



TDHCA Governing Board Meeting Transcript*

***10:00 a.m.
January 15, 2026***

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

125 E. 11th Street, Austin, TX 78701

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BOARD MEMBERS:

LEO VASQUEZ III, CHAIR

KENNY MARCHANT, VICE CHAIR

ANNA MARIA FARIAS

AJAY THOMAS

HOLLAND HARPER

CINDY CONROY

SPEAKERS:

Bobby Wilkinson

Connor Jones

Jeremy Stremmler

Walter Moreau

Ron Lastimoso

Teresa Morales

Jonathan Galvan

Rosalio Banuelos

Charles Demucio

Beau Eccles

Megan Lasch

Brooke Boston

Roger Arriaga

Tanya Lavelle

Joshua Goldberger

1 **Leo Vasquez III (0:00:03):**

2 Good morning. I call to order the meeting of the
3 Governing Board of the Texas Department of Housing and
4 Community Affairs. It is 10:10 a.m. on January 15,
5 2026. We'll start out with the roll. Mr. Marchant.

6

7 **Kenny Marchant (0:00:17):**

8 I'm here.

9

10 **Leo Vasquez III (0:00:18):**

11 Ms. Farias.

12

13 **Anna Maria Farias (0:00:19):**

14 Here.

15

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

17 Mr. Thomas.

18

19 **Ajay Thomas (0:00:20):**

20 Here.

21

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

23 Mr. Harper.

24

25 **Holland Harper (0:00:21):**

26 Here.

27

28 **Leo Vasquez III (0:00:21):**

29 Ms. Conroy.

30

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

32 Here.

33

34 **Leo Vasquez III (0:00:24):**

35 We are all present and accounted for. We do have a
36 quorum. We will start out with the pledges led by Mr.
37 Wilkinson.

38

39 **All (0:00:34):**

40 I pledge allegiance to the Flag of the United States of
41 America, and to the Republic for which it stands, one
42 nation under God, indivisible, with liberty and justice

43 for all. Honor the Texas flag; I pledge allegiance to
44 thee, Texas, one state under God, one and indivisible.

45

46 **Leo Vasquez III (0:00:59):**

47 Okay. After the consent agenda, just letting everyone
48 know we will have a short, lawyer short, executive
49 session. But before we go to the consent agenda, are
50 there any items that members of the public or the Board
51 wish to move to the action agenda? I have one request,
52 from Mr. Harper, to move item number...

53

54 **Holland Harper (0:01:24):**

55 Mr. Chairman, I'd like item number 1 to be moved to the
56 action items.

57

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

59 Okay. That's noted. And we have requests to move item
60 7 from the consent agenda to the action. Are there any
61 other, and we know there's a bunch of rules here today,
62 but they're mostly just postings, you all can still
63 comment later on. Are there any other items that anyone
64 wants to move from the consent agenda to the action?
65 Okay. Seeing none, I'll entertain a motion to approve
66 the consent agenda with the exceptions of item 1 and 7.

67

68 **Anna Maria Farias (0:01:59):**

69 Mr. Chairman, I move the Board approve items 1 through
70 25 with the exception of number 1 and number 7, which
71 will be moved to action items, as described and
72 presented in the respective board action, request, and
73 reports.

74

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

76 Great. Motion made by Ms. Farias.

77

78 **Holland Harper (0:02:20):**

79 Second.

80

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

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

83

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

85 Aye.

86

87 **Leo Vasquez III (0:02:25):**

88 Any opposed? Hearing none, motion carries.

89 Okay. We are going to move into an executive session.
90 The Governing Board of the Texas Department of Housing
91 and Community Affairs will go into closed or executive
92 session at this time pursuant to Texas Government Code
93 Section 551.071, to seek and receive the legal advice of
94 its attorney, our good attorney, who we appreciate
95 versus a screwball attorney, to discuss pending or
96 contemplated litigation. This closed session will be
97 held in the conference room adjoining this hearing room.
98 The date is still January 15, 2026. The time is 10:13.
99 We will recess for a short time. Entertain yourselves.

100

101 **Leo Vasquez III (0:03:50):**

102 The Board is now reconvened in open session at 10:40
103 a.m. During the executive session, the Board did not
104 adopt any policy, position, resolution, rule,
105 regulation, or take any formal action or vote on any
106 item. We merely consulted with our in-house counsels.
107 We did not consult with an out-house counsel. Thank
108 you. Thank you, here all week. So we are now at the
109 agenda for the Executive Director's report. Mr.
110 Wilkinson.

111

112 **Bobby Wilkinson (0:04:16):**

113 Good morning, Chairman and Board. I'm going to start
114 off today's report with a unique agreement we've just
115 finalized with another state agency. After much back

116 and forth, I'm happy to report that we've recently
117 signed an MOU with the Texas Department of Licensing and
118 Regulation.

119

120 **Leo Vasquez III (0:04:33):**

121 Wait. What? What?

122

123 **Bobby Wilkinson (0:04:34):**

124 Yeah. An MOU with TDLR, your former...

125

126 **Leo Vasquez III (0:04:36):**

127 Good job.

128

129 **Bobby Wilkinson (0:04:37):**

130 He was the chairman of TDLR previously. To improve
131 information sharing as it relates to the health and
132 safety of tenants in TDHCA subsidized multifamily
133 developments. Some of you may recall news reports and
134 some discussion before this Board last summer concerning
135 inoperable elevators at neighboring HDC developments in
136 Fort Bend County. In response to these outages, we have
137 engaged TDLR to identify ways in which we might
138 collaborate to prevent similar situations in the future.
139 The outcome of these conversations was to establish a

140 process by which TDLR will quarterly share information
141 related to the inspection status of elevators at
142 properties that TDHCA will inspect in the subsequent
143 quarter. Although there is still work to be done with
144 the implementation, this MOU is a big win for all
145 tenants in Texas, tax credit properties across Texas.
146 And I want to thank Wendy Quackenbush and her staff for
147 the work on this agreement, as well as our Legal
148 Division and Matthew Lovitt in our External Affairs
149 Division. Yeah. Lot of news on this, a lot of Senate
150 interests. There were some filed bills that would have
151 retroactively had all elderly developments put in backup
152 generators. Some of this was a deferred maintenance
153 issue and the inspections weren't done properly.

154 And so now we're going to catch it on the front end,
155 which is always better than after something happens. Our
156 Homeless programs team recently presented at the Housing
157 Navigators Conference hosted by Health and Human
158 Services. The presentation covered services that can be
159 provided with homelessness programs funding along with
160 an overview of TDHCA programs. The session generated
161 strong engagement with many questions from attendees
162 focused on eligibility scenarios and practical
163 application. Moving over to our Asset Management
164 Division, Rosalio and his team have quantified their
165 performance for calendar year 2025. Here are some
166 highlights. They did 47 10 percent tests, 67
167 application amendments, 111 cost certifications, 134
168 extensions, 99 LURA amendments, 137 LURA originations,
169 and 183 ownership transfers. In addition, Asset

170 Management reviewed countless quarterly construction
171 status reports for the Department's multifamily
172 developments under construction. Also in multifamily,
173 I'll end on a bittersweet note. And he's here. I had
174 to make sure. Connor Jones, our direct loan program
175 manager for the last four years, will be leaving us
176 later this month. He's headed to the private sector to
177 work for a housing tax credit equity provider. We're
178 happy for him as it sounds like a great opportunity. We
179 will definitely miss his good work and his big
180 personality at TDHCA. You can give him some grief in a
181 little bit because he does have an agenda item today and
182 that does it for him. One more thing. I've only been
183 here six years and I think he's my fourth direct loan
184 manager.

185 It's because it was a really hard job and there was
186 really high turnover and he came in and just figured it
187 out and got us probably through the hardest direct loan
188 period we've had because we had a huge spike in the
189 amount that we had to loan out, a huge spike in demand,
190 deals were always changing because of finance problems,
191 COVID and afterwards, and he got us over the hump.
192 Things are running smoothly now and so he's going to
193 sail off in the sunset and we'll still see him around
194 because he's in the biz. But, yeah. Thank you, Connor.

195

196 **Connor Jones (0:08:15):**

197 Thanks.

198

199 **Bobby Wilkinson (0:08:20):**

200 That is it for my prepared remarks, but I'm happy to
201 answer any questions.

202

203 **Kenny Marchant (0:08:23):**

204 Mr. Chairman, Bobby, could you give us just a brief
205 update on this kerfuffle these counties are having with
206 disallowing the tax-exempt status of apartments?

207

208 **Bobby Wilkinson (0:08:38):**

209 I don't have really much insight beyond what I've read
210 in news articles. And the different county appraisal
211 districts are seeming to take different stances on how
212 hard they want to be, how aggressive they want to be on
213 yanking these tax exemptions. There's several suits
214 going on. One question is were traveling HFCs actually
215 ever legal? And these would be deals that we weren't a
216 part of, right? And that's unanswered. Even though
217 there is a path through the HB 21 for them to get kind
218 of ratified after the fact by January 1, 2027, by the
219 local governing body and the local HFC, we'll see how
220 many of those actually happen. It's probably unlikely.
221 So a lot of these, one way or another, they're going to
222 lose their tax-exempt status. That's my prediction.

223

224 **Kenny Marchant (0:09:38):**

225 And we don't have any applications going forward that
226 would have any traveling, right? Because of recent
227 legislation.

228

229 **Bobby Wilkinson (0:09:48):**

230 They wouldn't necessarily go through us, but no, there
231 won't be any future ones. We do have some existing that
232 were traveling that did have tax credits that are
233 swapping out to the local HFC.

234

235 **Kenny Marchant (0:10:01):**

236 Okay. So the underwriting is no longer assuming that
237 they'll have that, or they're swapping...

238

239 **Bobby Wilkinson (0:10:08):**

240 If they're swapping to a local HFC, they would keep it.

241

242 **Kenny Marchant (0:10:10):**

243 Yes.

244

245 **Bobby Wilkinson (0:10:10):**

246 There's one in particular I know that's just not going
247 to have the tax exemption at all. I don't know the
248 dates to underwriting yet.

249

250 **Kenny Marchant (0:10:18):**

251 Okay.

252

253 **Bobby Wilkinson (0:10:18):**

254 Yeah.

255

256 **Kenny Marchant (0:10:18):**

257 All right. Thanks.

258

259 **Bobby Wilkinson (0:10:19):**

260 But we're getting it all figured out in time.

261

262 **Kenny Marchant (0:10:21):**

263 Yeah. Thanks.

264

265 **Leo Vasquez III (0:10:25):**

266 Okay. Any other question? Any other questions for Mr.
267 Wilkinson? If not, thank you for that report. Okay.
268 We are going to go back, sort of, to item 1 of the
269 agenda which we pulled from the consent. Presentation,
270 discussion, and possible action regarding an increase to
271 the housing tax credit amount for the Bridge at Loyola.
272 However, Mr. Harper, do you have...

273

274 **Holland Harper (0:10:56):**

275 Mr. Chairman, I've answered my question. So if to save
276 Rosalio and the rest of the team time, I'll welcome to
277 make a motion if you guys are ready.

278

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

280 Okay. Do any members of the public want to speak on
281 item 1? If not, just also the staff's recommendation is
282 to approve this request.

283

284 **Rosalio Banuelos (0:11:16):**

285 Correct.

286

287

288 **Leo Vasquez III (0:11:17):**

289 Correct? Okay. Would anyone care to make a motion on
290 item 1?

291

292 **Holland Harper (0:11:22):**

293 I make a motion to approve the action regarding the
294 increase of housing tax credits amounts for Bridge at
295 Loyola, HTC 19418.

296

297 **Anna Maria Farias (0:11:31):**

298 Second.

299

300 **Leo Vasquez III (0:11:32):**

301 Motion made by Mr. Harper. Seconded by Ms. Farias. All
302 those in favor say aye.

303

304 **All Board Members (0:11:37):**

305 Aye.

306

307 **Leo Vasquez III (0:11:37):**

308 Any opposed? Hearing none, motion carries.

309 Another just reminder for anyone who hasn't been here
310 before, if you are going to speak on an upcoming item on
311 the agenda, I ask for you to come to these front couple
312 rows just so we, I'll try to pause to see if anyone
313 wants to speak, but come up, let us know that you want,
314 you're going to be wanting to speak. And when you do
315 come up, sign in at the sign-in sheet on the dais, on
316 the podium. Put your name or who you represent, and
317 then say it again out loud when you speak before us.
318 We'll give you three minutes flexible time. You have a
319 little, the clock there with the red lights and such on.
320 And we would need to have a motion...

321

322 **Kenny Marchant (0:12:30):**

323 Mr. Chairman, I make a motion we receive public input on
324 any item on the agenda.

325

326 **Holland Harper (0:12:36):**

327 Second.

328

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

330 Motion made to receive public comment by Mr. Marchant,
331 seconded by Mr. Harper, for this meeting. All those in
332 favor say aye.

333

334 **All Board Members (0:12:43):**

335 Aye.

336

337 **Leo Vasquez III (0:12:44):**

338 Any opposed? Hearing none, motion carries. We will
339 entertain public comment. The next item will, again,
340 still moved from the consent agenda to action item
341 number 7. Presentation, discussion, and possible action
342 on the proposed repeal of 10 TAC Section 10.802, written
343 policies and procedures, proposed new 10 TAC Section
344 10.802, written policies and procedures, and directing
345 their publication for public comment in the Texas
346 Register. Mr. Stremmler.

347

348 **Jeremy Stremmler (0:13:20):**

349 Yes. Good morning, Chair, board members. My name is
350 Jeremy Stremmler. I'm the Director of the Housing
351 Resource Center. I'm here to present on item 7.
352 Originally there are two sets of proposed changes to 10
353 TAC 10.802. The second will not be made and I will go
354 over that. But the first changes are being made to
355 comply with the HOME Final Rule published in the Federal
356 Register on January 6, 2025. The final rule was
357 originally scheduled to take effect on February 5, 2025.
358 However, on February 3, 2025, HUD delayed effective date
359 of the HOME Final Rule until April 2025, consistent with

360 the President's January 20, 2025 memorandum titled
361 Regulatory Freeze Pending Review. The compliance dates
362 detailed in various paragraphs of 24 CFR 92.3 of the
363 HOME Final Rule were revised to April 30, 2026, to
364 ensure participating jurisdictions have a year
365 compliance period as originally described in HOME Final
366 Rule. So changes to 10.802 are being proposed now in
367 order to have the necessary changes in effect by the
368 April 2026 deadline to be in compliance with the HOME
369 Final Rule. There are two changes being made to the
370 written policies and procedures rule as a result. An
371 addition at 10.802 (g) (2) (E), to provide non-renewal and
372 termination notices to TDHCA before delivering them to
373 tenants of HOME units, HOME Match units, and TCAP RF
374 units used as HOME Match units.

375 An addition at 10.802 (k), which requires developments
376 funded via direct loan and that have HOME Match units to
377 list at least two methods of contact, two methods to
378 contact the property in the development's written
379 policies and procedures. The addition that is not going
380 to be made moving forward were changes to 10.802 (b) (2)
381 related to preferences, voluntary preferences tied non-
382 Department funding. That section will go back to its
383 original wording. Those changes are not going to be
384 made after discussions with developer who requested
385 changes. So we have more time to work out an alternative
386 solution and maybe not need to change the rule or to
387 make different changes. So we will have the rule go out
388 without those changes, make the HOME Final Rule changes,
389 have public comment on those, finalize that, and then at

390 that point determine if we need to take the rule back
391 out to have further discussion on preferences related to
392 non-Department.

393

394 **Leo Vasquez III (0:15:49):**

395 So we're proposing right now not to make any changes to
396 10.802 (b).

397

398 **Jeremy Stremmler (0:15:59):**

399 Yes. So it's specifically 10.802 (b)(2). And in the
400 rule, there are a few changes to that section being
401 made. Those will go back to the original wording in
402 that rule and those will not be made at this time.

403

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

405 Okay. And this rulemaking process, just mechanically,
406 are we able to keep revisiting this if we approve a
407 section?

