



TDHCA Governing Board Meeting Transcript*

***10:00 a.m.
September 4, 2025***

***UT Thompson Conference Center
Room 1.110***

***2405 Robert Dedman Drive,
Austin, TX 78712***

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BOARD MEMBERS:

LEO VASQUEZ III, CHAIR

KENNY MARCHANT, VICE CHAIR

ANNA MARIA FARIAS

AJAY THOMAS

HOLLAND HARPER

CINDY CONROY

SPEAKERS:

Chad Landry

Rosy Falcon

Jonathan Galvan

Teresa Morales

Rosalio Banuelos

Alfredo Izmajtovich

Cody Campbell

Davonne Lewis

Jose Vargas

Kathryn Saar

Ellen Moskalik

Sascha Stremler

John Shackelford

Melissa Fisher

Bill Fisher

Megan Sylvester
Stephanie Thomas
Michael DeYoung
Abigail Versyp
Deanna Jenkins
Jeanna Adams
Karsten Lowe
Tanya Lavelle
Timothy Alcott
Tim Smith
Jake Mooney
Erin Hahn
Robbye Meyer
Donna Rickenbacker
Zachary Krochtengel
Joshua Goldberger
Michael Tamez
Robert Wood

1 **Leo Vasquez III (0:00:06):**

2 Good morning. I'm calling to order the meeting of the
3 Governing Board of the Texas Department of Housing and
4 Community Affairs. It is 10:00 a.m., on September 4th,
5 2025. We'll start with the roll. Mr. Marchant?

6

7 **Kenny Marchant (0:00:22):**

8 I'm down here.

9

10 **Leo Vasquez III (0:00:26):**

11 Ms. Farias.

12

13 **Anna Maria Farias (0:00:26):**

14 Here.

15

16 **Leo Vasquez III (0:00:27):**

17 Mr. Thomas.

18

19 **Ajay Thomas (0:00:28):**

20 Present.

21

22 **Leo Vasquez III (0:00:29):**

23 Mr. Harper.

24

25 **Holland Harper (0:00:30):**

26 Here.

27

28 **Leo Vasquez III (0:00:30):**

29 Ms. Conroy.

30

31 **Cindy Conroy (0:00:31):**

32 Here.

33

34 **Leo Vasquez III (0:00:31):**

35 And myself. We are all present and accounted for. So
36 we do have a quorum. Do we have flags? Okay. All
37 right.

38

39 **Bobby Wilkinson (0:00:39):**

40 Yes. Yeah.

41

42 **Leo Vasquez III (0:00:40):**

43 So, as usual, we'll have Mr. Wilkinson lead us in the
44 pledges.

45

46

47 **Bobby Wilkinson (0:00:51):**

48 I pledge allegiance to the Flag of the United States of
49 America, and to the Republic for which it stands, one
50 nation under God, indivisible, with liberty and justice
51 for all. Honor the Texas flag. I pledge allegiance to
52 thee, Texas, one state, one and indivisible.

53

54 **Leo Vasquez III (0:01:36):**

55 We shall have staff inform the University of Texas that
56 for the proper placement of the flags on the stage.

57 These are backwards. Today we have a resolution, which
58 I'll ask Mr. Lyttle to read into the record, declaring
59 October coming up as National Energy Awareness Month.

60 Mr. Lyttle?

61

62 **Michael Lyttle (0:01:59):**

63 Thank you, Chairman. I'm not sure if this is on. It
64 is. Okay. We have a resolution declaring October 2025
65 as National Energy Awareness Month.

66

67 Whereas the US Department of Energy has designated
68 October 2025 as National Energy Awareness Month.

69

70 Whereas the Weatherization Assistance Program, the
71 nation's largest residential energy efficiency program,
72 was established by DOE in 1976 to make homes more energy
73 efficient, safer, and healthier for those with low and
74 moderate incomes.

75

76 Whereas the Texas Department of Housing and Community
77 Affairs administers a weatherization assistance program
78 funded with both DOE funds and Low-Income Home Energy
79 Assistance Program funds, which is operated by a network
80 of private nonprofits and local government entities.

81

82 Whereas the Texas Weatherization Assistance Program has
83 introduced millions of dollars into communities to
84 improve thousands of homes, thereby helping Texans,
85 including elderly, disabled, or families with young
86 children, to conserve energy and reduce utility costs.

87

88 Whereas the program conducts computerized energy audits
89 and uses advanced diagnostic technology, investing in an
90 array of improvements that include weather stripping of
91 doors and windows, patching cracks and holes, insulating
92 walls, floors and attics, replacing doors, windows,

93 refrigerators, and water heaters, and repairing heating
94 and cooling systems.

95

96 And whereas the weatherization efforts contribute to the
97 state's economic, social, and environmental progress by
98 creating jobs, prompting the purchase of goods and
99 services, improving housing, stabilizing neighborhoods,
100 reducing emissions, and decreasing the risk of fires.

101

102 Now, therefore, it is hereby resolved that the TDHCA
103 Governing Board does hereby celebrate next month,
104 October 2025, as Energy Awareness Month in Texas.

105

106 **Leo Vasquez III (0:03:56):**

107 Okay. Thank you, Michael. Moving right along to the
108 consent agenda. Are there any items on the consent
109 agenda which a Board member or a member of the public
110 wish to move to action? Hearing none, seeing none, I'll
111 entertain a motion on the consent agenda as presented.

112 Oh, did...

113

114

115

116 **Cindy Conroy (0:04:20):**

117 I just wanted to abstain from number four, but I guess
118 it's easier if I just abstain from the whole entire
119 consent agenda.

120

121 **Leo Vasquez III (0:04:28):**

122 Yes. Okay. So noting that Ms. Conroy is going to
123 abstain from the vote for the consent agenda, is there a
124 motion to accept the consent agenda?

125

126 **Anna Maria Farias (0:04:39):**

127 Mr. Chairman, since item five has been withdrawn from
128 the agenda, I move the Board approve items 1 through 4
129 and 6 through 11 as described and presented in the
130 respective Board action request and reports.

131

132 **Leo Vasquez III (0:04:56):**

133 Thank you. Motion made by Ms. Farias. Is there a
134 second?

135

136 **Holland Harper (0:05:00):**

137 Second.

138

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

140 Seconded by Mr. Harper. Noting that Ms. Conroy is
141 abstaining and item five has been removed from this
142 month's agenda, all those in favor say aye.

143

144 **All Board Members (0:05:13):**

145 Aye.

146

147 **Leo Vasquez III (0:05:13):**

148 Any opposed? Hearing none, motion carries. So item 12
149 of the agenda, Mr. Wilkinson and his Executive Director
150 report.

151

152 **Bobby Wilkinson (0:05:32):**

153 Good morning, Chairman and Board. Just a few short
154 items to share with you. First, our Multifamily
155 Compliance area just wrapped up a very successful lunch
156 and learn summer series. From June 11 through August 7,
157 they hosted weekly lunch and learn webinars on various
158 topics of interest for our multifamily practitioners.
159 The series included sessions from the larger income
160 determination training, which is offered several times a
161 year in smaller bite-sized chunks.

162

163 We had an average of 235 housing partners join us each
164 week. Our first session had 355 in attendance. This
165 was a well-received offering, and the division received
166 a great deal of positive feedback and praise for the
167 lunch and learn series. Multifamily Compliance hopes to
168 continue future series like this to help share
169 information and offer training opportunities. Their
170 monthly online office hours will start back up again on
171 September 12th after summer break.

172

173 Moving to our Homeownership Program area, Texas
174 Homeownership would like to announce that we will be
175 rebranding the Texas Homeownership Homebuyer Program no
176 later than next month as the TDHCA Homebuyer Program.
177 In addition to the new name, we will launch the rebrand
178 with the new logo as well. This is part of an expanded
179 marketing effort which the program area is undertaking
180 along with assistance from Michael Lyttle's External
181 Affairs division.

182

183 Lisa Johnson, our Homeownership Program Director, will
184 have more on this next month at the Board's Single

185 Family Activities Committee meeting on October 8th. And
186 that is it for my prepared remarks. But I'm prepared to
187 answer any questions, maybe.

188

189 **Leo Vasquez III (0:07:06):**

190 So special sessions left us, there was nothing.

191

192 **Bobby Wilkinson (0:07:11):**

193 Yeah. There was really nothing on the call that really
194 affected us directly or even as an agency. Sometimes
195 there's not something that's housing related, but yeah,
196 I don't think anything we'll have to implement.

197

198 **Leo Vasquez III (0:07:25):**

199 Okay. Great. Do any other Board members have questions
200 for Mr. Wilkinson? If not, thank you for that report.

201 Moving right along to item 13 of the agenda. Report on
202 the meeting of the Internal Audit and Finance Committee.

203 Is this Mr. Scott or Mr. Thomas?

204

205 **Ajay Thomas (0:07:41):**

206 That's going to be me.

207

208 **Leo Vasquez III (0:07:42):**

209 Okay. Mr. Thomas, please.

210

211 **Ajay Thomas (0:07:45):**

212 Thank you, Mr. Chairman. The Audit and Finance

213 Committee of TDHCA met this morning just prior to this

214 meeting at 9:30 a.m. In that meeting, Mr. Mark Scott,

215 Director of Internal Audit, presented three report

216 items. The first item was the internal audit of the

217 Davis-Bacon Labor Standards Act. The second item was

218 the internal audit of the Single Family Mortgage Revenue

219 Bond Program here at TDHCA. And finally, Mr. Scott

220 provided a report on the status of internal and external

221 audit activities. This report included updates on the

222 status of the fiscal year 2025 internal audit work plan

223 and anticipated external audit activities for fiscal

224 year 2026. That concludes my report of this morning's

225 meeting of the Audit and Finance Committee. I'm happy

226 to answer any questions that might exist.

227

228 **Leo Vasquez III (0:08:36):**

229 Okay. Great. I attended the meeting as well as Ms.

230 Farias and Ms. Conroy, so we're informed and I

231 appreciate everyone's efforts in that. And I think we
232 do have a new team member to the Audit Committee or
233 audit team?

234

235 **Ajay Thomas (0:08:52):**

236 Audit team.

237

238 **Leo Vasquez III (0:08:53):**

239 Do you want wave and say hello? Okay. I don't know if
240 we need an actual motion to accept that report just
241 because it's Audit and Finance.

242

243 **Ajay Thomas (0:09:16)**

244 It's your prerogative if you want ask for motion.

245

246 **Leo Vasquez III (0:09:18):**

247 Just for this particular one, let's get a motion, or to
248 make a motion to accept the report.

249

250 **Ajay Thomas (0:09:23):**

251 Mr. Chairman, I'd move that the full board accept, or
252 make a motion that the full board accept my report of
253 this morning's Audit and Finance Committee of TDHCA.

254

255 **Anna Maria Farias (0:09:33):**

256 Second.

257

258 **Cindy Conroy (0:09:33):**

259 I second.

260

261 **Leo Vasquez III (0:09:35):**

262 And it's seconded by Ms. Farias. All those in favor say
263 aye.

264

265 **All Board Members (0:09:38):**

266 Aye.

267

268 **Leo Vasquez III (0:09:38):**

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

270 Item 14 on the agenda. Presentation, discussion, and

271 possible action on the appointment of Colonia Resident

272 Advisory Committee members. Mr. Landry.

273

274 **Chad Landry (0:09:57):**

275 Good morning. Good morning, Chairman Vasquez and Board

276 members. I am Chad Landry, the manager of Single Family

277 Programs, and I will be presenting agenda item 14 today,
278 which is the proposed appointment of Colonia Resident
279 Advisory Committee members. We call it C-RAC for short.

280

281 The C-RAC is an important part of the Office of Colonia
282 Initiatives Colonia Self-Help Center program. The C-RAC
283 evaluates the needs of Colonia residents, reviews
284 programs and activities that are proposed for or
285 operated through the self-help center, and advises the
286 Department's governing board in order for the self-help
287 center to better serve Colonia residents.

288

289 The C-RAC is required to meet 30 days before any self-
290 help center contract is scheduled to be awarded or
291 amended by the Department's Governing Board and may meet
292 at other times as needed. The C-RAC term of service is
293 four years, and the term limit for all current C-RAC
294 members ended on September 2, 2025, which is why I'm
295 before you.

296

297 The Department's Governing Board is required under
298 Section 2306.584 of the Texas Government Code to appoint
299 at least five persons who are residents of colonias to

300 serve on the C-RAC. Current policy is that each of the
301 counties that participate in the self-help center
302 program, now recommend two colonia residents as a
303 primary and a backup member to serve on the C-RAC.

304

305 If approved, these members will have a term starting
306 today, September 4, 2025, through September 4, 2029.

307 Each proposed C-RAC member has been reviewed for
308 previous participation and no issues were identified.

309 Approval of these recommendations will allow the
310 Department to carry out the statutory requirements of
311 the Colonia Self-Help Center program and the C-RAC.

312

313 I do need to point out that El Paso County has requested
314 that we remove one of their members, Francisca
315 Hernandez, because she has moved out of Colonia.

316 Soledad Jimenez will now be their primary member. El
317 Paso County will submit a new person for consideration
318 soon, and I hope to bring this replacement as a new
319 board item at either the October or November board
320 meeting. I'm happy to answer any questions.

321

322

323 **Leo Vasquez III (0:12:03):**

324 Okay. Thanks, Chad. So this really is a, this
325 committee is a good method for the actual colonia
326 residents to really have a voice in what's happening.
327

328 **Chad Landry (0:12:15):**

329 Exactly. Yeah.
330

331 **Leo Vasquez III (0:12:16):**

332 And spread the word to their other neighbors and such.
333

334 **Chad Landry (0:12:21):**

335 Right. And about our agency as well. So yeah, it's
336 very good.
337

338 **Leo Vasquez III (0:12:25):**

339 Okay, good. And how long has this been in place?
340

341 **Chad Landry (0:12:29):**

342 Since the program began, which was before my time.
343

344 **Leo Vasquez III (0:12:32):**

345 Okay. So it's been a while. Ms. Farias.

346

347 **Anna Maria Farias (0:12:36):**

348 Quick question. You said in El Paso, Ms. Francisca

349 Hernandez withdrew because she moved out.

350

351 **Chad Landry (0:12:43):**

352 Yeah. They had to...

353

354 **Anna Maria Farias (0:12:44):**

355 Just out of curiosity, did they move out of the colonia

356 and into a home?

357

358 **Chad Landry (0:12:49):**

359 They didn't tell.

360

361 **Anna Maria Farias (0:12:49):**

362 Okay. Because usually that's what happens.

363

364 **Chad Landry (0:12:51):**

365 Yeah.

366

367

368

369 **Anna Maria Farias (0:12:52):**

370 Colonia residents, and we worked on this for many, many
371 years. Henry Cisneros had work, now, Martinez had when
372 I visited. And they tell you up front, we in the
373 colonias, do not want to go and live in public housing.
374 We're trying the best we can to get out or be able to
375 buy our home. And in a lot of the colonias, you will
376 find a lot of flags and that's because a lot of their
377 children are in the military, and therefore they can
378 help Mom or Grandma get out and buy their own. So it's
379 very good program.

380

381 **Chad Landry (0:13:24):**

382 Oh, yeah, it's fantastic. Does all sorts of neat
383 things.

384

385 **Leo Vasquez III (0:13:28):**

386 Okay. Great. There's another related item coming up,
387 but so on this, does anyone else have any questions?

388

389 **Cindy Conroy (0:13:37):**

390 No

391

392 **Leo Vasquez III (0:13:27):**

393 If not, I'll entertain a motion on item 14 of the agenda
394 relating to the C-RAC members.

395

396 **Ajay Thomas (0:13:45):**

397 Mr. Chairman, I move the Board approve the appointment
398 to the Colonia Resident Advisory Committee the 18 Texas
399 colonia residents as described and authorized in the
400 Board action request, resolution, and associated
401 documents in this item.

402

403 **Holland Harper (0:13:58):**

404 Second.

405

406 **Leo Vasquez III (0:13:59):**

407 Motion made by Mr. Thomas. Seconded by Mr. Harper. All
408 those in favor say aye.

409

410 **All Board Members (0:14:02):**

411 Aye.

412

413

414

415 **Leo Vasquez III (0:14:03):**

416 Any opposed? Hearing none, motion carries. Moving
417 right along to item 15 of the agenda. Presentation,
418 discussion, and possible action on a Colonia Self-Help
419 Center Program award to Cameron County in accordance
420 with Texas Government Code Section 2306.582 through
421 Community Development Block Grant funding. Mr. Landry,
422 tell us about this.

423

424 **Chad Landry (0:14:27):**

425 Good morning, Chairman Vasquez and Board members. I am
426 once again Chad Landry, the manager of Single Family
427 Programs, and I am presenting agenda item 15 today,
428 which is a proposed award for the state fiscal year 2025
429 Colonia Self-Help Center Program.

430

431 The Colonia Self-Help Center Program is funded through
432 the Federal Community Development Block Grant Program
433 which is awarded to TDHCA through an MoU with the
434 Department of Agriculture. This program provides funds
435 to improve the quality of life for colonia residents in
436 selected counties along the Texas-Mexico border. The
437 proposed award I bring today is for Cameron County.

438

439 The Colonia Self-Help Center contracts have a term of
440 four years, and the proposed uses of these forms are
441 public services such as tool lending libraries and
442 technology access and self-help housing construction
443 activities like reconstruction, rehabilitation and new
444 construction for colonia residents.

445

446 As noted in the previous agenda item, the Colonia Self-
447 Help Center Program is unique among TDHCA's programs, in
448 that there is a committee made up of colonia residents
449 that reviews and recommends proposals, the C-RAC. C-RAC
450 convened a meeting on August 1st where they reviewed
451 this proposal and recommended to the Board that it award
452 this contract in full. We propose to award \$800,000 to
453 Cameron County. This award is further described in
454 Exhibit A. I'm happy to answer any questions.

455

456 **Leo Vasquez III (0:15:52):**

457 Okay. Great. And this is spread out over how many year
458 periods? It's for multi-families, correct?

459

460

461 **Chad Landry (0:16:01):**

462 Yeah. The contract is for four years, and this award is
463 split. It's got some 2020, what is it? 2025 and 2026
464 money going into it.

465

466 **Leo Vasquez III (0:16:15):**

467 Okay. Yeah. And it's not just all for one period.

468

469 **Chad Landry (0:16:20):**

470 Right.

471

472 **Leo Vasquez III (0:16:22):**

473 Okay. This is great. Do we have separate awards to
474 other counties, or how does that...

475

476 **Chad Landry (0:16:28):**

477 Yeah. It kind of cycles through the years. And so
478 there's about two each year that'll get a, we have eight
479 Colonias that we fund in every two years or every year
480 to get an award.

481

482

483

484 **Leo Vasquez III (0:16:45):**

485 Okay. Okay. Great. Any questions for Mr. Landry on
486 item 15? Hearing none, I'll entertain a motion on item
487 15 of the agenda.

488

489 **Anna Maria Farias (0:17:00):**

490 Mr. Chairman, I move the Board approve and authorize the
491 Executive Director and his designees to effectuate the
492 CDBG funding under the Colonia Self-Help Program to
493 Cameron County, all as described, conditioned, and
494 authorized in the Board action request, resolution, and
495 the associated exhibit on this item.

496

497 **Leo Vasquez III (0:17:23):**

498 Motion made by Ms. Farias. Is there a second?

499

500 **Cindy Conroy (0:17:25):**

501 I'll second.

502

503 **Leo Vasquez III (0:17:26):**

504 Second by Ms. Conroy. All those in favor say aye.

505

506

507 **All Board Members (0:17:29):**

508 Aye.

509

510 **Leo Vasquez III (0:17:29):**

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

512 Chad.

513

514 **Chad Landry (0:17:32):**

515 Okay. Thank you.

516

517 **Leo Vasquez III (0:17:34):**

518 Okay. Item 16. Presentation, discussion, and possible

519 action on program year 2025 Emergency Solutions Grants

520 Program awards. Ms. Falcon. It should be on.

521

522 **Rosy Falcon (0:17:50):**

523 All right. Good morning, Chair, members of the Board.

524 Rosy Falcon, Manager of Homeless Programs. Today I'll

525 be presenting the program year 2025 award

526 recommendations for the Emergency Solutions Grants

527 Program or ESG.

528

529 The ESG program is designed to assist people
530 experiencing homelessness or those at risk of
531 homelessness to quickly regain stability and permanent
532 housing. Program components include street outreach,
533 emergency shelter, rapid rehousing, and homelessness
534 prevention. In conjunction with that, subrecipients may
535 use funds related to the, or costs related to the
536 Homeless Management Information System, or HMIS, and any
537 administrative costs for administering this grant.

538

539 The Department received an allocation of just over \$10.3
540 million from HUD for this fiscal year. Of that amount,
541 approximately \$9.8 million was made available for award
542 through the ESG program, NOFA, which was approved for
543 release by the Board this May 8th. These funds were
544 distributed geographically across the 12 continuums of
545 care or CoC regions. And under the 2025 application
546 cycle, the Department reviewed and evaluated 35 eligible
547 applications for continuing awards. These totaled
548 approximately \$6.8 million. These awards support long-
549 term high-performing subrecipients of current Department
550 ESG funding.

551

552 During the regional competition, we received 79
553 applications with requests totaling just over \$10.2
554 million. These applications were evaluated for
555 eligibility, assigned a tiebreaker number, scored, and
556 ranked. Based on that process, we're presenting 26
557 applicants for recommendation of an award under the
558 regional competition. The results of both the
559 continuing awards and the regional competition are
560 included in your Board book as attachments to this item.
561 All applicants were notified of their final score and
562 given an opportunity to appeal.

563

564 The Department did receive appeals from two applicants
565 in response to the termination of their applications;
566 Need A Break and Nortex Regional Planning Commission.
567 Staff terminated Need A Break's application as their
568 submission was incomplete and also submitted after the
569 posted deadline. This appeal was reviewed and denied.
570 Nortex Regional Planning Commission was terminated due
571 to late caper reporting. After reviewing their appeal,
572 it was approved, and the application was reinstated for
573 evaluation.

574

575 All applicants went through the Department's previous
576 participation review and approval process, and the
577 results recommended approval with conditions for three
578 applicants; Family Gateway, Houston Area Women's Center,
579 and Project Vida. This was pending timely responses to
580 their single audit management letters. Since that
581 determination, both Project Vida and Family Gateway have
582 now met their conditions, and all other applicants are
583 recommended for approval with no conditions. With that,
584 my prepared remarks are concluded, and I'm happy to
585 answer any questions.

586

587 **Leo Vasquez III (0:21:04):**

588 Okay. So the Houston Area Women's Center is still
589 ending that, and it says what, response due by 16th?

590

591 **Rosy Falcon (0:21:10):**

592 Yes. I believe they have, right. They have until, I
593 believe, mid-September to submit a response.

594

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

596 Okay. So are we approving that conditionally assuming
597 they put in their paperwork?

598

599 **Rosy Falcon (0:21:23):**

600 Yes. That is the request. Right.

601

602 **Leo Vasquez III (0:21:25):**

603 Okay. I'm just going through scanning the recipients,
604 these are really where the rubber meets the road. It's
605 great to see the money's going up to these groups.

606

607 **Rosy Falcon (0:21:38):**

608 Yes. This year we did have a lot of response for these
609 funds and even in CoC areas that typically aren't
610 oversubscribed or highly competitive, this year we did
611 have to work right up until the end for board posting to
612 ensure that everybody had all their appeals processes,
613 understood the process, and were ready to review the
614 results of it, since there are some long-standing
615 subrecipients that we won't be funding fully and there's
616 a good mix of new subrecipients this year.

617

618

619

620

621 **Leo Vasquez III (0:22:05):**

622 Yeah. Great. Do any Board members have questions for
623 Ms. Falcon? If not, I'll entertain a motion on item 16
624 of the agenda.

625

626 **Holland Harper (0:22:17):**

627 I move the Board approve and authorize the Executive
628 Director and his designees to effectuate the Emergency
629 Solutions Grant funding as described, conditioned, and
630 authorizing the Board action request, resolution amounts
631 allocated on the ESG NOFA as detailed in the attachment
632 associated with this item.

633

634 **Leo Vasquez III (0:22:34):**

635 Thank you. Motion made by Mr. Harper. Is there a
636 second?

637

638 **Anna Maria Farias (0:22:39):**

639 Second.

640

641 **Leo Vasquez III (0:22:39):**

642 Seconded by Ms. Farias. All those in favor say aye.

643

644 **All Board Members (0:22:43):**

645 Aye.

646

647 **Leo Vasquez III (0:22:41):**

648 Any opposed? Hearing none, motion carries. Thanks,

649 Rosy. Item 17 of the agenda. By the way, I'm kind of

650 rushing through this because there's going to be a

651 longer part of this meeting later on, so you'll see.

652 Okay, item 17. Item 17. Report relating to the

653 conclusion of the 2024 noncompetitive 4 percent Housing

654 Tax Credit Program and an update on the 2025

655 noncompetitive 4 percent Housing Tax Credit Program.

656 Mr. Galvan.

657

658 **Jonathan Galvan (0:23:16):**

659 Good morning, Mr. Chairman, members of the Board. My

660 name is Jonathan Galvan. I'm the manager of the 4

661 percent Housing Tax Credit Program. Like you said, item

662 17 is a report relating to the conclusion of the 2024 4

663 percent Tax Credit Program and an update on the status

664 of the 2025, 4 percent Tax Credit Program year.

665

666 The 2024 Private Activity Bond Program ceiling amount
667 was \$3.8 billion, and as of December 19th, 2024,
668 eligible requests totaled approximately \$8.2 billion,
669 with much of the requests coming from multifamily
670 issuers. The 2024, 4 percent tax credit application log
671 is included as Exhibit A and reflects those applications
672 that were submitted to TDHCA between December 2023 and
673 December 2024 in conjunction with the issuance of bond
674 reservations from the Bond Review Board.

675

676 The 2024 application log reflects 53 applications that
677 have closed on their respective bond allocations. Those
678 projects that have closed represent 12,586 units and
679 over \$147 million in 4 percent housing tax credits.
680 Additionally, there are four applications that have been
681 approved and have had determination notices issued but
682 have yet to close. Altogether, when considering what is
683 closed and been approved, the total number of units is
684 13,631 and the total recommended tax credit amount is
685 approximately \$158 million.

686

687 Exhibit A also reflects the preapplications that were
688 received by TDHCA during the 2024 program year as well

689 as those applications that were submitted to TDHCA but
690 subsequently withdrawn. The 2024 program year has
691 concluded, and the figures represented in Exhibit A are
692 considered final.

693

694 Now looking at 2025. The 2025 Private Activity Bond
695 Program has an annual ceiling amount of approximately 4
696 billion, and as of August 1st, 2025, eligible requests
697 total approximately \$6.18 billion. Again, with much of
698 these requests coming from multifamily issuers. The
699 2025 application log is included as Exhibit B and
700 reflects those applications that were submitted to TDHCA
701 from January 2025 through September 2025 in conjunction
702 with the issuance of bond reservations from the Bond
703 Review Board.

704

705 Currently, there are 30 applications under review, 7
706 applications that have been approved but have yet to
707 close, and 16 applications that have closed on their
708 respective bond allocations. When considering what is
709 closed, been approved, and is currently active, the
710 total number of units is 11,007. Considering the recent
711 collapse of bond cap, staff expects several more 4

712 percent applications to be submitted to TDHCA in the
713 coming months. That concludes my report and I'm happy
714 to answer any questions.

715

716 **Leo Vasquez III (0:26:11):**

717 Okay. Thank you, Jonathan. Is there any, for the 2024
718 year, we were oversubscribed. Applications were over
719 two to one over the amount of funds that we had.

720

721 **Jonathan Galvan (0:26:25):**

722 Yeah.

723

724 **Leo Vasquez III (0:26:26):**

725 In 2025, it only seems to be one and a half times. Is
726 there any reason why that...

727

728 **Jonathan Galvan (0:26:30):**

729 That's true. I think just sort of uncertainty in the
730 national sphere more than anything, but the demand is
731 still there. Just some years...

732

733

734

735 **Leo Vasquez III (0:26:41):**

736 Well, still, we're oversubscribed, currently the way,
737 but...

738

739 **Jonathan Galvan (0:26:43):**

740 Exactly. Just some years they're a little more
741 oversubscribed than others, but yeah, pretty consistent.

742

743 **Leo Vasquez III (0:26:50):**

744 Okay. Do any other Board members have questions on this
745 report? Mr. Marchant?

746

747 **Kenny Marchant (0:26:55):**

748 Yeah. But the question I have, I think you answered.

749 So do people get turned down or do they just have an
750 application that's not prepared properly or?

751

752 **Jonathan Galvan (0:27:08):**

753 So they don't get turned down or declined or anything
754 like that. We work with them to get their applications
755 to the threshold requirements of the QAP. It's a little
756 different than the 9 percent program. We have a little
757 more leeway to get their applications in order.

758

759 **Kenny Marchant (0:27:29):**

760 But when he says it is two times oversubscribed, it

761 means you had more qualified applications or?

762

763 **Jonathan Galvan (0:27:37):**

764 That's just more applications in general...

765

766 **Leo Vasquez III (0:27:40)**

767 The waitlist is (indiscernible - simultaneous speech),

768 right?

769

770 **Jonathan Galvan (0:27:40):**

771 That was submitted to the Bond Review Board. Yeah.

772

773 **Kenny Marchant (0:27:43):**

774 Okay.

775

776 **Jonathan Galvan (0:27:44):**

777 For bond applications.

778

779

780

781 **Jonathan Galvan (0:27:44):**

782 So they're not declined unless they fail to check all
783 the boxes, but they're put on waitlist.

784

785 **Jonathan Galvan (0:27:51):**

786 Essentially. Yeah. And then they just work their way
787 down the list as far as bond reservations.

788

789 **Kenny Marchant (0:27:54):**

790 Capped by this bond allocation, right?

791

792 **Jonathan Galvan (0:27:57):**

793 Exactly, yeah.

794

795 **Kenny Marchant (0:27:58):**

796 Okay. Thank you.

797

798 **Leo Vasquez III (0:28:01):**

799 Okay. Thanks. Is there any other, are there any other
800 questions? So this is a report. It does not require a
801 motion. So thank you, Jonathan.

802

803

804 **Jonathan Galvan (0:28:13):**

805 Thank you.

806

807 **Leo Vasquez III (0:28:16):**

808 Moving right along. Item 18 of the agenda.

809 Presentation, discussion, and possible action on

810 approving new outside counsel contracts and delegation

811 of contract signature authority to the Executive

812 Director. Ms. Morales.

813

814 **Teresa Morales (0:28:29):**

815 Good morning. Teresa Morales, Director of Multifamily

816 Bonds. Item 18 is requesting Board approval of new

817 outside council contracts and delegation of authority to

818 the Executive Director.

819

820 The Department relies on outside legal counsel contracts

821 that cover six legal services. These include bond

822 counsel for single-family and multifamily programs, bond

823 tax counsel for single and multifamily programs,

824 disclosure counsel for single and multifamily programs,

825 document prep counsel for single-family and multifamily

826 programs, and housing tax credit counsel. These

827 contracts are made every two years, with the previous
828 contract expiring on August 31, 2025. New contracts can
829 only be formed with the permission of and through the
830 Office of the Attorney General.

831

832 The requests for qualifications, or RFQs, were published
833 in July. They were reviewed and scored by independent
834 committee members in August.

835

836 The committee selected Bracewell LLP to serve as bond
837 counsel and bond tax counsel for both single-family and
838 multifamily programs. Bracewell is the current provider
839 of these services and will stay on in that capacity.

840

841 The committee selected McCall, Parkhurst & Horton LLP to
842 serve as disclosure counsel, again, for both single-
843 family and multifamily programs. They are the current
844 provider of these services and will stay on in that
845 capacity.

846

847 Only one response to the single-family doc prep counsel
848 RFQ was submitted, and that is by the current firm
849 RAVDocs, and so they will stay on in that capacity as

850 well. No responses were received in response to the
851 multifamily document prep counsel or the housing tax
852 credit counsel. The current providers for those
853 services, however, have agreed to stay on in their
854 respective capacities. So that would be BBK will remain
855 as the multifamily document prep counsel and Bracewell
856 will remain as the housing tax credit counsel.

857

858 A request to retain has been filed with the Attorney
859 General's Office to issue contracts for signature with
860 an effective date of September 1st, 2025. Staff
861 requests that the Board approve the award of outside
862 counsel contracts and delegates to the Executive
863 Director the authority to sign such contracts as
864 approved by the Office of the Attorney General. That
865 concludes my remarks.

866

867 **Leo Vasquez III (0:31:07):**

868 Okay. Thank you, Teresa. So this is usually the
869 questions I send to Mr. Fletcher. Did we maintain
870 pricing or get any more favorable pricing on any of
871 these?

872

873 **Teresa Morales (0:31:20):**

874 The amount that will be reflected as far as a not to
875 exceed amount in the contract, I'm assuming that you're
876 specifically referring to bond counsel and perhaps tax
877 counsel, that not to exceed amount will not materially
878 be any different than what we've been operating under
879 for the past two years. So it's still in line with what
880 the Board has historically approved.

881

882 **Leo Vasquez III (0:31:46):**

883 Okay.

884

885 **Teresa Morales (0:31:47):**

886 However, I will note that in their RFQ response, they
887 did provide significant detail as far as how that
888 pricing has continually decreased with the activity,
889 particularly as it relates to the single-family
890 programs.

891

892 **Leo Vasquez III (0:32:05):**

893 Okay. Again, we're just trying to continually make it a
894 little bit more economically efficient for the
895 activities.

896

897 **Teresa Morales (0:32:12):**

898 Understood.

899

900 **Leo Vasquez III (0:32:13):**

901 Do any Board members have questions for Ms. Morales on
902 this item?

903

904 **Ajay Thomas (0:32:18):**

905 Not a question, but a comment, Mr. Chairman. So I
906 believe, just to clarify, in talking to Mr. Fletcher,
907 and he's not here to correct me if I'm wrong, but I
908 believe that the not to exceed number and reason the fee
909 was competitive was, it is a not to exceed number and
910 that remained in line. But there are efficiencies in
911 the way that we're doing the transactional work.

912

913 **Teresa Morales (0:32:40):**

914 That is correct.

915

916

917

918

919 **Ajay Thomas (0:32:40):**

920 So that we should benefit as the agency from a lower
921 total fee expended because of the efficiencies, if we do
922 multiple deals, correct?

923

924 **Teresa Morales (0:32:47):**

925 Efficiency is created. Correct.

926

927 **Ajay Thomas (0:32:50):**

928 Thank you.

929

930 **Leo Vasquez III (0:32:50):**

931 Thank you for that clarification. Anyone else? Okay.

932 Then hearing none, I'll entertain a motion on item 18 of
933 the agenda.

934

935 **Holland Harper (0:33:02):**

936 I move the Board approve the outside counsel contracts
937 as described in the Board action, request, and
938 resolution of this item and delegate the signature for
939 the Executive Director to enter into such contracts when
940 they're received from the office of the Texas Attorney
941 General.

942

943 **Anna Maria Farias (0:33:15):**

944 Second.

945

946 **Leo Vasquez III (0:33:16):**

947 Thank you. Motion made by Mr. Harper. Seconded by Ms.

948 Farias. All those in favor say aye.

949

950 **All Board Members (0:33:20):**

951 Aye.

952

953 **Leo Vasquez III (0:33:21):**

954 Any opposed? Hearing none, motion carries. Thanks,

955 Teresa.

956

957 **Teresa Morales (0:33:24):**

958 Thank you.

959

960 **Leo Vasquez III (0:33:25):**

961 Thank you, Teresa. Item 19 of the agenda.

962 Presentation, discussion, and possible action regarding

963 a material amendment to the housing tax credit

964 application for The Bryan. Mr. Banuelos.

965

966 **Rosalio Banuelos (0:33:37):**

967 Good morning. Rosalio Banuelos, Director of Asset
968 Management. Bryan was approved for a 9 percent housing
969 tax credit award in 2024 for the construction of 113
970 units, all of which are designated as low-income units
971 for the elderly population in Mission, Hidalgo County.
972 The applicant has now requested approval for a material
973 amendment to the application for a reduction to the
974 number of units, reductions to the net rentable area and
975 common area, and other changes to the site plan. A
976 request for reallocation of tax credits under force
977 majeure will also be presented separately from this
978 amendment.

979

980 For this amendment, the applicant proposes a 19.47
981 reduction in the number of units going from 113 to 91
982 units which will decrease the one-bedroom units by 13
983 and eliminate all 9 of the two-bedroom units, resulting
984 in all one-bedroom units for the development. This
985 change would also result in a revision to the rent and
986 income restrictions from 12 units at 30 percent of area
987 median income, 23 units at 50 percent AMI, and 78 units

988 at 60 percent AMI to 12 units at 30 percent, 19 units at
989 50 percent, and 62 units at 60 percent.

990

991 The reduction to the number of units and a minor
992 reduction to the unit square footages will result in a
993 reduction of 18,971 square feet or 24.03 percent in net
994 rental area, going from 78,962 square feet to 59,991
995 square feet. Additionally, there will be a 4,046 square
996 feet or 11.16 percent decrease to the common area, going
997 from 36,000 square feet to 32,214 square feet. The area
998 of the development site will decrease from 3.98 acres,
999 which included a 3.74-acre site on which the building
1000 would be located and 0.2386-acre access easement to a
1001 total of 3.59 acres of total development site area
1002 consisting of 3.16 acres on which the building will be
1003 located and 0.43 acre in access easements. The change
1004 to the acreage and the reduction to the number of units
1005 will result in a 10.72 decrease to the residential
1006 density going from 28.39 units per acre to 25.35 units
1007 per acre. Additionally, the number of parking spaces is
1008 reduced from 116 to 95, and the applicant indicates that
1009 this continues to meet the requirements from the City of
1010 Mission.

1011

1012 The applicant indicated that this request is a result of
1013 increases in construction costs partially attributable
1014 to uncertainty concerning tariffs on key building
1015 materials, declining equity pricing, and rising interest
1016 rates, which have created a substantial budget gap. As
1017 a result of the construction cost increases, the
1018 developer requires a larger loan to close the funding
1019 gap. However, the interest rate has increased from 6.25
1020 percent at application to 7.1 percent during
1021 construction, and 6.88 percent during the permanent
1022 period.

1023

1024 The applicant also indicates that credit pricing has
1025 been negatively affected by reduction to corporate tax
1026 rates and the saturation of energy credits in the
1027 market. At the time of the award in 2024, the
1028 syndication rate was 90 cents per tax credit dollar,
1029 while the highest offer by law now is 84 cents.

1030

1031 The applicant stated that it was not possible to regain
1032 feasibility and meet underwriting thresholds without
1033 reducing the number of units, and removal of the two-

1034 bedroom units was the best way to reduce construction
1035 cost. The applicant provided letters from the lender
1036 and the syndicator indicating that the proposed changes
1037 will strengthen the feasibility of the development. A
1038 letter of support from the City of Mission was also
1039 provided.

1040

1041 The applicant pointed out that although the 19.47
1042 percent reduction in low-income units, a larger
1043 reduction than the Board has approved in the past, a 100
1044 percent property tax exemption is not being requested
1045 for this development as has been requested for other
1046 developments which the Department has approved smaller
1047 percentages of low-income unit reductions.

1048

1049 In addition to the amendment to the design, the
1050 applicant has requested approval to add the Cesar Chavez
1051 Foundation as a guarantor. Rufino Contreras Affordable
1052 Housing Corporation, which is the Texas affiliate of
1053 Cesar Chavez Foundation, was included as the guarantor
1054 in the original application. Staff reviewed the
1055 application and scoring documentation against this
1056 amendment and concluded that the requested changes would

1057 have resulted in the development not likely having been
1058 selected for a housing tax credit award in the
1059 competitive round.

1060

1061 Staff recommends approval of the change to the acreage
1062 and the additional guarantor for which the previous
1063 participation has been cleared if the development can
1064 remain feasible. But staff recommends denial of the
1065 amendment for the 19.47 reduction to the number of low-
1066 income units going from 113 to 91 units.

1067

1068 If the Board elects to approve the reduction to the
1069 number of units, the approval should be subject to
1070 underwriting by the Department to confirm that the
1071 development remains feasible with the proposed
1072 modifications. If the amendment is denied, the Board
1073 may also rescind the allocation of housing tax credits
1074 and reallocate the credits to other applicants in
1075 accordance with statute and the qualified allocation
1076 plan. That concludes my comments and I'm available for
1077 questions.

1078

1079

1080 **Leo Vasquez III (0:38:35):**

1081 Okay. So they're requesting an almost 20 percent
1082 reduction in the number of affordable units that they
1083 had promised.

1084

1085 **Rosalio Banuelos (0:38:45):**

1086 Yes.

1087

1088 **Bobby Wilkinson (0:38:47):**

1089 So staff recommendation is to deny that request and
1090 agree to the other...

1091

1092 **Leo Vasquez III (0:38:51):**

1093 Yeah. The other parts.

1094

1095 **Bobby Wilkinson (0:38:52):**

1096 Density change, whatever, and parking spaces.

1097

1098 **Leo Vasquez III (0:38:57):**

1099 Is there a representative presence from the developer
1100 that wishes to explain? And I'll entertain a motion
1101 for, even in the absence of Mr. Eccles, we will

1102 entertain a motion to receive public comment in today's
1103 meeting.

1104

1105 **Holland Harper (0:39:18):**

1106 Second.

1107

1108 **Ajay Thomas (0:39:20):**

1109 Mr. Chairman, I move that the Board allow for public
1110 comment on agenda item 19 and all subsequent agenda
1111 items in this meeting.

