



TDHCA Governing Board Meeting Transcript*

***10:00 a.m.
June 12, 2025***

***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:

Cody Campbell

Neal J. Rackleff

Lt. Nathan Carroll

Chief Alvaro Guzman

Barry Palmer

Bobby Wilkinson

Brian Terry

Brooke Boston

Wendy Quackenbush

Paul Ford

Teresa Morales

Michael De Young

Connor Jones

Rosalio Banuelos

Walter Moreau

Donna Rickenbacker

John C. Shackelford

Sam Hagerty

Lora Myrick

Taylor Thomas

Kim Parker

Michelle Snowden

Byron Burkhalter

Barry Palmer

Juli Gonzalez

Priscilla Martinez

Robbye Meyer

Felipe Martinez

Justin Meyer

Josh Goldberger

Oscar Paul

Jason Aldridge

Abby Penner

Michael Fogel

Donna Beth Lee Raley Shaw

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

2 I hereby call to order the meeting of the governing
3 Board of the Texas Department of Housing and Community
4 Affairs. It is 10:03 in the morning on June 12, 2025.
5 We'll start out with a roll call as we have a full
6 quorum here. Mr. Marchant.

7

8 **Kenny Marchant (0:00:18):**

9 I'm here.

10

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

12 Ms. Farias.

13

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

15 Here.

16

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

18 Mr. Thomas.

19

20 **Ajay Thomas (0:00:21):**

21 Here.

22

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

24 Mr. Harper.

25

26 **Holland Harper (0:00:22):**

27 Here.

28

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

30 Ms. Conroy.

31

32 **Cindy Conroy (0:00:24):**

33 I am here.

34

35 **Leo Vasquez III (0:00:25):**

36 All right. And I am here. So we have a full house.

37 Great. We will start out as usual with Mr. Wilkinson

38 leading us in the pledges.

39

40 **Bobby Wilkinson (0:00:36):**

41 I pledge allegiance to the flag of the United States of

42 America and to the republic for which it stands, one

43 nation under God, indivisible, with liberty and justice

44 for all. Honor the Texas flag. I pledge allegiance to

45 thee, Texas, one state under God, one and indivisible.

46

47

48

49 **Leo Vasquez III (0:01:03):**

50 And as we say in Houston, the home of the first place
51 Houston Astros. Play ball. Okay. Just give everyone a
52 heads up. Okay. We'll go ahead and do the consent
53 agenda first. And we are going to take item 21 out of
54 sequence and move you all up to the first so everyone
55 can get back to their preparations for fun times this
56 weekend. So we'll start out with the consent agenda.

57 Are there any items that a Board member wishes to move?

58

59 **Holland Harper (0:01:40):**

60 Mr. Chairman, I'd like to take number six and just
61 discuss it briefly.

62

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

64 Okay. Great. We'll move six to action items. Are
65 there any other changes to the consent agenda? If not,
66 I'll entertain a motion on the consent agenda with the
67 exception of item six.

68

69 **Anna Maria Farias (0:02:00):**

70 Mr. Chairman, I move the Board approve items one through
71 seven with the exception of item six for further

72 conversation as described and presented in the
73 respective Board action request and report parts.

74

75 **Holland Harper (0:02:14):**

76 Second.

77

78 **Leo Vasquez III (0:02:16):**

79 Motion made by Ms. Farias. Is there a second? Second
80 from Mr. Harper. All those in favor say aye.

81

82 **Board Members (0:02:20):**

83 Aye.

84

85 **Leo Vasquez III (0:02:23):**

86 Any opposed? Hearing none, motion carries. Okay. So
87 for the, as usual, for just a reminder for everyone, if
88 you're going to speak on an upcoming topic and the rest
89 after this one will all be in order as posted. We'd ask
90 you to come up to the front couple rows, so I know that
91 people are interested in speaking on that. And speakers
92 will have a three minute per speaker time. You don't
93 have to use all three minutes and we'll go from there.
94 So let me officially introduce. Bear with me. I'm not
95 prepared to be out of order. Okay. Moving first to

96 item 21 of the agenda. Presentation, discussion, and
97 possible action for an appeal of the termination of
98 Trinity East Senior Development Project 25090. Mr.
99 Campbell, will you introduce this for us?

100

101 **Cody Campbell (0:03:42):**

102 Good morning. Thank you. My name is Cody Campbell.
103 I'm the Director of Multifamily Programs for the
104 department. And as Mr. Vasquez just stated...

105

106 (Automated voice.)

107 (Laughter.)

108

109 **Holland Harper (0:03:54):**

110 Do we need public comment, Mr. Chairman?

111

112 **Leo Vasquez III (0:03:57):**

113 Oh, my god. What was that? Okay. I'm sorry.

114 Continue.

115

116 **Cody Campbell (0:04:01):**

117 So you may recall this item was first discussed at last
118 month's Board meeting. This item concerns a proposed
119 application in Houston's Third Ward. The application is

120 for the new construction of 90 affordable units in
121 Houston. Staff terminated this application because the
122 neighborhood in which it is located has a high crime
123 rate. Based on the data that we pulled at the time, the
124 part one violent crime rate was 36 per 1000 persons,
125 which exceeds the limit established in the QAP of 18 per
126 1000 persons. The acceptable mitigation for a high
127 crime rate under the QAP in a circumstance like this
128 would generally be for the applicant to demonstrate a
129 favorable downward trend in the crime in the
130 neighborhood that would lead a reasonable person to
131 believe that the crime level will be acceptable within
132 the next two years with the information provided by the
133 applicant originally, staff was unable to conclude that
134 that was the case. What occurred at last month's Board
135 meeting is that the Board tabled that item and requested
136 the staff issue an administrative deficiency to the
137 applicant so that they could provide clarifying
138 information on their crime mitigation strategies.

139

140 We did so and they provided a pretty substantial
141 response. It's about 70 pages long. It's pretty
142 comprehensive. It covers trends in the area, it covers
143 data, it covers future crime mitigation strategies. And

144 based on that response, staff is now recommending that
145 the Board grant the appeal and reinstate the
146 application. The most important information that I
147 think staff took from the response does concern the
148 trends in violent crime. Based on the most current
149 data, the violent crime rate has already dropped to 29
150 per 1000. This is, again, down from 36 per 1000. And
151 what that indicates to staff is that the most recent
152 crime reduction strategies, the closing of nuisance
153 businesses, the addition of additional law enforcement
154 activities in the area, and the other things that are
155 represented in the application do seem to be having a
156 favorable effect on crime.

157

158 There are additional implementation strategies that will
159 be implemented. They are deploying license plate
160 detection technology that will help them identify
161 criminals. The Houston Housing Authority has made a
162 significant investment into security in the area. And
163 again, it's about a 70-page long document. But the most
164 important thing for us was that we were able to
165 confidently identify that there is not just a downward
166 trend, but a significant downward trend. And so again
167 staff is recommending that the Board grant the appeal.

168 I'm happy to answer any questions that you may have.
169 And it looks like we might have some folks joining us
170 today.

171

172 **Leo Vasquez III (0:06:42):**

173 Great. Thank you, Cody. I'd love to hear from the
174 applicant's team, get a little more background on just
175 how they pulled things together and the coalition of
176 security and law enforcement that's been brought forth.
177 And when, remember, when you come up, identify yourself,
178 sign in and with...

179

180 **Ajay Thomas (0:07:10):**

181 Mr. Chairman.

182

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

184 Oh, I'm sorry. And while you all are coming up, I'll
185 entertain a motion on entertaining public comment at
186 today's meeting. Mr. Thomas.

187

188 **Ajay Thomas (0:07:23):**

189 Mr. Chairman, I move that we move to allow for public
190 comment on item agenda 21 and any other agenda item on
191 the posted agenda.

192

193 **Anna Maria Farias (0:07:31):**

194 Second.

195

196 **Leo Vasquez III (0:07:32):**

197 Motion made by Mr. Thomas to hear public comment,

198 seconded by Ms. Farias. All those in favor say aye.

199

200 **Board Members (0:07:36):**

201 Aye.

202

203 **Leo Vasquez III (0:07:37):**

204 Any opposed? Motion carries. Now, anyone who wants to

205 go first?

206

207 **Neal J. Rackleff (0:08:00):**

208 Good morning, Board members. Some of the most valuable

209 advice I've ever been given in my life has come...

210

211 **Leo Vasquez III (0:08:07):**

212 Is to introduce yourself for the record first.

213

214

215

216 **Neal J. Rackleff (0:08:09):**

217 Oh, I'm sorry. Thank you. I'm just excited. Neal
218 Rackleff. I'm the Executive Vice President and COO of
219 the Houston Housing Authority. And as I was saying,
220 some of the most valuable advice I've ever been given in
221 my life has come from wise people who've told me things
222 I didn't want to hear. Last month, it was, hey, come
223 back and bring us a more concrete plan. And I really
224 want to sincerely thank you for doing that because that
225 did spur us to further action. We have met extensively
226 with the overlapping law enforcement jurisdictions. Is
227 somebody mowing the grass back there?

228

229 (Background noise.)

230 (Background conversation.)

231 (Laughter.)

232

233 So we met extensively with the Houston Police
234 Department. We also have met with the other overlapping
235 law enforcement jurisdictions, including TSU, the
236 University of Houston, Metro, Harris County Constable
237 Precincts, and we have got a lot better information in
238 terms of what's going on already and what's happening
239 that has resulted in the downward trend that we're

240 already seeing. And we've committed additional
241 resources to help tackle this problem.

242

243 So we coordinated with the mayor's office and with HPD,
244 and they have been incredibly helpful. As Cody
245 mentioned, that refined plan is comprehensive. It's
246 outlined in our submission to you in your Board book.
247 But here are the highlights. Beginning in January of
248 this year, HPD has deployed 50 new Automatic License
249 Plate Recognition or ALPR cameras in the community. We
250 believe that's part of why the crime has been going
251 down. And those are really helpful. I'll let the
252 experts in law enforcement explain to you the
253 significance of those cameras and how they use them.

254

255 Additionally, we sat down with HPD, and they said the
256 main thing that we need is resources. We're spread
257 really thin all over the city, so how can you help us?
258 So we are putting \$1.5 million into a three-year plan to
259 provide significant additional manpower to this
260 community. And I'll let the law enforcement experts
261 explain the significance of that. Additionally, we're
262 working on this specific development at Trinity East
263 Senior. We're going to provide \$108,000 per year to

264 beef up on-site security and provide third-party camera
265 monitoring at Trinity East.

266

267 They already had a good security plan, but it's going to
268 be even stronger. And we're going to coordinate with
269 the constables and with HPD to provide additional
270 support for the specific development. We're trying to
271 limit the number of speakers that we have. I mean, we
272 brought everybody that might possibly be needed, but
273 we're sensitive to the fact that you have a lot on your
274 plate.

275

276 And if at any point you want us to shut up and conclude,
277 we've all agreed that we're going to do that. I would
278 like to particularly mention that we've asked Executive
279 Assistant Chief Alvaro Guzman Jr., and Lt. Nathan
280 Carroll to address your concerns and explain the
281 significance of the additional resources we're bringing
282 to bear. To give you an idea of where Chief Guzman fits
283 in that line... Can I take a second to conclude?

284

285 Yeah. The chief at HPD, there's one executive chief and
286 there are three executive assistant chiefs. So Chief

287 Guzman is one of the highest-ranking officers at HPD
288 force with over 5,000 law enforcement officers.

289

290 Additionally, Brian Terry is our security director, and
291 he has over 30 years of experience at HPD and he
292 oversees 21 Precinct 6 Constable officers who provide
293 security for all of our properties.

294

295 So he's worked closely with us on the development to
296 figure out how to make it safer in terms of crime
297 prevention through environmental design, et cetera. So
298 we are light years ahead of where we were, and we're
299 forming a partnership, particularly with HPD, that we
300 think will yield positive benefits for many, many years
301 to come.

302

303 Lastly, I'll just say, please remember, in the grand
304 scheme of things, Cuney Homes as it is right now, which
305 is where the seniors are that we're trying to help be
306 safer, the layout is terrible. It was built in 1938,
307 and there's so many ways of ingress and egress that it
308 is extremely difficult to keep secure. We're going to
309 tear down that entire complex over the next six to eight
310 years and rebuild it with modern security measures

311 implemented throughout. And it is going to be much
312 safer. And the seniors that we're concerned about
313 keeping safe, who are there now, are going to be moving
314 into a modern facility with much better safety measures
315 in place. And now we've added to that at your wise
316 urging. So with that, I will conclude and turn the time
317 over to our HPD experts.

318

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

320 Great. Thanks, Neal.

321

322 **Neal J. Rackleff (0:13:26):**

323 Thank you.

324

325 **Lt. Nathan Carroll (0:13:41):**

326 Nathan Carroll, I'm a lieutenant with the Houston Police
327 Department. Excuse me. I'm going to read this just
328 because I want to get it all conveyed. Good morning,
329 chairman and members. My name is Nathan Carroll and I'm
330 a lieutenant with the Houston Police Department. I'm
331 currently assigned to the South Central Division, and I
332 want to thank you allowing HPD to come and speak today.

333

334 We are proud partners with the Houston Housing
335 Authority, and I am confident we can make a difference
336 for the residents of this area. I've been a Houston
337 police officer for over 16 years. South Central
338 Division, which is the area where this is going to be,
339 was my first assignment as a young police officer. I
340 worked the 3rd Ward area for over three years on night
341 shift and I have personally responded to hundreds of
342 calls for service in this area. I've also witnessed
343 firsthand the improvements of the neighborhood between
344 now and 16 years ago when I first began patrolling. We
345 developed a comprehensive crime mitigation plan that
346 will take place over a three-year period with the goal
347 of reducing violent crime, targeting specific locations
348 that fester criminal activity and expediting
349 investigations.

350
351 The first step of focused manpower uses our proactive
352 resources as well as our patrol to target specific crime
353 drivers in this area for a sustained period of time in
354 order to reduce violent crime. The most important
355 aspect of this strategy is that the Houston Housing
356 Authority has committed up to \$1.5 million over three
357 years to the Houston Police Department to put extra

358 officers on the street through overtime funding. There
359 is no other area within South Central Division that has
360 this level of focused funding. I've been a police
361 Supervisor for over 11 years and have been in operations
362 the majority of my career. I am confident that this
363 amount of funding and constant police presence in the
364 area, we can truly reduce violent crime and provide
365 safety to the neighborhood. Please give me a second to
366 quantify this for the Board. With half a million
367 dollars per year, we can dedicate up to 130 hours per
368 week to address crime in this area in addition to on
369 duty units' efforts. That's significant.

370

371 There are many ways, different ways to provide security
372 to a location. We can staff the location seven days a
373 week for almost 19 hours a day with one officer.

374 However, the most effective way to attack a crime
375 problem is using crime statistics and root cause
376 analysis. Nuisance abatement, targeted enforcement, and
377 fugitive investigations are useful ways to drive crime
378 rates down for an entire area. We constantly evaluate
379 crime trends so we can deploy the best and most suitable
380 resources to suppress crime.

381

382 Our second strategy of new technology includes a major
383 development for this area that we are extremely proud
384 of. In October 2024, we were awarded grant funding from
385 the Bureau of Justice Assistance. This money allowed us
386 to deploy 50 new ALPR cameras in the Greater 3rd Ward
387 area starting in late January 2025. Just several months
388 ago. This is an underserved area, making it extremely
389 difficult for the residents to privately purchase these
390 cameras. ALPR cameras provide vital intelligence to law
391 enforcement agencies across our nation. It greatly
392 increases our ability to locate and capture suspects who
393 are preying on our residents. And the coverage provided
394 by these new cameras make it extremely unlikely that you
395 could come into this area within a vehicle undetected.

396 The last strategy is augmenting investigative resources
397 and prioritizing and expediting investigations
398 originating in this area. No message is clearer to
399 violent offenders than a swift and thorough
400 investigation leading to a timely arrest. It tells
401 criminals that we will find you and you will be held
402 accountable.

403

404 We are also planning to fund services for victims to
405 reduce likelihood of or escalation of domestic violence

406 and to provide assistance to violent crime victims.
407 Mayor Whitmire has made public safety his number one
408 priority. HPD has coordinated with regional law
409 enforcement partners on more than three joint operations
410 to target this specific area and keep pressure on the
411 criminals. These surges will continue over the next few
412 years. And thank you for your time. Happy to answer
413 any questions.

414

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

416 Thanks for that, Lieutenant. That's, again, it sounds
417 like it's a comprehensive plan and multi-year plan.

418

419 **Lt. Nathan Carroll (0:17:42):**

420 Yes, sir.

421

422 **Leo Vasquez III (0:17:44):**

423 That's really great. I'll hold some other comments
424 unless after the chief wants to say anything or not.

425

426 **Chief Alvaro Guzman (0:18:08):**

427 I'm Executive Assistant Chief Alvaro Guzman, so I just
428 want to thank the Board. Don't have a whole lot to say
429 that Lieutenant Carroll didn't say, besides our

430 commitment to this endeavor. As y'all can tell,
431 probably this morning, with the bad weather and
432 everything that's upcoming, we made it a priority to
433 make sure we were here to support this. So with that,
434 any questions that y'all might have, we'll be happy to
435 answer. But I cannot stress the commitment that we have
436 from Houston Police Department and our mayor in general.
437 So thanks, y'all.

438

439 **Leo Vasquez III (0:18:36):**

440 Chief, thanks. So could this potentially be a model
441 that HPD and the community rolls out to other areas of
442 town?

443

444 **Chief Alvaro Guzman (0:18:47):**

445 Could possibly be. We're already doing that somewhat in
446 the city with some of these initiatives. I don't know
447 how much. If y'all watch the news that we're having in
448 Houston, we've had initiatives go out. So just to give
449 a little bit perspective, I'm the Executive Assistant
450 Chief over Field Operations, which is basically the
451 patrols. So we're trying to identify problems because
452 we got some issues throughout the cities. As y'all

453 seen, it's probably been recently the afterhours clubs.

454 So that's what we're focusing on.

455

456 In the meantime, we've also focused in areas similar to
457 South Central that has problems where we do initiatives,
458 we go in there, we address it, and then it's up to the
459 division itself to kind of maintain it. If it ever gets
460 out of control, we come back around and address it
461 again. Now, the problems where we go with the
462 initiatives, if the problem gets solved, then that just
463 frees up resources for us to go and address where the
464 problems go to.

465

466 Because we know we don't completely ever get rid of the
467 problems. They just kind of tend to go elsewhere. For
468 us, they either go into other parts of the city or they
469 go into other counties, which it's Montgomery County or
470 Fort Bend County. But regardless, I think our plan, and
471 even with our outside agencies is getting with them. We
472 incorporate them with some of our initiatives, so they
473 learn from us. And it's just trying to address the
474 problem, to find permanent solutions for it.

475

476 So I think it is working. This is something that's
477 going to start at South Central, where this project is
478 taking place, but it is something that we're looking to
479 expand throughout the city. Ultimate goal is to make
480 the entire city safe, which on the mayor's number one
481 priority is public safety. That's what our goal is.

482

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

484 Mr. Marchant.

485

486 **Kenny Marchant (0:20:24):**

487 Thank you. I'm convinced that if this plan is
488 implemented, it will have the effect. The question I
489 have is there a commitment for money here? And I'm
490 trying to figure out how our staff will tie those
491 commitments of funds to our staff so that there can be
492 some monitoring and accountability. Not that I would
493 accuse you of not using money for that, but
494 circumstances change and I'm for the project, but I'm
495 certainly for it because of these additional security
496 factors. And just from an internal standpoint, how will
497 we monitor the follow through on this from a financial
498 standpoint?

499

500

501 **Neal J. Rackleff (0:21:17):**

502 Can I address that? Yeah. We had about a week and a
503 half to pull together a plan and law enforcement
504 agencies throughout the area. So we have not
505 memorialized all of this yet, but we've already talked
506 with the HPD officers about getting with their legal
507 department and entering into a memorandum of
508 understanding or whatever specific legal document that
509 they want us to enter into to commit that \$1.5 million
510 and to make it binding, right? So we're totally happy
511 with staff following up with us, and we will submit to
512 you that binding commitment, but we weren't able to pull
513 that together.

514

515 **Kenny Marchant (0:22:07):**

516 Yeah, I understand. I'm just saying, too, that we can
517 incorporate this into our compliance plan, Cody, as far
518 as compliance or non-compliance.

519

520 **Leo Vasquez III (0:22:21):**

521 Mr. Hobbs. Sorry, Mr. Palmer.

522

523

524

525 **Barry Palmer (0:22:25):**

526 Barry Palmer, Coats Rose. So Mr. Marchant, what we
527 could commit to, we're not yet getting a commitment for
528 tax credits, but if this project gets a tax credit
529 award, the department could put in the commitment that
530 prior to 8609s, we have to show evidence that the money
531 has been funded that we committed to for security.

532

533 **Kenny Marchant (0:22:56):**

534 You may not want to be bound to that agreement right
535 now, but I'm simply looking for a way for some
536 compliance.

537

538 **Cody Campbell (0:23:06):**

539 Sure. So I think that what Barry just said is
540 directionally correct. What I think that we can do that
541 would be best is that in the commitment for these funds,
542 set some kind of deadline, maybe the 10 percent test,
543 which would be July 1st of next year. By which the
544 applicant would need to submit documentation to us that
545 these commitments of funding have been firmed up, and
546 the award would be conditioned upon that. If that
547 didn't come to pass, then at that point we would be able

548 to rescind the credits. That would be kind of bespoke.
549 I'd have to get with our legal department to figure out
550 exactly what the wording of that would look like and how
551 enforcement could be applied. But we do have that
552 option.

553

554 **Kenny Marchant (0:23:44):**

555 And the \$108,000 that they're committing for on-site
556 once it's up and running, would you be able to integrate
557 that into your compliance plan as well?

558

559 **Cody Campbell (0:23:58):**

560 So the best place for that, for ongoing monitoring,
561 would be in their land use restriction agreement. Beau,
562 do you see any reason that we couldn't write, and I'm
563 sorry to put you on the spot, but do you see any reason
564 that we couldn't write that into the land use
565 restriction agreement?

566

567 **Beau Eccles (0:24:11):**

568 No, that's how enforcement could possibly work if it's
569 not in the LURA.

570

571

572 **Cody Campbell (0:24:16):**

573 Sure.

574

575 **Kenny Marchant (0:24:17):**

576 And again, we're kind of breaking new ground here as far
577 as this kind of commitment, but I like it. I just think
578 we ought to make sure it happens.

