



# **TDHCA Governing Board Meeting Transcript\***

***10:00 a.m.  
February 5, 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

Teresa Morales

Rosalio Banuelos

Gavin Reid

Michael Lyttle

Brooke Boston

Peter Jones

Joshua Goldberger

Beau Eccles

Valentin DeLeon

Inez Russell

Cody Campbell

Chris Akbari

Sarah Andre

Thomas Cantwell

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

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 10:04 a.m., on February 5,  
5 2026. We will start out with the roll call. Mr.  
6 Marchant.

7

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

9 I'm here.

10

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

12 Ms. Farias.

13

14 **Anna Farias (0:00:18):**

15 Here.

16

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

18 Mr. Thomas.

19

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

21 Here.

22

23

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

25 Mr. Harper.

26

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

28 Here.

29

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

31 And Ms. Conroy.

32

33 **Cindy Conroy (0:00:22):**

34 Here.

35

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

37 We are all present and accounted for. Now that we have  
38 everyone sitting calmly and nicely in your seats, let's  
39 have Bobby lead us in the pledges, please.

40

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

42 I pledge allegiance to the flag of the United States of  
43 America, and to the Republic for which it stands, one  
44 nation under God, indivisible, with liberty and justice  
45 for all. Honor the Texas flag; I pledge allegiance to  
46 thee, Texas, one state under God, one and indivisible.

47 **Leo Vasquez III (0:01:04):**

48 All right. And before we get started, I want to  
49 acknowledge a special guest that we have here today.  
50 Our Governor's Office Liaison Patrick Michaels is here.  
51 Yay, Patrick. (Applause.) Glad you could be here.  
52 Listen and learn. Okay. We have the consent agenda. I  
53 believe that item 11 has been pulled. Is that correct?

54

55 **Holland Harper (0:01:39):**

56 That is correct.

57

58 **Leo Vasquez III (0:01:39):**

59 Okay. Are there any other items on the consent agenda  
60 that any board member or member of the public wishes to  
61 move to action? Are we good? Ms. Farias, was there a  
62 change, or? Okay. All right. Okay. I will entertain  
63 a motion on the consent agenda with the exception of  
64 item 11.

65

66

67

68

69

70 **Anna Farias (0:02:17):**

71 Mr. Chairman, I move the Board approve items 1 through  
72 10 with the exception of item 11, which has been pulled  
73 from the agenda, as described and presented in the  
74 respective board action requests.

75

76 **Holland Harper (0:02:31):**

77 Second.

78

79 **Leo Vasquez III (0:02:32):**

80 Motion made by Ms. Farias, seconded by Mr. Harper. All  
81 those in favor say aye.

82

83 **All Board Members (0:02:36):**

84 Aye.

85

86 **Leo Vasquez III (0:02:37):**

87 Any opposed? Hearing none, motion carries. And moving  
88 right along, we have the Executive Director's report.  
89 Mr. Wilkinson.

90

91 **Bobby Wilkinson (0:02:50):**

92 Good morning, Chairman and Board.

93 News from our Compliance Division. We had our first in-  
94 house housing tax credit virtual training on January  
95 21st. While this may seem no different from previous  
96 monthly trainings on this topic, the reason it was  
97 significant is that it was the first one offered solely  
98 by our Compliance staff and was free. The training was  
99 previously sponsored by the Texas Apartment Association  
100 and had a fee associated with it. We had 502 people  
101 attend, which far exceeded the attendance of previous  
102 trainings, about three times larger than previous. So  
103 lowering prices apparently has a market effect. Who  
104 knew? Our Compliance leaders continue to get asked to  
105 present at national conferences. Cara Pollei, Team Lead  
106 in Compliance, attended and represented TDHCA at the  
107 annual NCSHA Housing Finance Agency Conference in  
108 Washington, D.C., January 10th through 15th. She was a  
109 panelist on the acquisition and rehab session.

110

111 Moving over to Multifamily. Priscilla Stevenson has  
112 accepted the role of Multifamily Direct Loan program  
113 manager. So we're improving the face of TDHCA, and she  
114 has hair, unlike Connor. So we miss Connor, but she's  
115 been knocking it out of the park.

116

117 And he actually suggested as he was leaving, like, you  
118 should hire Priscilla for the manager position. So  
119 Connor felt the same way. The Multifamily Division would  
120 like to thank the HR Division for what may be the  
121 fastest turnaround for a state job posting in history.

122

123 And I would let the Board know that we have begun an  
124 efficiency audit with the State Auditor's Office. House  
125 Bill 12, last session, says that all state agencies who  
126 are in the biennium preceding of their Sunset review  
127 will undergo an efficiency audit by the SAO. So we've  
128 had our entrance conference. I had my individual.  
129 Sunset is '29, so that's next biennium will be that  
130 process. This is a new thing. They're learning as they  
131 go, so are we. It's kind of collaborative. It just  
132 kind of seems like we've figured out the scope even.  
133 I'll keep you all updated, but not too worried about it.  
134 I think we're in good shape. On that note, I will  
135 finish and happy to answer any questions.

136

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

138 Great. Thank you, Bobby. Does anyone have, board

139 members have questions for Mr. Wilkinson on his report?

140 Hearing none, moving right along.

141

142 Item 13 of the agenda: Presentation, discussion, and

143 possible action regarding the issuance of a multifamily

144 housing governmental note for Murdeaux Villas, Series

145 2026, resolution number 26-010, and an increase to the

146 housing tax credit amount. Ms. Morales, take us...

147

148 **Teresa Morales (0:05:56):**

149 Good morning. Teresa Morales, Director of Multifamily

150 Bonds. A lot of this presentation is going to be a

151 little similar to one that I brought before you last

152 month on Fiji Lofts, where that included a supplemental

153 bond issuance along with an increase to the original

154 housing tax credit amount. This agenda item involves a

155 supplemental bond issuance for Murdeaux Villas, a rehab

156 development in Dallas. The original construction of the

157 project in 2002 was 240 units, all being two, three, and

158 four-bedroom units. The 2021 award involved

159 reconfiguring some of these three- and four-bedroom

160 units with a history of low occupancy to one-bedroom and

161 efficiency units, which increased the overall total

162 count from 240 to 301. The financing closed in May of  
163 2021, and the rehab is almost complete.

164

165 In October of 2024, the Board approved an inducement  
166 resolution relating to the supplemental bond request.  
167 There was discussion at that time that centered around  
168 the additional cost increases during construction and  
169 the risk of not meeting the 50 percent test, which is  
170 required for projects to have access to the 4 percent  
171 credits. We started working on the supplemental bond  
172 issuance at the beginning of last year, but the  
173 transaction was effectively put on hold while HB 21  
174 worked its way through the legislative process. You may  
175 recall that HB 21 was the bill that allows HFCs to only  
176 participate in projects that are within their  
177 jurisdiction for purposes of seeking a property tax  
178 exemption. Murdeaux Villas, which is located in Dallas,  
179 closed with Garland HFC in the ownership structure.  
180 Upon passage of HB 21, the borrower started looking for  
181 a replacement general partner, but in the interest of  
182 getting the supplemental bond issuance closed, there  
183 will not be a nonprofit general partner at this time,  
184 although the owner is still pursuing options in that

185 regard that may come into play post-closing.  
186  
187 As far as the financing structure, IBC Bank, which was  
188 the original construction lender, will purchase the  
189 supplemental bonds and they will only be outstanding  
190 during construction. Closing is scheduled for the end  
191 of this month. That explains the bond side.  
192 Now to discuss the other part of the board action  
193 request, which relates to the housing tax credits. As  
194 you know, increases to the tax credit amount more than  
195 120 percent of the amount reflected at application  
196 require Board approval. From the original closing and  
197 the amount reflected in the determination notice until  
198 now, the tax credit amount has increased approximately  
199 66 percent. Staff has been aware of the gradual  
200 increases in development costs during construction. At  
201 the time the inducement resolution was approved back in  
202 2024, the tax credit amount was slightly higher at 68  
203 percent. Although the project is still not complete,  
204 there are not expected to be huge swings in costs.  
205 However, a final accounting of costs by a CPA could  
206 result in some adjustments to the tax credit amount.  
207

208

209 Recognizing that the cost certification package would be  
210 close to being submitted and in the spirit of  
211 efficiency, staff is requesting that the Board approve a  
212 maximum 75 percent increase to the credit amount  
213 pursuant to 10.401(d) with its action today so that the  
214 cost certification package can be processed more  
215 quickly. Staff recommends approval of bond resolution  
216 number 26-010 for \$5 million and up to a 75 percent  
217 increase in the annual tax credit amount reflected in  
218 the determination notice be approved.

219

220 **Leo Vasquez III (0:09:50):**

221 Okay. Just to clarify, this is a 4 percent...

222

223 **Teresa Morales (0:09:54):**

224 Correct.

225

226 **Leo Vasquez III (0:09:54):**

227 These are 4 percent tax credits.

228

229 **Teresa Morales (0:09:56):**

230 Correct.

231

232 **Leo Vasquez III (0:09:57):**

233 So it's not competitive. We're not taking from someone  
234 else.

235

236 **Teresa Morales (0:10:01):**

237 Correct. It's just costs that are able to be  
238 substantiated, a cost cert can increase that.

239

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

241 Okay. And they were off by 66 percent.

242

243 **Teresa Morales (0:10:11):**

244 Correct.

245

246 **Leo Vasquez III (0:10:13):**

247 A huge miss. But again, it doesn't take from someone  
248 else. Okay. Do board members have questions on this  
249 item? Staff recommends to approve. Does anyone want to  
250 speak against staff's recommendation? Okay. In that  
251 case, I'll entertain a motion on item 13 of the agenda.

252

253

254

255 **Ajay Thomas (0:10:45):**

256 Mr. Chairman, I move the Board approve the issuance of  
257 multifamily housing governmental note series 2026 via  
258 resolution number 26-010 and increase the annual housing  
259 tax credits up to 75 percent from the amount reflected  
260 in the determination notice for Murdeaux Villas, as  
261 described, conditioned, and authorized in the Board  
262 action request, resolution, and associated documents on  
263 the item.

264

265 **Cindy Conroy (0:11:10):**

266 I'll second.

267

268 **Leo Vasquez III (0:11:11):**

269 Motion made by Mr. Thomas. Seconded by Ms. Conroy. All  
270 those in favor say aye.

271

272 **All Board Members (0:11:16):**

273 Aye.

274

275

276

277

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

279 Any opposed? Hearing none, motion carries. Item 14:  
280 Presentation, discussion, and possible action regarding  
281 a material amendment to the LURA for The Heights at  
282 8721. Mr. Banuelos.

283

284 **Rosalio Banuelos (0:11:37):**

285 Good morning. Rosalio Banuelos, Director of Asset  
286 Management. The Heights at 8721, or formerly known as  
287 Old Manor Senior, received a 4 percent tax credit award  
288 in 2020 for construction of 207 units in Austin. All of  
289 the units in the development are low-income units, and  
290 the target population is the elderly. Construction of  
291 the development was completed in 2024, and the owner is  
292 now requesting approval to remove the current elderly  
293 restriction to allow general occupancy for all ages.  
294 The owner explained that this change is necessary due to  
295 the fact that despite the project's high quality and low  
296 rents, lease-up has been significantly slower than  
297 anticipated, with occupancy at 62 percent at the time of  
298 the amendment request in October 2025 and current  
299 occupancy at approximately 74 percent.

300

301 The owner indicated that they have implemented a range  
302 of targeted strategies to improve occupancy, including  
303 offering generous lease concessions, reducing rents well  
304 below the 60 percent of area median income maximums,  
305 making staffing changes, and more. However, the  
306 development continues to face challenges attributed  
307 largely to the elderly demographic restriction.  
308 This, combined with the loss of equity due to a  
309 limitation on the owner's ability to fully claim the tax  
310 credits, creates a catastrophic scenario for the owner.  
311 Without this amendment, the owner fears that the  
312 property is not financially feasible.

313

314 The amendment request included an updated market  
315 analysis completed in October 2025 that evaluated market  
316 conditions for the property under both the elderly  
317 restriction and a general occupancy scenario. The study  
318 indicates that the senior segment is oversupplied and  
319 unable to support this property. By contrast, the  
320 market analysis indicates that the market could absorb  
321 this property under the general population scenario.  
322 The development owner held a public hearing on January

323 6, 2026, to discuss the proposed change to the  
324 designation from elderly to general.  
325  
326 Ten residents attended the hearing, and several comments  
327 of concern were made about the proposed switch,  
328 including concerns about the level of security,  
329 management issues at the property, and lack of common  
330 area for children. In addition, the Department received  
331 written correspondence from several tenants expressing  
332 their opposition to this amendment. Staff acknowledges  
333 those concerns. However, due to the potential for  
334 default on the financing and possible loss of affordable  
335 units through foreclosure by the lender, staff  
336 recommends a conditional approval of the requested  
337 material amendment to the LURA for this development.  
338 As a condition for approval, the Department is  
339 recommending, and the owner has agreed, to provide  
340 notice to all households residing at the development  
341 that there will be no penalty under the lease for  
342 terminating the lease early if the household provides  
343 notice to the owner that they wish to terminate the  
344 lease early because of the property switching from  
345 elderly to general population.

346

347 Likewise, a notice is to be provided to any household on  
348 the waiting list that the development is switching to a  
349 general development and that if the household notifies  
350 the owner that they wish to be taken off the waiting  
351 list, any non-refundable deposit or application fee be  
352 refunded to the household. That concludes my comments  
353 and I'm available for questions as are representatives  
354 of the developer.

355

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

357 Okay. Remind us when this project was originally  
358 approved as a senior project, did it gain any kind of  
359 advantages by being a senior project as opposed to  
360 general population?

361

362 **Rosalio Banuelos (0:15:03):**

363 Not to my knowledge. I believe they met all the  
364 criteria either way. But no, I am not aware of any  
365 advantage being received for being a senior development.

366

367 **Bobby Wilkinson (0:15:14):**

368 Yeah. It's a 4 percent, so there's no scoring anyway.

369

370 **Leo Vasquez III (0:15:17):**

371 Oh, it was 4 percent.

372

373 **Bobby Wilkinson (0:15:17):**

374 Yeah. But we're actually prevented by law on the 9  
375 percent side from differentiating between elderly and  
376 general pop on scoring. We can't offer more scoring for  
377 general pop or elderly. But sometimes NIMBYs are more  
378 likely to give you a resolution of no objection for an  
379 elderly. That's a thing, but that's not us, right?

380

381 **Leo Vasquez III (0:15:42):**

382 Yeah. Do you have questions? Go ahead.

383

384 **Anna Farias (0:15:49):**

385 Mr. Chairman. Yeah. I understand the dilemma, but I  
386 think this is either the second or third project that  
387 has come before us in Austin where you don't have enough  
388 elderly. I understand the dilemma and I understand going  
389 from elderly to general population, but as I stated  
390 earlier, I didn't think Austin was known for having a  
391 lot of elderly.

392

393 They have a lot of students, the state capital.

394 But I'm glad that the projects are done. It's just that

395 I think we need to be also more careful about using the

396 word "elderly" so much, when in Austin nowadays, for

397 whatever reason, they don't want to go, even though,

398 I've seen the pictures, they're absolutely gorgeous.

399 Everything, all the amenities. I've been to some of the

400 grand openings. It is incredible. They look like

401 condominiums. But we just need to be, I think, a little

402 cautious in that (indiscernible) 0:16:46. Other than

403 that, I'm just glad that buildings are taking place.

404 Thank you.

405

406 **Bobby Wilkinson (0:16:52):**

407 Yeah. Maybe in underwriting we could be a little more

408 skeptical of elderly deals in the Austin area now,

409 but...

410

411 **Leo Vasquez III (0:16:59):**

412 And one more thing. So what did you say about the

413 waiting list, being able to remove from the waiting

414 list?

415

416 **Rosalio Banuelos (0:17:06):**

417 The condition is that if there's anybody on the waiting  
418 list that wishes to be removed from it because of the  
419 switch, that they be refunded their deposit or  
420 application fee. To my knowledge, there is no one on  
421 the waiting list for this property.

422

423 **Leo Vasquez III (0:17:19):**

424 I was going to say, it's sort of, if you're saying that  
425 there's no, you can't rent them out, there shouldn't be  
426 a waiting list. It's kind of a moot point, isn't it?