1112

1113 **Holland Harper (0:39:27):**

1114 Second.

1115

1116 **Leo Vasquez III (0:39:28):**

1117 Motion made by Mr. Thomas. Seconded by Mr. Harper. All
1118 those in favor say aye.

1119

1120 **All Board Members (0:39:31):**

1121 Aye.

1122

1123

1124

1125 **Leo Vasquez III (0:39:3w) :**

1126 Any opposed? Hearing none, motion carries. Okay.

1127 Where do we have the sign-in sheet? Okay. So everyone,
1128 when you come up, there's a sign-in sheet over here. Be
1129 sure to identify yourself and who you're representing or
1130 the organization or entity or yourselves. And feel free
1131 to adjust the microphone height depending on how tall
1132 you or short you are. Okay. Yes, sir.

1133

1134 **Alfredo Izmajtovich (0:40:02) :**

1135 All right. Very good. Honorable President Vasquez and
1136 TDHC board, thank you for letting me present. My name
1137 is Alfredo Izmajtovich and I'm the Executive Vice
1138 President of the Cesar Chavez Foundation. I'm here to
1139 speak in favor of the amendment to The Bryan, our senior
1140 project in Mission.

1141

1142 As the Board is well aware, the development environment
1143 has been very challenging over the last few years with
1144 inflationary pressures on construction costs, declining
1145 equity pricing, increased interest rates, tariffs coming
1146 and going. No one's really sure of the impact of those
1147 yet. And because of all of that, we, as a developer who

1148 does quite a bit of development throughout the southwest
1149 United States, recognized that we had an issue when we
1150 got the award. We were very happy to have that award,
1151 but when we started really evaluating the construction
1152 costs and the feasibility of the project, it became very
1153 clear early on that we had a huge issue and that we were
1154 going to have a challenge with filling the gap that was
1155 being created by these forces.

1156

1157 We worked with the City of Mission, County of Hidalgo,
1158 reached out to several other contractors, even though we
1159 are a contractor, to verify if we were off on our
1160 numbers, and everyone was basically saying, yeah, you're
1161 pretty accurate on where your estimates are coming in
1162 at. So at that point, we had to make some really
1163 critical choices. And we looked at, should we ask for
1164 full tax exemption, should we reduce the scope of the
1165 project? What is the best path forward to present
1166 something that could work? And after all the numerous
1167 discussions, we thought the best thing to do was to
1168 reduce the scope of the project. We still have a gap
1169 even with this reduction, but my board has agreed to
1170 fund that gap to allow us to move forward with no

1171 developer fee, build the units that are much needed in
1172 this community, and continue the work that we do.

1173

1174 We already have a presence in the Rio Grande Valley.

1175 This would be our fourth development there, and we
1176 strongly believe these units would be a great asset to
1177 that community. We have been working through various
1178 means to make this project viable, and we believe this
1179 is probably the best way forward.

1180

1181 As I stated, we've evaluated multiple avenues and
1182 unfortunately, given the state of how things are, we
1183 think this would allow us to proceed, allow us to create
1184 91 high quality, deeply affordable units that would
1185 benefit this community, and we believe it's the right
1186 thing to do. And so I'm hopeful that the Board will
1187 take that into consideration when looking at this
1188 amendment.

1189

1190 **Leo Vasquez III (0:42:47):**

1191 Okay. Thank you. So is the Cesar Chavez Foundation,
1192 part of the original application?

1193

1194 **Alfredo Izmajtovich (0:42:54):**

1195 Yes. We're the developer. Yes, that's correct.

1196

1197 **Leo Vasquez III (0:43:01):**

1198 You understand that, well, you're somewhat fighting

1199 ghosts of applications past from others.

1200

1201 **Alfredo Izmajtovich (0:43:08):**

1202 Yeah, no, I understand.

1203

1204 **Leo Vasquez III (0:43:10):**

1205 And a 20 percent, rounded to 20 percent reduction,

1206 19.47, whatever, that doubles the unwritten kind of

1207 maximum acceptable reduction that I think the Board has

1208 entertained.

1209

1210 **Alfredo Izmajtovich (0:43:31):**

1211 Right. No.

1212

1213 **Leo Vasquez III (0:43:32):**

1214 And we find that very difficult. Right now, knowing

1215 that there's so many other people here in this room and

1216 throughout the state that were awarded in 2024 the same
1217 as you all.

1218

1219 **Alfredo Izmajtovich (0:43:45):**

1220 Right.

1221

1222 **Leo Vasquez III (0:43:46):**

1223 And they're finding ways to make it work, bring in extra
1224 capital from somewhere.

1225

1226 **Alfredo Izmajtovich (0:43:53):**

1227 And we're doing the same in terms of bringing extra
1228 capital, we're filling the gap.

1229

1230 **Leo Vasquez III (0:43:56):**

1231 But we're not reducing 20 percent.

1232

1233 **Alfredo Izmajtovich (0:43:58):**

1234 Right.

1235

1236 **Leo Vasquez III (0:43:58):**

1237 And it's not just overall unit. It's affordable, 20
1238 percent of the affordable units that were presented to

1239 us from the very beginning. And I think Mr. Banuelos
1240 said that if y'all didn't have those extra 20 percent of
1241 the units, you probably would not have received the
1242 award in the first place, and would have gone to a more
1243 viable project. I look forward to hearing from other
1244 Board members here, but just, 84 cents, is that what
1245 y'all were saying that you're getting on the tax
1246 credits?

1247

1248 **Alfredo Izmajtovich (0:44:40):**

1249 I guess I would offer this alternative in terms of how
1250 you look at it. You're given a range of choices on
1251 things to do. We looked at all of them, including the
1252 full tax exemption. But we recognize in this area, in
1253 the Rio Grande Valley, that's very, very difficult for
1254 these local jurisdictions to handle. Rather than do
1255 that, we thought it made more sense to reduce the scope
1256 of the project, reduce the size of the land, and the
1257 land seller agreed to reduce the size of the original
1258 parcel. Everyone contributing, trying to make this
1259 viable, including my board, committing to fund this gap.
1260

1261 From our perspective, that was the best, least impactful
1262 in a negative way to the local jurisdictions and still
1263 allow us to create high quality affordable housing on
1264 this site. Recognizing that we are asking a lot, but
1265 again my board has stepped up and said, we want this, we
1266 support this, and we're willing to fund this and move it
1267 forward versus having it just die and then obviously not
1268 getting the units. So from that perspective, that's
1269 what we're thinking is the best way forward, and that's
1270 why we're requesting this amendment. And again, thank
1271 you for that consideration.

1272

1273 **Leo Vasquez III (0:45:53):**

1274 Okay. Let me allow, Vice Chairman, please.

1275

1276 **Kenny Marchant (0:45:58):**

1277 How many tax credits are involved in this project?

1278

1279 **Alfredo Izmajtovich (0:46:02):**

1280 I'm sorry?

1281

1282 **Kenny Marchant (0:46:03):**

1283 How many, I guess...

1284

1285 **Leo Vasquez III (0:46:04):**

1286 The dollar amount, or?

1287

1288 **Kenny Marchant (0:46:06):**

1289 How many tax credits are being awarded in this contract?

1290 In this...

1291

1292 **Alfredo Izmajtovich (0:46:10):**

1293 I believe it's the standard, the 2 million per year.

1294

1295 **Kenny Marchant (0:46:14):**

1296 2 million for 90 affordable units.

1297

1298 **Alfredo Izmajtovich (0:46:16):**

1299 Yeah. The ten years for the 20 million.

1300

1301 **Kenny Marchant (0:46:18):**

1302 Okay. How many at market units will be left in this

1303 project?

1304

1305 **Alfredo Izmajtovich (0:46:23):**

1306 Zero.

1307

1308 **Kenny Marchant (0:46:24):**

1309 Zero.

1310

1311 **Leo Vasquez III (0:46:22):**

1312 It's all affordable.

1313

1314 **Alfredo Izmajtovich (0:46:26):**

1315 It's all affordable, yeah.

1316

1317 **Kenny Marchant (0:46:27):**

1318 Okay. And I guess I can ask this of Cody. Are there

1319 other projects that would be able to step into the steps

1320 of this project if it were not approved? Are there

1321 backups? Is there a backup?

1322

1323 **Cody Campbell (0:46:45):**

1324 Thank you. Cody Campbell, Director of Multifamily

1325 Programs. So once we get to the end of the calendar

1326 year, all of that year's applications expire, so we

1327 wouldn't go back to 2024 to find the new application.

1328 What we would do is if we got these credits back, we

1329 would first attempt to return them to that subregion

1330 this year. So we would look to see if we have any
1331 applications that are waiting, and if not, they would go
1332 to what's called the statewide collapse, which is where
1333 they go to another underserved area of the state. So
1334 yes, there is a project in line that will take this
1335 money. I just can't tell you off the top of my head
1336 where it would be.

1337

1338 **Kenny Marchant (0:47:20):**

1339 But there is a...

1340

1341 **Cody Campbell (0:47:21):**

1342 There is a project, yes.

1343

1344 **Kenny Marchant (0:47:21):**

1345 Somebody who can step in this.

1346

1347 **Cody Campbell (0:47:23):**

1348 Yes.

1349

1350 **Kenny Marchant (0:47:24):**

1351 Okay. Thank you. Is the land acquired?

1352

1353 **Alfredo Izmajtovich (0:47:30):**

1354 No. We are still...

1355

1356 **Kenny Marchant (0:47:30):**

1357 So there's nobody (indiscernible - simultaneous speech).

1358 other than you.

1359

1360 **Jonathan Galvan (0:47:32):**

1361 Yeah. We extended the escrow, and the seller has been

1362 cooperative. Yes.

1363

1364 **Kenny Marchant (0:47:35):**

1365 So basically, if we allow somebody else to step in and

1366 take this position, we would get compliance, we'd get

1367 units. Okay. Thank you.

1368

1369 **Alfredo Izmajtovich (0:47:48):**

1370 Yes.

1371

1372 **Leo Vasquez III (0:47:52):**

1373 Any other Board members have questions? I just got...

1374

1375

1376 **Bobby Wilkinson (0:47:56):**

1377 And note this is related, when we were talking about our
1378 incentive for quantity of units, they elected for the
1379 bump to get the scoring and now they're in trouble. We
1380 haven't seen other asks for 2024 reductions this size.
1381 I don't know if this is the beginning of a little wave
1382 or a one-off. Just food for thought. But yeah, we'll
1383 use the tax credits one way or another.

1384

1385 **Leo Vasquez III (0:48:22):**

1386 Okay. And this may be a question for Rosalio or maybe
1387 Megan. So if the Board went with staff's recommendation
1388 and again the adjustments to the size and guarantor, I
1389 mean, the lot size, the land sizing guarantor, that's
1390 fine. That's not too, it's not a problem. But the
1391 reduction in the number of units, staff, is recommending
1392 now that you accept that. And I know I'm, personally
1393 have a problem with that.

1394

1395 If we go with staff's recommendation, accept the other
1396 material changes but deny the reduction of 20 percent,
1397 they still have through the end of the year to figure

1398 out a solution the end of 2025; is that correct? Cody
1399 or Rosalio or anyone.

1400

1401 **Rosalio Banuelos (0:49:35):**

1402 I believe this project is also requesting a reallocation
1403 under force majeure. So they are asking for additional
1404 time as well. But if staff recommendation is approved,
1405 then it would be back to the developer to try to make
1406 the project work, and it would be up to them to decide
1407 if they return the credits or go back and restructure
1408 the development to come back with something that maybe
1409 the Board could approve. Alternatively, the Board could
1410 take away the credits.

1411

1412 **Bobby Wilkinson (0:50:04):**

1413 Also that you're asking for force majeure later in the
1414 same agenda.

1415

1416 **Rosalio Banuelos (0:50:07):**

1417 It is later in the same agenda.

1418

1419

1420

1421 **Bobby Wilkinson (0:50:09):**

1422 Okay. So I guess to the developer, if you don't get the
1423 reduction in units, would you still ask for the force
1424 majeure or would you the deal be dead?

1425

1426 **Alfredo Izmajtovich (0:50:18):**

1427 I would believe the deal would be dead.

1428

1429 **Bobby Wilkinson (0:50:19):**

1430 Okay.

1431

1432 **Leo Vasquez III (0:50:20):**

1433 Although technically speaking, that is my question.

1434 Whether if we go with staff's recommendation which does
1435 not allow for the reduction in the number of units, it's
1436 not dead today. You still have, they still have time to
1437 figure out a solution before the end of the year. I
1438 guess I'm asking staff just is that legally technically
1439 the, haven't killed it by...

1440

1441 **Bobby Wilkinson (0:50:48):**

1442 Current placed in-service deadline before the force
1443 majeure would be December 2026, right?

1444

1445 **Alfredo Izmajtovich (0:50:54):**

1446 Correct.

1447

1448 **Bobby Wilkinson (0:50:54):**

1449 Right, yeah.

1450

1451 **Leo Vasquez III (0:50:55):**

1452 Okay. Then they're. Yeah, well, it won't be able get

1453 it done in time.

1454

1455 **Bobby Wilkinson (0:50:59):**

1456 Technically, you could also just yank the credits right

1457 now.

1458

1459 **Kenny Marchant (0:51:03):**

1460 Mr. Chairman, could I ask one more question, please?

1461

1462 **Leo Vasquez III (0:51:05):**

1463 Yes, please.

1464

1465 **Kenny Marchant (0:51:07):**

1466 What is the ownership structure of this project?

1467

1468 **Alfredo Izmajtovich (0:51:12):**

1469 Well, we're a nonprofit, and it's traditional LP
1470 structure. We have an investor; we're purchasing the
1471 credits, and we'll be the GP.

1472

1473 **Kenny Marchant (0:51:22):**

1474 Because you have an outside investor.

1475

1476 **Alfredo Izmajtovich (0:51:24):**

1477 Yes. And they're here now. Again, as I said, we've
1478 been working diligently with them and our lender, and
1479 everybody's ready to go if we get the approved.

1480

1481 **Leo Vasquez III (0:51:36):**

1482 But we are defining the investor as the investor in the
1483 tax credits.

1484

1485 **Alfredo Izmajtovich (0:51:39):**

1486 Correct.

1487

1488

1489

1490 **Leo Vasquez III (0:51:40):**

1491 Okay. So it's not like just additional cash equity and
1492 all of that.

1493

1494 **Alfredo Izmajtovich (0:51:44):**

1495 No. No, we're the ones as a developer providing the cash
1496 in the gap. Yes.

1497

1498 **Leo Vasquez III (0:51:48):**

1499 Okay. All right.

1500

1501 **Kenny Marchant (0:51:51):**

1502 Well, is this a community-based development?

1503

1504 **Alfredo Izmajtovich (0:51:57):**

1505 Well, the Cesar Chavez Foundation is a regional
1506 nonprofit that we develop in five states. People are
1507 familiar with our founder, Cesar Chavez, and what he
1508 stood for. What the people don't know is that he also
1509 created a nonprofit back in the '60s that was there to
1510 help with all the other problems in the community.

1511

1512

1513 **Kenny Marchant (0:52:16):**

1514 But you are the developer, correct?

1515

1516 **Alfredo Izmajtovich (0:52:17):**

1517 Correct. That's right.

1518

1519 **Kenny Marchant (0:52:18):**

1520 I'm trying to figure out who are the community people

1521 involved in it.

1522

1523 **Alfredo Izmajtovich (0:52:24):**

1524 We are based, we have, like I said, developments in the

1525 Rio Grande Valley. We have a history there, yes. No,

1526 we are not local.

1527

1528 **Kenny Marchant (0:52:31):**

1529 No housing authority, no local government, no, none of

1530 that.

1531

1532 **Alfredo Izmajtovich (0:52:36):**

1533 We do not have a government partner on this project, no.

1534

1535

1536 **Kenny Marchant (0:52:40):**

1537 Okay.

1538

1539 **Leo Vasquez III (0:52:46):**

1540 Okay. Is there anyone else that wants to speak on

1541 behalf of the applicant?

1542

1543 **Alfredo Izmajtovich (0:52:51):**

1544 Well, we have, like I said, our financial partner, and

1545 we also have the City of Mission center representative

1546 as well.

1547

1548 **Leo Vasquez III (0:52:59):**

1549 Okay. And by the way, I forgot to, oh no, you can go

1550 ahead, and thanks, Alfredo. We do have a little timer

1551 some place, right?

1552

1553 **Holland Harper (0:53:08):**

1554 Right here.

1555

1556 **Leo Vasquez III (0:53:09):**

1557 Okay. All right. Okay. Okay. You have three minutes

1558 to speak. You don't have to use all three minutes, and

1559 there will be a little buzzer if it comes up. So
1560 introduce yourself.

1561

1562 **Davonne Lewis (0:53:21):**

1563 Good morning and thank you for allowing me to speak. I
1564 am here from Boston Financial. My name is Davonne
1565 Lewis. We're one of the largest owners of affordable
1566 apartments in the United States and have partnered with
1567 Cesar Chavez Foundation on previous developments. And
1568 so I'm here to speak in a privilege of the amendment
1569 request for the development. And we are on board and
1570 ready to proceed to expedite a closing by the end of the
1571 year if this amendment is granted.

1572

1573 **Leo Vasquez III (0:53:55):**

1574 Okay. So y'all the ones who are willing to buy the
1575 credits at 84 cents?

1576

1577 **Davonne Lewis (0:54:02):**

1578 That's right. That's right.

1579

1580 **Leo Vasquez III (0:54:03):**

1581 Why not 90?

1582

1583 **Davonne Lewis (0:54:05):**

1584 It started at 90. However, I personally have not worked
1585 directly on this deal, so I can't give you specifics as
1586 to why it dropped, but it's part of the environment.

1587 The Big Beautiful Bill has increased supply of
1588 affordable housing and has also reduced renewable energy
1589 credits, which is an alternative capital outlet and a
1590 competing credit to the tax credit industry, so that's
1591 why pricing went down. But if you need more
1592 information, I can get with the Boston Financial team
1593 and...

1594

1595 **Kenny Marchant (0:54:44):**

1596 So the reason you're giving less money is because of the
1597 Big Beautiful Bill?

1598

1599 **Davonne Lewis (0:54:49):**

1600 No. The reduction in pricing from 90 cents to 84 cents.

1601

1602

1603

1604

1605 **Kenny Marchant (0:54:53):**

1606 You're giving. So the project, if you gave the
1607 traditional amount for this fund, would the project
1608 still be viable?

1609

1610 **Davonne Lewis (0:55:04):**

1611 I can't answer that. I don't know if somebody from
1612 the...

1613

1614 **Jose Vargas (0:55:07):**

1615 I believe at 90 cents it will still get challenged.

1616

1617 **Leo Vasquez III (0:55:10):**

1618 I'm sorry, if you're speaking, we need to have you on
1619 the microphone because...

1620

1621 **Kenny Marchant (0:55:13):**

1622 I'll withdraw the question. I'll withdraw the question
1623 for the sake of time.

1624

1625 **Davonne Lewis (0:55:22):**

1626 I'm here to say we're in support of it, and we can on
1627 our end do what it takes to get this development built.

1628

1629 **Leo Vasquez III (0:55:31):**

1630 Other than increasing the amount you pay for tax

1631 credits.

1632

1633 **Davonne Lewis (0:55:34):**

1634 Yes. Yes, sir.

1635

1636 **Leo Vasquez III (0:55:36):**

1637 Okay.

1638

1639 **Bobby Wilkinson (0:55:42):**

1640 I don't think she could make that decision. To be fair

1641 to her, this is not about one firm or project, and it's

1642 not even about Texas. It's a national issue. It's

1643 probably some more issues than just the increased supply

1644 in LIHTC, there's other tax credits and economic issues,

1645 whatever. And so it's hard to say, but, yeah, lower

1646 credit pricing has been a problem for a lot of these

1647 folks.

1648

1649

1650

1651 **Leo Vasquez III (0:55:59):**

1652 Yeah. And we do recognize that there are, the Big Bill
1653 has been able to issue more types of tax credits for
1654 investment, so the supply has increased. That's, in
1655 some cases, lowering pricing. Okay. Thank you, Ms.
1656 Lewis. Is there any other...

1657

1658 **Jose Vargas (0:56:45):**

1659 Good morning, Chairman Vasquez and members of the Board.
1660 Thank you for allowing us to speak before you this
1661 morning. I am the vice chair of the City of Mission
1662 Economic Development Council, and I just would like to
1663 express that there is...

1664

1665 **Leo Vasquez III (0:57:01):**

1666 I'm sorry. Can you state your name for the record?

1667

1668 **Jose Vargas (0:57:03):**

1669 Joe Vargas. I'm sorry.

1670

1671 **Leo Vasquez III (0:57:04):**

1672 Joe Vargas. Okay.

1673

1674 **Jose Vargas (0:57:05) :**

1675 Yes. Just like to express that there is a great need
1676 for the affordable housing in our City of Mission. When
1677 the representatives from the developer met with the city
1678 about this project, we were very supportive of their
1679 project for our city. We are excited about The Bryan
1680 project having received the award for housing tax
1681 credits because it would be a new construction
1682 development adding new affordable units to the city
1683 since our city has not received any affordable credit
1684 unit since 2017.

1685

1686 So we've had several discussions with the developer
1687 since the award and understand the financial challenges
1688 concerning the development given the current economy.
1689 They have come up to us with a proposal to reduce the
1690 number of units while at the same time preserving the
1691 tax revenue for the City of Mission. I understand that
1692 many developers have asked cities to become part owners
1693 of their properties in order to receive 100 percent tax
1694 exemption.

1695

1696 With this amendment, which is before you, the City of
1697 Mission does not need to do that. Therefore, the city
1698 will still receive the property tax revenue. If
1699 constructed, the Bryan Project will stand as a prominent
1700 location in the City of Mission. From the architectural
1701 renderings that I have had the pleasure of seeing, which
1702 have been provided, we are confident that it is still
1703 very attractive to our region, very much needed for our
1704 city and providing much needed affordable housing and
1705 services for our seniors of our community.

1706

1707 Our city council and mayor and Planning and Zoning did
1708 meet on February the 12th of 2024. Resolution 1889 was
1709 adopted and passed unanimously by our board allowing for
1710 the reduction to take place, and still the rendering was
1711 very much accepted and approved by our council and our
1712 mayor. We are before you asking that this amendment
1713 request, 24168, for The Bryan be approved as again, this
1714 is a very much needed housing for our senior citizens of
1715 our region and the City of Mission. Thank you for your
1716 time.

1717

1718

1719 **Leo Vasquez III (0:59:33):**

1720 Okay. Thank you, Mr. Vargas. And I apologize if this
1721 sounds harsh.

1722

1723 **Jose Vargas (0:59:57):**

1724 Yes.

1725

1726 **Leo Vasquez III (0:59:38):**

1727 It's not against you personally. But what I just heard
1728 you say is that the City of Mission and I guess by
1729 extension the Economic Development Corporation is saying
1730 rah, rah, this sounds great, but no one's putting much
1731 skin in the game to help actually fund the construction
1732 of this. Is that correct? I didn't hear any, we really
1733 want this. This is important to us. We're going to
1734 give some sort of economic development incentive or
1735 anything, except for yay, we like this.

1736

1737 **Jose Vargas (1:00:11):**

1738 Absolutely.

1739

1740 **Leo Vasquez III (1:00:11):**

1741 The pictures are pretty.

1742

1743 **Jose Vargas (1:00:14):**

1744 And, Chairman, just so that I, to answer that
1745 truthfully, the developer has not approached us for any
1746 incentive, nor have they ever indicated asking for
1747 anything.

1748

1749 **Leo Vasquez III (1:00:27):**

1750 If they did, do you think, could the city or economic
1751 development chip in?

1752

1753 **Jose Vargas (1:00:33):**

1754 There could be a possibility. I cannot ask, I cannot
1755 speak on behalf of the council of what they would decide
1756 upon that item being brought before them. Historically,
1757 other developments have received help, so I can't say
1758 that historically we have not. We have. But in this
1759 particular project, they have not requested such
1760 incentives.

1761

1762 **Leo Vasquez III (1:00:58):**

1763 So does it seem plausible that if the foundation
1764 redoubled its fundraising efforts to, say, help save

1765 this project and the city chipped in some or the
1766 economic development, we could save 10, 15 units and
1767 just, you're not committing to anything. But doesn't
1768 that seem like a reasonable thought?

1769

1770 **Jose Vargas (1:01:20):**

1771 Seems very reasonable. And I certainly understand the
1772 Chairman's comment. And again, hypothetically, I can't
1773 respond to that as a hypothetical, but in being on this
1774 board myself and being the vice chair, I can tell you
1775 that when other projects similar to this have come
1776 before us, again, none associated with this particular
1777 board, it could be other type of programs that would
1778 impact the housing economy or the housing industry, we
1779 have been very supportive of them in the past as well.
1780 Both from the EDC side and also from the city.

1781

1782 **Leo Vasquez III (1:02:02):**

1783 Okay. Thank you, Mr. Vargas.

1784

1785 **Jose Vargas (1:02:04):**

1786 Yes, sir.

1787

1788 **Leo Vasquez III (1:02:06):**

1789 Okay. No, go ahead. I think we have one, I want to try
1790 to wrap this up and get to a motion here.

1791

1792 **Kathryn Saar (1:02:14):**

1793 Sure.

1794

1795 **Leo Vasquez III (1:02:14):**

1796 So go ahead.

1797

1798 **Kathryn Saar (1:02:16):**

1799 Kathryn Saar with the Brownstone Group out of Houston.

1800 I just want to correct one thing that was just said.

1801 There is a deal in Mission that is currently under

1802 construction that we're working on. So Mission has

1803 received an allocation of credits. The City of Mission.

1804

1805 **Bobby Wilkinson (1:02:33):**

1806 2024 round, or?

1807

1808 **Kathryn Saar (1:02:34):**

1809 That's correct.

1810

1811 **Bobby Wilkinson (1:02:34):**

1812 How many units?

1813

1814 **Kathryn Saar (1:02:36):**

1815 100. It was in the at-risk pool, so we weren't

1816 subjected to the quantity of low-income unit scoring

1817 item.

1818

1819 **Bobby Wilkinson (1:02:45):**

1820 Got you.

1821

1822 **Leo Vasquez III (1:02:46):**

1823 Okay. Thank you, Kathryn.

1824

1825 **Kenny Marchant (1:02:48):**

1826 Mr. Chairman, as motion along the subject matter we've

1827 been talking about yesterday, if we approve these units,

1828 if you take the tax credit of 2 million and it ends up

1829 being, after 10 years, \$212,000 of tax credits used per

1830 unit for 94 units, which is extraordinarily high

1831 compared to the other projects we look at. We talked

1832 about using that metric yesterday in...

1833

1834 **Leo Vasquez III (1:03:31):**

1835 Yes. And I can see where you're going, but I think it's
1836 a different issue than what was presented and promised
1837 versus, again, the bait, it's not a bait and switch
1838 intentionally, but effectively it turns out like that.
1839 Okay. One more comment. Please introduce yourself.

1840

1841 **Ellen Moskalik (1:03:49):**

1842 Ellen Moskalik with the Cesar Chavez Foundation. I just
1843 want to provide some clarifications. The project that
1844 Ms. Saar referenced was for the housing authority. So
1845 ours as a separate nonprofit is the first project that
1846 has been, that has happened in mission since 2017.

1847

1848 **Leo Vasquez III (1:04:12):**

1849 Okay. I think the point was that there is some
1850 construction going on and there are new units coming
1851 into the city regardless of who's building.

1852

1853 **Ellen Moskalik (1:04:19):**

1854 Sure. Sure. I...

1855

1856

1857 **Bobby Wilkinson (1:04:21):**

1858 And then project would be what, zero, property taxes in
1859 yours is half. Are you sure though it would be 50
1860 percent?

1861

1862 **Ellen Moskalik (1:04:26):**

1863 Yes.

1864

1865 **Bobby Wilkinson (1:04:26)**

1866 Okay.

1867

1868 **Ellen Moskalik (1:04:27):**

1869 But we made the conscious decision to not request the
1870 full tax exemption because we do want to be good
1871 neighbors, and we realize we're making a huge ask and we
1872 placed for that. But just hoping you'll have mercy and
1873 consider the fact that we are very far along already.
1874 We have put a million dollars into predevelopment and we
1875 are committed to closing in December and starting
1876 construction then. Whereas if the tax credits go back
1877 to whatever pool, that's going to take more and more
1878 time to actually get affordable units on the ground.
1879 And it probably it won't happen...

1880

1881 **Leo Vasquez III (1:05:05):**

1882 We understand that.

1883

1884 **Ellen Moskalik (1:05:06):**

1885 And it probably won't happen in Mission. But thank you.

1886 Thank you for your time.

1887

1888 **Leo Vasquez III (1:05:10):**

1889 Thank you. Unless any other Board members have comments

1890 or want questions from staff, I would entertain a motion

1891 on the staff's recommendation as presented in the Board.

1892

1893 **Holland Harper (1:05:28):**

1894 I move the Board deny the requested material amendment

1895 to the housing credit of application for The Bryan as a

1896 reduction of the number of units and grant the amendment

1897 to the reduction of acreage and the additional, and the

1898 addition of an additional guarantor all as described,

1899 conditioned, and authorized in the Board action request,

1900 resolution, and associated documents in this item.

1901

1902

1903 **Anna Maria Farias (1:05:46):**

1904 Second.

1905

1906 **Leo Vasquez III (1:05:48):**

1907 Motion made by Mr. Harper. Seconded by Ms. Farias. All

1908 those in favor say aye.

1909

1910 **All Board Members (1:05:53):**

1911 Aye.

1912

1913 **Leo Vasquez III (1:05:54):**

1914 Any opposed? Hearing none, motion carries as presented.

1915 Again y'all still have time to try to figure this out

1916 with all these different areas. So it's not dead yet,

1917 but you're standing there on the edge. So we wish you

1918 luck. We hope you put some something together,

1919 recognizing y'all have obviously put some work into this

1920 and effort, but we're moving on.

1921

1922 Item 20 of the agenda. Presentation, discussion, and

1923 possible action regarding a waiver of 10 TAC Section

1924 11.101(b) (4) (D) for Granada Apartments. Mr. Banuelos.

1925

1926 **Rosalio Banuelos (1:06:45):**

1927 Granada Apartments received a 4 percent housing tax
1928 credit award in 2021 for the rehabilitation of 2,265
1929 low-income units for the elderly in San Antonio, Bexar
1930 County. All units in the development are located in a
1931 single 14-story building that is listed in the National
1932 Register of Historic Places. Rehabilitation of the
1933 development has been completed, and the cost
1934 certification documentation for the development is
1935 currently under review by the Department.

1936

1937 The owner has requested a waiver of the requirement for
1938 screens on all operable windows, which is a mandatory
1939 amenity for rehabilitation developments. The owner
1940 indicated that in total, 725 windows are affected. In
1941 the qualified allocation plan states that the Board may
1942 waive one or more of the requirements for developments
1943 that include historic tax credits with evidence that the
1944 amenity has not been approved by the Texas Historical
1945 Commission or the National Park Service as applicable.

1946

1947 A letter dated June 8, 2023, from the Texas Historical
1948 Commission was submitted in support of the waiver

1949 request. This letter is in the Board packet for this
1950 item, and states that the building was constructed in
1951 1926 and is listed in the National Register of Historic
1952 Places as a contributing resource to the San Antonio
1953 River Road Historic District. It was noted that the
1954 existing windows throughout the upper floors of the
1955 building are modern aluminum windows, as the original
1956 wood windows were removed and replaced at some point in
1957 the late 20th century. This change already represents a
1958 loss of historic character.

1959

1960 The letter from the Texas Historical Commission states
1961 that the applicant did not replace these aluminum
1962 windows as part of this project, nor were they required
1963 to. However, standards for rehabilitation do not permit
1964 the owner to further damage the character of windows
1965 beyond the work that was previously done. Such work
1966 would threaten the project's compliance with the
1967 historic tax credit programs. Staff recommends approval
1968 of the waiver request. And I'll attempt to answer any
1969 questions.

1970

1971

1972 **Holland Harper (1:08:36):**

1973 Mr. Banuelos, it's just screens? We're not talking
1974 about shade coverings or curtains or anything like that.
1975 It's just screens?

1976

1977 **Rosalio Banuelos (1:08:44):**

1978 Yeah. It's just the screens.

1979

1980 **Holland Harper (1:08:45):**

1981 Is that correct?

1982

1983 **Rosalio Banuelos (1:08:46):**

1984 That is correct.

1985

1986 **Holland Harper (1:08:47):**

1987 So we're still going to have some sort of light control?

1988

1989 **Rosalio Banuelos (1:08:51):**

1990 Yes. That is not a requirement that we have. Each
1991 tenant could have window blinds or the curtains.

1992

1993

1994

1995 **Leo Vasquez III (1:09:05):**

1996 Okay. So this is the historical commission trying to

1997 get the developer to have...

1998

1999 **Holland Happer (1:09:14):**

2000 No. The...

2001

2002 **Leo Vasquez III (1:09:15):**

2003 Or is this us after...

2004

2005 **Holland Happer (1:09:17):**

2006 Our rules say we have to have screens and, for opening

2007 windows. And the Historic Commission says if you modify

2008 the windows then you can take them back to original,

2009 probably. I've done quite a bit of historical work, and

2010 they like their windows a lot.

2011

2012 **Leo Vasquez III (1:09:34):**

2013 And again, we're going through cost, sir. It's done.

2014

2015 **Rosalio Banuelos (1:09:36):**

2016 It's done.

2017

2018 **Leo Vasquez III (1:09:36):**

2019 It's ready, right?

2020

2021 **Rosalio Banuelos (1:09:38):**

2022 Yes.

2023

2024 **Leo Vasquez III (1:09:39):**

2025 And the staff's recommendation is to grant the waiver.

2026

2027 **Rosalio Banuelos (1:09:42):**

2028 That is correct.

2029

2030 **Leo Vasquez III (1:09:43):**

2031 Okay. Do any other Board members have questions on this

2032 and staff's recommendation to grant the waiver? You

2033 have a question or a motion?

2034

2035 **Anna Maria Farias (1:09:53):**

2036 I have a motion?

2037

2038 **Leo Vasquez III (1:09:54):**

2039 Whichever. I'll entertain a motion from Ms. Farias.

2040

2041 **Anna Maria Farias (1:09:54):**

2042 All right. I move the Board approve the waiver of 10
2043 TAC Section 11.101(b)(4) of the 2025 QAP relating to the
2044 requirement of screens on all operable windows for
2045 Granada Apartments, all as authorized and described in
2046 the Board action request, resolution, and associated
2047 documents on this item.

2048

2049 **Cindy Conroy (1:10:20):**

2050 I second.

2051

2052 **Leo Vasquez III (1:10:21):**

2053 Motion made by Ms. Farias. Seconded by Ms. Conroy. All
2054 those in favor say aye.

2055

2056 **All Board Members (1:10:25):**

2057 Aye.

2058

2059 **Leo Vasquez III (1:10:26):**

2060 Any opposed? Hearing none, motion carries. Thanks,
2061 Rosalio. Item 21. Presentation, discussion, and
2062 possible action on previously tabled recommendation to
2063 debar RISE Residential Construction Riverside, LLC,

2064 Melissa Fisher, Sonoma Housing Advisors, LLC, and James
2065 Bill Fisher relating to Riverside Heights Senior Living
2066 AKA Legacy Riverside Senior Living Community. Ms.
2067 Stremmler, is there any updates to this from prior
2068 meetings?

2069

2070 **Sascha Stremmler (1:11:05):**

2071 Good morning, Chairman of the Board, members of the
2072 Board. Sascha Stremmler here today in my capacity as a
2073 staff assistant general counsel to present item number
2074 21 concerning the tabled proposed debarment.

2075

2076 At the July 10th, 2025 board meeting, we presented a
2077 recommendation to debar RISE Residential Construction
2078 Riverside, LLC, Melissa Fisher, Sonoma Housing Advisors,
2079 LLC, and James R. Bill Fisher relating to the submission
2080 of an altered quarterly construction status report to
2081 the Department. We were all here for that. I don't
2082 want to go back into the specifics. I will note that
2083 the BAR from the July 10th board meeting is attached and
2084 your materials and details and specifics regarding that
2085 submission of the altered report.

2086

2087 Our rules state that the Department may debar a
2088 responsible party, consultant, and/or a vendor for
2089 providing fraudulent information, knowingly falsified
2090 documentation, or other intentional or negligent
2091 material misrepresentation or omission with regard to
2092 any documentation, certification, or other
2093 representation made to the Department. I also just
2094 wanted to note that the standard for negligence under
2095 Texas law is the failure to do that which a person of
2096 ordinary prudence would have done under the same or
2097 similar circumstances.

2098

2099 The responsible parties appealed the debarment
2100 recommendations to the Board and made lengthy arguments
2101 to the Board concerning their appeals at the July 10th
2102 board meeting. As part of their presentations to the
2103 Board, Melissa Fisher requested an alternative to
2104 debarment and offered to voluntarily enter into an
2105 agreement not to participate with the Department for a
2106 set period of time.

2107

2108 The Board tabled this item until September with
2109 instruction to staff to explore the Department's ability

2110 to enter into an alternative voluntary agreement with
2111 the responsible parties and to present the results at
2112 the September board meeting. In addition, as part of
2113 the motion to table, the Board requested that the
2114 responsible parties give a presentation at this meeting
2115 on their processes for quality control and how they will
2116 build better trust with the Department.

2117

2118 Following direction from the Board, staff has determined
2119 that pursuant to our current rules under 10 TAC
2120 2.401(i)(5) for nonmandatory debarment referrals, the
2121 Department is authorized to enter into an agreement with
2122 responsible parties in which the responsible parties
2123 agree to not participate in new Department programs or
2124 funding in any capacity for a set period of time, which
2125 the staff has now dubbed the Voluntary Non-Participation
2126 Agreement, or a VNA. There will be forthcoming
2127 rulemaking in October to further clarify the rule and
2128 this option, which will only be available for
2129 discretionary debarment referrals, not mandatory
2130 debarment, and will be one of the options available to
2131 the Enforcement Committee in its review of discretionary
2132 debarment referrals.

2133

2134 At the July 10th board meeting, the Board tabled the
2135 debarment appeals after pleas from the responsible
2136 parties for an alternative to debarment. Staff's
2137 initial offer of the VNA was for a two-year term based
2138 on testimony from Melissa Fisher at the July 10th board
2139 meeting who stated, and I quote, "But if staff and the
2140 Board feels more comfortable with me stepping back and
2141 having no new awards, no new applications, whatever that
2142 may be, I'm completely open to any kind of agreement.
2143 Not to participate for one year, two years, whatever you
2144 all think is reasonable. But please don't label me with
2145 the debarment."

2146

2147 At the July 10th board meeting, Bill Fisher did not
2148 state on the record what term of a voluntary agreement
2149 he would agree to, but he did not object to the Board's
2150 tabling of the debarment appeals to explore the option
2151 of a voluntary agreement with the Department.

2152

2153 In response to the initial offer of two years from the
2154 Department, RISE Residential and Melissa Fisher
2155 countered with six months, and Sonoma Housing and Bill

2156 Fisher also countered with six months. The Department
2157 then countered with an offer of one year. Neither
2158 Melissa Fisher and RISE Residential nor Bill Fisher and
2159 Sonoma Housing accepted the one year offer and both
2160 sought to whittle that down even more, as Ms. Fisher has
2161 decided she would like to participate in the 4 percent
2162 cycle for 2026, and both Ms. Fisher and Mr. Fisher
2163 requested credit for the time they have been effectively
2164 debarred while their appeals have been pending, despite
2165 the fact that the appeals periods have only lasted this
2166 long. At their request, the Department was prepared to
2167 bring these debarments originally in May of 2025. In
2168 the proffered VNAs, the Department has given Ms. Fisher
2169 and RISE Residential what they requested on record, but
2170 they will still not agree.

2171

2172 Aside from a few questions regarding terminology in the
2173 VNA which legal staff and counsel for the responsible
2174 parties can address separately. The only actual issue
2175 that the responsible parties had with the VNA was the
2176 term of the agreement. It is clear that the Department
2177 and the responsible parties are having differing
2178 opinions of what the Board's expectations were

2179 concerning the voluntary agreements and the terms of
2180 said voluntary agreements. So to the extent that the
2181 Board can offer today additional guidance on what
2182 members are hoping to see, that would be helpful moving
2183 forward.

2184

2185 A copy of the VNA with the one-year term offered is
2186 included in your materials at attachments 3 and 4.
2187 Additionally, the proposed plans for Melissa Fisher and
2188 RISE Residential is found at attachment 5 and proposed
2189 plan for Bill Fisher and Sonoma Housing is found at
2190 attachment 6.

2191

2192 As no VNA or other alternative agreement has been
2193 reached between the Department and any of the
2194 responsible parties, the Enforcement Committee
2195 recommends approval of the order of debarment of RISE
2196 Residential Construction Riverside, LLC, Melissa Fisher,
2197 Sonoma Housing Advisors, and Bill Fisher through March
2198 4, 2026. I am happy to answer any questions.

2199

2200

2201

2202 **Leo Vasquez III (1:16:40):**

2203 Okay. I think that was a good summary. Thank you.

2204 Sascha. Would representatives of the, I think, it's Mr.

2205 Shackelford.

2206

2207 **John Shackelford (1:16:53):**

2208 Good morning, Mr. Chairman, members of the Board, Mr.

2209 Wilkinson and Ms. Sylvester. I'd like to clarify a

2210 little bit of what Ms. Stremmler said...

