

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

John H. Reagan Building
JHR 140
1400 Congress Avenue
Austin, Texas 78701

July 7, 2022
10:07 a.m.

MEMBERS:

LEO VASQUEZ, III, Chair
ANNA MARIA FARIAS, Member
BRANDON BATCH, Member
KENNY MARCHANT, Member
AJAY THOMAS, Member

BOBBY WILKINSON, Executive Director

ON THE RECORD REPORTING
(512) 450-0342

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER	6
ROLL CALL	
CERTIFICATION OF QUORUM	
CONSENT AGENDA	
ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	7
EXECUTIVE	
a) Presentation, discussion, and possible action on Board meeting minutes summary for June 16, 2022	
HOUSING RESOURCE CENTER	
b) Presentation, discussion, and possible action on the final 2022 State of Texas Consolidated Plan: One-Year Action Plan	
SINGLE FAMILY & HOMELESS PROGRAMS	
c) Presentation, discussion, and possible action on Colonia Self-Help Center Program Awards to Nueces County and Val Verde County in accordance with Tex. Gov't Code §2306.582 through Community Development Block Grant Funding	
d) Presentation, discussion, and possible action on a proposed amendment to a Colonia Self-Help Center Program Contract with Webb County in accordance with 10 TAC Chapter 25, the Colonia Self-Help Center Program Rule	
BOND FINANCE	
e) Presentation, discussion, and possible action on Resolution No. 22-028 authorizing publication of Public Notice for Mortgage Credit Certificate Program; and containing other provisions relating to the subject	
f) Presentation, discussion, and possible action on Resolution No. 22-029 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject	
MULTIFAMILY BOND FINANCE	
g) Presentation, discussion, and possible action regarding the Issuance of Governmental Lender Notes	

(380 Villas) Series 2022A and 2022B Resolution No. 22-030, an award of Direct Loan funds, and a Determination Notice of Housing Tax Credits

COMMUNITY AFFAIRS

- h) Presentation, discussion, and possible action on an increase in the annual expenditures for the use of the U.S. Citizenship and Immigration Services' Systematic Alien Verification for Entitlements program from \$15,000 to \$30,000 pursuant to Tex. Gov't Code §2155.088(b)(2)
- I) Presentation, discussion, and possible action on amendments to 10 TAC §10.601 Compliance Monitoring Objectives and Applicability; §10.602 Notice to Owners and Corrective Action Periods; §10.604 Options for Review; §10.607 Reporting Requirements; §10.608 Record Keeping Requirements; §10.609 Notices to the Department; §10.610 Written Policies and Procedures; §10.611 Determination, Documentation and Certification of Annual Income; §10.612 Tenant File Requirements; §10.613 Lease Requirements; §10.614 Utility Allowances; §10.615 Elections under IRC §42(g) and Additional Income and Rent Restrictions for HTC, Exchange, and TCAP Developments; §10.616 Household Unit Transfer Requirements for All Programs; §10.618 Onsite Monitoring; §10.619 Monitoring for Social Services; §10.621 Property Condition Standards; §10.622 Special Rules Regarding Rents and Rent Limits Violations; §10.623 Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period; §10.624 Compliance Requirements for Developments with 811 PRA Units; and Figure §10.625; and directing their publication for public comment in the Texas Register

MULTIFAMILY FINANCE

- j) Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Applications awarded in the 2020 and 2021 competitive 9% tax credit rounds

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS: 7
Media Analysis and Outreach Report (May 2022)

ACTION ITEMS

Executive Session: the Chair may call an Executive Session at this point in the agenda in accordance none

with the below-cited provisions1

ITEM 3: EXECUTIVE	
Executive Director's Report	7
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a) Report on the closing of the Department's Single Family Mortgage Revenue Bonds, Series 2022A (Non-AMT) (Social Bonds)	10
b) Presentation, discussion, and possible action on Resolution No. 22-031 authorizing the issuance, sale and delivery of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2022B, approving the form and substance of related documents, authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution, and containing other provisions relating to the subject	14
c) Presentation, discussion, and possible action on Resolution No. 22-032 approving Assignment Agreements relating to Private Activity Bond Authority, and containing other provisions relating to the subject	19
ITEM 5: MULTIFAMILY FINANCE	
a) Report of Third Party Request for Administrative Deficiency under 10 TAC §11.10 of the 2022 Qualified Allocation Plan	22
b) Presentation, discussion, and possible action on timely filed appeal of termination for The Ponderosa (#22171) under the Department's Multifamily Program Rules	48
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on timely filed appeal of scoring for
The Reserves at Monarch (#22258) under the
Department's Multifamily Program Rules
(WITHDRAWN)

- g) Presentation, discussion, and possible action 79
on timely filed appeal of scoring for
The Zeisel (#22291) under the Department's
Multifamily Program Rules

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS none
FOR WHICH THERE WERE POSTED AGENDA ITEMS

The Board may go into Executive Session Pursuant to
Tex. Gov't Code §551.074 for the purposes of
discussing personnel matters including to deliberate
the appointment, employment, evaluation, reassignment,
duties, discipline, or dismissal of a public officer
or employee;

Pursuant to Tex. Gov't Code §551.071(1) to seek the
advice of its attorney about pending or contemplated
litigation or a settlement offer;

Pursuant to Tex. Gov't Code §551.071(2) for the purpose
of seeking the advice of its attorney about a matter in
which the duty of the attorney to the governmental body
under the Texas Disciplinary Rules of Professional
Conduct of the State Bar of Texas clearly conflicts
with Tex. Gov't Code Chapter 551; including seeking
legal advice in connection with a posted agenda item;

Pursuant to Tex. Gov't Code §551.072 to deliberate the
possible purchase, sale, exchange, or lease of real
estate because it would have a material detrimental
effect on the Department's ability to negotiate
with a third person; and/or

Pursuant to Tex. Gov't Code §2306.039(c) the Department's
internal auditor, fraud prevention coordinator or ethics
advisor may meet in an executive session of the Board to
discuss issues related to fraud, waste or abuse.

OPEN SESSION --

ADJOURN 94

P R O C E E D I N G S

1
2 MR. VASQUEZ: Good morning. I'd like to call to
3 order the meeting of the Governing Board of the Texas
4 Department of Housing and Community Affairs. It is 10:07
5 in the morning of July 7, 2022.

6 We'll start out with our roll call.

7 Mr. Batch?

8 MR. BATCH: Here.

9 MR. VASQUEZ: Ms. Farias?

10 MS. FARIAS: Here.

11 MR. VASQUEZ: Mr. Marchant?

12 MR. MARCHANT: Here.

13 MR. VASQUEZ: Mr. Thomas?

14 MR. THOMAS: Here.

15 MR. VASQUEZ: And myself. We are all present
16 and accounted for.

17 And as usual, we will start the meeting with
18 Bobby leading us in the pledges of allegiance.

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

21 MR. VASQUEZ: Very good. I'm sure we'll have an
22 interesting and fun-filled agenda today, and note that
23 after this meeting, no earlier than noon, we'll have a QAP
24 Rules Committee meeting that you're all welcome to attend.

25 The first item on the agenda is the consent

1 agenda. Are there any items on the consent agenda that a
2 Board member or member of the public would like us to move
3 to action items?

4 (No response.)

5 MR. VASQUEZ: Hearing none, seeing none, I'll
6 accept a motion regarding the consent agenda from a Board
7 member, with your microphone on.

8 (General laughter.)

9 MR. BATCH: Mr. Chairman, I make a motion that
10 we approve the consent agenda.

11 MS. FARIAS: I second.

12 MR. VASQUEZ: Motion made by Mr. Batch, seconded
13 by Ms. Farias. All in favor say aye.

14 (A chorus of ayes.)

15 MR. VASQUEZ: Any opposed?

16 (No response.)

17 MR. VASQUEZ: Hearing none, motion carries.

18 We do not have any resolutions today?

19 MR. LYTTLE: No, sir.

20 MR. VASQUEZ: So moving right along to the
21 executive director's report, Mr. Wilkinson.

22 MR. WILKINSON: Good morning, Chairman, members.

23 Homeowners Assistance Fund continues to be a
24 major priority for the Department. We've funded or
25 approved about 7,800 applicants for about \$60 million,

1 another \$2.5 million payment in progress. We did a press
2 release at \$50 million, got a little bit of earned media,
3 we'll probably do another one at 100-.

4 We continue to see increases in application
5 volume on a weekly basis, and we will be launching a
6 revamped website shortly. I think it actually went up last
7 night. Our paid media is about to ramp up significantly
8 with increased Google ads, direct mail, digital display
9 ads, radio, maybe texting eventually -- we're looking at
10 that -- and some print as well.

11 The rent relief program continues disbursing its
12 last remaining funds from our reallocation that we got in
13 March, as well as giving out recaptured funds. We're
14 processing applications already on file until the remaining
15 funds are allocated.

16 In the last few days the Texas Supreme Court
17 emergency order establishing the Eviction Diversion Program
18 extended through September 1. We'll be in a slight holding
19 pattern until we find out how much our next reallocation is
20 when we get it. If so, we're looking at possibly reopening
21 the portal because the apps we have from November are
22 obviously pretty stale at this point, but until we know how
23 much we're getting, when we're getting it, I don't have
24 some specifics to report.

25 Compliance Division, in collaboration with the

1 Section 811 Division, presented brand new HUD Section 811
2 Program training online on June 28. It was an all-day
3 training session, and 139 people attended.

4 On the legislative affairs front, on Monday I'll
5 be testifying before Senate Finance on our administration
6 of pandemic relief funds, so Homeowners Assistance Fund,
7 rent relief, and the other programs we've had. I'll be one
8 of a number of agencies who have been asked to provide
9 comments and information for the committee.

10 Also, next week I'll be in Houston on Thursday
11 to testify before our House oversight committee, Urban
12 Affairs. I'll be providing comments on their charge. It's
13 a general charge on workforce housing in the state and what
14 TDHCA's role in that would be, and then I'm sure they'll
15 also want to hear updates about rent relief and mortgage
16 assistance and our new statewide utility assistance
17 program.

18 As y'all know, we've been giving out energy
19 assistance through subrecipients for years and years and
20 years. With the extra flood of federal money, we've now
21 set up a statewide program for about \$50 million or so:
22 Texasutilityhelp.com, Texasutilityhelp.com. There was a
23 press release that went out this morning, and we're hoping
24 to do some interviews over the next couple of days to get
25 the traffic moving on that site.

1 And that's the end of my prepared comments, and
2 I'm happy to answer any questions that Board members may
3 have.

4 MR. VASQUEZ: Board members have questions for
5 Mr. Wilkinson?

6 (No response.)

7 MR. VASQUEZ: Hearing none, great. Thank you
8 for the report.

9 MR. WILKINSON: You're welcome.

10 MR. VASQUEZ: Moving on to item 4 of the agenda,
11 report on the closing of the Department's Single Family
12 Mortgage Revenue Bonds Series 2022A. Ms. Hodnett.

13 MS. HODNETT: Yes, sir. Good morning, Chairman,
14 members of the Board. I'm Heather Hodnett. I'm the
15 interim director of Bond Finance. I'm here to report on
16 our most recent --

17 MR. VASQUEZ: Can you speak up a little,
18 Heather, please. I don't think for the microphone, but we
19 have some really old Board members that can't hear well.

20 MS. HODNETT: Is that better? There we go.
21 Sorry.

22 Here to speak on our most recent Single Family
23 Mortgage Revenue Bond transaction Series 2022A. You guys
24 approved it on April 14, we published the preliminary
25 official statement on April 25, we held our retail and

1 institutional order period on May 3, published our final
2 official statement on May 13, and we closed on June 14.

3 This transaction generated \$198.6 million in
4 proceeds, which included par proceeds of \$190 million
5 available for mortgage loans, plus \$1.6 million in premium
6 available for down payment and closing cost assistance and
7 related expenses.

8 The Department is currently providing three and
9 four points of repayable second lien down payment
10 assistance with first lien mortgage rates of 5.875 and
11 6.25, respectively. Eligible loan types are FHA, VA and
12 USDA loans. DPA is being provided through a 30-year non-
13 amortizing zero percent interest second mortgage loan
14 that's due on sale of the property, refinance or payment in
15 full of the first mortgage.

16 We began accepting reservations for this program
17 on May 6, and as of today it's about 75 percent reserved.
18 Funds are moving quickly.

19 And also in your Board book is a pricing book.
20 It is a summary of the transaction that was provided by
21 Jefferies, who is the senior manager.

