unscathed. There were some changes to
6 Chapter 2306 that have been incorporated into these rules.

7 The majority of those bills affected the QAP and will be
8 further addressed when we get to that particular item.
9 The one bill that we incorporated into Chapter 10 requests
10 to the request from a municipality to be designated as
11 rural which I'll discuss in a bit.

12 Within Chapter 10 there are various
13 subchapters, and my presentation will primarily focus on
14 the more noteworthy changes within Chapters A, B and C.
15 Subchapter A contains all of the definitions and some of
16 those changes include a new definition for elderly based
17 on HUD guidance, and this was something in a prior agenda
18 item that was explained by Tom.

19 There was also a modification to the definition
20 for supportive housing to fix I guess what we've been
21 referring to as a quirk with respect to 4 percent deals.
22 Currently the definition does not take into account 4
23 percent transactions where the debt is retired after
24 construction completion. Historically, a 4 percent deal
25 wouldn't be debt free because of the bond financing used,

1 but we've learned and encountered some situations where
2 this isn't necessarily the case and believe that in such
3 instances those 4 percent deals should be treated in the
4 same vein as 9 percent transactions under various aspects
5 of the rule.

6 Changes to Subchapter B, which includes the
7 site specific restrictions, involve a requirement that
8 multifamily developments be located within three miles of
9 a full service grocery store, a pharmacy and an urgent
10 care facility. These items were previously on a list of
11 community assets from which an applicant could select to
12 meet the minimum threshold. That list which now removes
13 those items has been modified as well to include proximity
14 to a higher education campus, removes religious
15 institutions and modifies that the medical office should
16 be that of a general practitioner.

17 Staff has also proposed that multifamily
18 developments be located within the attendance zones of an
19 elementary, a middle and a high school that has the met
20 standard rating by TEA. The rule as drafted does allow a
21 carve-out for the school requirement for developments that
22 have that elderly limitation.

23 Also within Subchapter B relating to
24 undesirable site features, we have modified the
25 requirement to obtain the compliance with a fair housing

1 letter from HUD. As I mentioned on the prior agenda item,
2 staff recognizes that the ability to obtain such a letter
3 might be difficult, if not impossible, and therefore,
4 rehabilitation properties would instead be required to
5 submit a letter stating that the rehab of those units is
6 consistent with achieving at least one or more of the
7 stated goals as outlined in the state's analysis of
8 impediments to fair housing choice or outlined in the
9 local analysis of impediments as applicable.

10 The last noteworthy modification to Subchapter
11 B relates to undesirable neighborhood characteristics,
12 something that was discussed earlier as well and at prior
13 Board meetings. The characteristics requiring disclosure
14 still include the poverty rate of the census tract if it's
15 above 40 percent, and where the Part I violent crime rate
16 exceeds 18 per 1,000 persons annually. However, for
17 incidences of crime we are not just looking at the census
18 tract containing the development but also within a
19 thousand feet of any census tract.

20 A new undesirable neighborhood characteristic
21 that we've included relates to a site that is within a
22 thousand feet of blight, and the draft rule goes into a
23 little bit more detail on what would constitute blight.

24 With respect to how the site could be found
25 eligible by the Board despite these aforementioned

1 characteristics, staff has proposed that at least one of
2 the following three goals be achieved: the first is
3 whether the development involves the preservation of
4 existing occupied affordable housing with existing federal
5 restrictions; two, a factual determination that such
6 undesirable characteristics do not accurately represent
7 the true nature of the situation to render that site
8 ineligible; and a determination that the development is
9 necessary to affirmatively further fair housing.

10 Moving along to Subchapter C, this outlines for
11 the most part the threshold requirements. Staff is
12 proposing that full applications be uploaded to the
13 Department's server rather than having a CD submitted.
14 This subchapter also outlines the process by which an area
15 can request to be designated as rural under House Bill 74.

16 This process will involve a letter from an authorized
17 official of the political subdivision, basically
18 identifying how the characteristics of that political
19 subdivision differ from those of the area with which it
20 shares a contiguous boundary, as it relates to unimproved
21 roads, amenities in that area that differ from that of an
22 urban area, and undeveloped or agricultural land.

23 I'm sure there's public comment with respect to
24 this.

25 MR. OXER: You seem to be attracting a lot of

1 attention today, Teresa, more so than normal.

2 MS. TERESA MORALES: Staff recommends approval
3 of the proposed repeal and new 10 TAC, Chapter 10,
4 Subchapters A, B, C and D.

5 MR. OXER: And all this time I thought you had
6 a lunch gig with your band and your groupies were here.

7 (General laughter.)

8 MR. OXER: Any questions from the Board?

9 (No response.)

10 MR. OXER: Okay. Nice summary. So it's all in
11 one on item 6(a). Correct? Okay. Let's have a motion to
12 consider and start saddling up over here.

13 MS. BINGHAM ESCAREÑO: So moved.

14 MR. OXER: Okay. Motion by Ms. Bingham to
15 approve staff recommendation on item 6(a)

16 DR. MUÑOZ: Second.

17 MR. OXER: And I hear a second by Dr. Muñoz.

18 I'm going to have to assume that some of you
19 over here have more or less the same thing to say or would
20 like to ditto or second some of the things. This meeting,
21 we'll go as long as everybody would like to speak, but
22 you'll benefit by saying I agree with the guy that just
23 spoke. Okay?

24 We're going to have the first gentleman right
25 here. He's going to get to be the first one because he

1 has some logistics issues so we're going to take care of
2 him first. But the rest of you, start getting yourself
3 lined up.

4 MR. REED: Mr. Chairman, I'm glad you
5 appreciate age, or seniority, as we call it.

6 Mr. Chairman, members of the Board, delighted
7 to see you. I'm Julian Reed, a past president of
8 Preservation Austin and a current trustee of the Texas
9 Historical Commission. In those roles I have seen
10 firsthand the enormous benefits of historic preservation.

11 As just one example, I have watched the Texas
12 Main Street Program which is, of course, a program of the
13 Texas Historical Commission, I have seen it bring
14 revitalization to 173 communities across this state, an
15 incredible, incredible impact. Those endeavors have
16 resulted in \$5.2 billion in new investment. Now, that was
17 with a B. Okay? So with that background -- and
18 incidentally, I have to put in here that that program was
19 founded and directed by my late wife, Annis Barbara Reed,
20 for two decades. So I have a particular interest in
21 preservation, as you can imagine.

22 MR. OXER: You've made more than a substantial
23 investment in the whole enterprise, I can tell.

24 MR. READ: Thank you.

25 So I'm very pleased, obviously, to see passage

1 of SB 1318 which will enable more historic and cultural
2 preservation across the state while meeting an urgent
3 housing need for our citizens. The bill prioritizes the
4 use of historic structures for affordable housing.
5 Through this measure, TDHCA has the opportunity to save
6 historic buildings that are in danger of being
7 demolished -- and we deal with that every day,
8 particularly right here in Austin we see it every day, we
9 have to fight to save these historic structures -- while
10 bringing life to downtown areas across Texas. Of course,
11 the legislature passed this bill because it saw the many
12 benefits, economic and quality of life benefits.