2211

2212 **Leo Vasquez III (1:17:02):**

2213 Officially...

2214

2215 **John Shackelford (1:17:03):**

2216 John Shackelford on behalf of Melissa Fisher and RISE.

2217 So to clarify a little bit and give you a little

2218 context, we are this close to having an agreement. And

2219 as she described, yes, the initial offer was for a two-

2220 year term. There were some other terms. We tweaked,

2221 the Department was very accommodating. We worked well

2222 together. It hasn't been difficult or anything like

2223 that, and it's gone very well.

2224

2225 What we sought is, and they agreed to a one-year term,
2226 and we went back and said let's put this in context.
2227 And we understand Melissa Fisher at the July 10th board
2228 meeting did say two or three years. But standing up
2229 here, some people get nervous and she didn't have the
2230 presence of mind to point out at that time or think
2231 through, she hasn't been given an award by this board on
2232 either a 9 percent deal or 4 percent deal since July of
2233 '22. So she hasn't received a new award in three years
2234 already. So she wasn't thinking about that when she
2235 offered that.

2236

2237 And when Bobby, Mr. Wilkinson, made his determination on
2238 April 11th of this year that this needed to, this action
2239 needed to be pursued to the Board under you all's rules,
2240 she was prohibited at that time from being able to
2241 participate in any programs or be given an award. So
2242 she's already been under that prohibition since April
2243 11th. So what we asked for is, and on the one year, we
2244 could live with a year, but the Department said well, we
2245 want it to be from today's date when the Board takes
2246 action. So run from September 4th this year to
2247 September 4th next year. We went back and said we would

2248 like August 1 to be the start date, the commencement
2249 date of the one-year term and run to August 1 of next
2250 year.

2251

2252 And I know that may not seem much in our mind it's 34
2253 days, 33 days, whatever, 34 days, but the reason for
2254 that is at least if she wants to try to put in a bond
2255 app for next year, she's not prohibited from doing that
2256 and she could participate and possibly get an award
2257 because to go this long without new construction
2258 projects, she's got two projects still under
2259 construction. Those will finish up either later this
2260 year or into next year. She has a construction company,
2261 it could impact people being left laid off.

2262

2263 So that's all we were asking is, all the other terms are
2264 agreed to, Melissa's already signed the agreement. All
2265 we're asking is an accommodation a little bit more in
2266 light of the additional facts bringing to your attention
2267 that she hasn't been in the game for three years already
2268 on any new awards. And I do recall, I think Mr. Harper
2269 may have been you that said, or somebody said at that
2270 July 10th board meeting, we think you need to sort of

2271 get your house in order and focus on wrapping up what
2272 you got now in-house before you get involved in anything
2273 new.

2274

2275 Well, those deals are coming to a conclusion now as it
2276 is, and so all we're asking is, she's going to be out of
2277 the game for four years from the 9 percent deal, '22
2278 through '26. So she'll be shut out for four years there
2279 and even on bond deal, she'll have been shut out for a
2280 number of, for three years plus. So that's my request
2281 and it's just solely asking on your mercy and
2282 accommodation and grace.

2283

2284 **Leo Vasquez III (1:20:34):**

2285 We appreciate your comments, Mr. Shackelford. I'm not
2286 sure I appreciate the logic that you're presenting on
2287 this. Being that the Board was leaning towards two
2288 years debarment with an accommodation of a 18-month VNA
2289 starting now, I assume given what you've stated that
2290 your client wouldn't be willing to accept that.

2291

2292 **John Shackelford (1:21:10):**

2293 An 18-month term?

2294

2295 **Leo Vasquez III (1:21:11):**

2296 On a VNA, not debarment. Yeah.

2297

2298 **John Shackelford (1:21:14):**

2299 Correct. Correct. Yeah. The Department has offered us

2300 one year and...

2301

2302 **Leo Vasquez III (1:21:19):**

2303 And you all turned it down, so it's still an open, it's

2304 an open case. And now the...

2305

2306 **John Shackelford (1:21:24):**

2307 Mr. Chairman...

2308

2309 **Leo Vasquez III (1:21:24):**

2310 I think we have as a board some discretion on how we

2311 move forward.

2312

2313 **John Shackelford (1:21:26):**

2314 You do have discretion, total discretion. But if the

2315 alternative is debarment, Ms. Fisher is prepared to go

2316 with the one year starting today. The debarment is that
2317 important. So if that's the alternative...

2318

2319 **Leo Vasquez III (1:21:43):**

2320 So you'll go with one year, we're saying two. Let's
2321 split the difference and make it 18 months.

2322

2323 **John Shackelford (1:21:50):**

2324 I'd have to ask Ms. Fisher.

2325

2326 **Kenny Marchant (1:21:52):**

2327 Mr. Chairman, can I ask...

2328

2329 **Leo Vasquez III (1:21:53):**

2330 Mr. Marchant, please.

2331

2332 **Kenny Marchant (1:21:55):**

2333 What's the effect of 18 months, does it, well, if I can
2334 make a comment, I would like to see all of the projects
2335 finished and accepted by the agency completed, first,
2336 and then whatever penalty, or we're not going to call it
2337 debarment, whatever penalty that in my opinion needs to
2338 extend from those dates, whatever that date is, get

2339 these projects finished, clean it up, get everything
2340 together, get them accepted, and then the penalty period
2341 starts from that date forward. That's what I thought we
2342 were working towards. If I misunderstood it, I
2343 apologize. But one of the whole issues here is not
2344 finishing projects, and in my opinion there needs to be
2345 some demonstration of completion.

2346

2347 **Leo Vasquez III (1:23:03):**

2348 Well, I think that's sort of secondary, not finishing.
2349 I think y'all are finishing the projects that you're,
2350 that they're doing.

2351

2352 **Kenny Marchant (1:23:09):**

2353 No.

2354

2355 **Leo Vasquez III (1:23:10):**

2356 I think the issue at hand here was the submission to
2357 this Department of edited documents.

2358

2359 **Holland Harper (1:23:21):**

2360 Which were edited documents to make the lender and this
2361 Department look like the project was further along than

2362 it really was and the project is overbilled, and you
2363 audit, and the changes were in those billings and
2364 changes to that CAs document, CA Partner's document. So
2365 that's the real crux of this is that in the changes, you
2366 have some small ones, but the real ones, there's Mrs.
2367 Fisher is trying to change the document which is on her
2368 billing to show that she's more complete than she really
2369 is. And she was overbilled on the project and the
2370 documents inside that say I'm overbilled and I'm worried
2371 that this project is not going to get finished on time
2372 without additional change orders in the rest. And,
2373 yeah, it's a trust factor. And you signed that document
2374 with a notary on that from your staff on what you have
2375 invested in.

2376

2377 **John Shackelford (1:24:21):**

2378 I'll let Ms. Fisher speak on this.

2379

2380 **Melissa Fisher (1:24:24):**

2381 Melissa Fisher, RISE Residential. Thanks for having us
2382 today. I appreciate it. I want to correct that because
2383 that's on the record and that's inaccurate, and I know
2384 that it's been two months, but several things were

2385 inaccurate. I didn't do anything. I didn't sign or
2386 notarize the construction status report. I signed and
2387 notarized a G702, which is our pay app, which was
2388 completely accurate and was correct. There was no
2389 editing or falsification of our G702. So I just want to
2390 correct that before we move on.

2391

2392 **Holland Harper (1:25:00):**

2393 But on that, but in correcting that, in that the CA's
2394 report said the following items are asterisked, which
2395 are overbilled inside the system. And that was not
2396 included in the packet back up to your lender or this
2397 Department. Am I incorrect on that?

2398

2399 **Melissa Fisher (1:25:15):**

2400 No. That packet was not submitted to anyone but TDHCA.
2401 And I didn't edit anything. I think we made that clear.

2402

2403 **Cindy Conroy (1:25:25):**

2404 Excuse me. I have a real problem. You have yet to
2405 accept responsibility, and that is what bothers me.

2406

2407

2408 **Melissa Fisher (1:25:31):**

2409 Okay.

2410

2411 **Cindy Conroy (1:25:32):**

2412 You're at the top.

2413

2414 **Melissa Fisher (1:25:33):**

2415 I hear you.

2416

2417 **Cindy Conroy (1:25:33):**

2418 What everybody else does, it falls back on you and you

2419 refuse to accept responsibility. And then you come in

2420 here and you say give me a year and let's date it back.

2421 I'm having a hard time empathizing with you.

2422

2423 **Melissa Fisher (1:25:50):**

2424 I understand that and I hear you. And I did feel like

2425 two months ago at the Board meeting, I did accept

2426 responsibility at the company level.

2427

2428 **Cindy Conroy (1:25:58):**

2429 You're not right now.

2430

2431 **Melissa Fisher (1:26:00):**

2432 I didn't make those edits, and that's what I'm saying.

2433

2434 **Cindy Conroy (1:26:03):**

2435 But that doesn't matter if.

2436

2437 **Melissa Fisher (1:26:04):**

2438 I'm not saying that I am not at fault. I am at fault

2439 because I am the head of the organization. Absolutely.

2440 And you all asked me to go back and over the last two

2441 months create policies and procedures to make sure that

2442 you believe that this could not happen again, and that

2443 is what I did. And I'm here today to tell you about

2444 what we've done. And it's in your Board book, and I'm

2445 happy to go through that. But if there are any, I'm

2446 happy to answer questions before we get into that. But

2447 I hear you, and I'm so sorry that that's how you feel.

2448

2449 **Cindy Conroy (1:26:38):**

2450 Well, just because you consistently say, I didn't do it,

2451 and I consistently say to you that everybody here in

2452 this room has a responsibility.

2453

2454 **Melissa Fisher (1:26:48):**

2455 Absolutely.

2456

2457 **Cindy Conroy (1:26:49):**

2458 And if you have people that report to you and they mess

2459 up, it's still your responsibility, and leadership is

2460 accepting that.

2461

2462 **Melissa Fisher (1:26:57):**

2463 And I do, I accept that. But I did not make the edits,

2464 and I stand by that.

2465

2466 **Cindy Conroy (1:27:02):**

2467 Okay. You did not make the edits, but they were made on

2468 your behalf.

2469

2470 **Melissa Fisher (1:27:04):**

2471 I'm not saying...

2472

2473 **Cindy Conroy (1:27:06):**

2474 And basically to your benefit.

2475

2476

2477 **Melissa Fisher (1:27:10):**

2478 Not to my benefit.

2479

2480 **Cindy Conroy (1:27:11):**

2481 Had they not been discovered, it would have been to your

2482 benefit.

2483

2484 **Melissa Fisher (1:27:13):**

2485 It wouldn't because those reports went to you all,

2486 unfortunately. They didn't go anywhere else. And the

2487 person who allegedly made them, they didn't think it was

2488 going anywhere other than to me and their boss, the

2489 project manager. And I do feel like we made that clear

2490 at the last board meeting that at that level, they don't

2491 know where those things are going aside from us. They

2492 thought that the buck stopped there. They had no idea

2493 it would go on to TDHCA. It didn't go to anyone else.

2494 No lenders, no investors. But I absolutely hear your

2495 concern.

2496

2497 **Kenny Marchant (1:27:49):**

2498 Mr. Chairman, what is the question for us?

2499

2500 **Leo Vasquez III (1:27:58):**

2501 Whether the staff, oh, the debarment. They're appealing
2502 their debarment that is currently in place for all the
2503 parties. We haven't even heard from Mr. Fisher. So
2504 they're appealing to say essentially, please waive that.
2505 Don't debar us. Don't put that scarlet letter on our
2506 record. And the alternative we had discussed at the
2507 last meeting was entering into some sort of interim
2508 sanction short of debarment, because we do recognize the
2509 implications of that and many other errors.

2510

2511 **Kenny Marchant (1:28:40):**

2512 So what will govern our action, the motion itself, the
2513 wording of the motion itself?

2514

2515 **Leo Vasquez III (1:28:46):**

2516 Yes.

2517

2518 **Holland Harper (1:28:46):**

2519 You can grant appeal from a debarment or deny appeal for
2520 debarment.

2521

2522

2523 **Kenny Marchant (1:28:51):**

2524 Yeah. I'm just trying to figure if I vote yes or I vote
2525 no, what does that mean? I'm not voting for the
2526 debarment, I'm voting for the debarment, or am I voting
2527 for the motion made before?

2528

2529 **Leo Vasquez III (1:29:02):**

2530 Well, depends on what motion we ultimately get to.
2531 We're not there, I don't think we're there yet. But
2532 currently in simplistic terms, without all this VNA
2533 talking, how many, 18 months or it's 6 months or time
2534 served, the first question is going to be do we accept
2535 their appeal on the debarment. That's at this point the
2536 question on the table. So if a motion is made to deny
2537 the appeal, they will have a, officially right now it's
2538 only a six-month debarment, correct?

2539

2540 **Bobby Wilkinson (1:29:44):**

2541 But you can change the term.

2542

2543 **Leo Vasquez III (1:29:44):**

2544 But we can change it to two years or whatever, five
2545 years.

2546

2547 **Kenny Marchant (1:29:48):**

2548 In that motion, what I'm trying to figure out is will
2549 there have to be a subsequent motion?

2550

2551 **Leo Vasquez III (1:29:53):**

2552 No. Unless we back down the offer, that interim step
2553 rather than going to full debarment.

2554

2555 **Bobby Wilkinson (1:30:07):**

2556 Right.

2557

2558 **Leo Vasquez III (1:30:07):**

2559 We could say the Board could approve a two-year VNA or
2560 18-month VNA starting now.

2561

2562 **Megan Sylvester (1:30:15):**

2563 The VNA is not on the table, but at that time they could
2564 agree...

2565

2566 **Leo Vasquez III (1:30:16):**

2567 Okay. So go back to, yeah. Direct staff and...

2568

2569 **Megan Sylvester (1:30:20):**

2570 That they could be tabled.

2571

2572 **Bobby Wilkinson (1:30:20):**

2573 If the appellants agreed to table, then you could give

2574 us more time to enter into a VNA and we could have some

2575 kind of oral guidance with y'all on the term.

2576

2577 **Megan Sylvester (1:30:27):**

2578 Yeah.

2579

2580 **Leo Vasquez III (1:30:27):**

2581 Yeah. Okay. So that would just be...

2582

2583 **Kenny Marchant (1:30:28):**

2584 I would like for this to be over today.

2585

2586 **Ajay Thomas (1:30:33):**

2587 May I ask a...

2588

2589 **Leo Vasquez III (1:30:33):**

2590 Yeah. Mr. Thomas.

2591

2592 **Ajay Thomas**

2593 Sascha, if you would please. What is the maximum
2594 debarment term we can enter into?

2595

2596 **Leo Vasquez III (1:30:41):**

2597 Life.

2598

2599 **Leo Vasquez III (1:30:41):**

2600 Is it life, is it...

2601

2602 **Sascha Stremmler (1:30:44):**

2603 It has to have a set-in date. It can't be...

2604

2605 **Ajay Thomas (1:30:45):**

2606 Right, right. But what was staff's recommendation on
2607 the maximum debarment before the VNA?

2608

2609 **Sascha Stremmler (1:30:52):**

2610 The staff recommendation was, when it came from the
2611 Enforcement Committee was six months. That was before
2612 we discovered the Q1, Q2 alterations, and so...

2613

2614

2615 **Ajay Thomas (1:31:01):**

2616 And then the proposal from staff on the VNA was two
2617 years, on the VNA.

2618

2619 **Sascha Stremmler (1:31:05):**

2620 Yeah. Based on the testimony at the board meeting, yep.

2621

2622 **Ajay Thomas (1:31:07):**

2623 Okay. Thank you.

2624

2625 **Leo Vasquez III (1:31:12):**

2626 Okay. Melissa, I think we understand where you're
2627 coming from, and let's give others a chance to also
2628 talk.

2629

2630 **Sascha Stremmler (1:31:24):**

2631 I also wanted to note Mr. Fisher has asked that their,
2632 the two debarment, there are two different debarment
2633 appeals pending, so for them to be considered
2634 separately. So I don't know if the Board wants to take
2635 action on Ms. Fisher's now and then, it's Chair's
2636 preference, but they do want to be considered
2637 separately.

2638

2639 **Leo Vasquez III (1:31:39):**

2640 I understand. I think we should, in the spirit of
2641 trying to make sure we're consistent, let's, or let's
2642 hear from Mr. Fisher's side as well. And we can treat
2643 them as separate when we get to the votes. I'm happy to
2644 bifurcate them.

2645

2646 **John Shackelford (1:31:56):**

2647 Mr. Chairman, may I have a moment?

2648

2649 **Leo Vasquez III (1:31:58):**

2650 Okay. Okay. Bill, hang on one more second, let's...

2651

2652 **John Shackelford (1:32:01):**

2653 This is real quick. You had asked about the 18-month,
2654 if we worked out that deal for the voluntary
2655 nonparticipation agreement. Ms. Fisher would agree to
2656 that if that's what the Board would...

2657

2658 **Leo Vasquez III (1:32:12):**

2659 As of what date? Are you going still going to time
2660 served and all that, or are we going to start now?

2661

2662 **John Shackelford (1:32:17):**

2663 Today's date.

2664

2665 **Leo Vasquez III (1:32:19):**

2666 Okay. All right.

2667

2668 **John Shackelford (1:32:20):**

2669 Yes.

2670

2671 **Leo Vasquez III (1:32:21):**

2672 Thank you for that clarification.

2673

2674 **John Shackelford (1:32:22):**

2675 Thank you. Thank you.

2676

2677 **Leo Vasquez III (1:32:23):**

2678 Now, Mr. Fisher.

2679

2680 **Bill Fisher (1:32:24):**

2681 Bill Fisher, Sonoma Housing. And I am only speaking on

2682 relationship to her appeal and the discussion

2683 specifically. Mr. Harper, the investor who was here at

2684 the prior board meeting was very clear that they did not
2685 rely upon nor did the bank rely upon anything related to
2686 the CA Partners. And IBC Bank is the interim lender,
2687 and they have a construction risk manager on the
2688 property two times a month and they review and approve
2689 every draw and every check. So there's nothing in the
2690 702, or whatever, that was related to getting the lender
2691 or investor to fund money under some type of
2692 misrepresentation. That has to be clarified on the
2693 record. They don't rely on the CA Partners report.

2694

2695 I also would, if you get into the weeds on the report,
2696 part of the overbilling is they don't want to recognize
2697 things that have been purchased and are stored off-site.
2698 And one of the things during the COVID period most
2699 people did to protect from cost increases or regardless
2700 of cost of having access to the materials to finish
2701 construction, they purchased them and stored them in a
2702 warehouse with the approval of their lender and
2703 investor. And that's the only clarification that was on
2704 Melissa's behalf. Okay.

2705

2706

2707 **Leo Vasquez III (1:33:43):**

2708 Okay. Would you like to speak on your...

2709

2710 **Bill Fisher (1:33:46):**

2711 I'd understood we were going to do RISE, for due

2712 process, y'all were going to do RISE first, and then

2713 Sonoma would be considered separately. We have an email

2714 from legal saying that that was the agreement, that

2715 they...

2716

2717 **Leo Vasquez III (1:34:00):**

2718 No. We'll definitely, I'll make the motions separately.

2719

2720 **Bill Fisher (1:34:05):**

2721 But we have, the issue is we have two completely

2722 separate compliance track records. And my only

2723 involvement was the first email that starts in your book

2724 at page 236. This completely redlined and could never

2725 be considered to be intentional or material

2726 misrepresentation. I pulled the wrong report from a

2727 file with a similar name that had been commented on in

2728 red highlights, and to try and meet what staff wanted,

2729 get them emailed before the end of the day because

2730 Melissa had previously been down here at the Board
2731 meeting. So really our fact circumstances of compliance
2732 history are completely different. But if you'd like me
2733 to proceed, I would certainly do exactly what you ask.
2734

2735 **Leo Vasquez III (1:34:54):**

2736 Yeah. I prefer that you proceed on if there's something
2737 different from what we've already had in the record.
2738

2739 **Bill Fisher (1:35:00):**

2740 Well, that's fine. Well again, thank you Board members
2741 for giving us the opportunity to, well, at least for me,
2742 after 30 years in this program and not a single
2743 compliance problem, to avoid a debarment from a program
2744 that I've been in since I was 42. I'll be 71 in
2745 February. So I do appreciate that. I do want to
2746 reiterate what staff told you. This is a discretionary
2747 debarment. There's nothing mandatory about it. And I
2748 think as we pointed out previously, there have been many
2749 people involved in the program that have committed
2750 offenses that are mandatory, and for whatever reason,
2751 the Board or staff did not choose to act on that.
2752

2753 I just want to make sure I did exactly what I believe
2754 the Board told us to do. Ms. Farias was very clear and
2755 Ms. Conroy was very clear. Corrective action plan,
2756 which is really how you address compliance issues. So I
2757 prepared a corrective action plan and I reached out to
2758 staff to engage them in a dialogue to review their
2759 corrective action plan, get any comments or buy in so
2760 that we could get to a corrective action plan that at
2761 least they could say, I've reviewed it and we're okay
2762 with these steps. They declined to do that. I asked
2763 then to be referred back to the informal Enforcement
2764 Committee.

2765

2766 There's this, supposedly informal committee that then
2767 leads to a recommendation to the Executive Director
2768 asked to go back for the same purpose. Let's look at
2769 the corrective action plan. Let's get any comments for
2770 buy in so that we're responsive to the Board, what the
2771 Board wanted and that staff could say, yes, we see a
2772 corrective action plan, et cetera. It also allowed us
2773 to engage in any discussion related to the
2774 nonparticipation agreement, that they declined to do
2775 that as well.

2776

2777 So I guess three business days before the deadline, I
2778 got a nonparticipation agreement draft from legal. I
2779 responded on Monday or Tuesday the following week, prior
2780 to the deadline that I was given. I redlined it. My
2781 red lines are simply factual corrections in my view.
2782 I'll give you an example of one that's pretty simple.
2783 I'm not a construction consultant. They insist on
2784 putting I'm a construction consultant. I have a BBA in
2785 finance and accounting and I've never done anything but
2786 finance and accounting, so I have little or no
2787 construction expertise other than perhaps handling draws
2788 or other things associated with construction related to
2789 the finance side.

2790

2791 My only material change to what they propose, which is
2792 two years from now. How about maybe I got nine years
2793 left in the program. That would make me 80. That is
2794 basically an enormous amount of whatever remaining time
2795 I have to operate my business. So I responded with what
2796 the Executive Director's recommendation was, which was
2797 six months. So if the staff, I don't believe the staff,
2798 I don't think we had discussions with the staff about a

2799 shorter period of time. But if it's a year from now,
2800 which is what they were suggesting, then I would have
2801 accepted that, but I don't believe we got the option.

2802

2803 I believe there was a brief discussion with my lawyer
2804 and legal yesterday, which was pretty much it's two
2805 years or we're not going to have an agreement. So I
2806 don't, correct me if I'm wrong, did I have the option to
2807 agree to one year as was proposed to RISE? If I did, I
2808 would have accepted it, but I can't do two years. So
2809 it's just...

2810

2811 **Leo Vasquez III (1:38:46):**

2812 Can you do 18 months? Split the difference.

2813

2814 **Bill Fisher (1:38:49):**

2815 No, sir. I can't do that. The executive director's
2816 recommendation was six months. We've already sat out
2817 the whole year. I would participate in another's
2818 applications, and they kindly agreed to give those up
2819 because we felt that that was the Board's wishes. So
2820 again, one year really, again, I didn't participate this

2821 year for practical purposes. A year from now really
2822 covers all of 2026 and takes me into 2027.

2823

2824 So I'm accountable for the mistaken attachment to my
2825 email submission. It cannot possibly be construed as
2826 the original submission. And I ask you to look at the
2827 Board book starting on page 236 if there's any doubt.
2828 So I'm not, have nothing to do with whatever their
2829 internal team did to change reports and not have that be
2830 obvious not the original work product. So that's what I
2831 think makes me different from that standpoint.

2832

2833 I don't have a, the whole statute in your rule is about
2834 repeat offenders, material items that the folks are
2835 refusing to cooperate with, and I don't even come close
2836 to meeting that bar. But the Board is upset, and I am
2837 trying to be accountable and do some penance. But two
2838 years in my circumstance, given my involvement, it's
2839 something I can't voluntarily agree to. And I would ask
2840 you to consider my proposal for six months. If not, I'm
2841 telling you, if the staff offered me the one year, I
2842 would have accepted it. I'm accepting it today.

2843

2844 And I'd appreciate you considering, let's be honest,
2845 folks, the debarment destroys our business. This is a
2846 Texas business. Many of you are new. We've done this
2847 for more than 25 years. You've debarred somebody for
2848 three years who blew out six properties that lost their
2849 LURA. You had, of course, out of state...

2850

2851 **Leo Vasquez III (1:41:02):**

2852 Okay.

2853

2854 **Bill Fisher (1:41:02):**

2855 You had an out of state, no. No. This is...

2856

2857 **Leo Vasquez III (1:41:03):**

2858 Whatever the others, we understand you position.

2859

2860 **Bill Fisher (1:41:06):**

2861 This is due process.

2862

2863 **Leo Vasquez III (1:41:07):**

2864 So right now I just want to make sure I'm hearing this
2865 correctly. Since a one-year deal wasn't worked out
2866 before this meeting.

2867

2868 **Megan Sylvester (1:41:18):**

2869 Good thing Sascha's here. Get up, yeah.

2870

2871 **Leo Vasquez III (1:41:20):**

2872 Okay. Sascha, do you want to clarify? Then I'll wrap
2873 up after you.

2874

2875 **Sascha Stremmler (1:41:26):**

2876 So we initially sent out the two-year VNA. We received
2877 edits back from Mr. Fisher, reducing that to six months
2878 with some other edits. We then reviewed those edits and
2879 sent a new black line which incorporated most of his
2880 edits, including the construction consultant thing.
2881 There were a few things that we didn't agree with in
2882 terms of the terminology regarding what could be
2883 referred for enforcement, and we did in that draft
2884 change it to one year that we sent back. So the version
2885 two that went back to him was a counter with one year.
2886 Maybe it's possible he missed that, but then the
2887 subsequent email we got from him still referred to a
2888 six-month term, so we considered that to have been a
2889 rejection of the one year.

2890

2891 **Leo Vasquez III (1:42:12):**

2892 Okay. All right. And maybe Mr. Fisher missed it or
2893 whatever, but right now, before this meeting, no one
2894 agreed to the one-year, which brings us now to, since
2895 there's no real deal that was accepted on the table, the
2896 Board has discretion on which way to go.

2897

2898 **Bill Fisher (1:42:38):**

2899 With all due respect, there's no agreement that's
2900 binding to anyone until you all approved it or told you,
2901 I think they explained to you what the process would be.
2902 So even if we all signed it, that we wouldn't have an
2903 agreement until the Board approves it. So you always...

2904

2905 **Bobby Wilkinson (1:42:57):**

2906 The Board's not going to approve the VNA, but staff
2907 recommendation would then be to grant their appeal and
2908 get rid of the provisional debarment.

2909

2910 **Bill Fisher (1:43:04):**

2911 Well, the agreement actually says we'll be neutral.
2912 Again, I'm just trying to be factual.

2913

2914 **Leo Vasquez III (1:43:10):**

2915 Okay. There is no agreement right now. And I agree
2916 with Mr. Marchant, we need to get this fixed.

2917

2918 **Kenny Marchant (1:43:17):**

2919 Mr. Chairman, would you entertain a motion to table the
2920 request?

2921

2922 **Leo Vasquez III (1:43:28):**

2923 For the waiver, or for the appeal, table that? To me,
2924 I'm voting on the appeal on whether we deny it or grant
2925 it. I can guess what's it's going to say.

2926

2927 **Kenny Marchant (1:43:42):**

2928 My suggestion I would be that we would table the two
2929 issues and then put the penalty that we direct the staff
2930 the 18 months that you're talking about.

2931

2932 **Leo Vasquez III (1:43:55):**

2933 Thank you. Right now, again, these are two separate,
2934 separate issues. So Mr. Shackelford's team, they've
2935 already indicated rather than us voting on the

2936 debarment, they're willing to work with staff to have
2937 that VNA 18 months starting now.

2938

2939 **Kenny Marchant (1:44:21):**

2940 Okay. So what motion do you need to get there?

2941

2942 **Leo Vasquez III (1:44:22):**

2943 So if Mr. Fisher accepts that similar commitment to work
2944 with staff for an 18-month VNA, I'm willing to, and I
2945 think the technicality has been explained. Each of you
2946 and your separate cases would actually request us to
2947 table the debarment appeal for now while you work with
2948 staff to finalize the VNA and whatever language
2949 technicalities and everything you all want to do. But
2950 I'd be willing to accept that if with that commitment
2951 from each of you separately, that you would work with
2952 staff to finalize that 18-month VNA starting now. And I
2953 think legally that's the proper way we're allowed to do
2954 that.

2955

2956 **John Shackelford (1:45:27):**

2957 May I, Mr. Chairman? I think probably we'd all like to
2958 get this behind us and over and done with. I've got a

2959 signed agreement with the one-year date as well from Ms.
2960 Fisher. I'm fine if we just change the date to the 18
2961 months if the Board is still willing to go with that
2962 recommendation and change the date from September 4 of
2963 '26 to be the end date to whatever that 18-month date
2964 would be. Have everybody initial it, and we're done as
2965 far as we're concerned.

2966

2967 **Megan Sylvester (1:45:58):**

2968 We probably would want to take a recess to do that.

2969

2970 **Sascha Stremler (1:46:06):**

2971 I guessed that this may be an issue, so I did bring two
2972 versions of the VNAs with blanks for the terms and the
2973 effective dates.

2974

2975 **Leo Vasquez III (1:46:14):**

2976 Bravo.

2977

2978 **Sascha Stremler (1:46:15):**

2979 So we could recess, discuss, if we can reach an
2980 agreement then we can bring them back up and the Board
2981 can vote on the appeals if they've entered into the

2982 agreement. And if we can't reach an agreement, I know
2983 Mr. Fisher had a few more edits. They wanted then maybe
2984 potentially table Mr. Fisher's and bring that back if we
2985 can't reach an agreement about the language during this
2986 meeting.

2987

2988 **Kenny Marchant (1:46:39):**

2989 Mr. Chairman, I have a question about related parties.
2990 How far-reaching is this agreement? Does this prohibit
2991 just these named, are the officers of these related
2992 parties, or who does this bind?

2993

2994 **Sascha Stremmler (1:46:57):**

2995 So it binds, so for the VNA for Melissa Fisher and then
2996 it's RISE Residential Construction Riverside.
2997 Riverside, okay. So it would be the RISE Residential
2998 Riverside and then Melissa Fisher. So any business...

2999

3000 **Kenny Marchant (1:47:13):**

3001 Or any officer or her partners.

3002

3003

3004

3005 **Sascha Stremmler (1:47:15):**

3006 Yeah. That she is part of she would not be allowed. So
3007 it goes back to the, that's why you put the individual
3008 on it because then any entity that they are associated
3009 with would not be able to enter into any kind of new
3010 programs or financing with the Department during the
3011 term.

3012

3013 **Kenny Marchant (1:47:30):**

3014 What if they, okay, so any officer, I'm trying to, any
3015 officer of these parties?

3016

3017 **Sascha Stremmler (1:47:35):**

3018 It would be RISE, it would be, for the entity, it would
3019 be RISE Residential Riverside, that, and she is in
3020 control of RISE Residential. So she is the party in
3021 control of RISE Residential, so RISE Residential
3022 Riverside could not participate. I believe those
3023 entities are specific to the development, so I don't
3024 foresee that they would be entering. But it really
3025 comes back to Ms. Fisher would not and no entity that
3026 she is a part of would be able to participate in any new
3027 programs in any manner during the term of the VNA.

3028

3029 **Leo Vasquez III (1:48:12):**

3030 It doesn't extend to any other individuals associated
3031 with RISE, correct?

3032

3033 **Sascha Stremmler (1:48:22):**

3034 Right.

3035

3036 **Leo Vasquez III (1:48:22):**

3037 I don't know if there's other limited partners or, but
3038 it doesn't, they're not in this.

3039

3040 **Sascha Stremmler (1:48:30):**

3041 The only people eligible for debarment under the rules
3042 are the parties in control. And so she is the party in
3043 control of RISE residential Riverside, which is why she
3044 is the individual named. We've had other debarments
3045 where we've had names, like officers of an entity, if
3046 they all had control authority, but in this case, she's
3047 the party in control.

3048

3049 **Anna Maria Farias (1:48:54):**

3050 Mr. Chairman.

3051

3052 **Leo Vasquez III (1:48:56):**

3053 Yes.

3054

3055 **Anna Maria Farias (1:48:57):**

3056 Quick. I know that in the previous meetings, I and
3057 other Board members talked about corrective action,
3058 because if you can correct something, we want homes to
3059 be built. But I also want not just you, but the rest of
3060 practitioners to understand is that when we talk about
3061 corrective action, you needed to have listened to two of
3062 my colleagues that kept talking about trust. And in
3063 order to achieve trust, you must accept responsibility.

3064

3065 I was in the federal government for 25 years, and I know
3066 I make mistakes, and every time I did, I would just
3067 close my eyes and say, what did my grandmother teach me?
3068 And she said, close your eyes, take a deep breath, and
3069 accept responsibility, and people understand that
3070 because we are human beings. And what I used to tell my
3071 staff was, try your best, and if you fail, I'll accept
3072 that responsibility, and if you succeed, I'll give you
3073 the credit.

3074

3075 But I hope that you understand my colleague's
3076 frustration when you keep saying, but it wasn't my,
3077 well, it doesn't matter. You're the person responsible.
3078 And the sooner you accept that, and I know, sir, you
3079 said in other times the Board hasn't seen, well, I think
3080 just today alone, you say how this board denied other
3081 people that wanted us to do something. And this is a
3082 tough board, and we are experts at what we do, and we do
3083 take it very seriously that when you say, I'm going to
3084 do something, please get it done. So we're not the
3085 Board of the past 5, 10 years. We are a tough board.

3086

3087 So with that, sir, corrective action means my colleagues
3088 want to accept that there's trust, and we want to
3089 believe in what you're telling us because the public
3090 does need affordable housing and they don't need this
3091 kind of arguments back and forth or why we can't have,
3092 we promised 90 homes and now we can only do 20. We're
3093 tired of listening to that. So, yes, I said corrective
3094 action, but that means you need to build trust, and
3095 agreeing to some of these terms that the chairman and

3096 other Board members want, that's the only way you're
3097 going to get it done.

3098

3099 **Leo Vasquez III (1:51:26):**

3100 Okay. Thank you, Ms. Farias. Here's a suggestion on
3101 how we can move forward right now, at this point. Ms.
3102 Stremmler actually has the next two items on the agenda
3103 as well. Let's for now table this and after Sascha gets
3104 done with these next two, which shouldn't be nearly as
3105 long as this, y'all can go back to another room and
3106 she's got these blanks and you all, it sounds like
3107 Melissa's and Shackelford's side already were
3108 comfortable other than the dates. If they can agree to
3109 that, then we can come back and vote on the motion to
3110 grant or deny the appeal. If that's signed, I'm
3111 expecting that we will grant the appeal and not debar.

3112

3113 And then also from Mr. Fisher's side, y'all can have
3114 that same discussion separately and come back to us here
3115 at the end of the meeting, letting us know if you were
3116 able to come to an agreement on the edits and what kind
3117 of consultant you are and all that stuff. More
3118 importantly, the term of the agreement. If y'all can do

3119 that, we can have that same separate vote for you on
3120 whether we grant or deny the appeal...

3121

3122 **Megan Sylvester (1:52:59):**

3123 Bobby is going to need to sign it, though.

3124

3125 **Bobby Wilkinson (1:53:01):**

3126 Yeah, I can. Just give me one of these and I'll...

3127

3128 **Megan Sylvester (1:53:03):**

3129 Yeah. So we'll , yeah.

3130

3131 **Leo Vasquez III (1:53:04):**

3132 Well, we could, and we can, that was just...

3133

3134 **Megan Sylvester (1:53:07):**

3135 Yeah. So just procedurally, we'll need to do that

3136 before taking the motion up again.

3137

3138 **Leo Vasquez III (1:53:12):**

3139 Okay.

3140

3141

3142 **Megan Sylvester (1:53:12):**

3143 Yeah. If there's an agreement.

3144

3145 **Leo Vasquez III (1:53:14):**

3146 Yeah. And again, if you can't arrive at an agreement,

3147 we can look at the, we'll vote on the motion on the

3148 debarment recognizing that the Board has the discretion

3149 to accept the six-month debarment or increase it to two

3150 years or 18 months or what have you. But it's up to you

3151 if you want to have that vote taken.

3152

3153 **Bill Fisher (1:53:47):**

3154 We'll do as you ask.

3155

3156 **Leo Vasquez III (1:53:49):**

3157 So we'll table this, giving everyone a chance to get

3158 through the documents. She's got another 5, 10 minutes

3159 here that she needs to present. And then y'all can

3160 just, some other back rooms over there.

3161

3162 **Megan Sylvester (1:54:05):**

3163 A motion to table till the end of the meeting.

3164

3165 **Leo Vasquez III (1:54:08):**
3166 Yes. So that sound like a plan?
3167
3168 **Bill Fisher (1:54:11):**
3169 Yes, sir.
3170
3171 **Leo Vasquez III (1:54:12):**
3172 Okay.
3173
3174 **Kenny Marchant (1:54:13):**
3175 Make a motion to table item 21.
3176
3177 **Leo Vasquez III (1:54:15):**
3178 Till the end of the meeting, the last...
3179
3180 **Megan Sylvester (1:54:15):**
3181 Till the end of the meeting.
3182
3183 **Leo Vasquez III (1:54:16):**
3184 Till the end of the meeting.
3185
3186 **Holland Harper (1:54:17):**
3187 Second.

3188

3189 **Anna Maria Farias (1:54:17):**

3190 Second.

3191

3192 **Leo Vasquez III (1:54:18):**

3193 Okay. Motion made to table by Mr. Harper. I'm sorry,

3194 Mr. Marchant. Seconded by Mr. Harper. All in favor?

3195

3196 **All Board Members (1:54:25):**

3197 Aye.

3198

3199 **Leo Vasquez III (1:54:26):**

3200 Any opposed? Hearing none, that motion carries. Again,

3201 give Sascha a little time to make these next shorter

3202 presentations. Thank you all.

3203

3204 **Melissa Fisher (1:54:35):**

3205 Thank you.

3206

3207 **Leo Vasquez III (1:54:36):**

3208 Okay. 22, right? Yes. 22, yes? Okay. Presentation,

3209 discussion, and possible action on recommendation to

3210 adopt agreed final orders assessing an administrative

3211 penalty relating to Villa de Reposo San Luis in
3212 Asherton, Texas, and Villa de Reposo Encinal, Texas.
3213 Ms. Stremmler.
3214
3215 **Sascha Stremmler (1:55:04):**
3216 Good morning. Sascha Stremmler for item 22. The
3217 referred properties are owned by Community Service
3218 Agencies of South Texas, a nonprofit corporation, and it
3219 is the original owner of both developments. The
3220 executive director, David Ojeda Jr., has the control
3221 authority, and the developments are self-managed.
3222
3223 Villa de Reposo San Luis Asherton, which I will just
3224 call Asherton, is a development composed of 16 units and
3225 eight buildings in Asherton, and which is in Dimmit
3226 County. The occupancy is limited to special needs
3227 households at or below 50 percent AMI. The property
3228 received HOME funds from the Department to build and
3229 operate the development. The LURA was effective in
3230 2000, the federal affordability period has ended, and
3231 the state affordability period ends in 2030.
3232

3233 Villa de Reposo Encinal, which I refer to as Encinal, is
3234 a development composed also of 16 units in eight
3235 buildings located in Encinal, which is in La Salle
3236 County. Occupancy is limited to elderly households at
3237 or below 50 percent of AMI. The property received HOME
3238 funds to build and operate the development. The LURA
3239 was effective in 2003. The federal affordability period
3240 ends in October of this year, and the state
3241 affordability period ends in 2033.

3242

3243 I will note that when the owner originally applied with
3244 the Department for HOME funds for these developments,
3245 the Department denied the applications due to concerns
3246 regarding the market study. The owner appealed those
3247 denials to HUD and HUD overruled the denial, and so the
3248 Department then awarded the funds based on a HUD ruling.
3249 So just a little bit of background on these HOME funds.

3250

3251 The owner has a history of noncompliance for both of
3252 these developments and previously signed agreed final
3253 orders in 2016, 2019, and 2023. The Department performs
3254 file monitoring reviews to ensure the units are rented
3255 to low-income households, and the program is operating

3256 in a compliant manner. The Department also performs
3257 NSPIRE physical inspections. Both review types require
3258 owners to submit corrective documentation within 90
3259 days.

3260

3261 For Asherton, on March 4, 2025, the Department conducted
3262 an NSPIRE inspection and identified findings of
3263 noncompliance. The owner failed to respond to the
3264 noncompliance, but since referral to Enforcement, the
3265 NSPIRE noncompliance has been fully resolved. On
3266 November 20, 2024, the Department conducted file
3267 monitoring reviews at both Asherton and Encinal and
3268 identified findings of noncompliance. At the time owner
3269 submitted incorrective, corrective document, incomplete,
3270 sorry, corrective documentation for both developments.

3271

3272 For both Ashton and Encinal, the file monitoring
3273 noncompliance was for failure to provide tenant income
3274 certification documentation at recertification. And at
3275 Encinal, they also had noncompliance for failing to
3276 certify household incomes at initial occupancy. And all
3277 of this noncompliance remains unresolved.

