

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

Capitol Extension
Hearing Room E2.030
1100 Congress Avenue
Austin, Texas 78701

July 28, 2022
10:04 a.m.

MEMBERS:

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

BOBBY WILKINSON, Executive Director

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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 57

P R O C E E D I N G S

1
2 MR. VASQUEZ: I'd like to call to order the
3 Board meeting of the Texas Department of Housing and
4 Community Affairs. It is 10:04 on the morning of July 28,
5 2022.

6 We'll do a roll call. Mr. Batch?

7 MR. BATCH: Here.

8 MR. VASQUEZ: Mr. Marchant?

9 MR. MARCHANT: Here.

10 MR. VASQUEZ: Mr. Thomas?

11 MR. THOMAS: Present.

12 MR. VASQUEZ: And I am here. Ms. Farias has
13 asked for an excused absence due to a prior commitment,
14 long scheduled, but we do have a quorum.

15 We'll start out, as usual, with Bobby leading us
16 in the pledges.

17 (The Pledge of Allegiance and the Texas
18 Allegiance were recited.)

19 MR. VASQUEZ: Okay. This is going to be a fun
20 meeting that we all have worked hard for, for a long time.

21 We first start out with the consent agenda. Are there any
22 items that a Board member would like removed from consent
23 or a member of the public want to move to action?

24 (No response.)

25 MR. VASQUEZ: Seeing none, I'll entertain a

1 motion on the consent agenda.

2 MR. MARCHANT: Mr. Chairman, I move that we
3 accept the consent agenda.

4 MR. VASQUEZ: Mr. Marchant moves to accept the
5 consent agenda as presented.

6 MR. BATCH: Second.

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

9 (A chorus of ayes.)

10 MR. VASQUEZ: Any opposed?

11 (No response.)

12 MR. VASQUEZ: Hearing none, motion carries.

13 Moving right along to our executive director's
14 report, Mr. Wilkinson.

15 MR. WILKINSON: Thank you, Chairman. I feel
16 like we just did this.

17 I'll start with the Homeowners Assistance Fund.
18 We've paid out \$75 million, we have another \$40 million
19 pledged for loan modifications. That's approved funding
20 for about 9,500 applicants. The average assistance amount
21 is a little under \$8,000; I expect that to climb as we
22 reach out to serve more people in the major metros and
23 whatnot.

24 We have done radio spots and we had a \$50
25 million disbursed press announcement since the last Board

1 meeting. The next press announcement will probably be at
2 the \$100 million paid out.

3 Working on outreach tools for the upcoming
4 intake centers. You actually have a Board item today where
5 you're going to vote on awarding some of these intake
6 centers and housing counseling centers that deal with the
7 program to help people apply and keep their homes. We've
8 done direct mailers to qualifying households across the
9 state, so this kind of press effort has picked up
10 applications.

11 The idea is we want to make sure that every
12 corner of the state gets to hear about the program and has
13 the chance to apply. We still have funds available,
14 hundreds of millions, so it's not anywhere close to
15 oversubscribed yet. But don't wait, don't game it and try
16 to wait a few more months on your mortgage or whatnot. If
17 you're behind now, please apply.

18 MR. MARCHANT: The radio ads are great. I'm
19 hearing them.

20 MR. WILKINSON: Do you hear them? Great, great.

21 MR. MARCHANT: On AM country music.

22 MR. WILKINSON: I guess we've been thorough
23 then, right?

24 MR. MARCHANT: You're hitting it.

25 MR. VASQUEZ: Don't forget your microphone

1 button.

2 MR. WILKINSON: Members, your microphone button
3 is on the panel in front of you, not underneath in here.

4 Rent relief. We have been notified now of
5 additional funding. The ERA1 and 2, those were two
6 different pots from two different federal appropriations
7 that serve the same purpose but there are little tweaks to
8 the eligibility and such. It's more than \$90 million, so
9 about what we were expecting.

10 I think actually we thought we would get a
11 little more. I don't know if there will be another
12 reallocation in the future. Yes, no, we don't know. So
13 we're currently contacting existing applicants to see if
14 they still need help.

15 On the legislative affairs side, two weeks ago I
16 testified before the Senate Finance Committee here at the
17 Capitol and then the House Urban Affairs Committee in
18 Houston. Those were on two separate days, so logistically
19 it worked out. It was nice having the chairman supporting
20 me in Houston, his hometown. He did promise lunch but then
21 the testimony dragged on with the other invited testimony
22 and I had to stay and watch and he had places to be, so
23 next time.

24 Single family and homeless programs. Our ESG
25 was monitored by HUD in June, and we just learned there was

1 no findings or concerns, so good job to Abby Versyp and her
2 staff. Abby, where are you? There she is.

3 In the spirit of greater government efficiency,
4 we just finished moving our Bootstrap loan program to the
5 same software data used by our other single family
6 programs. This will provide our administrators with a more
7 uniform and user-friendly experience.

8 Just to remind the members, our Bootstrap
9 program is actually self-funded revolving/general revenue
10 funded, one of the few actual general revenue funded
11 programs we have. And it's an owner-building, pick
12 yourself up by the bootstraps loan program. Habitat for
13 Humanity is probably our largest subrecipient there.

14 On the HOME ARP front, there's homeless dollars
15 from HUD via the American Rescue Plan. We released
16 applications for \$10 million of HOME ARP for the National
17 Housing Trust Fund set-aside, so this is multifamily
18 developments that already have Housing Trust Fund loans
19 from us that need some gap funding. So this is a way to
20 help some deals that are hurting right now. As you know,
21 there's been funding gaps in various deals. Right?

22 The set-aside was also designed to expedite
23 delivery of some of the HOME ARP units into rental
24 developments more quickly. That will be the case for
25 applications submitted in response to a later notice of

1 funding availability, NOFA. The HOME ARP Division sent a
2 notification of eligibility to apply to the 2020 or 2021
3 NHTF awarded or active applicants. Currently five NHTF
4 awardees or active applicants indicated interest in the
5 set-aside, so things are already moving on that front.

6 Another issue on the community affairs side -- I
7 had mentioned this before, and members, I think you saw
8 that we have been using some of our funds to help families
9 in Uvalde. Bobby Deike, our subrecipient is here, and I
10 just want to note that they've gotten about \$125,000 out to
11 the families, grocery, gas, a little bit of mortgage and
12 rent help.

13 It's a flexible pot of federal funds for those
14 that income qualify, and I think we have a plan to even
15 kind of accelerate some of that assistance. There's
16 obviously been a lot of private money that's on its way.
17 Apparently whatever trust makes the rules for that, it
18 takes some time, so there's immediate need that CCSC is
19 helping us fill right now.

20 That's the end of my prepared remarks.
21 Supposedly there's some kind of big announcement or award
22 later today that I think a lot of people might be
23 interested in.

24 Any questions from the Board?

25 MR. MARCHANT: I do have a question. When

1 public money comes in, does it ever come in as a donation
2 to the agency or do we direct public donation money to a
3 specific agency for people?

4 MR. WILKINSON: So private individuals, no, it
5 does not flow through us. I believe most of this money is
6 probably going through the One Star Foundation, the like
7 governor-appointed board. It's a public nonprofit. There
8 might be other avenues as well.

