

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS

MEETING

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

July 31, 2014  
9:00 a.m.

MEMBERS:

J. PAUL OXER, Chair  
JUAN MUÑOZ, Vice-Chair  
J. MARK McWATTERS, Member  
LESLIE BINGHAM ESCAREÑO, Member  
ROBERT D. THOMAS, Member  
TOM GANN, Member

TIMOTHY K. IRVINE, Executive Director

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER, ROLL CALL CERTIFICATION OF QUORUM	7
RECOGNITION OF SANDY DONOHO, INTERNAL AUDITOR, ON HER RETIREMENT	7
CONSENT AGENDA	
ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	10
EXECUTIVE	
a) Presentation, Discussion, and Possible Action on the appointment of Betsy Schwing as Acting Internal Auditor	
FINANCIAL ADMINISTRATION	
b) Presentation, Discussion, and Possible Action regarding the Ten Percent General Revenue Reduction Schedule to be included in the Legislative Appropriations Request for State Fiscal Years 2016-17	
c) Presentation, Discussion, and Possible Action regarding Resolution No. 14-037, Designating Signature Authority and superseding Resolution No. 14-018	
RULES	
d) Presentation, Discussion, and Possible Action on the adoption of the repeal of 10 TAC '1.20, concerning Asset Review Committee	
e) Presentation, Discussion, and Possible Action on the proposed amendment to 10 TAC Chapter 20, Single Family Umbrella Rule, '120.1-20.16, and directing its publication for public comment in the Texas Register	
f) Presentation, Discussion, and Possible Action on adoption of amendments to 10 TAC '1.206, concerning Applicability of the Construction Standards for Compliance with '504 of the Rehabilitation Act of 1973	

- g) Presentation, Discussion, and Possible Action on an order adopting new 10 TAC '10.1004, concerning Income and Rent Limits

#### NEIGHBORHOOD STABILIZATION

- h) Presentation, Discussion, and Possible Action to approve amendments to Neighborhood Stabilization Program One (NSP1) Contracts

#### COMMUNITY AFFAIRS

- I) Presentation, Discussion, and Possible Action on Program Year (PY) 2014 Community Services Block Grant (ACSBG@) Discretionary Awards
- j) Presentation, Discussion, and Possible Action on the Award of funds to Administer the Comprehensive Energy Assistance Program (ACEAP@) in Bee, Live Oak, McMullen, and Refugio counties and the Community Services Block Grant program in Aransas, Bee, Kenedy, Kleberg, Live Oak, McMullen, and Refugio counties
- k) Presentation, Discussion, and Possible Approval of the Section 8 Program 2015 Annual Public Housing Agency (APHA@) Plan for the Housing Choice Voucher Program
- l) Presentation, Discussion, and Possible Action on Approval of the Final FFY 2015 Low Income Home Energy Assistance Program (LIHEAP) State Plan

#### HOUSING RESOURCE CENTER

- m) Presentation, Discussion, and Possible Action on the Draft 2015 Regional Allocation Formula Methodology

#### MULTIFAMILY FINANCE

- n) Presentation, Discussion, and Possible Action on Qualified Trustee Services for Multifamily Bond Transactions
- o) Presentation, Discussion, and Possible Action on Inducement Resolution No. 14-038 for Multifamily Housing Revenue Bonds and an Authorization for Filing

Applications for Private Activity Bond  
 Authority - 2014 Waiting List for  
 Patriot=s Crossing Apartments

LEGAL

- p) Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning Sunrise Village I (HOME 532336)
- q) Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning Stone Manor Apartments (HTC 70076)
- r) Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning San Marcos Senior Community II, LLP, owner of Sunrise Village II (HOME 536265/HTC 96113)

ASSET MANAGEMENT

- s) Presentation, Discussion, and Possible Action on Material LURA Amendment
- t) Presentation, Discussion, and Possible Action on Housing Tax Credit Application Amendments

13044 Villas of Vanston Park Mesquite  
 09404 Cevallos Lofts San Antonio

BOND FINANCE

- u) Presentation, Discussion, and Possible Action adopting Resolution No. 14-039 authorizing application to the Texas Bond Review Board for reservation of the 2014 single family private activity bond authority from the housing set-aside

HOME PROGRAM

- v) Presentation, Discussion, and Possible Action to authorize the issuance of the 2014 HOME Single Family Programs Reservation System Notice of Funding Availability (ANOFA@) and publication of the NOFA in the Texas Register

## REPORT ITEMS

The Board accepts the following reports:

1. Report on the Department=s 3rd Quarter Investment Report in accordance with the Public Funds Investment Act
2. Report on the Department=s 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures
3. Report on Request for Proposal for firms registered as independent municipal advisors interested in providing financial advisory services to the Department
4. TDHCA Outreach Activities, June 2014
5. Status report on the development of the 2015-2019 State of Texas Consolidated Plan as required by the U.S. Department of Housing and Urban Development
6. Update on the Status of the Preparation of the State of Texas Plan for Fair Housing Choice: Analysis of Impediments
7. Report to extend the Market Rate Ginnie Mae To Be Announced Program Administrator Contract

## ACTION ITEMS

- |         |  |    |
|---------|--|----|
| ITEM 2: | PROGRAM PLANNING POLICY AND METRICS<br>Report from the Deputy Executive Director for Single Family, Community Affairs, and Metrics | 14 |
| ITEM 3: | FAIR HOUSING<br>Presentation of report from the fair housing team and possible authorization to select crime data provider         | 16 |
| ITEM 4: | ASSET MANAGEMENT<br>Presentation, Discussion, and Possible Action on Material LURA Amendments                                      | 25 |
| ITEM 5: | APPEALS<br>Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under the Department=s Program Rules  |    |

14063 Hudson Providence Hudson	26
14106 Manor Lane Senior Apartments Hondo	26
4130 Tays El Paso	34
14181 The Trails on Mockingbird Lane Abilene	46
ITEM 6: MULTIFAMILY FINANCE	
a. Presentation, Discussion, and Possible Action regarding Awards from the 2014 State Housing Credit Ceiling and Approval of the Waiting List for the 2014 Housing Tax Credit Application Round, including resolution of any outstanding previous participation issues	115
b. Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer	82
c. Presentation, Discussion, and Possible Action regarding Staff=s Request for Guidance with respect to the Drafting of the 2015 Qualified Allocation Plan and Uniform Multifamily Rules	153
PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS	none
EXECUTIVE SESSION	154
ADJOURN	195

P R O C E E D I N G S

1  
2 MR. OXER: Good morning, everyone. I'd like to  
3 welcome you to the July 31 meeting of the Texas Department  
4 of Housing and Community Affairs Governing Board.

5 We will begin, as we always do, with roll call.  
6 Ms. Bingham?

7 MS. BINGHAM ESCAREÑO: Here.

8 MR. OXER: Mr. Gann?

9 MR. GANN: Here.

10 MR. OXER: Professor McWatters is not with us.

11 Dr. Muñoz?

12 DR. MUÑOZ: Present.

13 MR. OXER: I am here, and we expect Mr. Thomas  
14 here in just a bit, he's running a few minutes late. We  
15 have a quorum, we're in business.

16 Tim, let's start with saluting the flags.

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

19 MR. OXER: All right. As a first item on our  
20 agenda, there are many of you that know, but we'll tell  
21 everybody anyway, that Sandy Donoho, our internal auditor  
22 for quite some time, has decided to retire, and today is  
23 her formal last day, I believe. So pulling the pin out of  
24 this gate and walking away, Sandy? So anyway, I'd like  
25 to have Leslie, the chair of our Audit Committee, read a

1 few words on the record for us.

2 Come up here, Sandy.

3 MS. BINGHAM ESCAREÑO: So I saw Sandy earlier  
4 today and said, you know, like this is your last day  
5 before you retire, how does it feel? Because she's always  
6 just cool as a cucumber, but I get the sense there's a lot  
7 going on in that head right now, lots of planning. So how  
8 many of us are jealous? There you go. That's what I  
9 thought, Mr. Chair.

10 I put together just a couple of words. I know  
11 you guys are fairly familiar with Sandy's job, but I  
12 thought I'd put a couple of notes together. So Sandy has  
13 been in the service of the State for 28 years in internal  
14 audit, with our organization for the last seven, and the  
15 last seven have not been without their own challenges  
16 along the way. So some of the things that came to mind  
17 for us were disaster recovery funding and several  
18 initiatives that we had related to disaster recovery, and  
19 then probably the latest and greatest was the last couple  
20 of years, the stimulus, and huge responsibility in that  
21 regard too.

22 So we just want to recognize Sandy for her  
23 service to the organization and to the State and wish her  
24 well, and take a minute, too, to just say how grateful we  
25 are, not just for her great job in Internal Audit, but for



1 the fact that she's really put together a fantastic team  
2 that's taken a great deal of support and energy, and I  
3 think you guys would agree that she's been a very good  
4 role model and a very good teacher to you.

5 So with that, we wish you the very best.  
6 You're heading to the other UT country, University of  
7 Tennessee, so for those of you, the other UT.

8 MR. OXER: You get a pass because Sam Houston  
9 was the governor of Tennessee also.

10 MS. BINGHAM ESCAREÑO: Sure we've got some  
11 connections there.

12 MS. DONOHO: It's a different shade of orange.  
13 (General laughter.)

14 MS. BINGHAM ESCAREÑO: It is. Well, thank you  
15 very much. Anything that you would like to say?

16 MS. DONOHO: Well, it's been a good seven years  
17 at TDHCA. I think the best part of TDHCA are the  
18 employees, great people to work with. I will miss each  
19 and every one of you. I will miss my staff. Some of them  
20 I have raised, so I think that they will carry on without  
21 me quite well.

22 Just to rub it in a little bit, I'll be sitting  
23 on my front porch watching fall arrive in the great Smokey  
24 Mountains and enjoying my retirement. I think everybody  
25 will carry on with the good work that TDHCA does, and you

1 have been a great Board and I've really enjoyed the time  
2 that I've spent with you.

3 MS. BINGHAM ESCAREÑO: Thank you for your  
4 service. We wish you the very best.

5 (Applause.)

6 MR. OXER: Okay. On to the consent agenda. We  
7 have one item. Marni, did you want to just detail  
8 adjustments on one of these?

9 And while she's coming up, does any member of  
10 the Board have any item on the consent agenda that they'd  
11 like to pull?

12 MS. BINGHAM ESCAREÑO: I don't.

13 MR. OXER: Okay. Let's hear what Marni has to  
14 say.

15 MS. HOLLOWAY: Good morning, Chairman Oxer,  
16 members of the Board. My name is Marni Holloway. I'm the  
17 director of the Neighborhood Stabilization Program and the  
18 Single Family coordinator for this round.

19 Item 1(e) is the Single Family Umbrella Rule.  
20 We are making some changes and updates to that rule.  
21 Since the Board book was published, we have a couple of  
22 changes that we need to make to definitions. These  
23 changes will be included in the rule that goes into the  
24 *Texas Register*, but it's not included in the Board book  
25 that you have.

1           So on Section 20.3, definitions of the Single  
2 Family Umbrella Rule, the first paragraph we are adding at  
3 the end "and the applicable Federal Regulations" which  
4 brings the definitions from the Federal Regulations into  
5 the Single Family Umbrella Rule.

6           Also, we are adding number 49, the definition  
7 for Reconstruction which is: "The demolition and  
8 rebuilding of a single family housing unit on the same lot  
9 in substantially the same manner. The number of housing  
10 units may not be increased, however, the number of rooms  
11 may be increased or decreased dependent on the number of  
12 family members living in the housing unit at the time of  
13 application."

14           We are also adding definition number 50,  
15 Rehabilitation: "The improvement or modification of an  
16 existing residential unit through an alteration, addition  
17 or enhancement."

18           The definition section will be renumbered  
19 because we're adding these two. When we get to the final  
20 rule there will be changes throughout the rule making  
21 little Rs capital Rs throughout the rule wherever these  
22 terms are used.

23           MR. OXER: So it's essentially a clarification.  
24 Are any of them considered substantive?

25           MS. HOLLOWAY: The addition of the definitions,

1 I believe, could be considered substantive, and as I said,  
2 the version of the rule that's being published in the  
3 *Texas Register* does include these definitions. The  
4 changes going through making little Rs capital Rs would  
5 not be a substantive change.

6 MR. OXER: So what you've added to it will be  
7 the version that's actually published?

8 MS. HOLLOWAY: Yes, and that's going out for  
9 public comment.

10 MR. OXER: Okay. Are there any other  
11 considerations from the Board about this?

12 (No response.)

13 MR. OXER: Good. Thanks, Marni.

14 MS. HOLLOWAY: Thank you.

15 MR. OXER: We have a commenter.

16 MS. CARLTON: Good morning. My name is Belinda  
17 Carlton, and I'm a public policy specialist for the Texas  
18 Council for Developmental Disabilities. Our purpose is to  
19 encourage policy change so that people with disabilities  
20 have opportunities to be fully included in their  
21 communities and exercise control over their own lives.

22 I want to thank you for the opportunity to  
23 state our support of the proposed amendment to the Single  
24 Family Umbrella Rule that will remove the prohibition of  
25 manufactured housing units for eligibility for the Amy

1 Young Barrier Removal Program. The Amy Young Program had  
2 included manufactured housing from its inception and we  
3 understand it was removed last year because of a concern  
4 that modifications would remove a manufactured home from  
5 compliance with federal standards. So the proposed  
6 amendment, as we read it, will insert the words "federal  
7 funds" clarifying that rehabilitation of a manufactured  
8 housing unit is an eligible single family activity with  
9 non-federal funds, and the Amy Young Barrier Removal  
10 Program is carried out with state funds only.

11 I would especially like to thank Brooke Boston,  
12 associate commissioner. We have been through this process  
13 for the past year trying to get to this point today. She  
14 listened to TCDD, other housing advocates. She followed  
15 up, asked us to identify experts in this field, and she  
16 followed up with those experts. Amy Young, may she rest  
17 in peace. And the council feels that Brooke has only  
18 demonstrated a commitment to advancing opportunities for  
19 Texans with disabilities to live in integrated,  
20 affordable, accessible housing while remaining true to  
21 your mission, and we appreciate her very much.

22 Thank you.

23 MR. OXER: Good. Any questions of Belinda?  
24 Thanks very much, Belinda.

25 And as a reminder to everybody who chooses to

1 speak, please sign in so that we can identify you for the  
2 record for the transcript.

3 With that, I'll assume you're in favor of the  
4 changes that are being made?

5 MS. CARLTON: Yes, I support the changes.

6 MR. OXER: Just a clarification.

7 MS. CARLTON: I'm supposed to put the time.  
8 Can anybody help me here?

9 MR. OXER: 9:13.

10 MS. CARLTON: Thank you.

11 MR. OXER: With nothing being pulled from the  
12 agenda, I'll entertain a motion to consider the consent  
13 agenda.

14 MS. BINGHAM ESCAREÑO: Move to approve the  
15 consent agenda with the recommended modifications.

16 MR. OXER: Motion by Ms. Bingham.

17 DR. MUÑOZ: Second.

18 MR. OXER: Second by Dr. Muñoz. Is there any  
19 other comment? There appears to be none. All in favor?

20 (A chorus of ayes.)

21 MR. OXER: It's unanimous. Thank you.

22 On to ventures in government.

23 MR. IRVINE: And I believe in the interest of  
24 expediency and a variety of other issues, the report item  
25 under action item number 2 will not be provided this time,

1 we'll provide that in September.

2 MR. OXER: So we're on to item number 3  
3 already. We're whistling through this agenda, Tim. This  
4 shouldn't be as bad as we thought; somebody is going to  
5 lose on the over and under today.

6 Item number 3. Cameron, good morning.

7 MR. DORSEY: Good morning.

8 So item number 3 is both a kind of report as  
9 well as requesting that the Board authorize us to hire a  
10 provider for crime statistics data. I'll start off by  
11 kind of describing the type of crime data that we're  
12 looking at purchasing.

13 Right now in the multifamily rules we have some  
14 limitations with regard to site location for things like  
15 frequent criminal reports and these types of things,  
16 criminal activity in an area. And in an effort to provide  
17 more objective kind of criteria and more consistent  
18 criteria that's applicable throughout the state, and to  
19 enable us to do more evaluation, the Fair Housing Team can  
20 do more evaluation about where our deals are located, what  
21 kind of crime statistics exist in the areas where we're  
22 locating developments, and these types of things, and  
23 possibly at some point, as well, for single family  
24 programs in some manner these crime statistics would  
25 really help facilitate these types of things.

1           There's some really great data sources out  
2 there. The problem that we have at the staff level  
3 without this data is that law enforcement agencies all  
4 report data in different formats. A lot of the data  
5 overlaps. You have everything from campus police at  
6 colleges to state troopers and county sheriffs  
7 departments, and there's just all of these different law  
8 enforcement agencies frequently collect the data in  
9 different formats, report it in different formats, and so  
10 it becomes very, very difficult to holistically assess any  
11 particular area.

12           So what we would hope to get in responses to  
13 the invitation for bid that we're looking to put out is  
14 data, crime statistics that would be available statewide,  
15 that would incorporate all of the different law  
16 enforcement agencies that exist in any given area of the  
17 state, and so it would be really consistent, really good  
18 data available at a very site-specific local level.

19           So we've gone through the process of developing  
20 an invitation for bid with our purchasing staff at the  
21 Department, and we would like to request the Board's  
22 authorization to go through the process of actually  
23 releasing that and then selecting a data provider. This  
24 would not be an actual approval to change the rules. The  
25 first step in the process is to look at what kind of data



1 we can get, and then at that point we would have more  
2 information that would enable us to develop any rules that  
3 kind of incorporate the use of that data. So that's one  
4 thing we're requesting the Board's authorization to do.

5 I think probably I can finish out the report  
6 item and then you all can take any action to the extent  
7 you want to on that issue.

8 The other big thing that I wanted to highlight,  
9 you'll notice that the agenda item walks through a variety  
10 of different efforts that we're engaged in, but one of the  
11 big ones that I've talked about recently is the Fair  
12 Housing Tracking Database, and we've made a lot of headway  
13 in the development of this database. Being able to track  
14 the different fair housing activities that the Department  
15 is engaged in is tremendously important, both because it's  
16 an obligation we have, we've certified to affirmatively  
17 furthering fair housing and one of the requirements is to  
18 collect data and ensure that we can convey all of the  
19 different efforts that we've engaged in. That's just a  
20 logical part of that certification.

21 In addition to that, though, I think the  
22 collection of data is really important for helping, on an  
23 ongoing basis, to kind of identify where there may be  
24 areas for improvement and how we provide information to  
25 the public, provide information to program recipients and

1 make sure that they're fully aware of the different types  
2 of programs that are available to them, the different  
3 types of options that they have, these types of things.  
4 It will basically enable us to identify holes.

5           And so in your Board book, as an exhibit to the  
6 agenda item, I just encourage you, if you haven't already  
7 done so, to take a look at some of the screen shots from  
8 the database. I encourage the folks in the audience to do  
9 so, as well. It just gives folks a sense for the kind of  
10 information the database is going to contain, everything  
11 from call logs on any calls we get related to fair  
12 housing, any kind of outreach that we're engaged in.

13           And Laura Debellas, who is our Fair Housing  
14 Team lead -- I think I introduced her at the last  
15 meeting -- she's actually logging pretty much everything  
16 she does into this database so that we can show the  
17 internal activities that are going on -- you know, it's  
18 not always evident how much work we're doing on a  
19 particular issue in between the times we bring rules to  
20 you or what-have-you -- and so it's going to kind of  
21 document all that stuff.

22           I just wanted also to mention Chad Landry who  
23 reports to Brooke Boston. I don't know if he's in the  
24 audience or not, but Chad is a phenomenal data guy, and I  
25 worked with Chad when I was down in the HOME Division as

1 the manager of the HOME Program a while back, and he loves  
2 to do fun, innovative stuff. You know, if you ask him can  
3 you do this, even if he doesn't know how, it's always a  
4 response of: Well, I don't know how but it would be cool  
5 to figure it out. So that kind of attitude is just really  
6 fantastic. So I kind of convey a vision to those two,  
7 Laura and Chad, and their ability to take it and make it  
8 real is really what I need in some staff folks. So just a  
9 shout out to them.

10 Other things we're doing are reflected in the  
11 Board book, affirmative marketing rules. We'll continue  
12 to bring updates as we go. I anticipate at either the  
13 next meeting or the following, you'll start seeing an  
14 exhibit that is an actual report that is generated by the  
15 database and shows you kind of the status of all of the  
16 different activities we're engaged in, rather than us  
17 having to go create these agenda items from scratch each  
18 time. And it really only shows a snapshot of what the  
19 Department is engaged in. You all just heard some comment  
20 about rule changes in the single family rules and the  
21 definitions that will help facilitate more access to the  
22 program, the Amy Young Barrier Removal Program, for folks  
23 living in manufactured housing units. All of these types  
24 of things we can log and reflect as efforts that are part  
25 of the state's holistic efforts to help affirmatively

1 further fair housing.

2 With that, I'll just take any questions, and if  
3 there are no questions, recommend that the Board authorize  
4 staff to go through the process of selecting a crime data  
5 provider.

6 MR. OXER: Good. Thanks, Cameron.

7 Any questions from the Board?

8 DR. MUÑOZ: Cameron, when I read the request  
9 for the bid for the crime statistics, I thought that that  
10 was a very thoughtful thing for you all to recommend. You  
11 know, even recently we had sort of a presentation of crime  
12 statistics from one group, and we had the chief of police  
13 contradicting, perhaps, the veracity of some of what was  
14 being claimed. And so for us internally to be able to  
15 have something that's reliable, that we can sort of refer  
16 to with confidence, I think is very prudent. So when I  
17 read that, it had occurred to me in the past, I just  
18 didn't know how we could accomplish that, so I think this  
19 will be a useful tool for you all to help advise the  
20 Board.

21 MR. DORSEY: Great.

22 MR. OXER: And so this would be, certainly  
23 amongst gathering the statistics, it also gives us a tool  
24 to continue to quantify the efforts that we're making on  
25 the FFH efforts that we're putting forth today.

1           MR. DORSEY: Yes, definitely. The undesirable  
2 site and area features rule originally -- well, the areas  
3 features in particular was part of the remedial order that  
4 was developed in response to the court order in the ICP  
5 litigation, and you know, this is just part of kind of the  
6 continued efforts to make sure that we're conveying  
7 expectations in a very clear objective manner. I think we  
8 had one application this year that I can think of off the  
9 top of my head that the Board confirmed was ineligible  
10 after staff terminated the application, and part of the  
11 issue was crime.

12           But those applications cost \$20-, \$30,000 to  
13 put together in some cases, and the idea that we can spend  
14 some funding to help all of the applicants out there  
15 understand exactly what the expectation is, where the  
16 lines are, I think is generally what our objective has  
17 been with the Tax Credit Program, most certainly, and with  
18 our other multifamily programs and single family programs  
19 as well.

20           MR. OXER: And let's not forget to do so, I'd  
21 like to have the record reflect that Mr. Thomas is here  
22 with us, so we now have five which certainly constitutes a  
23 quorum.

24           Back to the item, Cameron. The intent is to  
25 have somebody go out and figure out how to gather all of

1 these databases and put them into one.

2 MR. DORSEY: Well, there are already some  
3 companies out there doing this. Insurance companies are  
4 using some of this type of data, as well as we're aware of  
5 the New York Housing Agency also utilizing very, very  
6 similar data that's provided from one of the data  
7 providers out there. There aren't a huge number of them  
8 but there are certainly more than one, and so we want to  
9 make sure we provide the opportunity to get the best data  
10 set we can, but our expectation is that it already really  
11 exists, it's already being collected, it's already a tool  
12 out there.

13 MR. OXER: Essentially, we're not creating the  
14 database, we're importing it from somebody else that's  
15 aggregated it.

16 MR. DORSEY: That's right.

17 MR. OXER: Okay. Good.

18 Mr. Thomas.

19 MR. THOMAS: Pivoting on J. Paul's question and  
20 your answer about the universe of potential providers, and  
21 I don't know that there's an answer to this, but this is  
22 an area where I think it would be really wonderful to kind  
23 of understand, as the process goes along, our ability to  
24 pull in maybe DBE/HUBs to the extent. Again, I would  
25 anticipate, with no basis or knowledge, that this might be

1 a very narrowly focused area, and I know we're under  
2 general state rules and obligations to meet those  
3 objectives, but this is just something I think would be a  
4 great way to understand as the process goes through, so I  
5 encourage the staff to maybe report back is this an area  
6 where we are able to effectuate some of those goals.

7 MR. DORSEY: No problem. We will definitely  
8 take that back and review the draft invitation for bid  
9 we've got.

10 MR. OXER: And I know some of the federal  
11 contract data management companies that are out there have  
12 that data that Robert referred to in their database, to  
13 the extent that it's germane to what we're doing, but in  
14 addition to the crime statistics, there's the contracting  
15 capability there. I think the remedial plan requires that  
16 we look at something like crime statistics, but we could  
17 also look at the replication of that data set, something  
18 similar to it, it would be pretty easy to import that sort  
19 of data as well, wouldn't you think?

20 MR. DORSEY: Yes. And I mean, the format we're  
21 looking for is basically we could put out a map and  
22 identify the areas that we feel like have higher crime, we  
23 can overlay those types of things with our existing  
24 portfolio of properties and take a look at where our  
25 properties are located. I mean, there's a whole host of

1 different things that I think we'll be able to do with the  
2 data, and as we've done research, we're quite confident  
3 that we're going to be able to get what we need.

4 MR. OXER: Good. Any other questions?

5 MR. GANN: I'll move staff recommendation.

6 MR. OXER: Motion by Mr. Gann to support staff  
7 recommendation on this item.

8 MR. THOMAS: Second.

9 MR. OXER: Second by Mr. Thomas. There's no  
10 public comment. All in favor?

11 (A chorus of ayes.)

12 MR. OXER: Opposed?

13 (No response.)

14 MR. OXER: There are none; it's unanimous.

15 Thanks, Cameron.

16 MR. DORSEY: Thank you.

17 MR. IRVINE: If I might must interject a  
18 comment that you will be seeing Cameron and Laura and lots  
19 of us coming forward regularly at Board meetings.

20 Affirmatively furthering fair housing is not a checkbox  
21 requirement, it is a continual process. I think that you  
22 have watershed moments, such as when the Board adopted the  
23 document that was prepared by BBC Consulting, but that's  
24 not an end, that's a beginning. And right now we're  
25 really moving very intensively into the planning efforts



1 where we come up with specific ways that we can use our  
2 funding sources to address the identified impediments.

3 The one constant you will see is data. We will  
4 keep rigorous records, meticulously tracking the things  
5 that we're doing, and also bringing in the other state  
6 agencies that administer HUD programs and are impacting  
7 the state's overall effort to affirmatively further fair  
8 housing.

9 MR. OXER: Good. Thanks, Tim.

10 Let's move on to item number 4.

11 MR. IRVINE: I believe item 4 has been pulled.

12 MR. OXER: Well, then in that case, let's go to  
13 item number 5.

14 MS. LATSHA: Good morning.

15 MR. OXER: Hi, Jean. Get any sleep last night?

16 MS. LATSHA: Yes, I did.

17 MR. OXER: Get any sleep this morning after you  
18 went home this morning?

19 MS. LATSHA: Got a little bit this morning too.

20 Thanks for asking.

21 (General laughter.)

22 MS. LATSHA: So item number 5 is appeals  
23 related to housing tax credit applications, just a few  
24 left here. My understanding is the first on your list is  
25 Hudson Providence.