3278

3279 These developments are very rural. They have a hard
3280 time leasing units as they are restricted to elderly for
3281 Encinal and disabled for Asherton. The only way for the
3282 owner to resolve the noncompliance is to have new
3283 tenants move into the units. But Encinal in particular
3284 has a persistent vacancy issue. They are currently at
3285 81 percent vacancy. I think they only have 3 of the 16
3286 units occupied, so the noncompliance remains.

3287

3288 The owner also prefers to have all tenants get vouchers
3289 through the Cotulla Housing Authority, but it takes
3290 several months before the vouchers are approved. So
3291 basically those tenants would have to be able to afford
3292 the rent for several months while their voucher was
3293 approved. So it's kind of not a realistic scenario.
3294 Encinal has a negative cash flow due to the vacancies.

3295

3296 The Department will be bifurcating the LURA when the
3297 federal affordability period ends next month. The owner
3298 has requested to remove the elderly restriction on
3299 Encinal, and the agreed final order includes additional
3300 requirements for the owner to be able to get that LURA
3301 amendment. The owner has represented to the Department

3302 that they believe they could increase occupancy if they
3303 no longer have the elderly restriction and our agreed
3304 final order lays out specific steps they have to follow
3305 in order for the Department to allow them to request
3306 this kind of amendment to their LURA. Encinal also has
3307 a pending loan modification with the Department.

3308

3309 Administrative penalties are authorized by statute of
3310 Texas Government Code 2306.041. The process is defined
3311 by Rule at 10 TAC Chapter 2, Subchapter C. To assess
3312 the penalty, TDHCA must first offer an informal
3313 conference. Asherton and Encinal were referred to the
3314 Enforcement Committee for an administrative penalty, and
3315 the Enforcement Committee held an informal conference on
3316 June 17th, 2025, analyzing the statutory factors at
3317 2306.0.42(b) for determining an appropriate
3318 administrative penalty. The factors are discussed in
3319 your BAR materials.

3320

3321 The Enforcement Committee recommended an administrative
3322 penalty of \$1,250 for Asherton and \$2,250 for Encinal.
3323 These are the maximum administrative penalties for both
3324 developments. Additionally, for Encinal, they have

3325 additional requirements, which is that the owner must
3326 sign and record the loan modification in October within
3327 14 days of receiving it. By October 15th, the owner has
3328 to submit traffic reports regarding why tenants are not
3329 moving into the property. By November, the owner has to
3330 implement market campaigns and rent reductions to
3331 attract new households. The owner must submit quarterly
3332 vacancy reports through April of 2026. The owner must
3333 submit quarterly traffic reports and marketing summaries
3334 through April 2026. And then if occupancy does not
3335 improve to 90 percent by April 2026, the owner can
3336 request a LURA amendment to remove the elderly
3337 restriction if the owner complies with all of the
3338 requirements in the order.

3339

3340 **Leo Vasquez III (2:00:49):**

3341 Say that very last part again.

3342

3343 **Sascha Stremmler (2:00:51):**

3344 As long as they comply with all these requirements in
3345 the order, we will allow them to request a LURA
3346 amendment to remove the elderly restriction.

3347

3348 **Leo Vasquez III (2:01:00):**

3349 Okay. Tell us again, the owner of these two properties
3350 is a small nonprofit organization.

3351

3352 **Sascha Stremmler (2:01:11):**

3353 Correct. It is Community Services Agency of South
3354 Texas.

3355

3356 **Leo Vasquez III (2:01:18):**

3357 Do we have any idea how large they are? What resources
3358 they have?

3359

3360 **Sascha Stremmler (2:01:25):**

3361 I am not sure if anybody is here from, maybe not.

3362

3363 **Leo Vasquez III (2:01:28):**

3364 Is anyone here representing the, okay.

3365

3366 **Sascha Stremmler (2:01:33):**

3367 They're very small. They have had one other development
3368 with the Department, that LURA expired in 2018.

3369

3370

3371 **Leo Vasquez III (2:01:40):**

3372 My concern is that we're going to fine this small
3373 entity, what, \$3,700, and they don't have the cash flow
3374 in the beginning. And I'm not convinced that this is
3375 going to get any better. I have zero expectation that
3376 they're going to be able to fulfill those quarterly
3377 checklist things that you've just laid out there. Is
3378 there any way we can find a new owner for this, operator
3379 for this who knows what they're doing, that has the
3380 resources and structure and everything to do that.

3381

3382 **Sascha Stremmler (2:02:26):**

3383 So I will say for Asherton, they have better occupancy.
3384 So we're not, I don't believe they have a negative cash
3385 flow, so I think they will be able to pay that fine.
3386 Regarding Encinal, we are concerned, but the goal is to
3387 really incentivize them. They requested this material
3388 amendment to remove the elderly restriction. So we will
3389 try and put the onus on them to show us that they cannot
3390 actually rent to the elderly population in the area and
3391 follow what we've required and then we will allow them
3392 to remove the restriction, assuming. And we've also,

3393 would potentially waive the \$2,500 amendment fee if they
3394 do meet all these qualifications.

3395

3396 So we're kind of stuck between a rock and a hard place
3397 on these. Also, we are the first lien lender, but
3398 foreclosure is obviously not really something that's
3399 like a, we don't really want to explore at this point.
3400 These properties would probably not sell at a
3401 foreclosure sale, and we're stuck with them.

3402

3403 **Kenny Marchant: (2:03:26):**

3404 Mr. Chair, can I ask...

3405

3406 **Leo Vasquez III (2:03:27):**

3407 Yeah. Mr. Marchant.

3408

3409 **Kenny Marchant (2:03:28):**

3410 Are there people in danger, that are occupying this, are
3411 they in danger that they'll have their lights turned off
3412 or rubbish won't, are people, their daily lives affected
3413 by the actions that we're doing here?

3414

3415

3416 **Sascha Stremmler (2:03:46):**

3417 It doesn't appear so. They scored, let me see what
3418 this, the conditions are good. The NSPIRE violations
3419 were corrected. Asherton had an 85.8 NSPIRE score. I
3420 think the, I think Encinal was, oh no. Encinal did not
3421 have an NSPIRE inspection. So I'm not sure but we
3422 haven't reported that. I do know that the owner does
3423 work with the local governmental entities to kind of
3424 support it somehow. And so there aren't any concerns
3425 that we've received from tenants at the, it's mostly
3426 just regarding, the vacancy is really what's causing the
3427 big issue.

3428

3429 **Leo Vasquez III (2:04:27):**

3430 But our problem is, I'm sorry. Our problem is the
3431 paperwork.

3432

3433 **Sascha Stremmler (2:04:32):**

3434 Right. Well, so the paperwork...

3435

3436 **Leo Vasquez III (2:04:32):**

3437 So why didn't you back up for what they were supposed to
3438 be doing?

3439

3440 **Sascha Stremmler (2:04:35):**

3441 So the problem is when the violation is for failure to
3442 have the documentation at initial occupancy, the only
3443 way you can fix that is to have a new tenant move in
3444 that provides the documentation and then that goes away.
3445 But obviously if they can't get anybody to move in, they
3446 can't fix the, it's kind of a vicious cycle.

3447

3448 **Leo Vasquez III (2:04:57):**

3449 Ms. Farias.

3450

3451 **Anna Maria Farias (2:04:57):**

3452 Quick question. How did these two awards get awarded?

3453

3454 **Sascha Stremmler (2:05:03):**

3455 From our understanding, it was they applied for HOME
3456 funds through the Department. The Department denied the
3457 applications or didn't award. They appealed those
3458 denials to HUD at the time, and then HUD came back to
3459 the Department and said you need to award these.

3460

3461

3462 **Anna Maria Farias (2:05:16):**

3463 Okay. So the second one is, as far as the paperwork, do
3464 you know if this entity Community Service Agency of
3465 South Texas, do they actually have a full-time employee
3466 that does paperwork?

3467

3468 **Sascha Stremmler (2:05:28):**

3469 I am not sure. They have the Executive Director. I
3470 don't know, I'm unsure the size of their staff, but I
3471 imagine it's probably very small.

3472

3473 **Leo Vasquez III (2:05:45):**

3474 Again, I'm in favor of assessing fines to get people's
3475 attention. Just that as I read through this one in this
3476 case, just it doesn't seem like that's going to be the
3477 cure for this entity who just, as evidenced, that they
3478 can't handle it. So I'm just wondering what
3479 alternatives we have to get the paperwork done properly.

3480

3481 **Sascha Stremmler (2:06:18):**

3482 Well, we're hoping that if they do follow the, we've
3483 asked them to lower their rents because they have been
3484 charging the maximum rents, and we've told them multiple

3485 times they don't need to charge the maximum rents. I
3486 think that also kind of coincides with the request to
3487 get vouchers through the City of Cotulla so that they
3488 can get the most money collected. So that is part of
3489 the requirements is to have them lower the rents, see if
3490 they can get the units occupied, because we really need
3491 to fix this vacancy problem. If they fix the vacancy
3492 problem, then they fix their violations. And so we're
3493 trying to give them a plan to follow to do that.
3494 Hopefully, it works out. They also mentioned
3495 potentially selling the properties, but they don't want
3496 to have the LURAs on them, and we told them that's not
3497 an option.

3498

3499 **Bobby Wilkinson (2:07:07):**

3500 And they've agreed to this.

3501

3502 **Sascha Stremmler (2:07:09):**

3503 Yes.

3504

3505 **Bobby Wilkinson (2:07:09):**

3506 Final agreement.

3507

3508 **Leo Vasquez III (2:07:13):**

3509 Okay. Well, if they agree, again, I just don't think
3510 that these fines are going to fix the problem. But if
3511 they've agreed to it, I don't see why we wouldn't
3512 approve them. Any other questions or thoughts?

3513

3514 **Anna Maria Farias (2:07:35):**

3515 One more question. Asherton is one of the poorest
3516 counties in Texas, so for them to charge the maximum
3517 rent obviously doesn't make any sense. Encinal, if it's
3518 in La Salle, is that the one close to Cotulla?

3519

3520 **Sascha Stremmler (2:07:53):**

3521 I believe so.

3522

3523 **Anna Maria Farias (2:08:00):**

3524 Well, Cotulla went, I grew up in Crystal City, Texas,
3525 which is 20 miles from Asherton. So I know a little bit
3526 about that area. Crystal City, Texas, was the third
3527 poorest county in the country, and nothing seems to help
3528 them. They're still poor. Cotulla was also one of the
3529 poorest counties in the country. And then when the oil
3530 boom hit, it became one of the richest counties in the

3531 country. They built new schools, new community center.
3532 Everything was brand new. So that's why this one in
3533 Encinal doesn't make sense that you would have 16
3534 vacancies.

3535

3536 **Sascha Stremmler (2:08:34):**

3537 Well, it's because the one Encinal is only for elderly.
3538 The elderly restriction. So that's part of the argument
3539 they've made to us is if they was no longer elderly,
3540 they could lease. They did...

3541

3542 **Anna Maria Farias (2:08:45):**

3543 So that restricts. All right. Let me, this is my
3544 cynical way of thinking. I'm sorry. If we could do
3545 away with the elderly restrictions and we have all the
3546 gas people, boy, we can charge top rent, which is what
3547 they were doing in some areas because now all these
3548 people can make a lot of money.

3549

3550 **Sascha Stremmler (2:09:06):**

3551 Yeah. As long as they qualify.

3552

3553

3554 **Bobby Wilkinson (2:08:08):**

3555 As long as the qualify, yeah.

3556

3557 **Sascha Stremmler (2:09:09):**

3558 Yeah.

3559

3560 **Bobby Wilkinson (2:08:10):**

3561 These wouldn't have to be...

3562

3563 **Anna Maria Farias (2:09:11):**

3564 All right. But if you went with elderly, I know that we

3565 need to get close, but I'm still, okay. So HUD was the

3566 one that said, yeah, yeah, give it to them. Give them

3567 to them. I'm sure it was under a different

3568 administration. Give it to them. Did they count the

3569 elderly? When you say we want to have the 16 or 21

3570 units for elderly, I take it somebody went there and

3571 counted, this is how many elderly we have. And now

3572 they're saying, well, there are only three that we can

3573 have. And now if we want 16 waivers. That's cynical

3574 thinking.

3575

3576

3577 **Sascha Stremmler (2:09:43):**

3578 That's why the Department denied the application, was
3579 based on the market study that didn't show there was a
3580 market for it.

3581

3582 **Leo Vasquez III (2:09:50):**

3583 Okay.

3584

3585 **Anna Maria Farias (2:09:50):**

3586 All right.

3587

3588 **Leo Vasquez III (2:09:51):**

3589 I'd like to entertain a motion.

3590

3591 **Holland Harper (2:09:53):**

3592 I move the Board approve the agreed final order
3593 assessing administrative penalty for the noncompliance
3594 relating to Villa de Reposo San Luis Asherton. Sorry,
3595 guys, I'm not, and Villa de Reposo Encinal, all as
3596 described, authorized, and conditioned in the Board
3597 action request, resolution, and associated documents and
3598 orders on this item with this one add at the discretion

3599 of the Executive Director if he wants to forgive the
3600 fines on that, it is his discretion.

3601

3602 **Anna Maria Farias (2:10:20):**

3603 Second.

3604

3605 **Leo Vasquez III (2:10:24):**

3606 Motion made by Mr. Harper. And I swear to God, I was
3607 thinking exact similar thoughts. So if they perform...

3608

3609 **Holland Harper (2:10:39):**

3610 You can play Caesar. Sure.

3611

3612 **Leo Vasquez III (2:10:41):**

3613 Well, I'm just, forgive the, okay. All right. So
3614 motion made by Mr. Harper with...

3615

3616 **Anna Maria Farias (2:10:49):**

3617 Second.

3618

3619 **Leo Vasquez III (2:10:50):**

3620 And seconded by Ms. Farias to the agreed final orders,
3621 however, allowing the Executive Director...

3622

3623 **Megan Sylvester (2:11:00):**

3624 Do you want to put a time? Do you want to suspend it?

3625 Suspend the fine until the April date, which is the end

3626 of the corrective action period, and then the ED has

3627 the...

3628

3629 **Leo Vasquez III (2:11:12):**

3630 That would effectively.

3631

3632 **Holland Harper (2:11:14):**

3633 The fines are suspended for six months with good

3634 behavior.

3635

3636 **Leo Vasquez III (2:11:20):**

3637 With good performance.

3638

3639 **Sascha Stremmler (2:11:22):**

3640 Okay. So it'd be through the April 2026, that's when

3641 the deadline is. I don't know how long it went, eight

3642 months.

3643

3644

3645 **Leo Vasquez III (2:11:34):**

3646 Okay. So do you all have that on the, the record

3647 reflects that motion?

3648

3649 **Megan Sylvester (2:11:40):**

3650 Yes.

3651

3652 **Leo Vasquez III (2:11:40):**

3653 Motion made, seconded, amended.

3654

3655 **Megan Sylvester (2:11:46):**

3656 It's clarified.

3657

3658 **Leo Vasquez III (2:11:46):**

3659 Clarified. All in favor say aye.

3660

3661 **All Board Members (2:11:49):**

3662 Aye.

3663

3664 **Leo Vasquez III (2:11:50):**

3665 Any opposed? Hearing none, motion carries. Let's see

3666 how we can help get these people or find someone, call

3667 the Cesar Chavez guys, they can run it. Okay. Item 23

3668 of the agenda. Presentation, discussion, and possible
3669 action on recommendation to adopt an agreed final order
3670 assessing an administrative penalty relating to
3671 Accessible Housing Austin and AHA! at Briarcliff. Ms.
3672 Stremmler, tell us how the entity that has accessibility
3673 in their name, but doesn't know the accessible rules.

3674

3675 **Sascha Stremmler (2:12:34):**

3676 Sascha Stremmler here for item 23. The referred
3677 properties are owned by Accessible Housing Austin, which
3678 is a nonprofit corporation. The executive director,
3679 Trey Nichols, has control authority, and the
3680 developments are self-managed.

3681

3682 Accessible Housing Austin consists of three scattered
3683 site single-family homes and two scattered site duplexes
3684 located in Austin. The prior owner to these
3685 developments received 2008 Neighborhood Stabilization
3686 Program funds to acquire and operate the properties.
3687 The current owner, Accessible Housing Austin, purchased
3688 the properties in 2016. The properties remain subject
3689 to the 2016 NSP LURA at which the affordability period

3690 ends in 2031 and each unit is restricted at 80 percent
3691 of AMI.

3692

3693 AHA! at Briarcliff, which I will just call Briarcliff,
3694 is a development composed of 27 units with 9 units
3695 restricted at 30 percent AMI located in Austin. The
3696 owner received NHTF funds and TCAP repayment funds in
3697 2016 and 2018, respectively, to build and operate the
3698 development. Briarcliff is part of the Section 811
3699 Program which provides project-based rental assistance
3700 for extremely low-income persons with disabilities
3701 linked with long-term services, including people with
3702 serious mental illness and youth with disabilities
3703 exiting foster care.

3704

3705 The Department performs file monitoring inspections to
3706 ensure the units are rented to low-income households and
3707 that the program is operating in a compliant manner.
3708 The Department also performs NSPIRE physical
3709 inspections. Both types of reviews require owner to
3710 submit corrective documentation within 90 days.

3711

3712 For Accessible Housing Austin, on February 4th, 2025,
3713 the Department conducted NSPIRE inspection and
3714 identified findings of noncompliance. It scored an
3715 80.78. The owner failed to respond to the noncompliance
3716 and was referred to the Enforcement Committee. Partial
3717 corrective documentation was submitted after
3718 intervention by the Enforcement Committee, and all
3719 remaining NSPIRE noncompliance has been fully resolved.

3720

3721 For Briarcliff, the Department conducted a Section 811
3722 file monitoring review on June 22nd, 2024. The owner
3723 submitted partial corrective documentation after
3724 receiving an extension from compliance, but failed to
3725 submit annual income recertifications for two units and
3726 failed to submit evidence of properly calculated
3727 resident rental portions for these two units. The
3728 noncompliance was referred to the Enforcement Committee
3729 and remains unresolved, but the owner indicates that
3730 they are nearly ready to submit corrections.

3731

3732 The Department also conducted an NSPIRE inspection of
3733 Briarcliff on February 5th, 2025, and identified
3734 findings of noncompliance, scoring a 76.26. Similar to

3735 Accessible Housing Austin, partial corrective
3736 documentation was submitted after intervention by the
3737 Enforcement Committee, and all remaining NSPIRE
3738 noncompliance has been fully resolved.
3739
3740 AHA! restructured in 2024 and new employees, a lack of
3741 training, and poor deadline tracking are the primary
3742 problems causing the referrals. The owner has
3743 implemented a new tracking system for NSPIRE violations,
3744 and the Department is hopeful that this system will
3745 prevent future NSPIRE noncompliance issues.
3746
3747 The Section 811 Program is very complex. It uses a
3748 completely different tracking system than the other
3749 multifamily programs, which has also led to confusion.
3750 This is a self-managed property that is a smaller group
3751 and they cannot afford to use a professional management
3752 company. So for instance, if they accidentally
3753 submitted the corrective action to CMTS instead of Serv-
3754 U which is the data what's used for Section 811 because
3755 everything is different. So I think there's just some
3756 general confusion on the differences between the
3757 programs.

3758

3759 Additionally, there was a mold remediation problem which
3760 required a lawsuit between AHA! and its age HVAC
3761 contractor to resolve, which created a cash flow
3762 problem. So that's kind of the background on that.

3763

3764 Administrative penalties are authorized by statute of
3765 Texas Government Code 2306.041. The process is defined
3766 by Rule at 10 TAC Chapter 2, Subchapter 2, to assess the
3767 penalty, TDHCA must first offer an informal conference.
3768 Accessible Housing Austin and Briarcliff were referred
3769 to the Enforcement Committee for an administrative
3770 penalty. The Enforcement Committee held an informal
3771 conference on June 17th, 2025, and analyzed required
3772 statutory factors at 2306.042 for determining an
3773 appropriate administrative penalty. The factors are
3774 discussed in your bar materials.

3775

3776 The Enforcement Committee initially recommended an
3777 administrative penalty of \$1,000 for Accessible Housing
3778 Austin to be forgiven if the noncompliance was
3779 corrected. Because the noncompliance for this
3780 development has been corrected, the Enforcement

3781 Committee now only recommends an administrative penalty
3782 of \$2,000 for Briarcliff that is also fully forgivable
3783 if all noncompliance is resolved as specified in the
3784 order by October 4th, 2025. I'm available to answer any
3785 questions.

3786

3787 **Leo Vasquez III (2:17:26):**

3788 Okay. Do you think we're going to, this small nonprofit
3789 organization is going to be able to get their act
3790 together?

3791

3792 **Sascha Stremmler (2:17:40):**

3793 I hope so. They have said committed to attending some
3794 more Section 811 trainings. It seems like their
3795 Executive Director, there were some health issues, and I
3796 think that's been kind of resolved. So we're hopeful
3797 that they will attend more trainings. We provided them
3798 with resources, and hopefully they can fix that moving
3799 forward with the Section 811 noncompliance. I don't
3800 know if anybody is here from...

3801

3802 **Stephanie Thomas (2:18:02):**

3803 I'm here.

3804

3805 **Leo Vasquez III (2:18:02):**

3806 Is there? We can bring the microphone up if you want.

3807 Did you have another one, or? And just let us know your
3808 name for the record.

3809

3810 **Stephanie Thomas (2:18:36):**

3811 Can you hear me?

3812

3813 **Leo Vasquez III (2:18:38):**

3814 Yes.

3815

3816 **Stephanie Thomas (2:18:38):**

3817 My name is Stephanie Thomas. I'm the president of the

3818 Board of AHA!. Believe me, you have got my attention.

3819 We knew there were problems, but we were told that they

3820 were, or at least I was told that they were minimal and

3821 that they were going to be forgiven. I would ask that

3822 you put postpone this for a month so that we have a

3823 chance to get on the situation a little bit better.

3824

3825 And I just, that's really, I'm horrified and disgusted

3826 and I only found out about this by coming to this board

3827 meeting. So I am a little bit out of loop of
3828 information, and that is something that I plan to be
3829 correcting as soon as possible. And I just ask for a
3830 little more time. However, I think your staff has been
3831 quite good about working with our people, and I do want
3832 to thank them for that.

3833

3834 **Leo Vasquez III (2:19:44):**

3835 Okay. Well, thank you for being here, Ms. Thomas. I
3836 believe Sascha confirmed this, but the way the order is
3837 structured right now on the Board action request, we
3838 enter into the agreed final order, but it is forgivable,
3839 cancelable if they meet all the requirements.

3840

3841 **Sascha Stremmler (2:20:05):**

3842 Right. As long as the noncompliance, the remaining
3843 noncompliance is corrected, it's by October 4th, so
3844 that's a month., then the remaining \$2,000
3845 administrative penalty would be forgiven.

3846

3847

3848

3849

3850 **Leo Vasquez III (2:20:16):**

3851 Is it for, at least for the items that need to be
3852 corrected. Is that doable in the, is it paperwork, or
3853 do they have to...

3854

3855 **Sascha Stremmler (2:20:26):**

3856 What we were told last, I think before Board book
3857 posting is they were very close to having the
3858 noncompliance corrected. It was the Section 811
3859 everything for the certification documents. So we've
3860 given them an additional 30 days to get that fixed. I
3861 guess if the Board wants to extend that to give them
3862 additional time, 60, 90 days to do that, we can also
3863 change the order to give them more time before, to
3864 forgive that.

3865

3866 **Leo Vasquez III (2:20:54):**

3867 That's what I'm asking you. Is this like just a quick,
3868 oh yeah, okay, now we fill out the form and we're...

3869

3870

3871

3872

3873 **Sascha Stremmler (2:21:01):**

3874 I believe so. But if they're requesting additional
3875 time, I don't think we're generally opposed to that, but
3876 we were told it was almost done.

3877

3878 **Leo Vasquez III (2:21:10):**

3879 Okay. So 60 days instead of 30 days just in case, so...

3880

3881 **Sascha Stremmler (2:21:13):**

3882 Yeah. Yeah.

3883

3884 **Leo Vasquez III (2:21:16):**

3885 And then it sounds like we have the organization's
3886 attention, which is great, and obviously it's a noble
3887 cause. We're trying to help, especially on 811 types of
3888 properties. So here I have more reasonable confidence
3889 it's the paperwork will be done right and things going
3890 forward. So I'd entertain a motion now if we want to
3891 add 30 more days just in case, is that difficult to...

3892

3893 **Megan Sylvester (2:21:46):**

3894 Just modify it in the motion when,

3895

3896 **Leo Vasquez III (2:21:49):**
3897 Okay. So instead of October 4th.
3898
3899 **Sascha Stremler (2:21:52):**
3900 Maybe November 4th.
3901
3902 **Leo Vasquez III (2:21:53):**
3903 Say the end of October, right?
3904
3905 **Sascha Stremler (2:21:55):**
3906 Yeah. Whatever...
3907
3908 **Leo Vasquez III (2:21:58):**
3909 Does anyone care to make that motion?
3910
3911 **Holland Harper (2:22:06):**
3912 But one bit of discussion here.
3913
3914 **Leo Vasquez III (2:22:08):**
3915 Okay.
3916
3917
3918

3919 **Holland Harper (2:22:09):**

3920 Ms. Thomas, how close are you to finishing your list
3921 here? Because you have some items on here that are,
3922 smoke detectors for life safety issues. You have
3923 showers that are not in compliant. There's missing
3924 sinks, there's missing toilets. There's some things in
3925 this list. Are y'all close to getting this finished?
3926

3927 **Stephanie Thomas (2:22:27):**

3928 My executive director has told us that we are close.
3929 And some of those units, I believe, are unoccupied so
3930 that we wouldn't, I don't want anyone going in there
3931 without that stuff fixed.
3932

3933 **Holland Harper (2:22:41):**

3934 Mr. Chairman, if you're okay, I'd rather leave this at
3935 30 days. You got life safety issues. You've got
3936 lacking toilets and rest. And if we need some more
3937 time, I'll put some discretion with the Executive
3938 Director, but it really needs to be finished.
3939
3940
3941

3942 **Sascha Stremmler (2:22:52):**

3943 Let me double check my notes. I think all the NSPIRE
3944 violations have been corrected. It's just this, it's
3945 just the Section 811 file monitoring that has not been
3946 corrected. So all of those things. And the thing with
3947 the smoke detector, I believe, I don't know if someone
3948 from compliance is here, but I think the standard change
3949 from NSPIRE about the location of the smoke detectors,
3950 which has caused an issue for some people, but all the
3951 NSPIRE violations have been corrected. So it's just the
3952 file monitoring.

3953

3954 **Holland Harper (2:23:23):**

3955 I move the Board approve the agreed final order
3956 assessing administrative penalty for the noncompliance
3957 related to the Accessibility Housing Austin and AHA! at
3958 Briarcliff, all as described, authorized, and
3959 conditioned in the Board action request, resolution, and
3960 associated documents and order on this item.

3961

3962 **Leo Vasquez III (2:23:41):**

3963 Okay. So we'll leave it that as is, but y'all can...

3964

3965 **Anna Maria Farias (2:23:43):**

3966 Second.

3967

3968 **Leo Vasquez III (2:23:44):**

3969 Motion made by Mr. Harper. Seconded by Ms. Farias. All

3970 those in favor say aye.

3971

3972 **All Board Members (2:23:48):**

3973 Aye.

3974

3975 **Leo Vasquez III (2:23:49):**

3976 Any opposed? Hearing none, motion carries. So Ms.

3977 Stremmler, can you now go take care of your other client.

3978

3979 **Megan Sylvester (2:23:59):**

3980 Sascha, would you like Rosalio to go with you?

3981

3982 **Sascha Stremmler (2:24:02):**

3983 Yeah. If that's okay. Rosalio.

3984

3985 **Leo Vasquez III (2:24:10):**

3986 Okay. That was 23, right?

3987

3988 **Bobby Wilkinson (2:24:17) :**

3989 Yes.

3990

3991 **Leo Vasquez III (2:24:20) :**

3992 Does anyone need to take a break?

3993

3994 **Anna Maria Farias (2:24:22) :**

3995 Yeah. I would need a break.

3996

3997 **Leo Vasquez III (2:24:26) :**

3998 Okay. It's 12:25. We are in recess for 10 minutes. So
3999 let's be back here starting at 12:35.

4000

4001 **Leo Vasquez III (2:24:44) :**

4002 It is 12:39 still on the afternoon of September 4th, the
4003 meeting of the Governing Board of the Texas Department
4004 of Housing and Community Affairs is now back in session.
4005 Next item on the agenda is item 24. Presentation,
4006 discussion, and possible action regarding authorization
4007 to release a NOFA for 2026 Community Services Block
4008 Grant Discretionary funds for education and employment
4009 initiatives for Native American and migrant and seasonal
4010 farmworker populations. Mr. DeYoung.

4011

4012 **Michael DeYoung (2:25:29) :**

4013 Good morning, Mr. Chairman and Board members. Michael
4014 DeYoung, Director of Community Affairs. Item 24 is
4015 going to be the quickest item on the agenda today. We
4016 request the authority for the Board to release a notice
4017 of funding availability for the 2026 Community Services
4018 Block Grant. To give you a little context, each year,
4019 Texas receives CSBG funds in the amount about \$37
4020 million, 90 percent of which must go to eligible
4021 entities, which are the community action agencies that
4022 we fund. For the Community Services Block Grant, we get
4023 5 percent for administrative activities at TDHCA.
4024 That's monitoring, training, and planning for the grant.
4025 And then 5 percent of the funds are discretionary, most
4026 of which go for disaster relief. But we do have some
4027 buckets of money that go for these types of programs.

4028

4029 Each year, the discretionary funds are programmed for
4030 specific activities which were previously approved by
4031 the Board in the biennial CSBG plan. You saw that back
4032 in June. And this year we've programmed \$300,000 for
4033 Native American and migrant seasonal farm worker

4034 populations. The organizations that would receive these
4035 awards would be providing employment assistance for
4036 their clients, including assisting persons to obtain
4037 employment, obtain work skills or experience. They help
4038 them with job searches, job referrals, job coaching,
4039 resume writing, interview skills. And we even do
4040 assistance with tools and uniforms if they are going
4041 into a nursing school or things like that.

4042

4043 Education assistance includes assisting persons to
4044 enroll in a trade school or college, financial literacy
4045 programs, helping them obtain a GED, literacy classes
4046 for English, financial counseling, tuition assistance,
4047 and any books and supplies that they might need in order
4048 to obtain additional skills. These funds are
4049 competitive. They require a NOFA to be released. And
4050 we have a scoring mechanism in your Board book that you
4051 can look at to determine the best qualified applicants.
4052 Both of those are attached to this bar.

4053

4054 There will be three awards made for this NOFA. Each one
4055 would be \$100,000. Two of them would be for migrant
4056 seasonal farm worker population organizations and one

4057 for the Native American population. Contracts for the
4058 awardees are expected to begin February 1, 2026, and end
4059 around January 31st of 2027. Of course, that is all
4060 pending a budget approval from Congress and the
4061 President.

4062

4063 With your approval, staff will release the NOFA, collect
4064 and score the applications, and return to the Board in
4065 December to present award recommendations to you all.
4066 Staff requests board approval to begin that process.
4067 And I can answer any questions.

4068

4069 **Leo Vasquez III (2:28:07):**

4070 Great. Thank you, Michael. So how do we advertise the
4071 NOFA?

4072

4073 **Michael DeYoung (2:28:15):**

4074 Well, it goes out, it will go out in the *Texas Register*.
4075 Both of these, the migrant seasonal farmer and Native
4076 American applications, have historically come from three
4077 or four entities all along. In Texas, we have three
4078 recognized Native American tribes. There is an
4079 organization up in Dallas, which I would call it a PAN

4080 organization that tries to provide services and
4081 coordinate services for each of the tribes, and includes
4082 some of the tribes in Oklahoma even. They're the ones
4083 who historically have applied for it. I don't believe
4084 we've had any other actual individual tribes apply for
4085 this. They are eligible, but they have not, we've
4086 contacted them to make them aware of it. On the migrant
4087 seasonal farm worker applications, again, it goes out
4088 through public channels. And we have had three
4089 organizations over about the last six years who have
4090 applied. Two of them usually get it.

4091

4092 **Leo Vasquez III (2:29:23):**

4093 Okay. Great. Maybe Lyttle and Tirloni can help spread
4094 the word on social media and such. So use those
4095 resources. That's great. Thank you. Any Board members
4096 have questions on this item? If not, I'll entertain a
4097 motion on item 24 of the agenda.

4098

4099 **Ajay Thomas (2:29:45):**

4100 Mr. Chairman, I move the Board approve and authorize
4101 staff as designated by the Executive Director to release
4102 a notice of funding availability for 2026 CSBG-D funds,

4103 all as described, conditioned, and authorized in the
4104 Board action request, resolutions, and associated
4105 documents on this item.

4106

4107 **Cindy Conroy (2:30:01):**

4108 I second.

4109

4110 **Leo Vasquez III (2:30:02):**

4111 Motion made by Mr. Thomas. Seconded by Ms. Conroy. All
4112 those in favor say aye.

4113

4114 **All Board Members (2:30:06):**

4115 Aye.

4116

4117 **Leo Vasquez III (2:30:07):**

4118 Any opposed? Hearing none, motion carries.

4119

4120 **Michael DeYoung (2:30:09):**

4121 Thank you very much.

4122

4123 **Leo Vasquez III (2:30:11):**

4124 Okay. 25 has been pulled from the agenda today, right?

4125

4126 **Bobby Wilkinson (2:30:16):**

4127 Yes.

4128

4129 **Megan Sylvester (2:30:16):**

4130 Yes.

4131

4132 **Leo Vasquez III (2:30:16):**

4133 Okay. All right. So moving right along to 26. God

4134 bless you. Okay. 26. Presentation, discussion, and

4135 possible action on a request for reasonable

4136 accommodation under the Section 8 Housing Choice Voucher

4137 Program. Ms. Versyp.

4138

4139 **Abigail Versyp (2:30:47):**

4140 Hi. Yes. I'll be speaking a little louder maybe than I

4141 would, but it's because we have an attendee here through

4142 a reasonable accommodation, and I want to make sure that

4143 she can hear me. I'm not trying to shout. Good

4144 afternoon.

4145

4146 **Leo Vasquez III (2:31:03):**

4147 Everyone should speak up. That's good.

4148

4149 **Abigail Versyp (2:31:06) :**

4150 Good afternoon. Be careful. Good afternoon. TDHCA
4151 Board members. I'm Abigail Versyp, Director of Single
4152 Family and Homeless Programs. As stated in the agenda
4153 item, I'm here to present an appeal for a denial of a
4154 reasonable accommodation for a Section 8 Housing Choice
4155 Voucher participant.

4156

4157 The Section 8 Program provides monthly rental subsidy to
4158 a landlord on behalf of low-income tenants. This HUD
4159 funded program is subject to the Americans with
4160 Disabilities Act, Section 504 of the 1973 Rehabilitation
4161 Act and the Fair Housing Act. Embedded within these
4162 regulations is the principle of reasonable accommodation
4163 for a person with a disability that is participating in
4164 the program, and TDHCA has codified our procedures for
4165 reviewing these requests in 10 TAC 1.1.

4166

4167 For Section 8, a reasonable accommodation request made
4168 to us is a variance from existing policy or procedures
4169 in order to accommodate a disability. The tenant in
4170 this case has been granted a reasonable accommodation
4171 and has submitted a request to change the reasonable

4172 accommodation currently granted. The tenant is a
4173 resident of Galveston County and is a person with a
4174 disability.

4175

4176 Our policy states that single-member households will be
4177 given a one-bedroom voucher as this is suitable for the
4178 family size without oversubsidizing. This means that
4179 while the tenant can select any size unit to rent, the
4180 Department will only pay based on what the one-bedroom
4181 payment standard is. The funds would have to come from
4182 the tenant if they select a larger unit. So if they
4183 select a larger unit than their voucher allows for,
4184 they'll pay more out of pocket.

4185

4186 Although this tenant is a single-member household and
4187 lives alone, they requested an accommodation for a
4188 larger voucher size because their disability requires
4189 additional space. The accommodation was considered in
4190 2021, and it was determined that the request for
4191 additional space was reasonable, and the tenant was
4192 granted a two-bedroom voucher instead of a one-bedroom
4193 voucher. Ultimately, this tenant decided to rent a
4194 four-bedroom single-family home on High Island, which is

4195 on the border of the TDHCA and City of Galveston Section
4196 8 HCV service area.

4197

4198 Since the tenant had a two-bedroom voucher for their
4199 reasonable accommodation, the Department has been
4200 calculating the subsidy using the two-bedroom rent
4201 standard. At this time, TDHCA is using the City of
4202 Galveston's payment standard of 1,681 for this unit
4203 because the small area fair Market rent, TDHCA's regular
4204 payment standard, is \$1,000 and the tenant is held
4205 harmless from reduced payment standards for a certain
4206 period of time. In April of 2025, the tenant amended
4207 their accommodation request to receive a four-bedroom
4208 voucher instead of a two-bedroom voucher which would
4209 increase the payment standard used to calculate this
4210 rent this year to \$2,824 per month, an increase of
4211 \$1,143 monthly. The letter they submitted is included
4212 in the attachment to this item.

4213

4214 The tenant states that the current four-bedroom property
4215 they occupy meets their needs for disability. The
4216 request goes on to say state that accessible units are
4217 limited in their area and that the landlord was

4218 requesting an increase in contract rent prompting the
4219 submission of this amended request. The request was
4220 reviewed by staff and while staff agrees that the need
4221 for a two-bedroom unit to accommodate their disability
4222 is reasonable and should remain in place, The request to
4223 increase the voucher size did not meet the requirements
4224 for the accommodation to be considered reasonable.

4225

4226 Reasonable accommodations must be made on a case-by-case
4227 basis and the factors for consideration must include
4228 whether there is a relationship between the person's
4229 disability and the accommodation requested. This is
4230 usually provided in the form of a letter from a
4231 knowledgeable third party that states what
4232 accommodations the person would need based on their
4233 diagnosis and treatment plan. In this case, the tenant
4234 did provide a letter from their treating physician. A
4235 reasonable accommodation request may be denied if there
4236 is no disability related need for the accommodation or
4237 the accommodation is not reasonable.

4238

4239 Staff determined that this request for a four-bedroom
4240 voucher size could not be granted because there was not

4241 sufficient evidence of the disability-related need for
4242 the accommodation. The only substantial difference in
4243 the request from the initial accommodation is that the
4244 landlord was going to increase the rent. The needs
4245 expressed by the knowledgeable third party in 2025 are
4246 near identical to the needs expressed previously and are
4247 not specific to the need for four bedrooms. Staff
4248 requested clarification from the tenant prior to making
4249 this decision.

4250

4251 As shown in the attachment to the Board item, staff
4252 asked for verification that would support the request
4253 and establish the disability-related need. The tenant
4254 provided a statement saying that they needed one
4255 bedroom, of course, for themselves, one bedroom for
4256 storage of medical equipment and medically necessary
4257 related supplies. They needed another bedroom for
4258 storage and utilization of medical records, and the
4259 fourth bedroom to perform therapeutic procedures that
4260 require open space and privacy that would also allow an
4261 overnight helper as needed from time to time. It is
4262 important to note that this tenant does not require a
4263 live-in aid, so an additional bedroom for a live-in aid

4264 is a standard accommodation, but that's not the case for
4265 this particular tenant's needs.

4266

4267 The tenant also stated that if they could not obtain the
4268 four-bedroom voucher, that they wanted an exception
4269 payment standard processed that would exceed 120 percent
4270 of the fair market rent. As this request is also
4271 intended to increase the payment standard, it was also
4272 evaluated and determined to not be reasonable as there
4273 is not a nexus between the disability and the increased
4274 payment standard.

4275

4276 The tenant's statement that there are very limited
4277 options for units that meet the needs expressed by the
4278 knowledgeable third party were also reviewed. It should
4279 be noted that TDHCA has eight multifamily properties in
4280 the regular TDHCA service area of Galveston County,
4281 which, according to the most recent unit vacancy report,
4282 showed 64 available accessible two-bedroom units. TDHCA
4283 may also expand our service area for this tenant to
4284 include all of Galveston County, which opens up an
4285 additional eight TDHCA properties with an additional 100
4286 available accessible two-bedroom units.

4287

4288 The tenant was officially notified of the denial and
4289 appealed the denial to the Board. Staff recommends that
4290 the Board make this final determination and further
4291 recommends that the denial on the basis that the request
4292 is not reasonable and that the tenant's existing
4293 accommodation allows for the additional needed space.

4294

4295 Tenant is here to speak today and I'll leave the matter
4296 of whether they choose to identify themselves by
4297 providing comment to the Board at their discretion. The
4298 tenant is appearing remotely, as you can see, as they
4299 have requested a reasonable accommodation because
4300 traveling is difficult due to their disability. So I
4301 have them here on Teams and I'll unmute them when it's
4302 time. I know this was a long presentation. I'm here
4303 for any questions or concerns you have about staff's
4304 recommendation.

4305

4306 **Leo Vasquez III (2:39:25) :**

4307 Okay. Just to clarify. So is the tenant currently in a
4308 four-bedroom unit?

4309

4310 **Abigail Versyp (2:39:31):**

4311 Yes. The tenant currently lives in a four-bedroom unit.

4312 Okay.

4313

4314 **Leo Vasquez III (2:39:35):**

4315 Okay. Does anyone have questions for Ms. Versyp?

4316

4317 **Anna Maria Farias (2:39:41):**

4318 Yeah. When the tenant went from a one- to a two-

4319 bedroom, they got permission to do that, right?

