



TDHCA Governing Board Meeting Transcript*

***10:00 a.m.
October 9, 2025***

***Barbara Jordan State Office Building
Room 2.034***

1601 Congress Ave., Austin, TX 78701

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BOARD MEMBERS:

LEO VASQUEZ III, CHAIR

KENNY MARCHANT, VICE CHAIR

ANNA MARIA FARIAZ

AJAY THOMAS

HOLLAND HARPER

CINDY CONROY

SPEAKERS:

Bobby Wilkinson

Beau Eccles

Cody Campbell

Megan Sylvester

Scott Fletcher

Teresa Morales

Dominique King

Jervon Harris

Holland Jones

Keith Dillman

Antoinette Jackson

Rosalio Banuelos

Michael Fogel

Jeanna Adams

Sascha Stremler

Rick Anderson

Ysella Kaseman

Donna Rickenbacker

Wendy Quackenbush

Todd Kercheval

Kaylin Rubin

Naomi Cantu

Joshua Goldberger

Samson Babalola

Jordan Finkelman

Robbye Meyer

Erin Hahn

1 **Leo Vasquez III (0:04:38) :**

2 Good morning. I hereby call to order the meeting of the
3 Governing Board of the Texas Department of Housing and
4 Community Affairs. It is 10:04 a.m. on October 9, 2025.
5 I applaud everyone for finding the building and finding
6 the room. Do roll call first. Mr. Marchant.

7

8 **Kenny Marchant (0:04:49) :**

9 I'm here.

10

11 **Leo Vasquez III (0:05:00) :**

12 Ms. Farias.

13

14 **Anna Maria Farias (0:05:01) :**

15 Here.

16

17 **Leo Vasquez III (0:05:02) :**

18 Ms. Conroy.

19

20 **Cindy Conroy (0:05:02) :**

21 Here.

22

23

24 **Leo Vasquez III (0:05:03) :**

25 Mr. Thomas.

26

27 **Ajay Thomas (0:05:04) :**

28 Here.

29

30 **Leo Vasquez III (0:05:05) :**

31 Mr. Harper.

32

33 **Holland Harper (0:05:05) :**

34 Here.

35

36 **Leo Vasquez III (0:05:06) :**

37 And I am here. Full house. As usual, we will start out
38 with the salute to our flags, which are present, led by
39 Mr. Wilkinson.

40

41 **Bobby Wilkinson (0:05:18) :**

42 I pledge allegiance to the Flag of the United States of
43 America, and to the Republic for which it stands, one
44 Nation under God, indivisible, with liberty and justice
45 for all.

46

47 Honor the Texas flag; I pledge allegiance to thee,
48 Texas, one state under God, one and indivisible.

49

50 **Leo Vasquez III (0:05:42):**

51 All right. I got to get used to these new chairs.
52 Everyone, they got the same ones right here. I guess.
53 Okay. The consent agenda. I believe we have Item 12 is
54 pulled from the consent agenda.

55

56 So are there any other items in the consent that a board
57 member or member of the public wishes to move to action?
58 If not, I'll entertain a motion on the consent agenda
59 excluding Item 12.

60

61 **Anna Maria Farias (0:06:27):**

62 Mr. Chairman...

63

64 **Leo Vasquez III (0:06:28):**

65 Wait, wait. I'm sorry. What was the problem?

66

67 **Bobby Wilkinson (0:06:35):**

68 Which item is the pulled one?

69

70 **Leo Vasquez III (0:06:36) :**

71 Isn't that 12? Bear with us for a moment. 7.

72

73 **Bobby Wilkinson (0:06:45) :**

74 Yeah.

75

76 **Leo Vasquez III (0:06:46) :**

77 So we're pulling 7, not 12, or 7 and 12?

78

79 **Bobby Wilkinson (0:06:49) :**

80 I don't know about 12.

81

82 **Beau Eccles (0:06:50) :**

83 12 was pulled, yeah.

84

85 **Bobby Wilkinson (0:06:53) :**

86 Okay. By Cody. Okay. So 7 and 12.

87

88 **Beau Eccles (0:06:55) :**

89 Is it seven?

90

91 **Bobby Wilkinson (0:06:57) :**

92 Okay.

93

94 **Unidentified Speaker (0:06:58)**

95 Seven.

96

97 **Leo Vasquez III (0:06:59):**

98 Seven.

99

100 **Beau Eccles (0:06:59):**

101 We have a bit of...

102

103 **Leo Vasquez III (0:06:59):**

104 Seven, okay.

105

106 **Bobby Wilkinson (0:07:00):**

107 From, yeah.

108

109 **Leo Vasquez III (0:07:01):**

110 Do I hear 8... Okay. Okay.

111

112 **Cody Campbell (0:07:06):**

113 7 and 12.

114

115

116 **Leo Vasquez III (0:07:07) :**

117 7 and 12 are...

118

119 **Megan Sylvester (0:07:08) :**

120 They're being pulled, sorry.

121

122 **Leo Vasquez III (0:07:11) :**

123 Pulled, Ms. Sylvester, will...

124

125 **Megan Sylvester (0:07:14) :**

126 Megan Sylvester, deputy general counsel. They're being
127 pulled from the agenda. Not from the, just from the
128 consent agenda.

129

130 **Beau Eccles (0:07:21) :**

131 Withdrawn from the...

132

133 **Megan Sylvester (0:07:22) :**

134 Withdrawn from the agenda.

135

136 **Beau Eccles (0:07:23) :**

137 Okay.

138

139 **Megan Sylvester (0:07:23) :**

140 5 and 12.

141

142 **Leo Vasquez III (0:07:24) :**

143 Okay. We're not going to take any action on 7 or 12

144 today.

145

146 **Megan Sylvester (0:07:27) :**

147 7 and 12, yes.

148

149 **Leo Vasquez III (0:07:28) :**

150 Thank you. Okay. With that clarification, does anyone

151 care to make a motion regarding adoption of the consent

152 agenda?

153

154 **Anna Maria Farias (0:07:36) :**

155 Mr. Chairman, since Items 7 and 12 have been withdrawn

156 from the agenda, I move the Board approve Items 1

157 through 6 and 8 through 11 and 13 as described and

158 presented in the respective board action request and

159 reports.

160

161

162 **Holland Harper (0:07:59) :**

163 Second.

164

165 **Leo Vasquez III (0:08:01) :**

166 Motion made by Ms. Farias. Seconded by Mr. Harper. All
167 those in favor say aye.

168

169 **All Board Members (0:08:07) :**

170 Aye.

171

172 **Leo Vasquez III (0:08:08) :**

173 Any opposed? Hearing none, motion carries. Moving
174 right along to the executive director report. Mr.
175 Wilkinson.

176

177 **Bobby Wilkinson (0:08:16) :**

178 Good morning, Chairman and Board. Seems to be a lot of
179 conferences lately. Our Compliance team has been busy
180 attending and presenting. In mid-September, Cara Pollei
181 presented at the Southwestern Affordable Housing
182 Management Association fall meeting in San Antonio. She
183 educated the audience about HOTMA changes and how the

184 Department is monitoring for those changes. She also
185 addressed tax credit applications, the QAP, and LURAs.

186

187 Also in mid-September, compliance manager, Amy Hammond,
188 spoke at the TALHFA conference about our new HFC rules
189 relating to House Bill 21. Scott Fletcher was also at
190 that conference. And then last week, both Wendy
191 Quackenbush and Amy attended and presented at the
192 national Costello Compliance 2025 Summit, which was held
193 in San Antonio.

194

195 Related, I just got back from New Orleans in the
196 National Council of State Housing Agencies annual
197 conference. We took about a handful of TDHCA staffers,
198 seven or so. Good sessions.

199

200 Shaun Donovan spoke, HUD secretary under Obama. I had
201 forgotten he was also director of OMB after that. So
202 maybe the only houser that'll ever hold that role. But
203 he did a great job. Really kind of steered us to the
204 middle on things and it was great. Met some good
205 banking contacts. Good sessions. And met our new

206 marketing team for Single Family Bond Finance, Happy
207 Medium. They were great.
208
209 Finally, like many people, we are closely watching the
210 federal government shutdown for this month and probably
211 next. HUD says that we're fine with our funding. All
212 our draws are going through. If the shutdown stretches
213 into December, then we might have to move some money
214 around. We'll see how it goes. And that does it for my
215 comments today.

216

217 **Leo Vasquez III (0:10:05):**

218 Okay. Great. So thus far, the shutdown hasn't...

219

220 **Bobby Wilkinson (0:10:09):**

221 No effect so far.

222

223 **Leo Vasquez III (0:10:10):**

224 Okay. That is a good thing. Any other questions for
225 Mr. Wilkinson on the executive director's report.
226 Hearing none, let's move right along on the agenda, Item
227 15. Report on the closing of the Department's

228 residential mortgage revenue bonds, 2025 Series D. Mr.
229 Fletcher.

230

231 **Scott Fletcher (0:10:32):**

232 Good morning. Thank you. Scott Fletcher, deputy
233 executive director of housing finance.

234

235 **Bobby Wilkinson (0:10:37):**

236 Yep. Yep. Oh, congratulations, Scott.

237

238 **Leo Vasquez III (0:10:39):**

239 Congratulations on your...

240

241 **Bobby Wilkinson (0:10:40):**

242 Is this the first time you've been in here after the
243 title change?

244

245 **Scott Fletcher (0:10:42):**

246 Yeah.

247

248 **Bobby Wilkinson (0:10:43):**

249 Yeah. Yeah.

250

251 **Leo Vasquez III (0:10:43):**

252 Well, he skipped out the last meeting.

253

254 **Bobby Wilkinson (0:10:45):**

255 Yeah, he was traveling. Yeah.

256

257 **Scott Fletcher (0:10:49):**

258 Wow. So let's see. I did have prepared remarks on
259 this. Apologies. There we go. All right. RMRB '25 D.
260 On October 10th of '24, Board approved the blanket
261 issuance for fiscal year 2025 in an amount not to exceed
262 \$1.1 billion. At the July 27th board meeting, the
263 Department reported our intent to issue RMRB Series '25
264 D tax-exempt bonds in the amount of \$250 million. The
265 bonds were priced on August 12th and August 13th and
266 closed on September 16th. Financing team was led by
267 Jefferies, as lead underwriter.

268

269 Our ratings, Moody's AA1. AA by S&P. And the purpose
270 for the issuance proceeds will be used to purchase
271 Ginnie Mae mortgage backed certificates, provide down
272 payment assistance, and closing cost assistance.

273

274 Structure, it's kind of standard structure doing all tax
275 exempt, bonds are structured with part serial and term
276 bonds and an \$85 million five-and-a-half-year average
277 life premium PAC bond with 75 to 500 bands. Arbitrage
278 yield on the deal, 4.675. No, sorry. 4.657.

279

280 Firm collected \$9.5 million in premium. Issuer
281 contribution was \$4.2 million, but we've made an
282 adjustment from the original amounts. \$3.7 ended up
283 being the issuer contribution.

284

285 The Loans Department is offering 3 and 4 percent down
286 payment assistance loans as well as a 0 percent DPA
287 unassisted loan. Rates are currently 5-and-three-
288 quarters for the unassisted loans, 6 percent on the 3
289 percent loans and 6-and-one-eighth for the 4 percent DPA
290 loans with the targeted area loans being priced an
291 eighth lower than that.

292

293 As of October 1st, these funds are about 70 percent
294 reserved. Your board packet includes a detailed summary
295 of the pricing that was prepared by Jefferies. And that

296 really concludes my remarks on this and welcome and
297 expect questions.

298

299 **Leo Vasquez III (0:13:09):**

300 So where are rates going to move?

301

302 **Scott Fletcher (0:13:14):**

303 That's not the question I expected. No. Obviously, we
304 have one rate cut. The conversations are one or two
305 more here this year. I think probably one. And then
306 we'll continue to see rate cuts, or anticipate seeing
307 rate cuts through 2026. I think that the driver here
308 not only is fed funds rate, but what's going to happen
309 on the ten year and what's going to happen with mortgage
310 rates.

311

312 And I think we move, I don't think anyone's expecting a
313 huge drop off in the mortgage rates. So we're thinking
314 maybe we start seeing some fives, but I don't think
315 anyone's really predicting we're going to start seeing
316 fours anytime in 2026.

317

318

319 **Leo Vasquez III (0:14:02) :**

320 Okay. Great. Any questions for...

321

322 **Ajay Thomas (0:14:06) :**

323 I do.

324

325 **Leo Vasquez III (0:14:06) :**

326 Mr. Thomas.

327

328 **Ajay Thomas (0:14:07) :**

329 Mr. Fletcher, how are you?

330

331 **Scott Fletcher (0:14:09) :**

332 Good. How are you, sir?

333

334 **Ajay Thomas (0:14:10) :**

335 Good. In the backup material for this agenda item, it
336 says that from our original scale we ultimately on the
337 pack bonds paid 20 basis points higher than we
338 originally anticipated. That seems like a pretty
339 substantial adjustment. Can you kind of give us some
340 background as to why that happened?

341

342 **Scott Fletcher (0:14:25):**

343 Absolutely. It was certainly a disappointing result. I
344 think Jefferies will agree that it was a disappointing
345 result. I think the biggest disappointment in that is
346 just that the read was off. That the read was off as
347 much as it was.

348

349 In kind of retrospect, we've really kind of looked at,
350 we've looked out at the market, we've talked to issuers,
351 we've talked to investors. We've looked at our own
352 structure. We're looking at the language in our paydown
353 structure and our waterfall of the paydowns at higher
354 speeds.

355

356 And we've really concluded, it was really concluded that
357 we'll take some of this on ourselves in that we need to
358 do a better job of providing color in publishing our
359 pack tables, publishing our packets, whatever prepayment
360 speeds and we are working on putting those on the
361 website at our next deal, which we're kind of
362 anticipating January.

363

364 We've had multiple conversations, not only with our FA
365 but all of our issuer, our underwriting team members,
366 and it certainly been a part of conversation. There's
367 some concerns I think that have been out there in terms
368 of coverage that day. People on vacation, people didn't
369 hear. In hindsight, in looking at that, it was probably
370 less of a driver than the concerns over what happens at
371 faster prepaid speeds if we get 700.

372

373 But if you look historically at Texas prepaid speeds on
374 FHA loans, you'll be hard pressed to find that we were
375 close to 700. And so we're going to do a better job of
376 communicating that. We are planning on doing not only a
377 lot more transparency around our structures, I am not
378 going to commit to keeping up pack tables.

379

380 We have tremendously slow prepayment speeds and that's
381 part of the game, and I think people can make those
382 choices. But I think we do a better job communicating
383 how we approach. We also have not started cross calling
384 yet. And so having that conversation with those
385 investors.

386

387 And I think at the end of the day, Mr. Thomas, there's
388 so much volume right now because of what's happening
389 with rates, and you just look at this massive increase
390 in volume in mortgage revenue bonds. And if investors
391 have two choices, they're going to take the cleanest
392 bond every time.

393

394 And so we're not feeling like this is going to be a
395 pattern. We feel like this is an anomaly. And so it
396 was a disappointing result. But the Jefferies team has
397 also done a lot of work in terms of analyzing our past
398 issuance, not only the deals that they've underwritten,
399 but all of our deals for the past seven years.

400

401 Looking at who the buyers are, looking at whether they
402 still hold the bonds, looking at who's buying the bonds
403 in the secondary market. So we're really analyzing that
404 investor base and trying to increase transparency to
405 that investor base and doing outreach to that investor
406 base.

407

408

409

410 **Ajay Thomas (0:17:58):**

411 So some of it is, I certainly recognize some of it is
412 structural kind of what we do programmatically and how
413 we structure our deals in the marketplace. 20 basis
414 points was a significant miss from the original scale
415 that committed we to, because looking at, in the backup
416 material look at the syndicate price use they're all
417 fairly in line.

418

419 So each underwriter in the syndicate thought that the
420 market was where it was despite the fact I understand
421 some of the structure on the pack, the shape of the
422 yield curve and without getting too technical into it,
423 we missed a little bit versus six and it priced that
424 way.

425

426 But I understand from, a little unfair and I get to talk
427 to a lot of different housing agencies obviously. And
428 we're used as a pretty good example and people are
429 taking a little tougher stance about underwriters making
430 commitments and following through with those when they
431 say that they've got reads and they had things.

432

433 What I noticed is we went ahead, we were pretty
434 benevolent and still paid the management fee to the
435 syndicate. I think in a situation like this going
436 forward, I'd like to see that up for discussion and you
437 having the ability to just pull that. If the syndicate
438 gave you a bad misread then paying them a management fee
439 on top of what you're paying them in take down seems a
440 little excessive, right? So you can make some
441 adjustments that way.

442

443 **Scott Fletcher (0:19:15):**

444 I see your point and I absolutely do not disagree. It
445 will certainly be something that I will take to heart
446 and say I'm not happy and we're not planning on this
447 happening again. But I think there are two other
448 factors here. One is we have really good performance on
449 our term bonds and when you look at the actual impact on
450 the yields on the deal, it was less than five basis
451 points impact on the overall deal.

452

453 So not a good result on the PAC bond. PAC's the
454 majority of the deal. PAC drives the deal. But when
455 you actually stop and do the math, it was not that

456 impactful in terms of the overall yield. Every basis
457 point counts, but that was part of the consideration in
458 terms of how...

459

460 **Ajay Thomas (0:20:02):**

461 We accomplished the objective. We did what we need to
462 do to help provide low-cost subsidies and loans. And to
463 your point, the impact ultimately it was somewhat
464 mitigated, so that's fine, and not every deal can be a
465 great deal, but you can learn from these, right?

466

467 **Scott Fletcher (0:20:18):**

468 Absolutely.

469

470 **Ajay Thomas (0:20:19):**

471 And figure out what you need to do to get better. I
472 sort of bias that I think Texas has a big T on their
473 chest when they enter the market, especially TDCHA, and
474 we should get the best out of it when we comp and
475 compare to other state HFAs that are out there in a
476 given period that's relevant in the time.

477

478 This one was a little bit more concerning that we didn't
479 get what we thought we would get, but good job in
480 getting it through. It is a difficult market. It was a
481 difficult market period with a lot of volume and you got
482 it accomplished. So I think at the end of the day, all
483 said and done, we came out okay.

484

485 But I think you can afford to be tougher on the
486 underwriters. I think you should hold them accountable.
487 If they give you on the pricing call the scale, and they
488 say that this is the scale that they're committed to,
489 that's why we hire underwriters, is to underwrite bonds
490 at those levels and make them aware that you're going to
491 take them at that level if you commit to that,
492 especially the book runner. Thank you.

493

494 **Scott Fletcher (0:21:14):**

495 Yeah.

496

497 **Ajay Thomas (0:20:14):**

498 That's all the questions I had.

499

500

501 **Leo Vasquez III (0:21:16) :**

502 Good. Thank you, Mr. Thomas. I like the way you think.

503 Any other questions, comments? So this Item 15 is a

504 report item. So thank you for that report. Moving on

505 to Item 16. I want to know who wrote this caption.

506 So...

507

508 **Scott Fletcher (0:21:35) :**

509 Our counsel is here.

510

511 **Leo Vasquez III (0:21:36) :**

512 Okay. Deep breath. Item 16, presentation, discussion,

513 and possible action regarding Resolution Number 26-001,

514 authorizing the issuance, sale, and delivery of TDHCA

515 single family mortgage revenue bonds or residential

516 mortgage revenue bonds in one or more series and

517 installments, approving the form and substance of

518 related documents, authorizing the execution of

519 documents and instruments necessary or convenient to

520 carry out the purposes of this resolution, and

521 containing other provisions relating to the subject.

522 Next time let's just say possible action relating to

523 Resolution Number 26-001. Mr. Fletcher.

524

525 **Scott Fletcher (0:22:26) :**

526 All right.

527

528 **Leo Vasquez III (0:22:26) :**

529 Now that I've described what this is all about, you can

530 redescribe...

531

532 **Scott Fletcher (0:22:27) :**

533 I think you pre-read my verbal.

534

535 **Leo Vasquez III (0:22:29) :**

536 Okay. Yes. Okay.

537

538 **Scott Fletcher (0:22:30) :**

539 I think we're good there. No. We do this, we've done

540 this seat to the past three years. This will be the

541 third year where we asked for a blanket authorization.

542 This year we're asking for \$1.1 billion. That's the

543 same number we've asked for the last two years. We've

544 not issued over a billion yet.

545

546 So in looking at volumes in '24, volumes in '25, I
547 actually anticipate that we'll be issuing a little bit
548 more in '26 than we have the past two years. The mix,
549 because of our volume cap situation, I anticipate we'll
550 probably be issuing around a billion, but I anticipate
551 about \$850 million of that being tax exempt using new
552 volume cap and about \$150 million of that tax exempt
553 using recycled volume cap.

554

555 **Bobby Wilkinson (0:23:24):**

556 Nice.

557

558 **Scott Fletcher (0:23:25):**

559 So we are focused for this year on issuing 100 percent
560 tax exempt because we have the volume cap, and that will
561 also assist us in having the lowest possible rates
562 without trying to layer some taxable paper in there.
563 Though, you can argue you can get more spread on taxable
564 paper, we have volume cap, we're going to use it, we're
565 going to make sure we're making mortgage loans in the
566 state.

567

568 The structures, we're not looking at any major changes
569 in structures. We're looking at a little bit more
570 transparency. We're looking at giving additional
571 guidance on each time we issue PACs. We're looking for
572 making changes on our language around our PACs.

573

574 We're starting to see a little less demand for lower
575 lower bands and not really seeing pressure for higher
576 higher bands quite yet. But we anticipate issuing kind
577 of in the same pattern that we have on this last deal,
578 part term bonds, part serial bonds, part term bonds.

579 And we're probably going to be looking to get a little
580 bit less premium on our PACs this year. We'll probably
581 have a little bit better liquidity situation for 2026.

582

583 Same mission, same purposes, same process in terms of
584 pulling and providing Ginnie Mae mortgage-backed
585 securities into our indenture. Really no major changes
586 from what we've been doing and then that I suppose are
587 closing remarks, staff requests for approval again.

588

589

590

591 **Leo Vasquez III (0:25:05) :**

592 Okay. Any questions from board members on this item? I
593 just want to say actually also we appreciate yesterday's
594 presentation at the Single Family Committee meeting that
595 we had and some of the discussion on the success we're
596 having on recycling bond cap and putting it all back in
597 the system. That's just fantastic, this multiplier
598 effect. So Item 16. I'll entertain a motion on Item 16
599 of the agenda.

600

601 **Ajay Thomas (0:25:39) :**

602 Mr. Chairman, I move the board approve Resolution Number
603 26-001, authorizing the issuance, sale, and delivery of
604 TDHCA Single-Family mortgage bonds all as described,
605 conditioned, and authorized in the board action request
606 and resolution and associated documents on this item.

607

608 **Holland Harper (0:25:44) :**

609 Second.

610

611 **Leo Vasquez III (0:25:44) :**

612 Okay. Motion made by Mr. Thomas. Seconded by Mr.
613 Harper. All those in favor say aye.

614

615 **All Board Members (0:25:58) :**

616 Aye.

617

618 **Leo Vasquez III (0:25:59) :**

619 Any opposed? Hearing none, motion carries. Item 17.

620 Stay there, Scott. Presentation, discussion, and
621 possible action regarding Resolution Number 26-003,
622 authorizing the implementation of TDHCA Mortgage Credit
623 Certificate Program 113, approving the form and
624 substance of the program manual and the program summary,
625 authorizing the execution of documents and instruments
626 necessary or convenient to carry out MCC Program 113,
627 and containing other provisions relating to the subject.

628

629 **Scott Fletcher (0:26:34) :**

630 Thank you.

631

632 **Leo Vasquez III (0:26:35) :**

633 Talk to us, Scott.

634

635

636

637 **Scott Fletcher (0:26:36):**

638 On this resolution item. This resolution seeks to
639 convert \$250 million in Single-Family volume cap to
640 mortgage credit certificate issuance authority for the
641 issuance of new MCCs. Additionally, the resolution
642 seeks approval of the program manual, program summary,
643 initial MCC rate of 20 percent for all loans and the use
644 of up to \$250,000 in Department funds to pay cost of
645 implementing Program 113. Last time, I think it cost
646 around \$70,000 for implementation just for color.

647

648 Mortgage credit certificates, or MCC's, are a homebuyer
649 assistance program designed to help low-to-moderate-
650 income families afford homeownership. The program
651 allows homebuyers to claim a dollar-for-dollar tax
652 credit equal to the annual mortgage interest paid times
653 the MCC credit rate, which is established by the
654 Department and described herein.

655

656 To be eligible for an MCC, homebuyers must meet the same
657 qualifications required for mortgage loan funded by
658 mortgage revenue bonds. First time home buyer be within

659 income purchase price limits and occupy the property as
660 primary residence.

661

662 The Department is looking at offering two MCC options.

663 One is a standalone MCC where the Department will issue
664 the MCC for a mortgage loan that was originated and
665 funded by a third-party lender, and combo loans where
666 the Department issues the MCC for mortgage loans
667 originated and funded through the Department's TDA
668 program.

669

670 MCC's, as I discussed, require an allocation of volume
671 cap. The Department anticipates converting \$250
672 million, that will provide about well \$312.5 million in
673 mortgage loans. We capped the amount at 20 percent
674 because if you go to a 25 percent mortgage credit the
675 borrower is capped. So last time we kind of fluctuated
676 between 15 percent credit and 20 percent credit on this.

677

678 Our previous program was released in January 2023. It
679 expires December 31st of this year. It used \$300
680 million in volume cap and the Department provided
681 approximately \$400 million in mortgage loans that had

682 MCC. We're actively managing the wind down of Program
683 113 and we've had to kind of turn it on and off as we've
684 had fallout that we're anticipating using essentially
685 all the funds. We can't go over because that would
686 create a problem.