427

428 **Rosalio Banuelos (0:17:29):**

429 It is.

430

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

432 Okay. All right. It just didn't seem...

433

434 **Rosalio Banuelos (0:17:31):**

435 We kept it consistent with the prior request that we had  
436 in front of you last month. So that was the language  
437 and we just used that.

438

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

440 Okay. That just didn't make sense to me. Mr. Marchant,  
441 you had something?

442

443 **Kenny Marchant (0:17:40):**

444 Do we have a cap on 4 percent units that are elderly,  
445 that are my age, senior? Do we have a cap on the number  
446 of units that we can build 4 percent for senior,  
447 elderly?

448

449 **Bobby Wilkinson (0:17:56):**

450 For elderly, no.

451

452 **Kenny Marchant (0:17:56):**

453 No. Okay. Never have had it. Whereas don't we have a  
454 cap on the 9 percent?

455

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

457 Yes. In the major metros, and it's via formula. And  
458 it's actually written into statute.

459

460

461 **Kenny Marchant (0:18:11):**

462 Okay. Thanks.

463

464 **Leo Vasquez III (0:18:15):**

465 Okay. Does anyone wish to speak against staff's

466 recommendation to approve the change in the LURA? No.

467 Okay. All right. Mr. Harper, do you have a motion?

468

469 **Holland Harper (0:18:28):**

470 Mr. Chairman, I move the Board approve the requested

471 material amendment to the LURA for The Heights at 8721,

472 all as described, conditioned, and authorized in the

473 Board action request and associated documents on this

474 item.

475

476 **Anna Farias (0:18:38):**

477 Second.

478

479 **Leo Vasquez III (0:18:39):**

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

481 those in favor say aye.

482

483

484 **All Board Members (0:18:44):**

485 Aye.

486

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

488 Any opposed? Hearing none, motion carries. Item 15 of

489 the agenda: Presentation, discussion, and possible

490 action on the draft 2026 U.S. DOE Weatherization

491 Assistance Program state plan for public comment.

492 Gavin, this is a timely topic for discussion as Texas

493 has been enjoying some cold weather.

494

495 **Gavin Reid (0:19:16):**

496 Yes. I'll do my best. Gavin Reid, Planning Manager,

497 Community Affairs Division. Good morning. Texas is the

498 lead agency in the State of Texas for administering the

499 Weatherization Assistance Program. We receive two

500 sources of funding for weatherization. One of those is

501 from the U.S. Department of Energy and the other is from

502 the U.S. Department of Health and Human Services for

503 another program which you've heard of as LIHEAP. But

504 today we're talking about the Department of Energy

505 source of funding. Each year we develop and submit a

506 state plan and application to the Department of Energy

507 for funding for the Weatherization Assistance Program.  
508  
509 After your board action write-up in the Board book,  
510 you'll see a draft version of the 2026 Department of  
511 Energy Weatherization Assistance Program state plan.  
512 That program year begins July 1st. So we're currently  
513 in the year 2025 of the program year, but this draft  
514 version is for 2026. We haven't received a notice of  
515 allocation for the funding of how much we'll receive for  
516 the Department of Energy Weatherization Assistance  
517 Program for 2026 due to delays at the congressional  
518 level, which you all know about. But we expect it to be  
519 the same or even a little higher this year as far as the  
520 allocation, which will be approximately \$9 million.  
521 Some of that funding goes to state administration of the  
522 grant, some of it goes to training and technical  
523 assistance, some of it goes towards something we call  
524 weatherization readiness funds, but the bulk of it is  
525 distributed to the 21 subgrantees to actually provide  
526 weatherization services throughout the State of Texas in  
527 all 254 counties. Let me talk a little bit about the  
528 process of weatherization. Of course, it starts with  
529 the applicant. An applicant will apply to a subgrantee.

530 The subgrantee will review that application for  
531 eligibility of that household.  
532  
533 It's purely based off income and they have to be at 200  
534 percent or below of federal poverty to be eligible for  
535 the program. That's the first step in determining  
536 eligibility. The second step is to actually go out and  
537 assess the home to determine if the home qualifies for  
538 weatherization. So not all homes can qualify for  
539 weatherization. For example, if there's major  
540 structural repairs, it's just outside the scope of  
541 weatherization. So there's no point in weatherizing a  
542 home if it's just structural damage and too much, it's  
543 just unfortunate. So if that qualifies for  
544 weatherization, a scope is determined as far as what  
545 weatherization measures and materials to install on the  
546 home. Once that scope is determined and agreed to, a  
547 work order is assigned to contractors which are procured  
548 by the subgrantee. Then of course those contractors  
549 actually visit the home, conduct the work on the home,  
550 install the measures, and then complete the job on that.  
551 But it's not actually complete until a final inspection  
552 is conducted. And that final inspection is conducted by

553 a certified quality control inspector who didn't have  
554 any involvement in the actual work of the home, so it's  
555 a third party or a neutral party.

556

557 And, of course, they do diagnostic tests to see if  
558 there's improvements to the home as far as what the  
559 weatherization measures did. Of course, they just look  
560 to make sure the weatherization measures that were  
561 supposed to be installed are installed and, of course,  
562 the quality. And I should also mention, once that's  
563 complete and documented, a warranty, the homeowner has a  
564 warranty on the home for 12 months in which, of course,  
565 if there's any issues with what was installed or done,  
566 they can get that repaired. Let me talk a little bit  
567 about the actual weatherization measures. The whole  
568 goal of weatherization is to increase the energy  
569 efficiency of the home, thereby reducing utility bills  
570 for the homeowner. And so the installation of the  
571 measures are supposed to do that, or they do that. And  
572 we start with, there is a cap on them. We can't spend  
573 inordinate amounts of money on these homes, so they have  
574 to be very selective as far as which measures to apply  
575 to the home. And the first measures, what we call maybe

576 the primary measures, are measures that seal the  
577 envelope of the house, like tightening up the house from  
578 air leakage and such.

579

580 So that's going to be caulking, that's going to be  
581 sealing the penetration of holes, that's going to be  
582 sealing ductwork in the attic so there's no air leakage  
583 through the ducts. A big one, of course, is adding  
584 insulation to the attic and the walls and even the  
585 floors, if it's a pier and beam home, or we even do  
586 manufactured housing weatherization. So once those are  
587 done, those are the big, those are the items that  
588 produce the most energy efficiency for the lowest cost,  
589 then we can move to other maybe smaller budget items  
590 such as replacing the incandescent lighting with LED  
591 lighting or low-flow showerheads and faucets. And then  
592 also big-ticket items. You can even replace  
593 refrigerators if there's enough money left in the budget  
594 for that home that make them more energy efficient, or  
595 even HVAC or water heaters. And then we also address  
596 health and safety issues because we have to ensure  
597 health and safety for the home, such as carbon monoxide  
598 detectors, maybe some pest removal, if necessary, minor

599 electrical or plumbing issues. But back to the plan  
600 itself. The statute requires that this plan be released  
601 to the public for public input. So this will go out for  
602 public comment with your approval, of course.

603

604 And a public hearing, we're going to hold a virtual  
605 public hearing. And then after the public comment  
606 period, we meet with our Weatherization Assistance  
607 Program Policy Advisory Council, and we determine if  
608 there's any revisions that need to be made based on  
609 public input to the plan. We make those revisions and  
610 then we come back in April, hopefully in a couple months  
611 from now, to you to approve the final plan and then  
612 submit it to the Department of Energy for their review  
613 and final approval. And then of course they can also  
614 make changes to the plan. In April, we'll also bring  
615 recommended awards for your approval also. So that  
616 concludes my presentation. And hopefully that's a  
617 little bit of Weatherization 101. Hopefully that helps  
618 in your understanding of it. And I can answer any  
619 questions you might have.

620

621

622

623 **Leo Vasquez III (0:26:52):**

624 I appreciate you sharing the detail here with the Board  
625 just to familiarize everyone with the program. So let  
626 me ask a couple of questions.

627

628 All of the inspections and everything that you're  
629 talking about, the Department personnel are not really  
630 involved with that.

631

632 That is going through the Community Action Agency or.

633

634 **Gavin Reid (0:27:14):**

635 Right. The 21 subgrantees do all that work. But I will  
636 let you know, we have a monitoring team who monitors  
637 their work once a year. They're required to monitor  
638 their work once a year.

639

640 **Leo Vasquez III (0:27:28):**

641 So we'll do some spot inspections or...

642

643 **Gavin Reid (0:27:30):**

644 Spot inspections. It's a percentage, like 5 percent of

645 the inspections or 10 percent of the inspections of the  
646 homes that they weatherize that year.

647

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

649 Okay. Do we have any idea how much, you said it's about  
650 \$9 million. How much of that is actually expended each  
651 year? What percentage of it is expended?

652

653 **Gavin Reid (0:27:53):**

654 It's close to always expended. If there is none  
655 expended, it can be carried over into the next year.  
656 But if what you're getting at as far as production, it's  
657 approximately 700 homes a year for this grant, yes.

658

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

660 Okay. So we're sure that those community partners who  
661 are administering it, they're really using it. They're  
662 not sitting around.

663

664 **Gavin Reid (0:28:20):**

665 Yes.

666

667

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

669 Because that leads to my final question, is how do we,  
670 do we advertise these funds, or is that all local, the  
671 local agencies do...

672

673 **Gavin Reid (0:28:33):**

674 We mostly rely on the local agencies to market those  
675 programs in their area, yes.

676

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

678 Okay. All right. Does any...

679

680 **Cindy Conroy (0:28:434):**

681 I have a question. Do mostly these agencies already  
682 have a waitlist? They're just waiting for the money at  
683 this point. They already have people in line who they  
684 know need the help.

685

686 **Gavin Reid (0:28:53):**

687 Yes. There's usually a waitlist because demand is high.  
688 But it depends on how long that waitlist, depends on  
689 the, in that subgrantee service area. But yes, there's  
690 usually typically a waitlist.

691

692 **Cindy Conroy (0:29:10):**

693 So marketing, it's not necessarily, it doesn't need a  
694 whole lot of marketing.

695

696 **Gavin Reid (0:29:13):**

697 Right. Okay. I see what you're getting at. Yeah, no.  
698 There's always a demand for this, and as far as  
699 marketing, there's enough marketing to bring  
700 applications and applicants in, yeah.

701

702 **Cindy Conroy (0:29:32):**

703 Yeah. Okay.

704

705 **Anna Farias (0:29:34):**

706 Mr. Chairman, about two years ago, when you had the  
707 money, I know you took us through literally 12 steps of  
708 everything you have to do before you get the actual  
709 money. I remember two years ago in San Antonio, Texas,  
710 when the money was available, well, it was a great story  
711 and I was very proud to say, that's our agency, because  
712 they said the money became available 48 hours ago and  
713 all the money that we were allocated, was close to

714 \$800,000, has already been allocated. And as far as I  
715 know, I haven't read any stories about, well, you're  
716 only giving it to your relatives or to your partners.  
717 They have a great list. They had it; it was out. A lot  
718 of it was the elderly homes. And for us as a board  
719 member, it just makes us, for me, made me very proud to  
720 say that's our agency. That's how fast they move.  
721 And the area councils were doing their job the way  
722 they're supposed to do. So hopefully they'll continue  
723 to do that. So thank you.

724

725 **Gavin Reid (0:30:42):**

726 You're welcome.

727

728 **Leo Vasquez III (0:30:44):**

729 Mr. Marchant, did you have something?

730

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

732 I just wanted...

733

734 **Leo Vasquez III (0:30:47):**

735 Do you have your microphone on?

736

737 **Kenny Marchant (0:30:48):**

738 Yep. To ask, but when you run out of money, they don't  
739 continue to take applications. They start a waitlist  
740 or, the agency...

741

742 **Gavin Reid (0:31:02):**

743 If they run out of the money that year, yes, then no  
744 more, they can't do any more homes if they run out of  
745 money. But of course, applicants can apply the  
746 following year and get on it.

747

748 **Kenny Marchant (0:31:18):**

749 And is the demand in excess of the funds available  
750 usually?

751

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

753 Yes.

754

755 **Leo Vasquez III (0:31:31):**

756 Okay. Any other questions for Mr. Reid? This is a  
757 motion requirement, right? Okay. So I will entertain a  
758 motion on item 15 of the agenda.

759

760 **Anna Farias (0:31:49):**

761 Mr. Chairman, I move the Board approve the proposed  
762 draft 2026 Department of Energy Weatherization  
763 Assistance Program state plan and direct its publication  
764 for public comment, all as described, conditioned, and  
765 authorized in the Board action request and associated  
766 documents on this item.

767

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

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

770

771 **Cindy Conroy (0:32:15):**

772 I'll second.

773

774 **Leo Vasquez III (0:32:15):**

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

776

777 **All Board Members (0:32:18):**

778 Aye.

779

780 **Leo Vasquez III (0:32:19):**

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

782 Gavin.

783

784 **Gavin Reid (0:32:22):**

785 Thank you.

786

787 **Leo Vasquez III (0:32:24):**

788 Item 16: Report on TDHCA performance measures for the  
789 first quarter of fiscal year 2026. Mr. Lyttle.

790

791 **Michael Lyttle (0:32:39):**

792 Good morning. Michael Lyttle, Director of External  
793 Affairs, here to present action item 16: Report on TDHCA  
794 performance measures for the first quarter of fiscal  
795 year '26. I'd like to start with a brief summary of what  
796 we've done so far to improve performance measure  
797 reporting at the agency. This is in response to the  
798 discussion that you had with staff a few months ago at  
799 the Board meeting back in the fall about sharpening up  
800 our agency's performance measures. So here are some of  
801 the things we're doing. We're now conducting enhanced  
802 reviews of information and supporting documentation that  
803 is submitted by program staff to our area. When  
804 information is submitted that may appear anomalous, our  
805 division is going to be conducting a high-level analysis

806 to pinpoint the potential sources of the variances that  
807 may show up, and then we're going to share these  
808 findings with program staff to assess their impact. As a  
809 result of these enhanced reviews, we're going to have  
810 increased collaboration as well between my division and  
811 the program staff in crafting what are called  
812 explanations of variance. This ensures factors are  
813 identified which may have contributed to over or  
814 underperformance in a given quarter relative to previous  
815 quarters, and we're going to explain whether the  
816 variance is an anomaly or part of a trend, like an  
817 industry trend or something like that. We are in the  
818 process of revising our agency's standard operating  
819 procedure to codify the new enhancements on quarterly  
820 performance reporting. We've also clearly articulated  
821 to our program staff that the guidance from our  
822 leadership and the expectation is that performance  
823 measure reporting needs to be sharper and explain  
824 variances that we've talked about before.

825

826 We're also working to up our game on visualization and  
827 graphics in the semiannual reporting to provide you with  
828 additional context as you review the performance

829 measures. We'll be looking to include that in the May  
830 board book with the semiannual item. There are other  
831 tasks that we're working on in process. One of the  
832 things that we're also doing is we're working on setting  
833 up performance measures specifically for you, the Board,  
834 and not necessarily the LBB measures that we've used.  
835 These are going to be measures that we believe more  
836 accurately reflect program goals and efforts in the  
837 business of the agency. A new board measure may be an  
838 existing LBB measure, it could be a combination of LBB  
839 measures, or it may be something entirely different and  
840 new. Just again, measurables that we think would help  
841 you to understand what the agency is doing. Senior  
842 leadership will have final say on what board measures  
843 are incorporated into the next semiannual performance  
844 presentation. Again, that'll be at the May meeting.  
845 There are some reasons why we think the Board-specific  
846 measures are a good idea.

847

848 As we kind of talked about last time, two or three years  
849 elapse between establishing LBB measures and targets and  
850 then the actual reporting of the performance. This is a  
851 period in which any number of circumstances outside our

852 control may have significant impact on the agency's  
853 performance. And so we're talking about things like the  
854 supply issues, labor and insurance costs, global  
855 economic factors, international unrest. These are all  
856 things that we have no control over, but they could  
857 indeed impact our agency performance.

858

859 With respect to federally funded programs, it's a  
860 different story because we often submit plans and  
861 reports just months in advance of the funding year as a  
862 condition of receipt of the funding. So that enables us  
863 to do more up-to-date targets with federal items.

