

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

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

October 13, 2022
10:00 a.m.

MEMBERS:

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

BOBBY WILKINSON, 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 the Board meeting minutes summary for October 1, 2022	
COMMUNITY AFFAIRS	
b) Presentation, discussion, and possible action on the Section 8 Program 2023 Streamlined Annual Public Housing Agency Plan for the Housing Choice Voucher Program.	
ASSET MANAGEMENT	
c) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Avanti Legacy Valor Heights (HTC #20177)	
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d) Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 6, Community Affairs Programs, Subchapter B Community Services Block Grant, §6.201 Background and Definitions; §6.206 Strategic Plan, Community Assessment, and Community Action Plan; §6.207 Subrecipient Requirements; Subchapter C Comprehensive Energy Assistance Program, §6.304 Deobligation and Reobligation of CEAP Funds; §6.307 Subrecipient Requirements for Customer Eligibility Criteria, Provision of Services, and Establishing Priority for Eligible Households; §6.308 Allowable Subrecipient Administrative and Program Services Costs; §6.309 Types of Assistance and Benefit Levels; §6.310 Crisis Assistance Component; §6.311 Utility Assistance Component; §6.312 Payments to Subcontractors and Vendors; Subchapter D Weatherization Assistance Program, §6.402 Purpose and Goals; §6.403 Definitions; §6.406 Subrecipient Requirements for	

Establishing Household Eligibility and Priority Criteria; §6.407 Program Requirements; §6.408 Department of Energy Weatherization Requirements; §6.414 Eligibility for Multifamily Dwelling Units and Shelters; §6.416 Whole House Assessment; §6.417 Blower Door Standards; and directing that they be published for public comment in the *Texas Register*

BOND FINANCE

- e) Presentation, discussion, and possible action on Resolution No. 23-001 authorizing request to the Texas Bond Review Board for annual waiver of Single Family Mortgage Revenue Bond set-aside requirements; authorizing the execution of documents and instruments relating thereto; making certain findings and determinations in connection therewith; and containing other provisions relating to the subject
- f) Presentation, discussion, and possible action on Resolution No. 23-002 approving Assignment Agreement relating to Private Activity Bond Authority, and containing other provisions relating to the subject

MULTIFAMILY FINANCE

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

20200 Lofts at Temple Medical District Temple
21130 Sun Pointe El Paso

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) Media Analysis and Outreach Report, August 2022
- b) Report on TDHCA One-Time or Temporary Allocations B Pandemic Response and Other Initiatives
- c) Report on the Department=s Swap Portfolio and recent activities with respect thereto

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<p>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;</p> <p>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;</p> <p>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;</p> <p>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</p> <p>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.</p>	
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P R O C E E D I N G S

(10:04 a.m.)

1
2
3 MR. VASQUEZ: Okay. I'd like to call to order
4 the meeting of the Governing Board of the Texas Department
5 of Housing and Community Affairs. It is 10:04 a.m.

6 Before we get started, just a couple of
7 housekeeping rules. Let's make sure you mute or turn off
8 your phones.

9 Everyone is encouraged throughout the meeting to
10 say what needs to be said, that you need to share. We
11 encourage it. We are not going to discourage any of that.

12 But if it doesn't need to be said, and if it
13 extends the meeting, causing me to be late getting back to
14 Houston for the Astros game, staff is going to take good
15 notes of who is unnecessarily extending the meeting. Not
16 to discourage you to communicate. And then, any Yankees or
17 Dodgers fans, please exit through the doors at the back of
18 the room.

19 With that housekeeping, we will take a roll call
20 first. Mr. Batch is on an excused absence. He somehow is
21 prioritizing his honeymoon over our Board meeting.

22 So, Ms. Farias.

23 MS. FARIAS: Here.

24 MR. VASQUEZ: Mr. Marchant.

25 MR. MARCHANT: I am here.

1 MR. VASQUEZ: Mr. Thomas.

2 MR. THOMAS: Here.

3 MR. VASQUEZ: And I am present. We do have a
4 quorum. All right. We will start out as usual with Bobby
5 leading us in the pledges.

6 (Whereupon, the Pledge of Allegiance was
7 recited.)

8 (Whereupon, a pledge to the Texas flag was
9 recited.)

10 MR. VASQUEZ: Moving right along, we have the
11 consent agenda items. Or do any Board members have
12 something you would like to see moved to action, or any
13 members of the audience?

14 (No response.)

15 MR. VASQUEZ: Hearing none, I will entertain a
16 motion on the consent agenda.

17 MS. FARIAS: I so move to accept the consent
18 agenda.

19 MR. VASQUEZ: Motion made by Ms. Farias. Is
20 there a second?

21 MR. THOMAS: Second.

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

24 (A chorus of ayes.)

25 MR. VASQUEZ: Any opposed.

1 (No response.)

2 MR. VASQUEZ: Hearing none, the motion carries.
3 Continuing to the Executive Director's report.

4 MR. WILKINSON: Thank you, Chairman. Before I
5 begin talking about programs, I would like to welcome
6 Brandon Easley at the end of the dais.

7 He is our new Public Information Request
8 Coordinator. And helping us staff Board meetings, he is
9 Kathleen's replacement, and he is not near retirement. So
10 we are going to keep him a while.

11 Homeowner Assistance Fund is still good: one of
12 the larger programs and hot-button issues for us. As of
13 yesterday, the fund, or HAF has funded or approved funding
14 for about 18,500 applicants with 179 million out the door.

15 Another 2 million in progress.

16 Our average assisted amount per applicant has
17 climbed to \$9,717. That is because we ran a pilot that was
18 focused on property taxes. And now our mortgage payments
19 have surpassed that, and I expect that average to continue
20 to climb, especially as we get into more metro areas and
21 stuff.

22 In terms of who we are helping, the income group
23 of those earning 50 percent or less of area median income
24 remain the predominant group being served, at about 68
25 percent. Eligibility is up to 100 percent. So it is

1 pretty generous eligibility, but it is no surprise that
2 those most in need are those most being served. And that
3 is what we want.

4 Last month we paid out the most amount of
5 assistance in one month to date, with \$61 million going out
6 the door. So we have had a month-over-month improvement
7 since the beginning of the program.

8 For how long cases -- how long it takes a case
9 to be resolved, we have been, since inception, averaging
10 between 40 to 60 days. But recent policy change we made
11 have really helped shorten things up. Our current averages
12 are 20 to 30 days for most cases. There's always outliers,
13 right.

14 Looking ahead, we will be sending out a HAF
15 program update about additional mortgage and utility
16 assistance, either this week or early next week. We are
17 looking to maybe coordinate with the Governor on that.

18 So you know, I think I had mentioned this last
19 time. We had utility assistance as part of rent relief and
20 put out \$130 million or so.

21 We had not done it so far with HAF, because we
22 have other energy assistance, you know, the CEAP program,
23 from HHS. Those funds are moving quickly. These funds
24 have a wider eligibility.

25 And so also it was a pretty hot summer. Bills

1 were high, and so we decided to program some of this amount
2 for utility assistance. That is going to get us a lot of
3 press coverage when it comes out, and applications will
4 spike.

5 And so our vendor and us, we are trying to stay
6 on top of it: call center staffing, et cetera, so that we
7 are ready to handle it. We expect a positive response to
8 the changes and will be able to help even more homeowners.

9 We are also planning a media day in early
10 November to bring attention to the opening of HAF intake
11 centers around the state which help facilitate application
12 intake for the program.

13 So unlike rent relief, when things were still
14 sort of locked down, at least in the beginning, we were
15 having this physical intake centers to help kind of walk
16 people through the application. In addition, we are
17 funding some housing counseling services to help people
18 understand their options and some legal services as well.

19 For rent relief, we continue to contact
20 individuals who have already applied and are next in line
21 for their application to be reviewed. And we will process
22 applications until all program funds run out.

23 We have gotten some reallocated funds. We have
24 gotten some funds through recapture. And as those funds
25 come in, we have been putting them back out. It is not the

1 same \$20 million-a-day pace we were at the height of
2 things. You know, we dropped a couple of vendors, et
3 cetera. But we are still moving along.

4 We do expect up to four additional rounds of
5 funding from Treasury, and that is from other states and
6 such. With that in mind, we have requested more funds.
7 You know, it is kind of our policy, I think, in this state
8 in general, is, if it is available and it has already been
9 appropriated by Congress, let's get all we can and get all
10 we can into the hands of Texans.

11 So we will see over the next, you know, half
12 year or so, how much we get. And then at some point we
13 will definitely have to reopen the portal and insert new
14 households. Since February of 2021 when it opened, just as
15 a reminder, we have disbursed over \$2 billion in rental and
16 utility assistance and served more than 310,000 households.

17 Home ownership: Our home ownership area has
18 just finished a new trifold brochure. It looks like this,
19 highlighting all of the Texas Homebuyer programs in full
20 color, as a marketing leave-behind for realtors and loan
21 officers to promote TDHCA down payment assistance benefits.

22 Lisa Johnson, our interim director, is here, and
23 she has some copies with her, if you would like to get one.

24 Lisa, would you mind waving? There she is in the back.
25 Yes, standing. She is also working on a mortgage credit

1 certificate brochure, and both brochures will be available
2 in English and Spanish.

3 Finally, our home ownership area has created a
4 realtor down payment assistance specialist designation for
5 trained realtors, who will provide live training on our
6 down payment assistance programs. Realtors will earn this
7 special designation and be highlighted on the Texas
8 Homebuyer website and a prominent search engine to assist
9 home buyers with finding a knowledgeable realtor.

10 The first training session is scheduled with 150
11 realtors expected to attend. You know, you would think
12 with rising interest rates, demand might be falling for our
13 home mortgage products, and it has been the opposite, as
14 Scott and Lisa will tell you, that reservations have been
15 elevated. So that is good, that we are helping people
16 still looking to find a home.

17 For Legislative Affairs, last month I was
18 invited to testify before the Senate Committee on Local
19 Government, on September 13, on the Committee's affordable
20 housing interim charge. Chairman Bettencourt led a really
21 good discussion about housing issues. We heard a lot of
22 interesting testimony.

23 As a reminder, the Local Government is our
24 oversight committee in the Texas Senate. And barring any
25 surprises, this will probably be our last hearing until the

1 next regular session, which will start in January. Bill
2 filing starts November 14, so it is happening quick.

3 I am sure we will see some bills that affect the
4 Department, you know, filed pretty quickly, to the
5 beginning, both on the bond side and state tax credit.
6 There will be another run at that. It has passed the House
7 a few times. And so we will see what happens in the Senate
8 this time.

9 On that discussion, Chairman Bettencourt -- it
10 wasn't all about what we do, in kind of capital A
11 affordable housing. Some of it was you know, just
12 affordability generally and how you can maybe speed up
13 permitting or allow accessory dwelling units, you know,
14 like a mother-in-law's cabin or whatever.

15 So there is different private sector nonprofits
16 that are pushing some of those kind of issues, and we are,
17 you know, not really in the thick of it, but we will be in
18 the hearings.

19 In about ten days, the NCSHA Annual Conference
20 will be here in Texas, in the Chairman's hometown of
21 Houston. That is the National Council of State Housing
22 Agencies.

23 As kind of the host agency-ish, I will be
24 speaking just briefly at a few of the big opening sessions,
25 and some of our staff are going to be, you know, moderating

1 panels. I am going to moderate a panel on the last day,
2 Tuesday, on homelessness.

3 And look forward to our agency interacting with
4 our counterparts from other states and sharing and
5 learning. It has been a good resource for me. I am on
6 their board now, and a lot of our top people and even just
7 regular line staff attend some of these events. There is
8 always something that we are learning from other states, or
9 teaching. And it has been a good experience.

10 We don't overlap 100 percent in what we do with
11 these other agencies. Some of them only do single family.

12 They don't all do tax credits. And then I don't think any
13 of them do energy assistance like we do.

14 So it is not a -- you know, we are a little
15 bigger than most of them. But it is a good -- humble brag,
16 right.

17 MR. VASQUEZ: Just a little bigger.

18 MR. WILKINSON: Yes. And that is it for my
19 prepared remarks. But I am prepared to answer hopefully
20 any questions that you all might have.

21 MR. VASQUEZ: Great. Thank you. That is a good
22 comprehensive report. You are getting good at these.

23 MR. WILKINSON: Thank you, sir.

24 MR. VASQUEZ: Okay. Moving right along to Item
25 4 on the agenda. As many of you recall, we had a

1 discussion on Coppertree Villages Complex, the Coppertree
2 Village Complex in Houston. And that is Ms. Quackenbush to
3 come up and give us a report on your findings and update.

4 MS. QUACKENBUSH: Good morning, Chairman and
5 Board members. Wendy Quackenbush, the director of
6 Multifamily Compliance.

7 The next item on your agenda is a report on
8 Coppertree Village Apartments. A new 4 percent housing tax
9 credit application to rehabilitate the development has been
10 submitted to the Department and is currently under review.

11 Today's report is not specific to the new
12 application but rather was prepared at the request of the
13 Board regarding the current conditions at the development.

14 In addition, it is meant to provide the Board and a wider
15 audience with information about the Department's current
16 physical monitoring activities at Coppertree Village
17 Apartments.

