TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

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

March 22, 2018
8:02 a.m.

BOARD MEMBERS:

J.B. GOODWIN, Chair
LESLIE BINGHAM ESCAREÑO, Vice Chair
PAUL BRADEN, Member
ASUSENA RESENDIZ, Member
SHARON THOMASON, Member
LEO VASQUEZ, Member

TIMOTHY K. IRVINE, Executive Director
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**ON THE RECORD REPORTING**

(512) 450-0342
ITEM 2: REPORT ITEMS
The Board accepts the following reports:

a) TDHCA Outreach Activities, (February–March)
b) Report on the Department's Balance Sheet/Statement of Net Position for the period ended January 31, 2018

ACTION ITEMS
ITEM 3: REPORTS

a) Report on Department's Fair Housing Activities
b) Resident Survey & 2019 QAP Project Plan Report
c) Internal Audit of TDHCA Bond Program's Processes & Controls
d) Report on the meeting of the Audit & Finance Committee

ITEM 4: INTERNAL AUDIT

Review & possible acceptance of State Auditor's Office audit of the TDHCA financial statements

ITEM 5: MULTIFAMILY FINANCE

a) Presentation, discussion and possible action regarding the Issuance of a Governmental Lender Note (The Preserve at Hunters Crossing) Resolution No. 18-015 & a Determination Notice of Housing Tax Credits
b) Presentation, discussion and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Springs Apartments) Series 2018 Resolution No. 18-016 & a Determination Notice of Housing Tax Credits
c) Presentation, discussion and possible action regarding site eligibility under 10 TAC §10.101(a)(3) related to Undesirable Neighborhood Characteristics

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and 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules related to Undesirable Site Features for Anna Dupree Terrace in Houston

d) Presentation, discussion, and possible action on a timely filed appeal of Application termination under the Department's Multifamily Program Rules

18106 Hallsville Estates, Hallsville
18109 The Trails at San Angelo, San Angelo

e) Presentation, discussion, and possible action regarding an amendment to the 2018-1 Multifamily Direct Loan Notice of Funding Availability

f) Presentation, discussion, and possible action on a request for waiver for rules for Brook Haven Supportive Housing

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

EXECUTIVE SESSION

none

OPEN SESSION

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ADJOURN

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MR. GOODWIN: Call to order of the Board meeting of the Texas Department of Housing and Community Affairs, March 22, 2018. We'll begin with roll call.

Ms. Bingham?

MS. BINGHAM ESCAREÑO: Here.

MR. GOODWIN: Mr. Braden?

MR. BRADEN: Here.

MR. GOODWIN: Goodwin here. Ms. Reséndiz?

MS. RESÉNDIZ: Present.

MR. GOODWIN: Ms. Thomason?

MS. THOMASON: Here.

MR. GOODWIN: Mr. Vasquez?

MR. VASQUEZ: Here.

MR. GOODWIN: We have a quorum. I'm going to ask Tim to lead us in the Pledge of Allegiance.

MR. IRVINE: I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all. Honor the Texas flag. I pledge allegiance to thee, Texas, one state under God, one and indivisible.

MR. GOODWIN: We are going to begin the morning with a resolution recognizing April as Fair Housing Month, and I'm going to ask Michael to read a resolution, but...
before I do that, I would like to remind some of you that this is the 50th-year anniversary of the Fair Housing Act. For those of you that weren't around in that time, or not involved in this business in that time, this was an act Congress installed in 1968.

After the April 4 assassination of Martin Luther King, our 36th President of the United States, and a proud Texan, wrote Congress a letter urging them to pass this legislation. By April 10, it was signed and enacted into law.

I began my real estate career in housing 1970, shortly after this happened, and I can proudly state that our firm has never had a fair housing compliant filed against us.

Michael, with that, if you won't mind, would you read the resolution?

MR. LYTTLE: Yes, sir.

"Whereas, April 2018 is Fair Housing Month and marks 50 years since the passage of the federal Fair Housing Act signed by U.S. President Lyndon Baines Johnson on April 11, 1968;

"Whereas, the Fair Housing Act provides that no person shall be subjected to discrimination because of race, color, national origin, religion, sex, disability or familial status in the sale, rental, financing or
advertising of housing, and charges the Secretary of the
U.S. Department of Housing and Urban Development with
administering HUD programs in a manner that meets the
requirements of the law, and affirmatively furthers the
purposes of the Fair Housing Act;

"Whereas, the Texas Department of Housing and
Community Affairs administers HUD and other housing
programs that promote the development and supply of safe,
decent, affordable housing for qualifying Texans;

"Whereas, it is the policy of the Texas
Department of Housing and Community Affairs to support
equal housing opportunity in the administration of all of
its programs and services, including encouraging equitable
lending practices for its home buyer programs, and
ensuring compliance with fair housing rules and guidelines
for its multifamily developments;

"Whereas, the Texas Department of Housing and
Community Affairs, through its programs, workshops,
trainings and materials, seeks continually to educate
property managers, consultants, program administrators,
architects, contractors, developers, engineers, lenders,
real estate professionals and others about the importance
of their commitment and adherence to the requirements of
the Fair Housing Act;

"Whereas, the Texas Department of Housing and
Community Affairs encourages the development of educational fair housing programs in local communities throughout the state, and is seeking to build new opportunities for fair housing education and training; and whereas, the Texas Department of Housing and Community Affairs and the State of Texas support equal housing opportunity and housing choice in accordance with the Fair Housing Act, not only during Fair Housing Month in April, but throughout the entire year.

"Now, therefore, it is hereby resolved that the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate April 2018 as Fair Housing Month in Texas and encourages all Texas individuals and organizations, public and private, to join and work together in this observance for free and equal housing treatment and opportunity for all."

Signed this 22nd day of March 2018.

MR. GOODWIN: Do I have a motion to accept this resolution?

MS. RESÉNDIZ: So moved.

MR. GOODWIN: So moved. Second?

MR. BRADEN: Second.

MR. GOODWIN: It's been moved and seconded.

Any discussion? All those in favor, say aye.

(A chorus of ayes.)

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(512) 450-0342
MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: It passes. Next we have the consent agenda, both report items and consent agenda. Do I hear a motion to approve the consent agenda and report items?

MS. BINGHAM ESCAREÑO: So moved.

MR. GOODWIN: Move to approve. A second?

MS. THOMASON: Second.

MR. GOODWIN: Any discussion, questions, any items that somebody wants pulled? If not, all those in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: The consent agenda is passed. We jump into action items.

And first, item number 3, Report on Department's Fair Housing Activities. Suzanne?

MS. HEMPHILL: Good morning, Chairman Goodwin, members of the Board. My name is Suzanne Hemphill, Fair Housing Project Manager at TDHCA. As you noted just now in your resolution, today's Board meeting kicks off April as Fair Housing Month.

Fair housing work touches nearly every division
at the Department. Item 3(a) is a detailed annual fair housing Board report. The report outlines action steps that the Department is currently planning and implementing, and those that have already been incorporated into the Department's rules and processes of the programs that the Department administers.

This includes both HUD-funded and non-HUD-funded activities. So today, I'd like to share with you a few examples of the kind of fair housing work that the Department does. As part of April's Fair Housing Month celebration, TDHCA is conducting two fair housing webinars in coordination with the Texas Workforce Commission Civil Rights Division.

The trainings will provide an overview of fair housing in Texas and information on reasonable accommodations and accessibility. The trainings are geared towards city, county and local government administrators along with housing providers, housing consumers and other fair housing partners.

Details and registration information are available by visiting the calendar on TDHCA's website, and I'm happy to share with you that, as of this morning, we have 450 people registered for the first webinar on April 10. So that's great.

In December, the Department's Tenants' Rights
and Resources Guide was revised to more clearly inform
tenants of their rights at the Department-monitored
properties and to provide them with important guidance and
resources.

The Guide is required by Department rules.
It's given to every tenant that leases out a property that
participates in Department programs. The Guide was
reorganized and rewritten to make it more readable and
understandable to folks.

It shares with tenants what property owners
must do and what they may not do, and includes
consolidated compliant information, which offers
instructions regarding who to contact for fair housing
issues, property and general complaints.

It's been translated into Spanish and it's also
available in other languages upon request. So another
initiative is that this fall the Compliance Division began
offering properties in the Department's portfolio a new
approach to have their written rules and policies --
excuse me -- their written policies and procedure
requirements reviewed.

So these policies and procedures are required
by Department rules and includes things such as tenant
selection policy, reasonable accommodation policy, wait-
list policy, denied applicant policy, non-renewal and
termination policy, and unit transfer.

Under the new initiative, owners can elect to have all of their properties in their portfolio reviewed at once, rather than having each property reviewed individually when they're due for an on-site monitoring review.

The Department believes the new procedure better serves the owners and management companies. It streamlines the process in which the policies and procedures are reviewed, and allows staff to have a more interactive process.

This helps ensure equitable applicability of requirements and compliance with Department rules. On another front, in January, the Department procured a website scanning service called Siteimprove. The service provides TDHCA with a tool to improve web accessibility for persons with disabilities and it also catches other problems such as broken hyperlinks or grammatical errors on the Department's website.

It monitors the website and uploaded documents against web content accessibility standards, and helps ensure that the Department's website functionality is available to users with disabilities -- so the folks that might use a screen reader or who can't use a mouse.

Information Systems and Public Affairs staff

ON THE RECORD REPORTING
(512) 450-0342
are planning an orientation for internal staff for each division in the Department to work on site improvements in 2018. The last example I have for you is the Department's Language Assistance webpage.

The webpage was originally created in 2016 and details how persons who are not able to speak, read, write or understand the English language may request translation assistance with documents, events or other information from the Department.

So the webpage includes translations for the 25 language most spoken by Texans that are income-eligible households with limited English proficiency. So it ranges from Spanish and Vietnamese to Portuguese and Swahili. Twenty-five languages.

It's a lot of coverage in Texas. And for our assistance households -- may cause the agency's language service provider and utilize an interpreter to then speak with staff. A link to the languages is available on critical websites like Help for Texans, or Public Comment Center, the Public Complaints Process page for housing, and then some of the individual pages like Income and Rent Limits, Section 8, Texas Homeownership, Disaster Relief Resources, and Section 811.

So those are just a couple of examples of the fair housing work we're doing at the Department every day.
This concludes my report. I wanted to thank you for your time, and I'm also happy to answer any questions that you might have.

MR. GOODWIN: Any questions? Do I hear a motion to accept this report?

MS. BINGHAM ESCAREÑO: So moved.

MR. GOODWIN: Second?

MR. BRADEN: Second.

MR. GOODWIN: Moved and seconded. Any discussion?

(No response.)

MR. GOODWIN: All those in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: Okay, thank you.

MS. HEMPHILL: Thank you.

MR. GOODWIN: Item (b), Resident Survey and 2019 QAP Project.

MS. HOLLOWAY: Good morning, Chairman --

MR. GOODWIN: Good morning.

MS. HOLLOWAY: -- Goodwin, members of the Board. I'm Marni Holloway. I'm the Director of the Multifamily Finance Division. Today, we're presenting the survey so that members of the Board and especially members
of our QAP Committee have an opportunity to review the
survey results prior to our committee meeting in April.

The Department -- or actually I should say, Patrick and Julie, with the assistance of HRC, worked with The University of Texas at Austin Ray Marshall Center over this past summer to conduct a survey of residents who live in TDHCA-financed properties.

The survey sought residents' perspectives on the unit development and neighborhood features that best meet their needs. The very short time frame for response likely limited the number of responses that we received. In addition, 63 percent of the responses came from elderly residents.

So their answers will naturally reflect lower incomes and a different set of priorities than would families. Only 85 of the 653 responses specified that they had children in their household. If we're able to conduct another survey, it will be designed to engage a larger sample, including greater representation of households with working adults and school-age children, which should yield more empirical information.

So regardless of these limitations, the residents uniformly highly value locations near amenities and locations not affected by high rates of crime and blight. Results of the questions regarding preferences,
which are pretty consistent across all the residents --
the four highest were, being near a grocery store or
pharmacy, being near health care providers like a doctor
or a clinic, attractiveness of the neighborhood, that is
no trash or abandoned buildings, and safety of the
neighborhood.

Families with children rated school quality
among the top five most important characteristics. So
these first two features are considered in our opportunity
index scoring already. The last three, attractiveness,
safety and school quality, are addressed in the
undesirable neighborhood characteristics rule.

The most important development characteristics
were utility bills, noise level, attractiveness of the
apartments, physical condition of the apartment, and
lighting on the development side. So some of these seemed
to speak to safety of the residents.

When asked if they would prefer to move or
stay, residents in developments in higher-poverty and
lower-income census tracts preferred to move even if their
rent was less in their current apartment. Similarly,
residents of developments in areas with a higher
concentration of tax-credit developments also preferred to
move.

Following the survey report in your Board
materials is the most current 2019 QAP Project Plan.

Staff started with some broad questions in the plan this year, which included some proposed changes received during the public comment period on the 2018 QAP that we weren't able to address at the time -- so the things that came up in public comment that we just didn't have an opportunity to develop before we got to the final rule.