864 Also, Legislative Budget Board historically is reluctant  
865 to change performance measures because it would alter  
866 their ability to assess agency performance over a period  
867 of time. It's why they like to have that consistency.

868 But as a result, this could jeopardize the accuracy,  
869 validity, and import of the information that we give to  
870 you, so that's why we're looking at doing these specific  
871 board measures. Two additional things we're working on  
872 just, really quickly, to improve our future reporting.

873 If a program area is struggling with significant  
874 underperformance or surprised by significant

875 overperformance, my division plans to dig deeper with  
876 those program areas and exact on ways to bring those  
877 numbers together and state more realistic targets. We  
878 did get the message last time that to see continuing  
879 significant variances in the performance measures means  
880 it's time for us to start asking some tougher questions.  
881 So we're going to be doing that. As for the actual item,  
882 performance measures from the first quarter of 2026,  
883 I'll just quickly reference most of them look pretty  
884 normal. It's still the first quarter. There are a  
885 couple of variances to report. The flexibility in the  
886 HOME program, which has allowed us to shift activities  
887 to higher demand, namely tenant-based rental assistance  
888 and we've seen a lot of that since the pandemic. As a  
889 result of that, we way overshoot our quarter one target  
890 because there was a huge need for that. But as an  
891 example of what I was referring to a moment ago, the  
892 targets were established years ago.

893

894 They underestimated the continued demand for rental  
895 assistance as well as the minimal uptake for activities  
896 such as single-family development, homebuyer assistance,  
897 and homebuyer assistance with new construction. I know

898 that that also was a topic that was discussed at the  
899 Single-Family Activities Committee meeting with Chairman  
900 Harper and the committee there. So we'll talk more  
901 about that next time. Also, there was a bit of variation  
902 in the energy assistance programs too. CEAP was well  
903 under target due to seasonal decline in demand for  
904 utility assistance. Again, this was back in the fall,  
905 which was a pretty warm fall for Texas. And  
906 weatherization was well above target numbers due to the  
907 subrecipients' rush to use funds at the beginning of the  
908 contract cycle. And that is kind of something that Mr.  
909 Reid alluded to in his report. So that concludes my  
910 report and I am happy to answer any questions and if I  
911 can't, I'll find someone who can.

912

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

914 Great. Thank you, Michael.

915

916 So I think one of the key tenets or concerns of the  
917 Board is just making sure we're not just putting the  
918 numbers into the column and walking away, that we're  
919 actually using the information, applying it. I think you  
920 started talking about some of that that's happening.

921 Can you emphasize or talk a little bit more about how  
922 the staff is using the data, everyone in here can tell  
923 when they're behind or ahead or need to step things up?

924

925 **Michael Lyttle (0:39:46):**

926 Certainly. Well, we have, again, our area, my division,  
927 which namely is myself and Mr. Lovitt here, we are  
928 working through those numbers. And again, if we see  
929 significant variances, we're going to go back to the  
930 program area and talk about that, find out what's going  
931 on. Certainly, if there's cause for alarm or cause for  
932 concern, I will bring that up in our Executive Committee  
933 meeting, which we have every Tuesday morning, and share  
934 it with Mr. Wilkinson and the other deputy executive  
935 directors where we can start to look at things like  
936 performance and do we need to make some changes, do we  
937 need to change some things around, and so there'll be a  
938 direct pipeline there. So it won't just be recording the  
939 numbers and then submitting a report to the LBB. If we  
940 see things of concern, it's going to resonate in a  
941 communication chain.

942

943

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

945 Okay. Great. Mr. Harper.

946

947 **Holland Harper (0:40:38):**

948 Mr. Lyttle, one thing I'd like to see in this as we

949 start getting graphs back with historical, we've been

950 doing this for almost two years, maybe three years, is

951 to start to see what's my trendline look like? Are we

952 growing? Are we getting better? Do we need to raise

953 the bar up? Right now, we've got snapshots of, hey, this

954 is our goal. This is where we're at. And now the next

955 thing we need to do is do a graphical to say, are we

956 getting better over the time period? And start watching

957 that.

958

959 **Michael Lyttle (0:41:34):**

960 Will do.

961

962 **Holland Harper (0:41:04):**

963 Thank you.

964

965 **Leo Vasquez III (0:41:06):**

966 Mr. Marchant.

967

968 **Kenny Marchant (0:41:10):**

969 Do we have a metric where we look at the amount of money  
970 or volume that a specific staff or department handles  
971 and whether there's a great deal more money going into  
972 the administration or the amount of money going out  
973 versus other departments?

974

975 **Michael Lyttle (0:41:36):**

976 We don't. Those measures are more broken down into  
977 specific activities. Those activities there may be a  
978 group of activities within a particular division, but we  
979 don't look at administrative funds comparatively to the  
980 volume of funds that are being handled by a particular  
981 division. It is something that we could potentially  
982 craft though, for you.

983

984 **Kenny Marchant (0:41:58):**

985 Well, I don't want to create extra money, but if you  
986 have a, not obscure, but a small program money-wise, how  
987 much money are we spending for that department to  
988 administrate that, and should there be some kind of  
989 merger of responsibilities or something to bring it in

990 line? And I'm not saying that's the case, but we do have  
991 some programs that don't, in the grand scheme of things,  
992 not a whole lot of money goes through them. And I know  
993 we're probably mandated by law to have them, but it's  
994 just something to think about. Not asking you to do it.  
995

996 **Michael Lyttle (0:42:43):**

997 Okay. Thank you.

998

999 **Bobby Wilkinson (0:42:44):**

1000 For sure there's going to be some huge variances between  
1001 departments and programs. Like Cody, Multifamily, if  
1002 you're counting tax credits as expenditures, tax  
1003 expenditure, small group of people relative to, kind of  
1004 Theresa's stuff too, a few billion dollars' worth of  
1005 volume. Same stuff with Scott on the single-family  
1006 mortgage revenue bonds. Small team, billions of action.  
1007 And so you compare that to something like Bootstrap, \$3  
1008 million a year, it still takes a couple people to run  
1009 it. So as a percentage of volume, it's going to look a  
1010 lot higher. But not a bad idea to just look at both raw  
1011 numbers of admin by department, which is kind of like  
1012 our operating budget in many ways.

1013

1014 **Kenny Marchant (0:43:29):**

1015 Yeah. I'm talking about really below-the-line programs.

1016

1017 **Bobby Wilkinson (0:43:32):**

1018 Okay. Yeah.

1019

1020 **Kenny Marchant (0:43:33):**

1021 Not the upper, not where it's very obvious that we're...

1022

1023 **Bobby Wilkinson (0:43:36):**

1024 Right, right. Like maybe Section 8 versus Bootstrap

1025 kind of thing, so it would...

1026

1027 **Kenny Marchant (0:43:39):**

1028 Yeah. Grant programs. I know that a lot of guys

1029 multitask, but just begin to look at them.

1030 My suspicion, this is just an opinion, is that the

1031 Legislature's intent on these reviews is to make their

1032 Sunset process either easier or more targeted.

1033

1034 **Bobby Wilkinson (0:44:03):**

1035 Right. We kind of asked them like, so how are y'all

1036 going to feed into the Sunset process? Different  
1037 agencies, they're both legislatively controlled  
1038 somewhat. And they're still figuring it out, but they  
1039 are talking to Sunset. And I also asked, what are you  
1040 looking to as an authoritative source on efficiency?  
1041 And they didn't really have one.

1042

1043 **Kenny Marchant (0:44:29):**

1044 My legislative fear is that they'll grab that report.

1045

1046 **Bobby Wilkinson (0:44:34):**

1047 And they also said they were...

1048

1049 **Kenny Marchant (0:44:34):**

1050 And that will become the focal point of the entire

1051 Sunset.

1052

1053 **Bobby Wilkinson (0:44:36):**

1054 Yeah. They also said they were concentrating on state

1055 funds like GR, which is like 4 percent of what we do.

1056 So yeah, it's more interesting to see how it's going to

1057 pan out. But it's a nice group, so we think we'll be

1058 all right.

1059

1060 **Kenny Marchant (0:44:51):**

1061 Thank you.

1062

1063 **Leo Vasquez III (0:44:51):**

1064 Mr. Thomas.

1065

1066 **Ajay Thomas (0:44:52):**

1067 Thank you, Mr. Chairman. Michael, just a couple things.

1068 So one, what I'd be interested in is to learn more about

1069 what goes into comprising the annual targets. Like, how

1070 do we come up with them and make sure that the accuracy

1071 and integrity of the targets are right year over year?

1072 And then, along with Member Harper's comment, as we

1073 think about putting together the historical trendlines,

1074 is once we determine that the targets are accurate and

1075 reasonable, is then look at it from a year-over-year

1076 basis and maybe get this Board the information on how

1077 did we perform on these target metrics last year versus

1078 how we're trending in the current fiscal year, and then

1079 kind of go through that. And I think that will help put

1080 together a more accurate historical trendline that we

1081 can then react to.

1082

1083 **Michael Lyttle (0:45:41):**

1084 Thank you. This is all great feedback for us. It'll be  
1085 very helpful.

1086

1087 **Leo Vasquez III (0:45:46):**

1088 Okay. Good. Any other comments or questions on Mr.  
1089 Lyttle's report? Again, I think we're going definitely  
1090 in the right direction, incorporating more of these  
1091 ideas and then you guys coming up with better ideas as  
1092 well. That's what it's all about. So thank you.

1093

1094 **Michael Lyttle (0:46:03):**

1095 Thank you.

1096

1097 **Leo Vasquez III (0:46:03):**

1098 Keep working with Bobby. Keep moving. Okay. No vote  
1099 required on that report. We're moving on to item 17 of  
1100 the agenda: Presentation, discussion, and possible  
1101 action on an order proposing the repeal of 10 TAC  
1102 Chapter 1, Administration, Subchapter A, General  
1103 Policies and Procedures, Section 1.6, Historically  
1104 Underutilized Businesses; an order proposing new 10 TAC

1105 Chapter 1, of all the same as I just read; and an order  
1106 directing their publication for public comment in the  
1107 Texas Register. Ms. Boston.

1108

1109 **Brooke Boston (0:46:43):**

1110 Hello, Chairman Vasquez, Board Members. I'm Brooke  
1111 Boston, one of our deputy executive directors. As you  
1112 mentioned, this rule relates to historically  
1113 underutilized businesses and our handling of those  
1114 entities in our procurement. Every four years, we're  
1115 required to assess whether a rule has a continued  
1116 purpose to exist and if it does have a continued purpose  
1117 to exist, if there are any proposed revisions to those  
1118 rules. This rule was last evaluated in April of '22, so  
1119 it was due for review.

1120

1121 Every agency's rules relating to HUB procurement are  
1122 required to be in alignment with the Texas Comptroller's  
1123 guidance on HUB procurement. On December 2, 2025, the  
1124 Texas Comptroller of Public Accounts released emergency  
1125 rulemaking relating to HUBs and is following that  
1126 emergency rulemaking with a subsequent permanent rule.  
1127 Those rules change the HUB program to ensure it complies

1128 with the Texas Constitution and U.S. Constitution. The  
1129 emergency rules posted on the Texas Register revise the  
1130 eligibility standards for the program, remove statewide  
1131 utilization goals, and instruct agencies and their  
1132 employees to implement the program in a way that upholds  
1133 equal protection guarantees of federal and state law.  
1134 More specifically, it removes the traditional definition  
1135 of a HUB and now specifies that the program will only  
1136 serve small businesses owned by service-disabled  
1137 veterans, regardless of race, sex, or ethnicity, and  
1138 will be referred to as the Veteran Heroes United in  
1139 Business, or VetHUB. For context, the prior list of HUBs  
1140 was about 15,000 entities have qualified, and those were  
1141 for-profit entities with a principal place of business  
1142 in Texas, that was at least 51 percent owned, operated,  
1143 or controlled by particular minority populations of  
1144 women. And the new list of VetHUB qualified entities is  
1145 about 1,000 right now. So staff, for the rule before you  
1146 today, staff has revised our rules to comply with what  
1147 the Comptroller's rules reflect. That rule will be made  
1148 available for public comment through March 22nd and then  
1149 return to the Board for final approval. And with that,  
1150 I'm happy to answer any questions.

1151

1152 **Leo Vasquez III (0:49:02):**

1153 Okay. So bottom line, we are just conforming our rules  
1154 to what's been handed down to us to say your rules shall  
1155 comply with this new definition of just service-disabled  
1156 veterans.

1157

1158 **Brooke Boston (0:49:16):**

1159 Yeah, that's correct.

1160

1161 **Leo Vasquez III (0:49:20):**

1162 Okay. Do any board members have questions on this item?

1163

1164 **Kenny Marchant (0:49:25):**

1165 I just would like to get you to elaborate a little more  
1166 about if the Comptroller's rule gets accepted and it  
1167 becomes the law or the policy, is that a dramatic, will  
1168 that have a dramatic effect on you, on your group of  
1169 subjects that you manage? Or are they keeping  
1170 historical HUB definitions in place?

1171

1172 **Brooke Boston (0:49:54):**

1173 They are not. They are changing the HUB definition. So

1174 entities that were previously a HUB have now received a  
1175 notice from the Comptroller that they no longer have  
1176 that designation. For purposes of our procurements, I  
1177 checked with our purchasing team, out of about 4 million  
1178 of procured contracts we had, I want to say just over a  
1179 million that had been procured with traditional HUBs.  
1180 It will probably be harder to have that happen with the  
1181 VetHUB definition because there are so many fewer of  
1182 them and I don't know if they are designated in the  
1183 types of services that we need.

1184

1185 **Kenny Marchant (0:50:35):**

1186 So what you interpreted it as being any contract issued  
1187 after that decision was made, you have to live with the,  
1188 you are living with the new rules or you're waiting  
1189 until the rule is put out in comment and becomes policy.

1190

1191 **Brooke Boston (0:50:54):**

1192 Well, our rule change is going to lag behind theirs  
1193 because theirs came out first. That said, I do believe  
1194 that our Procurement staff are beginning to implement  
1195 this.

1196

1197 **Kenny Marchant (0:51:04):**

1198 Okay. Yes. So your procurement is rolling. It doesn't  
1199 it doesn't jive with our budget year.

1200

1201 **Brooke Boston (0:51:14):**

1202 Correct, correct. We do procurements, because we'll do  
1203 procurement for anything as simple as just buying a new  
1204 office chair.

1205

1206 **Kenny Marchant (0:51:20):**

1207 So nobody that's already got a procurement is affected  
1208 until that procurement is reissued.

1209

1210 **Brooke Boston (0:51:28):**

1211 Correct. So if there's an entity already having been  
1212 procured and is in an active contract with us, that  
1213 contract doesn't go away.

1214

1215 **Kenny Marchant (0:51:34):**

1216 Right.

1217

1218 **Brooke Boston (0:51:35):**

1219 But yes, the next time we do it, they wouldn't get a

1220 preference that they might have gotten otherwise.

1221

1222 **Kenny Marchant (0:51:40):**

1223 Okay.

1224

1225 **Leo Vasquez III (0:51:41):**

1226 But they can still compete.

1227

1228 **Kenny Marchant (0:51:42):**

1229 Yeah. They can...

1230

1231 **Brooke Boston (0:51:43):**

1232 Exactly.

1233

1234 **Leo Vasquez III (0:51:43):**

1235 On a regular basis anyway and they might still continue

1236 on.

1237

1238 **Brooke Boston (0:51:44):**

1239 Yes. Exactly.

1240

1241 **Leo Vasquez III (0:51:48):**

1242 Do you have to reply? Okay. So I'm more thinking

1243 about, remind me, have we already adjusted the rules  
1244 within the QAP and that definitions of who the ownership  
1245 structure and all that?

1246

1247 **Bobby Wilkinson (0:52:08):**

1248 It was different than procurement. It was never  
1249 required by statute, but in the spirit of these changes  
1250 that were happening, we did yank HUB from the QAP.

1251 The timing didn't line up to insert VetHUB. Maybe next  
1252 year, although I don't know that there would be enough  
1253 for it to work, but we'll see. Right now, this is going  
1254 to affect basically like how much we pay for paperclips  
1255 and stuff like that. We're going to switch the office  
1256 supply that kind of stuff. And then there's ongoing  
1257 stuff and then there's stuff that's every year or two,  
1258 like underwriters for Scott's mortgage revenue bonds.  
1259 This will no longer be a factor unless we actually have  
1260 a VetHUB, which is possible.

