

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

VIA TELEPHONE AND WEB LINK

February 11, 2021
9:04 a.m.

MEMBERS:

LEO VASQUEZ, Chair
LESLIE BINGHAM, Vice Chair
BRANDON BATCH, Member
PAUL A. BRADEN, Member
AJAY THOMAS, Member
SHARON THOMASON, Member

BOBBY WILKINSON, Executive Director

ON THE RECORD REPORTING
(512) 450-0342

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P R O C E E D I N G S

1
2 MR. VASQUEZ: We'll now call the meeting to
3 order of the Governing Board of the Texas Department of
4 Housing and Community Affairs. It is 9:04 in the morning
5 on February 11, 2021.

6 We'll start out with a roll call, even though we
7 can all see everyone here.

8 Mr. Batch?

9 MR. BATCH: Here.

10 MR. VASQUEZ: Ms. Bingham?

11 MS. BINGHAM: Here.

12 MR. VASQUEZ: Mr. Braden?

13 MR. BRADEN: Here.

14 MR. VASQUEZ: Mr. Thomas?

15 MR. THOMAS: Here.

16 MR. VASQUEZ: And Ms. Thomason?

17 MS. THOMASON: Present.

18 MR. VASQUEZ: We're all here, great. So we do
19 have a quorum, and we will now proceed with the pledges and
20 ask our executive director, Bobby Wilkinson, to lead us in
21 both.

22 MR. WILKINSON: Thank you, Chairman.

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

25 MR. VASQUEZ: Great. Thank you, Bobby.

1 So we will move right along to the consent
2 agenda, which is items 1 and 2 in the published agenda.
3 Are there any Board members or members of the public that
4 need to request to have a consent agenda item moved to the
5 action agenda?

6 (No response.)

7 MR. VASQUEZ: And I don't see any notations with
8 our moderators. So hearing no changes, the chair would
9 entertain a motion for approval of the consent agenda.

10 MS. BINGHAM: Mr. Chair, I move approval of the
11 consent agenda.

12 MR. VASQUEZ: Motion made by Ms. Bingham. Is
13 there a second?

14 MS. THOMASON: Second.

15 MR. VASQUEZ: Second by Ms. Thomason. All in
16 favor say aye.

17 (A chorus of ayes.)

18 MR. VASQUEZ: Any opposed?

19 (No response.)

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

21 We will be moving around the order of events at
22 this point. Now that we've got everyone tuned in and all
23 excited, we will have a short executive session. So
24 pursuant to Texas Government Code 551.071 to seek advice of
25 the attorney about pending or contemplated litigation or

1 settlement offers. Again, I can't imagine it's going to go
2 more than 15 minutes, so everyone stay tuned here. The
3 Board will go separately on a separate call and we will be
4 back shortly. So the meeting is recessed to executive
5 session at 9:07 a.m.

6 (Whereupon, at 9:07 a.m., the meeting was
7 recessed, to reconvene this same day, Thursday, February
8 11, 2021, following conclusion of the executive session.)

9 MR. VASQUEZ: It is 9:45 a.m., and the meeting
10 of the Governing Board of the Texas Department of Housing
11 and Community Affairs is now back in regular session.
12 Thank y'all for your patience while we went through the
13 executive session.

14 We are going to mix things up one more time here
15 and adjust the agenda due to some other commitments by
16 staff where they need to be elsewhere. So we're going to
17 take the Community Affairs section, items 6(a) and (b)
18 next, and we'll have Michael De Young presenting on item
19 6(a), Presentation, discussion, and possible action on
20 awards for 2021 Community Services Block Grant
21 discretionary funds for education and employments services
22 to Native American and Migrant Seasonal Farmworker
23 populations.

24 Mr. De Young, please go ahead.

25 MR. DE YOUNG: Good morning, Board members and

1 Chair.

2 Each year CSBG discretionary funds are
3 programmed for specific activities which were previously
4 approved by the Board when we did the state plan last year.

5 This year, as we've done in previous years, we have
6 \$300,000 that we set aside to be programmed for the Native
7 American and Migrant Seasonal Farm worker employment and
8 education programs.

9 Historically these funds have gone to agencies
10 that work directly with these populations and they've done
11 employment activities where they work with them to get
12 resumes designed, they do interview training with Texas
13 residents, they do career counseling, and on the education
14 side they help them with certifications for driving schools
15 or to get a degree at a trade school or a local community
16 college. They also spend the funds for literacy training
17 for many of these workers, and they also include some
18 financial and budget counseling as well.

19 So back at the Board meeting of December 2020, a
20 NOFA was approved by the Board, and we released that NOFA
21 and we received three applications for these funds. Two
22 applications were for the Migrant Seasonal Farmworkers and
23 one application was for the Native American populations
24 here in Texas.

25 Staff has reviewed these applications and we're

1 recommending them for approval of three awards totaling the
2 \$300,000. These awards would be \$100,000 to each of the
3 organizations.

4 The applicants and funding amounts are listed in
5 your Board action request and the contracts would begin on
6 March 1 of 2021 and end on February 28 of 2022. Now, these
7 funds are current year funds. So the federal government
8 awarded them to the State of Texas back in October and so
9 we have all the way through next year to fully expend the
10 funds. Normally these funds go through a one-year
11 contract, they have a balance, and we would extend it for a
12 month or two to make sure we get full expenditure.

13 Staff is requesting that the Board approve these
14 awards and allow us to go into contracts within the next 30
15 days. I can answer any questions you might have.

16 MR. VASQUEZ: Great. Thank you, Michael.

17 Do any Board members have questions for Mr. De
18 Young?

19 MS. BINGHAM: Mr. Chair, I just had a question,
20 I just wanted to make sure I understood Michael's last
21 comment.

22 So, Michael, are you saying that there's a hard
23 stop February 28 of next year, or you could request going
24 month-to-month following?

25 MR. DE YOUNG: We could get a month-to-month

1 following. These funds actually don't expire until the end
2 of September of 2022. But as we have done, we try to put
3 these dollars out with enough time so that we can fully
4 expend.

5 We don't want to return any money to the federal
6 government, but we also want to give the agencies time to
7 fully expend, and if they need another month or two to
8 fully expend, we'll go ahead and approve those extensions
9 to their contracts and work with them to get 100 percent
10 expenditure. And then if they were to apply next year,
11 they would not be able to tap the new funds until they
12 finished these funds.

13 MS. BINGHAM: Thank you.

14 MR. DE YOUNG: Sure.

15 MR. VASQUEZ: Anyone else?

16 (No response.)

17 MR. VASQUEZ: Okay. Michael, this is great to
18 see your team working to get this money out there to where
19 it can make an impact for these populations. Obviously it
20 will make a big difference. I can't imagine they're not
21 going to spend the funds in time; I'm sure they need a lot
22 more of this.

23 MR. DE YOUNG: I will say it is rare that these
24 contracts return any funds. Throughout the past 10 to 15
25 years, these contracts go 100 percent expenditure every

1 year. Maybe take an extra month to get it done, but we've
2 had great success with these organizations in spending the
3 funds and getting the funds out to the folks that need
4 help.

5 MR. VASQUEZ: Great, excellent.

6 The chair would entertain a motion on item 6(a).

7 MR. THOMAS: Mr. Chairman, I move the Board
8 approve the award for the 2021 Community Services Block
9 Grant discretionary funds for education and employment
10 services for Native American and Migrant Seasonal
11 Farmworker populations, as outlined in the Board action
12 request and attachments for this item, including any
13 conditions expressed.

14 MR. VASQUEZ: Great. Thank you.

15 Motion made by Mr. Thomas. Is there a second?

16 MS. BINGHAM: I'll second.

17 MR. VASQUEZ: Seconded by Ms. Bingham. All
18 those in favor say aye.

19 (A chorus of ayes.)

20 MR. VASQUEZ: Any opposed?

21 (No response.)

22 MR. VASQUEZ: Hearing none, motion carries.

23 Thank you.

24 Moving on to item 6(b), Presentation,
25 discussion, and possible action on the reprogramming of

1 Program Year 2020 CSBG administrative and discretionary
2 funds.

3 Again, Mr. De Young.

4 MR. DE YOUNG: Thank you.

5 So shifting gears, we're now going back to the
6 previous year award, and as you're aware, the Department
7 receives about \$34 million in CSBG funds each year from the
8 federal government. And of this award, we must obligate,
9 by federal law, 90 percent to eligible entities, and then
10 we reserve 5 percent for state admin and 5 percent for
11 discretionary activities. The item you just voted on was
12 the discretionary activities.