13 Through implementing a realistic point awarding
14 system, the bill can accomplish laudable purposes.
15 Historic preservation of structures in downtown areas
16 saving iconic landmarks representative of our culture and
17 our past. Their preservation thus becomes an economic
18 development tool, new households downtown that will
19 increase local spending, sales tax collection and property
20 tax values. Revitalizing existing downtown structures
21 strengthens a community's core and helps postpone
22 pressures, delay them or even eliminate them in cases, the
23 pressures of sprawling infrastructure extension with all
24 the associated budgetary costs.

25 The program also is a tourism tool. Historic

1 buildings and their surroundings, with their unique
2 character and cultural experiences, are tourism friendly.

3 They draw a lot of people, people wanting to see
4 structures that reflect our heritage. That would add to
5 the already \$65 billion industry that tourism represents
6 across this state.

7 There is strong public sentiment for preserving
8 and utilizing historic structures in downtowns which have
9 been affected by neglect and economic malaise. And also,
10 obviously, you deal with it primarily here, the
11 demonstrated need for affordable housing, a fact that's
12 clearly in evidence as middle income families struggle to
13 find it.

14 In reality, there's really no downside in this
15 program. It's a win-win for Texas communities and I hope
16 you will take full advantage of the opportunities that are
17 in your hands by adopting a robust point value to
18 accompany the qualification and performance details down
19 in the bill. And I would summarize by just stressing
20 again the word robust. The more robust the points are,
21 the more successful the program will be.

22 Thank you very much.

23 MR. OXER: Thank you, Mr. Reed. We appreciate
24 your comments.

25 Does anybody have a question of Mr. Reed? Any

1 thoughts? Thanks very much, Mr. Reed.

2 MR. REED: Thank you.

3 MR. OXER: I would remind everybody when you
4 come up don't forget to sign in, put your name here. It's
5 for Nancy to make sure that we're able to identify you on
6 the record and the transcript.

7 MS. BINGHAM ESCAREÑO: Mr. Chair, I have a
8 question. So just for clarification, what we're
9 considering right now, item 6(a), this is for publication
10 in the *Register* for comment. Correct?

11 MR. OXER: Is that correct, Teresa? Yes,
12 that's correct. Making sure we're on that.

13 MS. STEPHENS: Good morning, Chair, Board, Mr.
14 Irvine. I'm Lisa Stephens with Sagebrook Development, but
15 I'm not here just on behalf of myself speaking today. We
16 did have a group of us that got together and I am actually
17 speaking on behalf of that group. We have two overarching
18 comments that I would like to make on behalf of that
19 group. I may run slightly over my three minutes but I am
20 speaking on behalf of quite a few of us.

21 MR. OXER: Speak faster if you don't mind.

22 MS. STEPHENS: I'll speak quickly.

23 So the group that we have today, normally we
24 are competitors and normally we are fighting against one
25 another for money, but we're here today with two issues

1 that we think are of great importance that we have joined
2 together on.

3 MR. OXER: When you say we, who does that mean?
4 Everybody says we. You have groupies too, huh?

5 MS. STEPHENS: I have groupies. I don't know
6 how I got to be the point person but here I am. But it's
7 rural developers, urban developers, large developers,
8 small developers, nonprofits, for profits, and we cover
9 the whole state. We have more than 35,000 units that we
10 have developed as a group in Texas. So that's who we are
11 and that's who I'm speaking on behalf of.

12 We understand that there are time constraints
13 in this QAP and the rules, and by the way, these comments
14 apply to all four rules. We understand that they have to
15 be published for 30 days in the state *Register*, we
16 understand we're working against a deadline for the
17 governor to sign. That being said, we're actually asking
18 that you hold off on publishing the rules for publication
19 in the *Register* today, and I'm going to explain why.

20 In August and in July, TDHCA did have
21 discussions about the rules. However, we just got them on
22 Friday and there are over 120 pages of these rules with
23 comments, and some of these are threshold items, they're
24 items for ineligibility, they're items that are going to
25 drive where these developments are going to be built, and

1 we think that they're due more time and consideration to
2 actually have the drafts in front of us and be able to
3 discuss them in a public forum at a workshop before they
4 get published.

5 And the issue with publishing them is that once
6 they are published you are bound by what is in that
7 publication. You can take things out and you can add
8 things that are a natural outgrowth of what is in that
9 publication, but any new ideas, any new concepts, any
10 thoughts that are not in there today cannot be added. So
11 we are drawing a box today that says we can only take away
12 from it. And as a group, we have a lot of ideas, a lot of
13 thought and a lot of discussion has been had that we don't
14 see reflected in the drafts that just came out on Friday.

15 So we're asking that we have a workshop.

16 DR. MUÑOZ: I had a question.

17 MS. STEPHENS: Yes, sir.

18 DR. MUÑOZ: You're saying that we have a lot of
19 thoughts, a lot of ideas, a lot of discussions, plural,
20 that are not reflected.

21 MS. STEPHENS: Yes, sir.

22 DR. MUÑOZ: So I mean, hasn't there been ample
23 opportunity to weigh in?

24 MS. STEPHENS: The draft of the rules just came
25 out on Friday, so while there's been a lot of

1 conversation, a lot of the conversation was staff asking
2 the industry: Hey, what do you think? We've given ideas,
3 we've had a web board, we've put a lot of things on the
4 web board. We've received no feedback to those ideas,
5 thoughts, comments, suggestions, questions.

6 DR. MUÑOZ: You're saying none of what you
7 provided is reflected here.

8 MS. STEPHENS: Less than 10 percent would be my
9 estimate.

10 DR. MUÑOZ: But some.

11 MS. STEPHENS: Some. I can cite two specific
12 items that were comments from the public.

13 MR. OXER: To be pretty cold-hearted about it,
14 the fact that they're not in there does constitute some
15 feedback.

16 MS. STEPHENS: That may be, but I think that
17 there should be some discussion.

18 MR. OXER: Apparently you had an opportunity
19 for some discussion. Did you not, Teresa?

20 MS. STEPHENS: Not on these rules. There are
21 things in these rules that we're seeing for the very first
22 time. There are concepts in these rules that we've not
23 heard, nor have we had an opportunity to review more than
24 the three days since they've been posted.

25 MR. OXER: Go on. Because you know it's a

1 tough room, you've got to make your argument.

2 MS. STEPHENS: I know, I know it's a tough
3 room. I know that this is a big ask. I didn't come in
4 here expecting that this was an easy ask, but this is a
5 collective ask, not just of myself but of a lot of
6 industry representatives.