687

688 Publication of the required public notice for MCC
689 Program 113 will be completed prior to November 30,
690 2025, and our release is scheduled for January 26th
691 closings. Staff recommends board's approval on this
692 resolution.

693

694 **Leo Vasquez III (0:29:26):**

695 Great. Thank you, Scott. Any questions for Mr.
696 Fletcher on this item? Again we appreciate part of the
697 discussion yesterday in the Single-Family programs and
698 MCCs are great tool for homebuyers to take advantage of,
699 so let's keep publicizing that. Hearing no questions,
700 I'll entertain a motion on Item 17 of the agenda.

701

702 **Holland Harper (0:29:52):**

703 I move the board approve the Resolution Number 23-003,
704 authorized implementation THC Mortgage Credit

705 Certificate Program 113 all as described, conditioned,
706 and authorized in the board action request, resolution,
707 and associated documents in this item.

708

709 **Anna Maria Farias (0:30:07) :**

710 Second.

711

712 **Leo Vasquez III (0:30:08) :**

713 Motion made by Mr. Harper. Seconded by Ms. Farias. All
714 those in favor say aye.

715

716 **All Board Members (0:30:12) :**

717 Aye.

718

719 **Leo Vasquez III (0:30:13) :**

720 Any opposed? Hearing none, motion carries. Thank you.

721

722 **Scott Fletcher (0:30:16) :**

723 Thank you, all.

724

725 **Leo Vasquez III (0:30:17) :**

726 Mr. Deputy Director. Moving right along. Item 18 of
727 the agenda. Presentation, discussion, and possible

728 action regarding eligibility under 10 TAC Section 11.101
729 (b) (1) (D) relating to ineligibility of developments
730 within areas of high crime for application Bernicia
731 Place 20, Bernicia Place.

732

733 I wondered why I saw you guys sitting out there before I
734 walked in. Okay. All right. Welcome. Glad you're
735 here. But, Ms. Morales, please tell us about this.

736

737 **Teresa Morales (0:30:53):**

738 Good morning. Teresa Morales, director of Multifamily
739 Bonds. The Department received a predetermination
740 request relating to the part one violent crime rate that
741 exceeds the threshold in the rule and constitutes a
742 neighborhood risk factor.

743

744 The QAP requires disclosure if either the census tract
745 containing the development or an adjacent tract with
746 boundaries within 500 feet of the proposed site exceeds
747 a part one violent crime rate greater than 18 per 1,000
748 persons. The benchmark source that we use to determine
749 the part one violent crime rate is NeighborhoodScout.

750

751 For the census tract containing the development, the
752 crime rate is 16.42 per 1000 persons and below the
753 threshold. However, the adjacent tract with boundaries
754 across the street has a part one violent crime rate of
755 28.37.

756

757 Bernicia places a proposed 120-unit new construction
758 development in Houston serving the elderly population.
759 Information provided by the applicant included ongoing
760 crime reduction efforts of different law enforcement
761 agencies that have jurisdiction in the area and provide
762 services to varying degrees.

763

764 The applicant focused these efforts to within City
765 Council District D, which covers the proposed
766 development site, but it also covers a considerable
767 larger part of South Houston. A map of the city council
768 district and location of the proposed development can be
769 found on page 661 of the board book. Basically, the
770 long skinny tract on that page is the subject tract and
771 the property is towards the top on the Old Spanish
772 Trail. However, the tract that's immediately to the

773 left is the adjacent tract and the one that we're
774 discussing today.

775

776 As it relates to crime effort in the council district,
777 the applicant indicated that specialized teams created
778 as a result of the One Safe Houston initiative in 2022
779 has resulted in a 21 percent decrease in violent crime
780 from 2022 to 2023. And then between 2023 and 2024,
781 there was a 10 percent increase in violent crime within
782 this council district. And then between 2024 and to
783 current 2025, there was a 13 percent decrease.

784

785 There was also a letter submitted from Harris County
786 Constable James Phillips, which can be found on page 656
787 of your board book that details the crime mitigation
788 efforts through his precinct office through a
789 partnership with the Greater Southeast Management
790 District, an area that covers, I believe, 30 square
791 miles.

792

793 The agreement includes four deputies who dedicate 80
794 percent of their time fighting crime within the Greater
795 Southeast Management District area and according to the

796 applicant, there has been a 7 percent decrease in crime
797 from October of '24 to August '25.

798

799 While NeighborhoodScout provides a starting point for
800 determining the crime rate, we often request that local
801 police beat data for the same area as reported on
802 NeighborhoodScout, which is at the census tract level,
803 be submitted. Having evaluated a number of these
804 requests over the years, typically the local police beat
805 data will yield a crime rate below what is reported in
806 NeighborhoodScout to the extent that the Scout data is a
807 little outdated.

808

809 In the case of Bernicia Place, the census tract in
810 question, when looking at actual police beat data,
811 yielded a part one violent crime rate that is not only
812 significantly higher than what is reported by
813 NeighborhoodScout, but it has increased over the past
814 three years, going from 30.95 in 2022 to 38.10 in 2024,
815 and this can be found on page 667 of your board book.

816

817 Similarly, when looking at the police beat, which covers
818 a larger area than just the census tract, the part one

819 violent crime rate has increased from 26.42 in 2022 to
820 33.03 in 2024. And this can be evidenced by the letter
821 from the chief of police, which is on page 671 in your
822 board book.

823

824 Based on the totality of the information submitted,
825 staff recommends that the site be considered ineligible.
826 It has not been established that the part one violent
827 crime rate is not of a nature and severity that would
828 warrant eligibility, and given the increase in the crime
829 rate over the past three years, there has been not been
830 the downward trend necessary to reasonably conclude that
831 such rate would be below the threshold in two years when
832 the proposed development would be placed in service, and
833 this is the standard that is identified in QAP. That is
834 my presentation.

835

836 **Leo Vasquez III (0:35:56):**

837 Great. Thank you, Ms. Morales. I guess the numbers on
838 their face speak for themselves, however maybe there's
839 some mitigating circumstances that we can, or plans that
840 we can look at.

841

842 I'm sorry. Neglected at the beginning of the meeting,
843 if anyone's going to speak, want to speak on a subject
844 that's coming up on the agenda, please come up here to
845 the front couple rows as these folks have done just so
846 we know that, you can stop me before I plow through all
847 the motions and such. And are there, well, I'll
848 entertain a motion to have public comment in this
849 meeting.

850

851 **Ajay Thomas (0:36:41):**

852 Mr. Chairman, I move the Board allow for public comment
853 on any agenda item that is necessary.

854

855 **Anna Maria Farias (0:36:47):**

856 Second.

857

858 **Leo Vasquez III (0:36:48):**

859 Motion made by Mr. Thomas. Second, Ms. Farias. All
860 those in favor say aye.

861

862 **All Board Members (0:36:52):**

863 Aye.

864

865 **Leo Vasquez III (0:36:53) :**

866 Any other opposed? Eccles' motion carries. All right.

867 Well, does anyone have questions directly for Ms.

868 Morales first? Or could we hear from some of our
869 speakers speaking on...

870

871 **Anna Maria Farias (0:37:08) :**

872 Speakers.

873

874 **Leo Vasquez III (0:37:09) :**

875 District destination? Who wants to go first? And
876 again, when you come up, please identify yourself and
877 your organization and sign in on the sign-in sheet
878 there. We have a timer, right? Okay. So look, three-
879 minute timers for everyone. If someone else has said
880 what you're about to say, you don't have to repeat it.

881 All you can say, I agree and we'll note that.

882

883 **Dominique King (0:37:44) :**

884 Good morning, Board. Thank you for the opportunity to
885 speak today. I'm Dominique King, the director of Real
886 Estate Development for the Harris County Housing
887 Authority. Sitting here today is our executive

888 director, Melissa Quijano. We're here to present the
889 enhanced safety and security plan for Bernicia Place.
890 Bernicia Place...

891

892 **Leo Vasquez III (0:38:02) :**

893 Could you turn the microphone down a little bit towards
894 you?

895

896 **Dominique King (0:38:05) :**

897 Of course.

898

899 **Leo Vasquez III (0:38:06) :**

900 Thank you.

901

902 **Dominique King (0:38:07) :**

903 Bernicia Place was birthed at the request of various
904 stakeholders, seeking a mixed use transit oriented
905 development within the OST/Palm Center community on
906 property owned by the Houston Metro Transit Authority,
907 resulting in a one of a kind partnership between the
908 Harris County Housing Authority and Metro.

909

910 Bernicia Place benefits from immense community support
911 and governmental funding, having been awarded \$10
912 million from the Texas General Land Office and \$4
913 million from the city of Houston. The Harris County
914 Housing Authority is deeply committed to ensuring safe
915 and secure housing for our seniors.

916

917 It is important to note that there has been a decline in
918 crime stats in the census tract where Bernicia Place is
919 located. The census tract fully meets the Department's
920 threshold. It is adjacent census tracts that have
921 brought us here today.

922

923 Bernicia Place has strong support from stakeholders that
924 are actively investing in the stability and the positive
925 trajectory for safety and security in the community.

926 Over the past seven years, the Harris County Housing
927 Authority has engaged with the Southeast Management
928 District, the OST Community Partnership, and Metro in
929 the planning of Bernicia Place.

930

931 The Southeast Management District has an agreement with
932 the Harris County constables, Precinct 7, whereas

933 officers are assigned to the district exclusively and
934 are actively patrolling the surrounding community.
935 Metro PD patrols the adjacent transit station and
936 surrounding areas. The development will benefit from
937 overlapping and targeted patrols from multiple law
938 enforcement agencies.

939

940 Here today we have officers from Precinct 7 and officers
941 from Metro PD. The officers are available to discuss
942 the safety plans and efforts currently in place in how
943 Bernicia Place will be incorporated in the patrols. In
944 addition to the targeted patrols by the two law
945 enforcement agencies, Bernicia Place will have an
946 enhanced security plan that includes a robust assortment
947 of security devices as well as private security patrol.
948 This will ensure Bernicia Place is protected at all
949 times.

950

951 An effective safety and security plan requires
952 thoughtful planning and adequate funding. Bernicia
953 Place will provide over \$1 million towards the on-site
954 private security patrols alone. The funding will be in

955 addition to the cost and funding of the numerous
956 security devices.

957

958 Jervon Harris will present next and will provide a
959 summary of the enhanced security plan and security
960 devices being proposed for Bernicia Place. The Harris
961 County Housing Authority is requesting that the board
962 allow the development to proceed and that measures
963 described be required as part of development in the
964 LURA. Thank you.

965

966 **Leo Vasquez III (0:40:50):**

967 Okay. Thank you. Ms. Keel, right?

968

969 **Dominique King (0:40:52):**

970 Ms. King.

971

972 **Leo Vasquez III (0:40:53):**

973 Keaton.

974

975 **Dominique King (0:40:54):**

976 K-I-N-G.

977

978 **Leo Vasquez III (0:40:55) :**

979 King. Okay. Thank you. Thank you, Ms. King. Who's
980 next?

981

982 **Jervon Harris (0:41:08) :**

983 Good morning. My name is Jervon Harris, I'm with the
984 SuperUrban Realty. We're a development consultant and
985 advisor for Bernicia Place in the Housing Authority. My
986 role is to actively work with the designers through the
987 planning and designing and permitting phase.

988

989 From my very early involvement in this development and
990 first time sitting down with Dominique and the design
991 team, safety and security was front and center, and it's
992 been a major part of the design focus throughout the
993 process.

994

995 The Housing Authority has known for a while that it
996 would be submitting for a tax credit development and
997 understanding the requirements associated with the
998 threshold and what challenges that would bring. So
999 there have been components incorporated into the plan
1000 from the beginning.

1001

1002 And those things are in addition to the efforts that
1003 Dominique and the team at the Housing Authority has made
1004 to go out to the public, find collaborations with the
1005 organizations that are already investing in the
1006 community and figuring out how to leverage those
1007 investments along with the investments that they'll be
1008 making.

1009

1010 Those investments will include an enhanced security
1011 plan, whereas there will be private security patrol.
1012 The Housing Authority is prepared to commit up to
1013 \$78,000 a year from either OpEx or cash flow to fund
1014 private security exclusively for Bernicia Place.

1015

1016 **Leo Vasquez III (0:43:01):**

1017 I'm sorry to interrupt. So repeat again where the
1018 source of those funds. Is that from...

1019

1020 **Jervon Harris (0:43:06):**

1021 Operations.

1022

1023

1024 **Leo Vasquez III (0:43:07) :**

1025 Of the Housing Authority.

1026

1027 **Jervon Harris (0:43:09) :**

1028 Of the development.

1029

1030 **Leo Vasquez III (0:43:10) :**

1031 Of the development.

1032

1033 **Jervon Harris (0:43:11) :**

1034 Of the development.

1035

1036 **Leo Vasquez III (0:43:12) :**

1037 They're going to have \$78,000 extra. Okay. I'm sorry,

1038 continue. I just want to be sure.

1039

1040 **Jervon Harris (0:43:19) :**

1041 Okay. So they're committing up to \$78,000 a year for

1042 private patrols at the property and as Dominique

1043 indicated, would propose to make that a part of the

1044 development program and make that part of the LURA.

1045

1046 In addition to that, there are numerous security devices
1047 that are part of the plans and the specs for the
1048 development. Those include devices at the property
1049 perimeter and building perimeters, including full
1050 perimeter fencing, video surveillance of the roadways,
1051 video surveillance of remote areas around the property
1052 and behind the buildings.

1053

1054 At the vehicular entry, the vehicle gate will have
1055 controlled access. There will be video surveillance at
1056 the gates that will have cameras and plate readers to
1057 see what cars come and go. The leasing office will have
1058 controlled access, video surveillance, and a security
1059 alarm system. The amenity areas will have controlled
1060 access, video surveillance, and security. The elevators
1061 will be equipped with Wi-Fi hotspots so that there can
1062 be constant consistent video surveillance of the
1063 elevators. The mail center will be locked with
1064 controlled access and video surveillance.

1065

1066 All of the building entries will have controlled access
1067 and cameras. And all of the corridors, all throughout
1068 the corridors on all four floors will have multiple

1069 cameras video surveillance looking in each and every
1070 direction. The controlled access will be via card
1071 readers and fobs.

1072

1073 And then the video surveillance will be Wi-Fi enabled
1074 cameras, which will allow both the on-site management
1075 staff to view those cameras at all times. And then
1076 those cameras can also, because they will be Wi-Fi
1077 enabled, those cameras can also be monitored remotely by
1078 management staff and staff at the Housing Authority.

1079

1080 We feel that the overlay with the partnerships with the
1081 Constable's Office, the Metro PD being next door and
1082 having its own police department and patrolling the
1083 property and the area as well as the on-site private
1084 patrols, will provide a very safe and secure community
1085 for Bernicia Place.

1086

1087 **Leo Vasquez III (0:45:55):**

1088 Okay. Thank you, Mr. Harris. Did you just say that the
1089 Metro PD is next door?

1090

1091

1092 **Jervon Harris (0:46:00) :**

1093 Oh, I'm sorry. So this development is a partnership
1094 between the Housing Authority and Metro PD. The
1095 property is currently owned by Metro PD as a part of a
1096 transit station. Part of that property is being
1097 developed for the housing, and the transportation
1098 obviously will stay.

1099

1100 But this is a joint effort between the two, between the
1101 Housing Authority and Metro PD, I mean, and Metro. But
1102 Metro has its own police department that patrols, and I
1103 believe their representative's here and they can speak
1104 more to that. But Metro PD has its own police
1105 department that patrols the transit station.

1106

1107 **Leo Vasquez III (0:46:41) :**

1108 Right. Okay. All right. I'll save some questions for
1109 them. Do any board members have questions for Mr.
1110 Harris?

1111

1112 **Anna Maria Farias (0:46:51) :**

1113 I'll wait until the end.

1114

1115 **Leo Vasquez III (0:46:53) :**

1116 Yeah. Let's...

1117

1118 **Bobby Wilkinson (0:46:54) :**

1119 Actually I have one. She mentioned \$10 million from

1120 GLO. Is that part...

1121

1122 **Jervon Harris (0:46:55) :**

1123 Yeah. So that is part of \$10 million commitment from

1124 the GLO and a \$4 million committed funds from the City

1125 of Houston. Dominique can speak more to that if needed

1126 to. But there's \$14 million of soft funds that are

1127 committed to this project.

1128

1129 **Bobby Wilkinson (0:47:12) :**

1130 Okay.

1131

1132 **Leo Vasquez III (0:47:13) :**

1133 Okay. Thank you. Let's hear from a couple more

1134 speakers here. Sir.

1135

1136

1137

1138 **Holland Jones (0:47:31):**

1139 Good morning. My name is Holland Jones. I am here on
1140 behalf of Constable James "Smokie" Phillips, Precinct 7
1141 Constable's Office. I've been with the Constable's
1142 Office about 17, 18 years now. I'm the administrative
1143 captain, the subject matter expert, and I'm a lawyer
1144 also, so I provide some type of internal quality
1145 control. And I also have a PhD, which helps us with
1146 quality control and data and how to process data.

1147

1148 I'm here personally and on behalf of my agency and my
1149 boss to ask the Board to accept the waiver and grant the
1150 waiver. We understand what we're asking you to do, but
1151 I can assure you that we have a partnership with all of
1152 the entities involved. The Greater Southeast Management
1153 District has the ability under the Texas local
1154 government code to contract with supplemental public
1155 safety services, and that's exactly what we do.

1156

1157 Prior to my ascension to captain, I was the neighborhood
1158 contract patrol commander. And what we do and what we
1159 have is now a contract for four deputies for a 24-hour,
1160 seven days a week supplemental patrol. I will be in

1161 charge of that area to make sure that our guys do what
1162 they're supposed to do.

1163

1164 There are some things that we focus on because I think
1165 I've heard the Board speak of mitigation plan for some
1166 of the things that will drive down or have an effective
1167 crime reduction effect. Enhanced visibility, community
1168 engagement, crime deterrence, not only just in the
1169 commercial area, but in the residential area as well,
1170 and the reduction of response times.

1171

1172 One of the things that I think that we don't take a look
1173 at is the perception of crime. If you want to retain
1174 business, if you want people to feel safe, they want to
1175 feel that when they're in our neighborhood that they
1176 feel safe, and that if you grant this waiver, we will
1177 assure you that Precinct 7 Constable's Office will
1178 continue to do our job that we contracted to do already
1179 and that we understand that the granting of the waiver
1180 doesn't mean that crime doesn't exist. It just means
1181 that we have exceptional mitigation policies and
1182 procedures and programs in effect to help drive down
1183 crime.

1184

1185 Now, in closing, I did review some of the data. I also
1186 reviewed the 116-page packet that you received. And
1187 what I saw in District D, Council Member Evan Shabbaz
1188 District, is a reduction in sexual assaults, a reduction
1189 in crime and robberies by 18 percent, aggravated
1190 assaults reduction by 13 percent, human trafficking by
1191 40 percent, auto theft by 22 percent, burglary by 13
1192 percent. And to me, this shows that there's a trend
1193 downward.

1194

1195 Now I did hear the previous speaker saying that there's
1196 maybe some difficulty in the next couple years to
1197 sustain this trend, but I can assure you that we have
1198 competent people. We have competent people, people that
1199 are diligent. We have already in place for over 10
1200 years working relationship with the Greater Southeast
1201 Management District and that I believe that we can get
1202 the job done if you have the faith in us in terms of our
1203 organization and our ability to fight crime. Thank you.
1204 Any questions?

1205

1206

1207 **Leo Vasquez III (0:51:01) :**

1208 Thank you for that. Should I address you as constable,
1209 captain, doctor which, or all the above?

1210

1211 **Holland Jones (0:51:13) :**

1212 Thank you for that. So I think my boss, James "Smokie"
1213 Phillips, constable Precinct 7, this is important to our
1214 community and it was necessary that, I'm going to say, I
1215 want to put this, send his big guns, his most qualified
1216 to come and speak before you and ask you for this
1217 request and endorse what they're trying to do.

1218

1219 And so I think that we could have mailed in, we could
1220 have emailed, text message some of you, but I think the
1221 most important thing is that we put boots on the ground
1222 to look you in your eyes and tell you that we will
1223 support this. Please on behalf of our community that we
1224 serve, grant this waiver.

1225

1226 **Leo Vasquez III (0:51:56) :**

1227 And we genuinely appreciate you and your colleagues
1228 taking time out to come in. It is much more effective
1229 when we're able to have this conversation. But let me

1230 ask a question on your statistics. Again, I'm in
1231 business and finance. I always say that one data point
1232 does not a trend make. Okay.

1233

1234 **Holland Jones (0:52:14) :**

1235 That's true.

1236

1237 **Leo Vasquez III (0:52:16) :**

1238 And part of our problem I think as we're analyzing this,
1239 a drop of 17 percent or something in the rate is great.
1240 But the problem is where you're starting from. That
1241 percentage drop from that high number is still a high
1242 number, and that's where we're trying to, I think, at
1243 least personally have some...

1244

1245 **Holland Jones (0:52:35) :**

1246 So first of all that's a very good question. I did the
1247 research and what the crime waiver for, the waiver for
1248 crime rate, I think the scholarship says that, we're not
1249 to say that there's no crime and we always have a
1250 starting point. The key issue based on my research was
1251 do we have significant mitigation strategies in place
1252 that have proven to be successful?

1253

1254 So based on the data in your packet that I received
1255 there is a downward trend, and I think with the amount
1256 of resources, I did my analysis, I didn't have any, I
1257 did not know the significant contributions that the
1258 other stakeholders are contributing specifically towards
1259 the safety of this particular tract. And the further
1260 research that I found is that it's not the actual tract
1261 that's in violation of that, it's a adjacent tract,
1262 consensus tract, if I understand it.

1263

1264 And so I think with these overlapping, I think in some
1265 cases duplication, because that's what we need to drive
1266 down the crime sometimes. We need people to feel that
1267 if you commit a crime in our neighborhood, that we will
1268 catch you, we will prosecute you, and we'll take action.

1269

1270 And so that's the environment that we're trying to
1271 create and especially with a vulnerable population as
1272 our elders in our community. In Precinct 7, our elders
1273 are beloved. That's one of the reasons why we are here
1274 too. That's why I'm here to personally have a
1275 conversation with you.

1276

1277 **Leo Vasquez III (0:54:18) :**

1278 Okay. Any other questions for... Ms. Farias?

1279

1280 **Holland Jones (0:54:23) :**

1281 Yes, ma'am.

1282

1283 **Anna Maria Farias (0:54:24) :**

1284 Thank you for coming, sir.

1285

1286 **Holland Jones (0:54:26) :**

1287 No problem, ma'am.

1288

1289 **Anna Maria Farias (0:54:27) :**

1290 I was on the other table when the three of you were
1291 talking on that other table. I'm the person that gets
1292 here about an hour in advance. My concern is the
1293 following, like you, I have many titles, I grew up in
1294 housing projects and I ran behind the housing projects
1295 where I grew up. Came back home after 25 years because
1296 the thugs and the criminals and drug dealers had taken
1297 over.

1298

1299 **Holland Jones (0:54:55) :**

1300 Yes, ma'am.

1301

1302 **Anna Maria Farias (0:54:56) :**

1303 And the first thing I had to do was convince my board
1304 that I needed security at night, patrol. And one thing
1305 that I know is takes a lot of money. And I know that
1306 you mentioned \$78,000 in operations to put into that,
1307 that's really not enough money.

1308

1309 **Holland Jones (0:55:14) :**

1310 78.

1311

1312 **Anna Maria Farias (0:55:14) :**

1313 Right. 78,000.

1314

1315 **Leo Vasquez III (0:55:15) :**

1316 78,000.

1317

1318 **Anna Maria Farias (0:55:17) :**

1319 So far, based on what I've heard and also his
1320 presentation of everything that's going to happen
1321 inside, once you build, once the security measures, once

1322 this and that, all of that sounds great if in fact it's
1323 done. And a lot of times we're faced with the promises
1324 and then it doesn't happen. And also my biggest concern
1325 with this is you're dealing with the elderly.

1326

1327 **Holland Jones (0:55:44) :**

1328 Yes, ma'am.

1329

1330 **Anna Maria Farias (0:55:45) :**

1331 So I have not yet decided which way I'm going to vote.

1332

1333 **Holland Jones (0:55:49) :**

1334 Yes, ma'am.

1335

1336 **Anna Maria Farias (0:55:50) :**

1337 But if you get the waiver and a few years from now, it's
1338 found out things weren't done and the crime persisted,
1339 you really make it very difficult for others that come
1340 in because that's how, you and I, by the looks, have
1341 been around a long time. That's how people become
1342 cynical.

1343

1344

1345 **Holland Jones (0:56:10) :**

1346 Yes, ma'am.

1347

1348 **Anna Maria Farias (0:56:11) :**

1349 And my biggest concern here is the elderly, so I'm going
1350 to need a little bit more convincing. I'm just one
1351 vote. So probably have the votes vote.

1352

1353 **Holland Jones (0:56:24) :**

1354 If I may respond to your...

1355

1356 **Anna Maria Farias (0:56:26) :**

1357 Absolutely.

1358

1359 **Holland Jones (0:56:27) :**

1360 First, I want to say that I also grew up in the section
1361 housing. I understand the social-economic challenges
1362 that a underserved population has. And we are a new
1363 administration. My boss took office January 1st of this
1364 year. We think highly of our elderly population.

1365 That's one reason why I'm here because he needed someone
1366 to look in your eyes and tell you that our constituents
1367 are going to be safe.