22 Do you have any questions?

23 MR. VASQUEZ: Have you got any questions on the
24 report?

25 MR. THOMAS: I do, Mr. Chairman.

1 Heather, good morning.

2 I was just curious, I know one of the series --
3 some of the maturities were designated as social bonds.

4 MS. HODNETT: Yes, sir.

5 MR. THOMAS: How advantageous was that for the
6 Department on this particular issue and what kind of
7 ongoing disclosure requirements or things would the
8 Department need to do to maintain that social bond status
9 for this particular series?

10 MS. HODNETT: Okay. This is our fourth
11 transaction with a social bond designation. We've been
12 gaining a little momentum in the market. We had about \$40
13 million of interest from investors who came in looking for
14 or interested in that social bond designation.

15 What that social bond designation does is it
16 provides an opinion by a third party who's reviewing the
17 use of our proceeds and what are we using our proceeds for
18 and making sure that they align with specific social bond
19 principles, such as affordable housing, and there are
20 different socioeconomic factors and they're going to low to
21 moderate income families.

22 So our ongoing reporting is such that once the
23 bond proceeds are fully spent, we provide disclosure
24 reporting to the market, saying this is how we spent the
25 money, this is the income band that the funds were spent on

1 and this is the down payment assistance that was provided
2 to show that, you know, it's all going to low to moderate
3 income families.

4 MR. THOMAS: Who's our third party verifier?

5 MS. HODNETT: Kestrel.

6 MR. THOMAS: Kestrel? Did we get any pricing
7 differential or did you quantify whether we got any real
8 pricing differential from having a social bond designation
9 versus if we didn't going into the market?

10 MS. HODNETT: It's hard to say. That's a good
11 question. Is there a real pricing differential? It's
12 honestly hard to say. But like I said, we are starting to
13 see investors more interested in that.

14 Investors are out there looking for specific,
15 you know, CRA credit, Community Reinvestment Act credit, so
16 depending upon the demand, you could see some investors
17 potentially willing to accept a lower yield in order to
18 receive that credit.

19 MR. THOMAS: That's great. I think it's
20 admirable to sort of get out in the market in something
21 that's a pocket of new demand for the Department when it
22 issues bonds, because as frequently as we are in the
23 market, it's always good to expand the investor universe
24 that ants to hold our credit.

25 So I commend you for exploring all the different

1 venues and avenues you can to expand the bondholders that
2 we have for the agency's bonds. Good job. Thanks.

3 MS. HODNETT: Thank you.

4 MR. VASQUEZ: Anybody else?

5 (No response.)

6 MR. VASQUEZ: I concur with Mr. Thomas's
7 sentiments on that item, and thank you for the report.

8 So we'll move on to item 4(b) Presentation,
9 discussion, and possible action on Resolution No. 22-031,
10 authorizing the issuance, sale and delivery of Texas
11 Department of Housing and Community Affairs Residential
12 Mortgage Revenue Bonds, Series 2022B, approving the form
13 and substance of related documents, authorizing the
14 execution of documents and instruments necessary or
15 convenient to carry out the purposes of this resolution,
16 and containing other provisions relating to the subject.

17 Beau wrote that up. Right?

18 Heather, please continue.

19 MS. HODNETT: Thank you.

20 So following up on the report of our prior
21 transaction, and given that that is about 75 percent
22 reserved, we're seeking approval for our next transaction.

23 So with this item we're requesting approval to issue up to
24 \$150 million in tax exempt single family mortgage revenue
25 bonds to be designated Residential Mortgage Revenue Bonds

1 Series 2022B.

2 Proceeds of the bonds will be used to originate
3 mortgage loans to low to moderate income homebuyers and to
4 pay all or a portion of the down payment and closing costs
5 and related expenses associated with the loans and to pay a
6 portion of the cost of issuance.

7 The bond structure will be similar to last time.

8 It will include serial bonds, premium serial bonds, term
9 bonds, and a premium planned amortization class bond.

10 Mortgage loans will be pulled into Ginnie Mae mortgage
11 backed securities, and those MBSs will provide the security
12 for the bonds.

13 The mortgage loans will be 30-year fixed rate
14 loans, guaranteed by FHA, VA, or USDA. Initially borrowers
15 will have the choice of three or four points of down
16 payment assistance. Depending on market demand and
17 conditions, down payment assistance may be offered in a
18 variety of ways, either repayable or a forgivable loan.

19 The repayable loan would be a zero percent
20 interest, non-amortizing 30-year second mortgage loan that
21 is due on sale or refinance of the first loan, and a
22 forgivable loan option would provide a zero percent
23 interest, non-amortizing second mortgage loan that would be
24 fully repayable for the first three years and then forgiven
25 three years after closing.

1 Typically a repayable DPA option would offer a
2 little bit lower rate on the first lien mortgage, maybe
3 about .25 percent to about .375 percent.

4 The Department contribution is expected to be
5 \$7.5 million and will be used to fund all or a portion of
6 the down payment and closing cost assistance and other
7 compensation, second loan servicing fees and other costs.
8 Capitalized interest will be drawn from the indenture as
9 needed and will not exceed \$4.5 million.

10 As is our practice, these are very conservative
11 maximums, and the actual contribution and capitalized
12 interest draws are expected to be lower.

13 The bonds will be rated AAA by Moody's and AA+
14 by S&P. We're expecting to price in August and close in
15 September. Our senior manager will be Jefferies, and the
16 co-managers will be Ramirez & Company and Piper Sandler.

17 Are there any questions?

18 MR. THOMAS: Yes, Mr. Chairman.

19 Heather, I noticed that on the last couple of
20 transactions we've used a reduced syndicate just because of
21 the recent statutes that have been passed by the
22 legislature and the process that underwriters go through,
23 but I've also noticed we've used the same senior manager on
24 our transactions.

25 Is there sort of a reason that we're not

1 rotating the senior manager position on these transactions
2 or that we're consistently staying with Jefferies versus
3 the others that are in the syndicate? What's typically
4 been the practice or what's the thought process behind
5 that?

6 MS. HODNETT: Well, historically we go out with
7 an RFP, just like our underwriting team. Unfortunately the
8 firms that were removed from the syndicate were in our
9 rotation for the senior manager pool, so we were left with
10 Jefferies as the one remaining firm in that senior manager
11 pool.

12 MR. THOMAS: So that is the only eligible senior
13 manager that we currently have for that role?

14 MS. HODNETT: Right, yes. I suppose we could
15 use the other firms, could step up in that senior role, but
16 we've elected to use Jefferies as the senior.

17 MR. WILKINSON: And it's in a bit of a holding
18 pattern until this works itself out with the Comptroller
19 and when we get a new Bond Finance director -- which will
20 be very soon -- we'll do an RFP for a new --

21 MR. THOMAS: Expand the pool perhaps.

22 MR. WILKINSON: Yes.

23 MS. HODNETT: Right. As of right now, the way I
24 understand it is those firms have submitted their responses
25 to the Comptroller, but the Comptroller has not released

1 any results of that, so we are kind of in a holding pattern
2 waiting for those results to come out before we decide how
3 to move forward.

4 MR. THOMAS: Very good. Thank you.

5 MR. WILKINSON: And we might want a bigger pool
6 going forward just to be safe.

7 MR. THOMAS: Right, sure. Thanks.

8 MR. VASQUEZ: Great. Thank you, Mr. Thomas.

9 Any other questions on this item 4(b)?

10 (No response.)

11 MR. VASQUEZ: Glad that we're planning ahead and
12 moving forward as we're closing out the prior issue.

13 So I'll entertain a motion on 4(b).

14 MS. FARIAS: Mr. Chairman, I move the Board
15 approve Resolution No. 22-031 regarding the issuance, sale
16 and delivery of TDHCA Residential Mortgage Revenue Bonds,
17 Series 2022B, and approval of all related documents, as
18 described and presented in the Board action request on this
19 item.

20 MR. VASQUEZ: Thank you.

21 Motion made by Ms. Farias.

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

23 MR. VASQUEZ: Seconded by Mr. Thomas. 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, motion carries.

4 Moving right along to 4(c) Presentation,
5 discussion, and possible action on Resolution No. 22-032,
6 approving assignment agreements related to private activity
7 bond authority, and containing other provisions relating to
8 the subject.

9 Heather.

10 MS. HODNETT: With this item staff is requesting
11 approval of assignment agreements relating to single family
12 private activity bond authority from seven local housing
13 finance corporations, or HFCs.

14 HFCs were once very active in financing single
15 family homeownership for low, very low and moderate income
16 homebuyers, however, in recent years it's been challenging
17 for them to issue their bond authority and keeping most of
18 the HFCs sidelined when it comes to single family finance.

19 So staff has been exploring ways to work
20 cooperatively with local HFCs to increase homeownership.
21 TDHCA's single family mortgage revenue bond issues and MCC
22 programs make economic sense in large part through the
23 economies of scale achieved through large issuances
24 combined with a high volume loan pipeline that reduces
25 interest rate risk and the costs related to negative

1 arbitrage.

2 We felt there should be a way to leverage those
3 efficiencies for mutual benefit of the HFCs and the
4 Department. Chapter 394 of local government code, which
5 allows TDHCA to act on an HFC's behalf in the financing of
6 home mortgages, including its authority to issue bonds for
7 those purposes, provided an opportunity for us to do that.

8 Pursuant to these assignment agreements, seven
9 HFCs will assign up to \$130 million in single family volume
10 cap to TDHC, benefitting both the HFCs and the Department.

11 HFCs will benefit economically through an
12 ongoing fee received against loans originated on their
13 behalf within their jurisdiction, but more importantly, the
14 HFC can actively and meaningfully participate in financing
15 affordable housing for single family.

16 These agreements also benefit the Department by
17 leveraging existing volume cap, which will assist the
18 Department in maintaining current bond and MCC issuance
19 levels in an environment where volume cap is becoming
20 increasingly scarce. And ultimately, the benefit flows
21 through to low, very low, and moderate income homebuyers in
22 Texas by providing additional access to affordable
23 financing options.

24 Do y'all have any questions on this?

25 MR. VASQUEZ: Thank you.

1 Board members have questions on 4(c)?

2 (No response.)

3 MR. VASQUEZ: I just want to say this is a great
4 example of cooperation at the state and local level working
5 together to get these out and maximize the issuances.

6 MS. HODNETT: Yes. We're very excited about
7 that.

8 MR. VASQUEZ: So let's keep doing this more
9 often, or make the effort at least to do it more often.

10 Hearing no questions, I'll entertain a motion on
11 item 4(c) of the agenda?

12 MR. THOMAS: Mr. Chairman, I move the Board
13 approve Resolution No. 22-032 regarding approval of
14 assignment agreements on private activity bond authority,
15 as described in the Board action request on this item.

16 MS. FARIAS: I second.

17 MR. VASQUEZ: Great. Thank you.

18 Motion made by Mr. Thomas, seconded by Ms.

19 Farias. All those in favor say aye.

20 (A chorus of ayes.)

21 MR. VASQUEZ: Any opposed?

22 (No response.)

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

24 Thank you, Heather.

25 MR. VASQUEZ: Moving on to item 5(a). Y'all

1 stop me if there something that's been pulled or adjusted.

2 Okay. So item 5(a) Report on third party request for
3 administration deficiencies under 10 TAC Section 11.10 of
4 the 2022 Qualified Allocation Plan.

5 And before we get going here, I see that the old
6 guard knows what to do. If you are going to speak on an
7 item that's coming up, please try to come up to the first
8 two rows here so we know that you're likely to speak on a
9 subject.

10 When you come in, please sign in at the podium
11 on the sign-in list, identify yourself and your
12 organization or who you represent, and we'll be starting
13 out with three-minute timers on comments and such. So
14 let's keep this all friendly.

15 Mr. Campbell.

16 MR. CAMPBELL: Good morning. Cody Campbell,
17 director of Multifamily Programs for TDHCA. It is, as
18 always, a pleasure to be here.

19 The next item on your agenda is a report of
20 requests for administrative deficiency received by the
21 Department in connection with the 2022 competitive housing
22 tax credit round.

23 As a brief reminder, the purpose of the third
24 party requests for administrative deficiency, or RFADs, as
25 they are commonly known, is to allow an unrelated person or

1 entity to bring new material information about an
2 application to staff's attention and to request that staff
3 consider whether that information should result in an
4 administrative deficiency.

5 While a deficiency may be issued as the result
6 of an RFAD, not all RFADs will result in a deficiency being
7 issued. The results of an RFAD may not be appealed by the
8 requester.

9 Today's report concerns two nearly identical
10 RFADs that were received for applications in Paris, Texas,
11 which is part of the Region 4 Rural subregion. You may
12 recall from last month's meeting that staff is not required
13 by the rules to review or act on any RFAD which does not
14 present new material information about an application.