9 MR. MARCHANT: But if somebody comes to us and
10 says, hey, we want to give money to this --

11 MR. WILKINSON: You would direct them to these
12 other resources.

13 MR. ECCLES: Also the Ending Homelessness Fund,
14 that's through TxDMV.

15 MR. WILKINSON: Right. But that's set up in
16 statute where when you renew your vehicle registration, I
17 believe, one of the check boxes is to give a little money
18 for the Ending Homelessness Fund, and that does come to us
19 but via that official channel.

20 MR. MARCHANT: Great. Thank you.

21 MR. VASQUEZ: Great. Anything else?

22 (No response.)

23 MR. VASQUEZ: Thank you, Bobby.

24 MR. LYTTLE: The overflow room is ready now.

25 MR. VASQUEZ: Okay. So just to reiterate, we

1 have Room E2.026 is available as an overflow room, has
2 screens and video. And I understand there may be a delay
3 on the popcorn, but it's still available and there's a
4 couple of other seats around here.

5 (General laughter.)

6 MR. VASQUEZ: Okay. Moving on to item 4,
7 Presentation, discussion, and possible action granting on
8 Homeowner Assistance Fund Program Services awards.

9 Ms. Birks -- no, Ms. Boston.

10 MS. BOSTON: Chairman Vasquez, Board members,
11 I'm Brooke Boston, presenting on behalf of Tanya Birks, who
12 unfortunately is ill today.

13 This item involves the first of several batches
14 of awards you will see associated with the Homeowner
15 Assistance Fund, or HAF. As you may recall, a portion of
16 the HAF funds reflected in our HAF Plan, submitted to
17 Treasury, were designated to go to subrecipient
18 organizations. The Department announced the notice of
19 funding availability, or NOFA, on May 3, making a total of
20 \$30.5 million available to Texas organizations to apply as
21 subrecipients to provide one of three eligible services:
22 intake centers, housing counseling services, and legal
23 services.

24 Applications have been accepted on a first-come,
25 first-served basis, and we'll continue to receive them

1 through August 31, or when all the funds have been
2 committed, whichever occurs first. As applications come
3 in, the Department will continue to review and approve
4 applications to the extent that a geographic area does not
5 yet have coverage and funds are still available. Because
6 the applications are coming in first-come, first-served,
7 we're bringing them to you in increments so that we can get
8 them contracted and starting to work right away. The
9 maximum award amount for these is \$1 million and the
10 minimum award amount is \$200,000.

11 I'll tell you briefly about each of the types of
12 activities. Intake centers will perform limited outreach
13 to find and educate homeowners in the targeted community,
14 and each of these organizations have a specific coverage
15 area. And more significantly, they'll provide a physical
16 location that a household can go to, to receive help in
17 applying for HAF funds.

18 These organizations will help homeowners
19 determine if they're eligible, submit applications online,
20 help them identify and scan appropriate supporting
21 documentation, and help them sign applications and program
22 loan documents. The intake center is expected to assist
23 people who have limited English proficiency and those who
24 may need a reasonable accommodation.

25 Intake centers will only remain operational

1 while HAF funds are still available for households. As
2 soon as all HAF funds have been applied for, the intake
3 centers will close because there's nothing to help people
4 affected. The intake centers are not a conduit of HAF
5 funding; all applications still ultimately go through our
6 vendor and through the web-based portal.

7 Legal service organizations who receive these
8 funds will provide free legal counsel to households meeting
9 program requirements and who face housing instability.

10 Legal service activities include civil legal services and
11 activities that assist eligible households with retaining
12 their homeownership, such as foreclosure prevention,
13 mediation between a service or a lender and a homeowner,
14 credit correction and protection, and assistance to enable
15 households to clear title to their house.

16 The last category, housing counseling, will
17 assist households with improving their financial
18 sustainability through providing a HUD-approved curriculum
19 through HUD-approved counselors. The housing counseling
20 and legal services contracts will be executed for up to
21 twelve months, with the possibility of extension, depending
22 on the status of the program and the availability of funds.

23
24 So this item in front of you recommends the
25 approval of \$13.2 million in AF funds to twenty

1 subrecipient organizations listed in your Board book.
2 Seventeen of those twenty are service as intake centers, so
3 we're excited to get that kind of coverage right out the
4 door. Some of those seventeen are also offering housing
5 counseling services and/or legal services.

6 They were allowed to pick to do all three or any
7 combination. Two organizations are providing only
8 counseling services, and one will provide only legal
9 services. And that's it.

10 I'm happy to answer any questions.

11 MR. VASQUEZ: Okay. So these are spread out
12 across the state, and they're established organizations.

13 MS. BOSTON: Yes. Many of them are receiving
14 funds of ours from other programs as well.

15 MR. VASQUEZ: Great.

16 MS. BOSTON: And we'll continue to get more
17 geographic coverage between now and that August 31
18 deadline.

19 MR. VASQUEZ: Great, excellent.

20 Do any other Board members have questions for
21 Ms. Boston on this item?

22 MR. WILKINSON: I'd just like to mention that
23 this is not something that we did with rent relief. That
24 was kind of more fast and furious, and people weren't
25 meeting in person when we were launching. So it's nice to

1 have this extra level of service to help folks apply so
2 online is not the only option for them. They get some
3 help.

4 I also want to recognize Flip in the back for
5 helping to get these twenty awardees, searching the state,
6 so thank you, Flip.

7 MR. VASQUEZ: Great. So hearing no questions,
8 I'll entertain a motion on item 4 of the agenda.

9 MR. THOMAS: Mr. Chairman, I move the Board
10 approve the award of contracts to provide eligible intake,
11 legal and housing counseling services under the Homeowner
12 Assistance Fund Program, subject to the conditions as
13 expressed in the Board action request on this item.

14 MR. VASQUEZ: Thank you.

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

16 MR. MARCHANT: Second.

17 MR. VASQUEZ: Seconded by Mr. Marchant. All
18 those in favor say aye.

19 (A chorus of ayes.)

20 MR. VASQUEZ: Any opposed?

21 (No response.)

22 MR. VASQUEZ: Hearing none, motion carries.

23 Moving right along to item 5, Presentation,
24 discussion, and possible action on approval of the 2023 Low
25 Income Home Energy Assistance Program state plan for

1 submission to the U.S. Department of Health and Human
2 Services and approval of the associated 2023 awards.

3 Mr. De Young.

4 MR. DE YOUNG: Good morning, Chairman Vasquez
5 and members of the Board.

6 The item in front of you, item 5, is the LIHEAP
7 plan. You see this plan every year. It's a standard plan.

8 The LIHEAP is a block grant, the states have wide
9 discretion to administer the program in the way they see
10 fit.

11 In this plan there aren't very many changes. We
12 have been through a draft plan that you all approved early
13 in April. We went through a public hearing process in
14 April and May. We have taken public comment, we've made
15 some revisions -- slight revisions to the plan, and are
16 required to submit this plan to the Federal Government by
17 September 1.

18 And so this plan, as you see it -- I know it's
19 bulky, it's 60 or 70 pages -- basically lays out how we'll
20 administer the program over the next year. These contracts
21 would start January 1 of '23 and run all the way through
22 the calendar year.

