

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

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

April 26, 2018
8:00 a.m.

BOARD MEMBERS:

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

TIMOTHY K. IRVINE, Executive Director

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ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	
EXECUTIVE	
a) Presentation, discussion, and possible action on Board meeting minutes summaries for January 18, 2018; February 22, 2018; and March 22, 2018	
LEGAL	
b) Presentation, discussion, and possible action on the adoption of an Order to Correct Clerical Mistake concerning the Agreed Final Order entered July 28, 2016, regarding Avalon Apartments (HTC #91036/ CMTS 954)	
c) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Westwind Village (HTC 97092 / HOME 537078 / CMTS 1747)	
d) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Cloverleaf Apartments (HTC 70135 / CMTS 932)	
e) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Lexington Square Apartments (HTC Exchange 1509009910 / CMTS 4493)	

COMMUNITY AFFAIRS

- f) Presentation, discussion, and possible action on the Program Year ("PY") 2018 Department of Energy ("DOE") Weatherization Assistance Program ("WAP") State Plan and Awards exclusive of the 2018 Health and Safety Plan
- g) Presentation, discussion, and possible action on approval of the Draft Program Year ("PY") 2018 Department of Energy ("DOE") Weatherization Assistance Program ("WAP") Health and Safety Plan for public comment
- h) Presentation, discussion, and possible action on release of the Draft FFY 2019 Low Income Home Energy Assistance Program ("LIHEAP") State Plan to be made available for public comment

SINGLE FAMILY OPERATIONS AND SERVICES

- i) Presentation, discussion, and possible action authorizing extensions to Neighborhood Stabilization Program 1 ("NSP1") Contracts and Program Income ("NSP1-PI") Reservation Agreements

BOND FINANCE

- j) Presentation, discussion, and possible action on Resolution No. 18-018 regarding the annual approval of the Department's Investment Policy Chief Investment Officer
- k) Presentation, discussion, and possible action on Resolution No. 18-019 regarding the annual approval of the Department's Interest Rate Swap Policy

ASSET MANAGEMENT

- l) Presentation, discussion, and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Land Use Restriction Agreement ("LURA") 04002 Cricket Hollow Apartments Willis
- m) Presentation, discussion, and possible action regarding a change in the ownership structure of the Development Owner and Developers prior to issuance

of IRS Form(s)
 17012 Secretariat Apartments Arlington
 17225 Cascade Villas Wichita Falls

- n) Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit ("HTC") Application and a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609
 17730 Blue Flame Apartments El Paso

MULTIFAMILY FINANCE

- o) Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer
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 18403 HATT Scattered Sites Texarkana
 18404 Robison Terrace Texarkana
 18405 Williams Homes Texarkana
 18406 Bright Street Texarkana
 18414 Prince Hall Gardens Fort Worth
 18415 Hills at Leander Leander
 18416 Commons at Manor Village Manor
- p) Presentation, discussion, and possible action on the re-issuance of a Determination Notice for Housing Tax Credits with another Issuer
 17421 Brookwood Apartments San Antonio
 18424 Flora Lofts Dallas

HOME AND HOMELESSNESS PROGRAMS

- q) Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program ("HOME") Single Family Programs Homebuyer Assistance ("HBA") and Tenant-Based Rental Assistance ("TBRA") Notice of Funding Availability ("NOFA")

RULES

- r) Presentation, discussion, and possible action regarding proposed amendments to 10 TAC Chapter 23, Single Family HOME Program Rules Subchapter F, Tenant-Based Rental Assistance Program, §23.61 concerning Tenant-Based Rental Assistance ("TBRA") General Requirements, and directing their

publication for public comment in the *Texas Register*

- s) Presentation, discussion, and possible action on orders proposing repeal of 10 TAC Chapter 7, Subchapter A, General Provisions, and 10 TAC Chapter 7, Subchapter B, Homeless Housing and Services Program, and orders proposing new 10 TAC Chapter 7, Subchapter A, General Provisions, and 10 TAC Chapter 7, Subchapter B, Homeless Housing and Services Program and directing their publication for public comment in the *Texas Register*

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS: --

- a) TDHCA Outreach Activities, (March-April)
- b) Report on the Department's Interim Balance Sheet/Statement of Net Position for the period ended February 28, 2018
- c) Report on the Department's 2nd Quarter Investment Report in accordance with the Public Funds Investment Act ("PFIA")
- d) Report on the Department's 2nd Quarter Investment Report relating to funds held under Bond Trust Indentures
- e) Report on the 2019 QAP Planning Project
- f) Report on the status of Multifamily Direct Loan Application 17510, Brook Haven Supportive Housing
- g) Quarterly Report on Texas Homeownership Division Activity

ACTION ITEMS

ITEM 3: REPORTS

Report on the meeting of the QAP and Multifamily Rules Committee, and possible action regarding any recommendations of that committee on items addressed at its posted meeting of Wednesday, April 25, 2018, including confirmation of the meaning of the plain wording of current statute and rule as it relates to particular scenarios

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P R O C E E D I N G S

1
2 MR. GOODWIN: Call to order the Texas
3 Department of Housing and Community Affairs Governing
4 Board meeting for April 26, 2018. And we will begin by
5 taking roll. Ms. Bingham.