We've proposed some topics for this year, and there's also a planning process schedule in there. You'll note that a number of the meetings on the schedule have been canceled. This is in response to stakeholder input that monthly meetings were too frequent.

They don't want to see us that much. We are hopeful that during our meeting next month with the QAP Committee we can further discuss the impact of the survey results on drafting our 2019 rules, along with any topics the Committee would like us to address during the planning process.

I would be happy to take any questions.

MR. GOODWIN: Any questions? If not, do I hear a motion to accept this report?

MS. RESÉNDIZ: So moved.

MR. GOODWIN: Moved and seconded -- second?

MR. VASQUEZ: Second.

MR. GOODWIN: Okay. It's been moved and
seconded. Comments?

MS. ANDERSON: Hello. My name is Sarah Anderson and I'm here to speak on an item that I speak on every year, but I always speak at the wrong time. And this is -- has to do with the timing of the pre-application. Every year, we go through this process.

We get our rules in December and we have our pre-applications due the first week of January, which leads to a really compressed time between the time that we make our decision to move forward and when applications are due, and I think that the community would generally say that the quality of the applications and how much we know about sites is compromised by the compressed schedule that we deal with.

So every year, when we get to the end, I'm, like, can we please have -- can we accelerate the front-end of the rulemaking and the pre-application due date so that there is more time between the time that we submit our pre-applications and we submit our full applications.

So this year I'm remembering to be here early, and I feel like we have Patrick on board who now has been here for a couple of years, who I think has a handle on -- as we've been going through, and has an ability to perhaps accelerate this a month, maybe.

And I'd like to formally request that the
pre-application be due December 1, and that would give us three months to get our applications done. The reason why this is important is, we have so many third-party reports that are due that are integral to our applications, that -- everything about our site comes in two weeks, one week before they're due, and that just doesn't make much sense for us, as developers, and it certainly doesn't make much sense for you guys as you're reviewing our applications.

The quality just isn't there. So again, this is, I think, my fourth or fifth year to ask this, but I'm just asking to accelerate one month. I know that we have deadlines by which the Governor has to sign, but that isn't a deadline by which he needs to sign it, but it is by which it needs to be signed.

And I think that we're eight months out. If we could, you know, do something just to accelerate one month, six weeks, I think it would make a really big difference on the quality of the application that we're able to put forward to you.

MR. GOODWIN: Any questions? Thank you for comment and suggestion. I assume this was something that QAP Committee will address and at least consider.

MS. ANDERSON: I'd love to. And that's why I'm here early, because every year they say I'm asking too
late, and I feel like that this is -- we are at a point where we can still make that decision.

MR. GOODWIN: Okay.

MS. ANDERSON: Thank you.

MR. GOODWIN: Any other comments or questions on this report? If not, I'll take a vote. Those in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: The report is accepted.

Internal Audit. Mark?

MR. SCOTT: Good morning, Chairman Goodwin, Board members. I'm Mark Scott, Director of Internal Audit. The Audit and Finance Committee met this morning. I went over the internal audit of the Bond Finance Program.

We found that controls in that program were in place and functioning as intended. I also went over recent external audit activity and the State Auditor's Office presented their reports on the TDHCA financial statements.

Their staff is here to present to the full Board, and then there will be a request to accept their reports. So before that, I'll answer any questions there
MR. GOODWIN: Any questions? Sharon, any comments?

MS. THOMASON: No.

MR. GOODWIN: Okay.

MS. PUERTO: Good morning. Sarah Puerto with the State Auditor's Office. I was the project manager for the financial statements audit for fiscal year 2017 at the Department of Housing and Community Affairs. The State Auditor's Office issued several reports as part of this audit.

On December 20, 2017, we expressed unmodified opinions on the Department's fiscal year 2017, basic financial statements, Revenue Bond Program Enterprise Fund financial statements and the computation of unencumbered fund balances of the Housing Finance Division.

We also issued a report on compliance with the Public Investment -- Public Funds Investment Act, and we also issued a report on internal control over financial reporting and on compliance and other matters as required by auditing standards.

We did not identify any material weaknesses in internal control over financial reporting or any other noncompliance with laws or regulations that materially affected the financial statements. We also previously
issued two reports earlier in the audit.

On September 11, 2017, we issued a report that concluded that the financial data schedule prepared by the Department was fairly stated in all material respects in relation to the fiscal year 2016 basic financial statements taken as a whole.

On September 26, 2017, we issued a report that concluded that the Department electronically submitted a financial data schedule to the U.S. Department of Housing and Urban Development Real Estate Assessment Center agreed with the related hard-copy documents.

On December 20, 2017 we also emailed to the Board a document titled, "Required Communication with Those Charged with Governance" -- I'm sorry -- that includes several items that we are required to communicate to the Board. I'd like to end my presentation by thanking the Department of Housing and Community Affairs staff for being extremely cooperative in this audit and making it run as smooth as possible. Thank you.

MR. GOODWIN: Thank you. Any questions? Any comments from the Audit Committee that you'd like to add to that, Sharon?

MS. THOMASON: I don't know anything different.

MR. GOODWIN: Okay.

MS. PUERTO: Thank you.
MR. GOODWIN: Do I hear a motion to accept the State Auditor's audit?

MR. BRADEN: I move.

MR. GOODWIN: Moved. A second?

MR. VASQUEZ: Second.

MR. GOODWIN: Moved and seconded. No other discussion? All in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Okay. Thank you, Mark.

MR. SCOTT: Thank you. That was it.

MR. GOODWIN: Thank you. Moving into multifamily finance, item 5(a), Marni?

MS. HOLLOWAY: Good morning again. Item 5(a) is presentation, discussion and possible action regarding the Issuance of a Governmental Lender Note for The Preserve at Hunters Crossing -- this is Resolution Number 18-015 -- and a Determination Notice of Housing Tax Credits.

The Board had opted the inducement resolution for The Preserve at Hunters Crossing on November 9, and at that same time granted a waiver of the AD unit limit for rural developments. A 4 percent application sponsored by On Track Ministries and the McDonald Companies was submitted on November 14.

A certificate of reservation was issued in the
amount of $13 million on March 9 with a bond delivery
deadline of August 6. The proposed development involves
the new construction of 140 units serving general
population in Bastrop.

The entire development will be restricted to
60 percent of AMI. A public hearing, a TEFRA hearing, was
held on January 30 in Bastrop. There were 42 people in
attendance. Three indicated their support, 30 were
opposed, and nine were considered neutral.

Eight attendees completed witness affirmation
forms and seven of them spoke on the record regarding the
proposed development. A copy of the transcript from that
meeting is included in your Board materials. The Board
has received letters of support from the Mayor Pro Tempore
of the City of Bastrop and a member of the community.

The Department received 51 letters of
opposition from members of the community. For this
transaction, the Department would issue an unrated, tax-
exempt, fixed rate governmental note, which is similar to
fixed rate bonds and other structures in the amount of
$13 million that will be purchased by Citibank under their
tax-exempt back-to-back loan program.

Citibank will acquire the loan and the
Department's related governmental note at closing, which
will be used to fund an interim construction loan that
will be converted to a permanent mortgage loan, once the conditions at conversion have been met and the development has been placed into service.

Payments on the construction loan are expected to be interest-only for 36 months at a fixed rate equal to LIBOR plus 2.05. Prior to closing, the permanent interest rate will be locked, resulting in a fixed rate, which is anticipated to be similar to the construction phase.

The note will have a 30-year term with a 35-year amortization, with a final maturity date of May 1, 2051. Citibank will continue as a permanent lender as well as the servicer of the loan and the bondholder. In accordance with the previous participation rule, the Applicant's compliance history is designated as a category three and was found acceptable by EARAC.

Staff recommends approval of the issuance of an unrated tax-exempt governmental note of $13 million and the issuance of a determination notice in the amount of $845,800 for The Preserve at Hunter Crossing.

MR. GOODWIN: Any questions?

MR. BRADEN: I have a -- some of this is minor technical stuff, but our back-up materials referenced Chapter 1371 as part of the authority for this note. We're actually not relying on 1371; we're only relying on 2306 for this note. Correct?
MS. HOLLOWAY: Chapter -- I'm sorry. I am probably not the best person to answer the technical questions.

MS. BOWES: Good morning. I'm Elizabeth Bowes with Bracewell, and we represent the Department as your bond counsel, and you are right. Because this is unrated debt, we're really not relying on 1371. We typically do for rated bonds, as you know, but not for this.

MR. BRADEN: And the LIBOR plus 2.05 -- when's that going to be set?

MS. BOWES: They'll set it about six business days before we actually close.

MR. BRADEN: Okay. That's all.

MR. GOODWIN: Okay. Any other questions? If not, do I hear a motion to approve staff's recommendation?

MS. THOMASON: So moved.

MR. GOODWIN: Seconded? Move. I need a second.

MR. BRADEN: Second.

MR. GOODWIN: Moved and seconded. Any discussion? All those in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: Moving on to 5(b).
MS. HOLLOWAY: I'd request that we move 5(b) to the end of the agenda for today. I have some questions that we're still working with staff that I would like to confirm --

MR. GOODWIN: Okay.

MS. HOLLOWAY: -- before we take that item up.

MR. GOODWIN: 5(c).

MS. HOLLOWAY: Item 5(c) is presentation, discussion and possible action regarding site eligibility under 10 TAC §10.101(a)(3) related to undesirable neighborhood characteristics and 10 TAC §10.101(a)(2) related to Undesirable Site Features for Anna Dupree Terrace in Houston.

Pursuant to the undesirable characteristics rule, the proposed development is located in a census tract where the individual poverty rate is greater than 40 percent for individuals, the Part I violent crime is greater than 18 per 1,000 persons annually, according to NeighborhoodScout.com, and it is located in the attendance zone of elementary, middle and high schools that did not achieve a net standard rating for 2017.

In addition, the proposed development is located within 100 feet of an overhead high-voltage transmission line, which is a violation of the undesirable site features rule. The Applicant is proposing the
acquisition and rehabilitation of 151 units originally constructed in 1981.

All of the units are proposed to be restricted to 60 percent of AMI, and the project-based Section 8 contract under the development currently operates is intended to be preserved. So regarding poverty, the development is located in a census tract with a poverty rate of 78.9 percent.

This rate has been increasing for the last five years. In 2014, it was at 48.8; '15, it was at 48.3; 2016, it was at 60.4; 2017, it was at 67 percent; for 2018, we're at 78.9 percent. The Applicant indicates that the census tract is relatively small and includes four other affordable housing properties, and because of this the property rate is not representative of the census tract as a whole.

They provided information to suggest there has been new development in the area, which is limited to school expansion, convenience stores, a car wash and some infrastructure. Two developments with similar characteristics in the general neighborhood, not in the census tract, were recently approved by the Board.

Pointe at Crestmont was a new construction development that was determined to be eligible on November 10, 2016. Villa Americana is a rehabilitation
deal that was found eligible on November 9, 2017. They both are approximately 2.7 miles driving from the proposed new development and would be included in the same primary market area.

When included Crestmont and Villa Americana, approximately 44-1/2 percent of the units in the primary market will be affordable units. Since the Pointe at Crestmont was found eligible in 2016, the poverty rate for the census tract increased from 14.8 percent to

Construction is not completed on that project, so it has not increased -- it has not impacted this increased poverty rate. The Applicant has suggested that the poverty rates in the adjacent census tracts, which would include Crestmont, be averaged to demonstrate a lower poverty rate for the area.

This is not recognized as a permitted methodology under the rule, which is clear that there must be a trend of continued improvement and evidence that those rates are decreasing. For crime, the threshold for the rate of Part I violent crime in our current rule is 18 per 1,000 persons annually, according to NeighborhoodScout.

This census tract has a Part I violent crime rate of 34.11 per 1,000. Based on police beat data
provided by the Applicant, the rate of violent crime has been increasing over the past three years in this area. In 2015, it was 19 per 1,000 persons. In 2016, it was 26 per 1,000 persons. In 2017, it was 30 per 1,000 persons.

That 824 instances of violent crime within this police beat. The Applicant asserts that although violent crime in the area has increased the subject development has experienced only two cases of assault and no other instances of Part I crime from October 2016 to 2017.

The Applicant states that actual incidences of crime occurring at the development are virtually non-existent. To a large degree, this low incident rate is something that's under the control of property management and is clearly not indicative of what's going on outside of the development.

While the Applicant has proposed security measures for the project, staff believes that these are amenities commonly offered to multifamily properties and do not address violent crime outside of the fence.

Regarding schools, Anna Dupree Terrace is proposed to be an elderly-preference property, and while the property has historically operated as an elderly development, there have been some school-age children living on the property in the past, and there may be in the future.

The development's proposed financing requires
that qualified households with children be allowed to reside on the property. The proposed development is located within the attendance zone of a combined elementary and middle school, and a high school, which did not achieve the met standard rating in 2017.

In fact, Woodson School, which is the combined elementary-middle school, has been -- has had an improvement-required rating for the last five consecutive years, and Worthing High School has been at improvement-required for the last six consecutive years.

A letter provided by Dr. Grenita Lathan, who's the Chief Academic Officer for Houston ISD, describes the strategies in place to improve the academic performance of the schools and expressed her intention that these schools will return to met standard on or before the beginning of the 2018 school year.