408

409 **Beau Eccles (0:16:27):**

410 This is going up for comment.

411

412 **Jeremy Stremmer (0:16:29):**

413 So without the changes noted to 10.802 (b) (2), those
414 will go back to original wording. The HOME Final Rule
415 changes will go out for comment. We will finalize that
416 rule and hopefully come to a different solution that it
417 does not require a rule change, or if we come to a
418 solution that requires a rule change, once we adopt this
419 rule with the Home Rule final changes, because those
420 need to be in effect prior to April 2026, the end of
421 April 2026. Once those are in effect, if we need further
422 changes, we'll take the rule back out with those new
423 changes at a later date.

424

425 **Beau Eccles (0:17:07):**

426 Does that answer your question?

427

428 **Jeremy Stremmer (0:17:09):**

429 I know it's...

430

431 **Leo Vasquez III (0:17:10):**

432 We're allowed to review 10.802 another time after this.

433

434

435 **Beau Eccles (0:17:18):**

436 Yes. Yes.

437

438 **Leo Vasquez III (0:17:21):**

439 Okay. So approving it once doesn't preclude us from re-
440 reviewing it immediately effectively.

441

442 **Beau Eccles (0:17:27):**

443 Right. This is just pulling the changes to (b) (2) out
444 before it gets published for public comment.

445

446 **Jeremy Stremmler (0:17:35):**

447 As if they never were made.

448

449 **Beau Eccles (0:17:37):**

450 Right.

451

452 **Leo Vasquez III (0:17:38):**

453 Okay. Okay. I assume we still have some comments on
454 (b) (2). Okay. On anything other than Section (b) (2),
455 does a board member have any questions? Which I don't

456 suspect that they will. Okay. All right. I know we
457 have some folks who came in to speak. Mr. Moreau.

458

459 **Walter Moreau (0:18:17):**

460 I'm Walter Moreau, the Executive Director of Foundation
461 Communities. We appreciate this change to take some
462 more time to look at the Section (b)(2). Some context,
463 I'll be real brief. For the last two years, well, let
464 me back up. Twenty years ago, we created a program,
465 wraparound services for families and kids that are
466 homeless in Austin. Huge challenge for the school
467 district. We had a grant from Michael and Susan Dell to
468 create this program. We started at one property and we
469 had a preference for 10 percent of the apartments to
470 serve families with children that were coming out of
471 homelessness. And it's been really successful. Over 90
472 percent of the families after two years have graduated.
473 So we've expanded over the years and now 14 of our
474 properties are in this program. Last year, we helped 140
475 families exit homelessness. And we're passionate about
476 it. I know you get asked to look in the weeds of tiny
477 little rules, but this is a(b)(2) rule really impacts
478 our work.

479 We ran into an issue two years ago where the Department
480 highlighted a rule that if we can't have that preference
481 to serve homeless families with kids unless we've
482 documented it in the deed records, in the land use
483 restriction agreement, in the LURA. Wow. That makes no

484 sense unless, if it was a scoring and competitive
485 element, yeah, but if we're just volunteering to serve a
486 special needs population, whether it's homeless
487 veterans, kids aging out of foster care, homeless
488 families and kids, women in domestic violence
489 situations, you want your tax credit owners to serve
490 special needs populations. And we've been told by legal
491 that none this is state law, and our attorneys reviewed
492 it and it's not. And we've been told it's in the
493 federal requirements and it's not. We do have to have a
494 preference that you review and approve. And there may
495 be a requirement that there be some written agreement,
496 that we have some written letter back from you saying
497 you agree and you approve of it.

498 Let's keep it simple. You don't want to create an
499 impediment to the good work that we're trying to do. So
500 if we can take some more time and our attorneys can talk
501 with your attorney and get language that makes it easier
502 and not harder, that'd be great.

503

504 **Leo Vasquez III (0:20:49):**

505 Thanks. Walter, I have a question. So is this
506 fundamentally targeted on the difference between giving
507 a preference to a family unit versus an individual
508 single occupant?

509

510

511 **Walter Moreau (0:21:08):**

512 This could impact every property that you've ever
513 funded. That where the owner, whether it's for singles
514 or for families or for elderly, if the owner wanted to
515 have a preference for a special needs population that's
516 allowable under fair housing, they can't do it under the
517 current rule unless they go through that process of
518 recording it in the LURA. We've done that once. It took
519 a year. It took a lot of attorney fees. Every LURA has
520 many parties. The tax credit buyer, the bank, if you've
521 got other city money, HOME loan bank grants.

522

523 **Leo Vasquez III (0:21:46):**

524 But that's under the Department's interpretation of the
525 language.

526

527 **Walter Moreau (0:21:50):**

528 Right.

529

530 **Leo Vasquez III (0:21:50):**

531 Okay.

532

533

534 **Walter Moreau (0:21:51):**

535 Correct.

536

537 **Leo Vasquez III (0:21:54):**

538 I have a, if there's a family of, say just three, are
539 they able to be, and this might not be your answer.
540 Someone else might have to answer this. Are they
541 allowed to be in a one-bedroom apartment, and what's the
542 maximum occupancy for a one-bedroom?

543

544 **Walter Moreau (0:22:18):**

545 I think the occupancy standards are in another section
546 and HUD has some general guidance around that.
547 Generally it's two people per bedroom plus a small
548 child, that's a...

549

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

551 Well, what I'm getting at is isn't this potentially a
552 moot point if you're trying to put a single occupant
553 homeless, no, single homeless occupant into a unit
554 versus a homeless family into a unit? Are we effectively
555 telling you, is the Department telling you that a single
556 homeless occupant should be put into a two-bedroom unit
557 before we have a family? It just seems kind of, I'm
558 missing where there's a...

559

560 **Walter Moreau (0:23:10):**

561 Let me give an example on what happened two years ago at
562 the Loretta Apartments. We had a one-bedroom, but we
563 had a single individual who was homeless, no kids,
564 wanted a 30 percent unit in a one-bedroom apartment.
565 And our preference was to set aside those apartments for
566 families with children as a focus and so they were upset
567 and filed a complaint and that's what triggered this
568 whole concern. So there may be situations where a
569 single-person household, you'd rather serve with that
570 one-bedroom a single mom with a child and that's okay
571 under fair housing. You need to make that very clear to
572 applicants when they apply and if all that..

573

574 **Bobby Wilkinson (0:23:58):**

575 So, this is not about the preference. It's about how
576 formal of a process do we need to go through to let them
577 change their preferences. We all agree that Department
578 does need to at least review and approve because you
579 could have someone who's like, I want only people from
580 my Baptist church to be preferred, so you can't have
581 anything like that. But stuff that he's doing, it's not,
582 Department has no problem with the preferences, it's
583 well, does that take a LURA amendment, or can we do
584 something less formal?

585

586 I thought we'd got into a compromise situation, but I
587 think not quite yet. So that's why we're pulling that
588 part to get to something that works.

589

590 **Walter Moreau (0:24:35):**

591 Exactly.

592

593 **Leo Vasquez III (0:24:35):**

594 Okay. Mr. Marchant.

595

596 **Kenny Marchant (0:24:37):**

597 You're talking about they're wanting to incorporate it
598 into the deed restrictions or the deed instead of just
599 an agreement through the LURA which...

600

601 **Walter Moreau (0:24:46):**

602 Exactly.

603

604 **Leo Vasquez III (0:24:49):**

605 Can we just sign a contract or something, an agreement,
606 agreement, some...

607

608 **Kenny Marchant (0:24:51):**

609 Yeah. That is (indiscernible) 0:24:54.

610

611 **Walter Moreau (0:24:56):**

612 And these are voluntary and temporary, so if we lose
613 funding in the future, we may change the preference,
614 then I got to change the, it's overkill if you do it.

615

616 **Leo Vasquez III (0:25:06):**

617 Okay. All right. Thanks, Walter. Does Mr. Lastimososa
618 want to speak as well?

619

620 **Ron Lastimososa (0:25:27):**

621 Good morning. I'm Ron Lastimososa. I'm the Vice
622 President of New Hope Housing. First, I want to
623 apologize that Joy did not make it here today, but it
624 was important for us to speak on this matter, and we
625 appreciate the request to remove the proposed language
626 in (b)(2). New Hope Housing is the leading provider of
627 permanent supportive housing in the State of Texas and
628 we have an extensive history of providing voluntary
629 preferences for special populations, and that the
630 current language would materially affect all of our

631 developments in homeless families, chronic homeless. And
632 echoing Walter's words there about making it in the
633 LURA, I think that a written agreement would provide us
634 the safety net for the departments more.

635

636 **Leo Vasquez III (0:26:24):**

637 Okay. All right. Great. Thanks, everyone. Thanks for
638 being here. Okay. Mr. Stremmer, I guess this is open
639 for future debate or future discussion and hopefully
640 everyone will work it out before, and bring it
641 collectively to the Board. But do you want to, have any
642 brief comments on what was the issue?

643

644 **Jeremy Stremmer (0:26:51):**

645 No. I don't think. I think they covered what kind of
646 happened. We dealt with that complaint and the concerns
647 there. We did review all of Financial Community's
648 written policies from across all 28 of the properties,
649 and moving through that process in the last six months
650 or so. So everything there is in order. And just to be
651 clear, the way the rule reads without proposed changes
652 is still that a preference needs to be in the LURA just
653 to be clear. The proposed changes were to add the
654 ability for it to be in a contract or the LURA. Just to
655 be clear on that point, the original language of the
656 rule requires preference to be in the LURA.

657

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

659 Okay.

660

661 **Bobby Wilkinson (0:27:36):**

662 But that's what we're going to look to change.

663

664 **Jeremy Stremler (0:27:37):**

665 Yeah. Which is one we're looking to discuss today.

666

667 **Leo Vasquez III (0:27:39):**

668 Yeah. This doesn't sound like a...

669

670 **Anna Maria Farias (0:27:41):**

671 Quick question, Mr. Chairman. In other words, sometimes

672 you have, let's say, a homeless veteran who applies

673 first, followed by a homeless mom with a child, and

674 you're like, who do we give it to? Is that the dilemma

675 that you have when you're talking about preferences?

676

677

678 **Bobby Wilkinson (0:27:59):**

679 Yeah. So those would be two different kind of
680 preferences. And we're not talking about types of
681 preferences we like or don't like, just the process of a
682 development, how we would approve their preference.

683

684 **Jeremy Stremmler (0:28:10):**

685 We're all for any preference that is in accordance with
686 Fair Housing Law. We just want to be able to have it
687 documented in a way that when our compliance staff goes
688 to a property, that the easy way to verify that that
689 preference is being enforced appropriately and that a
690 different preference is not being enforced in its place
691 that's not appropriate or not allowable. And at this
692 time, it's all in the LURA because that is the document
693 currently that lists every requirement and restriction
694 of that tax credit or other property that it needs to be
695 following for our Compliance staff to be able to verify
696 and double check that they're operating their property
697 in accordance with our rules. That's currently where
698 it's at, but again, we have further, go and have further
699 discussion to try and come to maybe a more agreeable
700 solution.

701

702 **Anna Maria Farias (0:29:00):**

703 Okay. Great. Okay.

704

705 **Leo Vasquez III (0:29:03):**

706 Anything else from board members? Okay. Just to
707 clarify, again, this is not the final bite of the apple
708 for reviewing that particular section. Okay. So we'll
709 entertain a motion on item 7 of the agenda as presented
710 and explained. Anyone care to make a motion?

711

712 **Cindy Conroy (0:29:44):**

713 Motion for, how to make a motion?

714

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

716 I don't think there's any changes to it. I think it's,
717 because the...

718

719 **Holland Harper (0:29:51):**

720 I make a motion on the action to propose repeal the 10
721 TAC 10.802, written policies and procedures, proposed
722 new 10 TAC 10.802, written policies and procedures,
723 redirect their publication for public comment in the
724 Texas Register.

725

726

727 **Ajay Thomas (0:30:05) :**

728 Second.

729

730 **Bobby Wilkinson (0:30:06) :**

731 As amended by staff.

732

733 **Holland Harper (0:30:08) :**

734 As amended by staff.

735

736 **Ajay Thomas (0:30:11) :**

737 Second.

738

739 **Leo Vasquez III (0:30:12) :**

740 Okay. Motion made by Mr. Harper. Seconded by Mr.

741 Thomas. All those in favor say aye.

742

743 **All Board Members (0:30:17) :**

744 Aye.

745

746

747 **Leo Vasquez III (0:30:18) :**

748 Any opposed? Hearing none, motion carries.

749 We're leaping ahead to item 27 of the agenda.

750 Presentation, discussion, and possible action regarding
751 the issuance of a multifamily housing governmental note
752 series 2026, resolution number 26-009, and an increase
753 to the housing tax credit amount. Ms. Morales.

754

755 **Teresa Morales (0:30:41) :**

756 Good morning. Teresa Morales, Director of Multifamily
757 Bonds. This agenda item involves a supplemental bond
758 issuance for Fiji Lofts, a new construction development
759 in Dallas. This project originally closed in December of
760 2021. A year later in October 2022, the Board approved
761 an amendment that increased the total number of units
762 from 174 to 204. In October of 2024, the Board approved
763 the inducement resolution relating to the supplemental
764 bond request. There was discussion at that time
765 centered around the additional cost increases during
766 construction and the risk of not meeting the 50 percent
767 test, which is what is required for projects to have
768 access to the 4 percent credits. We started working on
769 the supplemental bond issuance at the beginning of last
770 year, but the transaction was effectively put on hold
771 while HB 21 worked its way through the legislative
772 process. HB 21 was the bill that allows HFCs to only
773 participate in projects within their jurisdiction for
774 purposes of seeking a property tax exemption.

775 Fiji Lofts, located in Dallas, closed with Cameron
776 County HFC in the ownership structure. Upon passage of
777 HB 21, the borrower started to look for a replacement
778 general partner, and Dallas County HFC has agreed to
779 step in. The financing structure itself remains the same
780 from the original issuance back in 2021. Stellar Bank,
781 as construction lender, will purchase the supplemental
782 bonds and they will only be outstanding during
783 construction. Closing is scheduled for the end of this
784 month. That explains the bond side of the actions. Now
785 to discuss the other part of the board action being
786 requested, which is the tax credit piece. As you know,
787 increases to the tax credit amount of more than 120
788 percent of the amount reflected at application requires
789 Board approval. From the original closing and the
790 amount reflected in the determination notice until now,
791 the tax credit amount has increased 38.6 percent. Staff
792 has been aware of the gradual increase in development
793 costs during construction. At the time of the
794 amendment, in 2022, to increase the number of units, the
795 tax credit amount had increased 13.9 percent. At the
796 time the inducement resolution was approved, at the end
797 of 2024, the tax credit amount had increased to 29.9
798 percent. With the project effectively 99 percent
799 complete, there are not expected to be huge swings in
800 costs. However, the final accounting of costs by the
801 CPA could result in adjustments to the tax credit
802 amount.

803 Recognizing that the cost certification package would be
804 close to being submitted, and in the spirit of

805 efficiency, staff is requesting that the Board approve a
806 maximum 45 percent increase to the credit amount
807 pursuant to 10.401d with its action today so that the
808 cost certification can be processed more quickly. Staff
809 recommends approval of bond resolution number 26-009 for
810 \$6 million and up to a 45 percent increase in the annual
811 tax credit amount reflected in the determination notice
812 be approved. And I'm available for questions.

813

814 **Leo Vasquez III (0:34:14):**

815 Okay. So on the tax credit amount, this is 4 percent,
816 so it's not just, it's what the numbers end up being and
817 they just had bad estimates, right?

818

819 **Teresa Morales (0:34:24):**

820 Correct.

821

822 **Leo Vasquez III (0:34:25):**

823 Okay. And then on the bond amount, we're just a
824 conduit. We're not the actual lender. We're not
825 funding the bonds.

826

827 **Teresa Morales (0:34:35):**

828 Correct.

829

830 **Leo Vasquez III (0:34:37):**

831 Okay. So this is just paperwork that needs to be
832 processed. We are not getting, the Department is not
833 getting more exposure, risk exposure on any of this. We
834 need to hear that verbally. Okay.