6 MS. BINGHAM ESCAREÑO: Here.

7 MR. GOODWIN: Mr. Braden.

8 MR. BRADEN: Here.

9 MR. GOODWIN: Mr. Goodwin, here.

10 Ms. Reséndiz.

11 (No response.)

12 MR. GOODWIN: Absent.

13 Ms. Thomason.

14 MS. THOMASON: Present.

15 MR. GOODWIN: Mr. Vasquez.

16 MR. VASQUEZ: Here.

17 MR. GOODWIN: Okay. We have a quorum. And I
18 will ask Tim to -- if you will all stand, to lead us in
19 the pledge.

20 (Whereupon, the Pledge of Allegiance was
21 recited.)

22 MR. GOODWIN: We start out the morning with two
23 resolutions. One, recognizing May as Community Action
24 Month. Michael, will you read that resolution into the
25 record?

1 MR. LYTTLE: Yes, sir. Whereas, Community
2 Action agencies are non-profit, and a unit of local
3 government organizations designated under the Economic
4 Opportunity Act of 1964 to serve as eligible entities and
5 to ameliorate the effects of poverty and help persons
6 experiencing poverty transition to self sufficiency.
7 Whereas, Community Action builds and promotes economic
8 stability and enhances stronger communities and the
9 opportunity to live in dignity.

10 Whereas, nationally, Community Action has
11 enhanced the lives of millions by providing essential life
12 changing services and opportunities. Whereas, Community
13 Action serves 99 percent of America's counties and rural,
14 suburban, and urban communities, and works toward the goal
15 of ending poverty in our lifetime.

16 Whereas, Texas has a strong vibrant network of
17 community action agencies to deliver community action to
18 Texans in need. Whereas, Community Action will continue
19 to implement innovative and cost effective programs to
20 improve the lives and living conditions of the
21 impoverished, continue to provide and support
22 opportunities for all eligible households in need of
23 assistance, and continue to develop and carry out
24 effective welfare system reforms.

25 And whereas, the Texas Department of Housing

1 and Community Affairs in the state of Texas support the
2 Community Action Network in Texas, in working to improve
3 communities and make Texas a better place to live, not
4 only during Community Action Month in May, but throughout
5 the entire year. Now, therefore, it is hereby resolved
6 that the Governing Board of the Texas Department of
7 Housing and Community Affairs does hereby celebrate May
8 2018 as Community Action Month in Texas, and encourages
9 all Texas individuals and organizations, public and
10 private, to join and work together in this observance of
11 the hard work and dedication of Texas Community Action
12 agencies, signed this 26th day of April, 2018.

13 MR. GOODWIN: Do I hear a motion to accept this
14 resolution?

15 MR. BRADEN: So moved.

16 MR. GOODWIN: A second?

17 MS. THOMASON: Second.

18 MR. GOODWIN: It has been moved and seconded.

19 Any discussion?

20 (No response.)

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

22 (A chorus of ayes.)

23 MR. GOODWIN: Opposed?

24 (No response.)

25 MR. GOODWIN: Okay. Next, we have a resolution

1 recognizing May as also the National Mobility Awareness
2 Month. Michael?

3 MR. LYTTLE: Whereas, May 2018 is National
4 Mobility Awareness Month, which is dedicated to showing
5 the community at large how persons with disabilities can
6 live active, mobile lifestyles, and raise awareness of the
7 mobility solutions available in the local community.
8 Whereas, a goal of the Texas Department of Housing and
9 Community Affairs is to ensure that all Texans have access
10 to safe and decent affordable housing.

11 Whereas, it is the policy of the Department to
12 support equal housing opportunities in the administration
13 of its single family and multi-family programs, especially
14 in regards to persons with disabilities accessing new home
15 construction, home rehabilitation, housing vouchers and
16 rental assistance programs and services. Whereas, this
17 year, the Department is celebrating eight years of
18 offering the Amy Young Barrier Removal Program, named in
19 honor of the late advocate for Texas with disabilities,
20 who helped shape the state-funded program to improve the
21 quality of life for persons with disabilities throughout
22 the State of Texas.