1 MR. OXER: Mr. Gann.

2 MR. GANN: Jean, I'm sorry, but I need to  
3 recuse myself on this first item.

4 MS. LATSHA: It's been withdrawn, I believe.

5 MR. OXER: Let's make sure. Is that true?

6 MS. LATSHA: That's right.

7 MR. OXER: It has been withdrawn?

8 MS. LATSHA: Yes.

9 MR. OXER: There's no need for Mr. Gann to  
10 recuse himself?

11 MS. LATSHA: If it was about Hudson Providence,  
12 then no need.

13 MR. OXER: Good. Just clarifying the record.  
14 Okay.

15 MS. LATSHA: Great. So moving on, we have  
16 number 14106, Manor Lane Senior Apartments in Hondo. This  
17 application was terminated for having non-functioning  
18 bookmarks. You might recall a few weeks ago Katherine  
19 stood up here and talked about another application that  
20 was terminated for a very similar reason. That  
21 application had no bookmarks, and she explained very  
22 eloquently why it is that that's important to our  
23 application cycle. Although it seems like an  
24 administrative error, the presence of those bookmarks in  
25 these quite lengthy applications give staff the ability to

1 review those applications. It also gives other  
2 stakeholders, folks that would want to comment on those  
3 applications, the ability to review them.

4 So basically, the argument is the same that it  
5 was a few weeks ago with the other application. There's a  
6 slight difference here. This application, when you open  
7 it up there appear to be bookmarks there, but when you  
8 click on any of them, they don't do anything, so it's  
9 essentially the same thing as not having any at all.

10 In the appeal to the executive director, this  
11 applicant did submit a new application file, a new CD.  
12 Because we are hearing this appeal here, we actually did  
13 open up that new application file, had staff bookmark it  
14 themselves so that they could review it, and then went  
15 through a lengthy process of comparing actually the old  
16 application file to the new application file, and in fact,  
17 there were four new pages that were submitted, which  
18 basically reiterates our argument which this is why we  
19 can't accept new application files after the application  
20 submission deadline. While these four pages probably  
21 could have been corrected through an administrative  
22 deficiency, it still begs the point.

23 This is a slightly different situation also  
24 because they are appealing that because this is the only  
25 eligible application left in this particular subregion

1 that basically they should be granted a waiver of the  
2 requirement to submit an application with bookmarks.  
3 Basically, staff can't find a reason that that waiver  
4 should be granted. In order to grant a waiver, we must  
5 find that the circumstances were beyond the applicant's  
6 control, and how, if not granted, the Department would not  
7 be fulfilling some specific requirement of law.

8           Again, it's the same argument that we've made  
9 several times: there are several eligible applications in  
10 line behind this one that will be funded, and therefore,  
11 we're still meeting the requirements of statute. So in  
12 short, staff recommends denial of the appeal, and  
13 technically, really, denial of the waiver request.

14           Any questions for me?

15           MR. OXER: Any questions from the Board?

16           (No response.)

17           MR. OXER: Stay up there for a second, Jean. I  
18 think we've said that although these rules seem to be  
19 slicing hairs occasionally, there's a reason for them  
20 because of the amount of work that's required to go back  
21 and re-review an application. We had somebody that was  
22 late a couple of years ago by twelve hours, and we made  
23 them come back and reapply the next year.

24           MS. LATSHA: Right. And we've seen this time  
25 and again over the past few years, I imagine we'll see it

1 again next year. Sometimes what might seem to those  
2 outside the competitive housing tax credit world like  
3 small mistakes, some of those small mistakes have pretty  
4 big consequences.

5 MR. OXER: There are repercussions for doing  
6 these sorts of things.

7 MS. LATSHA: Yes, sir.

8 MR. OXER: Okay. Dr. Muñoz has had to step out  
9 just for a second. I'd like to make sure that he's here  
10 for a motion on this. We still have a quorum, we'll take  
11 a motion.

12 Are there any questions?

13 (No response.)

14 MR. OXER: We'll have a motion to consider.

15 MR. GANN: I'll move staff recommendation.

16 MR. OXER: Motion by Mr. Gann to accept staff  
17 recommendation on this item.

18 MS. BINGHAM ESCAREÑO: I'll second.

19 MR. OXER: Second by Ms. Bingham. We have  
20 public comment.

21 MR. DU MAS: Thank you, ladies and gentlemen.  
22 My name is Mark du Mas. I'm with the Paces Foundation.  
23 We're the nonprofit CHDO sponsor of the project. We're  
24 based in Atlanta, Georgia. We came to Texas years ago in  
25 response to an RFP by the City of Del Rio. They were

1 looking for a development partner to help replace housing  
2 wiped out by a flood.

3 MR. OXER: And pardon me for just a moment.  
4 Because we're expecting a fairly full agenda today, we're  
5 going to run what everybody knows as the shot clock, so  
6 we'll have a three-minute limit on testimony for each  
7 individual.

8 MR. DU MAS: I have three minutes. Is that  
9 correct?

10 MR. OXER: You have three minutes.

11 MR. DU MAS: All right. Thank you. But I do  
12 have to say this, it's worth it, your staff has been  
13 tremendously courteous. You should know that. I don't  
14 know how often you hear that, but they've been wonderful  
15 to work with through this.

16 We've given our appeal, two appeals, we've  
17 provided arguments. I presume you've all read them. We  
18 could mince hairs over the issues, whether our appeal is  
19 appropriate or not. I understand that there are rules,  
20 but there are also exceptions, and that's what your job  
21 is: to provide those exceptions, to hear the arguments,  
22 say in this circumstance it is exceptional, and we will  
23 override the staff's rules. Staff has to follow rules, we  
24 recognize that, but it is your responsibility and  
25 authority to waive those where appropriate.

1 I'm going to skip through the argument for the  
2 appeal and I'm going to discuss your regional distribution  
3 of credits. They point out that there's one project that  
4 is going to get an award of credits. It's an acquisition  
5 rehab; it is a scattered site project covering Regions 1,  
6 7 and 9; it adds no new housing to Region 9 Rural; it is  
7 an existing 24 units that have been in place for many  
8 years with a rental subsidy.

9 As I pointed out in my waiver request, \$458  
10 million has gone to the six major metropolitan areas since  
11 1990, and there's not been a single, since 1987 -- and  
12 I've been in the program since 1989 -- there's not been a  
13 single tax credit, single devoted to Medina County for  
14 senior housing. On the basis of that, I think you've got  
15 an overriding responsibility to make such adjustments, and  
16 I'm going to ask you to override staff's recommendation  
17 and support our waiver request and give us an allocation  
18 of credits. The citizens in Medina County deserve it.

19 Furthermore, because of the competitive nature  
20 of your program -- and everyone means well, we understand  
21 that -- your demographic studies requiring communities of  
22 less poverty, favoring those kinds of projects placed  
23 there, a higher school system, some communities will never  
24 compete. In fact, there were eight applications in this  
25 category, we were the lowest scoring applicant in Medina

1 County, we just couldn't garner the points. If you don't  
2 make these adjustments at this moment right here when  
3 matters like this percolate to the top, some communities  
4 will never get their funding, ever, they just won't  
5 compete.

6 So for that reason we're asking you to grant us  
7 the waiver and give us an allocation of credits. Thank  
8 you.

9 MR. OXER: Thank you for your time. Don't  
10 forget to sign in.

11 Any questions from the Board?

12 MR. THOMAS: Yes.

13 MR. OXER: Mr. Thomas.

14 MR. THOMAS: I'm sorry, sir. I was busy  
15 reading the third argument when it was clear that was  
16 going to be an important one. Can you tell me your name  
17 again?

18 MR. DU MAS: Mark du Mas, D-U-M-A-S.  
19 Alexandre, The Three Musketeers.

20 MR. THOMAS: I saw your name on the papers.  
21 Help me understand the change and the four new additional  
22 pages that were included in the subsequent submission, and  
23 why and how, given Jean's comments and our staff's  
24 concerns, shouldn't that be a material, on its face,  
25 denial of your appeal.



1 MR. DU MAS: I believe that those pages -- Jean  
2 will have to correct me -- were signature pages. I think  
3 they were provided in, they were just missing signatures,  
4 which would have been allowed under an administrative  
5 deficiency. I don't believe we submitted any new  
6 exhibits.

7 MS. LATSHA: I think it was not even a  
8 signature page but a four-page form that lists all of the  
9 development team members, the architect, engineer, market  
10 analyst, and such.

11 MR. OXER: Is that all your questions, Robert?

12 MR. THOMAS: Yes, sir.

13 MR. DU MAS: The form was there, it was just  
14 some material information that was missing. It would have  
15 been cured under an administrative deficiency.

16 MR. IRVINE: Under the law, only staff can  
17 request an administrative deficiency.

18 MR. DU MAS: We understand, but they did deny  
19 us on a threshold and give us the opportunity to respond,  
20 so that was a request from staff.

21 MR. OXER: Any other questions?

22 (No response.)

23 MR. OXER: We have a motion by MR. Gann, second  
24 by Ms. Bingham, to approve staff recommendation on item 5  
25 on application 14181. All in favor?

1 MR. IRVINE: Item 14106.

2 MR. OXER: Item 14106. My mistake. Consider  
3 it corrected. Item 14106. Motion by Mr. Gann, second by  
4 Ms. Bingham to approve staff recommendation. All in  
5 favor?

6 (A chorus of ayes.)

7 MR. OXER: And opposed?

8 (No response.)

9 MR. OXER: There are none, with Dr. Muñoz away.  
10 Jean.

11 MS. LATSHA: Yes, sir.

12 Next on the list is number 14130, Tays. This  
13 is an application in El Paso. You know, we had a little  
14 discussion earlier about the crime data that Cameron and  
15 the Fair Housing Team plans on obtaining, and that would  
16 have been helpful, probably, in evaluating this  
17 application.

18 This is another application that was initially  
19 terminated due to undesirable area features. Like the  
20 other ones that you've seen, we had one in San Antonio,  
21 one in Houston and another in Port Arthur this year, staff  
22 put quite a bit of time into this with actual site visits,  
23 a lot of meetings with the applicant to try to figure out  
24 what's going on at the site and what kind of community  
25 revitalization efforts are in place.

1           So you're going to see here that we're actually  
2 recommending that this appeal be granted and the  
3 application be reinstated, however, we are recommending  
4 that should this application be awarded credits -- and it  
5 is currently being recommended for a credit award -- that  
6 that award be conditioned on the applicant obtaining a  
7 letter from the appropriate officials at HUD with the  
8 authority to speak for fair housing and equal opportunity  
9 stating that this specific proposed transaction complies  
10 fully with the Fair Housing Act.

11           And the reason being is that when we looked at  
12 the technical requirements of our rules, when we're  
13 talking about being within 1,000 feet of a railway,  
14 significant presence of blight, crime, things like this,  
15 we couldn't really come to the conclusion that this  
16 necessarily violated that rule, but that doesn't mean that  
17 there weren't some concerns about this site. One in  
18 particular, our inability to really assess the level of  
19 crime that is in the area.

20           This is a very poor area of the state. I think  
21 we have about 5,200 census tracts in the state, and I  
22 think there's only 30-some-odd that have lower median  
23 incomes than this census tract. We're talking about  
24 levels of poverty in the 50 to 60 percent. These types of  
25 things raise our eyebrows when we do look at the site, and

1 we want to make sure that this is the type of site that  
2 when we fund it that we are affirmatively furthering fair  
3 housing.

4 That being said, unless Tim or Cameron might  
5 have anything to add to that, I think the applicants have  
6 some things to say about their revitalization efforts in  
7 the area.

8 MR. OXER: Cameron, did you have anything you  
9 wanted to add?

10 MR. DORSEY: No.

11 MR. OXER: Tim?

12 MR. IRVINE: No.

13 MR. OXER: Then we'll have a motion to consider  
14 first. Are there any questions for Jean?

15 MR. THOMAS: I'm a little confused. I  
16 apologize, Jean. Staff's recommendation is to grant the  
17 appeal but there's an issue that's going to arise that's  
18 going to require?

19 MS. LATSHA: It's just going to require a  
20 little bit more legwork on the part of the applicant. And  
21 one thing that is not entirely clear in this  
22 recommendation, and I might modify it, is to say that this  
23 condition be met by carryover which would be November 1.  
24 Basically, we would ask that the applicant obtain a letter  
25 from HUD confirming that this transaction is affirmatively

1 furthering fair housing, or at least is not violating the  
2 Fair Housing Act.

3 We placed a similar condition on, I believe,  
4 the Galveston deal. So recommending, yes, that the  
5 application be found eligible but that we ask that  
6 applicant to take one further step before executing  
7 carryover.

8 MR. THOMAS: Okay.

9 MR. OXER: A little more legwork, but they're  
10 in the game, they just need to do a little more legwork.

11 MS. LATSHA: That's right.

12 MR. OXER: Mr. Thomas, any other questions?  
13 Motion to consider?

14 DR. MUÑOZ: So moved.

15 MR. OXER: Motion by Dr. Muñoz to support staff  
16 recommendation on this item.

17 MR. THOMAS: Second.

18 MR. OXER: And a second by Mr. Thomas.

19 We have some public comment. Good morning.

20 MR. CICHON: Good morning. How are y'all doing  
21 today?

22 MR. OXER: Good so far.

23 MR. CICHON: Gerry Cichon, CEO, Housing  
24 Authority, City of El Paso. We agree with staff's  
25 recommendation.

1           I want to take a second, though. I've had the  
2 opportunity to talk to staff multiple times, talked to  
3 them about the issues we had, very open, willing to sit  
4 and talk to us. You've got a great staff here, and I just  
5 wanted to recognize them publicly. It has been a long  
6 process and the time it's taken to get to this point has  
7 been pretty arduous, but their willingness to talk and to  
8 listen is something that's very, very commendable.

9           As to trying to get that letter by carryover, I  
10 don't know if you've ever dealt with HUD. I deal with  
11 them on a daily basis.

12           MR. OXER: We do occasionally. Every once in a  
13 while we have to deal with them.

14           (General laughter.)

15           MR. CICHON: So trying to get a document like  
16 that out of their legal team by November could be pretty  
17 difficult to do. Our ask would be that we have additional  
18 time for that type of request because their legal team, in  
19 dealing with stuff, especially as we go through RAD, is a  
20 significant effort, and so I would ask for additional time  
21 in that regard.

22           MR. OXER: How much? Hold on. Barry.

23           MR. PALMER: Barry Palmer with Coats Rose.

24           In connection with closing this transaction  
25 with HUD, we'll need HUD approvals. This is a RAD

1 transaction, it will go through a mixed finance approval  
2 with HUD in Washington, and it would be natural for them  
3 to give all their approvals at once, and so we would ask  
4 that we have until the 10 percent test deadline because  
5 that would allow us to close the transaction and get all  
6 of the HUD approvals.

7 MR. OXER: When is that?

8 MR. PALMER: That would be July 1 of '15.

9 MR. OXER: So July 1?

10 MR. PALMER: Yes.

11 MR. OXER: Does that fit in the calendar, Jean?

12 MS. LATSHA: I appreciate their request and I  
13 appreciate that it does make sense. I think the only  
14 thing that the Board would consider with considering one  
15 date or the other is that if that requirement had to be  
16 met by carryover and it were not met, that we would be  
17 able to reallocate those credits this year. If we move  
18 that date out to 10 percent test, then those credits would  
19 come back to us and we would be able to reallocate them  
20 but not until next year.

21 MR. OXER: Okay. Let me make sure I'm clear on  
22 this. Let's look at the worst case scenario -- I'm not  
23 saying it's going to happen -- but let's say if they don't  
24 get through this and don't get the approval by July of  
25 next year, we don't get to use those credits this year.

1 Those credits are not lost to the process or system for  
2 Texas.

3 MS. LATSHA: That's correct.

4 MR. OXER: Okay. So that means that next year,  
5 in addition to the allocation that we would have under the  
6 2015 allocation, we would have those some several that  
7 come off of this and on to this that would be added next  
8 year. No damage to them. Assuming they approve your  
9 request, Barry and Gerry, then what you're saying is their  
10 approval would constitute an implicit assessment that it  
11 does meet affirmatively furthering fair housing test. Com  
12 up to the mike and say it, please.

13 MR. PALMER: Yes, and we will be able to  
14 satisfy the condition and get something from HUD saying  
15 either that it affirmatively furthers or that it doesn't  
16 violate fair housing, but the timing on it, the natural  
17 timing with HUD would be for them to give all the  
18 approvals at once which would be when we're ready to close  
19 the financing in the next calendar year.

20 DR. MUÑOZ: You wouldn't come before us in May  
21 or June and say: We have doubts that we'll receive that  
22 by July.

23 MR. OXER: They're not coming before us in May  
24 or June saying they have doubts.

25 DR. MUÑOZ: I mean, if you don't have it buy



1 July, there will be no extension beyond then.

2 MR. PALMER: We understand.

3 MR. OXER: Tim.

4 MR. IRVINE: I would just like to point out --  
5 and Megan may want to come up and address this in  
6 additional depth -- when we encountered these kinds of  
7 issues in the Galveston transaction, we found that the  
8 very highest level of HUD were very prompt and responsive  
9 on the fair housing issue. And fair housing is a very  
10 complex and somewhat confusing world, and we really  
11 believe that getting that guidance early on is strongly  
12 beneficial, it's an efficient way to keep this process  
13 moving along, and that's why we like the shorter time  
14 frame.

15 MR. OXER: Mr. Thomas.

16 MR. THOMAS: Thank you.

17 I have concerns, particularly in light of the  
18 appeal that we just denied, about the utilization of these  
19 funds this year in another part of our community that  
20 could use these funds this year. There's a reason why  
21 these rules exist. And while I appreciate and respect  
22 that our staff have tried to work with the applicant here  
23 to make sure that the funds would be determined available  
24 or not by November, my concern, quite frankly, in the form  
25 of a statement is that this does not, from my perspective,

1 address our greater global concern of deploying the funds  
2 as quickly, as effectively and as efficiently as we can  
3 this year if they are not going to be available.

4 I don't know that there's necessarily a  
5 response to that I need, but that's just a position that I  
6 feel is important to state.

7 MR. CICHON: Sure. We don't believe there's a  
8 fair housing issue.

9 MR. OXER: Gerry, you have to say who you are  
10 every time.

11 MR. CICHON: I'm sorry. Gerry Cichon. We  
12 don't believe that there is a fair housing thing. I will  
13 tell you I will personally contact the secretary's office.

14 I've been in contact with a lot of the assistant  
15 secretaries, not only on this trip but routinely. They  
16 have offered their assistance. We believe we can get it  
17 to you by November, we're very optimistic as to that, but  
18 there's just no guarantee when you start dealing with the  
19 legal aspects and the morass of bureaucracy with HUD. So  
20 we're just asking for a little bit of understanding, even  
21 though we believe that we will be able to comply with  
22 staff's request.

23 MR. OXER: Jean.

24 MS. LATSHA: Sure. A couple of thoughts.  
25 First off, one thing that we are whispering about back

1       there is we understand that you guys are kind of on a RAD  
2       fast track and that November 1 might actually be a  
3       possibility for you, so one thing we could do is bring  
4       this back with respect to the date and let them give us an  
5       update as to where they are, or we could also make the  
6       deadline carryover.  If they felt like they weren't going  
7       to meet that, there is a November Board meeting, they  
8       could simply ask for an extension of that deadline and we  
9       would be in a position of hearing that again, be able to  
10      give them until a December date or a date further on.  I  
11      think there's enough time in the year to where if the  
12      Board was compelled to want to stick with that carryover  
13      date that if there was good reason to extend that further  
14      that we would have time to do that.

15               MR. OXER:  I'm inclined to want to keep it at  
16      November 1 for many of the reasons that Robert just  
17      outlined, with the understanding that you have a good shot  
18      at it, Gerry, and we understand all of the adventures of  
19      dealing with HUD.  They call every once in a while; talk  
20      to them every once in a while.  So we know, more or less,  
21      what it's like to deal with HUD, but we also want the heat  
22      on so that you don't let this lag until the first quarter  
23      of next year.  Maybe it's a telegraph of which way I would  
24      go on this, but I'd say stay with the November date and  
25      we'll hear from you every meeting that we have between now

1 and then about how it's going.

2 MR. IRVINE: And I think what we're looking for  
3 is qualitatively different from the kinds of internal  
4 approvals that are necessary to a closing. We're looking  
5 for a signal from HUD that when you look at this site and  
6 its demographics, and all of the things that are occurring  
7 there, that it's consistent with their approach.

8 MR. OXER: We're looking for a definition of  
9 principle and philosophy as opposed to checking a box on a  
10 technical closing. Is that a fair statement, Jean?

11 MS. LATSHA: Fair statement.

12 MR. OXER: Any other comment?

13 (No response.)

14 MR. OXER: There's been a motion by Dr. Muñoz.

15 DR. MUÑOZ: Would we then withdraw the motion  
16 and then make a motion to table till November?

17 MS. LATSHA: No. I think it's just a slight  
18 modification to the recommendation. I failed to put that  
19 date in this recommendation, so just the addition of the  
20 condition being met by carryover.

21 MR. OXER: So it would be met by the carryover  
22 date which is November 1.

23 MS. LATSHA: Yes, sir.

24 MR. OXER: So with that, just to clarify, there  
25 was a motion by Dr. Muñoz to support staff recommendation,

1 second by Mr. Thomas, that they have to meet the  
2 requirement by November 1, with the idea that there could  
3 be some consideration later on, but the motion is to  
4 support staff recommendation that they meet the November 1  
5 carryover date.

6 Any questions from the Board?

7 (No response.)

8 MR. OXER: All in favor?

9 (A chorus of ayes.)

10 MR. OXER: Opposed?

11 (No response.)

12 MR. OXER: There are none.

13 Thanks, Gerry. Thanks, Barry. Make sure you  
14 guys sign in. All right?

15 MS. DEANE: Mr. Chair, let me just mention  
16 something Michael was bringing to my attention.

17 Originally we had gotten a request for Spanish language --  
18 or that there was going to be a person to do some Spanish  
19 language translation for this last item. We did not have  
20 anyone come forward and mention that or ask for that, so  
21 we just wanted to make sure if there was something.

22 MS. LATSHA: What's the item that's up, Jean?

23 MS. DEANE: It was the Tays, the last one, but  
24 no one came forward.

25 MR. OXER: Well, there was no request for

1 public comment and no request for speaking or translation.

2 MS. DEANE: Not that we were aware of.

3 MR. OXER: We want to make sure that the record  
4 reflects that we were looking for that if there was  
5 somebody. We were prepared to provide that.

6 MS. DEANE: We were prepared to do that but no  
7 one asked for it. Just for the record.

8 (General talking and laughter.)

9 MS. LATSHA: The next on our list is number  
10 14181, The Trails on Mockingbird Lane. This application  
11 was denied points for community revitalization plan.

12 Points are awarded for these plans, two points  
13 if the budgets are at least \$4 million, and four points  
14 for plans with a budget of \$6 million or more. The Cobb  
15 Park area revitalization plan in Abilene was submitted and  
16 indicated a budget of over \$9.5 million. \$7 million of  
17 that budget was associated with the building of Martinez  
18 Elementary School which opened in 2012. So our rules do  
19 allow for earlier expenditures to count towards these  
20 budget numbers, but only if they serve to accomplish some  
21 purpose of the community revitalization plan. And staff  
22 couldn't determine how the building of the new school  
23 really accomplished any of the objectives of that plan, so  
24 we took out the \$7 million, they wound up with only the  
25 \$2.65 million in their budget which was not enough to

1 award points.

2           So just to give a little timeline -- which this  
3 is kind of a combination of what was submitted in the  
4 application and in the appeal -- the city adopted a  
5 comprehensive plan in 2004, it looks like. Staff hasn't  
6 seen this plan but there's enough evidence that that did  
7 happen. That plan does cover the entire city. That was  
8 in 2004. According to the applicant, that comprehensive  
9 plan did call out the Cobb Park area as needing  
10 revitalization. Again, I haven't seen it but I think  
11 there's probably enough evidence that that probably took  
12 place.

13           Then in 2007, Franklin Middle School is left  
14 vacant, and then demolished in 2010. We could maybe  
15 presume that was also driven by the comprehensive plan,  
16 but again, I don't really know. Then the new Martinez  
17 Elementary School was built and opened in 2012. So early  
18 in 2014, a couple of years later, the City of Abilene  
19 assesses the Cobb Park area and lists five issues to be  
20 addressed in this community revitalization plan. Those  
21 five issues included environmental conditions, blight,  
22 inadequate transportation, lack of employment, and a need  
23 to promote diversity. Interestingly, though, the plan  
24 does not mention a lack of public schools; instead, it  
25 actually points out that the schools are an asset in the

1 community.

2 In reading our rules with respect to community  
3 revitalization plans, we list eight factors that these  
4 plans should have five of these eight factors in them that  
5 are issues in the community, one of which is a lack of  
6 public schools, and so it was rather obvious that this was  
7 left out of that assessment. So then the goals of the  
8 plan included establishing pedestrian access, redeveloping  
9 aged commercial structures, creation of a neighborhood  
10 association, among a host of others, but really, again, no  
11 mention of a lack of public schools and the need to build  
12 more, which made sense because they had already built one  
13 a couple of years prior.

14 So again, there just seemed to be no connection  
15 between the development of this revitalization plan and  
16 the building of the new school, so staff, as I said, took  
17 out that \$7 million from the budget and denied the points.

18 So staff's recommendation is denial of the appeal, and if  
19 you have any other questions for me, I believe there's  
20 some public comment too.

21 MR. OXER: Any questions of Jean?

22 MR. GANN: I have one question.

23 MR. OXER: Mr. Gann.

24 MR. GANN: Was there ever mention of a prior  
25 plan?



1 MS. LATSHA: The comprehensive plan, the one  
2 that was adopted in 2004.

3 MR. GANN: Never mentioned that school.

4 MS. LATSHA: I've not seen it.

5 MR. OXER: Any other questions?

6 (No response.)

7 MR. OXER: Okay. Motion to consider?

8 MR. THOMAS: So moved.

9 MR. OXER: Motion by Mr. Thomas to approve  
10 staff recommendation on item 14181. Is there a second?

11 DR. MUÑOZ: Second.

12 MR. OXER: Second by Dr. Muñoz.

13 We have public comment. I would remind the  
14 commenters we have three minutes on the clock, and please  
15 sign in and tell us who you are.

16 MR. REED: Good morning, Chairman, Board. My  
17 name is Gene Reed. I'm the executive director for the  
18 Abilene Housing Authority. I've been the executive  
19 director for about six years now.

20 I've had experience working under a regulatory  
21 environment. I spent ten years in the gas and electric  
22 utility industry and another ten years here in the public  
23 housing industry, and can totally respect the  
24 complications and the technicality of working in a  
25 regulatory environment. And I must say it's been a

1 pleasure working with the staff of TDHCA and I really  
2 appreciate their businesslike attention and manner toward  
3 evaluating the applications, which definitely has to be a  
4 very challenging task.

5           What I'd like to do is take you on a very quick  
6 journey because I only have a few minutes, and through  
7 that quick journey I'd like to talk about where the  
8 Abilene Housing Authority has come from over the past six  
9 years.

10           Again, once I arrived at the Abilene Housing  
11 Authority, we had a strategic planning session, and during  
12 that strategic planning session we wanted to look at some  
13 different types of things that we could get involved with.

14           Understanding that HUD's public housing program is slowly  
15 but surely going away and actually been de-funded over the  
16 last 25 years, one of the vehicles we wanted to look at  
17 getting involved with is the tax credit program so that we  
18 would be able to continue the mission of our organization,  
19 even in the absence of public housing federally funded  
20 through the government. So again, we embarked upon this  
21 journey with tax credits, and through that whole strategic  
22 planning process that happened five years ago, again,  
23 we've kind of landed at this point.