18 Generally, each development in the Department's
19 portfolio is subject to a physical inspection every three
20 years. The standard by which the Department inspects is
21 the Uniform Physical Condition Standards, also known as the
22 UPCS, developed by HUD. Under UPCS, each inspection is
23 comprised of five inspectible areas: the site as a whole,
24 building exteriors, building systems, common areas, and
25 units, which are inspected to ensure housing is decent,

1 safe and sanitary condition. Inspections of post-'15
2 housing tax credit developments typically include 10
3 percent of the units and are scored on a scale from one to
4 100. I'm sorry -- excuse me -- zero to 100. The average
5 score of Coppertree Village since 2017, which includes the
6 last six inspections, is 62. For context, the current
7 average UPCS score for TDHCA inspections is 89.2.

8 Conditions at Coppertree have been reported in
9 various news articles and have resulted in a lawsuit
10 between Coppertree residents and HUD, which provides
11 project-based rental assistance on 263 of the 322 units at
12 the property.

13 In the lawsuit, residents are seeking for HUD to
14 provide relocation assistance, which would enable the
15 residents to move from the development. At this time, the
16 lawsuit is pending.

17 Due to the low scores and historically poor
18 conditions, the development is on an accelerated inspection
19 schedule, meaning the Department is conducting physical
20 inspections more frequently than every three years. The
21 most recent inspection occurred on August 4, 2022, which
22 resulted in an inspection score of 63.

23 The Compliance Division increased the sample
24 size from the standard 32 units, which would have been 10
25 percent of the development, and inspected 75. While this

1 is more in-depth than a typical inspection, it has provided
2 the Department with a comprehensive understanding of the
3 development's condition and allowed verification to ensure
4 previous deficiencies were corrected and repaired.

5 The inspection did result in exigent health and
6 safety violations for things such as fire extinguishers,
7 infestation and blocked egress issues, all of which were
8 corrected within the required three-day time frame. The
9 remaining deficiencies must be corrected by November 13,
10 2022, which is 90 days from the date of the inspection
11 report.

12 We will continue to conduct inspections on an
13 accelerated schedule until either conditions have
14 consistently improved or the development is no longer
15 within the Department's jurisdiction, when the LURA ends on
16 December 31, 2023. However, if a new tax credit award is
17 granted, compliance monitoring will continue throughout the
18 term of the LURA.

19 This is only a report item, and no action is
20 necessary. I am happy to answer any questions that I can.

21 MR. VASQUEZ: Great. Thank you for the update.

22 A couple of questions. So what kind of enforcement is
23 being done by the City or County officials there?

24 MS. QUACKENBUSH: We understand that the City
25 has been out there several times. And I know that the

1 owners of Coppertree had to work with the City to get
2 certain licenses. They are still correcting some
3 deficiencies from a previous UPCS; specifically, the
4 stairs.

5 I have talked -- not talked, emailed -- let me
6 clarify that -- with Southwest Housing Compliance
7 Corporation. And I did get copies of some of their reports
8 on the development. I am not sure what their enforcement
9 actions are.

10 I do know that a new owner purchased this
11 property in 2021, and they have been forthcoming with
12 information and have been providing corrections to the
13 property.

14 MR. WILKINSON: A bit of background on Southwest
15 Housing Compliance Corporation, they contract with HUD, and
16 they are in charge of inspecting on HUD's behalf.

17 MS. QUACKENBUSH: Right. For project-based
18 Section 8.

19 MR. WILKINSON: Yes.

20 MR. VASQUEZ: Thank you. Actually I was
21 wondering which group this was.

22 MR. WILKINSON: Yes. Actually a creation of the
23 City of Austin Housing Authority.

24 MS. QUACKENBUSH: Yes.

25 MR. WILKINSON: And they do us and Arkansas.

1 MS. QUACKENBUSH: I believe Arkansas and maybe
2 another state as well. I am not quite sure.

3 MR. WILKINSON: Those issues are in flux on who
4 gets the new bids.

5 MS. QUACKENBUSH: Right. They have to bid with
6 HUD.

7 MR. VASQUEZ: Okay. Well, it sounds like there
8 is a long-term solution in the works, especially if they
9 get the 4 percent credits. But again, in the meantime, is
10 there is anything else, if anyone can answer this. Is
11 there anything else that the Department can do to
12 incentivize them, encourage the owners to rectify things
13 faster?

14 MR. WILKINSON: I mean, the accelerated
15 schedule, finding problems and making them fix it, you
16 know. And as you can see from the Board book, they have
17 put in a bunch of money. It is a new owner, and it is an
18 old building and old problems.

19 We are not prepared yet to show you that the
20 proposed rehab is going to do everything needed to bring
21 the property up into a condition that you all would think
22 is acceptable. But we will have that analysis done
23 eventually, as the application is processed.

24 MS. FARIAS: Mr. Chairman.

25 MR. VASQUEZ: Ms. Farias.

1 MS. FARIAS: I want to thank you for all the
2 inspections that they do. Having worked at HUD for 12
3 years and grown up and run a housing authority, one of the
4 most important things is inspections.

5 And what you just noted -- and Mr. Chairman, you
6 have heard me sometimes when people that want money come
7 here and I ask a lot of tough questions. And I have always
8 made the same statement.

9 When they want the money, they will promise you
10 the moon and the stars. And then they get it, and they
11 don't always do for those tenants what they are supposed to
12 do, and it is imperative that TDHCA continue to show their
13 presence to let them know there is accountability. And our
14 job is to make sure that you are accountable, and I want to
15 thank you.

16 MS. QUACKENBUSH: Thank you, Ms. Farias. Thank
17 you.

18 MR. VASQUEZ: Any other questions?

19 (No response.)

20 MR. VASQUEZ: Okay. Wendy, thank you for the
21 report.

22 MS. QUACKENBUSH: Thank you.

23 MR. VASQUEZ: Moving on to Item 5 on the Agenda,
24 5(a). Presentation, discussion, and possible action
25 authorizing staff to submit a Registration of Interest, and

1 subsequent application, if applicable, to the U.S.
2 Department of Housing and Urban Development to receive an
3 allocation of stability vouchers funded by the Consolidated
4 Appropriations Act of 2021, and to take other actions as
5 needed to implement, if awarded, a stability voucher
6 program. Mr. Duran.

7 MR. DURAN: Thank you. Spencer Duran, Director
8 Section 811. This is kind of a mouthful of an action that
9 we are bringing for you guys today. What we are basically
10 talking about is a new opportunity that HUD has made
11 available.

12 They are essentially offering an allocation of
13 new Section 811 housing choice vouchers. And these
14 vouchers are called Stability Vouchers. They are
15 specifically for public housing authorities, which TDHCA
16 operates.

17 And the vouchers are specifically for target
18 populations, and those are families experiencing or at risk
19 of homelessness; those that are fleeing or attempting to
20 flee domestic violence, dating violence, sexual assault,
21 stalking, or human trafficking; and veterans and families
22 with a veteran family member who meets one of these other
23 criteria.

24 And so we are coming to you to -- for a few
25 different actions related to this new opportunity, and so I

1 will kind of go over what we are essentially kind of laying
2 out our way forward.

3 So the first thing we are seeking is the ability
4 to submit a registration of interest to HUD to indicate
5 that the Department would like to be considered for an
6 allocation of these vouchers. The HUD notice that came
7 out, it didn't specify, you know, any kind of number of
8 vouchers that might be available for each PHA.

9 So you submit a Registration of Interest to HUD,
10 and then they will get back to you with a proposed
11 allocation amount.

12 And second, assuming that HUD would actually
13 provide us with an allocation, we would need to then update
14 our administrative plan, which dictates how the rules and
15 roadmap for the Section 8 program and the changes in the
16 admin plan would essentially create the Stability Voucher
17 Program at TDHCA.

18 It will include the changes needed to
19 accommodate the waivers that HUD will provide for those
20 vouchers. And also, we plan on project-basing these
21 Section 8 vouchers, and so we would need to kind of create
22 our policies and procedures around not just the Stability
23 Voucher component, but the project-based voucher component
24 as well.

25 And then third, staff would release a

1 competitive NOFA, a Notice of Funding Availability, to
2 recruit properties to receive an allocation of these
3 project-based vouchers. So and the idea with this NOFA is,
4 we want to maybe target properties that have been funded by
5 TDHCA recently.

6 We want to try and hit kind of the sweet spot
7 of, they have received a funding allocation from us, but
8 they haven't leased up yet. So we hope that we can time it
9 right so that we can provide a property with an allocation
10 of these project-based vouchers before they lease up so we
11 can get all of those families in at the initial lease-up.

12 You know, otherwise, we would have to wait
13 until, you know, new construction was completed for two or
14 three years. Or if we recruited existing properties, you
15 know, you are waiting for unit turnover to serve these
16 families.

17 So we think we have a good amount of multifamily
18 developments that will be coming online in the near term.
19 And then of course, we would come back to you guys with --
20 before we move forward with the awards, with the NOFA. So
21 we will basically publish -- we will create and publish a
22 detailed NOFA to evaluate the applications before
23 proceeding with presentation of awards to the Board,
24 followed by signing a Housing Assistance Payment contracts,
25 or the HAP contracts, with these properties.

1 And then finally, as a requirement of the
2 Stability Vouchers, the fourth thing we would do is we
3 would enter into memoranda of understanding with one or
4 more Continuums of Care. And those Continuums of Care
5 would contract with us to make referrals and services
6 available to those local properties.

7 So our idea is to first recruit properties. And
8 then, based on the properties we are able to recruit, then
9 we would work with the local Continuum of Care in those
10 areas to set up a referral and service provision, you know,
11 MOU with them.

12 So that is it basically. And one more thing I
13 wanted to mention was, these target populations, they are
14 very similar to our Emergency Housing Voucher Program that
15 we have launched recently.

16 So I think that we can kind of move into the
17 Stability Voucher Program, having some experience with
18 these target populations, kind of with some lessons
19 learned, and especially with the project-based nature that
20 we are kind of -- or the project-based approach we are
21 proposing, it would, you know, negate the need for that
22 housing search assistance.

23 You know, whenever someone gets a Section 8
24 voucher, you know, their journey has really kind of just
25 begun, because you have got to find a landlord who accepts

1 Section 8. And so, by project basing, we would bring
2 properties to the table first, and then the families would
3 have housing choice amongst the properties we have
4 recruited.

5 So those are the actions that we are requesting.
6 If there is any other questions, I am happy to answer
7 them.

8 MR. VASQUEZ: Mr. Marchant?

9 MR. MARCHANT: How many units do you anticipate?
10 What is the range?

11 MR. DURAN: So HUD -- our guess is 200. But we
12 have no idea. HUD published a very general award formula.
13 But we don't know. So I apologize for being so vague in
14 our item, but we don't know.

15 MR. MARCHANT: Yes. So does it matter what the
16 amount, to what scale you scale up to? Or are you going to
17 scale up to a certain level?

18 MR. DURAN: Yes. So we have a ceiling. There
19 is, I think, a maximum, maybe 20 percent of the number of
20 units per property that you can place these vouchers onto.

21 And so if we get ten vouchers, you know, we will probably
22 partner with one property. You know, if we get, you know,
23 200, maybe 20 properties.

24 We just don't know exactly. It is a little
25 frustrating. We have no idea what the scale will be of

1 what we are kind of facing.

2 MR. VASQUEZ: I just have a couple of comments,
3 or just maybe make sure I understand the process. And by
4 all means, I am fully in favor. If those vouchers are
5 going to be made available, let's get them. Are we first
6 applying to the program and then we will write up our
7 proposed rules?

8 MR. DURAN: Yes. Exactly. So we are not --

9 MR. VASQUEZ: So we are not doing proposed rules
10 out of the gate.

11 MR. DURAN: Correct. So the first thing is this
12 letter of interest that HUD describes. And so that is due
13 on October 20. And so we wanted to, you know, have you all
14 basically kind of bless this process.

15 So the first thing is, as a housing authority,
16 you say, we are interested in some vouchers. And we also
17 have a letter of commitment from Texas Homeless Network.
18 That is a Continuum of Care organization. And it is a
19 prerequisite to submitting this Letter of Interest.

20 And so after we submit the letter of interest,
21 HUD will get back to us with the voucher allocation number.

22 And so once we know how many vouchers, then we can craft
23 this NOFA to bring properties to the table.

24 MR. VASQUEZ: Okay, great. The one area that I
25 would be a little bit concerned about, I understand

1 bringing in a -- selecting different projects, different
2 apartment complexes to bring in. And from what you said,
3 we are talking about when they are just coming online. So
4 these are brand-new locations.

5 MR. DURAN: Yes.

6 MR. VASQUEZ: At the same time, let's just keep
7 in the back of our minds that we have heard time and time
8 again about project-based Section 8 vouchers just tying
9 individuals into those specific complexes.

10 I would like to see built into the rules, well,
11 sure, let's start with the projects that we select. But
12 there has got to be some flexibility for people to, if
13 necessary, be able to move and take their Stability Voucher
14 with them.

15 I mean, again, I just remember the nightmares we
16 have heard about people stuck and not being able to move.
17 So let's just keep that in mind when you are putting
18 together the rules.

19 MR. DURAN: Yes. Thank you. Will do.

20 MR. VASQUEZ: Okay. Anything else?

21 (No response.)

22 MR. VASQUEZ: Hearing no further questions,
23 thank you for the report. Thank you. There's -- no, we do
24 have to make a -- we do have to apply. So I will entertain
25 a motion on Item 5(a).

1 MR. THOMAS: Mr. Chairman, I move the Board
2 grant the Executive Director and his designees the
3 authority to submit a Registration of Interest to the
4 Department of Housing and Urban Development, regarding an
5 allocation of Stability Vouchers, enter into a memoranda of
6 understanding with one or more COC lead agencies, make any
7 required changes related to the Stability Voucher Program
8 in the Section 8 administrative plan, and release a
9 competitive NOFA to identify properties to receive project-
10 based stability vouchers, all as fully described in the
11 Board action request on this item.

