

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

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

February 10, 2022
10:00 a.m.

MEMBERS:

LEO VASQUEZ III, Chair
PAUL A. BRADEN, Vice-Chair
BRANDON BATCH, Member
KENNY MARCHANT, Member
AJAY THOMAS, Member
SHARON THOMASON, Member (absent)

BOBBY WILKINSON, Executive Director

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER	7
ROLL CALL	7
CERTIFICATION OF QUORUM	7
CONSENT AGENDA	8
ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	
EXECUTIVE	
a) Presentation, discussion, and possible action on Board meeting minutes summary for January 13, 2022	
ASSET MANAGEMENT	
b) Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application	
20082 Connect South Houston	
20408 Vi Collina Austin	
BOND FINANCE	
c) Presentation, discussion, and possible action on Inducement Resolution No. 22-015 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority	
22606 West Houston Senior Living Houston	
RULES	
d) Presentation, discussion, and possible action on an order proposing the repeal, and proposed new rule, for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.1 Reasonable Accommodation Requests to the Department, and an order directing their publication for public comment in the Texas Register	
e) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.2 Department Complaint System to the Department, an order proposing new §1.2 Department	

Complaint Process, and an order directing their publication for public comment in the Texas Register

- f) Presentation, discussion, and possible action on the statutory four-year rule review and order of proposed readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.4, Protest Procedures for Contractors, and directing its publication for public comment in the Texas Register
- g) Presentation, discussion, and possible action on the statutory four-year rule review and order of proposed readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.6, Historically Underutilized Businesses, and directing its publication for public comment in the Texas Register
- h) Presentation, discussion, and possible action on the statutory four-year rule review and order of proposed readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.12, Negotiated Rulemaking, and directing its publication for public comment in the Texas Register
- I) Presentation, discussion, and possible action on an order proposing the repeal, and proposed new rule, for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.13 Contested Case Hearing Procedures, and an order directing their publication for public comment in the Texas Register
- j) Presentation, discussion, and possible action on the statutory four-year rule review and order of proposed readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.17, Alternative Dispute Resolution, and directing its publication for public comment in the Texas Register
- k) Presentation, discussion, and possible action on an order proposing the repeal, and proposed new rule, for 10 TAC Chapter 1, Administration,

- Subchapter A, General Policies and Procedures, §1.19 Reallocation of Financial Assistance, and an order directing their publication for public comment in the Texas Register
- l) Presentation, discussion, and possible action on an order proposing the repeal, and proposed new rule, for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.22 Providing Contact Information to the Department, and an order directing their publication for public comment in the Texas Register
- m) Presentation, discussion, and possible action on the adoption of the 2022 State of Texas Low Income Housing Plan and Annual Report; and an order adopting the repeal and new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report and directing their submission to the Texas Register
- n) Presentation, discussion, and possible action on the adoption of the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; the adoption of new 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; and directing their submission for adoption to the Texas Register
- o) Presentation, discussion, and possible action on the adoption of the repeal of 10 TAC Chapter 28, Taxable Mortgage Program; the adoption of new 10 TAC Chapter 28, Taxable Mortgage Program; and directing their submission for adoption to the Texas Register

FINANCIAL ADMINISTRATION

- p) Presentation, discussion, and possible action to adopt a resolution regarding designating signature authority and superseding previous resolutions

CONSENT AGENDA REPORT ITEMS

8

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) Media Analysis and Outreach Report
(December 2021)
- b) Report on TDHCA One-Time or Temporary Allocations - Pandemic Response and Other

Initiatives

- c) Report on the Department's 1st Quarter Investment Report in accordance with the Public Funds Investment Act
- d) Report on the Department's 1st Quarter Investment Report relating to funds held under Bond Trust Indentures

ACTION ITEMS

- Executive Session: the Chair may call an Executive Session at this point in the agenda in accordance with the below-cited provisions: 9
- ITEM 3: EXECUTIVE 9
Executive Director's Report
- ITEM 4: HOUSING STABILITY SERVICES 16
Presentation, Discussion and Possible Approval granting authority for Emergency Rental Assistance 2 Housing Stability Service Funds to be awarded to the Texas Veterans Commission for the provision of housing stability services
- ITEM 5: COMMUNITY AFFAIRS 20
- a) Presentation, discussion, and possible action on awards for 2022 Community Services Block Grant discretionary funds for education and employment services to Native American and Migrant Seasonal Farmworker populations 20
 - b) Presentation, discussion, and possible action to effectuate the use of non-federal funds to repay the U.S. Department of Health and Human Services Administration for Children and Families for costs disallowed as a result of the 2014 LIHEAP monitoring 23
- ITEM 6: ASSET MANAGEMENT 26
Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application
- 20186 The Residence at Ridgehill Kerrville
- ITEM 7: MULTIFAMILY FINANCE 29
- a) Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(a)(2)(C) for The Landing at Spears (#22184) 29

b)	Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.1(e) for Wellington Frost Town (#22295)	30
c)	Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.1003(b) of the 2022 Qualified Allocation Plan relating to the Maximum Supplemental Request Limit for Pathways at Chalmers Courts West (#20202) in Austin	43
d)	Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.1003(b) of the 2022 Qualified Allocation Plan relating to the Maximum Supplemental Request Limit for Telephone Road Elderly (#19077) in Houston	52
e)	Presentation, discussion, and possible action regarding waivers of 10 TAC §11.1003(b) of the 2022 Qualified Allocation Plan relating to the Maximum Supplemental Request Limit for Supplemental Housing Tax Credit Requests from the 2022 Competitive Housing Tax Credit Ceiling	58
f)	Presentation, discussion, and possible action regarding approval of Supplemental Housing Tax Credit requests for the 2022 Competitive Housing Tax Credit Application Round	62
g)	Presentation, discussion, and possible action regarding an award from the Multifamily Direct Loan (MFDL) 2021-3 Notice of Funding Availability (NOFA), as amended	65
h)	Presentation, discussion, and possible action on an award of a Pre-development Grant from the Multifamily 2021-2 Special Purpose Notice of Funding Availability: Pre-development	75
	PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS	none
	EXECUTIVE SESSION	9
	OPEN SESSION	9
	ADJOURN	78

P R O C E E D I N G S

1
2 MR. VASQUEZ: The Chair is calling to order the
3 meeting of the Governing Board of the Texas Department of
4 Housing and Community Affairs. It is 10:03 a.m. on
5 February 10, 2022. Welcome, everyone, to a fun and
6 excitement-filled Board meeting.

7 Today should be relatively short. Just letting
8 everyone know we will have a short executive session today.

9 Counsel has promised it will be short. But let's start
10 out with the roll call. Mr. Batch?

11 MR. BATCH: Here.

12 MR. VASQUEZ: Mr. Braden?

13 MR. BRADEN: Here.

14 MR. VASQUEZ: Mr. Marchant?

15 MR. MARCHANT: Here.

16 MR. VASQUEZ: Mr. Thomas?

17 MR. THOMAS: Here.

18 MR. VASQUEZ: And Ms. Thomason is not able to
19 make it again today, and myself are present. So we do have
20 a quorum. We'll start out asking Bobby Wilkinson to lead
21 us in the pledges.

22 (The pledges were recited.)

23 MR. VASQUEZ: I don't know if you all heard
24 that, but Mr. Wilkinson got the two pledges mixed up. It
25 happens to us all.

1 MR. WILKINSON: I was hoping you wouldn't point
2 that out.

3 MR. VASQUEZ: Well, it messed me up. That's --
4 okay. We will start with the consent agenda. Are there
5 any items on the consent agenda as presented that -- which
6 a Board member or member of the public would like us to
7 move to action item?

8 (No response.)

9 MR. VASQUEZ: Hearing none, I'll entertain a
10 motion on the consent agenda.

11 MR. BRADEN: Mr. Chair, I move the Board approve
12 Items 1 and 2 under the consent agenda, as described and
13 presented in the respective Board action requests.

14 MR. VASQUEZ: Great. Thank you. Motion made by
15 Mr. Braden. Is there a second?

16 MR. BATCH: I'll second, Mr. Chair.

17 MR. VASQUEZ: Seconded by Mr. Batch. All those
18 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 Bear with me a second.

24 (Pause.)

25 MR. VASQUEZ: Too many files. Now that everyone

1 is seated and quiet and attentive, the Board will exit to a
2 short executive session, pursuant to Texas Government Code,
3 Section 551.071, to seek and receive the legal advice of
4 its attorney or to discuss pending or contemplated
5 litigation.

6 It is now 10:06, and we will be in recess. Back
7 in, say, 15 minutes. Okay. Thanks.

8 (Whereupon, at 10:06 a.m., the Board met in
9 executive session.)

10 MR. VASQUEZ: The time is 10:39, and we are back
11 in session. The -- during executive session, the Board did
12 not adopt any policy, position, resolution, rule or
13 regulation, or take any formal action or vote on any item.

14 That's for the record. And I said 15-minute
15 executive session, but I didn't know that we were going to
16 have two lawyers in the room, so that's why went
17 30 minutes. So I apologize for that, but we are back in
18 business.

19 Where was I? Moving to Item --

20 MR. WILKINSON: Three.

21 MR. VASQUEZ: -- 3, Executive Director report.

22 Mr. Wilkinson?

23 MR. WILKINSON: Thank you, Chairman. Good news.
24 The HAF Program, Homeowner Assistance Fund, we've finally
25 got a plan approved by Treasury. So as we wind down Rent

1 Relief, now we're rolling out some statewide mortgage
2 assistance. It's like 840 million, so we're excited about
3 that.

4 Probably going to launch just in a couple of
5 weeks. You know, we have the vendor, website, call center.

6 I don't think we'll have like the huge volume that we had
7 at the beginning of Rent Relief, and it will be a slightly
8 slower-moving program. It's a little more involved than
9 just, you know, giving someone some rent money.

10 But you know, Monica and Tanya have been working
11 hard on it, and the pilot's going well. You know, they're
12 finding glitches and fixing them, so that when we roll out
13 statewide, we'll be good to go.

14 Had over a million dollars out in the pilot so
15 far, and so hopefully, as we add more master servicers and
16 get the statewide program going, that money, you know, flow
17 rate, the cash burn will increase and we'll be able to help
18 lots of people.

19 On the Rent Relief side, we're continuing our
20 wind-down. We have less than 1 percent of total funds
21 available to process some last-minute appeals and
22 applications that were, you know, wait-listed. As part of
23 the program's ramp-down process, we're conducting budget
24 reconciliation and planning close-out procedures for
25 operations, financials and reporting.