24           So two years after that I met with the city, I  
25 had a meeting with the mayor and the city manager, and

1        unbeknownst to where we are right now, we actually talked  
2        about The Trails on Mockingbird. Their question to me was  
3        what are some of my development plans. My development  
4        plans was to eliminate one of the older complexes that we  
5        have in our portfolio that was built in 1974. We also  
6        wanted to acquire the adjacent property which is really an  
7        eyesore within the community. And both of those  
8        properties sit across the street from Abilene High School.

9                So during those discussions we talked about  
10       this being a particular area that we wanted to see  
11       revitalization in and that we wanted to work together if  
12       that adjacent property ever became available so that we  
13       may be able to build a brand new development in that  
14       particular location. And that's why we're here today to  
15       talk about building, or actually acquiring those units,  
16       using the tax credit vehicle and then actually building an  
17       new 84-unit complex.

18                Along that journey, about a year after that, we  
19       started an RFP to develop our development team. We  
20       brought in DMA as the developer, which also has Carlton  
21       Construction attached to their entity, and we also brought  
22       in Coats Rose so that we could start along this journey of  
23       looking at new development in the community.

24                Once we put together that development team, we  
25       started meeting with the city again. As we started

1 talking through a lot of our planning sessions, we talked  
2 about the need within the community on where we needed to  
3 revitalize, and this is one of the areas that the city  
4 mentioned that they wanted to revitalize. And through  
5 their comprehensive plan that was developed in 2004, this  
6 area was an area that was addressed that they wanted to  
7 see community revitalization in.

8           And so really what we're asking for is a  
9 sensible approach to considering that school as a part of  
10 that comprehensive plan. The Martinez school had an  
11 opportunity to locate in about four different locations.  
12 In conjunction with the city and discussions with the  
13 city, they chose this specific location to place the  
14 school, and we would like to continue to see  
15 revitalization in this particular area.

16           So we've had some small fast food chains come  
17 in in that area, we've had a Family Dollar come in in that  
18 area, there was a fire department outside of the  
19 regulatory time required by the QAP, but we've seen  
20 revitalization in this area and this has been an area that  
21 has been specifically targeted by the city to move forward  
22 with. So again, we really ask for a sensible approach to  
23 considering the Martinez school as part of that  
24 revitalization plan.

25           One of the challenges that we have, as well, is

1 that we're not a large Houston community, we're not a  
2 large San Antonio community, we have about 115,000 in  
3 population. I'm from the city of Cincinnati. This is  
4 really a neighborhood, so once the city considered a  
5 comprehensive plan which included the entire city, again,  
6 these specific items for revitalization were addressed.  
7 Again, a school has been located in that particular area,  
8 and we would ask that the Board consider Martinez School  
9 as a part of that revitalization plan.

10 MR. OXER: Thanks for your comments, Gene.

11 Any questions? Dr. Muñoz.

12 DR. MUÑOZ: Jean repeatedly mentioned that she  
13 hadn't seen the plan. Why don't we have a copy of it?

14 MR. REED: We could actually get a copy of that  
15 for the Board and actually for staff too.

16 DR. MUÑOZ: Do you have a copy already?

17 MS. LATSHA: No, but I can guess why the  
18 applicant didn't submit the comprehensive plan because it  
19 would not have qualified as a community revitalization  
20 plan because it's a comprehensive plan. It covers the  
21 whole city. It might have within it identified  
22 neighborhoods for community revitalization, but it  
23 wouldn't have qualified

24 MR. OXER: So they would have identified,  
25 perhaps, neighborhoods for revitalization but there was no

1 discussion or delineation of that plan for that  
2 neighborhood, detailed plans for that neighborhood as  
3 opposed to a comprehensive plan.

4 DR. MUÑOZ: Well, I understand that there was.

5 MR. REED: Under the comprehensive plan -- and  
6 no, I don't have that with me today -- but under the  
7 comprehensive plan, and speaking with some of the city  
8 councilman, yes, the Cobb Park area was an area that they  
9 wanted to look at for revitalization, and they were very  
10 appreciative during the council meetings where we were  
11 looking for support letters and referenced the fact that  
12 they wanted to see revitalization continue to happen in  
13 this particular area. So again, in 2014, ten years later  
14 after that plan was written, yes, we wanted to make sure  
15 that we were meeting the requirements of the QAP so we did  
16 work with the city to put in place a 2014 revitalization  
17 plan.

18 DR. MUÑOZ: When did the school open, in 2012?

19 MR. REED: In 2012, yes.

20 DR. MUÑOZ: So this plan was adopted two years  
21 after the school was already opened?

22 MR. REED: Yes.

23 MR. OXER: Okay. Thanks.

24 MS. SISAK: Good morning, Board, Chair. I'm  
25 Janine Sisak from DMA Development Company.

1           Yes, I think I can answer some of the questions  
2 that came up. Yes, we did not submit the comprehensive  
3 plan, the 2004 comprehensive plan, because it was a  
4 citywide plan and we knew it didn't meet the TDHCA  
5 requirements. And I think this issue has come up. This  
6 tax credit application round, I think, to me, had a  
7 similar appeal last time, and it's that in these cities,  
8 especially cities this size, when they're doing planning  
9 efforts -- in this case these are planning efforts back in  
10 2004 -- unless there's a crystal ball, there's no way that  
11 plan can meet the 2014 QAP requirements when they're doing  
12 planning efforts years and years before even this highly  
13 technical version of the CRP rule was included in the QAP.

14           So going back to some of the points that Gene  
15 made, the City of Abilene absolutely targeted the Cobb  
16 Park area for revitalization back in 2004 as part of the  
17 comprehensive plan process. And then the City of Abilene  
18 also passed a resolution for us to use in this year's  
19 application because they believe that this project most  
20 significantly contributes to the revitalization efforts in  
21 those areas which started in 2004 and are still ongoing  
22 today. It's not as if the school was completed in 2012  
23 and nothing else has happened. There are ballfield  
24 improvements underway, there's infrastructure improvements  
25 underway. This has been a ten-year process of

1 revitalization.

2 I mean, Gene really laid out the timing well,  
3 but there's all this focus on the plan, with a capital P,  
4 in 2014. While our big argument is let's look at the  
5 initiation of the revitalization efforts in 2004 and treat  
6 it holistically as the effort started in 2004. The money  
7 was actually spent, this was \$7 million actually spent,  
8 we're not talking about projected expenses, we're not  
9 talking about projected economic benefit -- which, you  
10 know, after working with this for a couple of years, I  
11 don't quite understand what that means. In this case  
12 we're talking about real expenditures that the Abilene  
13 Independent School District provided in this neighborhood.

14 So a couple of other points with regard to  
15 Jean's comment. You know, this was very difficult because  
16 I was the one that responded to the deficiencies on this  
17 item. First, I got a deficiency that said that maybe it  
18 didn't count because it was school finance, so I responded  
19 to that. And then I got a comment saying, oh, well,  
20 there's no real nexus between the plan and the school, and  
21 I felt like I responded to that. In this case, this  
22 school, this middle school was blighted, it was boarded  
23 up, it was functionally obsolete, it was an eyesore in the  
24 neighborhood. So I feel like even though the plan, the  
25 2014 plan didn't talk about the need for stabilized



1 schools or repositioning schools, this school in  
2 particular was blighted, and therefore, that issue  
3 identified in the plan, blight, put the school thing  
4 aside, it still was a blighted structure, it was still  
5 boarded up and needed to be demolished.

6 DR. MUÑOZ: I have a question about that  
7 comment, though. That seems very reasonable when you look  
8 at the five areas, it says very explicitly blighted  
9 buildings, vacant tracts. I mean, this was a vacant  
10 building that was blighted. But this is two years after  
11 the fact.

12 MS. SISAK: After the fact?

13 DR. MUÑOZ: Well, I mean, the plan was adopted  
14 in '14, they're taking sort of credit in their plan moving  
15 forward for something that was already -- you know,  
16 construction must have started a few years before that.

17 MS. SISAK: Right.

18 DR. MUÑOZ: I'm having trouble reconciling the  
19 timing.

20 MS. SISAK: And it's our position that the  
21 planning efforts started in 2004 based on the  
22 comprehensive plan. And you know, we absolutely carved  
23 out the 2014 plan, we carved it out of the comprehensive  
24 plan because the comprehensive plan did not meet the TDHCA  
25 requirements. There's nothing in the QAP that says that

1 applicants can't tweak plans or ratify plans. Basically  
2 what we did is we --

3 DR. MUÑOZ: Are you indicating that the 2014  
4 plan is essentially sort of a re-articulation of the 2004  
5 plan, I mean, maybe a more abbreviated version of it?

6 MS. SISAK: Right, because there were two  
7 things about the 2004 plan that were problematic. One is  
8 it was citywide and it didn't have this economic budget,  
9 this total budget or projected economic value, which,  
10 again, as I mentioned, I've struggled with that. I look  
11 at all sorts of plans when we're doing applications, and  
12 it's very rare for these plans to have dollar figures.  
13 And I know Jean will kind of confirm, often staff goes  
14 back to the applicant and says: We think this is a plan  
15 but there's no budget. I think there's something even in  
16 the QAP that says you can submit a separate letter from  
17 the city kind of outlining economic benefit.

18 So that's why in 2014 the City of Abilene  
19 basically carved out the Cobb area neighborhood plan,  
20 really looked to the findings and the revitalization  
21 efforts that were articulated in the 2004 comprehensive  
22 plan and basically restated it and ratified all the actual  
23 dollars and activities that happened between 2004 and  
24 2014.

25 MR. THOMAS: Can I ask a question on that?

1 MS. SISAK: Sure.

2 MR. THOMAS: Because I think I've made clear  
3 over the last year or so that I'm really hesitant to have  
4 the bureaucratic regulatory tail wag the dog, but I'm  
5 still having a real -- consistent with that question that  
6 just came up, I'm still struggling here with getting an  
7 appreciation for what would appear to be a retroactive  
8 look back in this context which I think could be said  
9 across the state in these smaller towns. I'm having a  
10 real problem with that nexus issue but I'm very sensitive  
11 to the argument you're making, but I'm still trying to  
12 figure out how we, as a Board, are going to resolve that  
13 in this context.

14 MS. SISAK: Right. And this isn't a big reach  
15 back in terms of years. I mean, when you think about  
16 it --

17 MR. OXER: Janine, one more minute, I'll give  
18 you another minute because we've got some more folks and I  
19 know they're on your team and we want to make sure that  
20 they get to speak too.

21 MS. SISAK: And I'm done with my comments, I  
22 can just answer questions, but let me answer that one.  
23 And if anybody has other questions for me, I can answer  
24 them; otherwise, I'll turn it over to Diana.

25 These planning efforts, especially -- well, not

1 even especially in cities this size -- these true  
2 community revitalization efforts, it is not unusual for  
3 them to take 10, 15, 20 years. So we're talking about a  
4 10-year period. And I don't consider it, while I said the  
5 plan ratified, like the plan did ratify, it kind of pulled  
6 back, you have to look at it from the 2004 perspective, or  
7 I encourage you to look at it from 2004. This was  
8 identified as a targeted area, the city spent dollars in  
9 this neighborhood from 2004 to 2012, the city is still  
10 spending money there today.

11 The city, with our counsel, created a plan that  
12 I considered a comprehensive plan, a parent document to  
13 this plan that, again, talked about the revitalization  
14 efforts in this area, including blighted structures, which  
15 the school definitely was, and then talked about an actual  
16 budget, an actual budget. Some of it was actual dollars  
17 spent, some if was projected, but we had to do that to  
18 meet the QAP requirements.

19 MR. OXER: Okay. Thank you.

20 MR. IRVINE: If I might chime in with a  
21 perspective.

22 MR. OXER: You'll get your shot, Diana, don't  
23 worry.

24 MR. IRVINE: The way I look at it is every city  
25 government should always be trying to make sure that all

1 areas of the city are vital and should be addressing  
2 issues as they can, and we fully understand and appreciate  
3 that the city did that in its 2004 plan. But we think  
4 that the point item in question here has got more to do  
5 with when a city has identified that those types of  
6 general efforts are not specifically addressing localized  
7 conditions and they say: We've identified a portion of  
8 our city that needs some sort of additional special  
9 attention, therefore, we're going to put together a very  
10 focused issue to assess what the conditions are in that  
11 localized area, we're going to pour money into it, it's  
12 going to be -- in the words of Section 42 of the Internal  
13 Revenue Code -- a concerted community revitalization  
14 effort.

15 And we believe that the way that we have  
16 developed the rule and identified the process it's when  
17 the city goes to that level of specificity that this whole  
18 thing really kicks in and we understand that there should  
19 have been things that happened before then but it's only  
20 really when that effort is brought to bear that the point  
21 item actually comes into existence. And we understand  
22 fully that cities that are proactive and working with the  
23 affordable housing development community will craft their  
24 revitalization plans going forward in a manner that  
25 promotes the claiming of points.

1                   What we are really looking to at this  
2 particular time is saying there are localized efforts that  
3 have already occurred at the city level and we want to  
4 reward cities that have done that by awarding them points.

5                   MR. OXER: Thanks, Janine.

6                   Good morning, Diana.

7                   MS. McIVER: Good morning. It's been a long  
8 time since I've been up here. Board, Chair.

9                   MR. OXER: And you are?

10                  MS. McIVER: I am Diana McIver with DMA  
11 Development company.

12                  MR. OXER: Not that we had a question.

13                  MS. McIVER: Right. Thank you.

14                  And just as a point of clarification before I  
15 talk about my remarks, this community revitalization plan  
16 was passed as an ordinance to amend the city's  
17 comprehensive plan, so we provided that ordinance as part  
18 of our submission in the application just to show that  
19 those two things draw together.

20                  What I want you to understand -- and you know  
21 I'm a big advocate for smaller cities, and what I want you  
22 to understand is the complexity of small cities and  
23 revitalization efforts. You take Abilene, it's 115,000,  
24 that's one-twentieth of the size of Houston. Abilene  
25 could be a neighborhood in Houston. But your rules say

1 that you don't allow citywide plans, and it doesn't talk  
2 about how large the city is, so in the case of these  
3 smaller cities, they do comprehensive plans, they do  
4 different plans, but they don't assign budgets to them and  
5 they are citywide. So here's where we got penalized: we  
6 could not submit the comprehensive plan for the City of  
7 Abilene because it was citywide. So we had to take their  
8 targeting efforts and do an ordinance amending the  
9 comprehensive plan for the Cobb Park area.

10 Now, I have been working with the City of  
11 Abilene since 2005. In 2006 we got an award, we opened in  
12 2007 a very delightful senior community, financed with the  
13 Tax Credit Program, and I can tell you that when I went in  
14 to see the City of Abilene in 2005 and they had this  
15 comprehensive plan of 2004, but in those days we didn't  
16 talk about revitalization, it wasn't a point in the QAP,  
17 but that city said to me: Diana, these are the areas of  
18 town we want you to help us with.

19 We ended up on a five-acre site, it was an  
20 infill site, I loved it, but we had to remove a gas  
21 station and we had to do a lot of work with some  
22 detention, Catclaw Creek that was running through the  
23 site. It was a very difficult to develop site, but we did  
24 it because it was important to the city and it was part of  
25 their comprehensive plan and part of their revitalization

1 efforts, and that's revitalization plan with a small R and  
2 a small P, not a big R and a big P.

3 So when we went in with the Abilene Housing  
4 Authority in September of 2013, the city is very  
5 consistent. That's where they wanted things to go. They  
6 said, Please help us with our revitalization areas, please  
7 do not go way out in the hinterlands, we need your help in  
8 helping us with these small neighborhoods to make them  
9 really good livable communities.

10 So I just want you to know that the City of  
11 Abilene, it doesn't have a fancy planning staff. Six  
12 million -- which is the test for a revitalization plan  
13 under the QAP -- that's a lot of money in Abilene. I know  
14 it's peanuts to Houston, or to Dallas, or to Austin, but  
15 \$6 million, and when you can put a \$7 million school in as  
16 part of that effort.

17 So just to wrap up, I just want you to know  
18 that this city, Abilene, has a concerted revitalization  
19 effort and we honored that, and they have amended their  
20 comprehensive plan to include the Cobb Park area  
21 specifically with those expenditures, and I really would  
22 ask for your consideration under those circumstances.  
23 Thank you.

24 MR. OXER: Thanks. Any questions?

25 MR. THOMAS: I have one of Jean.



1 MR. OXER: Okay, Mr. Thomas.

2 MS. LATSHA: Jean, can you help me, and I  
3 apologize, but can you help me, the June, I believe it was  
4 the 23rd Board meeting, do you remember? Do you know what  
5 I'm talking about?

6 MS. LATSHA: I do.

7 MR. THOMAS: How would we distinguish this  
8 request from what I remember in June we did where we  
9 decided not to follow staff's recommendation because of  
10 similar issues? Did I get that right or not?

11 MS. LATSHA: Well, if I recall, I think you're  
12 probably talking about the one in Houston that was a TIRZ,  
13 a tax increment reinvestment zone, there was quite a bit  
14 of discussion about it. That item was actually tabled and  
15 then that appeal was withdrawn.

16 MR. THOMAS: That's right.

17 MS. LATSHA: You typically would have been  
18 hearing it today but the applicant decided to withdraw  
19 that appeal, it really didn't meet the requirement of the  
20 rule.

21 I view those two situations a little bit  
22 differently. Overall, yes, we're talking about two plans  
23 that were submitted that didn't meet the technical  
24 requirements of the rule. In that case you had a TIRZ  
25 that was adopted 20 years ago or 15 years ago, I think it

1 was '98, and it didn't perform the assessment that we feel  
2 is required to adopt these plans. In this case there was  
3 an assessment, it's just that the assessment lacked a need  
4 for new public schools because it was done in 2014.

5 MR. THOMAS: And then did we have a  
6 discussion -- I think when Tom had to recuse himself -- of  
7 another small area we were talking about. And Tom,  
8 forgive me, and I wish I had an encyclopedic memory but  
9 not anymore.

10 MS. LATSHA: There was also an appeal with  
11 respect to commitment of development funding from a local  
12 political subdivision and it was a related party issue.

13 MR. THOMAS: Related party issue. Okay.

14 MS. LATSHA: That's pretty different from  
15 what's going on here.

16 MR. THOMAS: Yes, very. I'm sorry. Thank you.  
17 I knew you would know.

18 DR. MUÑOZ: Jean, I've got a followup question.  
19 There's no dispute, though, of the balance of the \$2.65  
20 million?

21 MS. LATSHA: There hasn't been to date, no.

22 DR. MUÑOZ: That it was invested in that area.

23 MS. LATSHA: No. Certainly staff didn't find  
24 any reason to dispute the remaining budget, no.

25 DR. MUÑOZ: Almost \$3 million, that's pretty

1 close to that \$4 million.

2 MS. LATSHA: Pretty close.

3 DR. MUÑOZ: It's not Houston.

4 MS. LATSHA: I agree, sir.

5 DR. MUÑOZ: When I drove through Abilene  
6 yesterday, the sign of population said 117,000. Maybe  
7 they're incorporating some of Sweetwater, I'm not sure.

8 MR. OXER: The town that I grew up in had the  
9 city limits sign on both sides of the same pole.

10 (General laughter.)

11 MS. LATSHA: And if the Board wanted to  
12 consider simply lowering that threshold for points, and \$4  
13 million is for two points, a \$4 million budget gives you  
14 two points, a \$6 million gives you four points, and then  
15 you get an extra two points on top of that if you get a  
16 resolution from the city saying that your particular  
17 development contributed most significantly to that  
18 concerted revitalization effort.

19 MR. IRVINE: We might address that in the next  
20 QAP.

21 MR. THOMAS: I was going to say that goes to  
22 the question. Jean, my concern is -- obviously you guys  
23 know how I feel about these, it gives me heartburn, but  
24 that's why, as our chairman says, we get paid so much to  
25 sit up here -- what harm, what damage do we do going

1 forward if the Board decides to side with the applicant in  
2 this issue, what harm do we do versus waiting to allow  
3 clarification in the QAP going forward and maybe allowing  
4 for stratification?

5 MS. LATSHA: Well, I can give you some kind of  
6 specifics as to where this application lies in this  
7 competitive round, if that's helpful.

8 MR. OXER: Yes.

9 MR. THOMAS: Whatever puts some context, yes.

10 MS. LATSHA: All right. So let's say, for  
11 purposes of argument, the Board wanted to say: You know  
12 what, \$2.5- is close enough to \$4-, let's give them the  
13 two points.

14 DR. MUÑOZ: \$2.65-.

15 MS. LATSHA: Right, \$2.65-, close enough to \$4-  
16 to award two points, and then the additional two because  
17 they did have that resolution for the other two. This  
18 application would wind up not being competitive, even with  
19 the six points. They're actually what we call a bubble  
20 deal, they would not be recommended for an award in this  
21 round but would be the first on the waiting list should an  
22 at-risk application fall out.

23 DR. MUÑOZ: Are they aware of their position?

24 MS. LATSHA: They are.

25 DR. MUÑOZ: My presumption is being aware of

1 their position they would still like to proceed.

2 MS. LATSHA: Well, I think that the four points  
3 wouldn't put them quite where they want to be, the six  
4 points puts them closer to where they want to be. Right.

5 So with respect to future rounds, I think it  
6 probably basically serves as direction with respect to  
7 future QAPs and that threshold. All I can say to that is  
8 that there was quite a bit, two years worth, of public  
9 comment on this very item which we all arrived at those \$4  
10 million and \$6 million thresholds for a reason. Reasons  
11 change. Right?

12 MR. THOMAS: No, no, no. They don't change  
13 midstream without a compelling reason. This is not a new  
14 issue of differentiation of city size. In complete  
15 deference to the staff, I think I was asking a little bit  
16 different question. For other applicants -- going back to  
17 our concern about having QAPs which are transparent,  
18 reliable and consistently applied -- if we were to not  
19 follow staff's recommendation on this, what is that going  
20 to do to us to the extent that you're aware of deals in  
21 the pipeline and other applicants that are going to flood  
22 us and come back and say you didn't follow your QAP?

23 MS. LATSHA: You know, would there be some  
24 applicants that would be upset about that? Sure. I think  
25 my phone would probably ring and say: You know, yes, we

1 would have submitted an application, we had a plan in a  
2 small city that had a \$3 million budget and decided not to  
3 go that route because we couldn't get it to \$4-.

4 MR. OXER: I might add too, Jean, several years  
5 ago we had an applicant who the application was due at  
6 five o'clock one afternoon and they got it in the next  
7 morning. Now, was that close enough to five o'clock?

8 MR. THOMAS: I appreciate the distinction, but  
9 I'm asking clearly on this kind of a narrow issue, because  
10 this is an equity issue. This is really not just timing.  
11 The nexus issue, as I think our vice-chair pointed out,  
12 I'm getting clearer on, but this really comes down to an  
13 equity issue in treating applicants and regions in a fair  
14 manner and a consistent manner. I'm trying to get some  
15 clarification.

16 MR. IRVINE: I would say that because of the  
17 date, the last day for awarding 9 percent credits, the  
18 persons that might be aggrieved on the other side of that  
19 equity equation don't have an opportunity to raise their  
20 issue.

21 MR. THOMAS: That's what I'm concerned about.

22 MR. OXER: Right. It's late in the game for  
23 anybody who wanted to seek similar consideration.

24 MS. LATSHA: Well, we treated all of these  
25 reviews the same way, so we would have denied other

1 applications for exactly the same reason and perhaps they  
2 didn't appeal. You know, it was their right to appeal and  
3 they didn't.

4 MR. OXER: But they elected not to appeal based  
5 on the fact that they were below the threshold and  
6 recognized that fair application, consistent application  
7 of the rules under the QAP, they would have not managed to  
8 meet the threshold for the points.

9 MS. LATSHA: That's right.

10 MR. OXER: Does that answer your question,  
11 Robert? Is that where you were headed?

12 MR. THOMAS: Yes. Thank you so much.

13 MR. OXER: Cameron, do you have something to  
14 add?

15 MR. DORSEY: Yes. I just wanted to mention one  
16 thing.

17 MR. OXER: Say who you are.

18 MR. DORSEY: Cameron Dorsey, deputy executive  
19 director.

20 I just wanted to mention that I would probably  
21 advise being relatively cautious in referring to the fact  
22 that other people may not have appealed. I think Jean  
23 stated it absolutely correctly, but then making a decision  
24 based on that. We have a lot of instances where someone  
25 gets determined to be ineligible or loses points for an

1 issue, they choose not to appeal or something, and then  
2 someone does appeal and they might have a case for getting  
3 the points awarded. The idea that somehow that loops back  
4 to the person who chose not to exercise their appeal  
5 rights, I think we should be pretty cautious about that  
6 because they made a choice.

7 MR. THOMAS: And let me be real clear, that's  
8 not the equity issue I'm concerned about. I agree, from a  
9 legal standpoint I don't believe that would cause us to  
10 presume why people make decisions to appeal or not appeal.

11 I'm not taking that into consideration whatsoever, that's  
12 a business decision. My concern is the equity side from  
13 our perspective, the agency's perspective in looking at  
14 what constitutes fairness, transparent application of our  
15 rules, and whether the QAP process requires and preserves  
16 under these types of circumstances an exception this time  
17 around in this context versus revisiting this issue next  
18 year in the QAP. That's more, so the record is clear,  
19 what my concern is.

20 MR. OXER: And I think what that's boiling down  
21 to, certainly in my mind, is does maintaining the  
22 consistent application of the QAP now, with the idea that  
23 we could modify this whole point so that, yes, \$4 million  
24 means a lot more to Abilene, Diana, than it does to the  
25 City of Houston, so perhaps it would be a sliding scale on



1 those dollars for city size. I don't know, it's something  
2 we need to address. But that's one of the reasons that  
3 the QAP, and everybody in here knows, it's an organic  
4 document that we have to continue to modify as it becomes  
5 clear that we need more differentiators to be able to be  
6 clear and fair to each one of the applicants.

7 MS. SISAK: May I make another comment?

8 MR. OXER: Sure, Janine. Come on. Make it  
9 short, you've got 60 seconds.

10 MS. SISAK: Janine Sisak, GMA Development  
11 Company.

12 You know, what we are asking for is that you  
13 count the school. I think lowering the requirement, while  
14 generous, is much more problematic from a fairness  
15 standpoint. What we're asking for is the school to count.

16 There were other expenditures that were made prior to the  
17 2014 date that staff counted. So it's just the school,  
18 the school should count. It was a catalyst part of the  
19 revitalization plan that was established in 2004.

20 MR. OXER: Okay. Jean, I've got a question on  
21 that. Not Jean and Janine. Do we have a Joanne in here  
22 who can step up to the mike?

23 So what are the other items that Janine refers  
24 to that were counted as a part of the plan that were  
25 expenditures? Help her out, Janine.

1 MS. LATSHA: I don't recall exactly, but like I  
2 said, the rule does allow for that, for staff to consider  
3 items that were expended prior to the plan. That's not  
4 why this was excluded. This was excluded because there  
5 was no connection between the assessment of the area that  
6 was done in 2014 and the building of the school. Those  
7 other expenditures that were made before 2014 did tie in  
8 to that assessment.

9 MR. OXER: And I have a simple mind, let's make  
10 it a simple problem for me. So the citywide redevelopment  
11 plan, small R, small P, whatever it is, and somewhere in  
12 there they needed a new school and they happened to stick  
13 it over here and it turned out it was Cobb Park or near  
14 Cobb Park. That's one of those things, it just happened.

15 MS. SISAK: And they strategically chose Cobb  
16 Park. It could have gone in three other neighborhoods,  
17 but they chose it.