15 While the two requests that we are discussing
16 this morning do not present new information, they are
17 nuanced and technical in nature and therefore warrant a
18 more thorough discussion than what is strictly required by
19 the rules.

20 The requests concern the underserved area
21 scoring category in the QAP. This category awards points
22 to developments in areas that are historically underserved,
23 including a four point option for developments which are
24 proposed in a census tract which does not have another
25 award that was made less than 30 years ago. In other

1 words, if the youngest development is at least 30 years
2 old, the tract would qualify for these points.

3 Critically, this section of the QAP is very
4 clear that years are measured by deducting the most recent
5 year of award from January 1 of the current year, so when
6 you're determining how many years since a census tract's
7 last award, you deduct the most recent year of award from
8 the current year regardless of the specific month and date
9 that that award was made.

10 The practical effect of this is that for this
11 application cycle, if the most recent award in a census
12 tract was in 2021, then that's considered one year ago,
13 2020 is two years ago, 2019 is three, on and on until you
14 reach 1992, which would be 30 years ago for the purposes of
15 the scoring item.

16 Both applications for which these RFADs were
17 submitted are located in a census tract where the most
18 recent award was made in 1992, and both applicants selected
19 the four point scoring item in question. Since the most
20 recent award in this tract was made in 1992, it does
21 qualify for these points.

22 The RFADs submitted for these applications
23 suggest two issues with this. First, they draw an analogy
24 between a person born in July of 1992 and an application
25 awarded funding at the same time. The RFAD notes that the

1 person in question would not yet be 30 years old as of
2 January 1, 2022, and therefore, the census tract should not
3 qualify for these points.

4 While this is an accurate way of measuring
5 someone's age, it is incongruent with the QAP's prescribed
6 methodology for calculating the number of years since a
7 census tract has had an award.

8 Second, the RFADs assert that the guidance
9 previously provided by the Department conflicts with the
10 applications' eligibility for these points. Staff does
11 acknowledge that the potential conflict among various
12 secondary sources may exist; however, as is clearly
13 established in Section 11.1(b) of the QAP, the statutes and
14 rules governing the program supersede any and all informal
15 guidance provided by staff in all situations. Prior
16 guidance from staff is not sufficient basis to disallow
17 points when an application is clearly eligible for those
18 points under the rules.

19 The rule in question did not change this year,
20 and a simple reading of the text of the rule demonstrates
21 that the applications in question do qualify for these
22 points. The RFADs that we're discussing today state that
23 staff intentionally misread the rule in question to deny
24 two applications points that they do qualify for, which is
25 not an available course of action for staff to take.

1 Accordingly, no action was taken as a result of these
2 RFADs.

3 The item in front of you is a report item rather
4 than an action item. The Board may accept the report but
5 also may remand any specific issues in it back to staff for
6 further consideration.

7 No points are being awarded or deducted and no
8 awards are being made by this specific item. Staff
9 recommends that the Board accept this report, and I'm happy
10 to answer any questions you may have.

11 MR. VASQUEZ: Okay. Just to clarify, so any
12 award in the year 1992 is considered 30 years old.

13 MR. CAMPBELL: Yes, sir.

14 MR. VASQUEZ: And the language specifically is
15 less than 30 years ago.

16 MR. CAMPBELL: Yes, sir.

17 MR. VASQUEZ: So whether it was January 1, '92
18 or December 31, '92, it's still -- by the way the rules are
19 written, that was 30 years ago?

20 MR. CAMPBELL: Yes, sir.

21 MR. VASQUEZ: And you qualify if the award was
22 less than 30 years ago.

23 MR. CAMPBELL: That's exactly right.

24 MR. VASQUEZ: No, 30 years or less.

25 MR. CAMPBELL: That's exactly correct. Yes,

1 sir.

2 MR. VASQUEZ: Okay. Do Board members have any
3 other questions or want some more clarifications on this?

4 (No response.)

5 MR. VASQUEZ: If not, I assume someone wants to
6 make a public comment here.

7 MR. WILKINSON: We have a rep letter to read in.

8 MR. VASQUEZ: Okay. Well, let's read the rep
9 letter. Remind me to take a vote to allow public comment.
10 Mr. Lyttle, please read it in the record.

11 MR. LYTTLE: Thank you, Mr. Chairman.

12 The letter is addressed to Bobby Wilkinson,
13 Executive Director. It is from State Representative Cole
14 Hefner, Texas House District 5.

15 The letter reads as follows:

16 "Dear Director Wilkinson,

17 "I am writing regarding the 2022 9 percent
18 competitive housing tax credit application process. My
19 concern is a change in the scoring rules that was
20 implemented after the 2022 application process had begun.

21 "Pre-applications for this program were due to
22 your agency on January 7. There was a change in the
23 underserved rule interpretation which was disclosed to
24 applicants on January 21 after the pre-application
25 deadline. Changing the interpretation of the rule has

1 created punitive action against developers who began the
2 2022 application process under the previously published
3 rules and interpretations.

4 "I respectfully recommend that the 2022 9
5 percent competitive scoring evaluation be scored by the
6 rules and interpretations published before the January 7
7 submittal of the pre-applications. There be no harm to
8 applicants who used the standards published by your agency
9 before the January 7 pre-application submission.

10 "Thank you for your consideration of my
11 recommendation.

12 "Sincerely, Cole Hefner."

13 MR. VASQUEZ: Thank you, Mr. Lyttle.

14 MR. MARCHANT: I make a motion that we open to
15 hear the comment.

16 MR. VASQUEZ: Mr. Marchant makes a motion that
17 we open for public comment. Is there a second?

18 MS. FARIAS: Second.

19 MR. VASQUEZ: Second by Ms. Farias. All in
20 favor say aye.

21 (A chorus of ayes.)

22 MR. VASQUEZ: Any opposed?

23 (No response.)

24 MR. VASQUEZ: Hearing none, we shall have public
25 comment.

1 MS. ANDRE: Good morning. Sarah Andre,
2 consultant to the project and proud member of the old
3 guard, as someone put it.

4 MR. ECCLES: I'm sorry. Which project?

5 MS. ANDRE: I am representing the Reserve at --
6 I'm going to get it wrong -- Choctaw Reserve -- Reserve at
7 Choctaw? Sorry. I have too many reserves, too many
8 cities.

9 MR. VASQUEZ: Well, I'm sorry.

10 MS. ANDRE: I'm representing the developer,
11 MVAH, who filed the RFAD, who we filed the RFAD on behalf
12 of. Hopefully that is clear.

13 I am up here today asking for and pleading for
14 consistency, consistency, consistency. Cody was absolutely
15 right; this RFAD presented no new information because we
16 have been railing on this since January 21, which was the
17 first day that this change in interpretation was announced
18 to the public.

19 I think you know that the pre-apps are due
20 January 8, so despite how you count to 30, since 2018 the
21 Department has been counting to 30 differently. Wrong,
22 right, it does not matter to me, I am indifferent on how
23 things are counted. What I am not indifferent to is one or
24 two people being aware of a change in internal policy and
25 internal interpretation and the rest of this community not

1 knowing about it.

2 We go out and choose sites based on the
3 interpretation, and you know, there wouldn't be any awards
4 made from this about this decision, but there will be or we
5 wouldn't be here.

6 And, in fact, there is a development in another
7 region, 1 Urban, that did not take the additional points
8 that if this new interpretation is implemented should have
9 taken an extra point and should be getting an award but
10 haven't even been considered because they did it the way
11 we've been doing it since 2018.

12 The main thing I have to say -- and we can talk
13 nuance if you want. I don't really think the nuance is of
14 interest here. What is of interest is implementation, and
15 I strongly believe that any changes in policy need to be
16 announced to the entire development community.

17 They need to be announced publicly before the
18 round begins, and they need to be uniformly applied across
19 the QAP, the application procedures manual, in training,
20 and in the uptick, and they are not currently; there are
21 conflicts across those documents.

22 Thank you.

23 MR. VASQUEZ: Thanks, Sarah.

24 SPEAKER: Chairman Vasquez and Board. I'm just
25 here to really again, in fairness --

1 MR. VASQUEZ: For the record, could you tell us
2 who you are?

3 MR. SMITH: Yes. Darren Smith, MVAH Partners
4 and Auxano Development.

5 Just for clarity, I mean, this is really
6 inappropriate. Interpretations relative to the QAP, I
7 mean, we can make all the interpretations that we want to,
8 all the interpretations to the rules, and you can have a
9 kind of get-out-of-jail-free section that says, you know,
10 it's all subject to the QAP and the rules, but the reality
11 is my interpretation doesn't matter; it's staff's and your
12 interpretation is what matters.

13 So in the past four program years the Department
14 has calculated the age of a LIHTC deal consistently as
15 described in the application, the manual, the application
16 uptick webinar, and staff in communication. Following
17 these four sources, anything awarded after 1/1/07 and
18 1/1/92 will not qualify for the 15- or 30-year underserved
19 points. It's in the application, it's in the uptick, it's
20 in the manual.

21 There was a conversation after a QAP roundtable
22 that there was going to be a methodology change. That's
23 how we found out about it. We had already submitted our
24 pre-apps, we selected our sites. So this change in
25 interpretation and methodology -- I didn't say change in

1 policy -- this change in interpretation and methodology
2 just threw six to nine months out the window, and a
3 conversation amongst a few has affected many.

4 So my ask is for you to look at this and ask
5 staff to go back and review all the affected applications
6 using what has been prescribed as the methodology on how
7 you calculate 15 and 30 years. If this were to be a change
8 and it was delivered January 7, got no argument; January
9 21, that's a problem.

10 Thank you.

11 MR. GUAJARDO: My name is Fernando Guajardo.
12 I'm sure this is not the first time that you will hear from
13 me; you will hear from me a lot.

14 I'm pissed. Let me tell you I'm pissed. I'm
15 pissed because I saw something wrong within the agency, I
16 saw something wrong and I told people. I told that guy, I
17 told that guy, I told that guy, and he's pretty so we'll
18 just leave him out of the conversation. All right?

19 So here's my point, I'm talking to you guys --

20 MR. VASQUEZ: Is this about this item on the
21 agenda?

22 MR. GUAJARDO: Yes, absolutely, absolutely.

23 MR. VASQUEZ: Okay, great. Go ahead.

24 MR. GUAJARDO: It's the fact that you got people
25 who don't know what they're doing and that's why you have

1 now the developers are affected. Before it was single
2 family that was affected and we tried to bring it up. We
3 said, hey, you know what, there's a huge conflict of
4 interest within single family, huge, where things are being
5 decided and decisions are being made that don't make any
6 sense.

7 Right now he reported on HAF. It's a shame.
8 Let me tell you where I went. I went to El Paso and I
9 talked to them. All right. I went to the Valley and I
10 spoke to them. I went to West Texas and spoke to them, to
11 Houston, to Dallas, and they're all pissed. This is me
12 coming to you. All right? Coming to you that there's
13 going to be more, and he said he was going to go report on
14 some finance things. All right?

15 I'm telling you, you guys are here to ask the
16 questions. Ask the questions. Find out what's going on,
17 find out why \$860 million --

18 MR. VASQUEZ: Mr. Guajardo.

19 MR. GUAJARDO: My name is Fernando Guajardo.
20 Don't fuck my name up, Vasquez.

21 MR. VASQUEZ: Mr. Guajardo.

22 MR. GUAJARDO: I'm done. Thank you.

23 MR. VASQUEZ: Thank you.

24 MR. GUAJARDO: Ask the questions, guys. This is
25 bullshit. There's fraud going on here, there's fraud. And

1 you know what, I was fucking fired for bringing it up. You
2 little piece of shit, Bobby, Eccles.

3 MS. FARIAS: That's unacceptable.

4 MR. VASQUEZ: By the way, the next meeting is
5 going to be in the Capitol Building because we've been told
6 we need more security.

7 Okay. I apologize to everyone for that. I'll
8 ask the future speakers to ensure that you speak on point
9 with the subject at hand. So who's following that?

10 MS. MYRICK: Thank you. I am not with that
11 gentleman at all, at all.

12 (General laughter.)

13 MS. MYRICK: Hello. My name is Lora Myrick, and
14 I'm with BETCO Consulting, and we represent one of the
15 applications that the RFAD was filed against.

16 So how this all happened with us is that we went
17 about the same process that we do every year, which we take
18 the QAP and we have what we call a scoring matrix that we
19 created many years ago, and it's full of formulas, and we
20 put in the information from the QAP and out spits some
21 scoring on a site.

22 And we found that we scored four points in this
23 category because of the language in the QAP, and it said
24 that anything that was less than 30 years will get the
25 lower points and we could get the higher points if we were

1 30 or above. So that's how we were looking at it. We put
2 it in a formula, we put in a matrix that we use every year,
3 and that's how we came across that.