Under the rule, any school in the attendance zone that has not achieved met standard for three consecutive years and that has failed in the most recent year, unless there is a clear trend indicating imminent compliance, shall be unable to mitigate due to the potential for school closure.

So within TEA rules, when you've been at an IR for this long, TEA can order the closure of that school.

Regarding the undesirable site features, the Applicant
disclosed that the proposed development is located within 100 feet of an overhead high-voltage transmission line.

A high-voltage power structure is located approximately 88 feet off the southeastern boundary of the property. An exemption was requested because the development includes ongoing and existing federal assistance from HUD.

The Applicant plans to sign a new HAP contract for the current Section 8 project-based vouchers if they are awarded the tax credits, and therefore, the staff recommends that the exemption relative to this feature be granted, pursuant to the Uniform Multifamily Rules.

For developments that involve three or more undesirable neighborhood characteristics to be found eligible, in addition to demonstrating satisfactory mitigation for each characteristic disclosed, the rule requires that the development site must be located within an area in which there is a concerted plan of revitalization already in place or that private sector economic forces, such as those referred to as gentrification, are already underway and indicate a strong likelihood of a reasonably rapid transformation of the area to a more economically vibrant area.

This development is located in the Houston superneighborhood Sunnyside, which was identified as a
community revitalization in the disaster recovery plan --
Round 2 plan. It's also located in the Tax Increment
Reinvestment Zone 26.

Some of the projects, the Applicant noted --
the car -- I don't know exactly which ones -- the car
wash, convenience store, infrastructure improvements --
were the result of investment under these plans. Despite
being located within these areas, staff is unable to
ascertain whether such investments have had a positive
effect on the neighborhood given the crime -- poverty and
crime rates that I described earlier.

If determined eligible and later receives an
application, this development will be the third affordable
development funded by the Department in the past year in
an area that continues to struggle with undesirable
neighborhood characteristics.

We question whether continuing to provide
Department funding absent evidence of improvement will
result in lower poverty or crime rates or support the
improvement of the schools. Without the passage of time
to adequately evaluate the effects of local efforts and
having recently approved these two other developments,
staff does not believe the information presented supports
the conclusion of site eligibility for Anna Dupree
Terrace.
The Department has received letters of support from State Senator Borris Miles, State Representative Shawn Thierry, and Houston City Councilman Dwight Boykins. Those letters and the information provided by the Applicant, of course, are all included in your Board book.

The Board has the authority under the undesirable site features rule to grant an exemption relating to the high-voltage transmission lines because the development receives ongoing or existing federal assistance from HUD and staff recommends that that exemption be granted.

Staff review of the proposed development site and surrounding neighborhood along with information provided showing an increase in Part I violent crimes, coupled with evidence that poverty rates are increasing and the schools have not achieved met standard for more than four consecutive years, leads to a recommendation that the proposed site be found ineligible due to multiple undesirable neighborhood characteristics.

I would be happy to go over the grounds and rule under which the site can be found eligible. If the Board would like, we've discussed those grounds in the past, but I don't know if anyone needed our reminder.

MR. GOODWIN: Comments? Are we going to have comments on this?
MS. HOLLOWAY: Uh-huh.

MR. GOODWIN: Okay. In light of that, I would say staff's recommendation is to deny this appeal, and I would entertain a motion to accept comments on this application.

MS. BINGHAM ESCAREÑO: So moved.

MR. GOODWIN: So moved. Second?

MR. VASQUEZ: Second.

MR. GOODWIN: Moved and seconded. All in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: Okay. We'll hear comments.

MS. BAST: Good morning. Cynthia Bast of Locke Lord, representing the Applicant in this matter. Thank you for your time. The motivation behind this request is to improve the environment for some of our most vulnerable citizens, the elderly and the disabled, who are already relying upon Anna Dupree Terrace as their home.

The Sunnyside neighborhood in Houston is unique and historical. The Applicant has assembled hundreds of pages of information to provide to you in accordance with the rules. Only a portion of that is excerpted in your Board book.
But they have shown that for schools there are new staff and programs in place that have a history of success in addressing underperforming schools. For crime, they have shown on-site factors to address the safety of the residents.

For poverty, as Ms. Holloway noted, they've shown why this census tract is an anomaly and is in fact surrounded by census tracts with much lower poverty rates.

For revitalization, they've shown the City's commitment to providing disaster recovery.

In this area, as you know, the City of Houston had a very robust public process for determining its community revitalization areas and also TIRZ funding to improve the area. But the truth is, a community is much more than data on a page and so we've assembled here today a variety of speakers who really have the intimate knowledge of the neighborhood and the property, who want to tell you their story, and upon hearing them, we ask that you find that the renovation of this property promotes the preservation of existing occupied affordable housing units to ensure they are safe and suitable, which is a quote from your rules that allows the Board to declare this site to be eligible.

And so I will turn over to the remainder of our speakers. Thank you.
MR. GOODWIN: Please, if you will, sign in and state your name.

MR. ELSBREE: Good morning. My name is Bill Elsbree. I'm a vice president with Creative Property Management, which serves as the managing agent for Anna Dupree Terrace, and also a member of the team that's working to renovate the property.

Anna Dupree Terrace has a history that dates back over 100 years. Its namesake, Anna Dupree, was the daughter of Lee and Eliza Johnson and the granddaughter of former slaves. Ms. Dupree and her husband moved to Houston in 1916 and over time became successful entrepreneurs in the African-American community.

Many of their ventures involve starting businesses serve their community, which was not allowed to frequent white-owned services and entertainment businesses due to segregation. In the late 1940s, Anna Dupree saw a need for a home for elderly African-Americans, because they were barred from living in the half-dozen senior homes that were operating in Houston in that era.

Ms. Dupree led a successful fund-raising drive to finance construction of her vision and the Eliza Johnson Home for Aged Negroes opened in 1952 on a site adjacent to today's Anna Dupree Terrace. Her -- the home quickly became an integral part of the Sunnyside
neighborhood.

In the 1960s, Ms. Dupree's health failed and she moved into the home that she had developed, living there until she passed away in 1977. Ms. Dupree arranged for the home to be donated to the City, which then transferred it to a community-based not-for-profit that was led by a local pastor, Reverence C. Anderson Davis.

In the late 1970s, the organization decided to replace the original home with the current three-story, 150-unit building that was financed through HUD Section 202 program. The new facility opened in 1981, and was named for Anna Dupree.

After almost 30 years, Reverend Davis retired from the Board in 2006, and a decision was made to bring our organization in to manage the property. Over the past 12 years, we have worked with the Board to keep the property in good condition and emphasize resident safety by installing cameras and lighting, maintaining the card access gates and doors, and leasing an apartment to a Houston police officer who patrols the property overnight.

As per our written submission, incidences of crime at the property are rare. Anna Dupree is now 35 years old and in need of a substantial renovation. We have retained Mark Mucasey as the project architect, who has extensive experience in the development and renovation
of affordable housing.

All of the apartments will have new kitchens and baths and be reconfigured to allow for a more open floor plan. The common areas will be redesigned and expanded to provide an improved environment for socializing among the residents and their families and friends.

The building envelope grounds and parking areas will be extensively renovated and a variety of code-related health and safety upgrades will be made. Once the rehabilitation is complete, Anna Dupree Terrace will be able to serve Houston's senior and disabled community for many decades to come.

Next you will hear from Ms. Hines. Thank you.

MR. GOODWIN: Any questions? Hold on just a second. Okay. Thank you.

MS. HINES: Good morning. I am Sandra Massie Hines, youth and elderly homeless advocate, Houston civil rights advocate, and Washington Times Foundation Ambassador for World Peace. I strongly support the proposal for the presentation and the rehabilitation of Anna Dupree Terrace facility.

As an advocate, I believe that the property is worth the investment because of the anticipation for improving the neighborhood and providing a good and safe
environment. I believe that the need is great also for such sustainable and affordable housing at that site to encourage empowerment and instill morals.

Houston has been devastated by the previous Hurricane Harvey in which many seniors were affected, and now without a place to stay and homeless. Between Houston having 3-1/2 million people and three million in Harris County, some 3,200 family -- individuals, including seniors and veterans, are still homeless.

So the entity such as Anna Dupree staying in place, being renovated, offers a stability to the community. At this present time, I am collecting efforts with the Mayor's office; Housing, Health and Human Services; the police department, schools, and others to help promote jobs, supplement food to seniors, college and financial aid in the community through some of the schools, safe neighborhood, housing, roof repair, weathering strip, and more.

There is new construction going up in the area. 4700 Wenda -- there is a facility going up just across from Anna Dupree. The KIPP High School, charter school for low-income students, opened in 2010. Sunnyside Health Center and Multi-Center is also being replaced with a new facility just announced at 4410 Reed Road, along with a park.
Residential water improvements at Scott Street and Dawson Lane. The South Acres Ranch has provided 130 units of low-income, single-family housing development that was completed in 2012. Worthing High School is undergoing 30.2 million expansion that will be completed in 2018.

Hope Farms received a grant for a 7.5-acre community farm selling produce at or below cost, including low-income residents -- offering jobs, training programs to veterans, on that farm. We have had some crime issues, but again we are collaborating our efforts with the police department, the Mayor's office and others to combat whatever issues we've had.

I have within the last week and a half completed two programs -- Here Comes the Judge -- where we discuss what's going on in our community. We are not sitting and letting things overwhelm us. The second one was Sunnyside Original March against Crime, which involved the Mayor's office, the members of Congress, the police department, the constable's office, and many others from the church community that were involved in this.

Sunnyside superneighborhood containing Anna Dupree Terrace was identified as a community revitalization area in the disaster recovery, Round 2, that was completed in May 2013. The City of Houston
disaster relief monies have been targeted in those nine neighborhoods combined here in the superneighborhood, with city incentives and additional funding streaming to create areas of opportunity -- excuse me -- opportunity which comprehensive revitalization and recovery can occur.

We have been actively supporting the community with box foods for the seniors in that area, clinical needs, mobile food outreach, pretty much any services that seniors are lacking. We're supplementing -- we have a box food program that serves over 600 right in that same area, maybe a block -- two blocks from Anna Dupree -- services 600 to 800 seniors over 60 years old.

The police has been collaborating with us to provide attention in the area where the seniors are normally on their wheelchairs, on their walkers, trying to get to and from the stores and the bank. That is in that area as well.

Again, I strongly support the effort to revitalize Anna Dupree, and I just wanted to leave this with you. Things were meant to be used and people were meant to be loved, but people are being used and things are being loved, and I hope that you consider people when you reflect back on this.

Thank you so much. God bless you.

MR. GOODWIN: Any questions? Thank you. Next?
MR. RICHARDSON: Good morning, Mr. Chairman and Board. How y'all doing this morning?

MR. GOODWIN: Good, well.?

MR. RICHARDSON: It's a privilege for me to be here this morning. I am Raynold Richardson. I'm a part of the development team. I'm the vice president of J Allen Management Company out of Beaumont, Texas. I'm the former director of the Multifamily Housing Division for HUD in the Houston office, former director of the Asset Management Division for the regional office of HUD, which governed Texas, Louisiana, Arkansas and New Mexico.

And I'm excited to be here because I've given my life to this type of development. I retired a couple of years ago, 41 years, eight months and three days. That's -- I gave my life to federal service. I served the military.

I consider myself a public servant, and I'm here before you this morning as a member of this team. I have collaborated with the crime issue, with regard to that. I've spoken with DAR. I was part of the team with Villa Americana. I didn't speak when they came down here, but I'm in communication with DAR, the chief of staff at the DA's office, for the whole area, not just for Villa Americana and just Anna Dupree.

That's an ongoing situation. Being a member of
the Department of Housing and Urban Development recently, I understand this type of product. I've been very familiar with Anna Dupree since 1986. I have walked it. I have been there with Congressional staff. I've been there with Senator Miles, Shawn Thierry, all these folks.

I've a letter here from the residents that supports this. If I can read it into the record right quick, because I've only got three minutes. Right? It says, "I am writing to you on behalf of Anna Dupree Terrace resident council and the residents of Anna Dupree to express our support for the application for low-income housing tax credits that is under consideration by your Department.

"The development team met with the residents on January 25, 2018 and presented the plans for the renovation of the property. The renovations have been thoughtfully designed and will address the many issues that have risen in recent years due to the age of the building.

"Many of the residents of Anna Dupree have lived in the Sunnyside neighborhood for all of their lives and having an affordable complex for seniors nearby is of great benefit. Anna Dupree Terrace is a predecessor of the Eliza Johnson Center for the Aging, have been serving our community for those close to 70 years. We endorse
their contribution of funds so that it may continue to be a community resource for many years to come."

So in saying that, I'm saying also, I'm a pastor of the Full Gospel Church of Love in Christ. I live in this community. I walk in this community. I go to TP Seafood House. I go to Just Oxtails, best soul food place soul food place in the community, off Cullen.

So I'm an integral part of this community. So I'm here not as a participant to make money but as a person who wants to give back to the community. God has tremendously blessed me as a pastor and as an individual and he has privileged me to service our great nation, and I mean to petition to you on behalf of this development that we'll get it done, because of the commitment of myself, people like Ms. Hines, people like Pastor Simon, who love people.

