



# **TDHCA Governing Board Meeting Transcript\* from March 6, 2025**

***10:00 a.m. Central Time***

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

***125 E. 11<sup>th</sup> Street, Austin, TX 78701***

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1 **Leo Vasquez III (0:00:02):**

2 Good morning. I'd like to call the order of the meeting  
3 of the governing board of the Texas Department of  
4 Housing and Community Affairs. It is 10 o'clock in the  
5 morning on March 6, 2025. We will start out with a roll  
6 call, which is I guess, an abbreviated roll call today.  
7 So Ms. Farias is not present today as she requested an  
8 excused absence and Mr. Marchant, the same, an excused  
9 absence for today. So Mr. Thomas.

10

11 **Ajay Thomas (0:00:34):**

12 Here.

13

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

15 Mr. Harper.

16

17 **Holland Harper (0:00:36):**

18 Here.

19

20 **Leo Vasquez III (0:00:37):**

21 Ms. Conroy.

22

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

24 Here.

25

26 **Leo Vasquez III (0:00:39):**

27 And I am here, so we have a quorum. Now, as usual,  
28 we'll start out with the Pledges of Allegiance led by  
29 Mr. Wilkinson.

30

31 **Bobby Wilkinson (0:00:57):**

32 I pledge allegiance to the flag of the United States of  
33 America, and to the Republic for which it stands, one  
34 Nation under God, indivisible, with liberty and justice  
35 for all. Honor the Texas flag; I pledge allegiance to  
36 thee, Texas, one state under God, one and indivisible.

37

38 **Leo Vasquez III (0:01:33):**

39 Before we get into the main agenda, I want to do a quick  
40 recognition. We have joining us today our liaison, our  
41 advisor from the governor's office, Danny Mittnacht. We  
42 acknowledge your presence and looking forward to  
43 continue working with you here in the future. Jumping  
44 into the Consent Agenda, are there any items that a  
45 board member or member of the public want to move to an  
46 action item? Seeing none, I'll take a -- entertain a  
47 motion on the Consent Agenda as posted.

48

49

50 **Ajay Thomas (0:02:14):**

51 Mr. Chairman, I move the Board approve items one through  
52 seven as described and presented in the respective board  
53 action requests and reports regarding the Consent  
54 Agenda.

55

56 **Holland Harper (0:02:24):**

57 Second.

58

59 **Leo Vasquez III (0:02:26):**

60 Motion made by Mr. Thomas. Seconded by Mr. Harper. All  
61 those in favor say aye.

62

63 **Ajay Thomas (0:02:30):**

64 Aye.

65

66 **Cindy Conroy (0:02:30):**

67 Aye.

68

69 **Holland Harper (0:02:30):**

70 Aye.

71

72

73 **Leo Vasquez III (0:02:30):**

74 Any opposed? Hearing none. Motion carries. Moving  
75 right along to our Executive Director Report. Mr.  
76 Wilkinson, is there anything happening in Austin?  
77

78 **Bobby Wilkinson (0:02:40):**

79 Nah. For compliance monitoring, we'll be trying  
80 something new with our Income Determination Training.  
81 This training our staff provides to the industry that  
82 focuses on tenant eligibility requirements of TDHCA's  
83 various affordable housing programs. Starting in June,  
84 we will be offering Income Determination Training during  
85 lunchtime once per week and breaking down the eight  
86 hours of training into smaller, more digestible  
87 trainings.

88

89 This allows more onsite staff to attend and provide our  
90 partners with usable online resources. This will also  
91 allow people to drill down to the compliance items they  
92 need guidance on, instead of digging through a six-hour  
93 plus training. In multifamily finance, Josh Goldberger,  
94 our 9 Percent Competitive Housing Tax Credit Program  
95 Manager, reports that this year we received 97  
96 applications. That is down from last year where we

97 received 105. For comparison, in 2023, we had only 92  
98 applications submitted, but supplemental credits that  
99 year took up a much larger chunk of the overall total.  
100 The numbers last few years are significantly down from  
101 where they were during the pandemic, for example. In  
102 2022, we had 127 applications and in 2021, we had 133.  
103 Staff believes ongoing financial challenges with rising  
104 costs in all sectors is a big reason for the smaller  
105 number of applications being submitted.

106

107 For HOME-ARP, Naomi Cantu reports that HOME-ARP Staff  
108 recently conducted a webinar training for the nonprofit  
109 capacity building and operating NOFA with the \$750,000  
110 available. The training is now online and the  
111 application submission period is open, with applications  
112 due March 31st. Legislative affairs, as expected,  
113 activity at the Capitol has really picked up. While  
114 bills continue to be filed for another week or so,  
115 committee hearings are starting to happen.

116

117 Yesterday morning, I testified before the Senate Health  
118 and Human Services Commission, on two tax credit bills,  
119 and I've been invited by our House Oversight Committee,  
120 Intergovernmental Affairs, to provide a brief overview

121 Tuesday morning about TDHCA. This will be the  
122 committee's first hearing of session and first hearing  
123 ever, actually. So they combined House Urban Affairs,  
124 House County Affairs, and State Fed Relations into one  
125 new House, IGR. And as a review, for years there was a  
126 Senate IGR. No longer. It is Senate Local Government,  
127 and now there's a House IGR. So this is the new order  
128 of things.

129

130 We continue to monitor the legislature's consideration  
131 on our budget request. Both the Senate and House Budget  
132 Committees are in the work group phase and these work  
133 groups will soon make their recommendations to the full  
134 committees. Next week is Budget Rider Week, so we'll be  
135 watching closely to see if any of our requested changes  
136 to our riders are approved and if any new ones are  
137 added. Chairman, Board, that concludes my report and  
138 I'm happy to answer any questions.

139

140 **Leo Vasquez III (0:05:40):**

141 All right. Do any board members have questions for Mr.  
142 Wilkinson on his report? Good. I'm -- I've been  
143 monitoring some of the -- the committee hearings and  
144 appearances, and it seems like our department is smooth.

145

146 **Bobby Wilkinson (0:05:56):**

147 It's -- it's going well so far. So yeah, both HAC and  
148 Senate Finance, short layout, zero questions.

149

150 **Leo Vasquez III (0:06:04):**

151 Yeah.

152

153 **Bobby Wilkinson (0:06:05):**

154 Which is -- which is always nice and very rare, super  
155 rare, so, yeah.

156

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

158 Well, an indication of their confidence in you and the  
159 Department. Okay. So move -- thank you for that  
160 report. Moving on to item nine of the agenda, Report of  
161 the Meeting of the Internal Audit and Finance Committee.  
162 Mr. Thomas will present, please.

163

164 **Ajay Thomas (0:06:23):**

165 Thank you, Mr. Chairman. Good morning, good morning,  
166 members, and good morning, everyone. Thanks for joining  
167 today. The Audit and Finance Committee met this morning  
168 at 9:30 am. In that meeting, Mr. Mark Scott, Director



169 of Internal Audit, presented two report items, the  
170 internal audit of the Amy Young Barrier Removal Program  
171 and a report on the status of internal and external  
172 audit activities. Mr. Michael Clayton and Mr. Alex  
173 Summers with the State Auditor's Office presented the  
174 SAO's audit of the TDHCA financial statements for fiscal  
175 year 2024 as an action item. The Committee voted to  
176 recommend approval of the SAO's report to the full  
177 board. Mr. Clayton and Mr. Summers are here to present  
178 that report, which is the next action item on today's  
179 agenda.

180

181 **Leo Vasquez III (0:07:12):**

182 I guess that --

183

184 **Ajay Thomas (0:07:13):**

185 That concludes my report if there's no questions.

186

187 **Leo Vasquez III (0:07:14):**

188 Anyone have any questions? So I can --

189

190 **Ajay Thomas (0:07:17):**

191 But you can invite Mr. Clayton.

192

193 **Leo Vasquez III (0:07:18):**

194 Okay, then.

195

196 **Ajay Thomas (0:07:19):**

197 Mr. Sumners is here.

198

199 **Leo Vasquez III (0:07:19):**

200 Let's move on to item 10 of the agenda, review and  
201 possible acceptance of the State Auditor's Office audit  
202 of the TDHCA fiscal year 2024 financial statements. Mr.  
203 Clayton and -- come on up.

204

205 **Michael Clayton (0:07:39):**

206 Good morning, Chairman, members. My name is Michael  
207 Clayton and I was the audit manager for this year's  
208 fiscal year '24, audited the Housing and Community  
209 Affairs financial statements for the State Auditor's  
210 Office. With me, I have Alex Sumners who was the  
211 project manager of that audit and he'll kind of give you  
212 a little bit more detailed information on it.

213

214 **Alex Sumners (0:07:58):**

215 Yes, thank you, Michael. Good morning, Chairman and  
216 members. My name is Alex Sumners and I am a project

217 manager with the State Auditor's Office. This morning,  
218 we will be discussing the results of our most recent  
219 financial audits at the Department. We issued two  
220 unmodified opinions as part of this audit: One for the  
221 Department's basic financial statements for fiscal year  
222 2024 and one for the Department's Revenue Bond Program  
223 financial statements for fiscal year 2024. We  
224 determined that these financial statements were  
225 materially correct and reported in accordance with  
226 generally accepted accounting principles. In other  
227 words, we determined that the statements as issued were  
228 not misleading to the reader of those statements.  
229 Additionally, we concluded that the Department's Housing  
230 Finance Division's computation of unencumbered fund  
231 balances complies with Texas Government Code Section  
232 2306.204 and 2306.205.  
233  
234 We also issued a report on the Department's compliance  
235 with the Public Funds Investment Act for the fiscal year  
236 ended August 31, 2024. The results of that work  
237 disclosed no issues of noncompliance or other matters  
238 that were required to be reported under government  
239 auditing standards. Lastly, I would like to thank the  
240 Financial Administration and Accounting departments, and

241 Mr. Scott and Internal Audit for their assistance and  
242 cooperation throughout this audit. That concludes my  
243 comments and I'd be happy to address any questions that  
244 you have.

245

246 **Leo Vasquez III (0:09:23):**

247 Great. Thank you. Any board members have questions for  
248 Mr. Sumners or Clayton? Again, we appreciate your  
249 report earlier today in the --

250

251 **Alex Sumners (0:09:33):**

252 Yeah.

253

254 **Leo Vasquez III (0:09:34):**

255 This morning in the Audit and Finance Committee, and --  
256 and appreciate your work so smoothly with the internal  
257 staff. It's important for us.

258

259 **Alex Sumners (0:09:45):**

260 Yeah.

261

262 **Leo Vasquez III (0:09:46):**

263 If there are no other questions, would Mr. Thomas care  
264 to make a motion?

265

266 **Ajay Thomas (0:09:51):**

267 Yes, I would, Mr. Chairman. I move the Board accept the  
268 audit of the fiscal year 2024 financial statements of  
269 TDHCA, all as presented in the SAO report, and the  
270 resolution on this item.

271

272 **Leo Vasquez III (0:10:07):**

273 Thank you. Motion made by Mr. Thomas. Is there a  
274 second?

275

276 **Holland Harper (0:10:10):**

277 Second.

278

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

280 Seconded by Mr. Harper. All those in favor say aye.

281

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

283 Aye.

284

285 **Holland Harper (0:10:14):**

286 Aye.

287

288

289 **Leo Vasquez III (0:10:14):**

290 Any opposed? Hearing none, motion carries. Thank you,  
291 sirs. Moving right along to item 11 on the agenda,  
292 Presentation, discussion, and possible action on a loan  
293 approval and a request for return and reallocation of  
294 tax credits under 10 TAC Section 11.6(5) related to  
295 credit returns from force majeure events for Riverview  
296 Manor. Mr. Campbell.

297

298 **Cody Campbell (0:10:41):**

299 Yes, sir.

300

301 **Leo Vasquez III (0:10:42):**

302 Why do you keep bringing these to me?

303

304 **Cody Campbell (0:10:43):**

305 Good morning. Cody Campbell, Director of Multifamily  
306 Programs for the Department. Before I begin with this  
307 item, there was unfortunately an error when compiling  
308 the board book, and the real estate analysis report that  
309 should be attached to this item didn't make it into your  
310 board book. I do have printed copies, though, for you.  
311 I'll hand up to -- Beau, could you help me?

312

313 **Leo Vasquez III (0:11:02):**

314 Is this allowed?

315

316 **Beau Eccles (0:11:04):**

317 Yes.

318

319 **Leo Vasquez III (0:11:04):**

320 Okay. All right.

321

322 **Cody Campbell (0:11:07):**

323 It was posted to the website as is required. So there's  
324 nothing under the table happening here. It just didn't  
325 make it into the actual PDF of your board book. This  
326 item concerns a loan approval and a force majeure  
327 request for Riverview Manor, which is a proposed 36-unit  
328 senior development in Kerrville. The development  
329 received its initial award of housing tax credits in  
330 2022 and then received force majeure treatment in 2023.  
331 Because of the second allocation of credits, the -- I'm  
332 sorry -- this force majeure approval in 2023, the  
333 current deadline to place in service is the end of this  
334 year.

335

336 Since our last underwriting, total development costs  
337 have gone up by \$2.6 million to \$12.27 million. To  
338 address the funding gap created by these changes, the  
339 applicant applied for this loan under our 2024-2 HOME  
340 NOFA last year, which was specifically released to  
341 assist developments in this situation. The Department  
342 is now recommending that a loan in the amount of \$4  
343 million be approved, which will carry a 2 percent  
344 interest rate, and will be fully repayable. This loan  
345 will replace most of the existing permanent debt and the  
346 lower interest rate will allow the deal to remain  
347 financially feasible.

348

349 As is required by the rule, the existing developer fee  
350 will not increase with this approval. This item also  
351 requests approval for treatment under the force majeure  
352 rule for the development in order to allow for  
353 construction to complete and the development to place in  
354 service. I have confirmed with the applicant that the  
355 land has been acquired and the site is permit ready.  
356 And because we are in first lien position on this deal,  
357 we anticipate that the closing will be relatively  
358 smooth.

359



360 Staff recommends approval of this item. I do want to  
361 mention this is the last two of a group of five that  
362 we've brought to you over the last couple of months.  
363 These are, to my awareness, the last of the very old  
364 deals that you'll be seeing that are requesting force  
365 majeure treatment. The reason that these last two took  
366 a little bit longer to get to the Board is because the  
367 developer was previously pursuing a full tax exemption.  
368 They have since realized that they can make the property  
369 work financially without pursuing that full tax  
370 exemption so they are proceeding with the assumption  
371 that they will be paying property taxes. That's why  
372 this didn't come due over the last couple of months.  
373 Anyway, Staff recommends approval and I'm happy to take  
374 any questions you have.

375

376 **Leo Vasquez III (0:13:18):**

377 Okay. So, you said this, the loan will replace other  
378 debt that had been planned?

379

380 **Cody Campbell (0:13:24):**

381 Yes, sir.

382

383

384

385 **Leo Vasquez III (0:13:24):**

386 But this is just a lower -- lower cost, and we're in  
387 senior position?

388

389 **Cody Campbell (0:13:28):**

390 Yes, sir.

391

392 **Leo Vasquez III (0:13:29):**

393 And it's repayable?

394

395 **Cody Campbell (0:13:30):**

396 It is repayable. Yes, sir.

397

398 **Leo Vasquez III (0:13:33):**

399 This still remains and I think one of you, Mr.

400 Wilkinson, explained that under the NOFA that this is

401 following, it was, we advertised it at the 2 percent

402 rate?

403

404 **Cody Campbell (0:13:52):**

405 Yes, sir. That's right.

406

407

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

409 So on future NOFAs, we can, I think it was Mr. Thomas  
410 last meeting that asked about, can we raise these rates?

411

412 **Cody Campbell (0:14:00):**

413 Yes, sir. Yeah.

414

415 **Leo Vasquez III (0:14:01):**

416 But that will be under future NOFAs, if any?

417

418 **Cody Campbell (0:14:04):**

419 That is correct. Yes, sir.

420

421 **Leo Vasquez III (0:14:05):**

422 Okay.

423

424 **Cody Campbell (0:14:06):**

425 Well, I, I certainly hope that there will be future  
426 NOFAs. I enjoy my job very much.

427

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

429 Okay. You never know right now.

430

431

432 **Cody Campbell (0:14:14):**

433 Sure. Sure.

434

435 **Leo Vasquez III (0:14:15):**

436 But it's a loan. It's repayable.

437

438 **Cody Campbell (0:14:17):**

439 That is correct.

440

441 **Leo Vasquez III (0:14:17):**

442 They're gaining interest. Okay. It's not just a gift,

443 throwing out the gift.

444

445 **Cody Campbell (0:14:20):**

446 Correct.

447

448 **Cindy Conroy (0:14:21):**

449 They're paying taxes. Taxes.

450

451 **Leo Vasquez III (0:14:22):**

452 And they're paying taxes. Oh my God, what a concept.

453 The only other question I had on this is, so this is

454 over \$300,000 a unit?

455

456

457 **Cody Campbell (0:14:34):**

458 Yes, sir. It's 340.

459

460 **Leo Vasquez III (0:14:36):**

461 Three, what?

462

463 **Cody Campbell (0:14:36):**

464 340 a unit.

465

466 **Leo Vasquez III (0:14:37):**

467 340?

468

469 **Cody Campbell (0:14:38):**

470 Yes, sir.

471

472 **Leo Vasquez III (0:14:39):**

473 You know, at a certain point, you kind of wonder, you

474 know, when do they stop making sense --

475

476 **Cody Campbell (0:14:44):**

477 Sure.

478

479

480 **Leo Vasquez III (0:14:45):**

481 -- to construct affordable housing at that -- that kind  
482 of cost structure?

483

484 **Cody Campbell (0:14:50):**

485 Sure. Sure. This being a smaller deal, the cost per  
486 unit is always going to be just a little bit higher. We  
487 certainly, in future NOFAs, can explore having just a  
488 cap on how much the Department is willing to fund on a  
489 cost per unit basis. We do, with our federal funds,  
490 have a subsidy limit of how much of a specific federal  
491 funding source can go into a deal, but with this deal  
492 having a combination of tax credits and federal funds,  
493 it does not bust that cap, but we could, at the  
494 Department level, institute just a broad, this is how  
495 much you can spend on a unit, and the Department won't  
496 go higher than that cap. We would need to explore that  
497 in -- in future NOFAs and -- and during the rulemaking  
498 process, but I don't see any reason we couldn't do that.

499

500 **Leo Vasquez III (0:15:31):**

501 Okay. Let's, let's bounce that off the industry and see  
502 what they think.

503

504 **Cody Campbell (0:15:35):**

505 Certainly.

506

507 **Leo Vasquez III (0:15:37):**

508 Do any other board members have questions on this item  
509 on the agenda? Are there any -- and -- oh, and let me  
510 remind everyone, if you want to speak on an upcoming  
511 agenda item, I'd ask you to try to come up to the front  
512 couple rows when your -- when your -- your item comes up  
513 so I'll have a sense that I'll stop and get -- give you  
514 a chance to speak. But seeing none, I'll entertain a  
515 motion on item 11 of the agenda.

516

517 **Cindy Conroy (0:16:08):**

518 I move the Board approve the recommended loan of HOME  
519 funds and grant the requested treatment under the -- and  
520 application of the force majeure rule to Riverview  
521 Manor, all as described, conditioned, and authorized in  
522 the board action request, resolutions, and associated  
523 documents on this item.

524

525 **Holland Harper (0:16:26):**

526 Second.

527

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

529 Motion made by Ms. Conroy, seconded by Mr. Harper. All  
530 those in favor say aye.

531

532 **Holland Harper (0:16:31):**

533 Aye.

534

535 **Cindy Conroy (0:16:32):**

536 Aye.

537

538 **Leo Vasquez III (0:16:32):**

539 Any opposed? Hearing none, motion carries. On item 12,  
540 presentation, discussion, and possible action on a loan  
541 approval and a request for return and reallocation of  
542 tax credits under 10 TAC Section 11.6 (5) related to  
543 credit returns resulting from force majeure events for  
544 Trailside Estates. Mr. Campbell.