12 MR. VASQUEZ: Thank you. Motion made by Mr.
13 Thomas. Is there a second?

14 MS. FARIAS: Second.

15 MR. VASQUEZ: Seconded by Ms. Farias. All in
16 favor, say aye.

17 (A chorus of ayes.)

18 MR. VASQUEZ: Any opposed.

19 (No response.)

20 MR. VASQUEZ: Hearing none, the motion carries.
21 Thanks, Spencer.

22 MR. DURAN: Thank you.

23 MR. VASQUEZ: Moving on to Item 5(b) of the
24 agenda. Presentation, discussion, and possible action on a
25 recommendation to the Governor to select an eligible entity

1 to administer the CSBG program in Lubbock County. The
2 service area was previously served by the City of Lubbock.

3 Mr. DeYoung.

4 MR. DeYOUNG: Good morning. Michael DeYoung,
5 Division Director for the Community Affairs Division.

6 Item 5(b) is kind of a rare item for the Board
7 to see. Earlier this year, TDHCA was informed by the City
8 of Lubbock that they no longer desired to be an eligible
9 entity and receive the associated CSBG funding. This
10 doesn't happen a lot. Probably in my 18 years, three or
11 four times this has happened.

12 Lubbock, as many municipalities that get CSBG
13 funding, often struggle with the board requirements to keep
14 a seated board as a part of the CSBG funding. And so they
15 decided to go ahead and relinquish that funding. So back
16 on August 12, TDHCA posted an RFA and received applications
17 by September 13, 2022.

18 We received two applications. Those
19 applications were scored. The highest-scoring entity was
20 Guadalupe Economic Services Corporation. They are based in
21 Lubbock. Guadalupe already does emergency services. They
22 do housing services. They work with USDA Home Repair
23 Program. They do English as a Second Language classes.
24 And also do credit counseling. Soon they will be in our
25 Bootstrap program.

1 And they are also going to be working closely
2 with CEAP and WAP for Lubbock County. With this CSBG
3 eligible entity status, they would be receiving about
4 \$400,000 annually to do services and link clients up with
5 services throughout Lubbock County.

6 With your approval of this Board item, TDHCA is
7 going to request the Governor to formally designate
8 Guadalupe Economic Services as the eligible entity for
9 Lubbock County. That is a requirement by federal law.

10 And TDHCA staff will begin training and
11 technical assistance with their staff and get them to a
12 point where they are hopefully fully up and operational by
13 January 1, with full services. We will do that as quickly
14 as we can.

15 They already work with many of the providers in
16 the county, so they are a known entity. And I don't have
17 any concerns as our program moves forward with them, that
18 it is going to take a long time to get them up and running.

19 We have just got to teach them about all the reporting.
20 It is heavily demographic related reporting, and that takes
21 some time to get used to.

22 So staff asks your approval to ask the Governor
23 for that designation.

24 MR. VASQUEZ: Great. It sounds like we are
25 developing a good relationship with that organization. Do

1 any Board members have questions on this item?

2 (No response.)

3 MR. VASQUEZ: Hearing none, I will entertain a
4 motion on Item 5(b) of the agenda.

5 MS. FARIAS: Mr. Chairman, subject to the
6 approval by Governor Abbott of Guadalupe Economic Services
7 Corporation as an eligible entity for purposes of
8 administering federal CSBG funds for Lubbock County, I move
9 the Board award GESC the remaining 2022 CSBG funds for
10 Lubbock County and designate GESC as the eligible entity
11 for Lubbock County for purposes of administering CSBG
12 funds, all as fully described in the Board action request
13 on this item.

14 MR. VASQUEZ: Thank you. Motion made by Ms.
15 Farias. 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, the motion carries.
23 Thank you.

24 MR. DeYOUNG: Thank you very much. Go Astros.

25 MR. VASQUEZ: There you go. There you go. Give

1 that man a raise.

2 Item 6(a) of the agenda. Presentation,
3 discussion, and possible action on adoption of amendments
4 to all of these items posted on the Agenda.

5 MS. QUACKENBUSH: Good morning again.

6 MR. VASQUEZ: Ms. Quackenbush. Thank you.

7 MS. QUACKENBUSH: Good morning. Wendy
8 Quackenbush, Director of Multifamily Compliance. The next
9 item on your agenda is final approval of the amendments to
10 the compliance monitoring rules.

11 These amendments were out for public comment
12 from July 29 to August 29. Comment was received from ten
13 entities, and the bulk of the comments were related to two
14 proposed changes in the rules: lease requirements and
15 special rules regarding rent and rent violations.

16 The rule requires that a 30-day written notice
17 to vacate must be provided for nonpayment of rent.
18 Standard industry practice is to provide a household a
19 three-day notice to vacate when they fail to pay rent on
20 time. The CARES Act made this 30-day notice requirement
21 permanent for all covered properties, which TDHCA must
22 comply. As a compromise, it was added to the rule, that if
23 the CARES Act changes, the requirement -- that the new
24 guidance will supersede.

25 The other significant change was added was a new

1 requirement, that if a property was going to raise rent
2 more than 75 dollars per month, they must provide a
3 household 120 days' notice of such increase.

4 During the roundtable on April 8, our housing
5 partners were very vocal in support of this proposal, and
6 suggested we change the amount from 100 to 75. When rents
7 are raised 75 dollars or more, a standard 35 day notice or
8 60 does not provide overburdened tenants sufficient time to
9 find new housing options, and comply with their lease
10 requirements and requirement to give proper notice.

11 Department staff understands that all parties
12 are experiencing rising costs, and it is not the intent to
13 affect the development's economic viability. To balance
14 the needs of low income Texans and our partners, staff
15 shortened the notification requirement from 120 days to 90
16 days, based on the comments received.

17 There are several other comments and changes
18 made. Those are the two most significant. Staff
19 recommends approval of the rule as shown in your Board
20 book, and I am happy to answer any questions.

21 MR. VASQUEZ: Any Board members have questions?

22 I believe -- are there any members of the public that wish
23 to comment? Okay. Come on up.

24 And just as a reminder to everyone speaking,
25 please sign in at the -- I assume we have a sign-in sheet

1 up there. Identify who you are and what organization you
2 represent. We will have a three-minute timer on. And for
3 the Eccles rule, does any Board member wish to make a
4 motion to accept public comment?

5 MR. MARCHANT: I make the motion that we accept
6 public comment, Mr. Chairman.

7 MR. VASQUEZ: Motion made by Mr. Marchant and
8 seconded by Mr. Thomas.

9 MR. THOMAS: Second.

10 MR. VASQUEZ: All those in favor, say aye.

11 (A chorus of ayes.)

12 MR. VASQUEZ: Any opposed.

13 (No response.)

14 MR. VASQUEZ: The Eccles rule is in effect; we
15 may have public comment. Please go ahead now.

16 MS. LASCH: Thank you. Good morning, Board.
17 Megan Lasch with O-SDA Industries. I am here today to
18 request the Board revisit its Item 10.622, the Notice to
19 Tenants for the rent increases.

20 This item does have a real fiscal impact to the
21 developments. Based on the sheer number of comments during
22 the roundtables and the position by TAAHP, this will impact
23 the financial strength of the communities.

24 We studied two of our properties. Even with the
25 90-day reduction from the 120, the two properties that we

1 studied are 70-unit communities, affordable communities.
2 It will have a \$15,000 a year impact, even with the
3 reduction to 90 days.

4 You might not think that is a huge impact, but
5 it really is on the smaller 9 percent developments that are
6 being developed under the program. As Ms. Quackenbush
7 mentioned, costs are increasing faster than rents are in
8 this environment.

9 We are seeing insurance double over a two-year
10 period. To put that into perspective, that is a 60-grand
11 increase over two years that we are trying to absorb. All
12 of these operational costs are increasing at an alarming
13 rate.

14 And while we are in the business of housing
15 people, we will have to ensure that these properties are
16 managed and maintained in a way that the residents deserve.

17 Our portfolio only implements rent increases after the HUD
18 and TDHCA AMIs are released. And we do so in accordance
19 with state statute.

20 I want to make it clear, we see both sides of
21 this equation. I often personally take the phone calls
22 from some of these residents after they get the notice.
23 And we work with these residents to work out a payment plan
24 in order to keep them housed, on a case by case basis. But
25 we can't continue to absorb all of these cost implications.

1 I will respectfully ask that this item either be
2 tabled for further discussion, or that the rule not apply
3 if the rent increase happens right after the HUD AMIs are
4 released in accordance with state statute. Thank you.

5 MR. VASQUEZ: Sorry. Megan. What would be a
6 suitable notice period?

7 MS. LASCH: I mean, how it is currently
8 operating, is you know, something that I would like to
9 suggest. But you know, just looking at, we provided a
10 letter in comment to the 120-day.

11 And obviously the amounts that we had looked at
12 was, you know, I think over close to 30-grand impact. So
13 it has decreased to 15, but the closer we can get that
14 \$15,000 impact to zero, the better.

15 I mean, I would prefer to keep it the way the
16 rules currently are. We are, you know, constantly working
17 within the City of Austin lease addendum requirements and
18 their notices, and we have the CARES Act. We are fully in
19 agreement to protect the residents. We just have to
20 balance that as well.

21 MR. WILKINSON: So you don't know what the rents
22 are going to be before they come out from HUD and from us,
23 right.

24 MS. LASCH: Right.

25 MR. WILKINSON: So you can't give notice in

1 advance.

2 MS. LASCH: Correct.

3 MR. WILKINSON: So once you see, then it's just
4 a delay, and so this is lost revenue for those.

5 MS. LASCH: Correct.

6 MR. WILKINSON: And so your other compromise
7 would be to not have the notice requirement when the new
8 rent limits come out. But otherwise, if there was some
9 other rent increase at a different time --

10 MS. LASCH: Correct. I mean, we only do it once
11 a year, which is what is allowed. And we do it, you know,
12 in the same time frame that, after HUD releases their AMIs.
13 And so that is really the only time we are looking at
14 this.

15 So delaying that kind of runway even another 60
16 days is where we are seeing that \$15,000 increase on that
17 one 70-unit property. It is going to be even a bigger
18 number of some of the larger bond transactions. So I
19 don't -- I can't speak to what other developers do, if they
20 are looking at it at a different time of year.

21 But we are really only looking at it that one
22 time of year, when HUD releases these. And sometimes, you
23 know, they do go down in certain markets, as well. But you
24 know, it is a loss to the property to have that wait.

25 MR. VASQUEZ: Great. Thank you.

1 MS. NAQUIN: Hi. Good morning, Board.
2 Chairman. My name is Stephanie Naquin, and I am here on
3 behalf of the Texas Affiliation of Affordable Housing
4 Providers, or TAAHP. I am the chair of the Compliance
5 Committee.

6 First I wanted to thank the Department and
7 staff. I think that these proposed rule changes are really
8 effective and practical, with the exception of the comments
9 that were just made.

10 And I would like to echo the sentiments that
11 were just made in regards to the notification. TAAHP
12 membership and the Compliance Committee have presented some
13 comment with some additional analysis that this is
14 definitely a fiscal impact to developers who do implement
15 these rent increases at the release of AMI.

16 I don't want to take too much time. I know you
17 are trying to get back to Houston. But I am here if you
18 have any questions about the functionality of AMI, when
19 that gets released, kind of the operational side of it.
20 Just wanted to provide a resource. But otherwise, I will
21 sit down.

22 MR. VASQUEZ: Thank you. Thanks for TAAHP's
23 input. Yes.

24 MS. NAQUIN: Thank you.

25 MR. VASQUEZ: I have a question, too. And maybe

1 this isn't the appropriate place to ask. But not to overly
2 lawyer this, but if -- can the notices to tenants about a
3 rent increase be made as, this is to notify you that as of
4 January 1, or February 1, whatever it is, that your rent
5 may be increased by \$75 or more. And then they don't -- if
6 the --

7 MR. WILKINSON: First Amendment, right, I mean.

8 MR. VASQUEZ: I mean, doesn't that qualify? So
9 you are giving the notice 90 days in advance. And if the
10 HUD numbers, the AMI numbers don't adjust up, well, then
11 you don't do the rent increase.

12 MR. WILKINSON: I am not sure that that level of
13 conditional, you may have your rent increased, would really
14 qualify as official notice of a rent increase, just for
15 purposes of providing that notice. I mean, I think that
16 all of us in this room know that rent may increase.

17 MR. VASQUEZ: Well, not in this case. I mean,
18 you know, it may not. If the adjustments aren't within
19 their --

20 MR. WILKINSON: And I don't know that tenants in
21 these developments would really -- especially new ones, be
22 that aware of the new rent limits coming out. Limits us,
23 like bureaucratic promptness and having on a mostly set
24 schedule. Is it like the same month every year? Close to
25 it?

1 MS. NAQUIN: All right. So HUD is intended to
2 release the income limits in April of every year. So
3 whether or not that happens on April 1 or sometime in
4 April, that is kind of the deadline by which we expect
5 those to be released.

6 To the point about anticipating AMI, I mean,
7 they are -- AMI is known, the factors that play into it.
8 But until HUD actually releases it -- and they can change
9 those factors. So last year was a great example. They
10 changed the ACS that they used to populate the limits, and
11 so the anticipated increases actually ended up being capped
12 differently than otherwise the methodology allowed for.

13 So we can, to some extent, anticipate forward,
14 but we don't actually know until the limits get released,
15 creating kind of a challenge in advanced notice prior to
16 those being released. Does that make sense? Does that
17 help?