4320

4321 **Abigail Versyp (2:39:49):**

4322 Yes. They requested an accommodation...

4323

4324 **Anna Maria Farias (2:39:50):**

4325 Right. I understand that under reasonable

4326 accommodations it is not unusual for them to have two

4327 bedrooms because,

4328

4329 **Abigail Versyp (2:39:57):**

4330 That is correct.

4331

4332

4333 **Anna Maria Farias (2:39:58):**

4334 When they moved from the two-bedroom to a four-bedroom,
4335 did they notify?

4336

4337 **Abigail Versyp (2:40:04):**

4338 We knew that they were going to occupy that unit.

4339 They're allowed to rent...

4340

4341 **Anna Maria Farias (2:40:09):**

4342 Wherever they would like, but they're only going to get
4343 help for a two-bedroom, not a four-bedroom.

4344

4345 **Abigail Versyp (2:40:15):**

4346 That's correct.

4347

4348 **Anna Maria Farias (2:40:15):**

4349 Okay. My experience working all those years at HUD,
4350 including Assistant Secretary of Fair Housing, is
4351 reasonable accommodation is just that, what is
4352 reasonable. And if you allow somebody to go from a one
4353 bedroom and they got the exception to a two bedroom and
4354 then all of a sudden a four bedroom, you're opening the
4355 floodgates for everybody to want a four-bedroom

4356 apartment and getting countless, countless appeals. So
4357 that's what it means. It's just is reasonable. What is
4358 reasonable? Two bedrooms is reasonable. Especially in
4359 light of you saying he does not require a live-in help.
4360 So it's my two cents worth of that, sir.

4361

4362 **Leo Vasquez III (2:41:01):**

4363 Okay. Any other Board members have questions for Ms.
4364 Versyp before we offer the tenant an opportunity to
4365 talk?

4366

4367 **Kenny Marchant (2:41:09):**

4368 Mr. Chairman, I would just ask about procedure. Is this
4369 appeal, can only be granted or denied by the Board in a
4370 public meeting?

4371

4372 **Abigail Versyp (2:41:24):**

4373 In accordance with our rules, that's correct. So the
4374 tenant has...

4375

4376 **Kenny Marchant (2:41:30):**

4377 Because I've never seen one of these previously.

4378

4379 **Abigail Versyp (2:41:31):**

4380 The appeal has already reached the Board. This is the
4381 first one that I'm aware of.

4382

4383 **Kenny Marchant (2:41:34):**

4384 Okay. Okay.

4385

4386 **Megan Sylvester (2:41:36):**

4387 So this is a little, just for clarification. The
4388 Section 8 Program is rather unique or distinct, I should
4389 say not unique, but distinct at TDHCA, in that we're
4390 providing the voucher directly to a household. So most
4391 of the times when there are appeals, they go to the
4392 subrecipient or the owner, not directly to TDHCA. Which
4393 is why if TDHCA staff is denied, then under our rules,
4394 it goes to the Board. Because the Public Housing
4395 Authority rules said that the Board has to have an
4396 opportunity, and we are a PHA board for the purposes of
4397 this program.

4398

4399 **Kenny Marchant (2:42:17):**

4400 Okay. Thank you.

4401

4402 **Leo Vasquez III (2:42:22):**

4403 Okay. Since we've never done this other than during

4404 COVID, I guess, but what, so how does...

4405

4406 **Abigail Versyp (2:42:32):**

4407 The tenant and I did some test calls, and we've settled

4408 on, I have her on her cell phone, but on Teams, so that

4409 hopefully you'll be able to hear her through my computer

4410 speakers and she'll be able to hear you. If it is okay

4411 with you, I would like to bring my computer closer to

4412 the dais.

4413

4414 **Leo Vasquez III (2:42:49):**

4415 You can't put the microphone on the computer?

4416

4417 **Abigail Versyp (2:42:51):**

4418 Does this microphone do anything is my question? It was

4419 difficult to...

4420

4421 **Leo Vasquez III (2:43:01):**

4422 And I assume due to HIPAA laws and stuff, we are not

4423 going to identify the name of the tenant, or?

4424

4425 **Abigail Versyp (2:43:11):**

4426 I believe that the tenant would still have to identify
4427 herself, but that is a good legal question. Is the
4428 tenant required to identify themselves or can they
4429 request an accommodation to rule...

4430

4431 **Leo Vasquez III (2:43:25):**

4432 Well, publicly, obviously they need to identify her for
4433 what's, y'all have in the records, but require her to
4434 broadcast her name on this, I wouldn't force that.

4435

4436 **Megan Sylvester (2:43:38):**

4437 She's not required to do that.

4438

4439 **Abigail Versyp (2:43:39):**

4440 Okay.

4441

4442 **Kenny Marchant (2:43:39):**

4443 Are we allowed to ask, will she describe her disability,
4444 or we are allowed to ask that?

4445

4446

4447

4448 **Abigail Versyp (2:43:46):**

4449 We should not inquire as to the nature of her
4450 disability. We can inquire as to what she needs based
4451 on her disability.

4452

4453 **Kenny Marchant (2:43:53):**

4454 Okay.

4455

4456 **Abigail Versyp (2:43:55):**

4457 So with that, I'm going to unmute her and make sure she
4458 heard and understands that she does not have to identify
4459 herself by name. Okay. Hello. You are unmuted, I
4460 think. Hang on just one moment.

4461

4462 **Leo Vasquez III (2:44:33):**

4463 Are your speakers on?

4464

4465 **Abigail Versyp (2:44:34):**

4466 I believe that you have muted yourself. Can you unmute
4467 yourself?

4468

4469 **Leo Vasquez III (2:44:51):**

4470 Abigail, are your speakers on in the computer?

4471

4472 **Abigail Versyp (2:44:53):**

4473 My speakers are on. I see my voice going up and down.

4474

4475 **Leo Vasquez III (2:44:59):**

4476 No, that's your microphone.

4477

4478 **Abigail Versyp (2:45:02):**

4479 Oh, yeah, my speaker's on.

4480

4481 **Leo Vasquez III (2:45:03):**

4482 Okay. All right.

4483

4484 **Abigail Versyp (2:45:07):**

4485 I see her mute on her...

4486

4487 **Kenny Marchant (2:45:16):**

4488 While you're doing that, so you're currently providing a

4489 voucher for a two bedroom. She is paying the additional

4490 amount. Okay.

4491

4492 **Abigail Versyp (2:45:26):**

4493 Yes.

4494

4495 **Kenny Marchant (2:45:26):**

4496 She would have to move.

4497

4498 **Abigail Versyp (2:45:29):**

4499 She's not required to move, but in reality she may,

4500 financial.

4501

4502 **Kenny Marchant (2:45:31):**

4503 But in order, if she doesn't want to absorb the

4504 additional amount and her landlord doesn't want to

4505 forego the additional amount.

4506

4507 **Abigail Versyp (2:45:41):**

4508 Correct.

4509

4510 **Kenny Marchant (2:45:45):**

4511 She would have to move into these additional units that

4512 you've identified are available.

4513

4514 **Abigail Versyp (2:45:48):**

4515 She doesn't have to move into one of these units.

4516

4517 **Kenny Marchant (2:45:48):**

4518 No, I understand.

4519

4520 **Abigail Versyp (2:45:49):**

4521 But I just wanted the Board to know that there are

4522 accessible to pick.

4523

4524 **Kenny Marchant (2:45:53):**

4525 There's some units available. Okay.

4526

4527 **Abigail Versyp (2:45:55):**

4528 I'm going to remove her from the, and call her right

4529 back because I think there may be an issue. I'm going

4530 to call you right back. Okay.

4531

4532 **Deanna Jenkins (2:46:40):**

4533 Hello?

4534

4535 **Abigail Versyp (2:46:41):**

4536 Hi. Hi, good afternoon, this is Abby. I hope you were

4537 able to hear.

4538

4539

4540 **Deanna Jenkins (2:46:50):**

4541 Can you hear me now?

4542

4543 **Abigail Versyp (2:46:51):**

4544 Can you hear her sufficiently?

4545

4546 **Leo Vasquez III (2:46:51):**

4547 Yes. Yep. That's fine. That's perfect.

4548

4549 **Kenny Marchant (2:46:53):**

4550 Yes.

4551

4552 **Abigail Versyp (2:46:56):**

4553 Okay. The Board's ready.

4554

4555 **Deanna Jenkins (2:47:00):**

4556 Okay. I'll just make a statement here, and then I'm

4557 happy to answer any questions if that's acceptable

4558 really.

4559

4560 **Abigail Versyp (2:47:08):**

4561 Yes.

4562

4563 **Bobby Wilkinson (2:47:08):**

4564 Abby, put the microphone by the speaker.

4565

4566 **Leo Vasquez III (2:47:09):**

4567 Put the microphone by the speaker. Yeah.

4568

4569 **Abigail Versyp (2:47:16):**

4570 Just so you don't need to identify yourself by name

4571 unless you choose to. Okay?

4572

4573 **Deanna Jenkins (2:47:23):**

4574 Okay. Well, I don't have a problem with that, but my

4575 name is Deanna Jenkins. I am low income, elderly, and

4576 SA disabled. Eight years of discussion on this matter

4577 cannot be conveyed in the three minutes allowed for

4578 public commenting, but I'm happy to do my best to

4579 explain myself in as great a detail as I'm able to, to

4580 clear up the misunderstanding on the situation.

4581

4582 First of all, granting a reasonable accommodation to a

4583 disabled person to make it possible for them to rent a

4584 HUD Texas TDHCA CDBG program unit home that is fully

4585 handicap compliant seems reasonable without much further

4586 additional information. However, both myself and my
4587 doctor have provided statements of my need for handicap
4588 compliant housing and I have provided the PHA staff with
4589 many reasons about why I need it, since 2016, when I was
4590 first granted entry into the HCV program.

4591

4592 I have also suggested alternatives over the years since
4593 then, but for some reason that I do not understand, my
4594 reasonable accommodation request for whatever is
4595 necessary to allow me to rent or buy a home that meets
4596 my disability needs, including but not limited to any
4597 accommodations that require bedrooms, exception, payment
4598 standard or home ownership option have gone
4599 unacknowledged and unprofessed by PHA staff, which
4600 translates to basically TDHCA has ignored me.

4601

4602 So most recently the field office TMS Shakita Ross
4603 graciously provided PHA staff with counsel about how
4604 their actions have been in error all these years and how
4605 to correct their error and provided a written statement
4606 supporting my reasonable accommodation request. I have
4607 made diligent search starting in 2016 for alternative
4608 housing, but none is available to me that meets my

4609 complex medical needs or my doctor's recommendations
4610 except for the housing unit I currently reside in.
4611
4612 Regarding the background summary provided by the
4613 Executive Director, there are quite a few factual errors
4614 in it. For example, but not limited to the statement
4615 that I was granted a two-bedroom voucher in 2021.
4616 That's not correct. My request for reasonable
4617 accommodation for whatever was necessary was made in
4618 2016 before I even began to search for unit. But the
4619 delay in processing and responding to my reasonable
4620 accommodation request has been from 2016 until now. I'm
4621 grateful for the two-bedroom voucher, but it never did,
4622 nor does it currently meet my need of obtaining
4623 maintaining housing suitable for my disability.
4624
4625 A four-bedroom voucher probably should have been issued
4626 in 2016 upon my initial RSDA for the handicapped
4627 compliance unit I currently reside in, but it wasn't and
4628 no explanation was given for why it wasn't. Nor was any
4629 explanation given for why I was not processed for an
4630 exception payment standard. In addition, the nexus
4631 presented does not contain reference to the many emails

4632 and conversations over the last eight years that have
4633 taken place between myself and the PHA staff regarding
4634 my need for this reasonable accommodation. Those
4635 conversations illustrate my needs quite clearly. It is
4636 possible that the Executive Director has not been
4637 provided complete and accurate information on this
4638 matter.

4639

4640 HUD PIH 213-18 provides PHAs with directives and
4641 instructions regarding reasonable accommodation
4642 requests. HOPWA materials provide guidance as well.
4643 CIH 2024-34 states that it's required that TDHCA to
4644 grant reachable accommodation credit for disabled person
4645 and gives additional instructions on how to process such
4646 request. Federal Statute CFR 24 Subtitle A Part B,
4647 Subpart C, paragraph 833 states that a denial of a
4648 reasonable accommodation request is only justified if an
4649 undue administrative or financial burden exists for the
4650 PHA. This burden does not exist for TDHCA due to HUB
4651 waivers and short bar reimbursement options available if
4652 needed.

4653

4654 I have brought all of these things to the attention of
4655 PHA staff over these many eight years that I have been
4656 making this request, but things have been ignored as
4657 well. Therefore, I respectfully request my reasonable
4658 accommodation be granted and promptly processed
4659 according to HUD guidance retroactive to 2016 when I
4660 first made my reasonable accommodation request. Thank
4661 you for your time and attention to this matter. I'm
4662 happy to answer any questions that you have.

4663

4664 **Leo Vasquez III (2:52:13):**

4665 Great. Thank you, Ms. Jenkins, for participating here.
4666 And we did hear, I think we all heard her clearly. Do
4667 any Board members have questions for Ms. Jenkins or Ms.
4668 Versyp?

4669

4670 **Abigail Versyp (2:52:33):**

4671 If I may. The tenant did bring up our portfolio manager
4672 at HUD, who had been communicating with her and talking
4673 to her about reasonable accommodations. And I would
4674 like to point out that the portfolio manager was
4675 corrected by the program director and the HUD field
4676 office director and told to refrain from issuing any

4677 more guidance, and that in their observation, TDHCA had
4678 not made an error that was a rule of regulation or
4679 violation.

4680

4681 **Leo Vasquez III (2:53:16):**

4682 So that's from HUD.

4683

4684 **Abigail Versyp (2:53:17):**

4685 That is from HUD.

4686

4687 **Leo Vasquez III (2:53:18):**

4688 Okay.

4689

4690 **Kenny Marchant (2:53:23):**

4691 Just a quick question. This is a question for...

4692

4693 **Deanna Jenkins (2:53:28):**

4694 I have other references from other HUD executives on

4695 this matter that concur with my assessment of the

4696 situation. If you need those things, they're mostly

4697 email, and I can provide them at any point time. But I

4698 already provided this to, everybody is at HUD,

4699 (indiscernible) not just DNS. This conversation has

4700 been going on with TDHCA, HUD, the field offices, the
4701 Houston field office. I've met everybody. I've been
4702 everywhere, and all of them say, oh yeah, that sounds
4703 right.

4704

4705 **Kenny Marchant (2:54:09):**

4706 My question is for Abigail.

4707

4708 **Deanna Jenkins (2:54:10):**

4709 back showing them where multiple people within the HUD
4710 organization have said yeah, that sounds perfectly
4711 reasonable with me.

4712

4713 **Kenny Marchant (2:54:21):**

4714 I withdraw my question.

4715

4716 **Deanna Jenkins (2:54:23):**

4717 Why don't you get with your PHA about that. I've been
4718 getting the runaround on this, the pass the buck, all
4719 that jazz for, I think this is (indiscernible -
4720 simultaneous speech) the burden is we have...

4721

4722

4723 **Leo Vasquez III (2:54:34):**

4724 Okay. Thank you, Ms. Jenkins. I think we have the

4725 Board book and we have the information pretty

4726 extensively documented here in the materials.

4727

4728 **Deanna Jenkins (2:54:48):**

4729 Okay. Yeah. I have all the emails and all that, yeah.

4730

4731 **Leo Vasquez III (2:54:48):**

4732 And sure, we cannot actually add any new items at this

4733 time. And again I'll give, Mr. Marchant, do you one ask

4734 Ms. Versyp question or are you good?

4735

4736 **Kenny Marchant (2:55:04):**

4737 I want to ask Abigail a question.

4738

4739 **Abigail Versyp (2:55:07):**

4740 Yes, sir.

4741

4742 **Kenny Marchant (2:55:09):**

4743 Since the extemporaneous testimony was read, do we have

4744 that in the record, what was read? The testimony, I

4745 mean...

4746

4747 **Abigail Versyp (2:55:24):**

4748 The testimony of the tenant.

4749

4750 **Kenny Marchant (2:55:24):**

4751 Yes, ma'am.

4752

4753 **Abigail Versyp (2:55:25):**

4754 Yes. This is in the record.

4755

4756 **Kenny Marchant (2:55:26):**

4757 Okay. Thank you.

4758

4759 **Leo Vasquez III (2:55:30):**

4760 Okay. Again, do any Board members have questions? The
4761 staff recommendation is to not grant the request for or
4762 the appeal for a four-bedroom voucher. But that still
4763 maintains the two-bedroom voucher.

4764

4765 **Abigail Versyp (2:55:49):**

4766 That's correct. That is staff's recommendation.

4767

4768

4769 **Leo Vasquez III (2:55:51):**

4770 Staff's cool. Okay. I entertain the motion on...

4771

4772 **Anna Maria Farias (2:55:57):**

4773 I'll make the motion. Mr. Chairman, I move the Board

4774 to...

4775

4776 **Leo Vasquez III (2:56:00):**

4777 I'm sorry. We're...

4778

4779 **Kenny Marchant (2:56:03):**

4780 Turn that off.

4781

4782 **Leo Vasquez III (2:56:04):**

4783 We're kind of beyond, we're at the motion stage at this

4784 point. Okay. Ms...

4785

4786 **Anna Maria Farias (2:56:12):**

4787 Yes, sir. Mr. Chairman. I move the Board deny the

4788 requested accommodation of increasing the housing

4789 voucher from a two-bedroom unit to a four-bedroom unit

4790 voucher, all as described and authorized in the Board

4791 action request, resolutions, and associated documents on
4792 this item.

4793

4794 **Leo Vasquez III (2:56:33):**

4795 Thank you. Motion made by Ms. Farias. Is there a
4796 second?

4797

4798 **Kenny Marchant (2:56:37):**

4799 I second.

4800

4801 **Leo Vasquez III (2:56:38):**

4802 Seconded by Mr. Marchant. All those in favor say aye.

4803

4804 **All Board Members (2:56:41):**

4805 Aye.

4806

4807 **Leo Vasquez III (2:56:42):**

4808 Any opposed? Hearing none, motion carries. Okay.

4809 Thank you, Ms. Versyp. Actually, the technology thing

4810 worked out pretty reasonable. Okay. Item 27. Can we

4811 just skip this one? Okay. Item 27. Everyone, wake up.

4812 Presentation, discussion, and possible action on the

4813 proposed repeal of 10 TAC Chapter 11 concerning the

4814 Housing Tax Credit Program qualified allocation plan,
4815 proposed new 10 TAC Chapter 11 concerning the same, and
4816 directing their publication for public comment in the
4817 Texas Register.

4818

4819 Mr. Campbell will lead the discussion. For everyone,
4820 just to note, for the record, we did have a Rules
4821 Committee meeting yesterday afternoon discussing aspects
4822 of the QAP. So there are several items I think we
4823 resolved.

4824

4825 **Cody Campbell (2:57:44):**

4826 Yes.

4827

4828 **Leo Vasquez III (2:57:45):**

4829 And edited for consideration. We will basically pick up
4830 where we left off. I don't know if there was. I think
4831 I was told that we might want to put a discussion in
4832 front, but I think the person, I think I saw her leave,
4833 so you can do it whatever order you want.

4834

4835 **Cody Campbell (2:58:07):**

4836 Okay. Okay.

4837

4838 **Leo Vasquez III (2:58:10):**

4839 Okay. And everyone, okay, I know this goes without
4840 saying, but I'm going to say it. If you are coming to
4841 speak on the same issue, providing the same information
4842 as another speaker before you, you're welcome to come up
4843 and say I support what Abigail just said without having
4844 to repeat all of that again. This can be a tedious
4845 process, and if we all work together to bring up new
4846 ideas and new issues or just quickly, briefly confirm,
4847 yes, I back this prior statement, that will help move
4848 this along much better. With that, Mr. Campbell.

4849

4850 **Cody Campbell (2:59:00):**

4851 Fantastic. Thank you, Mr. Vasquez. Cody Campbell,
4852 Director of Multifamily Programs for the Department. As
4853 Mr. Vasquez just noted, we had a fantastic meeting of
4854 the Rules Committee yesterday, where some decisions were
4855 made and some direction was given to staff. I do have a
4856 list of that direction that I will read to the Board
4857 prior to a final motion being made so that we're all on
4858 the same page about what updates are being made to the
4859 QAP. I am very happy to say that we are near the end of

4860 the list of at least what I had planned on speaking
4861 about.
4862
4863 When we adjourned yesterday, we were in the middle of
4864 discussing the newly added prohibition on cashout
4865 refinances for re-syndicated tax credit deals. Just as
4866 a brief refresher, this prohibits any related party
4867 transaction, a tax credit developer from taking their
4868 equity out as cash at the time of closing. The Board
4869 heard, I believe, two comments on this prior to us
4870 adjourning yesterday, but we didn't get to a point where
4871 staff had direction on how the Board would like to go.
4872 So if the Board would like to hear additional comment,
4873 we can at this time, or if you think you've heard enough
4874 and we just need to talk it out, we can certainly do
4875 that as well.

4876

4877 **Leo Vasquez III (3:00:11):**

4878 Okay. Let me chime in on this and see what kind of
4879 reaction. Again, over the years when we've seen these
4880 types of cash outs, using 9 percent tax credits, which
4881 are a limited resource and are designed, the intent is
4882 to create new housing, new units. It does not seem to

4883 be that the intent of the program is refinancing and
4884 taking your cash out. And yes, there's arguments, oh,
4885 we're going to reinvest it, everything. You might also
4886 reinvest it in your yacht. Okay. There's no control
4887 that we have of that from the Department. 4 percent tax
4888 credits and refinancing and taking that cash out still
4889 isn't really the intent, but it's not a limited resource
4890 that the Department has.

4891

4892 **Cody Campbell (3:01:14):**

4893 Sure.

4894

4895 **Leo Vasquez III (3:01:16):**

4896 So I would propose we structure the cash out to have
4897 your proposed language, but only apply to 9 percent tax
4898 credit re-financings. See how that goes for maybe a
4899 year or two and then we can figure out if we need to
4900 modify it from there.

4901

4902 **Cody Campbell (3:01:38):**

4903 Sure.

4904

4905

4906 **Leo Vasquez III (3:01:40):**

4907 I don't know what the other Board members think. I'm
4908 going to be happy to hear some comments on that.

4909

4910 **Kenny Marchant (3:01:46):**

4911 I agree with that. I would like to ask a question about
4912 the 9 percent.

4913

4914 **Cody Campbell (3:01:49):**

4915 Yes, sir.

4916

4917 **Kenny Marchant (3:01:50):**

4918 Is there any kind of, the stipulations go for 30 years,
4919 right?

4920

4921 **Cody Campbell (3:02:00):**

4922 Federally, they go for a minimum of 30 years with the 9
4923 percent program because everyone wants to score the
4924 maximum number of points. Practically speaking, they do
4925 go longer than 30 years because people voluntarily go
4926 longer for points.

4927

4928

4929 **Kenny Marchant (3:02:13):**

4930 But the actual realization of the tax credits comes
4931 within the first 10 years, correct?

4932

4933 **Cody Campbell (3:02:22):**

4934 Occasionally they carry into the 11th, but for purposes
4935 of this conversation, sure.

4936

4937 **Kenny Marchant (3:02:24):**

4938 But within that time frame.

4939

4940 **Cody Campbell (3:02:27):**

4941 Yeah.

4942

4943 **Kenny Marchant (3:02:28):**

4944 Is there a reasonable time that we could put on there,
4945 15 years, 20, that if it's done within that period of
4946 time, that these rules kick in? If it's done after 20
4947 years or, and I'm looking at the possibility of the need
4948 to spend extensive money to remodel, refurbish, and the
4949 purpose of it would be if they could do that under this.
4950 But they would have to prove up the numbers, right?

4951

4952 **Cody Campbell (3:03:01):**

4953 They would. So as we discussed yesterday, there is a
4954 prohibition going into the QAP, assuming that it passes
4955 as written, that prohibits a 9 percent deal that
4956 initially got credits fewer than 20 years ago for coming
4957 back in to re-syndicate. So that would cover the 20-
4958 year thing for existing 9 percent deals. What wouldn't
4959 be covered is if there was a related party transaction
4960 with a nontax credit deal that's being brought into the
4961 program, so the rule that I've just discussed would not
4962 cover that scenario. I don't know how many of those we
4963 see. I think that's a pretty rare setup for a deal, but
4964 it is...

4965

4966 **Kenny Marchant (3:03:47):**

4967 And I don't want to practically tie the hands of people
4968 that are genuinely trying to refurbish and in a
4969 reasonable amount of time. So if somebody gets five
4970 years in, they're trying to flip the deal and sell it,
4971 they either sell it or refi, they can sell it, right?
4972 And we have no, it all carries over to the new owner,
4973 all these...

4974

4975 **Cody Campbell (3:04:12):**

4976 All the restrictions, yes. The only way that you get
4977 out of the restrictions is either through foreclosure or
4978 going through a process called the qualified contract,
4979 which is pretty rare or them just naturally expiring.

4980

4981 **Kenny Marchant (3:04:24):**

4982 Okay. That's my, thank you.

4983

4984 **Cody Campbell (3:02:25):**

4985 Great.

4986

4987 **Leo Vasquez III (3:04:34):**

4988 Does any...

4989

4990 **Holland Harper (3:04:31):**

4991 Would you be amenable to the 10-year period? In the
4992 compliance period for 4s and 10s.

4993

4994 **Leo Vasquez III (3:04:42):**

4995 But then in year 11 they can use tax credits to refi.

4996

4997

4998 **Holland Harper (3:04:47):**

4999 No, I don't want them, they just...

5000

5001 **Leo Vasquez III (3:04:50):**

5002 They can use 9 percent tax credits to refi.

5003

5004 **Bobby Wilkinson (3:04:57):**

5005 So as it's written now, we're not letting people apply

5006 for 9 percent credits to re-syndicate until year 20.

5007

5008 **Cody Campbell (3:05:07):**

5009 If it's an existing tax credit deal. That is correct.

5010

5011 **Bobby Wilkinson (3:05:09):**

5012 Sure.

5013

5014 **Cody Campbell (3:05:10):**

5015 Yeah.

5016

5017 **Bobby Wilkinson (3:05:11):**

5018 And then for fours, they wouldn't be eligible until year

5019 15 anyway.

5020

5021 **Cody Campbell (3:05:17):**

5022 Right.

5023

5024 **Bobby Wilkinson (3:05:18):**

5025 Yeah. So that kind of timing is already, and we have

5026 minimums per door for rehab that we're upping pretty

5027 substantially.

5028

5029 **Cody Campbell (3:05:30):**

5030 Correct.

5031

5032 **Bobby Wilkinson (3:05:31):**

5033 But probably just in line with CPI or less, I think.

5034 But the last issue for us is cash outs. Are they

5035 prohibited? There's a lot of testimony yesterday about,

5036 well, we should allow a reasonable rate of turn, I think

5037 10 percent. Why don't we allow it for fours but not

5038 nines. Nine's a lot of new construction anyway. And we

5039 could get more detailed next year. Not that I'm always

5040 trying to kick the can.

5041

5042

5043

5044 **Leo Vasquez III (3:06:10):**

5045 Okay. Do we hear any vehement objection from the idea
5046 from all y'all? Maybe this is a compromise, that
5047 interim step and then see how we adjust it. So Cody,
5048 what's the next topic?

5049

5050 **Cody Campbell (3:06:30):**

5051 The next topic concerns general contractor fees. So we
5052 have added language to the QAP. This is on page 174.
5053 And do remember that's the page number at the bottom of
5054 the QAP that you're looking at. We have added language
5055 that says any fees paid to an organization to achieve a
5056 sales tax exemption will be included in the general
5057 contractor fee.

5058

5059 So as it stands right now, there is a limit on how much
5060 a general contractor can be. It is 14 percent. We have
5061 organizations that have a nonprofit step in as sort of a
5062 shell general contractor. The reason that they do that
5063 is because by having that nonprofit in place as the
5064 general contractor, they achieve a sales tax exemption
5065 for their supplies. And currently the fees that are
5066 paid to that nonprofit are not included in that 14

5067 percent. We are proposing that they should be as that
5068 entity is acting as the general contractor in the deal.

5069

5070 **Kenny Marchant (3:07:32):**

5071 So if it's \$10 million worth of materials, you're
5072 getting a \$80,000...

5073

5074 **Cody Campbell (3:07:45):**

5075 At 8 percent, yes, sir.

5076

5077 **Kenny Marchant (3:07:46):**

5078 You're not paying \$80,000 for the material because
5079 they're operating as a nonprofit.

5080

5081 **Cody Campbell (3:07:52):**

5082 Correct.

5083

5084 **Kenny Marchant (3:07:53):**

5085 And it's never realized. It's just lost?

5086

5087 **Cody Campbell (3:07:58):**

5088 Well, the savings reduce the development cost, but they
5089 are paying organizations, presumably some percent of,

5090 let's say the \$80,000 in your example, they're paying
5091 that organization to step in and act as the general
5092 contractor.

5093

5094 **Kenny Marchant (3:08:10):**

5095 So they're paying for that.

5096

5097 **Cody Campbell (3:08:12):**

5098 Correct.

5099

5100 **Bobby Wilkinson (3:08:13):**

5101 Sorry, did we say \$10 million in materials?

5102

5103 **Kenny Marchant (3:08:16):**

5104 Yeah. 10. Yes.

5105

5106 **Bobby Wilkinson (3:08:17):**

5107 Wouldn't it be \$825,000?

5108

5109 **Cody Campbell (3:08:19):**

5110 Oh, that's correct. Yeah, yes.

5111

5112

5113 **Kenny Marchant (3:08:21):**

5114 That's a lot more.

5115

5116 **Bobby Wilkinson (3:08:22):**

5117 Right.

5118

5119 **Cody Campbell (3:08:22):**

5120 Yeah.

5121

5122 **Kenny Marchant (3:08:23):**

5123 Yeah, it's big. So that's lost forever, right? Who

5124 ends up being the beneficiary of that?

5125

5126 **Cody Campbell (3:08:30):**

5127 The development itself has that lower construction cost,

5128 which gives them more money to service debt and handle

5129 other things that they need to do. But it just comes

5130 off the cost of the development.

5131

5132 **Kenny Marchant (3:08:45):**

5133 So the cities, the transit systems, all of the entities

5134 that would have received that money lose it.

5135

5136 **Cody Campbell (3:08:55):**

5137 The sales tax, yes, sir.

5138

5139 **Bobby Wilkinson (3:08:56):**

5140 Yeah. 6 percent's is the state, right?

5141

5142 **Kenny Marchant (3:08:58):**

5143 Yeah, 6 percent.

5144

5145 **Bobby Wilkinson (3:08:59):**

5146 State salaries are pretty important.

5147

5148 **Kenny Marchant (3:09:01):**

5149 Yeah. So how many deals does this become a significant

5150 factor in?

5151

5152 **Cody Campbell (3:09:10):**

5153 I'm actually going to look at Jeanna to see if she knows

5154 off the top of her head, percentage. I know it's not

5155 100 percent of them. I feel like Barry Manilow right

5156 now. What percentage of the deals are bringing in a

5157 nonprofit GC to get the sales tax exemption?

5158

5159 **Kenny Marchant (3:09:24):**

5160 Some, none, most.

5161

5162 **Jeanna Adams (3:09:36):**

5163 Jeanna Adams, Director of Real Estate Analysis. I can't

5164 tell you an exact number, but it's quite a few. I don't

5165 know if I would say 50 percent, but probably quite a

5166 few.

5167

5168 **Kenny Marchant (3:09:44):**

5169 Okay.

5170

5171 **Jeanna Adams (3:09:45):**

5172 Sorry, I don't remember.

5173

5174 **Kenny Marchant (3:09:46):**

5175 Yeah, that's fine. That's fine. So it sounds like some

5176 legislature...

5177

5178 **Bobby Wilkinson (3:09:50):**

5179 And, Mr. Marchant, as far as who benefited, the deal

5180 will get stronger, maybe it wouldn't pencil out

5181 otherwise. Also, the entity, the HFC or whatever,

5182 that's helping them, not just with the property tax
5183 exemption, with the sales tax exemption, they'll
5184 probably get something from the development in return to
5185 further their mission, et cetera, yeah.

5186

5187 **Kenny Marchant (3:10:11):**

5188 Got you. Okay, thanks.

5189

5190 **Cody Campbell (3:10:18):**

5191 All right.

5192

5193 **Leo Vasquez III (3:10:21):**

5194 Anybody else have comments on this change?

5195

5196 **Bobby Wilkinson (3:10:25):**

5197 This was a popular one, right? Yeah.

5198

5199 **Karsten Lowe (3:10:32):**

5200 Good afternoon, Chairman, Board, TDHCA staff. Karsten
5201 Lowe with JPI and Chair of the TAAHP QAP committee. I
5202 think the crux of our concern with this language is
5203 currently that it is being subtracted out of the general
5204 contractor fee. So I think the fear there is typically

5205 you have this entity, this nonprofit entity, that is
5206 functionally a shell corporation that's lending its name
5207 for this benefit, and that benefit is what helps make
5208 these projects feasible.

5209

5210 We've seen rising costs and the challenges of the
5211 environment at large, and so by realizing this benefit,
5212 it is more akin to a credit enhancer and helping the
5213 project be financially viable. I think where the
5214 challenge starts to come in is when you evaluate that
5215 you're actually taking that out of the general
5216 contractor's fee itself. That's the group that's boots
5217 on the ground, that's building these deals in the first
5218 place. So when we see that they're general contractors,
5219 whether it's related or third party, the general
5220 conditions are getting exorbitantly high. The fee,
5221 depending on how that math shakes out, the QAP breaks it
5222 out into 6-6-2 for the total 14 percent.

5223

5224 But what that's doing is you're basically saying some of
5225 the fee for the general contractor that's doing the work
5226 that's actually building this, that's taking the brunt
5227 of the liability, can no longer get a portion of their

5228 fee because that's now having to be paid to a group.
5229 And so I think that's our biggest concern is that that
5230 is more of a detriment to the general contractor that's
5231 actually building this.

5232

5233 **Leo Vasquez III (3:12:03):**

5234 Okay. Thanks, Karsten.

5235

5236 **Cody Campbell (3:12:10):**

5237 Next topic.

5238

5239 **Bobby Wilkinson (3:12:16):**

5240 I let it ride.

5241

5242 **Leo Vasquez III (3:12:17):**

5243 Okay. Continue.

5244

5245 **Cody Campbell (3:12:20):**

5246 Very good. This is the last thing I have on my list,
5247 and this is on page 120 in your QAP. And this concerns
5248 accessibility standards. You will notice that a lot of
5249 language here has been deleted, starting with

5250 subparagraph B, which is about a quarter of the way down
5251 the page.

5252

5253 So as it stands currently, there are federal
5254 accessibility laws, there are state accessibility laws,
5255 which are less restrictive and more specific to things
5256 that aren't covered by federal accessibility laws. And
5257 then the QAP also includes an additional accessibility
5258 standard called the visitability rule. The visitability
5259 rule applies, applies essentially to all the
5260 developments. But the purpose of the visitability rule
5261 is to cover types of units that are not covered under
5262 the Fair Housing Act. The best example of this are
5263 multistory townhouse units. Because they are not
5264 covered by the Fair Housing Act, you are allowed
5265 federally to build those types of units without
5266 following all of the federal accessibility guidelines.

5267

5268 And so years ago, TDHCA inserted into the QAP a
5269 visitability standard that goes beyond what is required
5270 federally to cover all units, including units that are
5271 not covered by the Fair Housing Act. Staff is proposing
5272 that we repeal the visitability rule and apply only the

5273 accessibility standards that are required by federal and
5274 state statute to align the QAP with existing laws
5275 without going further than what those laws require.

5276

5277 **Leo Vasquez III (3:14:00):**

5278 So the language in here, we're citing 2306.514.

5279

5280 **Cody Campbell (3:14:08):**

5281 Yes, sir.

5282

5283 **Leo Vasquez III (3:14:09):**

5284 Is that standard codified there more strict than
5285 federal, or is it more lenient than federal? Is it the
5286 exact same?

5287

5288 **Cody Campbell (3:14:21):**

5289 Yeah. So that rule specifically, or that statute, I
5290 should say, 2306.514, applies specifically to single-
5291 family rental housing. And so if you were building a
5292 single-family house in the State of Texas with these
5293 funds, you have to comply with the standards outlined in
5294 2306.514.

5295

5296 **Leo Vasquez III (3:14:47):**

5297 And regardless of the number of stories.

5298

5299 **Cody Campbell (3:14:50):**

5300 Correct. It's just single-family rental housing.

5301

5302 **Leo Vasquez III (3:14:54):**

5303 So if it applies to all, do we really need to say of one

5304 or more stories just...

5305

5306 **Cody Campbell (3:14:59):**

5307 Sure.

5308

5309 **Megan Sylvester (3:14:59):**

5310 I think for clarification purposes, we would like to say

5311 that. Because the standard itself references stories.

5312

5313 **Leo Vasquez III (3:15:10):**

5314 Okay. That's fine.

5315

5316 **Holland Harper (3:15:13):**

5317 I think this is a good plan because it makes it easier

5318 for designers and for developers to have one thing to

5319 follow, and you have to ask review after you finish the
5320 job that has to be completed. Worth it to see if
5321 there's any, is there a massive risk for taking out the
5322 supplemental requirements?

5323

5324 **Cody Campbell (3:15:33):**

5325 Risk, no, because we would still be complying with
5326 federal and state statute. There's no intention to buy
5327 all that.

5328

5329 **Bobby Wilkinson (3:15:39):**

5330 It doesn't apply to multifamily at all.

5331

5332 **Leo Vasquez III (3:15:42):**

5333 Well, single...

5334

5335 **Megan Sylvester (3:15:43:)**

5336 No, it...

5337

5338 **Cody Campbell (3:15:43):**

5339 2306.514 applies to single-family rental, but all of the
5340 other federal standards do apply to multifamily. So
5341 there is still.

5342

5343 **Megan Sylvester (3:15:53):**

5344 So it's not specific to rental. It actually applies to
5345 homeownership as well. It's that part of the statute
5346 that applies to all TDHCA programs.

5347

5348 **Bobby Wilkinson (3:16:06):**

5349 Okay. But not multifamily.

5350

5351 **Megan Sylvester (3:16:09):**

5352 Not multifamily. It has been interpreted in the past to
5353 apply to anything that isn't covered by the Fair Housing
5354 Act. I think you can read it to cover just this.

5355

5356 **Bobby Wilkinson (3:16:22):**

5357 Okay.

5358

5359 **Leo Vasquez III (3:16:25):**

5360 But multifamily has all kinds of other accessibility and
5361 visitability rules.

5362

5363

5364

5365 **Cody Campbell (3:16:30):**

5366 Covered multifamily units do, which would exclude, for
5367 example, townhouses. Yep.

5368

5369 **Leo Vasquez III (3:16:41):**

5370 But the townhouse is single-family.

5371

5372 **Cody Campbell (3:16:45):**

5373 We, in drafting this, have interpreted that standalone
5374 townhouses are single family and would be covered by
5375 2306.514. But a multifamily attached townhouse would
5376 not be covered by 2306.5414.

5377

5378 **Leo Vasquez III (3:17:01):**

5379 But it would be covered by multifamily rules.

5380

5381 **Megan Sylvester (3:17:03):**

5382 No. No, it would not. The Fair Housing Act
5383 specifically exempts townhomes from the act's coverage.
5384 So if it's...

5385

5386 **Leo Vasquez III (3:17:15):**

5387 Even multifamily, so multi-unit townhome.

5388

5389 **Megan Sylvester (3:17:19):**

5390 A multi-unit townhome is exempt from the Fair Housing

5391 Act's coverage.

5392

5393 **Holland Harper (3:17:24):**

5394 Yeah. The trigger is for residences.

5395

5396 **Megan Sylvester (3:17:26):**

5397 Well, it's...

5398

5399 **Holland Harper (3:17:27):**

5400 A single residence would be fine, but if you had an

5401 apartment for, you probably know better. I don't.

5402

5403 **Megan Sylvester (3:17:33):**

5404 Okay. So what's not covered by the Fair Housing Act are

5405 three units or less. So single-family buildings

5406 constructed before March 13, 1991 for first use, and

5407 townhomes, they're just, not covered by the Fair Housing

5408 Act.

5409

5410

5411 **Leo Vasquez III (3:17:54):**

5412 Of three units or less.

5413

5414 **Megan Sylvester (3:17:55):**

5415 No.

5416

5417 **Holland Harper (3:17:55):**

5418 No. Because they're individual.

5419

5420 **Megan Sylvester (3:17:56):**

5421 Even if your building, if they're connected multifamily
5422 buildings, but they're on two floors, it's not a covered
5423 building. They are covered. Townhomes are covered by
5424 504. So the 5 percent and the 2 percent that are
5425 required by the rules, if you had a total townhome
5426 development just of multi-story townhomes, that would be
5427 covered. The other thing that's not covered under the
5428 Fair Housing Act is units that are not on the ground
5429 floor or an elevator served building. So your eight-
5430 unit development, only the four units on the ground
5431 floor are covered, units on the upper floor are not.

5432

5433

5434 **Leo Vasquez III (3:18:46):**

5435 Okay. But these are federal standards that we're
5436 talking about, so that's...

5437

5438 **Cody Campbell (3:18:49):**

5439 And you see why we're trying to simplify this in any way
5440 that we can.

5441

5442 **Leo Vasquez III (3:18:53):**

5443 Okay.

5444

5445 **Holland Harper (3:18:53):**

5446 So in this you've gone to the Texas Government Code
5447 230.6514. Is that equivalent to the Fair Housing
5448 Standard, or is that something different?