We'll put forth the effort to make sure that the resources that you put toward this development will reach and do what it's designed to do, and we'll be just like the nation of Israel, surrounded by many enemies on every sides, but they have an ally, the United States of America.

They have a support base with is founded on love, and this is the support that we would give this property and this asset to make sure it continues to flow
and be what it would have to be for the community. Thank you and I encourage you to hear our cry today.

MR. GOODWIN: Any questions? I've got a question for you.

MR. RICHARDSON: Yes.

MR. GOODWIN: How many of these units are occupied today?

MR. RICHARDSON: It's pretty much -- Bill, was it --

MR. ELSBREE: It's full.

MR. RICHARDSON: Full. It's full.

MR. GOODWIN: It's full.

MR. RICHARDSON: It's full.

MR. ELSBREE: Yes, but we have a waiting list.

MR. GOODWIN: You have a waiting list?

MR. RICHARDSON: Yes, sir, and it's --

MR. GOODWIN: And when you're going -- let me finish the question --

MR. RICHARDSON: Okay.

MR. GOODWIN: -- with another question. When you're going to remodel, where are these people that are going to be displaced with remodeling going to live?

MR. RICHARDSON: We made a commitment to the City Councilman Boykins and to the Senator Miles and to Shawn Thierry that we're going to allow attrition to take
place and we're going to rehab 12 to 24 units at a time. As -- if we get the credits approved, we're going to let them -- the people move out.

They will move out and we won't refill and then we'll start developing or rehabbing the asset. Okay? And that's the plan as of today. So we won't displace anyone because the politicians wouldn't allow us to do that and we committed to that. So --

MR. GOODWIN: How many people in the last year have moved out?

MR. RICHARDSON: How many, Bill?

MR. ELsbree: So I didn't understand where you were going at first.

MR. GOODWIN: Yeah, my question was --

MR. ELsbree: Yeah.

MR. GOODWIN: -- real simple. How many in --

MR. ELsbree: We started --

MR. GOODWIN: -- in 2017 --

MR. ELsbree: -- we started -- at the beginning of December, we stopped replacing vacant units, so we currently have six that -- people who have moved out, who -- even though we have a waiting list, we didn't fill those in. The -- what we will do is, continue to not replace units.

By the time we're scheduled to start in the
summer, we'll have 12 vacancies, which actually is a floor. So we'll do one floor at a time. Once 12 more people have moved out, when we have 24, we'll do two floors at a time, until we're done.

In total, there are four wings with three floors --

MR. GOODWIN: I hear your --

MR. ELSBREE: -- so 12 floors.

MR. GOODWIN: I hear you. But my question is, from January 1, 2017 to December 1, when you stopped refilling units, you had at least six people move out, if you were full on January 1, 2017. How many people moved out in that 12- or 11-month period?

MR. ELSBREE: I would say, 25.

MR. GOODWIN: Twenty-five?

MR. ELSBREE: So yeah.

MR. GOODWIN: And is it consistent with --

MR. ELSBREE: Yes.

MR. GOODWIN: -- have you been involved in the project --

MR. ELSBREE: Yeah.

MR. GOODWIN: -- for years?

MR. ELSBREE: Yes.

MR. GOODWIN: Twenty-five move a year?

MR. ELSBREE: Yes. People pretty much move
because they can no longer live independently. So they
either pass away or they -- typical -- yes. So we have a
pretty steady turnover rate.

MR. GOODWIN: Okay, okay. Any other questions?

MR. RICHARDSON: Mr. Chairman, and I'd just
like to say --

MR. GOODWIN: Any other speakers? I'm sorry.

MR. RICHARDSON: -- Mr. Chairman, I'd just like
to say it's -- and even that the two children that live
on-site was because those grandparents took them in. They
did not move in with those kids, and that's normally what
happen on these type of assets.

MR. GOODWIN: Right.

MR. RICHARDSON: Okay.

DR. SIMON: Mr. Chairman, our esteemed Board
members, I am Dr. Murphy D. Simon, Jr., pastor of the
Bethel Institutional Missionary Baptist Church. I heard a
number of undesirables, 78.9 percent. The Anna Dupree
senior living facility is adjacent to two tracts that have
20 percent and decreasing poverty rate.

Yet that 78.9 percent says that it's an
anomaly, and it's basically because of Anna Dupree itself,
and the vacant land across the street. Yet it's not
vacant because we have cows and horses grazing there. So
it would then focus the 78.9 percent poverty rate upon
Anna Dupree itself, which suggests to me that those that are residents there are disabled and/or elderly, which would mean then they are receiving Social Security and housing assistance, which would answer why there is a 78.9 percent poverty rate.

But for the word undesirable then would suggest that these who are elderly and disabled -- are undesirables. Elderly -- Dr. Gardner C. Taylor said that there is an elderly person fighting to get out in all of us, and if we keep on saying, good morning, someday they shall win.

Well, this is the case that we have. We at our church have one elderly lady that is a resident of the Anna Dupree. Her name is Sister Mary. She is small in stature. She comes about this tall to me. Her gray hairs of wisdom has overtaken her blond locks of youth.

She appears as if she's suffering from the onset of Alzheimer's, but she loves to come to church. One weekend -- it was a Sunday morning, I had laid to rest my aunt that Saturday out of town and made it back, and I found myself in a place where I didn't have enough to serve.

And when I saw Sister Mary, she came up and she hugged me, and she said, You know, Pastor, I love you. I'm so glad to see you. I'm here. And that love was the
fodder that I needed in order to serve from my soul. But yet we call these undesirables.

Question is, is the elderly undesirable? Do they have -- or we say that they're no longer viable or that they have no longer to give? And I beg to differ. They have a lot to give. My aunt asked me, before she left this world, what will you do for humanity's sake?

And humanity happens to be the elderly. Humanity happens to be the disabled. Humanity happens to be that 7, 8, or 9 percent that we consider undesirable. Well, it's not only me who has to answer the question, what shall we do for humanity's sake?

It is all of us, because all of us have grandmothers. All of us may have had someone who's been disabled. What shall we do for humanity's sake, and I ask you to help us to serve these who have served us so greatly in times before. Thank you.

MR. GOODWIN: Any questions? Thank you, sir. Any other comments? Marni, anything you want to wrap up?

MR. VASQUEZ: Mr. Chairman, I do have a general question that anyone can answer. Did this property flood during Harvey?

MALE VOICE: No, sir.

MR. VASQUEZ: Okay. Great.

MS. HOLLOWAY: I just would like to remind the
Board that this is -- this action today is solely an eligibility determination. This is not an award. We're -- that's -- all we're talking about is eligibility of this property.

MS. BINGHAM ESCAREÑO: Marni, I have some questions.

MS. HOLLOWAY: Uh-huh.

MS. BINGHAM ESCAREÑO: So just to remind us -- the rule. So is there a three-or-more rule kind of rule on undesirable neighborhood characteristics? Isn't it kind of, like, a little -- that are four, and that the staff is recommending the high-voltage receive an exemption or a --

MS. HOLLOWAY: Correct. So that's the undesirable site rule --

MS. BINGHAM ESCAREÑO: Uh-huh.

MS. HOLLOWAY: -- and because the property has continuing federal assistance, that it is eligible for that exemption, we are recommending that the Board grant that exemption.

The part of the rule that discusses multiple undesirable characteristics that I mentioned earlier, for developments that involve three or more undesirable neighborhood characteristics to be found eligible, in addition to demonstrating satisfactory mitigation for
these characteristics disclosed, the rule requires that the development site must be located within an area in which there is a concerted plan of revitalization already in place or that private sector economic forces such as those referred to as gentrification are already underway, and indicate a strong likelihood of a reasonably rapid transformation of the area to a more economically vibrant area.

The rule says the site amenities found eligible by the Board, despite the existence of undesirable neighborhood characteristics -- if the Board finds that use of Department funds for the development with achieving the following goals:

  Preservation of existing, occupied, affordable housing units is one. Factual determination that the undesirable characteristics that has been disclosed are not of such a nature or severity that should render the development site ineligible based on assessment and mitigation, and/or the applicant has requested a waiver of the presence of undesirable characteristics on the basis that the development is necessary to enable the state, a participating jurisdiction or an entitlement community to comply with its obligation to affirmatively further fair housing, a HUD-approved conciliation agreement or a final and non-appealable court order.
This last item was not part of the information that was provided to us. So number three is kind of out of the -- you know --

MS. BINGHAM ESCAREÑO: And they were --

MS. HOLLOWAY: The --

MS. BINGHAM ESCAREÑO: -- I'm sorry.

MS. HOLLOWAY: -- the rule also states, preservation of affordable housing alone does not present a compelling reason to support a conclusion of eligibility.

MS. BINGHAM ESCAREÑO: Then one and two are "ands," not "ors," like -- in other words, because the first one was --

MS. HOLLOWAY: They're --

MS. BINGHAM ESCAREÑO: -- for the preservation of existing units --

MS. HOLLOWAY: -- they're all three -- use of Department's funds for the development is consistent with achieving the following goals. So they're -- and they're actually "ors."

MS. BINGHAM ESCAREÑO: Okay.

MS. HOLLOWAY: But then the rule goes on to say that preservation alone --

MS. BINGHAM ESCAREÑO: Okay.

MS. HOLLOWAY: -- I'm sorry.
MS. BINGHAM ESCAREÑO: I have a question for Cynthia.

MR. GOODWIN: Okay.

MS. BINGHAM ESCAREÑO: And just for clarification, would you -- because usually when we read your correspondence, you're pretty clear about what, you know -- what you're looking for, and I'm missing a little bit of that. Are you giving us examples and opportunities to possibly question all of the remaining three, assuming that the staff's recommendation for high voltage -- that one --

MS. BAST: Uh-huh.

MS. BINGHAM ESCAREÑO: -- let's assume that the Board goes with staff's recommendation. There's three left there that are of concern. Right? Poverty, school and crime?

MS. BAST: Correct.

MS. BINGHAM ESCAREÑO: Are -- in your memo, were you providing us -- and with the longer document that we have the summary, are you providing us with examples so that the Board can look at all three and then make a determination about whether any one of those may not represent the magnitude that the rule is speaking to, or do you have a specific request?

I'm sorry if that's vague.
MS. BAST: I -- no, I think I understand your question. I believe what we are presenting is that we understand that we need to present mitigation, that what -- that the rule says, when there are these undesirable features, that the applicant shall provide mitigation.

And we believe that in the hundreds of pages that aren't in your Board book and then the meaningful summary pages that are, that we have provided those indications of mitigation that then allow you to get to this finding that I believe item 1 is the most applicable -- that the preservation of existing, occupied, affordable housing units to ensure that they are safe and suitable.

So that's where we're trying to go, is for you to have this information, not just the hard data, but this testimony, so that you understand what is going on in this neighborhood, and you believe that the Sunnyside neighborhood and particularly, Anna Dupree Terrace, are worthy of this investment and eligible under this rule.

MR. GOODWIN: Any questions?

MR. BRADEN: I have a follow-up question. And Marni, maybe it's more for you and what you were talking about. So there were four undesirable qualities presented. Staff said, okay. One of them we agree with
and we can drop off the list.

MS. HOLLOWAY: Right. So the undesirable site is -- the power lines is actually a different rule.

MR. BRADEN: Okay.

MS. HOLLOWAY: Yeah.

MR. BRADEN: But -- so we're down to three.

MS. HOLLOWAY: Right.

MR. BRADEN: But first of all, the fact that we dropped off the -- or we -- so we go along with dropping off the transmission line, that doesn't really affect anything. Right? I mean, it still would be an undesirable location if --

MS. HOLLOWAY: Under the --

MR. BRADEN: -- we went along with staff's --

MS. HOLLOWAY: -- under the neighborhood characteristics rule. Yes.

MR. BRADEN: So then if you're down to three -- and let's say, you know, they've made a case that, of the 157 residents, there are only two school-age children, so maybe we find that schools is that not that -- you know, it's maybe mitigated because what's presented with respect to this feature.

So let's say that schools or one of the other three are dropped off. That still doesn't change the analysis. Right? I mean, the analysis is --
MS. HOLLOWAY: Right.

MR. BRADEN: -- that you have three undesirable, and so you're left with two. So you'd still have to deal with that.

MS. HOLLOWAY: So the rule allows schools that have not met standard to not be part of our analysis for elderly limitation properties, ones that require all residents to be age 62 or older, or whatever that is, for elderly preference properties because there is the potential for children to be living in this property, you know, as the gentleman mentioned -- grandchildren -- then you know, we can't just exclude the schools on this one.

But yes, we still have this increasing crime rate and we have this increasing poverty rate in the area.

MS. BINGHAM ESCAREÑO: So can I add on? So maybe what Paul's asking, though, is applicants -- so we're just -- all we're talking about is whether or not this applicant is --

MS. HOLLOWAY: This property.

MS. BINGHAM ESCAREÑO: -- this development --

MS. HOLLOWAY: Yes.

MS. BINGHAM ESCAREÑO: -- application is eligible --

MS. HOLLOWAY: Uh-huh.

