



TDHCA Governing Board Meeting Transcript*

***10:00 a.m.
March 6, 2026***

***Dewitt C. Greer State Highway Building,
Williamson Board Room***

125 E. 11th Street, Austin, TX 78701

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BOARD MEMBERS:

LEO VASQUEZ III, CHAIR

KENNY MARCHANT, VICE CHAIR

ANNA MARIA FARIAS

AJAY THOMAS

HOLLAND HARPER

CINDY CONROY

SPEAKERS:

Bobby Wilkinson

Lisa Johnson

Michael De Young

Scott Fletcher

Alexander Summers

Jonathan Galvan

Jeremy Stremmler

Wendy Quackenbush

Michael Lyttle

Roger Arriaga

Darren Smith

Stephanie Naquin

Beau Eccles

Brooke Boston

Cody Campbell

Cassidy Smith

Lora Myrick

Joy Horak-Brown

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

2 Good morning. I call to order the meeting of the
3 Governing Board of the Texas Department of Housing and
4 Community Affairs. It is 10:05 a.m. on March 6, 2026.
5 Before we get going, I'd like everyone to keep this in
6 mind when you come up to speak. Our court reporter is
7 going to be doing this via the internet transmission
8 that we have, so it's extra important that when you come
9 up to speak that you clearly enunciate your name and
10 your organization, and then as usual, sign in. So if
11 y'all can just work with us on that. Let's start out
12 with the roll call. Mr. Marchant.

13

14 **Kenny Marchant (0:00:48):**

15 I am here, sir.

16

17 **Leo Vasquez III (0:00:49):**

18 Excellent. Ms. Farias.

19

20 **Anna Maria Farias (0:00:51):**

21 Here.

22

23 **Leo Vasquez III (0:00:51):**

24 Mr. Thomas.

25

26 **Ajay Thomas (0:00:52):**

27 Here.

28

29 **Leo Vasquez III (0:00:53):**

30 Mr. Harper.

31

32 **Holland Harper (0:00:53):**

33 Here.

34

35 **Leo Vasquez III (0:00:54):**

36 And, Ms. Conroy.

37

38 **Cindy Conroy (0:00:55):**

39 Here.

40

41 **Leo Vasquez III (0:00:55):**

42 Everyone's here, so we do have a quorum. And as usual,

43 we will start out the meeting with the pledges led by

44 Mr. Wilkinson.

45

46

47

48

49 **Bobby Wilkinson (0:01:09):**

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

55

56 **Leo Vasquez III (0:01:38):**

57 Thank you. Okay. Moving right along to the consent
58 agenda. Are there any items that anyone wishes to
59 remove from the consent agenda and move to action?
60 Members of the public or board members. Seeing none,
61 I'll entertain a motion on the consent agenda as posted.

62

63 **Anna Maria Farias (0:02:07):**

64 Mr. Chairman, I move the Board approve items 1 through
65 14 as described and presented in the respective board
66 action requests.

67

68 **Holland Harper (0:02:17):**

69 Second.

70

71

72 **Leo Vasquez III (0:02:18):**

73 Motion made by Ms. Farias. Seconded by Mr. Harper. All
74 those in favor say aye.

75

76 **All Board Members (0:02:23):**

77 Aye.

78

79 **Leo Vasquez III (0:02:24):**

80 Any opposed? Hearing none, motion carries. The
81 Executive Director's report. Mr. Wilkinson.

82

83 **Bobby Wilkinson (0:02:35):**

84 Good morning, Chairman and members. Just a few items
85 today. I'll start this month's report with a brief
86 update from our 9 percent tax credit program. Full apps
87 were due March 1. Applicants for a 2026 award had until
88 this past Friday, close of business, to submit their
89 full application. And now the applications are all in,
90 and Josh tells me that we received 115 applications.
91 That's about a 20 percent increase from last year, but
92 it's still below what we were seeing a few years ago.
93 But we're now on an upward trend, and this is the most

94 we've received since 2022.
95 We had 127 in 2022 and 133 in the year before, in 2021.
96 Moving over to our Texas Homebuyer Program area.
97 They're rolling out an additional program offering which
98 will allow permanent rate buydowns to be included for
99 the My Choice Texas assistance loans. The My Choice
100 Texas assistance loans offers down payment assistance
101 and 30-year low-interest mortgage rates for everyone.
102 You don't have to be a first-time homebuyer to qualify.
103 These permanent rate buydowns help borrowers who have
104 access to seller-paid contributions to be used to buy
105 down or lower the borrower's interest rate from
106 inception of their TDHCA mortgage loan, which lowers the
107 monthly payment and assists in affordability and the
108 success of the mortgage. Rate buydowns will be
109 available to participating TDHCA lenders on Monday,
110 March 16. As a reminder, our Homebuyer Program website,
111 for those of you out there who are interested, is
112 welcomehome.tdhca.texas.gov, or you can
113 call 1-800-792-1119.

114

115 **Leo Vasquez III (0:04:29):**

116 Do we have a tune that we can attach that 1-800?

117

118 **Bobby Wilkinson (0:04:30):**

119 Right. 1-800, yeah. Yeah. All right. That does it
120 for this month, and I'm prepared to answer any questions
121 the Board may have.

122

123 **Leo Vasquez III (0:04:39):**

124 So are there any questions on, actually, I did have a
125 question.

126

127 **Bobby Wilkinson (0:04:43):**

128 Yeah.

129

130 **Leo Vasquez III (0:04:44):**

131 On the buydown assistance program for everyone, is there
132 a upper limit on the value of the home that's being
133 purchased? Or can...

134

135 **Bobby Wilkinson (0:04:59):**

136 Yeah. Lisa, I can see...

137

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

139 Come on up.

140

141 **Lisa Johnson (0:05:07):**

142 Good morning. Lisa Johnson, Director of Homeownership.

143 For the My Choice program, there is not a purchase price

144 limit. There is for My First, but for the buydown

145 program, there is not a purchase price limit. There is

146 an income limit, and it's by county.

147

148 **Bobby Wilkinson (0:05:23):**

149 Which in practicality, yeah.

150

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

152 Okay. So there is an income limit.

153

154 **Bobby Wilkinson (0:05:27):**

155 Right.

156

157 **Lisa Johnson (0:05:27):**

158 Correct. And it's by county, and we have those

159 published on the website.

160

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

162 Okay. But...

163

164 **Lisa Johnson (0:05:33):**

165 So in theory, there is a limit because you have to
166 qualify with debt-to-income and all that to qualify for
167 the mortgage.

168

169 **Kenny Marchant (0:05:46):**

170 So you can buy a million-dollar house, but you only can
171 finance \$200,000 of it.

172

173 **Lisa Johnson (0:05:53):**

174 Say again. I'm sorry.

175

176 **Kenny Marchant (0:05:54):**

177 There's no limit on the price of the house, but there is
178 going to be a limit on what you can borrow, right?

179

180 **Lisa Johnson (0:05:59):**

181 Absolutely.

182

183 **Kenny Marchant (0:06:00):**

184 Okay.

185

186

187 **Lisa Johnson (0:06:01):**

188 And it's all, we follow Agency guidelines, which are
189 automated approvals, and there are huge amounts of
190 algorithms that are built-in to who qualifies income-
191 wise. Debt-to-income is part of that. There's a lot of
192 factors.

193

194 **Kenny Marchant (0:06:19):**

195 Great.

196

197 **Leo Vasquez III (0:06:20):**

198 Okay. Again, not to get too far into the weeds on this,
199 but say grandpappy dies and leaves you \$2 million that
200 you can then use as a down payment on that \$2,250,000
201 home, they could still use our program because even if
202 their income is, the borrower's income is \$80,000 a year
203 or something, they can still...

204

205 **Lisa Johnson (0:06:56):**

206 I suppose in theory that could happen, in theory. I
207 think...

208

209

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

211 Okay. So there's no purchase price maximum, but they
212 still have to meet whatever debt...

213

214 **Lisa Johnson (0:07:08):**

215 Absolutely.

216

217 **Leo Vasquez III (0:07:09):**

218 Yep. Income requirements.

219

220 **Lisa Johnson (0:07:09):**

221 They have to meet all the credit qualifying factors
222 that, in practice, we don't see anything remotely risky
223 in that way. There are built-in mechanisms for that not
224 to happen. And, in fact, when we present to the Board,
225 we'll show you some more statistics on our average loan
226 amounts. And they're way under what our limits even
227 were posted for, for income limits and purchase price.

228

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

230 Okay. All right. I agree, it's a highly unlikely
231 situation, but...

232

233 **Lisa Johnson (0:07:45):**

234 It's highly unlikely, but in theory, you are correct.

235

236 **Leo Vasquez III (0:07:49):**

237 Yeah. Of course, that's why we have a QAP like this.

238

239 **Lisa Johnson (0:07:51):**

240 That's right.

241

242 **Leo Vasquez III (0:07:52):**

243 Okay. Any other questions for Lisa?

244

245 **Ajay Thomas (0:07:56):**

246 No questions, Mr. Chairman. But I would say I think the
247 rate buydown program is an excellent one. I think it's
248 one that we will see more use of, hopefully...

249

250 **Lisa Johnson (0:08:04):**

251 Thank you.

252

253

254

255

256 **Ajay Thomas (0:08:05):**

257 Just in the sense that affordability is such an
258 important issue now, and you're seeing state HFAs around
259 the country really focusing on the buydown programs and
260 trying to incentivize a lot more flexibility for buyers
261 right now as the market is starting to loosen up and
262 you're having more purchases that are being made. So
263 commend the Department on focusing on that, encouraging
264 people to take advantage of the programs we offer.

265

266 **Lisa Johnson (0:08:28):**

267 Thank you. As a side note, we do not allow our down
268 payment assistance funds to go toward the buydown cost.
269 Those funds are coming from either the buyer themselves
270 or most typically a builder or a seller concession. So
271 our funds are being used for just traditional down
272 payment and closing costs, but not the buydown. So it
273 doesn't water down that benefit.

274

275 **Ajay Thomas (0:08:54):**

276 Excellent.

277

278

279 **Leo Vasquez III (0:08:56):**

280 Okay. Great. Thank you.

281

282 **Lisa Johnson (0:08:58):**

283 Thank you.

284

285 **Leo Vasquez III (0:08:59):**

286 Any other questions for Mr. Wilkinson? Hearing none,

287 we'll move on to item 16. And a reminder also for

288 anyone who wants to speak on an agenda item, I ask that

289 you come up to the front couple rows just so we know, I

290 can stop things and give you an opportunity for your

291 input. So item 16. Presentation, discussion, and

292 possible action on awards to the 2026 Community Services

293 Block Grant discretionary fund for Reentry Assistance

294 Program. Mr. De Young.

295

296 **Michael De Young (0:09:34):**

297 Good morning, Chairman Vasquez and board members.

298 Michael De Young, Director of Community Affairs. Item

299 16 is seeking your approval of four awards for the

300 Reentry Assistance Program directed towards formerly

301 incarcerated individuals seeking stable housing.
302 Each year in the Community Services Block Grant, the
303 State receives a small ability to do some discretionary
304 awards, and this is one of those awards that we've done
305 for the past few years. These activities were
306 previously approved by the Board in the CSBG plan, which
307 you saw last year. In that plan, we set aside \$400,000
308 for a reentry assistance program, and that allows
309 nonprofits and local government organizations with
310 established experience in serving the reentry population
311 to assist previously incarcerated individuals so they
312 can obtain rental housing. Staff received approval from
313 the Board in November of 2025 to release the NOFA, and
314 in response to that NOFA, we received 14 applications.
315 The 14 applications were evaluated and scored by staff,
316 and the 4 highest-scoring applicants were determined.
317 And they're listed in your board action request. As a
318 note, 8 of these 14 applications failed to meet
319 threshold criteria. However, 6 of those appealed to the
320 Executive Director, and the Executive Director granted
321 their appeal. So we went ahead and scored those
322 applications as if they were complete from a threshold
323 perspective, and none of those appealed their score.

324

325 So those 12 that were scored, none of them appealed the
326 scoring process that we did. So the intent of this
327 program is to provide the landlords an incentive to rent
328 their units to previously incarcerated individuals who
329 have a difficult time finding landlords who will lease
330 to them, which is one of the primary hurdles for an
331 individual who is reentering the community. The program
332 assists the clients to obtain stable housing by
333 providing assistance with the housing costs, such as
334 lease assistance, application fees, deposits, and a
335 limited amount of damage and vacancy coverage for the
336 unit. Clients are required to be able to afford the
337 unit from rent and expenses. The way the program works
338 is the landlord receives an upfront payment of up to
339 \$1,500 for a 6-month lease or up to \$2,000 for a 12-
340 month lease. If they sign a, if the individual will
341 sign the 12-month or the 6-month lease, the rent cannot
342 exceed 120 percent of the area's fair market rent, and
343 the unit must pass a basic inspection. Staff is asking
344 for your approval to make these awards in amount of \$100
345 each to the four entities, and I'll name them. It's
346 Blanco River...

347

348 **Leo Vasquez III (0:12:15):**

349 Michael, how much are we giving them?

350

351 **Michael De Young (0:12:17):**

352 \$100,000 each year.

353

354 **Leo Vasquez III (0:12:17):**

355 There you go. Okay. All right. Thank you.

356

357 **Michael De Young (0:12:20):**

358 Blanco River Regional Recovery Team, City of Laredo

359 Housing Authority, Haven for Hope of Bexar County, and

360 West Central Texas Regional Foundation. If approved,

361 contracts will start about the beginning of May and end

362 next April. Happy to answer any questions you might

363 have.

364

365 **Leo Vasquez III (0:12:40):**

366 Okay. Great. Thank you, Michael. So we have started

367 to get a little bit more traction as far as the number

368 of applications for entities that, we had 14 at least

369 give it a shot this time.

370

371 **Michael De Young (0:12:53):**

372 Yep.

373

374 **Leo Vasquez III (0:12:55):**

375 And in contrast to when we first started out the

376 program, we didn't even have four, right? Is that

377 correct, or...

378

379 **Michael De Young (0:13:02):**

380 I think we got four or five applications and...

381

382 **Leo Vasquez III (0:13:04):**

383 And several of them didn't qualify anyhow.

384

385 **Michael De Young (0:13:07):**

386 Yeah.

387

388 **Leo Vasquez III (0:13:07):**

389 So that's good. I think that we're...

390

391

392

393 **Michael De Young (0:13:10):**

394 Yes. We're getting more applications and we're getting
395 better data as we change the program. As we get data
396 back from these subrecipients, we're asking them
397 questions about what worked, what didn't work, what can
398 we change in the program to make it more effective. And
399 some of that was contained in the NOFA to make the
400 program something more amenable to all the situations
401 they're encountering when trying to help this
402 population. This is not an easy endeavor for these
403 entities. There's a lot of work that goes into it, and
404 we're trying to match that with the details in the
405 application about how we can help them be effective.