835

836 **Teresa Morales (0:34:56):**

837 No.

838

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

840 Okay. All right.

841

842 **Teresa Morales (0:34:57):**

843 No. The bonds are to be used, the \$6 million is going to
844 be used to deal with the increase in costs, to also
845 handle some of the soft costs and some of the
846 construction period interest. And they are expected to
847 be outstanding only during construction. And so then
848 once the bonds convert to perm, those will be gone.

849

850

851 **Leo Vasquez III (0:35:18):**

852 And construction's almost done or done, yeah. Okay.

853

854 **Teresa Morales (0:35:21):**

855 Correct. The only lag time is going to be conversion
856 and the time by which that occurs. So with the project
857 being effectively 99 percent complete, I think the
858 borrower intends to place the buildings into service
859 next month. Gain, we're on track to close at the end of
860 this month. So with the buildings placed into service
861 at that point, it'll be a matter of leasing up and then
862 achieving stabilization in order to convert.

863

864 **Leo Vasquez III (0:35:48):**

865 Okay. Great. Does anyone, Board members have questions
866 on this item? If not, I'll entertain a motion on item
867 27 of the agenda.

868

869 **Kenny Marchant (0:35:57):**

870 Mr. Chairman, I move that the Board approve the
871 multifamily housing governmental note series 2026 via
872 resolution 26-008 and increase the annual housing tax
873 credits up to 45 percent from the amount reflected in
874 the termination notice...

875

876 **Leo Vasquez III (0:36:20):**

877 Mr. Marchant, make sure you're...

878

879 **Kenny Marchant (0:36:21):**

880 I'm on the wrong microphone.

881

882 **Leo Vasquez III (0:36:22):**

883 Your microphone's on.

884

885 **Anna Maria Farias (0:36:22):**

886 No. Your microphone's not on. I can hear you.

887

888 **Kenny Marchant (0:36:26):**

889 You want me to start over.

890

891 **Leo Vasquez III (0:36:28):**

892 Just for the record.

893

894 **Kenny Marchant (0:36:29) :**

895 For the record, I've started over. I move the Board
896 approve the multifamily housing governmental note series
897 2026 via resolution number 26-008 and increase the
898 annual housing tax credits up to 45 percent from the
899 amount reflected in the determination notice for Fiji
900 Lofts, as all conditioned and authorized in the board
901 action request, resolution, and associated documents on
902 this item.

903

904 **Cindy Conroy (0:37:03) :**

905 I second.

906

907 **Leo Vasquez III (0:37:04) :**

908 Motion made by Mr. Marchant. Seconded by Ms. Conroy.
909 All those in favor say aye.

910

911 **All Board Members (0:37:09) :**

912 Aye.

913

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

915 Any opposed? Hearing none, the motion carries. Thank
916 you, Teresa.

917 Oh, now the swan song. Item 28. Presentation,
918 discussion, and possible action regarding approval for
919 publication in the Texas Register of the 2026-2
920 multifamily direct loan NOFA. Mr. Jones.

921

922 **Connor Jones (0:37:32) :**

923 Good morning. Connor Jones, Manager of the Direct Loan
924 Program. As mentioned, item 28 concerns a notice of
925 funding availability for funds that will be made
926 available in 2026. This NOFA includes approximately 35
927 million in HOME funds that will be available for
928 multifamily rental development. At large, this NOFA is
929 geared towards projects also looking to apply for
930 federal low-income housing tax credits in the 2026
931 round. And there's also an open application acceptance
932 window at the end of the NOFA, similar to the NHTF NOFA
933 we discussed in December. These funds are being made
934 available in a series of application acceptance periods
935 with a specific list of priorities. The loans will be 3
936 percent fully amortizing loans and provide units up to
937 an 80 percent AMI. The Department will begin taking
938 applications on January 27th, with the first application
939 acceptance date of February 27th and conclude June 1st
940 should funds remain. Also similar to the NHTF NOFA
941 discussed in the December meeting, subsequent
942 application acceptance dates are a bit closer together.
943 Again, this doesn't impede an applicant from applying.
944 It's purely an organizing mechanism to group
945 applications amongst their request type. Applications

946 requesting the larger amount of funds will receive
947 priority. This is to incentivize larger awards that
948 better fill funding gaps and are a bit easier to close.
949 If two applications request the same amount of funds, we
950 will look to the amount of match provided and if a tie
951 still persists, we'll move to the tiebreakers listed in
952 the QAP. Staff continue to target deals that are ready
953 to move toward closing, and in doing so have prohibited
954 deals that purchased their development sites prior to
955 January 27, 2026 from applying. This is to help cast a
956 net on deals that are not so old that they may have an
957 issue substantiating enough eligible costs for the
958 request, but also to make sure that they're not just too
959 deep in construction where it's just too hard to get it
960 under wraps. We've encountered that before and it's
961 tough. This NOFA also contains a CHDO, or Community
962 Housing Development Organization, set-aside. HUD
963 federally requires us to set aside 15 percent of these
964 funds to be placed in this set-aside and after a couple
965 years of that being waived, we're now back at it.
966 Similar to the supportive housing target on the NHTF
967 NOFA that we geared that one towards, we'll just have to
968 see what comes over. The CHDO is a very specific non-
969 profit entity that has rules about members of the low-
970 income community being on the board. The idea, at large,
971 kind of being a community driving factor in the
972 development so that there's still a voice from that area
973 that's involved in the development.

974 Like I mentioned, we haven't done this in a while. It's
975 been waived. It'll really kind of be up to what

976 entities can partner together on these. So we'll just
977 have to see what the appetite is for those when they
978 come in, but we do have that set-aside out there. There
979 is an amount of time, I believe it's two years, it might
980 be one, but I think it's two, where if those funds set
981 aside for the CHDO aren't used, they can then be
982 repurposed as a general HOME NOFA and just be moved in
983 that regard. So there's a path forward, but since that
984 requirement's no longer waived, we got to put that set-
985 aside out there. We're still seeing a number of
986 applications with structures like that, not necessarily
987 with a CHDO, but with a non-profit, with another entity
988 like that. So I think I'm a little optimistic that some
989 of that will trickle in, but we'll just kind of have to
990 see. Staff recommends the approval of the NOFA. I'm
991 happy to answer any questions.

992

993 **Leo Vasquez III (0:41:01):**

994 Great. Thank you, Connor. Does anyone have questions
995 on this item? Just noting that we're proposing the
996 structure with 3 percent interest rate.

997

998 **Connor Jones (0:41:14):**

999 3 percent. We're moving up 1 percent from the 2 that
1000 we've had the last couple years. Still well below
1001 market, so we'll see how that takes.

1002

1003 **Leo Vasquez III (0:41:24):**

1004 We're moving up 50 percent.

1005

1006 **Connor Jones (0:41:26):**

1007 Big old chunk.

1008

1009 **Leo Vasquez III (0:41:28):**

1010 All right. But I know we had discussions amongst the
1011 Board, so we appreciate the structuring of that. So
1012 hearing no questions, seeing no public comment, I'll
1013 entertain a motion on item 28 of the agenda.

1014

1015 **Holland Harper (0:41:44):**

1016 I move the Board approve the posting and publication of
1017 the 2026-2 multifamily direct loan NOFA in the Texas
1018 Register and on the Department website, all as described
1019 and authorized in the board action request and
1020 associated documents on this item.

1021

1022 **Anna Maria Farias (0:41:57):**

1023 Second.

1024

1025 **Leo Vasquez III (0:41:59) :**

1026 Thank you. Motion made by Mr. Harper. Seconded by Ms.

1027 Farias. All those in favor say aye.

1028

1029 **All Board Members (0:42:04) :**

1030 Aye.

1031

1032 **Leo Vasquez III (0:42:04) :**

1033 Any opposed? Hearing none, motion carries.

1034

1035 **Connor Jones (0:42:07) :**

1036 Thank you very much.

1037

1038 **Bobby Wilkinson (0:42:08) :**

1039 Thanks, Connor.

1040

1041 **Leo Vasquez III (0:42:09) :**

1042 Thanks, Connor.

1043

1044 **Connor Jones (0:42:09):**

1045 Thank you. Appreciate it.

1046

1047 **Leo Vasquez III (0:42:10):**

1048 Look forward to seeing, stay in touch. Stay in touch.

1049

1050 **Kenny Marchant (0:42:15):**

1051 Have you trained somebody to take your place?

1052

1053 **Cindy Conroy (0:42:17):**

1054 I was going to say, what's your succession plan here?

1055

1056 **Leo Vasquez III (0:42:19):**

1057 Yeah. What's the succession plan here? You got it,
1058 you're covered.

1059

1060 **Connor Jones (0:42:23):**

1061 Yeah. I have.

1062

1063

1064 **Cindy Conroy (0:42:25) :**

1065 Because he can't leave until you train your replacement.

1066

1067 **Leo Vasquez III (0:42:27) :**

1068 Yeah. There you go. Good. Okay. Item 29 of the
1069 agenda. Presentation and discussion regarding the
1070 pending issuance of Texas Department of Housing and
1071 Community Affairs residential mortgage revenue bonds
1072 Series 2026A. Ms. Morales is here.

1073

1074 **Teresa Morales (0:42:45) :**

1075 Good morning. Teresa Morales, Director of Multifamily
1076 Bonds. This past Monday, January 12th, the Department
1077 issued 250 million residential mortgage revenue bonds
1078 Series 2026A non-AMT. The bonds will close on February
1079 17, 2025. This represents the first issuance of fiscal
1080 year 2026 under the authority given by the Board in
1081 October of 2025. The Department utilized \$26,995,000 of
1082 recycled volume cap, representing recycled payments from
1083 September 1st through December 1st of 2025. The bonds
1084 are traditional mortgage revenue bonds with par serials,
1085 par term bonds, lockout premium term bonds, and a
1086 premium six-year average life PAC bond with 50 to 700
1087 PAC bonds. The premium generated was a little over \$10.2
1088 million and the issuer contribution was a little over
1089 \$3.9 million for total bond proceeds of \$264,162,713.

1090 The proceeds will be used to finance the purchase of
1091 qualified mortgage loans, provide down payment and
1092 closing cost assistance, and to pay a portion of the
1093 costs of issuance of the RMRB Series 2026A bonds. A
1094 little bit about the mortgage loans themselves. They
1095 will be 30-year fixed-rate loans guaranteed by FHA, VA,
1096 or USDA and pooled into Ginnie Mae MBSs. Consistent with
1097 our recent programs, the Department will offer mortgage
1098 loans with either no down payment assistance, 3 percent
1099 repayable DPA, and 4 percent repayable DPA. DPA will be
1100 offered as 0 percent interest, non-amortizing, 30-year
1101 repayable second mortgage loan that is due on sale,
1102 refinance, or payoff of the first loan.

1103 Full spread mortgage rates are 0 percent DPA loans at
1104 5.625 percent, 3 percent DPA loans at 5.875 percent, and
1105 4 percent DPA loans at 6 percent. Targeted area loans
1106 will be offered an eighth to a quarter percent lower.
1107 The Department currently has 110 million in reservations
1108 for mortgage loans to be funded with these bond
1109 proceeds. A little bit about the underwriting team.
1110 Morgan Stanley served as the book-running senior
1111 manager. RBC and Jefferies were the co-seniors. The
1112 co-managers included Ramirez, JP Morgan, Piper Sandler,
1113 Wells Fargo, and Loop Capital. Selling group members
1114 were Bank of America and Fidelity Capital Markets. To
1115 provide some additional color on the sale itself, by all
1116 accounts, this was a really strong sale. We were able
1117 to tighten the short end by five basis points due to a
1118 strong retail order period. We were able to tighten the
1119 par term bonds by two-and-a-half to five basis points.

1120 We were able to tighten the PAC by three basis points
1121 and ended up at plus 102 on PAC bonds after going out at
1122 plus 105. Our results and levels compared well with
1123 recent and concurrent HFA MRB issuances. To briefly
1124 touch on a few reasons why this sale went well, number
1125 1, we listened to the market. We widened our PAC bonds
1126 to 50 to 700 and we made some adjustments to our call
1127 language. We also layered in a couple of premium lockout
1128 term bonds based on investor input as well. Secondly,
1129 there was enhanced communication and transparency.
1130 Morgan Stanley created an investor roadshow to
1131 communicate these bond structure changes to investors
1132 and to provide additional color on TDHCA's historic
1133 prepayment speeds.

1134 Third, there was a strong retail order period. It not
1135 only enabled us to tighten the short end, but it gave us
1136 momentum to accelerate the institutional order period
1137 from Tuesday to Monday. This concludes my prepared
1138 remarks. I am available for a few questions. I hope
1139 there aren't any. But seriously, Jeff Crew with Morgan
1140 Stanley is here and can certainly speak to the specifics
1141 of the sale itself that occurred.

1142

1143 **Leo Vasquez III (0:47:17) :**

1144 Okay. Thank you, Teresa. So, repeat, what were the net
1145 proceeds?

1146

1147 **Teresa Morales (0:47:21):**

1148 \$264 million, including the premium and the Department
1149 contribution.

1150

1151 **Leo Vasquez III (0:47:29):**

1152 Our \$250 million issuance?

1153

1154 **Teresa Morales (0:47:31):**

1155 Correct.

1156

1157 **Leo Vasquez III (0:47:33):**

1158 Is that good?

1159

1160 **Ajay Thomas (0:47:35):**

1161 Yeah.

1162

1163 **Leo Vasquez III (0:47:35):**

1164 Okay. All right.

1165

1166

1167 **Ajay Thomas (0:47:37):**

1168 That's good.

1169

1170 **Cindy Conroy (0:47:39):**

1171 He had think about it.

1172

1173 **Leo Vasquez III (0:47:42):**

1174 Again, it sounds to me and comparing to the history,
1175 this was, it does sound like one of our best issuances
1176 ever. And the network of advisors and folks that we
1177 have working with us, I think it's all, appears to be
1178 really coming together. We'll see if this is a trend,
1179 not just a fluke. Okay. So next time, I hope that the
1180 report is equally as good.

1181

1182 **Kenny Marchant (0:48:09):**

1183 Teresa, how long will these bonds last, and when will we
1184 reissue another group?

1185

1186 **Teresa Morales (0:48:17):**

1187 Another...

1188

1189 **Leo Vasquez III (0:48:18):**

1190 Well, so we have \$110 million you said already that
1191 somebody requested.

1192

1193 **Teresa Morales (0:48:21):**

1194 There's already \$110 million in reservations for this
1195 \$250 million issuance.

1196

1197 **Kenny Marchant (0:48:24):**

1198 So once this is used up, we would then issue another.

1199

1200 **Teresa Morales (0:48:29):**

1201 Go out for another one.

1202

1203 **Holland Harper (0:48:31):**

1204 We should have...

1205

1206 **Kenny Marchant (0:48:31):**

1207 Is that three months (indiscernible, simultaneous
1208 speech).

1209

1210 **Leo Vasquez III (0:48:32):**

1211 In June? Yeah. I was going to say. In July?

1212

1213 **Teresa Morales (0:48:33):**

1214 Great question. This is actually, this is the sort of
1215 the issuance report and then once the bonds close mid-
1216 February, Scott will be back to do a post-issuance
1217 report, probably at the March board meeting and he can
1218 probably give you a better idea of timing of when the
1219 next issuance will roll out.

1220

1221 **Leo Vasquez III (0:48:53):**

1222 Yeah. But this all falls under our prior approval for
1223 what, \$1.1 billion this year or something like that?

1224

1225 **Bobby Wilkinson (0:48:57):**

1226 Right. That's why they're report items.

1227

1228 **Leo Vasquez III (0:48:59):**

1229 Yeah. All right.

1230

1231

1232 **Kenny Marchant (0:49:01):**

1233 But our trend on these yields is following the national
1234 trend in going down. I'll ask that to Scott later.

1235

1236 **Ajay Thomas (0:49:13):**

1237 Yeah. I think that helped. I would say that we are
1238 benefited from the market, but also to the underwriter's
1239 credit, I think they took note and listened in terms of
1240 addressing certain issues and how we pre-market and we
1241 access the investor base, that we are out there. And in
1242 comparison, when we went out, I was in pretty close
1243 communication with Scott during the pricing and followed
1244 it in the market and we did, as Teresa's point, we did
1245 very well comparatively to the recent HFA deals that
1246 were out in the market and seemed to really catch
1247 investors' attention, which is what we strive to do
1248 every time Texas goes out. And TDHCA, is that we are the
1249 benchmark for the marketplace. So this one was a very
1250 good transaction. It was well put together. I think
1251 the structure was good and investors certainly responded
1252 to it.