1368

1369 We already have a contract, a \$278,000 contract, with
1370 the Greater Southeast Management District to provide
1371 supplemental public safety services specifically to aid
1372 your concern, to address your concern. In your packets,
1373 there's already a contract in your packets already. And
1374 that contract has been in existence for 10, 15 years.
1375 It renews annually, the first thing.

1376

1377 But also the second thing I heard is that the design of
1378 this facility will be a crime prevention through
1379 environmental design. That is best practices. It
1380 reduces what we call the routine activities theory,
1381 victim, opportunity, perpetrator. It addresses each one
1382 of those issues. And I've made notes. You say from
1383 technological to IT, to cameras, license plate readers.
1384 Everybody's familiar with Flock. My agency has access
1385 to Flock. So every time someone drives a certain area,
1386 we can ping a license plate. So that aids in our
1387 investigation.

1388

1389 And he talked about perimeter fencing, controlled
1390 access. Those things add to the safety of your

1391 constituents that you're concerned about. And so I
1392 applaud your concern, but I am here to tell you to
1393 alleviate your concern that my job and all of my skills,
1394 knowledge, experience, training, education would be
1395 geared to make sure that your constituents, our
1396 constituents, are safe.

1397

1398 So I hope that when you do make your decision that you
1399 remember that I, Holland Jones, Dr. Captain, looked you
1400 in your eyes and said, yes, ma'am, we can get this done,
1401 but we have to start somewhere. And I believe that we
1402 have clearly effective and efficient mitigation
1403 strategies in place to remediate the crime activity in
1404 that area.

1405

1406 **Leo Vasquez III (0:59:02):**

1407 Okay. Thank you, Captain. Since we have some more
1408 speakers, I want to try to keep this going. Unless
1409 Holland has a question for Holland.

1410

1411 **Holland Jones (0:59:11):**

1412 Yeah, great.

1413

1414 **Leo Vasquez III (0:59:12) :**

1415 Okay. You're the only two Hollands I know. All right.

1416 Okay. Thank you. Let's try to get real. Okay. So the
1417 Metro station is conveniently placed so any perpetrators
1418 can get away real fast. Okay.

1419

1420 **Keith Dillman (0:59:42) :**

1421 Okay. Good morning, everyone. My name is Keith
1422 Dillman, and I'm not a doctor or a lawyer or anything
1423 like that. I'm just a regular cop. My esteemed
1424 colleague over here, Captain Jones, God bless you.

1425

1426 I'm here to discuss how our department is going to
1427 augmented safety concerning Bernicia Place development
1428 adjacent to our southeast transit center. It's been
1429 discussed that Metro PD has a footprint there because
1430 that's a Metro transit center, that the buses, our local
1431 route buses, will come through there, drop people off as
1432 a transition point. We do not have a police department
1433 there, just to make that just real clear. We don't have
1434 a police department at that location.

1435

1436 So what do we bring to the table? We are going to be
1437 the third agency of jurisdiction there behind HPD and
1438 Precinct 7. We also have jurisdiction in that area.
1439 First and foremost, community policing. We believe our
1440 department's a model of community policing. Community
1441 policing builds trust, deters crime, and ensures a
1442 visible, approachable police presence, which we have at
1443 that transit center 24 hours a day, seven days a week.

1444

1445 Our officers constantly engage with the people that use
1446 our transit system as many of our riders are daily
1447 users, and we expect fully that the residents of
1448 Bernicia Place will also be constant daily riders.
1449 Officers are assigned to patrol our buses, light rail
1450 vehicles, and facilities, consistently make contact with
1451 operators and patrons alike to facilitate proactive
1452 policing.

1453

1454 Second, surveillance of technology. My colleague talked
1455 also about license plate reader, Flock. We also have
1456 access to that. We have a robust surveillance camera
1457 system that is at the transit center. We also have
1458 surveillance cameras on our buses, some of which we can

1459 log into and view remotely real time. We also have a
1460 text line tied to our main police dispatch phone number.
1461 It allows citizens to text with an officer directly to
1462 report incidents.

1463

1464 Third, our response times. Our department is growing.
1465 We're approaching 400 officers now and we hope to
1466 surpass that in the next few years, if we get some more
1467 money. That'd be great. We're expanding our footprint
1468 throughout our 1300-square-mile service area, and that's
1469 roughly the size of Rhode Island. That's what we have
1470 to deal with. We deal with Harris County, portions of
1471 Fort Bend, Montgomery, and Waller counties. Only DPS
1472 has a larger jurisdiction in Texas. So we have a lot to
1473 do. But we can focus on certain areas like this
1474 development here.

1475

1476 We're decentralizing our operations. We're adding
1477 mobile command centers, they can service mobile police
1478 stations. Say we notice there's an uptick in crime at
1479 that location, we have a cadre of officers assigned to
1480 that mobile command center. They will go out, flood
1481 that area and take care of business.

1482

1483 Also collaboration with other agencies. We work closely
1484 with HPD, who is the agency of jurisdiction there. Also
1485 the Harris County Council's Office, Precinct 7. And
1486 while HPD would be the primary agency for any incidents
1487 that would occur unless the contract goes to Council's
1488 Office, we would be there obviously to be able to assist
1489 with anything they need from our department to address
1490 safety concerns related to this development. I am done.
1491 If you have any questions.

1492

1493 **Leo Vasquez III (1:03:08):**

1494 Okay. No. Great. Thank you. Appreciate you being
1495 here. And I think there's going to be some questions at
1496 the end.

1497

1498 **Kenny Marchant (1:03:18):**

1499 Mr. Chairman.

1500

1501 **Leo Vasquez III (1:03:19):**

1502 Oh, yes, Mr. Marchant.

1503

1504

1505 **Kenny Marchant (1:06:21) :**

1506 A general question for either of you two. How many
1507 people will end up being in this development when it's
1508 finished.

1509

1510 **Jervon Harris (1:03:33) :**

1511 Being that it's elderly...

1512

1513 **Leo Vasquez III (1:03:35) :**

1514 If you could step up to the mic just because it's being
1515 broadcast.

1516

1517 **Kenny Marchant (1:03:38) :**

1518 Will it be like one per unit or do you have some
1519 formula?

1520

1521 **Jervon Harris (1:03:42) :**

1522 Typically for elderly, that's what you find. On rare
1523 occasion there's a second occupant, but primarily in
1524 affordable housing elderly developments, it's primarily
1525 single...

1526

1527

1528 **Kenny Marchant (1:03:56) :**

1529 What about the number of parking places? I know that's
1530 in here, but you got a lot of information here.

1531

1532 **Jervon Harris (1:04:01) :**

1533 Yeah. I believe we've got at least 120-plus visitors.

1534

1535 **Kenny Marchant (1:04:08) :**

1536 But when you figure trips per day for elderly, you don't
1537 figure a very high trips per day, do you?

1538

1539 **Jervon Harris (1:04:16) :**

1540 I know what you're talking about, sort of like the ITE
1541 traffic study. We usually don't have to go that deep.
1542 We're so accustomed to developing. Both our engineers
1543 and our architects, they're pretty familiar with how
1544 much parking is needed for elderly development. And one
1545 to one is typically enough from day one, and then the
1546 amount of drivers...

1547

1548 **Kenny Marchant (1:04:37) :**

1549 Yeah. I'm specifically talking about the opportunity
1550 for crime. And a lot of times when you're coming and

1551 going, you have more opportunity for crime. So if
1552 you're not going to be coming and going and be more...

1553

1554 **Jervon Harris (1:04:52) :**

1555 Right. And the elderly drive less. They're on the
1556 roads but they're less impactful, they're less daily
1557 trips.

1558

1559 **Kenny Marchant (1:04:58) :**

1560 So you only have one parking place per unit.

1561

1562 **Jervon Harris (1:05:02) :**

1563 Correct.

1564

1565 **Kenny Marchant (1:05:02) :**

1566 Yeah. Our office is next to a really nice unit and they
1567 really don't drive much. Pretty all stay in. Thank
1568 you.

1569

1570 **Jervon Harris (1:05:11) :**

1571 Okay. And while I have the mic, I did want to address
1572 some things. You questioned how would we know that the
1573 things that we commit to would continue into the future.

1574 What we're proposing by any service or any physical
1575 improvement that's a commitment for a tax credit
1576 application is that we make it a part of the LURA.

1577

1578 So the Housing Authority is proposing to make private
1579 security patrol in addition to the patrols by law
1580 enforcement, a condition of the site throughout the
1581 compliance period. As well as the long list of security
1582 measures that I listed, the proposal is to make that
1583 part of the LURA so that it is a commitment throughout
1584 the compliance period.

1585

1586 **Leo Vasquez III (1:05:57):**

1587 Okay. Great. Thank you.

1588

1589 **Antoinette Jackson (1:06:00):**

1590 Good morning, board members. My name is Antoinette
1591 Jackson, known by most as Toni. I'm with the Banks Law
1592 Firm and I am development counsel for the Harris County
1593 Housing Authority.

1594

1595 As the Chairman said at the beginning of this, I do not
1596 want to duplicate comments, but I did want to just make

1597 a couple of points. Mr. Harris actually just mentioned
1598 that we are going to have these commitments memorialized
1599 in the LURA. But also, as Captain Holland indicated,
1600 these are not promises we're making for today. We have
1601 other agreements memorialized with the Southeast
1602 Management District, with the constable's office, Metro.
1603 So this is something that everyone is committed to. Our
1604 partners are committed.

1605

1606 As we indicated, this is a partnership with Metro.
1607 Metro actually donated the land for this development and
1608 it is right at their transit center. So this is a
1609 commitment on their part that they are strongly,
1610 strongly interested in seeing it take place.

1611

1612 You also raised the question about the additional funds
1613 and the development having the funds to be able to do
1614 this. What was not said is that the Harris County
1615 Housing Authority has committed project based vouchers
1616 for this development. And so that is, one, allowing us
1617 to serve a deeper targeted community, but also it allows
1618 those additional funds to be able to be poured back into
1619 safety security measures. So that allows us to do that.

1620

1621 Lastly, I just want to, again, speak to the fact that
1622 this is the adjacent tract that has the higher crime
1623 rates. The officers have all spoken to the fact that
1624 this will be new development, and so with development
1625 coming up, we also know that with that police presence,
1626 it will change what is going on on that adjacent area.

1627

1628 Right now it's vacant other than just the Metro transit
1629 station, but once there is development there, we have
1630 this continued police presence and all of the other
1631 measures. It will also very positively impact that
1632 adjacent area across the street. So we just wanted to
1633 again remind you of those issues as well. Thank you.

1634

1635 **Leo Vasquez III (1:08:16):**

1636 Okay. Ms. Jackson, how many vouchers are committed to
1637 this project?

1638

1639 **Antoinette Jackson (1:08:19):**

1640 120.

1641

1642

1643 **Leo Vasquez III (1:08:21) :**

1644 Oh, you could go up to 120 full project-based vouchers.

1645

1646 **Antoinette Jackson (1:08:22) :**

1647 Yes, sir. Yes.

1648

1649 **Leo Vasquez III (1:08:24) :**

1650 Okay. All right, great. Thank you. Is there anyone

1651 else who wants to add before I open more questions here

1652 to the board? Okay. Do board members have further

1653 questions or want some clarifications?

1654

1655 **Kenny Marchant (1:08:42) :**

1656 I have a...

1657

1658 **Leo Vasquez III (1:08:43) :**

1659 Mr. Marchant.

1660

1661 **Kenny Marchant (1:08:45) :**

1662 Yeah. Can we make sure that we memorialize all of these

1663 promises into the final acceptance of the project if we

1664 were to grant their waiver so that all of these promises

1665 are still in place before we grant the final completion
1666 inspection? Or is that something you guys don't do?

1667

1668 **Teresa Morales (1:09:10):**

1669 I would probably defer to counsel, but I would imagine
1670 that if the Board wanted to make that as part of their
1671 motion in not granting a waiver, just to be clear, this
1672 is not a waiver that the Board is granting, but it is
1673 deeming the application eligible.

1674

1675 **Kenny Marchant (1:09:27):**

1676 Okay.

1677

1678 **Teresa Morales (1:09:27):**

1679 As it stands right now, it is an ineligible application.
1680 But if the board were to find the application eligible,
1681 then it presumably could open that a condition of the
1682 LURA be to provide private security.

1683

1684 Should the board choose to go that direction, a pending
1685 clarification might be whether that is intended to be
1686 throughout the entire affordability period of LURA,
1687 which is not just the initial 15-year compliance period

1688 but it's the extended use period, which is a full 30-
1689 year term. So to avoid confusion when we're drafting
1690 this and that.

1691

1692 **Kenny Marchant (1:10:11):**

1693 Well, I just know it may take two to three years to get
1694 this in place, people on the ground. And you guys are
1695 the ultimate authority to say this project's complete,
1696 you can now get your money. It seems to me that would
1697 be the time we would make sure these promises were kept.

1698

1699 **Teresa Morales (1:10:30):**

1700 When the LURA is being drafted, yes, you would have a
1701 note to,

1702

1703 **Kenny Marchant (1:10:34):**

1704 And, Mr. Chairman, I wouldn't be smart enough to know
1705 how to draft that motion.

1706

1707 **Leo Vasquez III (1:10:38):**

1708 Okay. All right.

1709

1710

1711 **Kenny Marchant (1:10:40):**

1712 I'd like some help on that.

1713

1714 **Leo Vasquez III (1:10:41):**

1715 Hang on. Maybe... Ms. Jackson.

1716

1717 **Antoinette Jackson (1:10:43):**

1718 Commissioner, and also as we indicated, we already have
1719 an interlocal agreement with the Greater Southeast
1720 Management District, and that will be going through our
1721 15-year compliance.

1722

1723 **Kenny Marchant (1:10:55):**

1724 Yes, ma'am, and nobody doubts that, but these projects
1725 take a couple of years and things change.

1726

1727 **Leo Vasquez III (1:11:04):**

1728 Okay. I have a general question. Recently I attended a
1729 grand opening ceremony at a beautiful development in the
1730 same area, OST Lofts. How far is this development from
1731 that? Does anyone know? Does anyone know,
1732 approximately. I don't mean exactly.

1733

1734 **Antoinette Jackson (1:11:32) :**

1735 I think it's a mile-and-a-half.

1736

1737 **Jervon Harris (1:11:34) :**

1738 About a mile-and-a-half.

1739

1740 **Leo Vasquez III (1:11:35) :**

1741 Mile-and-a-half-ish. Mile-and-a-half-ish. Okay. Two
1742 miles. Okay. I'm just as curious because I know these
1743 are general, oh, they're in the same district, city
1744 council district for sure. And when reading this board
1745 item, initially I was highly skeptical. However, I
1746 think when speaking with Mr. Wilkinson, I was suggesting
1747 have them pull it up from the agenda until they can pull
1748 together what you all pulled together here. So it's
1749 like compliment y'all on getting everyone here.

1750

1751 The skeptical jaded part of me, one of the comments that
1752 was made about the constable contract is like a 10-year
1753 contract and it's renewable and it's going to keep being
1754 renewed. Well, if it's already in place, why is crime
1755 still so high? So there's got to be a permanent surge
1756 and additional focus in this area. Well, specifically

1757 for Bernicia, but the whole region, the adjoining where
1758 the real problem is.

1759

1760 I think I've heard that there is a surge, a resetting of
1761 that bar, if there's, as Mr. Marchant was saying, if we
1762 can document that into the LURA or I could see making it
1763 eligible. But I'd want input from counsel, can we
1764 effectively do that?

1765

1766 **Beau Eccles (1:13:29):**

1767 I think that just from a procedural standpoint, it's a
1768 little bit difficult to make a conditional finding of
1769 eligibility here based on statements that are made
1770 during the meeting.

1771

1772 If this is the direction that the Board wants to go in,
1773 I would suggest that it be tabled and brought back after
1774 these matters have been formally submitted as to what
1775 their plan is and what the representations are that
1776 would go into LURA for how long it would be in the LURA.
1777 Would it just be the initial compliance period or the
1778 full length of it, and then Board would have in front of

1779 it exactly what is being presented in order to satisfy
1780 the standard as it is.

1781

1782 Because as Teresa mentioned, this is not a waiver
1783 action. This is a proposal to say that the crime rate
1784 in this adjacent census tract will be lowered by the
1785 time this development places in service. I'm not sure
1786 that that's what's been presented here, but that's
1787 what's before the Board here to determine.

1788

1789 **Holland Harper (1:14:51):**

1790 So my question, who's the champion of this project? I
1791 know we have law enforcement here, but who is in charge
1792 of this project to make sure it gets across the finish
1793 line? Is that you, Mrs. King?

1794

1795 **Dominique King (1:15:03):**

1796 Yes.

1797

1798 **Holland Harper (1:15:04):**

1799 All right. Would you come back to the podium for a
1800 second, please? Historically, in the last three years,
1801 you do not have the crime stats to justify this packet

1802 coming across to us. Is that a fair statement? I mean,
1803 you were supposed to be at 16. We're almost at 38, 32
1804 here. We're almost double the amount of crime we have
1805 in this area.

1806

1807 **Leo Vasquez III (1:15:29):**

1808 The adjacent area.

1809

1810 **Holland Harper (1:15:30):**

1811 In the adjacent area.

1812

1813 **Dominique King (1:15:33):**

1814 In the adjacent.

1815

1816 **Holland Harper (1:15:37):**

1817 In '25, our murders are up versus going down. We have
1818 some improvement there, but for the most part not. How
1819 long will it take to get significant changes in
1820 percentages to come back to this Board? Significant
1821 crime stat changes. A year?

1822

1823 **Jervon Harris (1:16:02):**

1824 I think that's hard for us to answer.

1825

1826 **Holland Harper (1:16:05) :**

1827 And that, so right there. Sir, hold on a second. But
1828 you're asking us to take a leap of faith to do the same.

1829

1830 **Jervon Harris (1:16:09) :**

1831 Okay. I'm going to answer, but in a couple of years
1832 that the Housing Authority has been working on this
1833 development, the crime stat, that is the threshold item
1834 of this census tract, has trended downward. And what we
1835 do know is that during that time period, there has been
1836 an increase in law enforcement and there has been this
1837 program that's been put in place by the Southeast
1838 Management District to provide additional officers to
1839 this area.

1840

1841 Our conclusion would be that those efforts are being
1842 realized by the drop in the crime stats for this census
1843 tract. And we would suggest that that would continue
1844 because those efforts are going to continue. But to
1845 backstop that, we also have a plan with funding that is
1846 focused on the property itself, whereas there will be
1847 super security measures and enough funding to support

1848 24-hour patrols. As we took that, \$78,000 a year is
1849 enough for 24-hour patrols and...

1850

1851 **Leo Vasquez III (1:17:31):**

1852 I'd question that.

1853

1854 **Holland Harper (1:17:32):**

1855 I question that.

1856

1857 **Leo Vasquez III (1:17:33):**

1858 And I question that. That comment is --

1859

1860 **Holland Harper (1:17:35):**

1861 I think that the data I have in front of me states that
1862 in '22 crime rate for the tract was 30.95. For '23 it
1863 was 31.90 and for '24 is 38.10 on a threshold of 16.

1864

1865 **Dominique King (1:17:57):**

1866 That's the adjacent tract?

1867

1868 **Holland Harper (1:18:00):**

1869 Ms. Morales, am I correct in this? This is...

1870

1871 **Jervon Harris (1:18:02) :**

1872 First of all it was 18 in our target areas since this...

1873

1874 **Holland Harper (1:18:04) :**

1875 18.

1876

1877 **Leo Vasquez III (1:18:04) :**

1878 It's the adjacent tract that you're, that's the...

1879

1880 **Holland Harper (1:18:07) :**

1881 We're sitting at 500 mile rate and 500,

1882

1883 **Leo Vasquez III (1:18:08) :**

1884 That's the 30-plus...

1885

1886 **Teresa Morales (1:18:11) :**

1887 So the subject census tract is below the threshold and

1888 so that's not the one that is creating the issue. What

1889 the rule says is that if it's either the census tract or

1890 an adjacent tract with boundary within 500 feet, then

1891 that tract gets triggered as having a neighborhood risk

1892 factor.

1893

1894 One of the things, again, that the rule clarifies is
1895 when we're looking at this adjacent tract, if there are
1896 natural, I think the wording is natural boundaries or
1897 something to where you could conceivably say that
1898 adjacent tract, yeah, it's adjacent, but it's not really
1899 part of the neighborhood. There's a highway, there's a
1900 river, lake, whatever. And so that's a...

1901

1902 **Bobby Wilkinson (1:18:56):**

1903 B Bayou.

1904

1905 **Teresa Morales (1:18:58):**

1906 A bayou.

1907

1908 **Bobby Wilkinson (1:18:58):**

1909 Yeah.

1910

1911 **Teresa Morales (1:18:59):**

1912 That's a consideration that we look at when determining
1913 whether that adjacent tract that is over 18, well, is it
1914 part of the neighborhood? So there's been a lot of
1915 discussion here about, well, the subject tract is fine,
1916 it's at 16 and that's accurate. But with this adjacent

1917 tract, it's literally across the, it's part of the
1918 neighborhood.

1919

1920 So when a resident, from a staff standpoint, we have a
1921 property and certainly we want to do everything we can
1922 to make sure that those residents in that property and
1923 immediately vicinity that they're safe, but what happens
1924 when they step outside? And in this case that adjacent
1925 tract is right there, so it is part of this
1926 neighborhood. And that's the one to your point, the
1927 chart. When we are looking at the actual police beat
1928 data for that tract, it is trending upward and therefore
1929 part of this neighborhood.

1930

1931 **Holland Harper (1:19:57):**

1932 Ms. King, did you want to come back to podium?

1933

1934 **Dominique King (1:20:01):**

1935 Yes, I did. I think one additional point that I have to
1936 is make that this development was a part of the OST/Palm
1937 Center Livable Center study carried out by the Houston-
1938 Galveston Area Council. And these types of studies that

1939 are done are heavily vetted with the community. In this
1940 particular study, they highlighted safety and transit.

1941

1942 Bernicia Place was the only development included in the
1943 actual study outside of actual site that can be
1944 developed. This is the only actual development named in
1945 the study for development vetted by the community. They
1946 believe that this development will assist in deterring
1947 crime in the area by, as Ms. Jackson stated, bringing
1948 more visibility to the area, having more people there
1949 and having a housing authority there.

1950

1951 We are not like any typical housing authority. We pride
1952 ourselves on safety. We have other developments that
1953 require 24-hour safety, 24-hour patrol that we adhere to
1954 day in and day out. It is permanent supportive housing
1955 and we do a good job at that. We are dedicated to our
1956 tenants, to our residents. We have an active role in
1957 their lives every day and we are committed to their
1958 safety.

1959

1960 So this is just not us coming to put a deal on the
1961 ground, this is an effort from various people in the

1962 community that wants to see this deal coming to fruition
1963 because they do believe that this could change that area
1964 as a whole.

1965

1966 **Leo Vasquez III (1:22:00):**

1967 Okay. Thank you, Ms. King. I'm just going to put this
1968 out for the board. Y'all can push back or say no. I
1969 would suggest, again, I am reasonably confident y'all
1970 surge and just raise the whole level of security and
1971 patrols and everything in this area, and we have some
1972 time to do it because it's going to take, we're talking,
1973 the doors don't open until three years from now at best.

1974

1975 Your suggestion about tabling this and working with the
1976 attorneys on both sides to figure out how we can put
1977 this into more of a contractual obligation commitment in
1978 writing to make us feel comfortable that this is
1979 happening.

1980

1981 If we have that in writing, that commitment to do
1982 everything you all have been talking about, which I
1983 think is great, I'd be willing to deem it eligible if we
1984 have that kind of locked in, rather than just, it's

1985 great that you're making the promises verbally, but
1986 that's only goes so far.

1987

1988 Do you think that staff can pull a document together
1989 that would meet that need and that commitment to make it
1990 ironclad? Or, Mr. Marchant, you want... Go ahead.

1991

1992 **Kenny Marchant (1:23:34) :**

1993 Now this is just to allow them to make an application,
1994 correct?

1995

1996 **Teresa Morales (1:23:38) :**

1997 Correct.

1998

1999 **Leo Vasquez III (1:23:38) :**

2000 It's a 4 percent application.

2001

2002 **Kenny Marchant (1:23:39) :**

2003 This is not a, oh, it's 4 percent.

2004

2005 **Leo Vasquez III (1:23:41) :**

2006 This is 4 percent.

2007

2008 **Kenny Marchant (1:23:42) :**

2009 So they will not, okay. I understand.

2010

2011 **Teresa Morales (1:23:45) :**

2012 And I believe the full application was just recently
2013 submitted. So before staff goes through and starts
2014 redoing it, we wanted to get a determination on
2015 eligibility.

2016

2017 **Kenny Marchant (1:24:00) :**

2018 Yeah. Mr. Chairman, I would agree with that. My only
2019 reservation is that I'm sure that you can take these 120
2020 people and make them safe inside of their environment
2021 and you can put police around it and it'll be a safe
2022 place.

2023

2024 When they get outside of that environment and they go to
2025 the store or whatever, that is what triggers this
2026 adjacent tract across the street. And that will be
2027 dependent on the job these guys do on that adjacent
2028 tract; is that right, the way I'm looking at it, or?

2029

2030

2031 **Teresa Morales (1:24:46) :**

2032 That's correct.

2033

2034 **Kenny Marchant (1:24:47) :**

2035 Okay. Thanks.

2036

2037 **Teresa Morales (1:24:49) :**

2038 So the question about the contractual obligation, again
2039 I defer to counsel. But I don't know if that would be
2040 in the form of an exhibit or something that is attached
2041 plan that gets attached to the LURA.