579

580 **Cody Campbell (0:24:28):**

581 Sure, and so the land use restriction agreement
582 generally runs for what has to run for at least 30
583 years. With a 9 percent deal, it typically runs closer
584 to 40. And so we might want to look at that language
585 and see if there's a point in the future where the
586 neighborhood is totally gentrified, and crime is a non-
587 issue. It might not be the best use of \$108,000 a year
588 to have security that's no longer at use. So we could
589 come up with some sort of threshold by which once the
590 neighborhood reaches a certain level of crime, that's
591 not required.

592

593 **Kenny Marchant (0:24:55):**

594 Thank you. Those are the questions I have. Thank you.

595

596 **Cody Campbell (0:24:57):**

597 Thank you.

598

599 **Chief Alvaro Guzman (0:25:01):**

600 Pardon me. I left my notes.

601

602 **Leo Vasquez III (0:25:03):**

603 Okay. Any other comments you want to add?

604

605 **Ajay Thomas (0:25:08):**

606 Mr. Chairman, when I went through the project last month
607 at the Board meeting, I was excited to see the project
608 and this specific one, because I know, I'm familiar with
609 the area. I know how important and vital the community
610 is having grown up in Houston. But the key part, I
611 think, as my colleague said just a moment ago, was the
612 security plan. I just want to commend you for putting
613 together the plan in detail in front of staff so quickly
614 and getting it to us. Because in my tenure that I've
615 been here on the Board, sometimes the follow through
616 doesn't happen as quickly or as detailed and as good as
617 it was. And so I commend you for that.

618

619 Chief Guzman, Lieutenant Carroll, can't tell you what a
620 difference the department and you guys make in everyday
621 lives. Great mentor of mine, made a huge impact in my
622 life, was a former lieutenant at the Houston Police
623 Department. So just your commitment and visibility in
624 the community and what you do I want to take the time to
625 say thank you for your service and thank you to your
626 entire organization. I think it's just so critically
627 important.

628

629 And this kind of community policing is exactly what we
630 need to have happen in all parts of the city and all
631 parts of the state where these affordable housing
632 projects can make a huge difference. So thank you for
633 that, Neal. Great job in getting this all together in
634 front of staff. Thanks.

635

636 **Anna Maria Farias (0:26:40):**

637 Mr. Chairman. Neal Rackleff, of course, I know you as
638 Assistant Secretary Rackleff. And when I was Assistant
639 Secretary at Fair Housing, sometimes I would say, I'm
640 not ready to sign off on community planning and
641 development. The staff would come and say, Nah. I go,
642 no, I'm not ready. Send me your assistant secretary.

643 And they go, oh, my god, he's going to talk for an hour.
644 And I'm glad that you haven't changed because I knew
645 that when you gave me your word, you didn't just say,
646 you came. And here last meeting we were almost ready to
647 vote. Well, we were ready to vote at that. I'm the one
648 that always votes if it's not security. I grew up in
649 housing authorities. I ran a housing authority and
650 especially for the elderly. And we said, you come back
651 with a plan, and it's so typical of you to come back
652 with 70 pages. But not only that, with the men in blue.
653 And for that, I don't want you to change, I want you to
654 keep. And I know you're a man of your word. And
655 remember that this is for 90 affordable units for the
656 elderly. So that if you guys don't keep your word, the
657 elderly will remember you. Much more so than the men in
658 blue. So for that I want to thank you. Don't change.

659

660 **Brian Terry (0:28:02):**

661 Good morning. I think I can just introduce myself and
662 sit down at this point. My name is Brian Terry. I am
663 the Director of Security for the Houston Housing
664 Authority. I'm an Army veteran and also 30 years
665 veteran with Houston Police Department. At Houston
666 Housing Authority, I manage security across our

667 properties, including off-duty police courtesy officers,
668 private security guards and 21 contracted Harris County
669 deputies. I watched your May meeting. I heard your
670 strong emphasis on safety. I couldn't agree more.
671 Without safety, there is no decent housing. Throughout
672 my career at HPD, I've helped implement crime reduction
673 plans across Houston. I know low in crime is possible
674 and I have full confidence in the officers behind me.
675 But safety isn't just a law enforcement responsibility,
676 it's shared. We often say, see something, say
677 something. I say do something. And this is our chance
678 and opportunity to do something. Our goal is to keep
679 communities, businesses, children, especially our
680 seniors, safe.

681

682 Trinity East Senior development is a dedicated senior
683 property, making it easier to secure. This is a clear
684 example of us putting seniors first. Trinity East
685 Senior plan has that \$108,000 a year for on-site
686 security, proactive management and coordination with law
687 enforcement, new lighting, surveillance cameras
688 throughout the neighborhood. Crime prevention through
689 environmental design to enhance safety through
690 thoughtful physical design of the properties. That \$1.5

691 million allocated to increase police presence in the
692 neighborhood is very helpful.

693

694 From my time with HPD, I recall when Mayor Bob Lanier's
695 overtime initiative added equivalent of 655 officers to
696 the force. It worked. More officers on the street
697 meant less crime. This plan follows the same proven
698 logic. When the seniors move into Trinity East, they
699 will not only feel safer, but their quality of life will
700 also improve immediately. Cuney Holmes will also
701 benefit with that \$1.5 million for those additional
702 officers. Development of the flock cameras, deployment
703 of the flock cameras, added security patrols. We're
704 going to add installation of new security cameras,
705 expanded Harris County cost for patrols. And that
706 \$500,000 we had somewhere in there I saw dedicated to
707 build a safety and code enforcement space. So there's a
708 lot of things working, a lot of moving parts.

709

710 Our goal is simple. To move seniors into a safe, secure
711 housing and strengthen the surrounding community for
712 everyone. This is about creating a space for families,
713 children and businesses can all thrive. So I want to

714 thank you for your time, and I appreciate your support.

715 Thank you.

716

717 **Leo Vasquez III (0:30:39):**

718 Great. Thank you. Mr. Thomas stole what I was going to

719 say about HPD. I'm sure the whole Board feels wants to

720 express the same about them. Again, I'm the Board

721 member that lives in town there, so I mean, I can say I

722 appreciate so much what HPD does, given the limited

723 resources and all those challenges that you all have.

724 This plan seems to me it's kind of like a quasi-public-

725 private partnership really putting things together. And

726 I just really like to explore that model even outside of

727 TDHCA. But this could be a real neat test program and

728 impetus to grow it around the city and then hopefully

729 around the state. So unless someone really wants to say

730 something, I think I would entertain a motion on item 21

731 of the agenda.

732

733 **Anna Maria Farias (0:31:44):**

734 Mr. Chairman.

735

736 **Leo Vasquez III (0:31:45):**

737 Ms. Farias.

738

739 **Anna Maria Farias (0:31:46):**

740 It would be an honor for me to make this motion. I move
741 the Board grant the appeal of the termination of Trinity
742 East Senior all as supported by the Board Action Request
743 and associated documents on this item.

744

745 **Ajay Thomas (0:32:01):**

746 Second, Mr. Chairman.

747

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

749 Motion made by Ms. Farias. Seconded by Mr. Thomas. All
750 those in favor say aye.

751

752 **Board Members (0:32:07):**

753 Aye.

754

755 **Leo Vasquez III (0:32:08):**

756 Any opposed? Hearing none, motion carries. The project
757 application is still active and thank you all so much
758 for bringing it, coming in. Thanks for the community
759 people came last month.

760

761 (Applause.)

762

763 Okay. Moving back into the order of the agenda. We're
764 actually, next will be item six that was pulled from
765 consent. So this is the TDHCA quarterly status report.

766

767 (Automated voice.)

768 (Background conversation.)

769 (Laughter.)

770

771 Okay. All right. Item 6, TDHCA quarterly status report
772 on temporary allocations for June 2025. Ms. Boston?

773

774 **Brooke Boston (0:33:10):**

775 Yes. Brooke Boston, Deputy Executive Director. We used
776 to provide you this report monthly for several years and
777 then we switched to quarterly and we've kind of
778 reorganized it so that programs that were one time and
779 temporary that had kind of totally finished and wrapped
780 up are no longer reflected. Although the totals of
781 those are on page one of the report. The remaining two
782 pages represent the programs that continue to be open or
783 active. It doesn't mean they're all open for public use
784 and that funds are available. For instance, Texas Rent
785 Relief and the Homeowner Assistance Fund, HAF are two

786 programs that are reflected on here. We're still doing
787 work associated with them, but funds are no longer
788 available for the public. As you can see, with both of
789 those, we're beyond 99 percent spent. And so that last
790 remaining percentage is admin funds that are supporting
791 the ramp down.

792

793 And in the case of Texas Rent Relief, as Mr. Vasquez has
794 mentioned earlier, we are just supporting the staff who
795 are awaiting audits or while we're waiting for our
796 Treasury Officer Inspector General report to be
797 finalized and out. But I'm happy to answer any
798 questions you have about any of the programs.

799

800 **Holland Harper (0:34:21):**

801 So Ms. Boston and Chairman and Executive Director, the
802 only things I'd like to add is, the report is fine.
803 What I'd like to start looking at is what is our cost
804 per individual and then how does it compare to last year
805 and are we on track or not? Those are what I'm looking
806 for. I just think that if we get down to a matrix,
807 whether it's how many units, dollars per unit or how
808 fast do I drive or what is my return in my deal and am I
809 getting better or worse? And I like to try to think

810 through that as we try to do more with the resources we
811 have. Are we winning? Are we not winning?

812

813 So y'all can figure out how you want to sharpen the
814 knife any faster, but really want to get down to cost
815 per household or cost per unit. I think cost per
816 individual would be better because some households have
817 bigger and smaller. I'm sure you have that data.

818

819 **Brooke Boston (0:35:10):**

820 Sure, sure. And just to clarify, since most of these
821 programs are done or mostly done, and it's hard to
822 compare...

823

824 **Holland Harper (0:35:19):**

825 But isn't the weatherization like a continuous program?

826

827 **Brooke Boston (0:35:23):**

828 Yes. It sounds like maybe what you're wanting to see is
829 ongoing programs.

830

831 **Holland Harper (0:35:27):**

832 That's right. If it's just one and done, I'm not
833 worried about that. I'm just more interested in the

834 ones that are continuous to know if we're doing better
835 or worse. Are we serving more people with the same
836 money we have?

837

838 **Brooke Boston (0:35:38):**

839 Okay. Yeah. We can work on working on the document
840 like that for the Board.

841

842 **Holland Harper (0:35:43):**

843 Thank you very much.

844

845 **Brooke Boston (0:35:44):**

846 Thank you.

847

848 **Leo Vasquez III (0:35:46):**

849 Thanks, Brooke. Okay. Thank you. And that's the
850 report item. So no motion necessary. Moving to item
851 eight of the agenda executive director's report, Mr.
852 Wilkinson.

853

854 **Bobby Wilkinson (0:35:58):**

855 All right. Thank you, Chairman. Good morning, Board
856 members, Chair. As you know, TDHCA has somewhat new
857 responsibilities for conducting PFC audits as a result

858 of legislation that was passed last session. So PFC is
859 a public facility corporation, and they got the news for
860 not necessarily when they were funded with or definitely
861 not when they were funded with tax credits from us,
862 where they were either acquiring or building new
863 apartment complexes.

864

865 And the only subsidy for affordability was no property
866 tax. And so they would get wiped off the rolls and then
867 some level of affordability was then offered. Sometimes
868 the rents on an acquired property didn't change at all.
869 So it was just money back to the PFC and to the
870 developer owner. So, we got roped in, in a kind of an
871 oversight role where we receive audits from these
872 previous ones and then there's new affordability
873 requirements going forward.

874

875 We have received 160 PFC audits since we began two years
876 ago and 133 of those audits are complete. Staff is
877 working on the others who submitted only partial
878 information. The majority of these reports have come in
879 from Harris County, followed by Bexar, Travis, Denton,
880 and Dallas counties. There's more PFC deals out there

881 and that's one of the jobs of the PFC staff is to keep
882 finding these.

883

884 The PFC can be created by city, county, housing
885 authority, school district, special districts. So it's
886 kind of hard to track them all down, but we will over
887 time. And then the hammer, we don't really have the
888 ability to find them. The hammer is we send a letter to
889 the comptroller in that appraisal district and they risk
890 losing their property tax exemption. We have not gotten
891 there yet, but I imagine over this next year we'll be
892 sending some letters.

893

894 New this session and HB 21 was signed by the Governor,
895 so it's law. We do have a similar responsibility now
896 for housing finance corporations, HFCs. After the PFCs
897 were restricted in this method or whatever, HFCs kind of
898 got into the game over the last couple of years and
899 we'll be receiving audits for them.

900

901 We'll come to you with rules. Of course, we got an FTE
902 and some money from the legislature. So we'll have one
903 team that receives third-party audits. Excuse me, we
904 don't do the audits from PFCs and HFCs. Where are they?

905 What's the affordability. There's no kind of physical
906 inspection regime. These aren't our portfolio. We
907 didn't fund them. But we have this kind of new
908 oversight role that you will hear of more in months and
909 years to come.

910

911 Recently, TDEM, the Texas Division of Emergency
912 Management, asked us to help staff some disaster
913 recovery centers in the Rio Grande Valley. These DRCs
914 were established to help Texans recover from extensive
915 flooding and storm damage which occurred several months
916 ago. Juan Palacios, from our office of Colonia
917 Initiatives, who lives down there remotely and works for
918 us there, work shifts at the DRC in Hidalgo County. And
919 also want to thank Jaime Longoria and the Hidalgo County
920 Community Services Agency, one of our community action
921 agencies who also help staff the DRCs. They do a good
922 job. They have this mobile trailer where someone who's
923 lost their home or whatever can go in and sign up for
924 benefits for CSBG funds or whatnot.

925

926 The Chairman was here. I think some of y'all were not
927 on the Board yet, but it's a pretty neat thing that they
928 do. They're a pretty active community action agency.

929 They're actually part of the county. Usually it's a
930 nonprofit, but they do a good job.

931

932 Also with the Office of Colonia Initiatives, we had
933 movement on all our contracts, including the first draw
934 request from the new Nueces County Self-Help Center.

935 Nueces County has contracted with Come Dream, Come
936 Build, used to be known as CDCB Brownsville. Everyone
937 likes to rebrand now, to operate the center.

938

939 Homelessness program staff are attending the Texas
940 Network of Youth Services conference this month, and
941 Rosy Falcon will be speaking about TDHCA's homeless
942 programs during the conference.

943

944 The legislative session ended sine die on June 2nd.
945 We're in the governor's review period where he can sign
946 or veto bills, and that lasts until June 22nd. No
947 possibility of override because it's, they've adjourned
948 signing die. So any kind of veto is final.

949

950 Also trivia. We don't have a pocket veto. If he
951 doesn't sign something, it becomes law. We called it

952 file without signature. It's kind of, you turn your
953 nose up at it, but you let it. Yeah.

954

955 Michael Lyttle is going to provide the Board with a kind
956 of more comprehensive report at the early July Board
957 meeting. By then we'll know everything that was signed
958 or not. That's it for this month. Happy to answer any
959 questions.

960

961 **Leo Vasquez III (0:41:15):**

962 So a question on HB 21, the HFCs. That goes into effect
963 immediately, correct? I mean, it's not a September 1st?

964

965 **Bobby Wilkinson (0:41:26):**

966 I think, yes. I think so. Yeah. It was immediate, but
967 they had the vote count needed for immediate effect and
968 he signed it. That one passed so early that it could
969 have been overridden because he only has so much time.

970

971 **Leo Vasquez III (0:41:43):**

972 But I understand there's potential legislation or legal
973 lawsuits and such challenging that. I just ask that the
974 staff keeps the Board up to date on the progress of any
975 kind of that legislation, the legal proceedings.

976

977 **Bobby Wilkinson (0:42:00):**

978 Sure, we'll keep an eye on it. But yes, I've heard kind
979 of through people that there might be legislation
980 regarding kind of the retroactive nature of parts of the
981 bill.

982

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

984 How many people in here are suing the state on that
985 bill?

986

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

988 These are good people.

989

990 **Leo Vasquez III (0:42:13):**

991 I saw some attorneys in here. They're not all good
992 people.

993

994 (Laughter.)

995

996 **Bobby Wilkinson (0:42:25):**

997 Lots of aspects to the bill, new affordability, maybe
998 some direct affordability. And one of the things most
999 talked about was the idea of traveling HFCs, such and

1000 such county in the valley, maybe their HFC would take
1001 something off the tax rolls in the Dallas Fort Worth
1002 area. It was not appreciated by local government.
1003 Yeah. That's one of the main thrusts of the bill
1004 anyway.

1005

1006 **Leo Vasquez III (0:42:48):**

1007 Okay. Well, great. Keep us informed. Thank you for
1008 the report today. Anyone else have questions for Mr.
1009 Wilkinson? Mr. Marchant.

1010

1011 **Kenny Marchant (0:42:53):**

1012 I just want a clarification. They submitted an audit.
1013 There's no standard for what the audit is to say. They
1014 just. They just present an audit. And how would they
1015 have, how would it be triggered if they failed it?
1016 Under what circumstance would they fail it and the
1017 property lose its tax-exempt status? What's the hammer?

1018

1019 **Bobby Wilkinson (0:43:25):**

1020 The only hammer is us sending a letter to the appraisal
1021 district and the comptroller.

1022

1023

1024 **Kenny Marchant (0:43:30):**

1025 And that triggers it.

1026

1027 **Bobby Wilkinson (0:43:31):**

1028 Yeah. And the appraisers would actually have to take
1029 the action. It's basically we're recommending or we're
1030 telling them they failed. And so then the appraisers
1031 could yank their property tax exemption.

1032

1033 **Kenny Marchant (0:43:43):**

1034 And there's a written criteria for failure, non-failure.

1035

1036 **Wendy Quackenbush (0:43:49):**

1037 Good morning, Board members. Wendy Quackenbush, the
1038 Director of Compliance Monitoring. Yes, there's
1039 standards. So we create the audit workbook. We post it
1040 on our website. Whoever they hire as an auditor
1041 completes that workbook and sends it completed to us.
1042 We have standard findings and standard finding language
1043 and corrective action.

1044

1045 **Kenny Marchant (0:44:11):**

1046 Do they have remediation rights, or can they remediate
1047 the situation before they lose it?

1048

1049 **Wendy Quackenbush (0:44:20):**

1050 They do have a corrective action period. And during
1051 that corrective action period, if they were issued
1052 findings at that time, they can submit documentation or
1053 they can contact us. We're an open book.

1054

1055 **Kenny Marchant (0:44:34):**

1056 And is it appealable to the Board?

1057

1058 **Wendy Quackenbush (0:44:36):**

1059 Absolutely. And we have everything, all of our reports
1060 posted that have been completed on our website. But any
1061 documentation we can make available.

1062

1063 **Bobby Wilkinson (0:44:46):**

1064 Do they have appeal rights to come to the Board? I
1065 don't think the statute contemplates that.

1066

1067 **Wendy Quackenbush (0:44:52):**

1068 It does not.

1069

1070

1071

1072 **Bobby Wilkinson (0:44:52):**

1073 Yeah. We just send the letter. And we're not taking
1074 the action ultimately, we're just sending an
1075 informational letter that we don't have the authority to
1076 use yank the property tax exemption. We just send the
1077 letter to the appraisal district.

1078

1079 **Kenny Marchant (0:45:03):**

1080 Right, just give them the information.

1081

1082 **Bobby Wilkinson (0:45:05):**

1083 Yeah.

1084

1085 **Kenny Marchant (0:45:07):**

1086 Okay. Thank you.

1087

1088 **Wendy Quackenbush (0:45:07):**

1089 Welcome.

1090

1091 **Leo Vasquez III (0:45:09):**

1092 Okay. Great. Thanks, Wendy. Okay. Hearing no other
1093 questions, thank you for the report, Bobby. Moving on
1094 along to item nine of the agenda, report on the meeting

1095 of the Internal Audit and Finance Committee. Mr.
1096 Thomas, the committee chair, will make the presentation.
1097

1098 **Ajay Thomas (0:45:29):**

1099 Thank you, Mr. Chairman. This morning I had the honor
1100 and privilege to chair the Audit and Finance Committee
1101 which met at 9:30 a.m. In that meeting, Mark Scott,
1102 Director of Internal Audit, presented three report items
1103 to the committee, the Internal Audit of Rent Approval
1104 functions of the asset managed division here at TDHCA,
1105 the Internal Audit of Travel Activities at TDHCA and the
1106 report on the state status of Internal and External
1107 Audit Activities or very thorough reports. Then Mr.
1108 Paul Ford, the Financial Services Manager, presented two
1109 action items to the committee as well. The Fiscal Year
1110 2026 Operating Budget and the Fiscal Year 2026 Housing
1111 Finance Division Budget. The committee voted to
1112 recommend approval of both budget items for
1113 consideration to the full Board this morning. And Mr.
1114 Ford will be presenting them to the Board on the next
1115 action items. Mr. Chairman, that concludes my report on
1116 the meeting of the Audit and Finance Committee. Back to
1117 you.

1118

1119 **Leo Vasquez III (0:46:36):**

1120 Thank you, Mr. Thomas. Also this reminds me, Mr. Thomas
1121 chaired the meeting this morning. But I also want to
1122 thank staff and the Board members who yesterday we had a
1123 posted committee meeting that was held here in the
1124 afternoon regarding Single Family activities of the
1125 department. And Mr. Harper chairs that committee. And
1126 I think it was a really good start on helping the Board
1127 better understand how the pieces of the Single Family
1128 operations all start from that ground up and go up into
1129 the bonds and everything and money gets recycled. And
1130 the Board is pushing the department to figure out how
1131 can we increase those activities and make them more
1132 efficient. Let people know in the communities where
1133 they live that all these programs are available through
1134 the department. And we're going to try to hopefully
1135 hone down and focus, be a little more effective in
1136 getting that word out.

1137

1138 So I commend Mr. Harper and Mr. Marchant for really
1139 pushing to get that committee started. And there'll be
1140 follow up. I'm sure you'll be hearing more about that
1141 in the future. So Audit and Finance QAP and Single

1142 Family activities are kind of now the standing
1143 committees. Okay. So we just accept the report?

1144

1145 **Kenny Marchant (0:48:14):**

1146 Make the motion we accept that report.

1147

1148 **Holland Harper (0:48:19):**

1149 Second.

1150

1151 **Leo Vasquez III (0:48:20):**

1152 Okay. Motion made by Mr. Marchant. Seconded by Mr.
1153 Harper. All those in favor say aye.

1154

1155 **Board Members (0:48:24):**

1156 Aye.

1157

1158 **Leo Vasquez III (0:48:25):**

1159 Any opposed? Hearing none, motion carries. Thank you
1160 for the report. Moving on to item 10, presentation,
1161 discussion, and possible action on the Fiscal Year 2026
1162 Operating Budget. Mr. Ford.