18 MR. VASQUEZ: Yes.

19 MR. MARCHANT: Mr. Chairman.

20 MR. VASQUEZ: Mr. Marchant.

21 MR. MARCHANT: How do you -- your leases are
22 staggered, right, throughout the project. So how do you
23 apply this as per the lease?

24 MS. NAQUIN: Right. That is a great question.
25 So what we tend to see owners doing is baking into their

1 lease some sort of agreement or addendum that allows them
2 to change it at these AMI releases.

3 So TDHCA has a separate rule that says you can
4 only do this once a year. And so because of that, they are
5 trying to align it to be able to get kind of the maximum
6 impact that they can.

7 And I do want to remind everyone that the rent
8 limits are still restricted. Right. They are driven by
9 the program, so the limits are still considered affordable
10 under these programs.

11 And so it is not that we are saying that we want
12 to overcharge low-income tenants. It is just that we want
13 to be able to operate within the flexibility built into the
14 program. So while I understand that is not the intent of
15 the Department to create this, it is kind of the effect of
16 what is happening.

17 MR. MARCHANT: And to build on Chairman's
18 comment, I can understand where that notice he suggested
19 might be a little vague. But could you add that the
20 landlord has the legal right to raise your rent? That
21 doesn't mean that you will or have to raise it. Not that
22 they could, but they will have the legal right at that
23 point. I don't know if that helps.

24 MR. VASQUEZ: Yes. I think that is why I was --

25 MR. MARCHANT: From the look on his face, I

1 didn't.

2 MR. WILKINSON: I don't think that we are
3 prepared to write language on the fly. So if you all are
4 thinking of some kind of compromise, maybe, you know, amend
5 the motion to omit that revision, and we can bring just
6 that piece back to you.

7 MR. VASQUEZ: We don't have to do all these all
8 as presented right now. I mean, is there any kind of
9 statutory deadline that we have to get these done by a
10 certain time?

11 MR. WILKINSON: No. Megan might have some other
12 ideas.

13 MS. SYLVESTER: Megan Sylvester, federal
14 compliance counsel. So the compliance rules are interwoven
15 together, right.

16 And so you have pieces that refer to other
17 rules. And so you could approve all of them today but not
18 send them to the *Federal Register*, because they really need
19 to be all in effect at the same time.

20 If we are having a change over here, that might
21 change the reference to over here, and I don't know that
22 this does. But that is always a concern when you are
23 holding back one portion of a rule, because we look at the
24 rule holistically.

25 MR. VASQUEZ: So that would be a no.

1 MR. WILKINSON: So we wouldn't know, would the
2 motion have to be amended in such a way where this one
3 portion will be omitted. And we will not send to the
4 *Federal Register* if it requires citation of dates --

5 MR. ECCLES: The *Texas Register*.

6 MS. SYLVESTER: The *Texas Register*. Yes.
7 Sorry.

8 MR. WILKINSON: The *Texas Register*.

9 MS. SYLVESTER: Yes. You could say something
10 like that. Or we are authorized to make the corresponding
11 potential changes or something like that.

12 MR. WILKINSON: Okay.

13 MS. SYLVESTER: To the citation. Like if we are
14 going to --

15 MR. WILKINSON: The citation. All right.

16 MR. VASQUEZ: So we would be able to do that.

17 MR. ECCLES: What exactly, if there is a motion?

18 MR. WILKINSON: Sorry. I think it is to
19 approve -- to approve everything except this notice piece,
20 that we will work on new language and bring it back.

21 MR. ECCLES: And bring it back for approval by
22 the Board.

23 MR. WILKINSON: Yes.

24 MR. ECCLES: Before the entirety of the rule is
25 sent to the *Texas Register*.

1 MR. WILKINSON: If that is required. We might
2 not need to hold back, if there is not a citation issue.
3 Right.

4 MR. ECCLES: Is that the concern?

5 MR. MARCHANT: While they are discussing it,
6 what is the desired date that they are seeking, those that
7 are opposed to 120.

8 MR. VASQUEZ: They want to leave it at 30 days.

9 MR. MARCHANT: Thirty?

10 MR. VASQUEZ: Yes.

11 MR. WILKINSON: And I think some municipalities
12 might require 60.

13 MS. BOSTON: Sorry you are having all these
14 different people up here. Brooke Boston, Deputy Director
15 for Programs; I am also a rule coordinator.

16 I think what you would do, in terms of looking
17 at the language in the agenda, is you would approve all of
18 the sections that are listed in the preamble, except for
19 10.622. It has to be done by the section level, because
20 that is how we have to turn it in to the *Texas Register*.

21 So however you want to word that, but I think
22 you just approve everything excluding 6.22, and then
23 separately we bring you back 6.22 only.

24 MR. VASQUEZ: The chair would entertain a motion
25 to that effect.

1 MR. THOMAS: Mr. Chairman, I move the Board
2 adopt the proposed amendments to the Department's
3 Compliance Monitoring Rules with the exception of Section
4 10.622, special rules regarding rents and rent
5 limitation -- rent limit violations, which we'll return
6 back to staff for a rework and presentation to the Board at
7 a later date, as presented in the Board action request and
8 resolutions on this item.

9 MS. FARIAS: Second.

10 MR. VASQUEZ: Motion made by Mr. Thomas.
11 Seconded by Ms. Farias to approve Item 6(a) with the
12 exception of Section 10.622. All those in favor, say aye.

13 (A chorus of ayes.)

14 MR. VASQUEZ: Any opposed.

15 (No response.)

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

17 Thank you. Moving on to 6(b), presentation, discussion,
18 and possible action on the proposed repeal of 10 TAC
19 Chapter 13, the Multifamily Direct Loan Rule, and a
20 proposed new 10 TAC Chapter 13, and directing their
21 publication for public comment in the *Texas Register*.

22 Mr. Campbell.

23 MR. CAMPBELL: Good morning. How are you doing?

24 MR. VASQUEZ: Good.

25 MR. CAMPBELL: Cody Campbell, Director of

1 Multifamily Programs. The next item on your agenda
2 concerns 10 TAC Chapter 13, which is often referred to as
3 the Multifamily Direct Loan or MFDL rule.

4 Unlike the QAP, which is broadly applicable to
5 the Department's multifamily programs, this rule is
6 specific to the Department's direct loan funds, which
7 includes, among other sources, our National Housing Trust
8 Fund, and HOME funding. This rule is significantly shorter
9 than the QAP.

10 And the changes to it being proposed today are
11 largely administrative or clerical. And Mr. Vasquez, for
12 your benefit, I am going to exhaustively go through every
13 line of the rule. No. I am not.

14 MR. VASQUEZ: I will remember that.

15 MR. CAMPBELL: To briefly summarize the main
16 proposed changes: First, applications that require HUD
17 approval for certain utility allowances will be required to
18 submit that approval with the application rather than
19 during the review process.

20 Second, applications that propose layering our
21 MFDL funds with historic tax credits will be eligible only
22 if the application has received certain approvals from the
23 National Parks Service at the time of application
24 submittal.

25 Finally, applications that are significantly far

1 along in construction at the time of loan closing will be
2 able to request more than 50 percent of the loan amount to
3 be funded at closing, so long as certain requirements are
4 met.

5 And we are inserting this into the rule because
6 we are seeing a lot of developments come back for
7 additional funding now, and they are pretty far along. And
8 historically, we have only done 50 percent of the loan
9 amount as table funding at closing. And we are seeing
10 developments that need more than that at the time that they
11 close.

12 Upon Board approval of this item, the proposed
13 rule will be published in the *Texas Register* for public
14 comment for approximately three weeks. After that public
15 comment period, staff will summarize the comment, make any
16 necessary responsive changes to the rule, and propose the
17 rule to the Board for final adoption.

18 I realize this has been a pretty short
19 presentation. Again, this is a pretty simple update to the
20 rule. There is nothing, I think, too massive in here.
21 Staff recommends approval of the draft rules to be
22 published for public comment, and I am happy to answer any
23 questions that you may have.

24 MR. VASQUEZ: Good. Thanks. I mean, this
25 cleans up a lot, or helps us facilitate action.

1 MR. CAMPBELL: Yes. A lot of quality-of-life
2 improvements in here. Yes, sir.

3 MR. VASQUEZ: Yes. Any Board members have
4 questions on this item?

5 (No response.)

6 MR. VASQUEZ: Any members of the public wish to
7 comment on these rules?

8 (No response.)

9 MR. VASQUEZ: If not, I will entertain a motion
10 on Item 6(b) of the agenda.

11 MS. FARIAS: Mr. Chair, I move the Board approve
12 the proposed repeal and proposed new 10 TAC Chapter 13 for
13 publication in the *Texas Register* for public comment as
14 presented and conditioned in the Board action request and
15 resolutions of this item.

16 MR. VASQUEZ: Thank you. Motion made by Ms.
17 Farias. Is there a second?

18 MR. MARCHANT: Second.

19 MR. VASQUEZ: Seconded by Mr. Marchant. All
20 those in favor, say aye.

21 (A chorus of ayes.)

22 MR. VASQUEZ: Any opposed.

23 (No response.)

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

25 MR. CAMPBELL: Thank you.

1 MR. VASQUEZ: Thanks, Cody. Item 6(c),
2 presentation, discussion, and possible action on the
3 proposed amendment to specific sections of 10 TAC Chapter
4 10, Subchapter E, post award and asset management
5 requirements, and directing its publication for public
6 comment in the Texas Register.

7 Mr. Banuelos.

8 MR. BANUELOS: Good morning, Mr. Chairman,
9 members of the Board. Rosalio Banuelos, Interim Deputy
10 Director of Program Controls and Oversight.

11 So this item is very similar to the one that you
12 just heard. The asset management rules, which are the post
13 award and asset management requirements, are being amended
14 in certain sections. And we are putting them out for
15 public comment.

16 Not a lot of changes; just a few clarification
17 items and minor changes. I will go into the sections that
18 have the most significant items, but not a lot.

19 Under 10.401, which is for housing tax credit,
20 and tax-exempt bond developments in general, staff is
21 proposing adding a requirement to the 10 percent test
22 package to provide evidence of submission of the Compliance
23 Monitoring and Tracking System, or CMTS filing agreement.
24 And this is in order to be consistent with other
25 requirements in the compliance rule which you heard about

1 earlier.

2 Further down in that section, in the section for
3 constructing status reports, we are adding a requirement to
4 add the date that construction started to the list of
5 information necessary to be included with the third-party
6 inspection reports submitted as part of the quarterly
7 construction status reports.

8 In Section 10.403, which is review of annual
9 rents for direct loan programs, we are adding the HOME-
10 American Rescue Plan or HOME-ARP program to the list of
11 developments that must be reviewed annually and approved by
12 the Department.

13 In addition, we are changing the submission
14 deadline for annual rent reviews from July 1 to August 1,
15 which would allow staff sufficient time to review the rents
16 after the HUD income limits are released.

17 In the section for ownership transfers, which is
18 10.406, staff proposes adding a clarification that a
19 transfer involving a deed in lieu of foreclosure does not
20 require approval from the Department, but the Department
21 and the tenants should be notified at least 30 days in
22 advance of that notice. The notice to the tenants must
23 include information regarding the applicable rent and
24 income requirements after the deed in lieu of foreclosure.

25 Further down, staff also proposes adding

1 clarifying language that any initial operating
2 capitalized -- operating reserve or replacement reserve
3 funded with an allocation from the HOME-ARP program and any
4 special reserve required by the Department must remain with
5 the development when a transfer of ownership occurs.

6 And finally, under Section 4, right of first
7 refusal, which is 10.47, staff proposes language to clarify
8 that a CHDO has to be one of the controlling entities but
9 not the sole controlling entity in that ownership
10 structure, as it relates to ROFR.

11 However, if a development was also funded, HOME
12 CHDO funding on or after August 23, 2013, and it is still
13 within the federal affordability period, the CHDO must be
14 the sole controlling entity.

15 Those are the changes. And if approved, this
16 proposed amendment is expected to be published in the *Texas*
17 *Register* for public comment from October 28, 2022, through
18 November 18, 2022, and subsequently returned to the Board
19 for approval for final adoption.

20 That concludes my remarks, and I am available
21 for any questions.

22 MR. VASQUEZ: Any Board members have questions
23 on this item?

24 (No response.)

25 MR. VASQUEZ: Or any members of the public wish

1 to comment on the proposed changes?

2 (No response.)

3 MR. VASQUEZ: Hearing none, I will entertain a
4 motion on Item 6(c) of the agenda.

5 MR. MARCHANT: Mr. Chairman, I move the Board
6 approve the proposed repeal and proposed amendment to the
7 specific sections of 10 TAC Chapter 10, Subchapter E, post
8 award and asset management requirements for publication in
9 the Texas Register for public comment as presented in the
10 Board action request and resolutions of this item.

11 MR. VASQUEZ: Motion made by Mr. Marchant. Is
12 there a second?

13 MS. FARIAS: Second.

14 MR. VASQUEZ: Seconded by Ms. Farias. All those
15 in favor, say aye.

16 (A chorus of ayes.)

17 MR. VASQUEZ: Any opposed.

18 (No response.)

19 MR. VASQUEZ: Hearing none, the motion carries.
20 Don't go anywhere.

21 Item 7, presentation, discussion, and possible
22 action regarding a material amendment to the Housing Tax
23 Credit application for Houston 150 Bayou, project number
24 21038.