545

546 **Cody Campbell (0:16:53):**

547 Yes, sir. This is very, very similar to the last item.

548 This is the fifth of those deals. Trailside Estates is

549 a 74-unit senior development in Tyler that got its first

550 allocation of credits in 2022, and its current deadline

551 to place in service is the end of this year. Since our



552 last underwriting, the total development costs have  
553 increased by \$5.5 million to just over \$22 million. To  
554 address this funding gap, they applied for funds under  
555 the 2024-3 TCAP RF NOFA, and the Department is now  
556 recommending that a loan in the amount of \$7,136,489 be  
557 approved, which will again carry a 2 percent interest  
558 rate and will be fully repayable.

559

560 Again, we will replace most of the existing debt of the  
561 permanent loan. We will be in first lien position, and  
562 as is required by the rule, their developer fee will not  
563 increase with this approval. This item again also  
564 requests force majeure treatment for the development.  
565 And once again, they have acquired the land and the site  
566 is permit ready, and so they're -- they're able to move  
567 very quickly once -- once they get closed on this  
568 financing. Just like the last deal, they should be  
569 paying property taxes. They had been pursuing  
570 partnering with an HFC, and I think they are -- they're  
571 no longer doing that. The total cost per door on this  
572 one is 302,000, so it is a little bit lower than -- than  
573 the last one. And Staff does recommend approval.

574

575

576 **Holland Harper (0:18:13):**

577 Mr. Campbell, their soft cost - their soft cost

578 increased by 727,000?

579

580 **Cody Campbell (0:18:18):**

581 Yes, sir.

582

583 **Holland Harper (0:18:19):**

584 Can you give some color to that? Because did they

585 change design? Did I miss something?

586

587 **Cody Campbell (0:18:23):**

588 I don't believe that there was a design change on this

589 one. If you'll give me just a couple of moments, I can

590 look at the -- And I believe Ryan Garcia from the

591 developer is here. So Ryan, if you know off the top of

592 your head, I can find it in here, but if you happen to

593 know off the top of your head what increased that soft

594 cost, I would appreciate it.

595

596 **Leo Vasquez III (0:18:45):**

597 Hang on, Mr. Garcia. Do I have a motion to accept

598 public comment in this board meeting?

599

600 **Holland Harper (0:18:51):**

601 So moved.

602

603 **Ajay Thomas (0:18:51):**

604 Mr. Chairman, I would move to allow for public comment

605 on any agenda item, including this one.

606

607 **Leo Vasquez III (0:18:58):**

608 Motion made by Mr. Thomas.

609

610 **Holland Harper (0:19:00):**

611 Second.

612

613 **Leo Vasquez III (0:19:00):**

614 Seconded by Mr. Harper. All in favor say aye.

615

616 **Holland Harper (0:19:02):**

617 Aye.

618

619 **Leo Vasquez III (0:19:02):**

620 Any opposed?

621

622 **Cody Campbell (0:19:02):**

623 Thank you.

624

625 **Leo Vasquez III (0:19:03):**

626 We shall hear public comment. So Mr. Ryan Garcia?

627

628 **Ryan Garcia (0:19:07):**

629 Yes, sir.

630

631 **Leo Vasquez III (0:19:07):**

632 Please, say it.

633

634 **Ryan Garcia (0:19:09):**

635 Ryan Garcia. A lot of the increases came from a lot of  
636 extra engineering fees. This deal involved a third-  
637 party utility company. They're in a spat with the with  
638 the City of Tyler over territory and new developments so  
639 we had to do a lot of extra engineering work in order to  
640 make that --

641

642 **Holland Harper (0:19:32):**

643 Is it, you have a power problem or water problem?

644

645 **Ryan Garcia (0:19:33):**

646 Sewer. Sewer. So that's been very expensive. We did  
647 upsize the lift station to make it feasible for more

648 developments in the future but there was a lot of extra  
649 engineering work that had to go in to handle this and  
650 then other TxDOT issues, and so on.

651

652 **Holland Harper (0:19:50):**

653 Thank you.

654

655 **Ryan Garcia (0:19:53):**

656 Thank you.

657

658 **Leo Vasquez III (0:19:53):**

659 Mr. Garcia, so which -- which entity are you with? Who?

660

661 **Ryan Garcia (0:19:56):**

662 With the developer entity.

663

664 **Leo Vasquez III (0:20:00):**

665 Okay.

666

667 **Ryan Garcia (0:20:00):**

668 Oh, sorry. Trailside Estates LP or JES Holdings.

669

670

671

672

673 **Leo Vasquez III (0:20:02):**

674 Okay. Great. Thanks. Are there any other questions  
675 for Mr. Campbell or Mr. Garcia while he's nearby?

676

677 **Ryan Garcia (0:20:14):**

678 Thank you.

679

680 **Leo Vasquez III (0:20:14):**

681 Thanks. Well, if there's no other questions, I'll  
682 entertain a motion on item 12 of the agenda.

683

684 **Ajay Thomas (0:20:29):**

685 Mr. Chairman, I move the Board approve the recommended  
686 loan of TCAP RF funds and grant the requested treatment  
687 under an application of the force majeure rule to  
688 Trailside Estates, all as described, conditioned, and  
689 authorized in the board action request, resolutions, and  
690 associated documents on this item.

691

692 **Holland Harper (0:20:45):**

693 Second.

694

695

696 **Leo Vasquez III (0:20:46):**

697 Motion made by Mr. Thomas. Seconded by Mr. Harper. All  
698 those in favor say aye.

699

700 **Holland Harper (0:20:50):**

701 Aye.

702

703 **Ajay Thomas (0:20:50):**

704 Aye.

705

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

707 Any opposed? Hearing none, motion carries.

708

709 **Cody Campbell (0:20:53):**

710 Thank you.

711

712 **Leo Vasquez III (0:20:54):**

713 Thank you, Cody, for now probably, right? Okay.

714 Presentations, item 13, presentation, discussion, and

715 possible action on state fiscal year 2025 Youth and

716 Youth and Young Adult Homeless Program Awards, including

717 a request to waive 10 TAC Section 7.6(a). Ms. Falcon.

718

719

720 **Rosy Falcon (0:21:17):**

721 Good morning. Rosy Falcon, Manager of Homeless  
722 Programs. Today, I will provide an update on the Youth  
723 and Young Adult Homeless programs, which has been  
724 recently launched by the Department, as well as  
725 presenting the hopefully final award for this program.  
726 This important program is designed to address  
727 homelessness among youth and young adults residing in  
728 Fort Bend County. Its primary objective is to fund  
729 housing and essential services for individuals aged 24  
730 years and younger with a focus on preventing  
731 homelessness with this vulnerable population. On April  
732 11, 2024, the Board authorized the release of a Notice  
733 of Funding Availability or NOFA, for the Youth and Young  
734 Adult Homeless Program, allocating \$1 million for this  
735 initiative.

736

737 In response to this NOFA, we received applications from  
738 three organizations: Building up the Community, Inc,  
739 Resources Inspiring Success and Empowerment or RISE, and  
740 Crossroads Community Action, which was formerly CAC  
741 Victoria. The Department carefully evaluated each of  
742 these applications, assessing the organization's  
743 experience providing services to homeless youth,



744 including shelter, transitional housing, counseling and  
745 education services, among others. At the Board meeting  
746 held on February 6th, the Board approved funding in the  
747 amount of \$800,000 for two of our applicants which were  
748 Building up the Community and RISE.

749

750 At that time, the application for Crossroads Community  
751 Action was under review. Crossroads Community Action  
752 submitted a request for the remaining \$200,000 in  
753 funding which would support emergency shelter, intensive  
754 case management, rental assistance, utility assistance,  
755 and other services aimed at attaining and maintaining  
756 stable housing. After thorough review and  
757 consideration, Staff recommends that we move forward  
758 with funding the Homeless Prevention, Homeless  
759 Assistance Project. This approach aligns with the  
760 objectives of the Transitional Housing and Rapid  
761 Rehousing programs all already in place, and will  
762 facilitate better coordination of services, enabling  
763 quicker access to assistance for individuals in need.

764

765 As part of this request, like our previous request,  
766 Staff is seeking a waiver of 10 TAC 7.6(a) for this  
767 organization. This waiver, this regulation mandates

768 that data on all persons served be entered into the  
769 Homeless Management Information System or HMIS. Given  
770 the limited scope of this program and the targeted  
771 vulnerable population and the cost obtaining an HMIS  
772 license, we're requesting a waiver to avoid unnecessary  
773 costs and complexities. This will help us serve a  
774 population more effectively and a lot quicker. The  
775 initial contract term for the -- for this award in  
776 particular will be, again, April 1st of 2025. And with  
777 that, my prepared remarks completed, I'm happy to answer  
778 any questions.

779

780 **Leo Vasquez III (0:24:20):**

781 Great. Thank you, Rosy. Can, can you give us just some  
782 more tangible examples of what we think the services  
783 that are going to be provided? I mean --

784

785 **Rosy Falcon (0:24:29):**

786 Sure. So this one, the reason we chose these three  
787 projects together is because the bigger chunk of the  
788 money is going to go to Building up the Community that  
789 is putting forth a transitional housing program. Given  
790 that this is temporary funding and we are not assured  
791 that we're going to get additional funding for this,

792 they are going to utilize rental units so that's going  
793 to be the core of this program.

794

795 In addition to that, we have these other two  
796 subrecipients that we want to fund to be able to provide  
797 quicker rental assistance for those that are at risk of  
798 homelessness, and then for those that are already  
799 homeless, provide them quicker access to existing  
800 shelters, existing providers, so we want to use this  
801 entire money to be able to ultimately permanently house  
802 somebody and remove all the barriers we can through  
803 essential services like utility assistance, educational  
804 services, counseling.

805

806 Building up the Community already has a lot of these  
807 connections in place. They do offer a lot of these  
808 services. So that will be ready made once the program  
809 is up and running. And RISE already has a rapid  
810 rehousing program, so they already have the caseworkers.  
811 The case management will begin already. The street  
812 outreach portion, and of course, the overhead will be  
813 what we'll initially see at the start of these programs  
814 but we should be seeing a lot of rental assistance  
815 coming out of this pretty quickly.

816

817 **Leo Vasquez III (0:25:54):**

818 Okay. Great. That will be interesting to see if these  
819 funds, which were special, if it can get renewed based  
820 on the success of this first program, first program  
821 award.

822

823 **Rosy Falcon (0:26:06):**

824 Right. Right. And all three applicants are extending  
825 their service area. They're not housed in Fort Bend  
826 County. We have an organization from Houston, Fort  
827 Worth, and then Victoria. But given that the other two  
828 already have established programs that they're just  
829 growing and the prior performance of CAC Victoria, which  
830 is now Crossroads Community Action, they are a  
831 subrecipient of ESG funds, of LIHWAP, LIHEAP, CSBG, so  
832 they do have a mechanism in place to be able to quickly  
833 extend that service area and provide services.

834

835 **Leo Vasquez III (0:26:38):**

836 Great. Great. Any other questions for Ms. Falcon?  
837 Hearing none, I'll entertain a motion on item 13 of the  
838 agenda.

839

840 **Holland Harper (0:26:47):**

841 I move the Board approve the executive director or his  
842 designee award the Youth and Young Adult Homeless  
843 Program funds to Crossroads Community Action and grant  
844 the waiver of 10 TAC Section 7.6(a) for the awardees of  
845 this program, all as described, conditioned and  
846 authorized in the board action request, resolutions, and  
847 associated documents on this item.

848

849 **Ajay Thomas (0:27:06):**

850 Second, Mr. Chairman.

851

852 **Leo Vasquez III (0:27:08):**

853 I wish I had Mr. Harper's voice, and not just, motion  
854 made by Mr. Harper. Seconded by Mr. Thomas. All those  
855 in favor say aye.

856

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

858 Aye.

859

860 **Ajay Thomas (0:27:17):**

861 Aye.

862

863

864 **Leo Vasquez III (0:27:18):**

865 Any opposed? Hearing none, motion carries. Thank you,  
866 Rosy.

867

868 **Rosy Falcon (0:27:20):**

869 Thank you.

870

871 **Leo Vasquez III (0:27:22):**

872 Item 14 of the agenda, presentation, discussion, and  
873 possible action on the reprogramming of Program Year  
874 2024 CSBG Administrative funds. Mr. Reid.

875

876 **Gavin Reid (0:27:33):**

877 Mr. Chairman, board members, good morning. Gavin Reid,  
878 Planning Manager, Community Affairs Division. Item 14.  
879 Each year, the Department receives an award of CSBG  
880 funds from the US Department of Health and Human  
881 Services of approximately \$37 million. Of this award,  
882 the Department reserves 90 percent for eligible entities  
883 to provide services to low-income residents, 5 percent  
884 for state administration, and 5 percent for  
885 discretionary projects.

886

887 Each year, discretionary and administrative funds that  
888 haven't been earmarked are reallocated by the Department  
889 to the network so the funds can be used for provide  
890 assistance to low-income Texans. These funds must be  
891 expended by September 30, 2025 or the funds will expire.  
892 For 2024, a total of \$925,000 in administrative funds  
893 remain unutilized. To expend these funds in the best  
894 interest of the Department and for the low-income  
895 population of Texas, Staff recommends the funds be  
896 reallocated to those entities which have expended 100  
897 percent of their contracted 2024 CSBG funds by the  
898 original contract end date, which was December 31st of  
899 2024.

900

901 The list of 12 entities meeting these criteria and their  
902 proportional share of the funds is provided in  
903 attachment A. Know that the recommended awardees are  
904 currently undergoing a previous participation review and  
905 we await a positive recommendation through the previous  
906 participation review and approval process before  
907 awarding the funds. But to ensure awards are  
908 distributed as quickly as possible, Staff requests your  
909 authorization of awards contingent upon a positive  
910 previous participation review, subject to conditions.

911 That concludes this presentation of this bar. I can  
912 answer any questions you may have.

913

914 **Leo Vasquez III (0:29:33):**

915 Okay. So, we're going to give, reallocate these funds,  
916 make sure they get distributed and get out on the  
917 street?

918

919 **Gavin Reid (0:29:41):**

920 That's right.

921

922 **Leo Vasquez III (0:29:44):**

923 The, we aren't, we are not simply saying, oh, you  
924 expended all, all your prior funds, therefore we'll get  
925 you more, we're also checking, again, with that previous  
926 participation review, did they spend their money  
927 effectively?

928

929 **Gavin Reid (0:30:00):**

930 Right.

931

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

933 Before we give them more money. We don't want to just  
934 award, waste more, wasteful spending, if any.



935

936 **Gavin Reid (0:30:06):**

937 Right. Exactly.

938

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

940 Okay. I mean, just as, as long as there's that caveat  
941 that we're checking to make sure the money was spent  
942 effectively as we required, I'm happy, I'm perfectly  
943 happy to support this.

944

945 **Gavin Reid (0:30:21):**

946 Yes. The, the previous participation review and  
947 approval process is very thorough so they do all those  
948 checks and we're confident that this money will be  
949 utilized in, you know, efficient and effective ways to  
950 serve the low-income population of Texas.

951

952 **Leo Vasquez III (0:30:40):**

953 Okay. Great.

954

955 Any board members have questions for Mr. Reid on this  
956 item? Hearing none, I'll entertain a motion on item 14  
957 of the agenda.

958

959 **Holland Harper (0:30:52):**

960 I move the Board approve the reprogramming of the  
961 remaining 2024 CSBG administrative funds to be allocated  
962 to 12 CSBG-eligible entities for the direct services to  
963 low-income individuals, and authorize the executive  
964 director and/or his designee to issue contracts for  
965 these funds as expressly conditioned and authorized in  
966 the board action request, resolution, and associated  
967 documents on this item.

968

969 **Leo Vasquez III (0:31:15):**

970 Thank you. Motion made by Mr. Harper. Is there a  
971 second?

972

973 **Cindy Conroy (0:31:17):**

974 I'll second.

975

976 **Leo Vasquez III (0:31:18):**

977 Seconded by Ms. Conroy. All those in favor say aye.

978

979 **Holland Harper (0:31:22):**

980 Aye.

981

982

983 **Ajay Thomas (0:31:22):**

984 Aye.

985

986 **Cindy Conroy (0:31:22):**

987 Aye.

988

989 **Leo Vasquez III (0:31:22):**

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

991 Gavin.

992

993 **Gavin Reid (0:31:25):**

994 Thank you.

995

996 **Leo Vasquez III (0:31:26):**

997 Okay. Item 15 of the agenda, moving right along.

998 Presentation, discussion, and possible action regarding

999 the approval of a Tax Credit Assistance Program

1000 Repayment Funds and Invitation to Apply for Multifamily

1001 Developments. Did I miss a word in there? Okay. Mr.

1002 Campbell, what's this about?

1003

1004 **Cody Campbell (0:31:44):**

1005 Thank you. Cody Campbell again. This item concerns an

1006 invitation to apply for \$10 million of the Department's

1007 TCAP RF funds. As a brief background on these funds,  
1008 TCAP or the Tax Credit Assistance Program, was a short-  
1009 lived program created during the 2008 Recession that  
1010 provided direct funding to tax credit deals that were  
1011 struggling at that time. The Department loaned these  
1012 funds to developments and has been receiving repayments  
1013 on those loans since. Currently, we have about 52  
1014 million on hand, although 40 million was already spoken  
1015 for in applications last year.

1016

1017 We are requesting approval today to release 10 million  
1018 for eligible applicants today. These funds will also be  
1019 fully repayable as the intention here is to keep this  
1020 funding source going in the future. Staff proposes an  
1021 interest rate of 2 percent, and Mr. Thomas, I know we  
1022 spoke at the last meeting of possibly raising that rate.  
1023 Currently, the Treasury rate is about 4.5 percent so  
1024 we're 2 and, 2.5 percent under that, give or take a  
1025 little. The reason that we did not suggest higher than  
1026 2 percent in this invitation to apply is because we are  
1027 seeing less demand for our soft funds this year.

1028

1029 We put out a National Housing Trust Fund, NOFA earlier  
1030 this year. We received several applications. Of the

1031 eligible applications that we've received, only about  
1032 half of that has been spoken for so far. This is the  
1033 first NOFA that we've released since I've been in this  
1034 job that didn't immediately become oversubscribed. And  
1035 so because of that reduced demand, we are recommending  
1036 staying at that 2 percent, although certainly there is  
1037 no reason that we couldn't raise that if you wanted to.  
1038 The universe of eligible applicants under this  
1039 invitation is very small.

1040

1041 We have limited it to 9 percent applicants from the 2024  
1042 round that were not successful in getting an award, but  
1043 that were later successful in getting a carryforward  
1044 designation certificate from the Texas Bond Review  
1045 Board. In other words, we're looking at deals that  
1046 applied for 9 percent credits last year, but didn't  
1047 quite make it, yet were able to get a bond reservation  
1048 through the carryforward process later that year. The  
1049 statute requires a signature from the governor in order  
1050 for an application to get a bond reservation through  
1051 that process, so Staff feels comfortable making these  
1052 funds available.

1053

1054 Based on these criteria, there appears to only be one  
1055 development that is eligible to apply under this  
1056 invitation, which is a supportive housing development in  
1057 Dallas. You may remember this one. It was a very high  
1058 scoring application that was terminated because of  
1059 issues with its appraisal. And again, they later went  
1060 and got that bond reservation and, and so that's really  
1061 the deal that we're talking about here. Should that  
1062 applicant choose not to apply for these funds, the  
1063 invitation will close and the funds will be used for  
1064 another purpose. Staff recommends that the Board  
1065 approve this item, and I'm happy to answer any questions  
1066 that you have.

1067

1068 **Leo Vasquez III (0:34:20):**

1069 Okay. So this is, again, we're recycling --

1070

1071 **Cody Campbell (0:34:23):**

1072 Yes, sir.

1073

1074 **Leo Vasquez III (0:34:24):**

1075 -- income and --

1076

1077

1078 **Cody Campbell (0:34:25):**

1079 Yes sir.

1080

1081 **Leo Vasquez III (0:34:26):**

1082 Making more use of it?

1083

1084 **Cody Campbell (0:34:26):**

1085 Correct.

1086

1087 **Leo Vasquez III (0:34:28):**

1088 That's, that's a good thing.

1089

1090 **Ajay Thomas (0:34:31):**

1091 Mr. Chairman, I would just say that I appreciate the

1092 explanation detail, Cody, that you provided on that. I

1093 mean, I think my, my position, I mean, I totally

1094 understand this time around. I think it's just to be

1095 business smart, right? That we do the speed of business

1096 the right way --

1097

1098 **Leo Vasquez III (0:34:43):**

1099 Sure.

1100

1101

1102 **Ajay Thomas (0:34:46):**

1103 -- in the state and especially with this agency, if  
1104 we're, we're incentivizing affordable housing, is to  
1105 make sure that we're not unduly getting taken advantage  
1106 of, right?