1163

1164

1165

1166 **Paul Ford (0:48:44):**

1167 Morning, Mr. Chairman and members. Paul Ford, Financial
1168 Services Manager. Item 10 is related to the approval of
1169 the Department's operating budget for fiscal year 2026.
1170 Earlier this morning, we discussed the operating budget
1171 during the Audit and Finance Committee meeting. This
1172 budget adheres to the spending limits set forth by the
1173 General Appropriations Act. We project sufficient
1174 revenue from various sources to cover our ongoing
1175 operational costs. The department's operating budget
1176 for fiscal year 2026 is \$48.5 million, representing a
1177 4.8 percent decrease of \$2.5 million as compared to
1178 fiscal year 2025.

1179

1180 It consists of three main components: permanent
1181 activities, temporary programs, and capital projects.
1182 Permanent activities which support core programs have a
1183 budget of \$37.8 million. This represents a 12 percent
1184 or \$4 million increase. This is primarily driven by
1185 additional general revenue to support the, to comply
1186 with monitoring requirements of Senate Bill 243 as it
1187 relates to migrant labor housing as well as House Bill
1188 21 as it relates to housing finance corporations. The
1189 budget also reflects 17 new full-time equivalent

1190 positions approved in the '26-'27 Legislative
1191 Appropriations Request. These FTEs are supported
1192 largely by appropriated receipts and federal funds.

1193

1194 Temporary programs are budgeted at \$5.8 million, which
1195 translates to a decrease of 58.7 percent or \$8.2
1196 million. The reduction is in lockstep with the
1197 successful completion of several COVID-related
1198 initiatives. Of this decrease, \$2.9 million corresponds
1199 with salaries and wages due to the attrition of 23 FTEs.

1200

1201 An additional \$4.6 million of the decrease is due to a
1202 reduction in professional fees for outsourcing in the
1203 Homeowner Assistance Fund program. This downtrend is
1204 expected to continue as remaining COVID programs
1205 conclude. The budget for Capital Projects increases
1206 \$1.7 million from \$3.2 million in 2025 to \$4.9 million
1207 in 2026. These investments target crucial information
1208 technology upgrades as well as the implementation
1209 features phase of a major software initiative that
1210 enhances and streamlines multifamily activities.

1211

1212 The proposed budget supports 397 full-time equivalent
1213 positions, 291 of those are department permanent staff,

1214 42 are temporary staff, and 64 are manufactured housing
1215 division staff. This represents a net reduction of 2
1216 FTEs as a result of 23 fewer temporary positions. That
1217 aligns with the wind down of various COVID programs,
1218 offset by 21 additional permanent positions approved in
1219 the '26-'27 Legislative Appropriations Request and to
1220 comply with the aforementioned monitoring requirements
1221 of Senate Bill 243 and House Bill 21.

1222

1223 In summary, the Fiscal Year 2026 Budget reflects our
1224 commitment to sound fiscal management and ensures
1225 adequate resources for administrative operations. While
1226 temporary funding continues to decline, we strengthened
1227 investment in core functions, added critical FTEs and
1228 advanced key capital initiatives aimed at improving
1229 automation, IT infrastructure, and service delivery. We
1230 expect to generate adequate revenue to meet all
1231 projected expenses throughout the fiscal year. I would
1232 also like to express my sincere appreciation to Mr.
1233 David Cervantes and Mr. Joe Guevara for the mentorship
1234 and collaboration, and also to Mr. Reno Daniels on the
1235 budget team for his outstanding contributions. This
1236 concludes my presentation and I welcome any questions or
1237 feedback on proposed Fiscal Year 2026 Operating Budget.

1238

1239 **Leo Vasquez III (0:51:57):**

1240 Great. Thank you, Mr. Ford. Do any Board members have
1241 questions on the operating budget? Again, I just want
1242 to note that the legislature has done a good job on
1243 helping us make sure we're funded properly. We would
1244 have had a reduction. Well, I guess there's a net
1245 headcount reduction of two. If you would have been six
1246 if not for the four new positions from legislation that
1247 was added in here.

1248

1249 **Paul Ford (0:52:26):**

1250 That is correct.

1251

1252 **Leo Vasquez III (0:52:27):**

1253 Okay. If there are no questions, I'll entertain the
1254 motion on item 10 of the agenda.

1255

1256 **Kenny Marchant (0:52:37):**

1257 I have a question.

1258

1259 **Leo Vasquez III (0:52:38):**

1260 Please, Mr. Marchant.

1261

1262 **Kenny Marchant (0:52:39):**

1263 And it's, I should know the answer to this, but salary
1264 raises, are they done statewide, or are they done on an
1265 internal schedule?

1266

1267 **Bobby Wilkinson (0:52:52):**

1268 Right. So rarely they are statewide.

1269

1270 **Kenny Marchant (0:52:54):**

1271 I remember. Yeah.

1272

1273 **Bobby Wilkinson (0:52:56):**

1274 It's very rare, but was it last session or session
1275 before where we got the 5 percent and the other 5
1276 percent?

1277

1278 **Paul Ford (0:53:02):**

1279 Last session. It was last session. Yes, that's
1280 correct.

1281

1282 **Bobby Wilkinson (0:53:05):**

1283 Okay. Yeah. Just because of inflation was crazy. They
1284 bumped, they did a statewide bump. But no, we have to
1285 handle our raises within our appropriations.

1286

1287 **Kenny Marchant (0:53:14):**

1288 Thank you. I make a motion we accept this report.

1289

1290 **Cindy Conroy (0:53:20):**

1291 I second.

1292

1293 **Leo Vasquez III (0:53:22):**

1294 Okay. Motion made by Mr. Marchant. Seconded by Ms.

1295 Conroy. All those in favor say aye.

1296

1297 **Board Members (0:53:27):**

1298 Aye.

1299

1300 **Leo Vasquez III (0:53:28):**

1301 Any opposed? Hearing none, motion carries. Moving on
1302 along to item 11, presentation, discussion, and possible
1303 action on the 2026 Housing Finance Division budget. Mr.
1304 Ford, please continue.

1305

1306 **Paul Ford (0:53:42):**

1307 Now I would like to turn your attention to item 11, the
1308 Housing Finance Division budget. This budget is a
1309 subset of our internal operating budget submitted in

1310 compliance with Texas Government Code 2306 and the
1311 General Appropriations Act. This budget totals \$25.6
1312 million, which represents expenses funded specifically
1313 with fees generated by Single Family bonds, multifamily
1314 bonds, tax credit, and compliance activities. I am
1315 available to answer any questions on this item and
1316 prepare to certify this budget as well.

1317

1318 **Leo Vasquez III (0:54:10):**

1319 Okay. Just to clarify, under this budget, everything is
1320 funded by program revenue. None of it's from the
1321 General Revenue Fund?

1322

1323 **Paul Ford (0:54:19):**

1324 That is absolutely correct. It's all fee generated.

1325

1326 **Leo Vasquez III (0:54:22):**

1327 Okay. So this whole aspect of our operations is not a
1328 burden on Texas taxpayers.

1329

1330 **Paul Ford (0:54:28):**

1331 Precisely.

1332

1333

1334 **Leo Vasquez III (0:54:29):**

1335 Okay. Questions or I'll entertain a motion on item 11.

1336

1337 **Holland Harper (0:54:34):**

1338 I move the Board approve the state Fiscal Year 2026

1339 Housing and Finance Division budget all describe,

1340 authorizing the Board action, requests, resolutions, and

1341 associated documents on this item.

1342

1343 **Anna Maria Farias (0:54:43):**

1344 Second.

1345

1346 **Leo Vasquez III (0:54:44):**

1347 Motion made by Mr. Harper, seconded by Ms. Farias. All

1348 those in favor, say aye.

1349

1350 **Board Members (0:54:49):**

1351 Aye.

1352

1353 **Leo Vasquez III (0:54:49):**

1354 Any opposed? Hearing none, motion carries. Thanks,

1355 Paul.

1356

1357

1358 **Paul Ford (0:54:52):**

1359 Thank you.

1360

1361 **Leo Vasquez III (0:54:54):**

1362 Okay. Item 12. Presentation, discussion, and possible
1363 action regarding the issuance of a multifamily housing
1364 governmental note series 2025, resolution number 25-022,
1365 and a determination notice of housing tax credits. Ms.

1366 Morales.

1367

1368 **Teresa Morales (0:55:11):**

1369 Good morning. Teresa Morales, Director of Multifamily
1370 Bonds. Item 12 involves a bond issuance for the new
1371 construction of 108 units in Dallas that will serve the
1372 general population. All of the units will be restricted
1373 at 60 percent of the area median income. The Dallas
1374 Housing Finance Corporation is serving as the general
1375 partner, and they approved the transaction at a meeting
1376 earlier this week. Moreover, we received a resolution
1377 from the city of Dallas stating that they do not object
1378 to the application. We had a public hearing and there
1379 was no one in attendance. And there have been no
1380 letters of support or opposition received. This
1381 transaction is a private placement, meaning the bonds

1382 will be unrated and placed with R4 Capital Funding, who
1383 will be serving as the construction and permanent
1384 lender.

1385

1386 We have done deals with R4 Capital before, two
1387 transactions as recent as 2023. The loan will be
1388 structured with a 16-year term, a 40-year amortization
1389 and an interest rate that is based on the 10-year
1390 treasury plus 1.5 percent which is currently estimated
1391 to be around 6 percent. And that's what we based our
1392 underwriting on. R4 is also providing the equity for
1393 the transaction. We are utilizing bond volume cap in
1394 the form of traditional carry forward that was received
1395 at the end of last year.

1396

1397 Over the past few years, the department has been
1398 submitting deals for traditional carry forward in hopes
1399 to secure any volume cap that gets returned at the end
1400 of the calendar year. This is a big deal because of the
1401 steps involved and is worth highlighting for two
1402 reasons. One is that despite having three years to
1403 close under this type of reservation, this transaction
1404 is set to close on July 2.

1405

1406 And two, while the volume cap is project specific, it is
1407 still assigned to TDHCA and we are using it, eliminating
1408 the risk of it lapsing. Staff recommends approval of
1409 bond resolution number 25-022 for \$30 million, and a
1410 determination notice of 4 percent housing tax credits in
1411 the amount of \$2,509,813.

1412

1413 **Leo Vasquez III (0:57:29):**

1414 Okay. Great. So this is using almost all our tools?

1415

1416 **Teresa Morales (0:57:32):**

1417 Correct?

1418

1419 **Leo Vasquez III (0:57:33):**

1420 Okay.

1421

1422 **Bobby Wilkinson (0:57:35):**

1423 When was the last time you got a comment at a TEFRA
1424 hearing?

1425

1426 **Teresa Morales (0:57:38):**

1427 Pre-COVID.

1428

1429

1430 **Bobby Wilkinson (0:57:40):**

1431 Okay.

1432

1433 **Leo Vasquez III (0:57:42):**

1434 Okay. Do any Board members have questions for Ms.

1435 Morales? If not, I'll entertain a motion on item 12 of
1436 the agenda.

1437

1438 **Holland Harper (0:57:51):**

1439 I move the Board approved resolution number 25-022
1440 regarding the issuance of multifamily housing
1441 governmental note series 2025 and issue a determination
1442 notice for 4 percent housing credits for the Legacy on
1443 Kiest. All as described condition authorizing the Board
1444 action request, resolutions, associated documents on
1445 this item.

1446

1447 **Anna Maria Farias (0:58:08):**

1448 Second.

1449

1450 **Leo Vasquez III (0:58:09):**

1451 Motion made by Mr. Harper, seconded by Ms. Farias. All
1452 those in favor say aye.

1453

1454 **Board Members (0:58:13):**

1455 Aye.

1456

1457 **Leo Vasquez III (0:58:14):**

1458 Any opposed? Hearing none, motion carries.

1459

1460 **Teresa Morales (0:58:16):**

1461 Thank you.

1462

1463 **Leo Vasquez III (0:58:17):**

1464 Thanks, Teresa. Item 13 of the agenda. Presentation,
1465 discussion, and possible action on the 2026 Low Income
1466 Home Energy Assistance Program State plan and awards.

1467 Mr. De Young.

1468

1469 **Michael De Young (0:58:34):**

1470 Good morning, Chairman Vasquez and members of the Board.

1471 Michael De Young, Community Affairs Division Director.

1472 Each year TDHCA receives approximately \$180 million of
1473 LIHEAP funds to provide utility assistance and
1474 weatherization activities throughout the state of Texas.

1475 Back in April, you approved the final or the draft plan
1476 of the 2026 LIHEAP State Plan.

1477

1478 And we went out for public comment. The plan is in its
1479 final stage now. We want to present it to HHS. So
1480 we're looking for your approval. The plan is due before
1481 September 1 of 2025. This plan will result in contracts
1482 with 35 utility assistance providers and 21
1483 weatherization agencies. They cover all 254 counties in
1484 the state of Texas. The contracts would start January
1485 1st and run until the end of December of 2026. We did
1486 receive public comment. We got one comment, which is
1487 not unusual. And it reflected a very narrow omission on
1488 our part. So we reinstated that part of the plan. It
1489 was just a clerical error.

1490

1491 In your Board book, the attachment B shows the awards to
1492 the subrecipients. This morning, I placed a revised
1493 copy in front of you. We had an agency that renamed
1494 itself. And so we had an ordinal issue, and we have
1495 corrected that. So we will go with the revised
1496 attachment B for awards. Two of those awards are
1497 recommended with conditions, which is not unusual.
1498 Those usually have to do with audit issues. And we
1499 would look for a single audit before we fund.

1500

1501 If you approve this Board action, we'll send the plan to
1502 U.S. Department of Health and Human Services. They'll
1503 do the review and approval. And then they issue
1504 contracts to us in October. And we begin our process of
1505 awarding the funds. I can answer any questions you
1506 might have on the LIHEAP State Plan.

1507

1508 **Leo Vasquez III (1:00:32):**

1509 Okay. This is \$166 million?

1510

1511 **Michael De Young (1:00:36):**

1512 \$180 million annually. Some of that is state admin and
1513 monitoring activities.

1514

1515 **Leo Vasquez III (1:00:43):**

1516 Okay. Great. Any Board members have questions for Mr.
1517 De Young? If not, I'll entertain a motion on item 13 of
1518 the agenda.

1519

1520 **Anna Maria Farias (1:00:55):**

1521 Mr. Chairman, I move the Board approve the 2026 Low
1522 Income Home Energy Assistance Program State Plan and
1523 associated awards for submission to the United States
1524 Department of Health and Human Services and upon its

1525 approval to contract for the awards as authorized,
1526 conditioned, and described in the Board action request,
1527 resolutions, and associated documents on this item.

1528

1529 **Holland Harper (1:01:25):**

1530 Second.

1531

1532 **Beau Eccles (1:01:27):**

1533 If I could, just for clarification with the revised
1534 exhibit as referenced by the speaker.

1535

1536 **Anna Maria Farias (1:01:33):**

1537 That is correct. I amend with the revised exhibit as
1538 presented to us. Changing name.

1539

1540 **Leo Vasquez III (1:01:41):**

1541 Okay. So motion made by Ms. Farias. Still seconded by
1542 Mr. Harper. All those in favor say aye.

1543

1544 **Board Members (1:01:47):**

1545 Aye.

1546

1547

1548

1549 **Leo Vasquez III (1:01:48):**

1550 Any opposed? Hearing none, motion carries. Continuing
1551 on item 14 of the agenda. Presentation, discussion, and
1552 possible action on the 2026-2027 Community Services
1553 Block Grant State Plan and Awards. Mr. De Young.

1554

1555 **Michael De Young (1:02:05):**

1556 Very similarly to the previous item, every two years,
1557 TDHCA submits a CSBG plan. It's to the same office,
1558 basically, up at the U.S. Department of Health and Human
1559 Services. They review the plan and approve it,
1560 hopefully. And they issue the state of Texas CSBG funds
1561 annually. That funding amount is about \$36 million
1562 annually. This will be for program years '26 and '27.

1563

1564 And as a reminder, CSBG funds are allocated to 38
1565 eligible entities across the state. They cover all 254
1566 counties, and they use the funds to help enroll low-
1567 income households in utility assistance, case management
1568 services, weatherization, Head Start, Meals on Wheels,
1569 transportation programs, a wide array of services for
1570 low-income individuals.

1571

1572 CSBG funds are also used to provide assistance to
1573 persons working to transition out of poverty. A lot of
1574 times we're doing CDL licenses or getting them in a
1575 nursing program so that they can grow in their
1576 professional development, and they can get off of these
1577 assistance programs. So we track their progress over a
1578 period of time in order to see if they transition out of
1579 poverty.

1580

1581 Back in April, the Board approved the draft CSBG plan.
1582 When you approve the draft LIHEAP plan, we released it
1583 for public comments. This year, we received no
1584 comments. With CSBG funding, I'll do a quick recap.
1585 Federal requirements are 90 percent of the funds go to
1586 those eligible entities and then state then has 10
1587 percent. Five percent is for us to administer the grant
1588 and then 5 percent is discretionary.

1589

1590 Oftentimes, these discretionary awards end up in like
1591 disaster relief awards or they're committed to programs
1592 for migrant seasonal farm workers or Native American
1593 populations. We also did, the last two years we've
1594 tried a re-entry program for folks exiting incarceration
1595 and helping to get them into housing. One of the

1596 hardest things they can deal with is trying to get
1597 housing because they have a previous conviction. So
1598 those are some of the opportunities we have with the
1599 discretionary funds.

1600

1601 In attachment A, you'll find the list of the 38 eligible
1602 entities recommended for the awards. We have no
1603 conditions on those awards. If approved, we'll send the
1604 plan to U.S. Department of Health and Human Services the
1605 same calendar, January 1st through December 31st.

1606 Hopefully, they will give us approval and we'll get our
1607 money beginning in October and we will start to obligate
1608 funds as soon as we possibly can.

1609

1610 I can answer any questions you might have.

1611

1612 **Kenny Marchant (1:04:52):**

1613 Mr. Chairman.

1614

1615 **Leo Vasquez III (1:04:53):**

1616 Mr. Marchant.

1617

1618

1619

1620 **Kenny Marchant (1:04:54):**

1621 I would just like to excuse me, I would like... Is
1622 there a... What's the group that manages Dallas County?
1623 I live in Dallas County. So is there a specific...

1624

1625 **Michael De Young (1:05:07):**

1626 Is it Dallas County Health and Human Services?

1627

1628 **Kenny Marchant (1:05:09):**

1629 Dallas County Health and Human Services.

1630

1631 **Michael De Young (1:05:11):**

1632 Yes. So let me step back a little bit. Dallas County
1633 Health and Human Services receives the CEAP, the LIHEAP
1634 award, and the Weatherization Award.

1635

1636 **Kenny Marchant (1:05:19):**

1637 Okay.

1638

1639 **Michael De Young (1:05:20):**

1640 For CSBG it is...

1641

1642 **Kenny Marchant (1:05:24):**

1643 I'm really more interested in the LIHEAP.

1644

1645 **Michael De Young (1:05:27):**

1646 In the LIHEAP, it's Dallas County Health and Human

1647 Services would receive the second largest award.

1648

1649 **Kenny Marchant (1:05:30):**

1650 I just wanted to meet them and see...

1651

1652 **Michael De Young (1:05:34):**

1653 They recently have restaffed. They have a new director

1654 for their program, and she's probably been in the seat

1655 maybe six weeks.

1656

1657 **Kenny Marchant (1:05:46):**

1658 Do you have written there approximately how much money

1659 goes that way?

1660

1661 **Michael De Young (1:05:50):**

1662 Give me one second. Dallas County Health and Human

1663 services will receive \$13,731,241. Now, that is based

1664 on last year's funding. We'll have to wait till

1665 Congress approves a budget.

1666

1667

1668 **Kenny Marchant (1:06:04):**

1669 She is an employee of the Dallas County?

1670

1671 **Michael De Young (1:06:06):**

1672 Yes.

1673

1674 **Kenny Marchant (1:06:06):**

1675 Okay. Thank you.

1676

1677 **Michael De Young (1:06:07):**

1678 Absolutely. And we can get you in contact with her if
1679 that's what you want.

1680

1681 **Kenny Marchant (1:06:13):**

1682 Yeah. I just wanted to understand the structure.

1683

1684 **Michael De Young (1:06:16):**

1685 Okay.

1686

1687 **Leo Vasquez III (1:06:19):**

1688 Okay. Any other questions for Mr. De Young? If not,
1689 I'll entertain a motion on item 14 of the agenda.

1690

1691

1692 **Holland Harper (1:06:26):**

1693 I move the Board approve the 2026-2027 Community Service
1694 Block Grant State Plan and associated awards for
1695 submission to the United States Department of Health and
1696 Human Services. Upon its approval, to contract for the
1697 awards as authorized, conditioned, and described in the
1698 Board action request, resolutions, and associated
1699 documents on the item.

1700

1701 **Anna Maria Farias (1:06:43):**

1702 Second.

1703

1704 **Leo Vasquez III (1:06:44):**

1705 Motion made by Mr. Harper, seconded by Ms. Farias. All
1706 those in favor say aye.

1707

1708 **Board Members (1:06:49):**

1709 Aye.

1710

1711 **Leo Vasquez III (1:06:49):**

1712 Any opposed? Hearing none, motion carries.

1713

1714 **Michael De Young (1:06:52):**

1715 Thank you very much. Happy Father's Day, everyone.

1716

1717 **Leo Vasquez III (1:06:57):**

1718 Okay. Moving right along. Item 15 of the agenda.

1719 Presentation, discussion, and possible action on the

1720 approval of a loan for 2910 Motley Senior Living. Mr.

1721 Jones.

1722

1723 **Connor Jones (1:07:11):**

1724 Good morning. Connor Jones, Manager of the Multifamily

1725 Direct Loan Program. Before we get to the meat of the

1726 item, I'd like to point out that this is one of three

1727 items pertaining to this transaction, including a

1728 presentation on a force majeure later in the meeting.

1729

1730 Item 15, though, specifically concerns a recommended

1731 loan of NHTF funds in the amount of \$5,331,291 for

1732 Motley Senior Residences, a multifamily housing

1733 development located in Mesquite, Texas. Motley Senior

1734 Residences received an award in \$2 million of housing

1735 tax credits during the 2024 round. All the 2025

1736 multifamily direct loan awards will be 2024 housing tax

1737 credit awardees that NOFA was largely in part put out

1738 for those transactions, seeking some gap funding.