23 In the LIHEAP plan there are two different
24 programs that run: the utility assistance, which we refer
25 to as CEAP, Comprehensive Energy Assistance Program, as

1 well as a WAP component, and the WAP component is the
2 weatherization program. So those two programs will run
3 throughout the year.

4 At the back of the item you will notice some
5 awards. These are based on an estimated figure. We won't
6 get the figure until Congress approves the budget for 2023,
7 and that will come in the fall, hopefully.

8 And we will receive 90 percent of the money up
9 front, usually right away in October. We'll begin to merge
10 contracts immediately, and then we'll receive the other 10
11 percent in April of next year. And all the contracts -- at
12 that point we'll calculate the exact amount of the
13 contracts, so the figures you see are basically estimates
14 based on a formula that we run.

15 We'd love your approval.

16 MR. VASQUEZ: Does anyone have any questions for
17 Mr. De Young?

18 (No response.)

19 MR. VASQUEZ: So I guess one concern that we've
20 sort of encountered in related things in the past -- so
21 what kind of monitoring do we have and how often do we get
22 reporting in to ensure that the money is getting out there
23 to the people who need it?

24 MR. DE YOUNG: We get monthly reports. So the
25 agencies submit monthly reports through our system, and

1 that's where they request funds. We do a checkup on their
2 budget. If they've got some money left on hand -- say
3 they've got a quarter million left on hand and they need a
4 million, we would only give them \$750,000.

5 Monitoring, run by Ernest Hunt -- we monitor the
6 LIHEAP program. Every third year is the requirement. But
7 if they get a lot of money, some of these bigger
8 agencies -- like you'll see Baker Ripley in Houston
9 receives in an estimate for this next year \$18.5 million.
10 They will not go three years to be monitored, we will
11 monitor them probably every year with that dollar figure.

12 So there's a risk analysis performed and the big
13 ones, the Dallas, Houston, San Antonio, Austin, all those
14 large metropolitan areas get monitored just about every
15 year.

16 And keep in mind we have other dollars in those
17 communities as well. We've got CSBG, Community Services
18 Block Grant. We've got the weatherization dollars as well.

19 So all that goes into a calculation to assess their risk,
20 and funding amount is one of the huge profiles that rises
21 in a risk assessment.

22 MR. VASQUEZ: Great. This is obviously a much
23 needed program.

24 MR. DE YOUNG: And I might add if we have other
25 issues, if we've seen things on their single audits that

1 cause alarm, that gets factored in as well. If we've got
2 fraud concerns, those all get factored in to who we go
3 visit. And Ernest can talk more eloquently on it than I
4 can, but it's a system that's worked for us very well for
5 the last few years.

6 MR. VASQUEZ: Great. Thanks.

7 MR. WILKINSON: Eligibility, 150 percent, right?

8 MR. DE YOUNG: 150 percent, yes, sir.

9 MR. WILKINSON: And if someone wanted to find
10 their local energy assistance --

11 MR. DE YOUNG: Help for Texans, it's on our
12 website. They go to Help for Texans, and the neat thing
13 about Help for Texans is it actually gives them all the
14 services. So they would get utility assistance, they would
15 get the water program.

16 They would also get the weatherization provider,
17 and in some of these communities these are different
18 entities who administer these programs. In rural areas,
19 it's usually one provider.

20 Bobby is a good example. CC South Central
21 Texas, they do weatherization from -- if you know your
22 Texas geography -- they go from Seguin to everything but El
23 Paso County. That's a huge territory, I don't know how
24 many thousand square miles but it's a lot for
25 weatheriztaion.

1 For utility assistance they go around the south
2 side, all the way around San Antonio. They do CSBG in a
3 different area. So they're a comprehensive provider of
4 services.

5 Help for Texans will give you all the contact
6 information, address, phone number that you need to get
7 assistance from the State of Texas.

8 MR. WILKINSON: Your overdue energy bill, plus a
9 certain amount going forward.

10 MR. DE YOUNG: Correct. We can pledge for the
11 whole year in the utility assistance. For water, we can
12 pledge for your arrears and your current bill and hopefully
13 we'll get future bills as well. We're working on it.

14 MR. VASQUEZ: Great. Maybe we can find someone
15 to Tweet out that Help for Texans.

16 MR. DE YOUNG: Who would that be?

17 (General laughter.)

18 MR. VASQUEZ: In the meantime, I would entertain
19 a motion on item 5 of the agenda.

20 MR. BATCH: Mr. Chairman, I move that the Board
21 approve the 2023 Low Income Home Energy Assistant Program
22 state plan, LIHEAP, for submission to the U.S. Department
23 of Health and Human Services, and upon federal approval of
24 the plan, to contract for the awards reflected in the plan,
25 all as expressed and conditioned in the Board action

1 request on this item.

2 MR. VASQUEZ: Thank you.

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

4 MR. THOMAS: Second, Mr. Chairman.

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

7 (A chorus of ayes.)

8 MR. VASQUEZ: Any opposed?

9 (No response.)

10 MR. VASQUEZ: Hearing none, motion carries.

11 MR. DE YOUNG: Thank y'all very much.

12 MR. VASQUEZ: Item 6, Presentation, discussion,
13 and possible action on state fiscal year 2023 Homeless
14 Housing and Services Program awards.

15 Ms. Versyp.

16 MS. VERSYP: Hi. Good morning, Chairman Vasquez
17 and Board members. I'm Abigail Versyp. I'm the director
18 of our Single Family and Homeless programs.

19 And I'm presenting this item today, it's awards
20 for our 2023 Homeless Housing and Services Program -- we
21 call it HHSP, contracts under both set-asides, a general
22 set-aside and a youth set-aside.

23 So for the benefit of our newer members, HHSP is
24 a state-funded program. It provides funds annually to
25 cities with a population of 285,500 or more, so that's set

1 in statute. Right now there are nine cities that meet that
2 population threshold, so it must go to the city and to the
3 largest cities in Texas.

4 The general HHSP set-aside is the larger of the
5 two set-asides, and it provides funding for both homeless
6 prevention and homelessness services. The smaller
7 set-aside for youth only provides assistance for youth
8 under the age of 24 that are experiencing homelessness.
9 For 2023 we're able to award about \$4.7 in the general set-
10 aside and \$1.5 million in the youth set-aside.

11 So the youth set-aside amount is fixed. It's
12 based on the requirements of Rider 16, and the amount of
13 the award under the general set-aside is determined by
14 taking the total allocation, taking out TDHCA's admin, and
15 taking out that \$1.5 million that we must put toward the
16 youth set-aside. So that leaves us with a balance of about
17 \$4.7-.

18 After we do that, the funds are distributed to
19 the eligible cities using an allocation formula. It's
20 codified in our Administrative Code and all eligible cities
21 are notified of their allocation amounts for both set-
22 asides and asked to submit an abbreviated application. So
23 that's their budget, their plan, their written standards,
24 administrative paperwork, and we need that in order to
25 finalize the award. It is not competitive, so the cities

1 are eligible for these funds and barring an extreme
2 circumstance, we would always recommend an award to the
3 city.

4 Eligible cities, they can elect to either
5 directly administer the HHSP or they can choose a nonprofit
6 to administer on their behalf. So awards can be made to
7 either cities or nonprofits, but the city must basically
8 appoint the nonprofit through governing body action. A
9 previous participation review is performed and awards are
10 recommended to EARAC.