1107

1108 **Cody Campbell (0:34:52):**

1109 Of course.

1110

1111 **Ajay Thomas (0:34:53):**

1112 The incentivized projects. But I think when you see,  
1113 and generally speaking, I think when you see sort of  
1114 that 150 to 200-basis point differential, that's about  
1115 okay.

1116

1117 **Cody Campbell (0:35:03):**

1118 Okay.

1119

1120 **Ajay Thomas (0:35:03):**

1121 Right?

1122

1123 I think it's when it jumps out and you get to more that  
1124 350 and you know, multiples of that is where you sort of  
1125 have to question, are we just too low, right?



1126

1127 **Cody Campbell (0:35:10):**

1128 Sure.

1129

1130 **Ajay Thomas (0:35:11):**

1131 And we're just not really being competitive as we could  
1132 be, right?

1133

1134 **Cody Campbell (0:35:15):**

1135 Sure.

1136

1137 **Ajay Thomas (0:35:17):**

1138 To make a little more for the agency and, and leverage  
1139 that for purposes we want to do so I don't have any  
1140 objection to --

1141

1142 **Cody Campbell (0:35:22):**

1143 Great.

1144

1145 **Ajay Thomas (0:35:24):**

1146 Where you were.

1147

1148

1149

1150 **Leo Vasquez III (0:35:25):**

1151 Any other comments or questions from the Board? Hearing

1152 none, I will entertain a motion on item 15 of the

1153 agenda.

1154

1155 **Cindy Conroy (0:35:37):**

1156 I move the Board approve the TCAP RF invitation to apply

1157 as described in the board action request, resolution,

1158 and associated documents on this item.

1159

1160 **Ajay Thomas (0:35:49):**

1161 Second, Mr. Chairman.

1162

1163 **Leo Vasquez III (0:35:49):**

1164 Motion made by Ms. Conroy. Seconded by Mr. Thomas. All

1165 those in favor say aye.

1166

1167 **Cindy Conroy (0:35:54):**

1168 Aye.

1169

1170 **Ajay Thomas (0:35:54):**

1171 Aye.

1172

1173

1174 **Leo Vasquez III (0:35:55):**

1175 Any opposed? Hearing none. Okay. Motion carries.

1176 Does Mr. Harper have anything you want to -- okay.

1177 Thanks, Cody. We're moving on to 16 on the agenda.

1178

1179 **Cody Campbell (0:36:10):**

1180 Sure. Thank you.

1181

1182 **Leo Vasquez III (0:36:12):**

1183 Presentation, discussion and possible action on awards

1184 for the 2025 CSBG discretionary fund Reentry Assistance

1185 Program. Mr. Reid, again.

1186

1187 **Gavin Reid (0:36:21):**

1188 Yes. Good morning again.

1189

1190 Gavin Reid, Manager of Planning, Community Affairs

1191 Division. Item 16 is seeking your approval of four

1192 awards for the Reentry Assistance Program directed

1193 towards formerly incarcerated individuals seeking stable

1194 housing. Each year, Community Services Block Grant

1195 discretionary funds are programmed for specific

1196 activities, which were previously approved by the Board

1197 in the CSBG state plan.

1198

1199 In that plan, \$400,000 was programmed for a Reentry  
1200 Assistance Program which allows nonprofit and local  
1201 government organizations with established experience in  
1202 serving the reentry population to assist previously  
1203 incarcerated individuals obtain rental housing. Staff  
1204 received approval from the Board in December 2024 to  
1205 release the NOFA, and in response to that NOFA, we  
1206 received 15 applications. The 15 applications were  
1207 evaluated and scored by Staff and the four highest  
1208 scoring applicants were determined. The full list of  
1209 applicants and their scores are listed in attachment A  
1210 of this bar.

1211

1212 The intent of this program is to provide landlords an  
1213 incentive to rent their units to previously incarcerated  
1214 individuals who have a difficult time finding landlords  
1215 who will lease to them, which is one of the primary  
1216 hurdles for an individual reentering the community. The  
1217 program will assist clients to obtain stable housing by  
1218 providing assistance with housing costs such as lease  
1219 assistance, application fees, deposits and a limited  
1220 amount of damage and vacancy coverage. Clients will

1221 have to be able to afford the rent and expenses of a  
1222 rental unit.

1223

1224 The landlord would receive an upfront payment. The  
1225 landlord could receive up to \$1,500 for a six-month  
1226 lease or \$2,000 if they sign a 12-month lease with the  
1227 individual. The rent cannot exceed 120 percent of fair  
1228 market rent and the unit must pass a basic inspection.

1229 Staff is asking for your approval to make these CSBG  
1230 discretionary awards in the amount of \$100,000 each for  
1231 the four highest scoring applicants who are Transcend,  
1232 STEM Education, Youth and Family Alliance, the Salvation  
1233 Army in Waco, and West Central Texas Regional  
1234 Foundation. If approved, contracts are anticipated to  
1235 begin May 1, 2025 last year and end on April 30, 2026.  
1236 That concludes this presentation and I can answer any  
1237 questions you may have.

1238

1239 **Leo Vasquez III (0:38:56):**

1240 Thanks, Gavin. Do any board members have questions for  
1241 Mr. Reid on this item? I just want to say that and I  
1242 think I've said this before, as a former board member of  
1243 the Texas Department of Criminal Justice, I, I can't  
1244 tell you how much this kind of reentry assistance helps

1245 in reintegrating offenders back into society. And it  
1246 just, it's a super big challenge that they're facing, so  
1247 I'm happy to see this kind of program that we're, we're  
1248 helping support.

1249

1250 I would, hearing no other questions, I'll entertain a  
1251 motion on item 16 of the agenda.

1252

1253 **Ajay Thomas (0:39:39):**

1254 Mr. Chairman, I move the Board approve the award of  
1255 funds for the Reentry Assistance Program, all as  
1256 authorized, conditioned and described in the board  
1257 action request, resolutions, and associated documents on  
1258 this item.

1259

1260 **Holland Harper (0:39:52):**

1261 Second.

1262

1263 **Leo Vasquez III (0:39:52):**

1264 Motion made by Mr. Thomas, seconded by Mr. Harper. All  
1265 those in favor say aye.

1266

1267 **Holland Harper (0:39:56):**

1268 Aye.

1269

1270 **Cindy Conroy (0:39:56):**

1271 Aye.

1272

1273 **Leo Vasquez III (0:39:56):**

1274 Any opposed? Hearing none, motion carries. Thanks,

1275 Gavin.

1276

1277 **Gavin Reid (0:40:00):**

1278 Thank you.

1279

1280 **Leo Vasquez III (0:40:01):**

1281 Item 17, presentation, discussion, and possible action

1282 regarding a waiver of 10 TAC Section

1283 11.101(b)(1)(A)(vii) of the Qualified Allocation Plan

1284 relating to the percentage of efficiency and/or one-

1285 bedroom units for Mesa Hills I. Ms. Morales.

1286

1287 **Teresa Morales (0:40:22):**

1288 Good morning. Teresa Morales, Director of Multifamily

1289 Bonds. Mesa Hills I proposes the new construction of 64

1290 units in El Paso. Of the 64 units, 24 will be one-

1291 bedrooms, which comprises 37.5 percent of the total unit

1292 count. The limitation on the number of efficiency and

1293 one-bedroom units for new construction projects was 30  
1294 percent in 2023 and 2024. But with the adoption of the  
1295 2025 QAP, that limit was increased to 35 percent.

1296

1297 This project exceeds the limit by 2.5 percent or the  
1298 equivalent of two units. The initial design and  
1299 planning of the development predates the inclusion of  
1300 this limitation into the QAP. There were several events  
1301 at the local level that took time in trying to resolve.  
1302 These included an old restrictive covenant that  
1303 prohibited affordable housing owned or operated by a  
1304 governmental entity on this site, and lengthy  
1305 discussions with the neighboring community to rezone the  
1306 site and limit density, which recently occurred in  
1307 September of last year. The timeline described by the  
1308 applicant reflects a desire to use this site for  
1309 affordable housing and steps taken to advance that goal.

1310

1311 Additionally, this project includes 24 project-based  
1312 vouchers. According to the applicant, there are over  
1313 9,000 people on the waiting list for a one-bedroom  
1314 project-based voucher, and proceeding with the unit mix  
1315 as proposed will help reach some of the individuals on



1316 that waiting list. Staff recommends that a waiver of  
1317 11.101 (b)(1)(A) romanette (vii) be granted.

1318

1319 **Leo Vasquez III (0:42:04):**

1320 Okay. Great. So, I mean, bottom line, it's really  
1321 close to the, the limit and with all the changes and  
1322 negotiations have gone back and forth, it would be the  
1323 Department would be asking perhaps unreasonably to have  
1324 it change further again and trying to knock down those  
1325 two units or convert two units --

1326

1327 **Teresa Morales (0:42:33):**

1328 Correct.

1329

1330 **Leo Vasquez III (0:42:37):**

1331 -- under this set of circumstances, it sounds pretty  
1332 reasonable to me.

1333

1334 Do any board members have questions? The Staff  
1335 recommends to approve the --

1336

1337 **Teresa Morales (0:42:45):**

1338 Grant the waiver.

1339

1340 **Leo Vasquez III (0:42:46):**

1341 Approve the waiver. Does anyone wish to speak against  
1342 that Staff recommendation? You're welcome to come up  
1343 and talk if you'd like.

1344

1345 **Unidentified Speaker (0:42:55):**

1346 Only here if you have questions.

1347

1348 **Leo Vasquez III (0:42:57):**

1349 Okay. Thanks. If there are no questions, I'll  
1350 entertain a motion on item 17 of the agenda.

1351

1352 **Holland Harper (0:43:07):**

1353 I move the Board to grant the waiver of 10 TAC Section  
1354 11.101(b) regarding the percentage of efficiencies of  
1355 one-bedroom units for Mesa Hill, all as described in the  
1356 board action request, resolutions, and associated  
1357 documents on this item.

1358

1359 **Leo Vasquez III (0:43:20):**

1360 Motion made by Mr. Harper. Is there a second?

1361

1362 **Cindy Conroy (0:43:21):**

1363 I'll second.

1364

1365 **Leo Vasquez III (0:43:22):**

1366 Ms. Conroy seconds. All those in favor say aye.

1367

1368 **Ajay Thomas (0:43:26):**

1369 Aye.

1370

1371 **Holland Harper (0:43:26):**

1372 Aye.

1373

1374 **Leo Vasquez III (0:43:27):**

1375 Any opposed? Hearing none, motion carries. Great.

1376

1377 **Teresa Morales (0:43:29):**

1378 Thank you.

1379

1380 **Leo Vasquez III (0:43:30):**

1381 Thanks, Teresa. Item 18 of the agenda. Presentation,

1382 discussion, and possible action regarding a Material

1383 Amendment to the Housing Tax Credit Application for

1384 Santa Fe Place. Mr. Banuelos.

1385

1386 **Rosalio Banuelos (0:43:47):**

1387 Good morning.

1388

1389 **Leo Vasquez III (0:43:47):**

1390 Been any updates on this?

1391

1392 **Rosalio Banuelos (0:43:49):**

1393 Rosalio Banuelos, Director of Asset Management. As you  
1394 all might recall, this item was originally presented at  
1395 the January 16, 2025 board meeting, and at that time, it  
1396 was tabled for 60 days. It has been further evaluated  
1397 and it's being back for -- being brought back for  
1398 consideration. Santa Fe Place was approved for a 9  
1399 percent housing tax credit award as a forward commitment  
1400 in 2023 for the construction of 110 units, 98 of which  
1401 were to be designated as low-income units for the  
1402 general population in Lubbock, Lubbock County.

1403

1404 However, due to the fact that the initial design of the  
1405 development is no longer financially viable, the  
1406 applicant is requesting approval for changes to the  
1407 design, which will result in a reduction to the number  
1408 of units from 110 to 90, by removing the 12 market rate  
1409 units and 8 low-income units, which represents a  
1410 reduction of 8.16 percent in the number of low-income  
1411 units, and a reduction of 18.18 percent in total units.

1412 The reduction to the number of units will result in a  
1413 18.18 percent decrease in residential density as well,  
1414 going from 24.11 units per acre to 19.72 units per acre.  
1415 Additionally, the square footage of the units will be  
1416 decreasing and the total net rentable area will decrease  
1417 28,895 square feet or 28.05 percent, going from 102,995  
1418 square feet to 74,100 square feet.

1419

1420 The revised unit mix includes 24 one-bedroom units, 48  
1421 two-bedroom units and 18 three-bedroom units instead of  
1422 the originally proposed 30 one-bedrooms, 58 two-bedrooms  
1423 and 22 three-bedroom units. The reduction to the number  
1424 of units will result in the elimination of the market  
1425 rate units and the reduction to the units up to 30  
1426 percent of area median income or AMI units from 10 to 9,  
1427 a reduction to the 50 percent AMI units from 20 to 18,  
1428 and a reduction to the 60 percent AM -- AMI units from  
1429 68 to 63 units. Additionally, the applicant requests  
1430 approval for a decrease of 1,809 square feet or 13.02  
1431 percent to the total common area, going from 13,897  
1432 square feet to 12,088 square feet.

1433

1434 Also, the pool will be eliminated and the decrease in  
1435 the number of units has reduced the required parking

1436 spaces under the Lubbock Zoning Ordinance from 244  
1437 spaces to 120. The development was re-underwritten with  
1438 the proposed amendment and the revised financial  
1439 information. The analysis supports that no change to  
1440 the housing tax credit amount and demonstrates that the  
1441 development remains financially feasible. Additionally,  
1442 Staff reviewed the original application and scoring  
1443 documentation against this amendment request and  
1444 concluded that none of the changes would have resulted  
1445 in selection or threshold criteria changes that would  
1446 have affected the selection of the application in the  
1447 competitive round.

1448

1449 It should also be noted that the letters of support for  
1450 this amendment were received from Senator Charles Perry,  
1451 State Representative Carl H. Tepper, Mayor of Lubbock,  
1452 Mark McBrayer, and County Judge Curtis Parrish. These  
1453 letters are in the board packet for this item. Staff  
1454 recommends approval of the requested amendment and I am  
1455 available to answer any questions about this item.

1456

1457 **Leo Vasquez III (0:46:49):**

1458 Okay. Thank you. Mr. Lyttle, is there another letter  
1459 that you want to enter into the record?

1460

1461 **Michael Lyttle (0:47:01):**

1462 Michael Lyttle, TDHCA staff. Yes, we did receive a  
1463 letter this morning from Representative Tepper that was  
1464 asked to, we were asked to read into the record. It's  
1465 addressed to Mr. Wilkinson, and it reads, "I'd like to  
1466 express my strong support again for the proposed Santa  
1467 Fe Place Apartments TDHCA 23178 that will be built in my  
1468 district in West Lubbock. It is my understanding that  
1469 the Speaker of the House, the Honorable Dustin Burrows  
1470 of Lubbock also supports this development. A highly  
1471 experienced development group looked at the original  
1472 plans and determined that certain changes were needed in  
1473 order to make the project successful.

1474

1475 The material amendment that is requested would reduce  
1476 the total number of units, change the unit mix, and make  
1477 architectural and design changes in order to make the  
1478 development financially feasible. The increased cost of  
1479 construction materials on top of high interest rates  
1480 have compelled the developers to make these changes.  
1481 There are so many teachers, nurses, and other  
1482 hardworking people in Lubbock who need affordable  
1483 housing. I ask that the TDHCA Board of Directors

1484 approve this material amendment, so that Lubbock  
1485 residents will have a new affordable place to live in  
1486 West Lubbock. Thank you for your time and consideration  
1487 of this matter. Sincerely, Representative Carl Tepper,  
1488 Texas House District 84."

1489

1490 **Leo Vasquez III (0:48:18):**

1491 Great. Thank you.

1492

1493 **Bobby Wilkinson (0:48:21):**

1494 I'd also like to add that Senator Perry's Chief of  
1495 Staff, Shannon, called me last night. Senator Perry  
1496 wanted to be here but between state affairs and the  
1497 floor, he - he just couldn't make it, so they wanted to  
1498 reiterate their continued support for the amendment.

1499

1500 **Leo Vasquez III (0:48:34):**

1501 Great. So noted. Mr. Banuelos, so Staff is confident  
1502 that that this revised structure is a viable project now  
1503 compared to how it was originally presented?

1504

1505 **Rosalio Banuelos (0:48:54):**

1506 Yes. The development was re-underwritten and the  
1507 analysis indicates that the development is feasible.



1508

1509 **Leo Vasquez III (0:49:02):**

1510 Okay. Is there any -- I'll stop -- I mean, does the  
1511 developer or representative want to wish to address the  
1512 Board?

1513

1514 **Kent Hance (0:49:22):**

1515 My name is Kent Hance, and I appeared here before. This  
1516 is material amendment to Santa Fe Place. I, most of my  
1517 concentration in, in low-income housing tax credit has  
1518 been in another area. We started putting this one  
1519 together in 2022, and we had a very successful project,  
1520 Guadalupe Villas in Lubbock. And the same architect  
1521 used it to be just like this one, as, as Guadalupe  
1522 Villa. And it was very impressive. And he drew up  
1523 original plans and after we got it and started looking  
1524 at it, we, we had some doubts because the amount of  
1525 money that people were paying for tax credit was going  
1526 down, and the cost was going up.

1527

1528 Since the last meeting, we met with Matt Gillam who will  
1529 be our partner if this is approved and he's done 20,  
1530 over 25 projects in the state of Texas and is a very  
1531 good developer. But we've looked at it every way we can

1532 and we got the cost down so that we could make it work.  
1533 And that's the reason we're asking for a change. We had  
1534 a more elaborate plan. This is still going to be nice  
1535 and be good, but it won't be an A as, as the other one  
1536 was, because at that time we were getting \$0.95, and now  
1537 you see some places that, that you're seeing some tax  
1538 credits go for less than 85, and the state tax credit we  
1539 did not long ago was \$0.81, and the whole time, price  
1540 has been going up. So we respectfully request that you  
1541 approve this, and Matt Gillam with Overland is here also  
1542 if you want to hear from him.

1543

1544 **Leo Vasquez III (0:51:35):**

1545 Okay. Thank you, Mr. Hance.

1546

1547 **Kent Hance (0:51:37):**

1548 Thank you.

1549

1550 **Leo Vasquez III (0:51:37):**

1551 And I also want to just say for the record that the  
1552 prior meeting, I hope, I did not intend to make my  
1553 remarks personal in any way, so I hope you understood  
1554 this more on the project and then the extended  
1555 circumstances, so if I offended you, I apologize.

1556

1557 **Kent Hance (0:51:54):**

1558 Right. No, I understand and I, I appreciate that very  
1559 much. I appreciate the job y'all do and, and the high  
1560 pay you get (audience laughter).

1561

1562 It's so wondrous that people will serve in this day and  
1563 time but I appreciate y'all's service, and I would  
1564 respectfully request that this be approved. Thank you.

1565

1566 **Leo Vasquez III (0:52:15):**

1567 Thank you. Do any other, does anyone else want to speak  
1568 on this? You don't, you don't have to, but if you, if  
1569 you want to, now's a chance. Do board members have any  
1570 questions for Staff or Developer?

1571

1572 **Ajay Thomas (0:52:35):**

1573 Mr. Chairman, I 'd, I'd love to hear from Mr. Gillam  
1574 since we heard from him last meeting. Mr. Gillam, so I  
1575 understand that at the last board meeting, you weren't  
1576 officially involved in the project, but you were going  
1577 to take on sort of looking at the redesign and, and try  
1578 to, to make sure that the new plan or the amended plan  
1579 would be financially feasible and would be deliverable

1580 so that this board would have confidence that Mr. Hance  
1581 and his team, and you, by extension, with the approval  
1582 being formally with the project, won't have to come back  
1583 to the Board, right, at, at another time to make the  
1584 project viable. Do you feel confident now with the plan  
1585 and the redesign as it's being proposed, that the Santa  
1586 Fe place would be financially feasible and able to get  
1587 done and, and delivered on time?