13 This is the usual process after a year of
14 activity. We've got our new funds for 2021 so we go back
15 to 2020 and say what haven't we spent and what can we put
16 out into the field to help Texas families before we lose
17 access to these funds.

18 So the funds that haven't been earmarked or
19 reallocated by the Department are used to provide
20 additional awards for direct services to clients, so this
21 year we have about \$1,355,000 and some additional change
22 there. These funds must be expended by September 30 of
23 2021 or this would expire and be returned to the federal
24 government.

25 Staff is recommending that the funds be

1 reallocated to the entities who with last year's money
2 spent 90 percent or more of their money before the end of
3 the contract, and that would be their December 31, 2020
4 contract, and they've also gone through PPR, the previous
5 participation review, and had an EARAC approval.

6 So through this action, what we're doing is
7 we're awarding those agencies who spent their money in a
8 timely fashion, helped low income Texans throughout the
9 State of Texas, and have the capacity to continue to help
10 families as we speak.

11 This list of entities meeting this criteria and
12 their proportional shares are provided in the bar, and I'm
13 going to make a couple changes to that table that you
14 see. The awards currently, for the most part, have gone
15 through the PPR process.

16 We're waiting on one additional entity to
17 complete it, and they have through Tuesday of next week to
18 get back with us. The bar, as it's shown, has entities who
19 are not being recommended for funding, that is the City of
20 Lubbock and Big Bend, so their funds would be
21 proportionally distributed to the other entities, and we do
22 that using our formula.

23 And then the third entity, Williamson/Burnet
24 County, that's also contained in the table, still has two
25 days. If they don't respond in time, we would use their

1 money as well to be proportionally distributed to the other
2 entities.

3 This would be in addition to their existing 2020
4 contract. We still have a little bit of time to amend the
5 dollars in, and to ensure these awards are distributed as
6 quickly as possible. Staff is requesting authorization of
7 these awards contingent upon the EARAC approval of that
8 last award. If not, we'll redistribute the funds. If by
9 August 31 any funds remain, the Department may choose to
10 redistribute those funds to other entities with full
11 expenditure by the end of September.

12 Staff is requesting your approval so we can get
13 these funds out to the agencies who have helped Texas
14 families over the past year at a great rate and have fully
15 expended their contracts or are right close to expending
16 their full contracts. With your approval, we'll move those
17 dollars into the contracts within the next 15 days.

18 MR. VASQUEZ: Great. Thank you, Mr. De Young.

19 Is there any questions or comments from the
20 Board?

21 (No response.)

22 MR. VASQUEZ: Okay. Hearing none -- and I
23 apologize for not asking out loud on 6(a) if there was any
24 public comment, but I have a little bird whispering in my
25 ear that there was no one in line and I don't think there's

1 anyone in line here for 6(b) either.

2 I just want to say before we get the motion and
3 vote that this to me is fantastic. It's showing that we
4 are efficient in our administrative expenses, and again,
5 that instead of using these funds for overhead we're
6 actually getting it back out to the organizations that
7 really need it and that can have an impact on the
8 street. Great kudos to Michael and to the whole TDHCA
9 staff for making this happen.

10 So with that, the chair would entertain a motion
11 regarding item 6(b).

12 MR. BATCH: Mr. Chairman, I move that the Board
13 approve the reprogramming of Program Year 2020 Community
14 Services Block Grant administrative and discretionary
15 funds, as outlined in the Board action and attachments for
16 this item, including conditions expressed herein.

17 MR. VASQUEZ: Great. Thank you.

18 Motion made by Mr. Batch. Is there a second?

19 MS. THOMASON: Second.

20 MR. VASQUEZ: Seconded by Ms. Thomason. All
21 those in favor say aye.

22 (A chorus of ayes.)

23 MR. VASQUEZ: Any opposed?

24 (No response.)

25 MR. VASQUEZ: Hearing none, motion carries.

1 Thank you, Mr. De Young.

2 MR. DE YOUNG: Thank you. And thank you for
3 adjusting the agenda for me, I appreciate it. Take care.

4 MR. VASQUEZ: Great. Take care.

5 Now I think we go back to item 3. Are we all
6 good with that, Bobby?

7 MR. WILKINSON: Yes, sir.

8 MR. VASQUEZ: We are now going to have Mr.
9 Campbell give us a report on the status and findings on
10 Sandpiper Cove development in Galveston. This is actually
11 only a report item, there's not any action set to be taken
12 on this item.

13 Are we going to bring up Mr. Campbell?

14 MS. NORRED: Yes. I believe he has the ability
15 to unmute himself.

16 MR. CAMPBELL: Great. Can you see and hear me?

17 MR. VASQUEZ: We can hear you.

18 MR. CAMPBELL: I'm just getting the pop-up to
19 share my webcap. Give me just one moment. Can you see me
20 now?

21 MR. VASQUEZ: Great.

22 MR. CAMPBELL: Fantastic. Good morning. Cody
23 Campbell, manager of physical inspections in the Compliance
24 Division, and it is a real pleasure to be with you today.

25 The next item on your agenda is a report on the

1 Sandpiper Cove in Galveston. As you know, an application
2 for 4 percent tax credits to rehabilitate this development
3 has been filed, which the Board will vote on at the March 4
4 meeting.

5 Today's report is not specific to that
6 application, but rather was prepared at the request of
7 Chairman Vasquez who asked to be informed as to what
8 actions local departments are taking regarding the
9 conditions of the building. In addition, it is meant to
10 provide the Board and the wider audience with information
11 about the Department's current physical monitoring
12 activities at Sandpiper Cove.

13 In January 2021, inspection staff contacted
14 Galveston Code Enforcement in the Galveston Building
15 Division and Galveston County Health Department, all of
16 which indicated that the issues within the interior of the
17 units are outside of their jurisdiction. Based on these
18 conversations, the Department does not anticipate that
19 these local departments will be involved in addressing the
20 conditions at Sandpiper Cove.

21 Ordinarily, each development in the Department's
22 portfolio is subject to a physical inspection every three
23 years. The standard by which the Department inspects is
24 the Uniform Physical Condition Standards, or UPCS,
25 developed by HUD. Under UPCS each physical inspection is

1 comprised of five inspectable areas: the site, the building
2 exteriors, building systems, common areas, and units which
3 are inspected to ensure that housing is in decent, safe and
4 sanitary conditions.

5 Inspections typically include approximately 20
6 percent of the units and are scored on a scale of zero to
7 100. The average score of Sandpiper Cove's last four
8 inspections is 69.68. For context, the average UPCS score
9 for a TDHCA inspection is 85.9 with a median score of 89.7.

10 Conditions at Sandpiper Cove have been reported
11 on in various news articles and have resulted in a lawsuit
12 between the Sandpiper Residents Association and HUD, who
13 provides project-based rental assistance to all 192 units
14 of the development. In the lawsuit, the residents are
15 seeking for HUD to provide housing vouchers which would
16 enable relocation from the development. At this time, the
17 lawsuit is pending.

18 Due to the low scores and historically poor
19 conditions, the development is on an accelerated inspection
20 schedule, meaning that the Department is conducting
21 physical inspections more frequently than every three
22 years. The most recent of these occurred on February 2,
23 2021, which resulted in an inspection score of 83.
24 However, as a result of the pandemic, this was only a
25 partial inspection which did not include any occupied

1 units. Because of this, it is difficult for the Compliance
2 Division to determine whether this score indicates a need
3 for improvement of the property's conditions.

4 The inspection did result in three exigent
5 health and safety violations: a missing smoke detector, a
6 missing fire extinguisher, and a vacant unit in which all
7 of the windows had been screwed shut, all of which were
8 corrected within the required three-day time frame. The
9 remaining deficiencies must be corrected by May 5, 2021,
10 which is 90 days from the date of the inspection report.
11 You will find a copy of this most recent inspection report
12 in your Board book.

13 So long as the resources are available to do so,
14 we will continue conducting inspections on an accelerated
15 schedule until either conditions have consistently
16 improved, or the development is no longer within the
17 Department's jurisdiction, which is currently set to be
18 when the existing LURA expires on December 31 of 2022.

19 In addition, once conditions allow, the
20 Department anticipates conducting a full inspection of the
21 development, including all units which have not been
22 recently inspected, in order to gain a comprehensive
23 understanding of the development's condition.