4 I think one of the things that hit me was that
5 in the past we've been at 29 years and below so we hadn't
6 really hit 1992, and so 30 years hadn't come up yet. This
7 is the first year that 30 years had come up, so maybe
8 that's what triggered the language that's been in the QAP
9 for quite some time that I've used in my scoring matrix
10 year in and year out.

11 So we know that from the plain reading of the
12 language that we get the four points. When we put it in
13 the formula it confirmed it for us. We simply asked the
14 question and made the appropriate scoring decision at that
15 time when we were scoring the application.

16 So I got this by just looking at the QAP, by
17 just reading the plain language and doing math. So if it
18 was interpreted previously in a different way, I'm sorry.
19 I didn't catch that, I didn't see it. The mathematical
20 equation was there, and it confirmed 29 years so I only got
21 three points, this year I got four because I was 30 years
22 old this year. So it was just a simple plain reading of
23 the language and simple math.

24 So that's all my comments. Thank you.

25 MR. VASQUEZ: Thank you, Ms. Myrick.

1 Anyone else?

2 MS. SHEEHY: Hi. I'm sitting with the old
3 guard, but this is my first time to speak. My name is
4 Alexis Sheehy, and I am representing the developer here.

5 And we just want to reiterate that we are not
6 questioning the interpretation or even the applicants who
7 we've RFAD'd. We're not questioning their interpretation.

8 We did pull and we have provided that in the RFAD several
9 examples from the past two program years where the years
10 were counted in the, quote-unquote, old accepted way and
11 not this way that was accepted in these two applications.

12 There are also several applicants this year who
13 have submitted applications whose tiebreaker has listed a
14 2007 deal which is in your previous interpretation going to
15 be a deal that is going to count on that 15-year timeline.

16 So again, we are not arguing really your
17 interpretation, although in the past it has been
18 interpreted as the date of the award. The QAP just today
19 the draft released clarifies that language, so they
20 acknowledge that that language was less than clear, but as
21 of January 7, 2022, the interpretation was as we submitted
22 our applications and many, many others in this application
23 round did as well. The only two applications that we found
24 using that methodology were the two in question here in
25 Region 4R.

1 Thank you.

2 MR. VASQUEZ: Mr. Campbell, it looks like you're
3 back up here.

4 So again -- come on up.

5 MS. ANDERSON: Hello. My name is Sarah
6 Anderson, and I have no dog in this hunt. I came up
7 because my analyst has been sending me texts on this and
8 has asked me to speak on it.

9 Specifically I would agree with -- so again, I
10 don't have a deal that has this issue, but I would say that
11 the interpretation that staff seems to be making is
12 different than what we have done in the past.

13 I would agree with the speakers. The one thing
14 that nobody has spoken about, and I'm not sure staff has
15 looked at with regard to this, is the implication of this
16 is that you're ending up rounding the date, and the QAP is
17 very specific that there is no rounding for this issue
18 allowed. So I don't know if staff has looked at that and
19 taken that into consideration, but certainly the
20 interpretation seems to have a conflict with it.

21 And I would say that we respectfully disagree,
22 even though we don't necessarily care one way or the other
23 at this point.

24 MR. VASQUEZ: Thank you, Ms. Anderson.

25 Okay, Mr. Campbell. So help re-clarify here.

1 MR. CAMPBELL: Certainly.

2 MR. VASQUEZ: Well, I guess my understanding,
3 from what I'm hearing, is there is a question about the
4 actual reading of the rule as written versus some past
5 interpretation that may not have matched the way that the
6 rule is written.

7 MR. CAMPBELL: Correct. I think that the way
8 that staff would summarize this is that we have two
9 applications in front of us that, based on a clear reading
10 of the rule, do qualify for points that they've claimed,
11 and there are applicants behind them that want those points
12 taken away; regardless of the circumstances that they want
13 those taken away.

14 I don't think staff is under any impression that
15 this is an easy situation, it's certainly not a situation
16 that we have approached flippantly, but it is kind of an
17 easy decision because the applications qualify for the
18 points.

19 Regardless of other circumstances surrounding
20 that, that's kind of how we arrived at the conclusion that
21 we're at. There wasn't a change to the rules. The
22 application qualifies under the rules, so we gave them the
23 points.

24 MR. VASQUEZ: And this may be more of a question
25 to Mr. Eccles. So a past interpretation of the way the

1 rule is written, possibly that interpretation not matching
2 the rule is written, whether that was a mistake or
3 incorrect really doesn't have any bearing on this. If we
4 choose to follow the way the rule is written, these 1992
5 projects --

6 MR. CAMPBELL: Would qualify the census tract
7 for points.

8 MR. VASQUEZ: The census tract, 1992 would
9 qualify. Did make any misstatement there?

10 MR. ECCLES: That seems accurate.

11 MR. VASQUEZ: Okay. And just as an aside,
12 perhaps there would be some suggestion from industry
13 participants in the QAP Rules Committee meeting to say
14 let's go with the specific month and date and year rather
15 than this whole year -- January 1 equals the whole year.

16 MR. CAMPBELL: Sure.

17 MR. VASQUEZ: That sounds like it would be
18 reasonable and accepted by the Department.

19 Do any other Board members have questions for
20 Mr. Campbell?

21 MR. MARCHANT: My question was is that going to
22 be a proposal for rules?

23 MR. CAMPBELL: We have written what I would call
24 clarifying language into the rule that specifies more
25 clearly that we count the whole year rather than looking at

1 the month and date, although if we went with the month and
2 date, we could certainly do that as well.

3 MR. VASQUEZ: Any other questions?

4 MR. MARCHANT: Mr. Chairman, I would like a
5 question that objected to the way it was interpreted. Do
6 they believe that that kind of a clarification would fix
7 the problem?

8 MS. ANDRE: Once again, Sarah Andre.

9 The clarification would fix the problem for next
10 year. The issue I have is, you know, there are applicants
11 here who I passed on their site because I read the rules
12 the way it's always been done and I said, No, your deal --
13 it has a deal that is 29-1/2 years old; that does not
14 qualify under the way it has always been done. And I know,
15 you know, we don't --

16 MR. MARCHANT: So does the way we just proposed
17 to him fix that?

18 MS. ANDRE: If you implement it today.

19 MR. VASQUEZ: But in the future.

20 MS. ANDRE: It doesn't do any good for the
21 people --

22 MR. MARCHANT: In the future.

23 MS. ANDRE: In the future, yes, sir. It just
24 doesn't do any good for the people who put down money on
25 land and third party reports, et cetera, and who passed on

1 sites because they did not have a deal -- because the
2 census tract had --

3 MR. MARCHANT: They didn't read it the same way
4 that staff did.

5 MS. ANDRE: Well, it's not that they didn't read
6 it the same way that staff did; they didn't read it the
7 same way Cody did. Every other staff until Cody got here
8 was reading it that other way and implementing it that
9 other way and put in the very specific language that says
10 you use the date the deal was awarded in the Board book.

11 And so I'm happy for Cody to have his new
12 interpretation, I'm happy to implement that next year, I
13 would have been happy to implement that this year if it had
14 come out in the process earlier. But post January 7 or
15 January 8, when you turn those applications in, it's
16 inconsistent and it's, you know, not the way the Department
17 has implemented things in the past.

18 The Department has been really good at being
19 transparent, and I don't think Cody intended to be not
20 transparent. I think he thought, oh, they've been doing it
21 wrong; let's change it. And he was excited to start
22 implementing things his way, which is great, but they did
23 not think through the consequences, and we've been
24 hammering away on that since the very beginning and that
25 it's a problem, because there are other deals, like I said,

1 that would have gotten a point in 1 Urban and they would be
2 at the top of the heap. They haven't even been looked at
3 because of this.

4 So that's what we're asking for, is consistency
5 across everyone, and if there weren't inconsistency, this
6 is like 95 percent of the people did it the way it's always
7 been done and two applications did it this new way.

8 So that's my frustration here, but yes, to get
9 back to your question -- sorry -- it would fix it next
10 year.

11 MR. VASQUEZ: One more from Ms. Myrick.

12 MS. MYRICK: Just one more thing.

13 I don't know that I would agree that we all took
14 the interpretation that was given by staff before. I read
15 the QAP. If something doesn't make sense in the QAP, then
16 I go to the application and I go to the procedures manual.

17 When I read this in previous years -- and I have been
18 doing this for a while, not as long as some of these other
19 folks, but I've been doing this for a while, and I get
20 awards every year -- I simply read the rule. It was plain,
21 it was simple, I did the math and I got 30 years and it
22 make sense.

23 I understand to some extent what they're saying,
24 but at the same time, so we're going to punish a couple of
25 people because they read the rule and they interpreted it

1 correctly?

2 So I read it, we were doing our scoring matrix,
3 we put our formulas in and that's what came up, and when
4 you compare it to the rule, it comes up that we qualify for
5 the points. I just don't feel that we should be penalized
6 for reading something correctly and implementing it
7 correctly.

8 MR. VASQUEZ: Great. Thank you.

9 MR. SMITH: Listen, again, there are
10 applications that did not use that same methodology as two
11 applications did and didn't claim points. It is clear in
12 the application, it says it just as clear in the
13 application, January 1, 2007; January 1, 1992, not the
14 whole year, it is specific to a date, and so there's two
15 applications versus several applications that used the full
16 year methodology. And yes, it would fix it going forward,
17 but now I've got a city who helped me find a site that
18 there was a different interpretation that what had been
19 done in the previous four years.

20 MR. VASQUEZ: I think we all understand.
21 Something new to add to this discussion?

22 SPEAKER: Yes.

23 MR. VASQUEZ: Identify yourself and sign in.

24 MS. SIVELLS: Andrea Sivells with BETCO. I'm
25 sorry; my first time, so I'm nervous.

1 So this was my first year to score sites under
2 the QAP, so I don't have any of the prior interpretation or
3 any of that knowledge, and I actually was the one who
4 scored this site by reading the QAP.

5 And reading the QAP with no prior knowledge,
6 it's very clear: Years are measured by deducting the most
7 recent year of award of the site demographics from January
8 1 of the current year. Everything being exclusive for how
9 things have been treated prior, it's really clear: January
10 1 of 1992 minus January 1 of 2022 is 30.

11 I don't think anything has to do with Cody or
12 whoever; it's that's the way the rule reads, and me coming
13 in as someone new reading the QAP for the first time, it
14 was really clear.

15 I hope that helps.

16 MR. WILKINSON: Good job.

17 (General laughter.)

18 MS. SIVELLS: I'm so nervous.

19 MR. WILKINSON: You did great.

20 MR. VASQUEZ: Come back again.

21 MR. THOMAS: You're definitely invited back.

22 MS. MEYER: And yes, I do have new information,
23 and I apologize for anybody this is going to create havoc
24 for. Robbye Meyer with Arx advantage.

25 One thing that nobody has brought up, for the

1 rule in 11.9 refers back to statute of 2306.6725-2(b), and
2 although the rule goes for 30 years or older -- that's for
3 a clean census tract -- the statute is very clear in
4 2306.6725-2(b) states: "a development located in a census
5 tract in which there is no existing developments supported
6 by housing tax credits." So it doesn't have anything to do
7 with age, 30 years or anything else, so there's nothing
8 that anybody has to be calculating.

9 I know that's going to be an unpopular
10 statement, but that's what statute is, and having been
11 caught in statutory language this year, I felt compelled to
12 bring that to your attention.

13 MR. VASQUEZ: Thank you, Ms. Meyer.

14 Okay. Mr. Wilkinson.

15 MR. WILKINSON: I think we would say over 15
16 years is no longer being supported by tax credits.

17 MR. CAMPBELL: Supported by tax credits is kind
18 of a hairy concept, because for a tax credit development
19 the credits generally last only the first 10 years of the
20 development's life cycle; sometimes for various accounting
21 reasons it can spill over into 11 years.

22 The federal compliance period is 15 years, so
23 you can set that benchmark at 10 years, 11 years, 15 years,
24 30 years, which is the minimum federal extended use period.

25 MR. WILKINSON: We would welcome a change in

1 statute for clarity.

2 MR. CAMPBELL: Sure, sure.

3 MR. WILKINSON: Our interpretation was 15 years.

4 MR. VASQUEZ: Okay. Again, I think this comes
5 down to we can't do anything about prior years, whether it
6 was misinterpreted or how it was interpreted. And staff is
7 recommending here if we go by the way the rule is currently
8 written, without interpretation, just a plain reading of
9 the rule, the 1992 projects would be 30 years or more, so
10 it would qualify under the way the rule is written.