18 MR. OXER: And that explains part of the issue  
19 right there because it was a citywide plan, as opposed to  
20 a Cobb Park Plan or this neighborhood. So the very fact  
21 that it's a comprehensive citywide plan without, as Tim  
22 identified, the specific concerted focus on the Cobb Park  
23 neighborhood or that neighborhood wherein Cobb Park  
24 development would go is the issue that you have right now.

25 Is that correct, Jean? It was generic to the city, not

1 specific to the neighborhood.

2 MR. THOMAS: Well, but we have ISD -- and I'm  
3 sorry, Chairman -- we have ISD expenditures versus city  
4 expenditures, and that's where I've been trying to grab  
5 this nexus. And I appreciate it, but the essence of what  
6 I understood our executive director to talk about -- which  
7 really did kind of crystallize it in my mind and why I  
8 think this is a QAP issue as opposed to an exception issue  
9 now -- is whether or not our staff, in being fair and  
10 transparent to all applicants, could reasonably reach back  
11 and using all inferences available to it make the  
12 connection, the nexus that these city expenditures, i.e.,  
13 they didn't exist, versus ISD expenditures which do exist  
14 which can go and be a partnership between the city and the  
15 ISD for revitalization in a small city that doesn't have  
16 the resources. I'm getting long-winded.

17 I see a distinction in those expenditures and  
18 the concern about how to fairly apply this rule going  
19 forward until we get a chance to visit it again, if we  
20 deny the appeal.

21 MR. OXER: Well, the interesting thing about  
22 that is we'll have the opportunity to revisit the rule  
23 next month. Once this round is over today, we're into  
24 going back and fixing. You know, a couple of years ago on  
25 this we dug up a whole bunch of quirks and I thought we

1 had buried most of them.

2 MS. LATSHA: I'm not sure, and forgive me, but  
3 I'm not sure that this is a quirk. This was a line that  
4 we drew after considerable discussion.

5 MR. OXER: Considerable public comment.

6 MS. LATSHA: And if we were to draw that line  
7 at \$2 million, then assuredly we would be having this same  
8 conversation with somebody who had a plan that had \$1.25-.

9 DR. MUÑOZ: I have a question. How many ISDs  
10 in Abilene? Is it just the one?

11 MS. SISAK: One.

12 DR. MUÑOZ: There's no adjacent outlying  
13 community that takes from the city?

14 MR. REED: Well, there is a Wiley ISD.

15 MR. OXER: You have to identify yourself every  
16 time you come up.

17 MR. REED: Gene Reed, executive director of  
18 Abilene Housing Authority.

19 There is a Wiley ISD that's just south of  
20 Abilene, considered almost Abilene but just south of  
21 Abilene.

22 MS. SISAK: So in closing, part of my  
23 frustration is that this has been a moving target. It was  
24 a moving target through the deficiency process, and I feel  
25 the target moving with you guys too. Ten minutes ago I

1 thought it was a timing issue, now I'm hearing that maybe  
2 it's because Abilene Independent School District funding  
3 and that's not really city funding. So my frustration  
4 with this process has been, you know, there have been all  
5 of these issues raised about this plan. This rule was  
6 supposed to be administered really objectively this year,  
7 and I feel like it's been very subjective, and I feel like  
8 it's been a moving target the whole time. I mean, it  
9 feels really like every time I address an issue raised by  
10 someone, another issue pops up. So that's where our  
11 frustration comes from.

12 MR. THOMAS: And I respect that. Don't leave.

13 I want to address that. As our chairman says, if these  
14 were easy, everybody would do them. The vast majority of  
15 these don't fall in this level. And the struggle you're  
16 feeling, I'd like to believe, are people that are trying  
17 to figure out how to apply these rules and still grant the  
18 desire for the construction. So I sense your frustration,  
19 but it has to be in the context of a partnership of  
20 believing that the global community here, all interested  
21 parties, including this Board, care passionately about how  
22 to make this work in fairness.

23 Since you looked at me when you said that, let  
24 me be very clear, I'm up here, I've read all the stuff,  
25 but the testimony obviously starts becoming very powerful

1 and moving, coupled with the credibility of the people  
2 making the requests, so that's very, very important to me.

3 That having been said, I think I've been very clear, as  
4 our vice-chairman pointed out, I'm still seeing a nexus  
5 issue. So all of the questions around my concerns,  
6 including my questions to Jean about our recent historical  
7 decisions on the TIRZ, et cetera, were related to try to  
8 draw some kind of consistency here. So I understand you  
9 feel like, at least as you looked at me, that the sands  
10 were shifting.

11 MS. SISAK: It wasn't accusatory.

12 MR. THOMAS: Okay. I was sitting over here  
13 trying to figure out how to draw a consistent line that I  
14 could justify and articulate that might be able to support  
15 your position, quite frankly.

16 MS. SISAK: Thank you. I appreciate that. And  
17 I apologize.

18 MR. THOMAS: Those darts were clear, I got it.

19 MS. SISAK: I just don't even really know what  
20 we're talking about anymore, so thank you very much for  
21 your time.

22 (General laughter.)

23 MR. OXER: We would, frankly, have been pretty  
24 surprised if you thought we were all doing a perfect job,  
25 so we understand what you're saying.

1 MS. SISAK: I appreciate everybody's time and  
2 the time that they've put in, and the Board's and staff's  
3 time trying to get this right.

4 MR. OXER: Dr. Muñoz.

5 DR. MUÑOZ: Here's my trouble. If you had had  
6 a side-by-side copy of the 2004 plan and the 2014, and you  
7 were to assert that both in spirit and letter the '14  
8 reflected was culled out, was teased out or pulled out,  
9 then that school would have been part of that earlier plan  
10 very explicitly in that particular community, and then I  
11 suppose I would have no trouble recognizing that that was  
12 part of a concerted deliberate effort.

13 There's no doubt in a town like this you're  
14 going to have people understand that building that school  
15 there, the construction, the materials, the labor, the  
16 employees, the teachers that are hired, the benefits that  
17 are allocated to employees, et cetera, has an economic  
18 benefit to that physical geographic area. In a town like  
19 that, you're going to know it. You're going to know  
20 people that are involved in it. If you work at the ISD,  
21 you're going to have friends or family or colleagues that  
22 work in the city.

23 So I don't see, for me, the great separation,  
24 it's just whether or not the school was part of a  
25 deliberate sort of plan. But if the 2014 plan is, as is

1 being represented, very -- I don't want to say word for  
2 word, but highly reflective, to a point where you're  
3 satisfied, of the 2004 plan and expectation, then I guess  
4 I'd have less trouble reconciling that the school was part  
5 of an earlier visioning for that specific area to be  
6 revitalized, et cetera. But you don't have it.

7 MS. LATSHA: I don't, and I don't know,  
8 sometimes I think, you know -- and maybe part of what I'm  
9 hearing in that is was there a way for them to craft this  
10 to where that connection was made more apparent and it did  
11 meet the requirements. Maybe, but that's just not what  
12 was presented. What was presented was a concerted plan  
13 that was adopted in 2014, and so it became really  
14 difficult for us to look back in time because there was no  
15 indication in that plan that they were looking back in  
16 time.

17 DR. MUÑOZ: And it's impossible for them in  
18 2004 to look forward in time.

19 MS. LATSHA: Right. True.

20 MR. OXER: Any other questions from the Board?

21 (No response.)

22 MR. OXER: I have a summary statement just to  
23 add a few comments into this. As you pointed out, Jean,  
24 and all the folks who made comment -- and by the way, is  
25 there one other final comment to be made?



1 MALE SPEAKER: No.

2 MR. OXER: Okay. Just making it clear here.

3 And I hate to say it quite like this, Diana,  
4 but this is a sort of on the bubble, marginally  
5 competitive application, and I want it to be clear that  
6 we're spending an enormous amount of time up here trying  
7 to make sure we're clear on the application of the QAP  
8 because it's not sanctity but the consistency of the rule,  
9 recognizing that these are the rules we're playing under  
10 this year. If it doesn't work and things need to be  
11 changed, we'll work on that for next year, but the rules  
12 that we have this year include these details. And I hope  
13 it would be evident to everybody out there that  
14 maintaining the strength of the QAP and the transparency  
15 and the consistency with which we apply those rules is  
16 very important to us until we find something that is so  
17 philosophically overpowering that we need to take relief  
18 from those rules.

19 So given that, are there any other comments or  
20 questions from the Board?

21 (No response.)

22 MR. OXER: All right. Regarding application  
23 14181, there's a motion by Mr. Thomas, second by Dr. Muñoz  
24 to approve staff recommendation. All in favor?

25 (A chorus of ayes.)

1 MR. OXER: Opposed?

2 (No response.)

3 MR. OXER: There are none; it's unanimous.

4 Okay, everybody. It's 10:46 right now. We're  
5 going to take a 15-minute break. Let's be back in our  
6 seats at eleven o'clock.

7 (Whereupon, at 10:46 a.m., a brief recess was  
8 taken.)

9 MR. OXER: Okay. It's eleven o'clock. Let's  
10 get back in the game here. Jean.

11 MS. LATSHA: Yes, sir. Let me find my place  
12 again here. I think it might be appropriate to take item  
13 6(b) before 6(a). 6(b) is one 4 percent application, and  
14 6(a) is the 9 percent awards.

15 MS. LATSHA: They're slightly related.

16 MR. OXER: We can do that easy enough, can't  
17 we? Okay.

18 MS. LATSHA: All right. So item 6(b) is an  
19 award of 4 percent tax credits for Pine Grove. This is an  
20 application in Orange, it's 66 units. It was originally  
21 approved as part of three applications that were all  
22 redeveloping 216 units of public housing. The applicant  
23 wasn't able to close on an earlier reservation so had to  
24 come back for 2014 credits. The transaction itself, like  
25 I said, has been previously approved and there's certainly

1 no issues there. This recommendation does, however,  
2 include a number of conditions that were a result of the  
3 previous participation review.

4 Just to explain some of the reasoning behind  
5 one of the conditions that was placed on this award  
6 regarding applications submitted through the end of 2015.  
7 ITEX is the developer in this transaction. ITEX is  
8 undertaking some measures to ensure that it will have a  
9 compliance function that meets the Department's standards.

10 The Executive Award and Review Advisory Committee --  
11 EARAC, as we lovingly call it -- called to the attention  
12 of ITEX that until and unless there's been an opportunity  
13 to conduct additional monitoring of ITEX properties  
14 following the implementation of the conditions placed on  
15 this award, the compliance record EARAC would review in  
16 connection with any new applications in 2015 for  
17 assistance would be the same compliance record that EARAC  
18 had reviewed in the current previous participation review  
19 and presumably EARAC would have the same concerns. And  
20 that was kind of the reasoning behind the condition on the  
21 award.

22 I think that the applicant would like to say a  
23 few words with respect to some of those conditions, but  
24 the recommendation is for the award with the conditions  
25 that are in your Board book. There are a number of them,

1 14 or 15.

2 MR. OXER: And from the staff's perspective,  
3 has the applicant raised any issue with you?

4 MS. LATSHA: Yes. They had some concerns over  
5 one of the conditions that's listed in your Board book, I  
6 believe specifically condition number 3, but I might let  
7 them speak to that.

8 MR. OXER: Okay. That's what I was trying to  
9 get to. But this is on 6(b) only.

10 MS. LATSHA: They are also being recommended  
11 for a 9 percent tax credit application on which EARAC has  
12 recommended the same conditions on that award.

13 MR. OXER: Is that another item on the agenda?

14 MS. LATSHA: It is.

15 MR. OXER: Okay. So we're looking at only the  
16 4 percent deal at this point.

17 MS. LATSHA: That's correct.

18 MR. OXER: And EARAC's approval was conditioned  
19 on this list.

20 MS. LATSHA: That's correct.

21 MR. OXER: Any questions from the Board of  
22 Jean?

23 (No response.)

24 MR. OXER: Motion to consider?

25 MS. BINGHAM ESCAREÑO: I'll move to approve

1 staff's recommendation with conditions as presented.

2 MR. OXER: Okay. Motion by Ms. Bingham.

3 MR. GANN: Second.

4 MR. OXER: Second by Mr. Gann.

5 We have public comment. Barry, good morning,  
6 again.

7 MR. PALMER: Good morning. Barry Palmer with  
8 Coats Rose.

9 I'm here on behalf of the developer, and the  
10 developer will be speaking as well, to raise an issue with  
11 one of the conditions that are included in the list. I  
12 believe there are 16 conditions that are listed on this  
13 list, and we're in agreement with 15 of them, but one of  
14 them would result in essentially a suspension of the  
15 developer for the next year and a half.

16 MR. OXER: What's the number on that one,  
17 Barry?

18 MR. PALMER: It's number 3, that says that no  
19 projects would be approved by EARAC for the next 17  
20 months. And we do not believe that that is appropriate  
21 and wanted to talk about that.

22 The EARAC committee process is a new process.  
23 You may recall that previously there was an objective  
24 process whereby for compliance if you scored 30 points or  
25 more on your property you were ineligible to participate

1 in programs, but you scored less than that you would be  
2 eligible to participate. That was done away with by the  
3 legislature in the last session, so now it's been replaced  
4 by the previous participation review which is a more  
5 subjective process where the EARAC committee meets and  
6 considers your overall compliance record and decides  
7 whether or not you meet the test.

8 ITEX has 19 properties in the Tax Credit  
9 Program. They've been developing projects, mostly in East  
10 Texas, for the last 13 years, and they've done a great  
11 job. Many of their properties are showcase properties  
12 that we can all be proud of. But like many developers, if  
13 you have that many properties you're going to make some  
14 mistakes on compliance, and I think Patricia would confirm  
15 that many developers have had trouble, particular with the  
16 Fair Housing Disclosure Notice. That's the thing that's  
17 giving ITEX problems.

18 The majority of their issues on compliance have  
19 been on the new Fair Housing Disclosure Notice, not that  
20 they didn't give it out but that they gave it out at the  
21 wrong time. There's a specific window that you have to  
22 give it out, and if you miss that window you can't cure it  
23 for another year, you've got to wait for the tenant's  
24 lease to come up for renewal and then give them the  
25 disclosure notice within a specific window.

1           And also, ITEX has had some issues with not  
2 reporting or responding in a timely fashion to some of the  
3 compliance requests for information and inspections, and  
4 Chris Akbari, from the developer, is going to talk about  
5 steps that they've taken to make sure that their reporting  
6 and compliance is improved.

7           But it's important to note that all of the  
8 compliance issues that are capable of being corrected at  
9 this point have been corrected. As I said, there are some  
10 that you have to wait a period of time before you can  
11 correct, mostly on the Fair Housing Disclosure Notices.

12           The penalty that's being imposed here, we  
13 believe, to have ITEX ineligible to receive funding for  
14 the next year and a half, is very harsh and goes beyond  
15 what is a reasonable penalty for having made some mistakes  
16 in the compliance arena. And in effect, putting this  
17 condition in like this results in a suspension when, in  
18 fact, you have rules, debarment and suspension rules, that  
19 allow developers due process, entitlement to hearing, and  
20 to put on their case, and this really kind of goes around  
21 those rules and results in a suspension merely through a  
22 condition.

23           The EARAC process is new, it is still being  
24 developed. We would suggest that there's room for some  
25 improvement in the process itself, that it's not a totally

1 fair and transparent process. The meetings are not open  
2 to the public. The developer cannot attend the meetings  
3 and present their case, although the Department did give  
4 us an opportunity to come not to the meeting when it was  
5 voted on but at a separate meeting to address some of the  
6 issues, and Chris Akbari will talk about that further.

7 But we believe that it is not appropriate to,  
8 in this instance, suspend the developer for a year and a  
9 half when they have made a good faith effort to comply,  
10 they've got a long track record in Texas of developing  
11 good properties and being in compliance, and we ask that  
12 this condition be removed from the conditions.

13 MR. OXER: Thanks, Barry.

14 Any questions from the Board?

15 (No response.)

16 MR. AKBARI: Hi. I'm Chris Akbari. Chairman,  
17 Board members, Director, I appreciate your time. And I  
18 just want to first commend staff. This EARAC previous  
19 participation review is a very difficult thing, it's very  
20 new, and it's taken a lot of their effort, a lot of  
21 sleepless hours for them to do these reviews.

22 Through this process I've learned a lot. I've  
23 learned that our company has a lot of room to grow, and a  
24 lot of the conditions that were set forth by EARAC are  
25 ways for our company to grow. But what has happened is



1 this one condition has been placed that essentially  
2 prevents us from doing business. It prevents us from  
3 doing development business for one year, it prevents us  
4 from doing construction business the next year, and  
5 effectively, it tarnishes our reputation, and we've worked  
6 very diligently to keep our reputation as a developer.

7 I really believe that staff has the best of  
8 intentions and they've really done a great job with this,  
9 and they've really worked very diligently to come to a  
10 consensus on how to move forward from this issue, but I  
11 believe that the Board should consider approving all the  
12 conditions except for number 3.

13 I'd also like to point out that our company is  
14 not a new company. My father started developing in 1978.

15 In 2003 his dream came true, he was able to buy the  
16 company that he worked for, and for over 12 years we've  
17 been what I would consider a very well respected developer  
18 here in the State of Texas. And so I'm here today to ask  
19 you to not put us out of business and to not allow for  
20 something like this, a condition that will effectively  
21 tarnish our reputation and help us to move forward with  
22 the other conditions that really help us to become a  
23 better company and help us to do a better job as a tax  
24 credit developer.

25 MR. OXER: Good. Thanks, Chris.

1 Any questions from the Board?

2 MR. THOMAS: Actually, I do.

3 MR. OXER: Mr. Thomas.

4 MR. THOMAS: Chris, thank you. You say,  
5 effectively, item 3 would cause you for the next 2-1/2  
6 years to not be able to do any projects. Is that right?  
7 Did I understand your testimony correctly?

8 MR. AKBARI: Yes, because what happens is as a  
9 developer the development work then goes to our  
10 construction company, so our construction company would  
11 have an effective 12-month period after the 12 months that  
12 we don't do the development work.

13 MR. THOMAS: And you're only doing tax credit  
14 related construction?

15 MR. AKBARI: For the most part; 99 percent of  
16 our work is tax credit development.

17 MR. THOMAS: And if this is such a severe --  
18 and we'll hear from them but I can't imagine staff would  
19 have recommended this unless there was -- you've alluded  
20 to areas for learning, and I appreciate the way you've  
21 approached this, but I'd like to understand from you what  
22 are the critical factors that your company is engaged in  
23 or that you see which has caused the staff to be concerned  
24 enough to recommend this to the Board, and give very  
25 specifically what's the downside of your hand.

1 MR. AKBARI: Sure. What a lot of our issues  
2 were related to not providing the notices on time. The  
3 second set of issues that we had were that we actually  
4 missed three deadlines that were noted in our previous  
5 participation review where things were not responded to on  
6 those deadlines. One happened in 2012 when an email  
7 didn't go through; one happened in 2013 when a staff  
8 member told her direct report that it was sent, she was  
9 immediately terminated; and one this year when,  
10 unfortunately, my father, who is ill, we were in the  
11 hospital with him and we were unable to submit the report  
12 on time. And so those are the three specific instances of  
13 non-responsiveness that we have had.

14 We've also had issues where we would send a  
15 reply to the staff, what we thought was comprehensive and  
16 would resolve the issue, and then they would then reply  
17 back and say we need additional information. And so some  
18 of those items didn't get cleared within what they call  
19 the corrective action period.

20 And so in order for us to mitigate some of  
21 those issues, some of those things that we could have done  
22 better, we actually have hired an outside third party  
23 compliance firm to come in and help us to get better.  
24 We've also, at the recommendation of that compliance firm,  
25 gone through a training process, we've watched online

1 videos. We've also all registered, from the top down, to  
2 go to compliance training here that the staff will put on  
3 in Beaumont, a second training that we'll go to that I  
4 believe is in Houston. Several of our staff members are  
5 going to take their HCCP so that they get better.

6 And another thing that we've really done is  
7 we've actually devoted a staff member to compliance and  
8 we're working to hire someone who has experience as a  
9 compliance director to help us make sure that we don't  
10 fail any more with some of these issues.

11 MR. THOMAS: What was the significance and  
12 severity? It sounds like the way you described it these  
13 were just insignificant administrative issues, but my  
14 concern is, again -- and we'll hear from staff -- but from  
15 your perspective what was the severity or the potential  
16 downside or risk or harm of any of these deficiencies?

17 MR. OXER: Let me ask a quick question that  
18 will help you out on this, it might help you out some,  
19 Chris. What you're essentially saying is you -- concede  
20 may be the wrong term, but you agree that 15 of the 16  
21 were valid and you've made efforts to address those and  
22 you're working on that and you taken no issue with those.

23 MR. AKBARI: Yes, sir.

24 MR. OXER: And it's the one that takes you out  
25 of the game for a year and a half that's the principal

1 issue that's apparently is based on the Fair Housing  
2 Disclosure Notification.

3 MR. AKBARI: Not solely on that, no, sir.  
4 There are other issues that took place. I would say that  
5 out of the compliance issues that were reported on the  
6 report, 99 percent of those were the Fair Housing  
7 Disclosure Notices. There were three times when we did  
8 not respond during the corrective action period, and in  
9 our meetings with staff, those were the things that  
10 weighed the most heavily on this. I don't know if just on  
11 this condition, but those weighed very heavily on their  
12 decisions to make these conditions required.

13 And so what we are saying is all of these  
14 conditions that we have presented really help us to become  
15 a better company. We've brought in outside people to help  
16 us make sure that we respond on time, and every one of  
17 these issues, I believe, can be resolved from us going  
18 through the conditions. I think there's actually 22 of  
19 those, and one of them we're actually disputing.

20 And I'd also like to say that staff recommended  
21 this one condition because they felt like there wasn't  
22 enough opportunity to really see that we had changed as a  
23 company or that we were doing a better job, and we  
24 actually provided in our appeal like 17 different  
25 instances where we could be able to justify that we can

1 really do a better job before recommendations are made for  
2 the next cycle.

3 MR. OXER: Good. Thanks.

4 Do you have a followup question on that, or  
5 comment?

6 MR. THOMAS: Only of staff.

7 MR. IRVINE: Can I make a comment?

8 MR. OXER: Yes, Tim.

9 MR. IRVINE: First of all, I cannot and do not  
10 speak on behalf of EARAC. EARAC is a body, I don't sit on  
11 EARAC at this time, and it's a statutory body, and I fully  
12 understand and appreciate Barry's comments about not being  
13 able to meet with EARAC and not having it function as a  
14 public matter. I think that EARAC is quite different from  
15 other types of meetings in that it is a core group of high  
16 level people on our staff and they are statutorily charged  
17 with looking at things and making their recommendation to  
18 you, their assessment of the compliance record. And I  
19 think that EARAC has to be able to function the way that  
20 it does in order to meet its statutory requirements.

21 I think that we have gone outside of our normal  
22 processes and we have had two meetings with the ITEX  
23 folks, and I've been in both of those meetings, and I've  
24 got to say that, Chris, you said exactly the right things  
25 and I think you have taken the appropriate actions. I've

1 looked the guy in the eye and I feel confident in his  
2 commitment to follow forward with training, with policies,  
3 with the use of capable third party assistance, and  
4 develop a really robust compliance function that would  
5 hopefully be as effective as their ability to develop has  
6 been. So I feel that they're absolutely pointed in the  
7 right direction.

8 I believe that the concerns that I've heard  
9 expressed from EARAC really had more to do with  
10 responsiveness, the details of the structure that were in  
11 place. You know, a company with as many developments as  
12 they have needs to have a well-oiled compliance machine,  
13 and we're hopeful that what they're doing will result in  
14 that compliance machine.

15 Again, I can't speak for EARAC on the purposes  
16 behind that third condition, but my concern would just  
17 simply be that they know that until and unless there has  
18 been the ability to make change and observe the change  
19 that that EARAC essentially has the same record, so it  
20 would be difficult for EARAC to act otherwise until it's  
21 got a different record, and I think that they understand  
22 that now.

23 MR. THOMAS: I need some clarification based  
24 upon that.

25 MR. OXER: Sure, Robert.

1 MR. THOMAS: What authority do we as a Board  
2 have then to ignore the EARAC recommendations? They're  
3 purely just recommendations?

4 MR. IRVINE: Recommendations.

5 MR. OXER: It's a recommendation only.

6 And to Barry's point about it being secretive  
7 and not open to the public, it's not unlike any other  
8 staff conference where you have to sit down in a  
9 conference room and talk about a problem or an issue. The  
10 point is none of the things that EARAC does goes without  
11 our stamp on it, so you're doing the right thing coming  
12 here, which is the way that whole process which is  
13 statutorily defined was intended to operate.

14 MR. AKBARI: Yes, sir.

15 MS. BINGHAM ESCAREÑO: I have a question for  
16 Chris.

17 MR. OXER: Ms. Bingham.

18 MS. BINGHAM ESCAREÑO: So when you look at the  
19 conditions, most of them look kind of like checks and  
20 balances. Right? It looks like just what you said, that  
21 probably there are some things that your firm could learn  
22 in terms of accountability and responsibility to adhere to  
23 the guidelines that are set forward. And the only one  
24 that looks, and from the way that you and Barry have  
25 presented it, that looks a little like a penalty kind of



1 or a consequence is that third condition.

2 Did you guys talk at all about is there a  
3 period of time that you do think is fair or that you could  
4 live with? You hear EARAC's position, right, which is we  
5 just want enough time to go by that we can see that you've  
6 got those checks and balances in place before we partner  
7 again on another project. Have you considered whether or  
8 not there's a period of time that would possibly meet the  
9 message that EARAC is trying to send to you that your firm  
10 could live with?

11 MR. IRVINE: And before you answer that, I  
12 would just like to point out that Patricia runs our  
13 Compliance Division and she's got staffing constraints and  
14 scheduling constraints and so forth. I would hope that as  
15 the natural process unfolds and she gets her staff out  
16 there to monitor properties, she would observe that things  
17 are taking hold and changes are being made, and those  
18 ultimately would impact the way that she recommends and  
19 assesses your compliance record, and she is a statutory  
20 member of EARAC.

21 MR. AKBARI: So just to briefly answer that, I  
22 think that there could be a few different ways that it  
23 could be modified. One could be that they would not  
24 recommend until they can be able to show that we really  
25 have made the changes and those changes have taken effect.

1       Secondly, they would not recommend unless we possibly,  
2       like a date, for instance, September 30 or December 31 of  
3       this year. We did have projects that we have scheduled to  
4       do for later in this year in the HOME RFP with 4 percent  
5       tax credits, so that would effectively prevent us from  
6       doing those projects until possibly next year, but it  
7       would give us a chance to be able to show that we're doing  
8       a better job.

9               And I would like to point out that several of  
10       the issues that have been outstanding, since even we  
11       started coming to meet with Executive Director Irvine and  
12       his staff, have been resolved. At least four I know that  
13       we've gotten clearance letters on recently, or we've had  
14       an inspection since all of this started and we actually  
15       had no findings on that inspection. So a lot of the  
16       policy changes that have been going forward have really  
17       already yielded results.

18               MR. OXER: It sounds like we got to a point  
19       where there were some issues. EARAC said, We want to see  
20       some changes. You said, Okay, we've made the changes.  
21       And they're waiting to see if there's enough time in there  
22       that the correction of those changes is an improvement, as  
23       you agreed that they would be and hope that they would be  
24       based on the changes. Staff seems to be saying they don't  
25       have enough time to see any results, they just don't have

1 any data to make that assumption on. And you're  
2 suggesting now that there have been at least these few  
3 items that have given the indication that it is headed in  
4 the right direction.