25 Mr. Banuelos, can you give us the background.

1 MR. BANUELOS: Yes. So this development
2 received a 9 percent housing tax credit award in 2021, in
3 the amount of \$2 million annually for the new construction
4 of 150 multifamily units in Houston.

5 All of the units in the development were
6 proposed to be income and rent restricted. However, the
7 development has not closed on the financing yet, and
8 construction on the project has not started.

9 Furthermore, the development owner has requested
10 approval for this material amendment, which among other
11 changes, includes a reduction in the number of housing tax
12 credit units from 150 to 90, so a 40 percent reduction in
13 the number of low-income units.

14 This would change the unit mix by increasing the
15 number of one-bedroom units by seven, eliminating 55 of the
16 two-bedroom units and eliminating 12 of the three bedroom
17 units that were originally proposed in the application.

18 In addition, the change would result in a
19 revision to the rent and income restrictions by eliminating
20 six units at 30 percent area median income or AMI, 24 units
21 at %0 percent AMI, and 30 units at 60 percent AMI. The
22 change will also result in a significant modification to
23 the architectural design and the site plan of the
24 development.

25 The changes include a reduction from six

1 buildings, ranging from two to four stories, to four
2 buildings of three stories each; a reduction of 78,258
3 square feet or 47 percent to the net rentable area of the
4 development, a material reduction in the common area.

5 And a large portion of this reduction to the
6 common area is the result of eliminating the flat roofs
7 that were initially proposed to have a usable roof deck,
8 and replacing those roofs with pitched roofs.

9 Additionally, the change to the site plan
10 decreases the number of parking spaces from 254 to 192.
11 And this is with the elimination of putting parking that
12 was initially proposed and adding 92 surface parking spaces
13 and 100 carport spaces.

14 The owner states that the requested changes are
15 needed to close a substantial gap associated with increased
16 construction costs. And as I pointed out earlier, even
17 though the reduction in the number of units is 40 percent,
18 the amount of housing tax credits being requested is still
19 \$2 million.

20 The owner contact indicated that the developer
21 pursued other funding sources unsuccessfully. However,
22 they did not specify which sources were those.

23 Staff reviewed the original application and
24 scoring documentation against this amendment request and
25 concluded that the proposed changes would not have affected

1 the selection of the application in the competitive round.

2 Also, an underwriting analysis was done, and the analysis
3 indicates that the development would remain feasible with
4 the proposed changes.

5 However, staff recommends denial of this
6 amendment due to a significant reduction to the number of
7 affordable units, which staff considered to be a
8 modification that will materially alter the development in
9 a negative manner. And also, the proposed reduction to the
10 number of units goes against the purposes of the Department
11 specified in statute.

12 If this amendment is denied, the Board may
13 rescind the allocation of housing tax credits and
14 reallocate the credits in accordance with statute and
15 following the Qualified Allocation Plan, which indicates
16 that the credits would first return to the subregion or
17 set-aside from which the original allocation was made.

18 The credits may ultimately flow from the
19 subregion and be awarded in the collapse to an application
20 in another region, subregion, or set-aside. If the
21 amendment is approved, a slight reduction to the credit
22 amount from \$2 million to \$1,980,141, is recommended, based
23 on the updated underwriting analysis.

24 That concludes my comments, and I am available
25 for any questions.

1 MR. VASQUEZ: I have a first question. So if
2 the names and addresses on the originally submitted and
3 approved application were redacted and then names and
4 addresses on this revised plan, if you didn't see those,
5 would you say, looking at those, this is the same project?
6 Is it anywhere -- would you even possibly think that this
7 new project is what we approved before?

8 MR. BANUELOS: No. This is a significantly
9 different property. It is on the same site but not
10 really --

11 MR. VASQUEZ: That is what I am saying. If we
12 didn't know the address, if we didn't know the names, there
13 is no way this is what was approved.

14 MR. BANUELOS: Correct. Correct.

15 MR. VASQUEZ: Do any Board members have
16 questions? I am seeing that we are going to have some
17 public comment.

18 MS. FARIAS: I just want to hear the public
19 comment.

20 MR. VASQUEZ: Okay. Let's hear the --

21 MS. FARIAS: The Eccles rule is in effect for
22 everything. Right. You know, that is for the whole
23 meeting. Right.

24 MR. ECCLES: It is in statute. Yes.

25 MR. VASQUEZ: Okay. He hates that.

1 Mr. Banuelos.

2 MS. BAST: Good morning. Notice the Astros
3 colors here, sort of.

4 MR. VASQUEZ: Iffy. Yes.

5 MS. BAST: Good morning. I am Cynthia Bast, and
6 I am from Locke, Lord. I am representing the developer for
7 this request.

8 I have some background information for you that
9 I think is really important for your consideration. This
10 developer owns a 240-unit property in Houston that was
11 produced under HUD's moderate rehabilitation program.

12 That property has two phases. One has 150
13 units, and one has 90 units. Both have rental subsidy that
14 is now on a contract that terminates every year.

15 The property was built in 1980, and it is
16 virtually obsolete. So for several years now, the
17 developer has been working with HUD under the RAD program
18 to rebuild that property. Some people don't know that the
19 RAD conversion program can work for certain privately owned
20 property, in addition to the public housing properties that
21 we are used to seeing RAD conversions on.

22 So the proposal here is to rebuild two
23 properties on two sites; a 150-unit property, and a 90-unit
24 property. And then the RAD conversion program will provide
25 each site with rental assistance for the long term with

1 some choice mobility options.

2 So in 2019, the developer told TDHCA, this is
3 what we are trying to do and sought a determination that
4 this would fit in the at-risk set-aside. In 2020, the
5 developer applied for tax credits for the 90-unit phase and
6 was awarded \$2 million of tax credits for that phase.

7 But with the pandemic conditions, it was just
8 infeasible to go forward. And so very promptly the
9 developer returned the tax credits and allowed them to be
10 reused.

11 Get to 2021, developer applies again. But this
12 time, for the 150-unit phase, and that is the phase that is
13 the subject of this request. Unfortunately, the effects of
14 the pandemic have remained.

15 You have heard that over and over again, now:
16 that we have construction cost increases, that we have
17 interest rate problems, and things that are making projects
18 very difficult to complete.

19 So this developer said, instead of returning the
20 credits this time and instead of completing, going for
21 additional resources, we can make this all work if we just
22 do the 90-unit phase now and then reapply in the future for
23 the 150-unit phase. So granting this amendment would make
24 that possible.

25 So you see that while the developer is asking to

1 reduce the number of units for this particular development,
2 in the grand scheme of things, the City of Houston is not
3 losing any affordable housing units. This number will not
4 change.

5 To complete the RAD conversion, they are going
6 to have to build a 90-unit property and a 150-unit
7 property. So they are just simply asking you to allow them
8 to use their award to build the 90-unit property to make it
9 feasible. And then they will pursue the 150-unit property.

10 Yes, it is unusual. Yes, it is a different
11 project than it originally appeared. But if you look at
12 the grand scheme of things, you will see that there is good
13 cause for them to be able to go forward and that there is
14 mitigation here because of the participation in the RAD
15 program, that these 240 units will all be rebuilt. So we
16 respectfully ask for you to grant this amendment. MR.
17 VASQUEZ: In doing so, you are respectfully asking us to
18 grant you the 150 next project.

19 MS. BAST: No. We are not asking you to -- I
20 mean, we have to compete with 150.

21 MR. VASQUEZ: I mean, effectively, you are
22 saying they're together. All we have to --

23 MS. BAST: No. I am not saying you have to do
24 that. But we know we have to compete for the 150 to do
25 that, in the future. But we were successful with the 90.

1 We were successful with the 150. I believe they will be
2 successful with the 150 again, because these are at-risk
3 applications that have high scoring potential. And so, you
4 know, we are not saying you are stuck, but we are saying
5 that there is a way to get through this.

6 MR. VASQUEZ: Anyone have questions for Ms.
7 Bast?

8 (No response.)

9 MS. BAST: Thank you.

10 MR. VASQUEZ: Thank you. You guys aren't on
11 this one? Okay. All right.

12 MR. MARCHANT: A question for staff.

13 MR. VASQUEZ: Mr. Marchant has a question for --
14 did you want to speak on this one? Okay.

15 MR. CAMPOS: Sorry. Rene Campos, the general
16 partner of Eureka Holdings.

17 I think Cynthia said it best. I mean, the
18 bottom line is, with COVID, with the difficulties in the
19 marketplace, rental rates being ill defined, costs
20 increasing, I mean, what we are proposing to do is take 240
21 units in, to be quite frank, a pretty difficult
22 neighborhood in Houston; relocating 90 of those right now,
23 because of the reason she mentioned, into a far superior
24 location. You know, without some type of solution, the
25 project that we currently have is in a very, very

1 difficult, crime-ridden neighborhood.

2 And as you heard before, on numerous occasions,
3 I mean, these projects, when they become obsolete, they are
4 very hard to maintain, to turn around. It is just a
5 difficult situation.

6 So we have got HUD's approval. Obviously -- I
7 shouldn't say obviously, but we have done this before, here
8 in Austin. We tore down a very old project and rebuilt a
9 brand new ground-up development that basically fits in
10 beautifully with the neighborhood, A class project.

11 And while this isn't the original design, it is
12 still a very beautiful design with very nice amenities. It
13 is not like an inferior product type. It is just we had to
14 simplify the design, given these cost overruns.

15 And you have heard this story enough, so I don't
16 want to keep belaboring the point. Thank you.

17 MR. VASQUEZ: Okay. Thank you, Mr. Campos.

18 Mr. Marchant, you had a question for staff?

19 MR. MARCHANT: Yes. Is there precedent? Has
20 this ever happened before?

21 MR. BANUELOS: Not to my knowledge. So
22 typically we see amendments, and you will be seeing some
23 amendments come forward in the next few months, where they
24 reduce the number of market-rate units, and we have been
25 open to doing that.

1 But an amendment where they are reducing
2 affordable units under our program -- I understand that the
3 RAD program component to this development might be unique.

4 But no, I don't recall having something like this.

5 We have had other developments that proposed
6 splitting the developments into 4 percents and 9 percents.

7 And it sounds similar to this, but I can't point to a
8 specific deal like this one.

9 MR. MARCHANT: And to counsel, if we do approve
10 it, does it set any kind of precedent? Does it bind us to
11 anything in the future?

12 MR. ECCLES: Fans of this show will know that I
13 decry the use of precedent in an administrative law
14 setting, because every case is its own case, and there is
15 no stare decisis coming from this Board. That said, it
16 sets a sort of course of action that others will cite to in
17 the future that feels a whole lot like precedent.

18 MR. MARCHANT: Yes. But not legal precedent.

19 MR. ECCLES: It is not legal precedent, in that
20 it does not bind future Board actions to follow it.

21 MR. MARCHANT: Okay. Thank you. And to the
22 developer. Help me with the staging of the 240. Are the
23 240 torn down, being torn down, will be torn down? What is
24 the staging? Thank you.

25 MR. CAMPOS: Currently, it is 240 units in the

1 Third Ward. And yes, they will need to be torn down,
2 because the project itself is --

3 MR. MARCHANT: So 240 go away, and 90 come back.

4

5 MR. CAMPOS: With 240 at a better location.

6 MR. MARCHANT: And then another 50 at a later
7 date. So for --

8 MR. CAMPOS: Another 150.

9 MR. MARCHANT: Yes. So for a period of time,
10 two or three years, there will be 150 units that don't
11 exist?

12 MR. CAMPOS: No. There is a project currently.

13 So what we would do is move 90 of the tenants to this
14 development. And then the 150 would still stay in their
15 existing housing until we redevelop another site.

16 MR. MARCHANT: So you redevelop a site, then
17 tear them down?

18 MR. CAMPOS: After everyone is moved out, we
19 will tear it down.

20 MR. MARCHANT: Okay. I've got you.

21 MR. CAMPOS: So nobody is going to be displaced.
22 Correct.

23 MR. MARCHANT: Okay. Thank you.

24 MR. WILKINSON: I guess I missed this. Is it a
25 different location, the new construction?

1 MR. CAMPOS: Correct. It is in a much, much
2 better location.

3 MR. WILKINSON: Okay. Thank you.

4 MR. VASQUEZ: And Mr. Banuelos, just to confirm,
5 the staff is not making a recommendation either way?

6 MR. BANUELOS: So staff is recommending denial
7 of the amendment request. The options here would be the
8 developer moves forward with the original plan, returns the
9 credits, or comes back with a proposed amendment that we
10 can work out and maybe recommend approval for.

11 MR. WILKINSON: It would have been pretty
12 outside of the normal bounds of these amendments for us to
13 recommend going forward. It is a unique circumstance,
14 though. So most of the time, these things are on consent.
15 It's just like a little trim to the common area.

16 MR. VASQUEZ: Exactly.

17 MS. FARIAS: Mr. Chairman. I am ready to make a
18 motion.

19 MR. VASQUEZ: Let's see if there is any -- hold
20 that thought. Is there any more comment?

21 MR. MARCHANT: I would just ask that counsel --
22 can we delay action for another proposal to be brought in?
23 Or do we need to deny it and then let the process -- an
24 additional proposal like he just laid out?

25 MR. ECCLES: Well, as Rosalio pointed out,

1 denial of the material amendment that they are seeking does
2 not necessarily result in rescinding the credits. The
3 Board has the option to rescind credits but doesn't have
4 to.

5 They can simply say, you brought forward a
6 material amendment, and it is denied. And then their
7 application and their award remains as it is. They could
8 certainly come forward with another material amendment.