5449

5450 **Cody Campbell (3:19:03):**

5451 It is a different standard that applies to single-family
5452 housing. And I could put a lot, Megan, do you know off
5453 the top of your head, the standards that are included?
5454 I know it talks about door widths and some things like
5455 that.

5456

5457 **Megan Sylvester (3:19:15):**

5458 So it has to be, there's a ramp, there are certain
5459 widths to the kitchen and the bathroom, but it is not
5460 the same standard as the Fair Housing, no, and it
5461 doesn't cover common areas. Now, on a development that
5462 had, let's say it had a four-story tower and then it had
5463 single-family units around it, the common areas would be
5464 covered because they're covered by the building that is
5465 covered under the Fair Housing Act.

5466

5467 **Leo Vasquez III (3:19:53):**

5468 Excellent. Okay. By the way, is someone playing
5469 something on a speaker, not on earphones or something?
5470 I can barely hear it, but just enough to annoy me.
5471 Prefer anyone on speakerphone or speaker computer, leave
5472 the room. Okay. So Cody, what's next or...

5473

5474 **Cody Campbell (3:20:19):**

5475 That it's my whole list.

5476

5477 **Bobby Wilkinson (3:20:20)**

5478 Tanya has to speak.

5479

5480 **Leo Vasquez III (3:20:21):**

5481 Yeah. Oh, I was going to say now let's have anyone else
5482 who wants to speak on the topic we've already covered or
5483 a new area. So please come on up. Remember, identify
5484 yourself. You still got the signing sheet over here.

5485

5486 **Tanya Lavelle (3:20:45):**

5487 Hi, good afternoon, Board members. My name is Tanya
5488 Lavelle. I'm with Disability Rights Texas. I'm going
5489 to comment on the accessibility requirements, but I
5490 understand there are other things that are going to come
5491 up and we'll have other things to say about that.

5492

5493 So I'll start off by saying that this is complicated.
5494 Do I think this is the complicated thing we should take
5495 out of the QAP? I would say no. This rule has been
5496 discussed for decades and I will, Stephanie gave me
5497 permission to mention this on her behalf. She saw that
5498 she was relegated up to the top of the room. She
5499 couldn't even get down here to use the microphone if she
5500 needed to.

5501

5502 And she said that they'd been talking about this for
5503 decades and they thought they were done with it because
5504 this came into statute in Texas and, not statute, in the
5505 QAP in 2018 after a long discussion, and that was not
5506 even the beginning of the rule. The whole point of this
5507 is that we're supposed to make it so that everyone can
5508 get into everyone's apartment. That's the deal. It
5509 does not apply to many people. It does not apply to
5510 many units. But it is critical for people with
5511 disabilities living in those types of architecture.

5512

5513 And when you're talking about now the legislative
5514 changes that have been going on to promote density to
5515 reward density. So we're building up, we're not
5516 building out anymore. Townhomes are going to be more
5517 common. They're going to be more desirable, which is
5518 great because it is a great way to put units on the
5519 ground. However, saying that sticking the single
5520 mobility accessible unit you've got to have in some of
5521 these larger complexes, without these visitability
5522 standards, there is a very high chance that whoever is
5523 living in that unit cannot get to their neighbor's
5524 house. They can't get into the doors.

5525

5526 And like Megan was specifying, this is different from
5527 accessibility. Accessibility is totally different.
5528 These standards, these visitability standards are
5529 literally just making it so someone in a wheelchair can
5530 get through the door. We're not talking about massive
5531 turn radiuses and bathrooms. You don't need retrofitted
5532 pipes or anything. It is bare minimum stuff to make
5533 sure that people with disabilities can actually enjoy
5534 townhomes just like the rest of the people living there,
5535 which is the whole point. And it is currently beyond
5536 what federal and state statute require.

5537

5538 And that was always something that Texas hung its hat
5539 on. This was something that we always said we're doing
5540 more for people with disabilities. Look at this
5541 visitability standard that was discussed forever. And I
5542 was actually looking back, I was in some of these
5543 meetings, but I thought it was funny seeing what former
5544 ED, Tim Irvine, was saying about it in some of these
5545 meetings. I will quote him. He said, "The real simple
5546 version is we're paying for it, so we would like you to
5547 make your units visitable." And he also said, "As far

5548 as I'm concerned, everyone needs a visitable unit. You
5549 never know who's going to come and see you."

5550

5551 So I feel like those two things are a pretty plain way
5552 of stating what visitability is and why it's important
5553 now, why it has been important in the past, and why now
5554 is really not the time, based on the way that
5555 architecture is going to start going up in Texas, to
5556 claw back that small little accessibility extra that we
5557 give to people with disabilities living in LIHTC.

5558 You're welcome.

5559

5560 **Leo Vasquez III (3:23:52):**

5561 Well, good job. Good job. Okay. So we're still
5562 talking about 514, right?

5563

5564 **Megan Sylvester (3:24:01):**

5565 No.

5566

5567 **Leo Vasquez III (3:24:02):**

5568 No. Okay.

5569

5570

5571 **Megan Sylvester (3:24:03):**

5572 So this whole language is being deleted. These are not
5573 the same standards of it that are under 514.

5574

5575 **Leo Vasquez III (3:24:12):**

5576 Okay. So 514 more relaxed than what was in...

5577

5578 **Megan Sylvester (3:24:15):**

5579 It's inclusive. No. It's more inclusive than what we,
5580 it's narrower than what we had. What we had was
5581 inclusive of the 514 standards, but it covered more...

5582

5583 **Leo Vasquez III (3:24:28):**

5584 Except for the visitability portions.

5585

5586 **Megan Syvester (3:24:32):**

5587 No. It covered more types of units. It covered
5588 duplexes, it covered adaptive reuse. It covered...

5589

5590 **Tanya Lavelle (3:24:41):**

5591 So there are some types of buildings that don't have to
5592 be visitable. They all have to be accessible to
5593 whatever agreement, except if we're, whatever the ones

5594 are not covered, like Megan was trying to explain
5595 earlier, the one bedroom, two-bedroom, three-bedroom
5596 duplexes, the very small chunk of what we call more
5597 single-family types, they're held to different
5598 standards.
5599
5600 And the visitability standard is beyond what is required
5601 in state and federal statute, but was something that
5602 Texas had decided to do to make sure that people with
5603 disabilities could actually like go next door and see
5604 their neighbors or use their bathrooms and stuff like
5605 that. Otherwise they wouldn't be able to get through
5606 the door. Does that make sense? Is that accurate? I'm
5607 trying to simplify it. I don't know.

5608

5609 **Leo Vasquez III (3.25:26):**

5610 Yeah. That's why I'm asking, yeah.

5611

5612 **Tanya Lavelle (3:25:27):**

5613 Yeah. I'm not an attorney. Yeah. Just an advocate.

5614

5615

5616

5617 **Leo Vasquez III (3:25:38):**

5618 Okay. So you're saying please don't take out this.

5619

5620 **Tanya Lavelle (3:25:40):**

5621 Don't take it out. We also didn't know about it. This
5622 wasn't part of the first staff draft. No one ever asked
5623 us, which I thought was kind of interesting because we
5624 are the disability agency. And based on the fact that
5625 when this rule came into statute, or I keep saying
5626 statute, came into the QAP, this was discussed for
5627 months with developer, with disability advocates. There
5628 were monthly roundtables, we were bringing different
5629 groups. The disability advisory work group was active
5630 then, and they were consistently asked about kind of
5631 what they thought about any of this. We know it's tough
5632 work to do this and staff is under tight guidelines, but
5633 we literally didn't see this, me, until Monday.

5634

5635 **Leo Vasquez III (3:26:31):**

5636 Okay. Let's get a little bit more input. Kathryn, do
5637 you want to talk on the same topic?

5638

5639

5640 **Kathryn Saar (3:26:34) :**

5641 Kathryn Saar speaking on behalf of TAAHP. Like Tanya,
5642 we didn't know that this change was coming. I'm not
5643 clear on why the change is happening or exactly how it
5644 applies. So we've had this rule in place for a long
5645 time, and we don't have a problem with it as it existed.
5646 The new one with the 2306, we keep talking about this
5647 section that I have never heard of before, is that
5648 intended because I keep hearing that it's single family.
5649 So is that intended to also apply to multifamily?

5650

5651 **Cody Campbell (3:27:17) :**

5652 No. It's only single family.

5653

5654 **Kathryn Saar (3:26:34) :**

5655 Sure. But so the visitability stuff that we've had to
5656 do for multifamily is still in place or is not?

5657

5658 **Cody Campbell (3:27:31) :**

5659 It's not.

5660

5661

5662

5663 **Kathryn Saar (3:27:32) :**

5664 Okay. We've been doing it for a long time, and if you
5665 put it back in, it's no big deal to us.

5666

5667 **Leo Vasquez III (3:27:44) :**

5668 So this is a staff-generated change. It doesn't sound
5669 like it was requested by industry.

5670

5671 **Cody Campbell (3:27:54) :**

5672 Sure. There is an intention on from staff to align our
5673 QAP with what is required federally and by state
5674 statute.

5675

5676 **Kenny Marchant (3:28:05) :**

5677 Mr. Chairman, has it been a problem? Do you have an
5678 instance where this has become a real problem with the
5679 agency and you've had to navigate and spend hours and
5680 hours of time working around this, or is it just an
5681 alignment...

5682

5683

5684

5685

5686 **Cody Campbell (3:28:26):**

5687 Right. There have not been any problems that we have
5688 not been able to work out. It does cause headaches
5689 periodically, though. Yep.

5690

5691 **Kenny Marchant (3:28:36):**

5692 And the visitability.

5693

5694 **Cody Campbell (3:28:29):**

5695 Correct.

5696

5697 **Kenny Marchant (3:28:40):**

5698 Is the problem.

5699

5700 **Leo Vasquez III (3:28:46):**

5701 So can we reference 514 and keep some sort of
5702 visitability language?

5703

5704 **Cody Campbell (3:28:56):**

5705 Certainly, yeah. We could restore this language...

5706

5707 **Leo Vasquez III (3:29:01):**

5708 Do you have any conflict?

5709

5710 **Cody Campbell (3:29:03):**

5711 There's no conflict, no.

5712

5713 **Bobby Wilkinson (3:29:05):**

5714 If you don't make the change to these things, just leave

5715 it like it was.

5716

5717 **Cody Campbell (3:29:08):**

5718 Yeah.

5719

5720 **Leo Vasquez III (3:29:10):**

5721 Well, is there something in 2306.514 that this, useful

5722 or...

5723

5724 **Megan Sylvester (3:29:14):**

5725 No. If you, I believe, I wish Michael were here. He's

5726 the standards expert. But I believe that if you comply

5727 with how the rule was, you are complying with 2306

5728 because this is broader than what 2306-514 says.

5729

5730

5731

5732 **Leo Vasquez III (3:29:36):**

5733 Okay. So our language already includes 2306.514, and we
5734 have this extra language on visitability.

5735

5736 **Cody Campbell (3:29:49):**

5737 Correct.

5738

5739 **Megan Sylvester (3:29:50):**

5740 Correct.

5741

5742 **Cody Campbell (3:29:51):**

5743 And we apply it to more developments than what 514
5744 specifically requires.

5745

5746 **Leo Vasquez III (3:29:59):**

5747 Okay. So 514 is a minimum standard. It's not a
5748 limiting application.

5749

5750 **Cody Campbell (3:30:04):**

5751 Correct. Correct.

5752

5753

5754

5755 **Leo Vasquez III (3:30:06) :**

5756 It's not saying you shall only apply to these types of
5757 units. We're just saying that that's a baseline and
5758 we're doing these additional requirements.

5759

5760 **Cody Campbell (3:30:18) :**

5761 That is correct, yes. By we, TDHCA. So we're saying
5762 this is the 514 requirement, and for visitability it
5763 also applies to all these other types of units and we've
5764 added a few additional requirements.

5765

5766 **Leo Vasquez III (3:30:29) :**

5767 Okay. And it sounds like the industry, the developers
5768 are fine with the way we've had it.

5769

5770 **Cody Campbell (3:30:36) :**

5771 Sure.

5772

5773 **Kenny Marchant (3:30:39) :**

5774 Mr. Chairman, I suggest that we leave it in there like
5775 it is and next year in QAP, you bring this as a specific
5776 standalone having consulted with the advocates and if

5777 you can kind of tell us why it's such a problem and
5778 citing some specific incidents and revisit it.

5779

5780 **Cody Campbell (3:31:04):**

5781 Sure.

5782

5783 **Leo Vasquez III (3:31:05):**

5784 Okay. So we're not going to make the edit on page 118

5785 8B. We're going to leave it as it was.

5786

5787 **Cody Campbell (3:31:14):**

5788 Correct.

5789

5790 **Leo Vasquez III (3:31:15):**

5791 As it is.

5792

5793 **Anna Maria Farias (3:31:16):**

5794 Question. I just want to make clear on one thing. If

5795 you put this back, I just want to know this, you are

5796 going beyond what the state and the federal requirements

5797 are.

5798

5799

5800 **Cody Campbell (3:31:34):**

5801 Yes, ma'am, yeah.

5802

5803 **Anna Maria Farias (3:31:35):**

5804 Okay. And that's because you've been doing this in the

5805 past.

5806

5807 **Cody Campbell (3:31:41):**

5808 Correct.

5809

5810 **Anna Maria Farias (3:31:42):**

5811 And you're saying this really has not created additional

5812 problems or barriers?

5813

5814 **Cody Campbell (3:31:51):**

5815 Not that we have not been able to work out when they

5816 have popped up.

5817

5818 **Holland Harper (3:31:55):**

5819 Can you elaborate on that for a second?

5820

5821

5822

5823 **Cody Campbell (3:31:56):**

5824 Sure. Somebody turns in an application for townhomes,
5825 they don't include lifts as required to get to the
5826 second floor, we work with them to get the lifts
5827 installed. We've had people have to move closets
5828 before. We have gone out to do the final construction
5829 inspection and found issues that had to be addressed.
5830 So again, it's nothing that hasn't been correctable, but
5831 there have been issues that we've had to work through
5832 there, yes.

5833

5834 **Megan Sylvester (3:32:23):**

5835 I will say the lift thing is a 504 thing, not of this
5836 thing.

5837

5838 **Cody Campbell (3:32:26):**

5839 Okay.

5840

5841 **Megan Sylvester (3:32:27):**

5842 Yeah.

5843

5844 **Leo Vasquez III (3:32:33):**

5845 Okay. Let's not make the change.

5846

5847 **Cody Campbell (3:32:34):**

5848 Okay.

5849

5850 **Leo Vasquez III (3:32:39):**

5851 Are you good, Tanya?

5852

5853 **Tanya Lavelle (3:32:42):**

5854 Thank you.

5855

5856 **Leo Vasquez III (3:32:45):**

5857 Okay. Anyone else have a topic that we didn't address
5858 fully?

5859

5860 **Timothy Alcott (3:33:00):**

5861 Hi. Tim Alcott, Opportunity Home, San Antonio. I wrote
5862 my name down already. I missed the QAP meeting
5863 yesterday and heard it was really well, went really
5864 well, but I had a conflict, so I couldn't attend. So I
5865 wanted to at least be able to talk about my comment.
5866 And I also want to thank the Board for the service.
5867 It's really hard to put affordable units on the ground
5868 right now with construction costs and interest rates,

5869 and so it's a big challenge. And we're trying to do
5870 everything we can to not put up any barriers to building
5871 more units.

5872

5873 And there's a proposed rule change that puts two points,
5874 you have two more points if you're paying taxes, and
5875 that's a big challenge for us. We already have big
5876 housing gaps. There's a lot of developers come to us as
5877 partnerships, so we see the pro formas and there's gaps.
5878 And paying taxes is just to make it worse. And so I
5879 want the Board to consider that if you get more points
5880 by paying taxes, that's just another barrier to be able
5881 to build affordable housing.

5882

5883 Bobby Wilkinson came down to San Antonio recently, about
5884 a month ago, to one of our groundbreaking. So it's
5885 called Snowden Apartments. And that one, is a great
5886 apartment because it was a 9 percent tax credit, it's
5887 135 units, and we put 40 percent of the units serving
5888 people 0 to 15 percent AMI. And that's a challenge
5889 because the TDHCA doesn't set aside units for that low
5890 income, and we have 60,000 people just in San Antonio on
5891 the wait list that are making around \$12,000 a year, and

5892 that's 0 to 15 percent AMI. And so what we do is as a
5893 government entity, as a housing authority, is that we
5894 made the decisions that we're going to do whatever we
5895 can to supplement these units. If we had to pay
5896 property taxes on this, it's less families that we could
5897 serve.

5898

5899 And so as you're looking at ways to make this program
5900 better, I just don't want to penalize housing
5901 authorities. We're nonprofits, we're a good actors.
5902 Certainly, San Antonio Housing Authority hasn't been in
5903 the paper for anything negative relating to housing
5904 affordability or things of that nature. But I would
5905 just ask you, as you're looking at ways to better the
5906 QAP that you don't require us to pay taxes.

5907

5908 Just in our public housing, we lose \$1 million a month,
5909 and the reason is their incomes are so low, it doesn't
5910 pay debt service on buildings. And so we're doing all
5911 we can to serve the poorest of the poor and the lowest
5912 of income, paying taxes is not going to help our
5913 situation. So if you're going to have a rule like this,
5914 I would just ask that you would please consider us and

5915 exempt housing authorities from that requirement. Thank
5916 you.

5917

5918 **Leo Vasquez III (3:35:50):**

5919 Okay. Thanks, Tim. And just I guess a question to
5920 staff. Isn't there some other kind of offsetting points
5921 that we have for housing authorities? Don't they have
5922 something that they get anyway?

5923

5924 **Cody Campbell (3:36:08):**

5925 So the tax paying entity scoring option is under the
5926 sponsor characteristics scoring item, and the same two
5927 options that have historically been there, which is to
5928 partner with a nonprofit or a HUB, are still there. So
5929 any way that you would have been able to score those
5930 points previously is still available to you. The only
5931 difference is now there is a new option, which is that
5932 if you agree to pay taxes during the federal compliance
5933 period, you would also get those points.

5934

5935 **Timothy Alcott (3:36:36):**

5936 Can I respond, Chair?

5937

5938 **Leo Vasquez III (3:36:37):**

5939 Go ahead.

5940

5941 **Timothy Alcott (3:36:38):**

5942 Yeah. There's no advantage to us to partnership with a

5943 nonprofit or HUB. They're going to want a fee. Again,

5944 that doesn't benefit us. We're already a, we're a

5945 government entity, but we are a nonprofit. I don't

5946 think we fall into that category. But for us just to

5947 partner with someone to pay the money to build less

5948 affordable housing doesn't make sense either. We don't

5949 get that benefit.

5950

5951 There's no reason for me to partner, like Snowden is,

5952 Bobby was there. We built that ourselves. We didn't

5953 have any partners. There was no for-profit partners.

5954 We built it. And we have, I think it's 54 units, people

5955 0 to 15 percent in mind. That's a population that is

5956 not really served by the TDHCA because at 30 percent

5957 AMI, which is what the rents are, they can't afford

5958 those units. And so paying taxes is just going to hurt

5959 us. Thank you.

5960

5961 **Leo Vasquez III (3:37:29) :**

5962 Okay. Thanks, Tim. I hear the dilemma, the problem.

5963 Cody, would it make sense to exempt housing authorities?

5964

5965 **Cody Campbell (3:37:37) :**

5966 So when we put out the initial staff draft of the QAP,

5967 we included another option under sponsor characteristics

5968 which would award those points to developments done by

5969 housing finance corporations. And we got a decent

5970 number of public comments that requested that we also

5971 include housing authorities and public facility

5972 corporations. Staff's concern with that was that we

5973 were widening the net too much, which you cast too wide

5974 of a net and the scoring category becomes moot. If we

5975 wanted to add back in housing finance corporations and

5976 housing authorities, I think that would make a lot of

5977 sense. I have reservations about public facility

5978 corporations. Of course, we could also add those as

5979 well, but...

5980

5981 **Kenny Marchant (3:38:31) :**

5982 Could you accomplish, could you put in there his

5983 circumstance where they didn't have outside for-profit

5984 partners, that they were the developer, they were the
5985 owner, just that narrow group, back in there? He has a
5986 unique situation, correct?

5987

5988 **Cody Campbell (3:38:54):**

5989 Right.

5990

5991 **Kenny Marchant (3:38:57):**

5992 There's no outside developer.

5993

5994 **Cody Campbell (3:38:59):**

5995 Correct.

5996

5997 **Kenny Marchant (3:38:59):**

5998 There's no outside, and he doesn't want to pay, I'm

5999 shocked that you have to pay these nonprofits a fee.

6000 They're not doing it for the good of the country.

6001

6002 **Cody Campbell (3:39:11):**

6003 Sure. I've heard it described as a pound of flesh

6004 before.

6005

6006

6007 **Kenny Marchant (3:39:13) :**

6008 So these sentiments, I completely agree with that, can
6009 you draw it that narrow? And that doesn't widen its
6010 width, does it?

6011

6012 **Cody Campbell (3:39:26) :**

6013 It definitely would not. So we would write that as a
6014 housing authority or a housing finance corporation,
6015 which is...

6016

6017 **Bobby Wilkinson (3:39:34) :**

6018 I think maybe just Housing Authority.

6019

6020 **Leo Vasquez III (3:39:35) :**

6021 Yeah. I was going to say the...

6022

6023 **Cody Campbell (3:39:35) :**

6024 Just Housing Authority?

6025

6026 **Bobby Wilkinson (3:39:36) :**

6027 Yeah. It's self-developing.

6028

6029

6030 **Leo Vasquez III (3:39:40):**

6031 Yep. The finance corporation isn't really a, they're
6032 just sort of a financial conduit. There's a big
6033 difference between housing authorities are doing the
6034 vouchers and building and...

6035

6036 **Cody Campbell (3:39:54):**

6037 So if we set a development where the housing authority
6038 is 100 percent of the general partner does that...

6039

6040 **Leo Vasquez III (3:40:02):**

6041 Well just not forcing them to even having to do the
6042 other partners.

6043

6044 **Timothy Alcott (3:40:05):**

6045 Yeah. So that would be very helpful. So that there's
6046 no doubt. I will say that we have a wait list of as I
6047 mentioned 60,000 people. We do have partnerships that
6048 would still be impacted, and I hate to lose those. What
6049 you're offering is, we certainly would appreciate that.
6050 There's times where we put up all the financial
6051 guarantees, and, I'm not sure exactly how this works
6052 out, where we pay, I call them merchant developers, but

6053 they come in and they just build it, they manage the
6054 architect and engineering and we pay them a fee. But I
6055 guess that we would still be okay there. So I'd have to
6056 really reflect on this to make sure all my different
6057 scenarios, different types of transactions. But I do
6058 appreciate what you're offering here. So I thank you/
6059

6060 **Leo Vasquez III (3:40:49):**

6061 But I think you're making these mutually exclusive on
6062 your choices. I think if we allow housing authorities
6063 to have the points, it does not preclude them from also
6064 getting the points by teaming, if they get a nonprofit
6065 in there, they still get the points that way as well,
6066 just like anyone else, right? Am I missing something?
6067 We're not proposing to say...

6068

6069 **Timothy Alcott (3:41:21):**

6070 Exactly. I hear you.

6071

6072 **Leo Vasquez III (3:41:21):**

6073 It is only if you do it 100 percent yourself. It's also
6074 if you do it 100 percent yourself. Everyone follow me.
6075 Okay. I see Kathryn's itching to come up again.

6076

6077 **Kathryn Saar (3:41:39):**

6078 As always, right? Kathryn Saar representing TAAHP. So
6079 I think when we initially proposed this or when staff
6080 initially proposed this, they offered housing finance
6081 and nonprofits, or I'm sorry, housing authorities. No,
6082 it was, okay. So the way a lot of the transactions that
6083 I work on that involve a housing authority, the housing
6084 authority proper is not in the deal. They use one of
6085 their instrumentalities. So that was the initial
6086 comment was an instrumentality of the housing authority.
6087 That would be my suggestion here. And I'm going to say
6088 a dirty word because that could include a PFC.

6089

6090 **Bobby Wilkinson (3:42:31):**

6091 It would have to include a PFC. It couldn't include
6092 HFC. HFCs aren't instrumentalities of...

6093

6094 **Kathryn Saar (3:42:36):**

6095 That's right. It would be a PFC.

6096

6097 **Bobby Wilkinson (3:42:37):**

6098 Yeah. It would be a PFC.

6099

6100 **Kathryn Saar (3:42:38):**

6101 Right.

6102

6103 **Bobby Wilkinson (3:42:39):**

6104 They might call it something different, but legally it

6105 would be a PFC.

6106

6107 **Kathryn Saar (3:42:41):**

6108 Sure. Yes. And I know that's not a popular word these

6109 days, but that...

6110

6111 **Leo Vasquez III (3:42:46):**

6112 So what is this, in your own jurisdiction...

6113

6114 **Kathryn Saar (3:42:51):**

6115 Yes. And again, I represent a lot of housing

6116 authorities, and they all have these PFCs that are used

6117 for purposes of the deal. They don't put the housing

6118 authority proper into a tax credit deal.

6119

6120

6121

6122 **Leo Vasquez III (3:43:11):**

6123 So the housing authority or its instrumentalities,
6124 that's the intent of what we're talking.

6125

6126 **Timothy Alcott (3:43:11):**

6127 This is why I needed to reflect.

6128

6129 **Leo Vasquez III (3:43:13):**

6130 Okay.

6131

6132 **Timothy Alcott (3:43:14):**

6133 Thank you.

6134

6135 **Tim Smith (3:43:15):**

6136 This is Tim Smith, Hoke Development Services. Just
6137 agreeing with what Kathryn said. I've worked on several
6138 housing authority transactions. They don't come in
6139 proper. They form their own 501c3 nonprofits or public
6140 facilities corporation to hold their interest for
6141 liability purposes. Also, I would just caution about,
6142 that's how it's worked for the past decade plus is the
6143 nonprofit uses that.

6144

6145 But they all, most nonprofits also, most housing
6146 authorities, they're not looking to partner with a
6147 nonprofit. They're using their own nonprofit shell
6148 entity to hold their position. But they also have to,
6149 most of them RFP with other developers just for the
6150 expertise and the experience to take on the risk. San
6151 Antonio may not do that, but a lot of other housing
6152 authorities don't have the capacity to develop on their
6153 own, but they have the stock and they participate. So
6154 if you limit it to not partnering with a for-profit
6155 developer, that would hurt a lot of other housing
6156 authorities as well.

6157

6158 **Leo Vasquez III (3:44:12):**

6159 Okay. Thanks. Okay. So, Tim, you're good. Okay.

6160

6161 **Jake Mooney (3:44:24):**

6162 In the interest of time, I'll just sign in after I'm
6163 done. But I'm Jake Mooney, JCM Ventures, a developer.
6164 Several months ago I came before the Board and just
6165 wanted to say my appreciation for the private partner,
6166 private public partnership that this is for the tax
6167 credit program. I feel like there's a lot of times

6168 where when people are putting together applications, the
6169 first priority is getting awarded and the second
6170 priority is feasibility.

6171

6172 It's my understanding, I've done all of my '23 deals are
6173 closed and leased. All my '24 deals are closed, all
6174 placed in service, one of those at the end of this year.
6175 So it's my understanding that from the '24 awards,
6176 there's actually only 11 deals that have submitted their
6177 10 percent test paperwork. 11, but everybody's checking
6178 in readiness to proceed. So how ready to proceed are
6179 you if we're already into the next cycle of awards and
6180 were not closed with the previous deals?

6181

6182 At that previous board meeting I mentioned I'd like to
6183 see some kind of mechanism that allows developers that
6184 are getting awards and getting affordable housing in the
6185 ground some type of points that they can clip onto the
6186 next, a gold star to put on the next application. I
6187 don't know. Or at least some type of a ranking or
6188 priority system for people that check readiness to
6189 proceed and are truly ready to proceed to put affordable
6190 housing in the ground in Texas.

6191

6192 So I don't know how to accomplish that. That's staff's
6193 decision. But these things come down to sometimes feet
6194 and who wins and who loses, and a point is a difference.
6195 There's deals in 11U that I would have submitted if I
6196 thought they were feasible, that I could have gotten
6197 awarded, but then I wouldn't have been able to close.

6198

6199 **Leo Vasquez III (3:46:17):**

6200 I think that the Board agrees with your sentiment, and I
6201 believe that even earlier today we...

6202

6203 **Jake Mooney (3:46:26):**

6204 Yeah. Absolutely.

6205

6206 **Leo Vasquez III (3:46:27):**

6207 Started showing that example of...

6208

6209 **Jake Mooney (3:46:29):**

6210 Completely agree, and I was glad that it went the way it
6211 did. I just wanted to say I'm appreciative of
6212 everything that TDHCA has done for my team and company
6213 and family. I want to continue partnering and just

6214 would like to figure out a way to get these awards in
6215 the ground.

6216

6217 **Leo Vasquez III (3:46:48):**

6218 Yeah, no. We agree. I'm hesitant to try to put
6219 something into the QAP at this point, but I think we'll
6220 all work together.

6221

6222 **Jake Mooney (3:46:57):**

6223 I understand. I just wanted to say it again. So thank
6224 you.

6225

6226 **Kenny Marchant (3:47:00):**

6227 When they check, they make an application. Then they
6228 check what's ready to go. What's the...

6229

6230 **Bobby Wilkinson (3:47:08):**

6231 Readiness to proceed is the...

6232

6233 **Kenny Marchant (3:47:09):**

6234 Readiness to proceed. But readiness to proceed does not
6235 include feasibility.

6236

6237 **Bobby Wilkinson (3:47:17):**

6238 Feasibility is the number one, I think, statutory
6239 requirement that...

6240

6241 **Kenny Marchant (3:47:22):**

6242 So if they check ready to proceed and it's not a
6243 feasible project, have they committed some kind of...

6244

6245 **Bobby Wilkinson (3:47:32):**

6246 What we do is if they don't meet their...

6247

6248 **Kenny Marchant (3:47:32):**

6249 If they said something that was not true when they said
6250 they were ready to proceed.

6251

6252 **Bobby Wilkinson (3:47:37):**

6253 It could have, true at the time, but yeah, if they don't
6254 meet their readiness to proceed, the Board can penalize
6255 them one or two points in the next round.

6256

6257 **Kenny Marchant (3:47:46):**

6258 Okay.

6259

6260 **Bobby Wilkinson (3:47:46):**

6261 And that's been y'all's tool. If all their stuff has
6262 been punishment based, not rewarding. But...

6263

6264 **Kenny Marchant (3:47:53):**

6265 I got you.

6266

6267 **Bobby Wilkinson (3:47:53):**

6268 That might be the way we want to go in the future, where
6269 someone's like always on time, they get a point. We
6270 wouldn't want too much of that to make it a closed loop
6271 system, but as an option seems feasible.

6272

6273 **Jake Mooney (3:48:05):**

6274 Well, and I certainly recognize that things come up and
6275 there's unforeseen issues, but if you're just doing
6276 applications and saying I'm going to get 90 cents when
6277 the market was never at 90 cents in an effort to make it
6278 look like it works, it's a different story.

6279

6280 **Kenny Marchant (3:48:21):**

6281 So we heard a lot of...

6282

6283 **Leo Vasquez III (3:48:21):**

6284 So maybe if they say they're feasible and they know
6285 they're not, we just refer them to the AG.

6286

6287 **Kenny Marchant (3:48:27):**

6288 Well, we heard a lot of testimony yesterday on this
6289 particular issue, and there was a very specific lady
6290 that testified that really all she was trying to do is
6291 get the app and the award and then she'd figure it out
6292 later. I think she used the term roll the dice, but it
6293 kind of personified the points you're making.

6294

6295 **Bobby Wilkinson (3:48:53):**

6296 Mr. Marchant, one of those problems is a lot of these
6297 developers really do get some pretty big chunks of soft
6298 money or have in years past from entities other than us,
6299 but they can't all get it every time, and so do they
6300 believe, we're not going to do lie detector tests yet.
6301 We're going to figure out with the, yeah.

6302

6303 **Kenny Marchant (3:49:13):**

6304 Well, I would urge us in next year's QAP to hone in on
6305 this issue and give it...

6306

6307 **Leo Vasquez III (3:49:19):**

6308 Yeah, I agree. Please, next.

6309

6310 **Erin Hahn (3:49:28):**

6311 My name is Erin Hahn. I'm with Texas Housers and we
6312 first just wanted to express support for full points for
6313 tax-exempt deals that agree to provide tenant
6314 protections and affordability transparency. But we also
6315 want to thank staff for some additions not mentioned by
6316 Cody, the additions to common amenities that came
6317 directly from tenant feedback direct during the virtual
6318 QAP roundtable. Specifically, the addition of
6319 incentives for a covered area with seating for tenants
6320 waiting for public transit and clarifying that swimming
6321 pools must be available after hours.

6322

6323 We really appreciate the staff engaged directly with
6324 tenants this year and included their input in the draft.
6325 This is a new and important step because tenants are not
6326 usually part of these conversations, and so we just
6327 encourage TDHCA to continue and expand this engagement
6328 in future years. Thank you.

6329

6330 **Leo Vasquez III (3:50:11):**

6331 Great. Thanks, Erin.

6332

6333 **Tanya Lavelle (3:50:16):**

6334 Tanya Lavelle, Disability Rights Texas. I know we're

6335 not supposed to repeat, but I think this is worth

6336 repeating. Thank you for the virtual roundtable.

6337 Including tenants in that way this year was hugely

6338 helpful. I know that, like Erin said, some changes were

6339 actually made based on that conversation. Engaging

6340 tenants in that way and the most meaningful we have in a

6341 while, huge difference. So thank you. Thank you,

6342 staff. We're eternally grateful for that change this

6343 year and hope to continue it moving forward.

6344

6345 Real quick, so I wanted to make a comment about a change

6346 that was made to the certification required documents

6347 section. I took out the actual citation, but I'm happy

6348 to get to it. I'm sure Cody can probably figure it out.

6349 This is not new. You've heard from me for about a year

6350 and a half talking about the issue of older LIHTCs

6351 coming offline with massive accessibility deficiencies.

6352 I found the first one in April of '24. Since then, my
6353 team and I we've been looking into it seeing if this is
6354 something that is happening commonly.

6355

6356 Every time a LIHTC property transitioning out of its
6357 useful period after the 30 years goes up online for a
6358 ROFR, if there's a report done that is actually good
6359 enough to look into the units, they are inaccessible
6360 without the reports. Some people are finding
6361 accessibility problems just referring to the ADA versus
6362 ADAN and FHA. This is an issue, and we decided to look
6363 and see if this is something that could be potentially
6364 impacting developments now. As in we are giving, we're
6365 continuing to give awards to folks who have these older
6366 developments that could be out of compliance.

6367

6368 Now, we looked it up. We compared 1999 through 2008.
6369 '99 was the earliest we could get to digitally, cross-
6370 referenced all of the awards from those, what, nine
6371 years to the last '24/'25 cycle. There were 140
6372 developments awarded in the past two years to developers
6373 who have buildings online that could be old enough to
6374 not meet the accessibility standards that we have been

6375 finding when properties are going online for sale. I
6376 have receipts. We're not making it up. This is a
6377 problem. I've mentioned it a bunch of times.

6378

6379 And I'm very grateful to staff this year. We had
6380 discussions about this and they did put a, I think it
6381 was a required maybe certification that says that
6382 current awardees understand that the agency would come
6383 in and do accessibility checks for that property,
6384 though, that doesn't really do anything. That's part of
6385 the standard accessibility check for any award, any
6386 development going online. So it doesn't actually
6387 address the problem we were trying to get to, which is
6388 that we need to look back and make sure that
6389 developments that are currently online are accessible,
6390 especially if people are getting new awards.

6391

6392 **Leo Vasquez III (3:53:20):**

6393 Okay. So the concern is regarding existing developments
6394 that are not necessarily new construction.

6395

6396

6397

6398 **Tanya Lavelle (3:53:28):**

6399 Yeah. And I guess existing, no. Well, and the fact
6400 that we are allowing new construction to be made from
6401 people who could potentially be in violation of the
6402 LIHTC program.

6403

6404 **Leo Vasquez III (3:53:40):**

6405 Oh, well, okay.

6406

6407 **Tanya Lavelle (3:53:43):**

6408 Yeah. And I think I mentioned this during compliance.
6409 We talked about trying to find solutions and looking
6410 them up, and I'm happy to continue to work on that. But
6411 since this has to do directly with the LIHTC program,
6412 there is a role, we believe, to try and make some
6413 changes to the QAP to ensure that this is actually
6414 happening properly.

6415

6416 **Leo Vasquez III (3:54:05):**

6417 I hear you. I don't know if that's going to be able to
6418 get implemented at this stage in this...

6419

6420

6421 **Tanya Lavelle (3:54:15):**

6422 We can come back again next year, but...

6423

6424 **Leo Vasquez III (3:54:16):**

6425 Yeah. And also, do you work with TDLR on this, all the

6426 Architectural Barriers Act and...

6427

6428 **Tanya Lavelle (3:54:21):**

6429 No.

6430

6431 **Leo Vasquez III (3:54:23):**

6432 They have a bunch of these accessibility standards are

6433 required as well.

6434

6435 **Tanya Lavelle (3:54:27):**

6436 Well, sure. But I guess as TDHCA and the one

6437 monitoring, doing the LIHTC, y'all are the ones that

6438 work with Housing.

6439

6440 **Leo Vasquez III (3:54:34):**

6441 Yeah. There's a whole bunch more enforcement.

6442

6443

6444 **Tanya Lavelle (3:54:36):**

6445 Well, sure. And we can get into that if you'd like, but
6446 this is definitely something we need to consider. Yeah,
6447 it's not the first year I brought this. It won't be the
6448 last one. I'll continue to work with you guys, I want
6449 to, but this is a problem I need everyone to know about.

6450

6451 **Leo Vasquez III (3:54:51):**

6452 Yeah. And I'm sure staff is aware as well. Okay.

6453

6454 **Tanya Lavelle (3:54:54):**

6455 Yep. All right.

6456

6457 **Leo Vasquez III (3:54:56):**

6458 All right.

6459

6460 **Tanya Lavelle (3:54:57):**

6461 Thank you.

6462

6463 **Leo Vasquez III (3:54:56):**

6464 Thanks, Tanya

6465

6466

6467 **Robbye Meyer (3:55:04) :**

6468 Robbye Meyer. I'm representing Rural Rental Housing.

6469 Mr. Wilkinson, I took your comments yesterday to heart

6470 about the homeless and the CoC providers statewide.

6471 Thought about that overnight. Since we do have supposed

6472 statewide CoCs, I'd like to have them...

6473

6474 **Bobby Wilkinson (3:55:22) :**

6475 It's a balance of state. So where areas not covered by

6476 one of the regional CoCs.

6477

6478 **Robbye Meyer (3:55:27) :**

6479 Do what now?

6480

6481 **Bobby Wilkinson (3:55:28) :**

6482 It's a balance of state, so an area that didn't have its

6483 own regional CoC wasn't covered by that Texas Homeless

6484 Network would be...

6485

6486 **Robbye Meyer (3:55:38) :**

6487 Well, just they made a comment, they got the rule put

6488 back in when it was taken out for the staff draft. So

6489 now it's back. Rural areas now count in that homeless 2

6490 percent. So I took your comments to heart yesterday
6491 that they do service the areas that we're having
6492 problems with. So my request is have them have some
6493 skin in the game, and so have their organizations listed
6494 in the QAP, so that it's easy for rural Texas to get in
6495 touch with them and have them let's see if they actually
6496 respond because my group has tried to get in touch with
6497 them and ask and help and they don't. So I'd like to
6498 have them have skin in the game.

6499

6500 And I also request that we keep the staff draft, the
6501 draft that you have at the six months for urban and the
6502 three months for rural and see how it works out, at
6503 least for a year. Because when they send us things, if
6504 we even get anything, it's from a list that was a
6505 waiting list that's two or three months old, I mean, two
6506 or three years old. And we're trying to track somebody
6507 down and it doesn't work. So they've got to give us
6508 somebody that actually is a legitimate referral. So
6509 that's what we've had problems with if we get a referral
6510 from anybody. So I ask that they have skin in the game
6511 with us if that's what we have to go by. That's my
6512 comment.

6513

6514 **Leo Vasquez III (3:57:24):**

6515 Okay. Thanks, Robbye.

6516

6517 **Donna Rickenbacker (3:57:39):**

6518 Hello. Excuse me. Hello, Donna Rickenbacker, hopefully

6519 my comments will be very short. My first one has to do

6520 with the definition. We are still debating how to

6521 define a park for tiebreaker purposes. A park or parcel

6522 of land dedicated for public use. This QAP looks like

6523 staff has struck a parcel of land that is owned by a

6524 school district may qualify so long as it meets all

6525 requirements. They struck that, I'm not sure why. It

6526 was in the '24 QAP and obviously it was in the '25 QAP

6527

6528 I would like to have that incorporated back into the

6529 definition of a park. Just because the ISD owns the

6530 piece of land doesn't mean it's not being utilized as a

6531 public park. I understand early on people were doing

6532 some crazy things and utilizing or claiming that a park

6533 was within the boundaries of the actual school.