7 So our second ask isn't quite as big as the
8 first one, but our second ask is a general comment that
9 relates to the rules themselves and some of the things
10 that we're seeing in the rules. There are several
11 sections in the rules that imply and that state that a
12 developer should know everything there is to know about an
13 application at the time you put that application in place,
14 and that simply isn't reflective of how affordable housing
15 development happens. The examples of these are found in
16 the sections on site plan, they're found in the sections
17 on architectural changes, lender financing commitments and
18 developer fees.

19 And the application rules get finalized in
20 December. We have about 90 days to put our applications
21 together, to find our sites, to get our support, to get
22 our letters, to prepare all these plans, and that simply
23 is not enough time to know everything there is to know
24 about a development. We generally have three to five
25 weeks from pre-app to app to have all of these application

1 requirements put together and to ask us to have everything
2 firmed up, everything there is to know about a site within
3 that time period, it's just not realistic.

4 Development is not static, it's a process. We
5 manage local regulations, state regulations, federal
6 regulations, storm water, building codes, life safety,
7 site issues. All of these factors come into play when
8 we're developing a site and it is, in fact, a process that
9 changes and it's fluid. From the time we put the
10 application till we get to closing, there may be multiple
11 changes that occur. But the end goal should be to get the
12 housing on the ground and the end goal should be are we
13 providing the same number of units, the same affordability
14 and the same point items in the general product that we
15 said we were going to.

16 There are multiple changes in the rule that say
17 if these items change, we've got to come back to the Board
18 and get your approval. That's going to slow down the time
19 process, it's going to slow down our ability to get the
20 housing on the ground if every time something changes we
21 have to come back and get Board approval. Board approval
22 should be reserved for big picture items, it should be
23 reserved for those items where we're changing the number
24 of units, we're changing the affordability, we're changing
25 the points that we asked for. Those are big items that I

1 think we all know when we put our application in that we
2 can commit to those, and if those change, yes, we should
3 have to come back to you. But for other routine changes
4 that are in the normal course of the development process,
5 we should not be in a position where every time that
6 happens we should have to come back and ask for approval.

7 Additionally, to say that our developer fees
8 should be capped at what it is at application, regardless
9 of whether costs go up or down, is not reflective of the
10 conditions that we know. Our application is what we know
11 at that point in time, it's not what we know six months
12 from now, and the development process takes four to six
13 months to get your permits approved and sometimes a year.

14 In the City of Austin you're a year. And so during that
15 time, we learn more, we know more, things fluctuate, costs
16 change, so to say that our fee should be capped because we
17 knew everything there was to know at application or we
18 should have known is not an accurate reflection on the
19 process.

20 Finally, there are some comments in the general
21 statements of the *Texas Register* about the costs of
22 putting an application together that say that the costs
23 are generally \$15- to \$30,000. I will tell you that is
24 not an accurate statement.

25 MR. OXER: It's missing a zero?

1 (General laughter.)

2 MS. STEPHENS: It's not an accurate statement.

3 The costs of these applications run \$40- to \$50,000.

4 Just our third party outlay, hard costs paid to

5 professionals, is \$40- to \$50,000 per application. In

6 light of that, we pay a lot of money just to play in the

7 game and what we're asking is, one, for some consideration

8 of the process, that we not be in a position where we have

9 to come back to you every time we shift a building around

10 on our site plan, and two, that we have some more time to

11 actually look at the published rules and talk about them,

12 as opposed to the theoretical conversations we've had

13 prior to now.

14 Thank you.

15 MR. OXER: Thanks, Lisa. Stick around, we're

16 going to have some questions for you.

17 Anybody have a question for Lisa, anybody from

18 the Board? Dr. Muñoz

19 DR. MUÑOZ: Not for Lisa immediately, but I

20 mean, how problematic would both of those requests be?

21 MR. OXER: Teresa, have you got a second? If

22 we post this tomorrow and they want to hear some rules,

23 they basically want another 30 days, what's the schedule

24 on this and how does the posting tomorrow fit within the

25 schedule to meet the QAP requirements that we have to have

1 it to the Governor's Office by was it November 15?

2 MS. TERESA MORALES: Teresa Morales, acting
3 director of Multifamily Finance.

4 The timeline that we're under with respect to
5 these rules, with adoption today or with approval, we are
6 required to submit them to the *Texas Register* by noon
7 tomorrow, and what that means is they will then be
8 published in the *Texas Register* on September 18. Those
9 are their publishing deadlines, not ours, so we submit
10 them tomorrow by noon, they're published on September 18.

11 MR. OXER: So it's a two-week advance on
12 getting them in to the *Register*.

13 MS. TERESA MORALES: Correct. For their time
14 to review and stuff. That will open up the public comment
15 period which will run through October 15, and then staff
16 will have approximately two weeks by which to go through
17 all of the public comment and craft our quite lengthy
18 reasoned response and present that back to you at the
19 November Board meeting, which I believe is on November 1.

20 The following day is when they must be submitted to the
21 Governor's Office, and he has until December 1, and those
22 are statutory.

23 So if you're talking about delaying publication
24 into the *Register*, some issues might be limiting the
25 public comment period, maybe doing less than 30 days, and

1 then you would even brush up against not having staff
2 sufficient time to go through all of the public comment
3 and craft reasoned response and incorporate any possible
4 changes.

5 MR. OXER: This is just for the record here,
6 the *Texas Register* is published how often?

7 MS. TERESA MORALES: Weekly. It's just a
8 matter of their deadlines by which we have to submit in
9 order to have it published on a certain day.

10 MR. OXER: I understand. I'm trying to see if
11 there's a way to accommodate the request to make sure they
12 have time to look at this. There's obviously been at
13 least some coordination or some opportunity through these
14 workshops and stuff, to which you referred in your
15 presentation, that everybody had a chance. If there were
16 parts of this that they say were not considered, I'd like
17 to hear something in terms of what those may have been,
18 the items that they were not privy to before these rules
19 came out, that they're brand new fresh rules that they
20 haven't seen or haven't been alluded to in any of these
21 workshops, that that was the case. And if that's the
22 case, do we have the capacity to just move this off a
23 week, give them some period and then put it not in
24 tomorrow but put it in on the 11th for publication on the
25 25th, and could we make that work.

1 Mr. ED.

2 MR. IRVINE: I think that you would have to put
3 together a kind of out-of-the-box format to accommodate
4 something like that. If, for example, the areas that you
5 want to add to the QAP for consideration are known and can
6 be identified and can be generally described, I think that
7 the Board could recast its motion to direct staff to
8 address those issues in a manner in the draft in which
9 they could be out for public comment, as Lisa indicated
10 they could be pulled back in final adoption and rejected,
11 or they could be modified with very limited aspects, sort
12 of the logical outgrowth kind of standard. You could
13 probably formulate a way that the motion could describe
14 the areas to be addressed in that process and you could
15 authorize and direct staff to incorporate those additional
16 items into the publication document, perhaps with approval
17 of the chair or something like that. It could be done.
18 The idea, though, of delaying a month is not conceivable.