406

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

408 Yeah. And you may not know an answer to, the answer to
409 this one.

410

411 **Michael De Young (0:13:52):**

412 I'll make one up. Go ahead.

413

414

415

416 **Leo Vasquez III (0:13:54):**

417 Is there any prospects for us to get more funding
418 available for this program in future years?

419

420 **Michael De Young (0:14:04):**

421 Let me ask a clarifying question. Are you saying within
422 the CSBG realm of getting more funding or outside
423 funding?

424

425 **Leo Vasquez III (0:14:13):**

426 Now that you bring it up, both. Okay.

427

428 **Michael De Young (0:14:16):**

429 Well, I can answer the CSBG funding. We have room
430 within the CSBG discretionary funds that we could
431 increase this if we thought that we could go to five or
432 six applicants. We could do that. Or we could increase
433 the actual award if we want to keep the quality of the
434 applications as high as possible, but increase everybody
435 to \$125,000 next year, certainly that's an opportunity
436 we could explore. CSBG discretionary funding each year,
437 we have a little bit left over.

438

439 So we have some wiggle room to be able to meet that if
440 that's what your desire is.

441

442 **Bobby Wilkinson (0:14:50):**

443 It is a bit zero-sum.

444 **Leo Vasquez III (0:14:52):**

445 Yeah.

446

447 **Bobby Wilkinson (0:14:53):**

448 We'd have to take from another pot and have less for
449 disasters.

450

451 **Leo Vasquez III (0:14:59):**

452 Yeah. I guess the two points I was getting at, and I
453 know I've said this before, my prior board service for
454 Texas was at the Department of Criminal Justice. And
455 the reentry process is just so critical, it's such a
456 critical part of reducing recidivism. I think this
457 money is very, very well spent. What I was more thinking
458 about on getting larger grants is just so we can spread
459 it out further around the State. We got Valley and kind
460 of Central here, which is great, but we need it all
461 everywhere.

462 So let's just look at that in the future. It's not a
463 directive, but it's an important program.

464

465 **Michael De Young (0:15:50):**

466 Understood. We can do that.

467

468 **Leo Vasquez III (0:15:53):**

469 Yep. Do any board members have questions for Mr.

470 DeYoung?

471

472 **Ajay Thomas (0:15:57):**

473 Michael, on that front, do you know offhand, are there

474 opportunities to get outside funding to juice up this

475 program, or?

476

477 **Leo Vasquez III (0:16:05):**

478 Matching funds.

479

480 **Michael De Young (0:16:09):**

481 I do not know the answer to that. I don't think we've,

482 we've not been made, any sources that fund this specific

483 activity. Certainly we can do some research, see if we

484 can find additional funds.

485

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

487 And someone should call Arnold Ventures out in Houston.

488 They have big, heavy interest in this area.

489

490

491 **Ajay Thomas (0:16:33):**

492 Interests in this this area, exactly. That's the one I

493 was thinking too, Mr. Chairman.

494

495 **Leo Vasquez III (0:16:36):**

496 Okay. All right.

497

498 **Ajay Thomas (0:16:37):**

499 And to Mr. Wilkinson's point, we'd rather not have to

500 take from another program in order to do good here. But

501 obviously, if we're making a difference and we can see

502 that positivity in this program, if we do have the

503 ability to get some outside funds or have a way to

504 impact more statewide effect to this, this would be one

505 that we'd want to, I think, get behind.

506

507

508 **Michael De Young (0:17:03):**

509 Okay. We'll reach out.

510

511 **Leo Vasquez III (0:17:07):**

512 Great, thank you. Okay. So this concludes Mr.

513 DeYoung's presentation. I will entertain a motion on

514 item 16 of the agenda.

515 **Ajay Thomas (0:17:17):**

516 Mr. Chairman, I move the Board approve the proposed

517 awards for Reentry Assistance Program activities, all as

518 described, conditioned, and authorized in the board

519 action request and associated documents on this item.

520

521 **Holland Harper (0:17:27):**

522 Second.

523

524 **Leo Vasquez III (0:17:28):**

525 Motion made by Mr. Thomas. Seconded by Mr. Harper. All

526 those in favor say aye.

527

528 **All Board Members (0:17:32):**

529 Aye.

530

531 **Leo Vasquez III (0:17:33):**

532 Any opposed? Hearing none, motion carries. Thank you,
533 Michael.

534

535 **Michael De Young (0:17:35):**

536 Thank you very much.

537

538 **Leo Vasquez III (0:17:37):**

539 Item 17. The report on the issuance of TDHCA
540 Residential Mortgage Revenue Bonds 2026 Series A. Mr.
541 Fletcher, where are interest rates going?

542

543 **Scott Fletcher (0:17:52):**

544 That's a good question. Good morning. Scott Fletcher,
545 Deputy Executive Director of Housing Finance. On
546 Tuesday, February 17th, the Department closed on \$250
547 million RMRB Series 2026-A, non-AMT, using \$26,995,000
548 in recycled volume cap. The total proceeds equal
549 \$260,254,100. The \$10,254,100 of premium will fund down
550 payment and closing cost assistance for loans originated
551 through this bond issuance, as well as a portion of the
552 lender compensation. Issuer contribution on this deal
553 was just under \$4 million, \$3.9 million. As per usual,

554 proceeds will be used to finance and purchase tax-exempt
555 eligible mortgage loans, including down payment
556 assistance second loans made to low- to moderate-income
557 first-time homebuyers and veterans, and to pay a portion
558 of the cost of issuance. A couple minor variations in
559 the bond structure this time.

560

561 As usual, we did around \$43 million of par serial bonds,
562 \$119 million of par term bonds. On this deal, we added
563 \$20 million in premium lockout term bonds, and then our
564 PAC was \$67.5 million. One minor variation here,
565 actually a couple. We changed some of the call language
566 on the PAC and also widened out our PAC bands, 50 to
567 700. The issuing tax-exempt, which we have the volume
568 cap to do between our HFC partnership programs and our
569 volume cap recycling, has allowed us to issue 100
570 percent tax-exempt for the last couple issues, and we
571 will continue to issue 100 percent tax-exempt deals for
572 the foreseeable future, not having to layer in a little
573 bit more expensive taxable. We've got adequate volume
574 cap to support our volume. Our net borrowing cost on
575 this, the NIC was 4.88, the TIC was 4.74. The funds
576 will be used to fund FHA, VA, and USDA loans pooled into

577 Ginnie Mae mortgage-backed securities. We did our
578 standard structure on DPA unassisted loans. We are
579 offering currently at 5.375 percent. Our 3 percent DPA
580 we were offering at five-and-five-eighths, and our 4
581 percent DPA we're offering at five-and-three-quarters.
582 Targeted area loans are offered an eighth lower on each
583 of those DPA programs.
584 Standard financing team. Morgan Stanley acted as
585 bookrunning senior manager. We also added Fidelity and
586 Bank of America to the underwriting team. On this
587 transaction, they both acted as selling group members.
588 As of March 3rd, 6th today, funds are about 87 percent
589 reserved. We did have some pipeline built going into
590 this deal. We plan on building pipeline going into the
591 next deal. And we're anticipating building, we want to
592 get into the next deal with somewhere around a third to
593 half of the deal with pipeline, just in its, obviously a
594 function of what rates do. A few reasons, and this is a
595 strong sale. We were able to tighten the short end by
596 about five basis points due to very strong retail
597 orders. We were able to tighten the par term bonds two-
598 and-a-half to five basis points, and we were able to
599 tighten the PAC by about three basis points, ended up at

600 +102 on the PAC bonds after going out at +105. Results
601 compared very well with recent concurrent HFA MRB
602 issuance. A few reasons I think this sale went well, we
603 listened to the market. We widened our PAC bands out.
604 We made some adjustments to the call language, as I
605 mentioned. We also layered in a couple premium lockout
606 bonds based on investor input.
607
608 There was some enhanced communication and transparency.
609 Morgan Stanley created an investor roadshow to
610 communicate these structural changes and the language
611 changes and provide additional color on our historic
612 prepayment speed performance. And I want to give a
613 shout out to Jefferies as well, who had done a lot of
614 research to help us prepare for those conversations with
615 investors. Also strong retail order period, as I
616 mentioned, really enabled us to tighten up the short end
617 and gave us momentum to accelerate that institutional
618 order period and get the entire deal done in one day.
619 That concludes my prepared remarks, and I'm certainly
620 happy to answer any questions the Board might have.
621
622

623 **Leo Vasquez III (0:22:43):**

624 Mr. Thomas.

625

626 **Ajay Thomas (0:22:44):**

627 Mr. Chairman, thank you. Mr. Fletcher, can you give the

628 Board just a high level what those premium lockout bonds

629 are, why we decided to use them this time that differed

630 from usually our deals?

631 **Scott Fletcher (0:22:57):**

632 Yeah. So basically...

633

634 **Leo Vasquez III (0:22:57):**

635 For the record, I highlighted here premium lockout

636 bonds. Could you please explain what those are?

637

638 **Scott Fletcher (0:23:07):**

639 So when we have term bonds, term bonds basically loop or

640 group a bunch of maturities into a single maturity. The

641 attractiveness of that is for larger institutional

642 investors, they get one maturity and then it kind of

643 fades down, but it kind of acts like a, it's basically a

644 sinking fund on the term bond. By putting that premium

645 lockout, investors are able to capture some additional

646 yield on that and be locked out and have protection on
647 that with the lockout on the call structure.

648

649 **Ajay Thomas (0:23:45):**

650 So in other words, members, and for the audience, the
651 premium lockout what it allows, the investor gets to
652 know that their money is going to be invested at a
653 higher yield for a longer period of time and not have
654 the threat of it called away from them under
655 prepayments. So it helps them position.

656 And I think in the Department's case, given the market
657 dynamics of the time we went into the marketplace, the
658 demand was there to help diversify our investors and
659 bring in more buyers by offering a little.

660 And although the counter to that is that we do restrict
661 some flexibility because we're unable to call those
662 bonds as early or quicker than we would like, the amount
663 is, given our overall transaction and just portfolio,
664 it's such a small, small amount. It didn't really
665 impact us. And we did benefit pricing-wise, right, Mr.
666 Fletcher?

667

668

669 **Scott Fletcher (0:24:34):**

670 We did. And I don't remember the...

671

672

673 **Ajay Thomas (0:24:35):**

674 Pretty substantially. 30, 35 basis points, I think, was

675 the difference that we saved.

676

677

678 **Scott Fletcher (0:24:38):**

679 It was quite a bit. And obviously the investors are

680 getting more coupon, more premium, or more yield, but

681 they're taking that at a lower overall yield because of

682 that lockout. So, yeah, we were able to tighten those

683 up a little bit. And again, it was based on investor

684 feedback during the roadshow, and so we wanted to make

685 sure we had that available. It was kind of a last-

686 minute decision. It wasn't enough to move the needle,

687 but I think the bigger part of that was us saying we're

688 listening to what the investor community wants and

689 trying to make sure that our bonds are aligned with what

690 the investors are looking to purchase.

691

692 **Ajay Thomas (0:25:21):**

693 The only other comment I'd have, Mr. Chairman, looking
694 at the Board briefing materials, is that while I
695 understand, Mr. Fletcher, that the takedown that we pay
696 for the bonds, so the compensation we're paying the
697 underwriters to sell our bonds to these investors, is
698 somewhat market standard for HFAs, what I would like to
699 do is push the envelope a little bit though, because in
700 light of the other agencies that we have here in the
701 State that are of similar rating quality, this structure
702 particularly, we offered some concessions I think from
703 the Department in that...

704

705 **Scott Fletcher (0:25:51):**

706 We did in the structure.

707

708 **Ajay Thomas (0:25:52):**

709 We widened our prepayment speed bands, right? We also
710 did do the lockout bonds. In some of those, we ought to
711 try to get closer to the takedowns that we're seeing
712 from the other agencies. Otherwise, we sort of look like
713 we're outside sort of the norm when you look at Texas
714 Department of Transportation or the Veterans Land Board,

715 or you look at the University of Texas system, who are,
716 I think, focused on compensation as well as a mechanism
717 to make sure that we're keeping all the dollars we can
718 in premium and in these transactions. I would encourage
719 you to sort of push and get as aggressive as you can,
720 because I think our bonds sell themselves to some degree
721 in the marketplace.

722

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

724 I totally agree, Mr. Thomas. And I think the one thing
725 that I will, and you're very aware of this, I'm not
726 telling you anything that you're not aware of. The
727 difference between housing bonds and a TxDOT bond or
728 whatever. So we're really looking, we certainly look at
729 Texas and we look at our credit and we look at how we're
730 running our program, but we also are looking at where
731 other HFAs are coming in and issuing mortgage revenue
732 bonds, what their comp schedules look like in terms of
733 the takedowns.

734

735 We have made a push. We've tightened the management
736 fee, and we'll continue to have those conversations.

737

738 I'm always happy to have those conversations with our
739 underwriting team, more happy than they are, but
740 appreciate that input and color.

741

742 **Ajay Thomas (0:27:26):**

743 Thank you. That's all I had, Mr. Chairman. It's a good
744 transaction.

745

746 **Leo Vasquez III (0:27:30):**

747 Mr. Marchant.

748

749 **Kenny Marchant (0:27:31):**

750 I guess this question might be too simple-minded, not
751 simple. But do we have enough money when applicants
752 come in to take a loan out on our program that we can
753 fund? Are we running out of funds? Are we running
754 behind the demand?

755

756 **Scott Fletcher (0:27:56):**

757 That's a great question and needs to be broken down in
758 two different ways.

759 So let's talk about the bond program first, which is
760 where we issue debt. We structure those deals in such a

761 way that the down payment assistance that we provide is
762 funded in the premium of that deal, and it's written
763 into the cash flow structure so that as those mortgages
764 pay down and pay back, we're paying off that debt.
765 And we have the, we're capped by federal law. We can
766 only make 1.125 percent on our deals. And most of our
767 deals for the last few years, we've been pretty much
768 near full spread. And this one, our current rates are
769 slightly below full spread, but we have some zeros so we
770 can buy down. That's getting into a lot of
771 complexities. But the short answer on the bond program,
772 we have authority through the volume cap that we have
773 that we're assigned by the State and that we've had
774 assigned to us from the local HFCs across the State.
775 And with the recycling that we've done, we have more
776 volume cap than we've had since I've been in this seat,
777 since I started.