9 MR. VASQUEZ: And I am really torn about this,
10 because it is a complete -- it is not just a material
11 amendment that is really immaterial. I mean, this is huge,
12 a huge change.

13 On the other hand, I fully recognize the need
14 for getting new and better housing, especially in this type
15 of area. Where I have the most problem is that even though
16 we are reducing the number of units by 40 percent, that we
17 are only reducing the tax credits by \$20,000.

18 It just seems like we are still giving the same
19 amount -- basically the same amount of credits for way
20 lower volume, I mean, the number of units.

21 MR. BANUELOS: Correct. Staff struggled with
22 that as well. That was one of the reasons why we felt that
23 we couldn't recommend approval on this request.

24 MR. VASQUEZ: Ms. Bast, do you want to address
25 that concern?

1 MS. BAST: Thank you. Just very briefly.
2 Cynthia Bast. Recall that the 2020 award for the 90 units
3 was a \$2 million award.

4 So when they pursued the \$2 million for the 150
5 units, there were, you know, beliefs in what was happening
6 in the marketplace, et cetera, that that could be done.
7 But none of us knew what the pandemic was going to bring.
8 And so that is just another point that is part of this
9 story.

10 MR. THOMAS: Mr. Chairman, I think to add on to
11 your point, I am torn about this. But my concern also is
12 that under the current amendment presented, not only is the
13 project completely different, but we are somewhat, I think
14 at the beginning of our discussion, somewhat bound to
15 approve the 150 at some point as well, because there is no
16 guarantee that that is going to get done.

17 And we are sort of materially changing the
18 complete face of this project that we approved for
19 essentially the same amount of tax credits. And we are
20 going from 240 units to really 90 units.

21 Unless we want to bind ourselves to say, okay.
22 We think they are going to get this 150 units accomplished,
23 under these same type of possibly extended conditions,
24 because the current cost structure and supply chain issues
25 and financing issues aren't going away in the near term, or

1 in the intermediate term, for that matter.

2 So that is where I am kind of hung up on
3 approving or granting this material amendment as well. Is
4 that it just doesn't seem like, we are really going away
5 from what we approved before.

6 MR. MARCHANT: As I understand it, if they don't
7 build the 150, then we have a structural permanent loss of
8 housing.

9 MR. VASQUEZ: Well, they wouldn't -- I assume
10 they wouldn't tear down the existing, but --

11 MR. MARCHANT: No. But the 90 will be torn
12 down.

13 MR. VASQUEZ: Well, and --

14 MR. MARCHANT: There is a permanent loss of low
15 income tax housing credits, I mean, units. That if the 150
16 is not --

17 MR. VASQUEZ: If we approved the 90, that is
18 just transferring from the original 240. So they are only
19 going to knock down 90.

20 MR. MARCHANT: Right. But the new project has
21 less units, period.

22 MR. VASQUEZ: But there is still going to be 150
23 old existing units that are still going to be there.

24 MR. MARCHANT: Yes. Okay. All right.

25 MR. VASQUEZ: So eventually they will be at the

1 same level. Do you have anything to add?

2 MS. ANDRE: Yes. I will let you puzzle that out
3 after a few minutes. Yes. They are not going anywhere.

4 MR. VASQUEZ: Yes. Okay. Is there any way that
5 the developer could provide a more compelling argument? I
6 mean, not necessarily today, but at a future meeting?

7 MR. WILKINSON: Have you all looked at the
8 coming supplemental credits that are possible and a
9 multifamily direct loan, et cetera?

10 MS. ANDRE: Sure.

11 MR. VASQUEZ: Don't want to give them more
12 credits.

13 MS. ANDRE: If I may, yes. My name is Sarah
14 Andre. I am the tax credit consultant on this project.
15 And I absolutely understand why people are flummoxed.

16 When this proposal came up, I immediately was
17 like, oh, absolutely not. No way. And then the more we
18 worked on it and the more we looked at it, I actually think
19 this is a very creative solution that does not require more
20 money from anybody.

21 The MFDL can go to other projects that do not
22 have another option. We did go to the City of Houston.
23 They don't have any new funds coming out, probably because
24 they have put you know, upwards of \$10 million into other
25 projects that have also needed this kind of subsidy.

1 And the number of units for the amount of
2 credits, I totally understand why you are looking at that,
3 going, well, we are getting fewer units for less credits.
4 But everyone is going to size to the maximum credits they
5 can get. You will see.

6 You know, ten years ago, when credits went
7 further, \$1.5 million in credits was 90 units. Today it is
8 65 units. It is a function of interest rates, the market,
9 the rents.

10 Interest rates have gone up 200 to 300 basis
11 points since we started looking at financing this. That is
12 a \$3 million hit to what you can finance. So you know, it
13 has to come from somewhere. And the place that this
14 developer has proposed is by reducing the construction
15 costs, by reducing the number of units, going from a four-
16 story podium product to a three-story walk up with surface
17 parking.

18 That is a significant reduction. So I think
19 that it sounds crazy, but I think it is very creative, and
20 it is very market driven. It is looking at today's
21 environment and what can we do without any more money.

22 MS. FARIAS: Mr. Chairman, I have a question.
23 When this project was approved, were there other projects
24 that were denied because this one sounded really good?

25 MR. VASQUEZ: Well, I am sure there is one.

1 There is always next in line.

2 MS. FARIAS: Okay.

3 MR. VASQUEZ: But this is an at-risk.

4 MR. WILKINSON: Rosalio. I believe that your
5 statement was that it did not affect the scoring or
6 selection of this program. And that is part of the
7 material amendment analysis.

8 MR. BANUELOS: Correct. There was no impact to
9 the scoring, so the development would have scored. We just
10 feel that the changes that are being proposed are too
11 significant for us to recommend approval.

12 MR. VASQUEZ: So if we deny the application for
13 amendment -- for this material amendment right now, that
14 does not rescind the tax credits at this point.

15 MR. WILKINSON: That is correct.

16 MR. VASQUEZ: And they could come back with
17 another material amendment request that is of course -- I
18 don't see how. We are going to be in the basically same
19 position.

20 MR. MARCHANT: Let's don't limit their
21 creativity.

22 MR. VASQUEZ: So does anyone care to make a
23 motion on this possible action regarding a material
24 amendment to the tax credit application for Project 21038?

25 Ms. Farias.

1 MS. FARIAS: I realize that I am just one vote,
2 but I will go ahead and make the first motion. I move the
3 Board deny the requested material amendment to the housing
4 tax credit application for Houston 150 Bayou.

5 MR. VASQUEZ: A motion made by Ms. Farias to
6 deny the material amendment. Again, this does not affect
7 the tax credits at this point.

8 MS. FARIAS: Right. Right.

9 MR. VASQUEZ: Is there a second?

10 MR. THOMAS: Second, Mr. Chairman.

11 MR. VASQUEZ: Seconded by Mr. Thomas. All those
12 in favor of the motion to deny the amendment, say aye.

13 (A chorus of ayes.)

14 MR. VASQUEZ: It is unanimous. The motion
15 denied. It doesn't hurt to ask. Okay. Again, that does
16 not preclude them from coming back with other ideas.

17 MS. FARIAS: They still have their \$2 million.

18 MR. VASQUEZ: Yes. I am officially going to be
19 late for the baseball game. Okay. All right.

20 Moving right along to Item 8 on the agenda.
21 Presentation, discussion and possible action authorizing
22 amendments to the NOFA for HAF subrecipient activities,
23 approving submittal of a plan amendment to Treasury -- I
24 assume that is U.S. Treasury, right? -- to shift funds
25 among subrecipient funding categories, and approving a

1 second round of contract awards to subrecipients contingent
2 on Treasury approval.

3 Ms. Boston.

4 MS. BOSTON: Thank you. Brooke Boston, Deputy
5 Director for Programs. Chairman Vasquez, Board members,
6 this action relates to the Homeowner Assistance Fund, or
7 HAF program, specifically to the subrecipient component of
8 those HAF funds.

9 Let me give you a little bit of background first
10 before I jump into what the item is actually requesting.
11 In May 2022, we released a Notice of Funding Availability
12 or NOFA for \$30.5 million for subrecipients to apply for
13 HAF funds, to provide one or more of three service types.

14 It can serve as an intake center, where
15 households can get assistance and apply for the HAF
16 program. They can provide legal services. Or they can
17 provide housing counseling services. The NOFA provided for
18 specified amounts for each of those activity types, and
19 that was consistent with what we had put into our HAF plan.

20 In July, the Board approved a first batch of
21 awards from that NOFA. Inadvertently in that action we
22 presented to you at that time, the awards for intake
23 centers exceeded the amount available for that activity by
24 \$710,000 and change. To compensate, staff has reallocated
25 funds from the two remaining activity types to adjust that

1 overage.

2 With that background covered, this Board item is
3 actually addressing three components. First, the item is
4 approving more awards. We are excited that under the same
5 NOFA already discussed, additional applications were
6 received by the deadline. And staff is recommending award
7 to subrecipients to provide coverage to counties not
8 included in the first awards.

9 As part of those awards, based on demand shown
10 through applications, additional applications for intake
11 centers are still being recommended. This means we would
12 exceed the already depleted amount of funds for intake
13 centers. However, staff believes this is necessary to
14 provide sufficient intake center capacity in areas with
15 large populations of households that would be eligible for
16 the program.

17 Taking into account the amount we went over
18 initially for intake centers from the last Board item and
19 for this new action, we would be exceeding the original
20 intake center allocation by \$2.4 million. Because funds
21 still remain, staff is also recommending that an additional
22 \$2 million be shifted to intake centers for pending
23 applications for a total increase of intake center funds of
24 \$4.4 million.

25 This adjustment necessitates a correlated

1 reduction in funds from the legal services activity of
2 about \$2.4 million and housing counseling of about
3 \$2 million.

4 Because all of those amounts were originally
5 reflected in our HAF plan submitted to Treasury, our second
6 component of this action is asking for your permission to
7 submit those adjusted budget figures to Treasury as a HAF
8 plan amendment.

9 And the third thing we are asking you to do is
10 release the remaining funds we have, which is approximately
11 \$12 million in a new NOFA that would accept applications
12 through December 15, 2022. As part of that new NOFA, we
13 would be removing a condition that we believe may have been
14 a deterrent inadvertently to some applicants, that had
15 restricted applicants from participating if they used
16 subgrantees to perform some of the work associated with the
17 program.

18 By removing that limitation, larger
19 organizations with strong partnerships in place and
20 existing subrecipient relationships could apply.

21 I want to thank Lanette Johndrow, our new
22 Director of HAF subrecipient activities, who is in the
23 back, as well as her whole team came today. They have been
24 doing an amazing job with this new program.

25 And so, to recap, in short, we are, one,

1 approving awards; two, approving a HAF plan budget
2 amendment for submission to Treasury; and, three, approving
3 a \$12 million NOFA.

4 And with that, I am happy to answer any
5 questions.

6 MR. VASQUEZ: Let's start out by noting for the
7 record that the Board does not like to hear the word
8 "inadvertently" when it comes to prior actions.

9 MS. BOSTON: I know. I like it less, too. Yes.

10 MR. WILKINSON: I mean, you know, right. It is
11 budget. Budget is a plan. You know, you move things
12 around. I have a budget. It gets blown every month.

13 MS. BOSTON: And I would note that --

14 MR. VASQUEZ: You have got like ten kids.

15 MS. BOSTON: I would note that, even if you did
16 choose to not shift all the funds to Intake Center, for the
17 current awards and for any future awards, obviously, we
18 just wouldn't do those. But for the amount that had been
19 the inadvertent overage, we could take that from our admin
20 and not have it come from the other two pots, if that was
21 something that you guys wanted to do.

22 MR. WILKINSON: But the reason we had money
23 available in those two pots was a lack of applications in
24 those pots.

25 MS. BOSTON: Correct.

1 MR. VASQUEZ: Okay. Well, do any other Board
2 members have questions on this, or wish to make an
3 inadvertent motion?

4 MS. BOSTON: Please don't.

5 MR. THOMAS: Mr. Chairman, I move the Board
6 grant the Executive Director and his designees the
7 authority to contract with the subrecipients recommended
8 for award in this item, submit a HAF plan amendment
9 reflecting the revised allocation amounts, and release a
10 NOFA for the remaining funds available all as fully
11 described in the Board action request and resolutions on
12 this item.

13 MR. VASQUEZ: Motion made by Mr. Thomas to
14 approve.

15 MR. MARCHANT: Second.

16 MS. FARIAS: Second.

17 MR. VASQUEZ: Seconded by Mr. Marchant. Are you
18 all sure?

19 MS. BOSTON: We feel really good about it.

20 MR. VASQUEZ: Okay. All right.

21 MS. BOSTON: We have got solid math.

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

23 (A chorus of ayes.)

24 MR. VASQUEZ: Any opposed.

25 (No response.)

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

2 MR. THOMAS: Let's hold Bobby to it.

3 MR. VASQUEZ: Moving on to Item 9 of the agenda,
4 9(a). The presentation, discussion, and possible action on
5 Program Year 2022 Emergency Solutions Grants programs
6 awards. Ms. Versyp.

7 MS. VERSYP: Hi. Good morning. Board members,
8 I am Abigail Versyp. I am the director of our Single
9 Family and Homeless Programs. I am speaking today on Item
10 9(a) of the agenda. This is our federal fiscal year 2022
11 awards for the Emergency Solutions Grants program.

12 The ESG program utilizes federal funding from
13 HUD to assist persons at risk of homelessness or persons
14 experiencing homelessness to quickly regain their housing
15 stability through street outreach, emergency shelter, rapid
16 rehousing, and homeless prevention activities.