24 Like Chairman Vasquez said, this is only a
25 report item so no action is required, but I am happy to

1 answer any questions that I can that you have.

2 MR. VASQUEZ: Okay. Do any Board members have
3 any questions for Mr. Campbell?

4 (No response.)

5 MR. VASQUEZ: Cody, I appreciate the work y'all
6 have done on this.

7 We do have at least one member of the public who
8 wishes to speak on this subject. If Renee and Nathan can
9 pull up Bobken Simonians, we will give Bobken three minutes
10 to speak on the subject.

11 MR. SIMONIANS: This is Bobken Simonians. Can
12 you hear me?

13 MR. VASQUEZ: Okay, great. Yes, we can hear
14 you. Please proceed but, again, try to limit your comments
15 to areas of control of the Department, but go ahead.

16 MR. SIMONIANS: Certainly. I'm Bobken
17 Simonians. I am with ITEX. We are the company that,
18 through a joint venture, we are trying to rehab the
19 project.

20 We are deeply aware of the problems with the
21 property. We know that there are some issues that need to
22 be taken care of. We are working with HUD. We have a
23 purchase and sale agreement in place.

24 We have done a lot of due diligence,
25 inspections, both environmental issues and everything else

1 with the project. And the goal here, the reason we are
2 involved, with HUD's support, is to remedy all the problems
3 that are in all these reports.

4 The only way to get this project in a safe and
5 sanitary condition is for us to get the financing to do so.

6 And we have applied for bond reservation, we received the
7 reservation, we are getting ready to close. We need the 4
8 percent tax credits, and we are also using historical tax
9 credits to bring in enough funds to take care of the
10 substantial issues that exist in the project.

11 So the goal of the item that you'll have next
12 month on your project is to remedy all the project and take
13 care of the tenants' concerns. We are not disagreeing that
14 there are problems, and our presence and our involvement is
15 exactly to take care of those problems. So we hope to get
16 the Board's support next month to give us the allocation so
17 that we can go ahead and start fixing all the problems that
18 exist in the location.

19 Thank you. If you have any questions, I'll be
20 happy to answer.

21 MR. VASQUEZ: Thank you, Mr. Simonians.

22 Do any Board members have any questions for him?

23 (No response.)

24 MR. VASQUEZ: Okay. Hearing none, let me just
25 clarify two things, Cody, in your report. So the City of

1 Galveston is fully aware of the current situation and
2 conditions of Sandpiper Cove?

3 MR. CAMPBELL: Yes, sir, that is correct. And
4 in fact, the staff member that called them reported to me
5 that she didn't even actually have to tell them what
6 development she was calling about, they were able to figure
7 out which it was based on her questions.

8 MR. VASQUEZ: Okay. Well, hopefully they will
9 take some more immediate actions.

10 And I guess this next question is for Bobby.
11 Just to clarify, the current LURA is about to expire next
12 year, I think, but if we ultimately award Sandpiper new tax
13 credits, that will actually extend the LURA for another 15
14 years. Is that correct?

15 MR. WILKINSON: Correct. The LURA expires at
16 the end of 2022 and then it will just be out of the
17 portfolio and nothing we're responsible for monitoring.
18 And if we re-up on a rehab, it will extend the LURA
19 actually for 30 years.

20 MR. CAMPBELL: It's 30, yes, sir. Every tax
21 credit award since 1990 has a minimum affordability period
22 of 30 years.

23 MR. WILKINSON: Per statute.

24 MR. VASQUEZ: Okay, great. So not only if this
25 all goes through -- which remains to be seen -- it will

1 clean up the property, rehab it, and maintain the
2 affordability period for a much longer time, if this goes
3 through.

4 Okay, great. I don't think there's anyone else
5 in the public comment queue. Does any other Board member
6 have any final questions?

7 (No response.)

8 MR. VASQUEZ: Hearing none, thank you, Mr.
9 Campbell, and please keep us apprised.

10 MR. CAMPBELL: Yes, sir, will do.

11 MR. VASQUEZ: Okay. Moving on to item 4, Bond
12 Finance, we'll have Teresa Morales present on first item
13 4(a), Presentation, discussion, and possible action
14 regarding the issuance of Multifamily Green Tax-Exempt
15 Bonds, Green M-TEBS, Bella Vista Apartments, Series 2021,
16 Resolution No. 21-011, and a determination notice of
17 housing tax credits.

18 Ms. Morales.

19 MS. MORALES: Good morning. Teresa Morales,
20 director of Multifamily Bonds.

21 Item 4(a) involves the issuance of multifamily
22 tax-exempt bonds by the Department for the acquisition and
23 rehab of 100 units in Austin, continuing to serve the
24 general population. This property was originally built in
25 1981 and received an award of 4 percent housing tax credits

1 in 2004.

2 This transaction involves the issuance of tax-
3 exempt bonds in an amount not to exceed \$20 million, and
4 utilizes Fannie Mae's M-TEBS platform where the bonds will
5 ultimately be secured with a mortgage-backed security.
6 Until the loan is acquired by Fannie Mae, the bonds will be
7 cash collateralized with proceeds from Wells Fargo as the
8 Fannie Mae lender.

9 There is a waiver request associated with this
10 application that affects two provisions in the 2020 REA
11 rules and are more fully described in the underwriting
12 report included in your package. These waivers relate to
13 the building acquisition value and the developer fee on
14 that acquisition.

15 Staff believes that the circumstances and set of
16 facts with Bella Vista are unique and could not have been
17 contemplated in the rule. This, combined with the fact
18 that these provisions were actually changed in the 2021
19 rule such that a waiver would not have been necessary.
20 Moreover, these transactions were originally planned to
21 receive a bond reservation out of the 2021 ceiling which
22 then would have subjected it to these new 2021 rules, but
23 we got lucky at the end of 2020 and were able to receive a
24 bond reservation.

25 Staff believes that the circumstances with this

1 particular application meet the waiver provision under 10
2 TAC 11.207 of the QAP and forms the basis for staff's
3 recommendation granting those waivers.

4 Staff recommends approval of Bond Resolution No.
5 21-011 in an amount not to exceed \$20 million and a
6 determination notice of 4 percent housing tax credits in
7 the amount of \$1,092,201, and waivers of 10 TAC
8 11.302(e)(1)(C) and a waiver of 11.302(e)(7) be granted.

9 I'm available for any questions that you might
10 have.

11 MR. VASQUEZ: Great. Thank you, Teresa.

12 Do we have any questions from Board members
13 concerning item 4(a)?

14 (No response.)

15 MR. VASQUEZ: Hearing none, and we have no one
16 in the queue for public comment for 4(a), so given that,
17 the Board will entertain a motion concerning item 4(a).

18 MR. BRADEN: Mr. Chair, I'll make a motion. I
19 move the Board grant the requested waivers of the
20 underwriting policy rules, issue the Series 2021
21 Multifamily Green Tax-Exempt Bonds, and issue a
22 determination notice for 4 percent housing tax credits for
23 the Bella Vista Apartments, as reflected in the Board
24 action request on this item.

25 MR. VASQUEZ: Great. Thank you.

1 Motion made by Mr. Braden. Is there a second?

2 MR. BATCH: I second the motion.

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

5 (A chorus of ayes.)

6 MR. VASQUEZ: Y'all can be more enthusiastic
7 than that. And any opposed?

8 (No response.)

9 MR. VASQUEZ: Hearing none, motion carries.

10 Continuing with Ms. Morales on item 4(b),
11 Presentation, discussion, and possible action regarding the
12 issuance of Multifamily Green Tax-Exempt Bonds, Series
13 2021, Resolution No. 21-012, and a determination notice of
14 housing tax credits.

15 Ms. Morales.

16 MS. MORALES: Item 4(b) is another multifamily
17 bond issuance by the Department, and it involves the
18 acquisition and rehab of 152 units in Leander that will
19 continue to serve the general population. This particular
20 property was originally built in two phases, one in 1986
21 and another in 2000, using the Department's HOME funds.

22 This transaction involves the issuance of tax-
23 exempt bonds in an amount not to exceed \$18 million, and
24 also utilizes Fannie Mae's M-TEBS platform, where the bonds
25 will ultimately be secured with an MBF. Until the loan is

1 acquired by Fannie Mae, the bonds will be cash
2 collateralized with proceeds from Regions Bank as the
3 Fannie Mae lender.