2042

2043 **Beau Eccles (1:25:06) :**

2044 Well, generally speaking, representations made in an
2045 application can be memorialized in the LURA. This
2046 matter presents sort of twin problems. There are these
2047 representations that are being made of, we are going to
2048 provide \$78,000 a year towards on-site security.
2049 Whether \$78,000 will suffice to actually provide that
2050 patrol in year 1 or year 10, that's something that would
2051 need to be discussed. But that's more of a matter of is
2052 this a decent plan to satisfy this idea of having a
2053 secure site?

2054

2055 The problem that you have brought is just straight under
2056 the rule, and that is their burden as a prospective
2057 applicant trying to secure eligibility under this rule
2058 is to show that there is mitigation and trends to
2059 support a conclusion for this board, that by the time
2060 this development places in service, that the adjacent
2061 census tract will have a low enough crime level that it
2062 would be safe in the community.

2063

2064 What has been presented is that they would make a secure
2065 site. I'm not sure if that satisfies the rule. So I'm
2066 not sure that that will satisfy the Board. But that's
2067 the second of these two issues. If there is an
2068 affirmative representation in the application of, here
2069 is what we are going to provide and expect it to be in
2070 the LURA, that can carry forward when we're actually
2071 drafting the LURA.

2072

2073 But it's really difficult to say, just representations
2074 made by various parties during a meeting, that that's
2075 going to then somehow rocket forward to a year-and-a-
2076 half from now when the LURA is being drafted and it's

2077 somehow going to make it in there because it's not their
2078 representation in their application. So a lot of
2079 talking. Not sure if I've actually answered the
2080 question.

2081

2082 **Leo Vasquez III (1:27:24) :**

2083 Again, I think if we can, and this doesn't have to be
2084 the final language in the LURA that I'm talking about,
2085 but a written commitment exhibit that all these points
2086 that we've been talking about, all these mitigation
2087 factors, increased security factors, will be in the
2088 ultimate LURA so it's a contractual commitment from the
2089 development.

2090

2091 **Bobby Wilkinson (1:27:47) :**

2092 We can do the cameras, controlled access, and the
2093 whatever amount for private patrol in the LURA, but
2094 their agreement with Constable, I think that's well
2095 outside of -- it's just only about the property for us,
2096 I think.

2097

2098

2099

2100 **Teresa Morales (1:28:00) :**

2101 A lot of the amenities that they mentioned, so the
2102 control gate access, the video surveillance, a lot of
2103 those are what we consider common amenities. And so
2104 with every project, depending on the size, they have to
2105 meet the threshold, a minimum point threshold of
2106 amenities to be provided.

2107

2108 And so what we normally do is just take that whole menu
2109 of amenities and put them in the LURA and then when
2110 Compliance goes out, they check to see which ones they
2111 have and that they're meeting our minimum threshold. So
2112 the control gate access and some of those things would
2113 be in there normally. It's just a matter of whether or
2114 not they're providing those or other amenities in order
2115 to meet that threshold.

2116

2117 **Leo Vasquez III (1:28:47) :**

2118 Okay. Do any board members have problems with us
2119 sending this back to staff to better document the
2120 commitments that will ultimately...

2121

2122

2123 **Bobby Wilkinson (1:28:58) :**

2124 I think you can just give us direction to put this stuff
2125 in the LURA. Okay.

2126

2127 **Leo Vasquez III (1:29:01) :**

2128 Well, and that's what I'm saying.

2129

2130 **Bobby Wilkinson (1:29:02) :**

2131 Yes.

2132

2133 **Leo Vasquez III (1:29:04) :**

2134 And if that happens...

2135

2136 **Bobby Wilkinson (1:29:05) :**

2137 Which will happen at a later date.

2138

2139 **Leo Vasquez III (1:29:07) :**

2140 If that happens at a later date, then once you have that
2141 established, bring it back to the board and we would be,
2142 I imagine after that, we'd be more willing to commit to
2143 deeming the site eligible.

2144

2145

2146 **Teresa Morales (1:29:27) :**

2147 If that would happen at a much later date that we're
2148 saying is years from now, that would be problematic
2149 because with this being a 4 percent deal, it would be
2150 considered streamlined, which means we would underwrite
2151 and do all of the required reviews and then issue the
2152 determination notice of the commitment administratively.

2153

2154 They would close, build the project, and then come back
2155 and cost certify. So I would imagine that if the Board,
2156 that the Board should find the, would need to find the
2157 site eligible today or next month, whatever, before we
2158 issue that determination notice saying you're eligible,
2159 here are the credits that you're eligible for.

2160

2161 **Leo Vasquez III (1:30:12) :**

2162 Yes. I think I'm saying the same thing.

2163

2164 **Teresa Morales (1:30:13) :**

2165 And we know what that is before we, that way when it
2166 comes time to draft the LURA, we've got it. We're now
2167 communicating about finalizing details.

2168

2169 **Leo Vasquez III (1:30:23) :**

2170 Yes, no, I agree. My intent was saying we have that
2171 written commitment outlined and detailed before you
2172 issue a determination notice. To me, that would have to
2173 be finalized in place before you issue it and say hey,
2174 keep going.

2175

2176 **Antoinette Jackson (1:30:45) :**

2177 I just wanted to make one last clarification based on a
2178 comment that Teresa made in terms of the adjacent area.
2179 This area that is adjacent, it is across a four-lane
2180 median street. So it is in our mind one of those areas
2181 that does make it easier for the neighborhood.

2182

2183 I know you can say maybe not, but the area is different
2184 and that is a different community essentially, it is
2185 barrier there, but I did want to make that point too in
2186 terms of just the barrier.

2187

2188 **Leo Vasquez III (1:31:23) :**

2189 Okay. All right. We appreciate that. Okay. We
2190 understand. So again, I'm looking for final feedback
2191 from any board members.

2192

2193 **Kenny Marchant (1:31:34) :**

2194 Yeah. Mr. Chairman, we have another project in Houston
2195 that's become kind of famous. I don't want to, we don't
2196 want another famous project on our hands, so anything we
2197 can do in a tabling process to shorten this up. I would
2198 love to have a letter from the city council member in
2199 that district. I would love to see that the mayor knows
2200 that this is a project and hear their perspective on the
2201 idea of redeveloping this area.

2202

2203 **Leo Vasquez III (1:32:17) :**

2204 Oh, I'm confident that actually it's part of this bigger
2205 picture.

2206

2207 **Kenny Marchant (1:32:19) :**

2208 Yeah. I'm sure that it's a...

2209

2210 **Dominique King (1:32:23) :**

2211 So my one comment that I think would help is that the
2212 mayor is aware of this project. We were awarded \$4
2213 million in home funds. We went through a competitive
2214 process for this development, as well, as stated

2215 earlier, also the Texas General Land Office we were
2216 awarded \$10 million in their disaster recovery
2217 reallocation program. It is the largest single
2218 contribution to a multifamily project that the GLO made.
2219 Everyone is aware of this project, they understand,
2220 they know of all the circumstances surrounding it and we
2221 were still reporting it.

2222

2223 **Kenny Marchant (1:33:13) :**

2224 Okay.

2225

2226 **Leo Vasquez III (1:33:15) :**

2227 Okay. All right. I think we know where we are now. So
2228 let me propose, if there's no objection from a board
2229 member, that we direct staff to work with the applicant
2230 to sufficiently document this prior to issuing a
2231 determination notice, that having a commitment to all
2232 these different measures that we've had and if they can
2233 add some more that's even better.

2234

2235 Then you can bring that back to us next month so we can,
2236 with that in place, I would feel comfortable deeming the

2237 property eligible. Is that good? Can we, and I don't
2238 think it's...

2239

2240 **Beau Eccles (1:34:01):**

2241 A motion to table and give us direction.

2242

2243 **Leo Vasquez III (1:34:02):**

2244 Yeah. So. Any objections? So do we need to actually
2245 have someone make a motion to do that?

2246

2247 **Kenny Marchant (1:34:13):**

2248 Can you just make a simple motion to table...

2249

2250 **Bobby Wilkinson (1:34:14):**

2251 Just table?

2252

2253 **Leo Vasquez III (1:34:15):**

2254 Or just to, or I just say table? Do I have to vote? I
2255 mean, do we have...

2256

2257 **Ajay Thomas (1:34:18):**

2258 Should I attempt to do that for the record if you'd like
2259 me?

2260

2261 **Leo Vasquez III (1:34:20) :**

2262 Okay. All right, let's. Let's go ahead.

2263

2264 **Bobby Wilkinson (1:34:23) :**

2265 Just a simple motion to table will do.

2266

2267 **Ajay Thomas (1:34:25) :**

2268 Mr. Chairman, I move that the Board table agenda Item 18
2269 and direct staff to return to looking at the
2270 circumstances behind this application and come up with
2271 additional protections and conditions as all described
2272 and conditioned here at the board meeting for further
2273 consideration at a later date.

2274

2275 **Kenny Marchant (1:34:48) :**

2276 Second.

2277

2278 **Leo Vasquez III (1:34:48) :**

2279 Okay. All right. Seconded by Mr. Machant. Okay.

2280 Motion made by Mr. Thomas. Seconded by Mr. Marchant.

2281 All those in favor say aye.

2282

2283 **Board Members (1:34:55) :**

2284 Aye.

2285

2286 **Leo Vasquez III (1:34:56) :**

2287 Any opposed?

2288

2289 **Holland Harper (1:34:57) :**

2290 Opposed.

2291

2292 **Leo Vasquez III (1:34:59) :**

2293 Oh, okay. Well. Okay. So we have Mr. Harper and Ms.

2294 Farias voting no. We had all yeses on this.

2295

2296 **Cindy Conroy (1:35:06) :**

2297 Yes.

2298

2299 **Leo Vasquez III (1:35:07) :**

2300 Okay. So four, two. Motion to table passes. Let's get
2301 all that documented and firmed up and come back soon.

2302 And we really appreciate you all taking time to be here
2303 and the work that you do. As the Houstonian on the
2304 board, I'm...

2305

2306 **Cindy Conroy (1:35:26) :**

2307 I am actually really appreciative of what you're trying
2308 to do. And I know that a lot of times that when you
2309 build some things, it does change the environment. So I
2310 really hope that y'all can come back with a little bit
2311 more solid on this.

2312

2313 **Leo Vasquez III (1:35:56) :**

2314 Okay. That was Item 18 of the agenda. Let's go to Item
2315 19. Presentation, discussion, and possible action
2316 regarding a material amendment to the housing tax credit
2317 application and request for return and reallocation of
2318 tax credits under 10 TAC Section 11.6(5) related to
2319 credit returns resulting from force majeure events for
2320 the Athen Trails development. Mr. Banuelos.

2321

2322 **Rosalio Banuelos (1:36:26) :**

2323 Good morning. I'm Rosalio Banuelos, director of
2324 Management. So this is an amendment that we're
2325 combining with the force majeure request, so a little
2326 bit more than typical. Athens Trails was approved for a
2327 9 percent housing tax credit award in 2024 for
2328 construction of 57 units, all of which were designated

2329 as low income units for the elderly and have consent
2330 from county.

2331

2332 The applicant has now requested approval for a reduction
2333 of units, a 10.53 percent reduction in the number of
2334 units from 57 to 51 units. This will decrease the one-
2335 bedroom units by 6, going from 30 to 24 and maintaining
2336 the number of two-bedroom units at 27. The change
2337 results in a revision to the rent income restrictions
2338 from 5 units at 30 percent of area median income, or
2339 AMI, 12 units at 50 percent AMI, 40 units at 60 percent
2340 AMI, to 3 units at 30 percent, 8 units at 50 percent,
2341 and 40 units at 60 percent.

2342

2343 This change will also result in a reduction of 3,894
2344 square feet or 9.14 percent in the net rental area going
2345 from 42,582 square feet to 38,688 square feet. There
2346 will be a 10.53 percent reduction to the residential
2347 density going from 23.04 units per acre to 20.61 units
2348 per acre. There will also be a reduction of 560 square
2349 feet or 5.54 percent to a common area going from 10,100
2350 square feet to 9,540 square feet. Additionally, the
2351 number of parking spaces will decrease from 113 to 96.

2352

2353 The applicant indicated this request is a result of
2354 climbing increase in cost after the application was
2355 submitted, a decrease in the price of the tax credits
2356 from 84 cents per credit to 73 cents per credit, and an
2357 increase to permanent loan interest rate from 6.75
2358 percent to 7.50 percent. The applicant stated that it
2359 was not possible to retain feasibility without reducing
2360 the number of units.

2361

2362 Staff reviewed the scoring documentation against system
2363 request, and concluded that the reduction to the number
2364 of units would have resulted in loss of points, but this
2365 would not have affected the selection of the development
2366 by award of the competitive round. The development was
2367 also re-underwritten and the revised financial
2368 arrangement and the analyses supports no change to the
2369 housing tax credit amount and demonstrates the
2370 development meets feasibility.

2371

2372 Due to the delays associated with the redesign of the
2373 development, the applicant requests a six-months
2374 extension to the placement in service of the development

2375 going from December 31, 2026, to June 30, 2027. This
2376 would be done through a return and reallocation of tax
2377 credit for the development, reinforcement of the
2378 provision of the qualified allocation plan.

2379

2380 Staff recommends approval of the request majeure
2381 amendment to the application and also recommends
2382 approval of the request to return the developer tax
2383 credits under the force majeure provisions of the QAP
2384 which will result in a six-month extension to placement
2385 in service deadline and a new 10 percent test deadline
2386 in July 1, 2026. That concludes my comments and I am
2387 available for questions regarding the amendment. Cody's
2388 available for questions regarding the force majeure.

2389

2390 **Leo Vasquez III (1:39:26) :**

2391 Okay. So to summarize, this is another very recent,
2392 it's a 2024 award and which we reviewed, put through all
2393 the process awarded it and now they are coming back to
2394 us saying, oh, we can't do what we committed to.

2395

2396 **Rosalio Banuelos (1:39:54) :**

2397 Correct, reducing units.

2398

2399 **Leo Vasquez III (1:39:57) :**

2400 And they're reducing the number of units that were
2401 committed, especially affordable units, right? Again as
2402 we've started, been expressing in the last couple
2403 meetings this is, well even I've been expressing longer
2404 than that.

2405

2406 But I just am tired of applicants coming to us and have
2407 it committed that here's the structure, here's what
2408 we're going to do, and then, I understand the equity
2409 pricing, but I've also heard other, there are other
2410 developers, developments that are obtaining much higher
2411 equity pricing. So maybe it's their marketing effort or
2412 what network they're going to to see who can buy them.

2413

2414 And I find it hard to comprehend how since '24 we're
2415 saying interest rates went up a full point. Maybe the
2416 original, there should have been a letter of intent or
2417 something from the finance structure.

2418

2419

2420

2421 **Rosalio Banuelos (1:41:11):**

2422 We obtained term sheets at the time of application and
2423 new term sheets were provided to them. That's what we
2424 were told in person, that they were able to come in and,
2425 speak a little bit more to your questions.

2426

2427 **Leo Vasquez III (1:41:27):**

2428 Yeah. Okay. And I guess I should have just waited till
2429 they got up and, so do any board members have questions
2430 for Mr. Banuelos before we hear from the development
2431 representatives?

2432

2433 **Kenny Marchant (1:41:40):**

2434 I just have one question. You're losing six units but
2435 you're losing 17 parking places. It's still, losing 17
2436 still makes it pass either the criteria.

2437

2438 **Rosalio Banuelos (1:41:56):**

2439 Correct. We need fallback on the local code for
2440 parking. And what we were told was that the 96, which
2441 is 17 fewer than initially proposed, still means it's
2442 still part of permit.

2443

2444 **Kenny Marchant (1:42:08) :**

2445 Okay. So had that been submitted in the original
2446 application that it would have been approved?

2447

2448 **Rosalio Banuelos (1:42:14) :**

2449 I believe that the number that they posed previously was
2450 in line with what they were required to do. I can't see
2451 to see if they provided more. What they provided was at
2452 least,

2453

2454 **Kenny Marchant (1:42:27) :**

2455 Yeah. Okay.

2456

2457 **Leo Vasquez III (1:42:32) :**

2458 Okay. Let's hear from the development representatives.

2459

2460 **Michael Fogel (1:42:47) :**

2461 Thank you. Michael Fogel with Trinity Housing and I do
2462 believe I can answer all of these questions. But this
2463 deal and the next one we'll talk about, these are two
2464 2024 rural deals that are struggling to the, one, point
2465 of being completely infeasible due to current equity

2466 pricing. There's some other issues, but it's really
2467 boiling down to the equity pricing.

2468

2469 I did mention these to you all at Rules Committee
2470 meeting a few months ago and I'm just kind of
2471 reiterating that again so you don't think I'm back up
2472 here with more problems. This is basically what I
2473 mentioned a few months ago when I said I'd come back
2474 with a solution and a request. So here we are.

2475

2476 Athens Trails was underwritten at 84 cents at the time
2477 of application in February 2024. I feel like that was
2478 very sound, reasonable, and conservative. Urban deals
2479 at that time were at 88 cents. Rural deals seem to be
2480 discounted to 84 cents. Now we're at a situation that
2481 at least certainly this part is completely out of our
2482 control where the best equity pricing we can get is 73
2483 cents.

2484

2485 We shop this to more, but we shopped it intimately to
2486 six investors that we had relationships with and done
2487 deals with. All but one of them declined to make an
2488 offer. One offered 73 cents. I have heard from some

2489 developers, and keep in mind this is rural, the discount
2490 being applied to rural has always been lower than urban,
2491 higher discount, lower pricing, but it seems to have
2492 just really kind of bottomed out and been slaughtered
2493 right now. I have heard of people taking 71 cents
2494 recently.

2495

2496 But so what that results in is a \$1.4 million decrease
2497 in the equity capital contribution, which it just means
2498 the deal doesn't work. There's no soft funds available.
2499 We have worked closely with the city and the EDC on this
2500 property. We actually purchased it from them at a very
2501 favorable price below market rate, certainly on the land
2502 purchase. And we both mutually feel the city has done
2503 their part and they're participating as well.

2504

2505 We've got to cut costs in order to make this deal work
2506 or any other comparable deal work. So what we've done
2507 to do that is proposed the six-unit reduction to save on
2508 building costs, reducing the developer fee dramatically,
2509 and then actually deferring all the developer fee, or
2510 all but \$200,000 of the developer fee which will go

2511 straight to a consultant, not to mention other soft
2512 costs that we're not even trying to recoup.

2513

2514 And on top of that we're actually going to be required
2515 to put up a GP contribution or a promissory note to
2516 close it with the investors. So what I'm here asking
2517 for today, it is an ask from the department for a six
2518 fewer units. I do feel like we are taking on as much
2519 pain and financial kind of burden as we're able to do in
2520 addition to that.

2521

2522 Kind of just a few housekeeping meeting items. I know
2523 I'm out of time. This is certainly in line with the
2524 other deals the Board has approved on the kind of
2525 unofficial 10 percent rule. We're right at 10.5
2526 percent. It's a three-story building. You need to cut
2527 three 10 percent times of, yeah. And we've removed, we
2528 had permits in hand, we resubmitted with the six units,
2529 so we'll be ready to go over and shortly to start
2530 construction.

2531

2532 And then the other thing is, yes, there are some
2533 increase in construction costs and the permanent

2534 financing rate is up three-quarters of a point, but I'm
2535 not here asking for a change because of that. That
2536 stuff increased costs, we'll eat that cost, but with the
2537 equity pricing, the equity contribution is the bedrock
2538 of the program and of the budget, so we can't get around
2539 that. We can get around the other stuff which can cost
2540 of doing business and that's what we sign up for. But
2541 this is so drastic we've got to ask for something and
2542 we're asking for the bare minimum, the smallest amount
2543 we can.

2544

2545 **Kenny Marchant (1:47:11) :**

2546 Mr. Chairman.

2547

2548 **Leo Vasquez III (1:47:13) :**

2549 Please, Mr. Marchant.

2550

2551 **Kenny Marchant (1:47:16) :**

2552 From an underwriting standpoint, staff, what do you use,
2553 as he's saying, 73 cents, some people are saying 71.
2554 What do you allow them to plug in as that discount rate?
2555 And how can we avoid this by not allowing an unrealistic

2556 discount rate to be plugged in so that a unit so it
2557 passes so that we get back in this place?

2558

2559 **Rosalio Banuelos (1:47:46) :**

2560 So we rely on term sheets. Each applicant is required
2561 to obtain this information from their financing
2562 partners. We have an idea of what the pricing is
2563 generally, I don't know if we have questioned any deal
2564 recently where the pricing seems so low, I will tell you
2565 that. And hearing at different meetings mid-70s is not
2566 unreasonable. These days we have been hearing that
2567 that's what rural developments have...

2568

2569 **Kenny Marchant (1:48:14) :**

2570 Let's say they come in and say they're going get 82 and
2571 the project works at 82, but then in fact, the reality
2572 is they're going to come back later and say, well, we
2573 could only get 73. How do we keep that from happening?

2574

2575 **Rosalio Banuelos (1:48:29) :**

2576 Unfortunately, I,

2577

2578

2579 **Kenny Marchant (1:48:30) :**

2580 Yeah. I think that may be a rhetorical question. But
2581 that's the world we're living in now, right? So we
2582 shouldn't be approving deals based on an unrealistic
2583 discount rate.

2584

2585 **Holland Harper (1:48:45) :**

2586 I don't think it was unrealistic at the time of
2587 application.

2588

2589 **Leo Vasquez III (1:48:49) :**

2590 And how firm of a commitment are these term sheets?

2591

2592 **Holland Harper (1:48:53) :**

2593 Pretty firm.

2594

2595 **Jeanna Adams (1:48:54) :**

2596 Good morning, Jeanna Adams, Real Estate Analysis. Mr.
2597 Banuelos is correct. We get term sheets when their
2598 deals turn in from the debt, from the equity, whenever,
2599 especially for like nine persons, they all come in at
2600 the same time, same date, you kind of all expect them to
2601 be within a range. Every deal is different. Some

2602 people do the same deals with the same people, they get
2603 better credit pricing with others. The deal's bigger,
2604 stronger, and rural usually gets less credit pricing
2605 than others.

2606

2607 But when we get all that stuff in, we do look at it,
2608 we're underwriting a bunch of deals at once. The market
2609 changes and when stuff gets turned in in February and
2610 it's a year later, credit pricing dropped a lot last
2611 year. There's some deals that are only getting like
2612 high 60s. As a director of underwriting, I don't like
2613 putting out numbers that are probably not going to be
2614 the same in the next year, but that is the market that
2615 we live in right now.

2616

2617 **Kenny Marchant (1:49:47) :**

2618 So you go off the term sheet that they give you.

2619

2620 **Jeanna Adams (1:49:49) :**

2621 Yes, sir.

2622

2623

2624

2625 **Kenny Marchant (1:49:49) :**

2626 And you don't, I'm not trying to criticize. But do you
2627 ever look at it and say that's an unrealistic number,
2628 that's not going to happen? I need to...

2629

2630 **Jeanna Adams (1:50:0) :**

2631 If we saw an application with an abnormally high an
2632 outlier of a credit pricing, we would ask them hey, is
2633 this really the credit pricing? And we could ask them
2634 to get a new term sheet, but not really, it's not for 9
2635 percent because they can't get the updated term sheets.

2636

2637 I expect there's going to be a lot of deals that are
2638 going to be coming in with the same, same problem
2639 because equity went down. I don't expect this will be
2640 the only one. And I don't know how we would upfront
2641 gauge against that and let's just underwriting a buffer.
2642 Underwrite a buffer, you're not going to get very many
2643 deals supported.

2644

2645 **Kenny Marchant (1:50:41) :**

2646 Okay. Thanks.

2647

2648 **Leo Vasquez III (1:50:43) :**

2649 And so...

2650

2651 **Bobby Wilkinson (1:50:43) :**

2652 This is a bigger shift in tax credit pricing than usual,

2653 it's...

2654

2655 **Jeanna Adams (1:50:46) :**

2656 It is, yeah. And we've done quite a lot in the last

2657 year-and-a-half. We were seeing like 87s, 84s. Now

2658 we're down to 78s, 76s and it's going to hurt a lot of

2659 deals in...

2660

2661 **Kenny Marchant (1:50:56) :**

2662 Are the term sheets coming in at 76 and 78, though? Are

2663 they...

2664

2665 **Jeanna Adams (1:51:00) :**

2666 They are currently.

2667

2668 **Kenny Marchant (1:51:01) :**

2669 Oh, they are. Okay.

2670

2671 **Jeanna Adams (1:51:02) :**

2672 Yeah.

2673

2674 **Kenny Marchant (1:51:03) :**

2675 So we'll see, if they're pricing more reasonably going
2676 in, we'll see less of these force majeures where it
2677 dropped so much that they had to go and make them...

2678

2679 **Jeanna Adams (1:51:17) :**

2680 If credit pricing doesn't drop again significantly.
2681 This was a significant drop. We don't normally see.
2682 You would see a few cents up or down, but it was a
2683 significant drop. I don't think that this is a abnormal
2684 credit price currently happening right now.

2685

2686 **Kenny Marchant (1:51:34) :**

2687 Okay. I just wanted to make sure that we really weren't
2688 accepting unreasonably high assumptions.

2689

2690 **Jeanna Adams (1:51:43) :**

2691 I don't think so we use, the credit pricing is what's
2692 being offered at the time. Deals are tight right now,

2693 expenses are extremely tight to deal with kind of right
2694 now.