17 This item includes all the staff recommendations
18 resulting from continuing awards for the annual competition
19 for the regular allocation of ESG funds, continuing and
20 competitive.

21 Our annual allocation for 2022 is about \$9.8
22 million. And the total awards recommended are just under
23 9.4. The remainder of those funds are withheld for TDHCA's
24 admin of the program. The allocated funds are distributed
25 regionally through eleven COC regions.

1 In June of 2022, the Board adopted changes to
2 the ESG rule that implemented a new process for long term
3 high performing subrecipients to receive a continuing award
4 of ESG, so kind of securing their ability to receive funds
5 in the future, so long as they maintain their status as
6 high performing.

7 Those continuing awards are included, and the
8 Board also approved some updated requirements for the
9 competitive funds, the scoring item, and the way the
10 competition runs.

11 The results for the continuing awards and the
12 competition are included in your Board book as a whole
13 bunch of tables at the back of this item. Existing
14 subrecipients were all evaluated for eligibility for a
15 continuing award, and they were notified of their
16 eligibility.

17 One subrecipient that was initially denied a
18 continuing award did appeal, and that appeal was granted.
19 The appeal was because, when we ran the analysis, they were
20 at 94.6 percent expended. The rule requires 95 percent
21 expended. But we didn't state in the rule that we were not
22 going to round.

23 So since we were not specific, their concern was
24 about the precision of our math. The appeal was granted,
25 and they will be receiving a continuing award. During the

1 competition, we did not see any appeals after final scoring
2 notices were sent to the applicants that are not being
3 recommended for award.

4 So each application for those competitive awards
5 was also issued a random number to be utilized as a tie
6 breaker in the event that their scores were tied. This
7 didn't happen in the Austin COC, because that area was
8 undersubscribed. And so applications in that area were
9 noncompetitive, they did not need a tiebreaker.

10 We received a total of 119 applications in
11 response to our NOFA, and we'll be able to fund 42 of
12 those.

13 One applicant, the Children's Center, does have
14 a condition on their award, as approved by EARAC. They are
15 past due in their submission of their single audit. They
16 will have a time period to submit that single audit.

17 And should they fail to do so, the award that
18 was originally designated for them will be distributed to
19 other ESG subrecipients that are performing well and in
20 accordance with our rules. I am here for questions.

21 MR. VASQUEZ: Good. Do any Board members have
22 questions for Ms. Versyp?

23 (No response.)

24 MR. VASQUEZ: Very good. It is great to see
25 these numbers getting out there into the community.

1 MS. VERSYP: Yes. We were very oversubscribed
2 for this NOFA.

3 MR. VASQUEZ: I will entertain a motion on Item
4 9(a) of the agenda.

5 MR. MARCHANT: Mr. Chairman. I move the Board
6 grant the Executive Director and his designees the
7 authority to effectuate the awards totaling \$9,381,281 for
8 ESG funding recommended under the ESG NOFA et al. as fully
9 described in the Board action request on this item.

10 MR. VASQUEZ: Thank you. Motion made by Mr.
11 Marchant. Is there a second?

12 MS. FARIAS: Second.

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

15 (A chorus of ayes.)

16 MR. VASQUEZ: Any opposed.

17 (No response.)

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

19 Item 9(b). Presentation, discussion, and
20 possible action to authorize the issuance of the 2023 HOME
21 Investment Partnerships Program Single Family general
22 set-aside Notice of Funding Availability, and publication
23 of the NOFA in the *Texas Register*.

24 MS. VERSYP: Now you are extra late for your
25 game.

1 MR. VASQUEZ: Uh-huh.

2 MS. VERSYP: So I will be presenting the next
3 three items. These are all Notices of Funding Availability
4 from our single-family HOME program. I am just going to
5 give some general background that relates to all three
6 items, and then we can take them one at a time, but each
7 presentation will be much briefer.

8 Funding for these NOFAs is based on our annual
9 HOME allocation from HUD for federal fiscal year 2022.
10 We're getting about \$40 million, almost \$41 million this
11 year, in addition to our program income that we generate.

12 The funding distribution that is outlined in
13 these NOFAs was already approved in the one-year action
14 plan that shows how we are going to allocate our HOME
15 funds. We submit that to HUD. Once they approve it, we
16 proceed with using the funds as approved.

17 The action plan primarily portions out the funds
18 between the single-family and the multifamily activities.
19 And within the single-family portion, we have several
20 different activities, and that is why there's multiple
21 NOFAs.

22 Those include a general set-aside program, a
23 program set-aside to assist persons with disabilities, and
24 a contract-for-deed set-aside. And we'll talk about more
25 of those programs when I discuss the specific NOFA.

1 All the NOFAs presented today award funds using
2 our reservation systems, so that means that administrators
3 access funds as they have a project that is ready to go,
4 instead of receiving a lump sum award that they then commit
5 projects from over time.

6 With that, we can talk about specifically about
7 the general NOFA. The general NOFA is for \$19.5 million or
8 so.

9 There are two activities that we are proposing
10 in the general NOFA: homeowner reconstruction assistance,
11 and tenant-based rental assistance. HRA is the larger of
12 the two. It is allocated about \$11.7 million. And then
13 the remaining 7.8 is sent over to TBRA.

14 State law requires that we put these funds
15 through their regional allocation formula in this set-
16 aside, to ensure that we have equitable distribution across
17 Texas, to the best of our ability.

18 So first we divide into all the 13 regions, and
19 then we divide into urban and rural subregions for a period
20 of time. After that, it is going to collapse and be made
21 available by region, by activity. Then it is going to be
22 collapsed and be made available statewide by activity.

23 And then after a period of time, the HRA funds
24 and the TBRA funds are both going to be combined together
25 and be made available statewide, excluding participating

1 jurisdictions.

2 So essentially, the NOFA will release the money
3 starting in November, late November. And then the funds
4 will stay there for sure until June of 2023, at which
5 point, they can either remain there, if there is still
6 demand, or we can reallocate them to other things with more
7 demand in the HOME program.

8 MR. VASQUEZ: Any questions for Ms. Versyp on
9 that background?

10 (No response.)

11 MR. VASQUEZ: Okay. So we are taking these one
12 at a time, so we'll do the --

13 MS. VERSYP: Your preference.

14 MR. VASQUEZ: Yes.

15 MS. VERSYP: We can do them all together if that
16 is acceptable.

17 MR. VASQUEZ: Since it is on the agenda on
18 separate, let's just take them one at a time, separately.
19 So we have Item 9(b) on the agenda. We will entertain a
20 motion.

21 MR. THOMAS: Mr. Chairman, I move the Board
22 grant the Executive Director and his designees the
23 authority to post and publish a 2023 HOME Single Family
24 general set-aside NOFA in the manner and funding amounts as
25 fully described in the Board action request on this item.

1 MR. MARCHANT: Second.

2 MR. VASQUEZ: Thank you. Motion made by Mr.
3 Thomas. Seconded by Mr. Marchant. All those in favor, say
4 aye.

5 (A chorus of ayes.)

6 MR. VASQUEZ: Any opposed.

7 (No response.)

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

9 Now, for the record, on 9(c), presentation, discussion,
10 and possible action to authorize the issuance of the 2023
11 HOME Investment Partnerships Program Single Family contract
12 for deed set-aside NOFA and publication of the NOFA in the
13 Texas Register.

14 MR. MARCHANT: Mr. Chairman, I move --

15 MR. VASQUEZ: Hang on. Do we have more
16 background on this one?

17 MS. VERSYP: I do have background prepared, but
18 we can skip it, if we need to.

19 MR. VASQUEZ: It doesn't matter at this point.

20 MS. VERSYP: So our contract for deed set-aside
21 is pretty special. It is different than all of our other
22 things because it is set-aside through an Appropriations
23 Rider or a rider in our appropriation authority. So the
24 Texas Legislature established this.

25 And right now, that appropriation, that

1 requirement is that we set aside \$1 million per year for
2 this activity. So this is specifically for households that
3 are in a contract for deed, or an executory contract, that
4 have already signed into that agreement for the purchase of
5 their home. It is their principal residence. So
6 traditionally a contract for deed was a contract for the
7 sale of a home, but the person buying the home didn't
8 actually have any equity in the home, so the terms and
9 conditions were unfavorable.

10 Additionally, they would invest their own time,
11 their own money into potentially even building a new house.

12 And then if they failed to make a payment, they could be
13 evicted, just as if they were a tenant.

14 So that did change in 2017. So there was a law
15 changed in 2017 that gave those contracts for deed, those
16 executory contracts the force of a mortgage.

17 However, we are still in this position where
18 people are in those. But the terms are not always in line
19 with a traditional bank-issued mortgage, or of course, not
20 one of our wonderful TDHCA mortgages.

21 So our contract for deed program will buy out
22 this contract for deed. We will buy it out. We are going
23 to issue this household a deferred forgivable loan with a
24 15-year term, in addition to giving them a deferred
25 forgivable loan for the demolition and reconstruction of

1 their housing. Often, the housing is substandard. It
2 needs to be demolished and rebuilt, so we provide the
3 funding for that.

4 This program has been in effect since 1999. The
5 demand for this program has really waned in the last few
6 years. It is primarily utilized in colonias. We set aside
7 the money. If the money is not utilized, then we may
8 reprogram it for a different purpose. But it is important
9 to us to make sure that this is still available for Texans
10 who are in need of it.

11 MR. VASQUEZ: Do we have any estimate of how
12 many contract for deeds in Texas still exist?

13 MS. VERSYP: No, we don't.

14 MR. VASQUEZ: They don't get filed or registered
15 with the county clerk or anything. Right?

16 MS. VERSYP: I mean, they are not always filed.
17 And that is kind of the hard part.

18 MR. VASQUEZ: Yes.

19 MS. VERSYP: Is that, when they are filed -- I
20 am not an attorney. Everybody knows I am not an attorney.

21 When they are filed, it is my understanding that they kind
22 of have a different character than when they are not filed.

23 We ask for them to be filed before we buy them
24 out, but we have no idea how many unfiled ones are in
25 existence.

1 MR. VASQUEZ: Okay. Well, motion? I will
2 entertain a motion to Item 9(c).

3 MS. FARIAS: I move. Mr. Chairman, I move the
4 Board grant the Executive Director and his designees the
5 authority to post and publish a 2023 HOME Single Family
6 contract for deed set-aside NOFA, in the manner and funding
7 amounts as fully described in the Board action request on
8 this item.

9 MR. VASQUEZ: Motion made by Ms. Farias. Is
10 there a second?

11 MR. THOMAS: Second, Mr. Chairman.

12 MR. VASQUEZ: Seconded by Mr. Thomas. All those
13 in favor, say aye.

14 (A chorus of ayes.)

15 MR. VASQUEZ: Any opposed.

16 (No response.)

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

18 9(d), presentation, discussion, and possible
19 action to authorize the issuance of the 2023 HOME
20 Investment Partnerships Program Single Family persons with
21 disabilities set-aside NOFA and publication in the Texas
22 Register. Ms. Versyp.

23 MS. VERSYP: Last one for the day, but a very
24 exciting one. 9(d) is our NOFA that is for our persons
25 with disabilities set-aside. So our governing statute

1 requires that we spend 5 percent of our yearly allocation
2 on programs to serve households where at least one member
3 of the household is a person with a disability.

4 And in addition to that, these funds are
5 special, because we allow these funds and statute can allow
6 these funds to be utilized statewide. So if we have a
7 household in Killeen, they could still be assisted using
8 these funds. Typically, we have -- historically, we have
9 only set aside 5 percent of our actual allocation.

10 So we get money from HUD, and in addition to
11 money from HUD, we receive program income. And our program
12 income has increased year over year over year, and it is a
13 substantial amount of money now. We get about \$15 million
14 a year.

15 Now, this year is the first year where we are
16 programming both 5 percent of the allocation and 5 percent
17 of our program income, meaning that we can put an
18 additional million dollars or so into this NOFA, which is
19 about a million dollars higher than it was last year, which
20 is really exciting.

21 These are competitive funds. As you can
22 imagine, they are in great need and are utilized much more
23 rapidly than the rest of our HOME funds.

24 We can fund two activities out of this set-
25 aside. We can fund homeowner reconstruction, which we have

1 already kind of talked about, and tenant-based rental
2 assistance.

3 We do put more of this set-aside initially into
4 tenant-based rental assistance than we do homeowner
5 reconstruction, because we can help so many more families,
6 especially in those urban areas, with the tenant-based
7 rental assistance.

8 The NOFA will open November 1. We are anxious
9 to get these funds out into the community. And they can be
10 reprogrammed after 6/5/2023, but they will probably all be
11 utilized well before then.

12 MR. VASQUEZ: Great. It is a good percentage
13 increase on what we are doing there.

14 MS. VERSYP: It is very exciting. And I would
15 like to thank our legal team for reviewing that for us,
16 determining that that was even a possibility. Very
17 exciting.

18 MR. VASQUEZ: Great. I will entertain a motion
19 on 9(d).

20 MS. FARIAS: Mr. Chairman, I move the Board
21 grant the Executive Director and his designees the
22 authority to post and publish a 2023 HOME Single Family
23 persons with disabilities set-aside NOFA, in the manner and
24 funding amounts, as fully described in the Board action
25 request on this item.

1 MR. VASQUEZ: Thank you. Motion made by Ms.
2 Farias. Is there a second?

3 MR. MARCHANT: Second.

4 MR. VASQUEZ: Seconded by Mr. Marchant. All
5 those in favor, say aye.

6 (A chorus of ayes.)