778

779 **Kenny Marchant (0:29:14):**

780 And is it matching demand?

781

782

783

784 **Scott Fletcher (0:29:17):**

785 Yeah. I think we're ahead of demand. I'm really trying
786 to be aggressive with rates to keep our demand high. So
787 we're serving mission. In a shorter way to say that is
788 I'm taking less spread to be more aggressive on rates to
789 help more people than I normally would, or I have extra
790 capacity. And so the short answer to the question, you
791 can never get a short answer from me. But the short
792 answer to this question is that from the bond program,
793 we're in great shape. We've got plenty of volume cap.
794 On the TBA program, we are buying and selling those
795 deals in the same market. So we will set a rate and as
796 soon as somebody makes that mortgage loan and says, yes,
797 I want this loan, we're basically selling that forward
798 in the market. The premium that we get is set in our
799 rate. That pays for a large portion of that down
800 payment assistance. So every time we're doing that,
801 that is a cash-positive trade to TDHCA. So we have
802 unlimited capacity as long as there's market demand.

803

804 **Kenny Marchant (0:30:26):**

805 But if we try to goose applications, we would lower the
806 rate. The broker community watches that very closely

807 and they'll shift very quickly to a lower product if
808 they can get their customer qualified.

809

810 **Scott Fletcher (0:30:43):**

811 You're talking about if I raise the rates. If that...

812

813

814 **Kenny Marchant (0:30:46):**

815 No. If you were to lower the rates. What makes the

816 demand grow? And how would they come to our program?

817 If we came out and said, come to Texas. We're going to

818 give you a five-and-a-quarter rate, we probably would

819 have to lock the doors, wouldn't we?

820

821 **Scott Fletcher (0:31:06):**

822 Yeah. We're restricted by market dynamics. We know

823 where we can...

824

825 **Kenny Marchant (0:31:13):**

826 We know we'd have to buy that rate down significantly.

827

828

829

830 **Scott Fletcher (0:31:16):**

831 We would essentially be using capital to provide a lower
832 rate than the market is actually giving us.

833

834 **Kenny Marchant (0:31:20):**

835 Okay. And that would be a decision we'd just have to
836 make.

837

838 **Scott Fletcher (0:31:24):**

839 And we don't often do that, right?

840

841

842 **Kenny Marchant (0:31:27):**

843 Yeah.

844

845 **Scott Fletcher (0:31:27):**

846 We're not trying, I guess if we got so cash heavy that
847 we wanted to really make a push and subsidize more, then
848 we could do that. But when I do a TBA market trade, it
849 may be cash negative day one, but the present value of
850 that trade is positive.

851

852

853 And so I have cash going out the door knowing that I'm
854 going to get money back on that second lien, that's
855 going to cover that and actually be profitable.

856

857 **Kenny Marchant (0:31:53):**

858 And how competitive are we, and Holland, you may have
859 covered all this in your committee. How competitive are
860 we with the rural plan, federal plan for rural financing
861 for homes? Are we right in there with them or are we
862 beating them or how are we doing with it?

863

864 **Scott Fletcher (0:32:13):**

865 So are you talking about just...

866

867 **Kenny Marchant (0:32:15):**

868 Well, I would like, personally, for there to be a
869 greater emphasis on rural housing. And the feds have a
870 rural program just for, I guess, it's towns under 30,000
871 or something, and they've got very good standard rates,
872 but they're pretty much the same rate as FHA, they're
873 market rates.

874

875

876 **Scott Fletcher (0:32:37):**

877 Yeah. I think the difference is that you're not, those
878 programs don't have down payment assistance.

879

880 **Kenny Marchant (0:32:41):**

881 Okay.

882

883 **Scott Fletcher (0:32:41):**

884 And so that's where we move the needle a little bit.

885

886 **Kenny Marchant (0:32:44):**

887 That's where you...

888

889 **Scott Fletcher (0:32:45):**

890 I think the other part of that is something that we've
891 really been talking about with Lisa and her team, is
892 we've always kind of, we've not been as aggressive as we
893 could be with marketing our programs. And I'm talking
894 in the urban areas and the rural areas.

895

896 So we're really looking at our, not only marketing
897 efforts, the broader initiatives that Lisa and her team
898 are undertaking, and we've made a commitment to that

899 over the last couple years to increase that marketing
900 effort. But we're also now kind of taking a look and
901 saying how do we attract a larger lender network?

902

903 So making sure that we do have the State covered, making
904 sure that we have the data, and we're analyzing what's
905 getting done where and what we have and what we don't.
906 So we are definitely looking at all of that. And I
907 think it's a data-driven question.

908

909 **Kenny Marchant (0:33:34):**

910 We develop a product they want that they can't get
911 anywhere else.

912

913 **Scott Fletcher (0:33:42):**

914 Absolutely. And I think we have the unique situation
915 where we do have an in-state competitor who does a very
916 good job of marketing. But there's nothing, there are
917 things that we can do that they can't do, just based on
918 our bond program, the volume cap that we have.

919 We have a capital markets driven program, but that
920 doesn't mean that we can't have a market driven program
921 as well, that is what, essentially what TSAHC runs its

922 TBA. They're buying and selling in the same market. We
923 have a similar program, but they've really marketed
924 their program very aggressively.

925

926 **Holland Harper (0:34:18):**

927 Mr. Fletcher, we've talked about we are out in the
928 market trying to grow this and send it to new markets,
929 which we've actually been working the last month on that
930 specifically with Independent Bankers of Texas. Our goal
931 with this, board members, is to, we're doing a billion
932 to a billion one. Some of our competitors in the United
933 States are doing three billion. We're going to start
934 growing this because this is the focus of bringing
935 single-family homes and wealth to human beings.

936

937 **Scott Fletcher (0:34:45):**

938 100 percent. And I will share one thing related to
939 that, Mr. Harper. Looking at our 2026, fiscal year
940 2026, our volumes are up pretty dramatically on both
941 programs. We are at about 70 percent of where we were
942 last year on our TBA program. And we're what, five
943 months in? That's as of January. Yeah, it's January,
944 so four months in. And our bond loan volume is very

945 strong as well. So I'm anticipating that we're going to
946 be much closer to 1.5, 1.6 this year, pretty...

947

948 **Holland Harper (0:35:29):**

949 In '26.

950

951 **Scott Fletcher (0:35:30):**

952 In '26, fiscal year '26. So I think the broader story

953 here is we've made the changes to have the best

954 available rates in our bond program. We're putting the

955 investment in in terms of marketing, better marketing

956 our programs and all of that growth. I think as long as

957 we have rates, mortgage rates, where they are, kind of

958 steady right around six, it's going to be a very strong

959 year for the HFAs in Texas.

960

961 **Holland Harper (0:36:05):**

962 Thank you.

963

964 **Scott Fletcher (0:36:06):**

965 Thank you.

966

967

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

969 And, Scott, so one...

970

971 **Scott Fletcher (0:36:09):**

972 Of course.

973

974 **Leo Vasquez III (0:36:10):**

975 Last summary or resummarizing the aspect of the recycled
976 bond cap.

977

978 **Scott Fletcher (0:36:16):**

979 Yeah.

980

981 **Leo Vasquez III (0:36:17):**

982 It was almost 26 million or 27 million that we used in
983 this. So even if it's a \$250 million issuance...

984

985 **Scott Fletcher (0:36:25):**

986 Correct.

987

988 **Leo Vasquez III (0:36:27):**

989 It's really 223 million of new bond cap.

990

991 **Scott Fletcher (0:36:34):**

992 Correct.

993

994 **Leo Vasquez III (0:36:35):**

995 So that was a great plus. Love that recycling program.

996

997 **Scott Fletcher (0:36:39):**

998 Yeah. And we're...

999

1000 **Leo Vasquez III (0:36:40):**

1001 And in addition, we get another 10 million plus of

1002 actual, the 250 million was really, we got 260 million

1003 out of it, so that's...

1004

1005 **Scott Fletcher (0:36:51):**

1006 Correct. Now, when you have that premium, that takes

1007 volume cap as well. So using that 27 on this deal, we

1008 had 260, so just call it 230. We used 230 million in

1009 volume cap to issue 260 million and make \$260 million

1010 worth of loans. The next deal, we've had some stronger

1011 prepays. We're probably looking at that next deal being

1012 around 40 to 50 million in recycled volume cap. So if we

1013 think about what this does for us, we get 400 million a

1014 year, give or take, from the State. We're going to add
1015 about 25 percent additional capacity due to that volume
1016 cap recycling program.

1017

1018 **Leo Vasquez III (0:37:33):**

1019 Yep. Excellent. Okay. Great. Any other questions for
1020 Mr. Fletcher? This was a report, so thank you for that
1021 report.

1022

1023 **Scott Fletcher (0:37:44):**

1024 Thank you so much. Appreciate it.

1025

1026 **Leo Vasquez III (0:37:45):**

1027 Good job. Moving on to item 18 of the agenda. Report
1028 on the meeting of the Internal Audit and Finance
1029 Committee. Mr. Thomas, Chairman of the committee, will
1030 provide a report.

1031

1032 **Ajay Thomas (0:38:03):**

1033 Thank you, Mr. Chairman, colleagues, members of the
1034 audience. The Audit and Finance Committee met this
1035 morning at 9:30 a.m. In that meeting, Mr. Mark Scott,
1036 Director of Internal Audit at TDHCA, presented two

1037 report items to us: the internal audit of the 10 percent
1038 test function of the Asset Management Division and a
1039 report on the status of the internal and external audit
1040 activities.

1041

1042 We also heard from Mr. Alexander Sumners and Mr. Amadou
1043 Ngaide with the State Auditor's Office, who presented
1044 the SAO's audit of the TDHCA financial statements for
1045 fiscal year 2025, I believe is what it was, as the
1046 action item. The committee voted to recommend approval
1047 of the SAO's report to the full board. Mr. Sumners and
1048 Mr. Ngaide are here to present that report to us, which
1049 is the next action item on today's agenda.

1050 I believe you'll be pleased with their report. That
1051 concludes my own report of the meeting of the Audit and
1052 Finance Committee, and I'm happy to answer any questions
1053 that there might be. Mr. Chairman, sounds like no
1054 questions. I'll turn it back to you.

1055

1056 **Leo Vasquez III (0:39:08):**

1057 No questions. Okay, yeah. Great. Thank you for that
1058 report, Mr. Thomas. Moving on to item 19 of the agenda.
1059 Review and possible acceptance of the State Auditor's

1060 Office audit of the TDHCA fiscal year 2025 financial
1061 statements. And we have guests from the State Auditor's
1062 Office.

1063

1064 **Alexander Summers (0:39:32):**

1065 Yes. All right. Good morning, Chairman and members.

1066 My name is Alexander Summers, and I'm a project manager
1067 with the State Auditor's Office. Also with me is Amadou
1068 Ngaide, who is an audit manager with our office. This
1069 morning we will be discussing the results of the most
1070 recent financial audits at the Department. We issued two
1071 unmodified opinions as part of the audit, one for the
1072 Department's basic financial statements for fiscal year
1073 2025 and one for the Department's revenue bond program
1074 financial statements for fiscal year 2025. We
1075 determined that these financial statements were
1076 materially correct and reported in accordance with
1077 generally accepted accounting principles. In other
1078 words, we determined that the Statements as issued were
1079 not misleading to the reader of those statements.
1080 Additionally, we also concluded that the Department's
1081 Housing Finance Division's computation of unencumbered
1082 fund balances complies with Texas Government Code

1083 Section 2306.204 and 2306.205. We also issued a report
1084 on the Department's compliance with the Public Funds
1085 Investment Act for fiscal year ended August 31, 2025.

1086

1087 The results of that work disclosed no issues of
1088 noncompliance or other matters that are required to be
1089 reported under government auditing standards. Lastly, I
1090 would like to thank the financial administration and
1091 accounting departments and Mr. Scott in Internal Audit
1092 for their assistance and cooperation throughout the
1093 audit. And that concludes my comments, and I'd be happy
1094 to address any questions that you may have.

1095

1096 **Leo Vasquez III (0:41:03):**

1097 Great. Thank you, Alex. Do any board members have
1098 questions? Mr. Thomas.

1099

1100 **Ajay Thomas (0:41:09):**

1101 No questions, Mr. Chairman, but I do have a comment. I
1102 think members of the Audit and Finance Committee this
1103 morning heard the same report. We're very pleased with
1104 its findings. And member of the committee, Ms. Farias,
1105 and our colleague here on the Board, made a comment

1106 stating how impressed she was that the fact that the
1107 audit came out as clean as it did and with no apparent
1108 issues. It's a testament to the Department.

1109

1110 I want to commend the financial administration staff and
1111 the accounting department led by Mr. Scott, and
1112 particularly, we spent a lot of time heaping praise on
1113 Mr. Wilkinson's effort leading the agency, and I think
1114 we should do the same here in the open meeting.

1115 It's been a great job by the agency to get to this
1116 result, and we were very pleased to receive it and did
1117 stress that should we have any issues emerge, we as
1118 board members certainly want to know about it and know
1119 about it in advance, and so we were very pleased with
1120 the outcome. So I just want to commend staff and thank
1121 Mr. Wilkinson for his leadership of the Agency.

1122

1123 **Bobby Wilkinson (0:42:11):**

1124 Well, I'm afraid I can't take all the credit. We have a
1125 strong finance team, like you mentioned, under David
1126 Cervantes' leadership.

1127

1128

1129 **Leo Vasquez III (0:42:20):**

1130 Okay. Any other questions for the State Auditor's

1131 Office? If not, thank you for the report. We

1132 appreciate your assistance in helping us. Okay.

1133

1134 **Alexander Summers (0:42:31):**

1135 Yes.

1136

1137 **Leo Vasquez III (0:42:31):**

1138 That's great.

1139

1140 **Alexander Summers (0:42:32):**

1141 Thank you.

1142

1143 **Leo Vasquez III (0:42:34):**

1144 This is a, we do need a motion to accept the report. So

1145 I will entertain a motion on item 19 of the agenda.

1146

1147 **Ajay Thomas (0:42:44):**

1148 Mr. Chairman, I move the Board accept the annual

1149 financial audit, audit of the Housing Trust Fund, and

1150 the audit of the Housing Finance Division and

1151 supplemental bond schedules, all as described in the

1152 board action request and associated documents on this
1153 item.

1154

1155 **Anna Maria Farias (0:42:57):**

1156 Second.

1157

1158 **Leo Vasquez III (0:42:58):**

1159 Motion made by Mr. Thomas. Seconded by Ms. Farias. All
1160 those in favor say aye.

1161

1162 **All Board Members (0:43:02):**

1163 Aye.

1164

1165 **Leo Vasquez III (0:43:03):**

1166 Any opposed? Hearing none, motion carries. Item 20.

1167 Presentation, discussion, and possible action regarding

1168 a waiver of 10 TAC Section 11.101(b)(8)(E) of the

1169 Qualified Allocation Plan relating to the square footage

1170 of accessible units for Park at Fort Bend. Mr. Galvan.