19 MR. OXER: Delaying a month is not going to
20 happen.

21 It is a really good argument. For those of you
22 developers out there, it's a good argument for a two-year
23 QAP. Right? Because all of this, there's so much that
24 seems to be statutorily locked into a calendar and it
25 carves you guys down to a really small period to be able

1 to get all this information and put it together to be able
2 to make these applications as valid as possible.

3 I've done enough -- not specifically on housing
4 but I've done enough project development, you normally go
5 find something and get started and assume that you'll have
6 enough time and latitude to work it out as you go. So
7 don't misunderstand, I'm not insensitive to your request,
8 but we're also constrained by the calendar and the process
9 and the legislative requirements that we have to work
10 under. So if nothing else, this will tell us in four
11 months some of the things we can do in terms of working
12 for this scheduling for the future.

13 Dr. Muñoz, you have a question.

14 DR. MUÑOZ: For the executive director. Is it
15 possible to have some language drafted in the immediate
16 future that would allow us to very narrowly define a
17 possible new motion that would comport to this one-week
18 very limited window of opportunity to gain additional
19 comment?

20 MR. IRVINE: Actually, we've prepared a shell
21 document that could be into.

22 MR. OXER: Lisa, we have a question.

23 That's all right, Teresa, you're still in the
24 box. Stay close.

25 Go ahead, you make your comments.

1 MS. STEPHENS: We understand that 30 days was
2 not going to be a reasonable ask. A week, ten days would
3 be huge, I think, because we already have substantive
4 comments put together and we could very quickly go through
5 them. We've had three QAP committee meetings ourselves;
6 our group has gotten together and discussed this three
7 times and we have written comments. Some have been
8 submitted, some we just got together on Tuesday when this
9 draft came out, and so we could put those before you. And
10 if those substantive items could be put into a shell
11 document, understanding that they're for consideration and
12 that they may be pulled back at a later time, at least
13 that would expand the box.

14 MR. OXER: Your comments are valid. I'm trying
15 to figure out a way to maintain the integrity of our
16 process and incorporate your interests.

17 MS. STEPHENS: We understand.

18 MR. OXER: But making sure that this works
19 fluidly, or as fluidly but as strongly as possible for the
20 development community is one of the things that we want,
21 but we're also not going to bend the rules.

22 MS. STEPHENS: Understood.

23 DR. MUÑOZ: More like a week, not ten days.

24 MS. STEPHENS: We can get it together in a week
25 if we need to.

1 MR. OXER: More like Monday, if you could do
2 it.

3 MS. STEPHENS: Monday is Labor Day.

4 MR. CHISUM: Mr. Chairman, but at the same
5 time, I want to remind the Board that these statutory
6 limits are not a surprise.

7 MR. OXER: No, they're not.

8 MR. CHISUM: That these are in place, they have
9 been in place, and so we need not lose sight.

10 MR. OXER: Go ahead, your comments are valid.

11 MR. CHISUM: We just need to understand that
12 this is our environment, that this is the way it works,
13 and we have to deal with what we've got. And so I'm
14 sensitive to what's being said, but at the same time, we
15 must play by the rules.

16 MR. OXER: No question about it. Give me the
17 top three areas that you think weren't considered and that
18 you had no interaction with the staff on in the workshops
19 and stuff that you saw for the first time Tuesday.

20 MS. STEPHENS: I think there's two different
21 things. One is we have quite a few thoughts about de-
22 concentration. We see a lot of issues with concentration
23 of sites.

24 DR. MUÑOZ: Lisa, let me just help you a little
25 bit. Rather than sort of identify the topic and go into

1 some protracted explanation of it, give us what are those
2 three big important areas that we can put into this
3 document.

4 MR. OXER: The top three. You guys get to vote
5 over there but that's between you.

6 MR. IRVINE: Might I make a suggestion.
7 Instead of having all of this as public comment, I think
8 it would be really helpful if one or two of you could go
9 meet with some folks from staff, perhaps during the lunch
10 break or something, reduce these to specific bulleted
11 descriptions. I'm not talking about rule language but
12 descriptors that say, you know, we would like for the
13 draft documents to do this, do this, do this, and then we
14 can look at dropping them into a shell structure.

15 MR. OXER: When we put that in the shell
16 structure, does it have to have language to it because
17 we're posting this tomorrow? Because essentially what
18 we're doing is we're asking you what do you want to add to
19 this to get it posted tomorrow into the register. Because
20 I agree, Mr. Chisum's position on maintaining the primacy
21 and integrity of our rule is first, now you've got to
22 figure out how to do that.

23 MS. STEPHENS: We understand. And it seems
24 like in prior years there has been more time on the front-
25 end than there was this year, once the staff draft came

1 out there was actually more time to have a workshop after
2 the draft came out.

3 MR. OXER: Is there anything that might have
4 made that occur, Teresa, or is it just scheduling that it
5 happened out that way?

6 MS. TERESA MORALES: I'm sorry?

7 MR. IRVINE: There's a lot that occurred. We
8 lost a lot of key staff in this process.

9 MS. STEPHENS: You did, and we understand that.

10 MR. IRVINE: It's been a challenging time, and
11 I would point out that, yes, we would have loved to have
12 gotten a draft up earlier.

13 MR. OXER: But we didn't.

14 MR. IRVINE: But we didn't. You would have
15 loved to have had more time to look at this. By statute
16 we're only required to post materials three days before
17 the Board meeting. Our historic practice of posting a
18 week before Board meetings is a courtesy, it's not a
19 statutory requirement. We want to get the information
20 out. We would like as much specificity as possible but
21 we're working under something where we were just unable to
22 do it, and I apologize for that.

23 MS. STEPHENS: We understand.

24 MR. OXER: You know, we're all doing the best
25 that we can do here.

1 Here's our ask: Can you put this together and
2 have this ready to go by after lunch? Your answer is yes;
3 the question is who's going to help you.

4 MS. STEPHENS: Yes. I'm looking for nods.
5 Yes, we can do that. And I thank you for that. That's a
6 significant consideration and we truly appreciate it.

7 MR. OXER: We've got a way to make this work.
8 Is that not correct?

9 MR. IRVINE: Absolutely. And I would also just
10 point out to everybody the likely impact of that is staff
11 will then have to take that and recast it in actual rule
12 change language. There's no way that that's going to
13 result in sending this to the *Texas Register* tomorrow.
14 It's probably going to delay publication a week. I do not
15 believe that there's a statutory requirement that there be
16 a 30-day comment period, it's just that there has to be a
17 reasonable comment period. If necessary, the comment
18 period may be shortened somewhat, and we'll work with you
19 to the best of our ability.