1261

1262 **Kenny Marchant (0:52:58):**

1263 Thank you.

1264

1265

1266 **Leo Vasquez III (0:53:00):**

1267 Okay. Any other questions from board members or  
1268 comments from the public? So this is just for public  
1269 comment that...

1270

1271 **Brooke Boston (0:53:07):**

1272 That's correct.

1273

1274 **Leo Vasquez III (0:53:08):**

1275 We're doing this anyway, so we may receive back...

1276

1277 **Brooke Boston (0:53:12):**

1278 That's right.

1279

1280 **Leo Vasquez III (0:53:12):**

1281 Through all the feedback channels. Okay. Seeing no  
1282 more discussion, I'll entertain a motion on item 17 of  
1283 the agenda.

1284

1285 **Anna Farias (0:53:22):**

1286 Mr. Chairman, I move the Board approve the proposed  
1287 repeal and propose new 10 TAC Section 1.6 regarding  
1288 historically underutilized businesses and direct their

1289 publication for public comment, all as described,  
1290 conditioned, and authorized in the Board action request  
1291 and associated documents on this item.

1292

1293 **Leo Vasquez III (0:53:47) :**

1294 Motion made by Ms. Farias. Is there a second?

1295

1296 **Kenny Marchant (0:53:51) :**

1297 Second.

1298

1299 **Leo Vasquez III (0:53:52) :**

1300 Seconded by Mr. Marchant. All those in favor say aye.

1301

1302 **All Board Members (0:53:55) :**

1303 Aye.

1304

1305 **Leo Vasquez III (0:53:56) :**

1306 Any opposed? Hearing none, motion carries.

1307

1308 **Brooke Boston (0:53:58) :**

1309 Thank you.

1310

1311

1312 **Leo Vasquez III (0:53:58) :**

1313 Thanks, Brooke. Item 18 of the agenda: Presentation,  
1314 discussion, and possible action on an order adopting the  
1315 repeal and new 10 TAC Chapter 90, Migrant Labor Housing  
1316 Facilities, to be adopted in the Texas Register. Mr.  
1317 Jones.

1318

1319 **Peter Jones (0:54:17) :**

1320 Hello, Chairman, Board Members, Mr. Wilkinson. Peter  
1321 Jones, Manager of Migrant Labor Housing Facilities. The  
1322 next item on your agenda is possible action on adopting  
1323 repeal and new 10 TAC Chapter 90, Migrant Labor Housing  
1324 Facilities. The Migrant Labor Housing Facilities was out  
1325 for public comment in the Texas Register between  
1326 November 21st and December 21, 2025. The new rule is  
1327 responsive to the passage of SB 243, 89th Regular  
1328 Legislature, which requires the Department to amend the  
1329 current rule for migrant labor housing facilities to  
1330 implement Texas Government Code 2306.933 to 2306.940 to  
1331 ensure compliance with Texas Government Code Chapter  
1332 2306, Subchapter LL. It adds additional definitions to  
1333 support procedure changes to complaint and penalty  
1334 processes, which have been expanded and updated to be

1335 aligned with the changes in statute. The changes to the  
1336 complaint process enumerate who can submit a complaint  
1337 to the Department, categories of complainants and their  
1338 respective responses, and timelines, as well as  
1339 describing remediation or dismissal procedures.

1340 The submission processes are expanded to include online  
1341 and in-person submissions.

1342

1343 Providers are required to relocate workers housed under  
1344 certain circumstances and requirements for this  
1345 relocation are given. It is important to note that  
1346 relocation procedures do not apply to providers that  
1347 participate in the H-2A visa program due to the Texas  
1348 Workforce Commission and Department of Labor  
1349 administering those programs and enforcement procedures.

1350 The prohibition on retaliation against a complainant is  
1351 rewritten to more align with statute. The rule updates  
1352 procedures assessing penalties for violations of the  
1353 rule or statute to meet new statutory requirements, such  
1354 as adding a penalty schedule, adds timelines for penalty  
1355 accrual, and describes the ways these matters may be  
1356 resolved, including adding procedures for how the  
1357 Department may invoice providers when a penalty is

1358 assessed. It codifies who may bring a civil action to  
1359 assess a penalty, describes conditions that would  
1360 disallow bringing such an action, and describes the  
1361 procedure which the Department would implement when a  
1362 penalty is not paid. The terminology of "administrative  
1363 penalty" is changed to "civil penalty," as it is in  
1364 statute.

1365

1366 Other notable changes include enabling the Director to  
1367 suspend or revoke licenses in cases of violations that  
1368 present an immediate risk to health and safety or for  
1369 providers with a history of violations, as well as  
1370 requiring these employers to follow relocation  
1371 procedures outlined in the complaint section.

1372 In these cases, a finding of non-compliance for  
1373 applicants who fail to provide beds or meals as  
1374 described at application when these items are not able  
1375 to be verified at inspection due to the use of hotels or  
1376 apartments, is added. The text of the required complaint  
1377 poster is moved from the rule to the Department's  
1378 website, and other grammatical, numbering, and  
1379 administrative changes were also made to support these  
1380 updates. Additional funds for the implementation of SB

1381 243 came from Article 9, Contingency Rider, Section  
1382 18.43, which appropriated \$535,000 for fiscal year 2026  
1383 and \$535,000 for fiscal year 2027 from the General  
1384 Revenue Fund to implement the provisions of the  
1385 legislation. In addition, the number of full-time  
1386 equivalents in the agency's bill pattern is increased by  
1387 3 FTEs each fiscal year.

1388

1389 It should also be noted that the Department has been  
1390 using contract inspectors from the inspection group  
1391 since December 2024 following the Manufactured Housing  
1392 Division ceasing to perform these MLHF inspections. To  
1393 date, the Department has current licenses for 770  
1394 facilities, which results in 2,113 buildings being  
1395 licensed and 18,273 people housed. Staff recommends the  
1396 approval of the new Chapter 90 to be adopted in the  
1397 Texas Register. I'm happy to answer any questions.

1398

1399 **Leo Vasquez III (0:58:46):**

1400 Great. Thank you, Peter. So just to reiterate, the  
1401 Department has more responsibilities due to the  
1402 legislation changes, but we also have additional FTEs,  
1403 and budget to do that.

1404

1405 **Peter Jones (0:59:03):**

1406 That is correct.

1407

1408 **Leo Vasquez III (0:59:04):**

1409 Is that enough money?

1410

1411 **Cindy Conroy (0:59:06):**

1412 No.

1413

1414 **Bobby Wilkinson (0:59:07):**

1415 Yeah. It lines up with the fiscal note we gave them, I

1416 think. Right?

1417

1418 **Peter Jones (0:59:10):**

1419 Mm-hmm.

1420

1421 **Bobby Wilkinson (0:59:11):**

1422 Yeah.

1423

1424 **Leo Vasquez III (0:59:12):**

1425 But even though we're spending a lot more on the third-

1426 party inspector groups.

1427

1428 **Bobby Wilkinson (0:59:18):**

1429 We were underwater after we had to change our inspection  
1430 process and just kind of finding money under the  
1431 cushions, and now we're funded.

1432

1433 **Leo Vasquez III (0:59:30):**

1434 Okay. Well, let's make sure we keep on the Governor's  
1435 Office to make sure we're funded for mandates that we're  
1436 given. That's always a good thing. Do any board  
1437 members have questions for Mr. Jones on this item? And  
1438 this is the final, this is the action, its adoption.

1439

1440 **Peter Jones (0:59:53):**

1441 Correct.

1442

1443 **Leo Vasquez III (0:59:53):**

1444 Okay. So if no further questions, I'll entertain a  
1445 motion on item 18 of the agenda.

1446

1447 **Ajay Thomas (1:00:06):**

1448 Mr. Chairman, I move the Board adopt the repeal and new  
1449 10 TAC Chapter 90 rules regarding migrant labor housing

1450 facilities and direct the adopted rules be published in  
1451 the Texas Register, all as described and authorized in  
1452 the Board action request and associated documents on  
1453 this item.

1454

1455 **Leo Vasquez III (1:00:21):**

1456 Motion made by Mr. Thomas. Is there a second?

1457

1458 **Anna Farias (1:00:23):**

1459 Second.

1460

1461 **Leo Vasquez III (1:00:24):**

1462 Seconded by Ms. Farias. All those in favor say aye.

1463

1464 **All Board Members (1:00:27):**

1465 Aye.

1466

1467 **Leo Vasquez III (1:00:27):**

1468 Any opposed? Hearing none, motion carries.

1469

1470 **Peter Jones (1:00:29):**

1471 Thank you.

1472

1473 **Leo Vasquez III (1:00:30):**

1474 Thank you. Well-practiced. Item 19 of the agenda:  
1475 Presentation, discussion, and possible action regarding  
1476 a waiver of 10 TAC Section 1.15(d) for Asteri Waco. Mr.  
1477 Goldberger.

1478

1479 **Joshua Golberger (1:00:49):**

1480 Good morning, Chairman, members of the Board. Josh  
1481 Goldberger, 9 Percent Program manager. Item 19 concerns  
1482 a requested waiver for Asteri Waco, a proposed 2026 9  
1483 percent housing tax credit application. Because this  
1484 year's 9 percent deadline is still about a month away,  
1485 staff has not yet received a complete application, but  
1486 based on the information submitted in the waiver  
1487 request, this would be a 65-unit supportive housing  
1488 development. The applicant group includes Friends for  
1489 Life, a Waco-based 501(c)(3) nonprofit founded in 1989,  
1490 which would serve as the managing member of the general  
1491 partner. In the request, Friends for Life describes its  
1492 mission as improving quality of life for seniors and  
1493 persons with disabilities, with a particular emphasis on  
1494 serving individuals that lack a support system. The  
1495 waiver before you relates to the Integrated Housing

1496 Rule, a relatively short and infrequently discussed  
1497 Department rule intended to ensure integrated housing  
1498 opportunities for households with disabilities. Under  
1499 this rule, a development of this size may set aside no  
1500 more than 25 percent of its units for households with  
1501 disabilities.

1502

1503 The applicant is requesting a waiver of that limitation  
1504 in order to set aside up to 53 percent of the units at  
1505 Asteri Waco for households with disabilities. This  
1506 increased set-aside would allow the sponsor to serve  
1507 more households, provide supportive services more  
1508 efficiently, and design the development in a way that  
1509 more effectively addresses the needs of this population.

1510 While the Integrated Housing Rule establishes that 25  
1511 percent cap, it also explicitly allows the Board to  
1512 waive that requirement when necessary to serve a  
1513 population that would not otherwise be adequately  
1514 served, provided that the development does not  
1515 substantially deviate from the principle of integrated  
1516 housing. Given the sponsor's extensive experience in  
1517 serving households with disabilities, staff finds no  
1518 compelling reason to deny the request and therefore

1519 recommends approval. Finally, I'll note that this may  
1520 sound familiar, staff brought a similar waiver request  
1521 to the Board last January in connection with a potential  
1522 2025 9 percent from the same applicant. That deal did  
1523 not ultimately come to fruition. Happens all the time  
1524 in the 9 percent program, but the sponsor is throwing  
1525 their hat back in the ring for 2026.

1526

1527 And with that, I'm happy to answer any questions you may  
1528 have.

1529

1530 **Leo Vasquez III (1:03:16):**

1531 So, when I was reading this, why do we have a 25 percent  
1532 limit? Just if they want to go to 100 percent, why not?

1533

1534 **Bobby Wilkinson (1:03:29):**

1535 Beau has a speech prepared.

1536

1537 **Beau Eccles (1:03:33):**

1538 I don't know about a speech prepared. But it stems from  
1539 the 1999 U.S. Supreme Court case that's known shorthand  
1540 by the plaintiff's name, Olmstead. And in that case,  
1541 which was a discussion of ADA and 504 of the Rehab Act

1542 and what is discrimination, and it was decided by the  
1543 Supreme Court that having facilities that segregate the  
1544 disabled population or, by segregating, could mean not  
1545 integrating the disabled population into the services  
1546 that are being provided to non-disabled population that  
1547 that effectively is discrimination. It's in the title  
1548 of the rule.

1549

1550 The concept that came out of that is providing the most  
1551 integrated setting possible. And in terms of what is a  
1552 segregated setting, guidance from DOJ as well as courts  
1553 suggest that congregate settings that are populated  
1554 exclusively or primarily by individuals with  
1555 disabilities constitutes a form of segregation.

1556 Now, all of this was to do away with the sort of  
1557 societal concept of, to use a pithy term, warehousing  
1558 the disabled population, consolidating and isolating.  
1559 So it's more efficient, but is it best for them or does  
1560 it constitute segregation and kind of a separate-but-  
1561 equal mentality? So integrating the disabled population  
1562 into the services and amenities that the rest of the  
1563 non-disabled population would be eligible for, is the  
1564 direction that we get from the Olmstead case. And thus,

1565 the Integrated Housing Rule, having it as 25 percent  
1566 that are set aside for the use of the disabled, ensures  
1567 that it is an integrated setting that does not, it's not  
1568 set up exclusively or primarily for individuals with  
1569 disabilities. I should note it doesn't mean that any  
1570 facility is capped at 25 percent to say, no, we've hit  
1571 our limit. This is the amount of units that are set  
1572 aside for the disabled population.

1573

1574 So here we are going up from 25 percent to slightly over  
1575 50 percent, the Board should be careful about going that  
1576 far in setting aside. That is why, though, written into  
1577 the rule, our rule, is that you can get a waiver if you  
1578 come and you show that it is necessary to serve a  
1579 population that would not be adequately served without  
1580 the waiver and that the waiver itself does not  
1581 substantially deviate from the principle of integrated  
1582 housing. And this is why it would be, I remember the  
1583 presentation from last year and it was a lovely  
1584 presentation, very compelling, that if the applicant for  
1585 the waiver could describe the necessity to go over that  
1586 25 percent limit in order to merely, substantially, or  
1587 necessarily serve this population, this disabled

1588 population, that would justify for the Board why having  
1589 a development that is 50 percent set-asides for the  
1590 disabled population would not violate our general  
1591 principles of providing integrated housing.

1592

1593 **Leo Vasquez III (1:07:43):**

1594 Thank you, Mr. Eccles.

1595

1596 **Cindy Conroy (1:07:45):**

1597 That makes it a lot more complicated.

1598

1599 **Beau Eccles (1:07:48):**

1600 Well, I am a lawyer.

1601

1602 **Cindy Conroy (1:07:49):**

1603 I know you're a lawyer. No, but I'm just saying it does  
1604 make it more complicated because they do go over to the  
1605 53 percent. Does that put them in a position of someone  
1606 without disabilities wanting to live there and not get  
1607 one because that unit's set aside?

1608

1609 **Beau Eccles (1:08:03):**

1610 That's something that would be incumbent on the person

1611 who is asking for the waiver to describe the mix of the  
1612 population and the availability of units and why this  
1613 waiver is necessary and does not violate the, or  
1614 substantially deviate from the principle that I just set  
1615 out of providing integrated housing.

1616

1617 **Leo Vasquez III (1:08:28):**

1618 So if a development was built and every unit in the, say  
1619 there's 100 units and they're all built to be accessible  
1620 with accessible standards and the bars and all the  
1621 peephole down low, and if they were all built for a  
1622 disabled tenant, but they weren't deemed to be set aside  
1623 for them, they could do that.

1624

1625 **Beau Eccles (1:08:59):**

1626 Of course.

1627

1628 **Leo Vasquez III (1:09:00):**

1629 Okay. But if a non-disabled person applied to be at  
1630 that, they couldn't give any other preferences, you're  
1631 saying. That's really the issue. You can't give a  
1632 preference to a disabled applicant over a, if we don't  
1633 approve the 53 percent, if we left it at 25 percent,

1634 they could only legally give preference to those 25  
1635 percent set-aside.