1253

1254 **Kenny Marchant (0:50:03):**

1255 But we don't have the option of expanding this amount.

1256

1257 **Holland Harper (0:50:06):**

1258 Yes.

1259

1260 **Leo Vasquez III (0:50:07):**

1261 Due to demand?

1262

1263 **Bobby Wilkinson (0:50:09):**

1264 No. We've authorized 1.1.

1265

1266 **Leo Vasquez III (0:50:11):**

1267 1.1.

1268

1269 **Ajay Thomas (0:50:12):**

1270 Yeah. Typically when we go out in the marketplace, we
1271 have sort of a pre-approval amount, sort of a design for
1272 the bond issuance so we can go there. There have been
1273 very unique times where you maybe upsize a transaction
1274 or so if you feel you have that demand. But I think
1275 that, and Teresa can correct me if I'm wrong. I think
1276 that the staff does a pretty good job in terms of
1277 addressing the programmatic needs for the particular
1278 issuance when we go out and so we try to adhere to that.
1279 Now that being said, I think to our point, Scott comes

1280 back, sort of evaluates where the needs are for the debt
1281 program, then that will determine sort of the pacing for
1282 the next debt issuance.

1283 I think we're projected to have a fairly busy year this
1284 year, so I would imagine we'll be out in the market.

1285

1286 **Holland Harper (0:50:56):**

1287 Our intent is to grow this program.

1288

1289 **Kenny Marchant (0:50:58):**

1290 Yeah.

1291

1292 **Bobby Wilkinson (0:50:59):**

1293 Significantly for single-family home ownership.

1294

1295 **Kenny Marchant (0:51:00):**

1296 Yeah. My question would be will the market drop faster
1297 than our issuance so that we end up stranded?

1298

1299 **Ajay Thomas (0:51:07):**

1300 No. I mean, I think, look at it, it will be that the

1301 market technicals appear to be going in our favor. I
1302 mean, you never know. There's a lot of unknowns out
1303 there. But between what the fed is going to do with
1304 interest rates that we believe will be measured, but I
1305 think the trend is lower rates, then we should benefit
1306 from that, naturally. And then there is demand that's
1307 out there for the type of bonds we're trying to sell, so
1308 I think all that being said, putting it all together for
1309 us to expand the program and go out and do what we need
1310 to do is pretty favorable.

1311

1312 **Kenny Marchant (0:51:42):**

1313 Great. Thanks for the work on the single-family, too.
1314 So you're saying we'll get, we're going to be more
1315 aggressive in getting that 1.1 out or we can put more
1316 than that out.

1317

1318 **Leo Vasquez III (0:51:56):**

1319 No. We don't...

1320

1321 **Holland Harper (0:51:57):**

1322 I think the staff is doing an excellent job in that, we
1323 have a mission, the executive director and the staff and
1324 the Board have a mission to grow because, and we're
1325 going to make, we're going to do everything we can to

1326 grow that program.

1327

1328

1329 **Kenny Marchant (0:52:15):**

1330 Thanks.

1331

1332 **Leo Vasquez III (0:52:17):**

1333 Yeah. And we don't want to get too far out on issuing
1334 bonds when we're not going to suck them up, utilize
1335 them. Tell Scott y'all are doing a great job, so keep
1336 it up.

1337

1338 **Teresa Morales (0:52:32):**

1339 It's great being a part of that conversation.

1340

1341 **Leo Vasquez III (0:52:37):**

1342 Okay. If there are no other questions in item 29,
1343 that's a report item, so thank you for the report.
1344 Moving on to item 30. Report regarding requests for
1345 proposals for underwriters issued by the Texas
1346 Department of Housing and Community Affairs. Ms.
1347 Morales.

1348

1349 **Teresa Morales (0:52:53) :**

1350 The Department issued an RFP for underwriters on
1351 September 1, 2025, with the primary objective of
1352 enhancing retail distribution by adding firms to the
1353 existing underwriting team. Thirteen responses were
1354 received. The Department staff evaluated the eligible
1355 responses and selected Bank of America and Fidelity
1356 Capital Markets to join the existing underwriting team.
1357 The awards were sent on December 16, 2025. Both firms
1358 are eligible to serve as either senior manager or co-
1359 manager as determined by staff in consultation with the
1360 Department's financial advisor. The Department
1361 determines underwriting roles based on a combination of
1362 factors, including past performance, providing creative
1363 and viable financing recommendations, proposing
1364 structures which meet the Department's financing needs,
1365 and other relevant considerations. The term of this
1366 award is two years with no ability to renew, which
1367 aligns the termination of these agreements with those of
1368 the existing underwriting syndicate. TDHCA expects to
1369 do a comprehensive underwriting RFP in the spring of
1370 2027. Fidelity Capital Markets and Bank of America were
1371 invited to participate in the Department's most recent
1372 financing, the RMRB 2026A, as selling group members and
1373 both firms performed reasonably well. This concludes my
1374 prepared remarks.

1375

1376 **Leo Vasquez III (0:54:24):**

1377 Okay. So I think it's a great y'all bringing in, we're
1378 bringing in great firms with additional reach in the
1379 net. I guess that marketing is going to keep on
1380 improving of what we have, so sounds great. Does anyone
1381 else have thoughts or questions? Okay. Thank you for
1382 that brief report.

1383 Okay. Moving along. Item 31. Report relating to the
1384 2025 non-competitive 4 percent housing tax credit
1385 program in a preliminary 2026 program forecast. Mr.
1386 Galvan.

1387

1388 **Jonathan Galvan (0:55:06):**

1389 Good morning. Jonathan Galvan, Manager of the 4 percent
1390 tax credit program. As the Chairman mentioned, item 31
1391 is a report relating to the 2025 4 percent tax credit
1392 program and a preliminary forecast of the 2026 program
1393 year. The 2025 4 percent tax credit application log is
1394 included as Exhibit A in your board book and reflects
1395 those applications that have been submitted to TDHCA
1396 from December 2024 through December 2025 in conjunction
1397 with issuance of bond reservations from the Bond Review
1398 Board. Currently, there are 17 applications under review
1399 for a total of 2,758 units and approximately \$32 million
1400 in requested 4 percent housing tax credits.
1401 Additionally, reflected on the log are 28 applications
1402 that have been approved and have had determination
1403 notices issued but have yet to close.

1404

1405 Finally, the log reflects 19 applications that have
1406 closed on the respective bond applications. Altogether,
1407 when considering what is closed, been approved and is
1408 currently active, the total number of units is 12,993
1409 and approximately \$146 million in 4 percent housing tax
1410 credits. The log also reflects those applications that
1411 were submitted to TDHCA but were subsequently withdrawn.
1412 This represents a total of 7,868 units. While there are
1413 still a number of applications in process, staff does
1414 not expect any substantial changes to the total number
1415 of units and tax credits from now until the 2025 program
1416 year is effectively concluded in a few months. Now,
1417 looking ahead to the 2026 program year. The 2026 Private
1418 Activity Bond Program has an annual ceiling amount of
1419 approximately \$4.2 billion, and as of December 23, 2025,
1420 eligible requests total approximately \$2.6 billion with
1421 much of these requests coming from multifamily issuers.
1422 Based on the information published by Texas Bond Review
1423 Board, TDHCA staff expects to receive approximately 40 4
1424 percent tax credit applications in the coming months in
1425 conjunction with the issuance of 2026 program year bond
1426 reservations. Uncertainty in the market during the
1427 period leading up to the private activity bond lottery
1428 resulted in fewer participants and a lower than usual
1429 amount of requested volume cap to start the program
1430 year. That said, the level of participation in the
1431 lottery is not necessarily an indicator of the expected
1432 interest and participation in the program throughout the
1433 upcoming year. As mentioned, staff still expects 40 or

1434 so applications to be submitted over the next couple of
1435 months, which is in line with previous years.

1436 That concludes my report, and I'm happy to answer any
1437 questions.

1438

1439 **Leo Vasquez III (0:58:00):**

1440 Okay. So this is, that's good. It's great, great
1441 numbers. You sound like the projection of demand is not
1442 going to be, just not grow, you're not expecting growth.
1443 We're not expecting growth this year.

1444

1445 **Jonathan Galvan (0:58:18):**

1446 I don't know if I'd say that. I think it's a little
1447 early to tell. I think the lower amount of
1448 participation in the lottery has more to do with
1449 developers and applicants focusing more on closing the
1450 deals that they already have in their pipeline as
1451 opposed to getting in line for future projects. Yeah.
1452 There was just a lot of hang-ups this past year. A lot
1453 of deals stalled because of the government shutdown. A
1454 lot of these deals use HUD financing, so that, yeah,
1455 they couldn't move forward. So once that opened back up
1456 again, they had to focus on the deals currently in their
1457 pipeline and weren't really, participating in the
1458 lottery wasn't really a priority for them. So I think
1459 it's a little early to say whether or not actual demand

1460 or appetite for the program is going to fall or not.

1461

1462 **Leo Vasquez III (0:59:14):**

1463 But we're just under 13,000 units.

1464

1465 **Jonathan Galvan (0:59:17):**

1466 Just under, yeah.

1467

1468 **Leo Vasquez III (0:59:19):**

1469 For...

1470

1471 **Jonathan Galvan (0:59:21):**

1472 For the 2025 program year.

1473

1474 **Leo Vasquez III (0:59:23):**

1475 I recall years past, pre-COVID, that we were at 16- to

1476 20,000 units.

1477

1478 **Bobby Wilkinson (0:59:30):**

1479 16 Something was our high watermark a couple years ago.

1480

1481 **Jonathan Galvan (0:59:35):**

1482 Yeah. That was in 2021; it was the 16,000. And then

1483 2022 was...

1484

1485 **Leo Vasquez III (0:59:41):**

1486 Maybe it was 20,000, maybe it's 20,000 with the 9

1487 percent.

1488

1489 **Bobby Wilkinson (0:59:39):**

1490 That's what I was saying.

1491

1492 **Leo Vasquez III (0:59:45):**

1493 Maybe that's my mind. Yeah. Okay.

1494

1495 **Kenny Marchant (0:59:48):**

1496 There is a growing vacancy rate in...

1497

1498 **Leo Vasquez III (0:59:53):**

1499 Is your microphone on, Mr. Machant?

1500

1501 **Kenny Marchant (0:59:55):**

1502 There's a growing vacancy rate in some markets. The
1503 rents are softening a little bit, so we could have a
1504 flatter year.

1505

1506 **Bobby Wilkinson (1:00:07):**

1507 The good news is we'll gobble up all that bond cap and
1508 use it for single-family mortgages, so win, win, win.

1509

1510 **Leo Vasquez III (1:00:16):**

1511 Okay. Any other questions for Mr. Galvan? Remind me,
1512 is this a report or is this a item?

1513

1514 **Jonathan Galvan (1:00:25):**

1515 It's a report. Just a report.

1516

1517 **Bobby Wilkinson (1:00:26):**

1518 Report.

1519

1520

1521 **Leo Vasquez III (1:00:27):**

1522 Thank you for that report. Okay. All right.

1523 Okay. Item 32. Presentation, discussion, and possible
1524 action regarding a material amendment to the LURA for
1525 Ekos City Heights. Mr. Banuelos.

1526

1527

1528 **Rosalio Banuelos (1:00:44):**

1529 Good morning. Rosalio Banuelos, Director of Asset
1530 Management. This development received a 4 percent
1531 housing tax credit award in 2020 for the construction of
1532 179 units in Austin. All of the units in the
1533 development are low-income units and the target
1534 population is elderly. Construction of the development
1535 was completed in 2024, and the development is required
1536 to lease 100 percent of the units to individuals and
1537 families whose incomes do not exceed an average of 60
1538 percent of the area median gross income. The owner is
1539 now requesting approval to remove the elderly
1540 restriction and allow occupancy for all ages. The owner
1541 explained that the change is necessary because despite
1542 exhaustive marketing outreach and operational
1543 adjustments over the past year, the development
1544 continues to face severe occupancy challenges attributed
1545 largely to the elderly restriction. As of October 2025,
1546 the occupancy was approximately 59.8 percent and most
1547 recently it has been reported at 67.6 percent.

1548 The owner indicated that at the current absorption rate,
1549 the hardship is escalating quickly and presenting an
1550 imminent threat of default on the debt. This change
1551 will allow the development to prevent foreclosure and
1552 convert to a permanent mortgage. The amendment request
1553 includes traffic and leasing data that reflects steady
1554 traffic and interest from qualified households under 55
1555 years of age. There are currently 20 individuals and
1556 families under the age of 55 on the waitlist for units.
1557 Furthermore, data from apartment market data reveals
1558 that affordable senior properties in Austin are
1559 significantly reducing rents and providing material
1560 concessions to lease up and maintain occupancy. The
1561 development owner held a public hearing on November 13,
1562 2025, to discuss the proposed change to the designation
1563 from elderly to general. Twelve residents attended the
1564 hearing and a representative of the development owner
1565 received feedback and answered questions regarding the
1566 change in residency requirements. Several comments of
1567 concern were made about the proposed switch and about
1568 the level of security with having more non-elderly
1569 residents. The Department also received an email from a
1570 tenant opposing this amendment and asking that if this
1571 amendment is approved, that he be given the choice to
1572 terminate his lease at no cost and adequate time to
1573 search for and secure new housing. The tenant would
1574 also like to receive a reimbursement for moving costs.

1575 While staff understands the concerns with this change,
1576 due to the potential for default on the financing and
1577 possible loss of affordable housing units to

1578 foreclosure, staff recommends conditional approval of
1579 the requested material amendment to the LURA for this
1580 development. However, as a condition for this approval,
1581 the Department is recommending that the owner provide
1582 written notice to all households residing in the
1583 development that there will be no penalty for
1584 terminating their lease early and the household provides
1585 notice to the owner that they wish to terminate their
1586 lease because of the property is switching from elderly
1587 to general population. Additionally, a notice is to be
1588 provided to any household on the waiting list that the
1589 development is switching to general population
1590 development, and that if the household notifies the
1591 owner that they wish to be taken off of the waitlist,
1592 any deposit or application fee be refunded to the
1593 household. That concludes my comments, and I'm
1594 available for questions.

1595

1596 **Leo Vasquez III (1:04:02):**

1597 Okay. So, this is still at about 60 percent occupancy?

1598

1599 **Rosalio Banuelos (1:04:08):**

1600 Closer to 70, but yes.

1601

1602

1603 **Leo Vasquez III (1:04:13):**

1604 As of what date? I mean, how long ago was that figure?

1605

1606 **Rosalio Banuelos (1:04:18):**

1607 Initially, we got the amendment request back in
1608 November, so the 60 percent number was as of then. Data
1609 that the Department has received most recently,
1610 indicates that occupancy is more like 67 percent as of
1611 January.

1612

1613 **Holland Harper (1:04:39):**

1614 But that's, the letter they sent was on November 10th.
1615 So, they moved roughly seven points in two months.

1616

1617 **Rosalio Banuelos (1:04:44):**

1618 Correct.

1619

1620 **Leo Vasquez III (1:04:47):**

1621 And there were no, for it being presented to us
1622 originally as a senior project, were there any extra
1623 points or did they leap ahead of any other applications
1624 back at the...

1625

1626 **Rosalio Banuelos (1:05:01):**

1627 They did not. It's a 4 percent development. They came
1628 in as a senior property and there were no points
1629 associated with that restriction.

1630

1631 **Leo Vasquez III (1:05:15):**

1632 Okay. Does anyone have questions? Mr...

1633

1634 **Ajay Thomas (1:05:18):**

1635 Rosalio, just out of curiosity, I know that the
1636 developer had presented that marketing had, or lease
1637 rates had collapsed. Did we get any feedback as to like
1638 what caused the collapse?