11 MR. CAMPBELL: That is correct.

12 MR. VASQUEZ: That's your position.

13 MR. CAMPBELL: Yes, sir.

14 MR. VASQUEZ: Okay. Do any Board members have
15 any other questions on this? And keeping in mind in each
16 decision there's a winner and a loser. I mean, effectively
17 that's the way it's going to turn out.

18 MR. THOMAS: I just have a clarification
19 question just for my understanding.

20 MR. VASQUEZ: Please.

21 MR. THOMAS: So, Cody, is this a this-year
22 problem because of the way prior staff has interpreted this
23 and so we're talking about the '92 and the 30 years
24 calculation, or is this going to be like a rolling problem
25 based on now you're taking the position that staff should

1 just adhere to the rule as it's written; we're not going to
2 follow prior interpretation?

3 So say we come into next year, we change or not
4 change the rule, are we going to have projects that are
5 1993 that are going to have like similar problems?

6 MR. CAMPBELL: If the language in the QAP
7 remains unchanged or if the language that staff has drafted
8 is adopted, then, yes, I would say next year that a census
9 tract with a development awarded in '93 would be 30 years
10 and would qualify for these points. Presumably next year
11 there would be less objection to that.

12 MR. THOMAS: Okay.

13 MR. VASQUEZ: And when Mr. Batch has his
14 committee meeting later on today, we could clarify in the
15 rules to make it a specific date for that 30 years.

16 I would like to entertain a motion.

17 MR. ECCLES: It's actually just a report.

18 MR. VASQUEZ: Oh, it's a report. Okay. So no
19 motion, no action, no recommendation.

20 MR. ECCLES: You could make a motion to accept
21 the report.

22 MR. MARCHANT: I'd like to make a motion we
23 accept the report.

24 MR. BATCH: Second.

25 MR. VASQUEZ: Motion made by Mr. Marchant and

1 seconded by Mr. Batch to accept the report. All those in
2 favor say aye.

3 (A chorus of ayes.)

4 MR. VASQUEZ: Any opposed?

5 (No response.)

6 MR. VASQUEZ: Hearing none, motion carries.

7 Now item 5(b) Presentation, discussion, and
8 possible action on timely filed appeal for termination for
9 the Ponderosa, Project 22171, under the Department's
10 Multifamily Program Rules.

11 MR. CAMPBELL: Thank you.

12 Items 5(b) and 5(c) on your agenda are
13 substantially similar, so the following comments will apply
14 to the next item as well as this one, although it will, I
15 believe, need to be a separate motion.

16 This item concerns an appeal of the termination
17 of application #22171 for a development called The
18 Ponderosa. The QAP establishes the required third party
19 reports that must be submitted with the application. Among
20 these is a primary market area map which is a map that
21 shows the area from which the development is expected to
22 draw most of its demands.

23 This map is a critical component of the
24 application's market study and is required to include
25 information such as the site's GPS coordinates, the square

1 mileage of the primary market area, and a list of the
2 census tracts included in that area.

3 This map was due to be submitted no later than
4 March 1 of this year. While the application for the
5 Ponderosa was timely submitted, no PMA market area map was
6 submitted by the deadline.

7 Section 11.205 of the QAP is abundantly clear on
8 this issue. It states that for competitive housing tax
9 credit applications, if the reports in their entirety are
10 not received by the deadline, the application will be
11 terminated. This is actually one of the clearest
12 statements of termination in the entire 200-page QAP; it is
13 very black and white. Accordingly, staff issued a
14 termination notice, which the applicant timely appealed.

15 The appeal suggests that this matter should be
16 curable through the administrative deficiency process;
17 however, this is in clear conflict with the program's
18 rules. Because of this, the appeal was denied by the
19 executive director. The termination of this application
20 was issued by the Department in direct adherence to 10 TAC
21 11.205. Because of this, staff recommends that the Board
22 deny the appeal.

23 MR. VASQUEZ: Are there any questions on this
24 one? Is there anyone to speak on this? Come on up, now is
25 your time.

1 SPEAKER: I get nervous as well, but I have a
2 feeling I won't be the one remembered from today.

3 So my presentation is going to relate to both of
4 the deals that Cody mentioned. I don't want to waste your
5 time by getting up twice, so we'll do it that way.

6 MR. VASQUEZ: Okay. We'll keep that in mind.

7 MS. SNEDDEN: Michelle Snedden with Shackelford.
8 I'm here representing the developer on both the projects
9 to appeal the termination.

10 While we don't obviously disagree with the
11 language that Cody just mentioned in the QAP about
12 termination of an application if a report is missing, what
13 I want to draw your attention to is other sections of the
14 QAP, specifically the deficiency process, that we believe
15 does allow this issue to be resolved by the deficiency
16 process.

17 There's three or four sections that distinguish
18 between a missing document because the applicant clearly
19 didn't have it on time so that's why it wasn't in the
20 application submission, as opposed to very specific
21 language in the deficiency process language that talks
22 about a document that, if requested, an applicant can show
23 staff and the department that they had that in their
24 possession at the time; it was timely, it was a clerical
25 error it wasn't included.

1 I think there's an intent there in the rules two
2 or three times that make that clear distinction, and the
3 intent is to allow this type of error to be cleared by the
4 deficiency process.

5 11.1(g) notes when the deficiency process cannot
6 be used, so changing a scoring item, changing any aspects
7 of the development, changing financing. It does not
8 include a third party report or a threshold item.

9 In fact, 11.1(d) allows for a threshold item to
10 be cured -- and this is the distinction I'm talking
11 about -- the language says if it can be shown that the
12 applicant was in possession of the missing document at the
13 time of application submission, which it was in this case.

14 11.1(g) again notes that same difference:
15 All facts and materials to substantiate any item in
16 response to a deficiency must have been clearly established
17 at the time of submission of the app.

18 As evidenced in the Board book, there's
19 documentary evidence that shows the applicant requested the
20 map in advance of the submission deadline, had it in its
21 possession. It was a human error, it was a clerical error,
22 it was always intended to be included, and it just wasn't.

23 11.1(d)(2) goes further and states a material
24 deficiency is an inability to provide documentation that
25 existed prior to submission of the app to substantiate

1 claimed points or meet a threshold item. Again, a clear
2 line is being drawn. If they can show that they had it
3 timely and it was an error, we believe it can be cleared by
4 the deficiency process.

5 Based on this, I think there is -- I'm almost
6 done -- there is a clear intent here in the rules to allow
7 what I just talked about, deficiency process can allow to
8 clear this kind of clerical error, and for these reasons,
9 we respectfully request that you reinstate the application
10 so that it can move forward with the review process.

11 Thank you very much.

12 MR. VASQUEZ: Thank you, Ms. Snedden.

13 MS. COBB: Hello. My name is Alma Cobb, and I'm
14 with Realtex Development. I'm here today to ask the Board
15 to reinstate both applications and overturn the staff's
16 recommendation.

17 Staff has determined that the applications be
18 terminated because applicant did not submit primary market
19 maps by the deadline as established in the 2022 QAP.
20 Although we're not disputing the rule and we understand
21 that the HTC application process is very technical, it is
22 imperative that applicants fill out the application
23 carefully and completely, we still make mistakes, and
24 mistakes will occur.

25 The appeal to the staff, while we did have the

1 map in our possession before the deadline and that solid
2 data in the map was illustrated in the original application
3 established that it was our intent to have complied with
4 the QAP, but nonetheless, we unintentionally overlooked to
5 attach the map to the final PDF application when submitting
6 to secure system.

7 We also failed to identify this prior to
8 receiving an RFAD. However, the PMA map was in the final
9 market analysis due April 1 and which we submitted this
10 third party report prior to the deadline.

11 This is an unintentional oversight that creates
12 the inconsistency between the application and the
13 supporting documentation. We believe that we were not
14 given the due process by being denied the opportunity to
15 clarify this inconsistency in the application through the
16 deficiency process.

17 Section 11.201 of the Qualified Allocation Plan
18 states the purpose of this deficiency process is to allow
19 an applicant to provide clarification, explanation, or non-
20 material information to resolve the inconsistencies in the
21 original application. Deficiencies may be administrative
22 material. In either case they will be treated similarly in
23 that the applicant may receive a deficiency notice and have
24 the opportunity to respond.

25 We have not received one deficiency notice prior

1 to the termination, and we believe since this error does
2 not change any material information in the application, it
3 should be able to be resolved through the deficiency
4 process.

5 Thank you.

6 MR. BATCH: Mr. Chairman, I have a quick
7 question, if I may.

8 MR. VASQUEZ: Please.

9 MR. BATCH: So, Cody, would you agree that there
10 was no deficiency letters sent? And another question,
11 would you also agree that per the deficiency review process
12 that the applicant would in fact be able to go through that
13 process to provide additional material in support of their
14 application?

15 MR. CAMPBELL: Sure. So I do agree that there
16 was no administrative deficiency notice sent, and the
17 reason for that is because the QAP is very clear that if
18 you fail to submit your stuff on time, you get terminated.

19 You know, I certainly hear them when they say
20 that it was an unintentional error. I don't think that
21 there's any doubt that that is the case; nobody would
22 intentionally do something to get their application
23 terminated.

24 But the clear guidance in the QAP is that if you
25 fail to submit your stuff on time, you get terminated. I

1 actually feel that staff would have violated its own rules
2 by issuing an administrative deficiency rather than
3 terminating the application, because that is the prescribed
4 course of action in the rules.

5 MR. BATCH: Thank you.

6 MR. CAMPBELL: Certainly.

7 MR. VASQUEZ: Anyone else?

8 (No response.)

9 MR. VASQUEZ: Let me ask, the information
10 contained in the map, other than the picture of the map
11 itself, was that utilized throughout the application?

12 MR. CAMPBELL: No, sir. There is some
13 information that's required to be in the map that is not in
14 the application itself; for example, the square mileage of
15 the primary market area, the census tracts used to
16 determine that primary market area. Some of the
17 information like the GPS coordinates of the site are
18 available in the full application, but the rest of it is
19 not.

20 MR. VASQUEZ: But the identification of the
21 census tract is only noted in the map; it's not listed
22 somewhere else in the application.

23 MR. CAMPBELL: It's part of the map and then it
24 is part of the full market analysis which is due a month
25 after the application, so by the time they submitted it, it

1 was a month late.

2 MR. VASQUEZ: Honesty, I'm torn with this,
3 because this seems to me like one of our classic "gotchas."
4 There's got to be a way that we can work into the rules.

5 MR. WILKINSON: There's a process. It comes to
6 the Board, this is it.

7 MR. VASQUEZ: Something a little more efficient.
8 So other than actually having that submitted,
9 the actual map copy at application, there's not any other
10 deficiencies in this.

11 MR. CAMPBELL: I don't know that we've completed
12 a full review of these applications. Once they were
13 terminated, we set them to the side.

14 MR. VASQUEZ: Okay.

15 MR. MARCHANT: I'm ready to voice a motion.

16 MR. VASQUEZ: I'll entertain a motion on 5(b).

17 MR. MARCHANT: I may not say it right, but I
18 make the motion that Ponderosa, item 22171 and Victorian,
19 item 22174 --

20 MR. VASQUEZ: Let's just do one at a time here.

21 MR. MARCHANT: Okay. 22171 be denied. That's
22 the request of the staff?

23 MR. CAMPBELL: The staff's recommendation is
24 that you deny the appeal, yes, sir.

25 MR. VASQUEZ: So motion made by Mr. Marchant to

1 uphold staff's recommendation to deny the appeal, terminate
2 the application.

3 MR. MARCHANT: Uphold the staff's, whatever is
4 the most positive way to say it.

5 MR. VASQUEZ: Is there a second?

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

7 MR. VASQUEZ: Second made by Mr. Thomas. Let's
8 call for a vote.

9 All those in favor of denying the appeal,
10 upholding the staff's recommendation to terminate, say aye.

11 (Ayes: Members Batch, Farias, Marchant and
12 Thomas.)

13 MR. VASQUEZ: It's four ayes, and let the record
14 reflect I voted no against it, but the motion carries
15 nevertheless.

16 And 5(c), we said similar.

17 MR. CAMPBELL: Correct.

18 MR. VASQUEZ: 22174. Would you like to
19 introduce it again?

20 MR. CAMPBELL: Sure.

21 MR. MARCHANT: Mr. Chairman, I make a motion
22 that we --

23 MR. VASQUEZ: Let's let him do at least a quick
24 introduction for formality.

25 MR. CAMPBELL: Sure, sure. So this is almost a

1 carbon copy of the previous item that we just heard. This
2 is for application #22174, which is The Victorian. Same
3 issue, the primary market area was due by March 1, and we
4 didn't receive it until April 1. It was terminated. They
5 appealed wanting to correct it through administrative
6 deficiency.