1636

1637 **Bobby Wilkinson (1:09:31):**

1638 That set-aside goes beyond a preference.

1639

1640 **Beau Eccles (1:09:33):**

1641 Yeah. I think we should leave the issue of preferences  
1642 out of this. We're talking about setting it aside right  
1643 now. Preferences need to be addressed separately from  
1644 this and they would be evaluated separately from this.  
1645 But what we're talking about here is making, what is  
1646 exclusively for the use of it. For instance, there's an  
1647 assumption that we're probably all making, and that is  
1648 we're talking about a physical disability. It's still  
1649 kind of baked into the concept of integrated housing  
1650 when we're talking about setting aside units for the use  
1651 of the disabled population. It doesn't mean one type of  
1652 disability. It's talking about disabled in general. So  
1653 I don't know if that answers the question. But merely  
1654 configuring all units for a physically disabled  
1655 population, it would be ruinously expensive and that's  
1656 probably why it wouldn't be done. It wouldn't

1657 necessarily be as appealing to a physically disabled  
1658 population as units that are not set up that way. But  
1659 this is just talking about the Integrated Housing Rule  
1660 and the 25 percent set-aside for the disabled population  
1661 and deviating from that northward.

1662

1663 **Kenny Marchant (1:11:06):**

1664 And my question would be who would be the plaintiff and  
1665 who would be the defendant? Would we, the Board, ever  
1666 be the defendant because we approved this waiver? What  
1667 would be the legal course of action if somebody didn't  
1668 like this or they felt like they didn't get housing  
1669 because of it?

1670

1671 **Beau Eccles (1:11:30):**

1672 I think probably the plaintiff, if I was to do my least  
1673 favorite of general counsel duties and that is signal  
1674 how to sue the agency.

1675

1676 **Kenny Marchant (1:11:43):**

1677 No. I'm just saying, let's say, is it a possibility we  
1678 would be the sued because we approved this waiver? Is  
1679 there a possibility we could get sued because we

1680 approved this waiver?

1681

1682 **Beau Eccles (1:11:56):**

1683 It is unlikely because what we are talking about is a  
1684 deviation from our policy and our policy is in line with  
1685 the Olmstead case.

1686

1687 **Kenny Marchant (1:12:06):**

1688 Got you.

1689

1690 **Beau Eccles (1:12:06):**

1691 The difficulty would come in a, if we were to treat  
1692 these like force majeure, that we've come to a sort of a  
1693 general understanding, it would appear from this Board's  
1694 actions over time that we're going to grant this waiver  
1695 without much consideration. And then what we see is the  
1696 9 percent round devolving into, in every major area, we  
1697 have a 75 percent set-aside disabled and then the rest  
1698 is general population, but really what happens is the  
1699 disabled population is getting concentrated in where  
1700 they can live.

1701

1702

1703 **Leo Vasquez III (1:12:58):**

1704 But every development has accessibility standards they  
1705 need to meet.

1706

1707 **Beau Eccles (1:13:04):**

1708 Yes.

1709

1710 **Kenny Marchant (1:13:05):**

1711 Mr. Chairman, that's a risk I'm willing to take and I'm  
1712 ready to file a motion.

1713

1714 **Leo Vasquez III (1:13:10):**

1715 I'm with you there. By the way, this is what we do in  
1716 executive session. So this is why it takes so long.

1717

1718 **Kenny Marchant (1:13:18):**

1719 Will you entertain a motion?

1720

1721 **Leo Vasquez III (1:13:19):**

1722 No, but no. This is...

1723

1724 **Beau Eccles (1:13:20):**

1725 Not that we're talking about the substance of any

1726 particular.

1727

1728 **Cindy Conroy (1:13:23):**

1729 I was waiting for that.

1730

1731 **Leo Vasquez III (1:13:27):**

1732 Okay. Okay. The staff's recommendation is to approve

1733 the waiver.

1734

1735 **Joshua Golberger (1:13:32):**

1736 That is correct, yes.

1737

1738 **Leo Vasquez III (1:13:33):**

1739 Okay. And I assume no one wants to speak against

1740 staff's recommendation. Okay. All right. And...

1741

1742 **Beau Eccles (1:13:39):**

1743 But it would behoove the Board to hear the justification

1744 for the waiver, would it not?

1745

1746 **Leo Vasquez III (1:13:46):**

1747 Would anyone care to make a motion to accept public

1748 comment in this meeting under the Eccles Rule?

1749

1750 **Kenny Marchant (1:13:50):**

1751 I would make a motion that the Board receive public  
1752 comment.

1753

1754 **Leo Vasquez III (1:13:56):**

1755 Motion made by Mr. Marchant. Seconded by Ms. Farias.

1756 Accepted by unanimous consent. Would anyone care to  
1757 speak on this item of the agenda? And for everyone who  
1758 wants to speak on the couple items that are left, please  
1759 come up, sign in on the sign-in sheet, and then state  
1760 out loud your name and your organization. And we have a  
1761 three-minute timer up here in front. You do not have to  
1762 use all three minutes. Please.

1763

1764 **Valentin DeLeon (1:14:34):**

1765 Good morning, Board Chair, Board Members, Mr. Wilkinson.  
1766 My name is Val DeLeon. I'm the director of Development  
1767 for the Vecino Group and the development partner of  
1768 Friends for Life. I was fortunate enough to meet Inez  
1769 about a year-and-a-half ago and she told me about all  
1770 the great work that she's doing in the City of Waco and  
1771 specifically about the folks that she works with, adults

1772 with developmental, intellectual, and physical  
1773 disabilities and just the amount of folks that she works  
1774 with that just were having a hard time finding an  
1775 affordable place to live.

1776

1777 At Vecino, we pride ourselves in working with local  
1778 nonprofits to provide supportive housing, so it felt  
1779 like a reasonable expectation to work together where  
1780 Vecino brings the financial guarantees and the  
1781 development experience in the tax credit program, and  
1782 Inez bringing her existing clients, folks that are  
1783 looking for an affordable place to live and her  
1784 expertise in serving them. So Friends for Life will be  
1785 the service provider and co-owner and co-developer of  
1786 the Asteri Waco development. The request for the waiver  
1787 specifically, is just we want to ensure that we can set  
1788 aside as many as possible that the Board feels  
1789 comfortable with for this specific population. Inez can  
1790 speak to this much more than I can, but I think there's  
1791 demonstrated need in the City of Waco. We would kind of  
1792 adhere to all other fair housing and marketing  
1793 standards. So affirmatively marketing to as many as  
1794 possible folks that could utilize the services that are

1795 at the property. So it will have additional wraparound  
1796 services for residents that are voluntary, but for this  
1797 specific population, I think a lot of kind of help with  
1798 services of day-to-day kind of activity, paying your  
1799 bills, kind of how do you do laundry,  
1800 kind of manage yourself, your finances and things like  
1801 that. So that's the impetus of the request.

1802

1803 **Leo Vasquez III (1:16:45):**

1804 Great. Thanks, Val.

1805

1806 **Inez Russell (1:16:55):**

1807 I'm Inez Russell. I'm the founder and executive  
1808 director of Friends for Life. And Friends for Life has  
1809 been serving seniors and people with disabilities for  
1810 almost 37 years now, and we are helping them live their  
1811 best lives as independently as possible. We're serving  
1812 counties in many parts of Texas with our services that  
1813 include independent living, legal guardianship, money  
1814 management. We do life-skills training. We have  
1815 quality-of-life programs and a lot more. For the last  
1816 few years, though, we've had a really hard time finding  
1817 safe, nice places for our clients to live that they can

1818 afford. And in Waco right now, I'm told we have over  
1819 4,000 seniors on waiting lists for a nice, affordable  
1820 place to live. The people that we serve can live  
1821 independently if they have a place that they can live  
1822 and if they have help.

1823

1824 Friends for Life has been providing these kinds of  
1825 services now for almost 37 years. And kind of in  
1826 response to what you've been talking about, I understand  
1827 about separating them and the importance of them not  
1828 being isolated and separate from the rest of the world,  
1829 but we work really hard to make sure that doesn't  
1830 happen. We do field trips all over Waco. Some of them  
1831 have been to places I've not even had a chance to visit  
1832 yet. But we do life centers where they can go and play  
1833 sports and we take them to the movies and we just do  
1834 everything that we can to make sure that they're part of  
1835 the community. And part of our plan for this is to do  
1836 cooking lessons and we have a reading lab and we teach  
1837 them computers. And they're not just with people with  
1838 disabilities, they're with people with all abilities.  
1839 So we feel passionate about that in addition to making  
1840 sure that they have the help that they need.

1841

1842 **Leo Vasquez III (1:19:29):**

1843 Excellent. Thank you, Ms. Russell. That's...

1844

1845 **Inez Russell (1:19:30):**

1846 Thank you for considering our request.

1847

1848 **Beau Eccles (1:19:32):**

1849 Ma'am, if I could just ask one question. You mentioned

1850 that there are 4,000 seniors who were having difficulty

1851 finding an affordable place to live. Of those seniors,

1852 since this is a waiver about the disability, of those

1853 seniors, how many are disabled, just roughly, that are

1854 having a very difficult place, that you have noted are

1855 having a difficult place to live, to find a place to...

1856

1857 **Inez Russell (1:19:58):**

1858 I would estimate that about 60 percent of the seniors we

1859 serve have a disability, at least.

1860

1861 **Beau Eccles (1:20:04):**

1862 Okay.

1863

1864 **Cindy Conroy (1:20:05):**

1865 And they're on the waitlist or they're.

1866

1867 **Inez Russell (1:20:07):**

1868 We've already started a waiting list, yes.

1869

1870 **Beau Eccles (1:20:10):**

1871 So thousands.

1872

1873 **Inez Russell (1:20:12):**

1874 Yeah.

1875

1876 **Beau Eccles (1:20:13):**

1877 Okay. Thank you.

1878

1879 **Inez Russell (1:20:14):**

1880 Yeah. We asked for the waiver. We just want to be able

1881 to provide as many apartments as we can to people who

1882 have disabilities and make sure they have a nice, safe

1883 place to live.

1884

1885 **Leo Vasquez III (1:20:28):**

1886 Thank you, Ms. Russell.

1887

1888 **Anna Farias (1:20:30):**

1889 Mr. Chairman, I'm ready to make a motion.

1890

1891 **Leo Vasquez III (1:20:32):**

1892 Okay. I have one more question for staff. Okay.

1893 This is still just an application, right?

1894

1895 **Joshua Golberger (1:20:38):**

1896 Yes. At this stage just a pre-application. They

1897 haven't submitted their full application.

1898

1899 **Leo Vasquez III (1:20:42):**

1900 Do they get any kind of scoring bumps for being...

1901

1902 **Joshua Golberger (1:20:46):**

1903 No.

1904

1905 **Leo Vasquez III (1:20:47):**

1906 Is this just straight up...

1907

1908 **Joshua Golberger (1:20:49):**

1909 This carries no competitive advantage.

1910

1911 **Leo Vasquez III (1:20:50):**

1912 Okay. Good. Good. Well, let's hope it scores out. Do  
1913 you have anything else to add?

1914

1915 **Joshua Golberger (1:20:58):**

1916 Nothing else to add.

1917

1918 **Leo Vasquez III (1:21:00):**

1919 Ms. Farias, would you like to care to make a motion?

1920

1921 **Anna Farias (1:21:01):**

1922 Yes. I move the Board approve the requested waiver by  
1923 Asteri Waco of 10 TAC Section 1.15 and allow this  
1924 proposed 2026 tax credit application to set aside 53  
1925 percent of the units to exclusively serve households  
1926 with disabilities, all as described, conditioned, and  
1927 authorized in the Board action request, resolution, and  
1928 associated documents on this item.

1929

1930 **Holland Harper (1:21:34):**

1931 Second.

1932

1933 **Leo Vasquez III (1:21:35):**  
1934 Motion made by Ms. Farias. Seconded by Mr. Harper. All  
1935 those in favor say aye.  
1936  
1937 **All Board Members (1:21:40):**  
1938 Aye.  
1939  
1940 **Leo Vasquez III (1:21:40):**  
1941 Any opposed? Hearing none, motion carries. All right.  
1942  
1943 **Joshua Golberger (1:21:44):**  
1944 Thank you.  
1945  
1946 **Leo Vasquez III (1:21:44):**  
1947 Thanks, Josh. Item 20 of the agenda: Presentation,  
1948 discussion, and possible action regarding a waiver of 10  
1949 TAC Section 11.101(b)(1)(A)(viii) for South Union Place  
1950 Apartments. Mr. Campbell.  
1951  
1952 **Cody Campbell (1:22:05):**  
1953 Thank you, Mr. Vasquez. My name is Cody Campbell. I'm  
1954 the director of Multifamily Programs for the Department.  
1955 And this item concerns a waiver of a QAP requirement for

1956 a proposed 2026 9 percent competitive tax credit  
1957 application. As Josh mentioned in his presentation, we  
1958 are still just at the pre-application phase, so we don't  
1959 have full applications yet. We do appreciate anybody who  
1960 gets waivers in front of us as soon as possible, though.  
1961 because the earlier we can get in front of the Board,  
1962 the better the program runs. The QAP for 2026 includes a  
1963 new provision that limits the amount of time someone  
1964 must wait before they come in for rehabilitation. And  
1965 so, in other words, if you get funded with tax credits,  
1966 there is now roughly 20 years that you have to wait  
1967 before you come back in and request additional credits  
1968 to rehabilitate that same housing. South Union Place  
1969 placed in service with its initial credits in 2006. The  
1970 cutoff for this year is January 1st of 2006. And so  
1971 because of that, they are too young by less than a year  
1972 to come in and apply for credits. The intention is that  
1973 they should be able to come in next year, but they've  
1974 requested this waiver on the basis of the current  
1975 condition in the property. And their argument is that  
1976 it is better to rehabilitate it this year because it  
1977 will cost less money than it will next year. In  
1978 reviewing the information that they sent over, the

1979 property appears to be in pretty typical condition for a  
1980 19-year-old property. It does have air conditioners  
1981 that need to be replaced. They have some erosion  
1982 issues. They have some lighting upgrades they'd like to  
1983 make. There's some standing water in the parking lots.  
1984 Obviously, these things are not ideal. We would love  
1985 for all of our properties to be brand new and shiny, but  
1986 these conditions are pretty typical of a 19-year-old  
1987 property. I pulled their last physical inspection that  
1988 we did, which was, I believe, in 2025, and they scored  
1989 an 85 on that, which is almost exactly average. So the  
1990 conditions here are pretty typical. And because of  
1991 that, staff is recommending that you not grant this  
1992 waiver.

1993

1994 When we first got the request, our sort of initial  
1995 instinct was that maybe we should recommend that you say  
1996 yes to this one. But in spending more time with it,  
1997 there's just not really anything here that I can see  
1998 that distinguishes it from any other 19-year-old  
1999 property. In other words, I think any other property of  
2000 this age could come in and make pretty much this exact  
2001 same argument. And so it's difficult for me in

2002 reviewing this information to find a compelling reason  
2003 to recommend that you grant the waiver and because of  
2004 that, staff recommends that you deny it.

2005

2006 **Leo Vasquez III (1:24:34):**

2007 Okay. They have been passing their NSPIRE inspections.

2008

2009 **Cody Campbell (1:24:38):**

2010 Yes, sir. Yeah.

2011

2012 **Leo Vasquez III (1:24:39):**

2013 And so 85, it's not like it was barely making it.

2014

2015 **Cody Campbell (1:24:44):**

2016 Correct.

2017

2018 **Leo Vasquez III (1:24:50):**

2019 Okay. Would anyone care to speak on this item?

2020

2021 **Chris Akbari (1:24:58):**

2022 Mr. Chairman and Board Members, I'm Chris Akbari. I'm  
2023 the CEO of ITEX. We're the developer for this project.  
2024 I am requesting that you guys approve this waiver.

2025 We're seeking this waiver because it is a property that  
2026 is significantly in need. It's in southeast Houston,  
2027 125 units for the seniors.

2028

2029 It was built in, it was allocated in 2004. It would  
2030 have completed in 2005, save and except Hurricanes  
2031 Katrina and Rita depleted the staff that they had, and  
2032 it did not complete construction until February 14th of  
2033 2006. It just barely did not make this rule.

2034 And I would like to sort of establish that we know and  
2035 understand this market very well. It's Houston, Harris  
2036 County, we have a significant number of units in this  
2037 area. This particular property has had 12 declared  
2038 disasters that have occurred. It is not a one-size-fits-  
2039 all across the state of Texas. We have a situation  
2040 where there is a portfolio of assets along the Gulf  
2041 Coast that have had significant decline in the quality  
2042 related to the storms that they've encountered due to  
2043 the inability to get enough insurance proceeds to do all  
2044 the things that need to be done. And because of that, we  
2045 have 125 units filled with seniors, I would estimate  
2046 probably at least 150 seniors who live there, who have a  
2047 need for units that are preserved, a need for units that

2048 are at the high quality and standard that this Board and  
2049 this agency expects. And so we are here to request this  
2050 waiver.