23 Whereas, the Amy Young Barrier Removal Program
24 provides one-time grants of up to \$20,000 for persons with
25 disabilities, both renters and homeowners, earning up to

1 80 percent of the area median family income who need home
2 modifications to increase accessibility and eliminate
3 hazardous conditions in their homes. Whereas, since 2010,
4 the Amy Young Barrier Removal Program has completed
5 approximately 16.8 million worth of accessibility
6 modifications on approximately 880 homes of Texans with
7 disabilities, such as constructing roll-in showers,
8 installing shower wands and lever faucets, widening
9 doorways, modifying kitchens and laundry rooms with
10 accessible cabinetry and appliances, building ramps, and
11 improving walkways with handrails, paving and lighting to
12 accommodate program participants' specific needs.

13 Whereas, the Department applauds the non-profit
14 organizations and local governments around the state who
15 have become Amy Young Barrier Removal Program
16 administrators, and who advocate for their clients through
17 quality construction, pragmatic solutions, and respectful
18 service. And whereas, the Department encourages Texans to
19 explore the numerous TDHCA programs and resources related
20 to increasing and maintaining mobility during National
21 Mobility Awareness Month and throughout the year.

22 Now, therefore, it is hereby resolved that in
23 the pursuit of the goal and responsibility of increasing
24 mobility opportunities of Texans with disabilities, the
25 Governing Board of the Texas Department of Housing and

1 Community Affairs does hereby celebrate May 2018 as
2 National Mobility Awareness Month, and encourages all
3 Texas individuals and organizations, public and private,
4 to join and work together in this observance of National
5 Mobility Awareness Month. Signed, this 26th day of April,
6 2018.

7 MR. GOODWIN: Could you repeat that?

8 (Simultaneous discussion.)

9 MR. GOODWIN: Do I hear a motion to approve
10 this resolution?

11 MS. RESÉNDIZ: So moved.

12 MR. GOODWIN: Moved. Second?

13 MR. VASQUEZ: Great.

14 MR. GOODWIN: Moved and seconded. Any
15 discussion?

16 (No response.)

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

18 (A chorus of ayes.)

19 MR. GOODWIN: Opposed?

20 (No response.)

21 MR. GOODWIN: Moving into the consent agenda,
22 we have one item that has been pulled, which is Item 1(n),
23 N as in Nancy. Blue Flame Apartments. Are there any
24 other items that any Board member or staff would want to
25 see pulled from the consent agenda?

1 (No response.)

2 MR. GOODWIN: If not, I will entertain a motion
3 to approve the consent agenda.

4 MS. BINGHAM ESCAREÑO: Move to approve the
5 consent agenda with the exception of Item 1(n) that has
6 been pulled.

7 MR. GOODWIN: Okay. Second?

8 MR. ECCLES: Second.

9 MR. GOODWIN: So it has been moved and
10 seconded. Any discussion?

11 (No response.)

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

13 (A chorus of ayes.)

14 MR. GOODWIN: Opposed?

15 (No response.)

16 MR. GOODWIN: It passes. Moving into the
17 action items, we go to action item 3. And that is a
18 report on the meeting of the QAP and multifamily rules
19 committee.

20 And that was, that committee is chaired by
21 Board Member Vasquez. Leo, would you give us a rundown on
22 your committee?

23 MR. VASQUEZ: Sure. Thank you, Mr. Chairman.
24 Yesterday afternoon, the QAP committee met, and it was a
25 well attended meeting. We started out with a presentation

1 by our General Counsel on giving us some introductory
2 remarks and guidance, and interpretation of development of
3 rules -- development and interpretation of rules, followed
4 by a very interesting presentation by Marni Holloway on a
5 resident survey that was conducted across a number of
6 different communities and residents that are in affordable
7 housing developments.

8 And these findings very much reinforce the
9 direction that the Department is taking overall. And we
10 are looking forward to expanding this survey in the future
11 to give us more of a -- this first one seemed to be more
12 the Respondents were heavily oriented towards senior
13 housing, which didn't really reflect probably the broad,
14 broader community. So we will work on expanding that next
15 time -- and as well as trying to see if there was any
16 differences between the urban and non-urban areas as well.

17 So a great tool.

18 I think that is heading in the right direction,
19 and it will help give us a little bit more focus. After
20 that, we actually had another discussion on the more
21 development of the new rules. And part of what the --
22 what I think was most interesting in the conversation, we
23 started focusing, not for this discussion, not on the
24 actual individual sections, but more the overall
25 perspective of moving towards simplification of the rules.

1 Moving away from complications, our word of the
2 day, yesterday, and how can we streamline the process,
3 rather than continuing to complicate the process. And I
4 think, both from staff's perspective and the community
5 perspective, everyone is looking forward to that type of
6 operation.