1 Since opening in February 2021, Texas Rent
2 Relief Program has distributed 1.79 billion in rent and
3 utility assistance to more than 308,000 households and
4 preventing evictions in the eviction diversion portion to
5 over 21,000 households.

6 Related to that, the Supreme Court order that
7 established the Eviction Diversion Program is set to expire
8 March 1, unless extended by the Supreme Court. That's kind
9 of related to, you know, us being out of money, if there's
10 no funding source to go along with it, but Treasury has
11 advised that over the next few months, there will be
12 multiple rounds of rental assistance funding reallocation
13 from grantees who have not expended their funds, probably
14 even interstate.

15 They were trying to keep money in states in the
16 first round of reallocation, but we continue to ask
17 Treasury for more funds, and hopefully we'll grant --
18 they'll grant our request soon. I have no idea how much
19 we'll get.

20 We've been hearing that there's some potential
21 big callbacks from some states that have been having
22 trouble getting money out the door. So you know, it's kind
23 of odd, because we ramped down because you can't pay people
24 to sit around. Right? And so there might be a little
25 ramp-up period if we get a big reallocation.

1 You may recall we have used some of these funds
2 for providing legal assistance to applicants through the
3 Texas Access to Justice Foundation. This past December,
4 there were 161 housing stability clinics, reaching 1,300
5 households.

6 In the Multifamily Finance Division, we have a
7 new manager on the Direct Loan Program. Please welcome
8 Latisha Turner, who started just yesterday.

9 Latisha, please stand up and wave.

10 (Applause.)

11 MR. WILKINSON: Most recently, she was the
12 Program and Compliance Manager for the City of Dallas,
13 where she worked extensively with federal funds, and we're
14 happy to have her here. On the -- also in Multifamily,
15 it's somebody's birthday.

16 Cody Campbell, stand up. Happy birthday.

17 (Applause.)

18 MR. WILKINSON: We're not going to sing, though.
19 It would be too awkward. Yeah. Okay.

20 MR. ECCLES: Also, there would be royalties if
21 we --

22 MR. WILKINSON: Yeah, right. Someone owns the
23 rights to that song.

24 MR. ECCLES: It took two people to write that
25 song.

1 MR. WILKINSON: Compliance: So over COVID, you
2 know, we did very little physical inspections; cancelled a
3 lot of in-person inspections. And so we're trying to play
4 catch-up and conducting final construction inspections,
5 which are obviously in-person. On the -- we're
6 monitoring -- on the document side, we're doing those as
7 desk reviews for now, and we'll probably start sending
8 people out, you know, in a month or so.

9 Compliance continues to coordinate and
10 collaborate with the Texas Apartment Association to bring
11 virtual training, such as our Housing tax credit and income
12 eligibility to our housing partners.

13 We posted on our YouTube channel a new webinar
14 on using the compliance monitoring and tracking system that
15 I hope our housing partners find informative and
16 beneficial. We are not using TikTok at this time, but
17 maybe later.

18 And that concludes my prepared remarks. If I
19 have any questions from the Board, I'd be happy to answer
20 them.

21 MR. VASQUEZ: Are we going to use Spotify?

22 MR. WILKINSON: Definitely.

23 MR. VASQUEZ: Okay. All right. Good.

24 MR. MARCHANT: Can I ask a question?

25 MR. VASQUEZ: Microphone. There you go.

1 MR. MARCHANT: Am I on?

2 MR. VASQUEZ: Yes.

3 MR. MARCHANT: Okay. Thanks. The Rental
4 Assistance Program -- since we've run out of money, and
5 then we'll possibly get patches of money as we move along,
6 how do you go back to the applicants? Do you go back to
7 the applicants that were left hanging, go to them first and
8 say, do you still need this help, or do you start a whole
9 new applicant process?

10 MR. WILKINSON: We still have tens of thousands
11 of applications --

12 MR. MARCHANT: Yeah.

13 MR. WILKINSON: -- you know, that came in before
14 we closed the portal that we don't have funding for, so --

15 MR. MARCHANT: But they no longer have
16 protection from eviction.

17 MR. WILKINSON: They won't -- yeah -- especially
18 after March 1, there won't be that Eviction Diversion
19 Program. So I'd imagine we'd work with those folks first.

20 MR. MARCHANT: Okay. Before anybody new got in,
21 you would take care of anybody that was pending or was
22 waiting on --

23 MR. WILKINSON: Correct, but we'd probably have
24 to make sure that they were still eligible --

25 MR. MARCHANT: Yeah.

1 MR. WILKINSON: -- and had a current lease. So
2 there would be some kind of redo to the application. I can
3 probably get a more detailed process with explanation.

4 MR. MARCHANT: Well, I mean, if they made the
5 rent up, or the landlord agreed to let them stay if they
6 just started paying in rent, would we have the -- could
7 they come after us for that amount of rent that they still
8 owed?

9 MR. WILKINSON: I don't know that they could
10 come after us, but --

11 MR. MARCHANT: No. They'll just ask for --

12 MR. WILKINSON: -- they'll just -- that should
13 be an eligible expense for the program.

14 MR. MARCHANT: It would be an eligible expense
15 to pay that amount that they still haven't paid, even
16 though they're not subject to eviction?

17 MR. WILKINSON: Correct. Yeah. Because Rent
18 Relief is not limited just to people that had an eviction
19 filed against them.

20 MR. MARCHANT: Okay.

21 MR. WILKINSON: If you owed money and you were
22 financially impacted during the pandemic.

23 MR. MARCHANT: Got you. Okay. Thank you.

24 MR. WILKINSON: And you're below 80 percent AMI.
25 Yeah.

1 MR. VASQUEZ: Any further questions from the
2 Executive Director's report?

3 (No response.)

4 MR. VASQUEZ: None? Thank you, Mr. Wilkinson.
5 Moving right along to Item 4, Presentation, Discussion and
6 Possible Approval granting authority for Emergency Rental
7 Assistance 2 Housing Stability Service Funds to be awarded
8 to the Texas Veterans Commission for the provision of
9 housing stability services.

10 MS. TRACZ: Good morning.

11 MR. VASQUEZ: Cate?

12 MS. TRACZ: Hi. I'm Cate Tracz, the Director of
13 Housing Stability Services. I'm presenting Item 4,
14 requesting authority to provide ERA 2 Housing Stability
15 Services funds to the Texas Veterans Commission through a
16 memorandum of understanding.

17 The Texas Veterans Commission currently has an
18 MOU with TDHCA, and they're supported by ERA 1 Housing
19 Stability Services funds. And this current MOU supports
20 two full-time Homeless Veterans Coordinator positions.
21 These two positions are housed in the Veterans Mental
22 Health Department, and they work on the Veterans
23 Commission's Homelessness Veterans Initiative.

24 The mission of this initiative is to improve
25 accessibility and resources and services for military

1 veterans and their families in Texas that are experiencing
2 homelessness or are at risk of homelessness. The
3 initiative works to identify and highlight services aimed
4 at preventing veterans from entering homelessness, and it
5 also provides trainings directly to service providers.

6 These two Veterans Coordinator positions are
7 also working to provide resource clinics directly to
8 veterans' families, both in virtual and in in-person
9 formats.

10 I think this is a really unique and impactful
11 way to use a small portion of the Department's Housing
12 Stability Services funds to partner with another state
13 agency and to support veterans who are experiencing
14 homelessness or at risk of becoming homeless.

15 The current MOU that we have with TVC expires on
16 August 31, 2022, but I'm bringing this item to you now,
17 well in advance of the current MOU's expiration, so that we
18 are able to plan and obligate our ERA 2 funding for Housing
19 Stability Services in advance of any of the Treasury's
20 obligation deadlines.

21 So the Board action before you presents --
22 proposes that the MOU for the ERA 2 funds would start
23 either when the Veterans Commission expends all of their
24 ERA 1 funds and fulfills all their obligations under the
25 MOU, but no later than September 1, 2022.

1 So there wouldn't be any gaps in service or gaps
2 in support of the two Homeless Veterans Coordinator
3 positions. So to sum up, staff is recommending that the
4 Board authorize the Executive Director to enter into an MOU
5 with the Veterans Commission to provide ERA 2 Housing
6 Stability Services administrative funds so that TVC can
7 continue to provide housing stability support services.

8 So happy to answer any questions.

9 MR. VASQUEZ: And what was the amount of this
10 second MOU?

11 MS. TRACZ: The second MOU is \$378,160, and that
12 is directly to support the salaries and fringe and
13 everything for the two Homeless Veterans Coordinator
14 positions. The current MOU is half of that, because it
15 goes for 12 months, and then the next MOU we're proposing
16 to go for 24 months.

17 MR. VASQUEZ: Okay. So we're going from one
18 year to --

19 MS. TRACZ: Yes.

20 MR. VASQUEZ: -- three years total --

21 MS. TRACZ: Exactly.

22 MR. VASQUEZ: -- effectively.

23 MS. TRACZ: Yeah.

24 MR. VASQUEZ: Okay. Great. Do any other Board
25 members have questions on this item?

1 MR. WILKINSON: I just have one comment. Cate
2 will bring a very large Board action request for Housing
3 Stability Services next month. How big?

4 MS. TRACZ: Eighty-four million was the amount
5 in the NOFA.

6 MR. WILKINSON: Yeah. We will help a lot of
7 people.

8 MS. TRACZ: Yeah. We got a lot of interest and
9 activity for applications, so I'm really excited for that
10 one.

11 MR. VASQUEZ: Great. Excellent. Okay. Hearing
12 no more -- any more questions, the Chair will entertain a
13 motion on Item 4 of the agenda.

14 MR. THOMAS: Mr. Chairman, I move the Board
15 grant the Executive Director and his designees the
16 authority to take action to enter into a memorandum of
17 understanding with the Texas Veterans Commission to provide
18 funds to continue the support of eligible Housing Stability
19 Services, all as reflected in the Board action request on
20 this item.

21 MR. VASQUEZ: Motion made by Mr. Thomas. Is
22 there a second?

23 MR. BATCH: I'll second --

24 MALE VOICE: Second.

25 MR. BATCH: -- Mr. Chairman.

1 MR. VASQUEZ: I'll give the second to Mr. Batch.
2 All those in favor, say aye.

3 (A chorus of ayes.)

4 MR. VASQUEZ: Any opposed?

5 (No response.)

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

7 MS. TRACZ: Thank you.

8 MR. VASQUEZ: Thank you. Moving on to Item
9 5(a), Presentation, discussion, and possible action on
10 awards for 2022 Community Services Block Grant
11 discretionary funds for education and employment services
12 to Native American and Migrant Seasonal Farmworker
13 populations.