20 MR. OXER: Okay. Well, in trying to get that
21 word out, because I assume that you'll make sure, and
22 everybody here has heard this, so we'll get your comments
23 now.

24 Captain Tweety, can you make sure that
25 everybody out there in Twitter-land understands that if

1 they want to make comments, they can. I'm not kidding, I
2 want this out. Okay? Make sure that they know. In fact,
3 if they've got comments, tell them to start now putting
4 them back in on the website. He said yes.

5 Is there anything else we need to do to get
6 that structure ready? So we can delay this a week. Once
7 we've done this, if it goes out in the September 25
8 *Register*, we're basically going to shorten the comment
9 period down to whatever that is that's left. You're going
10 to use that up, you're going to use a week of that up in
11 the front-end. The comment period will end where it would
12 have ended anyway, and we'll be able to add some more
13 optionality to the new rulemaking

14 DR. MUÑOZ: But I'll just say to my mind, Mr.
15 Chair, that that shortened period also incorporates and
16 captures other commentary, so to my mind it still is a
17 period of commentary, arguably by some fairly adroit,
18 thoughtful people in the industry.

19 MR. OXER: Actually he was talking about you
20 when he said that. Most of the people that comment on
21 this are people within the industry anyway, or within this
22 sector, and I have to assume that most of you that would
23 comment are already here. Right? So what we're looking
24 for is that public part of the comment for somebody that's
25 really got some interest in it. That's why I wanted to

1 ask Michael to make sure this gets out. So we're starting
2 the public comment period right now and it will be
3 published three weeks from tomorrow. That gives us an
4 extra week in there, but the end of that comment period,
5 whatever it was, Teresa, from what we schedule now, that's
6 still the end of the comment period. Everybody live with
7 that? Everybody on this live with that?

8 Mr. Chisum, are you good with that from the
9 rule standpoint?

10 MR. CHISUM: Yes, I am, but I do have a
11 question.

12 MR. OXER: Microphone.

13 MR. CHISUM: Thank you. That if we're looking
14 for this feedback, then you said after lunch, then do we
15 provide them space so that they have a room here to meet?

16 MR. OXER: They're big kids.

17 MR. CHISUM: There's a lot of them so I just
18 wanted them to be able to get together and do whatever
19 they need to do.

20 MR. OXER: The lunchroom is going to be busy,
21 Mr. Chisum.

22 MR. CHISUM: I understand, our lunchroom.

23 MR. OXER: There's room over in the cafeteria,
24 there's places you can find to work. Like you said, make
25 it up as you go.

1 MR. CHISUM: Just trying to help them get
2 organized.

3 MR. OXER: I understand. That's why he's known
4 for his family over the Chisholm Trail, running that herd
5 down that trail.

6 MR. CHISUM: Don't make fun of my family.

7 MR. OXER: I grew up on a cattle ranch, pal.
8 That was a compliment.

9 MR. CHISUM: Okay. Thank you. I'll take it as
10 a compliment.

11 (General talking and laughter.)

12 MR. OXER: All right. Do we have the
13 structure, the capacity to do this fairly quickly, pretty
14 easily?

15 MR. ECCLES: There may be a question, though,
16 on the amount of time it needs to be posted. There's a
17 tie-in to HUD regulations about citizen participation, so
18 that week may have to come from somewhere else.

19 MR. OXER: Okay.

20 MR. CHISUM: But that's our issue.

21 MR. ECCLES: Well, it's an issue.

22 MR. OXER: All right. We'll know some more
23 about this because you're going to have three items on
24 here. You probably have some more but make sure you've
25 got them in order of the ones that you want because we're

1 going to basically go from the top down, prioritized.
2 That way, if you've got too many, the ones on the bottom
3 will get tailed off.

4 I don't know where that extra week would come
5 from, Tim.

6 Megan, do we know anything on the scheduling on
7 this?

8 MS. SYLVESTER: We'll discuss it.

9 MR. OXER: All right. With respect to item
10 6(a), is there anybody out there who wants to speak on any
11 other aspect of this apart from what Lisa spoke on? Raise
12 your hand. All right. There's such a crowd up here.
13 Anybody on the front row?

14 All right. We'll take it from right here.
15 It's 11:48 right now so we're going to basically cut off
16 the comment or pause the comment at twelve o'clock, we'll
17 go get some lunch and be back in place here at quarter
18 after 1:00. That way you can predict what you need to do
19 and then you can have your comments ready. Whatever your
20 task force is, Lisa, have them put together and get all
21 this put together so we can take it up around 1:30. Okay?

22 MS. FINE: A question before I start. Can I
23 only comment on the rules and not the QAP at this
24 juncture?

25 MR. OXER: You may. It's item 6(a).

1 MS. FINE: I'm Tracey Fine with National Church
2 Residences.

3 First, I just want to thank TDHCA's staff for
4 all their hard work and time they have spent with many of
5 the development community, listening to our concerns,
6 engaging in authentic dialogue and revising the QAP.

7 I do want to take this opportunity to highlight
8 an issue in the rules which could hamper improving the
9 lives of vulnerable residents in Texas. Mandatory assets
10 for preservation deals. Without satisfying all the
11 mandatory assets proposed in the draft, a project cannot
12 compete. Unfortunately, the existence of some mandatory
13 assets would unnecessarily exclude worthy preservation
14 projects from being eligible to compete, in particular,
15 the requirement that all rural Texas projects be less than
16 three miles from an urgent care clinic.

17 For example, a senior housing preservation
18 project that is 3-1/2 miles away from an ER could not
19 compete even if the site has 24-hour ambulance service
20 available and had other excellent amenities, such as a
21 grocery store, pharmacy and restaurants around the corner.
22 The aforementioned preservation project cannot be moved.
23 The residents have, to date, not had issues with their
24 health and the location is strong, however, the current
25 draft would arbitrarily keep this project from being

1 rehabilitated. I would encourage staff and the Board to
2 revisit the applicability of mandatory assets in
3 preservation.

4 Furthermore, I didn't write this piece out, but
5 on the mandatory schools, I would really encourage TDHCA
6 to think about that definition. I'm concerned that the
7 HUD 202 projects as a specific program specifically for
8 seniors could be ruled out as an eligible senior project
9 not having to be under mandatory schools. And to also
10 highlight that many supportive housing projects that serve
11 100 percent adults also do not utilize schools and to
12 consider them not required to meet the met standard rating
13 for the schools currently in the rules.