2695

2696 **Kenny Marchant (1:51:52) :**

2697 Got you. I think it's a new reality.

2698

2699 **Leo Vasquez III (1:51:55) :**

2700 Okay. Thanks, Jeanna. Cody. I see you jumping out of
2701 your chair. Do you want to say something?

2702

2703 **Cody Campbell (1:52:00) :**

2704 No, I did not. I believe this is a good answer to that
2705 question is going to, Cody Campbell, director of
2706 Multifamily Programs. Mr. Marchant, the only thing I
2707 would add to that is I do get phone calls when
2708 applications come in, and occasionally one of the phone
2709 calls I'll get is you've gotten this application from so
2710 and so and really I don't think they're going to be able
2711 to get the equity pricing that they represented on their
2712 application.

2713

2714 And the tough thing for staff is discerning kind of the
2715 truth from the fiction there because every now and then

2716 when you have a new application that does realize very
2717 strong equity pricing. You heard from an application in
2718 Austin recently that was in the high 80s and they had
2719 actually had a credit pricing. So certainly, if there's
2720 some kind of policy or procedure that we could come up
2721 with that would allow us to discern what is a realistic
2722 credit pricing from a non-realistic one, we would be
2723 very happy to enact that. It's just tough because
2724 sometimes that pricing does shake out and it's hard to
2725 tell on the front end what...

2726

2727 **Kenny Marchant (1:52:56) :**

2728 Okay. All right. Thanks.

2729

2730 **Leo Vasquez III (1:53:03) :**

2731 Do any other board members have more questions on this?

2732

2733 **Holland Harper (1:53:08) :**

2734 Just for discussion. Rural gets less credit because
2735 there's more risk, there's less human beings there.
2736 What has caused the giant drop in credits this year? Is
2737 something else taking that credit market?

2738

2739 **Michael Fogel (1:53:22) :**

2740 I think some of it was uncertainty about corporate
2741 profits that that could be in the long-term, so that's
2742 an obvious drop. We did hear a lot about the bones of
2743 solar tax credit. So same of a problem for buyers. I
2744 think those two things will...

2745

2746 **Bobby Wilkinson (1:53:39) :**

2747 We also don't have an expansion of LIHTC as part of the
2748 Big Beautiful Bill.

2749

2750 **Leo Vasquez III (1:53:45) :**

2751 Supply has increased.

2752

2753 **Bobby Wilkinson (1:53:46) :**

2754 Yeah, so, yeah.

2755

2756 **Michael Fogel (1:53:47) :**

2757 But nevertheless the rule has, they both declined, but
2758 the decline has been more significant on a dollar basis
2759 and on percentage basis for...

2760

2761

2762 **Bobby Wilkinson (1:53:57) :**

2763 And then three for CRA credit, rural doesn't really help
2764 banks, right?

2765

2766 **Michael Fogel (1:54:00) :**

2767 Doesn't help at all.

2768

2769 **Bobby Wilkinson (1:54:01) :**

2770 Yeah. So urban areas get a little CRA boost.

2771

2772 **Leo Vasquez III (1:54:11) :**

2773 Staff's recommendation is to grant the force majeure and
2774 reschedule, so...

2775

2776 **Bobby Wilkinson (1:54:18) :**

2777 And approve the material amendment.

2778

2779 **Leo Vasquez III (1:54:20) :**

2780 Material amendment on the reduction of 10.53 percent, so
2781 10 percent and then extend for six months.

2782

2783 **Rosalio Banuelos (1:54:29) :**

2784 Extension on the placement in service, yeah.

2785

2786 **Leo Vasquez III (1:54:30) :**

2787 Okay. Well, let me ask one more question. So how ready
2788 to proceed are we? So if we approve this here, when do
2789 we start? When do we sign docs? When do we...

2790

2791 **Michael Fogel (1:54:44) :**

2792 I think for Athens was November or October.

2793

2794 **Leo Vasquez III (1:54:50) :**

2795 Okay. So next month. It's already October.

2796

2797 **Michael Fogel (1:54:54) :**

2798 Looking at November. And the other one. I think that
2799 will be December. It could be before then, but...

2800

2801 **Leo Vasquez III (1:55:02) :**

2802 Okay. Okay. So it's not like we still have to wait
2803 until...

2804

2805 **Michael Fogel (1:55:05) :**

2806 No. I mean we had permits...

2807

2808 **Leo Vasquez III (1:55:06) :**

2809 April or...

2810

2811 **Michael Fogel (1:55:07) :**

2812 We had permits for this in the spring and I think
2813 admittedly should have tackled it sooner. We're kind of
2814 waiting a little bit, because we just were waiting for
2815 that pricing recover a little bit. But anyway, so we
2816 had permits, so this, it's a very modest revision to get
2817 building permits and investors lined up.

2818

2819 **Leo Vasquez III (1:55:33) :**

2820 Okay. All right. Thank you. Thanks. If there are any
2821 other comments, I'll take a motion.

2822

2823 **Beau Eccles (1:55:41) :**

2824 Actually...

2825

2826 **Leo Vasquez III (1:55:42) :**

2827 Or nope.

2828

2829

2830

2831 **Beau Eccles (1:55:43) :**

2832 As a clarification because in one part of the BAR there
2833 is the extension request to six months, but in the body
2834 in the background, it has a new placed-in-service
2835 deadline of December 31, 2027. That'd be a year. Do
2836 you know which...

2837

2838 **Rosalio Banuelos (1:55:58) :**

2839 Yeah. It's six months, the extension that was being
2840 requested.

2841

2842 **Beau Eccles (1:56:03) :**

2843 So it's actually seeking a placed-in-service date of
2844 June 30, 2027?

2845

2846 **Rosalio Banuelos (1:56:10) :**

2847 That's correct.

2848

2849 **Beau Eccles (1:56:10) :**

2850 Okay.

2851

2852 **Ajay Thomas (1:56:11) :**

2853 '26, right?

2854

2855 **Leo Vasquez III (1:56:12) :**

2856 No.

2857

2858 **Beau Eccles (1:56:14) :**

2859 '27

2860

2861 **Leo Vasquez III (1:56:15) :**

2862 '27.

2863

2864 **Rosalio Banuelos (1:56:15) :**

2865 '27.

2866

2867 **Beau Eccles (1:56:17) :**

2868 Okay.

2869

2870 **Cindy Conroy (1:56:18) :**

2871 Looking for a motion?

2872

2873 **Leo Vasquez III (1:56:25) :**

2874 Yes. But you understand that date as...

2875

2876

2877 **Cindy Conroy (1:56:30) :**

2878 Yeah. I agree with the date.

2879

2880 **Leo Vasquez III (1:56:34) :**

2881 Okay. All right, great.

2882

2883 **Cindy Conroy (1:56:36) :**

2884 I move the board approve the requested material
2885 maintenance for Athens Trail and approve the requested
2886 treatment under an application of the force majeure rule
2887 with a new placed in service deadlines of June 30, 2027
2888 all as described, conditioned, and authorized in the
2889 board action request, resolution, and associated
2890 documents on this item.

2891

2892 **Holland Harper (1:56:56) :**

2893 Second motion.

2894

2895 **Leo Vasquez III (1:56:57) :**

2896 Made by Ms. Conroy. Seconded by Mr. Harper. All those
2897 in favor say aye.

2898

2899

2900 **All Board Members (1:57:02) :**

2901 Aye.

2902

2903 **Leo Vasquez III (1:57:02) :**

2904 Any opposed? Hearing none, motion carries. Rosalio
2905 one, 20. Presentation, discussion, and possible action
2906 regarding the material amendment to the housing tax
2907 credit application and a request for return and
2908 reallocation of tax credits under 10 TAC Section 11.6(5)
2909 related to credit returns resulting from force majeure
2910 events for Gainesville Crossing. I think this is very
2911 similar, right?

2912

2913 **Rosalio Banuelos (1:57:31) :**

2914 Very similar. This development was approved for a 9
2915 percent housing tax credit award in 2024 for the
2916 construction of 32 units of which 28 were designated as
2917 low-income units for the general population in
2918 Gatesville.

2919

2920 The applicant has now requested approval for a material
2921 amendment for a redesigning that results in a reduction
2922 to the number of units from 32 to 26. By removing the

2923 four market units and two housing tax credit units which
2924 represents a reduction of 7.14 percent in the number of
2925 low-income units. The reductions in the number of units
2926 will result in a reduction to the units at 60 percent of
2927 the area median income from 28 to 26.

2928

2929 The net rentable area will decrease 6,720 feet or 20.98
2930 percent, going from 32,228 square feet to 25,808 square
2931 feet. The rising unit mix includes 4 one-bedroom units,
2932 18 two-bedroom units, and 4 three-bedroom units instead
2933 of the original proposed 4 one-bedrooms, 20 two-
2934 bedrooms, and 8 three-bedroom units.

2935

2936 The development was originally proposed with two
2937 residential buildings that are proposed in this
2938 amendment. All units will now be in one building. The
2939 reduction to the number of units will result in a 18.75
2940 percent decrease in the residential density from 5.3
2941 units per acre to 4.41 units per acre. Additionally,
2942 the common area will decrease 220 square feet or 4.38
2943 percent going from 5,206 square feet to 4,978 square
2944 feet. The number of parking spaces will increase from
2945 50 to 55.

2946

2947 The applicant states that this redesign is needed to
2948 ensure financial feasibility of the development as there
2949 has been an increase in the cost, an increase in the
2950 interest rate for a permanent loan, again, from 6.75
2951 percent to 7.5 percent, and a decrease in credit price
2952 from 84 cents to 73 cents. Separately, the supporting
2953 documentation against this amendment request then
2954 includes that none of the changes would have affected
2955 the selection of the application on competitive round.
2956 The development was also rendered post amendment and the
2957 analysis holds no change to the housing tax credit
2958 amount and demonstrates the development meets feasible.

2959

2960 And due to the delays associated with the redesign of
2961 the development, the applicant requests a six-month
2962 extension to placement in service deadline going from
2963 December 31, 2026, to June 30, 2027. Three-way return
2964 and reallocation of tax credits under the force majeure
2965 provision would qualify that allocation request.

2966

2967 Staff, again, recommends approval of the requested
2968 material amendment to the application and also

2969 recommends the approval of the request to return and
2970 reallocate tax credits under the enforcement of
2971 provisions of the QAP which will result in six-month
2972 extension to the placement in service deadline and the
2973 10 percent test deadline which will enact on July 1,
2974 2026. That concludes my presentation and I'm available
2975 for questions.

2976

2977 **Leo Vasquez III (2:00:11):**

2978 So this one, due to this overall size to begin with,
2979 only 32 units, the change is substantially over that
2980 threshold that we've been working with of 10 percent.

2981

2982 **Rosalio Banuelos (2:00:27):**

2983 Yeah. It's actually over in the total number of units,
2984 but for the low-income units it's under. So they're
2985 increasing the market units that we have, making use of
2986 data under those and only using volume units.

2987

2988 **Bobby Wilkinson (2:00:40):**

2989 So yeah, recent board history precedent doesn't exist
2990 and all that. But we were voting or y'all were voting
2991 to allow market rate units to go away because we're not

2992 paying for them anyway. We only pay for the affordable
2993 and then the affordable was bright lined. No reduction
2994 affordable. And then as conditions worsened we got to
2995 this unofficial 10 percent-ish. And this one's 7.14
2996 percent affordable units being reduced.

2997

2998 **Leo Vasquez III (2:01:06) :**

2999 It's only two of the affordable units are gone.

3000

3001 **Bobby Wilkinson (2:01:10) :**

3002 Is that right? Yep. Okay.

3003

3004 **Leo Vasquez III (2:01:15) :**

3005 That puts it under the 10 percent if we're just using
3006 that as a general, and same situation with the tax
3007 price, the credit pricing and everything.

3008

3009 **Rosalio Banuelos (2:01:29) :**

3010 Same. That will be part of it,

3011

3012 **Leo Vasquez III (2:01:34) :**

3013 Do any board members have questions on this item?

3014

3015 **Kenny Marchant (2:01:38) :**

3016 This rural project is rural project.

3017

3018 **Rosalio Banuelos (2:01:41) :**

3019 I believe it is.

3020

3021 **Kenny Marchant (2:01:43) :**

3022 Mr. Chairman, I'm ready to make a motion.

3023

3024 **Leo Vasquez III (2:01:45) :**

3025 Mr. Marchant, recognized.

3026

3027 **Kenny Marchant (2:01:47) :**

3028 I move that the Board approve the requested material
3029 amendments for Gatesville Crossing and approve requested
3030 treatment under an application of force majeure rule
3031 with a new placed in service deadline of June 30, '27.
3032 All as described, conditioned, and authorized in the
3033 board action request, resolution, and associated
3034 documents on this item.

3035

3036 **Cindy Conroy (2:02:11) :**

3037 I'll second.

3038

3039 **Leo Vasquez III (2:02:11) :**

3040 Motion made by Mr. Marchant. Seconded by Ms. Conroy.

3041 All those in favor say aye.

3042

3043 **All Board Members (2:02:17) :**

3044 Aye.

3045

3046 **Leo Vasquez III (2:02:17) :**

3047 Any opposed? Hearing none, motion carries. Thanks,
3048 Rosario. Item 21. Presentation, discussion, and
3049 possible action on recommendation to adopt an agreed
3050 final order assessing an administrative penalty relating
3051 to Jubilee at Texas Parkway. Ms. Stremler, can give us
3052 a concise recap of this.

3053

3054 **Sascha Stremler (2:02:43) :**

3055 Yes. Good afternoon. Sascha Stremler, here today in my
3056 capacity as lead enforcement attorney to present Item 21
3057 concerning an agreed final order for Jubilee at Texas
3058 Parkway. Jubilee at Texas Parkway is owned by Jubilee
3059 at Texas Parkway, LP, which is controlled by Mark

3060 Gardner of Gardner Capital, Asset Living is the property
3061 manager.

3062

3063 The development has a 2017 tax credit award for the new
3064 construction of 82 units in Missouri City, Fort Bend
3065 County. The development is a qualified elderly project
3066 with 8 units at 30 percent, 32 units at 50 percent AMI,
3067 and 39 units at 60 percent. The development consists of
3068 one four-story unit U-shaped building that is serviced
3069 by two elevators. The tax credit LURA was effective in
3070 2020, with federal compliance expiring in 2035 and the
3071 extended use period terminating in 2055.

3072

3073 In June of 2025, the Department received multiple
3074 complaints that both elevators servicing the development
3075 were broken. One elevator had been non-operational
3076 since Hurricane Beryl hit the area in July of 2024, and
3077 the other stopped working on May 10, 2025. The broken
3078 elevators are an NSPIRE violation as well as an
3079 accessibility violation as the tenants are deprived of
3080 an accessible route in and out of the building.

3081

3082 On June 10, 2025, the Compliance Division reached out to
3083 the property regarding the non-operational elevators.
3084 Asset Living initially told Compliance it was unable to
3085 perform repairs due to a lack of available funds and
3086 that Asset Living was working with the equity partner to
3087 release escrow reserve funds to cover the cost of
3088 repairs.

3089

3090 Compliance issued a notice of noncompliance on July 25,
3091 2025, which set a corrective action deadline in July
3092 2nd. On July 2, 2025, Compliance was notified that one
3093 of the elevators had been fixed and was now operational,
3094 but the second elevator was still broken and required a
3095 driver replacement, which was set to arrive July 8,
3096 2025. The noncompliance was referred to Enforcement for
3097 an administrative penalty. The second elevator was
3098 fixed and fully functional on July 24, 2025.

3099

3100 Administrative penalties are authorized by the statute
3101 of Texas Government Code 2306.041. The process is
3102 defined by rule at 10 TAC Chapter 2 Subchapter C; to
3103 assess a penalty, TDHCA must first offer informal
3104 conference. Jubilee at Texas Parkway was deferred to

3105 the Enforcement Committee for an administrative penalty
3106 and a formal conference was held on August 21st, 2025.
3107 And the Enforcement Committee analyzed the statutory
3108 factors at 2306.042(b) to determine the appropriate
3109 administrative penalty. Those are just those factors
3110 we've discussed in BAR.

3111

3112 The Enforcement Committee recommends an administrative
3113 penalty of \$1,250 for Jubilee at Texas Parkway, which is
3114 the maximum allowable penalty under the rules as they
3115 are currently written. We had a proposed change to the
3116 penalty structure for elevator noncompliance, which I
3117 will discuss in my next item. I'm available for
3118 questions.

3119

3120 **Leo Vasquez III (2:05:40):**

3121 Okay. Do we have any representatives from Jubilee here?

3122

3123 **Rick Anderson (2:05:47):**

3124 Rick Anderson. I have nothing to add, so. Rick
3125 Anderson, counsel for Jubilee and I have nothing else to
3126 add but recommend that we move forward with the payment.

3127

3128 **Leo Vasquez III (2:05:59) :**

3129 Okay. Be sure to sign it. You said Rick Harrison?

3130

3131 **Rick Anderson (2:06:02) :**

3132 No. Rick Anderson.

3133

3134 **Leo Vasquez III (2:06:03) :**

3135 Anderson. Anderson. I'm sorry. And you're an attorney

3136 for the, you're not the actual developer, or...

3137

3138 **Rick Anderson (2:06:13) :**

3139 We got notice of this last week or beginning coming up

3140 on the agenda today, so the owners cannot make it today,

3141 so I'm coming in.

3142

3143 **Kenny Marchant (2:06:22) :**

3144 They agree with the penalty.

3145

3146 **Rick Anderson (2:06:23) :**

3147 They do, yes.

3148

3149 **Kenny Marchant (2:06:25) :**

3150 You ready for a motion, Mr. Chairman?

3151

3152 **Leo Vasquez III (2:06:27) :**

3153 Well, all right. I was really looking forward to
3154 reprimanding a representative of the development, but I
3155 know we...

3156

3157 **Rick Anderson (2:06:36) :**

3158 I'll represent too, as well that there had been trouble,
3159 we've had multiple meetings in town halls with the
3160 residents, so the situation has been addressed directly.
3161 The asset manager, which was originally making
3162 presentations to the TDHCA, has now been removing yet
3163 another one put forward. There was issues with the
3164 property manager, side issues with the other lawsuits
3165 going on with other multiple properties not including us
3166 where they've not made payments to vendors. So that was
3167 an issue that had come to light through this and through
3168 the prepared message made by my clients, so, yes,
3169 definitely interested and taken very seriously.

3170

3171 **Leo Vasquez III (2:07:15) :**

3172 One of the parts that just disturbed me in this is that
3173 there's actually, from what I understood, there was a

3174 reserve for repairs, emergency reserve, so they
3175 couldn't, there was some delay in it getting released.
3176 Just to me, it's set up to actually have a reserve for
3177 something exactly like this and then they wouldn't
3178 release the funds that's...

3179

3180 **Sascha Stremler (2:07:42):**

3181 That was the representation from the property management
3182 company as to why they couldn't do it.

3183

3184 **Leo Vasquez III (2:07:47):**

3185 And property management so they're blaming it on the
3186 owner and then we'll find out...

3187

3188 **Sascha Stremler (2:07:49):**

3189 I will say at the informal conference the owner said
3190 that they were not notified by property management the
3191 elevator was broken. So I think there could have been
3192 some underlying issues with property management. And at
3193 the informal conference, the owner did say they do now
3194 have a contract for elevator maintenance ongoing for
3195 their properties and they have also, I think, changed
3196 their procedures so that when there are these more

3197 urgent issues, they will have a different system for
3198 management to notify them so that they get addressed.

3199

3200 **Rick Anderson (2:08:20):**

3201 Yeah. There's actually, from the owner, there's an on-
3202 site employee, not on-site, but for multiple properties
3203 throughout Texas as well as Houston area, there is a
3204 dedicated employee to address immediate needs and
3205 emergencies. That's been implemented so that there are
3206 regular meetings with the new management coming and
3207 ownership, so that they're at least twice a month to
3208 know what any ongoing issues are, so they're immediately
3209 addressed.

3210

3211 This has been something, again, not to shift blame,
3212 again we take responsibility and that's why we've agreed
3213 to the penalty for this situation. But moving forward,
3214 there has been repairs measures to make sure that this
3215 does not ever happen again too.

3216

3217 **Leo Vasquez III (2:08:57):**

3218 Okay. All right. Thank you, Mr. Anderson. Mr.
3219 Marchant, you wanted to make a motion.

3220

3221 **Kenny Marchant (2:09:01) :**

3222 I move the Board approve the agreed final order relating
3223 to Jubilee at Texas Parkway, all as described,
3224 conditioned, and authorized in the board action request,
3225 order, and associated documents on this item.

3226

3227 **Leo Vasquez III (2:09:15) :**

3228 Motion made by Mr. Marchant. Is there a second?

3229

3230 **Holland Harper (2:09:18) :**

3231 Second.

3232

3233 **Leo Vasquez III (2:09:19) :**

3234 Seconded by Mr. Harper. All those in favor say aye.

3235

3236 **All Board Members (2:09:22) :**

3237 Aye.

3238

3239 **Leo Vasquez III (2:09:23) :**

3240 Any opposed? Hearing none, motion carries. I think
3241 that penalty is just horribly low. How can we address
3242 that? Let's move on to Item 22. Presentation,

3243 discussion, and possible action on an order proposing
3244 the repeal of 10 TAC Chapter 2, Subchapter C,
3245 Administrative Penalties, Section 2.302, administrative
3246 penalty process, and an order proposing replacement of
3247 the same section and directing their publication for
3248 public comment in the *Texas Register*. Ms. Stremler.

3249 Why don't we...

3250

3251 **Sascha Stremler (2:10:00):**

3252 Sascha Stremler here, today in my capacity as lead
3253 enforcement attorney to present Item 22. Texas
3254 Government Code 2306.041 through .042 provides authority
3255 and limits for administrative penalty assessments for
3256 violations of the statute, department rules, or orders.

3257

3258 In 2025, the Department has received multiple complaints
3259 related to broken elevators with extended outages during
3260 which the affected buildings have had no accessible
3261 routes, which has resulted in referrals to Enforcement
3262 and the assessment of administrative penalties, this
3263 includes the previous item. And we also had Life at
3264 Sterling Woods, which came before the Board in March of
3265 this year with a similar elevator issue.

3266

3267 Under the currently existing penalty schedule, there is
3268 no elevator specific penalty. So the maximum penalty
3269 for an inoperable elevator is \$1,250, consisting of \$250
3270 for a moderate NSPIRE violation and \$1,000 for an
3271 accessibility violation. The current penalty schedule
3272 didn't contemplate scenarios the Department is currently
3273 seeing in which the elevators are out of service for an
3274 extended period of time, including in buildings that are
3275 only serviced by one elevator.

3276

3277 In addition to the proposed changes in this rule,
3278 there's a proposed change, the debarment rule, which was
3279 on number nine on the consent agenda, which added that
3280 the failure to have an operable elevator in an elevator
3281 serviced building would be discretionary grounds for
3282 debarment. So that's the debarment rule that's
3283 proposed.

3284

3285 The proposed changes to the rule include adding a new
3286 penalty that's specific to elevator noncompliance to the
3287 penalty schedule for multifamily rental findings of
3288 noncompliance under 10 TAC Section 2.302(k). The

3289 proposed elevator penalty has two subcategories.

3290 Instances in which an elevator service building has no
3291 operable elevator and instances in which an elevator
3292 service building has and/or one inoperable elevator.

3293

3294 The proposed penalties are higher for instances in which
3295 there is no operable elevator in the building as this
3296 creates a direct accessibility issue. And as proposed,
3297 the penalties in this circumstance are \$1,000 per
3298 inoperable elevator, plus an optional additional \$2,500
3299 per week in which the elevator remains inoperable. So
3300 if there's only one elevator servicing the building or
3301 all elevators are down servicing the building, it would
3302 be a \$1,000 penalty and then an additional \$2,500 a week
3303 that the elevator remains out of service.

3304

3305 For instances in which an elevator is inoperable but
3306 there are other working elevators in the building, the
3307 penalty would also be \$1,000 per inoperable elevator,
3308 and then there would be an optional additional \$500 per
3309 week in which the elevator remains inoperable.

3310

3311 The proposed elevator penalty also reflects that the
3312 penalty can increase in circumstances in which the
3313 responsible party has previously paid a penalty for the
3314 same finding. So if they got another administrative
3315 penalty for down elevators, that that additional penalty
3316 increases to \$5,000 per week. I believe that's it. I'm
3317 available for any questions.

3318

3319 **Leo Vasquez III (2:13:05):**

3320 Okay. So let's say there's two elevators in the
3321 building serving all floors, and one of them goes down,
3322 does that immediately trigger the \$1,000 penalty if the
3323 other one's still operating? So there is..

3324

3325 **Sascha Stremler (2:13:24):**

3326 Right. So if it's referred for Enforcement, then the
3327 administrative penalty under the proposed rules would be
3328 \$1,000 for just that elevator being down despite the
3329 fact that there's another one continuing to run, granted
3330 the Enforcement does have discretion about whether they
3331 want to proceed with administrative penalty or not. But
3332 that is the new flat penalties is \$1,000 for having
3333 inoperable elevator.

3334 **Holland Harper (2:13:49):**

3335 Remind the chairman how long would it take to get
3336 referred to enforcement, though.

3337

3338 **Sascha Stremler (2:13:52):**

3339 Well, normally there's a 90-day corrective action
3340 period, but I believe for these elevator outages they've
3341 been expedited. So like for instance for the one we
3342 just had, it was they had one week to get it up and
3343 running. And so Compliance does have discretion.

3344

3345 **Bobby Wilkinson (2:14:10):**

3346 So they have a chance to fix it before...

3347

3348 **Sascha Stremler (2:14:12):**

3349 Yeah.

3350

3351 **Bobby Wilkinson (2:14:12):**

3352 Yeah, okay.

3353

3354 **Leo Vasquez III (2:14:15):**

3355 Okay. So it's not whether that one, assuming that
3356 there's still elevator service in the building and one

3357 goes out, as long as they're showing, hey, we
3358 immediately ordered the part or whatever damage, we need
3359 to wait for it to come in from Chicago or whatever it
3360 is, y'all have discretion, we as the Department has
3361 discretion to not assess that \$1,000 automatically, but
3362 alternatively if they ignored it and the management
3363 company didn't talk to the owners and all that stuff,
3364 then that would trigger...