7 One thing that we also -- we, and I think I
8 specified, Mr. General Counsel, I was speaking on my own
9 behalf, not necessarily the whole Board. But we really
10 want to start ensuring that the staff understands, and
11 everyone filling out the applications, that we are not
12 looking to make this a gotcha kind of operation.

13 I mean, we need to really start distinguishing
14 between what is an administrative deficiency versus a true
15 material deficiency, and not be finding ways to kick out
16 groups. Let's see how we can just fix minor issues, and
17 move things forward, so we can all have opportunities to
18 obtain the tax credits or loans or what have you.

19 And as an example of that, one of the -- I
20 guess, one of the more specifics we did speak about was
21 examples of HUD distribution or accessibility distribution
22 requirements that we shouldn't, as a Department or as
23 Texas, be trying to overstep. Expand upon HUD rules, but
24 rather make sure that we don't go beyond that.

25 If a HUD program accepts an accessible

1 distribution, we should accept that as well. And that was
2 one example. So again, we are looking forward to
3 continuing the efforts, and working with the roundtable
4 discussions, with the community, the developers and such.

5
6 We also discussed -- there was some public,
7 some very good public comments discussing the timing of
8 some of these. Instead of having the rules signed off in
9 December, and then we immediately start again in January,
10 when you haven't even seen what the fallout is of the
11 previous rules. That seemed to be an interesting comment
12 on how we can sort with just the calendars.

13 So again, it is an evolving process. And I
14 think the QAP committee is moving forward properly.

15 MR. GOODWIN: Any questions? Comments?

16 MR. IRVINE: I have a comment, actually. Just
17 a request for a little bit of Board level clarification to
18 layer around the clarification provided by the committee.

19
20 Really, one of the most important issues that I
21 wanted to clarify was the way that I make a plain
22 interpretation of the current rule, about distribution of
23 accessible units. I believe that the current rule lines
24 up with our state statute.

25 And it says that on tax credit developments,

1 not developments assisted with HUD funds, but on tax
2 credit developments, they need to comply with the
3 accessibility standards that are lined out in HUD's rules
4 about accessibility standards. That is in our statute,
5 that it does not specifically pull in by reference or
6 restatement the HUD rule about distribution.

7 Rather, it really reflects just a reasonable
8 approach to distribution, to make sure that the units are
9 appropriately distributed, and not concentrated. So the
10 persons with differing types of disabilities have a
11 reasonable amount of choice, comparable to other people
12 accessing the programs.

13 Of course, where a development also has HUD
14 funding, then by operation of HUD rules and regulations,
15 the HUD regulation on distribution does specifically
16 apply. And as you indicated, we would defer to HUD's
17 interpretation and application of its own regulations.

18 So just wanted to see if there are any
19 questions, discussions, comments. And does the Board in
20 general align with my interpretation of that rule?

21 MR. GOODWIN: What are the gotchas between
22 that? What are you finding, because --

23 MR. IRVINE: Well, I think that staff did a
24 really fantastic job, or does all the time a fantastic job
25 in identifying accessibility requirement fulfillment and

1 distribution requirements. In fact, it was really
2 gratifying to have a mobility advocate come to the mic
3 yesterday, and give Patricia Murphy and her team a big
4 shout out for the way that they focus on that stuff so
5 intensively.

6 In an effort to be helpful, staff has prepared
7 a really neat tool that you can use to calculate and
8 determine a clearly compliant accessible unit distribution
9 at the development level. But I do not believe that the
10 rule itself requires the exclusive use of that tool, that
11 other reasonable distributions are possible.

12 So I think that a little bit of the -- I won't
13 say, the gotcha. But a little bit of conflict would be a
14 staff question about, do we default to using our tools on
15 a strict application basis, or do we look at other
16 distributions that don't exactly align with our tool.

17 If you are one or two units off, in an average
18 sized development, you know, does that trigger a non-
19 compliance issue, or something along those lines? And you
20 know, this is a process where people could put together
21 these incredibly complicated applications.

22 They designate what their distributions are
23 going to be, what their proposed design layouts are going
24 to be. And then they ultimately have this giant
25 application that may result in an award.

1 And if what they had been planning on all along
2 is found out at the eleventh hour, after it is built, not
3 to line up exactly with the way that someone would apply
4 the tool, then we want a little bit of reasonable latitude
5 not to make people incur significant costs in
6 reconfiguring developments, as long as they, in fact,
7 provide a reasonable distribution of their units, so that
8 people have choice. So that was the conflict.

9 MR. GOODWIN: Okay. Paul.

10 MR. BRADEN: I agree. As I stood here
11 yesterday, I agree with your interpretation. I spent some
12 time studying this, and the CFR behind it.