1588

1589 **Matt Gillam (0:53:27):**

1590 Yes, sir. Everything you said is correct. We've done a  
1591 lot of free work up until this point in time, helping  
1592 them put a plan in place that we believe is financially  
1593 viable, feasible, is very quality in construction, et  
1594 cetera, and, and that is absolutely what's in front of  
1595 you right now. So the architectural plans were done by  
1596 our architects that we've had 30-plus developments of  
1597 success here in Texas on, down through the underwriting  
1598 to chasing additional sources.

1599

1600 What you have in front of you, I will put my name on and  
1601 say is financially viable. If, if this passes, we then  
1602 at that point in time, would formally, you know, make  
1603 the request to come into the development, and, and are

1604 certain we could execute on that. The only thing that I  
1605 will bring up, because I like to have full disclosure  
1606 and I don't want to have surprises later, would be  
1607 because of the, the delay here being placed in service  
1608 by the end of next year is something that I think is  
1609 investors will have heartburn on, lenders would have  
1610 heartburn on, we would have heartburn on, so that is the  
1611 only thing that I would say. The plan is absolutely  
1612 something that I'll put my, my name on. But it would  
1613 just be there is, with this delay, you know, the  
1614 possibility that it would need an extension.

1615

1616 **Ajay Thomas (0:54:41):**

1617 Do you have an estimated time for what that delay would  
1618 look like?

1619

1620 **Matt Gillam (0:54:45):**

1621 You know, we were hopeful that if it got approved in  
1622 January, we would not need an extension really but, you  
1623 know, from, if this were to pass today, prior to even  
1624 formally coming into development, we would release the  
1625 architectural teams, et cetera, to go to full building  
1626 permit. And so, I really think you're kind of, June,  
1627 July to get fully closed and then get started on

1628 construction. So I think you're probably, you know,  
1629 you're probably at a three to four-month kind of delay.

1630

1631 **Ajay Thomas (0:55:18):**

1632 Okay. I appreciate that. Thank you very much. Mr.  
1633 Chair, the only other comment I'd make is I happened to  
1634 have the opportunity to dig into this a little bit when,  
1635 after the last board meeting and, and talk to some  
1636 friends of mine in, in Lubbock and was in Lubbock  
1637 recently, and the subject of affordable housing did come  
1638 up. And I will say that what we've heard through the  
1639 representatives and the senators in the region and what  
1640 Mr. Hance has certainly said is, is very accurate.

1641

1642 Affordable housing units are really at a premium in the,  
1643 in Lubbock, and especially nice affordable units like  
1644 this would still be with the amendments. And so, you  
1645 know, the goal of the agency is clearly to put as many  
1646 units as we can down. And in that regard, with the  
1647 amendment, didn't seem it was a dramatic significance  
1648 reduction and they did take the market unit rates out if  
1649 it's financially viable, you know, I certainly have no  
1650 impetus to, to not, not support it.

1651

1652 **Leo Vasquez III (0:56:22):**

1653 Any other comments or questions from the Board? Would

1654 anyone care to make a motion on item 18?

1655

1656 **Holland Harper (0:56:30):**

1657 I move the Board approve the request of material

1658 application amendments for the Santa Fe Place, all as

1659 described, conditioned and authorized in the board

1660 action request, resolutions, and associated documents on

1661 this item.

1662

1663 **Leo Vasquez III (0:56:39):**

1664 Motion made by Mr. Harper. Is there a second?

1665

1666 **Cindy Conroy (0:56:42):**

1667 I'll second.

1668

1669 **Leo Vasquez III (0:56:43):**

1670 Seconded by Ms. Conroy. Any further discussion? All

1671 those in favor say aye.

1672

1673 **Holland Harper (0:56:50):**

1674 Aye.

1675

1676 **Ajay Thomas (0:56:50):**

1677 Aye.

1678

1679 **Cindy Conroy (0:56:50):**

1680 Aye.

1681

1682 **Leo Vasquez III (0:56:51):**

1683 So, three votes are enough to pass. Note for the record

1684 that the Chair abstains on this vote, so motion carries.

1685

1686 **Kent Hance (0:57:01):**

1687 Thank you very much, Mr. Chairman and members. This

1688 will be a project that we'll ask you to come to ribbon

1689 cutting. You'll be very proud of it. Thank you.

1690

1691 **Leo Vasquez III (0:57:13):**

1692 Moving on. Item 19 of the agenda. Presentation,

1693 discussion, and possible action regarding a material

1694 amendment to the Housing Tax Credit Application, changes

1695 to the ownership structure, and a waiver of 10 TAC

1696 Section 11.9(b)(2)(A) for Park at Dogwood Development.

1697 Okay. Mr. Banuelos.

1698

1699



1700 **Rosalio Banuelos (0:57:35):**

1701 Park at Dogwood was approved for a 9 percent housing tax  
1702 credit award in 2024 for the construction of 85 units,  
1703 all of which were designated as low-income units for the  
1704 general population in New Braunfels, Comal County. The  
1705 applicant has now requested approval for a material  
1706 amendment to the application, changes to the ownership  
1707 structure, and a related waiver. The applicant  
1708 indicated that these changes are necessary for long-term  
1709 feasibility of the development. The applicant requests  
1710 approval for a 10.59 percent reduction in the number of  
1711 units going from 85 to 76 units, which will decrease the  
1712 one-bedroom units by 9 while maintaining the proposed  
1713 number of two-bedroom units.

1714

1715 In addition, a reduction in the unit sizes from 756  
1716 square feet to 729 square feet for the one-bedroom  
1717 units, and from 1,107 square feet to 1,086 square feet  
1718 for the two-bedroom units is being proposed. These  
1719 changes will result in a reduction of 8,496 square feet  
1720 or 9.96 percent, and the net rentable area going from  
1721 85,320 square feet to 76,824 square feet. It will also  
1722 result in a 10.59 percent reduction to the residential  
1723 density going from 2.14 units per acre to, I think that

1724 I have the wrong numbers there, so 10.59 for reduction  
1725 in acreage.

1726

1727 The change in the number of units would also result in a  
1728 revision to the rent and income restrictions from 90  
1729 units at 30 percent of area median income or AMI, 34  
1730 units at 50 percent AMI, and 42 units at 60 percent AMI,  
1731 to 8 units at 30 percent, 31 units at 50 percent, and 37  
1732 units at 60 percent. The applicant indicated that this  
1733 request is the result of a decrease in the proposed  
1734 purchase price of the tax credits from the initial rate  
1735 of \$0.88 per credit to \$0.81 per credit, due to credit  
1736 pricing being negatively impacted by speculation of a  
1737 proposed reduction to the corporate tax rates. This  
1738 results in a potential equity loss of 1,399,860.

1739

1740 In addition to the drop in equity pricing, construction  
1741 costs increased when FEMA updated their flood maps on  
1742 May 8, 2024, which is after the application was  
1743 submitted. The new maps required additional mitigation  
1744 to ensure that the finished ground floor elevations and  
1745 drive areas met the elevation requirements outlined in  
1746 the QAP. According to the applicant, the additional  
1747 cost related to hauling in offsite dirt to get the site

1748 above the 100-year floodplain is currently estimated at  
1749 \$616,262. In addition to the amendment for the changes  
1750 to the design, the applicant is seeking to --

1751

1752 **Holland Harper (1:00:00):**

1753 Mr. Banuelos, well, I know, I'm sorry to interrupt you,  
1754 but the original plan had permanent construction in the  
1755 floodplain before.

1756

1757 **Rosalio Banuelos (1:00:10):**

1758 Say that again. I'm sorry.

1759

1760 **Holland Harper (1:00:11):**

1761 Their original plan had permanent construction in the  
1762 floodplain before, but even before they had the changes  
1763 of the floodway. Did that, how did that not get  
1764 triggered in the first conversation?

1765

1766 I'm sorry to interrupt you. I'm I - I, I should have  
1767 let you finish. Why don't you finish and then we'll ask  
1768 the question, let the guy come up? How about that?  
1769 Does that sound fair?

1770

1771

1772 **Rosalio Banuelos (1:00:34):**

1773 Up to you. In addition to the amendment for the changes  
1774 to the design, the applicant is seeking to revise the  
1775 ownership structure by adding the New Braunfels Housing  
1776 Authority as the general partner to obtain a 100 percent  
1777 property tax exemption for the development. The current  
1778 general partner that is partly owned by the HUB will  
1779 become the special limited partner. A letter of  
1780 continued support from the Mayor of the City of New  
1781 Braunfels was provided and is included in the board  
1782 packet for this item.

1783

1784 The application for the development received two points  
1785 because the developmental structure to include the HUB  
1786 and the ownership structure that would have some  
1787 combination of ownership interest in the general partner  
1788 of the applicant, cash flow from operations and  
1789 developer fee. The HUB is also required to materially  
1790 participate in the development and operation of the  
1791 property throughout the compliance period. The change  
1792 in the structure will result in the HUB no longer  
1793 meeting the requirements for the two points awarded at  
1794 application and the applicant requests to waive this  
1795 specific requirement, and to allow the development to

1796 continue to qualify for the two points with the HUB and  
1797 the ownership structure of a special limited partner.

1798

1799 The HUB would continue to be required to meet all other  
1800 requirements in the QAP, including the requirement to  
1801 materially participate in the development and operation  
1802 of the development throughout the compliance period, and  
1803 this revised ownership requirement would be codified in  
1804 the Land Use Restriction Agreement for the development.

1805 Staff reviewed the original application and scoring  
1806 documentation against this amendment request, and  
1807 concluded that the reduction to the number of units  
1808 would have resulted in the loss of 2 points awarded for  
1809 providing 20 percent more units than the sub region  
1810 average of the 2022 and 2023 competitive rounds.

1811

1812 While these points ultimately did not affect the  
1813 selection of the development for an award in the  
1814 competitive round, this was not known by the applicant  
1815 when the application was submitted. For that reason,  
1816 Staff has a neutral recommendation for the amendment to  
1817 the application for the reduction to the number of units  
1818 and Staff recommends that if the Board elects to approve  
1819 the reduction to the number of units, the approval will

1820 be subject to underwriting by the Department to confirm  
1821 that the transaction remains financially feasible with  
1822 the proposed modifications. Staff recommends approval  
1823 of the amendment to the ownership structure and waiver  
1824 request, and it should be noted that the previous  
1825 participation review has been cleared. That concludes  
1826 my presentation for this item and I am available to  
1827 answer any questions.

1828

1829 **Leo Vasquez III (1:02:44):**

1830 Okay. Great. Let's go back to Mr. Harper's question  
1831 first.

1832

1833 **Holland Harper (1:02:50):**

1834 So, when I look at the original site plan, you have a, I  
1835 know you had a change in your floodplain study which is  
1836 now required in a NOFA, a CLOMR and a LOMR to get that  
1837 completed. But before you even built this site, it  
1838 appears that you had floodway that you were building on  
1839 in your initial packet to get started, which should have  
1840 been a red flag for us in our department.

1841

1842 **Byron Burkhalter (1:03:17):**

1843 Good morning, Board.

1844

1845 **Holland Harper (1:03:17):**

1846 Am I incorrect on that?

1847

1848 **Byron Burkhalter (1:03:21):**

1849 so --

1850

1851 **Leo Vasquez III (1:03:20):**

1852 And for any speakers, please identify yourself so they

1853 can get it on the record and, and then sign.

1854

1855 **Byron Burkhalter (1:03:26):**

1856 Yes, this is Byron Burkhalter with Park Development

1857 Group. I'm the developer on the project. And, yeah, so

1858 if you, if you look in your packet towards the back, we

1859 show the, the FEMA maps before and after and --

1860

1861 **Holland Harper (1:03:39):**

1862 But even the before, you were building on top of the,

1863 that channel that is the drainage for that, for that

1864 neighborhood.

1865

1866

1867

1868 **Byron Burkhalter (1:03:47):**

1869 So that, that channel, the floodway to the south is just  
1870 south of our site. So, there's a, there's a County Line  
1871 Memorial Trail that separates our site and the floodway.  
1872

1873 **Holland Harper (1:04:04):**

1874 Maybe. All right. So in this deal, you've changed the  
1875 number of units, you've changed the structure of what  
1876 you've got, you've got a change in your organization,  
1877 and now we have to work on through the CLOMR and LOMR  
1878 through this deal; is this even a viable project?  
1879

1880 **Byron Burkhalter (1:04:28):**

1881 I believe if we, if we get the approvals. So, when we  
1882 first submitted this, the site was not in the, the  
1883 floodplain and so after we submitted the application in  
1884 May, FEMA put about 70 percent of the site in a 100-year  
1885 floodplain, so that makes it challenging just to be able  
1886 to build 2 feet above the base flood elevation, so that  
1887 adds cost and also just time for the project to go  
1888 through the city's floodplain permit, and also the FEMA  
1889 CLOMR process. So that, that was one challenge and so  
1890 another challenge, that, that's the big one is the, the  
1891 FEMA floodplain.



1892

1893 The second challenge, which I'm sure you've heard from  
1894 other developers, is just equity pricing, interest  
1895 rates, and one thing in particular in New Braunfels that  
1896 we've gotten feedback from, from other investors, we've  
1897 reached out to about six to seven investors, and New  
1898 Braunfels is an interesting market because you're not  
1899 getting the CRA need that you would in San Antonio or  
1900 Austin, but you're also not in a USDA rural designated  
1901 area so you're not getting the Fannie Mae and Freddie  
1902 Macs that can come in and supplement that equity  
1903 pricing.

1904

1905 So, we've had lower than anticipated equity pricing,  
1906 higher construction costs and obviously, the, the FEMA  
1907 floodplain. And right when we found out all of this  
1908 information, we, we knew that we had a, a challenge with  
1909 the numbers and so we went and started talking to the  
1910 New Braunfels Housing Authority. That's been a process  
1911 getting them on board. We've been talking with the city  
1912 a lot. We finally have gotten the New Braunfels Housing  
1913 Authority excited about the project, and are bringing  
1914 them in as a partner to get the 100 percent tax  
1915 exemption, and that help, helps on the project.

1916

1917 **Leo Vasquez III (1:06:44):**

1918 Mr. Harper, you have any follow ups?

1919

1920 **Holland Harper (1:06:45):**

1921 I don't have any more questions. I mean, this is going

1922 to be a chewy project.

1923

1924 **Leo Vasquez III (1:06:52):**

1925 So how much, you're going to go 2 feet above the

1926 floodplain?

1927

1928 **Byron Burkhalter (1:07:00):**

1929 Yeah. That -- that's --

1930

1931 **Leo Vasquez III (1:07:00):**

1932 Across the whole property or just in those sections

1933 where --

1934

1935 **Byron Burkhalter (1:07:03):**

1936 Just on, on that, the sections where the FEMA floodplain

1937 came in. We've got to raise the site 2 feet above the

1938 100-year base flood elevation. And so, we believe with

1939 getting the, the tax exemption that we didn't have

1940 previously and being able to reduce our units by nine  
1941 units, we feel like we've got a fully viable project  
1942 that we can go. We've spent a lot of time and effort up  
1943 until this point. We've already spent about \$400,000 to  
1944 \$500,000 on this project with architectural plans, civil  
1945 plans, geotech, endangered species reports. We, we've  
1946 spent a lot of time and effort getting it where it is  
1947 today, and we feel like with the approval that's in your  
1948 packet that we can fully move forward to close by the  
1949 end of this year and --

1950

1951 **Holland Harper (1:08:00):**

1952 But you don't have your CLOMR and LOMR finished. You  
1953 don't have it back from FEMA yet.

1954

1955 **Byron Burkhalter (1:08:04):**

1956 That's right so that takes time.

1957

1958 **Holland Harper (1:08:04):**

1959 That, I mean, that process is 6, 9, 12 --

1960

1961 **Byron Burkhalter (1:08:10):**

1962 So -- so we're --

1963

1964 **Holland Harper (1:08:15):**

1965 That's an unlimited. It's at least 12. It's a long  
1966 process to get those done unless you have some more  
1967 intel that I don't have.

1968

1969 **Byron Burkhalter (1:08:18):**

1970 It typically takes about three to five months from our  
1971 experience to get a CLOMR, and so we've got all of our  
1972 civil drawings finished. We ordered an endangered  
1973 species report two weeks ago. We were waiting on that  
1974 to get back. Once that endangered species reports get  
1975 back, we can submit that whole packet to FEMA in the  
1976 next probably two weeks.

1977

1978 **Holland Harper (1:08:40):**

1979 But you haven't submitted your CLOMR and LOMR yet; is  
1980 that correct?

1981

1982 **Byron Burkhalter (1:08:43):**

1983 That's correct. We're, we're planning on submitting it  
1984 in the next two weeks, and we feel like we've got, you  
1985 know, typically it takes about 120 days and, in the  
1986 meantime, we can continue working with investors and  
1987 lenders to get everything wrapped up. So, we're, we're

1988 not just waiting on the CLOMR to come back and then  
1989 we're going to start all this work. We're continuing to  
1990 push everything else with building permits, getting our  
1991 equity investor and our lender all lined up to be able  
1992 to ready to close by the end of the year.

1993

1994 **Leo Vasquez III (1:09:16):**

1995 To close by the end of the year?

1996

1997 **Byron Burkhalter (1:09:18):**

1998 Yeah. Well --

1999

2000 **Leo Vasquez III (1:09:19):**

2001 So you wouldn't start actual construction until --

2002

2003 **Byron Burkhalter (1:09:22):**

2004 So typically when we close, we would immediately start  
2005 construction.

2006

2007 **Leo Vasquez III (1:09:29):**

2008 What, you know, and when's the required place in service  
2009 on this? Is it --

2010

2011

2012 **Cody Campbell (1:09:32):**

2013 Sure.

2014

2015 **Leo Vasquez III (1:09:33):**

2016 -- December 26th?

2017

2018 **Cody Campbell (1:09:34):**

2019 And that, that's exactly what I was coming up to

2020 address. I do want the Board to be fully aware of

2021 everything --

2022

2023 **Leo Vasquez III (1:09:36):**

2024 You've got to introduce yourself.

2025

2026 **Cody Campbell (1:09:39):**

2027 I'm sorry, yes. Cody Campbell with the Department. I

2028 want the Board to be fully aware of everything that's

2029 being asked for by this development today. This item

2030 concerns the amendment. The next item on your agenda

2031 does concern a force majeure request. So they are

2032 asking for this amendment and they are asking for an

2033 extension of time. The current place in service date is

2034 the end of 2026, I believe. This is a 2024 deal and so

2035 they would be asking for an extension till the end of  
2036 2027. Just want you to know that before you --  
2037

2038 **Leo Vasquez III (1:10:06):**

2039 But that's the next item on the agenda?

2040

2041 **Cody Campbell (1:10:08):**

2042 That is correct, yes.

2043

2044 **Leo Vasquez III (1:10:10):**

2045 Okay. So that I think would answer some of Mr. Harper's  
2046 concerns about timing, right?

2047

2048 **Byron Burkhalter (1:10:18):**

2049 Yeah. And so, the, the next item on the agenda there  
2050 we, we put together on Exhibit C that lists out all of  
2051 our dates and, and our timeline of closing building  
2052 permits, starting construction placed in service units,  
2053 and lease up. So, we've got all that listed out in the,  
2054 in the next request.

2055

2056 I know we're getting ahead of ourselves, but just wanted  
2057 to make that known.

2058

2059 **Leo Vasquez III (1:10:49):**

2060 Okay. Thank you. Do any board members have questions  
2061 for the developer? I have a couple follow ups for Mr.  
2062 Banuelos just to clarify because this project has all  
2063 kind of doing every adjustment that we seems that we can  
2064 do. The reduction of the number of units, our  
2065 threshold's 10 percent. This is 10.59.

2066

2067 **Rosalio Banuelos (1:11:25):**

2068 The 10 percent has been an informal threshold, but yes,  
2069 it is at 10.59 percent.

2070

2071 **Leo Vasquez III (1:11:29):**

2072 Okay. So, I, I mean, that's darn close. I'm generally  
2073 okay with that. It's changing to a tax-exempt status  
2074 with all the structure changes and special limited  
2075 partner, and all that stuff, and it's the New Braunfels  
2076 Housing Authority?

2077

2078 **Rosalio Banuelos (1:11:48):**

2079 That is correct.

2080

2081 **Leo Vasquez III (1:11:49):**

2082 And this project is in New Braunfels --



2083

2084 **Rosalio Banuelos (1:11:52):**

2085 Yes.

2086

2087 **Leo Vasquez III (1:11:53):**

2088 -- so there's no traveling like that? And the city, the

2089 mayor has sent letters acknowledging continued support

2090 even with the change to tax exempt status?