6534

6535 And I see this all over, including in my neighborhood.
6536 You do have land that is owned by the ISD, that they
6537 have agreements with the municipality that own it and
6538 operate it. And it's absolutely a public park with its
6539 own entrances, exits, it's only playground area or
6540 whatever is in there. So I ask that that be put back
6541 into the QAP. HUBs. I'm not going to go into detail. I
6542 know on the sponsor characteristics, there's already
6543 been a lot of discussion on it.

6544

6545 There's one thing I would like to bring to the Board's
6546 attention and to staff that hopefully we can incorporate
6547 into the QAP. And that is when developer owners really
6548 do have a third-party HUB that is participating and they
6549 got that associated points and obviously the award,
6550 there needs to be, these HUBs don't fully understand all
6551 the rules that comply. But if it is determined that
6552 that HUB is not being is not materially participating
6553 and that HUB is not being paid any portion of the
6554 developer fee or cash flow, I think there needs to be
6555 some penalties associated with that owner developer that
6556 is treating the HUB in that manner. And I hope we can
6557 incorporate some penalty provisions. The problem is by

6558 time these HUBs figure it out and sue, they're utilizing
6559 attorney's fees that add up to more than what they may
6560 be getting out of developer and cash flow. So I'd like
6561 to see something incorporated into the rules as it
6562 relates to that.

6563

6564 Readiness, we've talked ad nauseam about readiness. And
6565 Chairman Vasquez, I got dinged on readiness to proceed
6566 this last time. I think there needs to be some clarity
6567 in that provision, because I was penalized on a '24
6568 transaction and that point reduction that I was
6569 penalized for applies to the 26th round. The rules
6570 specifically show that it's the penalty is associated
6571 with the round immediately preceding the current round.
6572 So if we're going to apply it the way it was applied to
6573 me, then I think we need to be making some real clear
6574 specific provisions in the readiness to proceed
6575 provision. Thank you very much.

6576

6577 **Zachary Krochtengel (4:01:30):**

6578 Zach Krochtengel. I just have one comment that I didn't
6579 make yesterday regarding SCR reports, I would just ask
6580 that those reports be due at the same time as the market

6581 study report. The SCR reports are the scope and cost
6582 review for adaptive reuse or rehabilitation, and
6583 especially when you're doing adaptive reuse, they really
6584 need the architectural plans to really do a legitimate
6585 scope and cost review for a very extended period of
6586 time. And it seems like all of the reports and all of
6587 the information pile up within a two-week period, and I
6588 don't think that the scope and cost reviews are nearly
6589 as comprehensive or as accurate and usable as they could
6590 be if we gave them that same month after the application
6591 deadline that the market studies get.

6592

6593 And I just think that we could get a lot better work
6594 product that could be a little bit more usable. Not
6595 only are they looking for those architectural plans,
6596 they're also looking for our engineers' feasibility
6597 reports and things like that. And those generally
6598 aren't available until very close to the deadline
6599 either. So it's just something that I think would make
6600 sense to make those reports a little bit better.

6601

6602

6603

6604 **Leo Vasquez III (4:02:40):**

6605 Just more time, match up the timeframes when they're
6606 due.

6607

6608 **Zachary Krochtengel (4:02:45):**

6609 Well, so underwriting is using those scope and code cost
6610 reviews and the market studies to underwrite, but
6611 they're not underwriting between March 1st and April
6612 1st. So all those other reports are due March 1st,
6613 except for the market study. So right now, when I want
6614 to do a scope and cost review, the scope and cost
6615 reviewer says, where's your architectural and where's
6616 your engineering feasibility study?

6617

6618 And when I send that to him on February 17th and say, I
6619 need this back in eight days, it's not a great work
6620 product we're getting out of them. I think that right
6621 now the scope and cost reviews are much more
6622 comprehensive about taking pictures. I don't think that
6623 it's actually something that has a lot of energy or
6624 thought into it because of just the way those timings
6625 work.

6626

6627 **Leo Vasquez III (4:03:33):**

6628 Okay. I guess got to look at underwriting or the
6629 staff...

6630

6631 **Jeanna Adams (4:03:42):**

6632 Good afternoon. Jeanna Adams, Director of Real Estate
6633 Analysis. So your SCR is supposed to be used what you
6634 develop, to back up your development cost schedule,
6635 which is part of your application. So I don't really
6636 understand how you would turn that in a month after you
6637 turn in your whole application, which has your
6638 development costs, which has to balance your sources and
6639 uses. Doesn't make any sense.

6640

6641 I understand fundamentally it takes a long time. Can
6642 you start sooner, like with your appraisal and
6643 everything? It seems like, I get you come up short on
6644 your adaptive reuse stuff and you kind of have problems
6645 getting your third-party reports together, but it
6646 doesn't make sense. You can't put an application
6647 together without costs you can back up.

6648

6649

6650 **Zachary Krochtengel (4:04:21):**

6651 Well, I can agree with my scope and cost reviewer on a
6652 development cost schedule, but I don't think that a lot
6653 of the backup or the thought that's going into that is
6654 documented very well because of that, so I...

6655

6656 **Jeanna Adams (4:04:36):**

6657 And I don't disagree. I'm just saying fundamentally,
6658 when 9 percent applications are due on a single day,
6659 your cost can't change, your sources and uses can't
6660 change. I don't understand how you have a scope and
6661 cost review due a month later because then your whole
6662 application would be, make no sense.

6663

6664 **Zachary Krochtengel (4:04:49):**

6665 But what about, if you have market rate units and you
6666 have a market study due a month later and they say your
6667 market units are...

6668

6669 **Jeanna Adams (4:05:02):**

6670 You can usually get you a market, I don't know how you
6671 guys do that part. I assume that they come up to the,
6672 that's a lot easier to determine than your specific

6673 deal. I agree that the SCRs should be better, but
6674 timing wise on how to get a 9 percent application in, I
6675 just fundamentally don't understand how that would work.
6676 If there's a way to make it work, but I don't get it.
6677

6678 **Leo Vasquez III (4:05:16):**

6679 Okay. Thank you, Zach. Mr. Campbell, you want to wrap
6680 this up?
6681

6682 **Cody Campbell (4:05:24):**

6683 Sure thing. So, just real quick, I will go over the
6684 list of changes to the draft of the QAP in front of you
6685 that should be made as best as I understand them. There
6686 are two edits that we'll be making to the tiebreaker
6687 section. One, to address any announced closures of
6688 proposed amenities that are in place as of the full
6689 application delivery date and to disqualify those
6690 features. One which is to add a tiebreaker after the
6691 amenity tiebreaker that awards priority based on the
6692 number of units per tax credit requested by the
6693 development.
6694
6695

6696 **Bobby Wilkinson (4:06:07):**

6697 I thought that was third.

6698

6699 **Cody Campbell (4:06:09):**

6700 So there's the amenity and then there's the tax credits

6701 per unit and then there's distance after that is how I

6702 understood it. Did someone understand that differently?

6703

6704 **Bobby Wilkinson (4:06:19):**

6705 How many do we have now?

6706

6707 **Kathryn Saar (4:06:21):**

6708 I understood it yesterday that it was just number of tax

6709 credit units, not per credit.

6710

6711 **Leo Vasquez III (4:06:29):**

6712 No. I think it was tax credits per, that was the

6713 adjustment of those tax credits per unit.

6714

6715 **Holland Harper (4:06:40):**

6716 It's the most efficient use of tax credits per unit.

6717

6718

6719 **Kathryn Saar (4:06:42):**

6720 Okay. It's six and one half double that the other.

6721

6722 **Leo Vasquez III (4:06:46):**

6723 Yeah. But I think there were some arguments about with

6724 automatic, I thought there was pushback saying the

6725 bigger number of units will always win. So if it's

6726 credits per unit, that's it, evens it out a little bit.

6727

6728 **Kathryn Saar (4:07:04):**

6729 That's fine.

6730

6731 **Cody Campbell (4:07:05):**

6732 But that that would go immediately behind the amenity

6733 tiebreaker and in front of the distance tiebreaker.

6734

6735 **Leo Vasquez III (4:07:10):**

6736 Yes.

6737

6738 **Cody Campbell (4:07:11):**

6739 Okay.

6740

6741

6742 **Leo Vasquez III (4:07:12):**

6743 So we're inserting a new number three at this other
6744 column.

6745

6746 **Cody Campbell (4:07:15):**

6747 Sure. The addition of HUBs being able to serve as the
6748 special limited partner in the deal. The addition of
6749 opportunity zones to the concerted revitalization plan
6750 scoring item. The addition of a minimum score. And I
6751 apologize, I should have discussed this with you
6752 earlier. I spoke with Josh about where we might want to
6753 set that level. This is something that we can change
6754 after public comment. So it's not as high stakes to get
6755 the number exactly where we want it to be today. We are
6756 proposing 150 as a starting point. I suspect the...

6757

6758 **Leo Vasquez III (4:07:55):**

6759 150 or 115.

6760

6761 **Cody Campbell (4:07:57):**

6762 150. 150. I suspect that the industry will try to talk
6763 us down on that quite a bit. So if you want to go even
6764 lower than that, we certainly can. 173 is under normal

6765 circumstances the maximum possible score. Average score
6766 is typically in the 160s. I believe the lowest that we
6767 saw this year, Josh, correct me, was an 89. 83. It was
6768 an...

6769

6770 **Leo Vasquez III (4:08:22):**

6771 But what was the lowest award this year?

6772

6773 **Cody Campbell (4:08:24):**

6774 It was in Big Spring and it was that 83 or the 89.

6775

6776 **Leo Vasquez III (4:08:29):**

6777 We'll set the bar higher than even now.

6778

6779 **Cody Campbell (4:08:31):**

6780 Sure. We could go in at 120. Again, this is something
6781 that can easily be changed after public comment.

6782

6783 **Bobby Wilkinson (4:08:42):**

6784 Are you setting one minimum score for all regions in
6785 urban and rural?

6786

6787

6788 **Cody Campbell (4:08:47):**

6789 So it turns out that there's closer scoring parity
6790 between urban and rural than I thought. The only time
6791 that we see those really low scores are in
6792 noncompetitive rural regions, or I guess there's
6793 occasionally a noncompetitive urban. But generally if a
6794 rural region is competitive, we get pretty high scores
6795 out of it.

6796

6797 **Leo Vasquez III (4:09:09):**

6798 Okay. Just I'm trying to think back, when I look at all
6799 the scoring, I guess I usually see 160s to 170s. So
6800 most of the time, 150 or below, or below 150 is going to
6801 be out of the running anyway.

6802

6803 **Cody Campbell (4:09:27):**

6804 In competitive regions. Yes, sir. Yep.

6805

6806 **Leo Vasquez III (4:09:36):**

6807 Well, we can go with that. I don't know if that might
6808 be a tad bit high.

6809

6810

6811 **Cody Campbell (4:09:41):**

6812 Start from a good position and let them talk you down,
6813 right? Yeah, sure. So we'll go in with that. We will
6814 be eliminating the prohibition on automatic Pre-K awards
6815 in fourth quartile census tracts by income. For
6816 developments that are ineligible due to having requested
6817 excessive numbers of force majeure, we will add the
6818 six-month staff extension as a qualifying event. So
6819 that will count as one of the two force majeure, or one
6820 of the two extensions that would render you ineligible.

6821

6822 We will also be adding language that says that an
6823 applicant can become eligible after application
6824 submission but prior to award. I did get a chance to
6825 speak with other people internally about this. This I
6826 think we can make work for the 9 percent program. For
6827 the other programs that we administer though, it would
6828 be a real administrative barrier there. We have bond
6829 developments that need to close very quickly, when
6830 somebody applies for direct loans, they're reserving
6831 that money. It's a really big risk for us to reserve
6832 that money and not have another applicant in line

6833 without knowing that they'll actually be able to sign
6834 the contract for it.

6835

6836 So my recommendation would be that the ability to become
6837 eligible after you submit the application if the
6838 disqualifying development places in service, that would
6839 only apply to the 9 percent program.

6840

6841 Great. For cash outs, the prohibition would only apply
6842 to 9 percent applications. We would restore the
6843 original language as it relates to visitability. And
6844 under sponsor characteristics, we would make two points
6845 available to applications that are submitted by a
6846 housing authority or an instrumentality thereof. And
6847 those are all the changes I've got.

6848

6849 **Leo Vasquez III (4:11:30):**

6850 I'm almost ready to applaud. Okay. That sounds good.
6851 So given that statement that Mr. Campbell just laid out,
6852 can we make a motion? Taking that, is that suitable for
6853 the motion on item 27, as stated as?

6854

6855

6856 **Megan Sylvester (4:11:55):**

6857 As stated as.

6858

6859 **Leo Vasquez III (4:11:56):**

6860 And this shall be documented. Okay. Would anyone care
6861 to make a motion on item 27 of the agenda?

6862

6863 **Cindy Conroy (4:12:03):**

6864 I move the Board approve the proposed repeal of 10 TAC
6865 Chapter 11 and the proposed new 10 TAC Chapter 11
6866 concerning the housing tax credit qualified allocation
6867 plan for publication in the Texas Register for public
6868 comment, all as described, authorized, and conditioned
6869 in the Board action request, resolutions, and associated
6870 documents on this item, including such modifications as
6871 described during this meeting.

6872

6873 **Holland Harper (4:12:28):**

6874 Second.

6875

6876 **Leo Vasquez III (4:12:29):**

6877 Motion made by Ms. Conroy. Seconded by Mr. Harper. All
6878 in favor say aye.

6879

6880 **All Board Members (4:12:33):**

6881 Aye.

6882

6883 **Leo Vasquez III (4:12:34):**

6884 Any opposed? Hearing none, motion carries. Thank you.

6885 Look forward to publish.

6886

6887 **Cody Campbell (4:12:38):**

6888 Of course.

6889

6890 **Leo Vasquez III (4:12:40):**

6891 And we can still make comments, right?

6892

6893 **Cody Campbell (4:12:42):**

6894 Sure. It actually just became real now. So yeah, it's

6895 the formal public comment period.

6896

6897 **Leo Vasquez III (4:12:50):**

6898 All right. Very good. Let's continue on with the

6899 agenda. Item 28. Presentation, discussion, and

6900 possible action regarding an appeal of the termination

6901 of loan application for Braniff Lofts. Mr. Campbell,
6902 you're still up.

6903

6904 **Cody Campbell (4:13:11):**

6905 Thank you. So Braniff Lofts is an adaptive reuse
6906 development in Dallas that proposes the rehabilitation
6907 of an existing structure into a supportive housing
6908 development. It started its Life in the 2024 9 percent
6909 application round. It requested \$2 million in credits.
6910 It did have a competitive score, but unfortunately it
6911 was terminated in underwriting due to issues with its
6912 appraisal. The applicant appealed that termination and
6913 the Board upheld it.

6914

6915 Later that same year, the applicant got a reservation of
6916 bonds to continue with the development. And with that
6917 bonds, they would also be applying for 4 percent housing
6918 tax credits. To help fill the financing stack for the
6919 developments, the Board in March of this year approved
6920 staff to issue an invitation to apply, which is very
6921 similar to a NOFA. It's just targeted at a more
6922 restricted group of applicants. The Board approved the
6923 issuance of an invitation to apply for \$10 million in

6924 direct loan funds. These particular funds were sourced
6925 from the Tax Credit Assistance Program Repayment fund
6926 funding source.
6927
6928 We issued that invitation to apply, and it included
6929 specific loan terms that that the applicant would have
6930 to meet. And these included that the loan would need to
6931 be fully amortizing, meaning they have regular loan
6932 payments, and that it would carry a 2 percent interest
6933 rate. The applicant applied for that \$10 million under
6934 the invitation to again fill out that financing stack,
6935 but the application necessitates that the debt not carry
6936 any annual debt service in order to be feasible. When
6937 adjusting the application to carry the annual debt
6938 service that is required by the invitation to apply, it
6939 is facially infeasible by hundreds of thousands of
6940 dollars a year. It just in no way, shape, or form works
6941 under the terms that were issued under that invitation.
6942
6943 Because of that, staff terminated the application, and
6944 the applicant appealed. And in their appeal, the
6945 applicant, which is Zach Krochtengel, is essentially
6946 asking that the Board approve the loan terms that would

6947 make the development work, which would be some kind of
6948 cash flow contingent loan at a lower interest rate. And
6949 so there's kind of two questions in front of the Board
6950 today. The first concerns the actual appeal that's in
6951 front of you. And from staff's perspective, I
6952 truthfully don't see any way to get to a yes on that,
6953 and the reason is because we released that invitation to
6954 apply. It had specific loan terms. The application
6955 doesn't work under those loan terms. And the nature of
6956 the appeal is requesting that the Board determine that
6957 the application work under the terms of the NOFA that
6958 was released, and it just flatly doesn't. And so staff
6959 recommends that the Board deny the appeal.

6960

6961 I believe that the applicant will also be requesting a
6962 new NOFA be released. That is certainly something that
6963 we can discuss with you if it's something that you're
6964 interested in doing. If not, the only remaining option
6965 that I see, at least for Department funding for the
6966 applicant, would be to come back in next year as a 9
6967 percent application and try that again. Doing so would
6968 require, presuming that the QAP gets adopted as was just
6969 approved, it would require a waiver from the Board

6970 because the application does violate the \$500,000 per
6971 door limit by quite a bit. It's at about \$785,000 per
6972 door. So there would need to be a waiver in order for
6973 it to come back in as a 9 percent application.

6974

6975 Again, those are the two options as I see them. That's
6976 just a matter of whether that's something that the Board
6977 is interested in doing or not. But in terms of the
6978 appeal itself, truthfully, I don't see how we can get to
6979 a yes on that. So happy to answer any questions if you
6980 have any, but...

6981

6982 **Leo Vasquez III (4:17:06):**

6983 Seems free to lay it out straightforward. Mr.
6984 Krochtengel, do you want to plead your case?

6985

6986 **Zachary Krochtengel (4:17:17):**

6987 Zachary Krochtengel, the applicant. This is a really
6988 unique deal. It's in one of the best parts of town in
6989 Dallas. It's on the tollway, some of the most expensive
6990 land in Dallas. It has a 1968 historic building. It's
6991 the Braniff Stewardesses College, where they trained
6992 stewardesses for decades. It has been vacant and in

6993 disrepair, but it is a national landmark. That is why
6994 the cost is very high. The City of Dallas has already
6995 committed \$7 million of soft money as well. We own the
6996 property. We have permits to develop it. We're ready
6997 to start building. We're partnered with a nonprofit,
6998 ASD, that has been operating in the City of Dallas for
6999 40 years doing permanent supportive housing and only
7000 permanent supportive housing.

7001

7002 The City of Dallas and Dallas County just doesn't have
7003 supportive housing that's backed by LIHTC. It's pretty
7004 shocking. So in Austin, there are 15 permanent
7005 supportive housing deals funded by LIHTC with 1400
7006 units. In Houston, there are 10 projects with 1300
7007 units. And in Dallas, the entirety of Dallas County,
7008 there is one project from 2014 with 45 units. So Dallas
7009 desperately needs permanent supportive housing. The
7010 city is on board with funding this permanent supportive
7011 housing. We're not asking for no debt payment. We're
7012 just asking for the debt payment to be moved below the
7013 line and to be funded from cash flow. So we're not
7014 asking to have just a grant and never repayable. We're

7015 asking for below the line cash flow and repayable at
7016 either end of affordability, refinancing, or sale.
7017
7018 So this is not something that we're asking for a grant.
7019 We're asking for the terms of the loan to just be
7020 altered so that it's limited by 50 percent cash flow and
7021 it would still be repayable at the end of the term or at
7022 the end of one of those events. The interest rate, we
7023 prefer it at zero, so the loan doesn't keep growing
7024 every year if the cash flow isn't covering the full
7025 interest. But if 2 percent is something that the Board
7026 feels is necessary, then so be it.

7027

7028 **Leo Vasquez III (4:19:36):**

7029 So effectively, please give us \$10 million more for this
7030 and at the end, we'll pay you back when we sell.

7031

7032 **Zachary Krochtengel (4:19:50):**

7033 Correct. But also pay during debt, every year, we'll
7034 pay a debt payment as well.

7035

7036 **Leo Vasquez III (4:19:54):**

7037 If there's cash flow, if there's sufficient cash flow.

7038

7039 **Zachary Krochtengel (4:19:59):**

7040 So it'd be a percentage of cash flow...

7041

7042 **Leo Vasquez III (4:20:00):**

7043 We're equity partners, no equity. Effectively, here's

7044 our money and we'll get it back.

7045

7046 **Zachary Krochtengel (4:20:07):**

7047 Well, so this isn't unprecedented.

7048

7049 **Leo Vasquez III (4:20:11):**

7050 Yeah. But again, if, but we, even the Board's been

7051 discussing that even going down to 2 percent. We've

7052 been talking about moving it up.

7053

7054 **Zachary Krochtengel (4:20:22):**

7055 I understand.

7056

7057 **Leo Vasquez III (4:20:23):**

7058 And I think the deals we've been doing, those direct

7059 loan deals have been fully amortizing, paying as you go.

7060

7061 **Zachary Krochtengel (4:20:33) :**

7062 Right. And since that's changed, it hasn't funded any
7063 more supportive housing.

7064

7065 **Leo Vasquez III (4:20:37) :**

7066 And then to the final portion of, aspect of your
7067 particular deal. I love the concept of retaking that
7068 Braniff building, but the optics of us providing support
7069 for affordable housing at almost \$800,000 a door, I
7070 don't want to see that put it up in the Dallas Morning
7071 news.

7072

7073 **Zachary Krochtengel (4:21:06) :**

7074 So there's a reason for historic tax credits. It's
7075 because the costs really are that much higher. If you
7076 took the historic tax credits off of this project, it
7077 would align with the cost of normal projects. There are
7078 tons of different variables here that are caused by NPS
7079 to apply for those tax credits. But also MFDL has been
7080 used for permanent supportive housing many times, and
7081 there's only one application ever. And I've looked at
7082 every MFDL supportive housing application that's ever
7083 had a hard debt payment. There's only one in the

7084 entirety of MFDL that supported permanent supportive
7085 housing.

7086

7087 I think that it's a really great project for Dallas, and
7088 it's something that Dallas has put their money behind as
7089 well. And just unfortunately, Dallas does not have
7090 permanent supportive housing developers like Austin and
7091 Houston do, and I think it's a disservice to the Dallas
7092 community to not have those. And to also have permanent
7093 supportive housing in a very high opportunity area, an
7094 area that's actually walkable in the City of Dallas, is
7095 something that's also pretty transformative for the
7096 people that'll live there.

7097

7098 **Leo Vasquez III (4:22:26):**

7099 Why can't Dallas give a \$10 million loan that's
7100 repayable when you sell? As opposed to...

7101

7102 **Zachary Krochtengel (4:22:35):**

7103 As opposed to...

7104

7105 **Leo Vasquez III (4:22:43):**

7106 Because they're already in it. It's.

7107

7108 **Zachary Krochtengel (4:22:48) :**

7109 We have tried to ask them to increase their
7110 contribution, and it just hasn't happened. I think that
7111 people that are familiar with Dallas, that are familiar
7112 with this building, I think that it is also just
7113 commendable to try to save this building as well,
7114 because unfortunately, where it is, the building is,
7115 it's gone through many different attempts at usage and
7116 has not failed, has not succeeded. And I think that
7117 it's one of the most endangered historic buildings in
7118 Dallas as well.

7119

7120 **Kenny Marchant (4:23:13) :**

7121 Mr. Chairman, can I ask a question?

7122

7123 **Leo Vasquez III (4:23:14) :**

7124 Yeah, please.

7125

7126 **Kenny Marchant (4:23:14) :**

7127 Where does this loan fund money come from, Cody?

7128

7129

7130 **Cody Campbell (4:23:23) :**

7131 So in 2008-ish, there was a program called the Tax
7132 Credit Assistance Program that the Department had to
7133 assist tax credit developments during the Great
7134 Recession. As those loans get paid back, we were able
7135 to reuse those funds for affordable housing activities
7136 and so...

7137

7138 **Kenny Marchant (4:23:43) :**

7139 It's kind of a revolving fund.

7140

7141 **Cody Campbell (4:23:45) :**

7142 Correct, correct.

7143

7144 **Kenny Marchant (4:23:47) :**

7145 So what he's asking for isn't basically an accrual of
7146 the interest, no principal payment and accrual of the
7147 interest, or does it call for a full amortization?

7148

7149 **Cody Campbell (4:24:01) :**

7150 So the invitation to apply that we put out. The loan
7151 terms that the application was required to meet required
7152 a full amortization. So just...

7153

7154 **Kenny Marchant (4:24:11):**

7155 Like 2 percent.

7156

7157 **Cody Campbell (4:24:12):**

7158 At 2 percent. That is correct. There are apparently

7159 other term loan terms that would make the development

7160 work. Zach would certainly be the expert on those. I

7161 just know that what we put out, it's way off.

7162

7163 **Kenny Marchant (4:24:23):**

7164 But if we do this, then we're making a decision to go

7165 forward with a project that we're then going to have to

7166 give a waiver to later if it's successful.

7167

7168 **Cody Campbell (4:24:35):**

7169 No. And I apologize that this item is kind of

7170 confusing. So the item that is in front of you today is

7171 an appeal of the termination of the application that was

7172 submitted under the NOFA that had the loan terms as

7173 fully amortizing at 2 percent. So the vote that you're

7174 being asked to take today is whether you grant that

7175 appeal or not. Given that the application just flatly

7176 doesn't work at those loan terms, I really don't see how
7177 we could get to a yes on that.

7178

7179 **Kenny Marchant (4:25:06):**

7180 So we vote to deny the appeal.

7181

7182 **Cody Campbell (4:25:09):**

7183 Correct.

7184

7185 **Kenny Marchant (4:25:10):**

7186 That takes us to what?

7187

7188 **Cody Campbell (4:25:12):**

7189 So separately, the applicant is asking, Zach, is asking
7190 for, I'm sorry to talk about you like you're not here.

7191

7192 **Kenny Marchant (4:25:18):**

7193 Even today?

7194

7195 **Cody Campbell (4:25:20):**

7196 So Zach is asking the Board to come up with some kind of
7197 NOFA that would have loan terms that make the project
7198 work. If the Board directs staff to move forward with

7199 that, what we would do is we would craft a NOFA and we
7200 would bring it back to you at the October meeting to
7201 vote on for approval, then we would release that. Zach
7202 would apply under that NOFA and it would have the loan
7203 terms that he's asking for. But that would be a
7204 direction given to staff today, not something that you
7205 were voting on today. That's something that you
7206 wouldn't vote on until October.

7207

7208 **Kenny Marchant (4:25:51):**

7209 And then the project would need a waiver.

7210

7211 **Cody Campbell (4:25:56):**

7212 It would be coming in prior to the adoption of the new
7213 QAP, so it would not. If the new QAP was in place by
7214 the time that NOFA was released, or if it came in as a 9
7215 percent applicant in the 2026 round, then yes, it would
7216 need a waiver because, presuming that that \$500,000
7217 limit stays in place.

7218

7219 **Kenny Marchant (4:26:15):**

7220 But he wouldn't have to do a waiver because he's going
7221 back to the original application, right?

7222

7223 **Cody Campbell (4:26:22):**

7224 He wouldn't have to do a waiver because he would be
7225 applying prior to the new QAP being in effect. Yeah.

7226

7227 **Leo Vasquez III (4:26:28):**

7228 But it would still be a \$785,000 a door project.

7229

7230 **Cody Campbell (4:26:32):**

7231 Right. Right.

7232

7233 **Zachary Krochtengel (4:26:42):**

7234 Our 4 percent tax credit application is still active.
7235 This is just the loan application that's being
7236 terminated. So we wouldn't have to apply for a waiver.
7237 We have a carry forward allocation that the Governor's
7238 Office gave us. So we have essentially three years to
7239 utilize the 4 percent tax credits that we've applied
7240 for. So it's just terminating the MFDL application.
7241 Yeah.

7242

7243

7244

7245 **Leo Vasquez III (4:27:06):**

7246 Yesh. You still have time; the deal can still be alive
7247 if you can figure out...

7248

7249 **Zachary Krochtengel (4:27:11):**

7250 We only have permits, so we don't have much else to do
7251 with it.

7252

7253 **Leo Vasquez III (4:27:16):**

7254 Okay. Any Board members have any further questions?

7255 The staff's recommendation is to deny the appeal.

7256

7257 **Cody Campbell (4:27:26):**

7258 That is correct.

7259

7260 **Leo Vasquez III (4:27:32):**

7261 I'll entertain a motion if there's no more questions.

7262

7263 **Ajay Thomas (4:27:45):**

7264 Mr. Chairman, I move the Board deny the appeal of
7265 determination of the loan application for Braniff Lofts,
7266 all as described in the Board action request,
7267 resolution, and associated documents on this item.

7268

7269 **Anna Maria Farias (4:27:55):**

7270 Second.

7271

7272 **Kenny Marchant (4:27:55):**

7273 Second.

7274

7275 **Leo Vasquez III (4:27:56):**

7276 Motion made by Mr. Thomas. Seconded by Mr. Marchant.

7277 All those in favor say aye.

7278

7279 **All Board Members (4:28:02):**

7280 Aye.

7281

7282 **Leo Vasquez III (4:28:03):**

7283 Any opposed? Hearing none, motion carries. Keep at it,

7284 Zach, and then come redevelop the Astrodome into

7285 affordable housing. We need that. Okay. 29 on the

7286 agenda. Presentation, discussion, and possible action

7287 on a request for return and reallocation of tax credits

7288 under 10 TAC Section 11.65 related to credit returns

7289 resulting from force majeure events at Westwood

7290 Apartments. Mr. Goldberger.

7291

7292 **Joshua Goldberger (4:28:44):**

7293 Good afternoon, Chairman, members of the Board. Josh
7294 Goldberger, 9 percent Program Manager. Item 29 concerns
7295 Westwood Apartments, a 102-unit development to be
7296 completed in Killeen.

7297

7298 The project was awarded housing tax credits in 2024 and
7299 must place into service by December of 2026. Since the
7300 initial award of housing tax credits, the project has
7301 experienced material delays due to disruptions in the
7302 tax credit equity market. The request includes some
7303 actual numbers here which I think are illuminating. The
7304 project was originally underwritten with a credit
7305 pricing of around 86 cents, but by the end of 2024, that
7306 pricing had dropped to roughly 70 to 78 cents. That big
7307 of a decrease simply makes a project infeasible in this
7308 environment.

7309

7310 Beyond that drop in pricing, the request also states
7311 that in early 2025, equity availability tightened as
7312 several major investors paused participation amidst
7313 uncertainty over potential tax law changes. Altogether,

7314 reduced investor demand for LIHTC credits and decreased
7315 pricing forced the applicant into pretty prolonged
7316 negotiations. Feasible final equity terms were not
7317 reached until July 2025, about a year after the initial
7318 award.

7319

7320 Despite these delays, the development team has
7321 maintained progress by advancing permitting, finalizing
7322 the general contractor, and securing lender and investor
7323 commitments. Closing on this deal is actually scheduled
7324 for tomorrow, September 5th. The project currently
7325 anticipates completion by late 2026, only shortly before
7326 the current deadline. However, both the lender and
7327 equity partners have indicated that unforeseen issues
7328 during construction could push final delivery beyond the
7329 placed in-service date.

7330

7331 To allow for any such unforeseen delays, the developer
7332 has requested an extension of six months, establishing a
7333 new placed in-service deadline of June 30th, 2027.

7334 Staff recommends approval and representatives of the
7335 development are present should you have any specific
7336 questions.

7337

7338 **Leo Vasquez III (4:30:41):**

7339 Okay. So this one's literally ready to close tomorrow.

7340

7341 **Joshua Goldberger (4:30:44):**

7342 That is what the applicants relayed, yes.

7343

7344 **Leo Vasquez III (4:30:46):**

7345 And they have zoning and planning and everything's

7346 already approved.

7347

7348 **Joshua Goldberger (4:30:52):**

7349 Yes.

7350

7351 **Leo Vasquez III (4:30:52):**

7352 This isn't just starting someday out in the future.

7353 It's we're ready to start actual process of

7354 construction.

7355

7356 **Joshua Goldberger (4:31:06):**

7357 Yes, sir. That is what the request relates.

7358

7359

7360 **Bobby Wilkinson (4:31:07):**

7361 (Indiscernible).

7362

7363 **Kenny Marchant (4:31:09):**

7364 Is it closing tomorrow?

7365

7366 **Leo Vasquez III (4:31:12):**

7367 We can have them verify that for us, but that's been the

7368 indication. And then the other part, this would be an

7369 example of the allowance for a six-month, if it's six

7370 month, you'll be able to approve this in the future.

7371

7372 **Bobby Wilkinson (4:31:31):**

7373 Yes.

7374

7375 **Leo Vasquez III (4:31:32):**

7376 Or deny. Okay. If you could, representative, again say

7377 your name and...

7378

7379 **Michael Tamez (4:31:51):**

7380 Sorry. I missed the, it's right over here. Well, good

7381 afternoon, Chairman, Board members, Mr. Wilkinson,

7382 appreciate your time today. Trying to keep everything

7383 really brief. I know it's been a long day. We are
7384 scheduled to close tomorrow.

7385

7386 **Leo Vasquez III (4:31:55):**

7387 What's your name?

7388

7389 **Michael Tamez (4:31:56):**

7390 Michael Tamez with Madhouse Development. We are
7391 scheduled to close tomorrow. However, funding has been,
7392 we're working on getting funding over to escrow and
7393 title. I could see it slipping to Monday for some
7394 signature pages. The PMP bond, we went ahead and
7395 actually signed the contract with the general contractor
7396 to go ahead and start the buyout process so we can hold
7397 the pricing and continue to kind of keep the process
7398 rolling. But outside of that, they need a physical bond
7399 to record, and so that likely will make its way over to
7400 the title company tomorrow, but it could take a day to
7401 record those things. So Monday would be hopefully last
7402 day.

7403

7404 **Leo Vasquez III (4:32:32):**

7405 Okay. Closing is imminent.

7406

7407 **Michael Tamez (4:32:33):**

7408 Yes, sir. Yeah. And then when I come in...

7409

7410 **Kenny Marchant (4:32:35):**

7411 So, Mr. Chairman, because we've adopted the QAP already,

7412 can this be stamped off the run?

7413

7414 **Leo Vasquez III (4:32:41):**

7415 We haven't actually adopted it. We haven't actually,

7416 it's not adopted, it's published.

7417

7418 **Cindy Conroy (4:32:44)**

7419 It's on public comment.

7420

7421 **Kenny Marchant (4:32:46):**

7422 Oh, I'm sorry.

7423

7424 **Leo Vasquez III (4:32:47):**

7425 In comment. Yeah. We got all kind of, that's why we

7426 had to do it today because there's all these extra...

7427

7428

7429 **Kenny Marchant (4:32:49):**

7430 Got you. Got you.

7431

7432 **Leo Vasquez III (4:32:50):**

7433 But yes, this is an example that if when the QAP is

7434 adopted it could go be approved by Executive Director,

7435 not have to go through us.

7436

7437 **Kenny Marchant (4:33:02):**

7438 Got you.

7439

7440 **Michael Tamez (4:33:05):**

7441 And I do have my investor here with, RBC Capital, if

7442 you'd like to hear from them?

7443

7444 **Leo Vasquez III (4:33:11):**

7445 Well, 'm not sure if it's necessary. But thank you for

7446 being here.

7447

7448 **Bobby Wilkinson (4:33:19):**

7449 Flew down from Chicago, right?

7450

7451

7452 **Leo Vasquez III (4:33:21):**

7453 You came from Chicago?

7454

7455 **Unidentified Speaker (4:33:22):**

7456 Cleveland.

7457

7458 **Bobby Wilkinson (4:33:22):**

7459 Oh, Cleveland.

7460

7461 **Leo Vasquez III (4:33:22):**

7462 Cleveland. Okay. All right. I was going to say if

7463 it's Chicago, we're not going to go with that. But

7464 Cleveland's okay. Okay. Staff's recommendation to

7465 approve. You're satisfied they're ready to go. It

7466 sounds like everyone's ready to go. Anyone care make a

7467 motion on staff's recommendation?

7468

7469 **Anna Maria Farias (4:33:44):**

7470 Mr. Chairman, I move the Board approve the requested

7471 treatment under an application of the force majeure rule

7472 to Westwood Apartments with a new placed in-service

7473 deadline of June 30th, 2027, all as the described,

7474 conditioned, and authorized in the Board action request,
7475 resolution, and associated documents on this item.

7476

7477 **Leo Vasquez III (4:34:08):**

7478 Motion made by Ms. Farias. Is there a second?

7479

7480 **Kenny Marchant (4:34:12):**

7481 Second.

7482

7483 **Leo Vasquez III (4:34:12):**

7484 Seconded by Mr. Marchant. All those in favor say aye.

7485

7486 **All Board Members (4:34:15):**

7487 Aye.

7488

7489 **Leo Vasquez III (4:34:15):**

7490 Any opposed? Hearing none, motion carries. Okay. Is

7491 30 still on the agenda?

7492

7493 **Joshua Goldberger (4:34:23):**

7494 The applicant has requested we pull it from the agenda.

7495

7496

7497 **Leo Vasquez III (4:34:26) :**

7498 I'm sorry that we?

7499

7500 **Joshua Goldberger (4:34:27) :**

7501 The applicant has requested that we pull the item.

7502

7503 **Leo Vasquez III (4:34:29) :**

7504 Okay. Item 30 is pulled. Item 31. Before we go back

7505 to the earlier item. Presentation, discussion, and

7506 possible action on a request for return and reallocation

7507 of tax credits under 10 TAC Section 11.65 related to

7508 credit returns resulting from the force majeure of

7509 events for West End Lofts.

7510

7511 **Joshua Goldberger (4:34:54) :**

7512 Item 31 concerns West End Lofts, a 154-unit mixed-income

7513 development in Dallas. The project proposes the

7514 adaptive reuse of a historic downtown building as well

7515 as an adjacent new construction component. The project

7516 was awarded housing tax credits in 2024 and currently

7517 must place into service by December of '26. The project

7518 is currently advancing, but has experienced material

7519 delays due to difficulties in obtaining required

7520 electrical equipment from the local utility and in
7521 scheduling timely installation and electrification.
7522
7523 Specifically, the developer is required to obtain
7524 transformers and a new vault from Encore due to the
7525 development's location in the Dallas Central Business
7526 District. The earliest the equipment can be installed
7527 and electrified is February of 2027. The project will
7528 need an additional four to six months of work once it is
7529 electrified, which places construction completion as
7530 late as August of 2027. The request states that the
7531 applicant is not permitted to use an alternative means
7532 to procure the transformers, nor can they undertake the
7533 work themselves.
7534
7535 In addition to the equipment issues, the other
7536 impediment discussed in the request is consistent to
7537 delays at the National Park Service regarding their
7538 application for historic tax credits. Delayed feedback
7539 has adversely impacted timelines for the design and
7540 other submittals. Despite these delays, the development
7541 team continues to move the project forward and has
7542 secured financing commitments through Hunt Capital

7543 Partners and Bank OZK, which are serving as the tax
7544 credit investor and construction lender. The applicant
7545 has acquired the development site and have plans
7546 submitted for permits that should be issued in the next
7547 30 days.

7548

7549 The applicant is requesting a full year extension of the
7550 placement certificate service deadline to December 31,
7551 2027. Staff recommends approval. Representatives of
7552 the development are present should you have any specific
7553 questions.

7554

7555 **Leo Vasquez III (4:36:45):**

7556 Okay. So this is really, it's all on the Encore lead
7557 time?

7558

7559 **Joshua Goldberger (4:36:50):**

7560 That appears to be so, yes.

7561

7562 **Leo Vasquez III (4:36:55):**

7563 And there's no way around it. Do any other Board
7564 members have clarifications that they want to ask?

7565

7566 **Kenny Marchant (4:37:08) :**

7567 All I can say is that this is becoming a common problem
7568 in developments to obtain transformers, et cetera, and
7569 it's delaying projects all over Texas. It's legit.

7570

7571 **Leo Vasquez III (4:37:29) :**

7572 Yeah. Although information that I've just gotten in
7573 general, that the transformer problems are now eased up.
7574 There's not as much delay.

7575

7576 **Kenny Marchant (4:37:40) :**

7577 There aren't easy. They aren't easy.

7578

7579 **Leo Vasquez III (4:37:43) :**

7580 This Encore group sounds kind of extreme in what they're
7581 doing. Maybe they're managing expectations, right. And
7582 Encore says it'll take this long, and then they will
7583 beat it by half. You good?

7584

7585 **Bobby Wilkinson (4:38:03) :**

7586 I'm ready.

7587

7588

7589 **Leo Vasquez III (4:38:07):**

7590 Okay. I'll entertain a motion on item number...

7591

7592 **Holland Harper (4:38:14):**

7593 I move the Board approve the request of treatment under

7594 the application force majeure rule for the West End

7595 Lofts with a new placed in-service deadline of December

7596 31st, 2027, all as described, conditioned, and

7597 authorized in the Board action request, resolution, and

7598 associated documents of this item.

7599

7600 **Anna Maria Farias (4:38:28):**

7601 Second.

7602

7603 **Leo Vasquez III (4:38:29):**

7604 Motion made by Mr. Harper. Seconded by Farias. All

7605 those in favor say aye.

7606

7607 **All Board Members (4:38:33):**

7608 Aye.

7609

7610 **Leo Vasquez III (4:38:34):**

7611 Any opposed? Hearing none, motion carries.

7612

7613 **Michael Tamez (4:38:36):**

7614 Thank you.

7615

7616 **Leo Vasquez III (4:38:39):**

7617 We are going back to, does someone remember what the...

7618

7619 **Anna Maria Farias (4:38:43):**

7620 21.