3365

3366 **Sascha Stremler (2:14:53):**

3367 Right. So if it's beyond the, so Compliance will have a
3368 corrective action period. If it goes beyond that and
3369 it's not fixed, then it gets referred to Enforcement.
3370 And so at that point, when it's referred to Enforcement
3371 is when they would be eligible for that \$1,000
3372 administrative penalty. But they do have, Compliance
3373 does work with them just try to get it fixed before it
3374 has to be referred to Enforcement.

3375

3376 **Leo Vasquez III (2:15:15):**

3377 Okay. And if you see a genuine effort to, documented
3378 genuine effort to get it fixed, the...

3379

3380 **Sascha Stremler (2:15:23) :**

3381 Yeah. Compliance definitely just has discretion to
3382 determine if they think it's being fixed and it's, where
3383 only this, the penalties only come into play once it's
3384 been sent to Enforcement. And by the time it's been
3385 sent to Enforcement, Compliance has determined some
3386 additional action needs to be taken to deal with it.

3387

3388 **Leo Vasquez III (2:15:41) :**

3389 Okay. Okay. Good. As long as we have, again there's
3390 sometimes you got to wait for the part. But I do
3391 believe that just like on that last one, \$1250 was just
3392 a slap on the wrist.

3393

3394 **Cindy Conroy (2:15:58) :**

3395 Right. The inconvenience at \$1,250, there was no rush
3396 for them to do more.

3397

3398

3399 **Leo Vasquez III (2:16:02) :**

3400 Yeah. No. We need to be getting their attention, get
3401 people's attention...

3402

3403 **Sascha Stremler (2:16:06) :**

3404 Right. Yeah. That's our thought in having a weekly
3405 penalty that would increase for extended outages,
3406 because most of these, we've seen are extended outages
3407 it's not just like it's down for a week or two, it's
3408 down for months.

3409

3410 **Leo Vasquez III (2:16:18) :**

3411 Yeah. But even then, if you, why, I can think of the
3412 building we live in and discussions about these really
3413 old elevators that they only have parts for. If one
3414 goes down, they're, and you can't order the parts, I
3415 mean, it's almost impossible to find them. That doesn't
3416 necessarily trigger an immediate penalty and Compliance
3417 sees a genuine effort to get it fixed even if the...

3418

3419 **Sascha Stremler (2:16:48) :**

3420 Right, yeah. Compliance will, and I don't know, would
3421 you want to speak that, but they'll work with them and
3422 make sure. If it seems like they're moving towards it,
3423 I don't think they would refer to Enforcement. It's
3424 only when the owner has not taken the corrective action
3425 steps that they send them to us.

3426

3427 **Leo Vasquez III (2:17:01):**

3428 Okay. And again, if it gets to Enforcement, yeah, let's
3429 get their attention.

3430

3431 **Ysella Kaseman (2:17:08):**

3432 Hi. Ysella Kaseman. I'm a TDHCA staff member just to
3433 here in my capacity as Enforcement Committee secretary.
3434 I just wanted to speak to the process a little bit. So
3435 Compliance does work with owners. For example, this
3436 elevator noncompliance, they did try to work with them
3437 for a little bit before they sent that notice of
3438 noncompliance. So there were some attempts to
3439 informally resolve first. When that wasn't successful,
3440 issued the noncompliance notice.

3441

3442 We also have the ability to informally close referrals
3443 for administrative penalties if they do submit
3444 corrections right away. So let's say they're referred
3445 and then they immediately correct it within a couple
3446 days or a week or so, we would have the discretion to
3447 close it informally so long as Compliance didn't ask us
3448 to move forward based upon the seriousness of the

3449 violation or repeated violations or unless debarment is
3450 indicated. We do have a lot of procedural possibilities
3451 worked in there to close informally if necessary.

3452

3453 **Leo Vasquez III (2:18:09):**

3454 Okay. And this would help increase the fines if it gets
3455 to that point.

3456

3457 **Ysella Kaseman (2:18:11):**

3458 Exactly. Correct. Exactly.

3459

3460 **Leo Vasquez III (2:18:14):**

3461 Okay. Great. Thank you.

3462

3463 **Anna Maria Farias (2:18:15):**

3464 Mr. Chairman, one of the things that I've noticed
3465 whenever they get their penalties, which are very low,
3466 but at the same time, most of the time they don't even
3467 show up. It's like, who cares? I'll pay that 1,250.

3468 But it just once again gets to the cynical attitude, we
3469 promised you things and then we're not going to do it.

3470 So I do want to go on record that a lot of them, they
3471 just won't show up because they don't care.

3472 **Ysella Kaseman (2:18:46) :**

3473 I'll say also to that point, when it's an agreed final
3474 order, we don't tell them that they need to attend the
3475 board meeting. It's only when it's appealing.

3476

3477 **Bobby Wilkinson (2:18:54) :**

3478 Right, they're not appealing or arguing with the,
3479 they're set.

3480

3481 **Ysella Kaseman (2:18:56) :**

3482 Exactly. If they're not appealing, then they wouldn't
3483 need to come to the board meeting. Sometimes they do
3484 anyway, but generally they only come if there's an
3485 appeal, or like today when it was pulled off of the
3486 consent agenda, we recommended that they attend because
3487 we thought you might have questions. So ordinarily
3488 though, they probably wouldn't attend. Unless you would
3489 like them to do so, I could certainly ask them to do so
3490 moving forward.

3491

3492 **Leo Vasquez III (2:19:20) :**

3493 The meetings are long enough already. All right.
3494 Donna, do you want to make a comment?

3495

3496 **Donna Rickenbacker (2:19:28) :**

3497 Good afternoon. I think at this point, Donna
3498 Rickenbacker. I have not read what's going to allow us
3499 to seek public comment, but as you all are, I think
3500 we've got some really bad actors out there,
3501 unfortunately, that's now triggering a really harsh, if
3502 you will, penalties associated with down elevators.

3503

3504 As you all know, and as I believe, Harper, you've
3505 already recognized, these elevator companies are
3506 extremely difficult to work with. So we have elevator
3507 surge developments ourselves and getting apart takes
3508 six-plus weeks. We do our best to accommodate. We have
3509 two elevators. Usually one is operational, I thank the
3510 Board, but sometimes it takes a while for that one
3511 elevator to become operational again. You have very
3512 upset residents and things of that nature.

3513

3514 I just want to make sure that this board and Compliance
3515 understands that for the most part, developer owners are
3516 doing the best they can with their properties that are
3517 elevator served and trying to make sure that they are

3518 operational as quickly as possible if they go down. So
3519 just please keep that in mind. Thank you.

3520

3521 **Leo Vasquez III (2:20:37):**

3522 Yeah. Thanks, Donna. And again, that's part of my
3523 making sure we have that discretion if there's genuine
3524 effort to get it done. Okay. I'll entertain a motion
3525 on Item 22 of the agenda.

3526

3527 **Holland Harper (2:20:54):**

3528 I move the Board approve the proposed repeal and
3529 proposed new rule regarding TDHCA's administrative
3530 penalty process for publication of the Texas Register
3531 for public comment, all as described in the board action
3532 request and associated documents in this item.

3533

3534 **Leo Vasquez III (2:21:11):**

3535 Motion made by Mr. Harper. Is there a second?

3536

3537 **Cindy Conroy (2:21:13):**

3538 I'll second.

3539

3540

3541 **Leo Vasquez III (2:21:14) :**

3542 Seconded by Ms. Conroy. All those in favor say aye.

3543

3544 **All Board Members (2:21:17) :**

3545 Aye.

3546

3547 **Leo Vasquez III (2:21:17) :**

3548 Any opposed? Hearing none, motion carries. Item 23.

3549 Presentation, discussion, and possible action on an
3550 order proposing repeal of 10 TAC Chapter 12 concerning
3551 the multifamily housing revenue bond rules, and an order
3552 proposing a new 10 TAC Chapter 12 concerning the same
3553 and regarding their publication for public comment in
3554 the Texas Register. Ms. Morales.

3555

3556 **Teresa Morales (2:21:42) :**

3557 Teresa Morales, director of Multifamily Bonds. The
3558 multifamily housing revenue bond rule governs
3559 applications where the Department is serving as the bond
3560 issuer. The rule speaks to the general process of a
3561 bond issuance with an emphasis on the pre-application
3562 component that requires scoring in addition to threshold
3563 and some eligibility.

3564

3565 One noteworthy change is the removal of scoring item

3566 relating to the 50 percent test. TDHCA has its own

3567 multifamily set aside until August 15th of each year.

3568 In an effort to help spread out that volume cap and

3569 reach as many deals as possible, a scoring item was

3570 introduced a few years ago that allows applicants to

3571 self-limit the amount of bonds to be reserved.

3572

3573 Shortly thereafter, there was a change to Chapter 1372,

3574 which is the Bond Review Board's governing statute, that

3575 capped all deals to closing on no more than 55 percent

3576 relative to a project's aggregate basis. So regardless

3577 of what hours scoring item was, all deals would still be

3578 capped at 55 percent.

3579

3580 Moreover, federally, the Big Beautiful Bill reduced the

3581 50 percent test to 25 percent, which goes into effect at

3582 the end of this year for deals that close thereafter.

3583 Given these changes, staff does not believe that this

3584 scoring item is necessary at this time.

3585

3586 The most substantive change, however, to these rules is
3587 the inclusion of qualified 501(c)(3) bonds. Our
3588 governing statute already authorizes us to issue
3589 501(c)(3) bonds. The inclusion in the rule is to
3590 provide or establish some threshold and eligibility
3591 criteria surrounding such an issuance. This wouldn't
3592 necessarily be uncharted territory for the Department as
3593 we have about a dozen transactions in our portfolio that
3594 were financed by with 501(c)(3) bonds back in the early
3595 2000s.

3596

3597 Qualified 501(c)(3) bonds are tax-exempt bonds similar
3598 to those private activity bonds that we regularly issue
3599 that are attached to the 4 percent housing tax credit.
3600 However, pursuant to federal law, C3 bonds are not
3601 eligible to receive the 4 percent housing tax credit.

3602

3603 Eligible borrowers are limited to those with a 501(c)(3)
3604 designation from the IRS, and the rule provides
3605 additional specificity around who would qualify.
3606 Essentially, we're looking for those 501(c)(3)
3607 nonprofits who have experience with these types of
3608 deals, who have been around for a while, and who are

3609 well capitalized. While we're opening the door to these
3610 types of issuances, we aren't swinging the door wide
3611 open necessarily, but we have limited on what we are
3612 allowing to qualify, at least initially going forward.

3613

3614 Including this in the rule is intended to be essentially
3615 another tool in the toolkit, but it is also intended to
3616 be a pilot program of sorts, as the Department
3617 potentially reenters this space. From how deals are
3618 structured to how we underwrite them so much, what we do
3619 is grounded in rules governing the Housing Tax Credit
3620 program. Not knowing what we don't know when we're
3621 trying to craft a rule, it's entirely possible that
3622 there are issues encountered that may necessitate Board
3623 consideration as we work our way through one of these
3624 particular issuances.

3625

3626 One thing specifically to highlight is that the amount
3627 of 501(c)(3) bonds the Department issues is not limited
3628 to the private activity bond ceiling that is used when
3629 we layer them with 4 percent transactions. However, our
3630 governing statute requires the Department establish a
3631 maximum annual amount through an MOU with the Bond

3632 Review Board. Statute further requires that of that
3633 amount, no more than 25 percent would be used in an
3634 urban area, and at least 15 percent would be reserved
3635 for projects in rural areas.

3636

3637 Staff will be bringing that MOU, identifying that
3638 maximum annual amount to the Board at a later date.

3639

3640 Staff recommends the board approve the proposed repeal
3641 and proposed new Chapter 12, multifamily housing revenue
3642 bond rules for publication in the Texas Register for
3643 public comment.

3644

3645 **Leo Vasquez III (2:26:01):**

3646 Great. Thank you, Teresa. So I don't really understand
3647 why 501(c)(3)s were ever excluded from being eligible
3648 for this.

3649

3650 **Teresa Morales (2:26:11):**

3651 They were never excluded. So the bond rule in its
3652 current form would authorize us to issue 501(c)(3)
3653 bonds. What was lacking from the rule was specificity
3654 around what we would want those to look like. Really

3655 diving into the nonprofit itself, and as I indicated, we
3656 don't want to open the door wide, not knowing the types
3657 of nonprofits.

3658

3659 But we want to put some parameters or guardrails around
3660 who might be coming in so that we can evaluate those a
3661 little bit better. Just given the fact that they are
3662 different from a traditional bond 4 percent deal where
3663 you have an equity investor and a limited partner.

3664

3665 **Leo Vasquez III (2:26:54):**

3666 Yep. Okay. Great. So this facilitates that process
3667 that's...

3668

3669 **Teresa Morales (2:26:58):**

3670 Correct.

3671

3672 **Leo Vasquez III (2:26:59):**

3673 Okay. Do any board members have questions on this item?
3674 If not, I'll entertain a motion on Item 23 of the
3675 agenda.

3676

3677

3678 **Holland Harper (2:27:08) :**

3679 I move the Board approve for publication the *Texas*
3680 *Register* for public comment the proposed repeal and
3681 proposed new chapter the rules regarding the TDHCA's
3682 multifamily housing revenue bonds all as described in
3683 the board action request and associated documents in
3684 this item.

3685

3686 **Anna Maria Farias (2:27:22) :**

3687 Second.

3688

3689 **Leo Vasquez III (2:27:23) :**

3690 Motion made by Mr. Harper. Seconded by Ms. Farias. All
3691 those in favor say aye.

3692

3693 **All Board Members (2:27:27) :**

3694 Aye.

3695

3696 **Leo Vasquez III (2:27:28) :**

3697 Any opposed? Hearing none, motion carries. Thanks,
3698 Teresa. Okay. Item 24. Presentation, discussion, and
3699 possible action on an order proposing a new 10 TAC
3700 Chapter 10, uniform multifamily rules, Subchapter J,

3701 housing finance corporation compliance monitoring, and
3702 directing its publication for public comment in the
3703 *Texas Register*. Ms. Quackenbush.

3704

3705 **Wendy Quackenbush (2:28:00):**

3706 Hello. Chairman, board members, and Mr. Wilkinson.
3707 Wendy Quackenbush, director of Multifamily Compliance.
3708 The next item on your agenda is the possible action on
3709 proposing a new Chapter 10 Subchapter J, housing finance
3710 corporation compliance monitoring rule, for publication
3711 for public comment in the *Texas Register*.

3712

3713 The public comment period will be from October 24th to
3714 November 24th. Before I proceed, I want to let
3715 everybody know that after the posting of the proposed
3716 housing financial corporation compliance monitoring
3717 rule, based on stakeholder feedback, we have made a few
3718 additions to the rule. And I have those comments
3719 copies, one we made them available for everybody over
3720 here by the agenda, but I also have copies of the
3721 additions to the HFC rule and tract changes for the
3722 board members. If you would like a copy before I

3723 proceed, please let me know and I'll walk those over to
3724 you.

3725

3726 Okay. The proposed new rule is in response to House
3727 Bill 21, which requires the Department to enhance its
3728 compliance model oversight of the housing finance
3729 corporation multifamily residential developments. HFCs
3730 are nonprofit entities formed by cities, counties,
3731 municipalities under Chapter 394 under Texas Local
3732 Government Code and are eligible for 100 percent
3733 property tax exemption when working in conjunction with
3734 local sponsors.

3735

3736 Some of the key provisions of House Bill 21. Our HFCO
3737 developments must submit annual reports to the
3738 department by June 1st. There are new standards
3739 introduced for tenant protections and marketing
3740 requirements, including restrictions on income and rent
3741 for a portion of the units. To maintain the tax
3742 exemption, the property must demonstrate at least 50
3743 percent the value of the tax exemption is applied to
3744 rent reduction. If the rent reduction threshold is not

3745 met, the owner must pay the shortfall of the applicable
3746 taxing to the applicable taxing authorities.

3747

3748 The new requirements apply to developments that have
3749 received, the new requirements do not apply to
3750 developments that have received an allocation of low-
3751 income housing tax credits under Chapter 2306, Texas
3752 Government Code. The proposed rule provides clear
3753 guidance on reporting and auditing requirements for HFC
3754 developments, required forms and documentation to
3755 accompany annual audits, independent auditor
3756 responsibility and required examination items, minimum
3757 and maximum thresholds for household file reviews,
3758 record retention requirements.

3759

3760 The Department staff met with stakeholders and
3761 interested parties on September 10th to review and
3762 receive feedback. Following this meeting and additional
3763 comments, the rule as included in the board book has
3764 been updated with tract changes provided. If you need
3765 those, please let me know.

3766

3767 The updated changes to the rule include units both
3768 restricted and market rate occupied by housing choice
3769 vouchers, and vacant units would be disregarded in the
3770 rent reduction calculation. That was change one.

3771

3772 The second change was for military housing allowance,
3773 that basic housing allowance payments for military
3774 personnel are excluded from gross annual income
3775 calculations for properties in qualified areas. Lastly,
3776 the household eligibility documentation adds minimum
3777 documentation requirements to verify household
3778 eligibility compliance.

3779

3780 Staff recommends approval of the proposed new rule for
3781 publication in the *Texas Register* to solicit public
3782 comment. I'm happy to read the updated changes into the
3783 record or answer any questions. Thank you.

3784

3785 **Leo Vasquez III (2:31:58):**

3786 Okay. Thank you, Wendy. So this is based on us trying
3787 to write the rules to comply with HB21.

3788

3789

3790

3791 **Wendy Quackenbush (2:32:09) :**

3792 Absolutely. Yes, sir.

3793

3794 **Leo Vasquez III (2:32:10) :**

3795 Okay. All right. And those changes you outlined, that
3796 seems to make sense. I mean, have we been getting good
3797 input from the HFC community on...

3798

3799 **Wendy Quackenbush (2:32:21) :**

3800 Absolutely. We worked with stakeholders and interested
3801 parties and met with them September 10th, a meeting
3802 prior to that. And then, of course, we received some
3803 additional feedback after the rule was posted, which
3804 prompted us to make those changes or proposed changes.

3805

3806 **Leo Vasquez III (2:32:34) :**

3807 Okay. And then just to reiterate for the record, when
3808 this doesn't apply to HFC properties with tax credits,
3809 it's because we're already monitoring those tax credit
3810 properties for all kinds of compliance.

3811

3812

3813 **Wendy Quackenbush (2:32:46) :**

3814 That is correct. We monitor all of our properties that
3815 are allocated tax credits.

3816

3817 **Leo Vasquez III (2:32:50) :**

3818 Okay. Do these rules help specify or clarify that when
3819 a property is not in compliance or they're not
3820 submitting their reports, that we refer that to the
3821 local appraisal district?

3822

3823 **Wendy Quackenbush (2:33:08) :**

3824 That is correct. Yes, sir. And that's clarified in
3825 the...

3826

3827 **Leo Vasquez III (2:33:10) :**

3828 And then they can, then at that point, the appraisal
3829 district, the local county appraisal district, could
3830 remove the tax.

3831

3832 **Wendy Quackenbush (2:33:18) :**

3833 Tax maintenance. Yes, sir.

3834

3835

3836 **Leo Vasquez III (2:33:20) :**

3837 Okay. All right. Great. Do any board members have
3838 questions for Ms. Quackenbush. I think we have a couple
3839 public comments. Who would like to go first? Again,
3840 state your name and make sure you sign in.

3841

3842 **Todd Kercheval (2:33:35) :**

3843 Yes, sir. Mr. Chairman, members, thank you so much.
3844 I'm not going to extend your day, Mr. Wilkinson. I
3845 really just want to stand up here and say thank you. My
3846 name is Todd Kercheval, and I represent the Texas
3847 Association of Local Housing Finance Agencies. For
3848 those of you unfamiliar, we are the association that
3849 HFCs are members of.

3850

3851 Through this House Bill 21 process, through any process
3852 that the legislature engages in, it's, can be a little
3853 up and down for those involved, but the real final thing
3854 is how the agency drafts rules, and that's kind of where
3855 we were with House Bill 21. And, Mr. Chairman, my
3856 purpose for speaking today is to say thank you to Ms.
3857 Quackenbush, her staff, Mr. Wilkinson. They weren't

3858 just accommodating, but bent over backwards to make sure
3859 that the industry voice was heard.

3860

3861 This is a process we're going to continue to go through
3862 over the next couple of sessions, I think, to get the
3863 industry right. And think there is room for change, I
3864 think there's room for improvement within how the
3865 industry works, but none of that would be possible if we
3866 didn't have an open and engaged relationship with the
3867 agency. And for that I just wanted to, on behalf of
3868 TALHFA, say thank you to you, your leadership, as well
3869 as Ms. Quackenbush and her team. Thank you, sir.

3870

3871 **Leo Vasquez III (2:34:45):**

3872 Good. Appreciate your comments. Thank you. I assume
3873 you have the same type of compliments. Please introduce
3874 yourself and who you represent.

3875

3876 **Kaylin Rubin (2:35:01):**

3877 Hi. I am Kaylin Rubin and I represent Strategic Housing
3878 Finance Corporation of Travis County. Good afternoon,
3879 and thank you for giving me the opportunity to comment
3880 on proposed rulemaking for HB21 today. As I stated, my

3881 name is Kaylin Rubin and I represent Strategic Housing
3882 Finance Corporation of Travis County.

3883

3884 We are a local nonprofit under the oversight of a board
3885 of directors appointed by Travis County Board of
3886 Commissioners. And they represent us as an HFC. Since
3887 January, we've been working with lawmakers, policy
3888 experts, advocates, and industry experts to understand
3889 the impacts of HB21 and how we might preserve the tool
3890 to facilitate the development of quality affordable
3891 housing.

3892

3893 As you're aware, much is riding on the successful
3894 implementation of HB21 monitoring compliance roles. As
3895 an active HFC, we learned at the TALHFA conference that
3896 TDHCA had already convened a group of interested
3897 stakeholders. We're respectfully asking that the Board
3898 considered directing staff to convene a second group of
3899 stakeholder working sessions before or during the public
3900 comment period, that would enhance transparency and
3901 allow HFC users like ourselves to weigh in on complex
3902 reporting compliance issues in a collaborative setting.

3903

3904 The topics in our commentary today are complex, so our
3905 feedback is necessarily summarized, but we'll also
3906 provide written commentary as well. Looking at the
3907 rules, specifically the rent reduction comparison
3908 methodology, when 90 percent of units are income
3909 restricted with equal distributions internal... I'm so
3910 sorry. When 90 percent of units are income restricted
3911 with equal distribution internal market rate samples can
3912 be too small, especially in smaller properties with many
3913 floor plans. We propose allowing reasonable comparable
3914 external market rents when internal samples are
3915 insufficient and setting minimum sample size thresholds
3916 below which an alternative method is permitted.

3917

3918 **Leo Vasquez III (2:37:24) :**

3919 Okay. Ms. Rubin, just to help you manage your time
3920 here, if you all have written comments on specific
3921 provisions of the rules, I'd suggest we get that in
3922 writing to staff.

3923

3924 **Kaylin Rubin (2:37:39) :**

3925 Okay.

3926

3927 **Leo Vasquez III (2:37:39) :**

3928 Because here, we're probably not going to get into the
3929 weeds if you want, per se, on, so if you could kind of
3930 talk more universal comments.

3931

3932 **Kaylin Rubin (2:37:47) :**

3933 Yeah. That's very reasonable. Yes, we have specific
3934 recommendations that we can provide via writing to
3935 staff. But overall, we appreciate the collaboration
3936 from you all and allowing us to come in and comment
3937 today. So thank you.

3938

3939 **Leo Vasquez III (2:38:06) :**

3940 Yeah, no, no. Thanks. And then again, this is, what
3941 we're approving here is to publish and ask for public
3942 comment, so you still have plenty of time to participate
3943 in this.

3944

3945 **Kaylin Rubin (2:38:18) :**

3946 I think everything else in my commentary is speaking to
3947 specific components of the rules.

3948

3949

3950 **Leo Vasquez III (2:38:21) :**

3951 Yeah.

3952

3953 **Kaylin Rubin (2:38:22) :**

3954 So it might be appropriate.

3955

3956 **Leo Vasquez III (2:38:24) :**

3957 Definitely. Yeah, exactly.

3958

3959 **Kaylin Rubin (2:38:25) :**

3960 Okay.

3961

3962 **Leo Vasquez III (2:38:26) :**

3963 Okay. Great. Thank you for being here today.

3964

3965 **Anna Maria Farias (2:38:30) :**

3966 Mr. Chairman.

3967

3968 **Leo Vasquez III (2:38:31) :**

3969 Yes.

3970

3971 **Anna Maria Farias (2:38:31) :**

3972 I'm ready to make a motion.

3973

3974 **Leo Vasquez III (2:38:33) :**

3975 I'm ready to accept a motion.

3976

3977 **Anna Maria Farias (2:38:34) :**

3978 Very well.

3979

3980 **Leo Vasquez III (2:38:35) :**

3981 Or did anyone, I'm sorry. Did anyone else want to speak
3982 on this? Okay. No, go ahead.

3983

3984 **Anna Maria Farias (2:38:40) :**

3985 Very well. Mr. Chairman, I move the board approve for
3986 publication in the *Texas Register* for public comment the
3987 proposed new chapter of rules regarding housing finance
3988 corporation compliance monitoring, all as described in
3989 the board action request and associated documents in
3990 this item.