4 Staff recommends approval of Bond Resolution No.
5 21-012 in an amount not to exceed \$18 million and a
6 determination notice of 4 percent housing tax credits in
7 the amount of \$702,435.

8 MR. VASQUEZ: Great. Thank you, Ms. Morales.
9 Do any Board members have any questions on item
10 4(b)?

11 (No response.)

12 MR. VASQUEZ: Hearing none, and there are no
13 public comment speakers set, so the Board will entertain a
14 motion regarding item 4(b). Don't be shy.

15 MR. BRADEN: I'll make a motion. I move that
16 the Board approve the issuance of the Series 2021
17 Multifamily Green Tax-Exempt Bonds and issue a
18 determination notice for 4 percent housing tax credits for
19 Crystal Falls Crossing, as reflected in the Board action
20 request on this item.

21 MR. VASQUEZ: Great. Thank you.

22 Motion made by Mr. Braden. Is there a second?

23 MS. THOMASON: Second.

24 MR. VASQUEZ: Seconded by Ms. Thomason. All
25 those in favor say aye.

1 (A chorus of ayes.)

2 MR. VASQUEZ: Any opposed?

3 (No response.)

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

5 Moving on to item 4(c). Oh, by the way,
6 everyone knows this is Teresa Morales Day on the Board
7 agenda.

8 MS. MORALES: The cups are ready.

9 (General laughter.)

10 MR. VASQUEZ: And item 4(c), if we're okay on
11 the screen.

12 MS. NORRED: Nathan stepped out. We're trying
13 to figure out how to move the screen to the next slide.

14 MR. VASQUEZ: Well, I can wing it.
15 Presentation, discussion, and possible action regarding the
16 issuance of Multifamily Green Tax-Exempt Bonds, Series
17 2021, Resolution No. 21-013, and a determination notice of
18 housing tax credits.

19 MS. MORALES: Item 4(c) is another multifamily
20 bond issuance by the Department, and again, involves the
21 acquisition and rehab of 168 units in Dallas that will
22 continue to serve the general population. This property
23 was originally built in 1982 and received an award of 4
24 percent housing tax credits in 2004.

25 This transaction, as well as the others,

1 involves the issuance of tax-exempt bonds in an amount not
2 to exceed \$25 million and utilizes Fannie Mae's M-TEBS
3 platform where the bonds will ultimately be secured with an
4 MBF. Until the loan is acquired by Fannie Mae, the bonds
5 will be cash collateralized with proceeds from Regions Bank
6 as the Fannie Mae lender.

7 Similar to that of the Bella Vista transaction
8 that was just approved, there are some similar waivers
9 associated with this application that affects the same
10 provisions in the 2020 REA rules. On the same basis as
11 Bella Vista, staff believes that the circumstances with
12 Shiloh Village meet the waiver provision under 10 TAC
13 11.207 of the QAP and forms the basis for staff's
14 recommendation that the waivers be granted.

15 Worth noting on this particular application is
16 that there was initially some public comment received that
17 opposed this particular project, however, after talking
18 with the developer, this organization rescinded that
19 opposition and voiced their support of the rehab efforts,
20 and both of these letters are included in your Board
21 package.

22 Staff recommends approval of Bond Resolution No.
23 21-013 in an amount not to exceed \$25 million, a
24 determination notice of 4 percent housing tax credits in
25 the amount of \$1,485,284, and waivers of 10 TAC

1 11.302(e)(1) and 11.302(e)(5) be granted.

2 MR. VASQUEZ: Thank you, Ms. Morales.

3 Do any Board members have any questions on item
4 4(c)?

5 (No response.)

6 MR. VASQUEZ: And there's no one in the queue
7 for public comment on 4(c). The chair will entertain a
8 motion. You aren't going to make Paul do all the motions,
9 are you?

10 (General laughter.)

11 MR. BRADEN: I'll make the motion.

12 MR. VASQUEZ: Please, Mr. Braden.

13 MR. BRADEN: I move that the Board grant the
14 requested waivers of the underwriting and loan policy
15 rules, issue the Series 2021 Multifamily Green Tax-Exempt
16 Bonds, and issue a determination notice for 4 percent
17 housing tax credits for Shiloh Village Apartments, as
18 reflected in the Board action request on this item 4(c).

19 MR. VASQUEZ: Thank you.

20 Motion made by Mr. Braden. Is there a second?

21 MR. BATCH: Second, Mr. Chairman.

22 MR. VASQUEZ: Seconded by Mr. Batch. All those
23 in favor say aye.

24 (A chorus of ayes.)

25 MR. VASQUEZ: Any opposed?

1 (No response.)

2 MR. VASQUEZ: Hearing none, the motion carries.
3 Moving right along to 4(d), Presentation,
4 discussion, and possible action on Inducement Resolution
5 No. 21-014 for Multifamily Housing Revenue Bonds regarding
6 authorization for filing applications for private activity
7 bond authority. Beau must have written that one.

8 Ms. Morales, please go ahead.

9 MS. MORALES: Item 4(d) involves the adoption of
10 an inducement resolution for three developments. Actually,
11 the next two items involve the adoption of inducement
12 resolutions, but there are differences among them and it's
13 easier to highlight those differences if they're under
14 different agenda items.

15 As it relates to 4(d), all of these developments
16 propose new construction, total 664 units, and will all
17 serve the general population. The inducement resolution is
18 to authorize staff to submit these applications that total
19 \$82 million, to the Bond Review Board to await a
20 reservation of bond volume cap.

21 Given that the TDHCA set-aside has already been
22 met for 2021, these reservations are not likely to be
23 issued until August, so it will be after that point when
24 the full applications will be presented before you.

25 Staff recommends adoption of Resolution 21-014.

1 MR. VASQUEZ: Thank you, Ms. Morales.

2 Do any Board members have any questions on this
3 item 4(d)?

4 (No response.)

5 MR. VASQUEZ: Hearing none, and no one in the
6 queue for public comment for 4(d).

7 MS. BINGHAM: Mr. Chair, I'm prepared to make a
8 motion.

9 MR. VASQUEZ: Thank you, Ms. Bingham.

10 MS. BINGHAM: You bet.

11 I move that the Board approve the Inducement
12 Resolution No. 21-014 to proceed with the application
13 submission to the Bond Review Board for possible receipt of
14 state volume cap issuance authority under the Private
15 Activity Bond Program for pre-applications number 21603
16 Park at Kirkstall, 21608 Fiji Lofts, and 21609 Throckmorton
17 Villas.

18 MR. VASQUEZ: Thank you, Ms. Bingham, for the
19 motion.

20 Is there a second?

21 MR. BRADEN: Second.

22 MR. VASQUEZ: Thank you, Mr. Braden.

23 All those in favor say aye.

24 (A chorus of ayes.)

25 MR. VASQUEZ: Any opposed?

1 (No response.)

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

3 Moving right along to item 4(e) on Bond Finance,
4 Presentation, discussion, and possible action on a waiver
5 relating to 10 TAC 11.101(b)(2) of the Qualified Allocation
6 Plan concerning development size limitations and Inducement
7 Resolution No. 21-015 for Multifamily Housing Revenue
8 Bonds, regarding authorization for filing applications for
9 private activity bond authority, 21611 Reserve at Vineyard
10 Oaks in Fredericksburg.

11 Ms. Morales.

12 MS. MORALES: Item 4(e) also involves the
13 adoption of an inducement resolution. The Reserve at
14 Vineyard Oaks is proposed new construction to serve the
15 general population in Fredericksburg.

16 In addition to action relating to the inducement
17 resolution, staff is also requesting approval on a waiver
18 for the development size in a rural area. The QAP limits
19 tax-exempt bond developments in a rural area to 120 total
20 units. This limitation stems from Department policy of
21 preventing the overburdening of units in a rural area.

22 This development proposes 120 affordable units
23 and 32 market rate units for a total of 152 units.
24 Unfortunately, the rule doesn't just limit the units to
25 affordable, but rather the total units proposed.

1 Fredericksburg has a population of a little over
2 11,000 people and it is not located within a metropolitan
3 statistical area. Staff reviewed the preliminary market
4 information that was provided by the applicant, which
5 indicated that there are a large number of qualified
6 employees in Fredericksburg, but the constant flow of
7 tourism and expansion of the city has left employees in
8 need of affordable and market rate housing. There are
9 retail and medical employers in the area that are growing,
10 and it was represented that many of these employees would
11 like to live closer instead of commuting longer distances.