1739

1740 The development proposes the new construction of 133
1741 units that will serve an elderly population. Unit sizes
1742 will include one- and two-bedroom units with rent and
1743 income levels from 30 percent to 60 percent of the area
1744 median income. Out of those 133 units, 29 will be in
1745 NHTF units. And since the transaction was last
1746 underwritten, building costs have increased \$412,000 and
1747 the development cost has increased by \$767,000, bringing
1748 the total development cost to \$36.4 million.

1749

1750 The interest rate on the PERM loan has also increased
1751 from 5.25 percent to 5.8 percent as well as equity
1752 pricing decreasing from \$0.91 to \$0.89. I also think
1753 it's important to note that the deal's at the deal's tax
1754 credit award, underwriting and award last year, the
1755 transaction included nine 30 percent units.

1756

1757 Now because of the NHTF loan, that number has jumped to
1758 29. So we've talked in some prior MFDL award
1759 presentations about looking at a loan to unit amount for
1760 the direct loan awards. That can be a little nebulous
1761 how we proportionately put them into the development.
1762 Two very similar developments with the same cost and
1763 size can often have a different amount of these federal

1764 units depending on a number of minute details in these
1765 transactions. So it's not always a one-to-one. It can
1766 be a little nebulous. And I'm sure there's plenty of
1767 the industry behind me that can speak to their love of
1768 that process.

1769

1770 So it's just important to note that when we put out
1771 these NOFAs for prior tax credit awardees or other
1772 department-funded awards, a lot of times this lower
1773 interest rate direct loan can really let the project
1774 open up and provide a significant amount of deeper
1775 affordability. The loan will carry a 40-year term and a
1776 40-year amortization. That will be in second lien
1777 position. It will also have a 2 percent interest rate
1778 and an annual debt payment of \$193,734 and is fully
1779 amortizing and fully repayable. Staff recommends
1780 approval of the loan. I'm happy to answer any questions
1781 you may have.

1782

1783 **Kenny Marchant (1:10:12):**

1784 Question, Mr. Chairman.

1785

1786 **Holland Harper (1:10:14):**

1787 Mr. Jones.

1788

1789 **Leo Vasquez III (1:10:15):**

1790 Well, Mr. Marchant first. And we'll go to the Harper.

1791

1792 **Kenny Marchant (1:10:18):**

1793 No, go ahead.

1794

1795 **Leo Vasquez III (1:10:19):**

1796 Okay. Harper first, Marchant second.

1797

1798 **Holland Harper (1:10:21):**

1799 Your debt coverage is 1.0. Isn't it usually supposed to
1800 be 1.5?

1801

1802 **Connor Jones (1:10:25):**

1803 For a direct loan transaction that is subordinate to a
1804 FHA loan, a 21D4, we have changed our underwriting to be
1805 a 1.0 because it's a bit of a complicated process, but
1806 we basically have to service that out of 75 percent of
1807 cash flow. And it made that 1.5 window a little
1808 nebulous. And so we have dropped that to a 1.0 being in
1809 second behind that FHA loan.

1810

1811

1812 **Holland Harper (1:10:49):**

1813 Thank you.

1814

1815 **Kenny Marchant (1:10:52):**

1816 Yeah. My comment is not a question is that this project
1817 is going to serve 133 units and it is costing \$277,000
1818 per unit. How many square feet? What is this average
1819 square footage? But I can assure you that number's
1820 right.

1821

1822 **Connor Jones (1:11:16):**

1823 Let's see.

1824

1825 **Kenny Marchant (1:11:19):**

1826 How many square feet per unit is the average?

1827

1828 **Connor Jones (1:11:26):**

1829 Yeah. That's what I'm looking at.

1830

1831 **Kenny Marchant (1:11:30):**

1832 Even a wild guess would be fine.

1833

1834

1835

1836 **Connor Jones (1:11:31):**

1837 Sorry, I have the underwriting report just taking me one
1838 quick second here. 855 square feet.

1839

1840 **Kenny Marchant (1:11:51):**

1841 \$325 a foot. Okay. Somebody asked me the other day the
1842 disparity between why the projects that we deal with are
1843 so much more expensive than private sector housing. And
1844 this one just kind of personifies the difference because
1845 a new Single Family home in a suburb of Dallas is \$200 a
1846 foot, \$220 a foot. And so that's how much the prices
1847 have escalated. And that's just hard cost, right?
1848 There's that \$36 million including all the soft costs.

1849

1850 **Connor Jones (1:12:39):**

1851 It's the total development cost of the project.

1852

1853 **Kenny Marchant (1:12:42):**

1854 Okay. Thank you.

1855

1856 **Leo Vasquez III (1:12:45):**

1857 Yeah. I have a question because this same development
1858 is coming up later on the agenda. If we approve the
1859 loan and if this was standalone without the other force

1860 majeure requests, I'd probably be fine with it. And
1861 we're getting more affordable units, deeply affordable
1862 units. But if we approve this loan, is it still going
1863 to be contingent on them meeting all their other timing
1864 and other factors?

1865

1866 **Connor Jones (1:13:20):**

1867 If award itself will still be in place. If the force
1868 majeure doesn't go through that, I think we'll change
1869 some of the timing on how that parlays to their
1870 completion of it. The federal funds will have their own
1871 timeline that moves from that grant. We try to keep
1872 that tied to the rest of the funding and then it has tax
1873 credits. Move that with it when we can. So there could
1874 be a little bit of a snag if it doesn't get the force
1875 majeure that we'd have to address post that item.

1876

1877 **Beau Eccles (1:13:50):**

1878 And it also appears from this that there are conditions
1879 in the REA report and there may be HUD required
1880 environmental conditions. So maybe we don't have that
1881 report yet.

1882

1883

1884 **Connor Jones (1:14:03):**

1885 Yeah.

1886

1887 **Leo Vasquez III (1:14:08):**

1888 Okay. So I guess even approving this, it might still
1889 not happen if all these other conditions and HUD and
1890 timing and everything don't happen.

1891

1892 **Connor Jones (1:14:20):**

1893 Typically, the conditions we see from environmental,
1894 seldom does that knock the deal out per se. That's
1895 normally something we just have to mitigate. So as far
1896 as that being a large factor on the deal moving forward,
1897 that one's not causing too much heartburn. But the
1898 timing of the force majeure and the development period
1899 for the federal funds will be something that will need
1900 to be timed.

1901

1902 **Leo Vasquez III (1:14:48):**

1903 Okay. By us approving this here, we're not losing out
1904 being able to award something someplace else, basically?

1905

1906 **Connor Jones (1:14:54):**

1907 No.

1908

1909 **Leo Vasquez III (1:14:56):**

1910 Okay. Okay. Do any Board members have questions on
1911 this? So the recommendation is to approve the loan?

1912

1913 **Connor Jones (1:15:04):**

1914 Yes, sir.

1915

1916 **Leo Vasquez III (1:15:06):**

1917 Do any Board members have questions on this? You're
1918 welcome to speak on that, but I don't know if you might
1919 want to speak later in the meeting. Okay. I want to
1920 entertain a motion on item 14 or 15.

1921

1922 **Anna Maria Farias (1:15:27):**

1923 Mr. Chairman, I move the Board approve the loan of
1924 National Housing Trust Funds to 2190 Motley Senior
1925 Living, all as expressed, conditioned, authorized, and
1926 described in the Board action request, resolution, and
1927 associated documents on this item.

1928

1929 **Leo Vasquez III (1:15:46):**

1930 Okay. Just to clarify, you said, is it 2910 or 2190?

1931

1932 **Anna Maria Farias (1:15:50):**

1933 2190.

1934

1935 **Leo Vasquez III (1:15:51):**

1936 No, no. I mean, it's written incorrectly.

1937

1938 **Connor Jones (1:16:00):**

1939 I have 2910.

1940

1941 **Leo Vasquez III (1:16:00):**

1942 Okay. So that's the motion, 2910 Motley.

1943

1944 **Anna Maria Farias (1:16:03):**

1945 It's 2910. Okay.

1946

1947 **Leo Vasquez III (1:16:04):**

1948 Okay. Is there a second?

1949

1950 **Cindy Conroy (1:16:10):**

1951 I'll second.

1952

1953 **Leo Vasquez III (1:16:12):**

1954 Motion made by Ms. Farias. Seconded by Ms. Conroy. All

1955 those in favor say aye.

1956

1957 **Board Members (1:16:16):**

1958 Aye.

1959

1960 **Leo Vasquez III (1:16:17):**

1961 Any opposed? Hearing none, motion carries.

1962

1963 **Connor Jones (1:16:20):**

1964 Thank you.

1965

1966 **Leo Vasquez III (1:16:23):**

1967 Item 16 of the agenda, Ms. Morales, you're back up.

1968 Presentation, discussion, and possible action regarding
1969 a waiver of 10 TAC §11.101(b)(1)(A)(7) of the qualified
1970 allocation plan relating to the percentage of efficiency
1971 and/or one-bedroom units for the Lofts at Creekview.

1972 Ms. Morales, what's this about?

1973

1974 **Teresa Morales (1:16:48):**

1975 Good morning. Teresa Morales Director of Multifamily
1976 Bonds. The department received a request for a waiver
1977 of the 35 percent limitation on efficiency in one-
1978 bedroom units for the Lofts at Creekview, a 301 unit
1979 development in San Antonio. The circumstances

1980 surrounding this development are unique and different
1981 from what both the Board and staff has seen, primarily
1982 in the sense that the project is currently under
1983 construction.

1984

1985 This development was originally financed using local
1986 bonds issued by the San Antonio Housing Trust Public
1987 Facility Corporation in 2022. It was not designed to be
1988 a tax credit property and therefore compliance with the
1989 QAP was not something that was contemplated in the early
1990 design stages. Of the 301 units, there are
1991 efficiencies, one bedrooms, two bedrooms and three
1992 bedrooms, with 60 percent of the units being
1993 efficiencies and one bedroom units.

1994

1995 The development was originally designed to include 150
1996 market rate units and the remaining 151 units would be
1997 serving 50 percent, 60 percent, and 80 percent
1998 households. Since the closing in 2022, the applicant
1999 has represented that there have been a number of factors
2000 that have impacted the financial viability of the deal
2001 and have decided to pivot to convert the project into a
2002 tax credit development.

2003

2004 Some of those factors include environmental issues that
2005 delayed the construction start and rising construction
2006 costs. As a tax credit development, the applicant has
2007 indicated that the unit mix would become 100 percent
2008 restricted. They would have units at 30 percent, 50
2009 percent, 60 percent, and 80 percent of AMI, creating an
2010 average income of 60 percent. The department would be
2011 getting deeper affordability with some 30 percent AMI
2012 households and more affordability at the 50 percent and
2013 60 percent levels. Staff recommends that a waiver of 10
2014 TAC §11.101(b)(1)(A)(7) be approved, noting that the
2015 waiver is specific to the unit mix only and that the
2016 development must meet all other department rules.

2017

2018 **Bobby Wilkinson (1:19:11):**

2019 So we've never done this before, right? Where
2020 something's under construction and then we finance it
2021 with tax credits. Get all those affordable units
2022 that'll be finished a lot sooner than we ever usually do
2023 this, right?

2024

2025 **Teresa Morales (1:19:24):**

2026 Correct. They represented that the project is already
2027 about 50 percent complete and intend to finish

2028 construction around January, I believe. Probably the
2029 fastest track. Bond deals are normally fast track, but
2030 this is probably expedited.

2031

2032 **Kenny Marchant (1:19:41):**

2033 Mr. Chairman. I'm very much in favor of this here. I
2034 don't know how many projects are out there, but I do
2035 know there are a lot of projects just being finished
2036 that they are dreading their lease up period. Would we
2037 ever be able to accommodate a project that was finished
2038 but did not have occupants yet or was in the early stage
2039 of occupancy? But we would come in for a loan and then
2040 make the same dedications for low-income tax housing
2041 credit, convert their existing construction loan into a
2042 permanent loan.

2043

2044 **Teresa Morales (1:20:25):**

2045 At that early stage, I'm not sure how common that would
2046 be. I think just...

2047

2048 **Kenny Marchant (1:20:29):**

2049 Well, I don't think it'd be common at all. But I think
2050 if we ever got into an overbuilt situation in some
2051 areas, this one is not in that stage. But you're saying

2052 that by us approving this, this first time we approved
2053 something that's in a construction.

2054

2055 **Bobby Wilkinson (1:20:49):**

2056 So this is not the award. We're waiving the unit mix
2057 because we had a cap on how many one bedrooms you can
2058 have. Well, it's already under construction and so
2059 it'll come back to you as a...

2060

2061 **Leo Vasquez III (1:21:02):**

2062 A 4 percent application.

2063

2064 **Teresa Morales (1:21:02):**

2065 It more than likely won't come back to the Board because
2066 we would consider it a streamlined transaction which the
2067 Board authorizes staff to approve those administratively
2068 if there weren't waivers or other items that
2069 necessitated that action.

2070

2071 **Kenny Marchant (1:21:15):**

2072 Yeah. It definitely gets the units into the marketplace
2073 quicker.

2074

2075

2076 **Leo Vasquez III (1:21:20):**

2077 So when I was reading this, I'm summarizing. Okay. So
2078 we'd have to make an exception on the one-bedroom
2079 percentages and everything. But we'd be getting 300
2080 affordable units in six months from eight months from
2081 now or something like that, when they finish. The
2082 construction's almost done, and this is a 4 percent
2083 application. It's not like we're taking something away
2084 from anyone else. My perspective is I wish every
2085 application would come into us like this. I understand
2086 the purposes and the intent behind making sure we have
2087 that 30 percent limit, but in this exceptional case, I'm
2088 perfectly good with it as well. I don't know if any
2089 public comment or any other comments are necessary.

2090 Would anyone care to make a motion on this?

2091

2092 **Ajay Thomas (1:22:25):**

2093 Mr. Chairman, I move the Board approve the waiver of 10
2094 TAC §11.101 subsection(b)(1) of the 2025 QAP relating to
2095 the allowable percentage of efficiency and/or one-
2096 bedroom units for Lofts at Creekview as authorized,
2097 conditioned, and described in the Board action request,
2098 resolution, and associated documents on this item.

2099

2100 **Cindy Conroy (1:22:46):**

2101 Second.

2102

2103 **Leo Vasquez III (1:22:51):**

2104 Okay. Motion made by Mr. Thomas, seconded by Ms.

2105 Conroy. All those in favor say aye.

2106

2107 **Board Members (1:22:54):**

2108 Aye.

2109

2110 **Leo Vasquez III (1:22:55):**

2111 Any opposed? Hearing none, motion carries.

2112

2113 **Teresa Morales (1:22:57):**

2114 Thank you.

2115

2116 **Leo Vasquez III (1:22:58):**

2117 All right. Great. Thanks, Teresa. Item 17, presentation, discussion, and possible action. Wait. Okay. It's 19. That's right. Yeah. Okay. So item 17, presentation, discussion, and possible action regarding the material amendment to the LURA for Villa Elaina and The Cornerstone. Mr. Banuelos.

2123

2124 **Rosalio Banuelos (1:23:20):**

2125 Good morning. Rosalio Banuelos, Director of Asset
2126 Management. Villa Elaina received a Housing Trust Fund
2127 Award in 2003 for the rehabilitation of 22 units, all of
2128 which are designated as low-income units. And The
2129 Cornerstone received a Housing Trust Fund Award in 2004
2130 for the construction of 30 units, of which eight units
2131 are designated as low-income units. Both properties are
2132 in Austin. Mary Lee Foundation, the prior owner for
2133 these developments, executed a land use restriction
2134 agreement, or LURA, for Villa Elaina on February 26,
2135 2004, for a term of 55 years, which ends on February 26,
2136 2059. The LURA for this property, as amended in 2012,
2137 restricts 11 units for individuals and families earning
2138 no more than 30 percent of the area median income, or
2139 AMI, and 11 units at no more than 60 percent of AMI.

2140

2141 The LURA for The Cornerstone was executed on February
2142 24, 2005, has a term of 30 years, which ends on February
2143 24, 2035, and restricts four units for individuals and
2144 families earning no more than 30 percent AMI and four
2145 units at no more than 60 percent AMI. The current
2146 development owner, which is the subsidiary of Foundation
2147 Communities, Inc., purchased the development in 2024.

2148

2149 Foundation Communities is working with the Mary Lee
2150 Foundation to redevelop an 8 acre campus in South Austin
2151 and have submitted a 4 percent housing tax rated
2152 application for the new construction of the Bloom at
2153 Lamar Square. The owner for these two properties is now
2154 requesting approval to transfer the LURAs for Villa
2155 Elaina and The Cornerstone from their current locations
2156 to the adjacent location where the new proposed
2157 development will be.

2158

2159 The applicant for the new development is proposing to
2160 construct 58 units, of which 52 units will mirror the
2161 unit mix and income restrictions at Villa Elaina and The
2162 Cornerstone. The tenants at the restricted units at The
2163 Cornerstone and Villa Elaina are anticipated to be
2164 relocated to the new development. All other tenants
2165 will have an option to relocate to the new development
2166 if their incomes qualify or will receive relocation
2167 assistance.

2168

2169 The demolition and reconstruction of The Cornerstone and
2170 Villa Elaina is not part of the proposed work for the
2171 new development, and this will take place as part of a

2172 separate future phase of redevelopment. Staff
2173 recommends approval of the requested material amendments
2174 to the LURAs for these two developments. The amendments
2175 to the LURAs will be done once construction of the new
2176 development has been completed. The LURA for the new
2177 development will have a term of 30 years that will begin
2178 once construction is completed. And at that time, all
2179 three LURAs will run concurrently until the return terms
2180 end. That concludes my comments, and I'm available for
2181 questions.

2182

2183 **Leo Vasquez III (1:25:51):**

2184 Okay. When I first read through this, I was thinking
2185 there's all kinds of red flags and question marks
2186 popping up. And then I saw that it was our friend
2187 Walter and thought, Okay. Maybe they do know what
2188 they're doing. So we are, with these, the net effect of
2189 the transfers and such, we are still extending, again,
2190 an extended LURA period.

2191

2192 **Rosalio Banuelos (1:26:17):**

2193 Yeah. So we have more units that are being built and
2194 the existing units will be transferred over to the new

2195 property or the existing tenants, and they will go for
2196 the term of the entire 30 years for the new development.

2197

2198 **Leo Vasquez III (1:26:34):**

2199 Okay. Out of curiosity, what's happening to the old
2200 site, the one we're moving from? Walter may sign in,
2201 identify yourself and who you're with.

2202

2203 **Walter Moreau (1:26:56):**

2204 Thank you. I'm Walter Moreau, the Executive Director at
2205 Foundation Communities. I can offer a little more
2206 context. Mary Lee Foundation is an old Austin
2207 nonprofit, 65 years old and they over the years bought
2208 up little apartment buildings off Lamar Square, just
2209 three miles from here, where mostly they focused on
2210 housing for individuals with intellectual and
2211 developmental delays, the IDD community. So they had
2212 24/7 staffing nurse care. And currently, there's still
2213 40 residents, 40 of their clients living on the Square.

2214

2215 We've partnered with them over the last two years to
2216 basically buy up these eight acres. There were 14
2217 buildings. We tore three of them down. They were in
2218 such bad shape. There are residents currently at

2219 Cornerstone and Villa Elaina. So part of the
2220 redevelopment of the campus, we're going to build a
2221 brand-new building, replace the housing for their IDD
2222 clients on the first floors, use tax credits to build
2223 some affordable housing.

2224

2225 So we want to offer the current residents the
2226 opportunity to move into a brand-new building and move
2227 that. This is all good. We're going to move the LURA
2228 from the crumbling buildings into the new building and
2229 extend the life. In the future, then we'll ultimately
2230 tear down Cornerstone and Villa Elaina and have that
2231 land to build another phase and more affordable housing.

2232

2233 **Leo Vasquez III (1:28:17):**

2234 Okay. So that redevelopment phase is just an idea out
2235 in the future right now.

2236

2237 **Walter Moreau (1:28:23):**

2238 Exactly.

2239

2240 **Leo Vasquez III (1:28:25):**

2241 Okay.

2242

2243 **Walter Moreau (1:28:27):**

2244 We're excited about the project, so thank you for help.

2245

2246 **Leo Vasquez III (1:28:29):**

2247 Sounds neat. Like I said, it's a little complicated.

2248 Different than some. Do any other Board members have

2249 questions on this item? If not, I'll entertain a motion

2250 on item 17 of the agenda.

2251

2252 **Ajay Thomas (1:28:50):**

2253 Mr. Chairman, I move the Board approve the requested

2254 material LURA amendments for Villa Elaina and The

2255 Cornerstone, all as described, conditioned, and

2256 authorized in the Board action request, resolution, and

2257 associated documents on this item.

2258

2259 **Leo Vasquez III (1:29:03):**

2260 Motion made by Mr. Thomas. Is there a second?

2261

2262 **Cindy Conroy (1:29:05):**

2263 I'll second.

2264

2265 **Leo Vasquez III (1:29:06):**

2266 Seconded by Ms. Conroy. All those in favor say aye.

2267

2268 **Board Members (1:29:09):**

2269 Aye.

2270

2271 **Leo Vasquez III (1:29:10):**

2272 Any opposed? Hearing none, motion carries. Thanks,
2273 Walter. Okay. Item 18 of the agenda. Presentation,
2274 discussion, and possible action regarding a material
2275 amendment for Sunset Ridge, formerly Gray Manor
2276 Apartments. Mr. Banuelos. What's this one?

2277

2278 **Rosalio Banuelos (1:29:29):**

2279 This development was approved for a 9 percent housing
2280 tax credit award in 2024 for the construction of 36
2281 units, all of which are designated as low-income units
2282 for the general population in Burnett County. The
2283 application for the development received two points
2284 because the development was structured to include a
2285 historically underutilized business or HUB, and the
2286 ownership structure that would have some combination of
2287 ownership interest in the general partner of the owner,
2288 cash flow from operations and developer fee.

2289

2290 The HUB is also required to materially participate in
2291 the development and operation of the development
2292 throughout the compliance period. The applicant has now
2293 requested approval for the removal of the two points
2294 awarded for the participation of the HUB. The owner
2295 indicated that they encountered challenges in renewing
2296 the HUB certification with the Texas Comptroller because
2297 several of the members of the HUB are also employed by
2298 the related party management company. The applicant is
2299 currently addressing this concern and it's still
2300 actively reapplying for that certification. There is no
2301 change in the ownership structure or involvement of the
2302 originally proposed HUB entity in this development, as
2303 the entity in question will still serve as the sole
2304 member of the managing member, but it will just not be a
2305 HUB.