2091

2092 **Rosalio Banuelos (1:12:04):**

2093 That is correct.

2094

2095 **Leo Vasquez III (1:12:06):**

2096 Okay. Those are kind of checking the boxes I'm most

2097 concerned about and we're going to deal with the

2098 timeline in the next, the next item. Okay. Do any

2099 board members have more questions on again, I think this

2100 part is just hitting those items that we talked about.

2101 I mean, we're not it's the ownership structure and --

2102

2103 **Rosalio Banuelos (1:12:43):**

2104 Redesign.

2105

2106

2107 **Leo Vasquez III (1:12:45):**

2108 There's nothing else, right?

2109

2110 **Ajay Thomas (1:12:48):**

2111 And the redesign, right?

2112

2113 **Leo Vasquez III (1:12:49):**

2114 Yeah. And the yeah. And the redesign. Do any board

2115 members have questions or would someone like to make a

2116 motion? And the Staff is recommending approval?

2117

2118 **Rosalio Banuelos (1:13:03):**

2119 Staff recommends neutral on the reduction of units.

2120 Recommends approval for the changes to the ownership

2121 structure. The reason for the neutral on the number of

2122 units is because this year is the first year in which we

2123 had the quantity of low-income unit scoring item so this

2124 development did select that as a scoring item. The

2125 reduction to the number of units would have done away

2126 with those points, but because of how the round played

2127 out, that would not have made a difference for getting

2128 an award to this property.

2129

2130

2131 **Leo Vasquez III (1:13:33):**

2132 Okay. Great. Thanks. Okay. I'd like to entertain a  
2133 motion on item 19 of the agenda or do we have more  
2134 questions?

2135

2136 **Ajay Thomas (1:14:02):**

2137 I do have one clarification question. So Rosalio, so  
2138 this has to go back to underwriting though, right?

2139

2140 **Rosalio Banuelos (1:14:07):**

2141 Correct. We did not underwrite the development with new  
2142 numbers given that we were not sure about the number of  
2143 units. So, yes, if it is approved, it would have to go  
2144 back to underwriting for review.

2145

2146 **Holland Harper (1:14:18):**

2147 Just seems like so many unknowns with this.

2148

2149 **Leo Vasquez III (1:14:24):**

2150 But if the underwriting works, then, so this approval  
2151 would be contingent upon underwriting?

2152

2153 **Ajay Thomas (1:14:32):**

2154 Contingent to underwriting. Right.

2155

2156 **Rosalio Banuelos (1:14:35):**

2157 Yes.

2158

2159 **Ajay Thomas (1:14:36):**

2160 Okay. I move the Board grant the requested waiver of 10

2161 TAC Section 11.9(b) and other changes to the ownership

2162 structure, and approve the requested material

2163 application amendments that include a reduction in the

2164 number of units for Park at Dogwood, all as described,

2165 conditioned, and authorized in the board action request,

2166 resolution and associated documents on this item.

2167

2168 **Holland Harper (1:14:57):**

2169 Second.

2170

2171 **Leo Vasquez III (1:15:00):**

2172 Motion made by Mr. Thomas. Seconded by Mr. Harper. All

2173 those in favor say aye.

2174

2175 **Ajay Thomas (1:15:03):**

2176 Aye.

2177

2178

2179 **Holland Harper (1:15:03):**

2180 Aye.

2181

2182 **Leo Vasquez III (1:15:04):**

2183 Any opposed? Hearing none, motion carries on item 19.

2184 Moving right along to item 20, presentation, discussion,

2185 and possible action on the -- on a request for return

2186 and reallocation of tax credits under 10 TAC Section

2187 11.6(5) related to credit returns resulting from force

2188 majeure Events for Park at Dogwood.

2189

2190 **Cody Campbell (1:15:28):**

2191 Sure. Thank you, Mr. Vasquez. Again, Cody Campbell

2192 with the Department. I won't bore you rehashing the

2193 details that you've just heard. 2024, 9 percent

2194 application. Initially, 4 percent of the development

2195 site was in the floodplain. Those maps were updated to

2196 being 70 percent within the floodplain. The applicant

2197 provided a timeline that is available in your board book

2198 that lists out how they got to this point. The item in

2199 that timeline that sticks out the most to me is that

2200 they submitted for their building permits and their

2201 floodplain permit from the city in February of 2025,

2202 which is pretty typical for a development that is on  
2203 track.

2204

2205 It does appear as though the redesignation of this site  
2206 as being substantially within the floodplain is what is  
2207 delaying development at this point. One of the  
2208 allowable provisions of the force majeure rule is a  
2209 change in rule or regulation that causes delay. And so  
2210 Staff reviewed this, we do believe that it meets the  
2211 provision of the rule, and we recommend that the Board  
2212 approve it.

2213

2214 **Leo Vasquez III (1:16:27):**

2215 Okay. Do board members have questions on this item?

2216 And Staff recommends --

2217

2218 **Cody Campbell (1:16:38):**

2219 Yes, sir.

2220

2221 **Leo Vasquez III (1:16:39):**

2222 -- approve it? Okay. I'll entertain a motion on item  
2223 20 of the agenda.

2224

2225

2226 **Holland Harper (1:16:50):**

2227 I move the Board approve the requested treatment under  
2228 application of force majeure rule at the Park at  
2229 Dogwood, all as described, conditioned, and authorized  
2230 in the board action request, resolutions, and associated  
2231 documents on this item. I do feel that you are going to  
2232 be back before this board and I hope that's not the  
2233 case. I wish you the best in your project.

2234

2235 **Leo Vasquez III (1:17:08):**

2236 Motion made by Mr. Harper. Is there a second?

2237

2238 **Cindy Conroy (1:17:11):**

2239 I'll second.

2240

2241 **Leo Vasquez III (1:17:13):**

2242 Seconded by Ms. Conroy. All those in favor say aye.

2243

2244 **Ajay Thomas (1:17:17):**

2245 Aye.

2246

2247 **Holland Harper (1:17:17):**

2248 Aye.

2249

2250 **Leo Vasquez III (1:17:17):**

2251 Any opposed? Hearing none, motion carries.

2252

2253 **Cody Campbell (1:17:20):**

2254 Thank you.

2255

2256 **Leo Vasquez III (1:17:21):**

2257 Good luck.

2258

2259 **Cody Campbell (1:17:22):**

2260 Thank you.

2261

2262 **Leo Vasquez III (1:17:24):**

2263 Item 21, presentation, discussion, and possible action

2264 regarding changes to the ownership structure and a

2265 waiver of 10 TAC Section 11.9(b)(2)(A) for Parkside on

2266 Carrier. Mr. Banuelos.

2267

2268 **Rosalio Banuelos (1:17:40):**

2269 Parkside on Carrier was approved for a 9 percent housing

2270 tax credit award in 2021 for supplemental credits in

2271 2023 and a multifamily direct loan in 2025 for the

2272 construction of 38 units, all of which are designated as

2273 low-income units for the elderly population in Grand



2274 Prairie, Dallas County. The housing tax credit  
2275 application for the development received two points  
2276 because the development was structured to include a  
2277 historically underutilized business or HUB, and the  
2278 ownership structure that would have some combination of  
2279 ownership interest in the general partner of the owner,  
2280 cash flow from operations, and developer fee.

2281

2282 The HUB is also required to materially participate in  
2283 the development and operation of the development  
2284 throughout the compliance period. The representative  
2285 for the development owners is now asking approval for  
2286 changes to the ownership structure of the owner and the  
2287 developer, and for a waiver of the provision in the QAP  
2288 that specifies that the HUB is required to have an  
2289 ownership interest in the general partner. The owner is  
2290 seeking to revise the ownership structure by adding the  
2291 Grand Prairie Housing Finance Corporation as a sole  
2292 member of the proposed general partner.

2293

2294 Additionally, the owner is seeking to revise the  
2295 ownership structure by changing the current general  
2296 partner, which is partly owned by a HUB, from general  
2297 partner to special limited partner. The change in the

2298 structure will result in the HUB no longer meeting the  
2299 requirements for the two points awarded at application,  
2300 and the owner requests to waive this specific  
2301 requirement and allow the development to qualify for the  
2302 two points with the HUB and the ownership structure of  
2303 the special limited partner.

2304

2305 The HUB will, would continue to meet all requirements in  
2306 the QAP, including the requirement to materially  
2307 participate in the development and operation of the  
2308 development throughout the compliance period, and the  
2309 revised ownership requirement would be codified in the  
2310 LURA for the development. The owner explained that due  
2311 to increased construction costs, operating costs,  
2312 interest rates and decreases in equity pricing, the  
2313 development is not feasible without significant changes.  
2314 The admission of the Grand Prairie Housing Finance  
2315 Corporation, along with the ground lease structure will  
2316 make the development eligible for a 100 percent property  
2317 tax exemption, and will improve the financial viability  
2318 of the development.

2319

2320 The owner submitted a letter from the City Manager  
2321 stating that the City of Grand Prairie continues to

2322 support the development and the proposed changes to the  
2323 ownership structure, and also indicating that the city  
2324 is aware that the partnership between the development  
2325 owner and the Grand Prairie Housing Finance Corporation  
2326 will result in a property tax exemption. This letter is  
2327 in the board packet for this item. Staff determined  
2328 that without the waiver, the loss of the two points  
2329 could have affected the award because there was another  
2330 application that would have scored higher, but was not  
2331 underwritten. Staff recommends approval of the waiver  
2332 request and the changes to the ownership structure of  
2333 the development, and I am available for questions.

2334

2335 **Leo Vasquez III (1:20:13):**

2336 Okay. So the project is in Grand Prairie. Grand  
2337 Prairie Housing Finance Corp, is on the deal, and the  
2338 city manager basically kind of --

2339

2340 **Rosalio Banuelos (1:20:25):**

2341 Supports. Yes.

2342

2343 **Leo Vasquez III (1:20:28):**

2344 -- chief operating officer of the city has acknowledged  
2345 it --

2346

2347 **Rosalio Banuelos (1:20:28):**

2348 Correct.

2349

2350 **Leo Vasquez III (1:20:28):**

2351 -- written. Okay. Does any, any other board member

2352 have a question on this item? Generally speaking, are

2353 we, are we aware of any legislation to fix the HUB

2354 issue, so we don't have to go through this all the time

2355 in the, in the ownership structure?

2356

2357 **Rosalio Banuelos (1:21:00):**

2358 Probably make the change in the QAP. I believe this

2359 change can be made to a QAP if we would like because

2360 that requirement is not statutory, I believe it's, we

2361 have that requirement for them to be in the general

2362 partner role, but I don't believe it has to be.

2363

2364 **Bobby Wilkinson (1:21:16):**

2365 I mean, the, the HUB doesn't have to be the QAP at all

2366 but is there a statutory reason that we have a board

2367 vote for this type of ownership?

2368

2369

2370

2371 **Rosalio Banuelos (1:21:24):**

2372 It's the points. So, I think that just not meeting the  
2373 requirements in the QAP and having to do a waiver  
2374 requires the board approval, but if we were to revise  
2375 the QAP to allow for the HUB to be in the special  
2376 limited partners ownership structure, then this  
2377 structure would be allowed without --

2378

2379 **Bobby Wilkinson (1:21:40):**

2380 So, we could, we could change it without a statutory  
2381 change, where we wouldn't have to bring these to you, I  
2382 think.

2383

2384 **Leo Vasquez III (1:21:45):**

2385 Okay. Well, let's look at that as we're doing the QAP.

2386

2387 **Bobby Wilkinson (1:21:52):**

2388 Okay.

2389

2390 **Leo Vasquez III (1:21:53):**

2391 Are there any other questions on this item, on 21?

2392

2393

2394 **Cindy Conroy (1:22:01):**

2395 I just have, it's just, so without these two points,  
2396 there was another application that would have scored  
2397 higher than this one?

2398

2399 **Rosalio Banuelos (1:22:09):**

2400 Correct.

2401

2402 **Cindy Conroy (1:22:10):**

2403 So we're going to give a waiver to this and they'll  
2404 still get it --

2405

2406 **Rosalio Banuelos (1:22:14):**

2407 They would still.

2408

2409 **Cindy Conroy (1:22:16):**

2410 -- but the application behind it that scored higher --

2411

2412 **Rosalio Banuelos (1:22:18):**

2413 Correct. That other development through the review  
2414 process in 20 -- back when this award was made, didn't  
2415 get reviewed so the request now would be to allow for  
2416 this waiver, which would continue to qualify the  
2417 developments for the two points and keeping the same

2418 score that it had previously. If that waiver were to be  
2419 denied, then I just wanted to point out that there was a  
2420 higher scoring development that ended up not getting  
2421 funded.

2422

2423 **Leo Vasquez III (1:22:47):**

2424 But, okay. And I thought that, and maybe I'm mixing  
2425 projects here. So the two points would have made a  
2426 scoring change or would have made a ranking change?

2427

2428 **Rosalio Banuelos (1:23:00):**

2429 Yes. It would have made a ranking change. That other  
2430 development was not underwritten back in the competitive  
2431 round. So we don't know if it would have made it  
2432 through all the way.

2433

2434 **Leo Vasquez III (1:23:08):**

2435 Okay. And then, but this, the two points are based on  
2436 the hub being and the general partners.

2437

2438 **Rosalio Banuelos (1:23:14):**

2439 And the general partners structure, yes.

2440

2441

2442 **Leo Vasquez III (1:23:17):**

2443 And now we're making it special limited partner like we

2444 have with --

2445

2446 **Rosalio Banuelos (1:23:22):**

2447 Many others.

2448

2449 **Leo Vasquez III (1:23:23):**

2450 -- many others. So okay. Well, I mean, I guess under

2451 that change, I'm, I'm still okay with it, but I see, I,

2452 I understand your point. I understand your point.

2453

2454 **Cindy Conroy (1:23:36):**

2455 The reason I generally I have a problem with it is

2456 because you got the points, you got the project, but now

2457 you're asking to not have the points, and a project that

2458 had the point, that scored higher is not being, didn't

2459 get a chance --

2460

2461 **Rosalio Banuelos (1:23:51):**

2462 To clarify --

2463

2464 **Cindy Conroy (1:23:51):**

2465 So I just, in principle, I have a problem with that.



2466

2467 **Rosalio Banuelos (1:23:53):**

2468 I think to clarify, the request is to keep the points in  
2469 the development but waive the requirement to be in the  
2470 general partners ownership structure. So, the HUB would  
2471 still participate in the development, which is the  
2472 intent of that requirement but it wouldn't be as a  
2473 member of the general partner, it would be a member of  
2474 the special limited partner.

2475

2476 **Cindy Conroy (1:24:14):**

2477 Okay.

2478

2479 **Leo Vasquez III (1:24:15):**

2480 Yeah. So, we've been saying, like this one and a bunch  
2481 of others, that as long as the HUB is still in there  
2482 under this revised structure, they still get the points  
2483 and that's --

2484

2485 **Cindy Conroy (1:24:27):**

2486 It was just that, that last paragraph or the third  
2487 paragraph that we confirm the loss of the sponsor, that  
2488 would have scored higher that, early on.

2489

2490

2491 **Leo Vasquez III (1:24:39):**

2492 Yeah. Usually, that doesn't, the two points ended up  
2493 not making a difference. This one it could have, but --

2494

2495 **Cindy Conroy (1:24:50):**

2496 We'll never know, because they didn't, because they  
2497 didn't receive it. Yeah. Okay.

2498

2499 **Leo Vasquez III (1:24:54):**

2500 Any other questions? If not, I'll entertain a motion  
2501 on, we're on item 21, right? Item 21 of the agenda.

2502

2503 **Ajay Thomas (1:25:10):**

2504 Mr. Chairman, I move the Board grant the requested  
2505 waiver of 10 TAC Section 11.9(b) and other changes to  
2506 the ownership structure for Parkside on Carrier, all as  
2507 described, conditioned, and authorized in the board  
2508 action request resolution and associated documents on  
2509 this item.

2510

2511 **Holland Harper (1:25:25):**

2512 Second.

2513

2514 **Leo Vasquez III (1:25:25):**

2515 Motion made by Mr. Thomas, seconded by Mr. Harper. All  
2516 those in favor say aye.

2517

2518 **Ajay Thomas (1:25:30):**

2519 Aye.

2520

2521 **Cindy Conroy (1:25:30):**

2522 Aye.

2523

2524 **Leo Vasquez III (1:25:30):**

2525 Any opposed? Hearing none, motion carries. Thanks,  
2526 Rosalio. Okay. Item 22, presentation, discussion, and  
2527 possible action on recommendation to adopt an Agreed  
2528 Final Order assessing an administrative penalty relating  
2529 to The Life at Sterling Woods. Ms. Stremler.

2530

2531 **Sascha Stremler (1:25:51):**

2532 Good morning, Chairman Vasquez, Members of the Board.  
2533 Sascha Stremler here today in my capacity as Assistant  
2534 General Counsel to present item 22 concerning an  
2535 administrative penalty for the Life at Sterling Woods.  
2536 The referred property is owned by 8625 Winkler Drive,  
2537 Houston LLC, which is controlled by Olive Tree

2538 Multifamily Manager 2 LLC, and Ian Bel. The primary  
2539 CMTS contract for the owner is Julie Sirago, and the  
2540 property management is Asset Living. Life at Sterling  
2541 Woods is a 234-unit qualified elderly project located in  
2542 Houston, 117 units are restricted at 50 percent AMI and  
2543 117 units are restricted at 60 percent of AMI.

2544

2545 There are four buildings in the development. The  
2546 property is subject to a 2008 tax credit LURA set to run  
2547 through December 31, 2036. And the development was  
2548 purchased by the current ownership group in 2021. Life  
2549 at Sterling Woods was referred to enforcement on two  
2550 bases: For file monitoring noncompliance and in response  
2551 to a complaint the Department received regarding a  
2552 nonfunctional elevator in Building 4. For the file  
2553 monitoring noncompliance, a file monitoring review was  
2554 conducted on March 28th, 2024. Most noncompliance was  
2555 corrected within the 90-day corrective action period but  
2556 three gross rent violations caused by a miscalculation  
2557 of utility allowances remained unresolved. From January  
2558 through March 2024, two units were overcharged \$102 per  
2559 month and one unit was overcharged \$50 per month. The  
2560 issue has now been resolved.

2561

2562 Turning to the complaint regarding the nonfunctional  
2563 elevator in Building 4, on September 17, 2024, the  
2564 Department received a complaint that the sole elevator  
2565 in Building 4 was inoperable. Building 4 is a three-  
2566 story building with 22 units on each floor. Property  
2567 management indicates that the elevator originally broke  
2568 during Hurricane Beryl on July 8, 2024. It was repaired  
2569 but then broke again in August, and further repair  
2570 attempts had failed. The elevator is old and considered  
2571 obsolete, and property management had difficulty finding  
2572 replacement parts since they are no longer being made  
2573 for this elevator, and had to turn to third party  
2574 manufacturers, which led to extensive delays.

2575

2576 A broken elevator is an NSPIRE violation and an  
2577 accessibility violation as it is the only elevator in  
2578 the building and it is part of an accessible route in an  
2579 elderly development. The Department issued a notice of  
2580 noncompliance on November 14, 2024, setting a 10-day  
2581 corrective action deadline. When the issue was not  
2582 resolved by the deadline, the noncompliance was referred  
2583 for an administrative penalty on December 5, 2024. The  
2584 elevator was restored to service on February 18, 2025.

2585

2586 Administrative penalties are authorized by statute at  
2587 Texas Government Code Section 2306.041. The process is  
2588 defined by Rule at 10 TAC Chapter 2, Subchapter C. To  
2589 assess a penalty, TDHCA must first offer an informal  
2590 conference. The Enforcement Committee held an informal  
2591 conference with the owner on January 30, 2025 and  
2592 analyzed the required statutory factors for determining  
2593 an appropriate administrative penalty. These factors  
2594 are discussed in further detail in your bar materials.  
2595 The Enforcement Committee recommends an administrative  
2596 penalty of \$12,000. I am available to answer any  
2597 questions.