12 According to the Department's property
13 inventory, there are four affordable properties in
14 Fredericksburg, three of which serve a senior
15 population. The only general population development is
16 called Friendship Place and it is 76 units and is over 15
17 years old, being awarded in 2004.

18 This property is actually owned by this
19 applicant, and the most recent status report that was
20 provided indicated there was only one vacant unit which was
21 a recent move out. There are also five market rate
22 properties in Fredericksburg, three of which are owned by
23 this applicant. These properties, it is reported, are
24 either 100 percent occupied or have waiting lists of
25 households.

1 From a market standpoint, the maximum gross
2 capture rate in a rural area is 30 percent and preliminary
3 market data that was provided yielded a capture of 13.4
4 percent which is within the threshold. Staff is not
5 suggesting that Fredericksburg has the characteristics of
6 an urban area and should be considered urban but that it
7 remains rural and meets underwriting and market
8 requirements in the rule as such.

9 Staff believes there is a basis to grant this
10 waiver. There has not been any new affordable housing
11 built in Fredericksburg in 15 years and the majority of the
12 affordable units are restricted for a senior population.
13 Additionally, all of these developments were built under
14 the 9 percent program which limits developments to 80
15 units. Given the costs associated with issuing bonds, it
16 takes a larger development to absorb those costs making the
17 transaction more feasible.

18 Staff recommends that the waiver relating to
19 development size be granted and recommends adoption of
20 Resolution No. 21-015 which will allow staff to place the
21 application on the waiting list to receive a bond
22 reservation.

23 MR. VASQUEZ: Great. Thank you, Ms. Morales.

24 Do any Board members have any questions on item
25 4(e)?

1 (No response.)

2 MR. VASQUEZ: Hearing none, and we do have one
3 speaker -- or potential speaker preregistered and wanting
4 to speak in favor of staff's recommendation. Does Mr.
5 MacDonald still want to speak?

6 MS. NORRED: He has not indicated such in the
7 questions box, but Peter is finding him to unmute him.

8 MR. MacDONALD: Good morning, Mr. Chair. This
9 is Justin MacDonald.

10 I don't have anything else to add to the staff
11 presentation but I'm available for questions if the Board
12 has any for this item or for the next item 4(f) as well.

13 MR. VASQUEZ: Okay, great. Stand by, Mr.
14 MacDonald.

15 Do Board members have any questions for Mr.
16 MacDonald? I assume you are representing the developer or
17 owner.

18 MR. MacDONALD: The developer.

19 MR. VASQUEZ: All right, great.

20 So it sounds like there is definitely some
21 demand and shortage of supply in this area, so is there a
22 motion by any of the Board members on item 4(e)?

23 MR. THOMAS: Mr. Chairman, I move the Board
24 grant the requested waiver of the Qualified Action Plan
25 rule concerning development size limitation and approve

1 Inducement Resolution No. 21-015 to proceed with the
2 application submission to the Bond Review Board for
3 possible receipt of the state volume cap issuance authority
4 under the Private Activity Bond Program for pre-application
5 number 21611 Reserve at Vineyard Oaks, as reflected in the
6 Board action request on this item.

7 MR. VASQUEZ: Thank you very much, Mr. Thomas.
8 Very succinctly made by Mr. Thomas. Is there a
9 second?

10 MS. THOMASON: Second.

11 MR. VASQUEZ: Seconded by Ms. Thomason. All
12 those in favor say aye.

13 (A chorus of ayes.)

14 MR. VASQUEZ: Any opposed?

15 (No response.)

16 MR. VASQUEZ: Hearing none, motion carries.

17 Moving on to item 4(f), Presentation,
18 discussion, and possible action on Inducement Resolution
19 No. 21-016 for Multifamily Housing Revenue Bonds regarding
20 authorization for filing applications for private activity
21 bond authority, project 21612 Villas at Shriner's Point in
22 San Angelo.

23 Ms. Morales, you're still with us.

24 MS. MORALES: I'm still with you.

25 This agenda item relates to an inducement

1 resolution which would allow staff to reserve approximately
2 \$13 million in volume cap for a proposed 156-unit new
3 construction development in San Angelo serving the general
4 population, known as Villas at Shriner's Point.

5 As with the other bond pre-applications, your
6 action today would give staff the authority to place this
7 application on the Department's waiting list to receive a
8 reservation of private activity bonds so that it could then
9 move into the full application phase.

10 Worth noting on this particular development is
11 that under the QAP it would be considered ineligible
12 because it is served by two schools, an elementary and a
13 middle school, where the most recent TEA ratings were F in
14 2019 and Improvement Required in 2018. You may recall that
15 poorly rated schools under the neighborhood risk factors
16 section of the rule were effectively waived for 2021.
17 These were schools that were rated D for 2019 and
18 Improvement Required, or F and Met Standard, it was those
19 two combinations.

20 This was in large part because TEA announced
21 that schools were not being rated for 2020 and with the
22 virtual setting, we didn't believe that applicants would be
23 able to provide the mitigation required under the
24 rule. The ineligibility relating to schools remained in
25 the QAP and ultimately remains a Board determination.

1 For Villas at Shriner's Point, staff is
2 requesting approval for the application to merely be placed
3 on the Department's waiting list for bond volume cap, and a
4 determination regarding eligibility as it relates to the
5 school performance will be brought before you at a later
6 date since determination will be necessary before staff can
7 evaluate an application for the tax credits and the bonds.

8 This item concludes Board action relating to
9 bond inducement and the Board's approval of this inducement
10 resolution will bring the total of private activity bonds
11 on the Department's waiting list to \$143 million, which is
12 almost equal to what we currently have in outstanding
13 reservations.

14 Staff recommends approval of Resolution
15 No. 21-016.

16 MR. VASQUEZ: Thank you, Ms. Morales.

17 Does anyone have any questions on item 4(f)?

18 (No response.)

19 MR. VASQUEZ: And I do not believe we have
20 anyone in the queue for public comment on this item.

21 MS. BINGHAM: Mr. Chair, I move Board approval
22 of the Inducement Resolution No. 21-016 to proceed with the
23 application submission to the Bond Review Board for the
24 possible receipt of state volume cap issuance authority
25 under the Private Activity Bond Program for pre-application

1 21612 Villas at Shriner's Point, as reflected in the Board
2 action request on this item.

3 MR. VASQUEZ: Great. Thank you.

4 Motion made by Ms. Bingham. Is there a second?

5 MR. BATCH: Second, Mr. Chairman.

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

8 (A chorus of ayes.)

9 MR. VASQUEZ: Any opposed?

10 (No response.)

11 MR. VASQUEZ: Hearing none, motion carries.

12 I just want to make a quick comment. It's great
13 to see all the activity that's lined up on the books. By
14 my quick count, we're looking at like 700-800 units we're
15 talking about potentially coming online here with all these
16 actions, so glad that staff is keeping all this moving
17 forward.

18 Now moving along to item 5, Multifamily Finance.

19 And Ms. Morales, you're going to make Marni jealous that
20 you're getting so much air time when it's usually her.

21 MS. MORALES: She'll have some time.

22 MR. VASQUEZ: Item 5(a), Presentation,
23 discussion, and possible action regarding a waiver of 10
24 TAC 11.101(a)(1) of the Qualified Action Plan and the
25 issuance of a determination notice for 4 percent housing

1 tax credits for 2100 Memorial in Houston, project 21419.

2 Please proceed.

3 MS. MORALES: Item 5(a) involves the issuance of
4 a determination notice for the reconstruction of 197 units
5 in Houston serving an elderly population. Along with the
6 issuance of a determination notice, staff is also
7 requesting that a waiver be granted.

8 The existing 13-story development was originally
9 constructed in 1969 and was rehabbed utilizing an award of
10 9 percent tax credits in 1996. The property sustained
11 severe damage from Hurricane Harvey in 2017, and the
12 applicant plans to demolish and redevelop the building with
13 a flood-resilient design.

14 A major portion of the existing building lies
15 within the flood plain along the Buffalo Bayou and the
16 applicant plans to demolish and reconstruct the building
17 above the flood plain. Inhabitable floors are proposed to
18 be elevated 2 feet above the flood plain; however, the
19 parking area will be 4 feet below the flood plain.
20 Pursuant to 11.101(a)(1) of the QAP, all new construction
21 or reconstruction developments must be built such that
22 parking and drive areas are no lower than 6 inches below
23 the flood plain.