2306

2307 There are no new members being added. The applicant
2308 indicated the syndicator has advised them that they
2309 cannot proceed with closing until this matter is
2310 resolved. Staff confirmed that the loss of the HUB
2311 points would not have affected the award because there
2312 was no other application that would have scored higher.
2313 And furthermore the other applications in this region

2314 withdrew their application. Staff recommends approval
2315 of this amendment, and I'm available to enter any
2316 questions.

2317

2318 **Leo Vasquez III (1:31:02):**

2319 Okay. So just to reiterate that last part, they would
2320 have still won the award without the two points.

2321

2322 **Rosalio Banuelos (1:31:11):**

2323 Correct.

2324

2325 **Leo Vasquez III (1:31:15):**

2326 Getting down, I don't know if you can even answer this,
2327 but the other application in this region, it was pulled?

2328

2329 **Rosalio Banuelos (1:31:24):**

2330 My understanding is that it was pulled. I don't know
2331 the details of it, but yes, this was the only
2332 application that ended up in this region.

2333

2334 **Leo Vasquez III (1:31:32):**

2335 Okay. Do any Board members have questions on this item?
2336 So staff's recommendation is to approve the material

2337 amendment. Okay. All right. Is there a motion? You
2338 guys are speaking for this, right? Okay. All right.

2339

2340 **Holland Harper (1:31:54):**

2341 I move the Board approve the request of material
2342 amendment to the Sunset Ridge, all subscribed condition
2343 authorizing the Board actually request, resolution, and
2344 associate documents this item.

2345

2346 **Anna Maria Farias (1:32:02):**

2347 Second.

2348

2349 **Leo Vasquez III (1:32:04):**

2350 Motion made by Mr. Harper, seconded by Farias. All
2351 those in favor say aye.

2352

2353 **Board Members (1:32:08):**

2354 Aye.

2355

2356 **Leo Vasquez III (1:32:08):**

2357 Any opposed? Hearing none, motion carries. Okay. Item
2358 19 has been pulled from the agenda. So moving on to
2359 item 20. Presentation, discussion, and possible action
2360 on point penalties for 2024 9 percent housing tax credit

2361 applications related to the Readiness to Proceed scoring
2362 item. Mr. Campbell, this one sounds exciting.

2363

2364 **Cody Campbell (1:32:38):**

2365 That is correct, Mr. Vasquez. Unfortunately, this is
2366 not a fun one. We do have to talk about penalties for
2367 2024 9 percent applicants, which is, I wish I could say
2368 nobody is going to be recommended for a penalty, but
2369 unfortunately, that is just not the case. These point
2370 penalties relate to the Readiness to Proceed scoring
2371 item. The scoring item is meant to encourage quick
2372 development timelines within the tax credit program.

2373

2374 If an applicant selects these points, then they must
2375 acquire the development site and submit for building
2376 permits no later than March 31st of the following year.
2377 Otherwise, they may be subject to a penalty of up to two
2378 points for each application submitted in the round
2379 following the deadline. The assessment of penalties is
2380 done solely at the Board's determination, which means
2381 that you do have discretion as to whether to assess a
2382 penalty for any or all applicants.

2383

2384 In 2024, 45 applicants selected these points and as of
2385 today, nine have failed the deadline. The reasons given
2386 by these applicants are what would be expected, with
2387 funding gaps being the most common cause given. Staff
2388 is recommending a penalty of one point for each
2389 application submitted by the affected applicants in next
2390 year's round for all but one of the applicants that has
2391 failed the deadline.

2392

2393 We are not recommending a penalty for an application
2394 called Freedom's Path at Kerrville II, which was
2395 submitted by an organization called Solutions for
2396 Veterans. This is a very interesting application. It
2397 is a supportive housing development targeted towards
2398 homeless veterans that is located on the campus of the
2399 United States Department of Veterans Affairs in
2400 Kerrville. Because of that, the VA is very involved in
2401 the land acquisition process. There are extensive
2402 federal reviews that they have to go through, and the VA
2403 moves at the pace that it does. I am not sure that an
2404 applicant that ever attempts to do this particular kind
2405 of development is ever going to be able to meet the
2406 Readiness to Proceed deadline. And the reason that
2407 we're not recommending a penalty is because staff does

2408 want to encourage people to do housing for homeless
2409 veterans.

2410

2411 Because it is almost inevitable that they will fail the
2412 deadline, staff believes that if a penalty is assessed,
2413 it might unintentionally create a discouragement for
2414 anybody to try to do this type of housing in the future.

2415 And so we're not recommending a penalty for that
2416 applicant. I anticipate that there will be public
2417 comment on this item and that the affected applicants
2418 will provide reasons to the Board that a penalty might
2419 not be warranted.

2420

2421 For example, several of the applicants have either
2422 already received or are currently requesting force
2423 majeure extensions. In addition, at least one applicant
2424 disagrees with staff regarding the year to which the
2425 penalty should apply. Staff believes that this penalty
2426 applies to the 2026 round, and this particular applicant
2427 believes that the penalty should apply to the current
2428 year's round, and I'm prepared to speak to that if
2429 necessary.

2430

2431 In addition to the applications that we are discussing
2432 today, there are four that have Readiness to Proceed
2433 deadlines later in the year because they received their
2434 tax credits from the waiting list after the initial
2435 awards were made in July. Should any of those
2436 applications fail their deadline, then they will also be
2437 presented to the Board for a penalty. Staff recommends
2438 the Board approve this item, and I'm happy to answer any
2439 questions that you may have.

2440

2441 I would also recommend that when we take public
2442 comments, it may be beneficial to first hear from the
2443 applicant that disagrees with the year to which the
2444 penalty applies. Because depending on the Board's
2445 feelings about that, I suspect it would very much affect
2446 how the other applicants' comments on this item. Again,
2447 I'm happy to take any questions that you may have.

2448

2449 **Leo Vasquez III (1:36:22):**

2450 Okay. Is there any overlap between these nine or eight?

2451

2452 **Cody Campbell (1:36:25):**

2453 There is, yes.

2454

2455 **Leo Vasquez III (1:36:27):**

2456 With the force majeure? The force majeure, absolutely
2457 (indiscernible).

2458

2459 **Cody Campbell (1:36:30):**

2460 Yes. So two of the ones that are presented later are on
2461 this list. One application that has previously been
2462 approved for force majeure is also on this list.

2463

2464 **Leo Vasquez III (1:36:41):**

2465 Okay. Does the year discrepancy apply just to that one
2466 project that's disputing which year, or does that...

2467

2468 **Cody Campbell (1:36:56):**

2469 That particular applicant, and it may be others. I've
2470 just only spoken with one broadly disagrees with the
2471 application of the penalty in the 2026 round.

2472

2473 **Bobby Wilkinson (1:37:07):**

2474 Yeah. It'd be for all of them. If we interpret it one
2475 way or another, they get the point penalty in '25 or in
2476 '26. That is correct.

2477

2478

2479 **Leo Vasquez III (1:37:17):**

2480 Okay. I guess just procedurally, is there an issue on,
2481 should we bifurcate this and vote on the veteran's
2482 approval or waiver?

2483

2484 **Beau Eccles (1:37:32):**

2485 They're all under the same item. Yes.

2486

2487 **Leo Vasquez III (1:37:35):**

2488 Well, can we split them up into separate votes or not?

2489

2490 **Cody Campbell (1:37:41):**

2491 The resolution, as it's written in your Board item, does
2492 specifically call out that veteran's development as one
2493 that is not recommended for a penalty.

2494

2495 **Leo Vasquez III (1:37:49):**

2496 Okay. So it's already kind of built in. We don't have
2497 to do that. Okay.

2498

2499 **Kenny Marchant (1:37:51):**

2500 But if we decided on the '25 versus '26 one point
2501 deduction, that would have to be deleted out of here or
2502 amended in here? How would you pull that item out of

2503 here and do it standalone if we decided that that was
2504 meritorious?

2505

2506 **Bobby Wilkinson (1:38:13):**

2507 I guess the '25 versus '26 is not an item that's posted.
2508 It would just be. Just this discussion on our
2509 interpretation. All right.

2510

2511 **Leo Vasquez III (1:38:25):**

2512 Okay. Let's...

2513

2514 **Anna Maria Farias (1:38:28):**

2515 I have a question. Cody, are you telling us that the VA
2516 moves slower than the Department of Agriculture?

2517

2518 **Cody Campbell (1:38:35):**

2519 I have no opinions on the activities of the federal
2520 government. We recognize that there is an involvement
2521 that requires extensive review that might prohibit a
2522 development from moving as quickly as they might like.

2523

2524 **Leo Vasquez III (1:38:53):**

2525 Okay. Do we want to hear first the year?

2526

2527 **Cody Campbell (1:39:02):**

2528 It would just make sense to resolve that matter first.

2529

2530 **Leo Vasquez III (1:39:05):**

2531 Yes. Okay. Who wants to speak on that?

2532

2533 **Donna Rickenbacker (1:39:13):**

2534 I'm the one that they elected to speak to this topic
2535 area and the others are kind of following this
2536 discussion, if you will. My name is Donna Rickenbacker.
2537 I'm with MRAC Companies and I have two deals that are on
2538 the readiness list. They're both in Houston, Texas.
2539 New Face Senior Village and Andover Village both
2540 received a 9 percent award in '24. I want to cover two
2541 topics.

2542

2543 We first, the reason for failure to meet the site
2544 acquisition requirement. We applied for and received
2545 HOME funds from the city of Houston on both of these
2546 transactions. I think the Board is well aware that
2547 these HOME funds require the sponsor to complete a Part
2548 58 environmental clearance before acquiring the land,
2549 which is a choice-limiting activity. We started our
2550 effort immediately following the HOME award and provided

2551 a detailed timeline in our response describing our
2552 efforts from the date of the HOME award through March
2553 31, the deadline for readiness. We believe that our
2554 failure to meet the site acquisition was beyond our
2555 control and that any associated penalty, if any, should
2556 not be assessed. Please keep in mind that staff, as
2557 Cody spoke to, is recommending that Freedom Path, a
2558 proposed development in Kerrville, not be assessed a
2559 penalty because of the unique circumstances related to
2560 federal site control.

2561
2562 I don't see a difference in the that situation. HOME
2563 funds are federal grant dollars, and the applicant can't
2564 acquire the land until HUD issues the authority to use
2565 grant funds.

2566
2567 The second item I want to speak to is the penalty
2568 assessment. Staff is suggesting that the Readiness to
2569 Proceed rule permits the Board to assess penalties in
2570 future competitive rounds and is recommending a one-
2571 point deduction in the 2026 competitive round.

2572
2573 This is not what the rule states or how it has
2574 historically been interpreted since it was initially

2575 incorporated into the QAP rules in '18. Staff correctly
2576 describes the rule in its background statement to the
2577 Board on this agenda item. The penalty assessment
2578 provided in Section 11.9(f) states follows staff may
2579 recommend to the Board and the Board may find that an
2580 applicant or affiliate should be ineligible to compete
2581 in the following year's competitive application round or
2582 that it should be signed a penalty deduction in the
2583 following year's competitive application round of no
2584 more than two points. We believe that any associated
2585 penalty is applied in this instance to any '25 9 percent
2586 application.

2587

2588 I also want to point out that I think that this has not
2589 only historically been interpreted this way, but it's a
2590 good rule because people need to take the Readiness to
2591 Proceed point category seriously because other
2592 developments lost an opportunity to proceed as a result.
2593 And so if you choose to put in something in this
2594 instance in 2025, and it's been the enormous amount of
2595 time that it takes to put those applications together,
2596 you put yourself at risk of not hitting your Readiness
2597 to Proceed deadline for your, in this instance, '24

2598 transaction, and you should receive a penalty for it.

2599 So I hope you all will take this into consideration.

2600

2601 **Leo Vasquez III (1:42:52):**

2602 Just to make sure I'm understanding, you're saying apply

2603 the penalty to next year's applications.

2604

2605 **Donna Rickenbacker (1:43:00):**

2606 Well, it's in the rules. It's applied to the following

2607 years.

2608

2609 **Leo Vasquez III (1:43:03):**

2610 Yes. 2025.

2611

2612 **Donna Rickenbacker (1:43:06):**

2613 2025.

2614

2615 **Cody Campbell (1:43:06):**

2616 No, she wanted 2025. This current year.

2617

2618 **Donna Rickenbacker (1:43:09):**

2619 Current year. 2025.

2620

2621

2622 **Leo Vasquez III (1:43:11):**

2623 Okay. Not the future year.

2624

2625 **Donna Rickenbacker (1:43:12):**

2626 Not the future year. And I'll be honest with you, I
2627 didn't put anything in '25. Why? For the reason that
2628 this rule was put into place. I'm very busy with my '24
2629 deals. This old lady can only do so much. And I didn't
2630 put anything in in 2025 as a result, because I wanted to
2631 honor the commitment to do my best to make sure I can
2632 complete everything I'm supposed to do and meet my
2633 Readiness to Proceed deadline, which I couldn't do
2634 because of the HOME funding that was awarded to these
2635 two transactions actions.

2636

2637 **Leo Vasquez III (1:43:46):**

2638 Okay. All right. Thanks, Donna. Cody, do you want to
2639 respond or?

2640

2641 **Cody Campbell (1:43:53):**

2642 Thanks, Donna.

2643

2644 **Donna Rickenbacker (1:43:55):**

2645 Absolutely.

2646

2647 **Cody Campbell (1:43:55):**

2648 Yeah. And I think these situations are always kind of
2649 unpleasant, but it is just a good faith disagreement
2650 about what the rules say. Staff's recommendation is
2651 based on the two things really, just the simple reading
2652 of the rules. So as Donna just accurately noted, what
2653 the rule says is the Board may find, which is what's
2654 happening right now, the Board may find that an
2655 applicant should be assigned a penalty in the following
2656 year's competitive application round.

2657

2658 So the Board is finding today that there should be a
2659 penalty. And the rule says in the following year's
2660 application round. So just the simple reading of the
2661 rules leads to that. And then the other thing is,
2662 mechanically, I'm not sure how it works to apply the
2663 penalty to the 2025 round because the year does not end
2664 in July. As I noted in my speaking notes, we have
2665 applications that have Readiness to Proceed deadlines
2666 later in the year. I believe we have one that's as late
2667 as October, if we get to October, and the Board
2668 determines that there should be a penalty for that
2669 application or for that applicant, I should say, and

2670 they've already gotten an award in July. That puts us
2671 in a very difficult situation where we are deducting
2672 points from an awarded application that is several
2673 months in the development process at that point.

2674

2675 That would introduce a kind of chaos into this program
2676 that I'm not sure that I know how we would manage. We
2677 would figure it out. We do figure out everything, but
2678 just quite literally, mechanically, I don't understand
2679 how that would work. Again, I do think that this is
2680 just a good faith disagreement. I don't think that
2681 anybody is being underhanded or anything like that. But
2682 just a simple reading of the rules says that the Board
2683 determines that there is a penalty in the following
2684 round.

2685

2686 **Kenny Marchant (1:45:36):**

2687 But her objection specifically was that if it's in the
2688 '25 round, she's not going to be in the '25 round. So
2689 it's not going to really affect her. If you put it in
2690 the '26 round, it's going to affect her because she's
2691 going to want to put something in the '26 round.

2692

2693

2694 **Cody Campbell (1:45:56):**

2695 It is true that Donna doesn't have any applications in
2696 the '25 round.

2697

2698 **Kenny Marchant (1:46:01):**

2699 Is that the case with all the rest?

2700

2701 **Cody Campbell (1:46:02):**

2702 There is one affected applicant that does have
2703 applications in this round, but just out of fairness to
2704 Donna, I don't think we should be twisting things to
2705 benefit her. I do think that it's a sincere belief on
2706 her part that it should apply to 2025. Yeah.

2707

2708 **Kenny Marchant (1:46:17):**

2709 Is it always been interpreted the way you're
2710 interpreting?

2711

2712 **Cody Campbell (1:46:20):**

2713 The Board has not assessed penalties under this item
2714 since 2018. And there was a language change in, I
2715 believe, the 2018 QAP. It used to say a specific year
2716 and then it was changed in that QAP to say the following

2717 year. And so staff is following that new language
2718 that's in the QAP currently.

2719

2720 **Leo Vasquez III (1:46:46):**

2721 Okay. Just curious, before we get the next speaker,
2722 does legal counsel have any perspective on this? You're
2723 up.

2724

2725 **Beau Eccles (1:46:56):**

2726 Okay. Merely that the argument, as I read it, was
2727 discussing what the intent of the rule is, and typically
2728 statutory as well as rule analysis begins with the plain
2729 meaning of the words of the rule or the statute. So the
2730 best advice that I could give for this Board's important
2731 role in interpreting its own rules is to read the plain
2732 reading of the rule as it exists and apply it to these
2733 facts.

2734

2735 I do believe that as Cody set out when we're talking
2736 about the Board may find that an applicant should be
2737 assessed a penalty deduction, this is the moment where
2738 the Board is making such a finding. If it then
2739 continues on to should be assessed a penalty deduction
2740 in the following year's competitive application round,

2741 that would suggest certainly that it's not this round,
2742 it's the following round.

2743

2744 And I also agree with the chaos that it would create in
2745 the program. And with respect to the applicant, until
2746 this moment, she may have felt that she violated the
2747 Readiness to Proceed and that she would be deducted a
2748 point. It's not necessarily that the case that it would
2749 have been assessed. This is the moment where the
2750 finding is being addressed. And thus in the following
2751 year she would know for certain how many points, which
2752 points could still do a pre-app knowledgeable of the
2753 fact that she could not, she was going to lose however
2754 many points this Board finds is going to be assessed as
2755 a penalty. It does make more common sense to apply it
2756 in that way.

2757

2758 **Leo Vasquez III (1:49:01):**

2759 Additionally, for 2024 award, you're not going to have
2760 violated all the Readiness to Proceed until 2025, right?
2761 So you couldn't retroactively say the following year is
2762 2025. Okay. All right. Is there anyone else who wants
2763 to make a comment on this?

2764

2765 **Sam Hagerty (1:49:32):**

2766 Yes. On the year thing. Good morning. Sam Hagerty
2767 with Baker Hostetler here on behalf of the developer
2768 talking about the issue at hand here relative to the
2769 year at which these penalty assessments should be
2770 awarded. As has been mentioned historically, this Board
2771 has chosen to administer this penalty in the year the
2772 literal tax credit year subsequent. So in 2018, you
2773 assessed that penalty for a 2019 application.

2774

2775 And additionally, from your statute for which this rule
2776 has been generated, the statute requires you to create
2777 rules and penalties and when it's describing those
2778 penalties, it talks about the application round
2779 preceding the current round. At issue is a 2024
2780 application. The current round for the '24 application
2781 is 2024, so the assessment cannot be in 2026.

2782

2783 Similarly, when the QAP goes on to discuss when you're
2784 deducting points, so again, recall that the current
2785 year's QAP applies to that application. So in 2026 when
2786 you see these developers again, in order to deduct those
2787 points, you have to have a deduction category. When
2788 it's talking about the ability for you to deduct those

2789 points, it talks about the tax credit round immediately
2790 preceding the current round failed to meet the deadline.

2791

2792 So Cody definitely understand policy-wise, practice-wise
2793 why it might be difficult to implement. But the statute
2794 says on its face that the application round proceeding
2795 current round, the rule on its face says following the
2796 year's competitive round from the beginning in 2018,
2797 when the governor chose to request the Readiness to
2798 Proceed be added to the QAP, the governor signed off on
2799 language of 2018 assessment on 2019 rounds when staff
2800 updated the language just to mean the following year's
2801 competitive round rather than a specific year that's
2802 intended to be an evergreen provision. So you're not
2803 updating that year every time.

2804

2805 And further, in comments regarding that change, staff
2806 made comment that this section's revisions were modified
2807 for clarity, not for change. So taking all those on
2808 face value, this is how the Board has always acted.
2809 This is how the statute requires this rule to be read
2810 and how the rule has been read in the past. Thank you.

2811

2812

2813 **Leo Vasquez III (1:52:05):**

2814 Okay. Thanks. Mr. Marchant, do you have question or
2815 comment?

2816

2817 **Kenny Marchant (1:52:10):**

2818 No, that's plain reading explanation we had from our
2819 lawyer.

2820

2821 **Leo Vasquez III (1:52:17):**

2822 Yeah. I mean, I just think that they made the argument
2823 for us that when you said you're twisting the same, you
2824 use the term current year, prior to the current year,
2825 and then so thus a future year has to be after the
2826 current year.

2827

2828 **Sam Hagerty (1:52:38):**

2829 So the language, I think that...

2830

2831 **Leo Vasquez III (1:52:39):**

2832 But yeah, that's the plain language that I'm kind of
2833 agreeing as well. I think y'all are stretching this
2834 really tremendously on interpretation.

2835

2836

2837 **Sam Hagerty (1:52:47):**

2838 I think your counsel is really, and Cody's relying on
2839 that language. Board may find that, and that being the
2840 trigger point. That language hasn't changed since 2018.
2841 That was in 2018, and 2018 required you to apply it to
2842 2019. So that hasn't changed. So how would counsel
2843 then take that same language in 2018?

2844

2845 **Beau Eccles (1:53:12):**

2846 If that's a question, to me, that is the most irrelevant
2847 question that I've been asked in years. How would I
2848 have taken it back in 2018?

2849

2850 **Sam Hagerty (1:53:20):**

2851 I guess I'm saying the language is...

2852

2853 **Beau Eccles (1:53:21):**

2854 This is the rule right now.

2855

2856 **Sam Hagerty (1:53:23):**

2857 The language you're relying on, in my opinion, that the
2858 Board may find being the triggering point was there in
2859 2018 when you had to apply to 2019. So that language

2860 cannot mean that, or else you couldn't have applied it
2861 in 2019 like the governor required.

2862

2863 **Beau Eccles (1:53:41):**

2864 Respectfully disagree.

2865

2866 **Leo Vasquez III (1:53:42):**

2867 Okay. Mr. Hagerty, we appreciate your answer.

2868

2869 **Sam Hagerty (1:53:45):**

2870 Thank you.

2871

2872 **Leo Vasquez III (1:53:47):**

2873 Donna, is there anyone else that wants to talk about
2874 this year applying the penalty?

2875

2876 **Lora Myrick (1:54:09):**

2877 Hello, Lora Myrick with BETCO Consulting. I also agree
2878 that it should be the 2025 year. When we started doing
2879 this back in 2018, it seemed that the language, well,
2880 the language that was there said from 2018 to 2019, and
2881 from that, we have always applied it to the following
2882 immediate year. So if we were in 2022, it was 2023. If
2883 we were in 2020, it was 2021. We've made decisions on

2884 applications in previous rounds based on that first 2018
2885 rule, where we saw that it went from one year to the
2886 immediate next year.