7 MR. VASQUEZ: Any opposed.

8 (No response.)

9 MR. VASQUEZ: Hearing none, the motion carries.
10 Thank you, Abigail.

11 MS. VERSYP: Thank you.

12 MR. VASQUEZ: Item 10. Presentation,
13 discussion, and possible action on Inducement Resolution
14 No. 23-003 for Multifamily Housing Revenue Bonds, regarding
15 authorization for filing applications for private activity
16 bond authority.

17 Ms. Morales.

18 MS. MORALES: Teresa Morales, Director of
19 Multifamily Bonds. Item 10(a) involves the adoption of an
20 inducement resolution that includes three multifamily
21 developments requesting bond authority from TDHCA. These
22 applications will be submitted as part of the 2023 private
23 activity bond lottery.

24 Of the three developments, two involve
25 acquisition and rehab, and one is new construction. These

1 three applications would reserve approximately \$63 million
2 in volume cap. Although the exact figure is not yet known,
3 the Department's 2023 set-aside is anticipated to be
4 approximately \$170 million.

5 When factoring in applications currently on our
6 waiting list that will be rolled over into the lottery, the
7 Department will reach its set-aside with seven applications
8 that total almost 1,300 units. Staff recommends approval
9 of Resolution 23-003, authorizing staff to file multifamily
10 bond volume cap applications with the Bond Review Board.

11 MR. VASQUEZ: Very good. Any questions for Ms.
12 Morales?

13 (No response.)

14 MR. VASQUEZ: We just saw something like this
15 recently, didn't we? No. That is another. I am confusing
16 my bonds. Okay. I will entertain a motion. If there is
17 no questions, I will entertain a motion on Item 10.

18 MR. MARCHANT: Mr. Chairman, I move the Board
19 approve Inducement Resolution 23-003 to proceed with the
20 application submission to the Bond Review Board for
21 possible receipt of state volume cap issuance authority
22 regarding the preapplications as fully described in the
23 Board action request of this item.

24 MS. FARIAS: Second.

25 MR. VASQUEZ: Thank you. Motion made by Mr.

1 Marchant. Seconded by Ms. Farias. All those in favor, say
2 aye.

3 (A chorus of ayes.)

4 MR. VASQUEZ: Any opposed.

5 (No response.)

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

7 Item 10(b), presentation, discussion, and
8 possible action regarding the issuance of Multifamily
9 Housing Revenue Bonds for Palladium Oak Groves, Bond Series
10 2022, Resolution No. 23-004, and a Determination Notice of
11 Housing Tax Credits.

12 Ms. Morales.

13 MS. MORALES: Item 10(b) involves a bond
14 issuance for the new construction of 240 units in Fort
15 Worth. Palladium Oak Grove will serve the general
16 population and a range of households, from 30 percent of
17 area median income to 80 percent of AMI.

18 The financing structure involves an FHA 221 D4
19 loan originated by PNC Bank and short-term bonds issued by
20 TDHCA. As the bond proceeds are drawn and used for project
21 costs, the proceeds from the FHA loan will be
22 simultaneously drawn and placed in a collateral fund such
23 that the bonds will be fully cash collateralized throughout
24 the construction period.

25 There is a saying that time kills deals, and

1 that could not be more true today. The lender team
2 continues to push the HUD timeline to issue the firm
3 commitment, so that the borrower can rate lock, and put
4 into motion the closing.

5 We have underwritten the transaction, assuming a
6 4-1/2 percent interest rate but continue to monitor where
7 the rate ultimately ends up, to ensure the transaction
8 remains financially feasible at the time of closing.

9 There are a number of support letters from local
10 elected officials in your materials, demonstrating the
11 tremendous support for the additional 240 affordable units
12 in Fort Worth and also speaks to the outreach efforts of
13 the Applicant.

14 Staff recommends approval of Bond Resolution 23-
15 004 in an amount not to exceed \$25,600,000. And a
16 determination notice of 4 percent housing tax credits in
17 the amount of \$2,599,237.

18 MR. VASQUEZ: So another 240 units. Not 150
19 plus 90: 240. Any questions on this item?

20 (No response.)

21 MR. VASQUEZ: I will entertain a motion on Item
22 10(b).

23 MR. THOMAS: Mr. Chairman, I move the Board
24 issue a determination notice of 4 percent housing tax
25 credits for Palladium Oak Grove in Fort Worth and approve

1 Resolution 23-004, regarding the issuance of tax exempt
2 multifamily housing revenue bonds Series 2022, all as
3 expressed and subject to the conditions in the Board action
4 request on this item.

5 MS. FARIAS: Second.

6 MR. VASQUEZ: Motion made by Mr. Thomas.

7 Seconded by Ms. Farias. All those in favor, say aye.

8 (A chorus of ayes.)

9 MR. VASQUEZ: Any opposed.

10 (No response.)

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

12 Thank you, Teresa. And last, but not least, Item 11.

13 Presentation, discussion, and possible action regarding

14 awards from the Multifamily Direct Loan 2022-1 NOFA.

15 Mr. Campbell.

16 MR. CAMPBELL: Thank you. Again, Cody Campbell,

17 Director of Multifamily Programs. The next item on your

18 agenda concerns awards of HOME funding to six developments

19 throughout the state. These applications all successfully

20 competed for 9 percent housing tax credits earlier this

21 year and concurrently applied for the HOME funding that is

22 being recommended for award today.

23 These six loans range from \$2 million to \$4

24 million. Four of the developments will serve an elderly

25 population. And two will serve the general population.

1 Five of the six loans are fully amortizing with regular
2 debt service.

3 And the remaining development, Mill Pond at
4 Robstown, is recommended for a loan of approximately
5 \$2.5 million, of which \$1 million will be fully amortizing,
6 with the remainder becoming due upon sale transfer or
7 refinance of the property.

8 Interest rates on these loans are generally .5
9 percent with one having an interest rate of 1.8 percent.
10 That higher interest rate was necessary to get the
11 developments within an acceptable debt coverage ratio for
12 their first year of full stabilization.

13 There is one deal that I would like to bring
14 your specific attention to, which is Serene Falls. This
15 application is being recommended for a \$2.6 million award
16 today. The Applicant has recently submitted a material
17 amendment request, which is currently being reviewed by
18 Department staff.

19 The item in front of you approves the award,
20 recommends approval of the award as the application was
21 initially submitted and does not take the requested
22 amendment into consideration. That amendment will be
23 presented to the Board in the coming months.

24 These are all pretty straightforward deals.
25 Again, they already got their tax credit funding. And at

1 the same time, they applied for these funds, to help fill
2 out the remainder of their financing stack. And so staff
3 recommends approval of the six awards being presented
4 today. And I am happy to answer any questions that you may
5 have.

6 MR. VASQUEZ: So on the Serene Falls, if the
7 amendment is not approved, is it a big amendment, or is it
8 changing it?

9 MR. CAMPBELL: I would describe it as a fairly
10 significant amendment, yes, sir. And so, staff -- since
11 this one was already ready to come before the Board, we
12 didn't want to put off until tomorrow what we could get
13 squared away today.

14 So if at the future meeting you deny the
15 amendment request, they would still be beholden to the
16 application as it was originally submitted.

17 MR. VASQUEZ: But they are not going to go
18 forward with the project as originally submitted and
19 approved.

20 MR. CAMPBELL: Potentially. You know, it kind
21 of depends on the facts and circumstances.

22 MR. VASQUEZ: Okay. Let me take this from a
23 different angle.

24 MR. CAMPBELL: Sure.

25 MR. VASQUEZ: So if the project doesn't go

1 through, we don't approve the amendment. And then they
2 don't want to continue without the amendment.

3 MR. CAMPBELL: Sure.

4 MR. VASQUEZ: These funds come back to us?

5 MR. CAMPBELL: Potentially. So if the Board
6 chose, because they also have an award of tax credits. So
7 similar to the one that you heard earlier today, if the
8 Board rescinded those tax credits, the deal would be
9 financially infeasible and we would be able to recapture
10 these funds.

11 MR. VASQUEZ: Okay. I mean, as long as we
12 have --

13 MR. CAMPBELL: Sure.

14 MR. VASQUEZ: Still that we are not locking
15 ourselves into something.

16 MR. CAMPBELL: Correct.

17 MR. VASQUEZ: And then my last question, where
18 is Burkburnett?

19 MR. CAMPBELL: I believe Burkburnett is outside
20 of Wichita Falls just a bit.

21 MR. WILKINSON: Yeah. I just looked it up.

22 MR. VASQUEZ: Where is Burkburnett?

23 MR. CAMPBELL: It is right on the border.

24 MR. MARCHANT: Original oil field.

25 MR. VASQUEZ: Really. Okay. All right. Any

1 other questions for Mr. Campbell?

2 (No response.)

3 MS. FARIAS: Mr. Chairman.

4 MR. VASQUEZ: I will entertain a motion.

5 MS. FARIAS: Okay. I move the Board approve the
6 2021-1 NOFA applications as expressed and subject to the
7 conditions in the Board action request on this item.

8 MR. VASQUEZ: Thank you. Motion made by Ms.
9 Farias. Is there a second?

10 MR. THOMAS: Mr. Chairman. I will second on the
11 condition that the original motion is revised to note that
12 it is 2022-1 versus 2021.

13 MS. FARIAS: Thank you.

14 MR. VASQUEZ: Okay. You are just saying that
15 she said that wrong.

16 MR. THOMAS: Yes. She misspoke.

17 MR. VASQUEZ: Okay. All right. Okay.

18 MR. THOMAS: I just wanted to make sure the
19 record is correct.

20 MR. VASQUEZ: The friendly amendment is
21 accepted.

22 MS. FARIAS: Friendly amendment, yes.

23 MR. VASQUEZ: Okay. All those in favor, say
24 aye.

25 (A chorus of ayes.)

1 MR. VASQUEZ: Any opposed.

2 (No response.)

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

4 Thank you, Mr. Campbell.

5 MR. CAMPBELL: Thank you.

6 MR. THOMAS: I do pay attention.

7 MR. VASQUEZ: Good. Good. The Board has
8 addressed the posted agenda items.

9 Now is the time of the meeting when members of
10 the public can raise issues with the Board on matters of
11 relevance to the Department's business or make requests
12 that the Board place any specific items on future agendas
13 for consideration. Is there anyone who would like to
14 provide public comment at this time?

15 MS. MYRICK: Hello. Lora Myrick with Betco
16 Consulting. We -- I have just one quick item.

17 And that is that we understand that QAP comments
18 are due at the end of this week. And we have already
19 gotten ours in, and so we are very grateful again, for
20 supplemental credits being included in the QAP. So thank
21 you very much to each of you.

22 Now, MFDL. What we have requested in the QAP
23 comments is that we are allowed to utilize all 15 percent.

24 We do know that the draft currently says you are not going
25 to go above 15, but it may not be. It may be something

1 less than 15 percent, as you have heard. And as you have
2 heard ad nauseam for months, that costs are still high.
3 Interest rate are now moving in the wrong direction. So we
4 would advocate to use all 15 percent of the supplemental
5 credits.

6 But we also need help with MFDL. As you heard,
7 \$4 million is the cap currently for the MFDL funds. We
8 would like to see that increased to \$6 million, \$8 million,
9 to get some help.

10 So just wanted to put that out there for
11 consideration when you think about NOFAs, especially with
12 increases to interest rates, which are just becoming a real
13 concern for us.

14 And with that, that is all I have. Thank you
15 very much. Safe travels to Houston.

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

17 MR. MANNING: Good afternoon, Mr. Chairman,
18 members of the Board. My name is Chris Manning. I am Vice
19 President for Community Impact and Government Affairs with
20 Farmstead.

21 We are the owner, current owner and operator of
22 Coppertree Village Apartments in Houston. So I just wanted
23 to thank the Board for their interest in our property,
24 concern for the residents. We share that concern and are
25 committed to doing all we can for that community.

1 I also wanted to thank Wendy and her team for
2 her transparency and being willing to engage with us during
3 the course of this process. Director Wilkinson said it
4 right. We have got our eyes set on fixing what we can now
5 and then looking to the horizon for this rehabilitation
6 that we hope to be able to kick off in the very near
7 future.

8 So there is a lot of enthusiasm on our part and
9 excitement on the part of the residents. And we are happy
10 to keep the Board posted as we move forward with that work.

11 So thank you.

12 MR. VASQUEZ: Good. Thanks, Mr. Manning.

13 MR. VASQUEZ: Okay. The next scheduled meeting
14 of the Board is on Thursday, November 10. We are -- it
15 will be in here. And at that time, we will recognize the
16 World Series victory of the Houston Astros.

17 Also, speaking of Astros fans, I would like to
18 recognize Catarina Gonzales. Our liaison with the
19 Governor's Office has joined us today. And I am sure she
20 will be.

21 MR. WILKINSON: I think she is in the right
22 colors.

23 MR. VASQUEZ: She has got them. Seeing that we
24 have concluded the business of the Board, it is now 12:07,
25 and the meeting is adjourned.

1 (Whereupon, at 12:07 p.m., the meeting was
2 concluded.)

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C E R T I F I C A T E

MEETING OF: TDHCA Board
LOCATION: Austin, Texas
DATE: October 13, 2022

I do hereby certify that the foregoing pages, numbers 1 through 104, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Elizabeth Stoddard before the Texas Department of Housing and Community Affairs.

DATE: October 19, 2022

/s/ Carol Bourgeois
(Transcriber)

On the Record Reporting
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