1639

1640 **Rosalio Banuelos (1:05:33):**

1641 So, it's...

1642

1643 **Ajay Thomas (1:05:35):**

1644 What safety was it? Was it anything concerning for the
1645 elderly population in the complex?

1646

1647 **Rosalio Banuelos (1:05:41):**

1648 Based on information that we have received for this
1649 property and for others, it seems like it was just
1650 excess supply in the Austin area. Mr. Marchant made a
1651 comment earlier about how there has been a decline in
1652 just occupancy. The Austin area over the last few years
1653 got a significant number of units and even the elderly
1654 units that are currently available for rent are
1655 struggling more so simply because it's a smaller
1656 population in that regard. So it's a bigger topic of
1657 discussion. We have received comments from other
1658 developers that are dealing with the same struggle. We
1659 might be coming back to the Board with a separate
1660 request at a later board meeting that involves another
1661 property in Austin wanting to make the same switch. So,
1662 it's just a matter of having too much housing available
1663 at this time and not enough demand, it sounds like.

1664

1665 **Bobby Wilkinson (1:06:40):**

1666 Rosalio, I'm assuming we got a resolution of no
1667 objection from the city to get this done in the first
1668 place.

1669

1670 **Rosalio Banuelos (1:06:45):**

1671 Back then.

1672

1673 **Bobby Wilkinson (1:06:46):**

1674 Do we have any indication of whether they're aware of
1675 the change or supportive of it?

1676

1677 **Rosalio Banuelos (1:06:49):**

1678 As part of the amendment, the public hearing
1679 requirements include notifying the city of the change.
1680 The developer indicated that they did provide notice to
1681 them. We did not receive any feedback.

1682 It's also worth mentioning that the Austin Housing
1683 Finance Corporation was the issuer of the bonds on this
1684 property. So they...

1685

1686 **Bobby Wilkinson (1:07:09):**

1687 So, they're part of the deal.

1688

1689 **Rosalio Banuelos (1:07:10):**

1690 Yes.

1691

1692 **Bobby Wilkinson (1:07:11):**

1693 Okay.

1694

1695 **Rosalio Banuelos (1:07:11):**

1696 In that regard.

1697

1698 **Ajay Thomas (1:07:14):**

1699 Out of curiosity, do we know if the developer or
1700 management team led with any incentives or reduced rents
1701 in order to keep the lease rates under the
1702 classification that they, of leasing units under the
1703 classification originally designed or is it just they
1704 have tried everything, they just can't get it leased.

1705

1706 **Rosalio Banuelos (1:07:34):**

1707 That's my understanding.

1708

1709 **Leo Vasquez III (1:07:35):**

1710 Do we have representatives from the...

1711

1712 **Rosalio Banuelos (1:07:37):**

1713 They'd want to speak about that in greater detail. They
1714 did reduce rents, is my understanding.

1715

1716

1717 **Ajay Thomas (1:07:41):**

1718 Okay.

1719

1720 **Leo Vasquez III (1:07:43):**

1721 Actually, yeah, we'd love to have the representatives
1722 just kind of how, well, introduce yourself and your
1723 organization sign in and then...

1724

1725 **Charles Demucio (1:07:51):**

1726 Charles Demucio (phonetic), I'm here representing the
1727 owner developer of McDowell Housing Partners. And to
1728 answer your question, yes, we've lowered rents
1729 considerably. I've been involved in this project since
1730 July 2014. The lease up started in October of 2023, so
1731 that should give you an indication of how long we've
1732 been trying to get this leased up. The rents were
1733 lowered from the 80 percent AMI to match the 50 percent
1734 AMI to make things even more affordable for our seniors
1735 in Austin, and we still have not been able to lease
1736 this.

1737

1738 **Leo Vasquez III (1:08:30):**

1739 Do you have any feedback as to why people come in, or I
1740 assume people come in, look around and say, no, this
1741 isn't for me. Is it the location? Is it the noise on

1742 the street? I mean, what what's the cause?

1743

1744 **Charles Demucio (1:08:45):**

1745 I've looked at this so many different ways. At first, I
1746 thought it may have been the location, but we had free
1747 service, bus route services that are offered here in the
1748 city and that's the primary mode of transportation.
1749 Uber goes there, all the different ride service, share
1750 services go there. It's a good location because it's
1751 tucked away in a quiet area, but it's still accessible
1752 to 35 and downtown. So that's definitely not the, our
1753 indication is that, as the gentleman said, there's a lot
1754 of product currently in Austin and we don't have
1755 sufficient amount of seniors to have our units filled.

1756

1757 **Anna Maria Farias (1:09:28):**

1758 Mr. Chairman, whenever I think of Austin, I think of
1759 students, a lot of techies, lots of politicians. I
1760 don't really think about a lot of elderly or baby
1761 boomers 10 years older than myself, and I'm already in
1762 the lower 70s. And the one thing I know from my
1763 colleagues my age who might live around here, they may
1764 try to move grandma, grandpa, mom, dad, but if they grew
1765 up in a small town, you're not going to move them away
1766 from a small town to a bigger town. It doesn't matter
1767 what resources you have. And that's why the congressman
1768 was saying there's an oversaturation, and there is a

1769 need for housing. People need it. We just went
1770 through, who's the homeless vet versus the homeless mom
1771 with a child. Housing is needed. But I just never see
1772 Austin as just gobs of old people. I don't.

1773

1774 **Charles Demucio (1:10:33):**

1775 I've been doing this for almost 35 years, and it's my
1776 job to try to come and overcome those obstacles. And my
1777 way of overcoming that would be that there's more
1778 services available to seniors the closer you are to a
1779 major city. There's a lot of services, there's a lot of
1780 assistance out there for seniors, and we've crossed that
1781 bridge, and we've not been successful.

1782

1783 **Anna Maria Farias (1:10:57):**

1784 Sir, let me just tell you one thing. I went through
1785 that with my mom. I told her why it was important for
1786 her to be in a big city like San Antonio and all the
1787 hospitals, and she started crying. And in my family,
1788 the women, we don't cry. And her attitude is, that's my
1789 little town. I know the trees, I know the birds, I know
1790 their names, and that's where I'm staying. And that's
1791 just the way they are. It doesn't matter what resources
1792 you have.

1793

1794

1795 **Charles Demucio (1:11:24):**

1796 If your mom were to visit our property, we'd be glad to
1797 have her. I can tell you for 100 percent without a
1798 doubt, and with all due respect to every other developer
1799 that's here, we offer the most robust amount of senior
1800 services at our property that we can possibly have ever
1801 put into any other development that we've ever been a
1802 part of. And I know it's more than any other development
1803 is doing right now because we've shopped every other
1804 developer, we visited every other location, and every
1805 single person that lives at our property thanks us every
1806 day for what we bring and have the community that we've
1807 created with the activities that we give our seniors
1808 every single day and every single night.

1809

1810 If you were to visit our property, you would see, and
1811 it's unfortunate that we don't have enough seniors to be
1812 able to fill our units.

1813

1814 **Anna Maria Farias (1:12:12):**

1815 Right. Right.

1816

1817 **Leo Vasquez III (1:12:14):**

1818 You just triggered another question that I want to be
1819 sure is in the agreement or whenever we paper this up.

1820 So, you're going to continue to provide those senior
1821 services...

1822

1823 **Charles Demucio (1:12:26):**

1824 Oh, yes.

1825

1826 **Leo Vasquez III (1:12:26):**

1827 Even though you open it to...

1828

1829 **Charles Demucio (1:12:27):**

1830 Oh, yes.

1831

1832 **Leo Vasquez III (1:12:28):**

1833 The family.

1834

1835 **Charles Demucio (1:12:29):**

1836 I've had a subsequent meeting with our seniors than the
1837 initial meeting that was discussed. And my meeting with
1838 the seniors also included a discussion of how would we
1839 coexist. And what I found is that families that would
1840 be living at the property with, living at the seniors
1841 would tend to help each other. Some seniors have

1842 difficulties carrying their groceries inside and all the
1843 way to their unit, inside of the elevator or walking to
1844 whichever unit they're assigned to. There's people that
1845 help each other in our property with those types of
1846 situations and that's what we expect going forward.

1847

1848 **Ajay Thomas (1:13:07):**

1849 Do you have any concerns about the conditions that are
1850 being put on the request, the conditional approval that
1851 Rosalio described? Do you have any...

1852

1853 **Charles Demucio (1:13:16):**

1854 No.

1855

1856 **Ajay Thomas (1:13:17):**

1857 Concerns about any of those conditions? About letting
1858 people off the waitlist or returning deposits?

1859

1860 **Charles Demucio (1:13:21):**

1861 Absolutely not. No. If someone were to want to move,
1862 they would be let out of their lease without any
1863 penalty. I can say that the majority of our residents
1864 are going to stay because they love it there. And I'm
1865 not just saying that. I encourage you guys to visit us

1866 if you'd like.

1867

1868 **Ajay Thomas (1:13:39):**

1869 Okay. Thank you.

1870

1871 **Leo Vasquez III (1:13:41):**

1872 Mr. Marchant.

1873

1874 **Kenny Marchant (1:13:42):**

1875 Yeah. It's my position that we build too many senior
1876 units under low-income tax housing credit. And I think
1877 that we should consider making part of their application
1878 some kind of demographic study that justifies that the
1879 area they're putting the new senior units in need them,
1880 and that they're not overbuilt and that we're not going
1881 to get into this situation again. And I don't want to
1882 add to the burden, but it's a fairly easy demographics
1883 study to do and prove up that you're not putting, and
1884 I'm not accusing you, I'm talking about generally
1885 speaking, a lot of our units that we approve are senior,
1886 and I think that we shouldn't be building as many senior
1887 units. That is just editorial comment.

1888

1889

1890 **Leo Vasquez III (1:14:42):**

1891 So, you do not believe if they build it, they will come.

1892

1893 **Kenny Marchant (1:14:46):**

1894 I think, they will not come.

1895

1896 **Leo Vasquez III (1:14:49):**

1897 In this case, it's true.

1898

1899 **Kenny Marchant (1:14:50):**

1900 If it's built and it's cheap enough, they will come.

1901

1902 **Leo Vasquez III (1:14:53):**

1903 Okay. Do we have any other further questions for Mr.

1904 Demucio? Thank you for your comments. Rosalio, the

1905 recommendation is to approve this change given all the

1906 caveats and requirements that you've put forth.

1907

1908 **Rosalio Banuelos (1:15:13):**

1909 Yes. That is correct.

1910

1911 **Leo Vasquez III (1:15:15):**

1912 Okay. Okay.

1913

1914 **Anna Maria Farias (1:15:16):**

1915 Mr. Chairman.

1916

1917 **Leo Vasquez III (1:15:17):**

1918 I'll entertain a motion.

1919

1920 **Anna Maria Farias (1:15:18):**

1921 Yes. I move the Board approve the requested material

1922 amendment to the LURA for Ekos City Heights, all as

1923 described, conditioned, and authorized in the board

1924 action request and associated documents on this item.

1925

1926 **Holland Harper (1:15:33):**

1927 Second.

1928

1929 **Leo Vasquez III (1:15:33):**

1930 Motion made by Ms. Farias. Seconded by Mr. Harper. All

1931 those in favor say aye.

1932

1933 **All Board Members (1:15:38):**

1934 Aye.

1935

1936 **Leo Vasquez III (1:15:38):**

1937 Any opposed? Hearing none, motion carries.

1938 Moving right along. Item 33. Presentation, discussion,
1939 and possible action regarding material amendment to the
1940 application for Cady Lofts. Mr. Banuelos, what's this
1941 one about?

1942

1943 **Rosalio Banuelos (1:15:55):**

1944 Cady Lofts was approved for a 9 percent housing tax
1945 credit award in 2022, a reallocation of tax credits
1946 under force majeure in 2023, a HOME-ARP award in 2023
1947 and state tax credits in 2024 for the construction of
1948 100 units of supportive housing, all of which are
1949 designated as low-income units also in Austin.
1950 Construction of the development has been completed.
1951 The owner is now requesting approval for a material
1952 amendment to the application for a significant
1953 modification of the site plan, a significant
1954 modification of the architectural design, and a
1955 reduction in the number of parking spaces. The
1956 modifications of the architectural design include a

1957 redesign of the sole building from a four-story podium
1958 building with ground floor common area and 29 parking
1959 spaces to a split-level four-story building and nine
1960 surface lot parking spaces. There are no changes to the
1961 net rentable area, the unit count, unit mix, or the set-
1962 asides. Additionally, the changes to the design result
1963 in an increase to the common area from 19,530 square
1964 feet to 21,830 square feet. The owner indicated that
1965 during the site plan approval process, the neighborhood
1966 was concerned that there was not adequate open space for
1967 residents. Also, subsequent engineering and site work
1968 revealed that the natural topography of the site had a
1969 slope front to back. In order to maintain feasibility
1970 while working with the neighborhood, the changes
1971 proposed were necessary.

1972 The site plan was changed so that the building follows
1973 the natural contour of the development site, and the
1974 interior courtyard area was increased and common area
1975 was distributed to three of the four floors. Parking
1976 was moved from the ground floor of the building to a
1977 surface lot that contains underground detention. Total
1978 parking spaces decreased from 29 to nine. However, the
1979 development still exceeds the City of Austin's parking
1980 requirements. The owner indicated that staff parked on
1981 the street or in the parking spaces on the site if
1982 they're already available. Four of the residents
1983 currently have cars and park on the site. The revised
1984 financing information for this amendment includes a
1985 revision to the Federal HOME Loan Bank funding amount
1986 which increased from \$850,000 to \$2 million. At the

1987 time of closing on this loan, the TDHCA HOME-ARP loan
1988 will be repaid in full. Staff's underwriting review of
1989 the modified financing indicates no change to the
1990 federal and state housing tax credit awards. Staff
1991 recommends approval of the amendment request. And I'm
1992 available for questions.

1993

1994 **Leo Vasquez III (1:18:19):**

1995 Okay. All kinds of red, when I read through this, I
1996 thought all kinds of red flags jumped out. But just to
1997 understand, at this point, they're asking for
1998 forgiveness, not permission.

1999

2000 **Rosalio Banuelos (1:18:31):**

2001 It is build time that they (indiscernible - simultaneous
2002 speech) 1:18:32

2003

2004 **Leo Vasquez III (1:18:32):**

2005 It's done. So what would happen if we didn't approve
2006 this? I mean, so they violated, they didn't comply with
2007 what they said they were going to do.

2008

2009 **Rosalio Banuelos (1:18:45):**

2010 Correct, yeah.

2011

2012 **Leo Vasquez III (1:18:46):**

2013 Well, then what's the repercussions of that?

2014

2015 **Rosalio Banuelos (1:18:49):**

2016 The rules have the ability at the time of the material
2017 amendment to pull the credits. That would be the
2018 extreme outcome. But I don't know if the developer
2019 would be given an opportunity to go back and try to
2020 figure out an alternative plan, but as far as the design
2021 of the building with podium parking, that is no longer
2022 possible given status of the development.

2023

2024 **Leo Vasquez III (1:19:12):**

2025 And again, I'm missing. Were we informed, when were we
2026 ultimately informed that all these changes were going to
2027 be made?

2028

2029 **Rosalio Banuelos (1:19:22):**

2030 Officially, the Department received a request recently.

2031

2032

2033 **Leo Vasquez III (1:19:26):**

2034 After it was already done.

2035

2036 **Rosalio Banuelos (1:19:27):**

2037 After it was done.

2038

2039 **Leo Vasquez III (1:19:28):**

2040 After the fact.

2041

2042 **Rosalio Banuelos (1:19:28):**

2043 I will say that we had construction status reports
2044 submitted throughout the development process, and I
2045 believe that there may have been, I guess the inspection
2046 request submitted earlier. But as far as getting the
2047 official amendment requesting for the award, that was a
2048 recent communication that we got.

2049

2050 **Leo Vasquez III (1:19:46):**

2051 Well, those changes being made are what, without the
2052 Department being informed before the changes were
2053 enacted is what really irks me about this particular
2054 request. Do we have any way that require that we're
2055 informed before they radically change the proposed

2056 development? And this may be more of a Cody question
2057 or, just on where is that process? How do we ensure
2058 we're informed?