13 And I kind of looked through all of this stuff
14 in some level of detail. I think the tool that you
15 reference is almost like a safe harbor, when you take --

16 MR. IRVINE: Exactly. Yes.

17 MR. BRADEN: So you know, for the community, it
18 is important. You have a safe harbor.

19 You know, if you do it in compliance with this
20 tool, you have complied with our requirement. Now if, for
21 some reason, you fall outside that safe harbor, it does
22 not necessarily mean that you have done it wrong.

23 It just means, the Executive Director and you
24 have to go through this process to see whether or not it
25 is reasonable, falls within the rule. And so I mean, that

1 is the way I kind of view that.

2 MR. IRVINE: Yes.

3 MR. GOODWIN: I agree with that. Comments?

4 MR. VASQUEZ: And also, just to clarify. My
5 gotcha statement wasn't specifically about this. It was
6 broadly based on our entire process.

7 MS. BINGHAM ESCAREÑO: The other thing that
8 came up in public comment that I was interested in
9 possibly pursuing, or looking at maybe an agenda item or a
10 management's consideration in the future, is just about
11 kind of the ongoing challenges that the community, the
12 developer community has now, when they are putting
13 together any kind of blended deal, or a deal where they
14 have got different sources of statute, regulation.

15 And that there are some concerns that
16 sometimes, as we know, the language contradicts itself
17 from one section to another. And that maybe the agency
18 could consider some sort of reconciliation or audit
19 somewhere along the line that picked out a few scenarios,
20 or as many scenarios as we could contemplate, and just
21 kind of tested some of the language between each.

22 So it was food for thought. I just thought
23 that that was an interesting observation, that I think we
24 have experienced.

25 MR. GOODWIN: Okay. I have a question. Was

1 there any discussion about a two-year QAP instead of a
2 one-year? Them doing it every year.

3 MR. VASQUEZ: Thank you. We took a very
4 unscientific study of the audience in attendance
5 yesterday, about who thought having a two-year QAP
6 process, rather than every year would be a good idea.

7 So that way, everyone would understand, here
8 are my requirements, and can work towards that, rather
9 than it always being a moving target and some potentially
10 moving the goal posts. And there was a large percentage
11 of nods in the affirmative that that would be a very
12 welcome idea to move towards a two-year process. Again,
13 rather than changing it every single year.

14 MR. GOODWIN: Okay. Any comments regarding
15 that?

16 (No response.)

17 MR. GOODWIN: One last question I had. And
18 that is something that you and I had talked about some
19 time ago, was about the possibility of doing away with
20 tiebreakers. Had that gotten -- where basically a project
21 all gets graded. And if there is ten projects in a
22 region, those ten projects go on a list, and then it is
23 almost like a lottery system to determine which of those
24 ten.

25 Instead of determining things like, we as a

1 board have to determine between a library and a museum, or
2 an art gallery and a museum, and you know, to come up with
3 tiebreaker things. Was there any discussion about that?

4 MR. VASQUEZ: Yesterday, not specifically were
5 there those discussions. But again, I think as you bring
6 that up, that is a great idea.

7 That I feel, and rather it is the QAP committee
8 working within the confines of the legislation, and such,
9 that maybe we need to come up with other outside the box
10 ideas on how we can develop this. Where, it is not
11 everyone nitpicking, which is -- who has got the A plus,
12 plus, plus.

13 But once everyone that has an A qualification,
14 A grade, you make that maximum point, base points, at that
15 point. From again, my perspective, all of those projects
16 are qualified at that point. So rather than trying to do
17 all this nitpicking, maybe we put everyone who qualifies
18 into that bucket, and then you draw the numbers, one, two,
19 three four, five, until we run out of funds in that area.

20
21 I mean, maybe that is another way to do it that
22 is, again, more equal and acceptable, fair to everybody.
23 And then you can have that wait list, depending on if you
24 have money from other areas that you can bring in.

25 That could probably take a lot of the heartache

1 and headache out from the people putting together the
2 packages, from the staff having to use those scalpels to
3 figure out, you know, what counts and what doesn't. And
4 again, make it more efficient, make the process go more
5 quickly.

6 Again, this obviously is not board policy by
7 any means, yet, but it is a topic for thought and
8 discussion. How can we think outside the box to make this
9 faster and fairer?

10 MR. IRVINE: Janine Sisak, who used to be the
11 Chair of the TAAHP QAP committee, made a very eloquent
12 plea for really focusing on the tiebreakers in the
13 development of the next year's rules. She expressed, and
14 I kind of agree, that the development community has gotten
15 very sophisticated in putting together applications that
16 really kind of max out their point values.

17 So the tiebreakers become the critical
18 differentiator. And Audrey Martin, who now chairs that
19 committee -- I believe she still chairs that committee,
20 unless she has thrown up her hands in dismay, you know.