7 The rule says that that is not the course of
8 action to take, so the appeal was denied by the executive
9 director, and it is now presented to the Board with a staff
10 recommendation that the appeal be denied.

11 MR. VASQUEZ: Are there any other different
12 circumstances?

13 MR. CAMPBELL: It's a different city and a
14 different file number, but the circumstances are shockingly
15 similar.

16 MR. VASQUEZ: And I don't see anyone appear to
17 speak on this one.

18 So, Mr. Marchant.

19 MR. MARCHANT: Question.

20 MR. VASQUEZ: Question. Go ahead.

21 MR. MARCHANT: This is the same applicant on
22 both projects?

23 MR. CAMPBELL: It is the same developers, yes,
24 sir.

25 MR. MARCHANT: So the same mistake was made

1 because of that.

2 MR. CAMPBELL: Yes, sir.

3 MR. MARCHANT: I make a motion that we uphold
4 the staff's ruling on Victorian 22174.

5 MR. VASQUEZ: Thank you.

6 Motion made by Mr. Marchant.

7 MS. FARIAS: Second.

8 MR. VASQUEZ: Seconded by Ms. Farias. All those
9 in favor say aye.

10 (Ayes: Members Batch, Farias, Marchant and
11 Thomas.)

12 MR. VASQUEZ: And let the record show that I
13 vote opposed, so motion carries four to one.

14 On to 5(d). 5(d) I understood has been
15 withdrawn.

16 And 5(e) is still set up, Presentation,
17 discussion, and possible action on a timely filed appeal of
18 scoring for Landmark 301, project 22254, under Department's
19 Multifamily Rules.

20 Mr. Campbell.

21 MR. CAMPBELL: Thank you.

22 This appeal concerns the income level of
23 residents scoring category which awards points to
24 applications that restrict units at income levels beyond
25 the minimum required by the program.

1 One option under this scoring category awards 15
2 points to applications that restrict at least 40 percent of
3 the low income units at the 50 percent area median income
4 level.

5 The application was submitted with only 21
6 percent of the units restricted at the 50 percent level but
7 claimed 15 points. Because of this, an administrative
8 deficiency was issued that asked the applicant to explain
9 the requested score for this item.

10 In their response the applicant claimed that
11 this was a single typo in one drop-down box on the
12 application and that they meant to click 50 percent in that
13 box but mistakenly clicked 60 percent instead.

14 A review of the application shows that this is
15 not the case. Not only was 60 percent selected in the
16 drop-down box in question, but the rent that was manually
17 entered for those units is the 60 percent rent.

18 These higher rents are then included in the
19 calculation of the development's gross annual income, which
20 was then used to demonstrate that the project is
21 financially feasible.

22 When the rent for the units in question is
23 changed to the 50 percent level, the gross annual income of
24 the development drops nearly \$20,000 and results in a debt
25 coverage ratio that falls below the Department's minimum

1 1.15.

2 With the 50 percent rents, the development has a
3 DCR of 1.08 in year one, which gradually increases to 1.14
4 in year 15, never hitting the required minimum. In other
5 words, simply changing the rents to the 50 percent level
6 results in an application that is not financially feasible.

7 Presumably because of the financial feasibility
8 issues, the applicant's response to the deficiency also
9 included a new annual operating cost exhibit which includes
10 an unexplained decrease to the management fee and a
11 similarly unexplained \$90,000 decrease to the annual
12 property taxes.

13 The purpose of the deficiency process is to
14 allow an applicant by clarification, explanation, or non-
15 material missing information to resolve inconsistencies in
16 the original application.

17 Upon review of the responsive documentation,
18 staff determined that there was not in fact an
19 inconsistency in the application that required resolution
20 and instead that it simply did not qualify for the 15
21 points that it requested.

22 Because of this, a scoring notice was issued
23 that awarded 11 points in this category, which is the
24 number of points that the application qualifies for with 21
25 percent of the units restricted at the 50 percent level.

1 The applicant timely appealed the scoring notice
2 again suggesting that this as a single unintentional typo
3 in the application that should be correctable through the
4 deficiency process. For the reasons outlined already in
5 this presentation, this appeal was denied by the executive
6 director.

7 Prior to the posting of the materials for this
8 Board meeting, the applicant submitted a letter addressed
9 to the Board that summarizes their position. In that
10 letter the applicant asks that the Board consider under
11 what circumstances staff may deny requested points after an
12 applicant submits documentation in response to a
13 deficiency.

14 Now, administrative deficiencies are information
15 requested by Department staff that is required to clarify
16 or explain one or more inconsistencies, to provide non-
17 material missing information, or to assist staff in
18 evaluating the application.

19 If staff issues a deficiency and the responsive
20 documentation does not demonstrate that the initial issue
21 actually constitutes an administrative deficiency, staff is
22 not obligated to award points based on the newly submitted
23 documentation.

24 This is clearly addressed in Section 11.201-6 of
25 the QAP, which states that communications from staff that

1 the response was satisfactory do not establish any
2 entitlement to points, eligibility status, or any
3 presumption of having fulfilled any requirements.

4 There must necessarily be a point is able to
5 distinguish what was asked for and what was submitted. As
6 a reminder, the initial deficiency simply asked the
7 applicant to explain the requested points.

8 In response the applicant provided an updated
9 rent schedule, an updated annual operating expense exhibit,
10 and an updated 15-year pro forma, none of which were
11 requested.

12 In order to maintain a coherent process, there
13 must be a point at which the application simply does not
14 qualify for the points it requested. The application as
15 submitted is not financially feasible when providing enough
16 50 percent units to qualify for 15 points.

17 This is an issue with the application that
18 extends beyond a simple error made in a drop-down box, and
19 the changes proposed by the applicant represent a
20 significant revision of the application in order to qualify
21 for these points.

22 Staff believes that these changes extend beyond
23 the intent of the deficiency process, and because of that,
24 staff recommends that the Board deny the appeal.

25 MR. VASQUEZ: Okay. Summarize, the percent of

1 the units.

2 MR. CAMPBELL: Sure. They needed 40 percent of
3 the units to be 50 percent.

4 MR. VASQUEZ: And they had 21 percent.

5 MR. VASQUEZ: Twenty-one percent, and when you
6 change that to 40 percent, the application is infeasible
7 without juggling other numbers around.

8 MR. VASQUEZ: Okay. And that was not just one
9 spot where they put in the wrong number. They may have put
10 that in when they had to manually answer that in others.

11 MR. CAMPBELL: That is correct. And I'm
12 hesitant, obviously, to speak about hypothetical, but if we
13 had reviewed the application and realized that it really
14 just was a drop-down box and it said 60 instead of 50 but
15 the rent and all the financials actually matched that, I'm
16 inclined to believe that staff probably would have accepted
17 that as an administrative deficiency, but the problem is
18 much larger than that.

19 MR. VASQUEZ: Do we have something to read into
20 the record, Mr. Lyttle?

21 MR. LYTTLE: Thank you, Mr. Chairman.

22 This is a letter addressed to the Board from
23 Curt Maddux, who is the mayor pro tem of the City of
24 Conroe. It reads as follows:

25 "I am writing this letter to urge you to

1 consider approving the scoring appeal from Landmark 301,
2 which is located in Conroe, Texas. I am sorry I cannot be
3 there to speak in person on this agenda item, but due to
4 COVID-related issues, I am having to send this letter
5 instead. Thank you for the opportunity for it to be read
6 into the record.

7 "Landmark 301 is an adaptive reuse of the long-
8 abandoned Montgomery County Hospital originally built in
9 1938. The building, which has been plagued by a fire and
10 code violations, sits empty in a part of downtown that is
11 part of the Downtown Conroe redevelopment plan and is
12 central to the city's revitalization efforts in this part
13 of town.

14 "This is not your regular new construction
15 development being proposed on a vacant lot. The applicant,
16 Overland Property Group, has been working with the City of
17 Conroe for almost three years in an attempt to bring
18 housing tax credits to help finance this redevelopment
19 effort.

20 "OPG has had multiple meetings with city staff
21 and come before the Conroe City Council twice to outline
22 the details of the development. In all of these meetings
23 the unit mix proposed by the developer was consistent and
24 was that of the highest scoring possible for the scoring
25 item.

1 "We understand that the application contained an
2 error that mistakenly selected the wrong number of 50
3 percent units but which requested the maximum score. We
4 understand that this was a mistake and has resulted in the
5 loss of four points and the possibility that this
6 application will not be awarded. This reduced what was
7 highest scoring application of all 2022 applications to
8 being out of award contention.

9 "There has not been a tax credit award within
10 the city limits of Conroe since 2009. When this
11 development was submitted for consideration in 2021, we
12 were also very excited about the proposal, but the
13 application was not awarded because it could not compete
14 with Houston due to scoring preferences for urban core
15 areas and areas with a significant number of jobs.

16 "In fact, over the past five years there have
17 been no 9 percent awards for urban areas in Montgomery
18 County and nearly all 9 percent tax credit developments
19 have been located in Houston or Houston ETJ. This year is
20 the opportunity for Conroe and Montgomery County to receive
21 an award, because we do not know whether this development
22 will be competitive next year should changes be made to the
23 QAP.

24 "We understand that the applicant made a mistake
25 in the application but did request the four points as if

1 the mistake had not occurred. We respectfully ask that the
2 Board consider this appeal and allow the applicant to fix
3 the inconsistency in the application. The City of Conroe
4 needs this project.

5 "Thanks for your consideration.

6 "Sincerely, Kurt Maddux, Mayor Pro Tem."

7 MR. VASQUEZ: Great. Thank you.

8 Do we need to make another motion for comment?

9 MR. BATCH: Motion.

10 MR. THOMAS: Second.

11 MR. VASQUEZ: Mr. Batch makes a motion for
12 public comment, seconded by Mr. Thomas. All in favor say
13 aye.

14 (A chorus of ayes.)

15 MR. VASQUEZ: Any opposed?

16 (No response.)

17 MR. VASQUEZ: None.

18 Would anyone care to make a public comment on
19 this item, pertinent to this item?

20 MR. GILLAM: Good morning. I will do my best.
21 Good morning. Matt Gillam, Overland Property Group, the
22 developer for Landmark 301. Appreciate your time this
23 morning and consideration of this item.

24 This application is the top scoring application
25 in the state, most meeting the desires of the QAP. We've

1 been working with the City of Conroe for almost three years
2 and have been consistent throughout that time in our
3 targeting and our approach with the application, including
4 the application last year.

5 The city couldn't be more supportive, as you
6 heard in that letter, along with the state representative,
7 and this development is desperately needed filling needs in
8 the city.

9 This year we did make a mistake in our
10 application, resulting in an inconsistency. Our intent is
11 clear, and also, this was an inconsistency that should be
12 allowed to be corrected and points awarded, which would be
13 consistent with how similar applications have been treated
14 this round.

15 Again, this was a mistake resulting in
16 inconsistency and should be given the points claimed,
17 allowing the top scoring application to bring this
18 transformative affordable housing development to Conroe,
19 which would be the first, as you heard, since 2009.

20 Appreciate your time and consideration.

21 MR. VASQUEZ: Thanks, Matt.

22 MR. MARCHANT: Are we only discussing this
23 Landmark one?

24 MR. VASQUEZ: Yes.

25 MR. SARAI: Good morning, members of the Board.

1 Thank you for giving me the opportunity to speak. It's
2 for Landmark 301. My name is Kit Sarai [phonetic]. I'm the
3 HUB and financial analyst for the project in question.

4 I've been modeling this development for the past
5 20-plus months. In last year's application and in all of
6 the dozens of iterations of our pro forma leading up to
7 this year's application deadline, the development was
8 modeled with more than 40 percent of the units at 50
9 percent AMI, including in all of our reviews with our
10 lender and syndicator.

11 We originally entered in this year's app with
12 the information from last year's app, including the rent
13 schedule and tab 19 development activities, which contains
14 a calculation of the scoring item in question. We entered
15 in the number of 30 percent units in tab 19, which was the
16 only box to manually enter in. That information was and
17 still is correct.

18 Once we received the final square footage from
19 the architect, we revised the rent schedule in our pro
20 forma to reflect the correct unit sizes. In the process of
21 updating that rent schedule in the model, a 60 percent AMI
22 selection was inadvertently selected in the drop-down box
23 instead of the 50 percent selection right above it.

24 Our model is designed to look just like the
25 TDHCA application so that we can copy and paste information

1 and avoid the potential of a typo. Therefore, the wrong
2 information was simply copied and pasted into this year's
3 application.

4 Unfortunately, this is a scoring item that
5 doesn't automatically change the score on the score sheet,
6 so we didn't notice the mistake in our final review.