2059

2060 **Holland Harper (1:20:24):**

2061 Mr. Chairman, in the letter on October 21, 2025, they
2062 went from podium construction to multi-level
2063 construction with more like a slab on grade with
2064 foundation.

2065

2066 **Leo Vasquez III (1:20:38):**

2067 But they've already done that by that time.

2068

2069 **Holland Harper (1:20:39):**

2070 I don't disagree with that statement and I don't
2071 disagree, but the number of units didn't change. The
2072 common area increased and the parking roughly is more
2073 than was reduced. And that's the biggest negative in
2074 the system in the deal. And when they put these
2075 applications in, they don't have all their drawings
2076 finished. They have to go put them together. So while
2077 it is a, we didn't lose a number of units, we lost some
2078 parking spots and we got the units finished.

2079

2080 **Leo Vasquez III (1:21:15):**

2081 So, you're for forgiveness?

2082

2083 **Holland Harper (1:21:16):**

2084 I'm for forgiveness because development is tough.

2085

2086 **Leo Vasquez III (1:21:21):**

2087 No. Obviously.

2088

2089 **Holland Harper (1:21:22):**

2090 You're welcome.

2091

2092 **Leo Vasquez III (1:21:22):**

2093 I'm not going to, again; I just wish that there was some

2094 way that we could be informed about changes before it

2095 becomes too late to make a change and to approve.

2096

2097 **Bobby Wilkinson (1:21:43):**

2098 Rosalio, there wouldn't be any scoring implications from

2099 the changes.

2100

2101 **Rosalio Banuelos (1:21:47):**

2102 There would not, correct.

2103

2104 **Bobby Wilkinson (1:21:48):**

2105 Right.

2106

2107 **Rosalio Banuelos (1:21:48):**

2108 It met all of their requirements, so yes, it still would
2109 have been awarded had it been submitted with that plan
2110 initially.

2111

2112 **Leo Vasquez III (1:21:56):**

2113 And this is an SRO supportive.

2114

2115 **Rosalio Banuelos (1:21:58):**

2116 It's supportive housing, yes.

2117

2118 **Leo Vasquez III (1:21:59):**

2119 Yeah. So, the fact that most residents aren't going to
2120 have private vehicles fits in this particular...

2121

2122 **Bobby Wilkinson (1:22:09):**

2123 Yeah. Only four have them, right?

2124

2125 **Rosalio Banuelos (1:22:11):**

2126 Yes. We went back and confirmed with the owner and as
2127 of today, only four of the residents have cars.

2128

2129 **Leo Vasquez III (1:22:22):**

2130 I'm just kind of amazed that Austin doesn't require more
2131 better ratio of parking to units.

2132

2133 **Bobby Wilkinson (1:22:30):**

2134 For affordable housing, it's zero. Rosalio, it's zero
2135 required for affordable housing for Austin now.

2136

2137 **Rosalio Banuelos (1:22:36):**

2138 That is my understanding as of today. That the City
2139 introduced a number of years ago a program under which
2140 this property qualified and the City then expanded the
2141 provisions from that program to all development. So
2142 today, my understanding is that properties could be
2143 built with zero parking spaces in Austin now. Would
2144 that be feasible? Probably not, depending on location

2145 and target population, but you are correct that zero
2146 would be the requirement as of today.

2147

2148 **Kenny Marchant (1:23:10):**

2149 Mr. Chairman, do you feel like that our approval of this
2150 in any way opens a loophole that people will later take
2151 advantage of?

2152

2153 **Rosalio Banuelos (1:23:24):**

2154 I don't think so. We've had other amendments in the
2155 past where this has been the case in. Our rules have a
2156 list of what would be considered a material amendment,
2157 and the significant changes site plan is a little
2158 subjective. At the time when we reviewed the development
2159 classification, it is not uncommon that we will identify
2160 changes and at that point a determination is made
2161 whether it needs to be taken before the Board or not.

2162

2163 **Kenny Marchant (1:23:51):**

2164 So no, you don't think it will.

2165

2166 **Rosalio Banuelos (1:23:53):**

2167 No. I don't think because it's been...

2168

2169 **Bobby Wilkinson (1:23:55):**

2170 This wouldn't be the first time we...

2171

2172 **Rosalio Banuelos (1:23:57):**

2173 Correct.

2174

2175 **Bobby Wilkinson (1:23:58):**

2176 Made amendment to discover, yeah.

2177

2178 **Leo Vasquez III (1:24:01):**

2179 And obviously there's been lots of instances in the past

2180 where something qualifies as needing a material

2181 amendment, but yeah, it's not. Didn't we put something

2182 to where we authorized you to be able to approve some of

2183 these changes? There was some other something that I

2184 thought we did because under most circumstances yet.

2185

2186 **Rosalio Banuelos (1:24:24):**

2187 We have, but then our rules, we have descriptions of

2188 what would be considered a material amendment, which

2189 comes from statute, really. And then from there, we

2190 have items that can be approved administratively by the
2191 Executive Director or designee. And then there are some
2192 changes that would only require notifications. We would
2193 just acknowledge those changes. This one, just because
2194 of how many changes there were, it seemed like it would
2195 rise to that level, and because they had other funding
2196 sources from the Department, we decided to bring it in
2197 front of the Board.

2198

2199 **Leo Vasquez III (1:25:00):**

2200 Again, I understand this particular case, I just would
2201 like for somehow for us to strengthen the pre-
2202 notification requirements to the Department.

2203

2204 **Beau Eccles (1:25:14):**

2205 To be clear, as Rosalio described, the statute does
2206 allow, and it's pretty rare, that it allows, the Board
2207 in cases of material amendments to actually take the
2208 credits back, to rescind the credit award. So that is
2209 the risk that any developer takes in issuing change
2210 orders and approving them when it will be a material
2211 amendment is when they do come forward seeking
2212 forgiveness that they could lose their credits. So the
2213 sort of the stick in this already exists. It's just is
2214 it bad enough for the Board to say, no, this affects?
2215 And that's why we also go through, would it have
2216 affected scoring? Are they changing something that

2217 would then have allowed somebody that was below them in
2218 the scoring to jump them and have gotten this award in
2219 the first place? And that's why all of that is treated
2220 by Rosalio in this presentation.

2221

2222 **Leo Vasquez III (1:26:16):**

2223 Okay. Staff recommends approval of this material
2224 amendment?

2225

2226 **Rosalio Banuelos (1:26:23):**

2227 Yes.

2228

2229 **Leo Vasquez III (1:26:24):**

2230 Okay. Does anyone want to speak against staff's
2231 recommendation to approve this material amendment? I
2232 didn't think. Yeah. All right.

2233

2234 **Anna Maria Farias (1:26:33):**

2235 Mr. Chairman, I'm ready to make a motion.

2236

2237 **Leo Vasquez III (1:26:34):**

2238 Would someone like to make a, okay. I just want to make

2239 sure because I've had people complain in the past when I
2240 didn't give them a chance to speak. But we're about to
2241 get a motion. Oh, after the motion's made, if you still
2242 want to speak, I'll let you. Okay.

2243

2244 **Anna Maria Farias (1:26:48):**

2245 All right. I move the Board approve the requested
2246 material amendment for Cady Lofts, all as described,
2247 conditioned, and authorized in the board action request
2248 and associated documents on this item.

2249

2250 **Holland Harper (1:27:02):**

2251 Second.

2252

2253 **Leo Vasquez III (1:27:03):**

2254 Motion made by Ms. Farias to approve. Seconded by Mr.
2255 Harper. Any further public comment?

2256

2257 **Megan Lasch (1:27:14):**

2258 Megan Lasch. I'm President of OSA Industries. I am
2259 representing the developer. I know I shouldn't speak
2260 when it's going our direction, but I just have to clear
2261 the air on a couple things. One thing, this particular
2262 development was in front of TDHCA doing great, good

2263 things multiple times through the state credit process
2264 and our closing process. And the change to the site
2265 plan, while it was described as podium, wasn't a full
2266 podium. So really what was changed the parking spaces.
2267 And as we redesigned the building, it became better.
2268 This project is a celebration of the success of the
2269 development, or of this Department and the program in of
2270 itself. And I think it just goes to show how, as
2271 Commissioner Harper mentioned, the development process
2272 is so tricky. And even though we were in front of
2273 TDHCA, giving them all of our construction contracts,
2274 all the numbers, everything we were doing that check the
2275 boxes of site plan, because of the truncated process the
2276 state credit application and our closing, no one saw.
2277 Everything was being disclosed, but that checked the box
2278 of, here's the new configuration that the City of Austin
2279 approved. And the big picture is we built to code, we
2280 increased our amenity space. It's a better development.
2281 So, while I appreciate the forgiveness piece, the work
2282 that went into this development and the length of time,
2283 everything occurred, was... We also were looking at the
2284 fact that we could see down the pipeline and potentially
2285 pay TDHCA back, which is part of why the submission date
2286 was in October.

2287 We were trying to time that in a way to where we can
2288 wrap all that up for staff at once and let them
2289 underwrite it and look at that once and pay them back,
2290 pay back the ARP money. So I can't help but, even though
2291 it was going in our direction, I want to just explain,
2292 this was not something that by no means was intentional,

2293 but it also was something that we were, everybody in
2294 this room on the staff side was working on it, too.
2295 We're all kind of, sometimes it's right in front of you
2296 and you don't see it. Thank you.

2297

2298 **Leo Vasquez III (1:29:22):**

2299 Thank you, Ms. Lasch. Not to be too snarky, but so much
2300 for the quit while you're ahead concept, just implement
2301 it. Okay. All right. Okay. Motion on the floor made
2302 and seconded to approve staff's recommendation. All
2303 those in favor say aye.

2304

2305 **All Board Members (1:29:44):**

2306 Aye.

2307

2308 **Leo Vasquez III (1:29:44):**

2309 Any opposed? Hearing none, motion carries.

2310 Moving on to item 34. Presentation, discussion, and
2311 possible action on an order proposing the amendment of
2312 10 TAC Chapter 10, uniform multifamily rules, Subchapter
2313 F, compliance monitoring, Section 10.612, tenant file
2314 requirements, an order proposing a new Section 10.628,
2315 verification of occupant legal status for HOME and NHTF
2316 developments, and directing their publication for public
2317 comment in the Texas Register. Ms. Boston.

2318

2319 **Brooke Boston (1:30:22):**

2320 Yes.

2321

2322 **Leo Vasquez III (1:30:423):**

2323 Okay. Why did we do this not in a consent? Tell us

2324 why. Tell us.

2325

2326 **Brooke Boston (1:30:30):**

2327 Okay. Chairman Vasquez, board members. This item
2328 relates to a rule that will be released for public
2329 comment. The rule relates to a federal law called
2330 PRWORA, which stands for Personal Responsibility and
2331 Work Opportunity Reconciliation Act of 1996. That law
2332 provides that an alien who is not a qualified alien is
2333 not eligible for federal public benefits. The U.S.
2334 Department of Justice directs that each federal agency
2335 is required to identify which of their programs are
2336 considered federal public benefits for this purpose. In
2337 its 2025 federal grant agreements between the Department
2338 and HUD, HUD clarified that PRWORA applies to HOME and
2339 National Housing Trust Fund. In a subsequent
2340 announcement, HUD also included HOME-ARP and those
2341 programs to which PRWORA will be applicable. While the
2342 NHTF funds at the Department are used only for
2343 multifamily activities right now, HOME and HOME-ARP

2344 funds are also used for other activities. Under a
2345 separate rule action in November, the Department already
2346 initiated the applicability of PRWORA for the HOME
2347 single family activities among some other programs.
2348 Today's rule action is to ensure compliance with this
2349 guidance for the Department's HOME, HOME-ARP, and NHTF
2350 multifamily for rental portfolio of properties. At this
2351 time, the rule is only specific to developments in the
2352 portfolio that have those three programs financing or a
2353 land use restriction agreement and does not include
2354 properties that are solely housing tax credit
2355 properties.

2356 All properties in the Department's portfolio that have
2357 units under those three programs will now be required to
2358 adhere to this rule after it goes through the public
2359 comment process. The rule will require that all persons
2360 signing a lease must have been verified as having legal
2361 status either as a U.S. citizen, U.S. national, or
2362 qualified alien. It should be noted that this
2363 requirement will not apply to survivors of domestic
2364 violence, sexual assault, stalking, and/or dating
2365 violence. More specifically, populations protected by
2366 two particular acts relating to that. This requirement
2367 will be applicable to all existing and future properties
2368 for the length of the state and federal affordability
2369 periods. Confirmation of the legal status must occur at
2370 initial lease up of the unit and at the time of first
2371 unit recertification or lease renewal that occurs after
2372 the rule becomes effective. Confirmation will only need
2373 to occur for a household thereafter if there are changes

2374 to the household members who sign the lease. A property
2375 must confirm legal status through verification based on
2376 a series of acceptable documents or if still needed, if
2377 those documents don't establish qualified alien status,
2378 then they can use a system called SAVE. SAVE access is
2379 granted directly to TDHCA and other governmental
2380 entities. We in turn have a memorandum of understanding
2381 with the Department of Homeland Security and we grant
2382 access to those who have contracts or LURAs with to
2383 perform those verifications themselves. There are two
2384 rules in this action today. The first relates to
2385 10.612. This is an amendment to that rule.

2386 That rule relates to what has to be in a tenant file at
2387 a property. We are adding that the property would need
2388 to include in the file documentation to support that
2389 legal status of all persons signing the lease has been
2390 verified, as well as an attestation signed by all
2391 parties signing the lease that they are not harboring an
2392 illegal immigrant or housing an unqualified alien in
2393 violation of federal law. The second rule being changed
2394 is 10.628, and that's a brand new section that describes
2395 the process in detail of how this policy will be
2396 implemented on properties. Staff recommends that the
2397 Board approve the draft rule so that public comment can
2398 be received. A roundtable to answer questions on this
2399 rule is scheduled on February 4th in Austin. Our hope
2400 is that we can answer questions in more detail for folks
2401 and then that way that can help inform the public
2402 comment that they may make. And I'm happy to answer any
2403 question.

2404 **Leo Vasquez III (1:34:32):**

2405 Okay. So fundamentally, this is, regardless of what
2406 anyone thinks pro or against the concept, we are just
2407 matching our rules to federal requirements.

2408

2409 **Brooke Boston (1:34:45):**

2410 Yes. Current new federal guidance.

2411

2412 **Leo Vasquez III (1:34:48):**

2413 Okay. All right. I think we have one public commenter
2414 here. Mr. Arriaga, why don't you come up here?

2415

2416 **Roger Arriaga (1:35:10):**

2417 Good afternoon, Mr. Chairman, board members, Mr.
2418 Wilkinson. Today my comments represent a collaborative
2419 effort between TAAHP, Texas Affiliation of Affordable
2420 Housing Providers, and the Texas Apartment Association.
2421 I'm Roger Arriaga, Executive Director for TAAHP. Many of
2422 our compliance experts today who wanted to be here are
2423 actually at the NCSHA compliance conference, and so they
2424 asked me to provide some comment on their behalf. So
2425 I'm representing their interest. I'll do my best. And
2426 I'm also very happy that we're going to be having a
2427 roundtable very soon. We do expect that there's going
2428 to be a significant amount of comments, not on the

2429 rationale for why this is coming online, but how it
2430 would be implemented. So I know we're going to have a
2431 lot of comments, but upon initial review and
2432 consultation with our members, TAAHP, between TAAHP and
2433 TAA, we're very concerned that the rule, as it's
2434 drafted, is going to have a significant increase in
2435 costs to existing affordable housing properties because
2436 of increased staff time and resources to comply with the
2437 rule as it's written. We have two very specific
2438 recommendations, and I'll summarize them very briefly.