14 Mr. De Young?

15 MR. DE YOUNG: Thank you. Good morning, Board
16 and Chair. As you recall, annually, we do a CSBG plan, and
17 a part of that plan we break the funds into 90 percent,
18 which goes to our eligible entities, and they do case
19 management services all across the state.

20 We save 5 percent for state administration, so
21 we can do monitoring and training. But 5 percent is
22 allowed by each state to do discretionary work. And one of
23 the historical things we've done for at least the last 17
24 years is to fund Native American and Migrant Seasonal
25 Farmworker Program, and it's part of our proposal every

1 year.

2 From time to time, where the money goes changes,
3 but usually it is a core group of agencies that have
4 historical background serving Migrant Seasonal Farmworkers.

5 So this year, as in previous years, we've put about
6 \$300,000 program towards Migrant Seasonal Farmworker and
7 Native American education programs.

8 And so these programs do a couple different
9 things at different agencies, but usually it's around
10 employment activities, helping with work skills, resume
11 writing, interview training, career counseling. They also
12 do some credentialing and certificates so they can get into
13 trade schools or community colleges.

14 So last December, we asked you to approve our
15 2021 CSBG Plan. This is from the 2021 plan. We put the
16 NOFA out. It was released. We had five applications
17 received, which is pretty typical. Four applications were
18 for Migrant Seasonal Farmworkers, and one of them was for
19 the Native American population.

20 Staff has reviewed those applications, and we're
21 recommending three \$100,000 awards, totaling \$300,000 to
22 three eligible applicants. Those applicants are listed in
23 the second page of your BAR, Board action request, and they
24 are in San Antonio and the El Paso area.

25 The first is Opportunity Centers for the

1 Homeless. Second is Family Social -- Family Services
2 Association of San Antonio. And then AYUDA, which is Adult
3 Youth Development Association, out in El Paso. These
4 contracts would begin March 1.

5 And we are requesting your approval to make the
6 awards and issue contracts as soon as possible.

7 MR. VASQUEZ: Great. Thank you, Michael. Any
8 Board members have questions on this agenda item?

9 (No response.)

10 MR. VASQUEZ: Hearing none, I'll entertain a
11 motion on Item 5(a) of the agenda.

12 MR. BATCH: Mr. Chairman, I move that the Board
13 grant the Executive Director and his designees the
14 authority to take action to effectuate the award for
15 education and employment services to Native American and
16 Migrant Seasonal Farmworkers, all as reflected in the Board
17 action request on this item.

18 MR. VASQUEZ: Great. Thank you. Motion made by
19 Mr. Batch. Is there a second?

20 MR. BRADEN: Second.

21 MR. VASQUEZ: Second by Mr. Braden. All those
22 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 And actually, I had never heard Adult and Youth Development
3 Association said out loud in its acronym. AYUDA is a great
4 play on that. I was, like, hey, that's okay.

5 Moving on to Item 5(b) of the agenda,
6 Presentation, discussion, and possible action to effectuate
7 the use of non-federal funds to repay the U.S. Department
8 of Health and Human Services Administration for Child and
9 Families for costs disallowed as a result of the 2014
10 LIHEAP monitoring activity.

11 Mr. De Young?

12 MR. DE YOUNG: Thank you. The Department
13 recently received a letter, about mid-December, from the
14 U.S. Department of Health and Human Services, stating that
15 we were required to repay approximately \$488,516 and some
16 odd cents in disallowed costs, and this results from a
17 LIHEAP audit conducted back in 2014 by the federal
18 government.

19 The disallowed costs are primarily the result of
20 the independent and criminal actions of a now-bankrupt and
21 prosecuted subrecipient called Northeast Texas
22 Opportunities; we refer to them as NETO around TDHCA. They
23 relinquished their federal LIHEAP grant contracts and their
24 CSBG contracts almost seven years ago.

25 And we subsequently came to the Board and did an

1 RFP and awarded the contracts to existing subrecipients.
2 So this agency is no longer an entity from a legal
3 perspective. The \$466,365 approximately was from NETO and
4 another subrecipient.

5 They were found to have disallowed costs. The
6 second subrecipient had just over \$22,000 in disallowed
7 costs. This amount has already been received back from
8 that entity, and we'd recovered it, and we will be applying
9 that to the total of the 488,516 that are reimbursing the
10 federal government.

11 Your approval of this Board action authorizes
12 the Department to use non-federal funds, and these funds
13 are normally dedicated for use in the below-market interest
14 rate and bond programs admin accounts, or we used to call
15 them BMIR.

16 And we'd use those funds to repay the U.S.
17 Department of Health and Human Services the entire
18 \$488,516.78. And I'd be willing to answer any questions.

19 MR. VASQUEZ: Great. So this was activity back
20 in 2012 and '13, or for --

21 MR. DE YOUNG: Yes.

22 MR. VASQUEZ: -- that time frame, basically?

23 MR. DE YOUNG: It's a '14 monitoring by LIHEAP,
24 but they look at previous-year contract, '12, '13. Yeah.
25 This is very, very old work.

1 MR. VASQUEZ: Okay. Well, good to finally get
2 that behind us. Do any Board members have questions for
3 Mr. De Young on this Item 5(b)?

4 (No response.)

5 MR. VASQUEZ: Okay. Hearing none, I'll
6 entertain a motion on 5(b).

7 MR. BRADEN: Mr. Chair, I move the Board grant
8 the Executive Director and his designees the authority to
9 take action to effectuate the use of non-federal funds to
10 repay U.S. Health and Human Services for the costs
11 disallowed as a result of the 2014 LIHEAP monitoring, all
12 as reflected in the Board action request on this item.

13 MR. VASQUEZ: Great. A motion made by Mr.
14 Braden. Is there a second?

15 MR. MARCHANT: I second.

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

18 (A chorus of ayes.)

19 MR. VASQUEZ: Any opposed?

20 (No response.)

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

22 MR. DE YOUNG: Thank you.

23 MR. VASQUEZ: Thank you, Michael. Moving on to
24 Item 6, Presentation, discussion, and possible action
25 regarding a Material Amendment to the Housing Tax

1 Credit Application, Project 20186.

2 Mr. Banuelos?

3 MR. BANUELOS: Good morning. Rosalio Banuelos,
4 Director of Asset Management.

5 Yes, this is an amendment to the application for
6 The Residence at Ridgehill, which is located in Kerrville.

7 This development received a 9 percent housing tax credit
8 award in 2020 for the new construction of 60 units, but due
9 to cost increases, the owner has requested approval for a
10 reduction to the number of units to 43.

11 It will eliminate the 17 market-rate units that
12 were proposed at the development. The revised development
13 plans include a reconfiguration of the development's single
14 building from a two-story building to a three-story
15 building, and it will also include the reduction of 34 open
16 parking spaces, going from 118 spaces to 84 spaces.

17 With the reduction in the number of units, the
18 residential density of the development will change, and the
19 net rental area will also be reduced by levels that would
20 trigger approval by the Board.

21 This development is also being considered
22 separately for supplemental tax credits under Item 7(f) of
23 the agenda, and it is also requesting a direct loan from
24 the Department under Item 7(g) of the agenda.

25 The underwriting analysis for the amendment and

1 the additional funding is included in the Board book as
2 part of this Item 6, and it shows that while costs have
3 decreased approximately \$800,000, or 7 percent, the first
4 lien debt has increased by \$1,1475,000, and the credit
5 pricing has decreased from 92 cents on the dollar to
6 87 cents on the dollar, compared to the estimates at
7 initial application.

8 Staff recommends approval of the requested
9 amendment to the application. And I am available for any
10 questions.

11 MR. VASQUEZ: Okay. Mr. Banuelos, so staff has
12 evaluated that even getting rid of all the market-rate
13 units, this project still should cash flow, and I guess,
14 given the rest of the other items on the agenda?

15 MR. BANUELOS: Correct. So they are reducing
16 the first-lien debt, so there's less cash flow that is
17 generating. And they are adding a loan from the Department
18 that is proposed as a different payable loan. So there
19 wouldn't be any payments due until maturity.

20 And that's Item 7(g) of the agenda. So yes.
21 With all of those changes, the development continues to be
22 feasible.

23 MR. VASQUEZ: Okay. But the question for this
24 item is just changing the mix for the number -- total
25 number of units?

1 MR. BANUELOS: Correct.

2 MR. VASQUEZ: Okay. Do any Board members have
3 questions on Item 6?

4 (No response.)

5 MR. VASQUEZ: Hearing none, the Chair will
6 entertain a motion on Item 6 of the agenda.

7 MR. BATCH: Mr. Chairman, I move the Board
8 approve the requested amendment for The Residence at
9 Ridgehill, all as reflected in the Board action request on
10 this item.

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

13 MR. THOMAS: Second, Mr. Chairman.

14 MR. VASQUEZ: Seconded from Mr. Thomas. All
15 those 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 Thank you.

21 Item 7, Presentation, discussion, and possible
22 action regarding a waiver of 10 TAC Section 11.101(a)(2)(C)
23 for The Landing at the Spears, Project 22184.

24 MR. CAMPBELL: Good morning. It is --

25 MR. VASQUEZ: Mr. Campbell?

1 MR. CAMPBELL: -- a pleasure to be here, as
2 always.

3 MR. VASQUEZ: Happy birthday.

4 MR. CAMPBELL: Thank you. 7(a) is going to be
5 very easy. The pre-applicant for 7(a) has withdrawn their
6 request for a waiver, so that one's off the agenda, so
7 we'll move on to 7(b).

8 MR. VASQUEZ: I really wanted to talk about that
9 one. Okay. 7(b), Presentation -- and is this one still
10 going to be alive?

11 MR. CAMPBELL: Yes, sir.

12 MR. VASQUEZ: Okay. I'll read it. Okay.

13 MR. CAMPBELL: Yes, sir.

14 MR. VASQUEZ: Okay. Presentation, discussion,
15 and possible action regarding a waiver of 10 TAC Section
16 11.1(e) for Wellington Frost Tower [sic].

17 MR. CAMPBELL: Great.

18 MR. VASQUEZ: Mr. Campbell?

19 MR. CAMPBELL: Good morning. Cody Campbell,
20 Director of Multifamily Programs for the Department. The
21 next item on your agenda concerns a possible waiver of
22 11.1(e) related to data requirements for a proposed
23 9 percent housing tax credit application in Houston.

24 The applicant has represented in their pre-
25 application that they have an intention to apply for seven

1 points related to opportunity index, which awards points
2 for developments located in high-opportunity areas. Among
3 the qualifications for these points is having a site which
4 is entirely located in a census tract that has a median
5 household income in the two highest quartiles within the
6 subregion.