2598

2599 **Leo Vasquez III (1:29:07):**

2600 Okay. This is an agreed final order?

2601

2602 **Sascha Stremmler (1:29:10):**

2603 Correct.

2604

2605 **Leo Vasquez III (1:29:10):**

2606 Right? Okay. Do any board members have questions on  
2607 this? And -- oh.

2608

2609

2610 **Holland Harper (1:29:16):**

2611 This is mostly on the elevator, correct? And just a  
2612 little bit on the overcharging?

2613

2614 **Sascha Stremmler (1:29:21):**

2615 That yeah, that's correct.

2616

2617 **Leo Vasquez III (1:29:24):**

2618 And we assume the overcharging was remedied by refunding  
2619 some funds?

2620

2621 **Sascha Stremmler (1:29:30):**

2622 The tenants can choose to either be credited or receive  
2623 a refund, but it also had to do with they got a new  
2624 property management company in May, and so they kind of  
2625 they worked, fixed the issue so I think it may have  
2626 stemmed from that somewhat.

2627

2628 **Leo Vasquez III (1:29:45):**

2629 Okay. And this is --

2630

2631 **Holland Harper (1:29:47):**

2632 Just for the Board's clarification. If you've ever  
2633 dealt with elevator companies, they're the mafia --

2634

2635 **Leo Vasquez III (1:29:53):**

2636 Yeah. Oh yeah.

2637

2638 **Holland Harper (1:29:53):**

2639 And the, and, and the oligarch, and they are terrible.

2640 So, all of them are pardon me if you're elevator stock

2641 people. But they're it's really tough. It's really

2642 tough.

2643

2644 **Leo Vasquez III (1:30:06):**

2645 No. Oh, yeah. My, no, I, I have a story about that too

2646 but, okay. And then let's just reiterate who the

2647 management ownership team is on this, and the past

2648 performance of this group?

2649

2650 **Sascha Stremmler (1:30:23):**

2651 So, correct. So the management of this development is

2652 Olive Tree Multifamily Manager 2 and Ian Bel, which you

2653 may remember from December, we have another item after

2654 this. The management company is Asset Living, which is

2655 not related to the ownership group so it's a separate

2656 group. But the Olive Tree had, well, Ian Bel was

2657 debarred for three years for foreclosures of two other



2658 properties. Olive Tree Multifamily Manager 2, which is  
2659 the other owning entity, was not debarred because it was  
2660 not an owner of the two foreclosed properties that were  
2661 discussed in December.

2662

2663 **Leo Vasquez III (1:31:05):**

2664 But the next item --

2665

2666 **Sascha Stremmler (1:31:06):**

2667 But they are for our department. Yes, on the next item.

2668 Yes.

2669

2670 **Leo Vasquez III (1:31:08):**

2671 Talk, talks about that. Okay. Okay. So bottom line,

2672 this is an agreed final order. Let's vote on approval

2673 or disapproval of that. Is there a motion on item, or

2674 no one wants to speak on this one. Okay. All right.

2675 Is there a motion for item 22 of the agenda?

2676

2677 **Cindy Conroy (1:31:31):**

2678 I move the Board approve the agreed final order

2679 assessing an administrative penalty for noncompliance at

2680 Sterling Woods, all as described, authorized, and

2681 conditioned in the board action request, resolution, and  
2682 associated documents and order on this item.

2683

2684 **Leo Vasquez III (1:31:46):**

2685 Motion made by Ms. Conroy. Is there a second?

2686

2687 **Ajay Thomas (1:31:49):**

2688 Second, Mr. Chair.

2689

2690 **Leo Vasquez III (1:31:50):**

2691 Seconded by Mr. Thomas. All those in favor say aye.

2692

2693 **Ajay Thomas (1:31:53):**

2694 Aye.

2695

2696 **Holland Harper (1:31:53):**

2697 Aye.

2698

2699 **Cindy Conroy (1:31:53):**

2700 Aye.

2701

2702 **Leo Vasquez III (1:31:54):**

2703 Any opposed? Hearing none, motion carries. Moving on

2704 to item 23, presentation, discussion, and possible

2705 action on recommendation to debar multiple parties due  
2706 to the foreclosures of The Life at Clearwood and The  
2707 Life at Westland. Ms. Stremler.

2708

2709 **Sascha Stremler (1:32:13):**

2710 Sascha Stremler here to present item 23. The Life at  
2711 Clearwood, which is located in Houston, has 276 units,  
2712 all restricted at 60 percent AMI, which was subject to a  
2713 2003 tax credit LURA, which is originally set to  
2714 terminate in 2033. The responsible parties purchased a  
2715 development in 2019. Life at Westland, located in Fort  
2716 Worth, has 192 units, all restricted at 60 percent AMI,  
2717 subject to a 2004 tax credit LURA, originally set to  
2718 terminate in 2034. The development was purchased by the  
2719 responsible parties in 2020. Olive Tree Multifamily  
2720 Manager, LLC and Ian Bel were the parties in control of  
2721 the Life at Clearwood. Olive Tree Multifamily Manager 2  
2722 LLC and Ian Bel were the parties in control of the Life  
2723 at Westland. I will refer to them collectively as  
2724 responsible parties.

2725

2726 On December 3, 2024, both developments were foreclosed,  
2727 terminating TDHCA's tax credit LURAs and resulting in  
2728 the loss of nine additional years of affordability for

2729 Life at Clearwood and the loss of 10 additional years of  
2730 affordability for Life at Westland. This is a loss of  
2731 468 affordable units between the two properties. Texas  
2732 Government Code 2306.0504(b) states the Department may  
2733 debar a person for participation in a department program  
2734 on the basis of the person's past failure to comply with  
2735 any condition imposed by the Department in the  
2736 administration of its programs.

2737

2738 The Department may debar a responsible party for  
2739 controlling a multifamily development that was  
2740 foreclosed where the foreclosure results in the  
2741 termination of a TDHCA LURA. As you may recall, in  
2742 December 2024, this board debarred two of the  
2743 responsible parties before you today, Olive Tree --  
2744 Olive Tree Multifamily Manager LLC and Ian Bel, due to  
2745 the August 2024 foreclosures of the Life at Timber Ridge  
2746 Apartments and the Life at Timber Ridge II Apartments.  
2747 The debarment term imposed was a three-year term set to  
2748 run through December 12, 2027. After the Department was  
2749 notified of the foreclosures of the Life at Clearwood  
2750 and the Life at Westland, the responsible parties were  
2751 again referred for debarment.

2752

2753 The Enforcement Committee held an informal conference on  
2754 January 30, 2025. On February 13, 2025, the TDHCA  
2755 Executive Director issued a debarment determination  
2756 notice recommending extending the debarment term for  
2757 Olive Tree Multifamily Manager LLC and Ian Bel for one  
2758 additional year, running through December 12, 2028 and  
2759 recommending a matching debarment term for Olive Tree  
2760 Multifamily Manager 2 LLC to also run through December  
2761 12th, 2028. The responsible parties did not appeal  
2762 their debarment determinations.

2763

2764 Before you today are final orders of debarment for the  
2765 two responsible parties due to the foreclosures on the  
2766 property with terminated two TDHCA LURAs. While the  
2767 grounds for debarment in this case are discretionary,  
2768 foreclosure is one of the most serious debarment  
2769 violations because it results in the termination of  
2770 LURAs, including the loss of 468 affordable units in  
2771 Texas. As a result of the four foreclosures by this  
2772 ownership group over the past six months, the Department  
2773 has lost over 700 affordable units in the state.  
2774 Debarment is not a punishment.

2775

2776 One of its purposes is to give responsible parties time  
2777 to regroup, fix their internal policies and mechanisms  
2778 to show they can responsibly administer their TDHCA  
2779 properties and funding. There is no required minimum or  
2780 maximum debarment term. The Enforcement Committee  
2781 reached its recommendation based on the material factors  
2782 outlined in 10 TAC 2.401J, which are detailed in your  
2783 materials. The Enforcement Committee recommends  
2784 approval of the order extending the debarment term of  
2785 Olive Tree Multifamily Manager, LLC and Ian Bel through  
2786 December 12, 2028, and a matching term of debarment for  
2787 Olive Tree Multifamily Manager 2, LLC through December  
2788 12, 2028. Available for questions.

2789

2790 **Leo Vasquez III (1:35:52):**

2791 At the end of a debarment period, this may be an Eccles  
2792 question, or do they automatically, does the debarred  
2793 entity or individual automatically get reinstated, or  
2794 they're available, or do we reevaluate --

2795

2796 **Sascha Stremmler (1:36:14):**

2797 That --

2798

2799

2800

2801 **Leo Vasquez III (1:36:14):**

2802 -- that they've gotten their act together? I mean, it's  
2803 that there aren't continuing violations and  
2804 investigations?

2805

2806 **Sascha Stremmler (1:36:18):**

2807 So once, once the period that's outlined in the order  
2808 ends, they're effectively able to move forward with  
2809 applying for funding or doing getting additional program  
2810 funding through the Department. There's no like, review  
2811 period after that, although they do, you know, all  
2812 applications do go, go through prior participation  
2813 review. So that information is, will be included, but  
2814 they are no longer debarred.

2815

2816 **Cindy Conroy (1:36:42):**

2817 Does that disclose that they were debarred previously?

2818

2819 **Sascha Stremmler (1:36:46):**

2820 That, that should be in there, yeah, in their  
2821 information that's reviewed.

2822

2823

2824 **Leo Vasquez III (1:36:51):**

2825 How's the, the prior participation review, how does that

2826 how does that impact the scoring? I mean, I'm, I'm just

2827 --

2828

2829 **Bobby Wilkinson (1:37:05):**

2830 No, it's like, go, no go. It's not, it's not scoring.

2831 Like, if you fail your previous participation review,

2832 you don't get awarded whatever we're awarding.

2833

2834 **Leo Vasquez III (1:37:16):**

2835 Okay. So there would have to be some compelling

2836 evidence in 2028 --

2837

2838 **Bobby Wilkinson (1:37:20):**

2839 And then there's some kind of middle ground where we've

2840 done put conditions on the award, like, you know, must

2841 turn in a single audit that's overdue or something

2842 before they go to one.

2843

2844 **Leo Vasquez III (1:37:31):**

2845 Okay. Okay. So we're extending the -- this order would

2846 be to extend the debarment period.

2847



2848 **Sascha Stremmler (1:37:41):**

2849 Correct. By, by one year. So it'd be a little short of  
2850 four years from today's date. It'd run through December  
2851 12, 2028, for all three entities.

2852

2853 **Leo Vasquez III (1:37:51):**

2854 Okay. And if someone creates an entity, Olive Tree  
2855 Multifamily Management 6, I mean, is that, does that get  
2856 around this?

2857

2858 **Sascha Stremmler (1:38:06):**

2859 Well, that's why we have Ian Bel is being debarred  
2860 because ostensibly he would be part of that, part of  
2861 that ownership structure. And so that would not be  
2862 allowed to move forward, if, as long as he was in, in  
2863 the chain for the, for the ownership group.

2864

2865 **Leo Vasquez III (1:38:21):**

2866 Okay. Does Ms. Bast want to add something? Please.

2867

2868 **Cynthia Bast (1:38:34):**

2869 Thank you. Cynthia Bast of Baker Hostetler. I --

2870

2871

2872 **Leo Vasquez III (1:38:38):**

2873 I haven't heard you say that before.

2874

2875 **Cynthia Bast (1:38:40):**

2876 I haven't heard me say that before either, but I, I like

2877 it. I wasn't intending to speak. As you know, I did

2878 represent Olive Tree and Ian Bel in December for this

2879 debarment consideration. And I just need to say

2880 something to you all about what we keep hearing in these

2881 debarment considerations, which is that debarment is not

2882 a punishment, it is just an opportunity to get your act

2883 together. If you will recall in the December situation,

2884 that foreclosure, they had their act together.

2885

2886 They just had a lender that refused to take more than

2887 their principal outstanding for the property on a sale,

2888 but what's happening here now is because the word

2889 "debarment" is such a loaded word, that affects the

2890 individuals and the companies, not just for the time

2891 they're, quote, "sitting on the bench." It affects them

2892 forever. Federal programs, state programs, even job

2893 applications ask, are you now or have you ever been

2894 debarred from a state, federal, or local program? It

2895 can affect people forever.

2896

2897 So, I really want to say that out loud and have that  
2898 part of the consideration. We talked about in December  
2899 that when you have significant compliance issues, when  
2900 you're not responding to the Department, when you're not  
2901 providing decent, safe, and affordable housing, that's  
2902 one thing, but when you have an economic force that  
2903 you've done everything you can to control, and yes, the  
2904 units are lost, and we don't want that, but when they're  
2905 lost and you've done everything you can do, I think  
2906 those are two totally different things. And I would  
2907 like to respectfully request that this department look  
2908 at their debarment considerations and maybe even create  
2909 a different category. Maybe it's called "suspension,"  
2910 maybe it's called something else, so that you do not  
2911 significantly impact the, the business life of all of  
2912 these owners when they have some of these situations.  
2913 Thank you.

2914

2915 **Leo Vasquez III (1:41:16):**

2916 Thank you, Cynthia. In response to that comment, I, I'm  
2917 open for this having a interim, a suspension versus  
2918 debarment, but y'all can work on that and come with  
2919 recommendations. Okay. Back to the matter at hand,

2920 item 22, are there any further questions? If not, I'll  
2921 entertain a motion.

2922

2923 **Holland Harper (1:41:50):**

2924 I move the Board approve the final, I move the Board  
2925 approve the agreed final order assessing the  
2926 administrative penalty for noncompliance at Sterling  
2927 Woods, all as described --

2928

2929 **Leo Vasquez III (1:42:00):**

2930 Next. No, that's -- that's --

2931

2932 **Holland Harper (1:42:01):**

2933 That is absolutely correct. I'm on the wrong thing.

2934

2935 **Leo Vasquez III (1:42:04):**

2936 Twenty-two.

2937

2938 **Holland Harper (1:42:05):**

2939 I move the Board to approve the final issue order for  
2940 debarment through 12 -- December 12, 2028, for Olive  
2941 Tree Multifamily Manager, LLC, Olive Tree Multifamily  
2942 Manager 2, LLC and Ian Bel, all as described,

2943 authorized, and conditioned in the board action request,  
2944 resolution, and associated documents order on this item.

2945

2946 **Leo Vasquez III (1:42:23):**

2947 Motion made by Mr. Harper on item 23. Is there a  
2948 second?

2949

2950 **Cindy Conroy (1:42:29):**

2951 Second.

2952

2953 **Leo Vasquez III (1:42:29):**

2954 Seconded by Ms. Conroy. All those in favor say aye.

2955

2956 **Holland Harper (1:42:34):**

2957 Aye.

2958

2959 **Ajay Thomas (1:42:34):**

2960 Aye.

2961

2962 **Leo Vasquez III (1:42:34):**

2963 Any opposed? Hearing none, motion carries. Thank you,  
2964 Sascha. Good job. Plowing right along, item 24 of the  
2965 agenda, presentation, discussion, and possible action on  
2966 a request for return and reallocation of tax credits

2967 under 10 TAC Section 11.6(5) related to credit returns  
2968 resulting from force majeure events for Skyway Gardens  
2969 II. Mr. Campbell.

2970

2971 **Cody Campbell (1:43:05):**

2972 Thank you, Mr. Vasquez. Again, Cody Campbell with the  
2973 Department. This is facially a pretty uninteresting  
2974 request, but I think that there are two components of it  
2975 that are worth the Board's consideration. And so just  
2976 briefly, some background on this. This is a 2023 tax  
2977 credit award in Alpine. They received \$900,000 in tax  
2978 credits for the new construction of 44 units. They were  
2979 originally set to close in April of 2024, which is the  
2980 typical timeline that we would expect to see.

2981

2982 The original investor into the project walked away at  
2983 the closing table, was no longer interested in being  
2984 part of the project, and that set them into a timeline  
2985 that they've detailed in the timeline that's attached to  
2986 your board item, where they spoke with five different  
2987 syndicators to try and identify a new investor, the  
2988 syndicator being the organization that sells the credits  
2989 to the investor. They have now identified a new  
2990 investor into the project that is in the process of

2991 underwriting right now. The new investor is not willing  
2992 to move forward on this project with its current  
2993 timeline because they cannot meet their existing place  
2994 in service date with the their 20-month construction  
2995 schedule.

2996

2997 If the Board approves this request, they are set to  
2998 close in spring of this year. With that 20-month  
2999 construction schedule, they should easily be able to  
3000 place in service by the updated place in service  
3001 deadline. That's kind of the uninteresting part. There  
3002 are there are two other parts of this, though, that I  
3003 think are, are really worth the Board's consideration.  
3004 First, this development is located in Alpine, which if  
3005 you're not familiar, is in far West Texas. It's kind of  
3006 the big dip underneath El Paso, north of Big Bend. It's  
3007 Jeff Davis, Brewster and Presidio counties.

3008

3009 This is a very remote part of Texas. They are 200 miles  
3010 from Midland, Odessa. They're 250 miles from El Paso.  
3011 Because they are so remote, there is very, very little  
3012 in terms of new construction out there. I checked,  
3013 Alpine's the biggest town out there. We have done one  
3014 award there in the last 20 years and it was actually

3015 phase one of this development. They are desperately in  
3016 need of housing. They have a lot of tourism in that  
3017 area. So, what little new construction that there is  
3018 often goes to short-term rentals like Airbnb's, leaving  
3019 people who live and work there and have normal jobs  
3020 without many places to live.

3021

3022 One of my very best friends in the whole world happens  
3023 to be a small business owner in Alpine, and he owned, he  
3024 and I have talked many times about the struggles that  
3025 his staff has with finding places to live. I tell that  
3026 to you because I think it's important. Oftentimes, when  
3027 we talk about these things, we say, you know, if this  
3028 deal doesn't get done, there's another deal in line  
3029 behind it. And that is true in this case. However, the  
3030 next deal in line behind it will likely be about 250  
3031 miles away in the outskirts of El Paso. This is one of  
3032 the most underserved areas of the state by this program.

3033

3034 And if I were sitting on this board, I would want to be  
3035 aware of that while contemplating my decision. The  
3036 other thing that I want to bring to your attention is in  
3037 this timeline, it is not a great sign that so many  
3038 syndicators are, are dropping their prices. A lot of



3039 that has to do with macroeconomic conditions. But there  
3040 is a line in their timeline, under the Affordable Equity  
3041 Partners timeline, it is the second from the bottom.  
3042 September 10, 2024, AEP, the syndicator, informed the  
3043 owner that their investors were not interested in the  
3044 Texas market at this time.

3045

3046 I have thought about that sentence every single day  
3047 since I got this force majeure request. Texas is an  
3048 economic powerhouse. It is not a good sign that there  
3049 would be investors that are losing interest in investing  
3050 in our in our state. Again, much of that has to do with  
3051 macroeconomic conditions, but as the director of this  
3052 program, it is very concerning to me to see this laid  
3053 out in a timeline. And so I have been reaching out to  
3054 syndicators. I've been setting up meetings with people.  
3055 I've been getting written comments from people at one  
3056 meeting on Monday, I have another one tomorrow, and I  
3057 hope to have many more to discuss what we can do as an  
3058 agency to increase credit pricing and to increase  
3059 investor interest in the state of Texas.

3060

3061 I'm hoping that by the time we are seriously talking  
3062 about developing the 2026 QAP that I'll have some

3063 recommendations for you. For me, this is a this is a  
3064 pretty big deal so this is something that I am working  
3065 on proactively, trying to get recommendations together,  
3066 and we will be continuing those discussions over the  
3067 coming months. Again, Staff recommends this, this item  
3068 be approved, simply so that we can provide more  
3069 affordable housing to the people of far West Texas and I  
3070 am happy to answer any questions that you may have.

3071

3072 **Leo Vasquez III (1:47:29):**

3073 Ms. Conroy, you have you're the closest to them.

3074

3075 **Cindy Conroy (1:47:30):**

3076 No, I don't have a I don't have a question. I just have  
3077 some I just have comments. I do agree with you that  
3078 Alpine is really underserved, and if you've been out  
3079 there, a lot of it is because Marfa has blown up that  
3080 most of the businesses are having a hard time. I mean,  
3081 if you want to work in Marfa, you have to live in Alpine  
3082 and you have to drive, but you can't get a place to like  
3083 even an Airbnb in Marfa anymore, so you have to go to  
3084 Alpine. So the workforce is just getting pushed further  
3085 and further out because there's just no place that's

3086 affordable. It's one of those, it booms, but then it  
3087 hurts, you know, then so I, I totally support that.