1171

1172 **Jonathan Galvan (0:43:28):**

1173 Yes, sir. Good morning, Mr. Chairman, members of the

1174 Board. Jonathan Galvan, Manager of the 4 percent

1175 Housing Tax Credit program. The Park at Fort Bend is an
1176 existing tax credit property located in the City of
1177 Stafford, Fort Bend County. The development originally
1178 received an award of 4 percent tax credits in 1999, and
1179 a 2026 tax credit application was submitted on January
1180 23, 2026. The development consists of 250 one-, two-,
1181 and three-bedroom units. All existing two- and three-
1182 bedroom units are two-story townhome-style units. As a
1183 result, there are no accessible two- and three-bedroom
1184 units currently present within the development.
1185 In an effort to remedy this issue, and as part of the
1186 prospective rehabilitation of the property, the
1187 applicant has proposed to reconfigure a number of
1188 existing non-accessible two-bedroom townhome units to
1189 create fully accessible two- and three-bedroom units.
1190 However, this reconfiguration results in the new
1191 accessible two- and three-bedroom units having smaller
1192 square footages than the non-accessible two- and three-
1193 bedroom units, which is not allowed under the 2026 QAP.
1194 The QAP requires that accessible units must have an
1195 equal or greater square footage than the square footage
1196 offered in the smallest non-accessible unit with the
1197 same number of bedrooms and full bathrooms.

1198 According to the applicant, there are two factors
1199 affecting the square footage of the proposed non-
1200 accessible units.

1201

1202 First, the square footage for the entry area and stairs
1203 is being added into the total square footage of the
1204 second-story non-accessible unit and will in turn be
1205 subtracted from the ground-floor accessible unit.

1206 The second factor is that all the townhouse units have a
1207 larger footprint due to overhangs that are present on
1208 the second floor. Therefore, because the proposed
1209 accessible units are keeping the existing first-floor
1210 footprint, they are smaller than the second-floor non-
1211 accessible units. The applicant is requesting a waiver
1212 so that the development can be considered eligible
1213 despite the accessible two- and three-bedroom units
1214 having smaller square footages than their non-accessible
1215 counterparts. Applicant notes that the proposed
1216 rehabilitation and reconfiguration of the Park at Fort
1217 Bend creates fully accessible two- and three-bedroom
1218 units where there were none before. Staff recommends the
1219 waiver be granted based on the aforementioned factors,
1220 and I am happy to answer any questions.

1221

1222 **Leo Vasquez III (0:46:00):**

1223 Okay. Great. Thank you. So again, this is an, it's a

1224 pre-existing...

1225

1226 **Jonathan Galvan (0:46:08):**

1227 It is, yeah.

1228

1229 **Leo Vasquez III (0:46:08):**

1230 Development. The project is already out there. It's

1231 been there for...

1232

1233 **Jonathan Galvan (0:46:13):**

1234 Years.

1235

1236 **Leo Vasquez III (0:46:14):**

1237 Years. 27 years, or 26, 25. And now we are still

1238 adding accessible units.

1239

1240 **Jonathan Galvan (0:46:22):**

1241 Yes.

1242

1243

1244 **Leo Vasquez III (0:46:24):**

1245 But just due to the constraints of it, again, not
1246 starting from scratch, they can't meet the requirement
1247 of this matching the smallest non-accessible unit.

1248

1249 **Jonathan Galvan (0:46:37):**

1250 Exactly, yes.

1251

1252 **Leo Vasquez III (0:46:38):**

1253 So this is just a practical pre-existing construction
1254 issue.

1255

1256 **Jonathan Galvan (0:46:43):**

1257 Exactly.

1258

1259 **Leo Vasquez III (0:46:44):**

1260 Okay. Do any board members have questions on this?

1261 Okay. In that case, I will entertain a motion. Mr.

1262 Marchant.

1263

1264 **Kenny Marchant (0:46:55):**

1265 I move the Board accept the, no. I'm on the wrong one.

1266 I move the Board approve the requested waiver by the

1267 Park at Fort Bend of 10 TAC Section 11.101(b) (8) (E)
1268 related to the minimum square footage requirements for
1269 accessible units, all as described, conditioned, and
1270 authorized in the board action request, resolution, and
1271 associated documents on this item.

1272

1273 **Cindy Conroy (0:47:28) :**

1274 I second.

1275

1276 **Leo Vasquez III (0:47:29) :**

1277 Motion made by Mr. Marchant. Seconded by Ms. Conroy.

1278 All those in favor say aye.

1279

1280 **All Board Members (0:47:34) :**

1281 Aye.

1282

1283 **Leo Vasquez III (0:47:35) :**

1284 Any opposed? Hearing none, motion carries. Great,

1285 thanks. That one I think was a exercise in common

1286 sense. Okay. Just in case. Item 21 of the agenda.

1287 Presentation, discussion, and possible action on the

1288 approval of the 2026 State of Texas Low Income Housing

1289 Plan and Annual Report. Mr. Stremmler.

1290

1291 **Jeremy Stremmler (0:48:04):**

1292 Yes. Good morning, Chairman, board members. My name is

1293 Jeremy Stremmler. I'm the director of the Housing

1294 Resource Center.

1295

1296 And as the Chairman stated, I'm here to present item 21,

1297 which relates to the approval of the 2026 State of Texas

1298 Low Income Housing Plan and Annual Report. The document

1299 consists of eight chapters or sections: an introduction,

1300 housing analysis, annual report, action plan, pandemic

1301 response and other initiatives, public participation,

1302 Colonia action plan, TSAHC annual action plan, and then

1303 six additional appendices. I want to touch on three of

1304 the sections, which are the most data and information-

1305 heavy sections. First is the housing analysis section,

1306 which contains an overview of the affordable housing

1307 needs in the State and an estimate and analysis of the

1308 housing need in each of the State's 13 TDHCA service

1309 regions. And then additional tables for each region and

1310 the data that goes into those analysis can be found in

1311 Appendix B. The annual housing report section highlights

1312 TDHCA's activities and achievements during the preceding

1313 fiscal year, so that would be fiscal year 2025, and
1314 provides a detailed analysis of funding households and
1315 individuals served by TDHCA programs.

1316

1317 The annual action plan section is looking forward to the
1318 next fiscal year, which does happen to be the current
1319 fiscal year we're in, fiscal year 2026, and how the
1320 Department intends to use the funds available to operate
1321 our programs to address the underserved needs noted in
1322 the housing analysis section of the document. Nothing
1323 substantial changed in content from this year's SLIP
1324 from last year's. Still offers a comprehensive
1325 reference on statewide housing needs, housing resources,
1326 and strategies for funding allocations. The draft
1327 version was brought before you in January, and by
1328 legislation, this final version must be submitted to the
1329 Governor, Lieutenant Governor, Speaker of the House, and
1330 Legislative Oversight Committee members no later than 30
1331 days after the Board receives and approves the final
1332 document. So 30 days from today. Since January, the
1333 document went out for a 30-day public comment process,
1334 held a public hearing, and received a number of
1335 comments. Although there were no substantial changes

1336 from the version you saw back in January, some data was
1337 updated.

1338

1339 We do use a lot of CHAS data that's created by HUD, and
1340 that data was finally released in late December, early
1341 January, but too late for us to incorporate it into the
1342 draft version initially. Those comments and reason
1343 responses are both printed in your board packet and will
1344 become part of the SLIP document itself in the public
1345 participation chapter. I'd also like to take a minute to
1346 recognize Kevin Reardon, the HRC planner who compiles
1347 this document along with performing the data analysis
1348 and compilation you find throughout. It's a time-
1349 intensive and technical task in which he expertly
1350 accomplishes. With that, staff recommends approval of
1351 the 2026 State of Texas Low Income Housing Plan and
1352 Annual Report, and I'd be happy to answer any questions
1353 you might have.

1354

1355 **Leo Vasquez III (0:50:55):**

1356 Great. Thank you. Do board members have questions for
1357 this or any comments from the public? Seeing none, I'll
1358 entertain a motion on item 21 of the agenda.

1359

1360 **Holland Harper (0:51:13):**

1361 I move the Board approve the 2026 State of Texas Low

1362 Income Housing Plan and Annual Report, all as described,

1363 conditioned, and authorized in the board action request,

1364 resolution, and associated documents in the item.

1365

1366 **Cindy Conroy (0:51:26):**

1367 I'll second.

1368

1369 **Leo Vasquez III (0:51:27):**

1370 Motion made by Mr. Harper. Seconded by Ms. Conroy. All

1371 those in favor say aye.

1372

1373 **All Board Members (0:51:33):**

1374 Aye.

1375

1376 **Leo Vasquez III (0:51:33):**

1377 Any opposed? Hearing none, motion carries. Thank you.

1378

1379 **Cindy Conroy (0:51:35):**

1380 Can I just make one quick comment?

1381

1382 **Leo Vasquez III (0:51:37):**

1383 Oh, please. Yeah.

1384

1385 **Cindy Conroy (0:51:40):**

1386 It seems like, when I read this and then I read the
1387 comments, it seems that you have a very good
1388 relationship, I guess, with people that are reviewing
1389 this and giving you comments. It doesn't seem
1390 adversarial or, and I wanted to say that that to me says
1391 that it means that this agency is open to comment and
1392 that people feel confident and comfortable enough to
1393 come to you and feel that they can be heard.

1394

1395 **Jeremy Stremmler (0:52:06):**

1396 Thank you. Yeah.

1397

1398 **Leo Vasquez III (0:52:09):**

1399 Great. Thank you. We did vote, right? Okay. Motion
1400 carried.

1401

1402 **Cindy Conroy (0:52:13):**

1403 Sorry. You were fast.

1404

1405 **Leo Vasquez III (0:52:13):**

1406 Okay. Let's see if you can make that same comment after
1407 this next item on the agenda. Item 22. Presentation,
1408 discussion, and possible action on an order adopting new
1409 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter
1410 J, Housing Finance Corporation Compliance Monitoring,
1411 and directing its publication in the Texas Register.
1412 Ms. Quackenbush, what's this about?

1413

1414 **Wendy Quackenbush (0:52:42):**

1415 Good morning, Chairman, board members, Mr. Wilkinson.
1416 Wendy Quackenbush, Director of Multifamily Compliance.
1417 The next item on your agenda is the possible action on
1418 adopting the new rule, Chapter 10, Subchapter J, Housing
1419 Finance Corporation Compliance Monitoring rule, which I
1420 will refer to as the HFC rule for the remainder of this
1421 item. The HFC rule was published for public comment in
1422 the Texas Register from December 26, 2025, through
1423 January 26, 2026. During this time, the Department
1424 received comments from 10 entities.

1425

1426 The comment received was very thoughtful on the HFC rule
1427 and helped guide us in updating and fine-tuning the rule

1428 to ensure it aligns with the purpose and the
1429 requirements of House Bill 21. By the way of the
1430 background, housing finance corporations, or HFCs, are
1431 nonprofit entities formed by cities, counties,
1432 municipalities under Chapter 394 of the Texas Government
1433 Code. These entities are eligible for 100 percent
1434 property tax exemptions when working in conjunction with
1435 local sponsors. House Bill 21 tasked the Department with
1436 providing compliance monitoring oversight of all HFC
1437 multifamily residential developments. All HFC
1438 multifamily residential properties, except those that
1439 have low-income housing tax credits, must submit an
1440 audit report to the Department by June 1, 2026, and
1441 annually after. The most significant changes to the rule
1442 include several updates to the definition section to
1443 better clarify the terms "auditor" and "rent."
1444 Extraneous language was removed from these terms to
1445 better align with the rule with statutory definitions.
1446 Additional updates include shortening the time period
1447 for requesting an extension from 120 days to 60 days.
1448
1449 The annual service fee to the Department is capped at
1450 \$35 per restricted unit applied to the sample size of

1451 units, but not less than \$500 per development. In
1452 addition, new language was added to clarify when a
1453 household's income or rent designations increase, the
1454 household's rent may be increased accordingly to the new
1455 designation. Before you open the floor for public
1456 comment, lastly, we have some updates to the rule that
1457 I'd like to read on record. The Department has received
1458 some feedback from the sponsor of the bill that two
1459 areas are inconsistent with House Bill 21. The first
1460 section is 10.1203(1)(D)(iii). The Department is
1461 striking this language and adding the following
1462 language: "For a development acquired prior to May 28,
1463 2025, no later than June 1, 2026." That would be the new
1464 language inserted, and that is referring to when the
1465 first audit report is due. The second area that we would
1466 like to read for record is 10.1204(3)(L)(i)(c). And in
1467 that, we are striking the entire paragraph of (c). And
1468 I'm happy to read that, what we're striking, if you need
1469 me to.

1470

1471 **Leo Vasquez III (0:56:21):**

1472 Let's go on. I imagine comments will also address this.

1473

1474 **Wendy Quackenbush (0:56:27):**

1475 So I know that there's other people that want to make
1476 comment, but staff does recommend approval with these
1477 changes.

1478

1479 **Leo Vasquez III (0:56:34):**

1480 Okay. Mr. Wilkinson, anything to add at this point?

1481 Okay. I'd entertain a motion for the Eccles Rule to
1482 hear public comment at this meeting.

1483 **Kenny Marchant (0:56:47):**

1484 So moved.

1485

1486 **Anna Maria Farias (0:56:48):**

1487 Second.

1488

1489 **Leo Vasquez III (0:56:49):**

1490 Motion made by Mr. Marchant. Seconded by Ms. Farias.

1491 All in favor say aye.

1492

1493 **All Board Members (0:56:54):**

1494 Aye.

1495

1496

1497 **Leo Vasquez III (0:56:54) :**

1498 Any opposed? We're going to hear public comment. Mr.

1499 Arriaga, do you want to go first?

1500

1501 **Roger Arriaga (0:57:03) :**

1502 Thank you, Mr. Chairman, board members, Mr. Wilkinson.

1503 I'm Roger Arriaga, Executive Director of the Texas

1504 Affiliation of Affordable Housing Providers. Let me go

1505 ahead and sign in while I'm here. TAAHP has some

1506 specific points to make regarding the final HFC rule,

1507 but before, we have a couple of follow-up speakers who

1508 may present the specific concerns, I want to provide the

1509 Board with just a brief summary of how our industry-wide

1510 comment was developed, and I think this is pertinent.

1511 The rule was first approved for submittal as described

1512 to the Texas Register in October, at the October board

1513 meeting, with public comment period expected to end in

1514 late November, the 24th. At that same time, TAAHP

1515 actually formed a Tax Exemption Rules Subcommittee under

1516 our Compliance Committee.