7 The Department relies on the American Community
8 Service -- American Community Survey, or ACS, five-year
9 estimates for the data used to determine the income
10 quartile of each census tract and annually publishes this
11 information in the Site Demographics Characteristics
12 Report.

13 While not explicitly required by the rules, the
14 ACS is updated annually and has been used by staff to
15 determine the income quartile of census tracts since 2013.

16 The current ACS five-year estimate does not report a
17 median household income for the census tract in which this
18 development is located.

19 Annotations in the data indicate that the
20 estimate could not be computed because there was an
21 insufficient number of sample observations. Department
22 staff contacted the U.S. Census Bureau directly, which
23 confirmed this conclusion.

24 The ACS data used for the 2021 tax credit round
25 reflects the same lack of the median income for the census

1 tract; however, the data used in 2020 did show that this
2 was a first income quartile census tract.

3 The applicant has submitted a waiver requesting
4 the allowance of a different data source for determining
5 the income quartile of the census tract, and included both
6 ACS data from years past, as well as data from the Federal
7 Financial Institutions Examination Council, which estimates
8 this tract's median family income to be \$196,029.

9 As a side note, median family income is a
10 slightly different calculation than median household
11 income, but they are pretty closely related. In their
12 waiver request, the applicant addressed and offered a
13 reasonable explanation as to their satisfaction of the
14 elements of the waiver rule at 10 TAC 11.207, related to
15 waivers.

16 Staff acknowledges that the ACS data set is not
17 explicitly required by the rule, but questions the
18 appropriateness of an alternative data source in this
19 instance. Because of this, staff's position on this waiver
20 request is neutral.

21 MR. VASQUEZ: Do any Board members have
22 questions for Mr. Campbell before we have some public
23 comment on this one?

24 Mr. Braden?

25 MR. BRADEN: So the statement you just made,

1 which was in the back of materials, you know, the staff
2 requests the appropriateness of an alternative data source
3 in this instance --

4 MR. CAMPBELL: Correct.

5 MR. BRADEN: Why? I mean, there is no data
6 source that they can rely on that's -- that we typically
7 rely on. So why would we not rely on an alternative data
8 source?

9 MR. CAMPBELL: So the most recent ACS data that
10 we have that we can use is a couple of years old. And the
11 FFIEC data that they've proposed is a different data set
12 than what was used for all of the other census tracts in
13 the subregion.

14 I certainly do think that you have a point, and
15 that's why we're kind of taking a neutral position on this,
16 is, you know, none of the other applicants were able to use
17 that data for determining their income quartile, but we do
18 acknowledge that there is a lack of data in the current ACS
19 data that they can rely on.

20 MR. BRADEN: Okay.

21 MR. ECCLES: If I could also add that I think it
22 was at least alluded to in the Board action request that
23 when seeking opportunity points if the data set that is
24 relied upon is, on its face, saying that it's not accurate
25 because there are too few samples to actually derive a

1 conclusion.

2 That could itself suggest that perhaps there's
3 not enough to draw a conclusion about whether there is a
4 higher level of opportunity there.

5 MR. BRADEN: But is that really what the data is
6 saying? It's just saying there's nothing there. You know,
7 you need whatever -- 20 households or whatever the
8 requirement is, and there aren't. It could just mean there
9 are huge lots. Right? I mean --

10 MR. ECCLES: Indeed, and that's for the Board to
11 determine.

12 MR. VASQUEZ: Mr. Marchant?

13 MR. MARCHANT: So when entertaining the
14 alternative method, is the applicant -- just generally
15 speaking, would an applicant be free to select any data
16 that enhanced their position?

17 MR. CAMPBELL: That is a great question. In
18 their waiver request, they did submit previous years' ACS
19 data and the FFIEC data, both of which do indicate that
20 this is a pretty high income census tract. So of the data
21 they have presented to us, I do think it supports their
22 position.

23 The question is just do we allow it for the
24 round or not?

25 MR. MARCHANT: Okay. So they can selectively --

1 I mean, they could -- since -- let's just say it's the
2 middle of an open field. There's no houses there. They
3 can look for the nearest data that reinforces their
4 application and submit it, and we could approve that?

5 MR. CAMPBELL: Staff would have to evaluate
6 whatever data they submitted. Certainly we would want to
7 see something that is specific to this income tract.

8 MR. MARCHANT: But in this case, you're neutral?

9 MR. CAMPBELL: Correct. Yes, sir.

10 MR. VASQUEZ: But just to clarify your question,
11 this information they've presented as an alternative is for
12 this actual tract? It's not for --

13 MR. CAMPBELL: Yes.

14 MR. VASQUEZ: -- nearby tracts?

15 MR. CAMPBELL: And it's okay.

16 MR. VASQUEZ: It's just that the ACS is out of
17 date. They don't have an updated one.

18 MR. MARCHANT: Got you.

19 MR. CAMPBELL: Yes, sir.

20 MR. BRADEN: And the information presented from
21 the Federal Financial Institutions Examination Council, are
22 you all familiar with that?

23 MR. CAMPBELL: We have not used it, to my
24 knowledge, in the program in the past. Like I said, it is
25 the median family income, which is a slightly different

1 calculation. You would typically expect to see the median
2 family income be just a little bit higher than the median
3 household income.

4 Median family would only include any two related
5 persons, two or more related persons living in as household
6 together. So like, for example, I live by myself, so I
7 would not be included in that data point. Younger people
8 that have roommates that aren't related --

9 MR. BRADEN: I'm just trying to get a feel
10 for -- is this a reputable source, or do you have any feel
11 for whether it's a reputable source?

12 MR. CAMPBELL: Unfortunately, I don't. No, sir.
13 I will say that the numbers that they published are not so
14 far off from the older ACS data that it strikes me as, you
15 know, completely out of line with what we've seen in the
16 past, but I can't responsibly vouch for the data.

17 MR. VASQUEZ: I believe we have some commenters
18 that would like to speak.

19 Mr. Shackelford, do you want to start us off?
20 And just a reminder to everyone, when you come up to the
21 podium, we'll give you three minutes to speak, and please
22 sign in on the sign-in sheet when you get here, and
23 identify yourself and your organization.

24 MR. SHACKELFORD: My name is John Shackelford.

25 MR. VASQUEZ: Before your timer starts, I

1 want -- I have two questions. One, why did your applicant
2 pick a place with no ACS data?

3 MR. SHACKELFORD: Because it's a great location.

4 MR. VASQUEZ: Okay. And then the other, what
5 does "in arguendo" mean?

6 MR. SHACKELFORD: In arguendo, Mr. Braden can
7 explain that; Mr. Eccles can. For the sake of argument,
8 for the sake of argument.

9 MR. VASQUEZ: Well, why didn't you say for the
10 sake of argument? I mean, come on.

11 MR. SHACKELFORD: Well, you know, I'd like to
12 put that --

13 MR. VASQUEZ: If you said for the sake of
14 argument, that lowers --

15 MR. SHACKELFORD: I like to put it --

16 MR. VASQUEZ: -- his hourly rate.

17 MR. SHACKELFORD: -- at the end of my name, and
18 it sort of justifies putting "Esq." at the end of my name.

19 MR. VASQUEZ: Okay. Well, let's start his time.
20 Okay.

21 MR. SHACKELFORD: All right. I'm going to go in
22 a direction that gives you an off-ramp so you don't have to
23 grant a waiver, and it's a commonsense argument that was
24 alluded to in my appeal letter and that is a little bit
25 contrary to what Mr. Cody -- Mr. Campbell said.

1 The table that's put out -- it's on the TDHCA
2 website -- says that the source of all this individual for
3 purposes of this opportunity index scoring is Table B-19013
4 that comes from the Census Bureau.

5 Okay? So if you go to that -- and we provided
6 this in our materials -- there is data for three years,
7 2015, 2016, 2017. The median income for those three years
8 was \$170,000 in '15, \$171,000 in '16, and \$175,000 and
9 change in '17.

10 What it does not have is for the years 2018 and
11 2019. So what I propose is put zero in those two years.
12 Let's just ascribe zero income for that census tract for
13 those two years. Your median income is still going to be
14 170.

15 The only way -- it can't go down from a median
16 income standpoint, but I see you're smirking --

17 MR. VASQUEZ: No, that's good math.

18 MR. SHACKELFORD: All right. We'll take the
19 average. The average of the five years, with putting zero
20 for those last two years, is still 103,000 a change. The
21 median income for this subregion that we're in is \$59,289.

22 We so far have exceeded -- we exceed the first quartile.

23 So to me, that would be a just -- I'm asking you
24 to just maybe give guidance to staff to say, if we just do
25 this from a commonsense standpoint, we don't even have to

1 get into the whole waiver issue. So that's my first
2 argument, is let's put zero in there, and I still think you
3 come up with the same -- you get to the same place, which
4 satisfies the requirement.

5 The second argument is, the 11.6 that staff is
6 relying that says that you have to use -- but it says
7 whether you specify, and Mr. Campbell did say that it
8 doesn't exclusively say you have to use it, but it also --
9 it's interesting -- it says either where it specifies, use
10 either the ACS data or HUD data.

11 Now, Mr. Campbell brought up that we did put in
12 our letter to you all the data from the -- it's the Federal
13 Financial Institutions Examination Council -- is what the
14 FFIEC stands for, which is a federal interagency body.

15 We also put in our letter: Use HUD data then.
16 HUD data says for this time period that they're going off
17 of for 2022, it's \$175,000 is the median income. So I'll
18 let you use HUD data.

19 I mean, to me, we can get there without even
20 addressing the waiver issue, but if we do have to go the
21 waiver route, my request then would be allow us to use an
22 alternative set of information, the HUD information, and
23 substitute, since there's not -- these two years are the
24 only two years that are missing from the ACS data.

25 So that would be my request, Mr. Chairman and

1 members of the Board. I'm available for any questions that
2 you may have to further explain all of this.

3 MR. VASQUEZ: As a former economics major, I
4 appreciate your argument, one. Do any Board members have
5 questions for Mr. Shackelford and his --

6 MR. BRADEN: I have one. So Mr. Shackelford,
7 when you said FFIEC, you said it was federal body or a
8 federal agency. Is that accurate?

9 MR. SHACKELFORD: Yes.

10 MR. BRADEN: Okay.

11 MR. SHACKELFORD: Yes.

12 MR. BRADEN: I say the Federal in front of it,
13 but I wasn't sure what the Council meant. So you would
14 think that would be a reputable source for the data you
15 present?