3991

3992 **Beau Eccles (2:39:00) :**

3993 Does that include the recent revisions that were
3994 proposed and described by Ms. Quackenbush?

3995

3996 **Leo Vasquez III (2:39:07) :**

3997 Yes.

3998

3999 **Anna Maria Farias (2:39:08) :**

4000 Yes. It includes the recent revisions provided by staff
4001 member Quackenbush. Thank you very much.

4002

4003 **Leo Vasquez III (2:39:15) :**

4004 Okay. And is there a second?

4005

4006 **Holland Harper (2:39:17) :**

4007 Second.

4008

4009 **Leo Vasquez III (2:39:19) :**

4010 Okay. Motion made by Ms. Farias. Seconded by Mr.
4011 Harper. All those in favor say aye.

4012

4013 **All Board Members (2:39:23) :**

4014 Aye.

4015

4016 **Leo Vasquez III (2:39:23) :**

4017 Any opposed? Hearing none, motion carries. Thanks,
4018 Wendy. Item 25, presentation, discussion, and possible

4019 action regarding awards from the 2025 HOME ARP nonprofit
4020 capacity building and operating NOFA as amended. Ms.
4021 Cantu.

4022

4023 **Naomi Cantu (2:39:41):**

4024 Good afternoon. My name is Naomi Cantu. I'm the HOME
4025 ARP director. As you may remember, HOME American Rescue
4026 Plan or HOME ARP is low-income funding for persons
4027 experiencing homelessness and other vulnerable
4028 populations. Before you today are two awards for
4029 nonprofit capacity building operating funds with
4030 reservations for non-congregate shelter applications.

4031

4032 The 2025 nonprofit capacity building operating NOFA is
4033 being competitively awarded based on scores of community
4034 engagement and support, readiness to develop a new
4035 shelter and commitment to submit a shelter application
4036 within nine months of this potential award. There's
4037 approximately \$14 million in non-congregate shelter or
4038 NCS funds that are eligible to be reserved, taking into
4039 account the current application under the 2024 NCS
4040 invitation for providers.

4041

4042 I'm going to start with the first award and then
4043 continue to the second, unless there must to be a motion
4044 on the first one. The first award presented today is
4045 for San Antonio Metropolitan Ministries, also called SAM
4046 Ministries. SAM Ministries was created in 1983 and has
4047 a history of emergency shelter operations and programs
4048 that help with long-term housing options such as
4049 homelessness prevention. Their current NCS program grew
4050 more than 100 percent in new capacity in 2023 while
4051 establishing an additional location.

4052

4053 Staff recommends approval of the nonprofit capacity
4054 building and operating award for \$374,857 and an NCS
4055 reservation for application of \$7 million. The
4056 reservation of the NCS funds is pending an application
4057 submission within nine months from this board and
4058 processing the application within one year. Staff
4059 recommends approval with conditions related to funds of
4060 their last fiscal audit. These conditions are
4061 certification of fiscal control and at least a quarterly
4062 reconciliation of HOME ARP funds.

4063

4064 The second award is for Denton County Friends of the
4065 Family. This organization was founded in 1980 to
4066 provide services to those impacted by domestic violence
4067 and sexual assault. They have a history of developing
4068 and operating emergency shelter. Staff recommends the
4069 approval of nonprofit capacity building operating award
4070 for \$375,143 and an NCS reservation of \$7,005,338 for
4071 the Denton County Friends of the family, which is the
4072 remaining funds available for the NOFA and in the NCS
4073 implementation 205. Staff also recommends that the
4074 amounts might be increased about 17.1 percent to their
4075 original ask of NCS funds, which is \$8.2 million, and of
4076 course on the increase in capacity building funding,
4077 which is both listed in the action. We will recommend
4078 those increases if additional funding becomes available
4079 for NCS based on the possible award of the pending
4080 application under, with that, staff recommends approval.
4081 And I'll take any questions.

4082

4083 **Leo Vasquez III (2:43:05):**

4084 Okay. Thank you, Naomi. I just want to make sure I
4085 understand. We're only at this point awarding those two
4086 amounts that we talked about, the 374 and the...

4087

4088 **Naomi Cantu (2:43:18) :**

4089 And the 375, that's correct.

4090

4091 **Leo Vasquez III (2:43:21) :**

4092 Okay. So what's the concept of the reservation of the

4093 big \$7 million, \$8 million numbers?

4094

4095 **Naomi Cantu (2:43:28) :**

4096 That's a reservation for application, so we're going to

4097 hold it and not offer it to other organizations while we

4098 get that application and process that application for

4099 the shelter.

4100

4101 **Leo Vasquez III (2:43:40) :**

4102 So if eventually these two organizations could be

4103 awarded the full amount, or how's that...

4104

4105 **Naomi Cantu (2:43:50) :**

4106 That's correct. And hopefully in a little bit over nine

4107 months, I will be presenting again to the Board for the

4108 award of the NCS after we file the applications.

4109

4110 **Leo Vasquez III (2:44:03) :**

4111 Okay. But it's not a firm commitment we're making at
4112 this point.

4113

4114 **Naomi Cantu (2:44:07) :**

4115 Correct.

4116

4117 **Leo Vasquez III (2:44:09) :**

4118 Okay. Is there a larger pool of funds still available
4119 after these two reservations?

4120

4121 **Naomi Cantu (2:44:19) :**

4122 For the nonprofit capacity building operating, the
4123 funding will be fully used. We do have a pending
4124 application for up to \$50 million for the NCS for the
4125 non-congregate shelter that's in access. But after all
4126 consideration, there's no additional funding for
4127 programs.

4128

4129 **Leo Vasquez III (2:44:44) :**

4130 Okay. But this is a special application anyhow. Okay.
4131 Do any board members have questions for Ms. Cantu on

4132 this item? If not, I'll entertain a motion on Item 25
4133 of the agenda.

4134

4135 **Anna Maria Farias (2:45:00):**

4136 Mr. Chairman, I move the board approve the awards of
4137 HOME ARP nonprofit capacity building and operating funds
4138 and the reservations of non-congregate shelter funds, as
4139 described, conditioned, and authorized in the board
4140 action request, resolutions, and associated documents on
4141 this item.

4142

4143 **Leo Vasquez III (2:45:22):**

4144 Thank you. Motion made by Ms. Farias. Is there a
4145 second?

4146

4147 **Holland Harper (2:45:26):**

4148 Second.

4149

4150 **Leo Vasquez III (2:45:26):**

4151 Seconded by Mr. Harper. All those in favor say aye.

4152

4153 **All Board Members (2:45:29):**

4154 Aye.

4155

4156 **Leo Vasquez III (2:45:30) :**

4157 Any opposed? Hearing none, motion carries. Thanks,
4158 Naomi. Okay. Item 26. Presentation, discussion, and
4159 possible action on a request for return and reallocation
4160 of tax credits under 10 TAC Section 11.6(5) related to
4161 credit returns resulting from force majeure events for
4162 retirement living for seniors. Mr. Goldberger.

4163

4164 **Joshua Goldberger (2:45:53) :**

4165 Afternoon, Chairman, members of the Board. Joshua
4166 Goldberger, 9 percent Program manager. Item 26 concerns
4167 Retirement Living for Seniors, a 44-unit elderly
4168 development to be completed in Stephenville. The
4169 project was awarded housing tax credits in 2022. It was
4170 approved for force majeure beginning of 2023, making its
4171 current placed in service deadline December 31, '25.

4172

4173 Construction of this project began in late 2024 after
4174 the applicant had already experienced significant delays
4175 due to cost increases that necessitated the redesign of
4176 the project, and an extended environmental clearance
4177 process required due to federal funding deal. The

4178 events currently affecting the development are the
4179 result of excessive rainfall in Stephenville from March
4180 to July of this year, which hindered the progress in
4181 construction. Additionally, the July 4th flooding in
4182 Kerrville also caused the development to lose workers
4183 from the site, who were diverted to disaster mitigation
4184 efforts in Kerr County and the surrounding area.

4185

4186 Again, this project is actively under construction and
4187 has already made substantial progress. Staff received a
4188 new construction inspection report from applicants
4189 shortly after the report was posted showing that the
4190 development is 75 percent complete.

4191

4192 The developer has requested an extension of six months,
4193 establishing a new placed in service deadline of June
4194 13, 2026. Based on that most recent report, we're
4195 pretty optimistic and hopeful for that.

4196

4197 Staff recommends approval and the developer is present
4198 should you have any specific questions.

4199

4200

4201 **Leo Vasquez III (2:47:27) :**

4202 Okay. So this is a six-month extension, not a nine-
4203 month.

4204

4205 **Joshua Goldberger (2:47:30) :**

4206 Six-month.

4207

4208 **Leo Vasquez III (2:47:30) :**

4209 And we're 75 percent complete.

4210

4211 **Joshua Goldberger (2:47:32) :**

4212 Yes. There was some discussion early on about whether a
4213 nine-month extension would be necessary. Based on,

4214

4215 **Leo Vasquez III (2:47:37) :**

4216 Okay. That's what I was... Okay. I think in this case
4217 we understand there's been some environmental impacts to
4218 the process. Before getting more public comment, does
4219 anyone have any issue with the staff's recommendation
4220 for this particular force majeure?

4221

4222 And so, unless you really want to talk, I'll entertain
4223 the motion to accept the force majeure. Okay. Anyone
4224 care to make a motion on Item 26 of the agenda.

4225

4226 **Ajay Thomas (2:48:20) :**

4227 Mr. Chairman, I move the board approve the request of
4228 treatment for an application of the force majeure rule
4229 to Retirement Living for Seniors with a new placed-in-
4230 service date of June 30, 2026, all as described,
4231 conditioned, and authorized in the board action request,
4232 resolution, and associated documents on this item.

4233

4234 **Cindy Conroy (2:48:36) :**

4235 I'll second.

4236

4237 **Leo Vasquez III (2:48:36) :**

4238 Motion made by Mr. Thomas. Seconded by Ms. Conroy. All
4239 those in favor say aye.

4240

4241 **All Board Members (2:48:41) :**

4242 Aye.

4243

4244

4245 **Leo Vasquez III (2:48:41) :**

4246 Any opposed? Hearing none, motion carries. Okay. Item
4247 27, presentation, discussion, and possible action on a
4248 request for return and reallocation of tax credits under
4249 10 TAC Section 11.6(5) related to credit returns
4250 resulting from force majeure events for Retreat at
4251 Esther.

4252

4253 **Joshua Goldberger (2:49:02) :**

4254 Item 27 concerns Retreat at Esther, a 103-unit elderly
4255 development to be completed in Houston. The development
4256 received an award of 9 percent housing tax credits in
4257 2024, as a result, the current placed in service
4258 deadline is December 31, 2026.

4259

4260 Since the initial award of housing tax credits, the
4261 project experienced material delays due to disruptions
4262 in the tax credit equity market. The project received
4263 an equity quote of 87 cents at the time of application,
4264 but the market slowed significantly later in the year
4265 and credit pricing dropped into the 70 cent range. The
4266 applicant was only able to secure an equity commitment
4267 at 80 cents in June of 2025. Y'all obviously recall

4268 hearing similar stories from other applicants, many of
4269 our 2024 awardees have had to overcome some significant
4270 drops in credit pricing.

4271

4272 For this development, that lower pricing did result in
4273 pretty good funding gap. And to address this, the
4274 applicant pursued and was awarded the City of Houston
4275 home funds. While that award allows the project to
4276 remain financially feasible, adding a new federal
4277 funding source has delayed closing and introduced some
4278 additional requirements. The project is now expected to
4279 close in late October or early November 2025.

4280

4281 With a 14-month construction timeline, construction is
4282 anticipated by around February of '27. That completion
4283 is of course a few months behind the deadline. To
4284 accommodate these delays, the developer is requesting a
4285 6-month extension to a placed in service deadline of
4286 June 30, 2027. Staff recommends approval and
4287 representatives of the development are present too and
4288 they can answer some question.

4289

4290

4291 **Leo Vasquez III (2:50:37) :**

4292 Okay. So for this one, we're not reducing the size of
4293 the development.

4294

4295 **Joshua Goldberger (2:50:41) :**

4296 Yeah.

4297

4298 **Leo Vasquez III (2:50:42) :**

4299 They're not asking for more money from us.

4300

4301 **Joshua Goldberger (2:50:44) :**

4302 Not from us.

4303

4304 **Leo Vasquez III (2:50:45) :**

4305 And they got a commitment from City of Houston for more
4306 cash to fill...

4307

4308 **Joshua Goldberger (2:50:49) :**

4309 Yes, sir.

4310

4311 **Leo Vasquez III (2:50:49) :**

4312 Fill in that gap. The closing is set for...

4313

4314 **Joshua Goldberger (2:50:55) :**

4315 October, November is what was represented in the HUD
4316 that the applicant had.

4317

4318 **Leo Vasquez III (2:51:03) :**

4319 I'll accept the nod if that's, I mean, come on up. Come
4320 on, come on. Just make it official.

4321

4322 **Samson Babalola (2:51:13) :**

4323 Good afternoon, board members. Samson Babalola
4324 representing Houston RE, LP, the ownership group for
4325 Retreat at Esther. To answer your question,
4326 specifically Chair, we're looking to close here early
4327 November to mid-November. Only change in that from what
4328 we represented to staff is due to, unfortunately, the
4329 government shutdown.

4330

4331 This is a HUD 221D4 deal, and so we do have a
4332 commitment. It is in process of being reviewed.

4333 We've been told by our lender that as long as we have a
4334 commitment that our application is being reviewed.

4335 Unfortunately, with lower level of staff, we can't

4336 guarantee that closing will happen by the end of
4337 October, which was initially projected.

4338

4339 **Leo Vasquez III (2:52:15) :**

4340 Okay. But you have every, other than getting HUD's sign
4341 off, you have everything else committed in place and
4342 ready to go?

4343

4344 **Samson Babalola (2:52:24) :**

4345 Yes, sir.

4346

4347 **Leo Vasquez III (2:52:30) :**

4348 In my notes, I put six months sounds tight. If we do
4349 close in November, do we think, I mean, are we...

4350

4351 **Samson Babalola (2:52:40) :**

4352 We're representing a 14-month construction timeline, so
4353 that should take us to February of '27. But if you
4354 members feel generous, as you're coming across the
4355 holidays.

4356

4357

4358

4359 **Leo Vasquez III (2:52:57) :**

4360 I'm just worried about how long Schumer is going to keep
4361 the government closed. Well, okay, do any board members
4362 have questions on this?

4363

4364 **Joshua Goldberger (2:53:11) :**

4365 Obviously staff can change its recommendation to a full
4366 year extension if you think that's more appropriate.

4367

4368 **Leo Vasquez III (2:53:17) :**

4369 Well, in this case, as I've asked for most, I'd rather
4370 come back at the end if you're, rather than us doing
4371 this way out in advance. But this one, it sounds like
4372 everything is ready to go, you're not changing the deal
4373 other than just that time, so I'm comfortable. Would
4374 anyone care to make a... is there something we should.

4375

4376 **Beau Eccles (2:53:34) :**

4377 I just want to note a typo in the BAR market year in the
4378 impact of board decision has 10 percent deadline of July
4379 1, 2026, and June 30, 2026. So I think that should be
4380 '27 for a six-month extension. Okay.

4381

4382 **Leo Vasquez III (2:53:56) :**

4383 Okay. So as with the noted correction to the BAR, would
4384 anyone care to make a motion on Item 27?

4385

4386 **Holland Harper (2:54:06) :**

4387 I move the Board approve the requested treatment of the
4388 application of force majeure rule from the Retreat at
4389 Esther and a new placed in service deadline, June 30,
4390 2027, all as described, conditioned, and authorized by
4391 the board action request, resolution, and associated
4392 documents in this item.

4393

4394 **Anna Maria Farias (2:54:21) :**

4395 Second.

4396

4397 **Leo Vasquez III (2:55:22) :**

4398 Motion made by Mr. Harper. Seconded by Ms. Farias. All
4399 those in favor say aye.

4400

4401 **All Board Members (2:54:26) :**

4402 Aye.

4403

4404

4405 **Leo Vasquez III (2:54:27) :**

4406 Any opposed? Hearing none, motion carries.

4407

4408 **Bobby Wilkinson (2:54:32) :**

4409 Could work Beau. It's a great catch, Beau.

4410

4411 **Leo Vasquez III (2:54:39) :**

4412 Item 28. Presentation, discussion, and possible action
4413 on a request for return and reallocation of tax credits
4414 under 10 TAC Section 11.6(5) related to credit returns
4415 resulting from force majeure events for Inn Town Lofts.

4416

4417 **Joshua Goldberger (2:54:54) :**

4418 Item 28 concerns Inn Town Lofts fixed unit development
4419 located in Lubbock. The project received an award of 9
4420 percent tax credits in 2021 and has since been approved
4421 for force majeure in 2022 and (indiscernible) in 2023.

4422 As a result, the current deadline to place the
4423 development in service is December 31, 2025.

4424

4425 The project proposes the adaptive reuse of a historic
4426 Lubbock hotel and an adjacent reconstruction component.

4427 After significant delays due to COVID-19 and market

4428 volatility, the project closed and began construction in
4429 July '24. It is currently 75 percent complete. While
4430 the new construction building is on track for
4431 completion, the adaptive reuse component is delayed due
4432 to extended state and federal historic review processes.
4433 While these reviews were anticipated, the applicant
4434 states that the final approvals have taken significantly
4435 longer than originally projected.

4436

4437 Additionally, the applicant has reported lost days due
4438 to weather delays and the City of Lubbock building
4439 permit comment, thus causing a delay in progress. To
4440 account for this range of delays that are more or less
4441 at the finish line for this project, the owner is
4442 requesting a six-month extension of the placed in
4443 service deadline to June 30, 2026. They're requesting
4444 six months out of an abundance of caution and
4445 anticipating completing construction in January. Staff
4446 recommends approval and representatives of the
4447 development are present to answer any questions.

4448

4449 **Leo Vasquez III (2:56:21):**

4450 So when are, when is actual completion anticipated?

4451

4452 **Joshua Goldberger (2:56:26) :**

4453 The applicant come up.

4454

4455 **Leo Vasquez III (2:56:28) :**

4456 Yeah. Okay. All right.

4457

4458 **Jordan Finkelman (2:56:32) :**

4459 Board members, Jordan Finkelman, Housing Trust Group.

4460 The renovation building should be done, let's say, like

4461 January, February of 2026, and the new construction

4462 component should be done at the end of this month.

4463

4464 **Leo Vasquez III (2:56:51) :**

4465 Okay. So that's at this point where you have it

4466 narrowed down to a tight range.

4467

4468 **Jordan Finkelman (2:56:57) :**

4469 Correct. We're overall 85 percent complete at this

4470 point as of today.

4471

4472

4473

4474 **Leo Vasquez III (2:57:03) :**

4475 Okay. And are there any in service deadlines or

4476 something that need to be meet or final CO and

4477 everything like that?

4478

4479 I'm just asking, after you're complete, is there another

4480 delay process than getting the final local certificates

4481 of occupancy and such?

4482

4483 **Jordan Finkelman (2:57:27) :**

4484 No. When we complete, we'll just have the CO.

4485

4486 **Leo Vasquez III (2:57:31) :**

4487 Okay. All right. So that's the February-ish time.

4488

4489 **Jordan Finkelman (2:57:35) :**

4490 Correct.

4491

4492 **Leo Vasquez III (2:57:36) :**

4493 Not sometime after that. Okay. All right, so you're

4494 almost there. 2021 original...

4495

4496

4497 **Jordan Finkelman (2:57:44) :**

4498 Yeah. Historic is no joke.

4499

4500 **Leo Vasquez III (2:57:48) :**

4501 Okay. Do any board members have questions on this item?

4502 You're lucky we're in good moods today. I'll entertain

4503 a motion on Item 28 of the agenda.

4504

4505 **Anna Maria Farias (2:58:04) :**

4506 Mr. Chairman, I move the Board approve the request to

4507 treatment under an application of the force majeure rule

4508 to Inn Town Lofts with a new placed-in-service deadline

4509 of June 30th 2026, all as described, conditioned, and

4510 authorized in the board action request, resolution, and

4511 associated documents on this item.

4512

4513 **Holland Harper (2:58:30) :**

4514 Second.

4515

4516 **Leo Vasquez III (2:58:32) :**

4517 Thank you. Motion made by Ms. Farias. Seconded by Mr.

4518 Harper. All those in favor say aye.

4519

4520 **All Board Members (2:58:37) :**

4521 Aye.

4522

4523 **Leo Vasquez III (2:58:37) :**

4524 Any opposed? Hearing none, motion carries.

4525

4526 **Jordan Finkelman (2:58:40) :**

4527 Thank you very much.

4528

4529 **Leo Vasquez III (2:58:44) :**

4530 Item 29 of the agenda. Presentation, discussion, and
4531 possible action on a request for return and reallocation
4532 of tax credits under 10 TAC Section 11.6(5) related to
4533 credit returns resulting from force majeure events for
4534 Northpark Garden Villas.

4535

4536 **Joshua Goldberger (2:59:01) :**

4537 Item 29 concerns Northpark Garden Villas, a 98-unit
4538 development to be located in Houston. The development
4539 received an award of housing tax credits in 2024, and as
4540 a result the current deadline in placed in service is
4541 December 31, 2026.

4542

4543 Unlike most 2024 awardees, this application was not
4544 awarded at the late July meeting. Instead, the project
4545 received a commitment of housing tax credits on October
4546 7th, 74 days later, as more credits became available
4547 later in the cycle. We typically issue a small number
4548 of awards later in the year in the 9 percent program.

4549 While it's good to get return credits in the hands of a
4550 recipient who can use them, this does just mean that
4551 they have fewer days between the award date and the
4552 placed-in-service deadline at the end of, it's in July.

4553

4554 This particular project has an 18-month construction
4555 timeline, so that late commitment provided a very tight
4556 timeline to plan, permit, close, and construct the
4557 development in accordance with the original placed in
4558 service deadline. In addition to that late award, the
4559 applicant did experience some delays in the planning and
4560 permitting phase due to lengthy reviews and approvals
4561 from Harris County of the plan, site development plans
4562 and building plans. Those delays ultimately pushed the
4563 closing from an initial target date of June 2025 to the
4564 end of August.

4565

4566 This project did close and begin construction in
4567 September. Completion is scheduled for early 2027. The
4568 developer is requesting a six-month extension to June
4569 30, 2027, and staff approves. Representatives of the
4570 development are present should have any specific
4571 questions.

4572

4573 **Leo Vasquez III (3:00:38):**

4574 Okay. But it's closed, its construction's commenced.

4575

4576 **Joshua Goldberger (3:00:41):**

4577 That's correct.

4578

4579 **Leo Vasquez III (3:00:42):**

4580 We're...

4581

4582 **Joshua Goldberger (3:00:43):**

4583 We're on our way.

4584

4585 **Leo Vasquez III (3:00:44):**

4586 On the way. Okay. And it was a late...

4587

4588

4589 **Joshua Goldberger (3:00:47) :**

4590 Yes.

4591

4592 **Leo Vasquez III (3:00:48) :**

4593 Late, yeah. It wasn't early, but, okay. Anyone have
4594 questions for this this item? If not, I'll entertain a
4595 motion on Item 29 of the agenda.

4596

4597 **Holland Harper (3:00:57) :**

4598 I move the Board approve the requested treatment under
4599 the application of force majeure rule for Northpark
4600 Garden Villas with a new placed in Service deadline on
4601 June 30, 2027, all as described, conditioned, and
4602 authorized in the board action request, resolution, and
4603 associated documents on this item.

4604

4605 **Anna Maria Farias (3:01:14) :**

4606 Second.

4607

4608 **Leo Vasquez III (3:01:14) :**

4609 Motion made by Mr. Harper. Seconded by Ms. Farias. All
4610 those in favor say aye.

4611

4612 **All Board Members (3:01:18) :**

4613 Aye.

4614

4615 **Leo Vasquez III (3:01:18) :**

4616 Any opposed? Hearing none, motion carries.

4617

4618 **Joshua Goldberger (3:01:21) :**

4619 Thank you.

4620

4621 **Leo Vasquez III (3:01:22) :**

4622 Thanks, Josh. Item 30. We're getting there, guys.

4623 Presentation, discussion, and possible action on a

4624 request... Wait, am I reading this right? I was like,

4625 what are you up there for? Okay.

4626

4627 All right. Presentation, discussion, and possible

4628 action on the request for return and reallocation of tax

4629 credits under 10 TAC Section 11.6(5) related to credit

4630 returns resulting from force majeure events for Andover

4631 Village. Mr. Campbell.

4632

4633

4634

4635 **Cody Campbell (3:01:48) :**

4636 Thank you, Mr. Vasquez. Cody Campbell, director of
4637 Multifamily Programs for the Department. This one's a
4638 little bit more complicated than the last ones that
4639 you've heard. I know we're all getting hungry, so I'm
4640 going to try to fit as much information into a short
4641 period of time as I can.

4642

4643 This is a 2024 9 percent housing tax credit award that
4644 received \$2 million to construct 120 units in Houston in
4645 January of 2024. So three months before the application
4646 was due, they got their phase one environmental site
4647 assessment.

4648

4649 Because the site was located close to the previous
4650 location of the dry cleaner and a gas station, the
4651 engineer recommended phase two. So at the end of that
4652 same month, they got their phase two environmental site
4653 assessment. Based on that assessment, there does not
4654 appear to be any soil contamination, but there is some
4655 minor contamination of the water at the corner of the
4656 site, the running water at the corner of the site that
4657 is closest to where the dry cleaner was.