1517

1518 Our subcommittee was tasked with digesting the proposed

1519 rule and developing our eventual public comment. The

1520 chair of that subcommittee is TAAHP board member,
1521 Stephanie Naquin, who is here today. Our subcommittee
1522 collaborated with the Texas Apartment Association and
1523 TXNAHRO, the Texas Chapter of the National Association
1524 of Housing and Redevelopment Officials. Each of these
1525 organizations collaborated with us and jointly signed,
1526 along with TAAHP, the public comment letter submitted
1527 for consideration. So the speakers who follow me
1528 represent the respective memberships of TAAHP, TAA, and
1529 TXNAHRO. Our subcommittee did meet weekly and discussed
1530 all aspects of the proposed rule, but there were some
1531 questions that we needed clarification to and needed
1532 answers. So to develop a better understanding, we
1533 organized a hybrid in-person virtual roundtable with
1534 Department staff that was held on November 14th of '25.
1535 At that very well-attended roundtable, it was discovered
1536 that the rule submitted to the Texas Register was not
1537 the same proposed rule that this board had actually
1538 approved at the October board meeting. This resulted in
1539 the rulemaking process being reinitiated and thereby
1540 delayed for final adoption until today. At the December
1541 board meeting, the Department staff repropoed the rule
1542 and reinitiated the new comment period that concluded on

1543 January 26th. The comment submitted by our subcommittee
1544 was made on behalf of the memberships of TAAHP, like I
1545 mentioned, the Texas Apartment Association, and TXNAHRO.
1546 We do want to express our appreciation to the Department
1547 on the reasonableness where changes were made in
1548 response to our combined comment. The speakers who
1549 follow me will not be discussing our submitted comment.
1550 The purpose of our presence today is really to discuss
1551 significant concerns about changes made to the proposed
1552 rule in response to other commenters. To efficiently
1553 organize our comment and to ensure adherence to the
1554 three-minute rule, we do have a couple of speakers,
1555 Darren Smith, who sits on that subcommittee, and
1556 Stephanie Naquin, who is the chair of that subcommittee,
1557 will be the second speaker. Again, we do want to express
1558 our gratitude to the Department staff for their
1559 continued and collaborative spirit. I know this has
1560 been a long road for us, and I can assure you that we
1561 are all ready to move forward on this. Thank you very
1562 much.

1563

1564

1565

1566 **Leo Vasquez III (1:00:02):**

1567 And right inside your three minutes. That's good.

1568 You've done this before.

1569

1570 **Bobby Wilkinson (1:00:06):**

1571 Practicing.

1572

1573 **Roger Arriaga (1:00:08):**

1574 I'm working on it.

1575

1576

1577 **Leo Vasquez III (1:00:09):**

1578 That's good.

1579

1580 **Darren Smith (1:00:22):**

1581 Chairman Vasquez, Board, Mr. Wilkinson. I'm here on

1582 behalf of TAAHP, as Roger said. My concern is with...

1583

1584 **Leo Vasquez III (1:00:30):**

1585 And who are you for the record?

1586

1587 **Darren Smith (1:00:31):**

1588 I'm sorry. Darren Smith with the TAAHP Subcommittee.

1589 My concern is with 10.1203(1)(B).

1590 The deadline to submit an annual compliance audit is
1591 June 1st. This subparagraph provided the Department
1592 with flexibility in considering extensions to that
1593 deadline as provided for in Section 394.9027(g).

1594 The Department received a comment that 120-day extension
1595 to the June 1st deadline proposed in the draft rule was
1596 excessive and inconsistent with the need for timely
1597 compliance monitoring, and recommended that the time be
1598 limited to 60 days. No further context was provided as
1599 to why the commenter thought 120-day extension is
1600 excessive and how that length of time is inconsistent
1601 with the need for the timely compliance monitoring.

1602 We disagree with the commenter. Section 394.9027(g)
1603 states, "The Department may extend the deadline for
1604 submitting any audit required under this action for good
1605 cause shown as determined by the Department." Now,
1606 that's straight from the statute. The Department has
1607 been tasked with these provisions of oversight and
1608 administration of HB 21.

1609

1610 The plain language in the statute clearly acknowledges
1611 that the discretion of the extension is exclusive to the

1612 purview of the Department, meaning given the breadth of
1613 the Department's experience and oversight and monitoring
1614 of their current portfolio, they're in the best position
1615 to determine what is or what is not excessive for the
1616 purpose of timely compliance monitoring. As such, the
1617 most reasonable interpretation is that the discretion in
1618 determining the appropriate length for the extension is
1619 solely with the Department. I'm yelling. So HB 21
1620 introduced a framework that recognized that these ideas
1621 involve complex documentation, third-party coordination,
1622 reconciliation process that are not in control of the
1623 HFC user and auditor. Since the comment appears to be
1624 focused on the number of days available for the
1625 extension as opposed to the Department's determination
1626 of appropriateness based on good cause and request, we
1627 propose that the number of days be stricken from the
1628 subparagraph to read in B, "Audit report extensions
1629 requests must be submitted to the hfc@tdhca.texas.gov no
1630 later than May 1st for each reporting year. The request
1631 for the extension must include the explanation and the
1632 reason for the requested extension date. Within seven
1633 calendar days of receiving the request, the Department
1634 will respond to the request and issue a determination of

1635 approval or denial for an extension." So we just want to
1636 get back to the statute. And really want to thank the
1637 staff. So I know I'm over three minutes, but really
1638 want to thank the staff and what they've done. And it's
1639 been a tough thing for them to do, but they've done an
1640 awesome job.

1641

1642 **Leo Vasquez III (1:03:39):**

1643 Okay. Darren, so in your remarks, you say it's
1644 basically up to the discretion of the staff or the
1645 Department.

1646 **Darren Smith (1:03:52):**

1647 It's in the statute.

1648

1649 **Leo Vasquez III (1:03:55):**

1650 You see harm in us just putting some parameters on it
1651 to, here, 60 days. And then we still have discretion
1652 after that if there's still some valid continuing
1653 circumstance. We have the discretion, as you just said.

1654

1655 **Darren Smith (1:04:11):**

1656 Stephanie's going to address a little bit of that, but I
1657 think...

1658

1659 **Leo Vasquez III (1:04:14):**

1660 Okay. Okay. You can start coming up. But I'm just

1661 saying I don't see how putting a date in there harms

1662 y'all, the industry, or limits, we're not limiting

1663 ourselves by any means, just kind of setting, here some

1664 parameters. Let's work with that. So we appreciate

1665 your comments. I don't think, does anyone have a

1666 question for Mr. Smith before we hear Ms. Naquin?

1667

1668 **Cindy Conroy (1:04:44):**

1669 No.

1670

1671 **Stephanie Naquin (1:04:45):**

1672 I can respond to that specific one if that's helpful

1673 right now.

1674

1675 **Leo Vasquez III (1:04:45):**

1676 Okay. And let's go ahead and, we won't start your clock

1677 in answer to this.

1678

1679 **Stephanie Naquin (1:04:49):**

1680 Okay.

1681

1682 **Leo Vasquez III (1:04:50):**

1683 But state your name and sign in and everything.

1684

1685 **Stephanie Naquin (1:04:51):**

1686 Yeah. Hi. Stephanie Naquin. I'm the chair of the Tax

1687 Exempt Rulemaking Subcommittee with TAAHP. And no, I

1688 don't think that we have a problem putting parameters

1689 into it. I think the concern is the manner in which the

1690 rule currently reads would limit it to 60 days, and so

1691 it wouldn't give the Department the discretion.

1692 So if we could perhaps put something in the rule that

1693 the initial request was 60 days and could be extended

1694 based on the Department's discretion, that I think

1695 works.

1696

1697 **Leo Vasquez III (1:05:21):**

1698 Okay. We appreciate y'all's comment on that. Now you

1699 can sign in and start your...

1700

1701 **Stephanie Naquin (1:05:27):**

1702 Now I'll sign in. All right. Well, good morning.

1703 Again, Stephanie Naquin. I am the chair of the Tax

1704 Exempt Rulemaking Subcommittee with TAAHP. I'm also the
1705 co-chair of the Compliance Committee and a board member
1706 of TAAHP. And in my capacity today, I'm here to kind of
1707 just speak on one specific change that was made in
1708 response to other comment. And, Member Conroy, I just
1709 wanted to acknowledge that we felt very comfortable
1710 collaborating with the Department. So to your previous
1711 comment to the other speaker, I just wanted to
1712 acknowledge that. We did feel heard and we did feel
1713 like we could go to the Department and express our
1714 concerns. And so to that, I want to personally thank
1715 the Department and the staff for that collaborative
1716 spirit. There was a change that was made with HB 21
1717 regarding the definition of rent and what is considered
1718 rent. And in that definition, it introduced the idea
1719 that rent included both what the tenant paid in actual
1720 lease charge of rent, but also any kind of recurring
1721 fees. And that could be utilities, that could be pest
1722 control, that could be a whole bunch of things.

1723

1724 It had a specific carve-out for fees that were optional.
1725 So if they had a choice to opt out of it, it wouldn't be
1726 considered a rent. So like if there's a storage room

1727 that they wanted to rent, that was optional, that
1728 wouldn't be included. When this definition was
1729 introduced, obviously we had a whole bunch of HFC deals
1730 already on the ground that were underwritten based on
1731 their current structure of how they were charging, which
1732 included fees. It is common practice in these
1733 properties to charge fees like trash, water/sewer,
1734 cable, Internet, most of which are at a discounted rate
1735 to the tenant than they would otherwise be charging.
1736 And so when this rule was, when statute was enacted, the
1737 industry had a concern about specifically what does this
1738 mean? We're currently operating in one space. How do
1739 we understand what these fees are that we should be
1740 considering in a rent? And so through the rulemaking
1741 process, the Department was consulted and there was an
1742 understanding that the fees were really about those fees
1743 that were unique to the community.

1744

1745 So said differently, I have to pay electricity wherever
1746 I go, so that's not unique to the community, but perhaps
1747 a fee to use the pool would be unique to that community
1748 and that would be appropriate to include in rent.

1749 The proposed rule did have a carve-out for these types

1750 of common fees, like related to utilities, and that was
1751 definitely a response to our comment and other folks'
1752 comments during the initial rulemaking process. So we
1753 do appreciate that the proposed rule was reflective of
1754 kind of what the common practice is in the industry.
1755 This rule, the final rule, has been changed in response
1756 to a commenter to strike out all of that, which means
1757 that any fee charged to a tenant would be included in
1758 rent. And while we understand the construct of the
1759 statute, here's where the problem arises. These deals
1760 have rent limits, which means that the rent that's being
1761 charged currently based on guidance from the Department
1762 as the proposed rule is happening will not be
1763 restricted. And so for reporting year 2025, we will be
1764 dealing with HFC properties that operated in good faith
1765 based on what was happening during this rulemaking
1766 process that will have a lot of findings of
1767 noncompliance related to their rent not being
1768 restricted. It also has a subsequent impact on the
1769 annual savings calculations with which we're concerned.
1770 So our ask would be that we either say that this
1771 definition is applicable for HFC deals in place after
1772 statute was enacted, which is when the definition was

1773 first introduced. And that's our primary ask, and
1774 that's what I think I'd like to see. And we can talk
1775 about alternatives if you guys have any questions. So
1776 with that, I went over my three minutes, so I'm sorry.
1777 Don't be mad.

1778

1779 **Leo Vasquez III (1:09:32):**

1780 Okay. That's good. So you want it, you're okay with it
1781 being applied to developments after the law was...

1782

1783 **Stephanie Naquin (1:09:43):**

1784 Right. Because those developments were entered into
1785 underwritten based on the understanding of what that
1786 statutory definition was. So we're totally okay with
1787 that.

1788

1789 **Leo Vasquez III (1:09:54):**

1790 So it's not those rules, per se, that, those definitions
1791 that you have a problem with per se, it's just the
1792 applicability, no grandfathering is what is the problem.

1793

1794

1795

1796 **Stephanie Naquin (1:10:02):**

1797 Yeah. The applicability of it. And the way that the
1798 definitions are structured, they are in one singular
1799 place and would apply to all deals regardless of kind of
1800 when they were entered into. And so the clarity, I
1801 think, needs to be added if we're going to proceed with
1802 the literal definition of statute without any further
1803 context.

1804

1805 **Leo Vasquez III (1:10:26):**

1806 So just taking this one step further. The fact that,
1807 exclusive of this particular rule, the fact that HB 21
1808 is applicable to all housing financed, isn't the issue.
1809 Y'all are begrudgingly accepting that.

1810

1811 **Stephanie Naquin (1:10:52):**

1812 Right. Exactly. That's exactly right. Yes.

1813

1814 **Leo Vasquez III (1:10:55):**

1815 But this one, this little, this specific aspect, y'all
1816 aren't wanting to see happen.

1817

1818

1819 **Stephanie Naquin (1:11:05):**

1820 Yeah. And for us it makes sense because the other part
1821 that HB 21 introduced was different definitions of the
1822 rent limitations, which weren't the same pre-HB 21, so
1823 it makes sense that we would have a different definition
1824 of what rent is to compare to that different definition
1825 of what rent limits are. And so we just feel like it's
1826 very statutorily focused in that respect and would like
1827 just to find a way to make it super clear.

1828

1829 **Leo Vasquez III (1:11:35):**

1830 Okay. Mr. Wilkinson.

1831

1832 **Bobby Wilkinson (1:11:36):**

1833 So we would have two different definitions for the pre-
1834 enactment and post-enactment of rent.

1835

1836 **Stephanie Naquin (1:11:42):**

1837 Yeah. Either two definitions or that this definition
1838 explicitly says with language of the definition that
1839 this is for rent due for HFCs entered into after May of
1840 2025 or whatever.

1841

1842 **Bobby Wilkinson (1:11:59):**

1843 Now, the pre-enactment HFCs, they don't have the same
1844 affordability requirements.

1845

1846 **Stephanie Naquin (1:12:02):**

1847 No. That's correct, yeah.

1848

1849 **Bobby Wilkinson (1:12:04):**

1850 So would they have that 10 years to adjust to the new
1851 definition?

1852

1853 **Stephanie Naquin (1:12:09):**

1854 That's exactly right. So the pre-ones, unless they hit
1855 certain levers, like a refi or stuff like that, they're
1856 not subject to these other provisions like the
1857 definition of the rent limitation that are applicable to
1858 deals after May of 2025. And all HFCs have to get in
1859 line within 10 years. And so we would see everyone
1860 figuring this out, shaking it out by that 10-year
1861 deadline that's allowed for within statute.

1862

1863

1864

1865 **Bobby Wilkinson (1:12:37):**

1866 But if they're not subject to the enhanced affordability
1867 now, why not just have the one definition? I'm not
1868 following.

1869

1870 **Stephanie Naquin (1:12:45):**

1871 What do you mean they're not subject to the enhanced
1872 affordability?

1873

1874 **Bobby Wilkinson (1:12:48):**

1875 Pre-enactment...

1876

1877 **Stephanie Naquin (1:12:50):**

1878 Oh, well, so pre-enactment still had provisions in
1879 place. They didn't have the same definitions of what
1880 rent limit is and the same definition of rent
1881 limitations. And so those regulatory agreements have
1882 different standards than we would otherwise see.