2887

2888 And I think that what they wanted to do was put clarity
2889 in their meaning that they didn't want to keep moving
2890 from scratching 2019 out to 2020. Scratching 2020 out
2891 to do 2021. That makes sense. That makes complete
2892 sense. That way you don't have to constantly go back
2893 and put in another year. We have always interpreted
2894 with the very beginning when we went from 2018 to 2019.
2895 And again, we've made decisions on applications and
2896 whether to move forward or not. Not just in Readiness
2897 to Proceed, but should there be other penalties. We
2898 have to think about those things and we have to take
2899 those into consideration because then we have to stand
2900 in front of you and say, Yeah. Well, we kind of thought
2901 about it, but we really want you to waive something.

2902

2903 So I am also in agreement about the 2025. I understand
2904 that it could kind of put a tailspin in 2026, but I
2905 think the majority of us have always seen it at the
2906 next, that immediate year. And I've been doing this for
2907 a while and that's how we have been looking at it. And

2908 when we talk to each other, that's how we have all been
2909 looking at it. So I just wanted to support the comments
2910 from Ms. Donna Rickenbacker and from Sam Hagerty. Thank
2911 you.

2912

2913 **Leo Vasquez III (1:56:04):**

2914 Thanks Lora.

2915

2916 **Taylor Thomas (1:56:18):**

2917 Good morning, Board. I'd like to give a dissenting
2918 opinion. Of course, my name is Taylor Thomas. I'm a
2919 representative of Palladium. We are an applicant that
2920 is affected by the Readiness to Proceed potential
2921 penalty. And we are the one applicant that did put in
2922 applications in the 2025 competitive 9 percent round. I
2923 had a conversation with Cody Campbell back in February
2924 of 2025 before the full round started, and asked advice
2925 on this on whether it was going to be applied to 2025 or
2926 2026. I was told 2026. That is why we made the
2927 business decisions we made to put applications in in the
2928 2025 round.

2929

2930 As well, as I'd like to point out that scoring notices
2931 have already been sent out and to go back and try to

2932 change those would be incredibly difficult. We already
2933 have our scoring notice to go back and if a penalty is
2934 assessed to us as an applicant, to try to put a penalty
2935 on an already existing score notice would be very
2936 difficult. That's all I have to add. Thank you.

2937

2938 **Leo Vasquez III (1:57:27):**

2939 Thank you. Well, hang on, Sam.

2940

2941 **Kenny Marchant (1:57:37):**

2942 I don't know who's on first. She was for it, or she was
2943 against it.

2944

2945 **Cindy Conroy (1:57:45):**

2946 She was against it. She wants it for '26.

2947

2948 **Leo Vasquez III (1:57:49):**

2949 She says apply to the future year, not the current year.
2950 Okay. Everyone else has applied to the current year
2951 versus applying to next year. Let's set this year thing
2952 aside. I don't think we have to necessarily vote on
2953 that aspect. Let's look at the aspect of who should be
2954 assessed that penalty, regardless of what year, whether
2955 it's this year or next year. We still have a bunch of,

2956 I assume a bunch of debate on that, right? So does
2957 everyone have a sort of different set of circumstances,
2958 Cody, or are there similar ones that we can group
2959 together?

2960

2961 **Cody Campbell (1:58:39):**

2962 Sure. So imagine all the force majeures you've heard
2963 over the last couple of years and the blender of reasons
2964 that probably exist in your brain for hearing those, and
2965 that is pretty consistent with what we have for these
2966 eight applications. Of course, every application is
2967 unique and the specifics change. But in general, there
2968 were funding delays. Folks had to go apply for
2969 additional funding. I believe one had a, it's a force
2970 majeure that you heard earlier this year. There was a
2971 change in flood maps that required them to change some
2972 plans.

2973

2974 And when staff was putting together this recommendation,
2975 those didn't necessarily factor into our decision. It
2976 seems like they took the points, they agreed to meet a
2977 deadline, they failed the deadline, and therefore there
2978 is the penalty, with exception of that one veterans

2979 housing deal, because we don't want to unintentionally.

2980 So that's where staff's recommendation came from.

2981

2982 I'm sure that plenty of the applicants have specifics of
2983 their deals that they would like to give you. But from
2984 staff's perspective, it is very similar to the reasons
2985 that we hear for force majeure on a regular basis.

2986

2987 **Holland Harper (1:59:42):**

2988 Mr. Campbell, you had 40 people took the points and 25
2989 percent failed, roughly?

2990

2991 **Cody Campbell (1:59:46):**

2992 That's a good approximation. Yes, sir. And we have
2993 four that still have deadlines later this year that may
2994 or may not meet it.

2995

2996 **Holland Harper (1:59:51):**

2997 But they took the risk, 25 percent have a problem, and
2998 there's the penalty that comes with taking the risk,
2999 right?

3000

3001 **Cody Campbell (2:00:02):**

3002 Yes, sir. Yep.

3003

3004 **Holland Harper (2:00:03):**

3005 Thank you.

3006

3007 **Leo Vasquez III (2:00:04):**

3008 To restate that, 75 percent met their Readiness to

3009 Proceed.

3010

3011 **Cody Campbell (2:00:08):**

3012 Roughly. Yes, sir.

3013

3014 **Leo Vasquez III (2:00:10):**

3015 Yeah. Okay.

3016

3017 **Bobby Wilkinson (2:00:13):**

3018 Readiness to Proceed used to be you close by November of

3019 the year of the award, but we watered it down to what

3020 now? What is it now?

3021

3022 **Cody Campbell (2:00:20):**

3023 So they have to acquire the site. Either the developer

3024 and affiliate of the developer has to acquire the site,

3025 and then they also have to submit for their building

3026 permits. They don't have to have the permits.

3027

3028 **Bobby Wilkinson (2:00:31):**

3029 In which it's not November anymore.

3030

3031 **Cody Campbell (2:00:32):**

3032 It's not November, it's the last business day of March.

3033

3034 **Bobby Wilkinson (2:00:36):**

3035 Of the next year?

3036

3037 **Cody Campbell (2:00:36):**

3038 That is correct. Of the following year.

3039

3040 **Bobby Wilkinson (2:00:38):**

3041 So the deadline is in '25.

3042

3043 **Cody Campbell (2:00:40):**

3044 That is correct.

3045

3046 **Bobby Wilkinson (2:00:41):**

3047 Okay. Thank you.

3048

3049

3050

3051 **Leo Vasquez III (2:00:45):**

3052 Okay. Let's, I guess start hearing some specifics on
3053 specific projects that are being cited, ignored. Please
3054 don't bring up I want this year or next year but why you
3055 shouldn't be assessing a penalty, whenever that is.

3056 Donna?

3057

3058 **Donna Rickenbacker (2:01:06):**

3059 That's why I'm just going to step back up to the mic.
3060 No, I'm not going to talk about penalty. But the reason
3061 why we couldn't close into our land is because we
3062 applied and we were awarded the HOME funds and there are
3063 environmental clearance requirements that disallow you
3064 to take down the land.

3065

3066 As a matter of fact, my understanding is you can't even
3067 take down the land when you've applied for the funds.

3068 So you can't do anything until you've been awarded those
3069 dollars, after you've awarded those dollars and until
3070 you receive your authorization to whatever the word
3071 grant funds. So I really did my best. We submitted,
3072 since we received that award, we immediately applied for
3073 this part 58 with HUD. And this staff knows this
3074 process is time consuming. You're dealing with a

3075 federal HUD bureaucracy, I'll use that word. And it
3076 just takes time.

3077

3078 And I have to tell you on one of my deals I had to keep
3079 extending the contract. That cost me money. So I just,
3080 I did my best and I just don't think I should be
3081 assessed a penalty for the situation.

3082

3083 **Leo Vasquez III (2:02:28):**

3084 Could someone, Cody, explain the timing of the
3085 application to HUD and then is that kind of factor,
3086 should that factor into our evaluation of this that they
3087 timely applied and now they're just kind of, they're at
3088 the mercy of waiting for the feds?

3089

3090 **Cody Campbell (2:02:50):**

3091 So I would defer to Donna on when the application for
3092 HOME funds was actually submitted to the City of
3093 Houston. I'm not sure was it contemplated in the
3094 original 9 percent application?

3095

3096 **Donna Rickenbacker (2:02:58):**

3097 No, it was not.

3098

3099 **Cody Campbell (2:03:00):**

3100 Okay. So that was done after the 9 percent application.
3101 What Donna is telling you about choice limiting actions
3102 as they relate to environmental reviews when you apply
3103 for HOME funds is accurate. Once you contemplate
3104 applying for funds, you're not able to take down the
3105 land or commit what's called a choice limiting action
3106 from the time that you contemplate taking those funds
3107 down. So that is a true statement.

3108

3109 **Leo Vasquez III (2:03:22):**

3110 So it's kind of chicken and egg thing, right?

3111

3112 **Holland Harper (2:03:24):**

3113 But there was an added value with the HOME funds.

3114

3115 **Cody Campbell (2:03:27):**

3116 That is correct, yes. It's additional money.

3117

3118 **Holland Harper (2:03:29):**

3119 It was a choice that the applicant made.

3120

3121

3122

3123 **Donna Rickenbacker (2:03:34):**

3124 Well, yes, it was a choice that I made. The City of
3125 Houston issued a NOFA and that NOFA once it was
3126 released, we certainly applied for these funds and we
3127 were successfully awarded the HOME dollars very much
3128 needed for these deals at this point in time for gap
3129 funding on certainly our developments, one of which has
3130 a standalone pre-K school component to it.

3131

3132 So we were very excited to have received that award and
3133 immediately upon that award and we provided this
3134 timeline in our response to TDHCA. We absolutely moved
3135 forward to submit our application to HUD so that we
3136 could get this part 58 accomplished in a timely manner.
3137 And we just weren't successful. We pushed it with the
3138 City of Houston, and we pushed it with HUD and we did
3139 the best we could.

3140

3141 **Leo Vasquez III (2:04:26):**

3142 Again, I don't know who's going to answer this. The
3143 application for the HOME funds, does that always follow
3144 the application for the tax credits or would that go
3145 first, and then once you have that in hand then you can
3146 come get the tax credits? Or does it vary.

3147

3148 **Donna Rickenbacker (2:04:52):**

3149 So these HOME dollars were awarded to the City of
3150 Houston, and then the City of Houston issues the NOFA
3151 that people that apply for these funds and it goes
3152 through the internal review and approval processes
3153 before those awards are made, in this instance by the
3154 City of Houston. These are not dollars that we
3155 requested directly from HUD. I'm not even sure you can
3156 do that or from TDHCA. They were administered by the
3157 City of Houston and through a NOFA process we submitted
3158 our application and received the award.

3159

3160 **Leo Vasquez III (2:05:27):**

3161 But that additional application was way after we already
3162 had awarded the tax credits.

3163

3164 **Donna Rickenbacker (2:05:32):**

3165 Yes.

3166

3167 **Leo Vasquez III (2:05:40):**

3168 So when we made the award, we weren't contemplating
3169 waiting for these, the department was not contemplating

3170 waiting for you to apply for these extra funds that
3171 might delay things?

3172

3173 **Donna Rickenbacker (2:05:50):**

3174 No, it wasn't. But...

3175

3176 **Leo Vasquez III (2:05:52):**

3177 It was your choice. You're trying to save...

3178

3179 (Overlapping conversation.)

3180

3181 **Donna Rickenbacker (2:05:53):**

3182 And kind of following what I'm hearing, what I'm hearing
3183 being said is that don't apply for HOME dollars because
3184 it may be a very time-consuming process.

3185

3186 **Leo Vasquez III (2:06:06):**

3187 No, we're saying don't change it after we've awarded you
3188 based on the application that you submitted to us and
3189 then later say, oh guys, sorry department. We're
3190 changing the way we're financing things. Therefore,
3191 don't penalize us for delaying what we promised, what we
3192 asserted that we were going to do when we first applied,
3193 and the department first awarded us the tax credits.

3194

3195 **Donna Rickenbacker (2:06:31):**

3196 I'm sorry, I'm not completely following.

3197

3198 **Leo Vasquez III (2:06:34):**

3199 You're saying you're changing your deal after the fact,
3200 and I understand how you're trying to salvage the
3201 financing and everything like that, but we didn't change
3202 our deal. You changed your deal after the fact. And
3203 now you're asking us to accommodate and not penalize you
3204 for...

3205

3206 **Donna Rickenbacker (2:06:52):**

3207 So when you're awarded the Housing Tax Credits, then you
3208 go through a process with debt and equity, try to source
3209 your debt and certainly pricing on your equity. So that
3210 goes through a pretty significant and time-consuming
3211 process after the award of the tax credits based on an
3212 application that is submitted almost a year prior.

3213

3214 So yes, just in some instances, probably most instances
3215 in the '24 round, you do end up with some gaps that you
3216 are hopeful to fill by other means. And in this
3217 instance, we were very fortunate in that the City of

3218 Houston did award HOME dollars that we pursued and
3219 ultimately worked as quickly as we could to get through
3220 the process with HUD.

3221

3222 **Leo Vasquez III (2:07:43):**

3223 I understand what you're saying. Okay. Let's hear some
3224 other circumstances on anyone else on their projects.

3225 Mr. Shackelford.

3226

3227 **John C. Shackelford (2:08:05):**

3228 Good morning, Mr. Chairman, members of the Board, Mr.
3229 Wilkinson, and Mr. Eccles. Appreciate the opportunity
3230 to speak to you. Let me address...

3231

3232 **Leo Vasquez III (2:08:13):**

3233 Who are you?

3234

3235 **John C. Shackelford (2:08:14):**

3236 I'm sorry.

3237

3238 **Leo Vasquez III (2:08:15):**

3239 Who are you?

3240

3241

3242 **John C. Shackelford (2:08:16):**

3243 John Shackelford.

3244

3245 **Leo Vasquez III (2:08:17):**

3246 Okay. Thank you. For the record.

3247

3248 **John C. Shackelford (2:08:19):**

3249 Thank you. Yeah. So to speak to that particular issue
3250 by Donna, I represent Palladium and Riva. They have
3251 four applications that are before you right now on this
3252 particular Readiness to Proceed issue. We didn't think
3253 we would ever have to be here. When the applications
3254 went in '24, we didn't think we needed these funds that
3255 we ended up asking on HOME funds and National Housing
3256 Trust Funds. We didn't think we needed it. The deal
3257 penciled out; we were fine. That's why we checked the
3258 box to get the points for this particular category.

3259

3260 But just like on a force majeure issue, was it beyond
3261 our control and was it reasonably foreseeable? As was
3262 mentioned by Connor earlier in connection with the
3263 Motley application, getting the NHT funds approving that
3264 deal. Interest rates changed on us, equity prices
3265 changed on us, construction costs changed on us. None

3266 of this was foreseeable and it was all beyond our
3267 control.

3268

3269 So we then had to start scrambling. Remember, through
3270 the application process, your staff is going through and
3271 when something looks like it may be a winner in a
3272 particular region, then they start going through
3273 analysis to see if this financially feasible or not. If
3274 it's not, then you all are not going to recommend it for
3275 an award. These deals went through staff
3276 recommendation. All four of my client's deals were
3277 approved as being financially feasible without HOME
3278 funds, without National Housing Trust funds.

3279

3280 Circumstances changed that compelled us then to have to
3281 find a way to save our deals. We got to apply for HOME
3282 funds if they're available and apply for National
3283 Housing Trust Funds. As Ms. Rickenbacker mentioned,
3284 unfortunately, we go through the for environmental
3285 clearance under 24 CFR Part 1558 with HUD, choice
3286 limiting action. I thought Mr. Campbell did a good job
3287 explaining that to you. Our hands are tied. We can't
3288 close on the land by March 31st. Can't do it.

3289

3290 National Housing Trust Funds, we're not into the same
3291 regime as 24 CFR Part 58, but they've got similar type
3292 regulations. So our hands are tied there as well. So I
3293 hear you, but I'm here to tell you my client didn't play
3294 games with you all. They didn't put in applications
3295 thinking, if we end up coming up short on funds, we'll
3296 just come back to the Board and plead, show us some
3297 grace, help us here, ask for a waiver, ask for an
3298 accommodation. That's not the situation.

3299

3300 Circumstances dictated we have to do something to fill
3301 these gaps. I don't know if that's Ms. Rickenbacker's
3302 situation or not, but I know that from my client, that's
3303 why we find ourselves here.

3304

3305 Also I will say I think staff will bear this out. This
3306 particular client typically pushes us and all the
3307 participants in the deal to close the deal in the same
3308 calendar year in which the deal was awarded. So this
3309 client for the years has been wonderful because usually
3310 my law firm sees a nice payday in December to pass out
3311 bonus money. But because of the situation that they
3312 found itself, we're now trying to close these deals as
3313 soon as we can in '25.

3314

3315 And so two of these deals are scheduled to close, one in
3316 July and one just after that. So we're getting close,
3317 but we're not quite there yet because of these issues.
3318 And so we don't have a dog in the fight over '25, '26.
3319 We actually, we would prefer '26 instead of '25 because
3320 as Ms. Thomas said, we do have two applications that are
3321 doing very well in the '25 round. Ms. Thomas asked Mr.
3322 Campbell what year would this apply to before we made
3323 those final application submissions. He said '25. I
3324 mean, '26. And So I'm not going to argue that, but it
3325 is what it is. But anyway.

3326

3327 **Leo Vasquez III (2:12:20):**

3328 Okay. Thank you. Let me clarify. So in these eight
3329 applications that have the Readiness to Proceed issues,
3330 Palladium has four of them?

3331

3332 **John C. Shackelford (2:12:33):**

3333 Well, we have Palladium as one entity. Palladium is one
3334 entity, and then Riva is a separate entity. But we
3335 manage those properties as well. Palladium does. And
3336 so there's a total of four. And then they're similarly
3337 situated.

3338

3339 **Leo Vasquez III (2:12:46):**

3340 Okay. Two have all their approvals and are about to

3341 close in July. June or July.

3342

3343 **John C. Shackelford (2:12:53):**

3344 Yes.

3345

3346 **Leo Vasquez III (2:12:55):**

3347 And then the other two, what's the situation with their

3348 timing or are they still waiting for HUD to get back to

3349 them?

3350

3351 **John C. Shackelford (2:13:03):**

3352 I'll let Ms. Thomas speak to that.

3353

3354 **Leo Vasquez III (2:13:04):**

3355 Ms. Thomas.

3356

3357 **Taylor Thomas (2:13:05):**

3358 Hello again. I'm Taylor Thomas. Palladium, I'm

3359 speaking on behalf of Palladium and as a consultant to

3360 Riva Switzerland. Yes. So all four of these deals are

3361 actually on track for, we're tracking for an August or

3362 September closing. Three of them are further along with
3363 lenders and equity providers already lined up. One of
3364 them already has their HUD app submitted. The other two
3365 of those will be going in later this month.

3366

3367 **Leo Vasquez III (2:13:35):**

3368 When will we get back the response from HUD?

3369

3370 **Taylor Thomas (2:13:40):**

3371 We received the response back from HUD on one deal. We
3372 received our environmental clearance for the NHTF funds
3373 for the other three in early May. And then the one that
3374 I want to speak about today also related to the choice
3375 limiting action, we still have not received that
3376 authority to use grant funds. We assume we will be
3377 receiving it in July, but timeline's out of our hands.
3378 I can speak more to the that specific deal if you would
3379 like me to.

3380

3381 **Leo Vasquez III (2:14:10):**

3382 But three of them have more dates. We're going to close
3383 by September 1st, August 15th.

3384

3385

3386 **Taylor Thomas (2:14:22):**

3387 (*Speaks off mic.*) Yes. We have closing dates we are
3388 working towards for three of these deals.

3389

3390 **Leo Vasquez III (2:14:33):**

3391 Okay. And then one is still sounds like in sort of same
3392 situation as Ms. Rickenbacker's that you haven't heard
3393 back yet, and you don't have a date. Yeah, no, I was
3394 going to clarify.

3395

3396 **Donna Rickenbacker (2:14:47):**

3397 I have my clearance on both of my transactions. I want
3398 to be very, very clear. I do have my clearance and we
3399 are proceeding forward to close both of those
3400 transactions. We just weren't able to take down the
3401 land by the March 31 deadline.

3402

3403 **Leo Vasquez III (2:15:03):**

3404 Okay. But at this point you have more, this is going to
3405 be done by July 31st...

3406

3407 (*Overlapping conversation.*)

3408

3409

3410 **Donna Rickenbacker (2:15:06):**

3411 But we have. At this point, I've got clearance on both
3412 of these transactions, and they are proceeding forward
3413 hopefully to close July or as late as August.

3414 Absolutely.

3415

3416 **Leo Vasquez III (2:15:20):**

3417 Okay. Okay. So Donna's have clearance. You have three
3418 or four have clearance.

3419

3420 **Taylor Thomas (2:15:27):**

3421 Yes. But the one that I want to speak about and that I
3422 believe deserves no penalty assessed to it is the one
3423 that's still outstanding with the environmental
3424 clearance. We still have not received it today.

3425 Therefore, we are still... We applied for these funds
3426 in November of last year. It has still been in process
3427 today.

3428

3429 **Leo Vasquez III (2:15:49):**

3430 Okay. And Cody, they've provided you sufficient
3431 documentation where you're comfortable they submitted
3432 what they needed in November, and they still haven't
3433 received back the response?

3434

3435 **Cody Campbell (2:16:03):**

3436 So I'm not involved with the, having submitted for their
3437 environmental clearance. But I do know that they have
3438 applied for the funds that they are representing to the
3439 Board that they have applied for.

3440

3441 **Leo Vasquez III (2:16:12):**

3442 And that was a long time ago. I mean, I'm saying
3443 that's, we would have reasonably expected if you apply
3444 in November, by March you have gotten a response.

3445

3446 **Cody Campbell (2:16:26):**

3447 120 days is on the reasonable end of things. Yes.

3448

3449 **Leo Vasquez III (2:16:32):**

3450 Okay. I'm just trying to make sure that they didn't
3451 wait until way after the fact to apply, which I think is
3452 sort of different. And that's why I'm getting after Ms.
3453 Rickenbacker for it seems like after the fact they
3454 waited for this NOFA from City of Houston and then they
3455 made the application. That's, the timing is different.

3456

3457

3458 **Kim Parker (2:16:55):**

3459 Good afternoon, Board. I'm the only one that doesn't
3460 have to bend over to talk into this microphone. Kim
3461 Parker, Executive Director with Palladium USA. The
3462 development Cockrell Hills Senior Living which we are
3463 the applicant for, the city, this is City of Dallas, not
3464 City of Houston. The City of Houston's Housing
3465 Committee approved the funding on May 27th.