16 MR. SHACKELFORD: Well, like I said even in my
17 letter, it's not only that agency, but also HUD's. If you
18 go to the HUD website for this census tract, it will say
19 right now, current, 175,000 and change,

20 And Mr. Campbell made the distinction that he
21 thought that there may be a little bit different numbers
22 between what this FFIEC came up with and what the ACS data
23 shows.

24 If you go back for 2015, 2016 and 2017 for the
25 ACS data, the FFIEC data, identical numbers for all three

1 years. So it tracks along the same lines.

2 MR. VASQUEZ: Any other questions?

3 MR. MARCHANT: Is Board action required to
4 direct staff to use any reputable alternative data? I
5 mean, can we give them that discretion or do they feel like
6 they don't have it?

7 MR. VASQUEZ: I'm glad you kind of segued into
8 my question that I had for -- and this will probably either
9 be for Cody or for Beau.

10 Is this statutory language that says you must
11 use the latest ACS data, or is this -- is there some --
12 we're not breaking a law by -- if we were to allow the
13 other number. Right?

14 MR. CAMPBELL: No, no, this is not a statutory
15 requirement. No, sir.

16 MR. VASQUEZ: Okay. And then one other
17 question. I tend to remember, we had another situation
18 brought to the Board once where there wasn't data for -- or
19 the numbers on some income level were, you know, 180 --

20 MR. WILKINSON: That was a jobs number.

21 MR. VASQUEZ: -- then zero or 12, and then --

22 MR. WILKINSON: Proximity to jobs and all of a
23 sudden --

24 MR. VASQUEZ: Yeah, and then all of a sudden
25 there was a crazy number that didn't make any sense, and we

1 saw that as a -- I tend to see that this was -- I mean, the
2 alternatives or data seem acceptable and in the spirit and
3 intent of what we're trying to accomplish here.

4 So unless other Board members feel different?

5 MR. BRADEN: I just -- I agree with you, but I
6 just had one question maybe for Beau or Bobby. So from an
7 administrative point of view, would it be easier for us to
8 grant the waiver, or would it be easier just to -- I mean,
9 I think Mr. Shackelford makes a strong case.

10 I mean, what's the easiest way to, you know,
11 take action on this? Or just --

12 MR. VASQUEZ: Or does it say you can use the
13 average of the last five years or does it say you can only
14 use the average or median of the last three years or
15 something?

16 MR. CAMPBELL: What 11.1(a) says that we're
17 required -- if you use the ACS data, you have to use the
18 five-year estimates. And then --

19 MR. VASQUEZ: Okay. So it is five years.

20 MR. CAMPBELL: Yes, sir.

21 MR. VASQUEZ: So even if we use the five-year
22 and the zeros, you've cleared the hurdle. Right?

23 MR. CAMPBELL: The five-year estimate is what
24 they publish, and so that's what they didn't publish this
25 year, but we average --

1 MR. VASQUEZ: The average --

2 MR. CAMPBELL: -- the last --

3 MR. VASQUEZ: -- assuming they're zeros in this
4 particular case, if it's --

5 MR. BRADEN: But they didn't publish it --

6 MR. VASQUEZ: -- we've cleared a hurdle.

7 MR. BRADEN: -- so that's our problem. Just
8 grant the waiver. Right?

9 MR. VASQUEZ: The Chair would entertain a motion
10 to --

11 MR. WILKINSON: Well, I mean, we'll make it
12 happen either. Yeah. It's not going to --

13 MR. BRADEN: Okay. Mr. Chair, I'll make a
14 motion. I move the Board grant the waiver of 10 TAC
15 11.1(e) regarding use of alternative source of data to
16 support the granting of opportunity points for Wellington
17 Frost Town, the reasons contained in the Board action
18 request on this item and as discussed.

19 MR. VASQUEZ: Okay. So motion made by Mr.
20 Braden on 7(b) of the agenda to grant the requested waiver.
21 Is there a waiver?

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

23 MR. VASQUEZ: Seconded by Mr. Batch. Anyone
24 else want to add more?

25 (No response.)

1 MR. VASQUEZ: Okay. 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 Great. Moving right along to Item 7(c) of the agenda,
8 Presentation, discussion, and possible action regarding a
9 waiver of 10 TAC Section 11.1003(b) of the 2022 QAP
10 relating to the Maximum Supplemental Request Limit for
11 Pathways at Chalmers Courts West in Austin.

12 MR. CAMPBELL: Yes, sir. Thank you.

13 MR. VASQUEZ: Mr. Campbell?

14 MR. CAMPBELL: This is the first of three
15 similar agenda items, so I'll try not to sound like too
16 much of a broken record with them. The next item on your
17 agenda does concern a waiver related to 10 TAC 11.1003(b)
18 related to the maximum supplemental request limit,
19 specifically for Pathways at Chalmers Courts West in
20 Austin.

21 As you are well aware by now, the 2022 QAP
22 allows up to \$5 million to be allocated to 2019 and 2020
23 9 percent housing tax credit deals which have experienced
24 cost increases predominantly due to the COVID-19 pandemic.
25 The QAP establishes that a supplemental allocation of

1 credits may not be more than 7 percent of the initial
2 allocation.

3 The initial allocation for this development was
4 \$2 million, so the limit under the rule for supplemental
5 credits would be \$140,000. The applicant has submitted a
6 waiver request to allow for a supplemental award of
7 \$300,000, or 15 percent, in order to guarantee that the
8 development remains feasible.

9 Most of the cost increases reported by the
10 applicant are typical of other similar requests seen during
11 this round and relate to increased labor and material costs
12 related to the pandemic. However, in addition to those
13 costs, the supplemental credit request indicates that
14 acquisition costs have increased by about \$2 million since
15 the original application was filed.

16 This application is an identity of interest, or
17 related-party transaction, in which the Housing Authority
18 of the City of Austin or its affiliate is involved both in
19 the sale and the purchase of the site. The increased
20 acquisition costs are accompanied in the supplemental
21 request by an increased cash flow loan from an affiliate of
22 the Austin Housing Authority to the development of about
23 \$1.4 million, leaving \$644,000 in increased acquisition
24 costs that are not offset by the increased related-party
25 debt.

1 Staff was unable to confirm that this increase
2 in acquisition costs is outside of the owner's control or
3 related to the COVID pandemic. Because of this, staff does
4 not recommend that the increased acquisition costs of --
5 and this is the specific number -- 2,061,910 be approved
6 for supplemental funding.

7 In order to prevent an inaccurate credit
8 reduction, staff also recommends that the increased
9 related-party debt of \$1,417,910 be excluded when
10 underwriting this request. Granting this waiver is not an
11 approval of funding.

12 The supplemental request will still be required
13 to meet all program and underwriting requirements, and
14 staff may identify cost increases which either do not
15 appear to meet the intention of Subchapter F, are not
16 addressed in the applicant's stated reason for seeking a
17 waiver, or otherwise require additional evaluation.

18 Identified costs may be excluded by staff from
19 consideration for funding. Staff will evaluate these costs
20 individually and may present them to the Board for
21 resolution if necessary. Aside from the aforementioned
22 exclusion, the increased acquisition costs and the
23 increased related-party debt, staff recommends that the
24 Board grant the waiver related to the supplemental credit
25 request for this development.

1 MR. VASQUEZ: So staff's recommendation is to
2 grant the waiver?

3 MR. CAMPBELL: It is to grant the waiver but to
4 exclude the increased acquisition costs from the allowable
5 increased costs. Yes, sir.

6 MR. VASQUEZ: So the increased request funds
7 would arguably not be used to increase the acquisition
8 costs of the land?

9 MR. CAMPBELL: Yes, sir, that is exactly
10 correct. So they do have other reported increased costs,
11 such as labor and construction costs, that we do feel are
12 in line with the intention of Subchapter F and related to
13 the pandemic, but these costs we do not feel meet that
14 standard.

15 MR. VASQUEZ: And the difference is going from
16 140,000, which we would -- we've been granting as a matter
17 of course --

18 MR. CAMPBELL: Correct. Yes, sir.

19 MR. VASQUEZ: -- assuming underwriting?

20 MR. CAMPBELL: Yes, sir.

21 MR. VASQUEZ: Instead we're going to go --
22 they're asking -- or you're recommending to approve
23 300,000?

24 MR. CAMPBELL: Up to 300,000, yes, sir.

25 MR. VASQUEZ: And again, those are based on

1 construction-related costs --

2 MR. CAMPBELL: Yes, sir.

3 MR. VASQUEZ: -- not the acquisition costs?

4 MR. CAMPBELL: Yes, sir. And when the
5 development goes through full underwriting, we might find
6 that they can't support the entire 300,000. This is just
7 permission for us to go up to that amount while we're doing
8 the underwriting.

9 MR. VASQUEZ: Okay. All right. When I first
10 read this, I thought they were asking to base the increased
11 request, the supplemental request, on the additional land
12 costs that they were selling to themselves basically.

13 MR. CAMPBELL: Right. Well, and this is what --

14 MR. VASQUEZ: Which I --

15 MR. CAMPBELL: -- I wouldn't request, and that's
16 what we're saying no to. But there are other costs as
17 well.

18 MR. VASQUEZ: Okay. So staff is specifically
19 not going to include the land costs.

20 MR. CAMPBELL: Correct.

21 MR. VASQUEZ: Why don't they just fund --

22 MR. CAMPBELL: Correct.

23 MR. VASQUEZ: -- finance the whole thing to
24 themselves, if that's what they're going to do?

25 MR. CAMPBELL: Correct. And in the interest of

1 fairness, we would also like to exclude their increased
2 related-party debt that the Housing Authority is putting
3 into the --

4 MR. VASQUEZ: Sure, sure.

5 MR. CAMPBELL: Yeah.

6 MR. VASQUEZ: Yeah. Okay. Do any Board members
7 have questions on this item?

8 (No response.)

9 MR. VASQUEZ: All straightforward. Do y'all
10 want to say something?

11 (No response.)

12 MS. MARTIN: All right. Good morning,
13 everybody. I'm Audrey Martin with Purple Martin Real
14 Estate. I'm here representing the applicant for Pathways
15 at Chalmers Courts West. First, thank you so much for the
16 opportunity to apply for the supplemental credits to begin
17 with.

18 Thank you for the opportunity to present
19 waivers, and thank you for the recommendation for approval.
20 We just had the request for the underwriting clarification
21 that Cody has laid out, but I just wanted to briefly
22 mention a little background on the acquisition cost
23 increase.

24 In this case, the site is currently owned by the
25 Housing Authority of the City of Austin. They were

1 proposing to have an acquisition cost to the partnership
2 that will own this transaction of \$5 million at original
3 application.