MS. BINGHAM ESCAREÑO: -- and that there are
conceivably applications that have two undesirable neighborhood characteristics, and they're eligible because they have two. They don't have three. Is that correct?

MS. HOLLOWAY: No. It's --

MS. BINGHAM ESCAREÑO: Okay.

MS. HOLLOWAY: -- you know, any time that there is an undesirable neighborhood characteristic, you know, that hits that trigger. For us as staff, that development is ineligible until we bring it to y'all.

MS. BINGHAM ESCAREÑO: Oh, okay. So remind me what the three is again. What's the three or more mean, if it's not that if you have less than three, you don't end up having to request consideration?

MS. HOLLOWAY: The rule states that if developments that involve three or more undesirable neighborhood characteristics -- in addition to demonstrating satisfactory mitigation of each characteristic, it needs to be in this community revitalization area.

MS. BINGHAM ESCAREÑO: So any other application that had even one undesirable neighborhood characteristic has to provide mitigation --

MS. HOLLOWAY: Yes.

MS. BINGHAM ESCAREÑO: -- in order to be eligible? Okay. Got you. So then your question goes
back to -- even if you could -- so you'd really have to provide mitigation for all three, and then the neighborhood revitalization requirement would have to --

MS. HOLLOWAY: Would also be triggered.

MS. BINGHAM ESCAREÑO: -- be applicable also?

MS. HOLLOWAY: Uh-huh.

MS. BINGHAM ESCAREÑO: Okay.

MR. BRADEN: But it is in a neighborhood of revitalization. I mean --

MS. HOLLOWAY: Yes. It is in actually two. As I mentioned, and I believe before it was mentioned here, that disaster recovery Round 2 planning area and also Tax Increment Reinvestment Zone 26.

MR. GOODWIN: Leo, you had a question?

MR. VASQUEZ: I have a question. And I guess this is more back to Cynthia for answering the rest of the team can nod your heads if she's -- if you agree with her.

FEMALE VOICE: That's so responsive.

MR. VASQUEZ: So just for the benefit of the non-Houstonian Board members here -- and again, Sunnyside -- the Sunnyside neighborhood has clearly been identified as an area that the City of Houston and Mayor Turner are very interested in improving.

So we're not just talking about these undesirable site characteristics and just leaving them as
is. The City, the community, is committed to addressing
all of those issues. Correct?

MS. BAST: That is correct. And just by way of
background information, in the last round of hurricane
funding involved with Hurricane Ike, the City received
substantial funding and wanted to put some of that funding
into some of these revitalization areas, and you may
remember that there was a long process of public comment,
where tenant advocates were concerned that money was going
to be concentrated in areas of high poverty.

They wanted to see more money going into
opportunity areas, and ultimately, through a very robust
process, the City and the advocates and HUD all agreed on
certain specified areas within the city of Houston that
were meaningful revitalization areas, where the City
wanted to see improvement and where the advocates said,
yes, we see enough potential for improvement there, that
we agree that this would be an acceptable place for this
funding to go.

So I think that's perhaps what you're referring
to, Ms. Vasquez -- is that the City -- it was what, an
18-month process perhaps to finally get to that agreement
with regard to how the City's DR funds would go out. And
so I think that's part of what we're trying to say is that
the City does have a commitment to this area.
You know, when we get down to the poverty rates and the crime, I think what you heard today is that with regard to the poverty rates, one of the issues is that is a very small census tract and we have five -- let me make sure I get this right -- five affordable housing developments in this census tract, three of which have elderly residents.

So when you have those single-family households on a fixed income Social Security, that is going to pull down your income in your census tract, and it's -- and is surrounded by higher-performing census tracts.

MR. VASQUEZ: And again, let's just keep these in --

MS. BAST: Uh-huh.

MR. VASQUEZ: -- yes-no answers.

MS. BAST: Sir.

MR. VASQUEZ: So we have the Mayor and his team are behind supporting growth in this area and revitalization in this area?

MS. BAST: Yes.

MR. VASQUEZ: Yes. The County Commissioner is definitely behind this area in Precinct 1. Right?

MS. BAST: Yes.

MR. VASQUEZ: Yes. We have letters from another council member, Boykins, Representative Thierry,
Senator Miles -- they're all behind improving this area.
We're not --

MS. BAST: Yes.

MR. VASQUEZ: -- just going to leave the
conditions as they are, and even revitalizing this
particular project contributes to improving this area?

MS. BAST: Yes.

MR. VASQUEZ: And I know Chief Acevedo and HPD
has been doing great things to reach out and especially
focus on areas like Sunnyside?

MS. BAST: Yes, and we have been actively
involved with a police officer in our calls and working on
specific issues for this property with HPD.

MR. VASQUEZ: And finally, we have the TIRZ, and we have -- even for the school, it doesn't really
apply to a senior facility, but HISD is making significant
investment in the local high school with the --

MS. BAST: Yes.

MR. VASQUEZ: So it sounds to me like all of
these issues that are a concern, and I'm sure the staff is
required to do the checklist and present their findings as
they are right now, but when given the context of the
entire project and region, the census tract and the
greater community of Sunnyside, it makes complete sense,
at least in my opinion, to approve this exemption, or
however we word this.

    MS. BAST: Yes.

    MR. BRADEN: Plus --

    MR. GOODWIN: Any other questions?

    MR. BRADEN: -- plus, for clarity, this is just

    approving the site, as eligible --

    MR. GOODWIN: Correct. Yeah --

    MR. BRADEN: -- and so you all can tell

    everybody else --

    MR. GOODWIN: -- y'all still have a lot of work

    to do.

    MR. BRADEN: -- but you're able to compete by

    doing this?

    MS. BAST: Correct. And in fact, this will be

    for a bond transaction and not a competitive 9 percent

    transaction.

    MR. BRADEN: Thank you.

    MR. GOODWIN: Any other questions?

    MS. BAST: Thank you.

    MS. HOLLOWAY: Excuse me, if I may? I misspoke

    earlier, Ms. Bingham, when your question -- I hadn't

    transferred the "and" over to my notes. So the rule

    actually says, "Preservation of existing affordable

    housing units," and there's more there, but -- "and

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    earlier, Ms. Bingham, when your question -- I hadn't

    transferred the "and" over to my notes. So the rule

    actually says, "Preservation of existing affordable

    housing units," and there's more there, but -- "and

    factual determination that the undesirable characteristics
that has been disclosed are not of such a nature or severity that should render the development site ineligible." That's the part that staff is not able to get to.

MR. GOODWIN: Okay.

MR. VASQUEZ: Well, are we able to make a -- would the Chair entertain a motion?

MR. GOODWIN: The Chair would entertain a motion.

MR. VASQUEZ: So you're going to have to help me with how I'm actually wording this. Again, basically, my intent is to favor the Applicants. Okay? So am I denying staff's recommendation, or are we -- I mean, what's -- help me out here, so --

MR. IRVINE: I believe you would first of all lay out your predicate, that you make a finding that the matters disclosed are not of such a nature as would lead to a conclusion of ineligibility; therefore, you find the site not to be ineligible. If that is your intent.

MR. VASQUEZ: He's a lawyer here also, by the way. Thank you. All right.

MS. HOLLOWAY: Well, and I believe the motion also needs to address the exemption on the power lines.

MR. GOODWIN: Power lines?

MR. BRADEN: Right.
MR. VASQUEZ: Uh-huh. Okay. I'll make an attempt at this. I move to waive the power line undesirable characteristic --

MR. IRVINE: No.

MR. VASQUEZ: No? Okay. To --

MR. IRVINE: To grant an exemption --

MR. VASQUEZ: -- to grant exemption to the power line distance factor, and given the circumstances in which the Applicant has presented, that we will -- the area is mitigating the undesirable factors, I move to make this -- not deem it an ineligible property.

MR. GOODWIN: Is that --

MR. BRADEN: Second.

MR. GOODWIN: -- acceptable? And seconded.

Any discussion?

(No response.)

MR. GOODWIN: All those in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: Okay. Moving on to 5(d).

MS. HOLLOWAY: Item 5(d) is presentation, discussion, and possible action on a timely filed appeal of Application termination under the Department's Multifamily Program Rules. These appeals relate to 9
percent applications for Hallsville Estates, Number 18106, and the Trails at San Angelo, which is 18109. These were submitted by the same Applicant and terminated for the same reason, so they can be taken together, rather than as separate actions.

I need to immediately correct a misstatement in this Board action request as it was published. While a consultant is listed in the application in the contact information, submission of the application itself was not in Ms. Martin's scope of services, as stated in the Board action request, and we apologize for that error.

Notices of termination were provided to the Applicant for failure to meet the requirements of the Uniform Multifamily Rules, the Applicant timely filed their appeal and the Executive Director has denied it. So the requirement for application submission rules states that the Applicant must upload a PDF copy and Excel copy of the complete application to the Department's secure web transfer server.

I don't know if y'all recall, but we had this same issue last year on a group of applications. The Applicant failed to upload the Excel copy of the applications to the Department's secure web transfer server by the application deadline.

The appeal mentions the termination of
applications during the 2017 cycle for this same reason and asserts this was due to a -- due to staff change to the Multifamily Application Procedures Manual. They contend that staff failed to replace the direction in the manual as directed by the Board at that time.

In fact, page 49 of the manual includes the following statement. "The application submitted should be the PDF file created from converting the Excel file, into which additional application documentation has been inserted, as well as the Excel file itself."

The appeal claims that the Applicant did not assemble a tax credit application in 2017 and is facing this issue for the first time. This requirement to upload both the Excel file and the PDF goes back to 2016, when at least one member of the Applicant submitted an application.

In 2015, when two members of the Applicant submitted applications, they were required to submit the Excel file and the PDF also, but at that point, it was on a CD. It should be noted that the Excel files were uploaded to the Department's server on March 2, 2018, so that's the day after the deadline, giving the impression that someone on the application's team was aware that the files had been omitted the previous day.

The appeal argues that termination of these
applications would leave their regions underserved and the Department would fail to meet its statutory mandate for regional dispersion of the credits. Such a mandate does not exist in statute.

In fact, the statute speaks directly to instances where regions might be underserved due to lack of eligible applications through our collapsed process. So the funds would be collapsed and another application would be awarded. Maybe not in this region, but the funds will not go unused.

Lastly, the appeal states that the Excel spreadsheet contains duplicative information and is therefore not material, and the omission should be treated as an administrative deficiency. This simply is not an alternative depiction of the same information.

Its functionality is critically important. That's why the rule expressly requires the submission of both the PDF and the Excel file. The Excel file enables the staff to complete their review of the application. Without it, they would have to recreate this functionality of process that inherently entails the risk of data entry error.

Because the Excel file is expressly required by rule and is essential to the full, accurate and efficient review of the application, it is a material element. Lack
of this material element constitutes cause for termination because it is an incomplete application.

Staff recommends that the appeals of termination for Hallsville Estates, Number 18106, and Trails at San Angelo, 18109, be denied. I'd be happy to take any questions.

MR. GOODWIN: Any questions? I've got a question, Marni. How many applications where this exact same thing happened?

MS. HOLLOWAY: These are the only two that we know of.

MR. GOODWIN: Out of how many applications?

MS. HOLLOWAY: How many did we get? A hundred and --

MALE VOICE: 138.

MS. HOLLOWAY: 138 this year.

MR. GOODWIN: Oh, 138 application had the information -- this information --

MS. HOLLOWAY: Uh-huh.

MR. GOODWIN: -- properly attached to it and only --

MS. HOLLOWAY: Had at least the two PDF and Excel. You know --

MR. GOODWIN: Okay.

MS. HOLLOWAY: We haven't gotten far enough
along in our review to know that all the Excel files are complete, you know, and we don't just have a blank workbook, because that's happened too. But at least there's something there.

MR. GOODWIN: Any additional questions for Marni?

MR. VASQUEZ: Could you, again, clarify the difference between what's in the PDF and what's in the spreadsheet?

MS. HOLLOWAY: So the Excel file as -- it contains live data, that number one, we extract and use for a number of purposes. It also has functionality that's used in our review process all the way through. It's not just a set of numbers.

You know, it's numbers that we're able to extract and use during the REA process, again during our -- like, creating our logs, you know, pulling information down for our logs, those kinds of things.

MR. GOODWIN: Is my recollection correct in that it seems like every year we have one or two applications where this seems to be the case?

MS. HOLLOWAY: We had a number of them last year --

MR. GOODWIN: Okay.

MS. HOLLOWAY: -- that had some issue. I don't
recall that we had any the year before, but it's been a lot --

MR. GOODWIN: Okay.

MS. HOLLOWAY: -- since then, so -- --

MR. GOODWIN: Okay. Any additional questions?

People that want to comment?

(No response.)

MR. GOODWIN: Okay. Well, I'll take a motion to hear comments.

MS. THOMASON: So moved.

MR. GOODWIN: Second?

MS. BINGHAM ESCAREÑO: Second.

MR. GOODWIN: Moved and seconded. All those in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: Let the record reflect that Ms. Reséndiz has left the meeting.