7 Staff has noted that fixing the income drop-down
8 box causes the deal to be infeasible. I'd like to explain
9 why that's not the case. The income of the unit has
10 specific data that's tied to it, specifically management
11 fee and taxes.

12 For example, accidentally selecting the
13 incorrect income target triggered the incorrect gross rent
14 to be auto-populated in our model. That's because that
15 cell contains a formula that pulls that information from
16 another tab in the spreadsheet.

17 Likewise, in our operating expense tab,
18 management fee is calculated as a percentage of the
19 effective gross income, property taxes is estimated as a
20 function of net operating income, both of which were
21 incorrect because the income reflected in the rent schedule
22 was incorrect.

23 These are not major changes; they're very small
24 ones that have a ripple effect throughout our pro forma.
25 Even a single dollar a month decrease or increase in rental

1 income results in numerous changes throughout our pro
2 forma.

3 We corrected those two exhibits, as we have
4 numerous times before in the past years when we had to
5 revise income. It was allowed this year with Residences at
6 Parkview, where they received a deficiency notice asking
7 for a correction to be made to the rent schedule and asked
8 the applicant to "revise all exhibits including rent
9 schedule, operating expenses, pro forma and affected
10 financing exhibits." Clearly staff is okay with changes
11 being made to multiple exhibits, which a correction is made
12 to the rent schedule that affects income.

13 Heritage at Big Spring had a mistake in their
14 rent schedule they corrected in a deficiency, along with
15 revisions made to the management fee and property taxes,
16 the same that we did this year. This development remains
17 feasible once the correct information is plugged in.

18 All we're asking for is that Underwriting be
19 allowed to underwrite as they always have in the past.
20 Thank you.

21 MR. VASQUEZ: Ms. Bast.

22 MS. BAST: Good morning. Cynthia Bast with
23 Locke Lord, representing the applicant for this appeal.
24 Our appeal to the Board begins at page 376 of your Board
25 book.

1 And Mr. Campbell did provide the key question
2 here, which is when TDHCA staff finds an inconsistency in
3 the application that impacts scoring and issues an
4 administrative deficiency and the applicant submits
5 appropriate documentation to resolve the inconsistency,
6 under what circumstances can they still deny the points
7 despite the fact that the applicant did resolve the
8 inconsistency?

9 You've heard testimony that this applicant
10 consistently requested 15 points through the pre-
11 application process, the application process, and even in a
12 prior year.

13 However, they did make an error that resulted in
14 showing that the property would have fewer than 40 percent
15 of its units at 50 percent AMI, and as you just heard from
16 our analyst, those errors do have ripple effects. This
17 error at tab 24 wound up creating an error at tab 19
18 because of codes and factors that are built into the
19 application spreadsheet.

20 The applicant was asked to provide information
21 as to the qualification for these points. That's what the
22 administrative deficiency said: explain. So when they
23 explained, they provided corrected exhibits for the
24 application. That's something we've been doing for years.

25 Sometimes we get very broad questions from the

1 reviewers in administrative deficiencies that say, Please
2 explain this to me, and sometimes we get very narrow
3 questions, but in either case we often provide as much as
4 we can to explain the situation.

5 TDHCA took those corrected exhibits that the
6 applicant provided and marked through the incorrect ones
7 and put the new ones into the application that is posted on
8 the website. You can see that on pages 381 and 383 of your
9 Board book. Yet when the scoring notice was issued, we
10 were told that the application was only awarded 11 points
11 instead of 15 but it didn't really say why.

12 The scoring notice just said that the
13 application doesn't qualify for 15 points because fewer
14 than 40 percent of the units would be reserved at 50
15 percent AMI. But the application does have more than 40
16 percent of the units restricted to 50 percent AMI; those
17 pages have been provided.

18 We believe everything staff did with regard to
19 this application was correct and followed through the rules
20 until the end, when the points were removed. The rule says
21 in part if an applicant claims points for a scoring item
22 but provides supporting documentation that would support
23 fewer points for that item, staff would treat this as an
24 inconsistency and may issue an administrative deficiency,
25 with the goal being to align the points that are requested

1 with the supporting documentation. So staff had issued the
2 administrative deficiency, the applicant provided the
3 corrected exhibits that would allow the points requested to
4 align with the supporting documentation. The rest with
5 regard to the feasibility can be handled, again, with those
6 changes rippling through.

7 We believe this satisfies the requirements of
8 the rule, and we ask that you grant this appeal to award 15
9 points for the Landmark application.

10 Thank you very much.

11 MR. VASQUEZ: Thank you, Ms. Bast.

12 Mr. Campbell, do you want to add or clarify
13 anything?

14 MR. CAMPBELL: I would say that the situation
15 has been pretty fairly presented on both sides. I think
16 maybe the only thing that I would want to add is that when
17 staff is trying to analyze and come to a conclusion about
18 what is acceptable as an administrative deficiency and what
19 extends beyond that scope, how many units you're providing
20 and whether you can keep the lights on while providing
21 those units, those are pretty fundamental issues to an
22 application, and when you start changing those things we
23 get to a point where we have to start asking is this even
24 the same application anymore.

25 Staff issued the scoring notice that did not

1 award the full 15 points because the corrections that the
2 applicant is proposing to make substantially change the
3 application. This isn't just, you know, we rounded our
4 square footage on one of our units off by a couple of
5 decimals, this is how many units they're providing.

6 So I guess the only thing I would want to add is
7 that I still do enthusiastically recommend that the Board
8 deny this appeal.

9 MR. VASQUEZ: Enthusiastically.

10 MR. CAMPBELL: Enthusiastically. Maybe that was
11 the wrong word, but emphatically, maybe.

12 MR. MARCHANT: Mr. Chairman, I have a question
13 of the applicant.

14 MR. VASQUEZ: Mr. Marchant.

15 MR. MARCHANT: So your application is Landmark
16 301, and then the same thing has happened on your Reserves
17 at Monarch?

18 MR. CAMPBELL: No, sir. That's a different
19 issue.

20 MR. MARCHANT: Different issue, same developer?

21 MR. CAMPBELL: The developer on this application
22 is the same as one of the last two items. One of those
23 items has been pulled.

24 MR. MARCHANT: Who's Patrick Beaty?

25 MR. GILLAM: (Speaking from audience) My

1 business partner.

2 MR. MARCHANT: Okay. So is he the developer?

3 MR. GILLAM: Patrick Beaty is my business
4 partner, so we're both the developer.

5 MR. MARCHANT: Okay. And Harrison Weichner?

6 MR. GILLAM: Business partner.

7 MR. MARCHANT: Okay. So I don't understand the
8 structure. These people that testified for you, are they
9 your consultants?

10 MR. GILLAM: Kit is our HUB and Cynthia is our
11 legal representative.

12 MR. MARCHANT: Okay. Thank you.

13 MR. VASQUEZ: Anyone else?

14 MR. BATCH: Cody, just to be clear, there's
15 nothing in the QAP or no rule otherwise that says when
16 somebody provides information as it relates to a deficiency
17 in the deficiency process, you don't have to technically
18 award any points from that point?

19 MR. CAMPBELL: That is correct, yes, sir. So
20 the QAP is very clear that just because we say that the
21 response was satisfactory does not mean that they are
22 entitled to those points.

23 MR. BATCH: Was the response that they sent
24 satisfactory? I mean, did it address a lot of the issues
25 that staff had?

1 MR. CAMPBELL: It allowed us to finalize our
2 review. Yes, sir.

3 MR. BATCH: Okay. Thanks, Cody.

4 MR. CAMPBELL: Sure.

5 MR. VASQUEZ: But to clarify, that was a two-
6 step -- the first question was the 21 percent versus 40
7 percent units.

8 MR. CAMPBELL: That's correct.

9 MR. VASQUEZ: And then when that was changed
10 that triggered the next question on the financial
11 feasibility.

12 MR. CAMPBELL: That is correct, yes, sir.

13 MR. VASQUEZ: So that was a second, or did it
14 all just kind of happen at the same time?

15 MR. CAMPBELL: That's a question that they
16 answered before we even asked it, so they preemptively just
17 sent us a bunch of financial exhibits.

18 MR. VASQUEZ: Would anyone care to make a motion
19 on this?

20 MS. FARIAS: I'm ready to make a motion. Mr.
21 Chairman, I move the Board deny the scoring appeal of
22 Landmark 301, application #22254, for the reasons described
23 in the Board action request and associated materials on
24 this item.

25 MR. VASQUEZ: Motion made by Ms. Farias.

1 MR. BATCH: I'll second, Mr. Chairman.

2 MR. VASQUEZ: Seconded by Mr. Batch. All those
3 in favor?

4 (A chorus of ayes.)

5 MR. VASQUEZ: And this one, as much as I hate to
6 do it, it's unanimous. Would love to get projects up there
7 in Montgomery County.

8 So moving on, item 5(f) has been withdrawn.
9 Correct?

10 MR. CAMPBELL: Yes, sir.

11 MR. VASQUEZ: So the last listed item on the
12 agenda is 5(g), which is Presentation, discussion, and
13 possible action on timely filed appeal of the scoring for
14 the Zeisel, #22291 under Department's Multifamily Rules.

15 Mr. Campbell.

16 MR. CAMPBELL: So this appeal concerns the
17 concerted revitalization plan, or CRP, scoring item in the
18 QAP, which awards up to seven points to applications that
19 are geographically located within an area for which a
20 concerted revitalization plan, or CRP, has been developed
21 and published by the municipality.

22 The QAP establishes that a citywide
23 comprehensive plan does not qualify as a CRP unless the
24 targeted area for revitalization is larger than the
25 assisted housing footprint.

1 This requirement is in place to prevent
2 municipalities from creating CRPs that only cover a single
3 tract of land for which the revitalization in question is
4 limited to TDHCA funding housing on that tract.

5 This application requested seven points on the
6 basis that it is located within the City of Denton's
7 comprehensive plan, which they call the Denton 2030 Plan.
8 The 2030 Plan covers a wide range of issues such as utility
9 services, community health resources, park conservation and
10 traffic management but only targets certain small areas for
11 revitalization.

12 For these areas a small area plan is developed,
13 which is exactly what it sounds like. These are specific
14 plans with established boundaries that establish specific
15 goals and outcomes related to the revitalization of that
16 area.

17 To quote one such plan which was developed for
18 the Denia Neighborhood in Denton, the Denia Neighborhood
19 small area plan is designed to provide realistic and
20 feasible recommendations for the revitalization of that
21 area. One application was submitted this round which was
22 located within that small area plan, and staff did award
23 that application CRP points.

24 The Denton 2030 Plan also identifies specific
25 focus areas. The 2030 Plan explains that the goal for

1 identified focus areas is to create small area plans that
2 examine the areas to develop context specific guidelines
3 and land uses that go beyond the general recommendations of
4 the urban design principles and land use guidelines. In
5 other words, while there may eventually be a specific
6 revitalization plan for these areas, there is currently
7 only a plan to create a plan.

8 Zeisel is located near one of these focus study
9 areas called the I-35 Frontage Road North and South Focus
10 Area. Absent defined boundaries, it is impossible to
11 determine conclusively that the site is located within the
12 focus study area.

13 Staff notes that the site is located just off
14 the corridor in question and therefore does not appear to
15 be located in the focus study area; however, a letter
16 included in the application from Ron Menguita, principal
17 planner with the City of Denton, states that the site is
18 located within this focus area.

19 That being said, even if the site were
20 definitively located in the focus study area, staff has
21 reviewed the supportive documentation and does not believe
22 that it meets either the spirit or the letter of the CRP
23 rule.

24 This particular focus area is what's called a
25 corridor focus area, and the stated intentions for these

1 corridor focus areas within the Denton 2030 Plan are
2 unrelated to revitalization or to the development of rental
3 housing along those corridors.

4 These stated intentions are specifically
5 referred to in the plan as design principles and include
6 things such as creating a visually cohesive area using
7 techniques such as landscaping, underground utilities, and
8 streetscape improvements, discouraging strip malls and
9 auto-oriented businesses, and discouraging parking lots
10 directly adjacent to the corridor.

11 One of the stated design principles is to
12 promote high quality development along the corridors;
13 however, when read in context with the other principles,
14 staff has difficulty concluding that this anything to do
15 with the development of multifamily rental housing. And
16 again, the 2030 Plan only speaks of these as things to be
17 undertaken in the future.

18 Because of this, staff did not award this
19 application any points related to concerted revitalization
20 plan. The applicant appealed this decision, which was
21 subsequently denied by the executive director and is now
22 presented to the Board for consideration.