4 We had an appraisal saying the land was worth
5 \$12 million, and then leading up to closing, the investor
6 got their own appraisal. It appraised for \$10 million.
7 That caused an issue with the Investors Tax Council. They
8 came back and required the applicant to increase the
9 acquisition cost, because there was a couple of issues,
10 mostly that the -- clearing the land or selling it to the
11 partnership at below-market can be considered a grant,
12 which has some tax consequences to the partnership.

13 So anyway, it was a requirement of the investor.

14 It wasn't something that the applicant just did to get
15 additional proceeds. So I wanted to make that clear. And
16 then again, as Cody mentioned, the Austin Affordable
17 Housing Corporation, the affiliate, increased their loan,
18 actual cash at closing, to the deal, that offset about 70
19 percent of that increase.

20 So anyway, those are all my remarks. I'm here
21 to answer any questions if you have them.

22 MR. VASQUEZ: Okay. Do you believe that the
23 increased construction costs will cover the increased
24 supplemental request?

25 MS. MARTIN: Yes. I think our increase --

1 MR. VASQUEZ: So it's not just -- I'm just
2 saying it's not just land that's --

3 MS. MARTIN: Right.

4 MR. VASQUEZ: -- increased?

5 MS. MARTIN: Right. Well -- and also,
6 importantly, the acquisition cost is outside of eligible
7 basis, which is the figure that is -- helps you calculate
8 the tax credits. So it's a non-basis item anyway. Our tax
9 credit request is not at all tied to the acquisition cost.
10 That cost is not included in eligible basis.

11 MR. VASQUEZ: Okay. Great. Thanks. Any other
12 questions for Ms. Martin?

13 (No response.)

14 MR. VASQUEZ: Would anyone care to make a motion
15 on Item 7(c) on the agenda?

16 MR. BRADEN: Mr. Chair, I move that the Board
17 grant the waiver of 10 TAC 11.1003(b) regarding the maximum
18 supplemental request limit for Pathways at Chalmers Courts
19 West, but exclude the increase to acquisition costs
20 representing on the supplemental credit request for reasons
21 contained in the Board action request on this item.

22 MR. VASQUEZ: Great. Everyone caught that? And
23 the motion made by Mr. Braden. Is there a second?

24 MR. MARCHANT: Second.

25 MR. VASQUEZ: Seconded by Mr. Marchant. Any

1 further comment?

2 (No response.)

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

4 (A chorus of ayes.)

5 MR. VASQUEZ: Any opposed?

6 (No response.)

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

8 MR. MARCHANT: Just a question, Mr. Chairman.

9 MR. VASQUEZ: Certainly.

10 MR. MARCHANT: How many units are in this
11 project?

12 MR. CAMPBELL: Oh, that's a great question. If
13 you'll give me just one second, I believe I have that.

14 MR. BRADEN: This current one, we just approved?
15 You said 156.

16 MR. CAMPBELL: It's 156. Yes, sir.

17 MR. MARCHANT: Ten million dollars land cost on
18 156 units?

19 MR. CAMPBELL: Yes, sir.

20 MR. VASQUEZ: In Austin.

21 MR. CAMPBELL: In Austin. The cool East Austin
22 area.

23 MR. VASQUEZ: Okay. Item 7(d), Presentation,
24 discussion, and possible action regarding a waiver of 10
25 TAC Section 11.1003(b) -- again -- of the 2022 QAP relating

1 to Maximum Supplemental Request Limit, this time for
2 Telephone Road Elderly, Project 19077, in Houston.

3 MR. CAMPBELL: Great. So like I said, this item
4 is substantially similar to the previous one, so instead of
5 repeating all the speaking notes, I'll kind of give you the
6 short run.

7 So this is a 200-unit development in Houston.
8 It is, again, an identity-of-interest transaction. The
9 Housing Authority of the City of Houston is on both sides
10 of the transaction. Based on the 7 percent supplemental
11 credit allocation limit in the QAP, the limit for
12 supplemental credits for this development would be 136,000,
13 as the original allocation was \$1.9 million.

14 The applicant has submitted a waiver request to
15 allow for a supplemental award of \$291,150, which again is
16 15 percent, in order to guarantee that the development
17 remains feasible. Once again, most of the cost increases
18 reported by the applicant are typical of other similar
19 requests seen during the round, and relate to increased
20 labor and materials costs related to the pandemic.

21 Once again, there is an increase in acquisition
22 costs. This time it is to the tune of \$9 million from the
23 original application, and once again, the City of Houston
24 is on both sides of the transaction.

25 The increased acquisition costs are accompanied

1 in this case by an increase of related-party debt which is
2 sufficient to cover the \$9 million, but staff was unable to
3 confirm that this increase in acquisition costs is outside
4 the owner's control or related to the COVID pandemic.

5 So once again, we are recommending that the
6 increase in acquisition costs and the increase in related-
7 party debt be excluded from our underwriting whenever we
8 are calculating their supplemental credits. This request
9 also includes approximately \$3.5 million in costs related
10 to mold remediation.

11 Staff is similarly unable to determine that
12 these costs are related to the COVID pandemic and
13 recommends that these costs be excluded during the
14 underwriting process. Once again, granting this waiver is
15 not an approval of funding.

16 The supplemental request will still be required
17 to meet all program and underwriting requirements and staff
18 may identify additional cost increases which either do not
19 appear to meet the intention of Subchapter F or are not
20 addressed in the applicant's stated reasoning for seeking a
21 waiver.

22 Identified costs may be excluded by staff from
23 consideration, and if we come across anything that we can't
24 resolve with the applicant, we may bring it back to the
25 Board at a future meeting for guidance. Aside from these

1 exclusions, once again, the increased acquisition cost, but
2 also in this case, the increase mold remediation costs or
3 \$3.5 million, staff does recommend that the Board grant the
4 waiver.

5 MR. VASQUEZ: So again, the land acquisition,
6 we're putting aside. That's not truly a part of this --

7 MR. CAMPBELL: Yes, sir.

8 MR. VASQUEZ: -- the request for the --

9 MR. CAMPBELL: Yes, sir.

10 MR. VASQUEZ: -- supplemental --

11 MR. CAMPBELL: That is staff's --

12 MR. VASQUEZ: -- credits?

13 MR. CAMPBELL: -- recommendation. Yes, sir.

14 MR. VASQUEZ: But I thought at the beginning of
15 this, it's a supplemental request due to COVID-related
16 issues like supply chain issues that we've been seeing
17 across the board?

18 MR. CAMPBELL: Yes, sir. Yes, sir.

19 MR. VASQUEZ: Yet the write-up talks about this
20 being substantially for mold remediation.

21 MR. CAMPBELL: That is a very big part of the
22 request.

23 MR. VASQUEZ: How is that COVID-related? Or
24 should I -- looks like we have some speakers. I can ask
25 them that question.

1 MR. CAMPBELL: Sure, sure, sure. Right.

2 MR. VASQUEZ: Okay. But --

3 MR. CAMPBELL: But staff is actually
4 recommending the exclusion of the mold remediation costs on
5 that basis, that they are unrelated to COVID.

6 MR. VASQUEZ: Okay. So the -- excluding the
7 acquisition costs, we're excluding the increased mold
8 remediation?

9 MR. CAMPBELL: And we're -- increase -- we're
10 excluded the increased --

11 MR. VASQUEZ: And --

12 MR. CAMPBELL: -- seller debt in the property.
13 Yes, sir.

14 MR. VASQUEZ: So the rest of -- what's out there
15 to support, then, the increase in the supplemental request?

16 MR. CAMPBELL: Construction and labor, which is
17 going up.

18 MR. VASQUEZ: So there's still all of that --

19 MR. CAMPBELL: Yes, sir.

20 MR. VASQUEZ: -- that we've been considering
21 for --

22 MR. CAMPBELL: Yes, sir.

23 MR. VASQUEZ: -- everybody else?

24 MR. CAMPBELL: Yes, sir.

25 MR. VASQUEZ: Okay. Thanks for the

1 clarification.

2 MR. CAMPBELL: Of course.

3 MR. VASQUEZ: And Board members have questions
4 for Mr. Campbell?

5 (No response.)

6 MR. VASQUEZ: Just trying to read the room
7 before we open it up for -- actually, I would like to hear
8 from, I believe, a new face in the crowd. Does -- would
9 anyone like to say hello and introduce themselves, besides
10 Audrey?

11 MR. WILLIAMS: Good morning. My name is James
12 Williams, Senior Community Development Coordinator for the
13 Houston Housing Authority. The Board of Commissioners and
14 the interim CEO, Mark Thiele, thanks you for considering
15 this waiver request this morning.

16 We have our -- Ms. Martin here today to go into
17 some details to explain some of the fiscal-related items,
18 and if there's something that she can't answer, I'd be more
19 than willing to comment. But thank you very much for
20 consideration of this request.

21 MR. VASQUEZ: Great. Thanks for coming in
22 today. Ms. Martin, I don't believe that any additional
23 input is necessary. The staff recommends to grant the
24 waiver, again excluding all these non-related costs, non-
25 COVID costs, but based on the other allowable increased

1 costs.

2 Would any Board member care to make a motion on
3 Item 7(d)?

4 MR. BATCH: Mr. Chairman, I move that the Board
5 grant the waiver regarding the maximum supplemental request
6 limit for the Telephone Road Elderly, but exclude the
7 increased acquisition costs and costs associated with mold
8 remediation, represented on the supplemental credit
9 request, for the reasons contained in the Board action
10 request on this item.

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

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

14 MR. VASQUEZ: Seconded by Mr. Thomas. Any
15 further discussion?

16 (No response.)

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

18 (A chorus of ayes.)

19 MR. VASQUEZ: Okay. Motion carries. And again,
20 just to clarify, that was approving the request for
21 additional amount. It's still subject to underwriting and
22 all our --

23 MR. CAMPBELL: Yes, sir. Yes, sir.

24 MR. VASQUEZ: All right. Great. Thank y'all.

25 Moving right along, 7(e), Presentation, discussion, and

1 possible action regarding the same thing as the last two --
2 for Supplemental Housing Tax Credits for -- it's the same
3 thing.

4 Why is this extra words?

5 MR. CAMPBELL: Sure.

6 MR. VASQUEZ: Okay. Go ahead.

7 MR. CAMPBELL: So once again, this is
8 substantially similar to the last two, except that we have
9 grouped 11 remaining waiver request all together on this
10 one item so you can vote on all these together and we can
11 move along.