MS. BAST: Good morning again. Cynthia Bast of Locke Lord, representing the Applicant. The Applicant acknowledges that the rules do require an Excel spreadsheet and a PDF file to be submitted, and the Applicant acknowledges that the Excel spreadsheet was not submitted timely.
However, the Applicant does believe that there are equitable reasons why this should be treated as an administrative deficiency with an opportunity to cure, rather than as a termination offense, and I'm going to describe the reasons for that.

First, we would argue that the PDF file and the Excel spreadsheet contain the same information. This sort of goes to what you were saying, Mr. Vasquez. If you open up on two screens the PDF document and the Excel document, on both pages on your screen you're going to see two plus two equals four.

What's different between those two is that underlying in the Excel spreadsheet there's a formula that performs that calculation for you, and that's what staff refers to as the functionality. And again, we agree that that functionality is essential for staff to be able to efficiently review the applications, but that is why this fits squarely within the definition of an administrative deficiency.

In the long definition of an administrative deficiency, it includes information that is required to assist staff in evaluating the application. So if the staff could receive the spreadsheet within the five-business-day cure period, then their ability to review it is not really materially impaired, and they would not have
to recreate anything.

So that's why we believe that this admission -- omission should be treated as an administrative deficiency. With regard to the changes in the Procedures Manual, you have in your Board book page 9 from the 2016 manual, where the submission of the Excel spreadsheet was very conspicuously noted under a section that was entitled, Application Assembly Instructions.

And as noted in the appeal, that language and section was omitted from the 2017 manual, which created a rash of appeals, and at the time, Board member Dr. Muñoz noted to staff that that section should be restored. Respectfully, the section was not restored.

Rather, as you have in your Board book, there was a sentence added about the submission of the Excel spreadsheet at the end of section that was entitled, Inserting Documents into the PDF. Now, if you're working under time pressure, and you need just that quick look to double-check and make sure you're doing everything you need to do to get this submission in, and you want to go back to your manual and check yourself, are you going to go to the section entitled, Inserting Documents into the PDF, or are you going to go to the section entitled, Application Assembly Instructions?

The point here is that it was not conspicuous,
and it could have been, and I think that's what Dr. Muñoz
was trying to get at last year in this appeal process when
he asked that this be addressed in the manner.

Finally -- and you're going to hear this from
the Applicant -- we do want to point out that a
termination of this application could result in the region
being underserved, and according to the 2017 State of
Texas Low Income Housing Plan and Annual Report,
particularly with regard to Application 18106, the rural
region of -- rural section of Region 4 has the highest
share of number of persons living below 125 percent of the
poverty line of any place in this state, and that is
meaningful, and allowing this application to proceed could
help address that concern.

So representatives of the Applicant are here to
speak and answer your questions. Thank you.

MR. GOODWIN: Any questions for Cynthia? I see
we have -- a number of people are going to speak. I
assume -- well, hold on just a second. Do we have some --
do we have anybody that's going to speak in favor of staff
recommendation?

Why don't we do -- rotate? Why don't we
take -- here's somebody who's spoken against staff's
recommendation, and I would like to hear from someone who
wants to speak in favor of staff's recommendation.
MS. ANDRE: Good morning. I'm Sarah Andre. I am in no way involved with this application, but I was involved in an application last year that had this exact same circumstance. And Cynthia, I adore you. I think you're the smartest person in tax credits and I love your argument, if it were here last year when indeed that rule had been inadvertently taken out of the manual.

And I don't know if it's in there this year. I don't honestly remember if it was in there last year. All I know is that the Applicants in this case are seasoned tax credit professionals. They know you need to submit the Excel, and while it is unfortunate that this happened, human error happens to us all.

People get kicked out every year because of human error and it's just a sad fact of life that must be accepted with grace and not with a special favor or dispensation from the Board. The fact that the region may or may not end up underserved is just a coincidence.

If these had been in Houston, Dallas, a region that was not going to be under-served by the lack of the application, these Applicants would still be here asking for this request. So I strongly urge you to uphold the staff's recommendation. Thank you.

MR. GOODWIN: Thank you. Did you sign in?

MS. ANDRE: No, sir.
MR. GOODWIN: Now, we'll take somebody that wants to speak against staff's recommendation.

MR. APPLEQUIST: Thank you. Chairman Goodwin and members of the Board, thank you for your time. My name's Chris Applequist. I'm with Generation Housing Development. I agree with everything Cynthia said, obviously, but I think there's some very key issues here at play that we'd like to address.

We have two applications, one in San Angelo, and we started working in that city in 2013, and submitted a pre-application there. Hallsville, 2015, same site -- we started working there as well. And Cynthia had pointed out a very good point.

One of our applications is in Rural Region 4, which in 2017 the Low Income Housing Plan identified as the number one rural region with the highest poverty, and they called us a needs indicator. So then it's basically saying, this area and the rural regions, and all 13 regions, has the highest need for affordable housing, and this year it is undersubscribed.

Right now, there's one application. With our termination, there's absolutely no way that all of the credits get disbursed to this area. They are at 43 percent. And if -- that's even if that one can go through. As staff mentioned, there's still terminations.
pending.

And it's pretty clear that in the housing plan that there is a priority in putting high-quality housing in areas of need. I mean, that's the goal and objective of what we're doing here. So I think that's very important. You know, on last year, when this brought up -- this same situation was brought up, all of the regions were fully subscribed, and staff pointed that out, because that was important, because that is a priority.

And now this year, we make the same case and it's not. Staff fights us on that point. I just think terminating these applications for these reasons makes absolutely no sense, and then if you look at what transpired last year -- you know, essentially, I have the notes and I was looking at the comments from Dr. Muñoz.

I think it was 12 applications that were terminated for this reason. They were all referencing a specific document. It was the Application Assembly Instructions, that a lot of developers -- we use that. We go to that specific document, you know, when we're putting these together, and we're waiting on, you know, letters from the state rep, which we got the same day.

I mean, we basically had the applications, and we were waiting to get some of these documents that were out of our control. But Dr. Muñoz said, at the end of the
terminations, to staff, is it going to have a sentence?
He was talking about the Application Assembly
Instructions.

Is it going to have a sentence to restore that
statements about the Excel sheet. That's word for word
what he said, to which staff -- actually, Dr. Muñoz
continued -- for no other reason than to avoid 10 or 12 --
basically -- terminations.

How do we avoid this issue? Let's put this
back in. That's what he gave as a directive to staff.
This needs to go back in. This is important. Let's avoid
this issue again. To which staff referred -- they said,
actually, it was a whole section that we took out.

They didn't give a -- really a reason why it
was taken out, but said, but we certainly will put that
back in. We certainly will put that back in. It wasn't
put back in, and mistakes happen. We know that. We
definitely know that.

But to get to the point of a termination, it
just doesn't make sense. I mean, we've seen other
applications terminated for, you know, removal of a
partner that's not disclosed, for you know, having a felon
that's involved in the ownership structure and not
disclosing that, building next to, you know, a nuclear
waste dump, or you know, something that would impact the
residents and the livability and really the safety.

I mean, that's when you should terminate an application. Something like this doesn't warrant a termination. It really doesn't, especially when you look at the fact that the 2017 report called this the number one -- Rural Region 4 -- called this the number one area of need, and then 2018, it got even worse.

That report that just came out in March -- it went from 18.3 percent to 18.5. So the poverty's getting worse. We've got a development that can help mitigate this issue, help solve this problem and an Excel sheet shouldn't keep up from being able to do that.

You know, realistically, when you look at what's material and what's administrative, it would be tedious if staff had to fill out an Excel sheet and we wouldn't want them to do that. I mean, we would just send it -- administrative deficiency -- we send it back in and you're done with it.

You know, this just really makes no sense. I don't think it meets the goals and objectives of what we're actually trying to do, to put high-quality housing where it's needed, and I think this -- these should just be -- really just reviewed.

I mean, we're not asking for an award today. Just please review them and give us a shot.
MR. GOODWIN: Any questions?

MS. THOMASON: I have a question.

MR. GOODWIN: Okay.

MS. THOMASON: So as a developer, you have submitted these applications in previous years as well?

MR. APPLEQUIST: So prior to this, I think what staff was referencing -- I worked with a group called Miller-Valentine. They're a large group based on Ohio, and we worked in basically 20 states. And so in terms of the actual application assembly, we weren't involved with that.

I wasn't involved with that. Generation Housing wasn't involved with that. We are a HUD partner. We -- you know, we're a small company. I mean, this is detrimental to us. We can't hire, you know, consultants for 75 and $100,000.

We can't do that. You know, we work with Audrey and it's a strategic sort of -- you know, finding regions, finding sites. She was not involved in the application assembly. That is us.

MS. THOMASON: So someone --

MR. APPLEQUIST: But yeah, this is the first year that we've put it together, yeah, to answer your question. Yes.

MS. THOMASON: So what prompted submitting the
Excel files the day following the deadline?

MR. APPLEQUIST: We looked at it the next morning and sort of put together a group, reached out to Audrey, and you know, asked her, you know, are we missing some things? And she said, look, the Excel file should have been submitted.

MS. THOMASON: Okay.

MR. GOODWIN: Any other questions? Somebody else what to speak in favor of the staff's recommendation?

MS. ANDERSON: My name is Sarah Anderson, and I don't want to be up here speaking. I love both of these guys. I respect them. I'm really sorry that they're in this position. And I may even agree with their argument philosophically that -- should an application be terminated for this?

But that's not, I think, to be necessarily the discussion right now. That is what the rule says, and the rule is the rule. It's been the rule for as long as I can remember. We had a lot of people last year who had to live by the decision of this Board, which was the Excel sheet has to be put up.

I think that we can have the discussion for next year as to whether or not it's a terminate-able event, but at this point, that is the rule that we are working under. For us, I have no applications in these
regions, but it's really important to the rest of the development community that there be consistency in decision made by the Board.

I've been -- I've worked with a board where it changed depending on the time of day and whether or not someone needed a cigarette break, and decisions were all over the place, and the most important thing that we can ask of you is consistency in the rules and the way things are done.

And while it kills me that these deals messed up, and I don't want to be here, it -- we have to have some consistency, and so I ask that you uphold staff's decision, as difficult as it may be.

MR. GOODWIN: Any questions? Is there another speaker?

MR. ELSBREE: I'd like to make a quick clarification just based on something that was said. It was left out there whether the requirement of an Excel spreadsheet was in the application instructions or the manual.

Referenced was page 50 of that manual. On page 49 -- and this is in the supplemental materials at page 24 of 66 -- at the top of page, it says, "Do not submit a scanned copy of the Excel or PDF file" -- and that's in red and big letters -- and then it says, "The
application submitted should be the PDF file created from converting the Excel file into a traditional application. Documentation has been inserted, as well as the Excel file itself."

So that instruction is in there, as well as in 10.201(1)(C) -- "The Applicant must timely upload a PDF copy and Excel copy of the complete application to the Department's secure web transfer server."

MS. BAST: And Mr. Eccles [sic], just in case there's a concern that I misspoke, what I was referencing --

MR. ELSBREE: There was -- certainly was not.

MS. BAST: Okay.

MR. ELSBREE: I hope that I didn't give that impression.

MS. BAST: Okay. I just wanted to make sure.

What I was referencing was page 49 of the 2018 manual where it was in the section entitled, Instructions for Inserting Documents into the PDF, not in the section entitled, Assembly -- Application Assembly Instructions.

So that is the page I was referring to.

MR. ELSBREE: Indeed. It was --

MS. BAST: Okay.

MR. ELSBREE: -- the gentleman who spoke after you --
MS. BAST: Okay. Thank you.

MR. ELSBREE: -- who questioned --

MS. BAST: I just wanted to make sure that my record was clear.

MR. GOODWIN: Any other comments?

MR. IGLESIAS: Good morning, Board and Chair. My name is Adrian Iglesias, Generation Housing. I hate to be up here as well. We made a mistake. We were in the trenches. This was our first year to do a full application. As partners, we are a HUD company. We don't have the means to hire a consultant.

We were in the trenches. We compete with these developers' consultants throughout the three-month process. We just ask that you give us the consideration this year. We did rely on the manual. I mean, that's -- we look at the manual for every single tab.

It has been there in prior years, and it wasn't there. It was PDF, third-party reports -- got uploaded. We uploaded at the last minute because we were getting information at the last minute --

MR. GOODWIN: Okay.

MR. IGLESIAS: -- and it would been really helpful if it was there. So thank you for your time.

MR. GOODWIN: I need for you sign in.

MR. IGLESIAS: Yes, I will.
MR. GOODWIN: Any questions? If not, I'll entertain a motion.

MS. BINGHAM ESCAREÑO: Mr. Chair, I move to accept staff's recommendation.

MR. GOODWIN: I have a motion. Do I have a second?

MS. THOMASON: Second.

MR. GOODWIN: There is a motion made to accept staff's recommendation to terminate these two applications. Any discussion?

MR. VASQUEZ: Mr. Chairman, before we take that vote, could I ask just for one more clarification. I want this from Marni or -- the difference -- or the options available to us for -- is it only to disqualify the application, or is there some -- we mentioned the administrative deficiency -- is there -- is it our discretion, or is there -- is it either all or none?

MS. HOLLOWAY: So in the past and referencing back to Sarah's comment about consistency -- in the past, things that are just missing from the application or from the application process have been considered to be material deficiencies that are not correctable.