11 At the time the Board book was posted, and this
12 remains true today, we were still pending EARAC approval
13 for Haven for Hope, the nonprofit for the City of San
14 Antonio's general set-aside, and the Cities of Corpus
15 Christi and Plano. We're recommending the awards
16 conditioned on this approval, and also conditioned on
17 outstanding administrative portions of the application for
18 each applicant. If an applicant doesn't submit the
19 required documentation, we would then take the money and
20 reallocate it or perhaps provide an extension if it was
21 requested.

22 The award recommendation is for both of the set-
23 asides. They're included in attachment A, so you can see
24 how much each entity is receiving in each set-aside. And I
25 am here for any questions.

1 MR. VASQUEZ: So there are nine or ten cities
2 eligible?

3 MS. VERSYP: There are only nine right now, but
4 we're keeping our eyes on Laredo because we think Laredo is
5 going to be the next one to hit the threshold. The City of
6 Plano was the most recent addition.

7 MR. VASQUEZ: There's a numbering, so there are
8 nine there.

9 MS. VERSYP: I apologize.

10 MR. VASQUEZ: Is anyone else surprised there are
11 only nine cities in Texas with 285,500 population? I guess
12 I'm surprised about Laredo as well. Waco?

13 MR. WILKINSON: There's a lot more that are just
14 over 200,000, because for rent relief there was like 38
15 other programs besides us based on that number, so I guess
16 285,500.

17 MS. VERSYP: 285,500, which actually may come
18 into play for City of Plano and City of Laredo.

19 MR. WILKINSON: So they'll grow into the
20 bracket.

21 MR. VASQUEZ: Okay. But the whole thing is
22 allocated formulaic.

23 MS. VERSYP: Right, it's all formula allocation.
24 It's not competitive, and the allocation is in our rule so
25 all the cities have had opportunity to make comment on how

1 the funds are allocated.

2 MR. WILKINSON: So it's basically just passed
3 through. We don't do much with it, cities are pretty much
4 entitled to it. This is another one of our only general
5 revenue funded programs, so they're state dollars.

6 MR. VASQUEZ: It's great to get the money out
7 there to the municipalities.

8 Do any Board members have questions for Ms.
9 Versyp?

10 (No response.)

11 MR. VASQUEZ: Hearing none, I'll entertain a
12 motion on item 6 of the agenda.

13 MR. THOMAS: Mr. Chairman, I move the Board
14 approve the Homeless Housing and Services Program awards to
15 the municipalities and entities and in the amounts
16 specified, all subject to the conditions expressed in the
17 Board action request on this item.

18 MR. VASQUEZ: Thank you.

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

20 MR. BATCH: Second.

21 MR. VASQUEZ: Seconded by Mr. Batch.

22 Is there any public comment on this item?

23 (No response.)

24 MR. VASQUEZ: Hearing none, again, motion on the
25 floor by Mr. Thomas, seconded by Mr. Batch. All those in

1 favor say aye.

2 (A chorus of ayes.)

3 MR. VASQUEZ: Any opposed?

4 (No response.)

5 MR. VASQUEZ: Motion carries. Thank you.

6 Moving right along to item 7(a) of the agenda,
7 Presentation, discussion, and possible action on a timely
8 filed scoring appeal under the Department's Multifamily
9 Program Rules for Calle del Norte Apartments, project
10 22112.

11 Mr. Campbell.

12 MR. CAMPBELL: Good morning. Cody Campbell,
13 director of Multifamily Programs with the Department.

14 As Mr. Vasquez just mentioned, this is an appeal
15 of a scoring notice for application #22112, Calle del Norte
16 in Laredo, and it is a pretty straightforward one.

17 The QAP awards points based on the cost of
18 development per square foot. Among these point options,
19 twelve points are available to applications that
20 voluntarily restrict their eligible building costs to less
21 than \$88.58. The "less than" language in this point item
22 is critical as this application came in at exactly \$88.58.

23 Because of this, a point was deducted when the final
24 scoring notice went out.

25 The applicant timely appealed, stating that the

1 two-bedroom units were incorrectly rounded on the
2 application where they were listed as being 1100 square
3 feet and that the accurate square footage is actually
4 1100.35 square feet. When this precise figure is entered
5 into the application as originally submitted, the voluntary
6 cost per square foot drops to \$88.57, which is sufficient
7 to qualify for the points in question.

8 Because of this, staff recommends that the Board
9 grant the appeal.

10 MR. VASQUEZ: Okay. So again, when doing the
11 correct calculations, it meets the criteria.

12 MR. CAMPBELL: Yes, sir.

13 MR. VASQUEZ: As he said, it sounds pretty
14 straightforward. Any comments, questions from the Board?

15 (No response.)

16 MR. VASQUEZ: Does anyone wish to speak on this
17 item?

18 MR. VASQUEZ: Okay. I'll entertain a motion on
19 item 7(a) of the agenda.

20 MR. BATCH: Mr. Chairman, I move that the Board
21 grant the appeal of Calle del Norte Apartments, application
22 #22112, for the reasons described in the Board action
23 request on this item.

24 MR. VASQUEZ: Thank you.

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

1 MR. MARCHANT: Second.

2 MR. VASQUEZ: Seconded by Mr. Marchant. All
3 those in favor say aye.

4 (A chorus of ayes.)

5 MR. VASQUEZ: Any opposed?

6 (No response.)

7 MR. VASQUEZ: Hearing none, motion carries.

8 Item 7(b), the appeal has been withdrawn from
9 the agenda.

10 And with that, let's take like an hour break.

11 (General laughter.)

12 MR. VASQUEZ: Mr. Campbell, what have you been
13 doing this last year?

14 MR. CAMPBELL: Well, this is the big one.

15 MR. VASQUEZ: Well, let me introduce item 7(c)
16 on the agenda, Presentation, discussion, and possible
17 action regarding awards from the 2022 State Competitive
18 Housing Credit Ceiling and approval of the waiting list for
19 the 2022 Competitive Housing Tax Credit application round.

20 MR. CAMPBELL: Thank you, Mr. Vasquez. Yes,
21 this is our big item for the year where we make our 9
22 percent tax credit awards.

23 127 full applications were submitted in March,
24 111 of which are still active. These 111 applications
25 collectively request approximately \$149 million in tax

1 credits, and of those staff is recommending 61 for award of
2 funding today.

3 These 61 awards, plus the supplemental credits
4 awarded earlier this year, and the forward commitments
5 awarded last year, total just under \$80 million. And as a
6 reminder, when we talk about a credit amount for an
7 application, that is a per-year amount that's paid for ten
8 years. So really what we're discussing today is \$800
9 million, close to a billion, big numbers.

10 I would like to give you a brief synopsis of
11 where these numbers come from and how staff identifies
12 which applications to recommend for award each year. So
13 every year we start off with an initial credit ceiling
14 amount that is calculated on figures that are released by
15 the IRS. This year that amount was \$76.7 million. We also
16 had \$1.7 million in unused credits from the 2021 round
17 which can be added to the total, giving us an initial
18 credit ceiling of about \$78.5 million.