12 The reason that these items are being presented
13 together is that staff finds them to be substantially
14 similar to one another, and unlike the previous two, at
15 this point in time, we have not identified individual costs
16 which are being recommended for exclusion or for further
17 discussion.

18 So again, 11.1003(b) establishes that a
19 supplemental allocation of credits may not be more than
20 7 percent of the initial allocation. The 11 developments
21 included in this item have reported cost increases and have
22 requested waivers to be allowed between 8.19 percent and 15
23 percent of their original allocation.

24 The chart in your Board materials -- it's in the
25 Board action request -- lists these 11 developments and the

1 percent of the original allocation being requested. The
2 cost increases reported by the applicants are, once again,
3 typical of what we've seen so far in this round, and they
4 relate to increases in materials and labor costs related to
5 the COVID-19 pandemic.

6 Once again, as with the two previous items,
7 granting these waivers is not an approval of funding. The
8 supplemental credit request will still be required to meet
9 all program and underwriting requirements.

10 And again, staff may identify cost increases
11 which either do not appear to meet the intention of
12 Subchapter F, are not addressed in the applicants' stated
13 reasoning for seeking a waiver or otherwise require
14 additional evaluation.

15 And if we identify any of these costs, we will
16 take a look at them on a one-on-one basis, try to resolve
17 them with the applicant, and if we're unable to do that, we
18 may be bringing them back to the Board for final decision.

19
20 Staff recommends that the Board grant these
21 waivers related to supplemental credit requests for these
22 developments.

23 MR. VASQUEZ: Okay. If we approve this, again,
24 all of the 11 subject underwriting and et cetera, what
25 would that bring the total request for supplemental --

1 MR. CAMPBELL: It's --

2 MR. VASQUEZ: -- credits to?

3 MR. CAMPBELL: -- right at 3.9 million at this
4 point.

5 MR. VASQUEZ: Okay.

6 MR. BRADEN: Total?

7 MR. VASQUEZ: Total?

8 MR. CAMPBELL: Total. Yes, sir.

9 MR. VASQUEZ: Okay.

10 MR. CAMPBELL: And that's before underwritings
11 that is at this point the highest it could be.

12 MR. VASQUEZ: Great. Okay. Does anyone have
13 any more questions for Mr. Campbell? I guess I have one.

14 Are we able to approve these by just carving
15 out -- not approving anything in El Paso?

16 (Laughter.)

17 MR. VASQUEZ: It's a rhetorical question. Okay.

18 All right. Okay. Is anyone speaking against this --
19 okay. All right. The Board Chair would entertain a motion
20 on Item 7(e) of the agenda.

21 MR. MARCHANT: Mr. Chairman, I move that the
22 Board grant the waiver of 10 TAC 11.1003(b) regarding the
23 maximum supplemental request limit for any of this project
24 and for reasons contained in Board action request and the
25 associated individual Board actions requested on this item.

1 MR. VASQUEZ: Great. Thank you. Motion made by
2 Mr. Marchant. Is there a second?

3 MR. BRADEN: Just as a point of clarity, you
4 mean all of the 11? Right, Mr. Marchant?

5 MR. MARCHANT: Yep.

6 MR. BRADEN: Second.

7 MR. MARCHANT: I didn't read it very well.

8 MR. BRADEN: Second.

9 MR. VASQUEZ: Motion made by Mr. Marchant for
10 approving all, as requested in the Board action request.

11 Seconded by Mr. Braden. All those in favor, say aye.

12 (A chorus of ayes.)

13 MR. VASQUEZ: Any opposed?

14 (No response.)

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

16 7(f) is slightly different. Do I need to read this?
17 Presentation, discussion, and possible action regarding
18 approval of Supplemental Housing Tax Credit requests for
19 the 2022 Competitive Housing Tax Credit Application Round.

20 MR. CAMPBELL: Yes, sir. So unlike the last
21 three items, this is actually an approval for funding. So
22 it is just a little bit different than what we've just
23 heard. The next item on your agenda is Presentation,
24 discussion, and possible action regarding approval of
25 Supplemental Housing Tax Credit requests for the 2022

1 Competitive Housing Tax Credit Application Round.

2 One minor correction that I need to read into
3 the record for this item: On the front page of your Board
4 action request, File No. 19330 should be called Avanti
5 Legacy at Emerald Point, and 19331 should be called Avanti
6 at Emerald Point.

7 You may see where the confusion has come from.
8 The important number is the file numbers. The award
9 amounts, the addresses, all of those things are still
10 correct. It's just the development name.

11 This item includes 23 recommendations for award,
12 22 of which have not requested a waiver of the 7 percent
13 cap, and one of which was granted a waiver of the cap at
14 the January Board meeting, so the waiver that you approved
15 then is included in these awards.

16 The total of these recommendations is
17 \$1,598,741, although the amounts may be reduced through the
18 Department's underwriting process. Like the previous
19 items, Department staff may through underwriting identify
20 individual costs which do not appear to meet the intention
21 of the supplemental credits, and we'll evaluate those on a
22 case-by-case basis.

23 Included in your Board as attachments to this
24 item are two separate reports. The first of these show the
25 supplemental credit request being recommended for award

1 today. The second shows all active requests for
2 supplemental credits, including those which are involved in
3 a waiver request presented at this meeting.

4 The total amount of credits being awarded is a
5 bit of a moving target, as amounts will not be finalized
6 until the underwriting is complete, but the total amount of
7 requests is 3,962,1971, and that includes the increased
8 amounts requested through waivers.

9 If approved, the developments in question will
10 be treated following the Department's force majeure
11 procedures. This means that the development owners will
12 return their previously-awarded credits and they will
13 execute a new 2022 carryover allocation agreement.

14 This will result in a new award in the
15 developments following the 2022 program calendar, which
16 would require a placed-in-service date of December 31, 2024
17 and a 10 percent test deadline of July 1, 2023. As always,
18 with force majeure recommendations, the Board may impose
19 deadlines that are earlier, if it so chooses.

20 Staff recommends that the supplemental request
21 included in this item be approved.

22 MR. VASQUEZ: Okay. So effectively we're just
23 going through the administrative procedure to reset their
24 clocks?

25 MR. CAMPBELL: Yes, sir. Yes, sir.

1 MR. VASQUEZ: That's a good way of putting it.
2 Do any other -- do Board members have questions for Mr.
3 Campbell on this item?

4 (No response.)

5 MR. VASQUEZ: You've been explaining very well
6 today. Thank you.

7 MR. CAMPBELL: I appreciate that. Thank you.

8 MR. VASQUEZ: Okay. In that case, and seeing
9 that there's no projects on the list in El Paso, the Chair
10 would entertain a motion on Item 7(f).

11 MR. THOMAS: Mr. Chairman, I move the Board
12 approve the list of recommended requests for supplemental
13 housing tax credits from the 2022 State Competitive Housing
14 Credit Ceiling, subject to the conditions and limitations
15 expressed in the Board action request on this item.

16 MR. VASQUEZ: Thank you. Motion by Mr. Thomas.
17 Is there a second?

18 MR. BATCH: Second.

19 MR. VASQUEZ: Seconded by Mr. Batch. All those
20 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 You're almost there. You're almost done.

1 Item (g), 7(g), Presentation, discussion, and
2 possible action regarding an award from the Multifamily
3 Direct Loan 2021-3 NOFA, as amended.

4 MR. CAMPBELL: Thank you. Just as a reminder,
5 this is the same development that you heard an amendment
6 request from Rosalio Banuelos earlier. The Residence at
7 Ridgehill is a 2020 9 percent housing tax credit award,
8 which is also seeking supplemental credits during this
9 cycle.

10 In addition to this funding, the applicant has
11 applied for an award of National Housing Trust Fund through
12 our Multifamily Direct Loan Programs. The development
13 proposes the new construction of 43 units that will serve
14 an elderly population in Kerrville with one- and two-
15 bedroom units, ranging from the 30 to 60 percent AMI, with
16 one of the units being a HOME match unit at 80 percent.

17 The award of National Housing Trust Fund will
18 result in five of these units being restricted at the
19 30 percent income level. The applicant has requested --
20 has represented increased construction costs for, once
21 again, similar reasons as other requests heard during the
22 cycle, the same things we're hearing over and over again:
23 construction costs, labor costs, supplies costs, all of
24 those things.

25 To help mitigate the rising construction costs,

1 the owner has proposed an amended site plan which
2 eliminated the 13 market units originally proposed from
3 their 2020 application. So the 47 units will be the total
4 after removing the 13 market units.

5 While this has helped ease the construction
6 costs some, it does result in approximately 150,000 in less
7 annual income. Because of this, the development would not
8 have been able to support the originally proposed hard pay
9 debt, and is instead seeking increased credits and deferred
10 payable Multifamily Direct Loan funds to ensure that the
11 development remains financially feasible.

12 Staff recommends this award in an amount of
13 \$492,558 in National Housing Trust Funds. This loan will
14 have a 15-year term at zero percent interest and will be
15 structured as deferred repayable, which is really what's
16 going to help them close that gap that they've run into.

17 The federal affordability period will be
18 30 years, and the state affordability period will be
19 45 years. Staff recommends approval, and I'm happy to
20 answer any questions that you have.

21 MR. VASQUEZ: Just one quick -- why aren't we
22 matching the terms -- I mean, the maturity dates of the
23 state versus federal?

24 MR. CAMPBELL: That is a good question.
25 Actually, I don't know that off the top of my head, but I'm

1 happy to get back with you about that.

2 MR. VASQUEZ: Because they're going to have to
3 do something to refinance the other one --

4 MR. CAMPBELL: Sure.

5 MR. VASQUEZ: -- before ours anyway.

6 MR. CAMPBELL: Yes, sir.

7 MR. VASQUEZ: Okay. But then -- okay. And
8 again, it's not a gift. It is going to be repaid
9 eventually?

10 MR. CAMPBELL: Correct. Yes, sir. It is
11 deferred repayable. So generally deferred repayable is
12 paid upon either refinance or sale of the development.

13 MR. VASQUEZ: Okay. So even if we have a longer
14 term, if they refinance, does that trigger needing them to
15 repay this?

16 MR. CAMPBELL: Yes, sir. Yes.

17 MR. VASQUEZ: So the shortest period -- shortest
18 term of the different debts is the -- really the extended
19 date?

20 MR. CAMPBELL: That sounds right. Yes, sir.

21 MR. VASQUEZ: Does anyone else want to nod and
22 reassure me of this? No?

23 MS. SYLVESTER: Megan Sylvester, Federal
24 Compliance Counsel. What Cody said is correct, except to
25 answer your question more directly, these are federal

1 funds, and as federal funds, we have to put an action plan
2 together for HUD about what the terms and conditions are
3 going to be.