3466

3467 **Leo Vasquez III (2:17:18):**

3468 Dallas.

3469

3470 **Kim Parker (2:17:19):**

3471 So did I say Houston again? Sorry. City of Dallas
3472 approved. The Housing Committee approved this funding
3473 on May 27th. City of Dallas is notoriously slow. I
3474 think everybody knows that. We've been pushing them.
3475 City council is going to approve this on the 25th. We
3476 have no reason to believe that we're not going to close
3477 this deal in September.

3478

3479 **Leo Vasquez III (2:17:43):**

3480 So there's nothing federally that you're waiting for?

3481

3482 **Kim Parker (2:17:45):**

3483 Well, we are waiting for the clearance for that funding,
3484 but we can close that deal without that funding. We can
3485 close on the deal.

3486

3487 **Leo Vasquez III (2:17:52):**

3488 That was applied back in November. That's been in
3489 process since. Okay. Thank you for that clarification.
3490 Mr. Marchant, you had a question?

3491

3492 **Kenny Marchant (2:18:06):**

3493 I'm having difficulty understanding why we're getting
3494 all this testimony. Is the testimony not to assess the
3495 penalty or to test? Not assess it at all.

3496

3497 **Leo Vasquez III (2:18:22):**

3498 Correct, yeah. To not assess at all. Because they had
3499 these circumstances of force majeure.

3500

3501 (Overlapping conversation.)

3502

3503

3504

3505

3506 **Kenny Marchant (2:18:30):**

3507 The issue on the table is not to assess it? The
3508 discussion is to not assess. Another part of the
3509 discussion is what year.

3510

3511 **Leo Vasquez III (2:18:38):**

3512 If we do assess it.

3513

3514 **Kenny Marchant (2:18:39):**

3515 Which part are we talking about?

3516

3517 **Leo Vasquez III (2:18:41):**

3518 Not to assess at all. They're pleading their cases to
3519 not.

3520

3521 **Kenny Marchant (2:18:44):**

3522 All right. Okay. Is that going to be two separate
3523 votes?

3524

3525 **Leo Vasquez III (2:18:49):**

3526 I'll ask Beau when we get to that point. But, Bobby,
3527 did you have something you want to say?

3528 Okay. Is there anyone else that's talked has a specific
3529 deal in the eight that wants to describe their
3530 circumstances as to...

3531

3532 **Michelle Snowden (2:19:26):**

3533 Good afternoon. Michelle Snowden with Shackelford. I
3534 am here on behalf of the applicant for the Dogwood
3535 project. I just, I agree, actually, with everything
3536 that everybody said as far as the issues with federal
3537 funding, and we also represent Palladium. I obviously
3538 agree with everything that John said and they said. But
3539 this is a little different on this one. Mr. Vasquez,
3540 you just said it's kind of like force majeure. That's
3541 exactly right. And that's why this Dogwood deal differs
3542 in that we were in front of you a few months ago, as you
3543 remember, with a force majeure request which you
3544 approved. The threshold for force majeure is unforeseen
3545 circumstances, out of the control as a developer, and
3546 you agreed that we met that threshold and you issued the
3547 force majeure.

3548

3549 The penalty point should be assessed unless, and the
3550 exception is, it's beyond the reasonable control of the
3551 applicant and could not be reasonably anticipated. You

3552 already agreed that we met that threshold when you
3553 issued the force majeure. When we came in front of you
3554 in the Board book and in the request for the force
3555 majeure, there was actually a reference in there about
3556 not assessing this penalty point. It wasn't actually
3557 talked about specifically at the meeting, but there was
3558 a reasonable assumption that when you approved the
3559 request and that language was in the request, we thought
3560 that that was approved, too. Obviously, it wasn't.

3561

3562 So it should have been talked about at the meeting. But
3563 my point is you already approved the force majeure
3564 request and we met that threshold. So if you don't, if
3565 you apply the penalty point today, that seems to me like
3566 you're essentially saying you don't meet that threshold
3567 anymore, which you already agreed that we did. So I
3568 respectfully request on this deal, because we already
3569 have that force majeure in place that we've already met
3570 the standard to not have this penalty assessed at the
3571 project. Thank you.

3572

3573 **Leo Vasquez III (2:21:21):**

3574 What do you think about that? I can understand your
3575 argument, but she may be conflating two different.

3576

3577 **Beau Eccles (2:21:31):**

3578 I can understand the argument, too. This issue is about
3579 whether points that were claimed to say that the
3580 application is in advance, that it has Readiness to
3581 Proceed, that it's in this different category, that as
3582 it penciled out, as it was approved by underwriting, all
3583 of the points that it got, beginning with its financial
3584 feasibility, that this is a development that is ready to
3585 proceed. And after the award, there is a need for
3586 extension of the deadline that was beyond the reasonable
3587 control of the applicant and could not have been
3588 reasonably anticipated.

3589

3590 When we're talking about funds that were then applied
3591 for after the award, like within a couple of months,
3592 that's the question for the Board. Is that different
3593 than all of the other stuff that comes to save the award
3594 that's been made, and should the credits be returned and
3595 reissued? That seems to be a different question than
3596 what's being presented here in 10 TAC Section 11.9(f),
3597 the factors affecting the scoring and eligibility in
3598 future application rounds regarding the Readiness to
3599 Proceed point penalty.

3600

3601 So with respect to the force majeure, that's what the
3602 Board's decision was on the standard of holistically was
3603 a force majeure event triggered by the entirety in
3604 trying to save this deal and make sure that the deal
3605 could continue? This is just about whether or not you
3606 fulfilled your duty under the Readiness to Proceed
3607 points that were elected in the application and whether
3608 the delay and the need to have some sort of penalty for
3609 not fulfilling Readiness to Proceed, whether when you
3610 were applying for more funds was a delay reasonably
3611 anticipated?

3612

3613 **Michelle Snowden (2:23:48):**

3614 Just to clarify, we did not apply for additional funds.
3615 Our force majeure was because of the FEMA issue. So
3616 that's why you guys issued that force majeure, because
3617 that was completely beyond. So when the application was
3618 in, and I can't remember the percentages, it was like a
3619 very small percentage of the project was in the
3620 floodplain. And then FEMA changed it, and it was
3621 something like 60 percent or something 70 percent. So
3622 completely beyond the control of developer. Obviously,
3623 that's why y'all issued the force majeure. So that's

3624 the difference here. This application did not apply for
3625 additional funding. So that was the threshold,
3626 obviously beyond our control.

3627

3628 My point is that it's different language, but it's the
3629 same threshold for the exception to assessing this
3630 penalty point. And it's the same argument with the FEMA
3631 and the floodplain argument. So I don't understand how
3632 that threshold is not met under that exception when it
3633 was for the force majeure. So I just wanted to clarify.
3634 We are the only one, I think, in this whole group that
3635 we did not apply for additional funding. We don't have
3636 that issue with like, HOME funding or anything.

3637

3638 **Beau Eccles (2:24:51):**

3639 Then that's a valid point to make in front of the Board.
3640 To your point, though, force majeure, though, does not
3641 satisfy this part of the rule, even though the language
3642 is similar. And the previous bar that was awarding
3643 force majeure does not naturally get sucked into this
3644 one. They are two different arguments or two different
3645 Board action requests. And this is the penalty event.
3646 So your arguments that you're making now are for the
3647 penalty, not the force majeure.

3648

3649 **Michelle Snowden (2:25:19):**

3650 I understand. I think my point is that it's beyond
3651 the reasonable control of the developer and unforeseen.

3652 It's the same argument that we made a few months ago for
3653 force majeure, the FEMA. We're not adding anything new.

3654 So that was my point.

3655

3656 **Beau Eccles (2:25:32):**

3657 Fair enough.

3658

3659 **Michelle Snowden (2:25:33):**

3660 Thank you.

3661

3662 **Bobby Wilkinson (2:25:35):**

3663 Yeah. Two separate votes and you may penalize, or you
3664 may make the exception. It's just your choice.

3665

3666 **Kenny Marchant (2:25:45):**

3667 What's the urgency in the timing? Why, Cody, did you
3668 choose to bring this up now?

3669

3670

3671

3672 **Cody Campbell (2:25:52):**

3673 Sure. That's a really great question. So thank you for
3674 that question. The reality is that even though the
3675 application round starts on March 1st of every year,
3676 January if you count pre-apps, but March 1st is when
3677 full applications come in. The reality is that folks
3678 are working on their 2026 application, sometimes as much
3679 as a year or 18 months in advance. And so if there's
3680 going to be a penalty on that application, out of
3681 consideration for the applicant's staff, wanted to bring
3682 this to the Board as early as possible so that they
3683 could plan accordingly.

3684

3685 **Kenny Marchant (2:26:26):**

3686 But we've had virtually no testimony for the penalty
3687 period, which doesn't surprise me. But would there be
3688 irreparable harm done if the item was tabled?

3689

3690 **Bobby Wilkinson (2:26:51):**

3691 To delay in the decision, that would be uncertainty for
3692 them on their future occasions.

3693

3694 **Kenny Marchant (2:26:57):**

3695 Okay. Yeah.

3696

3697 **Leo Vasquez III (2:27:04):**

3698 I saw someone else come up a second ago. Is there any
3699 other individual application that we haven't discussed
3700 on what their circumstances are? So Donna, I think
3701 there's one more here.

3702

3703 **Byron Burkhalter (2:27:29):**

3704 Hey. Good afternoon, Board. I'm Byron Burkhalter with
3705 Park Development Group. Just wanted to reiterate what
3706 Michelle was talking about on the Park at Dogwood
3707 project. We were before you a couple of months ago, so
3708 we submitted our application in March of 2024. And FEMA
3709 changed the floodplain maps in May of 2024 after we
3710 submitted the application. And so that's really the
3711 reason why we couldn't meet the Readiness to Proceed
3712 points.

3713

3714 And so we worked as quickly as we could to get civil
3715 plans drawn and architectural plans drawn. We submitted
3716 those to the city in time for the Readiness to Proceed
3717 deadline by March 31st. And there's no way that we
3718 could know that FEMA was going to put 70 percent of our
3719 site in a floodplain. Our site is also adjacent to a

3720 floodway. And so we've submitted for a CLUM or to FEMA,
3721 but there was just a lot of things that we're hopeful
3722 that we get approved by FEMA, but it's not a guarantee
3723 with being adjacent to a floodway.

3724

3725 We've got an endangered species report that's got to be
3726 approved, a hydraulic analysis report that's got to be
3727 approved. A flood insurance report that's got approved.
3728 And we've got to have our FFE two feet above the base
3729 flood elevation. So it's a lot of up in the air. We
3730 didn't feel comfortable closing on the site until all
3731 those things were accomplished. So I just want the
3732 Board to take that into consideration for the Park at
3733 Dogwood project.

3734

3735 **Leo Vasquez III (2:29:09):**

3736 Thank you.

3737

3738 **Donna Rickenbacker (2:29:14):**

3739 I do want to make a couple of clarifying points on my
3740 two deals. Y'all have heard a lot from other applicants
3741 about their unique situation. But I think if I'm
3742 following you correctly, Chairman, I didn't change
3743 anything from my application. I did recognize in my

3744 application potential funding source from federal HOME
3745 loan grant dollars in my application. So we moved
3746 forward. We did not get those grant funds and thank the
3747 Lord we were awarded the HOME funds.

3748

3749 So I didn't make big, broad changes from application.
3750 What was recognized in my application was funding source
3751 from Federal Home Loan Bank. Again, a different non-tax
3752 credit and traditional debt funding source on our deal.
3753 When we applied at the end of November, when we received
3754 the award of HOME funds, we immediately applied for the
3755 environmental clearance and that clearance, we
3756 successfully got that clearance, middle of April, if you
3757 will. And we are proceeding forward to close both of
3758 those transactions in July, August. Thank you.

3759

3760 **Leo Vasquez III (2:30:41):**

3761 Please be brief. I'm about to wrap this up.

3762

3763 **Kim Parker (2:30:43):**

3764 I'll be brief. Cockrell Hill Senior Living is the
3765 application I'm speaking on behalf of. Staff
3766 thoughtfully came up with an explanation on the
3767 Kerrville site on why it shouldn't be assessed a

3768 penalty. The complexities of dealing with the VA are no
3769 different than the complexities of dealing with federal
3770 HOME funds. They're virtually identical in terms of the
3771 steps you have to go through, the approvals you have to
3772 get. It's the same exact logic. I think it should be
3773 applied to Cockrell Hill Senior Living.

3774

3775 One more point I want to make. Nobody's discussed the
3776 penalty at all. If you do assess a penalty to any of
3777 these deals, I think it should be proportionate. One
3778 development gets a penalty, then one development in 2026
3779 gets a penalty. It shouldn't be the entire portfolio of
3780 applications. We submit a lot of applications.
3781 Essentially, our Cockrell Hill Senior Living Home, I'm
3782 going to use that as deal. If that one receives a
3783 penalty, which I don't think it should, why should all
3784 of our developments, all of our applications next year
3785 be penalized? It's essentially ruling us out for the
3786 2026 year and would like the Board to consider that.

3787

3788 **Leo Vasquez III (2:31:52):**

3789 That's an interesting point, but then again, you could
3790 just submit a trash application and say, apply the
3791 penalty to that.

3792

3793 **Beau Eccles (2:32:00):**

3794 The rule says each application.

3795

3796 **Leo Vasquez III (2:32:01):**

3797 Okay. It says each application. That's the way it
3798 says. That's an interesting point, but it's, I think
3799 it's written not to allow you to do that.

3800

3801 **Kim Parker (2:32:09):**

3802 Let the Board decide. Let staff decide which
3803 development gets penalized. Penalize the highest
3804 scoring application.

3805

3806 (Laughter.)

3807

3808 **Leo Vasquez III (2:32:20):**

3809 Okay. Again we've really got to start getting to a wrap
3810 up point. And you were the one that I saw was... Okay.
3811 Well, let's let Barry go. Speak.

3812

3813 **Barry Palmer (2:32:33):**

3814 Thank you, Mr. Chairman, and thank you Board for
3815 listening to all of these points by the development

3816 community. And I think a number of developers have made
3817 some really good arguments that should be looked into
3818 where their situation may not be a whole lot different
3819 from the Kerrville situation where they're not being
3820 penalized, where there's government approvals that have
3821 stood in the way of closing by the deadline.

3822

3823 So I'd like to suggest, as Mr. Marchant mentioned, the
3824 possibility of tabling this item and give staff a chance
3825 to look into it further as to whether there are
3826 legitimate arguments that would have qualified, if you
3827 will, for a force majeure that are out of the
3828 developer's control that would justify having missed the
3829 deadline for the Readiness to Proceed.

3830

3831 **Leo Vasquez III (2:33:38):**

3832 Okay. Thank you. Last comment.

3833

3834 **Juli Gonzalez (2:33:43):**

3835 Good afternoon, I'm Juli Gonzalez with BETCO Consulting
3836 and I'm here with Park at Dogwood. I just wanted to
3837 reiterate support for the comments Ms. Snowden, and Mr.
3838 Burkhalter made and I also wanted to bring up that in
3839 2021, there were 15 applications before the Board that

3840 did not meet the Readiness to Proceed deadline. Those
3841 circumstances were included. Soft funding delays,
3842 litigation, seller illness, so those 15 applications
3843 were not assessed a penalty that year. I just wanted to
3844 bring that to the Board.

3845

3846 **Leo Vasquez III (2:34:16):**

3847 Okay. Thank you.

3848

3849 **Cody Campbell (2:34:22):**

3850 If I can just, 15 seconds to make a comment. I just
3851 want to clarify. The reason that we're not recommending
3852 a penalty for the Kerrville application is because we
3853 think it is any more difficult to deal with the VA than
3854 any other federal agency. It is because of the specific
3855 type of housing that that application is providing, the
3856 critical nature of that housing, the overwhelming
3857 support that that kind of housing has. And we want to
3858 make sure that we are not discouraging anybody from
3859 attempting to house homeless veterans specifically on a
3860 VA campus where they are at the front door of the most
3861 vital services that they need. It is not that we don't
3862 recognize that the other types of funding that have been
3863 applied for are difficult and have reviews. It is

3864 specifically so that the department does not
3865 accidentally disincentivize anyone from ever attempting
3866 to house homeless veterans.

3867

3868 **Leo Vasquez III (2:35:11):**

3869 Correct. I think that's clear.

3870

3871 **Cody Campbell (2:35:12):**

3872 Yeah. Great.

3873

3874 **Leo Vasquez III (2:35:14):**

3875 And I personally have no problem with exempting the
3876 veterans one from this whole penalty discussion. I also
3877 feel pretty strongly that despite the arguments about
3878 which year we're talking about applying the penalty, if
3879 there is a penalty, I think it's clearly from this
3880 point, the future round is next year. So applying this
3881 year, while all the applications have already been
3882 submitted and scored and everything just makes no sense
3883 to me.

3884

3885 And I agree with the reading that Mr. Eccles gave us.

3886 I'm assuming that that's a consensus on the Board. And
3887 I guess I want to get the view of the Board here. Would

3888 we want to table this and have these broken out,
3889 discussed with staff and Cody come back and split them
3890 out into more individual applications that in different
3891 circumstances, I still feel if you've applied way back
3892 and you still haven't received information or your
3893 approvals, that's one thing. And I'm not trying to pick
3894 on you, Donna, but if we gave you all the approvals and
3895 awarded you the tax credits, and then much later time,
3896 you start trying to change your structures and get your
3897 financing from different sources, and that's your excuse
3898 for delay. That doesn't hold a lot. That doesn't carry
3899 a lot of weight for me on flexibility.

3900

3901 **Holland Harper (2:37:08):**

3902 Mr. Campbell, Chairman. Of the applications here, take
3903 the VA out.

3904

3905 **Leo Vasquez III (2:37:13):**

3906 Yes, sir.

3907

3908 **Holland Harper (2:37:14):**

3909 The Dogwood, their claim they didn't change their
3910 structure. They just got whacked by FEMA, is that
3911 correct? Because everybody else changed their structure

3912 of their deal and added different funding to get their
3913 deal clean.

3914

3915 **Cody Campbell (2:37:25):**

3916 So Ms. Rickenbacker's applications did add federal funds
3917 after the fact. Kim, did y'all apply for your federal
3918 funds after the initial tax credit application or were
3919 those funds included in your tax and I'm sorry that I
3920 don't know this off the top of my head. So they were
3921 also applied for after the initial tax credit.

3922

3923 **Holland Harper (2:37:43):**

3924 So of the nine, seven of them had funding challenges
3925 given what we have, right? So they had to change the
3926 way their structure was in the deal. One got whacked by
3927 floodplain management.

3928

3929 **Cody Campbell (2:37:56):**

3930 Correct.

3931

3932 **Holland Harper (2:37:57):**

3933 And one stepped into quagmire of VA land rules.

3934

3935

3936 **Cody Campbell (2:38:00):**

3937 Sure.

3938

3939 **Holland Harper (2:38:03):**

3940 Thank you.

3941

3942 **Leo Vasquez III (2:38:08):**

3943 And currently staff's recommendation from the Board
3944 action request is. So Donna, please, please let us have
3945 some discussion here.

3946

3947 **Kenny Marchant (2:38:33):**

3948 So Mr. Chairman, to be clear, the real question is are
3949 we going to assess a penalty period? Then it's clear to
3950 me that if we are going to assess a penalty, it's going
3951 to be in the '26 round.

3952

3953 **Leo Vasquez III (2:38:44):**

3954 Yes.

3955

3956 **Holland Harper (2:38:46):**

3957 So the clients, the applications took the points because
3958 they wanted a competitive advantage. That's what's
3959 going on. I mean, they took the points to get a

3960 competitive advantage to get their deal across the
3961 finish line. One of them made a bad choice in the VA
3962 deal because it's very difficult. One got hit with
3963 changes in the structure that they didn't have any
3964 control over. But the other ones weren't in my opinion,
3965 Board, they weren't as ready as they said they were.
3966 You may disagree with that. But you took more funding,
3967 or the funding changed to get where you wanted to go and
3968 you didn't close in the land in accordance with the deal
3969 for the point you got.

3970

3971 **Leo Vasquez III (2:39:30):**

3972 And 75 percent of the other...

3973

3974 **Holland Harper (2:39:31):**

3975 77.25.

3976

3977 **Kenny Marchant (2:39:34):**

3978 And how many years has it been since we assessed points?

3979

3980 **Leo Vasquez III (2:39:41):**

3981 And I'm sorry.

3982

3983

3984 **Donna Rickenbacker (2:39:42):**

3985 Penalties or points?

3986

3987 **Kenny Marchant (2:39:43):**

3988 Penalties.

3989

3990 **Leo Vasquez III (2:39:44):**

3991 We're not entertaining more comments right now or

3992 clarifications or anything like that.

3993

3994 **Bobby Wilkinson (2:39:49):**

3995 I think it was 2018 last time.

3996

3997 **Kenny Marchant (2:39:50):**

3998 Okay. So this is, nobody thought this was a

3999 possibility.

4000

4001 **Holland Harper (2:39:57):**

4002 That's interesting. We have and...

4003

4004 **Leo Vasquez III (2:40:00):**

4005 Because we have force majeures.

4006

4007 (Overlapping conversation.)

4008

4009 **Cody Campbell (2:40:06):**

4010 The item has been suspended for the last couple of years

4011 because of market conditions.

4012

4013 **Leo Vasquez III (2:40:10):**

4014 Because of the COVID stuff.

4015

4016 **Cody Campbell (2:40:11):**

4017 That's correct.

4018

4019 **Holland Harper (2:40:12):**

4020 Get out of jail free. And granted, we had COVID, we've

4021 had all sorts of interesting things.

4022

4023 **Leo Vasquez III (2:40:17):**

4024 We're reasonable.

4025

4026 **Kenny Marchant (2:40:19):**

4027 We should proceed with the motion.

4028

4029 **Leo Vasquez III (2:40:29):**

4030 Mr. Marchant, did you say you were...

4031

4032 **Kenny Marchant (2:40:30):**

4033 I'm ready to proceed.

4034

4035 **Leo Vasquez III (2:40:31):**

4036 With a motion?

4037

4038 **Kenny Marchant (2:40:34):**

4039 I can't find it.

4040

4041 **Unidentified Speaker (2:40:39):**

4042 Here (indiscernible).

4043

4044 **Leo Vasquez III (2:40:41):**

4045 And I will ask clarification of the motion also. It's

4046 good. Go ahead.