19 These funds are distributed throughout Texas
20 following a number of requirements. State statute requires
21 that at least 15 percent of the credits go to developments
22 that are considered to be at risk of losing affordability,
23 and that 5 percent go to developments that also receive
24 funding from USDA. This 5 percent for USDA is included
25 within the 15 percent for at-risk, so we're still just

1 talking about 15 percent of the total credit ceiling rather
2 than 20 percent since they overlap. Based on these
3 requirements, staff calculates the minimum funding required
4 to go to at-risk and USDA deals and sets those amounts
5 aside.

6 Staff then takes the remaining 85 percent of the
7 initial ceiling and applies the regional allocation
8 formula, or RAF, to it. The RAF is a complex formula that
9 takes into consideration a number of variables across the
10 state's subregions, including things such as the number of
11 overcrowded or cost-burdened renters, the prevalence of
12 substandard housing, and the number of units available for
13 rent, and allocates funding throughout the state based on
14 those variables.

15 Regardless of the RAF, there is a minimum of
16 \$600,000 that has to go to each subregion which we see in
17 about half of our rural subregions. The largest amounts
18 that were available this year were, unsurprisingly, in the
19 Dallas and Houston regions, each of which initially got in
20 the vicinity of \$16 million of credits.

21 Early in the round, staff identifies
22 applications that appear to be the most competitive for
23 credits. Applications are scored and underwritten by staff
24 and any appeals of those items are resolved through the
25 executive director or the Board. Additional applications

1 are identified for review as needed based on the outcomes
2 of those processes.

3 When it comes time to assemble the list of
4 awards, staff first starts in the at-risk set-aside and
5 identifies USDA applications to recommend for award in
6 order of competitiveness until the statutorily required 5
7 percent of the total credit ceiling is met. From there,
8 staff identifies other applications in the at-risk set-
9 aside until the required 15 percent is met.

10 From there, we move on to the individual
11 subregions. Staff starts at the top of the list within
12 each region and recommends for award each application until
13 there is insufficient funding remaining to fund the next
14 application. Applications are not skipped based on the
15 available funding.

16 So for example, if we have \$1.5 million left in
17 a subregion and the next application requests \$2 million,
18 we don't skip that application and try to find one that
19 only needs \$1.5 million. We simply stop this phase of the
20 process with an excess of \$1.5 million available.

21 We continue with this process until all of the
22 first phase of awards are identified. At that point we
23 move on to what's called the rural collapse. Statute
24 requires that 20 percent or more of the tax credits
25 available in each application cycle go to rural areas,

1 which we are unlikely to ever meet during the initial phase
2 of awards.

3 In order to meet that 20 percent, all of the
4 remaining credits from each region are pulled together into
5 one big sum of money and staff identifies the most
6 underserved rural regions in the state. This is done by
7 comparing how much money was initially made available in
8 those regions to how much money they've gotten up until
9 that point.

10 So for example, if a rural region initially had
11 \$600,000 in available funding and no funding had been
12 awarded at this point, that region would be 100 percent
13 underserved. Similarly, if \$600,000 was available and
14 \$300,000 had been awarded, the region would be considered
15 50 percent underserved, on and on. Staff identifies one at
16 a time the most underserved rural region and recommends an
17 award from the big pool of credits until our 20 percent is
18 met.

19 Once that happens, we move on to what's called
20 the statewide collapse. This is identical to the rural
21 collapse except that it includes both rural and urban
22 subregions -- as a side note, I would just like to point
23 out how difficult the word "rural" is to say over and over
24 again. It's a mouthful.

25 (General laughter.)

1 MR. CAMPBELL: Awards are identified and
2 recommended until insufficient funding remains to award the
3 next deal, at which point the process stops and any
4 remaining applications are left on the waiting list.

5 An interesting thing happens in the math within
6 the USDA set-aside this year which results from one source
7 of funding which we haven't discussed yet which are the
8 credit returns that we received during the round. These
9 returns generally result from either entire awards being
10 returned to the Department or from smaller amounts that are
11 returned as part of the cost certification process. These
12 amounts do not go through the RAF; rather, they are
13 returned directly to the subregion from which they came.

14 During this round we received \$1.4 million in
15 credit returns, which is an unusually high amount resulting
16 from a full \$1.3 million return that happened earlier this
17 year in Midland. While these funds are returned directly
18 to the subregion from which they came, they also increase
19 the total amount of tax credits that we have to allocate.

20 Inclusive of credit returns, our total ceiling
21 is \$79,898,566. You may recall that 5 percent of our tax
22 credits each year must go to applications that receive
23 funding from USDA. This 5 percent is calculated on the
24 total ceiling amount which would be inclusive of those
25 credit returns.

1 The practical effect of this is that for this
2 round, once the credit returns are added to the available
3 ceiling, an additional award must be made within the USDA
4 set-aside than what appears to be necessary based on the
5 initial calculation of that 5 percent. This is consistent
6 with both state statute and with previous Department
7 practice, although as far as I can tell, this may be the
8 first time that credit returns from outside the USDA set-
9 aside have resulted in an additional USDA award being
10 necessary.

11 Now, all that being said, I would be doing the
12 Board a disservice if I didn't take a moment to acknowledge
13 the massive effort that this item represents and all of the
14 hardworking people who helped get it to you today. The
15 Multifamily staff are some of the hardest working and most
16 dedicated people you'll ever meet, and I know that every
17 other director at TDHCA could probably say the same thing
18 about the people in their areas.

19 Our Real Estate Analysis, Asset Management,
20 Public Affairs, Multifamily Bonds, Compliance, Legal,
21 Housing Resource Center, and Program Services divisions all
22 play a huge role in this process every year. We are also
23 assisted tremendously by other divisions that you don't
24 hear as much about, such as Financial Services, Staff
25 Services, Human Resources, our tech folks, and the facility

1 workers who make sure that we have comfortable air, empty
2 trash cans and clean facilities every day.

3 We also benefit from extremely competent
4 leadership and overall guidance from our executive staff.
5 This includes Bobby, who is a great executive director to
6 work for, Brooke, who really went above and beyond this
7 year in helping us out with the QAP, and of course, my
8 boss, Homer Cabello, who was kind enough to take a chance
9 on hiring me for this role. Homer has done a remarkable
10 job of helping me keep my head on straight as I've adjusted
11 to what might politely be described as a challenging role.

12 Of course, the effort that goes into this item
13 isn't limited to TDHCA staff. The program simply would not
14 work without the elected officials, units of local
15 government, policy advocates and others who participate.
16 It also would not work without the construction crews,
17 maintenance workers or management teams who will be on the
18 ground working to build these projects and operate them
19 over the coming decades.

20 And the program would certainly not work without
21 the folks sitting behind me in the rows today. I'm
22 speaking, of course, about the development community who
23 consistently take TDHCA funding and use it to build housing
24 that anyone could be proud of. These folks, the
25 applicants, the developers, the financiers, the attorneys,

1 the consultants, the consultants to those consultants, and
2 the consultants to those consultants, and plenty of others
3 work tirelessly to make affordable housing a reality for
4 thousands of families each year.

5 The item in front of you today recommends 61
6 applications for an award of housing tax credits. These
7 applications total to just over 4,000 affordable units.
8 One of these applications is still undergoing program
9 review as it came up fairly late in the round, and
10 approximately 25 are still being underwritten. The
11 approval for these applications is conditioned upon the
12 successful completion of these processes.