2439

2440 First, TAAHP recommends that these requirements not be
2441 applied retroactively and instead apply to new awards
2442 made after the rule takes effect. As drafted, the rule
2443 is being applied retroactively to all existing TDHCA
2444 properties with HOME, HOME-ARP, and National Housing
2445 Trust Funds. TDHCA's tax credit portfolio includes over
2446 3,200 properties with just over 700,000 units. It's
2447 estimated that about a third of these properties have
2448 these funding sources layered on them, so it'll apply to
2449 an estimated 1,000-plus existing properties. Considering
2450 that most current-day tax credit applications include
2451 these funds for badly needed gap funding, we expect that
2452 far more than a third of the awarded properties will
2453 also have these requirements to apply moving forward.
2454 Second, we propose that staff remove the floating
2455 language that is a requirement that applies to HOME,
2456 HOME-ARP, and NHTF units at the time of tenant income
2457 certification. This would mean that if a tax credit

2458 unit needs to become a HOME unit due to the floating
2459 requirement, a new tenant income certification would be
2460 created and tests for citizenship would be initiated at
2461 that time. The function of identifying citizenship in
2462 the Department's proposed rule using the SAVE system,
2463 it's time intensive for site teams even under the
2464 Department system. This is because the project-based
2465 Section 8 in that world, HUD withholds payment to owners
2466 for non-citizens, so documentation measures are very
2467 extensive. Normally, a smaller portion of the property's
2468 units are HOME, HOME-ARP, or NHTF. For example, it
2469 would not be unusual for a 300-unit property to have 20
2470 HOME designated units.

2471 As drafted, these requirements would apply to all 300
2472 households because all TDHCA properties are designated
2473 as floating and would retroactively apply to all units
2474 at a given property, including market rate units, which
2475 we don't believe is the intent. If adopted with the
2476 proposed solution, the new requirement would go from
2477 applying to roughly 350,000 units to an estimated 20,000
2478 units. So it's really about time and cost, not the
2479 policy involved with this. So we wanted to put that out
2480 there, understanding that there will be more comment
2481 coming after the posting. Those two specific items are
2482 things that stuck out of our members when they reviewed
2483 it earlier this week. I'll stop there.

2484

2485

2486 **Leo Vasquez III (1:38:36) :**

2487 Okay. Thank you for those comments. Ms. Boston, do you
2488 want to...

2489

2490 **Brooke Boston (1:38:42) :**

2491 And just to clarify some of the numbers, right now there
2492 are 391 properties in our portfolio that have one of
2493 those three programs. That comprises 9,126 units that
2494 are actually considered HOME, Trust Fund, or HOME-ARP
2495 units. That issue of whether you apply it to all the
2496 units in a property as it's currently drafted, which it
2497 relates to that floating language, the number of units
2498 in that case would be 28,895 that would be getting
2499 checked. So just to...

2500

2501 **Leo Vasquez III (1:39:22) :**

2502 Okay. I'm curious about the rollout, the
2503 implementation, even if it's retroactive. Would it be
2504 just, would the rule say upon lease renewal?

2505

2506 **Brooke Boston (1:39:36) :**

2507 That's exactly what it says. Yeah.

2508

2509

2510 **Leo Vasquez III (1:39:37):**

2511 That's really good. (indiscernible) it's not like...

2512

2513 **Bobby Wilkinson (1:39:37):**

2514 Yeah. It's not like everyone gets checked tomorrow.

2515

2516 **Leo Vasquez III (1:39:40):**

2517 Yeah. Okay.

2518

2519 **Brooke Boston (1:39:41):**

2520 Right. It would take about a year if...

2521

2522 **Leo Vasquez III (1:39:44):**

2523 Sure. Okay. Yeah. And then how much of a difference
2524 in the process would it be compared to any business
2525 hiring an employee and getting an I-9 documentation? Is
2526 it going to be much more extensive, or?

2527

2528 **Brooke Boston (1:40:03):**

2529 It's asking for a set of documentation that depending on
2530 what documents the household members have. So first of

2531 all, they're only having to check for the people who are
2532 going to sign the lease. That's probably one or several
2533 adults in the household. They're not having to check
2534 every household member. For those people, they would ask
2535 if they have certain key documents. If they do, they
2536 just fill out a little form that says, yes, I saw
2537 passport or, yes, I saw this. If they don't have
2538 certain documents, there's actually, you can go to
2539 another step. We have a flowchart for this that
2540 outlines it for properties or for subrecipients that are
2541 subject to this under other programs of ours that lets
2542 them come up with other documents. So I think, and I
2543 don't want to speak for properties, but properties, I
2544 think, are looking at some of those documents anyway to
2545 verify someone's identity. So if they can't establish
2546 their status through the documents that they have, then
2547 the property staff member would enter them in the SAVE
2548 system. However, in the rule, we do provide an
2549 alternative. We let properties decide. They can either
2550 enter themselves in the SAVE system, they can hire a
2551 third party to do it for them, or they can give it to us
2552 and we will do it. I think timelines, and it's probably
2553 fastest for a property if they're quickly wanting to get
2554 a household cleared and approved, it would probably be
2555 fastest for them to do it. But we are planning on
2556 shoring up infrastructure internally to handle requests
2557 if in fact the properties and subrecipients under our
2558 other programs choose to have us do that SAVE
2559 verification.

2560

2561 **Leo Vasquez III (1:41:52):**

2562 Okay. Just overall, I can understand how it sounds
2563 like, oh my God, this is going to be such a pain, but in
2564 the scheme of things, it seems very related to the
2565 normal course of business and the verifications one
2566 would have to do anyway. The one other piece, though,
2567 that I think I rather heard you say, but we're also
2568 going to be requiring, per HUD regulations, per federal
2569 regulations, we're going to be requiring the lessee, the
2570 person signing the lease, to also verify they're not
2571 harboring illegal aliens in the, that is a, that's part,
2572 yes?

2573

2574 **Brooke Boston (1:42:41):**

2575 That's currently in the rule.

2576

2577 **Leo Vasquez III (1:42:43):**

2578 Okay.

2579

2580 **Brooke Boston (1:42:43):**

2581 And I would clarify that that is not a federal
2582 requirement that that clause be signed, because HUD's
2583 guidance at this point is not that specific.

2584

2585 **Leo Vasquez III (1:42:53) :**

2586 Have we had any state-level direction given to us from
2587 the Legislature or the Governor's Office or the Attorney
2588 General?

2589

2590 **Bobby Wilkinson (1:43:00) :**

2591 Sure. Obviously, the Governor and the President are
2592 leading the way on these kinds of issues and we're in
2593 the vanguard among other states as far as getting out
2594 there, making rules, making it happen.

2595

2596 **Leo Vasquez III (1:43:12) :**

2597 Okay.

2598

2599 **Bobby Wilkinson (1:43:12) :**

2600 Others will follow.

2601

2602 **Leo Vasquez III (1:43:13) :**

2603 Yeah. I'm just kind of curious how we would do that
2604 kind of verification and checking on, I mean, just we
2605 can cross that bridge when we get there, I guess. Do
2606 any board members have questions for Ms. Boston or Mr.
2607 Arriaga? Okay. It's going out for, we're approving it

2608 to be published for public comment. So everyone's got
2609 time to comment. We're going to have a roundtable.
2610 This isn't the final approval here. Okay. I'll
2611 entertain the motion on item 34 of the agenda.

2612

2613 **Ajay Thomas (1:43:57):**

2614 Mr. Chairman, I move the Board approve the proposed
2615 amendment of 10 TAC Section 10.612 and proposed new 10
2616 TAC Section 10.628 and direct their publication for
2617 public comment, all as described, conditioned, and
2618 authorized in the board action request and associated
2619 documents on this item.

2620

2621 **Anna Maria Farias (1:44:14):**

2622 Second.

2623

2624 **Leo Vasquez III (1:44:15):**

2625 Motion made by Mr. Thomas. Seconded by Ms. Farias. All
2626 those in favor say aye.

2627

2628 **All Board Members (1:44:19):**

2629 Aye.

2630

2631 **Leo Vasquez III (1:44:20):**

2632 Any opposed? Hearing none, motion carries. Okay.
2633 Moving right along. Item 35. Presentation, discussion,
2634 and possible action on an order adopting the repeal of
2635 10 TAC Chapter 12 concerning multifamily housing revenue
2636 bond rules and an order adopting the new 10 TAC Chapter
2637 12 concerning the multifamily housing revenue bond rules
2638 and directing the publication in the Texas Register.
2639 Ms. Morales, you're busy today.

2640

2641 **Teresa Morales (1:44:48):**

2642 The multifamily housing revenue bond rules govern
2643 applications where the Department is serving as the bond
2644 issuer. The rule speaks to the general process of the
2645 bond issuance with an emphasis on the pre-application
2646 components that require scoring in addition to some
2647 threshold and eligibility. The draft was presented and
2648 approved by the Board at the October board meeting and
2649 was subsequently published in the Texas Register for
2650 public comment. Two individuals submitted comment, most
2651 noteworthy related to the accessibility requirements for
2652 a project funded with qualified 501(c)(3) bonds. The
2653 draft rule proposed that projects would not need to
2654 adhere to the Department's accessibility requirements,
2655 specifically that 5 percent of the units would need to
2656 be accessible to mobility impaired and an additional 2
2657 percent would need to be accessible to visual and
2658 hearing impaired. There was also the exclusion of

2659 visitability requirements, the latter of which was
2660 consistent with the draft QAP at the time. Staff has
2661 clarified in the rule that visitability would apply to
2662 both rehabilitation and new construction developments
2663 proposed with qualified 501(c)(3) bonds, which is
2664 consistent with the final version of the QAP. The rule
2665 clarifies that new construction developments proposed
2666 with qualified 501(c)(3) bonds would need to meet the 5
2667 percent and the 2 percent accessibility requirements.

2668

2669 For rehab developments, staff has clarified that such
2670 developments, if built after March 13th of 1991, would
2671 be subject to the Fair Housing Act and will be reviewed
2672 with that standard. This would ensure that there is some
2673 level of accessibility with developments funded under
2674 this program, but not require a substantial alteration
2675 that would trigger the 5 percent and the 2 percent.
2676 Taking a step back as a refresher, one of the more
2677 noteworthy changes in the draft rule was the inclusion
2678 of the qualified 501(c)(3) bonds. Our governing statute
2679 already authorizes us to issue (c)(3) bonds. The
2680 inclusion in the rule was to establish some threshold
2681 and eligibility around such an issuance. This wouldn't
2682 be uncharted territory for the Department as we have
2683 about a dozen transactions in our portfolio that were
2684 financed with 501(c)(3) bonds back in the early 2000s
2685 and prior. These are tax-exempt bonds similar to those
2686 private activity bonds we regularly issue that are
2687 attached to the 4 percent housing tax credit. However,

2688 pursuant to federal tax law, (c) (3) bonds are not
2689 eligible to receive the 4 percent housing tax credits.
2690 Pausing there for a second, because these deals would
2691 not have the amount of equity that we would normally
2692 see, layering on requirements that could potentially add
2693 a lot of cost could render projects infeasible and
2694 perhaps the program moot. You basically have a
2695 transaction with just debt, and the question becomes how
2696 much of that debt is supportable before rendering the
2697 project infeasible.

2698

2699 Including this in the rule was intended to be another
2700 funding source, but it is also intended to be a pilot
2701 program of sorts as the Department potentially re-enters
2702 this space. And working with the commenter, we
2703 recognize that projects receiving funds from the
2704 Department should be held to an accessibility standard,
2705 and there is a desire to balance that standard against
2706 the nature of this financing while also recognizing that
2707 we just don't know the types of projects that we will
2708 see. We have agreed to circle back once we see what
2709 comes through the door and can reassess in rulemaking
2710 should that become necessary. Staff recommends that the
2711 Board approve the order adopting the repeal and the
2712 order adopting the new Chapter 12, multifamily housing
2713 revenue bond rules for publication in the Texas
2714 Register.

2715

2716 **Holland Harper (1:48:49):**

2717 Ms. Morales, how close is this standard to the American
2718 Disabilities Act standard required by all building
2719 systems in Texas?

2720

2721 **Teresa Morales (1:49:01):**

2722 It would not trigger a 504. What we are proposing, it
2723 would hold properties to the Fair Housing Act, and so
2724 those properties we would be reviewing with that in
2725 mind. But not treating rehabs as substantial alteration
2726 that would require 5 percent of all of the units to be
2727 physically accessible. It's just the standard for...

2728

2729 **Holland Harper (1:49:29):**

2730 I don't hold an architecture license, but there's a
2731 threshold in state regulation that if you break so much
2732 money on the project, so much expense on it, then you
2733 must make all of it ADA compliant in the system.

2734

2735 **Teresa Morales (1:49:42):**

2736 For the 501(c)(3) projects that we envision being
2737 submitted, we do not expect there to be properties that
2738 would require that level of rehabilitation that would
2739 trigger the requirements that you're talking about.
2740 Again, this inclusion in the rule is sort of, we don't

2741 know what we don't know. We're revisiting a policy that
2742 we had back in the early 2000s. And so from what I'm
2743 hearing in the industry, is this type of program is
2744 really meant to be bridge financing or a holding type of
2745 financing until projects get to a point or the market
2746 gets to a point where they can fully re-syndicate and
2747 have a full-blown scale rehab that would trigger
2748 substantial alteration within our rules.

2749

2750 **Holland Harper (1:50:41):**

2751 So, Bobby and staff, what I would request, and the
2752 reason, I mean, our firm holds architectural license.
2753 We do this stuff and it comes up, I mean, I've got a
2754 project that came up yesterday. This is a very
2755 specific, these rules on architecture and ADA
2756 compliance, which change all the time since 1990,
2757 there's a threshold where you have to do this. And what
2758 I don't want to do is have, we're asking these
2759 developers to play by our rules, a funding mechanism,
2760 and then they're also held by the standards of Texas and
2761 what we've got. So what I want to make there is make
2762 this as few rules as we've got that we can live with
2763 because there are standards in place we've already done.
2764 There are standards in place that have already been put
2765 across the entire state, and I don't want to have any
2766 conflicts. Because that architect is going to know the
2767 rules he's going to do every day for his business and
2768 not something smaller. If you could look at that, I
2769 would really appreciate that.

2770

2771 **Kenny Marchant (1:51:49):**

2772 Does this adopt the ADA standards as this standard? I'm
2773 just...

2774

2775 **Holland Harper (1:51:56):**

2776 Yeah. We're going through 10 TAC, what I think is
2777 really hard as a developer or entrepreneur or, our job
2778 is to make sure that we are living within these all
2779 these federal regulations. And we have all these
2780 federal regulations, and then we make rules that are in
2781 conflict of what we're trying to accomplish. So the more
2782 simple that we can do to achieve the mission of, A,
2783 affordable housing and make sure that people have, that
2784 we're taking care of those with disabilities, which has
2785 been in effect since 1990, and not have something
2786 obscure at 10 TAC, which you would normally not, I know
2787 it's part of our program to do that, but I just think
2788 that makes life very, very hard. And to do that
2789 successfully, you're going to have to say what are the
2790 rules in the current ADA compliance within the
2791 registered architects, those, and how does that affect
2792 with 10 TAC and how does that affect with these
2793 501(c)(3)s? And that's just a chart, can I live with
2794 these things and bring it back in? I just want to make
2795 things as easy as we possibly can so we don't have
2796 conflict like podiums, or coming back to ask for
2797 forgiveness to the Board.

2798

2799 **Leo Vasquez III (1:53:18):**

2800 Yeah, no. Thank you. Do we have public comment on this?

2801 Please let's, well, come on up. Introduce yourself and

2802 sign in.