24 The applicant provided information that
25 documents their inability to comply with this rule. The

1 factors include constraints of the property, detrimental
2 impact on evacuating residents in case of an emergency,
3 environmental concerns affecting Buffalo Bayou, along with
4 the cost associated with building underground flood water
5 mitigation. Your materials go into further detail as it
6 relates to each of these points.

7 Based on the factors noted and the history of
8 this development, staff believes that these are
9 characteristics and limitations on the site that are not
10 within the control of the applicant when trying to restore
11 the number of affordable units currently subject to a land
12 use restriction agreement by the Department. The applicant
13 and the architect have represented that the proposed
14 redesign of the site meets the City of Houston's and CDBBR
15 requirements for flood plain mitigation, particularly in
16 light of the damage sustained by Hurricane Harvey.

17 For this item, staff recommends a waiver of 10
18 TAC 11.101(a)(1) be granted and a determination notice of 4
19 percent housing tax credits be issued in the amount of
20 \$2,074,355.

21 MR. VASQUEZ: Thank you, Ms. Morales.

22 Do any Board members have any questions on 5(a)?

23 (No response.)

24 MR. VASQUEZ: And I do not see anyone in the
25 queue for public comment.

1 I can just say that in Houston this is just a
2 spectacular site. It's great that it's still being
3 maintained for an affordable development.

4 So with that, is there a motion on item 5(a)?

5 MS. THOMASON: Mr. Chair, I'll move that the
6 Board approve the waiver of the QAP rule concerning flood
7 plain requirements for parking and issue the 4 percent tax
8 credit determination notice for the 2100 Memorial Drive, as
9 reflected in the Board action request.

10 MR. VASQUEZ: Great. Thank you.

11 Motion made by Ms. Thomason. Is there a second?

12 MS. BINGHAM: I'll second.

13 MR. VASQUEZ: Seconded by Ms. Bingham. All
14 those in favor, say aye.

15 (A chorus of ayes.)

16 MR. VASQUEZ: Any opposed?

17 (No response.)

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

19 Moving on to 5(b), Presentation, discussion, and
20 possible action regarding a waiver of 10 TAC 11.101(a)(1)
21 of the Qualified Action Plan, 10 TAC 11.101(b)(8)(B)(iii)
22 of the QAP, and the issuance of a determination notice for
23 4 percent housing tax credits for the Oleanders at Broadway
24 #21418.

25 Ms. Morales.

1 MS. MORALES: Item 5(b) involves the issuance of
2 a determination notice for the new construction of 348
3 units in Galveston. These units will be leased to
4 households between 60 percent and 80 percent of the area
5 median income and will also include market rate units.

6 Along with the issuance of a determination
7 notice, staff is also requesting that two waivers be
8 granted. One is relating to the parking requirements in
9 the flood plain and the other relates to the Department's
10 visitability rule. A number of public housing units in the
11 City of Galveston were once located on the development site
12 that had to be demolished due to damage sustained from
13 Hurricane Ike in 2008. Of the 348 units there will be 174
14 public housing units to replace those units that were lost.

15 With respect to the first waiver relating to
16 parking areas in a flood plain, the rule requires that
17 parking and drive areas are no lower than 6 inches below
18 the flood plain. The design of the development will have
19 parking at the ground level and below the base flood
20 elevation.

21 Galveston Island is a barrier island and is
22 either at or slightly above sea level. The Oleander site
23 is approximately 6 to 7 feet throughout and its base flood
24 elevation, or BFE, is 12 feet. The natural grade of
25 Galveston Island is below the base flood elevation and

1 elevating the parking to a minimum of 6 inches below BFE
2 would require a parking structure with the first level
3 parking at a height of 11 feet, 6 inches. The applicant
4 has indicated that constructing such a structure and
5 connecting it to the existing city roads and to the
6 infrastructure would make the developing financially
7 infeasible.

8 The applicant has indicated that all of the
9 habitable spaces, including indoor amenities -- for
10 example, the fitness room, community room, and the
11 management office -- are located above the base flood
12 elevation and begin at 13 feet, 6 inches which is 18 inches
13 above the base flood elevation. The applicant has
14 represented that this design meets the City of Galveston
15 building code. Moreover, for the design to meet the
16 building code, the outdoor amenities, such as the pool,
17 splash pad and the children's hot lot, as well as the
18 parking, are located at ground level.

19 As it relates to the visitability requirements,
20 the design includes some townhome units that will not
21 comply with the Department's visitability rule,
22 specifically, that all units accessed by the ground floor
23 or elevator must contain at least one zero step accessible
24 entrance. According to the applicant, the City of
25 Galveston implemented a city flood damage prevention

1 ordinance after the devastating flooding from Hurricane
2 Ike.

3 New developments are required to build the first
4 habitable floor 18 inches above the development's base
5 flood elevation. The first habitable floor of the
6 townhomes will exceed the City of Galveston's building code
7 and the height will be increased above the base requirement
8 to allow for parking underneath.

9 The write-up for this item notes that there was
10 no public comment received which was accurate at the time
11 of the publication on Thursday; however, this past Monday
12 staff received a letter from Texas Housers as it relates to
13 this item that was published pursuant to our rules at 10
14 TAC 1.10 and the supplemental Board book that was posted
15 Monday afternoon. It is my understanding that the
16 applicant or a member of the development team is available
17 to address any of the issues or concerns that were raised
18 in that letter, if necessary.

19 For this item, staff recommends the waivers of
20 10 TAC 11.101(a)(1) and 10 TAC 11.101(b)(8)(B)(iii) be
21 granted and a determination notice of 4 percent housing tax
22 credits be issued in the amount of \$2,074,543.

23 MR. VASQUEZ: Great. Thank you, Ms. Morales.

24 Nathan or Renee, I know we have a pre-registered
25 speaker. Has anyone indicated their interest in speaking

1 on this?

2 MS. NORRED: She has not indicated in the
3 questions box that she wants to speak on this item, but we
4 have her available to unmute her to see if she would like
5 to speak.

6 MR. ECCLES: Mr. Chair, is there a motion on the
7 table?

8 MR. VASQUEZ: Not yet.

9 Are there any questions for Ms. Morales from any
10 of the Board members?

11 (No response.)

12 MR. VASQUEZ: Hearing none, let's get a motion
13 on the table and we'll give the pre-registered speaker an
14 opportunity to chime in in the chat if she wants to address
15 the body.

16 So is there a motion on this item 5(b)?

17 MR. BRADEN: Mr. Chair, my understanding is
18 there is currently no public comment out there, so I would
19 go ahead and make a motion to grant the request of waiver
20 of the QAP rule concerning flood plain requirements for
21 parking and drive areas and the visitability requirements
22 of having one zero step accessible entrance in all unit
23 types, and issue the 4 percent tax credit determination
24 notice for the Oleanders at Broadway, as reflected in and
25 subject to the conditions in the Board action request on

1 this item 5(b).

2 MR. VASQUEZ: Great. Is there a second to Mr.
3 Braden's motion on 5(b)?

4 MS. THOMASON: Second.

5 MR. VASQUEZ: Seconded by Ms. Thomason.

6 I am getting word that the potential speakers
7 are in favor of staff's recommendation. Therefore, since
8 the Board has a motion supporting staff's recommendation
9 and a second, I don't believe there's a need -- I'm sorry,
10 bear with me, I'm confirming there is no one in the queue
11 to speak against, and that's the information I'm receiving.

12

13 So I'll call for a vote. All those in favor of
14 staff's recommendation for item 5(b) say aye.

15 (A chorus of ayes.)

16 MR. VASQUEZ: Okay. And any opposed?

17 (No response.)

18 MR. VASQUEZ: Hearing none, motion carries.

19 Moving right along to 5(c), again with
20 Multifamily Finance, presentation, discussion, and possible
21 action regarding the re-issuance of a determination notice
22 for 4 percent housing tax credits for Villas del San Xavier
23 in San Marcos, project 21420.

24 Ms. Morales, you're still on.

25 MS. MORALES: Item 5(c) involves the re-issuance

1 of a determination notice that was issued in December of
2 2019. After Board approval, there were a number of delays
3 associated with the closing of this particular transaction.

4 The applicant has indicated that they are
5 prepared to close under the most recent bond reservation
6 that has been issued for the development. Given the amount
7 of time that has elapsed since the original underwriting
8 and Board approval, and given the recent federal
9 legislation that was fixing the 4 percent applicable
10 percentage, staff reevaluated this application.