13 Staff recommends that the Board approve this
14 item, and I'm happy to take any questions that you have.

15 MR. VASQUEZ: Thank you, Mr. Campbell.

16 Do any Board members have questions for Mr.
17 Campbell?

18 MR. BATCH: That was the most thorough
19 congratulatory/thank you. Very well done.

20 MR. THOMAS: Absolutely, Cody, and I think it's
21 shared my sentiments along with the rest of the Board that
22 you should be commended, along with the whole staff for
23 going through this effort. It is a challenging role and a
24 challenging process, and you've done an exceptional job, so
25 congratulations on that.

1 I did have one question. In your initial
2 comments you talked about some figures, the applicants 127,
3 I believe, and then it was whittled down to 111 and then 61
4 awards.

5 How does that compare with previous years? Are
6 we up by X percentage? How does that sort of ferret out
7 coming out of the pandemic and such?

8 MR. CAMPBELL: It's surprisingly consistent in
9 the total number of full applications that we received. It
10 is generally about 300 pre-applications -- at least for the
11 last couple of years, about 300 pre-applications, somewhere
12 in the vicinity of 125 full applications. There are
13 slightly fewer awards this year and that is because we set
14 aside \$5 million for supplemental credits, and then two
15 forward commitments were made last year which totaled, I
16 believe, just under \$3 million. So that was somewhere in
17 the vicinity of \$7.5 million that wasn't available for new
18 awards this year.

19 MR. THOMAS: Great. Thank you.

20 I will say, Mr. Chairman, I think when you put
21 Cody's comments in total context and we talk about this
22 year's awards, but the magnitude of it going out ten years,
23 it's pretty incredible what's being done through the
24 program and all the services we offer and the impact we
25 make for Texans who need it and trying to put as many

1 affordable units as we can in the various parts of the
2 state.

3 So again, congratulations to staff, and
4 congratulations to everyone involved in the process. I
5 think it's pretty amazing and a testament to not only Bobby
6 and his leadership but to all of you that work tirelessly
7 to make this happen year over year.

8 MR. CAMPBELL: Thank you.

9 MR. VASQUEZ: Mr. Marchant.

10 MR. MARCHANT: I've got a couple of questions.
11 The last time we went through this, think we did this in
12 Zoom. Did we do this in Zoom? It might have been my first
13 meeting.

14 But thank you for the hard work you've done.
15 Thank you for spending the time, Homero and you, explaining
16 some of the details of this.

17 Of the 4,000 units, how many of those are net
18 new units to the system?

19 MR. CAMPBELL: Oh, I wish I knew that number off
20 the top of my head. It is the majority of them. Generally
21 we only see these dollars going to rehabilitations within
22 the at-risk set-aside which would be 15 percent -- it ends
23 up being a little bit more than 15 percent the way the math
24 pencils out, so roughly somewhere in the vicinity of 80 to
25 85 percent of those.

1 MR. MARCHANT: Do those 80 net new development
2 get any kind of positive scoring because it is a net new
3 versus a rehab?

4 MR. CAMPBELL: No, sir. And in fact, there are
5 actually points in the QAP where rehabilitation
6 developments have a little bit of an edge up, such as our
7 amenities points category, because it's difficult to add
8 amenities to an existing development. But if you look at
9 the awards that actually come out of the subregions, for
10 whatever reason, the forces that drive this program do
11 generally result in a lot more new units.

12 MR. MARCHANT: So if you take the total cost of
13 these projects divided by 4,000, how much does it come up
14 per unit?

15 MR. CAMPBELL: Oh, I did this math the other
16 day. I believe it was in the 160,000 region. I wouldn't
17 stake my career on that but that's the number that I seem
18 to remember.

19 MR. MARCHANT: So 160 grand a key?

20 MR. CAMPBELL: Yes, sir.

21 MR. MARCHANT: Okay. And this will be just a
22 question I have for you to answer later, and not in this
23 round, but how do you consider related entities? What's
24 the definition of a related entity?

25 MR. CAMPBELL: So I assume you're asking about

1 the \$3 million cap?

2 MR. MARCHANT: No. I mean, if Joe Blow is
3 married to Jane Blow, they had two different projects and
4 two different consultants, but one of them is a consultant
5 here but the construction manager here and it's his
6 construction. I mean, what are the related parties' rules
7 as it pertains to the \$3 million cap?

8 MR. CAMPBELL: Sure. So we do have a definition
9 of affiliate in the QAP and it concerns having related
10 principals. I'm hesitant to explain the entire text.

11 MR. MARCHANT: That's a question I have if you
12 could provide me that information.

13 MR. CAMPBELL: Yes, sir.

14 MR. MARCHANT: Thank you.

15 MR. VASQUEZ: Okay. You want to say something?

16 MR. WILKINSON: So we did do a thorough thank
17 you, but I also want to mention thank you to the Governor
18 and his staff. They're really helpful in the QAP
19 development and shepherding us.

20 MR. CAMPBELL: Of course.

21 MR. VASQUEZ: Okay. Recognizing that after this
22 item there will be a public comment period for people to
23 make any kind of comments related relevant to the
24 Department's business, but is there anyone who desperately
25 wants to comment on this agenda item before we take a vote?

1 (No response.)

2 MR. VASQUEZ: Very good. In that case, I will
3 entertain a motion on item 7(c) of the agenda.

4 MR. THOMAS: Mr. Chairman, this is a mouthful so
5 bear with me, the motion is quite long. I move the Board
6 approve the list of recommending applications for final
7 commitments of Housing Tax Credits from the 2022 State
8 Competitive Housing Credit Ceiling and the 2022 Housing Tax
9 Credit Waiting List, as presented at this meeting and as
10 amended by the Board as a result of the appeals heard and
11 determined at this meeting, and as conditioned as set out
12 in the Board action request on this item and by the Board
13 at this meeting.

14 MR. VASQUEZ: Thank you.

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

16 MR. MARCHANT: I second that motion.

17 MR. VASQUEZ: Seconded by Mr. Marchant.

18 Before I call for the vote, let me just also ask
19 one last question. We have not only double-checked the
20 math, we've triple-checked and quadruple-checked it.
21 Correct?

22 MR. CAMPBELL: Mr. Vasquez, my family misses me
23 because I've been in my office running this thing so many
24 times. If there's something left to quintuple-check, I
25 just don't know what it would be.

1 MR. VASQUEZ: So if there's an error, you have a
2 staff member identified that we can fire?

3 MR. CAMPBELL: I think it might be me.

4 MR. THOMAS: So you are staking your career on
5 this one.

6 (General laughter.)

7 MR. VASQUEZ: Very good. With that, all those
8 in favor say aye.

9 (A chorus of ayes.)

10 MR. VASQUEZ: Any opposed?

11 (No response.)

12 MR. VASQUEZ: Hearing none, motion carries.

13 Thank you.

14 MR. CAMPBELL: Thank you.

15 MR. THOMAS: Thanks, Cody.

16 (Applause.)

17 MR. VASQUEZ: So we have now come to the portion
18 of the agenda where we can entertain comment by the public
19 for matters relevant to the Department's business. Would
20 anyone like to state anything?