1883

1884 **Bobby Wilkinson (1:13:05):**

1885 Right, okay.

1886

1887

1888 **Stephanie Naquin (1:13:05):**

1889 And so when we're looking at the annual compliance audit
1890 and we're assessing whether or not they meet those
1891 provisions, those regulatory reference, have different
1892 standards.

1893

1894 **Bobby Wilkinson (1:13:14):**

1895 And their existing affordability...

1896

1897 **Stephanie Naquin (1:13:16):**

1898 Yeah.

1899

1900

1901 **Bobby Wilkinson (1:13:16):**

1902 Wherever it is. Okay.

1903

1904 **Stephanie Naquin (1:13:17):**

1905 Yeah.

1906

1907 **Beau Eccles (1:13:18):**

1908 I think to your point, the audit reports for a pre-
1909 existing HFC don't include one through five, all of
1910 those rent and...

1911

1912 **Stephanie Naquin (1:13:31):**

1913 That's exactly right. They don't, yes.

1914

1915 **Beau Eccles (1:13:33):**

1916 So I think what Mr. Wilkinson is getting at is if you're

1917 not using that rent analysis, then why have a different

1918 definition for it if you've got 10 years or until you

1919 refinance? Why create this separation that also does

1920 not exist in statute to accommodate something that your

1921 pre-existing,

1922

1923 **Leo Vasquez III (1:14:01):**

1924 Some new point, anyway.

1925

1926 **Stephanie Naquin (1:14:03):**

1927 So let me give an example. So pre-statute, the

1928 regulatory agreement could say the definition of the

1929 rent limitation is \$1,500. And the manner in which

1930 folks have been operating is that the amount of tenant

1931 rent that is being charged has to be less than that

1932 \$1,500. And so from a compliance perspective, when an

1933 auditor is doing the work and there's a tenant file

1934 sample requirement that is part of this rule, so we're
1935 looking at tenant eligibility and we're also assessing
1936 whether or not the rent charged to the tenant is less
1937 than the rent limit applicable to that deal. And so if
1938 you're operating pre-HB 21, we would be focusing on, is
1939 the amount of rent being charged to the tenant alone
1940 less than that \$1,500? Now, if we apply this definition
1941 to existing deals during that audit report, if there are
1942 fees, for example, there's a \$15 fee for, let's call it
1943 trash. Adding that \$15 to the already charged \$1,500 of
1944 tenant rent is more than that rent limitation, so those
1945 audit reports will show that that tenant is being
1946 overcharged rent. So while the annual calculation is not
1947 a requirement, there is still a review process that is
1948 inherent in the annual compliance reporting that would
1949 require us to look at these fees and include those in
1950 that information that is reported to the Department.

1951

1952 **Beau Eccles (1:15:35):**

1953 And trash fees in this example are not required of all
1954 tenants as a condition of occupancy?

1955

1956

1957 **Stephanie Naquin (1:15:43):**

1958 They are required of all tenants, and I understand that
1959 going forward, this trash fee needs to be considered in
1960 the rent limit. What we are communicating is, is that
1961 that was not part of what the considerations were for
1962 any HFC deals prior to that. So operationally, HFC
1963 users were not considering those fees in comparison to
1964 that rent limitation. And because of that, and I'll just
1965 say, like, when this came out, it was, okay. This
1966 changed. As an industry, how do we change? What do we
1967 need to do to course correct and figure out compliance
1968 with this?

1969

1970 Which is what sparked immediate discussions with the
1971 Department to help clarify what the intention would be
1972 as far as bifurcating out these types of fees.

1973 And there was guidance provided by the Department, both
1974 publicly in the roundtable and informally, to lots of
1975 folks, that certain fees would not be part of this
1976 category. And so owners were operating in good faith
1977 through this rulemaking process that that is what the
1978 determination would ultimately be. That's changed in
1979 this kind of final step of the rulemaking process.

1980 We're now in March of 2026, which means if these things
1981 had been kind of codified and finalized in 2025, those
1982 HFC users within reporting year 2025, would have had the
1983 opportunity to make the adjustments that are needed, but
1984 here we are, and that's not what happened. And so for
1985 the avoidance of creating noncompliance for HFC users
1986 that were operating in good faith, we really think this
1987 is an important change that needs to be made or reverted
1988 back to as proposed.

1989

1990 **Bobby Wilkinson (1:17:31):**

1991 So even just for this one year, if we did a separate
1992 pre-enactment definition that would, and then that would
1993 give them time to adjust and have to maybe lower those
1994 rents a little bit.

1995

1996 **Stephanie Naquin (1:17:43):**

1997 Right. I think obviously the preference would be that,
1998 which makes sense if we're thinking about what the rent
1999 definition is and how it's used within statute as it's
2000 newly revised.

2001

2002

2003 But in absence of that, yes, we would like to preserve
2004 reporting year 2025 and give HFC users the opportunity
2005 to align with the rule once it becomes in effect.

2006

2007 **Leo Vasquez III (1:18:12):**

2008 I could see giving a waiver for the first year. We
2009 probably need to use a better definition. Trash is
2010 something that everyone has to have. Maybe an example
2011 is more like cable TV discount if you want to, the
2012 complex has a deal with Comcast or whatever, you don't
2013 have to have cable TV.

2014

2015 **Beau Eccles (1:18:34):**

2016 But that would be a voluntary fee, that's the
2017 different...

2018

2019 **Leo Vasquez III (1:18:35):**

2020 That'd be a voluntary, so it's different than a...

2021

2022 **Beau Eccles (1:18:38):**

2023 It sounds like...

2024

2025

2026 **Leo Vasquez III (1:18:39):**

2027 If it's mandatory, or common sense that you have to have
2028 your trash picked up.

2029

2030 **Stephanie Naquin (1:18:46):**

2031 Right. Those are the, everywhere I live I have to pay
2032 electricity. Everywhere I live I have to pay utilities.
2033 And so the interpretation under which we were operating
2034 was like these fees that would be, so to your example,
2035 like I got to pay to use the pool. That's a condition
2036 of occupancy. That's not appropriate. We see lots of
2037 amenity fees, community fees. We agree those fit within
2038 the definition of fees for a condition of occupancy.

2039

2040 **Leo Vasquez III (1:19:16):**

2041 Mr. Marchant, you have a comment.

2042

2043 **Kenny Marchant (1:19:19):**

2044 In helping my sister in the last month find an apartment
2045 and walking through the 11 addendums that we had to
2046 review, we found that the rent quoted, when you added
2047 these fees, like walking in the door fee, walking out of
2048 the door fee, putting your trash in the trash bin, those

2049 were all, I just said to her, why didn't you just tell
2050 me what the rent was going to be? Because it's very
2051 distorting. So I'm not against the one-year moratorium,
2052 but I am very much for us not allowing these, what
2053 anybody would consider to be, if the leasing agent shows
2054 you the pool and then when you're signing the lease she
2055 says, but you can't use the pool unless you pay \$72 a
2056 month, and all of those kind of things. I don't know if
2057 that's what they were trying to get at.

2058

2059 **Stephanie Naquin (1:20:24):**

2060 No. Yeah. I 1,000 percent agree. Those sorts of fees
2061 we need to be recognizing in rent. And those are kind
2062 of in excess than what we would normally commonly expect
2063 to be charged when we live at a community.

2064

2065 **Kenny Marchant (1:20:38):**

2066 But the satellite, we clearly understood she's getting
2067 satellite, she's getting this service she, so she was
2068 able to decline many of them. And I'm just saying, I'm
2069 forgiving you a year, but I would like this buttoned
2070 down.

2071

2072 **Stephanie Naquin (1:21:00):**

2073 Yeah. And I want to just say we have no interest in
2074 price gouging low-income households or adding fees that
2075 are unnecessary. That's not the kind of what I'm
2076 speaking to here. It's really just more of a better
2077 understanding of how this needs to be applied for the
2078 purposes of the annual compliance report given kind of
2079 where we are. So I just want to be clear, I'm not
2080 asking for a carte blanche no fee thing. I'm just
2081 trying to bifurcate out what the reasonableness is for
2082 the application of it.

2083

2084 **Bobby Wilkinson (1:21:28):**

2085 Okay. So if we want to do that, it would be for
2086 reporting year 2025 for pre-enactment HFC developments
2087 only, fees may be included in rent.

2088

2089 **Stephanie Naquin (1:21:40):**

2090 Yes.

2091

2092 **Bobby Wilkinson (1:21:41):**

2093 One year, right?

2094

2095 **Stephanie Naquin (1:21:41):**

2096 Yes. And that gives the current HFC users an
2097 opportunity to look at their policies, change it up,
2098 change things from mandatory to optional if need be, and
2099 really figure out how to fit in within the definition as
2100 it is written.

2101

2102 **Bobby Wilkinson (1:21:57):**

2103 Okay.

2104

2105 **Leo Vasquez III (1:22:00):**

2106 Okay. Thank you, Stephanie.

2107

2108 **Stephanie Naquin (1:22:03):**

2109 Of course. Did you guys have any other further
2110 questions about the extension thing that Darren spoke
2111 to? I just want to make sure...

2112

2113 **Leo Vasquez III (1:22:12):**

2114 Again, we appreciate y'all's input on that.

2115

2116

2117

2118 **Stephanie Naquin (1:22:15):**

2119 Yeah. We have no problem with the limitation. It's

2120 just...

2121

2122 **Leo Vasquez III (1:22:18):**

2123 Again, I think for valid good reason for needing even an

2124 additional extension over 60 days, I think you've seen

2125 where the Department and this board has been

2126 historically more than reasonable, at least in the last

2127 seven, eight years on the,

2128

2129 **Stephanie Naquin (1:22:41):**

2130 Right. Well, what we don't want to have to do is come

2131 to you if it's over 60 days.

2132

2133 **Leo Vasquez III (1:22:45):**

2134 Well, get it done. Get it done.

2135

2136 **Stephanie Naquin (1:22:47):**

2137 Right. Yes, of course. It is our goal to get it done.

2138 We all want to get it done on 6/1. But the complexity

2139 of this particular statute does require the HFC user and

2140 the auditor to rely on other parties of which they don't

2141 have control. And in some respect, it is just
2142 necessary. And I do want to make sure we're on the same
2143 page that an HFC user has to show the Department good
2144 cause, and the Department has to determine whether or
2145 not they agree with that timeframe and if that is good
2146 cause. So it's not we get just an extension because we
2147 asked for it. There is a component of discretion that
2148 is built in there. If this board is looking at that 60-
2149 day window as opposed to the 120 days that was
2150 originally proposed, I think we would be okay with that
2151 so long as there is a provision in the rule that allows
2152 the Department discretion on a case-by-case basis to
2153 consider longer extensions. So it could be an initial
2154 60-day extension, and it could be extended based on
2155 discretion, which is actually very much in line with how
2156 the Department operates with their other affordable
2157 housing programs and how their extension process works.

2158

2159 **Leo Vasquez III (1:23:58):**

2160 I assure you what you just described is the way the
2161 process will work.

2162

2163

2164 **Stephanie Naquin (1:24:04):**

2165 Okay. We heard it here, guys. All right.

2166

2167 **Leo Vasquez III (1:24:06):**

2168 Yes. For the record, everyone here, okay. Yes. The

2169 Department will have discretion. There's all the

2170 time...

2171

2172 **Stephanie Naquin (1:24:14):**

2173 Yeah, cool. When can I...

2174

2175 **Leo Vasquez III (1:24:15):**

2176 Unless there's something absolute in statute that says

2177 thou shalt not.

2178

2179 **Stephanie Naquin (1:24:17):**

2180 Right. Well, I think the rule, let's just double-check

2181 that the rule doesn't say limited to 60 days, because I

2182 think that might be a roadblock for the Department to

2183 have that discretion.

2184

2185

2186

2187 **Beau Eccles (1:24:27):**

2188 I think it's at the tail end of the sentence that begins
2189 the request for an extension must include an explanation
2190 of the reason and the requested submission date not to
2191 exceed 60 days from the June 1st reporting deadline.

2192

2193 **Stephanie Naquin (1:24:41):**

2194 Right.

2195

2196 **Beau Eccles (1:24:42):**

2197 So this makes it so that when you're making your
2198 request, you're not automatically going to 120 days.
2199 You're going to 60 days max.

2200

2201 **Stephanie Naquin (1:24:51):**

2202 Right. But does the way it's written, if it says not to
2203 exceed 60 days, allow the Department the discretion, if
2204 that at the end of the 60 days there's still trouble,
2205 that the Department has the discretion to extend it
2206 longer?

2207

2208

2209

2210 **Leo Vasquez III (1:25:05):**

2211 It doesn't say we cannot.

2212

2213 **Stephanie Naquin (1:25:07):**

2214 Okay. All right.

2215

2216 **Leo Vasquez III (1:25:11):**

2217 Again, we appreciate y'all's perspective, but get it

2218 done by June 1st.

2219

2220 **Stephanie Naquin (1:25:16):**

2221 Oh, believe me, I'm not trying to not get it done by

2222 June 1st.

2223

2224 **Leo Vasquez III (1:25:19):**

2225 Okay. All right.

2226

2227 **Stephanie Naquin (1:25:19):**

2228 But just the reality is such. Thank you guys so much.

2229 I appreciate, y'all.

2230

2231

2232

2233 **Leo Vasquez III (1:25:22):**

2234 Okay. No, thanks for y'all's input. Are there any
2235 other questions for Ms. Quackenbush, or? If not, I
2236 think we have some consensus that we can work in, as
2237 Bobby described, for the pre-existing, pre-enactment,
2238 basically waive their rent formula calculation for this
2239 first report.

2240

2241 **Beau Eccles (1:25:56):**

2242 Not to waive it, but to allow...

2243

2244 **Bobby Wilkinson (1:25:59):**

2245 Allow fees.

2246

2247 **Beau Eccles (1:25:59):**

2248 For certain other charges that may have been in the new
2249 rule.

2250

2251

2252 **Leo Vasquez III (1:26:03):**

2253 That those fit the new clear definition, okay.

2254

2255

2256 **Stephanie Naquin (1:26:07):**

2257 Yes. Not a problem.

2258

2259 **Leo Vasquez III (1:26:10):**

2260 Okay. Would anyone care to make a motion to that

2261 effect? Can you word that, Holland?