11 There were some changes since the original Board
12 approval that included a different lender and bond
13 purchaser. There were differences in off-site costs, site
14 work and building costs.

15 Staff recommends the approval of the re-issuance
16 of the determination notice in the amount of \$1,606,175.

17 MR. VASQUEZ: Thank you, Ms. Morales.

18 Do Board members have questions on this item?

19 (No response.)

20 MR. VASQUEZ: And I've been told there's no one
21 pre-registered or in the queue for comment on item 5(c), so
22 the chair would entertain a motion.

23 MR. BATCH: Mr. Chairman, I move that the Board
24 issue the 4 percent tax credit determination for the Villas
25 del San Xavier, as reflected in the Board action request on

1 this item.

2 MR. VASQUEZ: Thank you.

3 Motion made by Mr. Batch. Is there a second?

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

5 MR. VASQUEZ: Seconded by Mr. Thomas. All those
6 in favor say aye.

7 (A chorus of ayes.)

8 MR. VASQUEZ: Any opposed?

9 (No response.)

10 MR. VASQUEZ: Hearing none, motion carries.

11 5(d), Presentation, discussion, and possible
12 action regarding the issuance of determination notice for 4
13 percent housing tax credits. We have several projects that
14 fall under this: 20499, 20701, 20704, and 20707.

15 Ms. Morales, and it looks like we do have a
16 commenter regarding 20701, but let's first go ahead and get
17 the background presentation.

18 MS. MORALES: Item 5(d) involves the issuance of
19 determination notices for four different 4 percent tax
20 credit applications, and if it pleases the Board, I think
21 that we can take all of these together.

22 Application 20499 Legacy Senior Residences
23 proposes new construction of 199 units serving an elderly
24 population, just up the road in Round Rock. All of these
25 units will serve the 60 percent area median households and

1 Capital Area Housing Finance Corporation is serving as the
2 bond issuer.

3 Application 20701 City Heights in Austin also
4 proposes new construction of 179 units to serve the elderly
5 population. This development will serve households between
6 30 percent and 80 percent of the area median income, and
7 the Austin Housing Finance Corporation is serving as the
8 bond issuer for this property.

9 Application 20704 Applewood Ranch proposes the
10 new construction of 312 units in the ETJ of San Antonio.
11 This development will serve 60 percent of AMI households
12 and serve a general population. In addition to the
13 determination notice, the Board is also being asked, and
14 staff is recommending, that a waiver be granted of 10 TAC
15 11.101(b)(1)(A)(ii) which states that any building with
16 four or more stories contain an elevator.

17 The design of one of the buildings for this
18 particular project are constructed as three stories with
19 basement units due to the topography of the site. A
20 resident will ascend no more than two flights of stairs to
21 access any unit with the exception being that a resident
22 living on the basement level will descend one flight of
23 stairs to access their unit. Accessible paths will be
24 provided from the parking lot to the first floor.

25 Application 20707 is Allison Ranch and that also

1 proposes new construction of 384 units in the ETJ of San
2 Antonio. The general population will be served and the
3 Bexar Management Development Corporation is serving as the
4 bond issuer.

5 For item 5(d), staff recommends that
6 determination notices in the respective amounts noted in
7 your materials be issued for these four applications and
8 that the waiver associated with application 20704 Applewood
9 Ranch be granted.

10 MR. VASQUEZ: Okay. Do any Board members have
11 questions for Ms. Morales?

12 (No response.)

13 MR. VASQUEZ: Given that we have one commenter
14 who wants to discuss a specific application, 20701 City
15 Heights Austin, we're going to do this a little
16 differently. Let's entertain a motion to receive public
17 comment just so we can hear this before we go into motions.

18 MS. BINGHAM: Mr. Chair, I'll move that we hear
19 public comment.

20 MR. VASQUEZ: Okay, great.

21 Motion made by Ms. Bingham. Is there a second?

22 MS. THOMASON: Second.

23 MR. VASQUEZ: Second by Ms. Thomason. All those
24 in favor say aye.

25 (A chorus of ayes.)

1 MR. VASQUEZ: Any opposed?

2 (No response.)

3 MR. VASQUEZ: Hearing none, let's have the
4 speaker, I believe it's Mr. Lucio.

5 MS. NORRED: We're finding him to unmute him
6 now.

7 Jason Lucio, you are self-muted. Will you
8 please unmute yourself?

9 MR. LUCIO: Can you guys hear me now?

10 MR. VASQUEZ: Yes, we can hear you, Mr. Lucio.
11 We'll give you three minutes to address the Board on this
12 topic, and again, it's 20701 City Heights Austin. Right?

13 MR. LUCIO: Yes. Thank you so much, Board, for
14 giving me the opportunity to speak.

15 My name is Jason Lucio. I'm a resident of 78744
16 which is the zip code where 20701 City Heights is being
17 developed, but I'm here as a representative of the
18 Southeast Combined Neighborhood Contact Team which is a
19 coalition of residents, property owners, business owners
20 and nonprofits in the 78744 zip code of Austin who works
21 with the city in responsible development of our section of
22 town.

23 Now, we've been meeting with this applicant for
24 years about this property at 4500 Nuckols Crossing and we
25 are opposed to the issuance of the 4 percent noncompetitive

1 housing tax credits. This census tract where this property
2 is, 24.13 in Austin, has been identified as a racially and
3 ethnically concentrated area of poverty, an R/ECAP.

4 Additionally, this same census tract where this property is
5 is one of two in Austin that has an extremely high crime
6 rate and already has three other LIHTC properties in this
7 same census tract, so if we add a fourth one, that
8 saturates affordable housing to this one census tract in
9 Austin.

10 As we know from the 2015 U.S. Supreme Court
11 Case, Texas Department of Housing and Community Affairs v.
12 Inclusive Communities Project, when you saturate affordable
13 housing in a single section of the city it has a disparate
14 impact and a segregative effect on racial minorities. Here
15 in 78744, we are 75 percent Hispanic.

16 The market rent that you can view in your
17 supplemental Board book is somewhere between \$1,000 and
18 \$1,100 for this specific property, with some units that are
19 80 percent MFI, some at 50 and some at 30. The MFI for our
20 zip code is 50 percent of the Austin Metro MFI, so any
21 units that are 80 percent MFI are immediately unaffordable
22 for people who already live here and makes it unaffordable
23 for our residents. So what that means is other residents
24 from other parts of Austin move to 78744, further
25 exacerbating racial and economic segregation again in this

1 same census tract.

2 We believe that this is a violation of the
3 Federal Fair Housing Act and we are asking the Board to
4 deny the applicant's request for the 4 percent housing tax
5 credits.

6 If you have any questions, I'm available.

7 MR. VASQUEZ: Great. Thank you, Mr. Lucio.

8 Does staff have any further comments on that?

9 MS. MORALES: If you have specific questions
10 with respect to any issues raised, I'd be more than happy
11 to answer.

12 MR. VASQUEZ: Okay. Just relating to the 80
13 percent AMFI, there's also multiple tiers, as I understand
14 it, in this particular development, some at 30 percent,
15 some at 50 percent.

16 MS. MORALES: Right. This particular applicant
17 requested the income averaging set-aside and so that's why
18 there's a broad range of the income limits that they
19 proposed.

20 MR. WILKINSON: Teresa, where was this property
21 in regards to poverty or crime or schools?

22 MS. MORALES: For the poverty rate, what we do
23 is we compile data, and it's in our site demographics
24 report. And we use the most recent 5-year ACF data that's
25 available at the end of the calendar year and that's what

1 sets the stage and kind of sets our data for the upcoming
2 program year.

3 Based on our site demographics report, the
4 poverty rate for this particular census tract was at 35.9
5 percent. If that poverty rate is 40 percent or greater,
6 then that triggers the neighborhood risk factor under the
7 rules and the mitigation for that would be a local
8 resolution where the local municipality acknowledges that
9 high poverty rate but that they are authorizing that
10 development to move forward. Given that this was below
11 that threshold, that poverty resolution was not required.

12 On this particular census tract also part of our
13 site demographics is to look at census tracts that have
14 greater than 20 percent tax credit units. If that
15 particular provision is triggered, the applicant would be
16 required to get a local resolution that would allow us to
17 factor in the 30 percent boost that is available for
18 projects in QCTs.