5 MR. AKBARI: Yes, sir.

6 MR. OXER: Okay. Any other questions, Robert?  
7 Doctor?

8 MS. DEANE: Mr. Chairman, I'd just suggest, in  
9 light of some of the discussion that I'm hearing, you  
10 could, if you wanted to clarify this in number 3, say:  
11 ITEX acknowledges that, if ITEX is unable to demonstrate  
12 successful implementation of the plan procedures, then  
13 EARAC will not recommend ITEX. And that would give them  
14 an opportunity to demonstrate. I don't know if that helps  
15 to clarify.

16 MR. OXER: It helps because we always want to  
17 make sure that you're making an improvement. We have a  
18 compliance director that sees the world in black and  
19 white, and we understand that.

20 MS. MURPHY: (Speaking from audience.) I've  
21 got green shoes on.

22 (General laughter.)

23 MR. OXER: Those are black in this term. Okay?  
24 Forgive our humor -- it helps a little bit -- because I  
25 know it's hard what you're going through right now. But

1 the point is we'd like to see that there's some  
2 improvement but not with the intent to impose a death  
3 penalty, what the NCAA would do for you, out of the  
4 recruiting for a year. So I'm trying to figure out how is  
5 it that we can come about this to say you've got some  
6 time, what are you going to do to show us that it's  
7 working, what are you going to do to convince Patricia  
8 that it's working. And I personally think it's a good  
9 suggestion from our general counsel to say if you don't do  
10 this by a certain date, then we'll take EARAC's  
11 recommendation a little stronger. But what I'm looking  
12 for now is what kind of time frame is that date.

13 Come on up, Barry, if you've got something to  
14 say. You've got to tell us who you are again.

15 MR. PALMER: Barry Palmer with Coats Rose.

16 I think we have proposed that we could live  
17 with a December 31 of this year date that would at least  
18 give the applicant the ability to apply in next year's tax  
19 credit round. Or something more along the lines of what  
20 Tim suggested which is not put a date in there but just  
21 say that we won't be getting a favorable recommendation  
22 from EARAC unless we've shown that these measures have  
23 taken effect and have shown improved responsiveness.

24 MR. THOMAS: And how do we remove the  
25 subjectivity? So point 16 which is really not a

1 condition, but point 16 would allow for a mutual consent  
2 of any of the conditions to be amended or to be changed,  
3 and I'm wondering is there concern about there being too  
4 much subjectivity from your perspective, on the staff's  
5 part or EARAC's part? I'm trying to follow up with what  
6 our chairman is saying and figure out a way to address  
7 this. You have a provision here which would mollify,  
8 potentially mollify, you've offered and suggested ways in  
9 which you could continue, Chris. And by the way, I think  
10 you're beating yourself a little bit too hard, from this  
11 Board member's perspective.

12 MR. OXER: Don't let it go unsaid that we don't  
13 appreciate the efforts that you've made already.

14 MR. THOMAS: That's what I'm trying to say.  
15 I'm greatly appreciative of what you've done, and I don't  
16 want you to feel like, in any way, shape or form, that you  
17 should do anything other than to say I continue wanting to  
18 be a good partner.

19 So how do we modify this in a way that allows  
20 you all to have feeling that there's enough objectivity in  
21 the process that our staff, that Patricia feels clearly  
22 that she can then, in her reporting obligation to her  
23 superiors and to the Board, know that she's following her  
24 statutory and regulatory guidelines? How do we do that?

25 MR. PALMER: Well, I think what we've asked for

1 is to take out condition number 3 that essentially  
2 suspends ITEX for a year and a half, that that is going  
3 too far. When you think about it, ITEX has 19 tax credit  
4 properties. They've been a partner of yours for 12-13  
5 years, shown a long track record of developing good  
6 properties. Yes, they've had some issues on reporting and  
7 fair housing forms. You have other developers, out-of-  
8 state developers who have never done anything in the State  
9 of Texas. They come in and apply for credits, they have  
10 no issue with EARAC, they've got a clean bill of health  
11 with no track record.

12 MR. THOMAS: But, Barry, answer my question. I  
13 agree with everything you've said; you've already talked  
14 about that. This would not be in here, let's just be  
15 clear -- with all the level of respect that everybody has  
16 for you now -- this wouldn't be in here unless there were  
17 some real concerns. And I keep looking at Patricia, who  
18 is biting her tongue. So I want to recognize how to  
19 address, exactly what our chairman said, how do we address  
20 the concerns, my concerns of subjectivity, clearly  
21 recognize that at some level statutorily we have an  
22 organization with a group of identified issues that  
23 they've got enough concern with but still not have the  
24 death nail in position that Chris is concerned about.  
25 Answer that question if you can.

1 MR. PALMER: Well, I guess my answer would be  
2 to have the condition read along the lines of what Tim  
3 suggested earlier.

4 MR. THOMAS: Barbara's response?

5 MR. OXER: Barbara's response.

6 MR. PALMER: Without a date in there.

7 MR. IRVINE: I believe that if the condition  
8 were simply not there, the fact remains that EARAC would  
9 assess whatever the record was at the time and make its  
10 recommendation based on that record, and I don't want ITEX  
11 running down the road, putting together deals, bringing in  
12 partners and so forth, in any sort of mistaken belief that  
13 everything has already been addressed. I think that  
14 everything I've seen is pointing absolutely in the right  
15 direction, I feel very hopeful about it, but we need to  
16 have the opportunity to see the measures that have been  
17 taken and how they're rippling through when we do  
18 additional compliance monitoring.

19 MR. OXER: What Barbara suggested essentially  
20 puts you on probation, and that's basically what it is.  
21 We'll be watching this until there's some evidence the  
22 data supports itself. So we're big on trying to make sure  
23 we have data to make decisions on rather than to  
24 subjective assessments.

25 So with that, do you have anything else, Dr.

1 Muñoz?

2 DR. MUÑOZ: You offered some language  
3 modification, Barbara. How could we sort of restate this?

4 MR. IRVINE: Actually, the language that Jean  
5 read, to me, kind of encapsulated it.

6 MR. OXER: Jean, come up and do it again,  
7 please.

8 MS. LATSHA: And it's really the reasoning  
9 behind the recommendation which is not that they could not  
10 submit an application, it's simply an acknowledgment of  
11 how EARAC would handle that application.

12 "ITEX is undertaking these measures to ensure  
13 that it will have a compliance function that meets the  
14 Department's standards. EARAC calls to the attention of  
15 ITEX that until and unless there has been an opportunity  
16 to conduct additional monitoring of ITEX properties  
17 following the implementation of the conditions, the  
18 compliance record EARAC would review, in connection with  
19 any new application for assistance, would be the same  
20 compliance record that EARAC has reviewed in the current  
21 previous participation review and it would presumably have  
22 the same concerns."

23 MR. OXER: And what you're essentially saying,  
24 if I can digest it down to something a little clearer for  
25 me, if you're making an application it would be through an



1 annual point of this and they're at the inflection point on  
2 that date, so what they're saying is they want to have  
3 another few months to give you some more data that you  
4 could use to evaluate. They've essentially said they'll  
5 put themselves on probation to give you more time for more  
6 data.

7 MS. LATSHA: I think it's a business decision  
8 on their part whether they want to put themselves on  
9 probation. If they choose to wait two months or six  
10 months or a year to submit an application, they can wait  
11 as long as they choose to wait. EARAC is simply saying if  
12 that time is relatively short -- and maybe relatively  
13 short is six months, maybe it's a year, maybe it's the end  
14 of 2015 which is what was written here -- then it's safe  
15 to say that EARAC's recommendation will be the same, and  
16 this prevents the applicant from basically being surprised  
17 by a very similar recommendation for an application  
18 submitted in 2015.

19 DR. MUÑOZ: But were they to present a  
20 different body of evidence, then they could presume that  
21 the recommendation from EARAC could be different. Now,  
22 does what you just read now replace number 3?

23 MS. LATSHA: If you'd like.

24 MR. OXER: All right. I have a question. Hold  
25 that thought right there.

1           Patricia, I have a question. And I think what  
2 they're saying is they don't want to be put on probation  
3 or held out until the end of 2015 which essentially puts  
4 them too close to the margin. So how often would you  
5 exercise a compliance review or monitoring review, and  
6 when was the last one that was done for their properties?

7           MS. MURPHY: Patricia Murphy, chief of  
8 Compliance.

9           So between now and December 2014 they're  
10 anticipated to have one response due, so EARAC did not  
11 believe that that would be sufficient to evaluate if  
12 procedures have been implemented. By December of 2015,  
13 it's anticipated that they will have about ten responses  
14 due by December of 2015, which is why EARAC said at that  
15 point we will have this body of monitoring completed and  
16 we'll see if they had no findings -- which would be  
17 great -- or if they did have findings, were they able to  
18 respond to them during the corrective action period and  
19 get them fixed.

20           DR. MUÑOZ: Patricia, what was that first  
21 number you read, how many responses?

22           MS. MURPHY: Between now and December 2014 it's  
23 anticipated -- actually, there were no findings with that  
24 one, so I don't think there's any responses due between  
25 now and December 2014.

1 MR. OXER: Go ahead.

2 DR. MUÑOZ: Between now and December there are  
3 none but next year there will be ten?

4 MS. MURPHY: Yes.

5 MR. OXER: Are they clustered?

6 MS. MURPHY: They just went through this round  
7 of reviews, so we go to properties once every three years,  
8 so like awards they got in 2003, they're all monitored on  
9 the same calendar schedule kind of thing, and they're all  
10 in the same area so we kind of go at the same time.

11 DR. MUÑOZ: Do they all happen at the beginning  
12 of the year? I mean, do you have ten take place, one  
13 through five, one through six?

14 MS. MURPHY: They have two UPCS inspections due  
15 in March of 2015 and they have a file inspection due in  
16 April of 2015.

17 MR. OXER: What option does there exist for  
18 them to offer themselves up for monitoring compliance  
19 review between now and December? And I know your staff is  
20 busy and I know you've got a schedule, I know we're  
21 stretched tight as a drum inside the house here anyway.  
22 And the follow-on question I'm going to ask Chris is if  
23 they could do that, are you willing to put out the  
24 resources to make sure that they have the capacity to this  
25 for you.

1 MS. MURPHY: Mr. Chairman, if the Board  
2 instructs us to go monitor them earlier, we will.

3 MR. OXER: Chris.

4 MR. AKBARI: Chris Akbari, ITEX. We would be  
5 willing to have that occur, but I would like to also point  
6 out that a lot of the compliance function has all been  
7 really turned over to Capstone to be our backstop because  
8 we needed to have that capability, and so we've already  
9 had them come out and do file inspections at properties.  
10 In fact, we're having them do a 20 percent file inspection  
11 on every one of our properties because we want to find the  
12 problems ahead of time. We, effectively, want to become a  
13 better company from these other 22 conditions. We're more  
14 than open to them coming before the end of the year to do  
15 an inspection, and I'm sure that we'll do very well on  
16 that.

17 The one thing I want to point out is that they  
18 use -- Mr. Thomas was mentioning earlier subjectivity --  
19 if they just use the same previous participation review  
20 over and over, the good stuff doesn't come in. We have to  
21 be able to craft this language so that you can be able to  
22 show the things that we've really done well, because as  
23 the PPR is presented, it only shows the places where you  
24 failed to respond or you failed to do something good. So  
25 if the condition could be evaluated that we can actually

1 show that they've justified that they've done a better  
2 job, I think it would be more beneficial.

3 MR. OXER: So you're willing to offer yourself  
4 up for an accelerated review, not on the 3-year schedule,  
5 maybe on a 2-1/2-year schedule to get a couple more in  
6 this year.

7 MR. AKBARI: Yes, sir.

8 MR. PALMER: If I could just make one point on  
9 that.

10 MR. OXER: Barry Palmer, Coats Rose.

11 MR. PALMER: Barry Palmer with Coats Rose.

12 In the meetings that we've had with the  
13 Department, it's been made clear to us that the real big  
14 problem, from the Department's perspective, was not  
15 problems at the properties but a lack of responsiveness --  
16 and Chris mentioned that they missed three deadlines over  
17 the last three years -- and so the responsiveness is the  
18 thing that we've got to show an improved record on. And  
19 in our appeal we listed in there as an exhibit 17 things  
20 that we have to respond to over the next six months. And  
21 so that track record of responsiveness will be established  
22 over the next six months.

23 MR. OXER: Any other questions, Robert?

24 MR. THOMAS: No, sir.

25 MR. OXER: Any other questions? Any other

1 interest in public comment?

2 (No response.)

3 MR. OXER: And to clarify, this is a 4 percent  
4 deal that doesn't impact the list that everybody is  
5 sitting around waiting for us to listen to.

6 MS. LATSHA: That's correct.

7 MR. IRVINE: The same approach would apply to  
8 the 9 percent deal.

9 MS. LATSHA: It will, and I can clarify that in  
10 that recommendation. But yes, this particular action item  
11 is just the 4 percent.

12 MR. OXER: One puzzle at a time. Okay?

13 Ms. Bingham, do you have a question?

14 MS. BINGHAM ESCAREÑO: So does the Board want  
15 to see if the agency and the appellant want to get  
16 together and come up with mutually acceptable language for  
17 3?

18 MR. OXER: And I'm sure they would, knowing the  
19 4 percent deal is not the sudden suspense date we've got  
20 to deal with. The 9 percent deal we've got to deal with  
21 today. Right?

22 MS. LATSHA: Yes, sir.

23 MR. OXER: So that means we might as well deal  
24 with this one now because we're going to be dealing with  
25 it the same way on the 9 percent when we get to the list.

1 MS. DEANE: I think the version that Jean read  
2 probably comes really, really close to the intent of what  
3 was trying to happen, but I haven't heard -- you talked  
4 about an agreement, I haven't heard whether or not they  
5 would have a huge problem with the staff language that  
6 Jean proposed for number 3.

7 MR. OXER: Read the language again.

8 MS. LATSHA: I have it again. I think the only  
9 issue with the language is that it's not really in the  
10 form of a condition, so you'd probably want to include  
11 something like the acknowledgment.

12 So the language, again, was: "ITEX is  
13 undertaking these measures to ensure that it will have a  
14 compliance function that meets the Department's standards.  
15 EARAC calls to the attention of ITEX that until and unless  
16 there has been an opportunity to conduct additional  
17 monitoring of ITEX properties following the implementation  
18 of the conditions, the compliance record EARAC would  
19 review, in connection with any new application for  
20 assistance, would be the same compliance record that EARAC  
21 has reviewed in the current previous participation review  
22 and it would presumably have the same concerns."

23 MR. PALMER: That would be acceptable to us  
24 with one minor tweak, which is rather than saying the  
25 monitoring of the properties, which Patricia has mentioned

1 would mostly not take place till next year, to have in  
2 there a track record of responsiveness, or a demonstration  
3 of responsiveness to compliance issues. That would be our  
4 only change to it.

5 MR. OXER: Because what I'm looking for on this  
6 is satisfactory language that you can live with, that  
7 staff suggests, and an opportunity for Chris for another  
8 couple of compliance monitoring reviews, get in there and  
9 get some more data in this. To give you an opportunity,  
10 Chris, to demonstrate that what you're doing is working.

11 DR. MUÑOZ: So we would have to amend the  
12 motion to say, sort of, move staff recommendation with the  
13 new language replacing current condition 3?

14 MR. OXER: Right, consistent with what Jean  
15 just said, and with the request -- and I would offer up  
16 that we should have an additional request for Patricia's  
17 crew to get down there and accelerate some of those  
18 monitoring reviews, two or three of those. I don't know  
19 how many the staff needs. If you had three in there  
20 between now and the end of the year, that ought to give  
21 you some indication that they're making progress.

22 You can live with three, Chris?

23 MR. AKBARI: (Speaking from audience.) Yes,  
24 sir.

25 MR. OXER: Okay. Can you make three, Patricia?



1 MS. MURPHY: (Speaking from audience.) Sure.

2 MR. OXER: Okay. Well, then let's take that  
3 motion.

4 DR. MUÑOZ: Who made the motion originally?

5 MR. OXER: The original was made by Ms. Bingham  
6 and second by Mr. Gann.

7 MR. THOMAS: You guys get all the hard ones.

8 (General laughter.)

9 MR. OXER: That's the emotion so you have to  
10 move to amend.

11 MS. BINGHAM ESCAREÑO: So I'll move to amend my  
12 original motion to include staff's recommendation to  
13 replace condition 3 with the new language drafted by  
14 staff, and to instruct Compliance to --

15 MR. OXER: -- to accelerate at least three  
16 monitoring reviews between now and the end of the year.

17 MS. BINGHAM ESCAREÑO: That right there.

18 MR. OXER: Is three enough, Patricia?

19 MS. MURPHY: Sure.

20 MR. OXER: Can everybody live with that? Okay.

21 MR. GANN: I concur too.

22 MR. OXER: Motion to amend by Ms. Bingham as  
23 stated, second by Mr. Gann. There's no comment on the  
24 amendment. All in favor of the amendment?

25 (A chorus of ayes.)

1 MR. OXER: Opposed?

2 (No response.)

3 MR. OXER: There are none; it's unanimous.

4 Now we go to the motion which is to satisfy the  
5 staff recommendation as stated and amended. Any other  
6 comment, Barry and Chris? Any other comment from staff?

7 (No response.)

8 MR. OXER: All in favor?

9 (A chorus of ayes.)

10 MR. OXER: Opposed?

11 (No response.)

12 MR. OXER: There are none.

13 We don't want to see you get hurt but we want  
14 to make sure that you're doing what we're asking too.  
15 Okay, Chris?

16 MR. AKBARI: Yes, sir.

17 MR. OXER: Okay. Thanks.

18 Go for it.

19 MS. LATSHA: All right. Item 6(c).

20 MR. OXER: Thanks, Patricia.

21 DR. MUÑOZ: 6(c) or 6(a)?

22 MS. LATSHA: 6(a). Let's not skip that one.

23 MS. BINGHAM ESCAREÑO: You scared everybody in  
24 the room.

25 MR. OXER: All those poor 6(a) people in here

1 are passing out in the back.

2 (General laughter.)

3 MS. LATSHA: I'm sorry. I was going back to a  
4 moment where I almost passed out on Monday night trying to  
5 get this thing posted.

6 MR. OXER: It was 6:00 a.m. when you got to  
7 sleep this morning. Right?

8 MS. LATSHA: All right. This is the 9 percent  
9 tax credit awards. Just a really quick summary. This  
10 award recommendation includes 65 applications, almost  
11 \$60.1 million in tax credits, 5,338 low income units, 673  
12 market rates units, 6,011 total units. We do expect to  
13 award two additional applications so that total will be  
14 more like \$61.7 million in credits and another 135 to 180  
15 units. I'll get to that explanation in just a moment.

16 With respect to previous participation reviews,  
17 we did have nine awards that included conditions. Those  
18 are listed in your Board book under report 4. Actually  
19 only represents six different developers and some had  
20 multiple awards. One of those, I might modify this  
21 recommendation ultimately to include the same modification  
22 to the ITEX conditions that was included in the previous  
23 action.

24 There are a couple of interesting items  
25 surrounding this recommendation. We did have one

1 application where staff is recommending a five point  
2 deduction from the total score on one application,  
3 Savannah Park at ALK. This is a point deduction under  
4 11.9(f) which calls for staff to recommend to the Board  
5 such a reduction if an applicant in the previous round had  
6 to request an extension of either 10 percent test or  
7 carryover deadline and it was really out of the control of  
8 the applicant. We found in this particular case that it  
9 was not out of the control of the applicant that they  
10 needed that extension. It actually doesn't affect their  
11 ultimate competitive position, they're still being  
12 recommended for an award, although a little bit lower on  
13 the list.

14 Also, I think that we might hear some public  
15 comment with respect to some of the particular awards.  
16 One other interesting situation I'd like to point out,  
17 staff is recommending three awards in the town of Alton --  
18 which I'm all too familiar with.

19 MS. BINGHAM ESCAREÑO: Yes, you are.

20 MS. LATSHA: Do you remember that? Those are  
21 painful memories. Love the town of Alton. My efforts  
22 weren't so successful as these three applicants.

23 Anyway, it's a small town just north of Mission  
24 which is just north of McAllen, population right around  
25 15,000, so it seems a little unusual to be awarding three

1 applications for a total of 340 units in this small town  
2 of Alton, so as you would expect, there were some general  
3 concerns about the market, but the technical requirements  
4 of the underwriting rules have been met for each of these  
5 developments. Also, our de-concentration rules, things  
6 like a two-mile same year rule don't apply in counties of  
7 less than a million, so from a program perspective, these  
8 were all eligible applications as well, and high scoring.

9 Staff simply wanted to make the Board aware of  
10 this situation and to let you know to the extent one of  
11 them is not able to move forward with the credits, let's  
12 say if something does come back and they feel they are  
13 having trouble closing or there are some market concerns,  
14 then those credits would come back to the region.  
15 Obviously, if that happened this fall, we would be able to  
16 reallocate those this year, but even if it happened next  
17 year, they would come back to that subregion. And I don't  
18 know if there are any other questions about that  
19 particular issue.

20 One other interesting issue which is why we are  
21 essentially holding back about \$1.7 million in credit  
22 awards at this recommendation, the short story here is an  
23 applicant submitted three applications -- actually four  
24 but we'll only need to talk about three of them -- three  
25 applications with credit requests that total more than \$3

1 million, so an apparent violation of the \$3 million cap.  
2 That applicant claims that there were some mistakes in the  
3 original submission and that the costs were misrepresented  
4 and so they actually are eligible for less than \$3 million  
5 in total. This may or may not be the case, but staff  
6 wanted to take some time to be certain of what these award  
7 amounts ultimately should be.

8           It is a little unusual for an applicant -- it's  
9 highly unusual, actually, for an applicant to ask the  
10 Department to award less credit than was originally  
11 requested. We have a keen eye for a situation like this  
12 since the only reason you would really do this is to get  
13 under that \$3 million cap. That being said, it's also not  
14 unusual for our underwriting department to cut credit. So  
15 taking those two points into consideration, we just want  
16 to be looking carefully at this situation and making sure  
17 that that ultimate recommended amount is the correct  
18 amount and that we apply the \$3 million cap rule  
19 correctly.

20           The applicant has appealed those underwriting  
21 reports timely, but the executive director has not yet  
22 responded to that appeal. That response isn't due until  
23 August 12. So either the appeal would be granted and  
24 staff would award that third application which is not  
25 being awarded today, or the appeal would be denied by the

1 executive director, in which case it could be appealed to  
2 the Board and heard at the September 4 Board meeting.

3           The only thing to consider here is that our  
4 rules call for staff to hold any credit made available  
5 after the late July awards until September 30 for  
6 reallocation to applications on the waiting list. We  
7 would suggest that in this situation that the credit made  
8 available as a result of the resolution of these  
9 particular appeals be held separately from any other  
10 credit made available so that it could be reallocated  
11 before any other credit made available by September 30.

12           I hope that didn't sound like Greek. That's  
13 actually the name of my nail polish for that very reason.

14           MR. OXER: It's the last in, first out on the  
15 credits in this particular case.

16           MS. LATSHA: Yes.

17           MR. OXER: They basically could go to the  
18 warehouse but out of the whole pile they're the first ones  
19 that could come up.

20           MS. LATSHA: Right. It's actually, luckily, a  
21 relatively simple situation that we're in. The first two  
22 that we're recommending for award, with the assumption  
23 that there is a \$3 million cap violation, should that  
24 violation exist, the applicant has indicated that those  
25 top two are the ones they want to keep anyway, so the only

1 question is do we award the third application plus one  
2 more or do we award two different applications. Does that  
3 make sense?

4 MR. OXER: They're all the same applicant?

5 MS. LATSHA: Yes. They're all in the at-risk  
6 set-aside.

7 MR. OXER: Okay. Any questions?

8 (No response.)

9 MS. LATSHA: So I think there might be some  
10 comment.

11 MR. OXER: I'm sure there is. We'll have a  
12 motion to consider on this, and once a year I ask Ms.  
13 Bingham to offer the motion to approve this list.

14 MS. BINGHAM ESCAREÑO: Can I think about it  
15 over lunch?

16 MR. OXER: Like we said before, breathe,  
17 Walter, breathe.

18 (General laughter.)

19 MS. BINGHAM ESCAREÑO: So now the way we make  
20 motions is a little anti-climactic, right, because we're  
21 going to make and second the motion and then we're going  
22 to have discussion and then hopefully take a vote. But  
23 it's an honor to be here, it's an honor for us as a  
24 Board -- and I don't think it's a coincidence, today we've  
25 heard three times our developers, our customers talk about



1       how good it is to work with staff, how courteous and  
2       helpful our staff are, and so this is always an exciting  
3       time for us. Tremendous amount of work. Y'all actually  
4       look pretty fresh for what you've been through over the  
5       past several months.

6                 Mr. Chair, I'd like to move staff's  
7       recommendation for the regional allocations.

8                 MR. OXER: As described and modified.

9                 MS. LATSHA: Yes, at the beginning with respect  
10       to the ITEX conditions.

11                MR. OXER: Okay. Considering the ITEX  
12       conditions that we just imposed.

13                MS. LATSHA: Yes, sir.

14                MR. OXER: So they have a 9 percent credit  
15       which is why we had to deal with that there, so just as a  
16       clarification, we apply the same conditions to their 9  
17       percent deal that we did to their 4 percent deal.

18                MS. LATSHA: Yes, sir.

19                MR. OXER: Okay. With the conditions that  
20       you're talking about on this particular application, as  
21       you said. That's summarizing your 15 minutes.

22                MS. BINGHAM ESCAREÑO: I'll count on your for  
23       language.

24                MR. OXER: And that's clear?

25                MS. BINGHAM ESCAREÑO: Yes, sir. I stand

1 amended.

2 MS. DEANE: And just to be clear for the  
3 record, by regional allocation you mean the 2014 tax  
4 credit allocation.

5 MS. BINGHAM ESCAREÑO: 2014 housing tax credit  
6 allocation.

7 MR. OXER: And Grainger is not here asking for  
8 a 2017 forward again, is he? Just checking.

9 (General laughter.)

10 MR. OXER: Once a year we offer Ms. Bingham an  
11 opportunity to make the motion to approve this list, and  
12 once a year I, as chairman, get to second that list. I  
13 try to stay out of the flurry and try to be the chief  
14 referee up here, but I'd like to make a point to second  
15 that motion. Given that, there's public comment.

16 MR. LYTTLE: Mr. Chairman, we have legislative  
17 comment.

18 MR. OXER: Yes, and let me defer to the  
19 speaker, let me defer to our legislative request. Do you  
20 have a letter to read in, Michael?

21 MR. LYTTLE: I do have a letter, and we have  
22 Robert from State Representative Allen Fletcher's office  
23 that's here who would like to make comment.

24 MR. OXER: Okay. Robert, raise your hand.

25 Now, listen all you guys that wanted to speak,

1 you're supposed to be up here in this row.

2 MR. OXER: The first thing we're going to do,  
3 you can speak, Robert. Let's have you first. We offer a  
4 courtesy to legislators and their representatives, they  
5 get first shot.

6 MR. PAPIERZ: Thank you. My name is Robert  
7 Papierz. I'm Representative Allen Fletcher's chief of  
8 staff.

9 We are opposed to application 14272.  
10 Representative Fletcher's office was notified of the  
11 proposed Lodge at Huffmeister earlier this year.  
12 Typically we start receiving support or opposition  
13 letters, emails, phone calls from our constituents soon  
14 after the first notices are sent out. Prior to April 1,  
15 the elected official's deadline, our office had only  
16 received letters that were either neutral or in support of  
17 the apartments. Without hearing opposition,  
18 Representative Fletcher did draft a letter of support  
19 which was then forwarded to TDHCA. We did not receive any  
20 opposition to the project until well after the elected  
21 official's deadline had passed.