23 Now, what you're likely about to hear from the
24 applicant is that the development is located within the
25 Denton citywide plan and that because the boundaries of

1 that plan are larger than the proposed development's
2 footprint, the site must then qualify for points.

3 While this may seem like a persuasive argument
4 on its face, it glosses over the single most important
5 aspect of the CRP scoring item: that the development must
6 be located within an area targeted for revitalization and
7 for which a plan for this revitalization has been developed
8 and published by the municipality.

9 Staff believes that the proposed site is not
10 located in such an area and accordingly recommends that the
11 Board deny the appeal.

12 MR. VASQUEZ: Do any Board members have
13 questions of Mr. Campbell?

14 (No response.)

15 MR. VASQUEZ: If not, I'll entertain a motion
16 for public comment on this item.

17 MS. FARIAS: I so move.

18 MR. MARCHANT: Second.

19 MR. VASQUEZ: Motion by Ms. Farias, seconded by
20 Mr. Marchant. All in favor say aye.

21 (A chorus of ayes.)

22 MR. VASQUEZ: Any opposed?

23 (No response.)

24 MR. VASQUEZ: Let's hear some public comment.

25 MS. STEPHENS: Good morning -- I think it's

1 still morning. Lisa Stephens with Saigebrook Development.

2 I am the developer for the Zeisel, and I'm not responsible
3 for the name.

4 This is actually a provision of the QAP that was
5 revised. Prior to 2022 there were very specific criteria
6 for revitalization plans that you had to meet. There were
7 specific targeted -- your plan had to be in fact -- it had
8 to have past expenditures, it had to extend for three years
9 going forward, there were a lot of criteria.

10 All of that was stricken from this year's QAP,
11 primarily because there were so many appeals and questions
12 and RFIs about this particular topic. So now the QAP
13 simply says you must be in an area that is targeted for
14 revitalization, and that complies with Section 42, which
15 says that priority should be given to developments that are
16 in QCTs and that are part of a comprehensive revitalization
17 plan. This development is in a QCT.

18 There is nothing in the QAP that says the
19 revitalization plan must target multifamily housing as part
20 of its programmatic requirements. So I beg to differ that
21 the requirement for multifamily to be part of the
22 revitalization plan is not outlined in the QAP.

23 We're left with what is the spirit of a
24 revitalization plan, and I would agree with Cody's
25 assessment that that is the question: is the focus area

1 that we are in a revitalization plan in its spirit?
2 Because there is no definition in the QAP or in Section 42.

3 So he is also right that the map for the
4 revitalization area or for the focus area is not clear,
5 it's a citywide map with a strip that says this is the
6 focus area, so it's not very detailed.

7 That's why we got a letter from the city that
8 specifically said your site at these addresses are
9 definitively within this focus area. If you compare that
10 to another letter that was received in another application,
11 the same city planner told another developer your site is
12 adjacent to a focus area. So there was a clear
13 differentiation, and the city planner said your sites for
14 the Zeisel are in our focus area.

15 Now, what is a focus area? I agree with Cody
16 that the Denton plan permits focus areas to be the basis
17 for future small area plans, but what the Denton plan says
18 is that focus areas may be the basis for a small area plan
19 in the future. It doesn't say that they must be, they will
20 be, or they shall be.

21 A focus area in the Denton plan has five pages
22 of guidelines, design criteria, goals and objectives for
23 focus areas. Regardless of the fact of whether there is a
24 small area plan in existence or not, these are just
25 guidelines and criteria, recommendations that exist today

1 for focus areas. The fact that they're going to be
2 implemented in the future is meaningless; it's a plan for
3 recommendations, guidelines and objectives for the area.

4 The QAP does not say that the focus area
5 guidelines -- and I'm wrapping up -- the focus area
6 guidelines must be implemented today. All of that language
7 was stricken from the QAP. It just says the plan has to
8 exist.

9 So I want to give you one other criteria. Cody
10 quoted a lot of them, the design guidelines discouraging
11 shopping centers, discouraging auto developments,
12 landscaping, utilities and street improvements.

13 However, it goes on to say that the goal of the
14 focus areas is to improve aesthetics, enrich neighborhoods,
15 and encourage reinvestment. I believe that meets the
16 spirit of a revitalization plan, and I respectfully ask
17 that you grant us the seven points.

18 MR. VASQUEZ: Thank you, Ms. Stephens.

19 MS. MARTIN: Good morning, everyone. Audrey
20 Martin with Purple Martin Real Estate. I'm here today to
21 speak in favor of staff's recommendation to deny the
22 appeal.

23 I think that staff summarized the issue really
24 well. What has been used for this application is a
25 comprehensive plan. The rules related to concerted

1 revitalization plans in the QAP changed from last year to
2 this year and a lot of the specificity was removed.

3 But a couple of key provisions still remain, and
4 those key provisions are you can't use a comprehensive plan
5 unless there is an area targeted for revitalization that's
6 bigger than the housing footprint. The focus area that
7 this application is located in is bigger than the housing
8 footprint, but I think the key missing requirement here is
9 that that area be targeted for revitalization.

10 You know, there are five pages of information
11 about what a focus area is, and they are related to land
12 use principles. There's not a lot of discussion, or any,
13 in my opinion, of actual revitalization for that plan.

14 So you know, with a rule that was really kind of
15 pared down. We only have a couple of requirements
16 remaining. I think those requirements are therefore
17 important, and we're missing the big one here, which is the
18 requirement that the area is targeted for revitalization.
19 There's no demonstrated revitalization for these focus
20 areas; these focus areas are areas identified for future
21 planning related to land use primarily.

22 Thank you.

23 MR. VASQUEZ: Thanks, Audrey.

24 MR. APPLEQUIST: Hello, Chairman Vasquez,
25 members of the Board. Thank you for your time. I'm Chris

1 Applequist with Generation Housing Partners. I'm also in
2 support of staff's recommendation to deny the seven points.

3 You know, essentially they're saying this focus
4 area is a revitalization plan. On May 5 we submitted an
5 RFAD. Part of that was we reached out to the City of
6 Denton to ask them exactly what is a focus area and what is
7 an area plan, which is very similar to what a CRP would be.

8 What we got back, which is stated in the
9 consolidated plan, the comprehensive plan, is that a focus
10 area is an initial conceptual location for a future area
11 plan that has not yet been created. That's the definition,
12 and that's in the comprehensive plan.

13 So from there then, what is an area plan, how
14 does it differ? An area plan is a plan that is developed
15 for a clearly delineated area to address specific
16 challenges with more detailed action strategies than is
17 provided in the comprehensive plan.

18 These are clearly different. You have a focus
19 area that is a conceptual location without clearly defined
20 boundaries and also without goals and objectives. It's
21 just simply an area that they would like to look at and
22 study in the near future.

23 So from there we asked what are the current area
24 plans the city has. They gave us three. There's one
25 called the Downtown Master Plan, one called the Oak Gateway

1 Area Plan, and one called Denia Area Plan, which there was
2 a development there that received points.

3 Also one thing that is very important to note is
4 that the applicant is pointing to the 2030 Plan, which was
5 adopted in February of 2015, so seven years ago, more than
6 seven years ago, and absolutely nothing has happened. In
7 February of this year they adopted the 2040 Plan, and they
8 just listed it again along with 20 or 30 other focus areas.
9 Nothing has happened. It's not a plan.

10 We don't believe they should be given these
11 points. They shouldn't get an unfair advantage over other
12 applicants, and we would appreciate if you would support
13 staff's opinion.

14 Thank you.

15 MR. VASQUEZ: Thanks, Chris.

16 MS. REIDY: Good afternoon. I'm Sara Reidy with
17 Casa Linda Development Corporation, representing Palladium
18 USA today.

19 We also submitted an RFAD on this application
20 related to the community revitalization plan, and we are in
21 support of staff's recommendation to deny the appeal.

22 Thank you so much.

23 MR. VASQUEZ: Everyone, that's how comments are
24 supposed to be made.

25 (General laughter.)

1 MS. FARIAS: Mr. Chairman?

2 MR. VASQUEZ: Do you have a question?

3 MS. FARIAS: No. I'm ready to make a motion.

4 MR. VASQUEZ: Okay. Hold that thought. Does
5 any Board member have questions for Mr. Campbell on this?
6 Again, for those of you who haven't been on the Board as
7 long, this has been a recurring difficulty on trying to
8 identify, because cities or different municipalities or
9 areas use different names for what could be construed as a
10 CRP, so we took out a bunch of the definitions to try to
11 make it broader, but at the same time there is a balance, a
12 limit on this.

13 MR. MARCHANT: You can get the city council to
14 verify that it did include.

15 MR. VASQUEZ: I think geographically I don't
16 have a problem with it being included as in the focus area,
17 but I think in this case the definition of a focus area is
18 just pretty darn broad.

19 MR. MARCHANT: It is. I drive through this area
20 two or three times a week, and it is being revitalized, but
21 it is a large area.

22 MR. VASQUEZ: Okay. Well, again, with that, Ms.
23 Farias would make a motion.

24 MS. FARIAS: Yes. Mr. Chairman, I move the
25 Board deny the scoring appeal of the Zeisel, application

1 #22291, for the reasons described in the Board action
2 request and associated materials on this item.

3 MR. VASQUEZ: Motion made by Ms. Farias to
4 uphold the staff's determination to deny the appeal. Is
5 there a second?

6 MR. MARCHANT: Second.

7 MR. VASQUEZ: Mr. Marchant, from the general
8 Greater Denton area, makes the second. So all those in
9 favor of upholding staff's recommendation say aye.

10 (A chorus of ayes.)

11 MR. VASQUEZ: Any opposed?

12 (No response.)

13 MR. VASQUEZ: Hearing none, motion carries.

14 MR. CAMPBELL: Thank you.

15 MR. VASQUEZ: Okay. The Board has addressed the
16 posted agenda items for today's meeting.

17 Now is the time when members of the public may
18 address the Board and raise issues on matters of relevance
19 to the Department's business or make requests that the
20 Board place specific items on future agendas for
21 consideration.

22 Is there anyone that would like to make public
23 comment at this time?

24 (No response.)

25 MR. VASQUEZ: Apparently I've been misinformed.

1 Again, depending on the committee chair, Mr.
2 Batch, I'd say in about half an hour, 12:30, you could
3 start the QAP Committee meeting.

4 MR. MARCHANT: I just have a question, Mr.
5 Chairman.

6 MR. VASQUEZ: Sure.

7 MR. MARCHANT: Those of us that didn't know what
8 went on earlier today with the gentleman that was mad, can
9 we get a briefing on that, formal or informal, as to what
10 the background on all that is? Just what the history of
11 that is. If it can be done privately.

12 MR. WILKINSON: Sure. I can talk to you about
13 it. We can do it in executive session.

14 MR. VASQUEZ: No, just go ahead.

15 MR. MARCHANT: Okay. Thank you.

16 MS. FARIAS: Mr. Chairman, I do want to note for
17 the record that the gentleman -- he gave his name and was
18 very angry if someone mispronounced it, but his behavior
19 was absolutely atrocious and very threatening. I mean,
20 this is my third meeting, so I've never dealt with him.

21 I think he would have known better than to
22 insult me. And he insulted you, but he was also very
23 threatening to the audience, because the audience is
24 sitting there saying what do we do if he tries to do
25 something? And you know what my thought was when he was

1 screaming at everyone? I should have brought my little
2 friend with me.

3 But we should not have to be in that position,
4 because everyone here takes an enormous amount of time and
5 money and effort to do for the population what needs to be
6 done.

7 MR. VASQUEZ: Thank you for that comment, and
8 that segues very nicely into an announcement of our next
9 meeting is going to be Thursday, July 28, but it will not
10 be in this room. It will be in the Capitol Extension, Room
11 E2.030.

12 And if we're that packed, there's even an
13 overflow room where we can have audio/video, but I think we
14 should all fit in that room in a normal meeting. So again,
15 watch the posting and the times and other things, but it's
16 going to be in E2.030.

17 And part of that, completely unrelated to
18 today's event, was notification to provide better security
19 for meetings; consolidated at the Capitol is easier for our
20 law enforcement officers. So conveniently, that's where
21 we're going to be.

22 All right. Seeing that there is no further
23 business, it is 12:08, and I call this meeting of the Texas
24 Board of Housing and Community Affairs adjourned. We'll
25 see you at 12:30 for the QAP.

1 (Whereupon, at 12:08 p.m., the meeting was
2 adjourned.)

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C E R T I F I C A T E

MEETING OF: TDHCA Board

LOCATION: Austin, Texas

DATE: July 7, 2022

I do hereby certify that the foregoing pages, numbers 1 through 9394, 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: July 14, 2022

(Transcriber)

On the Record Reporting
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