21 And please identify yourself and your entity
22 that you may be representing. I think there's a sign-in
23 sheet there. And again, the Board can't take any action on
24 anything stated at this time, and we'll have a three-minute
25 timer for anyone.

1 MR. WHEATON: Good morning, Chairman Vasquez,
2 members of the Board. Good morning. My name is David
3 Wheaton and I'm the advocacy director of Texas Housers.

4 I'm here today to talk about the deplorable and
5 inhumane conditions happening at a TDHCA-funded apartment
6 complex called Coppertree Apartments, located in Houston,
7 Texas. These conditions are making it so that residents
8 are living with mold, high crime, unsanitary conditions and
9 major sewage problems. These residents, most of them
10 Black, are forced to live in a situation that affects their
11 health and safety consistently.

12 In December 2021, this property received a 57 in
13 their last inspection from TDHCA. After this inspection,
14 the owners assured the Compliance Department at TDHCA that
15 they would fix multiple problems found in the inspection.

16 As my colleague Ericka Bowman will tell you and show you,
17 they have not.

18 We are asking for administrative penalties to be
19 applied at future Board meetings to this owner to hold them
20 accountable for their actions of continuing to put low
21 income residents at risk. Under TDHCA rules, the
22 Department can recommend to the Board the initiation of
23 proceedings to assess administrative penalties where the
24 owner, despite written notice -- again, they got a 57 last
25 year -- failed to make appropriate and timely corrective

1 actions. In addition, staff may recommend to the committee
2 the initiation of proceedings to assess administrative
3 penalties where the owner has an established pattern of
4 repeated substantial and material violations, even if
5 corrected within the applicable action period.

6 And just in February of this year, the City of
7 Houston found multiple code violations with this apartment
8 complex. These residents have filed a lawsuit with HUD
9 alleging multiple violations, and so we really want
10 accountability. These owners have been allowed to come and
11 renovate and they have not renovated. And we will show you
12 pictures soon of what these tenants are living in, and it's
13 just deplorable and inhumane conditions.

14 And we're going to come back to future meetings
15 again to ask for more administrative penalties to be put on
16 this owner for allowing people to live in these inhumane
17 conditions, but we just wanted to bring this to your
18 attention now. We do know that the Compliance Department
19 is going to be heading out there again very, very soon to
20 do another inspection, but again, with the pictures you're
21 going to see, they're going to fail again.

22 And with that, there's another speaker who would
23 like to come up from our organization. Thank you. If
24 there's any questions.

25 MR. MARCHANT: I have a question, Mr. Chairman.

1 Tell me what your organization is, it is
2 501(c)(3), who funds it?

3 MR. WHEATON: We're a 501(c)(3). We are an
4 advocacy organization, a research organization. We help
5 organize tenants and we also help do advocacy here at
6 TDHCA, at the legislature. We're also a research
7 organization.

8 MR. MARCHANT: And who funds you?

9 MR. WHEATON: Nonprofit donations, different
10 foundations from here in Texas to across the country kind
11 of fund our work, but we're a nonprofit.

12 MR. MARCHANT: Okay. Thank you.

13 MR. VASQUEZ: Go ahead.

14 MR. WILKINSON: They're a longtime advocate,
15 rebranded as Texas Housers, originally --

16 MR. WHEATON: Low Income Housing Information
17 Service.

18 MR. WILKINSON: Which is a mouthful.

19 MR. MARCHANT: I like Texas Housers better.

20 MR. VASQUEZ: Y'all do great work and we
21 appreciate it.

22 Is there any rule about exhibits or something?

23 MR. ECCLES: They're not going to be used,
24 they're just illustrative.

25 MR. VASQUEZ: Okay. I'm sorry. Go ahead.

1 MS. BOWMAN: No problem. My name is Ericka
2 Bowman. I am a community organizer with Texas Housers. I
3 have been working with the tenants over at Coppertree
4 Apartments for the last three years now.

5 The conditions at this property are despicable,
6 as you can see. Multiple tenants are living in conditions
7 with the mold -- the walls in there are completely molded.
8 The water is brown. They are getting rashes, their
9 children are sick.

10 They're going outside, there's sewage in front
11 of their homes their kids are having to drive through on
12 their bicycles. The crime there is pretty high, and these
13 tenants are stuck in this property because they have
14 vouchers that project-based housing can only allow them to
15 stay there.

16 So we've come to the Board multiple times
17 regarding Coppertree. The sad truth of this situation is
18 that money is being put or supposed to be put into these
19 properties to provide safe, sanitary, decent housing for
20 these tenants. But unfortunately, it's not happening, as
21 you can see in these pictures. Lots of families are still
22 being sick, suffering from respiratory issues, their
23 children are being affected in big ways.

24 We're standing here -- we're coming to you to
25 the Board to ask that you start giving tougher restrictions

1 and oversight on the development of these properties. It's
2 unfortunate and it's sad to see that a lot of these
3 properties that I go to that are supposed to have already
4 been redeveloped, that a lot of these tenants are still
5 living in horrible conditions.

6 And what's continuously being done is we're
7 always giving these owners and development opportunity
8 after opportunity to still not do what they're supposed to
9 do. There's never an ending spot. It's always, well,
10 we're waiting for a letter, they said they're in the
11 process of doing it, they've submitted some paperwork
12 saying this is their plan. And unfortunately, in lots of
13 situations the plan never goes through, and these families
14 are still left living in these conditions.

15 So it's sad to say that I can't look at a book
16 and say to you guys that landlords or owners have a time
17 from this time to this time to make sure that these issues
18 are handled, that there's no repercussions, there's a
19 slight slap on the hand. But I'm asking that TDHCA takes a
20 stand and makes an example out of these developers to let
21 them know that when money is given to you, we're expecting
22 you to do what you're supposed to do, and that's take care
23 of these families that are living in horrible conditions,
24 and we're going to make sure that you're doing exactly
25 that.

1 And I just wanted to share that with you today
2 because I've seen some horrendous situations. And like
3 David has said, we've been to the court, we've showed
4 pictures, we've given videos, we've given testimony. We've
5 given doctors' notes of high lead levels, and we are still
6 fighting.

7 So I don't understand like when you have so much
8 proof why there isn't a stern hand on these people who are
9 responsible, who's getting millions of dollars to make sure
10 they're doing what they're supposed to do and not come
11 before the Board and give a beautiful statement and never
12 have a follow-up to make sure that what they're saying is
13 true.

14 So thank you for your time today, and I hope
15 that you guys step in and make sure that these developers,
16 especially the developer, the owner of Coppertree is being
17 held responsible and immediate actions are done, and if
18 not, money is removed.

19 MR. VASQUEZ: Thank you, Ms. Bowman.

20 And again, being in Houston, I do see that this
21 is getting some attention over there, so y'all keep pushing
22 on all fronts and especially that first line of defense.

23 And I will request that we have a report from
24 staff at the next meeting as to what the status is of this
25 and follow-up measures.

1 MR. WILKINSON: Will do, Chairman.

2 MR. VASQUEZ: Mr. Arriaga.

3 MR. ARRIAGA: Thank you. Let me just sign in.

4 Thank you, Mr. Chairman and Board members. My
5 name is Roger Arriaga. I'm the executive director of the
6 Texas Affiliation of Affordable Housing Providers.