14 So I appreciate you listening to my comments.

15 MR. OXER: Great. Thanks very much.

16 Mr. Chisum.

17 MR. CHISUM: Question for you, please. This
18 particular property that you're talking about, how many
19 seniors?

20 MS. FINE: Forty.

21 MR. CHISUM: Forty, and not a single senior has
22 a medical issue?

23 MS. FINE: I'm not saying that --

24 MR. CHISUM: That's what you said.

25 MS. FINE: No. I'm saying that their

1 healthcare needs are being met. They're not having an
2 issue meeting their healthcare needs. The current
3 mandatory assets says that a site must be within three
4 miles of an urgent care clinic that is open after hours.
5 So this particular site is 3-1/2 miles away from the
6 hospital with 24/7 ambulance service, but the urgent care
7 clinic closes at 6:00 so it's technically not open after
8 hours. And to date, our seniors do have healthcare issues
9 but they have sufficiently received services under the
10 current healthcare in the vicinity.

11 MR. CHISUM: Thank you.

12 MR. OXER: Thank you.

13 One more. Hi, Robbye.

14 MS. MEYER: I'll make it quick, I'll get in
15 before 12:00.

16 MR. OXER: That's okay. You've got plenty of
17 time.

18 MS. MEYER: Robbye Meyer. I'm with Arx
19 Advantage, a consultant in the program.

20 To piggyback off of what she said, with the
21 threshold requirements actually having a requirement for
22 grocery stores, pharmacies and urgent care facilities that
23 goes across for all of the State of Texas, you're taking
24 out most of rural Texas and a lot of the suburban areas
25 having this requirement in the Multifamily rules.

1 Actually, in the rule definition under the
2 state statute in this last legislative session, it
3 actually states the proximity or absence to major
4 amenities commonly associated in urban and suburban areas.
5 That is what rural Texas is, and so it's saying that they
6 don't have those amenities.

7 MR. OXER: That's what defines rural. Right?

8 MS. MEYER: Right. And so to require those
9 amenities to be in rural Texas, you're actually taking
10 away most of rural Texas.

11 Also, urgent care facilities, a lot of urgent
12 care facilities don't take Medicare or Medicaid. Just
13 another thought to take into effect.

14 The public school requirement for meeting the
15 met standard, I'm uncomfortable with that putting it in as
16 a threshold requirement because you do take out a lot of
17 areas, especially in rural, but you do actually take out a
18 lot of urban as well. But if we're going to put it in
19 threshold, I can live with it if we're going to do that,
20 but let's take it out of scoring. Let's have it in one
21 place or the other. If you put it in both areas and have
22 it in threshold and as a scoring item, you're tightening
23 up and we're concentrating housing even more than we're
24 already doing.

25 It's difficult to do it as a scoring item with

1 the met standard and having that performance index, but
2 when you put it as a threshold requirement and eliminate
3 areas and then you put it as a performance as scoring,
4 we're going to all be in the same area and competing for
5 tiebreakers and we're all going to be arguing with cities
6 trying to vie over the same things with cities. So I ask
7 you if you'll put it in one or the other and eliminate the
8 opportunity index threshold. Thank you.

9 MR. OXER: Great. Thanks, Robbye.

10 Anybody else on this part?

11 MR. BRADY: Thank you for this opportunity. My
12 name is Sean Brady.

13 I wanted to echo what the other two previous
14 commenters said. With the emphasis on schools and
15 groceries and pharmacies and urgent care all in threshold,
16 which are also considered in scoring sections, it really
17 is driving us away from de-concentration and towards
18 concentration, eliminating large sectors of the state, in
19 particular the rural areas, as Robbye mentioned, that by
20 definition lack a lot of these resources but also a lot of
21 the urban/suburban areas as well.

22 Especially on educational excellence, there is
23 a one-point category already for an elementary and either
24 a middle or high school, but then I'm wondering if all
25 three of those now have to be threshold items. That leads

1 to some conflict in my mind, as well.

2 One other item that has not been mentioned yet
3 is in the submission requirements section. There is
4 language that we cannot change building locations or
5 sizes, types, orientations without seeking Board approval.

6 And I understand the intent of that is to keep developers
7 from saying one thing to a community and then doing
8 another, but please look at it from the other way. That
9 language is so restrictive that really that's going to
10 limit the amount. We like to share information up front
11 with caveats, with disclaimers clearly printed on it that
12 this is subject to change as the design process continues.

13 But these are common questions among
14 communities. They want to know what's it going to look
15 like, what are your amenities. And we can tell them the
16 types of amenities, the services, the things like that we
17 could offer but that they are subject to change. And so I
18 do think loosening that language in the Multifamily rules
19 would be highly advantageous to allow us to continue to
20 share the information freely all throughout the process
21 with our communities without having to go back to the
22 Board every time that we do a soil boring test and realize
23 we have to shift the orientation of the building. There's
24 lots of information we don't know when we first come to
25 the communities, but it's a process ongoing. So I wanted

1 to mention that as well.

2 I do have some comments on scoring as well, but
3 I believe that's covered in the next section. Should we
4 cover comments on scoring now?

5 MR. OXER: Only the item that we're taking up,
6 if you would, please, Sean.

7 MR. BRADY: Well, thank you for your time.

8 MR. OXER: All right. Thanks very much.

9 Okay. Let's have one more.

10 DR. MUÑOZ: And Mr. Chair, before this
11 gentleman begins to speak.

12 Teresa, on those sort of points that Robbye
13 made about threshold items or items that might exclude,
14 services or amenities that may not be available in rural
15 communities, like proximity to certain things, I hope we
16 look at that carefully, because at least up in West Texas
17 where you've got small towns like Tahoka and O'Donnell and
18 Idalou and these small towns, there's limited
19 infrastructure, there's limited willingness for outside
20 companies to come in and develop some of those services
21 and amenities. I mean, I guess I'd have a lot of
22 heartburn about communities that could never satisfy some
23 of these requirements just based on their density and tax
24 base and attractiveness to outside sort of services. I
25 hadn't thought about it until just that comment was made.

1 MR. OXER: Thanks.

2 MR. SISK: I'm Tony Sisk, Churchill
3 Residential, Irving, Texas.

4 My comment has to do with Subchapter B, again
5 under public schools, and we just noticed this a couple of
6 days ago when this came out, and this has to do with
7 district-wide enrollment or choice programs within an ISD.

8 As I understand it, there's only a handful, if that, of
9 choice programs in school districts in Texas, but
10 specifically I'm thinking about one that covers three
11 different cities, population in excess of some 300-and-
12 some thousand people, one large school district that has
13 the choice program, but in that particular ISD, out of
14 approximately 80 schools there's only two elementary
15 schools that did not meet standard.

16 And it's not realistic, in my opinion, to
17 penalize every potential development in three cities with
18 a large population with that definition. I would like to
19 respectfully request that if, say, 90 percent of the rated
20 schools in the district meet standard that that would be
21 enough to basically meet the threshold for that particular
22 large independent school district covering three cities.
23 It basically kills every potential development in a large
24 area, and I don't think that definition is really
25 realistic because there's only two elementary schools in a

1 very small area of that large are, and most of these
2 developments are in high opportunity areas.