4 And in that action plan, we have said that we're
5 going to match the term of the first-lien lender, and so
6 that's why it's a 15-year term.

7 MR. VASQUEZ: Oh, so we're not doing a longer
8 term than the other debt?

9 MS. SYLVESTER: Correct. Well, of the first-
10 lien debt.

11 MR. VASQUEZ: Okay. All right. Any other
12 questions?

13 (No response.)

14 MR. VASQUEZ: Thank you, Megan.

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

16 MR. VASQUEZ: Microphone. Microphone, sir.

17 MR. MARCHANT: When will be appropriate for me
18 to ask a general question about this whole program that
19 we're doing, not a specific project, but just a general
20 question? That is -- are there other -- are we -- in the
21 next meeting, are we going to do more, and the next
22 meeting, do more, or --

23 MR. CAMPBELL: Of supplemental credits or --

24 MR. MARCHANT: Yes.

25 MR. CAMPBELL: -- of Multifamily Direct Loans?

1 MR. MARCHANT: Or is this it?

2 MR. CAMPBELL: The supplemental credits that
3 have requested waivers today are going to be coming back to
4 the next Board meeting, unless something comes up, and I
5 struggle thing of what --

6 MR. MARCHANT: Okay.

7 MR. CAMPBELL: -- that would be.

8 MR. MARCHANT: Okay.

9 MR. CAMPBELL: It will come back for full
10 approval at the next Board meeting.

11 MR. MARCHANT: Okay.

12 MR. CAMPBELL: Yes, sir.

13 MR. MARCHANT: I have a process question, and if
14 this is the right time to ask it, I will. But --

15 MR. VASQUEZ: Will it impact our --

16 MR. MARCHANT: No.

17 MR. VASQUEZ: -- will it impact our vote on
18 this?

19 MR. MARCHANT: No, no.

20 MR. VASQUEZ: Okay. All right. Well, let's
21 wait.

22 MR. MARCHANT: All right.

23 MR. VASQUEZ: Let's get this one off the table.

24 If there's no questions -- where are we? 7(g). I'll
25 entertain a motion regarding 7(g), staff's recommendation

1 to approve the Multifamily Direct Loan on this project,
2 21510.

3 MR. MARCHANT: Mr. Chairman, I move that the
4 Board approve 2021-3 NOFA Application No. 21520, The
5 Residence at Ridgehill, subject to the conditions as
6 expressed in the Board action request item.

7 MR. VASQUEZ: Thank you, Mr. Marchant, for your
8 enthusiastic motion.

9 MR. MARCHANT: Yes.

10 MR. VASQUEZ: Okay. All right. Is there a
11 second?

12 MR. BRADEN: Second.

13 MR. VASQUEZ: Seconded by Mr. Braden. 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 And let's give Mr. Cody a -- Mr. Campbell a
20 break for a second to -- again, your question on the
21 process?

22 MR. MARCHANT: Well, my question on the
23 process --

24 MR. VASQUEZ: And your microphone is off again.

25 MR. MARCHANT: I'm sorry. Is -- we've never --

1 has the Board ever done this before for any other kind of
2 extenuating circumstance? I mean, we've got --

3 MR. WILKINSON: We did supplemental credits in
4 2006 or something like that. Yeah.

5 MR. CAMPBELL: So in my free time, I read old
6 Board transcripts, because my life is very exciting, and I
7 want to say it was after Harvey, there was a round of
8 supplemental --

9 MR. MARCHANT: Okay.

10 MR. CAMPBELL: -- credits, or one of the really
11 bad storms.

12 MR. VASQUEZ: This could be an explanation as to
13 why he lives alone, as he said.

14 (Laughter.)

15 MR. CAMPBELL: Absolutely. Yeah. But Bobby is
16 correct. Around that time period, there was a round of
17 supplemental credits. Yes, sir.

18 MR. MARCHANT: Okay. So there was a kind of a
19 beginning and an end of that. In our upcoming round of
20 applications, is the pandemic going to be officially over?

21 And are we going to -- in this new round, are we going
22 to -- are we warning the people that are making
23 applications?

24 MR. CAMPBELL: If we --

25 MR. MARCHANT: You know, don't count on using

1 the pandemic as a reason to bring your project in cheap and
2 then say your costs went up.

3 MR. CAMPBELL: Sure.

4 MR. MARCHANT: That's just -- that's a
5 commentary --

6 MR. VASQUEZ: Sure.

7 MR. MARCHANT: -- comment. I mean, just --

8 MR. CAMPBELL: If I knew when the pandemic would
9 end, I think they'd give me --

10 MR. MARCHANT: No. I'm not asking you to make
11 the end of it, but I'm saying that everybody was ambushed
12 on this --

13 MR. CAMPBELL: Yes, sir.

14 MR. MARCHANT: -- but --

15 MR. CAMPBELL: Yes, sir.

16 MR. MARCHANT: -- I can't believe they'll be
17 ambushed on this round. I hope that nobody's counting on
18 being ambushed for this round and coming in with --

19 MR. CAMPBELL: I will tell you, anecdotally, I
20 have already heard chatter from developers about maybe
21 wanting to include supplemental credits in next year's QAP.
22 We haven't gotten to that point. There will be much
23 discussion about that when we get to that time.

24 MR. MARCHANT: Okay.

25 MR. CAMPBELL: Yes, sir. Yes, sir.

1 MR. VASQUEZ: And for a reminder to everyone,
2 Mr. Braden chairs the QAP Committee. Right? But no. Mr.
3 Marchant, I totally agree with your concern, and I think
4 the Board feels the same way. And I don't expect that next
5 year, if people start -- applicants start coming for
6 supplemental requests when -- unless everything doubles
7 again, or you know, increases costs some crazy amount, they
8 should have already factored that in, that this round of --

9 MR. MARCHANT: Yeah. And the other question is,
10 are we going to end up with a net less units than we
11 thought we were going to end up with at the end of last
12 year's awards?

13 MR. CAMPBELL: It's definitely possible. I
14 don't have hard data for that, but --

15 MR. MARCHANT: And I know as a Board, we're
16 concerned --

17 MR. CAMPBELL: -- criteria for credits are --

18 MR. MARCHANT: -- about --

19 MR. CAMPBELL: Sure. Because of the rising
20 costs, obviously, our tax credits are not going quite as
21 far as they would have, even just a couple of years ago.
22 So it is a possibility that we will have fewer units, just
23 because they're more expensive to construct.

24 Yes, sir.

25 MR. VASQUEZ: Okay. And obviously staff can

1 answer more of those questions offline here.

2 Moving to Item 7(h), which I believe is the last
3 item on the posted agenda, before public comment. So
4 Presentation, discussion, and possible action on an award
5 of a Pre-development Grant for the Multifamily 2021-2
6 Special Purpose NOFA: Pre-development.

7 MR. CAMPBELL: Great. So Application 21517, the
8 SAFE Alliance, is requesting a pre-development grant of
9 \$50,000 in TCAP RF for expenses related to SAFE SHP, which
10 will have approximately 40 units of supportive housing in
11 Austin with a preference for victims of domestic violence.

12 A vacant school and warehouse will be demolished
13 to make way for the development. Once the development is
14 constructed, clients will be located to the new building,
15 and the old SHP buildings will be demolished to make way
16 for a future affordable housing development.

17 Applicants requesting these funds must meet
18 experience requirements and go through the Department's PPR
19 process, both of which were done successfully for this
20 application. There is no underwriting process for pre-
21 development grants, because there's not a development to
22 underwrite at this point.

23 If the applicant or any affiliates or assignee
24 receives an award of credits, bonds, grants or local funds
25 for the site, the applicant will agree to put one HOME

1 match unit, eligible TCAP RF unit, on the development in
2 addition to any other restricted units.

3 Staff recommends approval of the pre-development
4 grant for SAFE Alliance. And I'm happy to answer any
5 questions that you have.

6 MR. VASQUEZ: Do any Board members have
7 questions on this agenda item?

8 (No response.)

9 MR. VASQUEZ: And I guess, could you -- for
10 those of us who aren't here from Austin --

11 MR. CAMPBELL: Sure.

12 MR. VASQUEZ: -- I mean, this SAFE Alliance has
13 been doing good things for quite a while?

14 MR. CAMPBELL: Yes, sir. They are established
15 in the community. Not to bring myself into it, but many
16 years ago, I worked at a development that actually
17 partnered with them, and they were running some of our
18 supportive services.

19 They had a food bank on site. It's one of the
20 more successful supportive services systems that I ever saw
21 on a property. So at least since, I would say, 2010, I
22 have personal experience with them.

23 MR. VASQUEZ: Great. Okay. So any further
24 questions?

25 (No response.)

1 MR. VASQUEZ: If not, I'll entertain a motion on
2 Item 7(h).

3 MR. BATCH: Mr. Chairman, I move the Board
4 approve a pre-development grant from the 2021-2022 Special
5 Purpose NOFA to the SAFE Alliance for the pre-development
6 of SAFE SHP at Grove, as conditioned and stated in Board
7 action request on this item.

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

10 MR. THOMAS: Second, Mr. Chairman.

11 MR. VASQUEZ: Seconded by Mr. Thomas. All those
12 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 Very good.

18 Thank you, Cody. Good job. And happy birthday.
19

20 Okay. So the Board has addressed the posted
21 agenda items. Now is the time of the meeting when members
22 of the public can raise issues with the Board on matters of
23 relevance to the Department's business or request that the
24 Board place specific items on future agendas for
25 consideration.

1 Is there anyone who would like to provide public
2 comment at this time?

3 (No response.)

4 MR. VASQUEZ: Great. Hearing none, seeing none,
5 thanks, everyone, for being here. This concludes the
6 agenda. The next scheduled meeting of the Board is
7 Thursday, March 10, 2022, at this same location, same room.
8 Look at the postings for the actual time.

9 If it's a longer agenda, we'll start it at 9:00.

10 If it's a short agenda like today, we will start it at
11 10:00. So stay tuned for that. With that, it is 11:56,
12 and the meeting is adjourned.

13 (Whereupon, at 11:56 a.m., the meeting was
14 adjourned.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

C E R T I F I C A T E

MEETING OF: TDHCA Board of Trustees

LOCATION: Austin, Texas

DATE: February 10, 2022

I do hereby certify that the foregoing pages,
numbers 1 through 7778, 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: February 15, 2022

(Transcriber)

On the Record Reporting
7703 N. Lamar Blvd., #515
Austin, Texas 78752