3088

3089 I will disclose, though, that the principal does have a  
3090 banking relationship with the bank that I'm with,  
3091 although we are not a part of this at all, but I just  
3092 wanted to have that on the record, so.

3093

3094 **Cody Campbell (1:48:19):**

3095 Thank you.

3096

3097 **Cindy Conroy (1:48:20):**

3098 Better to disclose than not.

3099

3100 **Cody Campbell (1:48:22):**

3101 Sure.

3102

3103 **Cindy Conroy (1:48:23):**

3104 So those are my, my two comments.

3105

3106 **Leo Vasquez III (1:48:27):**

3107 Okay. Have we thought about sending Goldberger out  
3108 there to go check out the site?

3109

3110 **Cody Campbell (1:48:31):**

3111 I am in Alpine at least once or twice a year typically  
3112 and I, I actually did pull up and, and looked at this on  
3113 Google Maps. It's very attractive. It blends in with  
3114 the. the character of the city. It's not, you know, a  
3115 giant hunking apartment complex in the middle of the  
3116 desert.

3117

3118 **Leo Vasquez III (1:48:47):**

3119 Okay. Do any board members have questions on this or  
3120 care to make a motion on --

3121

3122 **Holland Harper (1:48:54):**

3123 I move the Board approve the requested treatment on the  
3124 application of force majeure rule for the Skyway Gardens  
3125 II, all as described, conditioned and authorized, and in  
3126 the board action request, resolutions, and associated  
3127 documents on this item.

3128

3129 **Leo Vasquez III (1:49:05):**

3130 Motion made by Mr. Harper. Is there a second?

3131

3132 **Ajay Thomas (1:49:07):**

3133 Second, Mr. Chairman.

3134

3135 **Leo Vasquez III (1:49:08):**

3136 Seconded by Mr. Thomas. All those in favor say aye.

3137

3138 **Ajay Thomas (1:49:11):**

3139 Aye.

3140

3141 **Holland Harper (1:49:12):**

3142 Aye.

3143

3144 **Cindy Conroy (1:49:12):**

3145 Aye.

3146

3147 **Leo Vasquez III (1:49:13):**

3148 Any opposed? Hearing none, motion carries. Moving on

3149 to item 25, presentation, discussion, and possible

3150 action on a waiver of 10 TAC Section 13.11(c)(14) -- is

3151 that an I or an L?

3152

3153 **Cody Campbell (1:49:33):**

3154 After 14 --

3155

3156 **Leo Vasquez III (1:49:33):**

3157 Okay. For --

3158

3159 **Cody Campbell (1:49:35):**

3160 Sure. Sure sure sure.

3161

3162 **Leo Vasquez III (1:49:38):**

3163 -- for Boulevard 61.

3164

3165 **Cody Campbell (1:49:38):**

3166 Thank you, Mr. Vasquez.

3167

3168 **Leo Vasquez III (1:49:38):**

3169 Mr. Campbell, continue.

3170

3171 **Cody Campbell (1:49:39):**

3172 I apologize in advance. This one is just a little bit

3173 tedious, but we'll try to make it as, as painless as we

3174 can. This item concerns Boulevard 61, which is a 2021 9

3175 percent housing tax credit development. You'll be

3176 relieved to know that this item does not concern a force

3177 majeure request for the development as it should be able

3178 to meet its current place in service deadline of

3179 December 31, 2026. The development was also approved

3180 for a National Housing Trust Fund or NHTF loan in the

3181 amount of \$7.1 million. The contract for that loan was  
3182 signed in July of 2023.

3183

3184 The developer experienced significant delays in getting  
3185 ready to close that were the result of financial gaps.

3186 However, the developer has addressed those gaps and the  
3187 development is now permit ready and, in a position, to

3188 close in the immediate future. However, a waiver of

3189 Department rules is necessary for that to occur. As a

3190 brief background, each year, the Department receives a

3191 grant of NHTF from HUD. Each grant comes with specific

3192 commitment and expenditure deadlines by which those

3193 funds must be committed to projects and then expended.

3194 Boulevard 61's funding was sourced from the 2021 grant,

3195 which has an expenditure deadline of July 30, 2026.

3196

3197 The current construction timeline anticipates that the

3198 project will be complete several months later in October

3199 '26. This creates an issue because the Department rules

3200 require that we hold on to the final disbursement of

3201 funds until construction is completed and certain

3202 documentations, such as the certificates of occupancy

3203 are turned in. While the project will incur enough

3204 eligible expenses by the Federal expenditure deadline,

3205 State rules prohibit us from actually disbursing those  
3206 funds as the project will not be complete by that time.

3207

3208 Recognizing that this is an impossible situation, the  
3209 investor is not willing to close on the project without  
3210 some resolution. In order to allow the project to move  
3211 forward, Staff is recommending that the Board waive the  
3212 specific provisions of the rules that would prevent us  
3213 from disbursing the final funds in advance of the July  
3214 2026 deadline. Staff has identified some minor risks  
3215 with this waiver that the Board should be aware of:

3216 First, the retainage, those final funds that we hold  
3217 onto, is the is generally the Department's leverage to  
3218 ensure that the developer timely completes construction  
3219 and addresses any issues identified in the final  
3220 construction inspection.

3221

3222 Staff believes that this, this risk is mitigated by the  
3223 fact that the development also has housing tax credits  
3224 and the Department can withhold the necessary paperwork  
3225 for those credits until any issues are resolved.

3226 Second, there is the risk that the development will not  
3227 incur enough eligible expenses by the deadline to draw  
3228 down all of the funds. The NHTF loan is only about 20



3229 percent of the total loan housing development costs and  
3230 therefore, it is very unlikely that we will get to July  
3231 2026 without, without them having incurred enough  
3232 eligible expenses to draw down the funds. The final  
3233 risk that we've identified is probably the most  
3234 realistic.

3235

3236 From the time we draw down the final funds for a  
3237 project, we have 120 days to report that project as  
3238 completed to HUD. Otherwise, we run the risk of being  
3239 locked out of HUD's financial disbursement system until  
3240 the matter is resolved. While this would not be while  
3241 this would not be catastrophic, excuse me, it could  
3242 potentially throw a wrench in the Department's normal  
3243 business operations for a period of time until we get  
3244 matters resolved with HUD. To help mitigate this risk,  
3245 Staff recommends disbursing the final funds as close to  
3246 the expenditure deadline as possible, and will not  
3247 accept the final draw request more than 30 days prior to  
3248 the deadline.

3249

3250 Staff has reviewed the risks associated with this waiver  
3251 and has not found any of them to be prohibitive.

3252 However, we are also exploring other possibilities with

3253 HUD, such as swapping these funds out for newer funds.  
3254 Given the development's already tight timeline, we  
3255 recommend that the Board approve this waiver today to  
3256 allow the development to close and commence construction  
3257 as soon as possible.

3258

3259 **Leo Vasquez III (1:53:27):**

3260 Do any of the board members have questions for Mr.  
3261 Campbell? So I have a question. So, at what point do  
3262 we, do we, does one just simply say, this just isn't  
3263 going to work? When do we give up on extensions and  
3264 extra loans, and time and just --

3265

3266 **Cody Campbell (1:53:50):**

3267 Sure. Sure. So, so just to be clear, this is this is  
3268 just a waiver for us to release the final funds by the  
3269 Federal expenditure deadline, which happens to occur a  
3270 couple of months before they plan on being done with  
3271 construction. The project is feasible. This is a very  
3272 experienced developer. They've been developing housing  
3273 for the Department's Janine, when did Diana do her first  
3274 project?

3275

3276

3277 **Janine Sisak (1:54:14):**

3278 1998.

3279

3280 **Cody Campbell (1:54:15):**

3281 According to Janine Sisak, who happens to be with the  
3282 developer, she did her first project in 1998. So this  
3283 is not a new operation.

3284

3285 I really do believe that there's a path forward here.  
3286 And truthfully, by the time I get back to the office, I  
3287 could have an email from HUD that says you can just swap  
3288 these funds for newer funds and, and the problem would  
3289 be completely solved in that situation. The problem  
3290 with that solution is I don't know when that email is  
3291 coming from HUD, and I don't know if that will be their  
3292 determination on us swapping those funds and so this is  
3293 the best immediate path forward for this project.

3294

3295 **Leo Vasquez III (1:54:49):**

3296 And when we swap those funds --

3297

3298 **Cody Campbell (1:54:53):**

3299 Sure.

3300

3301 **Leo Vasquez III (1:54:54):**

3302 That's effectively us losing these prior 2021 funds?

3303

3304 **Cody Campbell (1:54:58):**

3305 No, sir. No, sir. Staff, staff would not recommend us

3306 doing anything that would cause us to lose funds. We

3307 have identified another project in Houston that is,

3308 you're not going to believe me when I say this, ahead of

3309 schedule and that has newer funds. And so we would be

3310 swapping that development's funds for these funds and

3311 that puts us in a timeline that works for both of those.

3312 The reason that we can't just go and do and do that in

3313 the system right now is that other development, because

3314 they are ahead of schedule, has actually already

3315 expended most of their funds, so we do need HUD's

3316 permission and buy in for us to do that.

3317

3318 **Leo Vasquez III (1:55:28):**

3319 Okay. I didn't understand it's between projects. Okay.

3320

3321 **Cody Campbell (1:55:30):**

3322 Sure.

3323

3324

3325 **Leo Vasquez III (1:55:32):**

3326 All right. Good. Okay. So Staff's recommendation is

3327 to --

3328

3329 **Cody Campbell (1:55:39):**

3330 Yes sir.

3331

3332 **Leo Vasquez III (1:55:42):**

3333 -- do this. Does any board member have questions on

3334 this item? Do we want to hear from a developer

3335 representative? I don't, you can speak, but I don't

3336 know if you need to. Yeah.

3337

3338 **Janine Sisak (1:56:00):**

3339 It's up to you all.

3340

3341 **Leo Vasquez III (1:56:01):**

3342 Yeah. Okay. All right. Well, I'll entertain the

3343 motion on item, where are we, 24? Twenty-five on the

3344 agenda.

3345

3346 **Holland Harper (1:56:09):**

3347 Twenty-five. I move the Board grant the waiver of final

3348 draw requirements outlined as 10 TAC Section

3349 13.11(c)(14) for Boulevard 61, all as described,  
3350 conditioned and authorized in the board action request,  
3351 resolutions, and associated documents on this item.

3352

3353 **Leo Vasquez III (1:56:21):**

3354 Motion made by Mr. Harper. Is there a second?

3355

3356 **Cindy Conroy (1:56:25):**

3357 I'll second.

3358

3359 **Leo Vasquez III (1:56:26):**

3360 Seconded by Ms. Conroy. All those in favor say aye.

3361

3362 **Holland Harper (1:56:29):**

3363 Aye.

3364

3365 **Ajay Thomas (1:56:29):**

3366 Aye.

3367

3368 **Leo Vasquez III (1:56:29):**

3369 Any opposed? Hearing none, motion carries. Mr.

3370 Campbell, you also didn't mention that, assuming there's

3371 someone at HUD to send you a send you an email, right?

3372 Okay. That's another that's another factor.

3373

3374 **Cody Campbell (1:56:42):**

3375 Our field office has been very responsive lately, yeah.

3376

3377 **Leo Vasquez III (1:56:45):**

3378 Okay. Are you still here? Item 26, presentation,

3379 discussion, and possible action on a staff-initiated

3380 waiver of specific provisions of 10 TAC Section

3381 11.9(e)(6)(B) for applicants in the 2025 9 percent

3382 Housing Tax Credit round. What's this about, Mr.

3383 Campbell?

3384

3385 **Cody Campbell (1:57:08):**

3386 Thank you. These last two are thankfully pretty simple.

3387 This item does concern a staff-initiated waiver for 2025

3388 9 percent housing tax credit applicants that intend to

3389 apply for points related to historic preservation.

3390 These points are available to applications that propose

3391 the preservation of certified historic structures as

3392 part of the development activities. To qualify for

3393 these points, the application must include certain

3394 documentation from the Texas Historical Commission by

3395 the application's due date, which this year was February

3396 28th.

3397

3398 Requests for this documentation must be submitted to the  
3399 Texas Historical Commission no later than February 1st  
3400 in order to allow processing time. Several applicants  
3401 have contacted the Department recently with concerns  
3402 that the necessary documentation may not be issued by  
3403 the Texas Historical Commission by the application due  
3404 date. Because of this, applicants who requested this  
3405 documentation and who reasonably expected to receive it  
3406 by the deadline could be negatively impacted as the loss  
3407 of these points on an application is significant.

3408

3409 Because of this, Staff is recommending that the Board  
3410 waive the specific provision of the rule that requires  
3411 that the documentation to be submitted by the  
3412 application deadline. All other requirements of the  
3413 rule would need to be met in order for the application  
3414 to qualify for the points in question. Applicants could  
3415 not have reasonably foreseen or mitigated these delays,  
3416 and accordingly, Staff recommends that the Board approve  
3417 this waiver.

3418

3419 I do want to just add to this that it does look like the  
3420 Texas Historical Commission ended up getting almost



3421 everyone's documentation out the door on time. I think  
3422 we just have one or two applicants that didn't receive  
3423 theirs, so what started as a big blanket waiver has kind  
3424 of narrowed down to just two applicants. But we still  
3425 regardless recommend that the Board approve the waiver.

3426

3427 **Leo Vasquez III (1:58:45):**

3428 Okay.

3429

3430 So we are getting some response from the Historical  
3431 Commission?

3432

3433 **Cody Campbell (1:58:49):**

3434 Yes, sir. Yeah.

3435

3436 **Leo Vasquez III (1:58:52):**

3437 Okay.

3438

3439 **Bobby Wilkinson (1:58:52):**

3440 You need you needed to call the chairman of charity?

3441

3442 **Leo Vasquez III (1:58:55):**

3443 Let me know if I need to make any calls.

3444

3445 **Holland Harper (1:59:01):**

3446 Cody, the negative of doing this is that they do not get  
3447 that. The Texas goes to the feds, because if, if I'm  
3448 correct here, they don't get the application for there.  
3449 They won't get the, the local, the Texas Historic  
3450 Commission, and they won't get the feds. And that goes  
3451 to a whole, whole nother deal --

3452

3453 **Cody Campbell (1:59:18):**

3454 So.

3455

3456 **Holland Harper (1:59:19):**

3457 -- which we could actually give credits to people based  
3458 on historic points that were there that they get denied  
3459 on the rest of it.

3460

3461 **Cody Campbell (1:59:23):**

3462 So, in order to qualify for the historic credits, they  
3463 have to have those credits by 8609, which is after the  
3464 development is, is placed in service.

3465

3466 **Holland Harper (1:59:34):**

3467 Okay.

3468

3469 **Cody Campbell (1:59:35):**

3470 It is true that if the board denies this waiver that the  
3471 applications that are going after these historic points  
3472 that did not get their documentation on time will almost  
3473 certainly not be awarded credits in this tax credit  
3474 round. It's a five-point item and the loss of, of five  
3475 points on an application is catastrophic.

3476

3477 **Leo Vasquez III (1:59:52):**

3478 But we're saying, we're just allowing them more time to  
3479 get the documentation from --

3480

3481 **Holland Harper (2:00:00):**

3482 We're going to trust that they get them.

3483

3484 **Cody Campbell (2:00:02):**

3485 Correct.

3486

3487 **Leo Vasquez III (2:00:03):**

3488 Well, are we trusting that we're going to get them or is  
3489 that the if they don't get them by the time we're  
3490 awarding about July --

3491

3492

3493 **Cody Campbell (2:00:16):**

3494 Sure.

3495

3496 **Leo Vasquez III (2:00:17):**

3497 -- when we're making the awards --

3498

3499 **Cody Campbell (2:00:18):**

3500 Sure.

3501

3502 **Leo Vasquez III (2:00:19):**

3503 They won't get those points.

3504

3505 **Cody Campbell (2:00:18):**

3506 They won't get those points and --

3507

3508 **Leo Vasquez III (2:00:21):**

3509 So that's (indiscernible)

3510

3511 **Cody Campbell (2:00:24):**

3512 And they expect the expected date to get the

3513 documentation is, is like any day now. We're not

3514 talking months and months and months.

3515

3516

3517 **Holland Harper (2:00:25):**

3518 I, I get it. Sure.

3519

3520 **Leo Vasquez III (2:00:27):**

3521 Yeah. But we'll, we'll know before we get to the award,

3522 award time this year.

3523

3524 **Cody Campbell (2:00:31):**

3525 That is correct. Yes, sir.

3526

3527 **Leo Vasquez III (2:00:34):**

3528 Okay. Does anyone wish to speak against Staff's

3529 recommendation to grant this waiver? No.

3530

3531 **Beau Eccles (2:00:47):**

3532 Just to point out, I because it is contained in this in

3533 this bar, they still have to the applicant still has to

3534 have made the request by February 1st, like the rule

3535 says.

3536

3537 **Cody Campbell (2:01:00):**

3538 Yes, sir.

3539

3540

3541 **Beau Eccles (2:01:00):**

3542 And the Historic Commission has to provide them a  
3543 response, and the applicant has to have provided that  
3544 response of determination of preliminary eligibility to  
3545 the Department no later than April 1st of 2025. So it's  
3546 --

3547

3548 **Leo Vasquez III (2:01:20):**

3549 It's ending.

3550

3551 **Beau Eccles (2:01:20):**

3552 It's not just a, hopefully they'll get it in time. That  
3553 is embedded in this bar.

3554

3555 **Holland Harper (2:01:24):**

3556 I'm with you.

3557

3558 **Cody Campbell (2:01:25):**

3559 Thank you, Beau.

3560

3561 **Beau Eccles (2:01:26):**

3562 Yeah.

3563

3564

3565 **Leo Vasquez III (2:01:27):**

3566 Do you wish to come on. You're welcome. But please  
3567 remember, identify yourself for the record and sign in.  
3568

3569 **Megan Lasch (2:01:33):**

3570 Sure. Megan Lasch, O-SDA Industries. We were actually  
3571 one of the ones that kind of was affected by this. We  
3572 actually looked at the date of the QAP and did some math  
3573 and decided to submit ours earlier. So we submitted  
3574 ours on the 30th, which is the date that was in the QAP,  
3575 as the deadline was February 1st, which actually falls  
3576 on a Saturday. Historically, when this used to be an  
3577 issue with the Historic Commission, no pun intended, a  
3578 few years ago, we, we put that deadline in the QAP to  
3579 give them the full 30 days, which is what their website  
3580 says, we need 30 days to review.

3581

3582 I think what we kind of missed is that there's not 30  
3583 days in the month of February this year. And so, you  
3584 know, THC made a big point of saying, you know, that  
3585 date should have not been February 1st. Luckily, we  
3586 have proof and, and you know, show proof that we  
3587 actually submitted ahead of the February 1st deadline.  
3588 My concern with what you just mentioned, Beau, is we

3589 actually got an email today saying that they won't be  
3590 able to issue a letter until March 31st. We also  
3591 received an email last week that just said, we are so  
3592 slammed and, you know, can't even.

3593

3594 And that was in part of our waiver that we included in  
3595 our application, that we're not sure when we can look at  
3596 it due to prior commitments, you know. So the March  
3597 31st date is a little close for comfort if she decides  
3598 that she's still too busy to review our application,  
3599 that, again, was submitted ahead of the TDHCA deadline  
3600 but I'm at their mercy.

3601

3602 **Leo Vasquez III (2:03:00):**

3603 So should we --

3604

3605 **Megan Lasch (2:03:04):**

3606 So April 1st is a little tight for what I just received  
3607 from THC this morning.

3608

3609 **Leo Vasquez III (2:03:07):**

3610 Should we make it April 15th or something or?

3611

3612



3613 **Beau Eccles (2:03:11):**

3614 That's a question for Cody.

3615

3616 **Megan Lasch (2:03:14):**

3617 Sorry.

3618

3619 **Cody Campbell (2:03:13):**

3620 April, April 15th would not negatively impact our

3621 business if we were to do that.

3622

3623 **Leo Vasquez III (2:03:24):**

3624 I mean, that sounds, we can amend, make a motion to

3625 amend that to the extension, the waiver to April 15th.

3626 Is that?

3627

3628 **Holland Harper (2:03:37):**

3629 I can make that. I can do that.

3630

3631 **Leo Vasquez III (2:03:41):**

3632 Okay. All right. We're good with. That sounds like a

3633 plan? Okay. Mr. Harper, would you care to make a

3634 motion on item 26 of the agenda?