Even last year when we were working through what's an administrative deficiency and what's a material deficiency, where it kind of landed was, if it's just not
there, that's material. You don't get the point or you
don't meet the threshold.

        MR. ELSBREE: As a slight clarification, and
you're absolutely right, Marni. We are talking about
material missing information and that's in the
administrative deficiency process rule at 10.207 -- or I'm
sorry -- 10.201(7).

        And yes, if it's just missing -- that certainly
covers missing -- the material aspect also depends on --
is it directly provided for in the rules, for instance?
Certainly, it's in the Board's understanding as to what it
means, as to what is material.

        Is it in the statute? Is it in our rules,
specifically, as a requirement -- certainly bears on this
materiality.

        MR. GOODWIN: Other questions?

        MR. BRADEN: I guess I'll just add one comment.
I think the strongest argument that's presented is the
consistency argument.

        FEMALE VOICE: I do too.

        MR. BRADEN: This Board faced a much harder
decision in the past where a line was dropped. It wasn't
put on the wrong page. It was dropped completely, and you
came to the conclusion that you have to disqualify those
applications.
And I do think the developer community must -- probably does look for consistency, and if we want to change this on a going-forward basis, then we look into changing the rule and do it on a prospective basis, not administrative.

So I think that's the most persuasive argument from my perspective.

MR. GOODWIN: Okay.

MR. VASQUEZ: And again, not -- I'm just concerned. I tend to agree with the -- consistency is important, and I'm sure everyone here wants consistency. I just question whether the -- in this particular instance, because the information in the PDF is theoretically identical to the information in the spreadsheet, whether there's some ability to be understanding about -- well, we submitted the information, just not all the requested formats.

Now, if we discovered that there was a difference in the Excel spreadsheet after the fact compared to the original PDF, then I'd really be absolutely against it -- I'd be in favor of your recommendation.

I'm just kind of on the fence right now.

MR. GOODWIN: I would clarify one thing. I don't think it's theoretical; I believe it's absolute that
the PDF information is exactly --

MR. VASQUEZ: Go ahead.

MR. GOODWIN: The difference is you cannot manipulate and --

MR. VASQUEZ: Oh, sure.

MR. GOODWIN: -- the staff cannot do their job off of a PDF. We all face that every day in documentation we --

MR. VASQUEZ: Yeah.

MR. GOODWIN: -- receive in our business course.

MR. VASQUEZ: But as Marni's original statement set out, we haven't even reviewed all of the other applications to see if there's a blank file inside there.

MS. HOLLOWAY: No, we have not, because --

MR. VASQUEZ: Yeah.

MS. HOLLOWAY: -- we just --

MR. VASQUEZ: You haven't gotten to that point.

MS. HOLLOWAY: -- we just got there on March 1, so the question was, were there any others that were missing Excel files? No, we have not identified any. When we transferred over from the server, there were Excel files there or workbooks there.

We don't know if those workbooks, all of them at this point, actually have anything in them. We
actually had a couple last -- or at least one last year
that -- we got the Excel workbook, but it was blank.

MR. VASQUEZ: I'm just saying, this mistake
hasn't really slowed down the process, other us than
spending time here --

MS. HOLLOWAY: No, no, not at this point, no.

MR. VASQUEZ: Yeah, okay. Well, that's a
consideration.

MR. GOODWIN: Any other questions or comments?
If not, we have a motion and a second on the floor to
uphold staff's recommendation. All those in favor, say
aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

MR. VASQUEZ: No.

MR. GOODWIN: Okay. Thank you, Marni.

MALE VOICE: Was there an abstention?

MR. VASQUEZ: Well, actually, since you asked,
yes, there was one abstention in that. I abstained.

MR. GOODWIN: Okay. Let the record that
director Vasquez abstained that vote. 5(e), Marni?

MS. HOLLOWAY: 5(e) is presentation, discussion
and possible action on an amendment to the 2018-1
Multifamily Direct Loan Notice of Funding Availability.
So the Board has previously approved this NOFA, which made
$28,862,745 of combined HOME Program Income TCAP repayment and NSP-1 program income available for application.

Since then, the Department has executed the grant agreement for 2017 National Housing Trust Fund dollars, which will make available $7,937,864. We've also received an additional $1,169,554 in Home Program Income since the NOFA was first approved.

This amendment would add these funds to the NOFA, bringing the total available for 2018 to $38,005,163. The 2018-1 NOFA established a priority for applications that proposed rehabilitation or reconstruction of properties damaged by Hurricane Harvey and related weather events in counties eligible for individual assistance from FEMA.

The priority expired on February 28. Staff is recommending a new priority -- the same priority from April 3 through June 29, so to the end of the NOFA. In conjunction with that extension, staff is recommending an increase to the maximum per-application request to $3 million for Harvey-impacted applications proposing rehabilitation, and $4 million for applications proposing reconstructions.

The National Housing Trust Fund will be available in the support of housing soft repayment set-aside and will be subject to a regional allocation.
until April 27, at which point it will collapse. The HOME Program income will be available in the general set-aside. Four applications requesting $9,550,000 of direct loan funds were received prior to the 9 percent applications. Eleven of the 9 percent apps including a request for direct loan funds. Of course, we won't know until later in the process if they'll actually be using those dollars.

Staff is recommending that the proposed NOFA amendment adding the National Housing Trust Fund and HOME Program income, as described earlier, along with the extension of the Harvey Priority, be approved.

MR. GOODWIN: Any questions, comments?

MS. BINGHAM ESCAREÑO: Move to approve.

MR. GOODWIN: Move to approve. Second?

MS. THOMASON: Second.

MR. GOODWIN: Moved and seconded. All those in favor, say -- oh, do we have a comment?

MS. SYLVESTER: I just wanted to -- Megan, Legal Services. I apologize, Marni. I want to correct something that you said. The Priority is only scheduled to go through June. That isn't the end of the NOFA period. The NOFA actually --

MS. HOLLOWAY: The Priority.

MS. SYLVESTER: The Priority.

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MR. GOODWIN: Okay.

MS. SYLVESTER: Sorry.

MR. GOODWIN: With that clarification, still moved and seconded. All those in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: And no abstentions. We have a pass.

Moving on to -- are we taking up 5(b), Marni, or is that being pulled?

MS. HOLLOWAY: It is not being pulled. If you would like to take that one now, we can. I've --

MR. GOODWIN: Okay.

MS. HOLLOWAY: -- received confirmation from staff to move forward --

MR. GOODWIN: Okay.

MS. HOLLOWAY: -- with this particular item. This is 5(b), presentation, discussion and possible action regarding the issuance of multifamily housing revenue bonds for Springs Apartments, Series 2018, Resolution Number 18-016 and a determination of housing tax credits.

The Board has previously adopted Bond Resolution 18-009 on October 12 for this development. The
Applicant encountered delays in obtaining the HUD commitment, and could not close by the deadline associated with the previous Certificate of Reservation, and it was withdrawn.

A new reservation -- excuse me -- was issued on January 17 in the amount of $20 million with a bond delivery deadline of June 16, and the HUD commitment was issued on March 8. Springs Apartments will be new construction of 221 units in Balch Springs. All of the units will be rent- and income-restricted to 60 percent of AMI serving the general population.

Based on the maximum loan amount identified in the HUD commitment and corresponding budget, staff reevaluated the application for feasibility and conditioned the award on a lower maximum HUD loan in order to achieve the Department's standard 1.15 debt coverage ratio minimum.

The underwriting report has also conditioned working capital and initial operating deficit line items in the HUD budget being provided through a letter of credit. The 4 percent credit recommendation remains the same from before.

Under the Uniform Multifamily Rules, applications that had public opposition but remained materially unchanged from the original Board approval must
be presented before the Board for consideration of the reissuance of the determination notice.

For this application, there was public opposition at the TEFRA hearing and testimony in opposition at the October 12 Board meeting. A copy of the hearing transcript is included in your materials, along with the public comment received.

Staff recommends approval of the issuance of up to $20 million in tax-exempt multifamily housing revenue bonds and the issuance of a determination notice of $1,314,707.

MR. GOODWIN: Any questions?

MR. BRADEN: Yes, just a technical question.

So these are approved also under Chapter 1371, which means that these bonds will be rated. Correct?

MS. HOLLOWAY: I am not the person to answer that question. Theresa is not here anymore.

MR. GOODWIN: Tim, I saw you nodding your head.

Can you answer that question?

MR. IRVINE: [indiscernible].

MR. BRADEN: No, I --

MR. GOODWIN: Oh.

MR. BRADEN: I'll let it go at that.

MS. HOLLOWAY: Okay.

MR. GOODWIN: Any other questions? If not,
I'll entertain a motion.

MR. BRADEN: Move to approve.

MR. GOODWIN: Move to approve. A second?

MR. VASQUEZ: Second.

MR. GOODWIN: Moved and seconded. Any other discussion? All those in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: Okay. The motion is passed. And move on to our last item, which is 5(f).

MS. HOLLOWAY: It is item 5(f). This is presentation, discussion and possible action on a request for waiver of rules for Brook Haven Supportive Housing. This is Application 17510. This item relates to an application for direct loan funds under the 2017-1 NOFA for the new construction of 30 single-family units known as Brook Haven Supportive Housing in the city of Rockdale.

The item before you relates only to the request for waiver. Any further action on the application will be brought to a later meeting. Direct loan is the only source of Department funding for the development, and the direct loan rule requires the owner to provide not less than 20 percent of the total housing development costs as equity, and that for new construction projects, the
as-complete appraisal must indicate a loan to value of not greater than 80 percent.

The Applicant has requested a waiver of these requirements and submitted documentation that asserts the equity requirement is being met through property tax exemption and the fact that no reimbursement for acquisition of the land is being requested.

An appraisal has been provided that indicates the land is currently valued at $57,000, which is less than 2 percent of the total development cost. The value of a property tax exemption is considered in the calculation of expenses in an applicant's pro forma, where it can have considerable impact, but is not considered under sources and uses as a fund source for the development.

The appraisal indicates that the as-complete value with the projected restricted rents is 2.2 million, which puts our direct loan at 68.2 percent of value. The value with unrestricted rents is 4.4 million, which of course puts our direct loan at a much lower percentage of value.

The Board has previously approved similar requests, but in those cases the applicant evidenced more owner equity than in this instance. The Applicant asserts that good cause for granting the waiver request would be
to provide affordable housing in an economically
disadvantaged area of the state, potentially helping the
Department to meet its annual CHDO commitment,
affirmatively furthering fair housing and fulfilling

Finally, they state that because the proposed
development is in an economically disadvantaged county
recognized by the Texas Department of Transportation when
accounting for local match for road improvements, similar
treatment should be applied to this transaction when it
comes to owner equity.

Because the only source remaining in the 2017-1
NOFA fund source is TCAP repayment funds, the proposed
development, if awarded, would not assist in meeting the
Department's CHDO obligation. The Applicant has provided
some additional materials that were posted to the Board
book supplement.

These materials have not been fully evaluated
as regards to this request because they were received
after the date -- and we got them Friday afternoon, so we
haven't had an opportunity to go through them or discuss
them with the Applicant.

Staff believes that the Applicant could proceed
with this waiver request to the owner equity requirement
as a result of the as-completed, with restricted rents
appraisal, which shows a loan-to-value ratio of less than 80 percent, that is concerned -- that so little owner equity is being provided at the outset.

Because of that concern, staff does not have a recommendation regarding approval or denial of the waiver request.

MR. GOODWIN: Okay.

MS. HOLLOWAY: I'd be happy to answer any questions.

MR. GOODWIN: Any questions?

MR. VASQUEZ: So help me understand. What is the Department's calculation of the LTB?

MS. HOLLOWAY: Sixty-eight?

MR. GOODWIN: Can I ask a question? But this project has not been through real estate analysis --

MS. HOLLOWAY: No.

MR. GOODWIN: -- of any variety?

MS. HOLLOWAY: It has not. The waiver request that you approved most recently in February was actually in conjunction with an award that sort of have been through the REA process. But this one has not at this point.

MR. GOODWIN: Okay. Any other questions?

MR. VASQUEZ: I'm sorry. I'm missing something. Okay. We're saying our calculation of the
loan-to-value is only 68 percent?

MS. HOLLOWAY: Uh-huh.

MR. BRADEN: Is that the Board's -- I mean, is that the agency's calculation, or is that just an analysis of an appraisal that was submitted?

MS. HOLLOWAY: That's just based on the information that we on the program side have received at this point, including that appraisal.

MR. GOODWIN: But it's not been through underwriting at this point?

MS. HOLLOWAY: No, it has not.

MR. GOODWIN: And there are two different rules here in play. Right? One is that the developer has to have 20 percent in equity, and then when it's finished, it cannot have a loan-to-value of any greater than 80 percent --

MS. HOLLOWAY: Uh-huh.

MR. GOODWIN: -- and the waiver that, as I understand it, we're being asked for is that the developer doesn't have any cash to put up as equity in this particular instance?

MS. HOLLOWAY: Right.