3 MR. OXER: Thanks, Tony.

4 MR. IRVINE: Can I ask a question about the
5 choice settings? If you've got a district with multiple
6 schools and you've got some that don't meet standards and
7 many that do meet standards, is a school-age child living
8 in a tax credit development able, without reservation or
9 limitation, to choose to go to a school that meets
10 standards and receive transportation to that school?

11 MR. SISK: Well, in this particular case,
12 theoretically, I guess, a kid could go to any of the
13 schools in this large district that has 80 different
14 schools. All of the middle and high schools met standard,
15 only two out of maybe 60 elementary schools did not meet
16 standard, but those kids are not going to be likely to go
17 to one of those two elementary schools that didn't meet
18 standard, they're going to go to one of the 58 other ones.

19 MR. IRVINE: So they will have a right to
20 choose to go to one of the others.

21 MR. SISK: Yes. They have a right to go to any
22 of those other schools.

23 MR. IRVINE: Do they have any transportation
24 assistance in getting to those other schools?

25 MR. SISK: That, I'd have to research that.

1 MR. OXER: So the current rule, as you
2 interpret it, or the current draft, that current
3 threshold, as you interpret it right now, Tony, precludes
4 that district from being considered?

5 MR. SISK: Yes, and three different cities, and
6 all the schools in two of the three cities meet standard.

7 MR. OXER: Okay. All right. Thanks for your
8 comments.

9 Okay. We're going to go into an exec session
10 and I want everybody to be still and listen for a second.

11 The Governing Board of the Texas Department of
12 Housing and Community Affairs will go into closed or
13 executive session at this time. The Board may go into
14 executive session pursuant to Texas Government Code
15 551.074 for the purposes of discussing personnel matters,
16 pursuant to Texas Government Code 551.071 to seek or
17 receive legal advice of its attorney, pursuant to Texas
18 Government Code 551.072 to deliberate the possible
19 purchase, sale, exchange or lease of real estate, and/or
20 pursuant to Texas Government Code 2306.039(c) to discuss
21 issues related to fraud, waste or abuse with the
22 Department's internal auditor, fraud prevention
23 coordinator or ethics advisor.

24 The closed session will be held in the anteroom
25 of this room which is the John H. Reagan Building, Number

1 140. The date is September 3, 2015 and the time is 12:02.
2 Let's be back in our seats, I know we're going to have an
3 active session here, so we'll be back in our seats at 1:30
4 exactly.

5 (Whereupon, at 12:02 p.m., the meeting was
6 recessed, to reconvene this same day, Thursday, September
7 3, 2015, following conclusion of the executive session.)

8 MR. OXER: All right. Let's come to order.
9 We've got a hot schedule here and we're running into some
10 quorum issues.

11 The Board is now reconvened in open session at
12 1:45. During the executive session the Board did not
13 adopt any policy, position, resolution, rule, regulation
14 or take any formal action or vote on any item. Did I get
15 all of it, Counselor?

16 Okay. Back on the rules on item 6(a), we have
17 a motion in the floor by Ms. Bingham, second by Dr. Muñoz
18 to approve staff recommendation on item 6(a). What we're
19 going to do, and I think it's the right way to approach
20 this, we're going to table that motion and hold that.
21 Bottom line is, without the reasoning, one week from
22 tomorrow we're going to have another Board meeting, take
23 up these final rules. You'll have an opportunity to make
24 comments, consider those, in addition to what was being
25 considered today. The information we'll take from the

1 development community, and we'll have next week to take
2 that, form it into some language, and then that language
3 will be made available for a special Board meeting to be
4 on Friday, the 11th.

5 We understand there are posting requirements
6 for the agenda and that sort of thing. I will tell you
7 that the meeting will probably be ten o'clock here once
8 again, it will be two hours at the max, take up this issue
9 with the rules, and that will be the extent of the agenda
10 for that single item meeting.

11 So with that, would the Board consider tabling
12 the motion on 6(a)? Ms. Bingham?

13 MR. GANN: Move to table.

14 MR. OXER: Okay.

15 DR. MUÑOZ: Second.

16 MR. OXER: Motion by Ms. Bingham, second by Dr.
17 Muñoz, as the original motion, to table this motion until
18 our special meeting coming up one week from tomorrow.

19 Tom.

20 MR. GOURIS: If I might. Tom Gouris, deputy
21 executive director.

22 Can we just make it clear that if folks have
23 comment that they want to get into the next version that
24 they need to -- because I think earlier you said they can
25 get to us by next Friday, but in fact, for us to get it

1 into the new Board book, we want to make sure we get it by
2 tomorrow, and then we'll post three days before or as soon
3 thereafter as we can to incorporate those comments.

4 MR. OXER: Now, the worst case scenario is that
5 we would make any comments or modifications to those
6 available, hand it out at the meeting because, of course,
7 we'll all be in active involvement in those. I think we
8 originally the interpretation was we would have another
9 week to make comment. What I was trying to do was push
10 off the Board posting in the *Texas Register* by a week, but
11 to do that, we need to back that up for the commentary so
12 we've got time to take the commentary and make the rule so
13 that it could be posted. So anybody that posts a comment
14 a week for tomorrow is going to have to wait until next
15 year to get it in.

16 DR. MUÑOZ: And I'd like to say something. I
17 appreciate, Tom, you making that point. If truly you've
18 thought about this -- I'm talking to the community that is
19 interested in this particular topic -- then you should
20 have some ideas that are fairly well formulated, defined,
21 and so it's incumbent upon for this unique, rare,
22 unprecedented window of opportunity to communicate to the
23 staff, not that they should necessarily seek you out. You
24 have this time, it's been articulated, it's been said
25 repeatedly, so get in what you need to get in to be

1 considered. But don't then say we haven't had an
2 opportunity to comment. The unprecedented opportunity is
3 now before you.

4 MR. OXER: And I will reiterate a comment that
5 I made earlier. The fact that the rules don't reflect the
6 comments you made doesn't mean that you weren't heard, it
7 just means that we didn't think that it was appropriate to
8 put it in the rule. You can make it again if you want,
9 but when we come up with the rule for next Friday, that's
10 what's either going to be in it or out of it, so that's
11 it.

12 The deadline for submitting, we need to back
13 that up.

14 MR. IRVINE: We need to post this afternoon for
15 the agenda.

16 MR. OXER: With respect to the agenda.

17 MR. IRVINE: And three days before the meeting
18 would be Tuesday. Monday is a holiday, so quite honestly,
19 if you want to get something in, it really needs to be
20 here tomorrow.