21 I hope will engage with Audrey and her
22 committee and with TxCAD and all of the community out
23 there, that has an interest in this, and come up with some
24 real thoughtful input to developing better tiebreakers.

25 MR. GOODWIN: Any other comments or questions?

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(No response.)

MR. GOODWIN: If not, I will entertain a motion to accept the committee's report.

MS. BINGHAM ESCAREÑO: Move to approve.

MR. GOODWIN: Move to approve. Second?

MR. BRADEN: Second.

MR. GOODWIN: Any discussion?

(No response.)

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

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: Okay. Marni, I think we are moving on to 4(a). And as I understand it, 4(d) has been pulled.

MS. HOLLOWAY: Yes, 4(d) as in Dog will not be taken up today.

MR. GOODWIN: Okay. So we are going to deal with A, B and C?

MS. HOLLOWAY: That is right.

MR. GOODWIN: Okay.

MS. HOLLOWAY: Good morning, Chairman Goodwin, members of the Board. I am Marni Holloway. I am the Director of the Multifamily Finance Division.

1 Item 4(a) is presentation, discussion, and
2 possible action on a Determination Notice for Housing Tax
3 Credits with another Issuer and an Award of Direct Loan
4 Funds. This is Application 18412 for Lord Road Apartments
5 in San Antonio.

6 So an application for 4 percent credits and
7 direct funds layered for this development, sponsored by
8 the San Antonio Housing Trust Public Facility Corporation
9 and the NRP group, was submitted on January 18. The
10 direct loan funds application comes in under the 2018
11 NOFA. And there is sufficient Neighborhood Stabilization
12 Program round one program income funding available under
13 the general set-aside.

14 A carry forward designation certificate was
15 issued by the Texas Bond Review Board on January 10, which
16 will expire on December 31. The Lord Road Apartments
17 proposes the new construction of 324 units, serving a
18 general population. For tax credit purposes, 319 units
19 will be income- and rent-restricted at 60 percent of AMI,
20 and five units will be restricted at 50 percent.

21 Layered among the tax credit units will be 50
22 NSP-1 PI units, 40 of which will be at 60 percent AMI and
23 high home rent. Ten units restricted at 50 percent of
24 AMI, with low home rents.

25 The applicant has disclosed the presence of an

1 undesirable site feature. Specifically, the proposed
2 development is located within 100 feet of an overhead high
3 voltage transmission line.

4 They have also provided an ordinance that was
5 adopted by the City of San Antonio, which specifies a 20
6 foot set back requirement. This smaller setback is
7 acceptable mitigation under the rule and, therefore, staff
8 recommends the site be considered eligible.

9 The direct loan rule requires that loan closing
10 and commencement of construction begin within nine months
11 of Board approval date, which works well with the
12 recommended determination notice date. The \$2,975,000
13 loan has been underwritten, and recommended at a 4 percent
14 interest rate, structured as a second lien construction to
15 perm loan, with a 30-year amortization and a 35-year term.

16 The Applicant's portfolio is considered a
17 Category 3, and the previous participation was deemed
18 acceptable by EARAC without further review or discussion.

19 EARAC also reviewed the proposed financing and the
20 underwriting report, and recommends issuance of a
21 determination notice with the condition that the closing
22 occur within 120 days.

23 Staff recommends that the site for Lord Road
24 Apartments be found eligible, along with approval of the
25 issuance of a determination notice in the amount of

1 \$1,648,531 in 4 percent Housing Tax Credits. And an award
2 of \$2,975,000 of NSP-1 PI.

3 If the Applicant has not closed on the bond
4 financing on or before August 26 of 2018, staff recommends
5 that the Board authorize an extension of the determination
6 notice date, subject to an updated previous participation
7 review, if necessary. I would be happy to take any
8 questions.

9 MR. GOODWIN: Any questions?

10 (No response.)

11 MR. GOODWIN: Comments?

12 (No response.)

13 MR. GOODWIN: If not, I will entertain a motion
14 for approval.

15 MS. BINGHAM ESCAREÑO: Move staff's
16 recommendation to approve.

17 MR. GOODWIN: A second?

18 MS. THOMASON: Second.

19 MR. GOODWIN: Moved and seconded. Any
20 discussion?

21 (No response.)

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

23 (A chorus of ayes.)

24 MR. GOODWIN: Opposed?

25 (No response.)

1 MR. GOODWIN: Okay. Moving on to 4(b.)

2 MS. HOLLOWAY: 4(b) is presentation,
3 discussion, and possible action regarding site eligibility
4 under 10 TAC '10.101(a)(3) of the Uniform Multifamily
5 Rules related to the Undesirable Neighborhood
6 Characteristics for Park Yellowstone Townhomes in Houston.