MR. GOODWIN: They have paid for the land, which --

MS. HOLLOWAY: No, the land is being donated to
MR. GOODWIN: The land is being donated to them, so the developer's put no money up and has no money to put up, and the land is the equivalent of 2 percent of the completed construction --

MS. HOLLOWAY: It's --

MR. GOODWIN: -- as it's been presented by the developer. Again, none of this has gone through underwriting, so we have no idea whether underwriting is going to come back and say something. And in the past, when we've approved this kind of waiver, we've done so with a full package.

MS. HOLLOWAY: Uh-huh.

MR. GOODWIN: Just so --

MS. HOLLOWAY: That is true.

MR. GOODWIN: -- the Board members would be aware of that. So okay. Any other questions for Marni? I see that we have somebody that wants to comment. So before you do, sir, I will entertain a motion to receive comments.

MS. BINGHAM ESCAREÑO: So moved.

MR. GOODWIN: We have a motion made. Second?

MS. THOMASON: Second.

MR. GOODWIN: Moved and seconded. All in favor, say aye.
(A chorus of ayes.)

MR. SIMS: Good morning.

MR. GOODWIN: Good morning.

MR. SIMS: Rick Sims. I'm glad we're talking about disaster. I -- certain things has happened with these disasters, and I'm glad Marni talked about how they want to reshuffle the money for rehab. One thing that has happened in Texas and Louisiana is that we learned that the language of the National Housing Trust Fund, it really mirrored -- it is a mirror of the language for community development disaster refunding, where the for-profits, they can do rehabs and disaster relief, but only new construction is with nonprofits.

And that's important, especially when we are talking equity, because it's hard for me to say HUD has a rule where I've gotten $4.5 million in disaster relief for nonprofits to do new construction, and it is utilized with the same language as National Housing Trust Fund -- that the important thing is, you're going to have a different development cost and construction cost with a nonprofit that does a deal with new construction with seven units or less, compared to a for-profit that does that same development and they might have eight or more families on a lot, because HUD wants this, because there's no Davis-Bacon.
So there's no way in the world that you say -- it's fair to say, well, we have to take out the SUTA, we have to take the property taxes, we got to take out the sales taxes, because the language of the National Housing Trust Fund and the language of the disaster relief is the construction cost.

So National Housing Trust Fund money is used to take out construction loans. Disaster relief is used to take out construction loans. So therefore, the nonprofit doesn't have that kind of exposure per se because you're getting -- they're treating me just like you treat the bootstrap program.

You know, bootstrap program, TDHCA, nonprofit -- you come in here and you can reserve up to 450,000 and you can do these houses and you bring all this sweat equity. For you to say that a nonprofit that brings in property, tax-exempt, in an economic-disadvantaged area -- that you got to have, to make the deal work -- they have the 100 percent tax exemption -- that also says, well, we can get the construction loan for half a million dollars based upon the scope of the work that HUD says.

The lender says, okay, fine, and then you give me -- National Housing Trust Fund says, well, that only pays off the construction loan. There is no way in the world that we have that much exposure on a deal at all,
and this is who's doing the new constructions in disaster.

So how are you to tell me that the 20 percent equity applies when I have to take out 25 percent, out of the construction costs, that anybody that does a project, where the boundaries of that development serves eight or more families has Davis-Bacon requirements?

And when we do a deal, in that same boundary, there is no Davis-Bacon requirement, and then you're saying, we're not building equity but I can't do a bootstrap without sweat equity. So to say that we're not bringing more equity to the table, that's not true.

Because we have to take -- we can't say, put the cost in for sales tax and keep the money. We can't. We're not the tax collectors. We're not the for-profit. We can't take the money for the property tax and keep the money. We can't.

We're only going by everything that we have to take out. And I have all -- I have $3 million worth of commitments right in front of you that they are used as take-out commitments for the construction loan. So when you're dealing with rural and you're dealing with HAC, the Housing Assistance Council, the program only deals with these in stages.

Because one of the things that you're asking for me to do in support of housing -- saying, well, how do
you do 30 units, and then you give me my supportive housing units, and don't have no foreclose-able debt? Because we have to do it in that stage.

You pay that construction off with that Housing Trust Fund money, and then you go from there to the next stage, and you start building now and you start putting in debt. So I'm going to put 20 percent of the development with no debt, and then you actually provide 20 percent equity, and we're just doing it the way the new construction has been done with the same money in the same fashion, but we don't have -- we do not have Davis-Bacon requirements and we cannot put those costs that another 30-unit project has in our development, because we have to take that out in the beginning -- more than 20 percent.

So there's the problem, that you have a form that only deals with the end, but it doesn't look at the process. So the process doesn't require that much equity, because that's not a HUD program dealing with a nonprofit, dealing with six units or less on a plot.

That's why you see -- there's 30 units. There's no way in the world we can say, we can do six units and deliver a certificate of occupancy and pay off the construction loan. Nobody that does a project with 20 or more families, and that's what they're doing, can say that.
They have to go through the whole process. So that's not even the same program. It's not even making -- I don't why the rule came and said that we have to have 20 percent equity. We can't even put the same costs in the same type of project the way that the project is designed.

MR. GOODWIN: Any questions? Thank you, sir. I would recommend the possibility that we get this project through real estate analysis and then consider the project at a later date when we have all the information that we need. Anybody object to that?

Do I hear a motion to table it and have it underwritten through real estate analysis?

MS. BINGHAM ESCAREÑO: Move to table, pending underwriting.

MR. GOODWIN: Okay. Second?

MR. BRADEN: Second.

MR. GOODWIN: Any discussion or questions?

(No response.)

MR. GOODWIN: Hearing none, all those in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: Okay. Thank you, Marni.
MS. HOLLOWAY: Thank you.

MALE VOICE: Thank you.

FEMALE VOICE: Thank you.

MR. GOODWIN: That concludes our action items.

We're at that part of the agenda where we take public comment.

MALE VOICE: Thank you, Marni.

MR. GOODWIN: I remind you that we can't enter into discussions, but this is a possibility of bringing up items for future Board agendas.

MS. JOY HORAK-BROWN: Thank you.

MR. GOODWIN: Yes, ma'am.

MS. JOY HORAK-BROWN: Good morning. I'm Joy Horak-Brown, and I'm the CEO of New Hope Housing in Houston, Texas. We are the largest and leading provider of supportive housing in the state of Texas. We have right now 1,001 units to be exact, and most of those units have been funded through one funding stream or another by this Department.

I am here today to thank you for that. Those of you who are familiar with our housing know that it is internationally, nationally, statewide and locally recognized for excellence in development and in service.

Most of our residents are at 30 percent AMI and below.

Think of living on an income of less than
$10,000 a year, and just how far that would take you, and just what problems you would encounter in your life that you might need just a little bit of assistance in resolving.

I'm here to thank you today for a property that I'm going to show you a photo of in a moment. It opened three weeks ago. It is now 75 percent occupied, or as of the end of business today, it will be. Today, there are 63 people who were displaced by Hurricane Harvey who are moving in.

Those individuals have been living in shelters or in temporary housing, much of that temporary housing operated by New Hope Housing for $1 a month, at the request of the City of Houston, by the way, and they are now moving to this beautiful, permanent housing.

And this is an iPhone picture. Usually I bring glossy, wonderful colors, but this is what I have today, because we just opened. We are right on the light rail in the east end of Houston, very trendy-maker spaces, artist lofts for $600,000, town homes, Compass BBVA, soccer stadium, and this was -- this is something that we really need to thank the staff for, as well as you, because Tom and Brent and Marni and Tim -- this wasn't easy to get along the finish line, because it's a gentrifying neighborhood.
So here we are, right on the light rail, 175 SRO units, 4,000 square feet of retail space, and up top 7,500 square feet of Class A commercial office space, where New Hope Housing is moving what we fondly refer to as our global headquarters.

So we will be there and we will be excited to see you and you will be, I hope, very proud to see this building when you see it in all of its glory, rather than my iPhone picture, and to know the individuals that you have helped us serve, and most particularly, those who have been displaced by Hurricane Harvey.

We have a grand opening on April 5, one day after my birthday. It's a late birthday present for me -- is the way I'm thinking of it -- from 3:00 to 4:30 in the afternoon. If you're in Houston, and you're available, we're at 3315 Harrisburg and we would love to see you there.

Thank you very much for what you've helped us do. We're most appreciative.

MR. GOODWIN: Thank you, and thanks for the great job that you and your organization did.

MS. JOY HORAK-BROWN: Thank you.

MR. GOODWIN: I know you're one of my wife's favorite charities.

MS. JOY HORAK-BROWN: Oh --
MR. GOODWIN: So --

MS. JOY HORAK-BROWN: -- now, that's very nice to know.

MR. GOODWIN: And I think it's an appropriate place to bring up the fact that the staff has done a wonderful job, and last year, on the front of our agenda, I've asked the staff to always place the number of households and the amount of funding that the agency has done.

And in 2017, we helped 686,000 households in the state of Texas, which is the equivalent of 9.2 percent of all of the households in the state of Texas, and we funded about $1.9 billion in assistance. So --

MS. JOY HORAK-BROWN: Well, and it's never more important. The Houston before the storm had a shortage of 180,000 units for people at 50 percent AMI and below. At Hurricane Harvey, we lost 6,000 single-family homes and more than 82,000 rental units.

So the impact that you're having today is felt more impactfully, more importantly and sustainably than prior. Thank you very much.

MR. GOODWIN: Thank you. Any other questions or comments? If not, I'll entertain a motion to adjourn.

MS. BAST: May I make a comment, sir?

MR. GOODWIN: Oh, sorry. You've never been that
slow to get to the podium.

MS. BAST: I'm sorry. Thank you for putting up with me one more time. There's something that I wanted to bring up. This is Cynthia Bast of Locke Lord.

MR. GOODWIN: You have to give us your name.

MS. BAST: Last month I was asked to speak on a panel at the National Housing and Rehabilitation Association's annual meeting, and the panel was year 30, being the year, of course, when by code, the -- all of the extended use requirements for affordable on our tax credit properties go away.

This was a first for me. I have probably been speaking on year 15 for about 15 years, year 15, of course, being the year when the compliance period ends. There's some sort of potential change of ownership, refinancing, restructuring, but those affordability restrictions are continuing.

And it makes sense that we hadn't really focused on year 30 much yet, because the program was developed in 1986, and so truly we are just now getting to year 30 with our properties nationally. I was on a panel with people from Boston, Philadelphia and Washington, D.C.

And since this was a new topic for me, I really had to dig in, and I had to look out and see what was happening nationally and then also think about what's
happening in my own state, and what I discovered is that there is a lot going on outside our borders.

For instance, in the state of California, they looked at all of their properties awarded from 1986, '87 and '88, and did an analysis of -- are these properties still affordable? If so, why? Is it because they have ongoing restrictions from another program?

Is it because they are what we call, market-rate affordable, based on their location or their quality? Have they been re-syndicated in the tax credit program, or have their restrictions totally fallen off? So we've lost some affordability there.

There's another state where they're using a matrix to look at preservation properties and thinking about things like gentrification, and basically prioritizing what they want to make sure that they are preserving in light of limited resources.

And when I look at our state, I think that we could use more in terms of data and policy on this particular topic. The preservation of these numerous, wonderful units that we have on the ground is vitally important.

And we have an at-risk set-aside, which has some benefit. This year it's undersubscribed, interestingly. But kind of de facto what's happening out
there is that our bond program is using -- being used for a lot of preservation.

And that's good, but at some point, again, if that becomes a limited resource, then we need to be able to make priorities on our preservation projects. So I just wanted to bring this up, because it was a revelatory experience for me to be part of this national discussion on year 30, and I hope that Texas will be looking at that, and be looking at its policy and portfolio, and thinking really hard about what we can do to make sure that these units stay affordable for long term.

And I'm happy to participate in those discussion. And thank you.

MR. GOODWIN: Thank you. Any other comments?

MR. LYTTLE: Mr. Chair --

MR. GOODWIN: Yes?

MR. LYTTLE: -- just a friendly reminder, today is class picture day. So as soon as we finish here, we -- you all look so good today. We want to capture that and for eternity. So Amy will be coming up and leading you over to -- we'll do a very quick photo-taking session.

MR. GOODWIN: Okay.

MR. LYTTLE: Thank you.

MR. GOODWIN: Thank you.

MR. IRVINE: And another friendly reminder is

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that although it will be very public, and I believe it's right out here on the south steps, we will no longer be in an open meeting, and therefore, the Texas Open Meetings Act is a very critical concern.

So please don't group and talk among yourselves.

MR. GOODWIN: Okay. Any other instructions for the third graders?

FEMALE VOICE: It's picture day, don't talk to your neighbors.

MR. GOODWIN: I'm going to entertain a motion to adjourn.

MS. BINGHAM ESCAREÑO: So moved.

MR. VASQUEZ: Second.

MR. GOODWIN: Moved and seconded. All in favor, say aye.

(A chorus of ayes.)

MR. GOODWIN: We're adjourned.

(Whereupon, at 10:26 a.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF:   TDHCA Board
LOCATION:     Austin, Texas
DATE:         March 22, 2018

I do hereby certify that the foregoing pages, numbers 1 through 115, 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.

DATE:   March 26, 2018

/s/ Adrienne Evans-Stark
(Transcriber)

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