2051

2052 We believe that there is a significant need to upgrade  
2053 the quality of the units, to upgrade the HVAC systems  
2054 that are completely at the end of their useful life, to  
2055 add generators because there is nothing to protect the  
2056 residents if the power grid fails, to make sure that the  
2057 roof is repaired, that some of the issues that were  
2058 pointed out that are on the site are addressed, and also  
2059 to just make sure that this property is preserved for  
2060 the useful life that it should have. As you guys know,  
2061 when you approve these, you're not only approving that  
2062 it has 15 years of compliance, but it also has an  
2063 additional extended useful life of affordability. And  
2064 assets like this cannot meet that demand, especially a  
2065 senior housing property that is less than 150 units. It  
2066 is not financially feasible to go and do a 4 percent  
2067 transaction for this property. I know because we've  
2068 been working on it since 2023. There is no way that we  
2069 could be able to make it feasible with 125 units.  
2070 We would love the opportunity to move forward with an

2071 approval from you guys for this waiver to allow us to  
2072 apply in March and seek funding for this. So thank you.

2073

2074 **Leo Vasquez III (1:28:16):**

2075 Okay. Mr. Akbari, oh, I don't know, one of you may be  
2076 answering, or maybe it's Cody. So this is still, the  
2077 request is that we allow a application to be put in  
2078 again, even though it's one year short of the...

2079

2080 **Cody Campbell (1:28:34):**

2081 That is correct. Yes, sir.

2082

2083 **Leo Vasquez III (1:28:35):**

2084 Our rule. Okay. So it's not, it was kind of like the  
2085 other one. It still has to score out and...

2086

2087 **Cody Campbell (1:28:46):**

2088 That is correct. Yep.

2089

2090 **Leo Vasquez III (1:28:48):**

2091 Okay. Do any board members have questions on this one?  
2092 One thing that Mr. Akbari said I didn't really catch in  
2093 the initial presentation was, so this was a 2002

2094 application, 2004 application.

2095

2096 **Chris Akbari (1:29:08):**

2097 2004 application. Yes.

2098

2099 **Leo Vasquez III (1:29:12):**

2100 Okay. So it was approved back then. It just took time

2101 to get placed in service and that's...

2102

2103 **Chris Akbari (1:29:17):**

2104 Yes, sir. The actual placed-in-service executed date

2105 was April 12th of 2006. It was completed construction

2106 on February 14th of 2006. So it completed 44 days after

2107 the deadline that is imposed here and had its placed-in-

2108 service signed about 100 days after.

2109

2110 **Leo Vasquez III (1:29:43):**

2111 So, Cody, then on our days, this application, it

2112 wouldn't get an award until July of 2026.

2113

2114 **Cody Campbell (1:29:54):**

2115 That is correct.

2116

2117 **Leo Vasquez III (1:29:55):**

2118 Okay. So which is over 20 years from March of 2006.

2119

2120 **Cody Campbell (1:30:02):**

2121 Sure. So what we wrote into the rule was just January

2122 1st of the year is the cutoff to prevent those kinds of

2123 arguments, but yes, I agree with your math.

2124

2125 **Leo Vasquez III (1:30:12):**

2126 Okay. Mr. Thomas.

2127

2128 **Ajay Thomas (1:30:14):**

2129 Thanks, Mr. Chairman. I just had a quick question. So

2130 on some of the things that need to be improved or

2131 corrected and such, can you give me an idea of, like,

2132 have y'all kept up to date with all the maintenance year

2133 over year that's required on the property, or how much

2134 of deferred maintenance are we talking about on this

2135 development?

2136

2137 **Chris Akbari (1:30:36):**

2138 Well, we are buying it from a third-party owner, so we

2139 have not been day-to-day maintaining the property. But

2140 from our property condition needs assessment.

2141

2142 It is very clear that there is a lot of things that

2143 either have had minimal maintenance the past few years

2144 and/or have come to their end of their useful life.

2145 For example, every AC unit needs to be replaced.

2146 Several of the breaker boxes need to be replaced. There

2147 are things like a roof that's been patched but hasn't

2148 been completely replaced. And I would imagine that a

2149 lot of this has just been minimally maintained but needs

2150 a major renovation, and that's what we propose.

2151

2152 **Ajay Thomas (1:31:16):**

2153 So my question, I understand the difficult position it

2154 may put you because you're buying it from a third party,

2155 but why should this Board bend a rule or grant a waiver

2156 with just so much time left before you just follow the

2157 process when there's been so much deferred maintenance

2158 and these are items that should have just been corrected

2159 along the way so you wouldn't be in this position?

2160

2161 **Sarah Andre (1:31:47):**

2162 Hi. I'm Sarah Andre and I'm one of the consultants on

2163 this project. I would not characterize these as  
2164 deferred maintenance.  
2165  
2166 One of the items that is at the end of its useful life  
2167 is water heaters. Water heaters have a standard 10-year  
2168 life. You can go and look in your water heater closet  
2169 and you'll see the, if you sprang for the most expensive  
2170 one, that that's what it says, that it's 10 years before  
2171 sediment clogs it up. So water heaters, for example,  
2172 this is their second set of water heaters. And so all  
2173 these items are just going to continue to get worse.  
2174 It's just going to cost more next year and you get less  
2175 bang for the buck.

2176

2177 **Ajay Thomas (1:32:29):**

2178 But, Sarah, in the letter that you provided that's in  
2179 our board packet, you basically acknowledge that there  
2180 was a substantial amount of deferred maintenance.

2181

2182 **Sarah Andre (1:32:39):**

2183 I have not been the owner. I could not tell you if  
2184 those items are deferred or not. Deferred maintenance  
2185 are things that you put off because you don't want to

2186 spend the money. So water heaters would be at the end of  
2187 their useful life at this time.

2188

2189 And if I am the owner and I'm at 20 years, I'm already  
2190 out of my initial compliance period. My equity partner  
2191 is gone. I'm ready to sell. I don't know about you; I  
2192 don't do much fix-up on a property that I'm about to  
2193 sell. I just say "as is" and put it out there. So I  
2194 think that's kind of standard protocol.

2195

2196 **Ajay Thomas (1:33:12):**

2197 Okay. Thank you.

2198

2199 **Leo Vasquez III (1:33:17):**

2200 Do any other board members have questions, thoughts?

2201

2202 **Kenny Marchant (1:33:21):**

2203 Would you just clarify to me what the waiver is? I'm  
2204 sorry.

2205

2206 **Cody Campbell (1:33:26):**

2207 So the existing rule says that a development that placed  
2208 in service after January 1, 2006, is not eligible to

2209 come back in for more funding. Next year, that'll be  
2210 2007, but for this year, it's 2006.

2211

2212 They placed in service after that deadline by about four  
2213 months, it sounds like, and they are requesting that the  
2214 Board determine that they are eligible to apply for  
2215 credits regardless of the fact that they don't meet that  
2216 age cutoff.

2217

2218 **Kenny Marchant (1:33:51):**

2219 Are these 4 percent or 9 percent?

2220

2221 **Cody Campbell (1:33:52):**

2222 They're 9 percent.

2223

2224 **Kenny Marchant (1:33:54):**

2225 And have we done this before?

2226

2227 **Cody Campbell (1:33:56):**

2228 It's a brand-new rule. So this is the first waiver that  
2229 has come before the Board of this particular rule, and  
2230 the next item on the agenda is going to be the second  
2231 one.

2232

2233 **Kenny Marchant (1:34:05):**

2234 So can I ask the owner a question?

2235

2236 **Chris Akbari (1:34:07):**

2237 Yes.

2238

2239 **Kenny Marchant (1:34:10):**

2240 Do you have this under contract to buy and this is

2241 speculative?

2242

2243 **Chris Akbari (1:34:12):**

2244 Yes, sir. We put it under contract just again for the

2245 second time in December of this past year. Yes, sir.

2246

2247 **Kenny Marchant (1:34:23):**

2248 Yeah. Well, there have been, I don't like to give 9

2249 percents to people that put lipstick on pigs. So that's

2250 where I'm trying to get my head around this one. Just

2251 like, Ajay, I just, when you get through, what are the

2252 units going to look like? They're going to be...

2253

2254

2255 **Chris Akbari (1:34:48):**

2256 We would substantially renovate them. We would take  
2257 them all the way down to the bones and we would come  
2258 back with all-new finishes and all-new MEPs.

2259

2260 This would extend the useful life of the development for  
2261 another 20 to 25 years. Without this reinvestment, these  
2262 units will continue to decline, and eventually, you'll  
2263 have a situation where this property will be in a very  
2264 bad situation. The senior would be in a...

2265

2266 **Kenny Marchant (1:35:15):**

2267 Are they vacant or you...

2268

2269 **Chris Akbari (1:35:16):**

2270 No. It's in high demand. That's part of the reason why  
2271 we believe this needs to be done. This area is in  
2272 tremendous demand, but you cannot be able to go and  
2273 build a new construction senior housing property there.  
2274 The only way to meet the demand is to completely  
2275 renovate and make sure that this is preserved.

2276

2277

2278 **Kenny Marchant (1:35:37):**

2279 So everybody's going to be emptied out, you're going to  
2280 take them to the bones.

2281

2282 **Chris Akbari (1:35:39):**

2283 We'll take about 30 percent of the units down to a  
2284 vacancy. We'll completely renovate that section, which,  
2285 there's actually multiple buildings that are just  
2286 connected via hallways. So we'll take one of those  
2287 buildings, which will be a third, renovate all of those  
2288 all the way down to the studs, and then come back with  
2289 all brand new.

2290

2291 **Kenny Marchant (1:36:00):**

2292 Cody, do they get any kind of preference in scoring on  
2293 this? If we approve this waiver, do they then come into  
2294 the project with any benefit, any extra points?

2295

2296 **Cody Campbell (1:36:15):**

2297 They don't come in with a point benefit from this  
2298 waiver. They do come in with the benefit of being able  
2299 to apply earlier than other projects.

2300

2301 **Kenny Marchant (1:36:21):**

2302 Yeah. Just apply. But they don't come in with any  
2303 point advantage over another development that we pick.  
2304 Okay.

2305

2306 **Cody Campbell (1:36:27):**

2307 That is correct. That is correct.

2308

2309 **Leo Vasquez III (1:36:29):**

2310 Is the property currently under an affordability period,  
2311 or is that all already...

2312

2313 **Cody Campbell (1:36:34):**

2314 Yes, sir. So at year 19, they would still federally  
2315 have a minimum of 11 years left and most likely they  
2316 have a probably 40-year total affordability period, if I  
2317 were guessing.

2318

2319 **Leo Vasquez III (1:36:45):**

2320 Okay. And then if they get the 9 percent credits, which  
2321 they still have to score and make all that work.

2322

2323

2324 **Cody Campbell (1:36:53):**

2325 Sure.

2326

2327 **Leo Vasquez III (1:36:55):**

2328 This renews or re-extends the affordability period,

2329 correct?

2330

2331 **Cody Campbell (1:36:57):**

2332 So it is a new affordability period. But yes, the

2333 effect is...

2334

2335 **Leo Vasquez III (1:37:00):**

2336 So we restart the clock, the 30-year clock.

2337

2338 **Cody Campbell (1:37:01):**

2339 Correct. It would be, we haven't seen the application

2340 yet. 30 is the federal minimum, but functionally

2341 everybody elects to have a longer period because it's

2342 pretty easy points to get.

2343

2344 **Leo Vasquez III (1:37:12):**

2345 Okay. So that's...

2346

2347 **Cody Campbell (1:37:14):**

2348 That is correct.

2349

2350 **Kenny Marchant (1:37:15):**

2351 Will they have to, because they're doing it in phases?

2352 Can you bring it in under the deadlines that our rules

2353 provide in this phasing without having to get a force

2354 majeure?

2355

2356 **Cody Campbell (1:37:27):**

2357 Force majeure for rehabs are, I would say, less common

2358 than force majeure for new construction. ITEX is an

2359 experienced operator. Staff's recommending that you

2360 deny this waiver has nothing to do with...

2361

2362 **Kenny Marchant (1:37:36):**

2363 I'm just asking, is that what you're representing?

2364

2365 **Chris Akbari (1:37:39):**

2366 Yes, sir. Absolutely.

2367

2368 **Kenny Marchant (1:37:42):**

2369 Okay. Thank you.

2370

2371 **Ajay Thomas (1:37:43):**

2372 Just one more question, Mr. Chairman. Of the 125 units

2373 or senior households, how many are leased? What

2374 percentage of the property are leased?

2375

2376 **Chris Akbari (1:37:53):**

2377 Yeah. I don't know the exact today, but as of the last

2378 time I saw it, it was over 95 percent.

2379

2380 **Ajay Thomas (1:38:00):**

2381 Okay. Thank you.

2382

2383 **Leo Vasquez III (1:38:04):**

2384 Okay. I think we understand that this one's close and I

2385 think this differs from the next item on the agenda that

2386 isn't quite as close. But so this vote is in precedent

2387 setting. Okay. Who would care to make a motion on...

2388

2389 **Holland Harper (1:38:23):**

2390 I'm ready, Chairman.

2391

2392

2393 **Leo Vasquez III (1:38:23):**

2394 Mr. Harper.

2395

2396 **Holland Harper (1:38:24):**

2397 I move the Board deny the requested waiver of

2398 11.101(b) (1) (A) by South Union Place Apartments, all as

2399 described in the Board action request, resolution, and

2400 associated documents on this item.

2401

2402 **Ajay Thomas (1:38:34):**

2403 Second, Mr. Chairman.

2404

2405 **Leo Vasquez III (1:38:38):**

2406 Motion made by Mr. Harper, seconded by Mr. Thomas, to

2407 deny the waiver. Any further discussion before we vote

2408 for what I hope is the first vote? Hint, hint. Okay.

2409 Okay. So all those in favor of denying the waiver, say

2410 aye.

2411

2412 **Board Members (1:39:06):**

2413 Aye.

2414

2415

2416 **Leo Vasquez III (1:39:10):**

2417 And those against the motion. Nay. Did you vote?

2418

2419 **Anna Farias (1:39:17):**

2420 Oh, I said aye. I'm sorry.

2421

2422 **Leo Vasquez III (1:39:18):**

2423 Oh, you did? Okay. I'm sorry. I didn't hear. Okay.

2424 Well, I guess I'm in the minority here. Okay. Well...

2425

2426 **Kenny Marchant (1:39:25):**

2427 It's a very uncomfortable aye, by the way.

2428

2429 **Cindy Conroy (1:39:27):**

2430 Yeah, it is.

2431

2432 **Ajay Thomas (1:39:28):**

2433 Yes, definitely.

2434

2435 **Cindy Conroy (1:39:28):**

2436 It is, I feel, I'm just afraid of what happens when we

2437 grant. Are we going to be looking at this every board

2438 meeting? And I find it unfortunate, but once you start

2439 granting, then everybody comes that probably is not, I  
2440 feel what you're trying to do is what I'm trying to say,  
2441 and I admire what you're trying to do.  
2442 It just puts us in a very strange situation of what  
2443 we're setting up going forward.

2444

2445 **Leo Vasquez III (1:39:58):**

2446 Motion carries five to one. Note for the record, the  
2447 Chair is the one. Okay. Item 21, are we at?

2448

2449 **Cody Campbell (1:40:14):**

2450 Yes, sir.

2451

2452 **Leo Vasquez III (1:40:18):**

2453 Okay. Item 21: Presentation, discussion, and possible  
2454 action regarding a waiver of 10 TAC Section  
2455 11.101(b) (1) (A) (viii) for Travis Street Plaza  
2456 Apartments. Mr. Campbell.

2457

2458 **Cody Campbell (1:40:31):**

2459 Thank you, Mr. Vasquez. This item concerns the exact  
2460 same rule. It's that January 1, 2006, cutoff date. In  
2461 this particular case, Travis Street Plaza is about 14

2462 years old. They placed in service in 2012, so it's a  
2463 much more recent development than the one we were just  
2464 discussing.