22 Once we began receiving opposition emails and  
23 phone calls from our constituents, Representative Fletcher  
24 drafted and submitted a letter of opposition, dated June  
25 11. I have copies of that letter for you, but I also

1 believe it's summarized in the packet of information you  
2 do have. Questions?

3 MR. OXER: Good. Thanks. Any questions from  
4 the Board?

5 (No response.)

6 MR. OXER: Good. Thanks, Robert.

7 MR. LYTTLE: Do you want me to read the other  
8 letter?

9 MR. OXER: I want you to read the letter,  
10 Michael.

11 MR. LYTTLE: This is a letter to the Board from  
12 State Representative Dwayne Bohac.

13 MR. OXER: Michael Lyttle.

14 MR. LYTTLE: Sorry. Michael Lyttle, chief of  
15 External Affairs, TDHCA.

16 The letter we received is from State  
17 Representative Dwayne Bohac, District 138. It reads:

18 "Dear Board Members, Although I recognize that  
19 this letter comes after the April 1 deadline to submit a  
20 letter of support or opposition for an HTC application,  
21 and that I originally submitted a letter of support for  
22 the Catalon in Houston, TDHCA number 14017, I submit this  
23 letter as a formal retraction of my support. My  
24 opposition to the project results from the objections and  
25 concerns that my office has received from our

1 constituents. I am elected to represent the constituents  
2 of District 138, and after hearing from them, I formally  
3 submit this letter. Sincerely, Dwayne Bohac."

4 MR. OXER: I have a quick question, Jean.  
5 What's the deadline date for the letters?

6 MS. LATSHA: April 1.

7 MR. OXER: Okay. And that's for in or out.

8 MS. LATSHA: For opposition, support,  
9 neutrality, any comment.

10 MR. OXER: Whatever. And so that's April 1,  
11 and Robert just mentioned he listed a letter June 11, and  
12 this one is obviously July 31. What was the date on your  
13 letter that you just read, Michael?

14 MR. LYTTLE: July 30.

15 MR. OXER: Okay. Give him an extra day. Okay.  
16 Good. Thanks.

17 MS. DEANE: And just one other housekeeping  
18 item. I gave you a small group of documents at the start  
19 of the meeting. One of the commenters provided a small  
20 group of documents. I don't know who that might have  
21 been. Was that you? And obviously these were presented  
22 at the meeting, so the chair, subject to any objections by  
23 other Board members, has to decide whether or not to allow  
24 those documents in. And again, the rule requires that  
25 it's in exceptional circumstances, they have to be

1 delivered to staff prior to the start of the meeting -- I  
2 think those were -- they must not be so voluminous as to  
3 cause a delay, they have to be provided in hard copy to all  
4 members of the public in attendance at the meeting, and  
5 they also have to be provided to staff in a PDF.

6 Now, my understanding on one of those, of hard  
7 copy there were only ten copies brought. Is that right?  
8 There were only 15 copies provided. So I think we do have  
9 an issue. I don't know about the other items, I don't  
10 know if they've been provided in PDF to staff. So we do  
11 have an issue with meeting the requirements of the rule.

12 MR. OXER: The document will not go into the  
13 record, I'll exclude that. We will have testimony, we'll  
14 have comments from the presenter. Thanks, Jean. We'll  
15 get back to you, I'm sure.

16 So since you're standing, let's take you first.  
17 Don't worry, guys, we'll get to you.

18 MS. SMITH: Thank you very much. My name is  
19 Kay Smith. I'm a trustee with the Harris County  
20 Department of Education, and I want to thank you for this  
21 opportunity. And I stood up because of the first  
22 gentleman that spoke, I'm here about the same property.  
23 In respect of your time, I've been asked to speak for the  
24 2,250 people that you received a petition from and the  
25 other people that responded via letter and email, and I

1 apologize that we are being reactive instead of proactive.

2 I would like to make you aware that we do have  
3 a copy of Representative Fletcher's letter. He did come  
4 to our town hall meeting. I have a copy here of minutes  
5 from the Harris County Fresh Water Supply District 61, and  
6 just two sentences here. "Director Cangalese moved that  
7 the district decline annexation service to the 21.811 acre  
8 tract for the development of The Lodge at Huffmeister,  
9 with the motion being seconded by Director Merritt. There  
10 being a motion and second on the floor, the board then  
11 unanimously voted to decline annexation for service to  
12 this tract of land."

13 This is one of the many issues that have found  
14 a problem with that in searching our area there was not  
15 proper notification of any of the local organizations  
16 other than the state representatives, who you've now heard  
17 have withdrawn their support for both tract 14017 Catalon,  
18 and 14272 The Lodge at Huffmeister.

19 Of the three people supporting, the community  
20 organizations in support of this property, the closest one  
21 is 22.6 miles, the other one is 26.2 miles, their closest  
22 office not being contiguous to this at all. Both of these  
23 properties, 14017 Catalon, and 14272 The Lodge at  
24 Huffmeister, their contiguous properties, and if you drive  
25 in a 1-1/2 mile distance, you're going to come to four low

1 income housing projects in this 1-1/2 mile stretch of  
2 land.

3 So we respectfully ask that you decline to fund  
4 these two tracts of land.

5 MR. OXER: Thanks for your comments. Any  
6 questions from the Board?

7 (No response.)

8 MR. OXER: Good. Thanks.

9 Okay, guys, you've got people's stomachs  
10 growling behind you, so we're going to keep a pretty close  
11 clock here. Okay?

12 MR. BROWN: Doak Brown with Brownstone  
13 Affordable Housing. I'm here today to discuss Urban  
14 Region 11 and the situation that's occurring in Alton.

15 Let me commence by saying in full disclosure  
16 that our development, called Casa Verde in Laredo, is next  
17 in line for funding if any of Alton's deals don't get  
18 funded, and let me also say that we're the general  
19 contractor for La Esperanza De Alton, so obviously I'm  
20 extremely interested in seeing that deal move forward.

21 As you all are aware, the three deals totaling  
22 340 units are being recommended for funding in a town of  
23 less than 13,000, which in the past couple of years went  
24 from being in the rural set-aside to the urban set-aside.

25 All three deals are within a mile of each other. My



1 purpose of speaking this morning is to hopefully convince  
2 staff to add something to the QAP that prevents this  
3 situation from occurring in future years.

4 I know all three of the developers and they're  
5 all good developers, but by funding all three deals in  
6 this community you're actually harming all three of them.  
7 I know that market information was provided to staff that  
8 shows that there's a market for all three deals because  
9 they'll pull from McAllen and Mission and larger  
10 communities near Alton, but that being said, I'll bet that  
11 there's not a single equity provider sitting behind me  
12 that would be willing or comfortable funding all three of  
13 those deals.

14 As you know, there's a two-mile rule that  
15 applies to major metro areas that would prevent this  
16 situation from occurring in Alton if Alton were in a large  
17 community of more than a million. The major reason for  
18 this rule is to prevent concentration of deals. You would  
19 think that if concentration of deals in a very large town  
20 is a concern, that it would be even more of a concern in a  
21 town of less than 13,000.

22 In fact, I'm not certain how allowing three  
23 deals to be funded within a mile of each other is not a  
24 fair housing violation. I don't understand how this  
25 affirmatively furthers fair housing due to the

1 concentration of low income people. I can see two deals  
2 having a much easier time getting done in Alton, but when  
3 you fund all three, it's a problem for all of them.

4 If the QAP does not change, this issue may  
5 occur again next year. The problem in Region 11 is that  
6 there's only five high schools that scored high enough  
7 that were in first year census tracts, so if the schools  
8 don't change much, then we developers are going to go  
9 right back into the exact same areas. I hope that staff  
10 will create a rule that prevents this concentration of  
11 deals from happening again in the future. Thanks.

12 MR. OXER: Any questions of Mr. Brown?

13 (No response.)

14 MR. OXER: Thanks. Doak, for the record, your  
15 comments are noted about the evolution of the QAP.

16 MR. VELA: Good morning. How are you doing?

17 MR. OXER: Good so far.

18 MR. VELA: First of all, let me say ditto. I  
19 have a lot of my comments prepared and I don't want to  
20 reiterate myself too much with the comments that Mr. Brown  
21 made. My name is Roque Vela, Jr. I am the city  
22 councilman for the City of Laredo representing District 5.  
23 District 5 will be the district that Casa Verde  
24 affordable housing that's in question would be built in,  
25 hopefully.

1           The City of Laredo has been growing, it's been  
2 growing by leaps and bounds for well over a decade now.  
3 It is or has been one of the fastest growing cities in the  
4 United States since I graduated high school in 1995. And  
5 with that comes a lot of infrastructure problems. Two of  
6 the biggest problems we have would be infrastructure and  
7 housing. Infrastructure, being the largest inland port in  
8 North America and crossing well over 2 million trucks a  
9 year, our roads take a beating. And also having a influx  
10 of people on a daily basis, it seems like our housing  
11 really is behind the eight ball and our developers just  
12 can't seem to keep up with the demand that's out there,  
13 and really taking advantage of this in a true capitalism  
14 type of way.

15           I can kind of speak from experience. I just  
16 sold my house earlier this year and I thought I'd be  
17 moving into a new home within the next month or two, and  
18 lo and behold, I ended up living out of a hotel for about  
19 four months with my family for the simple fact that we  
20 could not find something that we were comfortable with in  
21 our price range to be able to go out and move into. And  
22 we tried to rent a house and/or an apartment and there  
23 just was nothing to be had.

24           The fact of the matter is right now there is  
25 not affordable housing to had in the City of Laredo

1 because we are growing so fast. And the Eagle Ford Shale  
2 boom that we have there, while it is very much welcomed,  
3 it is creating some issues with us. Affordable housing is  
4 the bridge between where people are now, hardworking  
5 people trying to achieve that American dream, and with the  
6 housing crisis that we had in 2007, some people may have  
7 money in their pockets but just might not be able to come  
8 up with the down payment that they may need for the house  
9 that they dream of and affordable housing is a step in  
10 that direction.

11 The location in question is very much  
12 desirable. It's right across the street from our  
13 university, within two miles of the most sought after real  
14 estate in Laredo, and the schools within them, the  
15 elementary and the middle school and the high school are  
16 exemplary.

17 The facts Mr. Brown just stated, 7 percent of  
18 the \$5.1 million allocated are going to the City of Alton,  
19 a city that is very much rural. When you're talking about  
20 they're getting 326 of the units out of the 459 units  
21 being built, it just doesn't make sense. Laredo is in a  
22 spot that we are in a housing crisis and very much in need  
23 of housing, particularly affordable housing, and you're in  
24 a position to make a subjective opinion. And I know it's  
25 difficult. As a city councilman I'm constantly sitting in

1 those chairs and trying to make difficult decisions and  
2 trying to appease both sides, but the fact of the matter  
3 is that I have people in my district, people in the City  
4 of Laredo that rely on me to give them opportunity, and  
5 the City of Laredo is a city of growth and opportunity,  
6 and that's exactly what this would provide.

7 So please, I beg that you make the right  
8 decision and help me do my job that the people elected me  
9 for to give them a shot at the American dream. Thank you.

10 MR. OXER: Thank you for your comments. Any  
11 questions?

12 (No response.)

13 MR. OXER: Good. Thanks.

14 Donna.

15 MS. RICKENBACKER: Good afternoon -- I believe  
16 it's afternoon at this point. Donna Rickenbacker with  
17 Marquee Real Estate Consultants, and we work with one of  
18 the applicants that's in Alton and is hopeful to receive  
19 the award based on the recommendation being made today.

20 This particular developer, Steve Lawless, with  
21 Texas Gray Oaks, concentrates, if you will, his efforts in  
22 the Valley, has been very successful in the Valley  
23 building affordable housing. His development in Alton is  
24 Orchard Estates and at this point is ranked number one in  
25 the region. That's the good news. The bad news obviously

1 is that we're in competition with two other applicants  
2 that are being recommended within a mile of his particular  
3 site.

4 I'm not going to repeat what everybody else has  
5 already said to you with respect to the concentration, if  
6 you will, of housing in a small rural community such as  
7 Alton, but I do want you all to understand you all have --  
8 obviously this is a unique situation where we're looking  
9 to the Board to use its discretionary rights here, for  
10 hopefully all the right reasons and the good causes that  
11 are going to be represented to this Board today.

12 First and foremost, 70 percent, as has already  
13 been described, of the housing tax credits in Urban Region  
14 11 are going to the City of Alton. We really don't have  
15 rules that apply to that level of tax credits being  
16 applied in a concentrated manner in a small community.  
17 What we do have is de-concentration of housing but it only  
18 applies to counties that are a million or more in  
19 population. It's the two-mile, one-year rule. Hidalgo  
20 County, which is where Alton is, is a county of 800,000 so  
21 we're right underneath that threshold.

22 These applicants have gone and staff has just  
23 gone out of its way to kind of really look at the market  
24 area. Underwriting did ask for the market analysts that  
25 represent each of the applicants to go out and prove up a

1 market for 340 units which, of course, they did, and  
2 expanding that market area so that the primary market  
3 area, now that the gross capture rate can be within the  
4 maximum threshold. And it's all within the rules but  
5 you're kind of still back to that same situation where  
6 you've got three applicants in a small area and no rules  
7 that allow underwriting to basically use some subjectivity  
8 on how this ultimately plays out.

9           And the deal summaries that were issued by the  
10 underwriters, in each of the respective underwriting  
11 reports, they say, and I quote: "While there are positive  
12 economic indicators for the McAllen MSA, the primary and  
13 extended market areas, as discussed below in the City of  
14 Alton, the underwriter has significant concerns regarding  
15 the number of units being simultaneously proposed in  
16 Alton, Texas. Even so, all three proposed developments  
17 meet the technical requirements of the rules.  
18 Effectively, our hands are tied."

19           They also point out that if all three  
20 transactions ultimately receive the award and are able to  
21 meet the requirements, they would all be able to move  
22 forward from a TDHCA standpoint, regardless of the market  
23 concerns that underwriting has.

24           So I'm looking to this Board to kind of help  
25 make that decision. You've got a concentration,

1 obviously, that's been pointed out of housing. Quite  
2 frankly, I think it's very inconsistent with our fair  
3 housing policies and what Cameron and his group are trying  
4 to achieve with respect to rules and potentially policy  
5 changes that spread the housing and deconcentrate the  
6 housing, even in smaller market areas such as Alton,  
7 Texas.

8           So under the rules, under the Texas Government  
9 Code, this Board does have the right. The Texas  
10 Government Code specifically provides and refers to  
11 TDHCA's authority to use discretion to make tax credit  
12 awards, and we're asking very much for you all to make  
13 that discretionary decision on these awards. Thank you  
14 very much.

15           Do you have any questions?

16           MR. OXER: Any questions?

17           (No response.)

18           MR. OXER: I have a quick question, Jean.

19 Let's assume for purposes of discussion that all three of  
20 the awards in Alton get in, because that's where they are  
21 right now, and then once they go through, the equity  
22 providers behind them say no, we're only going to fund two  
23 of them, what happens to the third? The tax credits are  
24 returned on the third one?

25           MS. LATSHA: Yes, and likely, to be kind of



1 realistic, unless one of those applicants got a pretty  
2 early indication this fall that they weren't going to be  
3 able to move forward, you tend to hold on to those as long  
4 as you can until you really kind of know that you're dead  
5 in the water. And that's assuming that they would be.  
6 Right? This whole thing is under the assumption that they  
7 actually can close all three of these deals. If that were  
8 true and the second and third or maybe just the third  
9 can't close because the first one already did and there's  
10 no more interest, then those credits would come back to  
11 the region likely next year and just come back to Urban  
12 11.

13 MR. OXER: But they would be restored to the  
14 region, not in the statewide collapse.

15 MS. LATSHA: Yes.

16 MR. OXER: Okay. So they're not lost over the  
17 long term.

18 MS. LATSHA: And also not lost to the region.

19 MR. OXER: Not lost to the region or over the  
20 long term.

21 MS. LATSHA: That's right.

22 MR. OXER: Okay. Good. Thanks.

23 MS. REIDY: Honorable Chairman Oxer and members  
24 of the TDHCA Board. My name is Sara Reidy of Casa Linda  
25 Development Corporation, the developer and general partner

1 for La Esperanza De Alton, TDHCA 14306, in Urban Region  
2 11. La Esperanza is a proposed 80-unit new multifamily  
3 development in the City of Alton, located in the Rio  
4 Grande Valley of Texas. Alton is in the growth corridor  
5 of Hidalgo County.

6 We identified our Alton site in August of 2013  
7 and subsequently had our first meeting with the City of  
8 Alton the first week of October. We selected our site  
9 because the site is a beautiful 10-acre tract within the  
10 city limits served by all utilities. We were the first  
11 developer to approach the city and received strong support  
12 from the city staff. We anticipated competitor developers  
13 would follow selecting sites in Alton due to the  
14 exceptional schools in the Sharyland School District, and  
15 guess what, we were right.

16 We met with city staff on numerous occasions  
17 and we planned the design and size of our development. In  
18 fact, we reduced our size to 80 units to reflect the  
19 desire of the city.

20 On January 7, 2014, Casa Linda Development  
21 Corporation made a presentation to the City of Alton  
22 Development Corporation Board. Also on the agenda was the  
23 Orchards proposed development. We told the board there  
24 could be a scenario in which both of our applications  
25 could be awarded. We described this possibility an

1 referred to the award of two tax credit projects in Rural  
2 Region 11 in Rio Grande City in 2013. Like the two of us  
3 in Alton proposing sites within a mile from each other,  
4 the two projects in Rio Grande City were also located  
5 within a mile from each other. One of those two projects  
6 was ours. The Orchards team agreed that the two projects  
7 could be awarded and coexist.

8 The city's development executive director  
9 confirmed to the board that there was sufficient funding  
10 available for both projects, should they be awarded, and  
11 the development corporation voted unanimously for the  
12 funding commitment requested. Since that January meeting,  
13 the third developer approached the city and provided a  
14 third funding commitment for Bella Vista in February which  
15 is the third project in Alton recommended for an award  
16 today.

17 Hidalgo County's population in 2000 was 569,463  
18 and 774,769 in 2010, representing a 36 percent increase.  
19 Hidalgo County is ranked twelfth in the state in county  
20 population growth and is the eighth most populous county  
21 in the state. The need is great for quality affordable  
22 housing in Hidalgo County. Occupancy is between 98 and 99  
23 percent for LIHTC properties in the immediate PMA and EMA.

24 We request the Board support staff  
25 recommendation and award all three communities in Alton.

1 Thank you.

2 MR. OXER: Thanks, Sara.

3 Any questions?

4 (No response.)

5 MR. OXER: Are the three of you speaking  
6 together for the same reason, or would each of you like to  
7 speak individually?

8 MR. APOLONIO FLORES: I'm Apolonio Flores from  
9 San Antonio, and I'm here to speak to you on the same  
10 subject of the three Alton developments. And I think  
11 earlier on your agenda you heard Cameron Dorsey and the  
12 executive director comment on TDHCA responsibilities for  
13 the Fair Housing Act, which basically is affirmatively  
14 furthering fair housing.

15 In this particular instance, as you have been  
16 told, you've got three properties, 340 units in Alton  
17 within a mile of each other. All three attend the same  
18 elementary school, the same middle school and the same  
19 high school, so you also have a significant impact on the  
20 schools. But a concern for you is that the Fair Housing  
21 Act prohibits concentration of low income housing, and  
22 this is exactly what will happen if you fund all three of  
23 the applications.

24 It also requires that you provide a wider  
25 choice of housing opportunities for low income people in

1 their choices of housing. When you put 340 units all  
2 within a mile of each other, you're not providing that  
3 opportunity. So I think that perhaps one or not more than  
4 two applications can be funded.

5 Thank you.

6 MR. OXER: Thanks for your comments. Don't  
7 forget to sign in.

8 Megan, be thinking about this, with respect to  
9 the fair housing, affirmatively furthering fair housing,  
10 I'd like to ask you to make a comment when we get to the  
11 end of this.

12 MS. SOTO: Buenos dias. Oh, sorry. Good  
13 afternoon. I'm not here to speak on Alton. I'm actually  
14 from El Paso. My name is Veronica Soto. I'm the director  
15 of community and human development.

16 My predecessor spoke to you around this time  
17 last year, and I am now here to say thank you to the Board  
18 and the TDHCA staff for the responsiveness that you raised  
19 the concerns that were raised last year regarding the need  
20 for local jurisdictions to have the ability to support  
21 proposed applications. We really appreciate that you  
22 listened, that the staff listened, and that the QAP this  
23 year does consider that.

24 Addressing the QAP, to include the scoring  
25 criteria for city support is very helpful, and the City of

1 El Paso was able to review and select applications that  
2 best served our community, and so we thank you for that  
3 responsiveness.

4 That really is all my comments, unless you have  
5 any questions.

6 MR. OXER: Any questions?

7 (No response.)

8 MR. OXER: Now it's your turn.

9 MR. HENRY FLORES: My name is Henry Flores, Mr.  
10 Chairman and members. I am here to speak on behalf of  
11 Bella Vista.

12 I am one of the development team for that  
13 property, also located in the proximity of Alton. The  
14 first point of clarification would offer is these are not  
15 all located in Alton. One is located in Alton and the  
16 other two are in the extraterritorial jurisdiction of the  
17 City of Alton.

18 Most of the comments that have been offered  
19 here today have been offered by individuals who have a  
20 vested interest in one of these transactions not being  
21 funded, comparators, essentially. I would point out that  
22 the City of Alton has reviewed all these applications and  
23 supported all these applications unanimously, with  
24 resolutions of support, as well as with their own  
25 financial resources. They are all committed to all these

1 three. Why would they do that? Because this is the major  
2 growth corridor in the Valley in one of the fastest  
3 growing parts of the state in the fastest growing state in  
4 the union.

5 Now, I have a long background in affordable  
6 housing. I ran this agency for Ann Richards and George  
7 Bush, I've been in business since 1995, did the first tax  
8 credit deals in the Rio Grande Valley. I have done deals  
9 in Mercedes, San Benito, Harlingen, Alamo, the first deal  
10 in Alamo, McAllen, Weslaco, Donna, and now in Brownsville.

11 So we have a very, very long experience in the Valley.  
12 My mom and dad are from Mercedes, so I have native roots  
13 in the Valley.

14 The things I would reiterate have already been  
15 shared with you. One comment that was made by Mr. Brown,  
16 this has gone from being rural to urban. That suggests to  
17 you the growth impact that's occurring in that area. Ms.  
18 Reidy talked about the growth of that region. It's  
19 dynamic; again, it's the most dynamic part of the state.  
20 The issue of the staff recommendation, I would ask that  
21 you support staff recommendation. They have been very  
22 dutiful in their review, and like everyone else who does  
23 business with staff, I again commend them for the hard  
24 work that they do and for the quality of their service to  
25 the people of this state.

1           We had a market study. They asked for an  
2 additional market study to be commissioned by a gentleman  
3 named Darrel Jack who is with Apartment Market Data.  
4 Darrel looked at that market and recognized that we are in  
5 the growth corridor. In fact, the road that we're all on  
6 is about to experience a major expansion, it's going to  
7 become a state highway. His review of that market  
8 indicated that the absorption rate, the primary criteria  
9 for deciding whether these are good deals or not, is only  
10 12.8 percent if you take all 340 units as an assumption of  
11 funding. So there is no issue with absorption rate.

12           You know, there's been an issue raised about  
13 fair housing, and I'll offer you my observation on that  
14 subject, Mr. Chairman. Fair housing is meant to  
15 distribute affordable housing. Well, this is an area of  
16 the community that is the highest income area of that  
17 county. It has the very best schools, an elementary, a  
18 middle and high school that are all exemplary or  
19 recognized under the TEA criteria. You are meeting fair  
20 housing obligations by funding these deals because right  
21 now poor people don't live in that area. That is what  
22 you're doing. You're providing opportunities for poor  
23 people to move into a high income area. That's exactly  
24 the purpose of the fair housing rules.

25           So again, every criticism that has been leveled



1 today is merely to cloud this picture and to suggest to  
2 you that other communities are better served. So I'll  
3 close with one last comment, Mr. Chairman. If all three  
4 of these are funded and all three cannot get funding --  
5 even though I do not imagine that will be the case -- but  
6 if that scenario occurs, no one is harmed by the process,  
7 because ultimately the money is returned to the State of  
8 Texas and you can distribute it to another deal in that  
9 region, so there is no harm to that region.

10 Thank you.

11 MR. OXER: Thanks, Mr. Flores.

12 Any questions?

13 (No response.)

14 MR. OXER: Megan.

15 MS. SYLVESTER: Megan Sylvester, Legal  
16 Services.

17 You know, affirmatively furthering fair housing  
18 is a complicated issue and I think you have to look at  
19 each transaction individually. The same answer about  
20 concentrating deals in the area that already had minority  
21 concentration that was a minority population in an urban  
22 area is probably a different analysis than what we're  
23 looking for in this particular transaction. So you kind  
24 of have to weigh different policy goals of the Fair  
25 Housing act, and I think our staff has done that, and that

1 this is, as previous speakers and Jean have said, a high  
2 opportunity area and area of growth.

3 From a legal perspective, it's always hard to  
4 say what HUD is going to say, but I don't have a fair  
5 housing concern.

6 MR. OXER: You're the fair housing specialist,  
7 so we want to have that on the record.

8 Any other speakers? Any other request for  
9 public comment? Jean, anything? Donna?

10 MS. RICKENBACKER: Can I just follow up real  
11 quick?

12 MR. OXER: One quick one, 30 seconds.

13 MS. RICKENBACKER: For a correction and some  
14 supplemental information. First, there's two transactions  
15 that are in the City of Alton, the other one is actually  
16 less than a mile away, right around the corner. It is in  
17 the ETJ of the City of Alton. So that's the correction.

18 With respect to the tax credits coming back to  
19 the region, please keep in mind, yes, that is what will  
20 happen and that's good, but the problem is you've delayed  
21 until next year putting quality affordable housing on the  
22 ground by a year and not getting those tax credit units  
23 made available to the most needed in that community.

24 MR. OXER: Good. Point is noted.

25 Mr. Flores.

1 MR. HENRY FLORES: Thank you, sir.

2 I don't want anyone on this Board to perceive  
3 me as trying to be disingenuous in my comments. The  
4 applications, when they were first submitted, there were  
5 two I the ETJ and one in the city. The one that is  
6 referenced now in the city was annexed last week. So  
7 again, I don't want anyone to think that I would in any  
8 way miscommunicate with you.

9 DR. MUÑOZ: Incidentally, in our documentation  
10 it reflects what you're indicating, that there are two in  
11 the ETJ.

12 MR. HENRY FLORES: Exactly.

13 MR. OXER: And the clarification is that there  
14 are two in the city.

15 MR. HENRY FLORES: As of last week.

16 MR. OXER: Just last week.

17 MR. HENRY FLORES: Yes, sir. Thank you.

18 (General talking and laughter.)

19 MR. VELA: Mr. Chairman, I'm sorry. Just very  
20 quickly.

21 MR. OXER: Say your name again, please.

22 MR. VELA: Roque Vela, Jr., for the record.

23 Mr. Flores mentioned earlier that the city is  
24 invested in these developments and has passed a  
25 resolution. So has the City of Laredo. We passed a

1 unanimous resolution, we are investing money in it as  
2 well.

3           And he also mentioned that the people that have  
4 been speaking against it have vested interests. Well,  
5 I'll argue that everybody has a vested interest, except  
6 for myself. The only interest I have is the City of  
7 Laredo and trying to bring much needed affordable housing  
8 to the City of Laredo. You can't afford the fact that  
9 Laredo is one of the fastest growing cities in the whole  
10 nation. When I graduated high school in the mid '90s we  
11 were about 110,000, we're closer to about 300,000 now.  
12 And I can't stress how much pressure this Eagle Ford Shale  
13 boom has brought to our city.