7 This is a request for a preliminary determination for
8 this project.

9 The development was placed into service in
10 1997, after receiving an allocation of 9 percent credits
11 in 1995. It is still within the affordability period, and
12 is active in the Department's portfolio for compliance
13 monitoring.

14 The current Applicant proposes the
15 rehabilitation of 210 units under the 4 percent tax credit
16 program. But again, this is a predetermination. We are
17 not talking about an award.

18 MR. GOODWIN: Okay.

19 MS. HOLLOWAY: The proposed development is
20 located in an area where the Part I violent crime rate is
21 greater than 18 per 1,000 persons annually, as reported on
22 Neighborhood Scout. And is located within the attendance
23 zone of a middle school that did not achieve the standard
24 rating by the Texas Education Agency for 2017.

25 Staff has conducted further review of the

1 development site and surrounding neighborhood, including
2 an onsite inspection. And based on mitigation provided of
3 actual instances of Part I violent crimes which reflects a
4 downward trend over the past two years, and
5 representations by an education professional regarding the
6 time line to reach a Met Standards rating for Collin
7 Middle School.

8 In consideration of the totality of information
9 provided by the Applicant that has established the
10 positive trends required under the rule for sufficiently
11 mitigating the undesirable neighborhood characteristics,
12 staff recommends that the site for Park Yellowstone
13 Townhomes be found eligible.

14 MR. GOODWIN: Any comments or questions?

15 (No response.)

16 MR. GOODWIN: If not, I will entertain a motion
17 for staff's approval.

18 MR. VASQUEZ: Move to accept staff's approval.

19 MR. GOODWIN: Okay.

20 MR. BRADEN: Second.

21 MR. GOODWIN: Moved and seconded. Any
22 discussion?

23 (No response.)

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

25 (A chorus of ayes.)

1 MR. GOODWIN: Opposed?

2 (No response.)

3 MR. GOODWIN: Moving on to 4(c).

4 MS. HOLLOWAY: 4(c) is presentation,
5 discussion, and possible action on a waiver relating to 10
6 TAC '10.101(b)(8), related to Development Accessibility
7 Requirements for Beckley Townhomes in Dallas. If you will
8 recall, that this is the first year that our visitability
9 rule has been in place.

10 This is the rule that we put in place last
11 year. It replaced an earlier version that applied only to
12 new construction, and provided limited benefit, because it
13 only applied to 20 percent of units.

14 As a result of discussion, during the
15 rulemaking process, rehabilitation of units originally
16 occupied prior to March 13, 1991, was exempted from the
17 requirement, the visitability requirement, in
18 acknowledgment that the Fair Housing design standards did
19 not apply at original construction. The Beckley Townhomes
20 is an existing Housing Tax Credit property that received a
21 9 percent award in 2001 and finished construction in 2003.

22 The property is active in the Department's
23 portfolio. It consists of 100 units. Ninety five of them
24 are townhomes, and five units are accessible flats.

25 The development was designed with individual

1 driveways and garages for each unit, with very little
2 common parking and no sidewalks across the site. The
3 street through the development serves as a fire lane.

4 Because the townhomes were exempt from the Fair
5 Housing design manual, Fair Housing Act design manual
6 requirements at construction, and they apparently took
7 advantage of that exemption, making all of the
8 visitability changes now creates a number of issues for
9 this particular development.

10 The Applicant has requested waiver of those
11 parts of the rule that they will not be able to meet, due
12 to site topography and design of the existing units. This
13 is not a request for waiver of the entire rule, but
14 rather, of those parts the Applicant has determined they
15 cannot meet after extensive work with staff.

16 Specifically, they are requesting a waiver of
17 requirements for the accessible route from the units to
18 the common use facilities for at least one zero-step
19 accessible entrance. And that the bathroom or the half
20 bath on the entry level comply with the specifications set
21 forth in the Fair Housing design act manual. For 34 of
22 the townhome units, site topography makes it impractical
23 to create an accessible route when the Fair Housing
24 individual building test is applied.

25 So that waiver -- so waiver is not required for

1 those specific units. The Applicant has indicated that
2 two of the townhome units can be made visitable through a
3 patio entrance. So the waiver request before us is for
4 the remaining 59 townhome units.

5 Regarding the zero-step accessible entrance,
6 there is an approximately seven inch step up to the front
7 door, so that a ramp would be required. Site design and
8 topography limitations along with that fire lane that runs
9 all the way through the development make ramp placement
10 impossible.

11 Further, the front entries for the townhomes
12 are covered with supporting columns at the front steps.
13 These columns prevent the creation of a turning radius at
14 the front door for the no-step entrance. If the columns
15 were removed, tenants would lose the benefit of a covered
16 entry.

17 The layout of the ground floor bathrooms does
18 not meet Fair Housing Act design manual standards. The
19 door would have to be widened, and the swing reversed, so
20 that it opens out into the hallway. And the vanity would
21 have to be replaced with a wall-hung sink.