2465

2466 I pulled the most recent inspection report, and this  
2467 project appears to be in, at least as of the time that  
2468 we did the inspection, worse shape than the last project  
2469 that we were discussing. They scored a 64.15 on their  
2470 most recent physical inspection, which puts them on an  
2471 accelerated schedule and means that we will be back out  
2472 there within a year. The basis for them requesting this  
2473 waiver is represented in your board book with the  
2474 materials that they submitted. And essentially the  
2475 issue is that, based on the representations, the  
2476 property was not constructed correctly initially by the  
2477 general contractor. The windows were installed  
2478 incorrectly, and since then they have been dealing with  
2479 water infiltration issues. There is a lot of information  
2480 in your board book about this, including a judgment that  
2481 was issued as a result of arbitration. There are other  
2482 estimates in there for how much this is going to cost to  
2483 fix. And similar to the last waiver request, staff is  
2484 recommending that you deny this one. And the reason is,

2485 and I've been trying to think of a kind way to say this,  
2486 but I'm not sure why this problem is the tax credit  
2487 program's problem to fix. It certainly does seem like a  
2488 real problem.

2489

2490 I'm not for a second dismissing that they're dealing  
2491 with a pretty bad situation. But in terms of that  
2492 situation creating a justification for staff to  
2493 recommend that you waive the rule, we just can't get  
2494 there. I'm happy to answer any questions that you may  
2495 have. This is certainly a very unique situation.  
2496 Again, we recommend that you deny the waiver and...

2497

2498 **Leo Vasquez III (1:42:32):**

2499 Do we have questions for Mr. Campbell?

2500

2501 **Kenny Marchant (1:42:36):**

2502 Are we dealing with the owner instead of a prospective  
2503 owner?

2504

2505 **Cody Campbell (1:42:40):**

2506 That is a really good question. And I looked at that  
2507 when preparing this item. So far as I can tell from the

2508 information that we have on hand, it looks like it's  
2509 maybe a related-party transaction. I would look to the  
2510 owner to confirm that, but it does seem that way. Is  
2511 that correct? Yes. It is a related-party transaction.

2512

2513 **Leo Vasquez III (1:43:00):**

2514 And this is 14 years old.

2515

2516 **Cody Campbell (1:43:02):**

2517 They placed service in 2012. Yes, sir.

2518

2519 **Leo Vasquez III (1:43:07):**

2520 Okay. What was the date, the earliest that they could  
2521 apply before we extended it to 20 years?

2522

2523 **Cody Campbell (1:43:17):**

2524 So previously, there was not a time limit. We inserted  
2525 the time limit.

2526

2527 **Leo Vasquez III (1:43:21):**

2528 Okay. There wasn't.

2529

2530

2531 **Cody Campbell (1:43:22):**

2532 Yeah.

2533

2534 **Leo Vasquez III (1:43:22):**

2535 Okay. All right. I thought it was 15.

2536

2537 **Cody Campbell (1:43:24):**

2538 Yeah. There's federal regulations as to how long you

2539 have to wait. I believe you have to wait 10 years to do

2540 a rehab, but that's slightly out of my scope, so I...

2541

2542 **Leo Vasquez III (1:42:31):**

2543 Okay. All Right. If there wasn't. I just recall I

2544 thought it was 15. Okay. Would anyone care to speak on

2545 this item?

2546

2547 **Thomas Cantwell (1:43:43):**

2548 Good morning. Tough situation. My name is Tim

2549 Cantwell. Legal name is Thomas Cantwell. I'm president

2550 of Cantwell-Anderson, Inc. We are not a typical tax

2551 credit developer. We're not in the business of that.

2552 We are in the development business for housing veterans.

2553 We've been in that mission since '93, 33 years.

2554 We've planted 3,000 units of these across nine cities  
2555 and five states. Been here in the Houston marketplace,  
2556 actually, before we built at the DeGeorge Hotel, helping  
2557 another developer get that up. We have done this mostly  
2558 without tax credits. Here in Texas, that's a very good  
2559 tool. We've done others here without tax credits.  
2560 559 of our 3,000 units have been utilizing low-income  
2561 housing tax credits. We develop campuses that are  
2562 focused on veterans. We bring together partners; the VA  
2563 is obviously in all of those, on the service side,  
2564 Catholic Charities, Salvation Army, Goodwill, American  
2565 GI Forum, to name a few here in the Houston marketplace.  
2566 We've been in that mission. We have been supporting  
2567 this thing painfully since we opened the doors.  
2568 The general contractor, we sued, we got a judgment, we  
2569 can't collect, they're gone. We've been pouring money  
2570 into this trying to hold off the water intrusion. And  
2571 we get it, and we just are going to be at a point where  
2572 we just can't keep doing this. And the only, I don't  
2573 think you would ever find anyone that had stood into  
2574 this the way we have and it is because of our mission-  
2575 driven nature for who we're trying to serve.  
2576 We've been planning to use this 9 percent, waiting our

2577 turn for that. And that would have been this year, but  
2578 for this rule that came into play, I think, just in  
2579 November. So we can't picture how we can hold this  
2580 thing together for another well, any significant period  
2581 of time.

2582

2583 And really can't imagine that the spirit of that rule  
2584 going into place was to prevent needed investment to  
2585 sustain housing. It had to, I can imagine why you did  
2586 it. I appreciate the spirit of the rule, but I really  
2587 don't think it'd be applicable in this set of  
2588 circumstances with this set of cause and this kind of  
2589 problem. My time is up.

2590

2591 **Leo Vasquez III (1:46:52):**

2592 Okay. Thank you. So this is currently occupied by  
2593 veterans.

2594

2595 **Thomas Cantwell (1:45:58):**

2596 Yes, substantially. Yes. Yes, sir.

2597

2598 **Leo Vasquez III (1:47:04):**

2599 So who is the owner?

2600

2601 **Thomas Cantwell (1:47:09):**

2602 Cantwell-Anderson is effectively, it's a stand-up LLC.

2603 The tax credit syndication group is wound up and done.

2604 They'll be going.

2605

2606 Cantwell-Anderson is who, of which I'm the president and

2607 substantial owner of, is who's been backstopping this

2608 thing.

2609

2610 **Kenny Marchant (1:47:28):**

2611 Yeah. So you built it.

2612

2613 **Thomas Cantwell (1:47:30):**

2614 Yes, sir.

2615

2616 **Kenny Marchant (1:47:32):**

2617 And so after 12 years, it needs substantial 9 percent...

2618

2619 **Thomas Cantwell (1:47:36):**

2620 It's 14 years, but yes.

2621

2622

2623 **Kenny Marchant (1:47:39):**

2624 14. It's 14. It needs a substantial overall...

2625

2626 **Thomas Cantwell (1:47:48):**

2627 It needs a whole new exterior skin, window, everything.

2628 And then where that damage has come into the units

2629 around the perimeter, all that inside needs to be done.

2630

2631 **Kenny Marchant (1:47:54):**

2632 So whereas the last project he missed by several months,

2633 this one missed it by six years.

2634

2635 **Thomas Cantwell (1:48:00):**

2636 Yes, sir. Yeah. It's a function of how it got put into

2637 service by the general contractor, who we got in a big

2638 fight with, can't collect any money from.

2639

2640 **Kenny Marchant (1:48:15):**

2641 Yeah. We had a long, long discussion about the 20

2642 years, and I thought the Board was pretty much on the

2643 same page on that. I do recognize the problem. What

2644 other options do you have from financing-wise?

2645

2646 **Thomas Cantwell (1:48:36):**

2647 For the scale of what this is?

2648

2649 **Kenny Marchant (1:48:38):**

2650 Yeah.

2651

2652 **Thomas Cantwell (1:48:39):**

2653 See none.

2654

2655 **Kenny Marchant (1:48:45):**

2656 FHA. HUD?

2657

2658 **Thomas Cantwell (1:48:47):**

2659 Well, they won't support any debt. It doesn't have any,

2660 no. Yeah, it's bad. And we've kept it glued together,

2661 but that's what it is. It's been glued together, as

2662 evidenced by that score.

2663

2664 **Kenny Marchant (1:49:07):**

2665 Yeah. I'm kind of with Cody that I'm not sure how that

2666 ended up being our problem.

2667

2668

2669 **Thomas Cantwell (1:49:14):**

2670 Well, it wouldn't be your problem absent that rule, but  
2671 I can understand why you did it. I got to believe it  
2672 has to do with something that's not like this. We're  
2673 not in this to, this isn't about developer fees. This  
2674 is not that. This is about providing this housing for  
2675 that group and keeping it in a good, sustainable  
2676 condition.

2677

2678 **Bobby Wilkinson (1:49:41):**

2679 Could you elaborate on the water intrusion, how many  
2680 units, what are the other repercussions from it, et  
2681 cetera?

2682

2683 **Thomas Cantwell (1:49:46):**

2684 Sure. Windows failed. Window manufacturer's nowhere to  
2685 be found. The exterior elevation has mixtures of Hardie  
2686 board, which is actually pretty reasonably sound;  
2687 vertical metal siding, not so reasonably sealed; thin  
2688 brick, which interfaces with stucco. And we just got it  
2689 coming in at all of those changes. That's why I say it  
2690 needs to be, we think you just need to reskin it and  
2691 replace the windows. And then from that, we have

2692 structural deterioration around the perimeter. And  
2693 we've gone in and ripped some of that up and redone the  
2694 joists because they deteriorated. And that's not a  
2695 simple deal. You've got to tear the drywall off, the  
2696 outside of the skin off the outside, I mean, drywall off  
2697 the inside, the skin off the outside. We've been doing  
2698 it from the drywall on the inside, but we really need to  
2699 stop it from the skin on the outside.

2700

2701 The electrical, that's all good. That's not the same  
2702 situation. We have damage on the inside with, depending  
2703 on how far that water creeps back. Of course, the  
2704 floors are gone and we've got some of the kitchen  
2705 cabinet, the hard surfaces have to be replaced. We have  
2706 a switch for a roll-up generator. It'd be nice to have  
2707 a generator, but the electrical's okay. The plumbing  
2708 fixtures are, not fixtures, but the plumbing, the  
2709 infrastructure's fine. It's a four-story building over  
2710 a podium garage. And it's this skin that we have to  
2711 deal with. And it won't be easy to execute, mind you,  
2712 but we're 30 percent empty as a function of all of this.  
2713 And so we can do them in stacks, so we would do them in  
2714 8- to 12-unit stacks and relocate our folks around

2715 inside the building to do the work. That's how we would  
2716 execute. But it is not a small undertaking.

2717

2718 **Sarah Andre (1:52:11):**

2719 May I?

2720

2721 **Thomas Cantwell (1:52:11):**

2722 Yes, ma'am. Sarah.

2723

2724 **Sarah Andre (1:52:14):**

2725 Hi. Once again, Sarah Andre. I just wanted to provide  
2726 a little bit more color. Just to be very clear, the  
2727 general contractor either didn't use flashing or used it  
2728 incorrectly. So this isn't a problem that started this  
2729 year. This is a problem that started the first year.  
2730 And while it was under warranty, they were able to get a  
2731 few repairs. And then by year five, after many  
2732 wrangling with the GC over and over and over again, they  
2733 finally sued and got a judgment. And Tim has been very  
2734 modest, but they have put \$9 million into this  
2735 development over the years. This isn't about making  
2736 money. It is about serving those tenants, most of whom  
2737 are very low-income veterans. This was done prior to the

2738 supportive housing rule. It would be considered  
2739 supportive housing today. Almost 50 percent of their  
2740 units have vouchers. The Public Housing Authority has  
2741 put their money behind this. The City of Houston has  
2742 already put their money behind this. The private money  
2743 has dried up. I say that \$9 million is a lot. So that  
2744 is why they're here. And we looked at this last year as  
2745 an at-risk, and it was one year shy.

2746

2747 And so we decided, okay, we'll take one more year, and  
2748 then the rule changed. So that's why we're here.

2749

2750 **Leo Vasquez III (1:53:54):**

2751 Any other questions?

2752

2753 **Anna Farias (1:54:03):**

2754 Mr. Chairman. I feel for you. But, Mr. Chairman, once  
2755 again, I have seen this so many times in my 35 years of  
2756 government experience. People promise to do all these  
2757 wonderful things and the government gives them the  
2758 money. And then you get bad general contractors because  
2759 a lot of times their attitude is, oh, it's just  
2760 government money. They'll get some more.

2761 And it's very sad that the people that need it the most,  
2762 in this case, veterans, are the ones that are paying the  
2763 ultimate price for bad people. And it's like you've  
2764 heard me make statements many times, Mr. Chairman, but  
2765 we've seen this over and over again. People just see  
2766 government money and they go, there'll be more. Don't  
2767 worry about it. We can go and milk it for all it's  
2768 worth, and it's so sad.

2769

2770 And it's too bad, you took it to court and you won and  
2771 you couldn't get anything. That was even worse because  
2772 it doesn't help the veterans that need the help the  
2773 most.

2774

2775 **Leo Vasquez III (1:55:16):**

2776 Okay. Mr. Campbell, is there anything else to add? I  
2777 think we...

2778

2779 **Cody Campbell (1:55:20):**

2780 No, sir. I think we've covered it.

2781

2782 **Leo Vasquez III (1:55:23):**

2783 I'll entertain a motion on this item. Okay. And to

2784 reiterate, staff's recommendation is to deny the waiver.

2785

2786 **Cody Campbell (1:55:32):**

2787 Yes, sir.

2788

2789 **Leo Vasquez III (1:55:33):**

2790 Okay. Would anyone care to make a motion? Mr. Harper.

2791

2792 **Holland Harper (1:55:48):**

2793 Sir, what else do you have? You have no other solutions

2794 for this. This is a water intrusion because the water

2795 barrier, first off, stucco's tough. Let's just be

2796 really clear. You have stucco to brick veneer to metal

2797 panel and the rest, and all that has to be super

2798 waterproofed because you're in multiple mediums in the

2799 deal.

2800

2801 **Thomas Cantwell (1:56:09):**

2802 That's right.

2803

2804 **Holland Harper (1:56:11):**

2805 That didn't happen.

2806

2807 **Thomas Cantwell (1:56:12):**

2808 That's correct.

2809

2810 **Holland Harper (1:56:12):**

2811 So now you have water intrusion, which means that all

2812 your studs have got junk on them, your floor plates are

2813 in need of help. You've got big problems.

2814

2815 **Thomas Cantwell (1:56:2):**

2816 Big problem.

2817

2818 **Holland Harper (1:56:22):**

2819 So really, this thing needs to come apart, start all

2820 over on the exterior, do an entire new sheathing

2821 program, new waterproofing, new windows, new flashings.

2822 And it looks like you have about \$5.23 million in that

2823 program to get that done. Is that close? I'm just

2824 reading here.

2825

2826 **Thomas Cantwell (1:56:42):**

2827 Close. No. You got the right scale and it has to be

2828 done from the outside. Otherwise, we're just we're

2829 just...

2830

2831 **Holland Harper (1:56:51):**

2832 But you've dropped \$9 million in it so far.

2833

2834 **Thomas Cantwell (1:56:53):**

2835 Yes, sir.

2836

2837 **Holland Harper (1:56:54):**

2838 And you didn't just stop and say, hey, I can't stop this

2839 problem from the, you can't stop it from the inside.

2840

2841 **Thomas Cantwell (1:57:01):**

2842 No, I understand.

2843

2844 **Holland Harper (1:57:03):**

2845 Okay.

2846

2847 **Thomas Cantwell (1:57:03):**

2848 Trying to make our compliance with you all till we get

2849 back to the table to do it right. And we thought we

2850 were there until November.

2851

2852

2853 **Holland Harper (1:57:12):**

2854 And you can understand why we're not excited about that.

2855

2856 **Thomas Cantwell (1:57:14):**

2857 I totally understand, and the spirit of where you're

2858 coming from with it. This is not that deal. I don't

2859 think you'd find anybody would have done what we did.

2860

2861 **Holland Harper (1:57:24):**

2862 Okay. Thank you, sir. Mr. Campbell, do we have any

2863 other solutions out there? Does he have anywhere else

2864 to go? This is not a TDHCA problem, but it's landing on

2865 a TDHCA problem today for a request just to ask the

2866 question.