3635

3636

3637 **Holland Harper (2:03:54):**

3638 I move the Board grant the staff-initiated waiver of 10  
3639 TAC Section 11.9(e)(6)(B) for the '25 competitive tax  
3640 round, adjusting it to April 15 from in the resolution  
3641 all as described all as described, specifically  
3642 conditioned and authorized in the board action request,  
3643 resolutions on this item.

3644

3645 **Leo Vasquez III (2:04:18):**

3646 Good.

3647

3648 **Cindy Conroy (2:04:18):**

3649 I'll second.

3650

3651 **Leo Vasquez III (2:04:19):**

3652 Motion made by Mr. Harper, seconded by Ms. Conroy. All  
3653 those in favor say aye.

3654

3655 **Holland Harper (2:04:25):**

3656 Aye.

3657

3658 **Ajay Thomas (2:04:25):**

3659 Aye.

3660

3661

3662 **Leo Vasquez III (2:04:26):**

3663 Any opposed? Hearing none, motion carries. And just  
3664 make note, if we get to April 1st and we still don't  
3665 have responses, seriously, let me know and --

3666

3667 **Cody Campbell (2:04:39):**

3668 Sure.

3669

3670 **Leo Vasquez III (2:04:40):**

3671 I'd -- I know -- I know a guy at the Commission that --

3672

3673 **Holland Harper (2:04:42):**

3674 You've got a guy.

3675

3676 **Leo Vasquez III (2:04:43):**

3677 I got a guy. I know a guy. Okay. Item 27,  
3678 presentation, discussions, Item 27 and the last item on  
3679 the posted agenda, presentation, discussion, and  
3680 possible action on a waiver of 10 TAC Section 11.9(d)(5)  
3681 related to community support from State Representative  
3682 for GardenWalk of West Columbia. Mr. Campbell.

3683

3684

3685 **Cody Campbell (2:05:10):**

3686 Thank you, Mr. Vasquez. GardenWalk of West Columbia is  
3687 a 2025, so we're talking current year, 9 percent  
3688 competitive housing tax credit application that requests  
3689 \$700,000 in tax credits for the rehabilitation of 56  
3690 units in West Columbia. One major scoring category in  
3691 the QAP awards points based on support from the state  
3692 representative. If you receive a support letter from  
3693 your state representative, you get eight points. If you  
3694 receive a neutral letter, you get zero points, and if  
3695 you receive a negative letter, you lose eight points.

3696

3697 In the event that the representative chooses not to  
3698 submit a letter or they submit a letter, this is kind of  
3699 clunky, but they submit a letter saying that they're not  
3700 going to submit a letter, then those points default to  
3701 either the city or the county, depending on where the  
3702 development is located. For this development, the state  
3703 representative submitted a neutral letter in, I believe,  
3704 early February, which we then forwarded on to the  
3705 developer as we do and upon receipt of that, they  
3706 engaged with the state representative who then sent a  
3707 follow-up letter to the Department that said that upon  
3708 further understanding of what a neutral letter, neutral

3709 letter does in terms of impacting an application, that  
3710 that representative wished to rescind that letter and  
3711 replace it with a neutral letter which would then  
3712 default those points to the city.

3713

3714 The issue with this is that the QAP prohibits a letter  
3715 from being rescinded or changed once it's submitted by a  
3716 state representative, and so the applicant has requested  
3717 a waiver of that specific provision of the rule to allow  
3718 the state representative to rescind their letter and  
3719 replace it with a neutral letter. If this all sounds  
3720 very familiar, it is because the exact same thing  
3721 happened to a development in Dallas last year.

3722

3723 In accordance with the rules, because we are generally  
3724 pretty conservative with our recommendations in terms of  
3725 how the Board should apply the rules, in accordance with  
3726 those rules, Staff does recommend that the Board deny  
3727 the waiver, just like we did last year. Of course, the  
3728 Board is not a precedent setting body, but just to jog  
3729 your memory, the Board last year unanimously voted  
3730 against Staff and voted to grant the waiver. Yeah.  
3731 Pretty simple situation. I'm happy to answer any

3732 questions that you may have. Staff's recommendation is  
3733 to is to deny the waiver though.

3734

3735 **Leo Vasquez III (2:07:25):**

3736 And all this communication was before March 1st?

3737

3738 **Cody Campbell (2:07:27):**

3739 All of it was from before March 1st. That is correct.

3740 And the state rep in this situation is not brand new,

3741 but he, he's only been in office for a couple of years,

3742 and, you know, to hear him say it after further

3743 conversation and a more understanding of the impact of a

3744 state representative's letter on TDHCA applications, I

3745 would like to rescind the neutral letter that my office

3746 sent your Department on January 27th. So I think it was

3747 just a misunderstanding on the representative's part as

3748 to what impact that first letter had on the application.

3749

3750 So if the Board grants the waiver, we would rescind that

3751 initial letter. We would accept the follow-up neutral

3752 letter, which then defers to the city for that, that

3753 award of points.

3754

3755

3756

3757 **Leo Vasquez III (2:08:10):**

3758 Okay. Does anyone have a question on, on this item? It

3759 sounds to me like the, the state rep is just again

3760 correcting his --

3761

3762 **Cody Campbell (2:08:25):**

3763 Sure.

3764

3765 **Leo Vasquez III (2:08:26):**

3766 What he's essentially saying it was a mistake.

3767

3768 **Cody Campbell (2:08:29):**

3769 Sure.

3770

3771 **Beau Eccles (2:08:33):**

3772 To reiterate, the rescinding of the letter happened

3773 before full application deadline, so it's not changing

3774 an application after the deadline.

3775

3776 **Cody Campbell (2:08:46):**

3777 That is exactly correct. Yes.

3778

3779

3780 **Beau Eccles (2:08:49):**

3781 And the prohibition of withdrawing is in the rule, but  
3782 not statute?

3783

3784 **Cody Campbell (2:08:57):**

3785 That's exactly correct, yes.

3786

3787 **Leo Vasquez III (2:09:00):**

3788 Okay. So we can waive our rule?

3789

3790 **Beau Eccles (2:09:04):**

3791 Generally speaking.

3792

3793 **Leo Vasquez III (2:09:05):**

3794 Generally speaking. And this does not set a precedent?

3795 Okay. All right.

3796

3797 **Bobby Wilkinson (2:09:10):**

3798 Or make the precedent.

3799

3800 **Leo Vasquez III (2:09:11):**

3801 Or just okay. All right. Again, I, I don't see any  
3802 problem with this kind of correction and we did that  
3803 last time also.



3804

3805 **Cody Campbell (2:09:25):**

3806 That is exactly correct. Yes, sir.

3807

3808 **Leo Vasquez III (2:09:26):**

3809 Yeah. Okay. So, is there any public comment on this,

3810 this one? Thank you.

3811

3812 **Derrick Hamilton (2:09:37):**

3813 Mr. Chairman, Board, Derrick Hamilton, Belmont

3814 Development. We're the developer on this application.

3815 I think Cody laid it out pretty, pretty clear and, and I

3816 think it's, it's identical situation to last year that

3817 our attorney, John Shackelford, stood right here and

3818 explained last year when you guys approved that waiver.

3819 We did attempt to reach the state rep before we sent out

3820 notices, didn't hear back.

3821

3822 The only the only time we were aware of the letter was

3823 the neutral letter, was when Josh emailed it to us when

3824 they received it. We reached back out to the state rep,

3825 explained to him neutral's negative in a way, so he

3826 rescinded the letter. We moved forward with the

3827 application in hopes that we could grant a waiver, so

3828 we're, we're not asking you to, you know, put our  
3829 application in any other favor other just allow us to  
3830 compete like we plan to do going forward, and happy to  
3831 answer any questions.

3832

3833 **Leo Vasquez III (2:10:34):**

3834 No, I'm good. I appreciate the clarification.

3835

3836 **Derrick Hamilton (2:10:37):**

3837 Okay. Thank you.

3838

3839 **Leo Vasquez III (2:10:37):**

3840 Anyone else wish to speak?

3841

3842 **Sarah Anderson (2:10:39):**

3843 Just make a quick comment. And I have no idea what deal

3844 this is. I don't know if I'm going against it or not.

3845 Sarah Anderson, Sanderson Consulting. I'm actually here

3846 neutrally and, and sensibly in favor, and I think that

3847 this is something in the QAP that needs to be cleaned

3848 up. When the language was put in about not allowing

3849 changes from the state rep, it was really to prevent

3850 when we would get a support letter and then the

3851 community would have some local issues, and the rep

3852 would feel compelled to pull a positive letter to do a  
3853 negative. And I think that that is something that we do  
3854 need to protect against because it allows a lot of NIMBY  
3855 to happen.

3856

3857 But the, the reps don't know a lot of times what's  
3858 happening, and I would hate to see somebody who, there  
3859 was a mistake and we're actually garnering support from  
3860 somebody, and us saying sorry, we're not going to take  
3861 your support now. So I'm in favor of this. Well,  
3862 normally I think as a competitor we would not be. I  
3863 think we've all been on this side and I still think that  
3864 the language, because it's not in statute, with whether  
3865 it can be pulled or not, I think it would be nice to  
3866 clarify that they should not be able to pull support.  
3867 But if you continue to work with the rep and you change  
3868 their mind, I would think that would be something that  
3869 you would want to support as well.

3870

3871 So anyway, just my two cents.

3872

3873 **Leo Vasquez III (2:12:19):**

3874 Okay. Okay. Thanks, Sarah.

3875

3876 **Sarah Anderson (2:12:20):**

3877 Thanks.

3878

3879 **Leo Vasquez III (2:12:24):**

3880 And I note there's some pending legislation that's been  
3881 submitted for relating to state rep letters. Let's keep  
3882 an eye on that. Okay. So, Staff's recommendation goes  
3883 saying deny it based on the rules, but --

3884

3885 **Cody Campbell (2:12:45):**

3886 That is correct.

3887

3888 **Leo Vasquez III (2:12:48):**

3889 -- you're not really against it.

3890

3891 **Holland Harper (2:12:54):**

3892 Chairman, you ready?

3893

3894 **Leo Vasquez III (2:12:57):**

3895 So, let's, let's get that settled.

3896

3897 **Holland Harper (2:12:58):**

3898 I move the Board grant the waiver of 10 TAC Section  
3899 11.9(d)(5) regarding the prohibition of withdrawal of a

3900 state representative letter for GardenWalk of West  
3901 Columbia all as described, conditioned, authorized in  
3902 the board action request, resolution, and associated  
3903 documents on this item.

3904

3905 **Ajay Thomas (2:13:13):**

3906 Second, Mr. Chairman.

3907

3908 **Leo Vasquez III (2:13:15):**

3909 Motion made by Mr. Harper. Seconded by Mr. Thomas. All  
3910 those in favor say aye.

3911

3912 **Holland Harper (2:13:19):**

3913 Aye.

3914

3915 **Ajay Thomas (2:13:19):**

3916 Aye.

3917

3918 **Leo Vasquez III (2:13:20):**

3919 Any opposed? Hearing none, motion carries.

3920

3921 **Cody Campbell (2:13:22):**

3922 Thank you.

3923

3924 **Leo Vasquez III (2:13:26):**

3925 You've missed your deal of what, okay. Something. All  
3926 right. The Board has, the Board has addressed the  
3927 posted agenda items. Now is the time of the meeting  
3928 where when members of the public can raise issues with  
3929 the Board on matters of relevance to the Department's  
3930 business or make requests that the Board place specific  
3931 items on future agendas for consideration. Is there  
3932 anyone who would like to provide public comment at this  
3933 time? I believe Mr. Krochtengel has the comment.

3934

3935 **Zachary Krochtengel (2:13:57):**

3936 How's it going? Zachary Krochtengel, Sycamore  
3937 Strategies. It was really good to have the last agenda  
3938 item come before my public comment. So I think we're  
3939 all in this business and in this process looking for a  
3940 lot of certainty. So we look at pre apps, we look at  
3941 people getting resolutions of support at city council  
3942 meetings, and we look at all of those things, and all  
3943 the scoring items and we evaluate those things based on  
3944 if we want to move forward with applications or not. We  
3945 track all of our competitors, we track where people are,  
3946 et cetera, et cetera.

3947

3948 And in this application round, an applicant submitted an  
3949 ineligible application with no resolution from the city  
3950 that was required for one of variety of reasons, and  
3951 submitted that with a waiver. And, you know, as an  
3952 applicant that's within two miles of that other  
3953 application, I'm now deemed ineligible until they're  
3954 like, fully vetted and terminated by the Department.  
3955 And this is a process that's going to probably take one  
3956 to two months. We have a lot of earnest money. We'd  
3957 like to move on with our development. And however,  
3958 we've got this, you know, cloud of, they submit an  
3959 application with a waiver. Even though their  
3960 application is ineligible under the rules, we have to  
3961 wait until their, you know, issue is cleared up to move  
3962 forward, you know, confidently knowing what's going to  
3963 happen.

3964

3965 And I think that we need to really look at how these  
3966 kinds of waivers are taken in the future because this is  
3967 this becomes, you know, whatever I don't like in the  
3968 QAP, I'm just going to submit a waiver for, submit a  
3969 full application, go to the board and plead my case and  
3970 have a chance to win. And who knows what happens with  
3971 that and I think it just muddies the process and makes

3972 it a lot more difficult to move forward with projects  
3973 and make projects happen at a faster pace when you have  
3974 this uncertainty that comes with this waiver process and  
3975 with frankly, developers that feel like everything is an  
3976 exception to the rule. Thank you.

3977

3978 **Leo Vasquez III (2:15:54):**

3979 Thanks, Zach. Sarah.

3980

3981 **Sarah Anderson (2:16:00):**

3982 Okay. Back again. Sarah Anderson. I wanted to  
3983 piggyback off of some things that Cody has spoken about  
3984 in today's meeting and request an agenda item for the  
3985 next meeting. We are seeing the 2024 deals struggling  
3986 again. I know we're tired of, you guys are tired of  
3987 hearing it. We're tired of trying to carry these things  
3988 over the finish line. We're exhausted. And we are  
3989 looking at two things that are coming up at the end of  
3990 this month. We have the readiness to proceed deadline  
3991 comes where everybody is supposed to have pulled their  
3992 land down by the end of the month.

3993

3994 But at the same time we have a lot of deals that are  
3995 struggling and can't figure out how they're going to



3996 close at all. We're seeing it on the outside. I don't  
3997 know how much you're hearing, but I thought it would be  
3998 good to request an agenda item that would allow people  
3999 to come and speak, allow the Department to maybe put out  
4000 some feelers to see how many deals are looking, that may  
4001 not make the readiness to proceed, may not make it this  
4002 year. We, we just don't, it's just so bad out here.

4003

4004 **Sarah Anderson (2:17:19):**

4005 And I was really hoping that we could have an agenda  
4006 item that would allow for you guys to hear from the  
4007 development community as these timelines and deadlines  
4008 are coming down the pike. I've got somebody that, they  
4009 want to return their money. They can't make the deal  
4010 work. They're a nonprofit who's getting 100 percent tax  
4011 exemption. They've gone to the County and the City, and  
4012 gotten a couple of million dollars. They're giving up  
4013 100 percent of their developer fee and they still have a  
4014 gap. They just can't make it work.

4015

4016 And it's hard for me to tell them to give their money  
4017 back because there may be somebody who's going to come  
4018 before you and ask for a bunch of things to change to  
4019 the application, and in six months, their deal is going

4020 to work, but we would have given ours back. So we're  
4021 hesitant to give the money back just because we're not  
4022 sure what the next steps are going to be in, as we  
4023 proceed with these deals.

4024

4025 So, I just was hoping we could get an agenda item that  
4026 we could have this discussion so you guys would know  
4027 where we are and get a feel for, I mean, I, I know of  
4028 maybe at least five deals that are looking to come back  
4029 from last year. I'm not sure anything in the Valley is  
4030 going to work from last year so that would be my  
4031 request, is that Staff maybe do a poll, let's find out  
4032 where the industry is for real, and let you guys have  
4033 the information so that you know what you're going to  
4034 see and/or what we might need from you.

4035

4036 **Leo Vasquez III (2:19:00):**

4037 I'm wondering if that's more appropriate for a  
4038 roundtable outside of the, the board rather than having  
4039 the discussion and --

4040

4041 **Sarah Anderson (2:19:08):**

4042 Yeah.

4043

4044 **Leo Vasquez III (2:19:10):**

4045 But it'd be definitely good to poll, see who's on track,  
4046 who's not, just, you know, tell us early, right?

4047

4048 **Sarah Anderson (2:19:15):**

4049 Right.

4050

4051 **Leo Vasquez III (2:19:17):**

4052 So, I mean, let's, let Staff follow up and -- to do  
4053 that.

4054

4055 **Sarah Anderson (2:19:19):**

4056 There's going to be there are going to be a lot of  
4057 requests coming down the pike and you know, this game is  
4058 who holds out the longest usually sometimes gets the  
4059 best deal and I just I just don't know who's, who's  
4060 going to want to give back, who's not going to want to  
4061 give. Because we're all in the we're getting into the  
4062 timeline now where penalties start getting assessed if  
4063 we don't meet deadlines. And I know that there's fear  
4064 of, I messed up this year, I may have to give my money  
4065 back and I may not be able to participate next year,  
4066 too, because of the time at which things happen. So  
4067 anyway, thank you.

4068

4069 **Leo Vasquez III (2:19:56):**

4070 Okay, thanks. See, we need to work on the time. One  
4071 more.

4072

4073 **Megan Lasch (2:20:02):**

4074 I'll be quick. Megan Lasch, O-SDA Industries. I just  
4075 wanted to second what Sarah said as someone that's  
4076 actually, you know, we're we are closing, trying to  
4077 close deals right now. And a few weeks ago, I had to  
4078 figure out how to replace \$4 million of our capital  
4079 stack two weeks before closing. And that is in part  
4080 from, you know, some of the federal freeze, which some  
4081 of it has come, you know, back but we are a lot of  
4082 developers are using or were planning to use the GGRF  
4083 dollars through the EPA, and all of that is very  
4084 uncertain right now, and so it's, it's just, there's a  
4085 lot of uncertainty that we're trying to solve around.

4086

4087 Cody had mentioned, you know, the Department's soft  
4088 funds were under-subscribed. We can use those. We just  
4089 need to figure out how to work to make them work within  
4090 the deals that we're, we're all, you know, sitting here  
4091 trying to close. And so I want to make it clear that

4092 lack of, there's not a lack of need of gap financing,  
4093 it's just how can we access it, and in a timeframe that  
4094 fits within our deadlines within TDHCA, because that's  
4095 the other thing we're trying to balance.

4096

4097 I can't just sit here and wait for the GGRF funds to get  
4098 opened back up again. I need to close and get started  
4099 so I don't come in front of you and ask for a force  
4100 majeure. So, it's, it's a really big balancing act, you  
4101 know, obviously a lot of uncertainty. We're balancing  
4102 our contractors trying to put in, you know, to deal with  
4103 the tariffs and, you know, things that they see coming  
4104 down the pipeline. So, it's just, you know, we are  
4105 trying our best to not have to be in front of you to  
4106 make those requests but I do want to make it very clear  
4107 that gap financing is more needed more than ever.

4108

4109 One last thing is some of the federal funding that we  
4110 are seeing still available and kind of trickle down,  
4111 there's a lot of strings attached to that federal  
4112 funding. Things like BABA, which is the Build America,  
4113 Buy America, you know, there's some of that I can meet,  
4114 but it is very difficult for a multifamily to, to be  
4115 able to fully be built under that and meet the

4116 requirements, and still provide affordable housing,  
4117 quality, affordable housing. So just through that  
4118 process, you know, we'll, we'll find a source and get  
4119 excited, and then it has so many other strings that  
4120 just, you know, wipe out, you know, turn that \$2 million  
4121 into half a million dollars because of the added job  
4122 cost. So things to consider.

4123

4124 **Leo Vasquez III (2:22:14):**

4125 Yeah. No. Thanks, Megan. Okay. Seeing that there are  
4126 no other public speakers, I think we're at the end of  
4127 the meeting.

4128

4129 The next scheduled meeting of the Board is at 10:00 a.m.  
4130 on Thursday, April 10, 2025, here in the same, same  
4131 room. We look forward to seeing all of you there.

4132

4133 It is 12:23 and this meeting is adjourned.

4134

4135

4136

4137

4138