19 So if you're in a QCT, you can get this boost in
20 your eligible basis; however, if you're in a census tract
21 with greater than 20 percent tax credit units, you need to
22 get this local resolution in order for us to factor that
23 boost into the underwriting. This particular application
24 did trigger that, but they did provide that local
25 resolution where the local municipality signed off on it

1 being in a census tract with greater than 20 percent tax
2 credit units.

3 In addition, there are statutory resolutions
4 that are required that relate to concentration
5 provisions. One of those is what's called twice the state
6 average. So if you're in an area that has more than twice
7 the state average of tax credit units, then you need to get
8 a local resolution. And then also there's a threshold
9 resolution of no objections that is also needed. This
10 particular application included both of those resolutions.

11 And I guess with respect to the violent crime
12 rate, as you know, that is also a neighborhood risk factor.

13 So if you are in an area that has a violent crime rate of
14 greater than 18 instances of violent crime per 1,000
15 persons -- and this is data that's according to
16 Neighborhood Scout -- then you have to disclose that and
17 then follow the mitigation options in the neighborhood risk
18 factor rules.

19 For this particular project, that threshold was
20 not triggered, and when I pulled Neighborhood Scout, the
21 violent crime rate for this tract was 9.65, so well under
22 the threshold that we've set of 18 per 1,000.

23 MR. VASQUEZ: Okay, great. Thank you, Teresa.

24 Also, just to reiterate, this is a determination
25 notice that we are discussing here. It's not the final

1 issuance of the tax credits. Correct?

2 MS. MORALES: Correct. The determination notice
3 is not a document that legally allocates the 4 percent
4 credits. The determination notice is a document that
5 provides comfort, if you will, to equity investors that
6 demonstrates TDHCA as the allocating agency of tax credits
7 that we've looked at the application and that we've
8 determined that they could be eligible for a certain
9 amount. When this project, assuming that it closes and it
10 comes back at cost certification, then it will be at that
11 point when the 4 percent credit is legally allocated.

12 MR. VASQUEZ: Okay, great. So all four of these
13 project applications under consideration here checked all
14 the boxes?

15 MS. MORALES: Correct.

16 MR. VASQUEZ: Okay. Thank you.

17 I do not believe we have anyone else in the
18 queue to speak. Given that, the chair will entertain a
19 motion regarding item 5(d).

20 MR. BRADEN: Mr. Chair, I'll make a motion. I
21 move the Board grant waiver of the QAP regarding the
22 requirement of an elevator requested by applicant 20704
23 Applewood Ranch, and issue the 4 percent tax credit
24 determination notices for applications 20499 Legacy Senior
25 Residences, 20701 City Heights, 20704 Applewood Ranch, and

1 20707 Kallison Ranch, as reflected and subject to
2 conditions expressed in the Board action request on this
3 item 5(d).

4 MR. VASQUEZ: Thank you, Mr. Braden.

5 Is there a second?

6 MR. THOMAS: I'll second, Mr. Chairman.

7 MR. VASQUEZ: Seconded by Mr. Thomas. All those
8 in favor say aye.

9 (A chorus of ayes.)

10 MR. VASQUEZ: Any opposed?

11 (No response.)

12 MR. VASQUEZ: Hearing none, motion carries.

13 Ms. Morales, I think you have one more. Item
14 5(e), Presentation, discussion, and possible action
15 regarding pre-determination of eligibility under 10 TAC
16 11.101(a)(2) relating to undesirable site features for
17 application 21147 Cypress Creek Apartment Homes at La
18 Porte.

19 MR. WILKINSON: That was actually Marni's and I
20 believe that has been pulled.

21 MR. VASQUEZ: So are we doing Marni or Teresa?

22 MR. WILKINSON: Neither. I think this item has
23 been pulled, the applicant withdrew.

24 Beau, can you confirm that for me?

25 MR. ECCLES: That was my last understanding from

1 Marni yesterday. She said that they were going to pull
2 their application. I don't have confirmation from Marni
3 that the pre-application actually has been withdrawn, but
4 there's Marni and I'm sure she can tell us.

5 MR. WILKINSON: Hey, Marni. Marni, you're
6 muted.

7 MS. HOLLOWAY: Good morning, everyone.

8 We have received an email from the applicant
9 requesting that this item be withdrawn. They are not going
10 to be moving forward with this particular site.

11 MR. WILKINSON: Thank you, Marni.

12 MR. VASQUEZ: Very good. Well, then 5(e) is
13 pulled from the agenda so no action is necessary.

14 We have done already -- we moved around -- items
15 6(a) and (b) have already been completed which, I believe,
16 brings us to item 7 which is the Presentation, discussion,
17 and possible action on the election of Governing Board
18 officers for the upcoming biennium pursuant to Texas
19 Government Code 2306.030.

20 From my understanding, the first meeting
21 following January 31 of odd number years, the Board is set
22 to elect or reelect a slate of officers. The chair, yours
23 truly, is actually appointed by the governor, which he did
24 last November, and we do not utilize a treasurer position
25 in this organization just due to the overlap with the

1 different staff positions.

2 And historically we have set as secretary our
3 general counsel, and Beau Eccles has been serving as the
4 secretary and assistant secretary is Michael Lyttle. And
5 we have currently have Ms. Bingham as the vice chair of the
6 Board, where she has been serving very ably.

7 So I would entertain a motion for a slate of
8 officers -- do I have to break it up into individual, or
9 can I just say a slate?

10 MR. ECCLES: You can do it either way, or you
11 could receive competing motions for who folks would like to
12 nominate. This is a little bit of a strange one
13 considering the statute says it's an election but there's
14 really no process for Board members to elect, they just
15 take action. So probably a motion to just appoint a group
16 of people and then see where that goes.

17 MR. VASQUEZ: In that case, the Board will
18 entertain a motion for the continuing or refilling, as it
19 may be, the positions of vice chair, secretary, and
20 assistant secretary.

21 Mr. Braden, do you have a motion?

22 MR. BRADEN: I do. I think we've got a good
23 team in place, so I make a motion that the Board appoint
24 Leslie Bingham as vice chair, Beau Eccles as secretary, and
25 Michael Lyttle as assistant secretary.

1 MR. VASQUEZ: We have a motion made by Mr.
2 Braden. Is there a second to this motion?

3 MS. THOMASON: I'll second that motion.

4 MR. VASQUEZ: Seconded by Ms. Thomason.

5 Are there any other motions that someone wants
6 to put on the floor?

7 (No response.)

8 MR. VASQUEZ: Hearing none, again, we thank Ms.
9 Bingham for her continued service and Beau for his
10 continued counsel and Mr. Lyttle for his continued
11 assistance in this effort.

12 So motion made by Mr. Braden, seconded by Ms.
13 Thomason. All those in favor say aye.

14 (A chorus of ayes.)

15 MR. VASQUEZ: Any opposed?

16 (No response.)

17 MR. VASQUEZ: Hearing none, the slate carries.
18 Congratulations to all.

19 That, I guess, concludes the action items on the
20 agenda. There's no one queued up to speak on any items
21 that are not on the agenda. I don't know if there's any
22 other final comments, Mr. Wilkinson, you want to add in
23 here?

24 MR. WILKINSON: I would just like to remind the
25 Board that we're rolling out that statewide rental

1 assistance program. And for anyone watching, it's
2 Texasrentrelief.com is where you can get the information,
3 and we will start processing applications the morning of
4 the 15th, 8:00 a.m. It's a billion dollars.

5 MR. VASQUEZ: That's going to be a great program
6 and you will indeed hear more about the assistance. And
7 Bobby, one more time, what's that website?

8 MR. WILKINSON: Texasrentrelief.com.

9 MR. VASQUEZ: Texasrentrelief.com. Share it
10 with everyone you know.

11 Okay. So that concludes the agenda. Appreciate
12 the Board members and the staff for everything you've done
13 to get this flowing through so smoothly, and I will
14 entertain a motion to adjourn the meeting.

15 MS. BINGHAM: I move.

16 MS. THOMASON: Second.

17 MR. VASQUEZ: Motion made by Ms. Bingham, Ms.
18 Thomason seconds. All in favor say aye.

19 (A chorus of ayes.)

20 MR. VASQUEZ: Motion carries unanimously. It is
21 11:07 and the meeting is adjourned. Thank you.

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

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C E R T I F I C A T E

MEETING OF: TDHCA Board
LOCATION: via GoToWebinar
DATE: February 11, 2021

I do hereby certify that the foregoing pages, numbers 1 through 6465, 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: February 17, 2021

(Transcriber)

On the Record Reporting
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