2867

2868 **Cody Campbell (1:57:46):**

2869 Sure. We could look at some of our other funding

2870 sources and see if maybe we could cobble together a loan

2871 to bring back to this Board, but separate from that, I

2872 can't think of a solution. And even that's not a

2873 guarantee. We would have to talk to, I'd have to talk

2874 to Priscilla to see what kind of money we have. I'd

2875 have to talk to our attorneys to see if there's any

2876 regulatory barriers that we would hit. Of course, we're  
2877 happy to do that. I'm just thinking out loud. But  
2878 aside from that, no, I can't think of anything off the  
2879 top of my head.

2880

2881 **Bobby Wilkinson (1:58:18):**

2882 Probably doesn't pencil out as a 4 percent given the  
2883 size of it.

2884

2885 **Cody Campbell (1:58:21):**

2886 At this size, no. Almost certainly not.

2887

2888 **Holland Harper (1:58:25):**

2889 On the loan, what's your confidence factor? 50 points?  
2890 50 percent? 70 percent?

2891

2892 **Cody Campbell (1:58:36):**

2893 What size loan fixes this?

2894

2895 **Holland Harper (1:58:37):**

2896 It's about 5.6.

2897

2898

2899 **Cody Campbell (1:58:45):**

2900 Thank you. That's very good information. So Sarah just  
2901 let me know that they're in a participating  
2902 jurisdiction, which means under state law we can't give  
2903 them HOME funds. So we would have to see, I'm going to  
2904 say 50 percent confidence that we might have some  
2905 funding source that we could put in there.

2906

2907 **Holland Harper (1:59:00):**

2908 Mr. Chairman, I recommend we table this for 30 days and  
2909 see if we can put some more money to this thing and  
2910 bring it back the next month.

2911

2912 **Anna Farias (1:59:09):**

2913 I second that, Mr. Chairman.

2914

2915 **Leo Vasquez III (1:59:14):**

2916 I appreciate that, but what is just being thrown out on  
2917 the table here as an idea for loans doesn't have  
2918 anything to do with this waiver, which is...

2919

2920 **Holland Harper (1:59:29):**

2921 It doesn't have anything to do with this?

2922

2923 **Beau Eccles (1:59:32):**

2924 That's why it's a motion to table.

2925

2926 **Leo Vasquez III (1:59:34):**

2927 Well, if we vote on this item right now, that does not

2928 preclude everyone getting together and trying to figure

2929 out if there's a loan. That has nothing to do with the

2930 timing, right?

2931

2932 **Beau Eccles (1:59:47):**

2933 Yeah.

2934

2935 **Kenny Marchant (1:59:47):**

2936 But if we don't vote on it, they are not granted a

2937 waiver, right?

2938

2939 **Holland Harper (1:59:51):**

2940 That's correct.

2941

2942 **Kenny Marchant (1:59:53):**

2943 So that tabling it, we're not voting on it.

2944

2945 **Holland Harper (1:59:55):**

2946 I'm not saying yay. I'm not saying...

2947

2948 **Kenny Marchant (1:59:56):**

2949 The effect though is not granting them a waiver.

2950

2951 **Cindy Conroy (2:00:00):**

2952 They're going to come back and ask again, right?

2953

2954 **Leo Vasquez III (2:00:05):**

2955 Well, they may change the request.

2956

2957 **Cindy Conroy (2:00:06):**

2958 They may change the request.

2959

2960 **Leo Vasquez III (2:00:07):**

2961 Yeah.

2962

2963 **Kenny Marchant (2:00:08):**

2964 Yeah. I think I'm on the same wavelength as far as by  
2965 not denying them, by not approving it, they're not going  
2966 to get the waiver, so that's de facto. And so we can  
2967 table the waiver. Table it. And you're saying 30 days,

2968 you're just you're just saying 30 days.

2969

2970 **Holland Harper (2:00:31):**

2971 Come back next month. Give the staff some time to  
2972 review.

2973

2974 **Kenny Marchant (2:00:34):**

2975 Yeah.

2976

2977 **Holland Harper (2:00:34):**

2978 I'm not excited about this process at all because this  
2979 is a, not being evil, this is a management problem, not  
2980 a TDHCA problem. They hired a contractor. The  
2981 contractor doesn't, he files Chapter 13, whatever the  
2982 number is. There's no money to get and now it's back in  
2983 our lap.

2984

2985 **Ajay Thomas (2:00:57):**

2986 Cody, just a quick question. In the materials that were  
2987 presented to you, and this may be a question for you,  
2988 sir. The GC didn't have any insurance. You didn't  
2989 verify he was insured?

2990

2991 **Thomas Cantwell (2:01:15):**

2992 Yes. He had insurance. He had a bond. And we haven't  
2993 gotten a dime. It's just a big old fight. It's been  
2994 going on for, and you said after five years. We'd been  
2995 fighting them almost from day one. I wish we hadn't  
2996 spent the money in legal. It was just, my partner is a  
2997 real estate lawyer and he's always said a lawsuit is  
2998 jump ball in the best case, and it's just a colossal  
2999 waste of time.

3000

3001 **Ajay Thomas (2:01:53):**

3002 Sure. If I understand the litigation, you won the  
3003 litigation, but it didn't pay out, which is unfortunate.  
3004 But did you pursue litigation against the insurance  
3005 company?

3006

3007 **Thomas Cantwell (2:02:02):**

3008 Oh, everybody's been in on that.

3009

3010 **Ajay Thomas (2:02:04):**

3011 Wow. Interesting. Okay.

3012

3013

3014 **Thomas Cantwell (2:02:07):**

3015 Yeah.

3016

3017 **Ajay Thomas (2:02:08):**

3018 Thank you.

3019

3020 **Cody Campbell (2:02:10):**

3021 Is there any, before we spend too much time on this this

3022 loan idea, is the development capable of supporting any

3023 kind of debt service beyond what it has right now?

3024

3025 **Thomas Cantwell (2:02:19):**

3026 No. Maybe some, but we've got to get it in serviceable

3027 condition so that we're not, and you said lipstick on a

3028 pig. I wouldn't quite phrase it that way, but it's been

3029 bubblegum and baling wire and we managed to spend a lot

3030 of money.

3031

3032 **Cody Campbell (2:02:39):**

3033 And just to help me understand, if the Department were

3034 to find a source of money to loan you, what...

3035

3036

3037 **Kenny Marchant (2:02:44):**

3038 Would be a grant. It's going to have to be a grant.

3039

3040 **Cody Campbell (2:02:45):**

3041 It would be a grant, is what I'm getting to, yeah.

3042

3043 **Thomas Cantwell (2:02:47):**

3044 I think substantially, it need to be a grant.

3045

3046 **Kenny Marchant (2:02:52):**

3047 Well, I'm perfectly willing to work on it, to have us

3048 work on it.

3049

3050 **Leo Vasquez III (2:02:57):**

3051 If y'all want, if the consensus is to table it, that's

3052 fine. I just don't see how this is...

3053

3054 **Kenny Marchant (2:03:02):**

3055 But I will say if it's brought back up for a vote, I'll

3056 vote no.

3057

3058 **Holland Harper (2:03:06):**

3059 It won't get a waiver.

3060

3061 **Leo Vasquez III (2:03:07):**

3062 Yeah. I just don't see how this is our problem.

3063

3064 **Cindy Conroy (2:03:12):**

3065 I agree.

3066

3067 **Leo Vasquez III (2:03:15):**

3068 I'm as supportive of veterans and such as anyone, but

3069 that's a different part of this whole puzzle.

3070

3071 **Sarah Andre (2:03:31):**

3072 I apologize. I just have a technical question.

3073 Would we submit an application without the waiver and

3074 then have the waiver considered again? Okay.

3075

3076 **Cody Campbell (2:03:43):**

3077 Because they haven't requested to waive the application

3078 due date. So if they wanted to take the gamble on it

3079 being tabled and maybe the waiver being granted this

3080 month, they would have to, in the intervening time, put

3081 together the entire application and submit the whole

3082 thing. And that's just a risk they would have to take.

3083

3084 **Kenny Marchant (2:03:58):**

3085 But this just gets them in the round to be considered.

3086

3087 **Cody Campbell (2:04:01):**

3088 That is correct. It is not an award of funding. Yes,

3089 sir.

3090

3091 **Kenny Marchant (2:04:03):**

3092 And would the scoring, could they possibly get a score

3093 that would...

3094

3095 **Holland Harper (2:04:13):**

3096 They won't be compliant unless we grant the waiver.

3097 They just stated that they cannot afford debt, so it has

3098 to be a grant, which is not, we're not really in the

3099 grant, we're in the credit business not grants business.

3100

3101 **Kenny Marchant (2:04:22):**

3102 Yeah. But if we grant the waiver, all we're giving them

3103 is the ability to enter the round in...

3104

3105

3106 **Cody Campbell (2:04:27):**

3107 Yes, sir.

3108

3109 **Holland Harper (2:04:29):**

3110 We're also setting...

3111

3112 **Kenny Marchant (2:04:30):**

3113 And then they won't qualify.

3114

3115 **Cindy Conroy (2:04:31):**

3116 But that was the question a minute ago. But they were

3117 just a few days out of compliance, and this is years

3118 and...

3119

3120 **Leo Vasquez III (2:04:42):**

3121 I'm kind of flabbergasted that it sounds like we're

3122 considering giving this one a waiver.

3123

3124 **Cindy Conroy (2:04:48):**

3125 I agree.

3126

3127 **Leo Vasquez III (2:04:38):**

3128 When the other one was so much closer to remain.

3129

3130 **Ajay Thomas (2:04:52):**

3131 I'm against the waiver.

3132

3133 **Cindy Conroy (2:04:53):**

3134 I'm against a waiver, too.

3135

3136 **Kenny Marchant (2:04:55):**

3137 Yeah. I'm not against tabling it, but I will later vote

3138 a "no" on that waiver we get there. But if we take no

3139 action, they get no waiver.

3140

3141 **Ajay Thomas (2:05:04):**

3142 Yeah. Basically, where the Board seems to be is we

3143 would vote on this, we would deny the waiver. And then

3144 if they went to staff and wanted to get some sort of

3145 grant that they wanted to bring back to the Board, we

3146 would have to make a decision on the grant.

3147

3148 **Leo Vasquez III (2:05:17):**

3149 Well, which has nothing to do with this, because the

3150 no...

3151

3152 **Ajay Thomas (2:05:18):**

3153 Which has nothing to do with this item.

3154

3155 **Leo Vasquez III (2:05:19):**

3156 Timeline difference on that.

3157

3158 **Ajay Thomas (2:05:21):**

3159 Correct.

3160

3161 **Leo Vasquez III (2:05:22):**

3162 I don't see any problem with us being consistent and

3163 just...

3164

3165 **Ajay Thomas (2:05:24):**

3166 Correct.

3167

3168 **Cindy Conroy (2:05:25):**

3169 Just deny. I say we grant the denial.

3170

3171 **Beau Eccles (2:05:27):**

3172 Well, there's a motion seconded on the table.

3173

3174

3175 **Leo Vasquez III (2:05:30):**

3176 Did Harper's get seconded?

3177

3178 **Beau Eccles (2:05:33):**

3179 Yes, it was by Ms. Farias.

3180

3181 **Leo Vasquez III (2:05:40):**

3182 Mr. Harper, do you want to keep that motion?

3183

3184 **Holland Harper (2:05:44):**

3185 I rescind my motion.

3186

3187 **Leo Vasquez III (2:05:45):**

3188 You want to withdraw the motion, okay.

3189

3190 **Holland Harper (2:05:46):**

3191 I rescind my motion.

3192

3193 **Leo Vasquez III (2:05:48):**

3194 Okay. So, Mr. Thomas, would you care to make a motion?

3195

3196 **Ajay Thomas (2:05:54):**

3197 Sir. Mr. Chairman, I move the Board deny the requested

3198 waiver of 11.101(b) (1) (A) by Travis Street Plaza  
3199 Apartments, all as described in the Board action  
3200 request, resolution, and associated documents on this  
3201 item.

3202

3203 **Cindy Conroy (2:06:08):**

3204 I second.

3205

3206 **Leo Vasquez III (2:06:10):**

3207 Motion made by Mr. Thomas, seconded by Ms. Conroy, to  
3208 deny the waiver. All those in favor of that motion, say  
3209 aye.

3210

3211 **All Board Members (2:06:23):**

3212 Aye.

3213

3214 **Leo Vasquez III (2:06:21):**

3215 Any opposed? So carries unanimous. I think let's try to  
3216 see what all these other programs that we have around  
3217 that we can figure out how to make something happen.  
3218 Item 22 of the agenda has been pulled, correct?

3219

3220

3221 **Cody Campbell (2:06:47):**

3222 That is correct. Yes, sir.

3223

3224 **Leo Vasquez III (2:06:51):**

3225 Going on to item 23, our bad penny that we can't get rid

3226 of: Presentation, discussion, and possible action

3227 regarding yet another extension of the development

3228 period for Commons at St. Anthony's. Mr. Campbell, tell

3229 us about this just absolutely fantastic, perfect project

3230 that we should be working on.

3231

3232 **Cody Campbell (2:07:18):**

3233 Mr. Vasquez, I'm very happy to say that this item is not

3234 as alarming as it might seem from its title. I'm very

3235 happy to report that I've spoken with the developer

3236 recently. They have gotten their TCOs and they are

3237 expecting their first move-ins in mid-February. So the

3238 important part of the work is done. The existing placed-

3239 in-service deadline that exists for the tax credits is

3240 still in place. This item has nothing to do with that

3241 particular deadline. This is specifically about the

3242 development period in their loan. And it's really just

3243 a matter of staff's paperwork. So when we first closed

3244 the loan, they had a development period under that  
3245 contract that was allowed to be up to 36 months. That  
3246 ends February 15th, so staff has no ability to extend  
3247 that loan's development period beyond that February 15th  
3248 date. After that time, because we'll be out of the  
3249 development period, we will no longer be able to issue  
3250 the final disbursement of funds. We won't be able to  
3251 close the project out with HUD. We won't be able to do  
3252 all the important paperwork things that have to be done  
3253 after a project is completed. And so we are requesting  
3254 that the Board extend the development period in that  
3255 loan just to allow for those final administrative  
3256 processes, let them have their final construction  
3257 inspection and complete any corrections that are  
3258 necessary as a result of that, and finally close this  
3259 project out. This item does include some very specific  
3260 timelines that the applicant will have to meet over the  
3261 next couple of months, including a deadline of when they  
3262 have to submit their final construction inspection, when  
3263 they have to submit the final draw, and a deadline of  
3264 September 30th at the absolute latest to complete any  
3265 repairs that are necessary as a result of that  
3266 inspection. We do recommend that you approve this.

3267 Again, this is administrative. It's not giving them any  
3268 more actual construction time. They are moving people in  
3269 imminently. We're very excited about it and we  
3270 recommend that you approve this.

3271

3272 **Leo Vasquez III (2:09:07):**

3273 And what if we don't? I'm sorry. All right. Does  
3274 anyone have questions on this item? I'll entertain a  
3275 motion on item 23 of the agenda.

3276

3277 **Holland Harper (2:09:21):**

3278 Mr. Chairman, I move the Board approve the extension of  
3279 the development period for the Commons at St. Anthony's,  
3280 all as described in the Board action request,  
3281 resolution, and associated documents on this item.

3282

3283 **Anna Farias (2:09:29):**

3284 Second.

3285

3286 **Leo Vasquez III (2:09:30):**

3287 Motion made by Mr. Harper. Seconded by Ms. Farias. All  
3288 those in favor say aye.

3289

3290 **Board Members (2:09:36):**

3291 Aye.

3292

3293 **Leo Vasquez III (2:09:47):**

3294 All those opposed. Nay. Motion carries 5-1.

3295

3296 The Board has addressed the posted agenda items. Now is

3297 the time of the meeting when members of the public can

3298 raise issues with the Board on matters of relevance to

3299 the department's business or make requests that the

3300 Board place specific items on future agendas for

3301 consideration. Is there anyone who would like to provide

3302 public comment at this time? Seeing none, the next

3303 scheduled board meeting of the governing board is at

3304 10:00 a.m. on Friday, March 6th. So everyone note that

3305 it's not on our usual Thursday. It's Friday, March 6th,

3306 and it'll be here in the Greer, same room, on that date.

3307 So it is 12:15. We are adjourned.

3308 \* \* \* \* \*