7 First, on the heels of that discussion, our
8 organization represents the builders, the funders, the
9 property managers of tax credit developers across the
10 state. We always encourage responsible development and we
11 have members of our board who really encourage self-
12 policing and we watch this quality of development. That is
13 not something we encourage or represent or want to
14 represent with our organization.

15 But following that, I do want to let you know
16 that this meeting of the awards across the State of Texas
17 follows on the heels of our Texas Housing Conference. We
18 had a very successful last several days and I think
19 everybody was able to get something very valuable out of
20 it.

21 I want to thank the Board for allowing staff to
22 participate among our various panels, our education panels,
23 and to learn and connect with many people in the industry.

24 I want to thank the staff for their encouragement and
25 participation as well. This has really been an opportunity

1 for people in the industry to learn from the staff and vice
2 versa. We always see this as a very positive partnership
3 with TDHCA and we want to encourage that moving forward.

4 Just as a quick thumbnail, I wanted to let you
5 know we learned a lot these past couple of days. And we
6 were also very happy that we had several elected officials
7 show up, not the least of which was Congressman Pete
8 Sessions, who on the congressional side has been very
9 supportive of more affordable housing and tax credit
10 developments.

11 And we are also able to have a keynote address
12 by the Speaker of the House who did so as well and kind of
13 laid out some of the most important things he's expecting
14 this coming session. We also had Chairwoman Andie Chen
15 Button, who did very similar things, with Representative
16 Donna Howard and Senator Pete Flores as well. All did a
17 great job for us, we enjoyed the time.

18 And I just wanted to thank you, the Board, and
19 the staff for allowing the interaction and the
20 participation and we look forward to coming back again next
21 year and thanking you for the same. Thank you, sir.

22 MR. VASQUEZ: Thank you, Roger.

23 MR. MARCHANT: Mr. Chairman, I have a question.

24 MR. VASQUEZ: Mr. Marchant.

25 MR. MARCHANT: This is a general question staff

1 could answer. If a developer has projects in the state of
2 this and is under disciplinary action, are they eligible
3 for any new awards?

4 MR. CAMPBELL: So again, Cody Campbell, director
5 of Multifamily Programs.

6 Part of the award process is that we conduct
7 what's called a previous participation review that's done
8 in our Compliance Division by a woman named Joanne Taylor
9 who has been doing them for many years. And as part of
10 that review, she identifies issues of noncompliance and
11 could recommend not making an award based on the
12 applicant's compliance history.

13 There is also a provision in our debarment rule
14 which says that if you score poorly enough on UPCS
15 inspections back to back, you're eligible for debarment.
16 And if you go to the debarment section of the Department
17 website, there's not a tremendous number of them, but I
18 would say about half of them were done because of poor UPCS
19 results. So there are enforcement mechanisms beyond just
20 administrative penalties that we have to fall back on.

21 MR. WILKINSON: First 15 years we can actually
22 report them to the IRS and they can get the tax credits
23 clawed back, and then post year 15, administrative penalty,
24 kick them out of that round. They can't apply for more,
25 and then debarment -- you can do debarment for term or

1 maybe forever, I think.

2 MR. MARCHANT: And that would be pretty much in
3 response to -- that would be as much as we could do as an
4 agency?

5 MR. WILKINSON: Yeah. We can't condemn the
6 property or seize it or anything like that.

7 MR. MARCHANT: But I mean as far as
8 administratively, that's the extent of our enforcement
9 ability.

10 MR. WILKINSON: We do have penalties and
11 debarment.

12 MR. CAMPBELL: And I would just like to add --
13 and this certainly is not meant to mitigate the concerns
14 that the Texas Housers have brought to us today -- but when
15 you look at the UPCS scores across our portfolio, we have
16 2400 properties. And I did the math at one point, the
17 average score of a UPCS inspection is in the very high 80s,
18 so in general, the performance of our properties is very
19 good.

20 When we talk about the properties that are
21 scoring this low, you could typically count them on one or
22 maybe two hands. So it's a very small number of properties
23 that have these kinds of issues, and it would be
24 extraordinarily rare for the owner of one of those
25 properties to apply for more funding from us. I don't know

1 if we've seen that before, but it would be a very unusual
2 situation.

3 MR. WILKINSON: So they wouldn't care about
4 being debarred necessarily.

5 MR. MARCHANT: And I've got a question for the
6 gentleman that just spoke. You are the organization that
7 represents all of these developers, et cetera. Do you have
8 a process inside your organization that identifies and has
9 any kind of remedial action against those developers that
10 fall into this kind of situation?

11 MR. ARRIAGA: So TAAHP is a 501(c)(6)
12 membership-driven organization, so people meet the
13 membership requirements, they're people, developers, people
14 in good standing. We do have an application process, so
15 you have to apply and we have a group that will review that
16 and decide whether this organization, this person
17 represents the industry well and has the opportunity to
18 deny opportunity to be in membership with our organization.

19 MR. MARCHANT: So once they're a member, they
20 can't --

21 MR. ARRIAGA: Once they're a member, our
22 executive committee has the ability to debar them as well,
23 to remove them from membership.

24 MR. MARCHANT: Has that ever happened?

25 MR. ARRIAGA: It has happened once in last five

1 years, yes.

2 MR. MARCHANT: Okay. Thank you.

3 MR. VASQUEZ: Great. Well, I would like to put
4 out a few thank yous. One, throughout the year the
5 Governor's Office has been very supportive with our
6 efforts. I'd like to particularly thank Catarina Gonzales
7 here in back, who is our liaison over there.

8 (Applause.)

9 MR. VASQUEZ: So we appreciate the effort, and I
10 guess this is kind of sort of the end of our year. So
11 we'll be starting up again in September.

12 Also, would like to thank for many years keeping
13 our Board meetings running efficiently, and this is our
14 last meeting with Kathleen Vale Castillo over here. Thank
15 you for all of your service to the state and to this Board
16 especially.

17 (Applause.)

18 MR. VASQUEZ: And I'd really like to thank all
19 of you in here, the staff, and the development community,
20 both for-profit and nonprofit. I mean, I know we have
21 people here from Houston to El Paso in the room and
22 probably every other corner of the state. It's a long and
23 arduous process and frustrating at times, I know, but it
24 seems to be a reasonably efficient process.

25 Let's all keep rededicating ourselves to

1 development of affordable housing and supportive housing.
2 We'll never be able to keep up with demand, so let's make
3 the difference. Y'all know about that story about the
4 starfish on the beach and you throw that one in; you can't
5 save them all but you can save that one.

6 So again, I will promise I will rededicate
7 myself to seeing how much more involved I can be.

8 And with that, I think we have addressed all the
9 items on the agenda. The next scheduled meeting of the
10 Board is September, but early September, Thursday,
11 September 1. Will it be here in this room?

12 I'm being told it's here in this room at a time,
13 probably ten o'clock, but look for the postings.

14 Thank you all for all you do. It is 11:08 and
15 this meeting is adjourned.

16 (Whereupon, at 11:08 a.m., the meeting was
17 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 28, 2022

I do hereby certify that the foregoing pages, numbers 1 through 5657, 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: August 3, 2022

(Transcriber)

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