14           And I agree, yes, maybe the tax credits do stay  
15 in the region but this is needed now. When I say I was  
16 living in a hotel for four months because I couldn't find  
17 a house, I'm not exaggerating, and luckily for me I have  
18 the means to be able to go a little bit further out of my  
19 price ranges and come up with some money. Most people  
20 can't do that.

21           MR. OXER: Any of us that know from doing city  
22 planning and infrastructure, which I have spent a little  
23 time doing infrastructure, prosperity can be its own  
24 curse.

25           MR. VELA: There are issues that come with it,

1 and issues that I always welcome. It's better than  
2 sitting around twiddling your thumbs. But nevertheless  
3 issues, and they're issues dealing with people's lives and  
4 their families. And again, everybody here has an  
5 interest, most of it monetarily, mine is simply for the  
6 people. Thank you.

7 MR. OXER: Thanks for your comments.

8 Jean, stand to post. Anything else you want to  
9 add?

10 MS. LATSHA: My only comment was one thing that  
11 came up when we were all discussing this, and that, you  
12 know, we don't have a restriction on the number of units  
13 you can apply for so this could have been one application  
14 for 340 units and we might be in the same spot. And had I  
15 been able to keep my awards in 2008 and 2010 we wouldn't  
16 be here because they wouldn't have gotten their  
17 underserved area points. But I'm not bitter.

18 (General laughter.)

19 MR. OXER: And as we say, if a frog had wings,  
20 he wouldn't bump his butt every time he hopped either.

21 MS. LATSHA: All right. So I don't think there  
22 are any more comments, unless there are from you.

23 MR. OXER: with respect to item 6(a), the 2014  
24 Low Income Housing Tax Credit allocation by TDHCA, motion  
25 by Ms. Bingham, second by the chair. There are no other

1 comments, no other public comment, no other questions from  
2 the Board. All in favor?

3 MR. IRVINE: Wait.

4 MR. THOMAS: We've got a request for comment.

5 MS. HARDIN: I'm a lay person, a mom, new to  
6 this; this is my first time to ever speak. My name is  
7 Barbara Hardin, and I just want to add one more thing  
8 about The Lodge at Huffmeister which has been mentioned  
9 before.

10 I live directly across the street from where  
11 this is going to be built, or recommended to be. I have a  
12 letter from Homer Stevens, who is our HOA president. I  
13 just want to read this very briefly, a few sentences out  
14 of it. It says: "As of today we have never been notified  
15 of this application, nor have we been sent any information  
16 of the potential filing of this project. Ravensway  
17 Saracen Park Homeowners Association represents 857  
18 families, and we should have been recognized as having  
19 opinions either for or against a project."

20 So I know ignorance is not always bliss, but we  
21 didn't know, and when we found out we did come together as  
22 a community, and you have that information, over 2,000  
23 people signed a petition saying that that's something we  
24 didn't want across the street, mainly because of how it's  
25 going to affect our schools. I'm a former teacher and I

1 stand in support with Cy-Fair ISD who has asked that we do  
2 not go further with this development.

3 I'm also concerned about the overcrowding of  
4 our school that is in my neighborhood, and we're just also  
5 concerned about the roads and the sidewalks and the  
6 ability for children to cross over a main thoroughfare to  
7 get to that school from that Lodge.

8 So thank you for your time. Sorry I jumped up  
9 and popped up at the last minute, but I appreciate it very  
10 much.

11 MR. OXER: You're welcome. Glad to have your  
12 comments.

13 Anybody else? Anybody on this side that wants  
14 to play?

15 (No response.)

16 MR. OXER: Back to where we were. Any other  
17 questions from the Board? Any other comments from the  
18 Board?

19 (No response.)

20 MR. OXER: All right. Starting over. With  
21 respect to item 6(a), 2014 allocation of the Low Income  
22 Housing Tax Credits by the Texas Department of Housing and  
23 Community Affairs, motion by Ms. Bingham, second by the  
24 chair. All in favor?

25 (A chorus of ayes.)

1 MR. OXER: And opposed?

2 (No response.)

3 MR. OXER: There are none. Good job, Jean.

4 And congratulations all of you who won.

5 (Applause.)

6 MR. OXER: All right. Here's what we're going  
7 to do. I can hear the stomachs growling already all the  
8 way up here. Everybody sit still and be quiet. You know  
9 we've got to put this on the record, so everybody be quite  
10 and be still for a second.

11 The Governing Board of the Texas Department of  
12 Housing and Community Affairs will go into closed session  
13 at this time, pursuant to the Texas Open Meetings Act, to  
14 discuss pending litigation with its attorney, under  
15 Section 551.071 of the Act, to receive legal advice from  
16 its attorney under Section 551.071 of the Act, to discuss  
17 certain personnel matters under Section 551.074 of the  
18 Act, to discuss certain real estate matters under Section  
19 551.072 of the Act, and to discuss certain issues related  
20 to fraud, waste or abuse under Section 2306.039(c) of the  
21 Texas Government Code.

22 The closed session will be held in the anteroom  
23 behind us. The time right now is 12:35.

24 As a point of inquiry here, you have the list  
25 prepared, there's no revisions to that, you'll be able to



1 post this list immediately so you don't need to reevaluate  
2 this. Is that correct, Jean?

3 MS. LATSHA: The one that is in the Board book  
4 is the current list, there were no revisions.

5 MR. OXER: Okay. So the discussions today made  
6 no modifications to it.

7 MS. LATSHA: That's right.

8 MR. OXER: All right. Then we'll stand at  
9 recess. It's 12:35 right now. We'll stand at recess  
10 until 1:15. See you in 45 minutes.

11 (Whereupon, at 12:35 p.m., the meeting was  
12 recessed, to reconvene this same day, Thursday, July 31,  
13 2014, following conclusion of the executive session.)

14 MR. OXER: Welcome back, everybody. The Board  
15 is now reconvened in open session at 1:24. We received  
16 counsel from our general counsel and advice. No decisions  
17 were made, and no decisions are pending based on the  
18 information that was presented.

19 So where are we on the agenda here? 6(c) which  
20 is an oral presentation. Jean is back. We thought you'd  
21 been out having a margarita or taking a nap or something.

22 MS. LATSHA: No. The bar was closed.

23 MR. OXER: Not for long, though.

24 (General laughter.)

25 MS. LATSHA: Jean Latsha, director of

1 Multifamily Finance.

2 I'll try to make this quick; I think we lost  
3 our crowd. I'm going to do it again at the next Board  
4 meeting because with all the comment about the awards, I  
5 failed to recognize the staff that reviews these  
6 applications and everything else, and I don't know if  
7 they're still watching over there, but they're  
8 ridiculously awesome. And the thing is, too, all of those  
9 guys, like the least veteran has been there for five years  
10 at least, which I think speaks a lot to Tim, Barbara, like  
11 the upper management here. You don't stick around a place  
12 that long unless you like your boss, and I haven't been  
13 there that long to claim that. But anyway, I'll tell all  
14 them that too.

15 Anyway, we've been talking about this at TAAHP,  
16 just that we have a pretty unique opportunity this year  
17 with no new legislation and no new court orders, no  
18 external factors kind of driving policy change with  
19 respect to the rules, and so we were hoping to, if you  
20 will, take advantage of that situation and not change the  
21 scoring items in the QAP, at least not change them really  
22 significantly at all.

23 What tends to happen every year is that you  
24 open up the QAP for comment, you make one tiny little  
25 change over here, you think that's the only thing you're

1 going to change, and then it opens the floodgates of  
2 comment, and then you wind up with 400 pages of comment  
3 and reasoned responses and lots of discussions that we've  
4 had year after year after year. That's kind of from a  
5 staff perspective, from a development community  
6 perspective, instead of spending three months commenting  
7 on proposed rules, they can go out and look for  
8 competitive sites because they know that there's not going  
9 to be really any change to the scoring items.

10 And I keep saying scoring items instead of the  
11 QAP. What staff has in mind is not suggesting any  
12 substantial changes at all really to 11.9 which is scoring  
13 items, with the exception of the addition of the provision  
14 that is an incentive to participate in our 811 Program.  
15 That would leave the door wide open for changes to 11.3  
16 which is de-concentration factors. There's been a lot of  
17 comment about the restrictions on elderly development in  
18 certain regions and counties.

19 It would absolutely leave wide open Subchapter  
20 B which is undesirable area features which I think we  
21 intend to completely rewrite with the help of our Fair  
22 Housing Team and all of his crime data. And to work on  
23 some other things that, quite frankly, sometimes just  
24 get -- I don't want to say ignored, but they don't get as  
25 much time and attention as the scoring items get every

1 year when we go through this process.

2           So basically what we're looking for a is a  
3 little bit of guidance from the Board with respect to  
4 maybe broader policy changes that would give us reason to  
5 open those scoring items up a little bit more. We're kind  
6 of of the opinion that those scoring items, as they're  
7 written now, effectively further the policies that they  
8 were supposed to further. When we wrote those we looked  
9 at statute and we looked at the remedial plan, and then we  
10 took some direction from the Board and that was it and  
11 there wasn't anything added from staff, so we feel like we  
12 could be just as effective again. And I know that  
13 sometimes it doesn't feel like that because you hear all  
14 these appeals and you want to go through a cycle without  
15 appeals, and it's just not going to happen as long as we  
16 have a provision for appeals.

17           But when I looked back at the appeals that we  
18 heard, three of them were tabled and didn't even come back  
19 after they were tabled. The applicant heard what you had  
20 to say, heard what staff had to say, and then withdrew  
21 those appeals. Four of them that took the most time were  
22 about undesirable area features, and we definitely want to  
23 change that. The others, there were some that were  
24 initially appealed about various scoring items, all  
25 withdrawn.

1           The only ones that resulted in some sort of  
2 discussion or change was the one about the related party  
3 which could, quite frankly, be solved through a  
4 definition. That was an interpretation of a rule and it  
5 wasn't really an ambiguous part of the rule but more about  
6 the definition of a related party. Right? And the other  
7 is community revitalization plans, and I know we did have  
8 some discussion about that earlier. I think staff is of  
9 the opinion that that rule, as it's written, is effective,  
10 although it's difficult to meet that requirement, yes.  
11 I'm not sure that it shouldn't be difficult to meet that  
12 requirement since it's worth up to six points.

13           But we just wanted to kind of open up the door  
14 for some discussion and get some guidance from you as we  
15 develop a staff draft that will be presented to you on  
16 September 4. A lot of times we develop that draft with a  
17 lot of input from the development community and our own  
18 heads and just trying to follow external factors, like  
19 court orders and legislation, that dictate what we're  
20 doing, but we don't come here at this point and say is  
21 there any other sweeping policy change that you'd like us  
22 to get in our heads as we craft that first draft.

23           We've been talking about the development  
24 community about this idea and I think there's a couple out  
25 there that want to make some comments with respect to

1 that, unless you have anything to add.

2 MR. OXER: From the Board, absolutely.

3 MR. GANN: Thank you, Mr. Chairman.

4 I kind of enjoyed the point where they were  
5 talking about unit number 14181, The Trails at Mockingbird  
6 Lane, I think is what it was. Anyway, they were talking  
7 about the investment and whether it be \$1 million, \$10  
8 million, \$5 million, and I don't remember exactly how that  
9 runs, but I don't really consider 117,000 people a small  
10 town. I mean, 32,000 is a small town to me. So I'm  
11 wondering what adjustments can you make and how low can  
12 you go.

13 MR. IRVINE: Could I field that one?

14 MS. LATSHA: Sure.

15 MR. IRVINE: First of all, I don't necessarily  
16 agree that the requirement should be different depending  
17 on the size of the city or the town. To me it's all about  
18 neighborhoods, and typically neighborhoods are more or  
19 less the same size whether they're in the middle of  
20 Houston or whether they're in Abilene, and to me it's a  
21 reflection of what would it typically cost to address the  
22 most common things that require community revitalization.

23 MR. GANN: But what do you think is that  
24 amount?

25 DR. MUÑOZ: Tim, I've got a followup question.

1 But then I suppose I view it a little differently. A  
2 neighborhood of 10,000 in the City of Austin or a  
3 neighborhood of 10,000 in a city of 12,000, that's the  
4 city. Proportionately, a million dollars in that Houston  
5 neighborhood versus in that smaller town, proportionately  
6 in terms of what's available to them to invest,  
7 realistically, is radically different. So how could you  
8 conceptualize a tiered system based on maybe population,  
9 maybe total income, assets available to the city. You've  
10 got some small towns and their entire operating budget  
11 might be \$30 million versus Houston with probably hundreds  
12 of millions. It doesn't strike me as equitable.

13 Now, I agree with Tom, 117,000, 115,000 in West  
14 Texas, that's a metropolis, when you're talking about  
15 towns like Lamesa, Tahoka, Wheeler, Pampa, Idalou, et  
16 cetera. I guess I feel, maybe more strongly than Tom,  
17 that that's got to be looked at because these smaller  
18 communities simply haven't the assets, the material  
19 resources to invest even these amounts, \$4 million. I  
20 mean, had this school not been built, they would have had  
21 \$2.65 million which is probably a considerable investment  
22 even for a town of that size.

23 MR. OXER: But I'd add something to that too.  
24 When we make exceptions, for example, on the concentration  
25 issue, if there's less than a million people in the

1 county, the concentration issue doesn't apply. I don't  
2 where the breakpoint is but it seems like there should be  
3 a breakpoint in there somewhere so that smaller towns --  
4 and granted, a neighborhood is a neighborhood, there's  
5 probably a range of size on those that maybe a  
6 neighborhood in a big city is two or three times the size  
7 of one in a small city, but it's not 50 times and it's not  
8 the ratio of the size of the city, Houston versus Abilene  
9 is a 20-to-1 differential.

10 DR. MUÑOZ: And maybe you predicate it on sort  
11 of geographic identifier, maybe urban has a different  
12 threshold than rural, maybe at-risk set-aside.

13 MS. LATSHA: And it currently does. That  
14 community revitalization plan scoring item, the  
15 requirement to have that kind of plan is only for urban  
16 developments. The rural developments have a completely  
17 different set of criteria.

18 MR. OXER: And I think what you're hearing out  
19 of all of us, Jean, is that there's some question, the  
20 issue needs to be addressed. Get out there and stir it up  
21 and let's see what we can figure out. Okay?

22 DR. MUÑOZ: So Abilene is urban. Right?

23 MS. LATSHA: That's right.

24 MR. OXER: All 115,000 of them.

25 MR. DORSEY: But some of the other towns you



1 talked about would be rural, and so they would have a  
2 different standard.

3 MS. LATSHA: Right. They would just need to  
4 show some infrastructure improvement within a few miles of  
5 the site.

6 MR. THOMAS: Conroe would be urban or rural?

7 MR. OXER: Conroe?

8 MS. LATSHA: I don't know offhand.

9 MR. DORSEY: I'm not sure.

10 MS. LATSHA: But maybe we could at least bring  
11 some information back that shows some demographic  
12 differences between the urban communities and rural  
13 communities and present and see if we need to make an  
14 adjustment there.

15 DR. MUÑOZ: Even if there were some kind of  
16 reasonable, not sort of inexhaustive, sliding scale based  
17 on population.

18 MR. OXER: We're searching for options right  
19 now to address the issue that's come up, so just work on  
20 it.

21 MS. LATSHA: Sure. Go right ahead.

22 MR. THOMAS: I was going to say on those lines,  
23 to give you guidance, because you did ask for guidance.

24 MS. LATSHA: Yes.

25 MR. THOMAS: From my perspective, I think that

1 maybe Juan has already said it, but it's the financial  
2 ability of the community to be able to target direct  
3 revitalization efforts. Some of the communities, I think,  
4 regardless of the size of those communities, don't have  
5 the resources, the tax base or otherwise, to do those  
6 types of targeted efforts.

7           The argument I took away from the Abilene  
8 discussion, and I don't know that this was correct, but  
9 what I took away from that was Abilene really didn't have  
10 the resources to do a targeted community. It was large  
11 enough for the them but their resources were too small to  
12 do an eastside redevelopment effort like the city of  
13 Austin might do, or targeted neighborhood communities like  
14 Houston or Dallas would do. And I don't know if I  
15 understood that correctly, but that's what I took away.  
16 I'd like to see if there's something around that.

17           MR. DORSEY: One thing probably three years ago  
18 when we originally -- I think it was three years ago,  
19 maybe two years ago, we redid the scoring criteria from  
20 scratch, and you guys have heard a lot about local  
21 political subdivision funding. Before, a couple of years  
22 ago, that item was like 2,000 bucks a unit, no matter  
23 where you were, and there was a lot of concern about that  
24 from folks who were in rural areas.

25           So we took that back to a roundtable, we had a

1 specific portion of a roundtable dedicated to rural  
2 issues, and kind of the system based on population grew  
3 out of that roundtable. And we have one on Tuesday, and  
4 so I think it's certainly possible that we specifically  
5 try to get folks engaged in this specific discussion,  
6 let's talk specifically about how we address this type of  
7 issue for areas that are of different sizes, or maybe  
8 based on the size of the neighborhood itself or the  
9 population of the neighborhood that's identified

10 MR. GANN: Just remember that you're not going  
11 to have people from the small towns there to discuss it  
12 even.

13 MR. DORSEY: Well, trust me, those rural  
14 developers, they're well organized, so they'll be there.

15 MR. OXER: Yes, they are at least as aggressive  
16 since they're fighting over smaller bits, as it were.

17 MR. DORSEY: Because community revitalization  
18 links so much up with the undesirable area features, it  
19 might be that we can kind of address those as a whole  
20 thing, and still there are a whole a bunch of other  
21 scoring items that I think, as Jean's statistics show,  
22 didn't really become issues that the Board had to deal  
23 with, and so perhaps the dedication of time to community  
24 revitalization, undesirable areas, and obviously, then the  
25 inclusion of 811. Legally, I'm not sure how we would open

1 up just a couple of scoring items, but we can deal with  
2 that possibility or what-have-you.

3 MR. OXER: Is that sufficient? Anything else,  
4 Jean?

5 MS. LATSHA: No. I think there are just a  
6 couple of folks here, who, after all these discussions  
7 this week, had some thoughts on the subject.

8 MR. OXER: Go ahead. Tamea, I know you know  
9 what to do. You guys are supposed to be up here in the  
10 front row, so anybody who wants to talk is supposed to be  
11 up in the front row.

12 MS. DULA: Good afternoon. Tamea Dula with  
13 Coats Rose. I just wanted to bring out three different  
14 points based upon what was just said.

15 One is the discussion of the use of municipal  
16 funds, whether it be for local political subdivision  
17 financing or to fund a community revitalization plan.  
18 Little communities don't have the right kind of money, and  
19 their local council are very, very aware of this, and  
20 generally if you have a small city that says to their  
21 attorney can we please devote X dollars to encourage this  
22 project, the response will be that the Texas Constitution  
23 prohibits the use of municipal funds for the benefit of a  
24 private enterprise of this nature. So unless you're a  
25 participating jurisdiction and you have HUD money

1 available, there's not a whole lot of places you can go to  
2 get money for this because you cannot use general tax  
3 revenues.

4           Number two, with regard to the community  
5 revitalization plans, I would suggest, although we have a  
6 well developed plan at this point, that certainly a  
7 community revitalization plan point system ought to take  
8 into consideration the fact that there are revitalization  
9 plans that have been around since prior to our providing  
10 points for that. That like my TIRZ of last month did not  
11 hit five out of eight different criteria in the discussion  
12 of why we need this TIRZ, but was a legislatively  
13 approved, statutorily authorized revitalization plan, and  
14 something like that there ought to be an opportunity to  
15 use it in order to achieve this kind of point opportunity.

16           And the final thing I wanted to say sprang out  
17 of the appeal that Coats Rose had about the multi-county  
18 public housing authorities and COGs. There ought to be  
19 some kind of resolution within the QAP or the rules to  
20 handle the situation where your local political  
21 subdivision funding can come from a regional authority  
22 because there are a lot of counties out there that don't  
23 have their own housing authorities, even though a city  
24 within them may, but you can't go to the city housing  
25 authority unless you're in the city without getting a

1 local agreement with regard to that city servicing areas  
2 outside of the city. So I would suggest that you think  
3 about perhaps expanding the definitions in order to  
4 accommodate counties like that.

5 Thank you.

6 MR. OXER: Sure. Any other questions?

7 MS. KAVILLE: Good afternoon. I'm Jocklin  
8 Kaville. I'm with the City of Houston, and I am here  
9 today on behalf of Director Neal Rackleff, who today is in  
10 Washington, D.C. He is actually sharing some of Houston's  
11 best practices regarding homelessness at a national  
12 homelessness conference going on in D.C. And that's part  
13 of what I would like to talk to you about and to have the  
14 QAP address a little bit further.

15 We appreciate that the QAP does talk about  
16 permanent supportive housing, but we think it needs to go  
17 a little bit further. If we can increase the  
18 understanding and the definition of the differences  
19 between transitional housing and permanent supportive  
20 housing, it would help.

21 The current QAP gives high scoring to high  
22 opportunity areas with transitional housing. The high  
23 opportunity areas are the high incomes and the quality  
24 schools. The reality with permanent supportive housing is  
25 that this type of housing is primarily for single people

1 who are homeless. Schools are typically not an issue.  
2 Most of the units are single room occupancy units. So we  
3 would ask that that be taken into consideration.

4 Also, the permanent supportive housing, since  
5 it deals primarily with the homeless population and a  
6 single population, it needs to be in areas that have  
7 access to transportation. In the Houston region, the high  
8 opportunity areas typically do not have good  
9 transportation access, and so it's a little more  
10 problematic to try to get these folks the help that they  
11 need to remain in permanent housing. And the difference  
12 there is it's a housing first model that deals first with  
13 putting them in a permanent place to live and then dealing  
14 with some of the social and behavioral issues that would  
15 help to keep them in a more productive way in society.

16 So we appreciate the work that staff has done  
17 in acknowledging permanent supportive housing in the QAP  
18 and we would ask that we go a little bit further with it,  
19 and we look forward to helping to draft that. Thank you.

20 MR. OXER: Thanks, Jocklin.

21 Any questions?

22 MR. THOMAS: Just very briefly.

23 MR. OXER: Yes, sir, Mr. Thomas.

24 MR. THOMAS: I really appreciate your comments  
25 there, and this is an area that I have, at this point,

1 some of the least amount of information about the way our  
2 agency interacts to provide that type of housing, but are  
3 there unique funding challenges particularly related to  
4 helping with chronic homelessness? More a statement, if  
5 you could make sure that our staff has additional  
6 guidance, particularly given your years of expertise in  
7 Houston, about what some of those issues look like, and  
8 most importantly, helping us understand how some of our  
9 regulatory, statutory, constitutional limitations that  
10 might exist that would impede or help us address that,  
11 that would be good.

12 MS. KAVILLE: Well, we certainly would like to  
13 work with you on that. We have members of our staff who  
14 are very, very well versed in what the statutes are and  
15 what the limitations are, and we know that there is the  
16 roundtable on Tuesday and so we'll look to pull  
17 information together and help with that. Did I answer  
18 your question?

19 MR. THOMAS: You did, and I'm sorry, it was a  
20 little bit too vague. But part of what I wasn't talking  
21 about, that our executive director is near and dear to me  
22 as well, is the intersection between our housing charge  
23 and our community affairs charge, and what I was really  
24 thinking was where do we have overlap and the ability for  
25 our community affairs piece to help and tie the two sides



1 of our house together to start addressing or continue  
2 addressing more affirmatively chronic homelessness.

3 MS. KAVILLE: And I don't know how to answer  
4 that, but I will say is that permanent supportive housing  
5 is the best practice emerging in the country right now for  
6 addressing homelessness, and so I think to look at that  
7 and to look at it differently than you do currently with  
8 transitional housing will become appropriate, not only for  
9 Houston but for other urban areas who have homeless issues  
10 as well.

11 MR. THOMAS: And that's why I was talking about  
12 the statutory or constitutional restrictions which may  
13 exist that our prior speaker was just talking about. I'm  
14 wondering can we solve some of that or address some of  
15 that more effectively by charging up our community affairs  
16 side and helping them. High level. I think our staff  
17 understands what I'm trying to get to. Thank you. Sorry  
18 about that.

19 MS. KAVILLE: Thank you.

20 MR. GRIGSBY: Good afternoon. My name is  
21 Seedman Grigsby and I also work at the City of Houston's  
22 Housing and Community Development Department. I'm here  
23 today to request a change to the QAP scoring in regards to  
24 the City of Houston's community revitalization areas.

25 The City of Houston has developed five

1 community revitalization areas and we would like them to  
2 be given the same point consideration that high  
3 opportunity areas receive so that we can partner with  
4 TDHCA to leverage our federal and local dollars to develop  
5 tax credit properties within Houston city limits. The  
6 city's community revitalization areas, where investment  
7 complies with affirmatively furthering fair housing, were  
8 developed in conjunction with housing advocates, community  
9 representatives, HUD advisory consultants, the General  
10 Land Office of the State of Texas, nationally recognized  
11 urban planners and affordable housing providers, and are  
12 areas where economic investment and demographic trends  
13 indicate that revitalization is achievable and it is  
14 necessary to preserve affordable housing within those  
15 areas.

16           Again, we just ask that the City of Houston's  
17 community revitalization areas receive scoring along the  
18 lines of high opportunity areas in the QAP.

19           MR. OXER: Thanks for your comments, Seedman,  
20 and I hope you'll give our best to Mayor Parker as well.

21           MR. GRIGSBY: Will do. Thank you.

22           MR. SHAW: Chairman, Board and staff, my name  
23 is Stuart Shaw, chief executive officer of Bonner  
24 Carrington. I'm a developer.

25           About 12 years ago I stood before this Board

1 and I didn't know the program very well and I was trying  
2 to figure out why we could not develop in a nice area, and  
3 my first community ever, Cypress Creek Apartment Homes at  
4 Lakeline Blvd., is now about 12 or 13 years old, we  
5 finally got it done. I just wasn't very smart at it but  
6 finally got it done, because the 9 percent rules did not  
7 help us. We had to do a bond transaction there. It's in  
8 a very nice area of Cedar Park which is a nice bedroom  
9 community of Austin, going through a resurgence at the  
10 time, and good schools, and so we were able to marry --  
11 and it's been just a complete success -- affordable  
12 housing in an area where you're not ghetto-izing  
13 affordable housing, and at the time the rules, I think,  
14 pushed us towards that statement by going to QCTs a lot.

15 And so anyway, we were successful in doing  
16 that, and then we've kind of been through a lot of routes,  
17 we tend to choose nice locations. But the current QAP  
18 really plays to our strengths and we're able to take  
19 affordable housing into nice neighborhoods so that people  
20 who need affordable housing, who work in those  
21 neighborhoods have a place to live and a place to take  
22 their children to school.

23 So at any rate, I like the QAP as it is, and  
24 I'm just here to say that. I know we got some awards this  
25 time but we worked hard for them and we got the complete

1 support of every community we're in, we don't have any  
2 opposition anywhere, like zero, none, and we have  
3 unilateral, complete unanimous support across the board in  
4 every community we're in.

5           And so I can't solve everybody's problems, and  
6 neither can we or you, nothing it going to be perfect, but  
7 I just want to congratulate staff and the Board. I think  
8 it's been working pretty well. Nothing is ever going to  
9 be perfect, but I'm pretty happy with it and we're able to  
10 go and do wonderful things, and now we can do market rate  
11 units with our affordable. Goodness, we're doing  
12 remarkably good stuff in communities now and we're able to  
13 do it because you all allow us to do it and help us.