21 MR. OXER: If anybody has a thought on this or
22 a comment to make on the rules, tomorrow afternoon, five
23 o'clock. Does that work? Is everybody good?

24 MR. IRVINE: Yes.

25 MR. OXER: The motion has been tabled. We'll

1 take up item 6(a) one week from tomorrow at ten o'clock in
2 this room. There's a motion by Ms. Bingham, second by Dr.
3 Muñoz to table the original motion for item 6(a), there's
4 no public comment on the table. Those in favor?

5 (A chorus of ayes.)

6 MR. OXER: And opposed?

7 (No response.)

8 MR. OXER: There are none.

9 All right. That's how we're going to handle
10 it.

11 Brent, do you have anything else on (b), (c)
12 and (d) under item 6? You get to handle that one,
13 Kathryn?

14 MS. SAAR: Kathryn Saar, 9 percent tax credits.

15 Yes, (b) is the QAP and I assume that we might
16 want to take the same action with the QAP that we're
17 proposing under 6(a), but if you would like to hear the
18 QAP changes, we can walk through those first and then
19 proceed however the Board wants.

20 MR. OXER: I'd like to hear them but the
21 problem is we're getting ready to run into a quorum issue
22 and so that's why I'm trying to expedite some of this. Is
23 there anything that would not be viable to be considered
24 for the next meeting, Tim?

25 MR. IRVINE: No.

1 MR. OXER: Do you see anything on that, Beau?

2 MR. ECCLES: No.

3 MR. OXER: Then I would recommend or I suggest
4 that (b), (c) and (d) --

5 DR. MUÑOZ: Can we add them to the next
6 meeting?

7 MR. OXER: We can take up the whole set of
8 rules, item 6 will be considered a week from tomorrow at
9 that meeting.

10 MR. CHISUM: Make a motion, please, sir.

11 MR. OXER: I can't make it since it's a special
12 motion.

13 MS. BINGHAM ESCAREÑO: In addition to item
14 6(a), I move to table items 6(b), (c) and (d) to the
15 called meeting on the 11th.

16 MR. OXER: An administrative motion, I'll
17 second on that one. There's no public comment on that.
18 So those in favor?

19 (A chorus of ayes.)

20 MR. OXER: Opposed?

21 (No response.)

22 MR. OXER: There are none.

23 Okay. You folks up here have obviously got
24 some thoughts on this, but if it's about these rules or
25 the QAP, make sure that they're in by tomorrow, and if you

1 want to have public comment to them, get back here next
2 Friday. Is that clear? Is everybody good on that? It's
3 a good thing because that's the way it's going to happen.

4 We are now at the point on the agenda where
5 we've completed or at least postponed the formal agenda,
6 we're at the public comment. We're looking for public
7 comment on matters other than those items for which there
8 were posted agenda items for the purpose of building the
9 agenda for follow-on meetings. Our special meeting one
10 week from tomorrow will be to handle item 6 on this agenda
11 item only, only this item. And do we rightly limit it for
12 that? So this will be only for the rules as listed here
13 on item 6.

14 Is there any public comment for the purpose of
15 building the agenda? Dennis, did you have something you
16 wanted to add? Item 6.

17 Terri, you were item 6 also, weren't you?
18 Okay.

19 DR. MUÑOZ: Can I say something, Mr. Chair,
20 before you continue?

21 MR. OXER: Please.

22 DR. MUÑOZ: I just want to thank those in the
23 development community for bringing this to our awareness.

24 We've tried to act responsibly but it helps when you
25 attenuate our understanding in the way you have today.

1 MR. OXER: And I don't want anybody in that
2 community suggesting that we don't make every effort to
3 accommodate your interests either. Got that? Okay.

4 All right. Anybody else like to make any
5 comment for the purpose of the future agenda.

6 MS. RICKENBACKER: I just want to say thank you
7 very much.

8 MR. OXER: You get to come up and tell us who
9 you are first.

10 MS. RICKENBACKER: I'm Donna Rickenbacker with
11 Marquee, and I'm sure on behalf not only of myself but
12 everybody else how much we very much appreciate the
13 extension. We realize it's unprecedented and I guarantee
14 you we are engaged. We'll be visiting with Tom, staff and
15 the rest of the members to make they get everything
16 promptly today.

17 DR. MUÑOZ: And we want to recognize the staff
18 in anticipation of the Herculean effort they're going to
19 have.

20 MR. OXER: Terri.

21 MS. ANDERSON: Terri Anderson, Anderson
22 Development and Construction.

23 I do want to thank everyone and staff in
24 advance. I should say after having heard my comment on
25 Facebook left some level of consternation, the frustration

1 of not being able to pull down the Board book, pulling it
2 up on Facebook, having to go do different locations, and
3 I'm essentially a dinosaur, I want to apologize to staff
4 or anyone that I may have offended for my comment on
5 Facebook. It wasn't my intent to offend anyone, but I do
6 thank you all for your efforts, and it was certainly
7 complicated to have to go on Facebook and try to use
8 something you're not used to using. So thank you very
9 much.

10 MR. OXER: If this was easy, anybody could do
11 it. You know that, don't you?

12 MS. ANDERSON: I do know, sir. Yes.

13 MR. OXER: Once again, anybody else, any staff,
14 any TDHCA staff out there? Michael.

15 MR. LYTTLE: I just wanted to say because of
16 what Terri just said I'm going to like her again on
17 Facebook.

18 (General laughter.)

19 MR. OXER: Captain Tweety was in the process of
20 deleting a whole lot of you out there.

21 Any member of the Board care to say anything or
22 anyone on the dais up here? Counsel, Mr. ED, any Board
23 members?

24 (No response.)

25 MR. OXER: All right. I get the last word

1 being the chairman, that's one of the few advantages I
2 have. It's a good thing that we do here, it's a complex
3 process, and we make an awfully big effort, a concerted
4 effort to maintain the integrity of our rules but also
5 with the intent to accommodate the development community
6 to make this the best program of any state that this
7 country has got.

8 So with that, I'll entertain a motion to
9 adjourn.

10 MR. CHISUM: so moved.

11 MR. OXER: Motion by Mr. Chisum to adjourn this
12 meeting.

13 MS. BINGHAM ESCAREÑO: Second.

14 MR. OXER: And a second by Ms. Bingham. Those
15 in favor?

16 (A chorus of ayes.)

17 MR. OXER: And opposed?

18 (No response.)

19 MR. OXER: There are none. We'll see you in
20 eight days.

21 (Whereupon, at 1:55 p.m., the meeting was
22 adjourned.)

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MEETING OF: TDHCA Board
LOCATION: Austin, Texas
DATE: September 3, 2015

I do hereby certify that the foregoing pages, numbers 1 through 114, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Housing and Community Affairs.

(Transcriber) 09/09/2015
(Date)

On the Record Reporting
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