2262

2263 **Holland Harper (1:26:24):**

2264 Just looked at me and you saw this.

2265

2266 **Leo Vasquez III (1:26:26):**

2267 Yes. To say it. You got that voice.

2268

2269 **Holland Harper (1:26:31):**

2270 This is 23 and we need to make the adjustment on what?

2271

2272 **Beau Eccles (1:26:36):**

2273 It's 22.

2274

2275 **Leo Vasquez III (1:26:37):**

2276 It's still 22, yep.

2277

2278

2279 **Beau Eccles (1:26:40):**

2280 Essentially incorporating those matters as described by
2281 the Board to be revised.

2282

2283 **Holland Harper (1:26:52):**

2284 Okay. I'm going to give it my best shot here. I move
2285 the Board adopt the proposed 10 TAC Sections 10.1201
2286 through 10.1207 to implement the requirements of HB 21
2287 in the 89th regular legislative session, subject to a
2288 provision of leaving rent in accordance with the 2025
2289 QAP, all as described and authorized in the board action
2290 and request and associated documents to this item.

2291

2292 **Beau Eccles (1:27:32):**

2293 Before a second, if I could just clarify, it's not the
2294 QAP.

2295

2296 **Holland Harper (1:27:38):**

2297 Okay. Help me out there. It's the actually the 10
2298 TAC...

2299 **Beau Eccles (1:27:42):**

2300 Subject to the rent clarification as clarified by Mr.
2301 Wilkinson and the Chair...

2302

2303 **Holland Harper (1:27:51):**

2304 What section is that?

2305

2306 **Leo Vasquez III (1:27:51):**

2307 In today's meeting. No. Well, I think you are saying

2308 as discussed in today's meeting.

2309

2310 **Holland Harper (1:28:01):**

2311 Do we have a section for that specifically?

2312

2313 **Stephanie Naquin (1:28:05):**

2314 Exactly or in the rule.

2315

2316 **Holland Harper (1:28:07):**

2317 In the rule.

2318

2319 **Leo Vasquez III (1:28:08):**

2320 What's that rule that you have highlighted there again?

2321

2322 **Holland Harper (1:28:12):**

2323 Can you give it to me please?

2324

2325 **Stephanie Naquin (1:28:13):**

2326 10.1202.16.

2327

2328 **Holland Harper (1:28:18):**

2329 10.1202.16.

2330

2331 **Stephanie Naquin (1:28:21):**

2332 Yeah. Yes, sir.

2333

2334 **Holland Harper (1:28:25):**

2335 All right. Let me do this. Y'all ready? I move the...

2336

2337 **Beau Eccles (1:28:29):**

2338 Previous motion withdrawn.

2339

2340 **Holland Harper (1:28:30):**

2341 Please. Thank you. I'm going to remove the previous

2342 one. I move the Board adopt the proposed new 10 TAC

2343 Sections 10.1201 through 10.1207 to implement the

2344 requirements of HB 21 in the 89th regular legislative

2345 session, except for 10 TAC rule 10.1202.16, leaving that

2346 as rent defined in the 2025,

2347

2348 all as described and authorized in the board action
2349 request and associated documents on this item.

2350

2351 **Anna Maria Farias (1:29:06):**

2352 Second.

2353

2354 **Leo Vasquez III (1:29:08):**

2355 Good?

2356

2357 **Beau Eccles (1:29:08):**

2358 Let's go with that. I think the instructions are to
2359 carry forward with the revision to that dealing with
2360 pre-existing HFCs for one year under the rule as
2361 published.

2362

2363 **Wendy Quackenbush (1:29:24):**

2364 No problem.

2365

2366 **Leo Vasquez III (1:29:25):**

2367 I think the record will reflect that properly. Motion
2368 made by Mr. Harper. Seconded by Ms. Farias. But Mr.
2369 Lyttle, do you have...

2370

2371 **Michael Lyttle (1:29:34):**

2372 Michael Lyttle, TDHCA staff. Excuse me, sir, does that
2373 reflect the changes that Wendy mentioned about the, as
2374 addressing Chairman Gates' concerns? Because that's not
2375 included in the, that was not included in the motion.

2376

2377 **Beau Eccles (1:29:49):**

2378 That's an excellent clarification. Wendy did make some
2379 clarifications about revisions at the head of her
2380 presentation. So does your motion, Mr. Harper, include
2381 those revisions?

2382

2383 **Holland Harper (1:30:02):**

2384 I'm going to amend it to include the revisions from Mrs.
2385 Quackenbush.

2386

2387 **Leo Vasquez III (1:30:07):**

2388 Okay.

2389

2390 **Anna Maria Farias (1:30:10):**

2391 And I second the amendment.

2392

2393

2394 **Cindy Conroy (1:30:12):**

2395 You're not going to repeat it.

2396

2397 **Leo Vasquez III (1:30:13):**

2398 Okay. Motion made by Mr. Harper. Seconded by Ms.

2399 Farias. All those in favor say aye.

2400

2401 **All Board Members (1:30:19):**

2402 Aye.

2403

2404 **Leo Vasquez III (1:30:20):**

2405 Any opposed? Hearing none, motion carries. Thanks

2406 everyone for their input.

2407

2408 **Beau Eccles (1:30:27):**

2409 Thank you, Michael.

2410

2411 **Leo Vasquez III (1:30:28):**

2412 Yes. Good job, Michael. Thank you to the Legislature

2413 for giving this to us. Okay. Item 23. Presentation,

2414 discussion, and possible action on an order adopting

2415 action on five sections of the Department's rules in 10

2416 TAC to be amended to implement changes necessary to

2417 bring them into consistency with Section 1.410,
2418 determination of alien status for program beneficiaries,
2419 and directing their publication for public comment in
2420 Texas Register, as related to Sections 6.204, Section
2421 7.28, Section 7.44, Section 20.4, and Section 20.6. Is
2422 that good? Ms. Boston.

2423

2424 **Brooke Boston (1:31:27):**

2425 Thank you. Chairman Vasquez, board members. I won't
2426 repeat the agenda item. So as you recall, I've
2427 discussed with you over several meetings a federal law
2428 called the, we call PRWORA, which stands for the
2429 Personal Responsibility and Work Opportunity
2430 Reconciliation Act of 1996. That law provides that an
2431 alien who is not a qualified alien is not eligible for
2432 federal public benefits.

2433

2434 And so over a course of several months, we've been
2435 enacting this in different department rules. So the
2436 Board had recently adopted changes to 10 TAC 1.410
2437 relating to determination of alien status for program
2438 beneficiaries, which related to the legal status
2439 requirements for persons receiving assistance from the

2440 Department, specifically in our community affairs
2441 programs, our homelessness, and single-family programs.
2442 That rule provides for the requirement to perform a
2443 review for alien status for program participants, but it
2444 did not specify how each program will calculate benefits
2445 based on those determinations because each program is
2446 different enough in its eligible activities that such
2447 applicability needed to be tailored to those specific
2448 programs. That rule went into effect March 2nd.
2449 These five rules actions we're talking about today are
2450 applying that rule to these five distinct programs. The
2451 rule actions were released for public comment, and we
2452 did receive comment from six commenters.
2453
2454 The primary themes of the comment were, first, requests
2455 that we withdraw the rule entirely until further
2456 guidance is released from HUD and Department of Homeland
2457 Security; second, on the harmful negative impact that is
2458 expected to occur by implementing PRWORA; and third, on
2459 the concern that applying this to survivors of domestic
2460 violence will have a very harsh effect.
2461
2462

2463 In response to the comment about survivors of domestic
2464 violence, more specifically families that are protected
2465 under two federal laws, VAWA, the Violence Against Women
2466 Act, and the FVPSA, which is the Family Violence
2467 Prevention and Services Act. In response to that, we
2468 have amended the rules to indicate that those
2469 populations will be excepted from the application of the
2470 PRWORA rule.

2471

2472 And part of that reason why is it's unclear because both
2473 of those are federal protections on those households,
2474 and it's somewhat challenging to try and navigate
2475 exactly how they can harmonize nicely. We also received
2476 comment that an appeals process had not been provided
2477 for, so when a household or individual would be declined
2478 services because of their legal status, there had not
2479 been a clear specification in our rule that they needed
2480 to have an appeal process at our subrecipient level.

2481 So we did go ahead and add that as well. Staff
2482 recommends adoption of the rule, and I'm happy to answer
2483 any questions.

2484

2485

2486 **Leo Vasquez III (1:34:25) :**

2487 Great. Thanks, Brooke. So obviously there's been
2488 extensive discussion and thought and outreach to the
2489 industry and feedback.

2490

2491 **Brooke Boston (1:34:38) :**

2492 Yes.

2493

2494 **Leo Vasquez III (1:34:39) :**

2495 Okay. Mr. Marchant.

2496

2497 **Kenny Marchant (1:34:40) :**

2498 Great. When you look at the law, it says the word
2499 "alien." It doesn't say illegal alien. Can you give me
2500 some definition around the word "alien"?

2501

2502 **Brooke Boston (1:34:55) :**

2503 It's unqualified, and I would probably want to defer to
2504 Beau or Megan to get into the specifics of how that...

2505

2506

2507

2508

2509 **Bobby Wilkinson (1:35:04):**

2510 Because there is a sliver of folks that could be here
2511 legally, but still not be qualified for some of our
2512 services, right?

2513

2514 **Brooke Boston (1:35:13):**

2515 Correct. It's not as simple as just saying, oh, they
2516 have a real ID, or they have...

2517

2518 **Kenny Marchant (1:35:17):**

2519 A green card, or...

2520

2521 **Brooke Boston (1:35:19):**

2522 Right. There's a little more to it than that.

2523

2524 **Kenny Marchant (1:35:20):**

2525 Okay.

2526

2527 **Brooke Boston (1:35:21):**

2528 I don't know if...

2529

2530

2531

2532 **Bobby Wilkinson (1:35:22):**

2533 We can get deep in the weeds. If you want to invite

2534 Megan...

2535

2536 **Kenny Marchant (1:35:27):**

2537 Well, we can't change the definition. I'm just asking

2538 for some definition. I'm not trying to change the...

2539

2540 **Beau Eccles (1:35:32):**

2541 Careful what you ask for. I'll ask Megan to come up.

2542

2543 **Bobby Wilkinson (1:35:34):**

2544 Yeah.

2545

2546 **Kenny Marchant (1:35:36):**

2547 No.

2548

2549 **Beau Eccles (1:35:37):**

2550 She knows.

2551

2552 **Kenny Marchant (1:35:38):**

2553 And if there's, I don't see anybody on the front row.

2554

2555 **Brooke Boston (1:35:43):**

2556 Nope.

2557

2558 **Kenny Marchant (1:35:43):**

2559 Is somebody coming to the front row against this? I'll

2560 leave it alone then.

2561

2562 **Leo Vasquez III (1:35:50):**

2563 Okay. Any other questions? Anyone care to make a

2564 motion on this item?

2565

2566 **Kenny Marchant (1:35:59):**

2567 I will move the Board grant...

2568

2569 **Leo Vasquez III (1:36:01):**

2570 I'll entertain the motion. Mr. Marchant.

2571

2572 **Kenny Marchant (1:36:03):**

2573 I move the Board adopt the proposed amendments to 10 TAC

2574 Section 6.204, 7.28, 7.44, 20.4, and 20.6 relating to

2575 the implementation of 10 TAC Section 14.10,

2576 determination of alien status for program beneficiaries,

2577

2578 all as described, conditioned, and authorized in the
2579 board action request and associated documents on this
2580 item.

2581

2582 **Anna Maria Farias (1:36:40):**

2583 Second.

2584

2585 **Leo Vasquez III (1:36:41):**

2586 Motion made by Mr. Marchant. Seconded by Ms. Farias.

2587 All those in favor say aye.

2588

2589 **All Board Members (1:36:46):**

2590 Aye.

2591

2592 **Leo Vasquez III (1:36:47):**

2593 Any opposed? Hearing none, motion carries. Thanks,

2594 Brooke. Item 24. Presentation, discussion, and possible

2595 action on a staff-initiated waiver of specific

2596 provisions of 10 TAC Section 11.9(e)(6)(B) for

2597 applicants in the 2026 9 percent housing tax credit

2598 round. Mr. Campbell.

2599

2600

2601 **Cody Campbell (1:37:15) :**

2602 Good morning. Thank you, Mr. Vasquez. My name is Cody
2603 Campbell. I'm the director of Multifamily Programs for
2604 the Department. This item concerns a staff-initiated
2605 waiver for 2026 tax credit applicants. Under the QAP,
2606 there are points available to applications that contain
2607 a certified historic structure, and the QAP lays out
2608 timelines by which applicants must request required
2609 documentation from the Texas Historical Commission.
2610 In order to qualify for those points, the application
2611 must include documentation from the Texas Historical
2612 Commission, or THC, evidencing that either a preliminary
2613 determination has been made that the buildings are
2614 certified historic structures or that they have already
2615 been certified. Applicants must submit that request to
2616 THC by February 1st, which gives THC 30 days to produce
2617 that documentation.

2618

2619 We have several applicants in this round, well, we had.
2620 We started with two and I believe we're down to one at
2621 this point, that did request that documentation from THC
2622 by the February 1st deadline. In fact, the one that I
2623 believe is still in the running requested it on January

2624 23rd, if I remember correctly. Because of delays at
2625 THC, the necessary documentation has not been supplied
2626 and was not included in the application. Staff is
2627 requesting that the Board waive that requirement that
2628 that documentation from THC be included in that
2629 application, contingent upon three things. First, that
2630 the applicant in question did timely request the
2631 documentation from THC. Two, that the application does
2632 actually qualify for these points. And three, that the
2633 documentation be submitted to us by April 1st. This is
2634 the second year that staff has brought this waiver to
2635 the Board, so it is likely that we will recommend
2636 changes to the 2027 QAP to address this. But because
2637 the applicant in question does appear to have been
2638 operating in good faith and submitted timely for the
2639 documentation, staff recommends that the Board approve
2640 this waiver. And I'm happy to answer any questions that
2641 you have.

2642

2643 **Leo Vasquez III (1:39:12):**

2644 Okay. Thanks. So again, this is only applying to
2645 groups who did apply to the Historical Commission in
2646 advance of their 30-day time limit?

2647

2648 **Cody Campbell (1:39:23):**

2649 Yes, sir, by February 1st.

2650

2651 **Leo Vasquez III (1:39:24):**

2652 Or their deadline.

2653

2654 **Cody Campbell (1:39:25):**

2655 Yes, sir.

2656

2657 **Bobby Wilkinson (1:39:26):**

2658 Yeah. Apparently we already had that as a requirement

2659 that they had to...

2660

2661 **Cody Campbell (1:39:29):**

2662 The February 1st.

2663

2664 **Bobby Wilkinson (1:39:30):**

2665 Right.

2666 **Cody Campbell (1:39:31):**

2667 Yes.

2668

2669

2670 **Bobby Wilkinson (1:39:31):**

2671 They're already in the rule.

2672

2673 **Cody Campbell (1:39:32):**

2674 Yes, sir.

2675

2676 **Bobby Wilkinson (1:39:32):**

2677 Yeah. I just did that when we talked earlier.

2678

2679 **Leo Vasquez III (1:39:33):**

2680 Okay. So we'll definitely, okay. Do any board members

2681 have questions for Mr. Campbell? And again, staff's

2682 recommendation is to grant this, it's a waiver.