14           And so I'm here to say thank you. Thank you to  
15 a wonderful staff who listens to us; we don't get special  
16 favors but they listen, they're fair. And you know I  
17 don't get everything I want; I come up here and sometimes  
18 I do, sometimes I don't, and I'm fine with that. It's a  
19 level playing field. I like it, I respect it, and I'm in  
20 favor of the QAP as it stands. Thank you for listening to  
21 my comments.

22           MR. OXER: Thanks, Stuart. We appreciate those  
23 comments. It's hard to sit up here and not think  
24 occasionally: Boy, what are we doing wrong? So nice to  
25 hear that we're doing a few things right.

1 MR. SHAW: More than a few things, and you're  
2 more than welcome. Thank you. I'd better sign this.

3 MR. OXER: Tell us who you are so she knows who  
4 you are.

5 George.

6 MR. LITTLEJOHN: Chairman Ozer, members of the  
7 Board, Mr. Irvine. My name is George Littlejohn. I'm a  
8 CPA with Novagradac & Company. I'm also the current  
9 president of TAAHP, Texas Affiliation of Affordable  
10 Housing Providers, and we've had lots of discussions about  
11 some of the issues, especially in terms of closing the  
12 scoring criteria. I've also had some interaction with  
13 members of the staff. We had what we called a TDHCA panel  
14 where I was the moderator. I think our panel title was  
15 "We Don't Need No Stinking Rules." And Tom Gouris was the  
16 one who actually came up with the title.

17 (General laughter.)

18 MR. LITTLEJOHN: We are an organization of very  
19 diverse membership, and my comments are not in my position  
20 as TAAHP president because we haven't had an opportunity  
21 to really go out to the full membership and discuss it. I  
22 will tell you that my impressions are that in most cases  
23 many of the developers, the immediate thought is: Oh, my  
24 gosh, we need to fix things, we need to keep it open. But  
25 then upon reflection, it seems like a lot of folks are

1 very much like: You know, this isn't a bad thing; we like  
2 having the ability to maybe know what the scores are and  
3 start the process now, there's some real advantages in  
4 that.

5 And I came back late from lunch from a meeting,  
6 but from what I understand, there are some issues, such as  
7 the community revitalization. If there was a way to sort  
8 of tweak some of the definitions within but not change the  
9 score, I would be in favor of that. I would, as an  
10 individual, think that would be a great way to do it, but  
11 it may not be able to open it up to just that part.

12 Overall, I like the process of Cameron talking  
13 about ways to make this process a little easier and giving  
14 us all more time. Now, as the current president, for at  
15 least two more weeks and then I'll be the immediate past  
16 president, I can tell you right now we're committed to  
17 working with TDHCA, and I've met with Executive Director  
18 Irvine many times, Chairman Oxer. The process has been  
19 very transparent and we appreciate that.

20 And we're going to be at the application  
21 workshop, and what we hope to do on the other areas of the  
22 QAP we're certainly hoping for some flexibility and to fix  
23 some of the things to make the program a lot better, some  
24 timing issues, some of the things like undesirable site  
25 features, and I think we can certainly make a lot of

1 progress in that.

2 Thank you.

3 MR. OXER: Thanks, George. Appreciate your  
4 comments.

5 MS. ANDERSON: Good afternoon, Chairman, Board,  
6 Mr. Irvine, staff, everyone. I'm Terri Anderson. My  
7 company is Anderson Capital, I'm a consultant. In the  
8 past few years I've done the majority of my work in the  
9 Dallas area, but I have done other developments around the  
10 state.

11 I do agree that the QAP is relatively good. The  
12 scoring is working well to include a lot of the things I  
13 know you're dealing with from an ICP perspective. There  
14 are two particular areas that I believe should be tweaked  
15 just a little bit for the Dallas area, because in keeping  
16 with the high opportunity area funding, one big component  
17 of that is the schools, of course, and areas like North  
18 Dallas that could ordinarily be considered or would  
19 ordinarily be considered high opportunity because the  
20 point scoring for schools is at 78 instead of 77 or some  
21 other area that would be a median number. I know Cameron  
22 went through a pretty good explanation of why he chose the  
23 78 number, but I believe maybe 77 was formerly exemplary,  
24 I'm not sure.

25 MR. DORSEY: Jean is the expert on that.

1 MS. ANDERSON: Okay. So I would defer to Jean.  
2 But just in looking at one of the larger cities in the  
3 state, we're truly unable to compete from a high  
4 opportunity area where there may be land that is more  
5 affordable to do an affordable housing transaction. And  
6 then the other issue was not being able to do any senior  
7 developments in Collin County. So I understand why those  
8 were implemented last year, and I thought that those were  
9 done under the presupposition that we might look at  
10 changing them next year.

11 So that would just be my two comments. Thank  
12 you so much.

13 MR. OXER: Thanks, Terri.

14 Yes, the potential for doing senior  
15 developments continues to exist. I think we had this  
16 discussion at the TDHCA panel yesterday. That was  
17 probably there to rectify an imbalance that we saw  
18 beginning to occur that would put us potentially at risk  
19 for other litigation that we're trying to get it back in  
20 balance. It is, by no means, something that is done and  
21 out of the way and will not come back, it's just timing  
22 until we get that balance back together.

23 Jean, anything you want to sum up?

24 MS. LATSHA: You know, I feel like I'm kind of  
25 putting y'all on the spot with I would like some direction



1 right now, and we've obviously heard some of the thoughts  
2 about community revitalization. I think the thoughts from  
3 Seedman with the City of Houston was kind of more what I  
4 was looking for. What he's suggesting is really something  
5 that would have a change that would look like a policy  
6 change to equalize community revitalization plan points  
7 with high opportunity area. That's the kind of thing that  
8 we would definitely need some clear direction if we wanted  
9 to make that sort of change.

10 I did want to point out the City of Houston,  
11 what happened in Region 6 this year is we wound up with a  
12 lot of high opportunity area deals getting awarded, but  
13 there were, at one point, two or three applications in  
14 there that actually were competitive and were submitted  
15 with community revitalization plans from the City of  
16 Houston. Those applications, unfortunately, made some  
17 technical errors that knocked them out of the running. So  
18 I think that from a policy perspective it could have  
19 effectuated the result that the City of Houston would have  
20 been a little happier with more even distribution of deals  
21 in the City of Houston proper that were part of their  
22 community revitalization plans, along with some high  
23 opportunity area deals. It just didn't work out that way  
24 in the end.

25 MR. OXER: Cameron.

1 MR. DORSEY: Just a couple of things. Tamea  
2 mentioned some of the potential constitutional issues with  
3 LPS funding in small municipalities. There are a couple  
4 of AG opinions out there. Barbara and I have talked to a  
5 number of contracted counsels for very small cities that  
6 don't have own on-staff legal counsel, and there are a  
7 couple of AG opinions out there that have gotten a few  
8 cities, at least, comfortable with the idea that they  
9 could provide funding for affordable housing.

10 Aside from that, I wanted to highlight Jean is  
11 going to be more in charge of this than I am this year,  
12 but in the previous year both of us would kind of just do  
13 this together. The way the scoring works is it's not just  
14 about: Okay, let's take community revitalization plans  
15 and then make that just, in and of itself, a singular  
16 policy issue, improve that so that all rational community  
17 revitalization plans that might be viable get scoring. If  
18 it was that simple, it would be really, really nice.

19 But what we actually have to do is account for  
20 a whole range of other issues, including predicting what  
21 the outcome of the cycle will be when we're drafting the  
22 items themselves. Why? The ICP litigation is a perfect  
23 example. There we're trying to achieve proportionately  
24 more high opportunity area deals than non high opportunity  
25 area deals, and so you have to predict. The obstacles you

1 encounter in the various types of areas, whether they be  
2 high opportunity or not, are different. And so getting  
3 community support may be more difficult in some high  
4 opportunity areas and so that is going to influence the  
5 decision-making that a developer has in trying to pursue a  
6 site there.

7           So any type of thing to do on its face from an  
8 addition, a simple math standpoint, equalize, for example,  
9 high opportunity area and community revitalization plan,  
10 could, in effect, swing the balance completely in one  
11 direction in reality. So we don't just look at the simple  
12 math of the issue, we have to look at the likelihood that  
13 this is going to produce results that are inconsistent  
14 with the obligations the Department has.

15           You know, TIRZ, there are lots of TIRZs out  
16 there, so perhaps we could create a community  
17 revitalization plan item that captures some of the most  
18 substantive TIRZs out there, but if I were to create one  
19 that captured all TIRZs and then I were to create more  
20 equalization in the points, then I'm just going to end up  
21 with a whole bunch of TIRZ applications because a lot of  
22 times those are areas that need revitalization, they have  
23 less community input.

24           A developer is opportunistic -- and I say that  
25 not in a bad way at all; my family is in development --

1 they take advantage of paths of least resistance to  
2 accomplish these objectives and so the paths of least  
3 resistance are much more complex than the simple math of  
4 the scoring.

5           So I just wanted to convey that when we go  
6 through this and actually craft the balance, Jean  
7 mentioned what happened in Houston this year which was we  
8 ended up with, I think, all high opportunity area deals,  
9 maybe except one, and no community revitalization deals --  
10 I think we ended up with one community revitalization deal  
11 but it was not in the City of Houston -- that would have  
12 been unexpected given the applications we received in the  
13 beginning but the technical issues with a few of them  
14 caused them to fall out.

15           Next year I could end up with the exact same  
16 distribution and I could fund 50-50, you know, with the  
17 exact same scoring criteria. So opening up community  
18 revitalization to allow more areas to qualify becomes a  
19 really difficult thing to accomplish without creating a  
20 pendulum swing that's too great.

21           So the sensitivity of these issues goes way  
22 beyond just the simple let's look at a community  
23 revitalization plan, does this make sense. It goes way  
24 beyond that. It's also if I have too many that make sense  
25 then I've got to narrow the criteria some more and kick

1 out some for the ones that make sense and go to the most  
2 substantive or come up with some other way to  
3 differentiate.

4 One of the things we did two years ago, and we  
5 kept it this last year, is have the two-point bump there  
6 for the deal that most significantly contributes to  
7 concerted revitalization within the city. That was a  
8 specific effort to provide some ability for community  
9 revitalization plan deals to get accomplished but to not  
10 swing the pendulum too much because only one per city can  
11 actually achieve those.

12 So anyhow, I just wanted to convey that it's  
13 complicated and it's really tough.

14 MR. OXER: If every deal could qualify then  
15 it's a threshold and there's no differentiation.

16 MR. DORSEY: Right. And so sometimes things  
17 are real difficult, sometimes we look at community  
18 revitalization plans and when we look at that one  
19 individually it seems like, man, this should qualify. But  
20 then if I were to base a scoring item that one and it  
21 opens the item up too much, then I've got a distribution  
22 of funding issue on the back-end when I get done with  
23 cycle that I can't correct at that point. The only way to  
24 really deal with it effectively is to craft the rules in a  
25 manner that hopefully achieves those ends.

1 MR. OXER: From my own personal position on  
2 this, I'd like to see a continued clarification of the  
3 revitalization plans so that it becomes less and less  
4 likely that somebody would have to be able to imagine that  
5 something they had fit that and there's a sharper  
6 clarification of what the CRPs actually look like.

7 Is that consistent with what you think, folks?

8 MR. THOMAS: Yes, sir.

9 MR. OXER: Just curious.

10 MR. HOOVER: Chairman Oxer and Board and Mr.  
11 Irvine. My name is Dennis Hoover, and I want to thank  
12 Jean and Eric for coming last week to our Rural Rental  
13 Housing Association conference in Fort Worth and spent  
14 several hours with us there and brought up the topic of  
15 not doing another QAP this year, which, except for one  
16 little point, I think everybody there liked a lot. And I  
17 would be willing to vote for that because I know the time  
18 and energy that we spend on it in the industry, not to  
19 mention what the staff spends on it, they could be doing  
20 something else with their time. I think I would vote for  
21 that.

22 The high opportunity points impacts the USDA  
23 515 deals and the at-risk, obviously. Look at my deals  
24 that need a rehab. I have to go through there and instead  
25 of prioritizing the one that needs the rehab the worst,

1 I've got to go which one is going to score the points.  
2 And so if this thing is going to get lessened or changed,  
3 the ICP, one of these days, I really want to be able to  
4 prioritize my deals based on need instead of this school  
5 scores better than this one. Otherwise, I'd love not to  
6 work on another QAP this year.

7 MR. OXER: I can't tell you how much we agree  
8 with that last statement.

9 (General laughter.)

10 MR. OXER: Claire.

11 MS. PALMER: Claire Palmer. And I actually  
12 wasn't going to talk, I swear.

13 I just want to reiterate one of the things that  
14 Terri Anderson brought up which is an issue that we've got  
15 in the City of Dallas. Dallas is a huge city in Texas and  
16 Dallas is only getting one award in 2014 on a 44-unit  
17 supportive housing deal because the City of Dallas does  
18 not have North Dallas land that can score. The only way  
19 it scores is if it happens to be one little tiny area  
20 that's in another school district and there's a little bit  
21 of Dallas that sits in the Richardson School District and  
22 it can score. Otherwise, the highest scoring high school  
23 scores 76, and there's two high schools that score 76, and  
24 if we went down to 76 instead of 77, it would open up two  
25 huge areas of North Dallas.

1           I don't have a North Dallas deal, I'm not in  
2 this to try to get an award for somebody that I'm  
3 representing, I don't have a client who is interested in  
4 doing a North Dallas deal, but I would love, love, love to  
5 see something get done. There's an area between Valley  
6 View and the Galleria that has three ancient tax credit  
7 properties on it that desperately need to be torn down and  
8 redone and would really, really make a huge impact, but  
9 they just simply don't score well enough to be  
10 competitive. What happens is our neighboring cities are  
11 getting all the awards; Fort Worth is getting two big  
12 awards this year.

13           It's just really frustrating for somebody who  
14 lives in Dallas County and who works with Dallas  
15 developers who are dying to do work to see us with a city  
16 that we can't score. We can score South Dallas because  
17 the City of Dallas has a wonderful community  
18 revitalization plan and they'll name one project as most  
19 significant, but it's the opposite of what ICP wants us to  
20 be doing. We can score a South Dallas deal and we can't  
21 score a North Dallas deal.

22           And so I would just really hope that you would  
23 look at the scoring issue on schools. Thanks.

24           MR. OXER: Thanks for your comments. Noted.  
25 Our crack QAP modification team is taking note of each of



1 these comments, I'm sure.

2 MS. LATSHA: I don't have anything else, unless  
3 you'd like me to comment on any of that.

4 MR. OXER: I figure we'll have a chance to  
5 comment on those as we're making modifications in the  
6 future. Okay?

7 MS. LATSHA: Yes.

8 MR. OXER: One of the things I do hope that  
9 happens is it's not going to be a wholesale rewrite,  
10 there's going to be some mods, some tweaks, so we'd like  
11 to get this to the Governor's Office before Thanksgiving  
12 weekend so that they can take a look at it before  
13 Thanksgiving.

14 MS. LATSHA: We can definitely do that. And I  
15 think I've heard enough, and probably Cameron too, from  
16 y'all, not only throughout the summer and the comments  
17 that have been made on appeals and stuff but there too, so  
18 that we can bring you something in September that is close  
19 to what you want to see.

20 MR. OXER: Good. Any more questions from the  
21 Board?

22 MR. IRVINE: There was one other item I would  
23 like a little input on on the QAP.

24 MR. OXER: Then let's bring that one up.

25 MR. IRVINE: HUBs. When I look at the HUB

1 point item, I'm not entirely sure what the policy  
2 objective is. Is it to give a HUB an opportunity to come  
3 in and participate in something and make some money, just  
4 profit motivation, or is it more directed towards bringing  
5 HUBs in to teach them longer term skills and build them  
6 more robustly into the affordable housing world? In other  
7 words, is it important for the HUB to be in on the front-  
8 end, get the financial benefit of being in on the front-  
9 end, or is it important for them to be in the HUB as the  
10 HUB for the duration, to do development, operation,  
11 management and all of those things?

12 And if the HUB decides for whatever reason at  
13 some point that it wants to exit, is there a policy desire  
14 that the HUB be replaced by another HUB at the time that  
15 it exits? Like if somebody is operating as the manager,  
16 for example, and it's ten years into the deal and they've  
17 had all the fun they want, do we have to get another HUB  
18 in to be the new manager?

19 I'd like to hear, if you have any thoughts or  
20 input on those issues.

21 MR. OXER: I don't have any thoughts right off.  
22 I think ultimately it benefits the community that we serve  
23 and the folks that participate in the process to try to  
24 graduate the HUBs. It's like small business, you want to  
25 graduate them out, move them up so that they're no longer

1 historically underutilized, they're very well utilized and  
2 are strong enough to do their own deals. I don't want to  
3 restrict anybody to an economic minority position in a  
4 deal, but so that they have the capacity to grow and take  
5 these on. That would be my own personal thought.

6 MR. IRVINE: One of the ideas I had is perhaps  
7 developing some differentiation where the HUB participant  
8 could say: All right, I want to get a point for doing  
9 this on the front-end and I want to get a point for doing  
10 this for the duration. Maybe there's some self-selection  
11 where the HUB identifies what it is exactly they want to  
12 accomplish.

13 MR. GANN: Just an observation. Normally these  
14 things are 30 years. The tax credits are used up the  
15 first ten years; that's what they're in there for. Then  
16 you've got the HUB which is a highly motivated individual,  
17 usually, that's very successful, probably, my guess, and  
18 then if you don't keep that HUB or replace it with a HUB,  
19 then what happens when these sell and it goes to a lesser  
20 setup with no experience like the HUB has because she's  
21 been there, he's been there, or whoever it is, been there  
22 ten years, and so you lose a lot of experience in a time  
23 frame when you need the most experience because it's  
24 getting older at that time and you need to revitalize and  
25 all these other things are coming up, there's no

1 experience there.

2 So it's our projects too, and that's why I  
3 think you need to replace it with somebody that wants to  
4 be there but still has the qualifications.

5 MR. IRVINE: Clearly, whoever comes in has to  
6 be experienced and have the capacity to run it.

7 MR. GANN: But usually when these things sell,  
8 that's usually at the fifteenth year, tenth or fifteenth  
9 year, but usually fifteenth year, because all the  
10 utilization of whoever was in it to start with they've  
11 already gone, the tax credits are gone for whatever  
12 they're there for, and then they sell it and go on. But I  
13 think it's important to keep that management skill, or  
14 whatever it might be, there.

15 MR. OXER: Any thoughts, gentlemen? Doctor?

16 DR. MUÑOZ: I agree with what you said, J. Paul  
17 and Mr. Gann, about maintaining a HUB presence even after  
18 sale.

19 MR. OXER: Okay. Robert.

20 MR. THOMAS: I was going to address Tim's  
21 comment. I think from a policy perspective the policy  
22 concept, the policy initiative behind we being in HUB  
23 programs is to create economic opportunity today but the  
24 longer term difficulty has been to drive the growth.  
25 While it's a stated policy position, I think there's been

1 less of a commitment to see -- and part of that is because  
2 you can't control what happens inside a business, you can  
3 help create opportunity but you can't necessarily grow  
4 them.

5 But to the extent that our policy can drive and  
6 support the growth of HUBs, to our chairman's position, to  
7 become majority contractors, if you will, I think that  
8 that should be a policy that we figure out how to drive in  
9 a delicate, difficult way. I mean, I don't know how you  
10 do that, but I think anything we can do to help  
11 incentivize that growth and development of those  
12 organization is to the benefit of our citizens and the  
13 benefit of our state.

14 MR. OXER: I would hasten to point out that a  
15 lot of things we take on, not knowing how we're going to  
16 get there, we only know where we want to go, so we're  
17 working with a compass and no map to start with, but at  
18 least we're working with a compass.

19 Are there any other comments you need on this,  
20 Jean, since it's a report item and just input for further  
21 direction? Is that sufficient for you to work on? And I  
22 expect that you'll be getting some more later on, so don't  
23 feel underwhelmed or under-loved. There will be plenty to  
24 come.

25 Anything else on the formal agenda? We've come

1 to the point, and there's been a lot of invitation for  
2 comment on this item, people have had that chance. Is  
3 there anything else? We're at the point in the agenda  
4 where we ask input for the development of future agendas,  
5 hoping that everyone will recognize we cannot comment or  
6 take action on anything that comes up from here out, but  
7 we're just looking to build future agendas.

8 Stuart, you've either got to be in it or out of  
9 it.

10 MR. SHAW: Stuart Shaw, Bonner Carrington.  
11 Chairman, Board, staff.

12 On the subject of HUBs, I applaud that, I just  
13 have one comment to make. I think it's pretty neat to  
14 take HUBs and mentor them to become developers, but I  
15 would hope that you all would hope that we as developers  
16 know what we're doing. I really do, because a lot of the  
17 things I think we do ten years out, they become somebody  
18 else's ministry and we need to rehab them before it's  
19 time. And I think we do a lot of that and it's nobody's  
20 fault, it's an unintended consequence.

21 We like to think that we do know what we're  
22 doing. There's a warehouse district in downtown Austin  
23 that I developed. We have experience, we have years of  
24 experience, and so when we're mentoring a HUB, I would  
25 encourage you to look at the HUB as somebody who is being

1 mentored and not the person who you really want to have in  
2 after the sale or something like that. I don't want to  
3 step on anybody's toes here, but that's a mentoring  
4 process. And so I mention that only because it's on the  
5 radar screen right now, and I encourage you to let us  
6 mentor HUBs but put somebody in charge of these things who  
7 really knows what they're doing so in 15 years there's a  
8 property there that's actually still in good shape, it's  
9 been maintained.

10 MR. OXER: I think the point from Tim's comment  
11 was that anybody that's in there is going to have that  
12 obligation to maintain that, and anybody that would come  
13 in as a replacement for anybody in the deal is going to  
14 have to have the experience. Put it the way we normally  
15 do it, they're going to have enough ass on their tractor  
16 to pull this thing. There you go, Tom.

17 MR. SHAW: We understand that where I'm from.  
18 Thank you.

19 MR. OXER: Got it. Terri, what else?

20 MS. ANDERSON: I won't take a long time. Terri  
21 Anderson, Anderson Capital.

22 Anderson Capital is a HUB. I've been working  
23 for TDHCA and with TDHCA for at least 15 or 15 years now.

24 I think we do have very experienced HUBs who have the  
25 capacity to stay involved in transactions. Developers are

1 smart, we do know what we're doing, but not all HUBs need  
2 mentoring. HUBs are smart and professional and  
3 experienced.

4 MR. OXER: And I have a question.

5 MS. ANDERSON: Yes, sir.

6 MR. OXER: If you've been in the business for  
7 14 years and you've got a whole bunch of people out there,  
8 are you historically underutilized?

9 MS. ANDERSON: Historically very much so,  
10 actually. I can tell you I work on a few transactions  
11 that I think are strong and good. I'm not in it for  
12 volume and a lot of other things, so historically there  
13 have been issues that are well documented that I don't  
14 need to go into because we're all very much aware of them.

15 And in all candor, I've been fortunate and blessed to  
16 have a career that has given me the experience that I can  
17 bring.

18 MR. OXER: And don't misunderstand, we're glad  
19 you're hear. What I'm trying to say is at some point when  
20 does historically underutilized become not.

21 MS. ANDERSON: I don't have that answer, sir.  
22 Maybe when my 16-year-old is here before you and she's  
23 somewhere in her 40s.

24 MR. OXER: Forty years into her career doing  
25 the same thing.



1 MS. ANDERSON: Exactly.

2 MR. THOMAS: Well, I mean, there's a  
3 definition, there's economic levels.

4 MR. OXER: It's like economic levels of small  
5 business you actually graduate out of.

6 DR. MUÑOZ: It might be a little bit more  
7 complicated.

8 MR. OXER: I don't think we're going to solve  
9 it right now.

10 MS. ANDERSON: No, sir, we're not. I just want  
11 to say that there are experienced HUBs, and we grow, we  
12 thrive and we work.

13 MR. OXER: And glad you do and glad you're  
14 here.

15 MS. ANDERSON: Thank you.

16 MR. THOMAS: But that begs a different  
17 question, I think. Sorry. The question that I think that  
18 begs is does a HUB want to grow out of the HUB stage from  
19 the economic level of gross revenue. I guess that's the  
20 question but that's a different issue.

21 MR. OXER: It's almost a small business issue.  
22 Suffice it to say that there are questions surrounding  
23 the issue that we'll look at, and we're delighted that  
24 that community is here and being well engaged in the  
25 process that we're doing. I think that's one of the more

1       laudable components of the program that we have. I ask  
2       that only, as a continuation of my earlier request, if  
3       you're going to take a HUB and they want to be in a deal,  
4       do they want to graduate and be a developer? Do they want  
5       to get bigger and better, and if they're bigger and  
6       better, are they then historically underutilized? I mean,  
7       at some point you're not a small business anymore, for  
8       example, in the SBA.

9               MS. ANDERSON: I'm clearly still a small  
10       business. I can't speak for every other HUB across the  
11       state. I understand your point. But I definitely have  
12       always been an advocate, whether I'm working as a  
13       consultant or otherwise, for other developers who started  
14       at TDHCA when I worked here and they're quite large  
15       developers now. So no, I wouldn't suggest that those  
16       developers are underutilized, but I do know that they were  
17       given an opportunity and it has been for our state and  
18       it's been good for them.

19              MR. OXER: We'll make this the LIHTC school for  
20       development.

21              MS. ANDERSON: Thank you.

22              MR. OXER: Glad to have you.

23              All right. Are there any other? Cameron says  
24       nobody else wants to talk. No other staff comments from  
25       the audience. Any Board member have anything to say?

1 Michael.

2 MR. LYTTLE: Do you want to remind your  
3 colleagues about the September meeting?

4 MR. OXER: Our September meeting is September  
5 4, it will be the Thursday after Labor Day, we'll all be  
6 back in school, so we keep our casual days for the summer,  
7 which are May, June and July.

8 We skip the August meeting, September wear your  
9 school colors. Okay. Represent your schools. Be  
10 prepared, bring your school colors.

11 Does any member of the Board have any comments  
12 to make?

13 (No response.)

14 MR. OXER: I get the last one. It's a good  
15 thing that we do. We just put \$61.7 million worth of tax  
16 credits out there that represents something in excess of  
17 \$550 million in project cap ex. I don't think there's  
18 many states that can say they it as well as we do.

19 With that, I'll entertain a motion to adjourn.

20 MS. BINGHAM ESCAREÑO: So moved.

21 MR. OXER: Motion by Ms. Bingham to adjourn.

22 DR. MUÑOZ: Second.

23 MR. OXER: Second by Dr. Muñoz. No discussion  
24 required.

25 All in favor?

1 (A chorus of ayes.)

2 MR. OXER: We stand adjourned. See you in  
3 September, folks.

4 (Whereupon, at 2:23 p.m., the meeting was  
5 concluded.)

C E R T I F I C A T E

1  
2  
3 MEETING OF: TDHCA Board  
4 LOCATION: Austin, Texas  
5 DATE: July 31, 2014

6 I do hereby certify that the foregoing pages,  
7 numbers 1 through 197, inclusive, are the true, accurate,  
8 and complete transcript prepared from the verbal recording  
9 made by electronic recording by Nancy H. King before the  
10 Texas Department of Housing and Community Affairs.  
11  
12  
13  
14  
15

16  
17 08/4/2014  
(Transcriber) (Date)

18  
19 On the Record Reporting  
20 3636 Executive Ctr Dr., G-22  
21 Austin, Texas 78731  
22  
23