7621

7622 **Leo Vasquez III (4:38:45):**

7623 Was it 21?

7624

7625 **Holland Harper (4:38:45):**

7626 Yes, it's 21.

7627

7628 **Leo Vasquez III (4:38:57):**

7629 Okay. We are revisiting item 21, which was tabled

7630 earlier till the end of the meeting, which is now. And

7631 can we get an update?

7632

7633 **Sascha Stremler (4:39:15):**

7634 Sure.

7635

7636 **Leo Vasquez III (4:39:16):**

7637 Ms. Stremmler.

7638

7639 **Sascha Stremmler (4:39:18):**

7640 Okay. This is for item 21 on the agenda. Sascha

7641 Stremmler, Assistant General Counsel. I have in my hand

7642 here a signed VNA for Melissa Fisher, 18-month term,

7643 signed by Melissa Fisher on behalf of RISE Residential

7644 Riverside Construction, LLC, and herself individually,

7645 and our Executive Director, Mr. Wilkinson. So if you

7646 want to consider that appeal first, I think that

7647 would...

7648

7649 **Leo Vasquez III (4:39:49):**

7650 Okay. Just to clarify, we have this agreement.

7651

7652 **Sascha Stremmler (4:39:54):**

7653 So you can either choose to grant the appeal or deny the

7654 appeal.

7655

7656

7657

7658 **Bobby Wilkinson (4:39:58):**

7659 And I recommend now that it's executed, that you grant
7660 the appeal.

7661

7662 **Leo Vasquez III (4:40:03):**

7663 Okay. Does anyone...

7664

7665 **Kenny Marchant (4:40:04):**

7666 This says 16, but we talked about 18, right?

7667

7668 **Holland Harper (4:40:07):**

7669 No. It's 18 months.

7670

7671 **Sascha Stremmler (4:40:08):**

7672 It's 18. Right. Yeah. It's going to end March 4th,
7673 2027.

7674

7675 **Kenny Marchant (4:40:12):**

7676 Thank you.

7677

7678 **Leo Vasquez III (4:40:12):**

7679 Okay. So we're taking Ms. Fisher and RISE, and it's for
7680 those.

7681

7682 **Bobby Wilkinson (4:40:21):**

7683 Yes. This motion would be only for RISE and Ms. Fisher,
7684 yeah.

7685

7686 **Sascha Stremmler (4:40:24):**

7687 Correct.

7688

7689 **Leo Vasquez III (4:40:25):**

7690 Okay. And now the revised Board action request is to,
7691 no, there is no, that's in place. With that knowledge,
7692 we can vote on...

7693

7694 **Anna Maria Farias (4:40:39):**

7695 Granting the appeal.

7696

7697 **Bobby Wilkinson (4:40:40):**

7698 Yeah. That first one.

7699

7700 **Ajay Thomas (4:40:41):**

7701 Motion one.

7702

7703

7704 **Leo Vasquez III (4:40:41):**

7705 Granting the appeal.

7706

7707 **Anna Maria Farias (4:40:44):**

7708 Correct.

7709

7710 **Leo Vasquez III (4:40:44):**

7711 And the recommendation from staff is to grant the appeal

7712 so it removes the debarment. Yeah. The debarment.

7713 Okay. Would anyone care to make a motion on that? Ms.

7714 Farias.

7715

7716 **Anna Maria Farias (4:41:00):**

7717 I move the Board grant the appeal of the debarment

7718 determination as to RISE Residential Construction,

7719 Riverside, LLC, and Melissa Fisher.

7720

7721 **Leo Vasquez III (4:41:13):**

7722 Okay. Motion made by Ms. Farias. Is there a second?

7723

7724 **Ajay Thomas (4:41:16):**

7725 Second.

7726

7727 **Kenny Marchant (4:41:16):**

7728 Second.

7729

7730 **Leo Vasquez III (4:41:17):**

7731 Seconded by Mr. Thomas. All those in favor say aye.

7732

7733 **All Board Members (4:41:20):**

7734 Aye.

7735

7736 **Leo Vasquez III (4:41:21):**

7737 Any opposed? Hearing none, motion carries. Thank you

7738 all for working. Okay. I'll say go to 21B.

7739

7740 **Sascha Stremmler (4:41:30):**

7741 Yeah, right. Okay. So as to Bill Fisher and Sonoma

7742 Housing, they could not agree to an 18-month term. And

7743 so we do not have a VNA signed between the parties. And

7744 so the debarment appeal is up for consideration. I

7745 don't know if you want to hear it now.

7746

7747 **Leo Vasquez III (4:41:49):**

7748 Okay. So that leaves on the table the original Board

7749 action request recommending debarment at six months.

7750

7751 **Sascha Stremmler (4:41:58):**

7752 Correct.

7753

7754 **Leo Vasquez III (4:42:00):**

7755 And the Board has the option, flexibility to change the
7756 term, correct?

7757

7758 **Megan Sylvester (4:42:08):**

7759 Correct.

7760

7761 **Leo Vasquez III (4:42:09):**

7762 Okay. So I would propose that we put forth the
7763 debarment at 2 years, 24 months. Would any other Board
7764 members care to make comments on this?

7765

7766 **Kenny Marchant (4:42:25):**

7767 Well, would the person, would the party like to
7768 reconsider his position that he took with this...

7769

7770 **Bill Fisher (4:42:40):**

7771 Yeah. Thank you, Mr. Marchant. Thank you, Board
7772 members. Bill Fisher. So I think a couple of things

7773 that I need to ask to be put on the record. I would
7774 like staff to come up and put on the record what my
7775 existing compliance record is, because I think that I've
7776 mentioned it. And I think we need to make sure that
7777 staff is agreeable with what I've said in writing
7778 several times, which is I've been in this program for a
7779 long time and I don't have any compliance history. And
7780 I believe your rules in the statute really are focused
7781 on people that do repeat offenses, et cetera.

7782

7783 I also made a mistake and I took responsibility for it
7784 the moment Rosalio called me. Your rule is intentional
7785 and negligent. So this board already ruled in January
7786 of 2025 on 17 applicants who submitted the wrong report
7787 for the purpose of an advantage in a tax credit round.
7788 You made the determination, which I'm certainly fine
7789 with, that that was not an egregious problem, and they
7790 were allowed to put the correct report in without any
7791 penalty. So I'd certainly like you to consider that.
7792 We've kind of worked off of that.

7793

7794 The recent debarments that you have undertaken have
7795 involved automatic debarable issues. Life safety issues

7796 on properties that after getting repeated opportunities
7797 to repair them, didn't get done. That debarment was for
7798 two years with the option to come back at the end of
7799 one. There was the group that has had foreclosed out
7800 six LURAs. Again, I've been in this program for 30
7801 years. Never even had gotten close to anything like
7802 that. But and your decision was for a three-year
7803 debarment.

7804

7805 But this issue of who's the responsible party. The
7806 executive director of the nonprofit said, I didn't know.
7807 I didn't know, and I didn't know. But under the rules,
7808 he had to know because in the LURA, the nonprofit has to
7809 be the responsible party, has to know what's going on.
7810 So that's the context in which I'm dealing with.

7811

7812 And I don't mean to offend anyone. If it upsets you
7813 that I'm talking about my track record, I've got to
7814 defend my reputation, I think track record, this is not
7815 a business of personality. It's not the business of who
7816 you like. It's really a business about performance.
7817 And my performance track record is impeccable in this
7818 industry. I've been in 75 or 80 transactions, more than

7819 a billion dollars, literally had the same investors for
7820 most of that period of time that I've worked with.

7821

7822 **Kenny Marchant (4:45:34):**

7823 Mr. Chairman, can I, my question was...

7824

7825 **Bill Fisher (4:45:36):**

7826 So the issue for me is, the other thing I'd like you to
7827 consider is there was a miscommunication. We may not
7828 have been here. They made a proposal for two years. We
7829 responded. There was a call yesterday, and I'd like
7830 staff to address that too. What are our options at this
7831 point? We proposed six, you all had proposed something
7832 else, is there any middle ground? And we were told on
7833 the call it's two years or nothing. Otherwise we would
7834 have agreed to the one year that they're saying was
7835 somewhere proposed in between.

7836

7837 So what I would ask the Board to do is to agree to the
7838 one year that we would have signed previously. If not,
7839 I didn't commit a debarable offense. I have a track
7840 record under your rules. All we can do is follow your
7841 rules. I'm asking you to follow your rules. And I

7842 don't know how you square a two-year debarment
7843 recommendation with submitting a mistaken report that
7844 could never ever be represented as being done as some
7845 misrepresentation. It's replete with red lines and
7846 different fonts, et cetera, a glance. Even the staff
7847 when they first called me, said, hey, is everything all
7848 right, all these red lines? This is original work
7849 product? Well, of course not. And I told them
7850 immediately that it was a mistake.
7851
7852 And we do make mistakes, and I take responsibility for
7853 that. I've entered into a corrective action plan and I
7854 have offered to take a penalty as a result of that. But
7855 at some point in time, I've got to deal with the reality
7856 of how much more time I have in this program, and I do
7857 reflect on the wonderful work that I've done in this
7858 state for many, many years. And I would ask you all to
7859 reconsider accepting the one year that I guess we would
7860 have had the opportunity to do yesterday without a
7861 misunderstanding. And with that, I'll let my attorney
7862 make any other comments.
7863
7864

7865 **Kenny Marchant (4:47:42):**

7866 But the question I asked was you prefer a two-year
7867 debarment over the same agreement that was offered the
7868 other party.

7869

7870 **Bill Fisher (4:47:56):**

7871 I have great respect for you, Congressman. You were my
7872 congressman in Dallas for many, many years. Many people
7873 don't know that you are a pioneer. You are a Republican
7874 in a state, in an area that only elected Democrats. So
7875 I have tremendous respect for you.

7876

7877 **Kenny Marchant (4:48:11):**

7878 I appreciate all that, but...

7879

7880 **Bill Fisher (4:48:13):**

7881 But you were on the Ethics Committee, and they trumped
7882 up some nonsense when you were going to run again to get
7883 you out and get Beth Van Duyne in. So things happen for
7884 other reasons.

7885

7886 **Kenny Marchant (4:48:22):**

7887 Well, I think, at this point...

7888

7889 **Bill Fisher (4:48:24):**

7890 But the answer is, I don't want to be debarred.

7891

7892 **Kenny Marchant (4:48:26):**

7893 I asked you the question, I'd like an answer. You'd
7894 prefer a two-year debarment to the set to an 18-month
7895 internal agreement?

7896

7897 **Bill Fisher (4:48:38):**

7898 It's not a preference. Neither is a preference. Mr.
7899 Marchant. I have recourse for debarment, for being
7900 debarred by the Board under a statute and a rule that I
7901 didn't violate. I don't want to do it. I'd ask you all
7902 to reconsider. I'd like to put this to bed. We're just
7903 going to burn more resources on it, but I just don't
7904 have a choice. I don't want to be debarred. I'm trying
7905 to take responsibility. I can't do the 18 months
7906 because I've already sat out a year and we have a
7907 business to run and we have employees, and I can't keep
7908 them. We're a business. I know many of you are
7909 successful businessmen. Mr. Harper, Mr. Vasquez, Mr.
7910 Johnson, you all have wonderful business experience. So

7911 you understand the impact on a business that can't do
7912 business in their primary area. So I would...

7913

7914 **Kenny Marchant (4:49:23):**

7915 Mr. Chairman, I would like to ask our counsel a
7916 question, please.

7917

7918 **Bill Fisher (4:49:26):**

7919 Okay. Thank you.

7920

7921 **Kenny Marchant (4:49:30):**

7922 In this presentation, there are implied threats of
7923 litigation, correct? And how should the Board respond
7924 to that?

7925

7926 **Megan Sylvester (4:49:41):**

7927 Certainly. He has recourse, just like we all have that
7928 are citizens of Texas.

7929

7930 **Kenny Marchant (4:49:47):**

7931 Well, he has recourse, but now we have a threat of
7932 litigation.

7933

7934 **Megan Sylvester (4:49:48):**

7935 Yeah. So I think that's, it's up to you. The motion
7936 that's on the table, however, is it just the debarment.
7937 So either we move to grant the appeal or we move to deny
7938 the appeal.

7939

7940 **Kenny Marchant (4:50:00):**

7941 Well, I'm going to refrain from asking any more
7942 questions because of the implied threat.

7943

7944 **Leo Vasquez III (4:50:08):**

7945 Yeah. Again, they're welcome to pursue this any other
7946 actions after that.

7947

7948 **Robert Wood (4:50:30):**

7949 Good afternoon. Bill was correct...

7950

7951 **Leo Vasquez III (4:50:34):**

7952 Please state your name for the record so we have the...

7953

7954 **Robert Wood (4:50:35):**

7955 Robert Wood. I represent Sonoma Housing and Bill
7956 Fisher. Bill was correct, unless somebody comes up and

7957 tells you here's all the things that he's done before,
7958 or at least one thing he's done before, your statute
7959 doesn't permit a debarment period. He was willing to
7960 take some time off voluntarily to not have this go on
7961 any further. That's not a threat, it just is. And what
7962 he's told you is he's going to be 71 years old in
7963 February and he can't guarantee that he'll even be able
7964 to continue this business for a few more years once he
7965 gets either past your two-year recommendation or past
7966 your 18-month recommendation.

7967

7968 But the fact is, and I, and Ms. Stremler's not here
7969 right now, but I'm sorry you moved. I think she can
7970 verify that he doesn't have any other violations because
7971 we've never received any notice of any other violations
7972 with any of the companies he's worked at before.

7973

7974 This board has made numerous decisions as he talked
7975 about not to debar certain people. And this board, this
7976 strong board, let 17 people go after they filed a report
7977 they knew was in error, they knew was late, that was
7978 past the deadline for the pre application. It had new

7979 information from the jobs reports, which helped their
7980 eligibility.

7981

7982 We're not saying that that was a bad decision. We're
7983 just saying that if you made that decision on this board
7984 in January, how do you defend making the decision you
7985 are proposing today with somebody who's never done
7986 anything wrong with this agency, somebody who's put over
7987 10,000 units in place with human beings living in them
7988 right now in this state. Most of those projects have
7989 been nominated, many have won awards.

7990

7991 So he missed, he picked the wrong report. Similar name,
7992 different number. And the report that you can see in
7993 your book would have given nobody any indication it was
7994 the right one, unlike the 17 people who tried to get
7995 past the deadline by improving their position. He
7996 didn't do that.

7997

7998 Also, there have been a number of people such as Brian
7999 and Cheryl Potashnik, I brought up last time, they're
8000 building affordable housing right now in Nevada because
8001 this board, not this particular board, but this board,

8002 previously chose not to do anything with them. They
8003 pled guilty and served time. Mr. Bob Sherman pled
8004 guilty earlier this year in Dallas, Texas, to a felony.
8005 Where's his debarment proceeding? Ruel Hamilton was
8006 indicted and convicted on felony charges, nobody tried
8007 to debar him.
8008
8009 Due process requires you to do the same thing to
8010 everybody and treat them equally. Those are all far
8011 worse than anything my former big brother in my
8012 fraternity ever did. I've known him for almost 45 years
8013 now. He's had no violations with your organization. So
8014 first question is, do you have any evidence that he's
8015 done anything prior? Because filing one report by
8016 mistake, which clearly could not have led anybody
8017 astray, is not anywhere near what you've ignored in the
8018 past for others. I'm asking for equal treatment under
8019 the law, and that's what we're entitled to.
8020
8021 So he's still willing to offer the one year if you need
8022 a pound of flesh under an agreement, or we can do it the
8023 other way. But he's not just going to sit back and quit
8024 for 18 months plus a year already or two years plus a

8025 year already. It's not fair. It's not right. It's not
8026 consistent with what you have been doing within the last
8027 7 to 10 months, let alone the last 15 years.

8028

8029 So I'm not asking for mercy. I'm asking you to do the
8030 right thing, and we'll take either way. Either you go
8031 ahead and accept the one-year deal that he was offered,
8032 and I was on that phone call yesterday and I asked. I
8033 said, well, can I go back and talk to Bill about the one
8034 year? Because I don't think he understands that. And
8035 the answer was no, by Mr. Eccles, it's two years. It'll
8036 be up to the Board. That's not the type of treatment
8037 somebody who's given a billion dollars' worth of
8038 investments in our state to the benefit of the poor
8039 people in our state deserves. It's wrong, it's unfair,
8040 and it's against your own statute.

8041

8042 **Leo Vasquez III (4:55:50):**

8043 Thank you, Mr. Wood. Okay. Do any Board members have
8044 further questions or would some, you have anything to
8045 add.

8046

8047

8048 **Sascha Stremmler (4:55:59):**

8049 Can I just respond to a few things? I'm sorry to bring
8050 my phone up here, but I just want to look, I look back
8051 in my email because there have been representations that
8052 he was not aware that we had countered with a one-year
8053 offer. I have an email to him dated August 27th that
8054 says, Mr. Fisher, TDHCA's responsive edits are attached.
8055 We are...

8056

8057 **Leo Vasquez III (4:56:23):**

8058 Sascha, I'm sorry that...

8059

8060 **Sascha Stremmler (4:56:25):**

8061 Okay.

8062

8063 **Leo Vasquez III (4:56:28):**

8064 At this point, to me, none of that is relevant.

8065

8066 **Sascha Stremmler (4:56:30):**

8067 Okay. I just wanted to clarify.

8068

8069

8070

8071 **Leo Vasquez III (4:56:31):**

8072 And so it's, and we have already just now offered an
8073 alternative that has been declined. So that brings us
8074 back to addressing the vote, the motion at hand.
8075 Although I don't think we've actually made the motion
8076 yet. Have we?

8077

8078 **Megan Sylvester (4:57:03):**

8079 No.

8080

8081 **Leo Vasquez III (4:57:04):**

8082 No. Okay. All right. Given all that we've heard,
8083 would anyone here care to make a motion regarding Mr.
8084 Fisher and the company, Sonoma Housing Advisors.

8085

8086 **Holland Harper (4:57:33):**

8087 Would you be willing to do a one-year deal with this
8088 board? Would y'all be willing to do a one-year deal?

8089

8090 **Leo Vasquez III (4:57:40):**

8091 On the debarment.

8092

8093

8094 **Holland Harper (4:57:42):**

8095 On the...

8096

8097 **Bobby Wilkinson (4:57:45):**

8098 VNA.

8099

8100 **Holland Harper (4:57:46):**

8101 On the VNA.

8102

8103 **Leo Vasquez III (4:57:48):**

8104 I think that it needs to be, to me we've already come

8105 down from 2 years VNA to 18 months. That's splitting

8106 the difference between them saying, well, I'm willing to

8107 do one year. I really want two years, whether it's VNA

8108 or debarment. Split the difference, make it 18 months

8109 VNA, and they've said no.

8110

8111 **Kenny Marchant (4:58:08):**

8112 Mr. Chairman, can I ask just how did we go from 6 months

8113 recommended debarment to 2 years and then from a

8114 recommendation of 18 months to a year that's not

8115 debarment, that's...

8116

8117 **Leo Vasquez III (4:58:25) :**

8118 The voluntary nonparticipation agreement.

8119

8120 **Kenny Marchant (4:58:26) :**

8121 Nonparticipation number. So was the original motion six

8122 months debarment?

8123

8124 **Leo Vasquez III (4:58:32) :**

8125 The original presentation, that was, again early on in

8126 the process on your original findings and working with

8127 them.

8128

8129 **Sascha Stremmler (4:58:49) :**

8130 The original recommendation was six months that was made

8131 to the Board. But the Board does have the discretion to

8132 increase or decrease that under the rules.

8133

8134 **Kenny Marchant (4:58:57) :**

8135 So is the recommendation before us to appeal the six

8136 months?

8137

8138 **Sascha Stremmler (4:59:04) :**

8139 Correct.

8140

8141 **Leo Vasquez III (4:59:06):**

8142 Yeah. And right now the recommendation from staff,

8143 well, or what was in...

8144

8145 **Bobby Wilkinson (4:59:12):**

8146 Absent the VNA in the recess, the staff recommendation

8147 remains to deny the appeal of the debarment.

8148

8149 **Leo Vasquez III (4:59:21):**

8150 Because right now staff or Mr. Wilkinson has already

8151 implemented debarment for six months. They are

8152 appealing that debarment.

8153

8154 **Kenny Marchant (4:59:30):**

8155 If they remove the appeal, if we withdrew the repeal, it

8156 be a six-month debarment of which...

8157

8158 **Cindy Conroy (4:59:40):**

8159 He doesn't want it on his record.

8160

8161 **Kenny Marchant (4:59:42):**

8162 Okay.

8163

8164 **Cindy Conroy (4:59:42):**

8165 And that's the whole thing.

8166

8167 **Leo Vasquez III (4:59:44):**

8168 Yeah. Actually I was going...

8169

8170 **Kenny Marchant (4:59:44):**

8171 Just trying to get it...

8172

8173 **Leo Vasquez III (4:59:45):**

8174 That's a good point. If they withdrew the appeal, it

8175 would automatically be the existing six-month debarment.

8176

8177 **Kenny Marchant (4:59:51):**

8178 And how much of that has already run?

8179

8180 **Leo Vasquez III (4:59:53):**

8181 None. It starts today.

8182

8183 **Bobby Wilkinson (4:59:53):**

8184 No.

8185

8186 **Megan Sylvester (4:59:54):**

8187 It has not. It's starts today.

8188

8189 **Leo Vasquez III (4:59:55):**

8190 Nothing's run.

8191

8192 **Bill Fisher (4:59:59):**

8193 If what I'm hearing is if I withdraw my appeal, we would

8194 have the six-month debarment, if that resolved the

8195 issue. I would be willing to do that to put the matter

8196 behind us.

8197

8198 **Kenny Marchant (5:00:11):**

8199 Well, I think that was the recommendation from...

8200

8201 **Bill Fisher (5:00:13):**

8202 No. If that's an option, I wanted to be responsive, is

8203 all.

8204

8205 **Kenny Marchant (5:00:15):**

8206 No. I understand. And then staff.

8207

8208

8209 **Megan Sylvester (5:00:19):**

8210 So the Board would still have to approve the debarment
8211 order. So when debarments happening, even if they're
8212 like an agreed upon term, the Board approves the order
8213 of debarment.

8214

8215 **Bobby Wilkinson (5:00:34):**

8216 By denying the appeal.

8217

8218 **Megan Sylvester (5:00:35):**

8219 By denying the appeal.

8220

8221 **Bobby Wilkinson (5:00:36):**

8222 And setting the final order of debarment for six months
8223 from today.

8224

8225 **Leo Vasquez III (5:00:41):**

8226 But do we have the option of changing the term?

8227

8228 **Bobby Wilkinson (5:00:44):**

8229 Yes.

8230

8231

8232 **Ajay Thomas (5:00:44):**

8233 We do.

8234

8235 **Leo Vasquez III (5:00:45):**

8236 Okay.

8237

8238 **Kenny Marchant (5:00:45):**

8239 Is it an option for him to withdraw?

8240

8241 **Leo Vasquez III (5:00:48):**

8242 Well, it doesn't, even if he withdraws the appeal...

8243

8244 **Kenny Marchant (5:00:50):**

8245 He is debarred.

8246

8247 **Leo Vasquez III (5:01:52):**

8248 Well, but we then have to approve that debarment at the

8249 Board and we have the option of changing the term.

8250

8251 **Robert Wood (5:00:59):**

8252 We would make a conditional offer that if that's what

8253 you're willing to do, we would go along with that. What

8254 we're not going to do is step off a point plank and go

8255 into the Grand Canyon for 2 years, 18 months or anything
8256 else. But we're willing to take what he's recommending
8257 if that suits the Board, in the first...

8258

8259 **Kenny Marchant (5:01:19):**

8260 No. I'm not recommending. I'm just trying to recap.

8261

8262 **Bill Fisher (5:01:22):**

8263 And I appreciate that, Mr. Marchant.

8264

8265 **Kenny Marchant (5:01:24):**

8266 Moving now forward, the original recommendation from her
8267 was to the Board. And then that was the appeal that we
8268 were going to, the recommendation was to deny that
8269 appeal, right? Which would de facto then revert back to
8270 the six-month.

8271

8272 **Bobby Wilkinson (5:01:42):**

8273 Yes. Unless you change the term.

8274

8275 **Cindy Conroy (5:01:44):**

8276 Unless we change the term.

8277

8278 **Leo Vasquez III (5:01:44):**

8279 But we still haven't.

8280

8281 **Kenny Marchant (5:01:45):**

8282 Unless we change the terms.

8283

8284 **Leo Vasquez III (5:01:46):**

8285 Yeah. We are still, and it was stated really clearly

8286 under a month ago, we can't have a debarment on our

8287 record.

8288

8289 **Cindy Conroy (5:01:57):**

8290 That was.

8291

8292 **Leo Vasquez III (5:01:57):**

8293 That's just that was the big deal. That's why we

8294 started coming up with alternatives, but now you're

8295 saying, oh, I'm fine with the debarment.

8296

8297 **Bill Fisher (5:02:03):**

8298 But this is where I really tried hard to separate. We

8299 were all linked together. Everything was being done

8300 together. So Melissa is a CPA and operates a business

8301 and employs a lot of people. She's done a lot of good
8302 work, and she cannot get debarred. She's 40 years old,
8303 a mother of three. She's built this business, and she
8304 cannot get debarred. So that's the difference.

8305

8306 Once we've separated the issues out, it's different.
8307 And I had asked for that previously, and I'm not putting
8308 words in your mouth, Mr. Marchant. You asked questions
8309 that I would have asked, but I really am not in a
8310 position to do that.

8311

8312 **Kenny Marchant (5:02:42):**

8313 I'm asking our staff what the original recommendation
8314 was, that we voted on, correct? But we could change,
8315 Chairman.

8316

8317 **Sascha Stremmler (5:02:54):**

8318 The original recommendation was a six-month debarment.
8319 Under the rules, so generally we issue the, when the
8320 Executive Director issues a debarment determination, the
8321 parties have seven days to file a notice of appeal. If
8322 they don't appeal, we still have to present the
8323 debarment to the Board to sign the order granting the

8324 debarment. And so regardless of whether or not they
8325 filed an appeal, we would still be here for you to rule
8326 on the debarment.

8327

8328 So in this case before you, we have a six-month
8329 debarment recommendation that was appealed by Mr. Fisher
8330 and Sonoma Housing. And so before you, you have the
8331 opportunity to either grant the appeal or deny the
8332 appeal, which would be the six-month debarment, or you
8333 do have the right under the rules to change the term of
8334 the debarment.

8335

8336 **Kenny Marchant (5:03:54):**

8337 You had proposed an alternative to that of 18 months
8338 administratively.

8339

8340 **Sascha Stremmler (5:04:01):**

8341 Right. We had proposed this alternate agreement. We
8342 initially offered two years. They came back with six
8343 months. We countered with one. They told us they
8344 couldn't do one. I do have the emails that say that.
8345 And so there was no, there was no agreement. They came
8346 back, said they couldn't do one year, still wanted the

8347 six months, and that's where we were when we arrived at
8348 the Board meeting today.

8349

8350 **Leo Vasquez III (5:04:22):**

8351 And that was us trying to find this sort of interim step
8352 where it's not the debarment. But your timeout, your
8353 voluntary timeout. Mr. Marchant, do you understand
8354 their options or where the steps are going?

8355

8356 **Kenny Marchant (5:04:38):**

8357 Yes, I do. And if I understood what he just said and
8358 his attorney just said, is you'd rather have a six-month
8359 debarment than an 18-month agreement.

8360

8361 **Bill Fisher (5:04:51):**

8362 Yes. If that resolves the issue. I've been in business
8363 with agency for over...

8364

8365 **Kenny Marchant (5:04:55):**

8366 I understand. I'm just trying to frame the issue.

8367

8368

8369

8370 **Leo Vasquez III (5:05:02):**

8371 Do any other Board members wish to chime in? So my
8372 chiming in, and I'll leave it obviously to the majority
8373 of the Board, but I still feel a six-month debarment is
8374 not sufficient. I was willing to do an 18-month
8375 voluntary VMA that was declined. So I'm going to stick
8376 with my two-year recommendation, but I'll leave it up to
8377 you all.

8378

8379 **Ajay Thomas (5:05:49):**

8380 I have an alternative suggestion because I'm trying to
8381 be generous. I would move and try to persuade the Board
8382 that we should accept staff's original recommendation
8383 that they had proposed for the VNA for a one-year term.
8384 And if that's agreeable to Mr. Fisher, I would be
8385 willing to get behind that.

8386

8387 **Bill Fisher (5:06:16):**

8388 Yes.

8389

8390 **Megan Sylvester (5:06:18):**

8391 Okay. So procedurally, if we did that, you would need
8392 to table this motion and we would need...

8393

8394 **Leo Vasquez III (5:06:23):**

8395 We got to sign, like we had...

8396

8397 **Megan Sylvester (5:06:24):**

8398 Yeah.

8399

8400 **Ajay Thomas (5:06:26):**

8401 Just so we put this issue to rest, acknowledge the fact

8402 Mr. Fisher has done a lot of work in the state and done

8403 work with the agency, and move on down the road with a

8404 one-year term.

8405

8406 **Bill Fisher (5:06:45):**

8407 Already signed.

8408

8409 **Cindy Conroy (5:06:48):**

8410 The Board hasn't, the Board hasn't done anything yet.

8411

8412 **Ajay Thomas (5:06:52):**

8413 I can be shot down here.

8414

8415

8416 **Leo Vasquez III (5:06:54):**

8417 I was going to say Mr. Wood just argued well let's have
8418 equal treatment, and if we're doing equal treatment to
8419 someone else who we've seen was responsible for a
8420 basically exactly the same transgression...

8421

8422 **Cindy Conroy (5:07:12):**

8423 Yeah. It's not fair to Melissa.

8424

8425 **Leo Vasquez III (5:07:13):**

8426 Mr. Fisher should also get the 18 months...

8427

8428 **Cindy Conroy (5:07:15)**

8429 I agree with that.

8430

8431 **Leo Vasquez III (5:07:16):**

8432 Based on Mr. Wood's argument that we should be equal in
8433 our treatment.

8434

8435 **Ajay Thomas (5:07:28):**

8436 I do think the circumstances and fact pattern as I read
8437 them and understand them are different in this case
8438 between the two issues and how they were even presented

8439 here today after the July board meeting and what the
8440 discussion was. But again, I will do what my fellow
8441 colleagues want to do.
8442
8443 But I think in the interest of moving forward and trying
8444 to accommodate sort of a middle ground, I would offer
8445 the compromise of the one year as I think fair, that
8446 sends a message that we don't like it. But acknowledge
8447 the fact that, if you look at the, I would argue go back
8448 to the document in 236 or page 236 or whatever it was.
8449
8450 Could it have been a grab mistake and put it in? Sure,
8451 you have to, maybe some members have to suspend a little
8452 bit of disbelief on that, but sure. But it could have
8453 happened. Given the work he's done, he's had no record.
8454 If staff can verify he's had no record form no previous
8455 record.
8456
8457 **Megan Sylvester (5:08:29):**
8458 I don't believe, Sascha Stremmler, I don't believe we've
8459 done a previous participation and even if we followed
8460 our previous participation rule, it typically, there's
8461 exceptions, but typically would only go back three years

8462 if you wanted staff to do something over what he
8463 represented in the VNA.

8464

8465 **Sascha Stremmler (5:08:46):**

8466 What I can say is he has never been referred to the
8467 Enforcement Committee prior to this.

8468

8469 **Ajay Thomas (5:08:52):**

8470 Fair enough. Has not been referred to any enforcement
8471 action.

8472

8473 **Bobby Wilkinson (5:08:55):**

8474 Normally for enforcement, it'd be some kind of condition
8475 of a property. It'll be just the GP developer that
8476 would be held accountable, but not necessarily a
8477 consultant on the deal anyway, right?

8478

8479 **Leo Vasquez III (5:09:10):**

8480 Again, I think the compromise, my original VNA as the
8481 alternative to a debarment was two years. Staff talked
8482 with them about one year. I'm saying and now they're
8483 saying is agree to one year. I think the compromise is

8484 split the difference, 18 months on the VA. I'm still
8485 willing to do that in lieu of the two-year debarment.

8486

8487 **Anna Maria Farias (5:09:45):**

8488 Would you make any motion?

8489

8490 **Ajay Thomas (5:09:49):**

8491 Yeah. I'll make the motion. I move the Board deny the

8492 appeal of the debarment determination. Is that right?

8493 That's what I would want to say. Deny the appeal,

8494 right? To enter into the VNA?

8495

8496 **Megan Sylvester (5:09:59):**

8497 So if you're, no. If you want them to enter into VNA...

8498

8499 **Ajay Thomas (5:10:05):**

8500 I have to table it. Okay.

8501

8502 **Megan Sylvester (5:10:05):**

8503 Then we have to table it temporarily, allow, it sounds

8504 like it's already been signed.

8505

8506

8507 **Ajay Thomas (5:10:12):**

8508 I move that the Board table agenda item 21B, as I think
8509 we're calling it, let's say, I move the Board table
8510 agenda item 21 as it relates to Sonoma Housing Advisors
8511 LLC and James Bill Fisher to allow staff to go back and
8512 negotiate and enter into a VA agreement for a term of
8513 one year that would end September 4th, 2026.

8514

8515 **Anna Maria Farias (5:10:53):**

8516 Second.

8517

8518 **Leo Vasquez III (5:11:10):**

8519 Is there any further discussion? I am going to vote
8520 against this motion. So a motion made by Mr. Thomas.
8521 Seconded by Ms. Farias to temporarily table and give
8522 staff...

8523

8524 **Megan Sylvester (5:11:20):**

8525 They would have to agree to the table. Are you...

8526

8527 **Holland Harper (5:11:25):**

8528 No, no. That negotiation is done.

8529

8530 **Megan Sylvester (5:11:29):**

8531 So once an item is published, they have a right to...

8532

8533 **Bobby Wilkinson (5:11:33):**

8534 They've agreed.

8535

8536 **Anna Maria Farias (5:11:34):**

8537 They've agreed.

8538

8539 **Megan Sylvester (5:11:34):**

8540 Yeah. Okay. Great.

8541

8542 **Leo Vasquez III (5:11:40):**

8543 Okay. So again, motion to temporarily table give time

8544 to enter into a 12-month VNA. All those in favor of

8545 that motion say aye.

8546

8547 **Board Members (5:11:57):**

8548 Aye.

8549

8550 **Cindy Conroy (5:12:00):**

8551 Nay.

8552

8553 **Kenny Marchant (5:12:01):**

8554 Nay.

8555

8556 **Leo Vasquez III (5:12:05):**

8557 All right. So motion doesn't pass. Three, three. So

8558 would anyone else care to make a separate motion? Am I

8559 allowed to make a motion?

8560

8561 **Kenny Marchant (5:12:21):**

8562 Is it appropriate to make a motion to table so that we

8563 can then come back? It's my impression we need to table

8564 this appeal or deny the appeal and then come back with

8565 an alternative.

8566

8567 **Megan Sylvester (5:12:42):**

8568 If you deny the appeal without any other instruction,

8569 then the six months would...

8570

8571 **Leo Vasquez III (5:12:48):**

8572 And then we sought that also to approve the six months?

8573

8574 **Kenny Marchant (5:12:51):**

8575 Well, Mr. Chairman, I'm going to make the motion...

8576

8577 **Megan Sylvester (5:12:53):**

8578 The way that it is that is written.

8579

8580 **Leo Vasquez III (5:12:55):**

8581 Okay. That would be approving the six-month debarment.

8582

8583 **Megan Sylvester (5:12:57):**

8584 Correct. You would have to, your motion would have to

8585 say what the alternative term.

8586

8587 **Kenny Marchant (5:13:04):**

8588 And my reasoning behind it, in my opinion as a Board

8589 member, a six-month debarment is a harsher, more harsh,

8590 and I'm probably grammatically not saying this right.

8591 My English, my senior English teacher was, more harsh

8592 than an 18-month agreement, and the original

8593 recommendation was a six-month debarment. So that is a

8594 discussion not a motion.

8595

8596 **Leo Vasquez III (5:13:36):**

8597 It's up to them to decide. Yeah. I agree, it sounds

8598 like a debarment worse than the record agreement.

8599

8600 **Kenny Marchant (5:13:43):**

8601 I determine it that way. So I'm going to venture out

8602 and make a motion that we deny the appeal.

8603

8604 **Leo Vasquez III (5:14:00):**

8605 Which in effect without any other statement of adjusting

8606 the term...

8607

8608 **Megan Sylvester (5:14:05):**

8609 Would have the six months from today.

8610

8611 **Leo Vasquez III (5:14:08):**

8612 But debar.

8613

8614 **Megan Sylvester (5:14:10):**

8615 Right.

8616

8617 **Leo Vasquez III (5:14:10):**

8618 Debar them. Okay, so...

8619

8620

8621

8622 **Kenny Marchant (5:14:12):**

8623 But after that, the Board can come back and make an
8624 alternative...

8625

8626 **Leo Vasquez III (5:14:17):**

8627 No, no. You'd have to make that that motion now.

8628

8629 **Kenny Marchant (5:14:19):**

8630 Okay. Then the Board does not think that is a
8631 reasonable recommendation, and it'll die for lack of a
8632 second.

8633

8634 **Leo Vasquez III (5:14:27):**

8635 Well, I haven't asked for a second yet. You didn't
8636 finish your motion.

8637

8638 **Cindy Conroy (5:14:32):**

8639 You didn't finish your motion.

8640

8641 **Leo Vasquez III (5:14:33):**

8642 Was that the entire motion or...

8643

8644 (Crosstalk).

8645

8646 **Cindy Conroy (5:14:35):**

8647 Is it yours or is there motion for more?

8648

8649 **Kenny Marchant (5:14:38):**

8650 My motion was to deny the appeal.

8651

8652 **Leo Vasquez III (5:14:42):**

8653 Then leave the term of debarment at six months.

8654

8655 **Kenny Marchant (5:14:45):**

8656 That would be the...

8657

8658 **Leo Vasquez III (5:14:45):**

8659 That would be the...

8660

8661 **Kenny Marchant (5:14:46):**

8662 Effect or a result of it.

8663

8664 **Holland Harper (5:14:49):**

8665 Second.

8666

8667

8668 **Leo Vasquez III (5:14:54):**

8669 Okay. So a motion made by Mr. Marchant to deny the
8670 appeal...

8671

8672 **Holland Harper (5:15:00):**

8673 Of debarment, terminate the...

8674

8675 **Leo Vasquez III (5:15:02):**

8676 Of the debarment leaving the term at 6 months.

8677

8678 **Kenny Marchant (5:15:07):**

8679 Debarment.

8680

8681 **Leo Vasquez III (5:15:08):**

8682 Debarment.

8683

8684 **Kenny Marchant (5:15:09):**

8685 Instead of administrative sanction.

8686

8687 **Leo Vasquez III (5:15:13):**

8688 Okay. Final discussion. I still think that the

8689 debarment should be longer. So I'm going to vote

8690 against it, against the motion. Although you're going
8691 in the right direction.

8692

8693 **Kenny Marchant (5:15:27):**

8694 I hope so. Easily back out of one.

8695

8696 **Leo Vasquez III (5:15:32):**

8697 Motion made by Mr. Marchant to deny the appeal, leaving
8698 it as stated six months, and seconded by Mr. Harper.

8699 Correct?

8700

8701 **Holland Harper (5:15:48):**

8702 Correct.

8703

8704 **Leo Vasquez III (5:15:48):**

8705 Okay. All those in favor of this motion say aye.

8706

8707 **Board Members (5:15:52):**

8708 Aye.

8709

8710 **Leo Vasquez III (5:16:00):**

8711 So any nos. Am I the only, no?

8712

8713 **Ajay Thomas (5:16:03):**

8714 No. I'm a second, no.

8715

8716 **Leo Vasquez III (5:16:04):**

8717 Okay. However, that motion passes four to two to deny

8718 the appeal. The six-month debarment is now entered.

8719 Out of curiosity, so after someone has completed their

8720 debarment term, is there any other repercussions to them

8721 on future applications? The previous participation...

8722

8723 **Megan Sylvester (5:16:41):**

8724 It will be part of their participation record for the

8725 three-year period. There could be cases where it be

8726 longer than three years. But generally a three-year

8727 period. It's a reportable item, and then it sort of...

8728

8729 **Leo Vasquez III (5:16:54):**

8730 But that's not an elimination.

8731

8732 **Megan Sylvester (5:16:56):**

8733 No, it is not.

8734

8735

8736 **Leo Vasquez III (5:16:58):**

8737 Okay. Okay. The Board has addressed the posted agenda
8738 items. Now is the time of the meeting when members of
8739 the public can raise issues with the Board on matters of
8740 relevance to the Department's business or make requests
8741 that the Board place specific items on future agendas
8742 for consideration. Is there anyone who would like to
8743 provide public comment at this time? It's all been
8744 said, just not everyone said it. Okay. Seeing none,
8745 the next scheduled meeting of the governing board is 10
8746 a.m., on Thursday, October 9th, at the Barbara Jordan
8747 State Office Building at 1601 Congress Avenue, Room
8748 2.034. So pay attention to the location.

8749

8750 **Bobby Wilkinson (5:17:49):**

8751 It's a fancy new building.

8752

8753 **Leo Vasquez III (5:17:51):**

8754 Is it a new building? Okay. I was wondering where it
8755 was. Okay. So 10 a.m., Thursday, the Barbara Jordan
8756 State Office Building. Seeing that we've completed the
8757 business of the Board is 3:33. We are adjourned.

8758

* * * * *