2803

2804 **Tanya Lavelle (1:53:39):**

2805 Thanks. Good afternoon. My name is Tanya Lavelle. I'm

2806 with Disability Rights Texas. We did want to

2807 specifically comment on the 501(c)(3), accessibility

2808 requirements. I first want to thank TDHCA staff,

2809 specifically Teresa, for working with us on the rule,

2810 bringing it to, before bringing it to you guys again,

2811 and for taking our comments into consideration. When

2812 finalizing the language, after discussions with the

2813 staff, the rule was rewritten to specify only rehab

2814 projects were exempt. However, this is still a concern

2815 for a lot of reasons for us. First, despite these

2816 changes, the new language continues to allow a certain

2817 class of property within the 501(c)(3) bond program to

2818 be inaccessible by preemptively exempting these

2819 properties from the accessibility construction

2820 requirements under Section 504 of the Rehab Act, as well

2821 as the accessible housing unit requirement that 5

2822 percent of units be made accessible. This bond program

2823 utilizes federal funding, which come with 504

2824 requirements. It's inappropriate for the agency to

2825 preemptively decide that certain projects under the

2826 501(c)(3) bond program could be exempt from these
2827 standards. What's more, exempting rehabs would break
2828 with previously established 501(c)(3) bond rules already
2829 on the books from earlier in the 2000s. During our
2830 discussions with staff, we submitted a public
2831 information request about these property agreements that
2832 I got a couple of days ago. During the early 2000s, and
2833 upon review, we found that the original 501(c)(3) bond
2834 agreements for rehabs did include the 5 percent set
2835 aside for accessible units. We're not sure kind of
2836 what's changed with the program. Making sure rehab
2837 properties were accessible didn't prohibit developers
2838 from doing this last time or back in the early aughts.
2839 So we're not sure why it's kind of an issue now. But if
2840 the agency proceeds with this new rule language, there
2841 will be different standards of living for people with
2842 disabilities in the same program, which is actually an
2843 ADA violation because that means the State would be
2844 administering its services and programs inequitably. We
2845 understand that the reintroduction of this program is
2846 meant to attract new developers to TDHCA programs, and
2847 we absolutely support that. However, at the October
2848 board meeting, kind of like what Teresa said, she
2849 mentioned that the rule was essentially another tool and
2850 meant to be a pilot program kind of moving forward.
2851 Committing to expanding the bond program to include
2852 501(c)(3)s without appropriate accessibility or
2853 visitability standards, right, not visitability. That
2854 was changed and we thank you guys for that. Rather,
2855 accessibility standards excludes an entire protected
2856 class of low-income Texans, in this case, people with

2857 disabilities. It is a small part of this program, but
2858 regardless, we need to get this right, especially if the
2859 program is meant to grow. And one thing I wanted to
2860 mention real quick, as this was meant to be sort of
2861 bridge funding, for us that means that developments
2862 could be placed in service with federal funds, with
2863 TDHCA funds for an unknown amount of time without
2864 accessibility.

2865

2866 **Leo Vasquez III (1:56:47):**

2867 Okay. Great. Thanks.

2868

2869 **Tanya Lavelle (1:56:48):**

2870 Thank you.

2871

2872 **Leo Vasquez III (1:56:54):**

2873 And, Teresa, kind of following along with Mr. Harper's
2874 comments, there are already federal regulations and even
2875 going back to TDLR, has all these accessibility
2876 standards that they have to approve on projects. We're
2877 not adding specifications on to those existing programs
2878 or requirements that already exist that developers need
2879 to comply with.

2880

2881 **Teresa Morales (1:57:34):**

2882 No. They would still have to comply with those.

2883

2884 **Leo Vasquez III (1:57:37):**

2885 Okay. But we're not adding additional compliance
2886 requirements as far as the specifications on how wide
2887 the doorway needs to be and length of a ramp, and stuff
2888 like that.

2889

2890 **Teresa Morales (1:57:49):**

2891 With the exception of the visitability, what we are not
2892 doing is treating these types of deals similar to a 4
2893 percent deal. If a 4 percent deal walked through the
2894 door, it would trigger the 5 percent and the 2 percent
2895 for accessibility. That is the part that we are
2896 exempting rehabs from under this particular program.

2897

2898 **Leo Vasquez III (1:58:15):**

2899 Okay. But they still have to comply with whatever
2900 construction...

2901

2902 **Teresa Morales (1:58:17):**

2903 They still have to, there would be some, correct.

2904

2905 **Leo Vasquez III (1:58:21):**

2906 Yeah. Okay. Thanks.

2907

2908 **Bobby Wilkinson (1:58:22):**

2909 The idea is because we're not giving them any money

2910 really, we're slightly lowering the borrowing costs.

2911

2912 **Teresa Morales (1:58:28):**

2913 Correct.

2914

2915 **Bobby Wilkinson (1:58:28):**

2916 Because we're conduit issuer.

2917

2918 **Teresa Morales (1:58:30):**

2919 Right. Right.

2920

2921 **Leo Vasquez III (1:58:37):**

2922 Okay. Are there any other questions on this item? So

2923 given that discussion, I'll entertain a motion on item

2924 35 of the agenda.

2925

2926 **Holland Harper (1:58:54) :**

2927 I move the Board adopt the repeal of 10 TAC Chapter 12
2928 concerning the multifamily housing revenue bonds and
2929 adopt the new 10 TAC Chapter 12 rules, all as described,
2930 authorized in the board action request and associated
2931 documents on these items.

2932

2933 **Leo Vasquez III (1:59:10) :**

2934 Motion made by Mr. Harper. Is there a second?

2935

2936 **Kenny Marchant (1:59:13) :**

2937 Second.

2938

2939 **Leo Vasquez III (1:59:14) :**

2940 Second by Mr. Marchant. All those in favor say aye.

2941

2942 **All Board Members (1:59:17) :**

2943 Aye.

2944

2945

2946 **Leo Vasquez III (1:59:18):**

2947 Any opposed? Hearing none, motion carries. Thanks,
2948 Teresa.

2949 On a similar deja vu-ish kind of item. Item 36.
2950 Presentation, discussion, and possible action on an
2951 order adopting the repeal of 10 TAC Chapter 1,
2952 Subchapter D, uniform guidance for recipients of federal
2953 and state funds, Section 1.410, determination of alien
2954 status for program beneficiaries, an order adopting new
2955 10 TAC Chapter 1, Subchapter D, uniform guidance for
2956 recipients of federal and state funds, Section 1.410,
2957 determination of alien status for program beneficiaries
2958 and directing their publication in the Texas Register.
2959 Ms. Boston.

2960

2961 **Brooke Boston (2:00:07):**

2962 Thank you. Chairman Vasquez, board members, this item
2963 relates to a rule that you approved as a draft in
2964 November 2025 and which was then released for public
2965 comment. Today, you are seeking approval of the final
2966 adoption of this rule. Like the rule I previously
2967 discussed with you, this rule also relates to the
2968 applicability of PRWORA in Department programs. In the
2969 case of the prior rule, I had mentioned that HUD as the
2970 federal cognizant agency had said PRWORA applied to
2971 HOME, NHTF, and HOME-ARP for multifamily. HUD had also
2972 indicated that PRWORA was applicable to the Emergency
2973 Solutions Grant program. Additionally, U.S. HHS had

2974 said that PRWORA now applies to the Community Services
2975 Block Grant program. As it relates to state funds, the
2976 Department was requiring PRWORA applicability to state
2977 program subrecipients that were governmental entities,
2978 but were not applying it to private nonprofits. To
2979 ensure consistency in all those programs, the rule we
2980 are discussing now provides that in addition to LIHEAP
2981 and weatherization, which PRWORA was already applicable
2982 to, all administrators, including governmental and
2983 nonprofit administrators of CSBG, TCAP-RF, ESG, HOME,
2984 NHTF, CDBG, Amy Young Bearer Removal Program, Bootstrap,
2985 and the Homeless Housing and Services Program, and any
2986 other single family programs later subject to these
2987 requirements, will all be required to comply with
2988 PRWORA. As mentioned, this rule was released for
2989 comment, which we received comment from six folks.

2990 While summarized more completely in your board item,
2991 there were a few primary themes of the comment. First,
2992 several commenters focused on the timing of the rule and
2993 felt that the rule should be withdrawn because HUD may
2994 still release further guidance. While HUD did indicate
2995 that more guidance may be released, the grant agreements
2996 did not negate the prompt applicability of the rule nor
2997 direct grantees to wait to implement PRWORA. Second,
2998 there also was comment regarding making the rule
2999 applicable to nonprofit subrecipients. Previously,
3000 interpretations regarding the verification process for
3001 PRWORA may have indicated that private nonprofit
3002 subrecipients, because they don't have direct access to
3003 the SAVE system, did not have to confirm qualified alien

3004 status even if the federal program was covered.
3005 However, while PRWORA does not mandate a private
3006 nonprofit entity conduct a verification, there's nothing
3007 in the statute that prohibits them from doing so. To
3008 exclude this group from the applicability of this rule
3009 would mean that a significant portion of our single
3010 family, community affairs and homelessness programs
3011 would be going potentially to households that are not
3012 eligible under PRWORA. Therefore, the rule does require
3013 that all recipients of the subject programs will be
3014 required to comply with PRWORA and all administrators
3015 must participate in verification. Lastly, many of the
3016 comments focused on the challenges raised if PRWORA is
3017 made applicable to survivors of domestic violence,
3018 sexual assault, stalking, and/or dating violence. For a
3019 variety of reasons, commenters felt that applying PRWORA
3020 to such populations would conflict with the Violence
3021 Against Women's Act and the Family Violence Prevention
3022 and Services Act and put protected families at greater
3023 risk. In addition to other challenges noted, commenters
3024 note that both federal statutes prohibit denial of
3025 assistance based on immigration and/or citizenship
3026 status and impose strong confidentiality protections to
3027 ensure survivors can safely access critical services.
3028 These commenters concluded that the rule needs to
3029 provide an explicit exception for those populations.
3030 Staff concurred with those comments and the rule has
3031 been revised to reflect that those populations are in
3032 fact accepted from PRWORA unless it's determined that
3033 they federally are not eligible. Staff recommends
3034 adoption of this rule as presented. And I'm happy to

3035 answer any questions.

3036

3037 **Leo Vasquez III (2:03:56):**

3038 Good. Thank you, Brooke. Do any board members have
3039 questions on this item? Again, we are matching with
3040 federal requirements or HUD requirements.

3041

3042 **Brooke Boston (2:04:07):**

3043 Yes, yes.

3044

3045 **Leo Vasquez III (2:04:08):**

3046 Okay. And I could not figure out when reading how to
3047 say PRWORA. You were very impressive on saying it. You
3048 got used to it.

3049

3050 **Brooke Boston (2:04:22):**

3051 I've been saying it a lot recently.

3052

3053 **Leo Vasquez III (2:04:27):**

3054 Any questions on this item? I don't see any public
3055 comments, so I'll entertain a motion on item 36.

3056

3057 **Holland Harper (2:04:37):**

3058 I move the Board adopt the repeal of 10 TAC Chapter 1,
3059 Subchapter D, uniform guidance for recipients of federal
3060 and state funds, Section 1.410 concerning the
3061 determination of alien status for the program
3062 beneficiaries, and adopt the new Sections 1.410, all as
3063 described, authorized in the board action request and
3064 associated documents in this item.

3065

3066 **Anna Maria Farias (2:04:57):**

3067 Second.

3068

3069 **Leo Vasquez III (2:04:57):**

3070 Motion made by Mr. Harper. Seconded by Ms. Farias. All
3071 those in favor say aye.

3072

3073 **All Board Members (2:05:02):**

3074 Aye.

3075

3076 **Leo Vasquez III (2:05:02):**

3077 Any opposed? Hearing none, motion passes. Okay. So

3078 item 37 has been pulled.

3079

3080 **Joshua Goldberger (2:05:10):**

3081 That is correct.

3082

3083 **Leo Vasquez III (2:05:11):**

3084 Okay. So moving on to the final posted item. Item 38.

3085 Presentation, discussion, and possible action on a

3086 request for an extension of the previously approved

3087 deadline to place in service for Bailey at Stassney.

3088 Mr. Goldberger.

3089

3090 **Joshua Goldberger (2:05:27):**

3091 Good afternoon, Chairman, members of the Board. Josh

3092 Goldberger, 9 percent Program Manager. Item 38 concerns

3093 Bailey at Stassney, 804 units affordable housing

3094 development to be located here in Austin. The

3095 development received an award of 9 percent housing tax

3096 credits in 2024, albeit in December, quite a bit later

3097 than most applicants, which does put applicants behind

3098 the eight ball, typically. In 2025, this Board approved

3099 a force majeure request, but only gave the project an

3100 additional six months rather than the entire year that

3101 they would be eligible for federally. As a result, the

3102 current deadline is June 30, 2027. The owner has

3103 requested an additional six-month extension, which will
3104 create a new deadline to place in service of December
3105 31, 2027. The request is primarily due to delays in
3106 securing additional funding for the City of Austin's
3107 Homeless Strategy Office. City Council approval of the
3108 related grant agreement was delayed twice, and even
3109 after this approval, the applicant was unexpectedly
3110 advised that the fully executed agreement would not be
3111 immediately available. This culminated in the delay of
3112 several months. The hurdles in securing this final piece
3113 of financing has, of course, delayed closing and pushed
3114 the earliest possible placed in service date past March
3115 of '27, which was the latest the investor was
3116 comfortable with given the June deadline. In order to
3117 give a little bit more breathing room, the applicant is
3118 requesting the placed-in-service deadline be kicked out
3119 to December, effectively giving the project that full
3120 federally allowable one-year extension. The development
3121 is scheduled to close on January 20th, so construction
3122 is imminent. It is also worth noting that to maintain
3123 funding from the Housing Authority of the City of
3124 Austin, construction must commence no later than the end
3125 of the month. So while they do need this extension to
3126 close, there is no further uncertainty about whether
3127 this project will break ground. It has to move forward
3128 very shortly. Staff recommends approval and a
3129 representative of the developer is present should you
3130 have any specific questions.

3131

3132 **Leo Vasquez III (2:07:32):**

3133 Okay. So, at this point, it's ready to close by the
3134 20th.

3135

3136 **Joshua Goldberger (2:07:3):**

3137 Yes.

3138

3139 **Leo Vasquez III (2:07:35):**

3140 All the documents and approvals and everything are in
3141 place.

3142

3143 **Joshua Goldberger (2:07:38):**

3144 That is my understanding, yes.

3145

3146 **Leo Vasquez III (2:07:39):**

3147 And they have to start construction before the end of
3148 this month.

3149

3150 **Joshua Goldberger (2:07:44):**

3151 Yes. For..

3152

3153 **Kenny Marchant (2:07:46):**

3154 Permits.

3155

3156 **Leo Vasquez III (2:07:54):**

3157 Okay. Sounds like pretty certain dates are there. Does

3158 anyone have questions or want to hear from the

3159 developer?

3160

3161 **Kenny Marchant (2:08:03):**

3162 I'm ready to make a motion, if you're ready.

3163

3164 **Leo Vasquez III (2:08:05):**

3165 Mr. Marchant, I'll entertain the motion.

3166

3167 **Kenny Marchant (2:08:07):**

3168 I move the Board approve the requested treatment under

3169 an application of force majeure rule to extend to the

3170 federal limit the previously approved deadline for

3171 Bailey at Stassney, with a new placed in service

3172 deadline of December 31, 2027, all as described and

3173 authorized in the board action request, resolution, and

3174 associated documents on this item.

3175

3176 **Cindy Conroy (2:08:35) :**

3177 I second.

3178

3179 **Leo Vasquez III (2:08:36) :**

3180 Motion made by Mr. Marchant. Seconded by Ms. Conroy.

3181 All those in favor say aye.

3182

3183 **Board Members (2:08:41) :**

3184 Aye.

3185

3186 **Leo Vasquez III (2:08:42) :**

3187 Any opposed? Hearing none...

3188

3189 **Holland Harper (2:08:43) :**

3190 Abstain.

3191

3192 **Leo Vasquez III (2:08:44) :**

3193 Oh, okay. So note for the record that Mr. Harper

3194 abstained on this particular vote and there are five

3195 ayes approving, no nays. Motion carries. All right.

3196 Thanks, guys.

3197

3198 **Joshua Goldberger (2:09:02):**

3199 Thank you.

3200

3201 **Leo Vasquez III (2:09:03):**

3202 Thanks, Josh. Okay. The Board has addressed the posted
3203 agenda items. Now is the time of the meeting when
3204 members of the public can raise issues with the Board on
3205 matters of relevance to the Department's business or
3206 make requests that the Board place specific items on
3207 future agendas for consideration. Is there anyone who
3208 would like to provide public comment at this time?
3209 Okay. Seeing none, our business is concluded.

3210 The next scheduled meeting of the Governing Board is at
3211 10:00 a.m. on Thursday, February 5, 2026, right here in
3212 the same room at the Greer State Office Building. And
3213 the time is 12:46. We are adjourned.