2683

2684 **Cody Campbell (1:39:51):**

2685 Yes, sir. It's a staff-initiated waiver.

2686

2687 **Leo Vasquez III (1:39:52):**

2688 Okay. Staff-initiated waiver. Is there anyone who

2689 wants to speak against staff's recommendation? Okay.

2690 All right. Then let's come on up, say hello, introduce

2691 yourselves, and sign in.

2692

2693 **Cassidy Smith (1:40:04):**

2694 Thank you. Good morning, chair and members of the
2695 Board. My name is Cassidy Smith. I'm a project manager
2696 with Prospera Housing Community Services. Thank you for
2697 the opportunity to provide comment today. I'd like to
2698 respectfully request our opposition to the proposed
2699 waiver related to the historic preservation
2700 documentation requirement for the 2026 9 percent housing
2701 tax credit round. The current deadline for the
2702 submission of documentation to the Texas Historical
2703 Commission was clearly established in the qualified
2704 allocation plan as being prior to February 1st, and
2705 applicants seeking historic points are required to
2706 structure their full application submissions around that
2707 requirement.

2708

2709 Granting a waiver after that February 1st deadline
2710 effectively provides an advantage to applicants who were
2711 unable to secure historic designation or preliminary
2712 eligibility in time. In some cases, applicants for these
2713 developments are seeking historic status specifically to
2714 qualify for points in the tax credit program, and
2715 extending this deadline changes the competitive

2716 landscape after full applications have already been
2717 prepared and submitted. LIHTC projects with historic
2718 structures already receive the advantage of two
2719 additional points under the QAP, provided that they can
2720 prove their structure is historic. Were it already so,
2721 applicants would have been able to secure evidence of
2722 the designation some time ago, months ago perhaps.
2723 As with any other required documentation for a full 9
2724 percent application submission, this evidence should be
2725 prepared and submitted in accordance with the
2726 established full application delivery date of February
2727 27th. For these reasons, we respectfully urge the Board
2728 not to approve the proposed waiver. Kept it brief,
2729 sorry. Thank you for your time and consideration.
2730 Thank you.

2731

2732 **Leo Vasquez III (1:41:38):**

2733 Okay.

2734

2735 **Bobby Wilkinson (1:41:39):**

2736 So to be clear, we're not waiving the February 1st
2737 deadline for them to apply to the Historical Commission,
2738 only the Historical Commission's response. So it's not

2739 the applicant, it's our fellow agency that they've got
2740 to look at windows and spittoons. Didn't you have to
2741 put a spittoon in a...

2742

2743 **Kenny Marchant (1:42:02):**

2744 No spittoons.

2745

2746 **Holland Harper (1:42:04):**

2747 I'm well-versed in this business.

2748

2749 **Leo Vasquez III (1:42:08):**

2750 So just for you to understand, we're not doing anything
2751 different than what you're asking. We're making sure as
2752 long as these applicants have requested, put their
2753 request into the Historical Commission before February
2754 1st, it's not their fault that the Historical Commission
2755 isn't standing by their 30-day window that they...

2756

2757 **Cassidy Smith (1:42:38):**

2758 Yeah. I think the concern is more about changing that
2759 after the full applications are due and submitted.

2760

2761

2762 **Leo Vasquez III (1:42:45):**

2763 We didn't change anything.

2764

2765 **Cassidy Smith (1:42:48):**

2766 Or extending, I guess, offering that extension to...

2767

2768 **Bobby Wilkinson (1:42:51):**

2769 She doesn't want us to offer this grace. Do you have a

2770 deal in line below one of these deals?

2771

2772 **Cassidy Smith (1:42:56):**

2773 I do, yes.

2774

2775 **Leo Vasquez III (1:42:56):**

2776 Yeah.

2777

2778 **Cassidy Smith (1:42:59):**

2779 To be frank. To be honest, yes.

2780

2781 **Leo Vasquez III (1:43:02):**

2782 Yeah. We have not changed anything other than allowing

2783 as long as they applied in time to the Historical

2784 Commission, we're waiting for the Historical Commission

2785 to respond, and this is out of the hands of an
2786 applicant.

2787

2788 **Kenny Marchant (1:43:21):**

2789 And they're doing a lot of historical things over there.

2790

2791 **Leo Vasquez III (1:43:26):**

2792 Yeah. They use abaci to do their...

2793

2794 **Beau Eccles (1:43:30):**

2795 For clarity, there's one other bullet point in the bar

2796 that says that they do have to get a determination of

2797 preliminary eligibility no later than April 1st. So if

2798 it drags into the round so far that it gets past April

2799 1st, it's done there too.

2800

2801 **Leo Vasquez III (1:43:51):**

2802 So they need to be nagging the heck out of the

2803 Historical Commission get a response.

2804

2805 **Cassidy Smith (1:43:57):**

2806 Thank you.

2807

2808 **Leo Vasquez III (1:43:57):**

2809 Okay. Thank you for your comment. Do you have any...

2810

2811 **Darren Smith (1:44:06):**

2812 Darren Smith with Pivotal Housing Partners and Auxano

2813 Development. Yeah. Just with anything else, the

2814 application has deadlines. And so I have to prepare and

2815 I have to pre-plan third-party reports and everything

2816 else that happens. So I get it, we're waiting on, I

2817 didn't want to repeat everything she said just for you.

2818 But you have to prepare, and so I don't get the

2819 advantage because my feasibility study wasn't done. It

2820 has to go in with the application. So that's really my

2821 comment.

2822

2823 **Leo Vasquez III (1:44:40):**

2824 Okay. Thank you.

2825

2826 **Lora Myrick (1:44:56):**

2827 Good morning still. My name is Lora Myrick and I am

2828 with Betco Consulting, and I am in favor of staff's

2829 recommendation. I do not have a historic deal and

2830 people would say that I don't have a dog in this hunt,

2831 but actually we do if we're all at some point going to
2832 submit an application that is historic. I can tell you
2833 we did last year, and I can tell you that we got our
2834 historic letter just with an hour to go on app
2835 submission, and that was the most nerve-wracking day.
2836 So when we do follow the rules and we do get our
2837 applications and we do get our information into a third
2838 party, and we have to have that done and they don't,
2839 it's not really the fault of the applicant. So I am very
2840 grateful that TDHCA is looking at this and understanding
2841 that there are some things that are beyond the control
2842 of the developer. So I do have a deal in a few rounds
2843 in some of these regions where I would benefit if they
2844 didn't get it, but that's not the right thing to do. So
2845 I think this is the right thing to do. Thank you.

2846

2847 **Leo Vasquez III (1:46:05):**

2848 Great. Thanks, Lora. Again, as long as everyone's
2849 applied before the deadline that they're talking about.

2850 I think this is akin to sort of the USDA, right? We
2851 have to wait forever for them to get back on stuff.

2852

2853

2854 **Bobby Wilkinson (1:46:22):**

2855 Right. we're well-oiled machine, but other parts of the
2856 government, state and federal...

2857

2858 **Leo Vasquez III (1:46:27):**

2859 Exactly

2860

2861 **Beau Eccles (1:46:28):**

2862 Can't all be us.

2863

2864 **Bobby Wilkinson (1:46:29):**

2865 Right. Yep.

2866

2867 **Leo Vasquez III (1:46:32):**

2868 Okay. Are there any other comments or questions on this
2869 item? If not, I will entertain a motion on item 24 of
2870 the agenda.

2871

2872 **Holland Harper (1:46:43):**

2873 I move the Board grant the staff-initiated waiver of 10
2874 TAC Section 11.9(e)(6)(B) for the 2026 competitive
2875 housing credit round, all as described, conditioned, and
2876 authorized in the board action request on this item.

2877

2878 **Ajay Thomas (1:46:56) :**

2879 Second.

2880

2881 **Cindy Conroy (1:46:56) :**

2882 Second.

2883

2884 **Leo Vasquez III (1:46:58) :**

2885 Motion made by Mr. Harper. We'll give the second to Mr.

2886 Thomas. All those in favor say aye.

2887

2888 **All Board Members (1:47:05) :**

2889 Aye.

2890

2891 **Leo Vasquez III (1:47:06) :**

2892 Any opposed? Hearing none, motion carries. Now the

2893 Board has addressed the posted agenda items.

2894 Now is the time of the meeting when members of the

2895 public can raise issues with the Board on matters of

2896 relevance to the Department's business or make requests

2897 that the Board place specific items on future agendas

2898 for consideration. Is there anyone who would care to

2899 make public comment at this time? Ms. Brown.

2900

2901 **Joy Horak-Brown (1:47:30) :**

2902 Yes, indeed. There is a member of the public who would
2903 like to address you today. I'm Joy Horak-Brown, New
2904 Hope Housing's President and CEO in Houston, Texas. And
2905 as I have sat in these meetings for some 30 years now, I
2906 have heard so many people approach this microphone to
2907 cajole and complain, and I probably have done that as
2908 well. But today I come gratefully and with
2909 congratulations to you and to the staff for what you
2910 have helped us do at New Hope Housing. When I first met
2911 you, it was about 2003, and we had fewer than 200
2912 apartment homes. Today we have 15 communities, 14 of
2913 them funded by this department, with more than 2,000
2914 apartment homes.

2915

2916 And tonight when I go to sleep, I can do that feeling
2917 confident and really satisfied in the work we've done
2918 together because as many as 4,000 souls will be able to
2919 sleep peacefully in our buildings tonight and awaken in
2920 the morning with the services that they need to help
2921 advance their lives. So in the last 12 months alone, we
2922 have increased our portfolio by 34 percent. And so it's

2923 34 percent in 30 years, it just seems to me to be the
2924 optimum time for me to begin to step away from this
2925 role, which is what I'm doing this year. And I'll still
2926 be around in a diminishing way until the end of the
2927 year, but I didn't want to slide away without saying
2928 thank you to you and to assure you that I am committed
2929 to a smooth transition and to supporting new leadership
2930 that will be here again and again.

2931

2932 I'm afraid, cajoling and complaining, but I hope to a
2933 great extent will also be congratulating you and the
2934 staff on the extraordinary work you do for the people of
2935 Texas. Thank you.

2936

2937 **Leo Vasquez III (1:50:11):**

2938 Joy, it's been a joy working with you, and the work that
2939 you've done at New Hope Housing has just been
2940 extraordinary.

2941

2942 **Joy Horak-Brown (1:50:19):**

2943 Thank you.

2944

2945

2946 **Leo Vasquez III (1:50:20):**

2947 So we look forward to the organization that you've
2948 helped build continuing to grow in the future and...

2949

2950 **Joy Horak-Brown (1:50:27):**

2951 Thank you.

2952

2953 **Leo Vasquez III (1:50:28):**

2954 Working with the Department in many ways.

2955

2956 **Joy Horak-Brown (1:50:32):**

2957 Well, I can assure you I'm not going to be looking for
2958 another full-time job, but I may well be looking for a
2959 mission. So you may hear from me in other ways, in
2960 other times, always remembering, please, my gratitude.

2961 Thank you.

2962

2963 **Leo Vasquez III (1:50:48):**

2964 Thank you, Joy.

2965

2966 **Anna Maria Farias (1:50:49):**

2967 Mr. Chairman.

2968

2969 **Leo Vasquez III (1:50:50):**

2970 Ms. Farias.

2971

2972 **Anna Maria Farias (1:50:50):**

2973 May I make a comment to Ms. Joy?

2974

2975 **Joy Horak-Brown (1:50:52):**

2976 Yes.

2977

2978 **Anna Maria Farias (1:50:53):**

2979 I want to congratulate you. The only social media that

2980 I belong to is LinkedIn, and I have not updated that

2981 since I left HUD 5 years ago, and I don't intend to.

2982 But it is always a pleasure as I'm scrolling about

2983 people that I've known in the past and where they are.

2984 At least once a month, I come across your picture in

2985 grand openings, and people congratulating you about what

2986 you've done.

2987

2988 And I know that a lot of us go to shovel readies and I

2989 go, yeah, I like shovels, but I prefer scissors when

2990 they have the grand openings, because that's when we

2991 know how the monies are spent well. And you have always,

2992 you make promises, you never overpromised and then
2993 underperformed. You always make promises and
2994 overperformed. And when I read stuff on LinkedIn, it's
2995 not from your competitors or your equals, but a lot of
2996 people that you actually helped, and that's the big
2997 difference.

2998

2999 **Joy Horak-Brown (1:52:05):**

3000 Thank you so much.

3001

3002 **Anna Maria Farias (1:52:05):**

3003 And I trust that you have actually trained at least a
3004 dozen people to follow in your big footsteps. And I
3005 know that you're not going to be going away. You just
3006 can't. You don't go from going 100 miles an hour to all
3007 of a sudden going 5 miles. It never works that way.
3008 But once again, congratulations for all the wonderful
3009 work that you've done, not just in Houston.

3010

3011 I'm sure a lot of people from all over the State of
3012 Texas and other states always called you for your
3013 expertise. And how do you convince all these people
3014 that just stare at you and don't always want to do what

3015 you know needs to be done? But again, enjoy some of
3016 your retirement a little bit and then you're going to
3017 bored.

3018

3019 **Joy Horak-Brown (1:52:50):**

3020 Thank you. Thank you so much. Thank you.

3021

3022 **Leo Vasquez III (1:52:54):**

3023 Great. Thank you. So any other public comment? Did
3024 Mr. Marchant...

3025

3026 **Kenny Marchant (1:53:00):**

3027 Yeah. I've got a question. On the news, it's been
3028 stated that there's going to be a housing bill that's
3029 possibly going to be passed in the next few days or
3030 weeks. Can we get a briefing at some point from the
3031 staff about how that housing bill as written might or
3032 might not affect us?

3033

3034 **Bobby Wilkinson (1:53:29):**

3035 Yeah. We can email you an analysis and then we can talk
3036 about it next board meeting as well.

3037

3038 **Kenny Marchant (1:53:31):**

3039 Yeah. That's what I mean.

3040

3041 **Bobby Wilkinson (1:53:33):**

3042 Yeah.

3043

3044 **Kenny Marchant (1:53:34):**

3045 Yeah. I'm not sure. I don't want to read it, but I

3046 would like to know if it hurts us or helps us.

3047

3048 **Bobby Wilkinson (1:53:42):**

3049 Sure, we'll do.

3050

3051 **Kenny Marchant (1:53:43):**

3052 Thanks.

3053

3054 **Leo Vasquez III (1:53:46):**

3055 Great. So the next scheduled board meeting of the TDHCA

3056 board is at 10 a.m. on back to Thursday, April 9th, and

3057 right here in the same Greer State Highway building.

3058 With that, it's 11:59. We are adjourned.

3059 * * * * *

3060