22 The Applicant will be making those changes to
23 the two units that will be visitable in accordance with
24 the rules. So the two that they can make visitable with
25 the zero-step entrance and the accessible route, they will

1 make the bathroom changes.

2 For the remaining 59 units, if a zero-step
3 entrance is not feasible, it makes little sense to modify
4 the bathroom to meet those Fair Housing requirements.
5 Staff believes that considering all of the circumstances
6 involved in this development and that this is an existing
7 tax credit property in the Department's portfolio,
8 granting the waiver for the 59 townhome units related to
9 the visitability requirements fulfills the Department's
10 purposes.

11 This waiver is specific to the facts and
12 circumstances related to this predetermination request,
13 and the information provided by the Applicant. Should
14 those change at the time the Housing Tax Credit
15 application is submitted, or should the application be
16 submitted in a subsequent program year, where there has
17 been a change in the Department's accessibility standards,
18 a reevaluation of the request by the Board may be
19 warranted.

20 Staff recommends that the waiver relating to
21 the visitability requirements for 59 units at Beckley
22 Townhomes be granted. I would be happy to take any
23 questions.

24 MR. GOODWIN: Any questions?

25 (No response.)

1 MR. GOODWIN: Did you want to comment, sir?

2 MALE VOICE: I am just here if you have further
3 questions.

4 MR. GOODWIN: Okay. I will entertain a motion.

5 MS. BINGHAM ESCAREÑO: I have a question before
6 I make a motion.

7 MR. GOODWIN: Okay.

8 MS. BINGHAM ESCAREÑO: Is there anything
9 specifically that the Board needs to state in the action
10 regarding this? I know the staff said that this is
11 predetermination, and that if any of the facts change by
12 the end, that it would need to be revisited by the Board.

13 MR. IRVINE: I think there is probably a
14 sufficient record set out in the Board materials.

15 MS. HOLLOWAY: Right. It is in the whereases,
16 on your Board action request.

17 MS. BINGHAM ESCAREÑO: Okay.

18 MS. HOLLOWAY: That language about if it should
19 change, that it would need to be reexamined.

20 MS. BINGHAM ESCAREÑO: Very good. I see it.
21 Good. Mr. Chair, I will make a motion.

22 MR. VASQUEZ: I am sorry. Just before you make
23 that motion, I do have just one question on whether there
24 is a distinction that we should be considering that this
25 is an existing Housing Tax Credit development.

1 So it is not a new -- it is not something brand
2 new being brought to us, that we would be making a
3 determination as to eligibility. It is already there. It
4 is already -- it is just that we need to add these
5 waivers.

6 MS. HOLLOWAY: Correct.

7 MR. VASQUEZ: So if we granted it, again, I
8 don't think it is too precedent setting, based that it is
9 an already existing tax credit.

10 MS. HOLLOWAY: Right.

11 MR. VASQUEZ: Right. I mean, am I right to
12 that?

13 MR. GOODWIN: I agree. Yes.

14 MS. BAYLESS: Okay. Thanks.

15 MS. BINGHAM ESCAREÑO: Mr. Chair, I will move
16 staff's recommendation to approve the waiver as proposed
17 in our documentation.

18 MR. GOODWIN: Okay. Second?

19 MR. VASQUEZ: Second.

20 MR. GOODWIN: So it has been moved and
21 seconded. Any discussion?

22 (No response.)

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

24 (A chorus of ayes.)

25 MR. GOODWIN: Opposed?

1 (No response.)

2 MR. GOODWIN: Okay. Thank you, Marni.

3 MS. HOLLOWAY: That is all I have.

4 MR. GOODWIN: Thank you.

5 MS. HOLLOWAY: Thank you.

6 MR. GOODWIN: This gets to the part of the
7 agenda where we take public comments for items that might
8 set the agenda for the future. Does anybody have anything
9 that they want to bring up?

10 (No response.)

11 MR. GOODWIN: Any Board members?

12 (No response.)

13 MR. GOODWIN: If not, I will entertain a motion
14 to adjourn.

15 MR. VASQUEZ: So moved.

16 MR. GOODWIN: So moved, and second.

17 MR. BRADEN: Second.

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

19 (A chorus of ayes.)

20 MR. GOODWIN: We will see you next month.

21 Thank you.

22 (Whereupon, at 8:36 a.m., the meeting was
23 concluded.)

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MEETING OF: TDHCA Board
LOCATION: Austin, Texas
DATE: April 26, 2018

I do hereby certify that the foregoing pages, numbers 1 through 37, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Leslie Berridge before the Texas Department of Housing and Community Affairs.

DATE: April 27, 2018

(Transcriber)

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