4658

4659 Because of that, in April of that year, so three months
4660 before they had their award, they pursued an innocent
4661 owner certification from the Texas Commission on
4662 Environmental Quality, TCEQ. This certificate is
4663 important because it releases them from the liability of
4664 that groundwater contamination. Unfortunately, the
4665 process of obtaining that certification is ongoing, so
4666 they don't have it as of yet.

4667

4668 Without that certificate, the partnership cannot close
4669 into the land, which means that the developer cannot
4670 meet what's called their 10 percent test, which is due
4671 at the latest in December of this year. The 10 percent
4672 test is the deadline by which they must have expended 10
4673 percent of their reasonably expenditure basis, otherwise
4674 the award is terminated, and so it leaves them in kind
4675 of a tight spot.

4676

4677 Ordinarily, we don't bring force majeure requests to you
4678 until we have date certain when expect the closing to
4679 happen on this date, construction on this date, and

4680 construction to end on whatever date in the future, and
4681 I don't have that date for you now.

4682

4683 The reason that this request is in front of you is
4684 because without the extension, the developer will fail
4685 the 10 percent test and the development will be done
4686 for. There's nowhere to go from there. Staff
4687 recommends that you approve this request. Although we
4688 expect that you will have questions about this. I'm
4689 prepared to answer any you may have or if I can't, we do
4690 have representatives of the developer here as well.

4691

4692 **Leo Vasquez III (3:04:16) :**

4693 Okay. So we're still waiting for some sort of
4694 environmental, not our fault clearance.

4695

4696 **Cody Campbell (3:04:22) :**

4697 Yes, sir. It's the innocent owner certificate from
4698 TCEQ.

4699

4700 **Leo Vasquez III (3:04:26) :**

4701 Okay. This is sort of a different direction on the
4702 questioning, but this, and maybe the developer needs to

4703 answer this. The contamination or potential detected
4704 contamination on the property is isolated? I hesitate
4705 to get us committed to another 800 Middle type situation
4706 where, here, let's give more tax credits to some place
4707 that's on a contaminated site.

4708

4709 **Cody Campbell (3:05:03) :**

4710 I'd be happy to answer that question. And you think it
4711 would be better to come from the developer because I
4712 would just be repeating what they told me anyway. But
4713 my understanding is that the contamination of the
4714 groundwater is limited to a certain area of the site and
4715 that the site won't be drawing on the groundwater, so
4716 there's not an immediate exposure to the tenants, but...

4717

4718 **Leo Vasquez III (3:05:22) :**

4719 Yeah. Maybe we should hear from Ms. Rickenbacker.

4720

4721 **Donna Rickenbacker (3:05:30) :**

4722 Good afternoon, Donna Rickenbacker. If y'all wouldn't
4723 mind, before I get started, I also want to talk about
4724 one of the agenda items that dealt with an ineligibility
4725 because of crime and you mentioned OST Lofts. OST Lofts

4726 is a development that's located about 2.2 miles straight
4727 line from this other property, but more importantly,
4728 it's on the other side of Old Spanish Trail and on the
4729 opposite side of Interstate 45. It's in a completely
4730 different neighborhood, completely different crime, so
4731 it's not...

4732

4733 **Leo Vasquez III (3:06:02):**

4734 Okay. Wait. We've funded you already on that. Okay.
4735 That right there. Let's go on to the next. Okay. All
4736 right.

4737

4738 **Donna Rickenbacker (3:06:08):**

4739 I just didn't want y'all to think I have high crime
4740 where I've got a beautiful development. The fact is
4741 that...

4742

4743 **Leo Vasquez III (3:06:12):**

4744 It is beautiful.

4745

4746 **Donna Rickenbacker (3:06:14):**

4747 I wanted to talk obviously about our request before you
4748 right now. So the innocent owner, first of all, this

4749 development is also inclusive of a standalone pre-
4750 kindergarten school component. So when we received our
4751 environmental one, I'm sorry, our phase one, that's
4752 obviously required in connection with the application
4753 itself which is due in March at that year of '24, there
4754 was some recognized environmental concerns. So I said,
4755 immediately, let's just keep going on phase two so I can
4756 figure out what we've got going on over here.

4757

4758 So very long story short, we did a lot of testing. I
4759 was not going to move forward if we had any kind of
4760 environmental issues on this property, that made no
4761 sense. I wouldn't be doing that. I'm too conservative
4762 with my developments and certainly ones that have
4763 standalone pre-K school components.

4764

4765 That being said, we did a phase two. It did recognize a
4766 couple of hot spots, if you will, on the eastern
4767 boundary, the property which is adjacent to the street
4768 system, Belfort. Again, I immediately said let's just
4769 do some additional testing just to find out with
4770 certainty where it's coming from and what it impacts.
4771 So that additional testing was also performed. I paid

4772 for all that. I wanted to make sure, again, that we
4773 were not developing our site, if we were awarded tax
4774 credits, I would have given them back.

4775

4776 So there is no soil contamination on our property, it's
4777 limited exclusively, very minor amount, to the
4778 groundwater along that eastern valley, again adjacent to
4779 the street system. It originated from a former laundry
4780 mat on the other side of this four-way street system,
4781 and it is what it is. It's in the groundwater and it's
4782 very minor, if you will, when it gets to our side of the
4783 property. But that's where it is.

4784

4785 So when I saw this, I thought, okay, they said that they
4786 thought we could qualify for an innocent owner
4787 certificate. I said absolutely. So we moved forward
4788 with the innocent owner certificate as quickly as we
4789 could, recognizing that other applicants that had
4790 similar issues with TCEQ, took them a while to get that
4791 certificate. So I started that action in April of 2024
4792 before I was even awarded the housing tax credits just
4793 to keep it going. And here I am at this late time still
4794 without my innocent owner certificate for the TCEQ.

4795

4796 I would have brought this to you all in July, but,

4797 Chairman, you want certainty of when we are commencing

4798 construction and I don't blame you. I recognize that.

4799 I couldn't give you that certainty. We're now running

4800 up against the 10 percent test deadline and I still

4801 don't have that certainty. But because of that 10

4802 percent test deadline, that's why I'm seeking this

4803 request from you all today.

4804

4805 We're doing our best. They say, of course, this isn't

4806 the first time, that we should have it no later than the

4807 end of November. If that happens, then I still need to

4808 go back out, rebid this job. So the likelihood that it

4809 gets closed this year, it won't happen. And the reason

4810 for the one year request.

4811

4812 **Kenny Marchant (3:09:48):**

4813 Mr. Chairman.

4814

4815 **Leo Vasquez III (3:09:49):**

4816 Mr. Marchant.

4817

4818 **Kenny Marchant (3:09:51):**

4819 Now who owns the land?

4820

4821 **Donna Rickenbacker (3:09:52):**

4822 I do. I have to take down the land.

4823

4824 **Kenny Marchant (3:09:55):**

4825 So that doesn't account towards 10 percent or no.

4826

4827 **Cody Campbell (3:09:58):**

4828 No. Because it's not in the partnership.

4829

4830 **Donna Rickenbacker (3:10:00):**

4831 It's not in the partnership. A 10 percent test is more
4832 than that. I have to prove up that I've got at least 10
4833 percent in the development. So that would assume that
4834 you've got construction activity taking place, which we
4835 don't.

4836

4837 **Leo Vasquez III (3:10:18):**

4838 And you still don't have a target of any certainty of
4839 when you're going to be able to start.

4840

4841 **Donna Rickenbacker (3:10:23) :**

4842 Correct. Very unfortunate. Again, I'm pushing and
4843 pushing and pushing to see if we could get this, and the
4844 reason why I asked for the one year as opposed to six
4845 months. But it is what it is and I'm doing my best to
4846 get the TCEQ to issue that innocent owner certificate.
4847 Again, I don't think that this is unique. There's been
4848 others that have come before you to similar situations
4849 with this environmental condition to close.

4850

4851 **Bobby Wilkinson (3:10:49) :**

4852 Yeah. We've heard from others about TCEQ. Fine people
4853 over there. Like one of those commissioners a lot.

4854

4855 **Leo Vasquez III (3:11:00) :**

4856 Okay. And the playground of the preschool isn't going
4857 to be located on that side of the...

4858

4859 **Donna Rickenbacker (3:11:06) :**

4860 No, sir.

4861

4862

4863

4864 **Leo Vasquez III (3:11:07) :**

4865 So we're not going to have little preschoolers eating
4866 grass out?

4867

4868 **Donna Rickenbacker (3:11:11) :**

4869 No, sir.

4870

4871 **Leo Vasquez III (3:11:12) :**

4872 Okay. Do any other board...

4873

4874 **Donna Rickenbacker (3:11:17) :**

4875 There are more improvements are located over in that
4876 area. Again, that's actually an easement portion that's
4877 adjacent to the street.

4878

4879 **Leo Vasquez III (3:11:29) :**

4880 Okay. So this is really force majeure, it's just, hey,
4881 it's delayed. We're waiting for all these. But you're
4882 not changing the project, the number of units and all
4883 that.

4884

4885 **Donna Rickenbacker (3:11:42) :**

4886 I hope not. Well, I hope not.

4887

4888 **Leo Vasquez III (3:11:49) :**

4889 Do any board members have questions? If not, Mr.

4890 Harper, do you have a motion?

4891

4892 **Holland Harper (3:11:56) :**

4893 I do. I move the board approve the request for

4894 treatment under the application of force majeure rule

4895 for Andover Village with a new placed in service

4896 deadline of December 31, 2027, all as described,

4897 conditioned, and authorized in the board action request,

4898 resolutions, and associated documents in this item.

4899

4900 **Anna Maria Farias (3:12:12) :**

4901 Second.

4902

4903 **Donna Rickenbacker (3:12:14) :**

4904 Thank you very much.

4905

4906 **Leo Vasquez III (3:12:15) :**

4907 Yeah. Motion made by Mr. Harper. Seconded by Ms.

4908 Farias. All those in favor say aye.

4909

4910 **All Board Members (3:12:19) :**

4911 Aye.

4912

4913 **Leo Vasquez III (3:12:20) :**

4914 Aye. Any opposed? Hearing none, motion carries.

4915

4916 **Donna Rickenbacker (3:12:22) :**

4917 Now I can say thank you for that.

4918

4919 **Leo Vasquez III (3:12:24) :**

4920 Get her done.

4921

4922 **Donna Rickenbacker (3:12:25) :**

4923 Thank you.

4924

4925 **Leo Vasquez III (3:12:26) :**

4926 Item 31, correct? Of the agenda. Presentation,
4927 discussion, and possible action on a request for return
4928 and reallocation of tax credits under 10 TAC Section
4929 11.6(5) related to credit returns resulting from force
4930 majeure events for Sunset Ridge.

4931

4932

4933 **Cody Campbell (3:12:45) :**

4934 Thank you, Mr. Vasquez. This one is pretty
4935 straightforward. So Sunset Ridge is a 2024 9 percent
4936 awardee in Burnet. They got \$850,000 in credits for the
4937 new construction of 36 units. The application
4938 originally relied on the Burnet ISD granting them a
4939 drainage easement. And after the catastrophic floods
4940 this summer, the ISD decided that they wanted to conduct
4941 their own flood study before they granted such
4942 easements. That study is anticipated to take into 2026
4943 to be completed.

4944

4945 Not wanting to wait that long to start on construction,
4946 the developer is instead redesigning the sites to add
4947 their own retention ponds, and with that they should be
4948 able to start construction very soon. They provided me
4949 a construction schedule recently. Unfortunately, it was
4950 after the board book posted. The current schedule
4951 anticipates that they will start construction on
4952 November 17th with a 124-day construction period, which
4953 will end on January 11th of 2027.

4954

4955 What is kind of odd about this request is they are
4956 currently scheduled to miss their placed in service
4957 deadline by 11 days, but they are requesting a full
4958 year. Staff does question that that year is really
4959 necessary. I've spoken with a representative of the
4960 developer, and the investor in this project is really
4961 pushing for them to get a year, which is why the request
4962 has come to you that way.

4963

4964 We do recommend that you approve the request, which we
4965 have discussed with them. And we do anticipate that
4966 there might be questions about the length of the
4967 extension, so I'm available for any questions as are
4968 they.

4969

4970 **Leo Vasquez III (3:14:28):**

4971 I was going to ask a similar question about why the full
4972 year. Is everything else in place ready to go? I mean,
4973 just...

4974

4975 **Cody Campbell (3:14:35):**

4976 They are anticipating starting construction on November
4977 7th. I don't believe they've closed yet because the

4978 investor is waiting for this approval before they'll
4979 move forward, correct.

4980

4981 **Leo Vasquez III (3:14:44) :**

4982 Okay.

4983

4984 **Cody Campbell (3:14:45) :**

4985 I believe so, yes.

4986

4987 **Leo Vasquez III (3:14:47) :**

4988 Do you want to come and, Robbye, come up.

4989

4990 **Robbye Meyer (3:14:53) :**

4991 Robbye Meyer. I'm with Arx Advantage, and I represent
4992 the applicant. I have the same question. It is Boston
4993 Financial is the investor. I pleaded with them for the
4994 six months. Their credit committee was very adamant for
4995 the year just in case there's any other delays, if we
4996 have any delays in materials or anything like that.

4997 They just want that certificate at the end of the day.

4998 But they're pushing for the year, and I said I would
4999 stand up here and ask. But it is the investor that's
5000 pushing for me here.

5001

5002 This is a very proven applicant. They've been doing
5003 business for 40 years plus, and I believe they will make
5004 their construction schedule bar any other difficulties.
5005 You never can say anything about materials or weather,
5006 anything like that, but they're going to push it to get
5007 it done as quick as possible. It doesn't help them to
5008 delay, but I think they'll make it six months. But I
5009 think we're...

5010

5011 **Leo Vasquez III (3:16:03):**

5012 But theoretically you could push the construction period
5013 and get it done in time, right? It's an alternative
5014 way.

5015

5016 **Robbye Meyer (3:16:09):**

5017 They could get it done quicker probably, but that is if
5018 the construction schedule goes...

5019

5020 **Leo Vasquez III (3:16:14):**

5021 Yeah, exactly. If everything works.

5022

5023

5024 **Robbye Meyer (3:16:15) :**

5025 Right after January of 2027. And so that does make it a
5026 little bit difficult to try to push to get it done
5027 quicker because the normal construction schedule does
5028 put it past that date, and the investor is pushing
5029 forward an extension now instead of waiting until then.
5030 So that is the personal thing, the investor is asking
5031 for those extra months.

5032

5033 **Leo Vasquez III (3:16:47) :**

5034 If we say six months is plenty, does Boston Financial go
5035 away?

5036

5037 **Robbye Meyer (3:16:57) :**

5038 I hope not. I told them they need to be prepared for
5039 that.

5040

5041 **Leo Vasquez III (3:17:02) :**

5042 Are they giving really great pricing?

5043

5044 **Robbye Meyer (3:17:05) :**

5045 I'm still, pricing is not great anywhere.

5046

5047 **Holland Harper (3:17:13):**

5048 78 cents. 78.

5049

5050 **Leo Vasquez III (3:17:18):**

5051 Is that in the BAR? Okay. Again, I'm open to being
5052 overridden by the majority of the board, but it sounds
5053 to me like you can make the original deadline. So an
5054 extra six months is probably sufficient and gives
5055 incentive to keep the project on track, get it done.
5056 That's why we have these deadlines. Do any board
5057 members feel differently? What's the official BAR
5058 request right now? Is it requested at, recommended by
5059 staff at a year?

5060

5061 **Cody Campbell (3:18:15):**

5062 Yes, sir. Yes. With kind of a question mark at the end
5063 of it.

5064

5065 **Leo Vasquez III (3:18:20):**

5066 Yeah. Okay. So do any board members, does a board
5067 member wish to make a motion? Ms. Farias?

5068

5069

5070 **Anna Maria Farias (3:18:32) :**

5071 I'll go first. It's where it gets me. I move the board
5072 approve the requested treatment under an application of
5073 the force majeure rule to Sunset Ridge with a new placed
5074 in service deadline of December 31, 2027, all as
5075 described, conditioned, and authorized in the board
5076 action request, resolution, and associated documents on
5077 this item.

5078

5079 **Holland Harper (3:18:57) :**

5080 Second.

5081

5082 **Leo Vasquez III (3:18:58) :**

5083 Okay. So that's the, as per the bar with 12 months.

5084 Okay. Motion made by Ms. Farias. Seconded by Mr.
5085 Harper. All those in favor say aye.

5086

5087 **Board Members (3:19:09) :**

5088 Aye.

5089

5090 **Leo Vasquez III (3:19:13) :**

5091 Any opposed. I need some verbal acknowledgments on
5092 these. Okay.

5093

5094 **Kenny Marchant (3:19:17) :**

5095 Yes. I'm no.

5096

5097 **Leo Vasquez III (3:19:18) :**

5098 Okay. So Mr. Marchant is opposed to the, or is voting

5099 against the motion. Ms. Conroy.

5100

5101 **Cindy Conroy (3:19:30) :**

5102 It's for six months?

5103

5104 **Leo Vasquez III (3:19:32) :**

5105 It's for a year.

5106

5107 **Cindy Conroy (3:19:33) :**

5108 It's for a year. I want to be opposed to it, but

5109 because I'm really just tired of hearing other people

5110 dictate our terms. So I'm going to vote with Mr.

5111 Marchant.

5112

5113 **Leo Vasquez III (3:19:49) :**

5114 Okay. So that's...

5115

5116 **Cindy Conroy (3:19:50) :**

5117 Opposed.

5118

5119 **Leo Vasquez III (3:19:51) :**

5120 Another no. Mr. Thomas, if it didn't make a difference,

5121 I was going to vote no. But what...

5122

5123 **Ajay Thomas (3:20:01) :**

5124 I'm a no.

5125

5126 **Leo Vasquez III (3:20:02) :**

5127 Okay. Four nos. Two ayes. The motion fails. Would

5128 anyone care to make a revised motion like for a six-

5129 month extension period?

5130

5131 **Kenny Marchant (3:20:18) :**

5132 I can try. I should not trust this book's guidance.

5133

5134 **Bobby Wilkinson (3:20:24) :**

5135 Yeah. You would just replace it with a...

5136

5137 **Ajay Thomas (3:20:25) :**

5138 June 30th.

5139

5140 **Bobby Wilkinson (3:20:26) :**

5141 June 30th.

5142

5143 **Leo Vasquez III (3:20:27) :**

5144 June 30th. Is that 2027?

5145

5146 **Kenny Marchant (3:20:30) :**

5147 My motion would be to approve for the June 30, 2027. I
5148 move the Board approve the requested treatment and
5149 application force majeure rule to Sunset Ridge with a
5150 new placed in service deadline of June 2027.

5151

5152 **Leo Vasquez III (3:20:53) :**

5153 June 30th

5154

5155 **Kenny Marchant (3:20:54) :**

5156 June 30, 2027, all as described, conditioned, and
5157 authorized by the board action, resolution, and
5158 documents on this item.

5159

5160 **Leo Vasquez III (3:21:08) :**

5161 Okay. Motion made by Mr. Marchant. Is there a second?

5162

5163 **Ajay Thomas (3:21:11) :**

5164 Second.

5165

5166 **Leo Vasquez III (3:21:12) :**

5167 Seconded by Mr. Thomas. All those in favor for the

5168 motion as at a six-month extension, say aye.

5169

5170 **All Board Members (3:21:19) :**

5171 Aye.

5172

5173 **Leo Vasquez III (3:21:22) :**

5174 Any opposed?

5175

5176 **Anna Maria Farias (3:21:23) :**

5177 Opposed.

5178

5179 **Leo Vasquez III (3:21:24) :**

5180 Okay. So motion carries five to one. We have six

5181 months.

5182

5183

5184

5185 **Robbye Meyer (3:21:29) :**

5186 Can I ask one thing because I know Bob from Financial is
5187 probably watching this? If for some reason we have to
5188 come back, big objection for us to be able to come back
5189 at the end of the day. I know there's been others on
5190 today's agenda. I just want to make sure that the
5191 board's not objected if we have to come back and we're
5192 90 percent complete and all of that. I've never seen
5193 this board deny that and I just want to try...

5194

5195 **Leo Vasquez III (3:21:56) :**

5196 I think that the board has shown obviously if you're 75
5197 percent, 90 percent in February of 2027 and you're
5198 really worried about coming up to it, come back to us.
5199 and I think we've indicated we're pretty reasonable, but
5200 it's not a guarantee. It's not a guarantee.

5201

5202 **Bobby Wilkinson (3:22:14) :**

5203 Not a member, but just an observation of this Board. I
5204 think the only one we that they voted down was someone
5205 who was stuck in endless litigation and couldn't even
5206 get started. So every other time they've been very
5207 reasonable.

5208

5209 **Robbye Meyer (3:22:27) :**

5210 That's the clarification I wanted. Thank you.

5211

5212 **Leo Vasquez III (3:22:29) :**

5213 I'm betting y'all are going to make the December 31, '26
5214 anyway. Okay. Okay. We're done with the regular. The
5215 Board has addressed the posted the agenda items. Now is
5216 the time of the meeting when members of the public can
5217 raise issues with the Board on matters of relevance to
5218 the Department's business or make requests that the
5219 Board place specific items on future agendas for
5220 consideration. Is there anyone who would like to
5221 provide public comment at this time?

5222

5223 **Erin Hahn (3:22:58) :**

5224 Thank you. Good afternoon. My name is Erin Hahn. I'm
5225 with Texas Housers. And we wanted to share our concerns
5226 about how opportunity zones were added into the QAP this
5227 year. And we wanted to raise this now even though the
5228 Board can't take action on this today rather than
5229 waiting until November just because we believe it's a

5230 significant change that it deserves some
5231 reconsideration.

5232

5233 So at the September meeting, the Board heard a request
5234 to include opportunity zones in the new concerted
5235 revitalization plan section and that was incorporated
5236 into the draft QAP. We're not opposed to including
5237 opportunity zones in the QAP, but we are very concerned
5238 with how revitalize. Previously, a development in an
5239 area with a concerned revitalization plan could receive
5240 seven points. Now with the new draft that would also
5241 award seven points for development in opportunity zone.

5242

5243 But opportunity zones and revitalization plans shouldn't
5244 be treated as equal alternatives. Opportunities zones
5245 are low income, high poverty census tracts that have
5246 been designated by the Governor as needing investment.
5247 But there's no guarantee necessarily that a plan exists
5248 to execute that investment that would improve conditions
5249 for residents in these areas.

5250

5251 So awarding full points for simply being an opportunity
5252 zone without that planning framework removes the

5253 safeguards that ensure that housing tax credit
5254 developments in high-poverty areas are part of the
5255 larger real community driven revitalization effort.
5256 Opportunity zones lack the local oversight and community
5257 buy in that revitalization plans provide, and they don't
5258 inherently address the challenges that historically
5259 disinvested areas typically face like limited access to
5260 jobs, transportation, healthcare, high-quality schools.

5261

5262 And TDHCA has long worked to balance expanding access to
5263 higher opportunity areas with supporting meaningful
5264 revitalization in disinvested neighborhoods, and we
5265 believe this change undermines that balance. And
5266 creating an avenue to incentivize development in high-
5267 poverty census tracts without meaningful revitalization,
5268 we'll take a step backwards toward efforts since TDHCA
5269 versus ICP to better direct developments in high-
5270 opportunity areas.

5271

5272 And so we believe the current language kind of
5273 misrepresents the role of opportunity zones. Rather
5274 than serving as an alternative to a revitalization plan,
5275 opportunity zones we believe should be treated like

5276 qualified census tracts, another type of low income,
5277 high poverty area where development can occur only if
5278 there's a plan in place to make sure that revitalization
5279 is benefitting presidents.

5280

5281 So we believe the revitalization plan should still be
5282 required for developments in opportunities to receive
5283 the full points. And we know there's limited time to
5284 make changes, but wanted to offer this approach that
5285 gets definitions right. Thank you for your
5286 consideration. At the end of the meeting I'll be happy
5287 to answer any questions.

5288

5289 **Leo Vasquez III (3:26:01):**

5290 Okay. Well, thank you, Erin. Actually, we can't engage
5291 in debate in this section, but make sure all the
5292 comments are submitted for the...

5293

5294 **Bobby Wilkinson (3:26:14):**

5295 To submit written comment.

5296

5297

5298

5299 **Leo Vasquez III (3:26:17) :**

5300 Yeah, yeah. And thanks for being patient to wait until
5301 the whole meeting. Would anyone else care to make a
5302 comment? All right. So we've completed the agenda.
5303 The next scheduled meeting of the Governing Board, which
5304 I shall dub the Jefferson's meeting as we're moving on
5305 up, is at 10 a.m. on Thursday, November 6, 2025, at the
5306 Omni Austin Hotel Downtown. So it's at 700 San Jacinto
5307 Street in the Pennybacker Room, I've been told.

5308

5309 Does it still stand? Okay.

5310

5311 **Kenny Marchant (3:27:01) :**

5312 Mr. Chairman, do you anticipate any meetings on
5313 Wednesday?

5314

5315 **Leo Vasquez III (3:27:05) :**

5316 Do we have any committee meetings scheduled for November
5317 5th, Wednesday? I don't believe so on this one.

5318

5319 **Kenny Marchant (3:27:12) :**

5320 Okay.

5321

5322 **Leo Vasquez III (3:27:13) :**

5323 Yeah. But we'll schedule one if you want.

5324

5325 **Kenny Marchant (3:27:16) :**

5326 No.

5327

5328 **Leo Vasquez III (3:27:20) :**

5329 Yeah. You got QAP Committee right there. Yeah. Okay.

5330 All right. So tell all your friends we're going to

5331 another place again. So it is now 1:27 p.m., and this

5332 meeting is adjourned. Thank you all!