4047

4048 **Kenny Marchant (2:40:47):**

4049 I move first that the Board determine the eight

4050 applications recommended for point penalty be assessed a

4051 penalty of one point for each application submitted by

4052 the identified applicant or affiliate with this point

4053 penalty to be applied to the 2026 Competitive Housing

4054 Tax Credit application round. And second, that the

4055 described condition. I'm sorry. That the Board

4056 determined that no penalty, point penalty, is to be
4057 assessed regarding Freedom's Path at Kerrville 2. All
4058 as described, conditioned, and authorized in the Board
4059 Action Request, resolution, and associated documents on
4060 this item.

4061

4062 **Leo Vasquez III (2:41:44):**

4063 Okay. There's been a motion by Mr. Marchant. Is there
4064 a second as the motion is presented?

4065

4066 **Holland Harper (2:41:53):**

4067 I'll make a modification to your application, Mr.
4068 Marchant. I move first the Board determine the seven
4069 applications recommended for point penalty be assessed
4070 for each application submitted by the identified
4071 applicant or affiliate with this point penalty being
4072 applied to the '26 Competitive Housing Tax Credit
4073 Application round. And second, that the Board
4074 determined that no point penalty is assessed regarding
4075 the Freedom Path and Dogwood, all as described,
4076 conditioned, authorized in the Board action request and
4077 resolution associated this document.

4078

4079

4080 **Anna Maria Farias (2:42:24):**

4081 I second with the modification.

4082

4083 **Kenny Marchant (2:42:26):**

4084 I have no objection to the modification.

4085

4086 **Leo Vasquez III (2:42:32):**

4087 Okay. So who's actually making that? And declared by

4088 Dogwood is the floodplain thing. Okay. So Mr.

4089 Marchant, you'll withdraw your motion.

4090

4091 **Kenny Marchant (2:42:43):**

4092 I withdraw the motion.

4093

4094 **Leo Vasquez III (2:42:45):**

4095 Replace it with Mr. Harper's. And Mr. Thomas is

4096 seconding it. This is, and again, I'm just clarifying.

4097 So point penalty awarded to next year's, the 2026 tax

4098 round applications.

4099

4100 **Cody Campbell (2:43:01):**

4101 Yes, sir.

4102

4103

4104 **Leo Vasquez III (2:43:02):**

4105 And we are removing from this the Freedom Path at
4106 Kerrville and the Dogwood, Park at Dogwood.

4107

4108 **Cody Campbell (2:43:12):**

4109 Yes, sir.

4110

4111 **Leo Vasquez III (2:43:14):**

4112 So there'll be seven applicants that incur the Readiness
4113 to Proceed penalty. All in favor say aye.

4114

4115 **Board Members (2:43:25):**

4116 Aye.

4117

4118 **Leo Vasquez III (2:43:26):**

4119 Any opposed? Motion carries. Again, I understand
4120 everyone's... We appreciate the back and forth on this,
4121 but I think this is a reasonable outcome.

4122

4123 **Kenny Marchant (2:43:40):**

4124 Mr. Chairman, can we assume that going forward in each
4125 round in the future that we'll be asked to give points
4126 or not points?

4127

4128 **Cody Campbell (2:43:52):**

4129 So long as this item remains in the community.

4130

4131 **Kenny Marchant (2:43:54):**

4132 It was dormant for several years, right?

4133

4134 **Cody Campbell (2:43:57):**

4135 It's been paused for the last couple of years. It is
4136 likely to remain in the community piece. So yes, sir,
4137 this will likely be part of it.

4138

4139 **Kenny Marchant (2:44:03):**

4140 So this will be a normal thing.

4141

4142 **Cody Campbell (2:44:06):**

4143 While we're in this lull, this is very embarrassing. I
4144 need 60 seconds to run to the restroom.

4145

4146 **Leo Vasquez III (2:44:13):**

4147 Okay. And actually on that note for Mr. Campbell, we're
4148 going to... It's 12:47. Let's take a 10-minute break.
4149 Let's try to get back started at 5 till. So we'll
4150 recess for a moment. Thank you.

4151

4152 (Recess called at 12:47 p.m.)

4153 (Hearing resumed at 1:05 p.m.)

4154

4155 **Leo Vasquez III (2:44:34):**

4156 I'd like to call the meeting back to order as scheduled
4157 at 1:05. We are continuing where we left off. Last
4158 item was item 20. We've already done item 21, the
4159 Trinity East. So we're at item 22. Presentation,
4160 discussion, and possible action on a scoring appeal for
4161 Meadow Heights. Mr. Campbell.

4162

4163 **Cody Campbell (2:45:00):**

4164 Thank you, Mr. Vasquez. I appreciate the break. This
4165 is much less urgent than the last item now. So as you
4166 just noted, this item concerns a scoring appeal for an
4167 application called Meadow Heights which proposes the
4168 reconstruction of 95 affordable and 19 market rate
4169 units. The issue at hand is actually pretty simple.
4170 The application claimed two points related to the
4171 quantity of low-income units scoring item, which is a
4172 scoring item that awards points to applications that
4173 agree to provide a certain number of low-income units.

4174

4175 Within this subregion, an application would have needed
4176 to provide 104 low-income units to qualify for two
4177 points. Because they only provided 95 units, the
4178 application does not qualify for these points. And so
4179 staff issued a limited scoring notice that reduced the
4180 application score by those two points. The applicant
4181 timely appealed and acknowledged the error, but
4182 requested to address this matter under the
4183 administrative deficiency process. As a reminder, state
4184 law prohibits an applicant from changing or
4185 supplementing an application after the filing deadline
4186 except to cure administrative deficiencies.

4187

4188 And so to determine what is and is not correctable, we
4189 look to the definition of administrative deficiency. If
4190 this sounds similar, it's because we have at least one
4191 appeal like this every year where we have to determine
4192 what is and what isn't acceptable under the rule. Staff
4193 is pretty comfortable in its position that changing the
4194 rent schedule to convert nine market rate units to low-
4195 income units would not be allowable under the
4196 administrative deficiency definition, specifically
4197 because it prohibits changes to the application that are

4198 submitted only to qualify for points claimed within the
4199 application.

4200

4201 So they turned in an application that didn't qualify for
4202 the points. They would now like to change it to qualify
4203 for the points. In their appeal, they brought up other
4204 instances of applicants being able to cure deficiencies
4205 in their applications. The applicant sees similarities
4206 between those situations. The staff doesn't necessarily
4207 see those are laid out in the in the Board item, but I'm
4208 happy to discuss them if necessary. Again, this is a
4209 pretty simple one for staff. Although I do expect that
4210 there's going to be a pretty lively conversation about
4211 it and staff recommends that you deny the appeal.

4212

4213 **Leo Vasquez III (2:47:22):**

4214 Okay. To clarify, they're offering to convert more of
4215 the units that are going to be in the development.

4216

4217 **Cody Campbell (2:47:33):**

4218 That's exactly right.

4219

4220 **Leo Vasquez III (2:47:34):**

4221 Just make them affordable rather than...

4222

4223 **Cody Campbell (2:47:36):**

4224 So they're not changing the building plans, they're not
4225 changing the design. It is just the rent schedule. And
4226 in their appeal, they asserted that they would be able
4227 to balance out that loss of income by converting those
4228 market units to low-income units by reducing the
4229 management fee. We have not underwritten that to
4230 confirm that it's true, but I have no reason to believe
4231 that they would misrepresent something like that. So
4232 I'm taking that to be true.

4233

4234 **Leo Vasquez III (2:48:00):**

4235 Okay. In this region under this subcategory, are there
4236 other applications behind this?

4237

4238 **Cody Campbell (2:48:06):**

4239 Yes, sir. Yep.

4240

4241 **Leo Vasquez III (2:48:07):**

4242 And did they meet the number of units required?

4243

4244

4245

4246 **Cody Campbell (2:48:12):**

4247 We have not reviewed them yet, but this is a pretty
4248 obvious point loss to see whenever we review the log.
4249 And I am reasonably certain that we would have caught by
4250 now if they had not provided the correct number of
4251 units. Josh, do you know, off the top of your head.
4252 Yeah. We have not in that subregion caught any other
4253 errors like this.

4254

4255 **Leo Vasquez III (2:48:31):**

4256 Okay. I guess what I'm getting at is are there are
4257 other applications behind this one?

4258

4259 **Cody Campbell (2:48:39):**

4260 Yes, sir.

4261

4262 **Leo Vasquez III (2:48:40):**

4263 And that do provide the number of units that we
4264 required.

4265

4266 **Cody Campbell (2:48:47):**

4267 I will confirm while people are speaking that that is
4268 true. I'm 99 percent sure, but I don't want to tell you
4269 that without checking, making sure.

4270

4271 **Leo Vasquez III (2:48:55):**

4272 Okay. Does a developer replicant representative want

4273 to...

4274

4275 **Bobby Wilkinson (2:49:01):**

4276 Mr. Lyttle has a Senator's letter that he's going to

4277 read. Okay. Okay, just yeah, just for your reference,

4278 it's in the Board book. There's a letter from Senator

4279 Hinojosa, that's right.

4280

4281 **Leo Vasquez III (2:49:14):**

4282 Okay. Was it supportive or not?

4283

4284 **Bobby Wilkinson (2:49:18):**

4285 It is supportive of their appeal.

4286

4287 **Leo Vasquez III (2:49:21):**

4288 Okay. All right. So let the record reflect in our

4289 materials we have the letter from Senator Hinojosa.

4290

4291 **Cody Campbell (2:49:27):**

4292 And it was pretty easy to get to, although it is in the

4293 world's smallest font. The other applications in that

4294 region, the number of low-income units are 104, 104,
4295 105. And then there's another that only provides 70.
4296 So of the five, three did provide the required number of
4297 units and then the fifth that only provides 70, that is
4298 a HUD Choice neighborhood recipient. So it would be an
4299 automatic award under the QAP.

4300

4301 **Leo Vasquez III (2:49:57):**

4302 Would there be that automatic award plus one of the
4303 others?

4304

4305 **Cody Campbell (2:50:02):**

4306 I actually think it might be one plus two. Let me see,
4307 there is \$6 million, \$6.7 million roughly, all these
4308 requests only \$2 million. So there's enough to fund
4309 three of these applications.

4310

4311 **Leo Vasquez III (2:50:11):**

4312 Okay. All right. I was going to say it would be a moot
4313 point if there's only one that's going to. Okay. Would
4314 an applicant's representative like to give us some
4315 background on why we should grant the waiver?

4316

4317

4318 **Priscilla Martinez (2:50:44):**

4319 Hello. My name is Priscilla Martinez, and I am an
4320 affiliate of Rural Development and Meadow Heights
4321 applicant 25065. Honorable members of the Board, on
4322 behalf of the Meadow Heights applicant, I respectfully
4323 submit this appeal to correct a minor clerical error in
4324 the Low-Income Rent schedule. This request falls well
4325 within the TDHCA rules, specifically 10 TAC Section
4326 11.902(d), and is consistent with the Qualified
4327 Allocation Plan.

4328

4329 We are not asking for additional points. We are simply
4330 requesting to reinstate points we originally claimed
4331 based on a correction that is purely administrative in
4332 nature. According to TDHCA's own rules, changes like
4333 this, minor clerical adjustments to exhibits do not
4334 constitute material alterations.

4335

4336 Texas Government Code 2306.6712 defines material
4337 alterations very specifically. Changing a rent figure
4338 in the schedule is not one of them. TDHCA rules under
4339 11.2016 and 11.10 allow administrative deficiencies to
4340 clarify or correct minor inconsistencies, exactly the
4341 type of situation that we are in.

4342

4343 Our correction affects two exhibits only and does not
4344 impact scoring, competitive position, or the fundamental
4345 structure of the application. Furthermore, the QAP
4346 differentiates between material and administrative
4347 deficiencies. What we've submitted is the latter, a
4348 non-material clerical oversight fixable under the
4349 existing deficiency process.

4350

4351 The original application included 114 units, with 95
4352 being classified as affordable. To meet TDHCA's
4353 requirement, we are simply increasing the affordable
4354 units to 104 while maintaining the total unit count
4355 within the 114 originally submitted. This change solely
4356 adjusts affordability designations and does not alter
4357 the overall unit count. Furthermore, the QAP. I'm
4358 sorry. In fact, the Board has already approved similar
4359 corrections. In May 2024 and multiple times before,
4360 applicants were allowed to fix rent schedules and
4361 similar items via administrative deficiencies, even when
4362 the exhibits touched were more numerous than in our
4363 case. We are respectfully asking for the same allowance
4364 in this application process.

4365

4366 Equity also matters. In several recent cases, staff
4367 permitted point retention for other applicants who
4368 failed to submit timely third-party reports, arguably
4369 more serious errors than ours. To deny Meadow Heights
4370 the same opportunity would create an inconsistency in
4371 treatment, undermining procedural fairness.

4372

4373 Finally, the executive director's June 5th letter
4374 references a rule that limits changes made just to gain
4375 points, but also recognizes that clerical issues may be
4376 resolved as long as they don't increase scores. We are
4377 not raising our score, only preserving what was
4378 initially requested.

4379

4380 We respectfully request that the Board classify this as
4381 an administrative deficiency, permit the correction of
4382 the rent schedule and associated performing exhibits,
4383 reinstate the originally claimed points, as has been
4384 done in comparable cases.

4385

4386 With unequivocal support and one of the biggest
4387 defenders of colonias and its immediate surrounding
4388 areas, the Vice Chair of the Texas Senate Finance
4389 Committee, Senator Juan "Chuy" Hinojosa, we are only

4390 asking for an opportunity to help bring affordable
4391 housing to one of the poorest cities in Texas, Pharr,
4392 Texas. We are simply a voice for most marginalized
4393 populations that don't have one, such as my mother, who
4394 was a child migrant worker who moved from colonia to
4395 colonia, each move driven by hope.

4396

4397 Hope for a better life, for dignity and for a future she
4398 could never quite grasp, but never stopped chasing. If
4399 she and her family had been given access to affordable
4400 housing and meaningful education opportunities early on,
4401 her story might have taken a different path. She might
4402 not have had to struggle relentlessly. In fact...

4403

4404 **Leo Vasquez III (2:55:06):**

4405 Ms. Martinez, I'm sorry, but please wrap it up.

4406

4407 **Priscilla Martinez (2:55:10):**

4408 Yeah. I'm concise. I'm at the last paragraph. Thank
4409 you. In fact, she might be sitting here with you today,
4410 not as a voice from the margins, but as a leader at this
4411 very table. That is the power of affordable housing.
4412 It is more than shelter. It is the foundation on which
4413 lives can change. When TDHCA extends opportunity for

4414 the most disadvantaged among us, it is not only
4415 fulfilling a mandate, it is honoring the very spirit of
4416 its mission and transforming lives in ways that ripple
4417 across generations. We thank you for your time and ask
4418 for your impartial consideration in the spirit of
4419 fairness and the consistent application of TDHCA policy.
4420 Thank you.

4421

4422 **Leo Vasquez III (2:55:53):**

4423 Thank you. Do we have another?

4424

4425 **Cindy Conroy (2:56:00):**

4426 I have a comment or question?

4427

4428 **Leo Vasquez III (2:56:01):**

4429 Sure.

4430

4431 **Cindy Conroy (2:56:04):**

4432 I just have a question. How is this a clerical error?
4433 I mean, how did you not know that you only had 94 units
4434 and that 104 was the standard? That's what I'm just
4435 trying to clarify in my own mind. Because other
4436 applicants, they have 104 and you come in with less.

4437 How is this the clerical error? How did you all not
4438 catch this in the submission?

4439

4440 **Kenny Marchant (2:56:31):**

4441 That's a great question.

4442

4443 **Priscilla Martinez (2:56:33):**

4444 Would you like me to answer that?

4445

4446 **Cindy Conroy (2:56:35):**

4447 Someone.

4448

4449 **Leo Vasquez III (2:56:36):**

4450 So Robbye, who are you with? Who are you?

4451

4452 **Robbye Meyer (2:56:40):**

4453 I also represent the applicant.

4454

4455 **Leo Vasquez III (2:56:43):**

4456 Okay. All right.

4457

4458 **Robbye Meyer (2:56:44):**

4459 Can I answer the question before you talk about three
4460 minutes?

4461

4462 **Leo Vasquez III (2:56:45):**

4463 Go ahead.

4464

4465 **Robbye Meyer (2:56:46):**

4466 Okay. Let me kind of give you background of what
4467 actually happened with this application. We had some
4468 applicant interference in Region 11 during this time.
4469 And because of that, at the last minute, actually a week
4470 prior to applications being submitted, we were asked to
4471 put this application together. So within a matter of
4472 days, my company was putting this application in
4473 process. So we were trying to put everything together
4474 in a mad rush. Chairman is always saying it's a "I got
4475 you" kind of thing. And in this instance, there were a
4476 lot of I gotchas that could have happened with trying to
4477 put an entire application together. The rent schedule
4478 got changed at the last minute because we had
4479 anticipation of applying for Federal Home Loan Bank.
4480 And I was manipulating the rent schedule to accommodate
4481 those potential 50 percent units. And that is where
4482 that clerical error missed because I was trying to get
4483 30 percent units, 50 percent units with TDHCA and then
4484 also trying to manipulate, making sure I've got enough

4485 income to make sure if we had to apply for the Federal
4486 Home Loan Bank that we would be able to have that
4487 income.

4488

4489 **Leo Vasquez III (2:58:12):**

4490 So you're saying we started at the last minute, and we
4491 were in a rush and we made a mistake?

4492

4493 **Robbye Meyer (2:58:17):**

4494 Trying to get everything turned in. I got it.

4495

4496 **Kenny Marchant (2:58:21):**

4497 So that's the clerical error.

4498

4499 **Robbye Meyer (2:58:22):**

4500 That is what it is. I mean, that's the same thing as
4501 checking a box. You've got to make sure at the last
4502 minute that everything gets done. But that's exactly
4503 how the error was made.

4504

4505 **Leo Vasquez III (2:58:34):**

4506 Based on your experience in this industry, is that the
4507 best way to put together an application?

4508

4509 **Robbye Meyer (2:58:42):**

4510 No. And I would preface that with something else before
4511 that no, and no, I would not do this again.

4512

4513 **Leo Vasquez III (2:58:53):**

4514 Okay. Did you still want to say something about why
4515 these...

4516

4517 **Robbye Meyer (2:58:58):**

4518 Yes. I mean, that's not my remarks. I'm answering her
4519 question.

4520

4521 **Leo Vasquez III (2:59:02):**

4522 All right. Let's go ahead and get your remarks.

4523

4524 **Robbye Meyer (2:59:07):**

4525 Again, let me start. To me, Chairman, Board, my name is
4526 Robbye Meyer, and I am with Arx Advantage and I
4527 represent the applicant. This appeal is really about
4528 fairness and equity in this cycle. A decision was made
4529 earlier in the cycle and ultimately by the Board to
4530 allow 16 applicants to correct information that was
4531 submitted in their pre-applications for proximity to
4532 jobs. By the way, that's a four-point item. That

4533 disadvantaged other competing applications. And two of
4534 those applications are competing against the Meadow
4535 Heights application in Region 11.

4536

4537 Those applicants were allowed to correct information and
4538 substantiate their points. Staff is citing a section in
4539 the rules which prohibit the changes to the application
4540 that are submitted only to qualify for points claimed in
4541 the application as the reason Meadow Heights appeal has
4542 been denied.

4543

4544 In all fairness, those other 16 applications were
4545 allowed to submit changes to their applications to
4546 qualify for points that they claimed in their
4547 applications. Staff is also citing an administrative
4548 deficiency is only curable for scoring items that are
4549 predicated solely on third-party data or characteristics
4550 inherent to the proposed development site or are
4551 otherwise not influenced by the actions of an applicant.

4552

4553 The corrections and changes previously allowed by the
4554 other 16 applicants were influenced by the actions of
4555 those applicants. They submitted reports in their pre-
4556 applications that contained incorrect data and were

4557 allowed to regenerate new reports and correct the data
4558 and submit those changes. Those actions were influenced
4559 by those applicants.

4560

4561 My applicant is requesting to change, I mean, to be fair
4562 and have fair treatment and allow to change an error in
4563 their application to substantiate the points requested,
4564 same as the other 16 applicants were allowed to do.

4565

4566 Additionally, the changes will not create numerous
4567 changes to the exhibits in the application that could be
4568 categorized as material. All my applicant is requesting
4569 is to be treated fairly and equally as the other
4570 applicants in this cycle have been treated by the
4571 actions in the applications that were influenced by
4572 those applicants. I ask you to grant the appeal and I
4573 thank you for your consideration.

4574

4575 **Leo Vasquez III (3:01:42):**

4576 Thanks Robbye.

4577

4578 **Felipe Martinez (3:02:10):**

4579 Felipe Martinez, Principal of Rural Development and HUD
4580 Proof Developer for the Meadow Heights applicant number

4581 25065. We are here in representation of the Pharr
4582 Housing Authority located in Pharr, Texas. The Pharr
4583 Housing Authority has been working diligently in
4584 increasing their portfolio of affordable projects.

4585

4586 And just next is January of this year, the PHA has
4587 broken ground on developments of 80 Section 8 utilizing
4588 HUD 221(d)(4) financing. We have also used a General
4589 Land Office grant of \$3,000,088 and another grant by the
4590 Federal Home Loan Bank of Texas in the amount of \$2
4591 million.

4592

4593 PHA has undergone the refinancing of two existing
4594 projects through the HUD 223(f) program in order to
4595 cover their expenses. They are projected to have
4596 another closing next month as a third HUD 223(f). The
4597 reason I say all this is to make a point that the Pharr
4598 Housing Authority has been busy trying to meet their
4599 mission and has overcome the challenges of being ranked
4600 continuously as the poorest in the state of Texas.

4601

4602 My business partner and I, David Salazar, have
4603 developed a combined 650 units, 80 of which are
4604 currently under construction to build these units

4605 totaling roughly scope of \$90 million in the last
4606 eight years or so. So we have never requested a
4607 variance on Readiness to Proceed. We have never
4608 gone over budget. We have never missed the things
4609 that the developers normally required to do, the
4610 reasons that we're hired to do developments.

4611

4612 So our tax credit consultant made a minor clerical
4613 mistake. It is by all accounts minor from our position.
4614 And all that we ask is that you afford us the
4615 opportunity to make this change. There's a lot of
4616 things that developers have to go through. We can't
4617 keep our eye on everything. But I think our firm has
4618 proven itself to have been able to develop in the
4619 poorest of the cities and always be on budget. We have
4620 used HFCs, federal home loan banks, grants, HUD, and
4621 we've been on budget every single time. We are
4622 currently under construction and all we ask is for
4623 Robbie to be awarded to correct her minor clerical.
4624 Thank you very much.

4625

4626 **Leo Vasquez III (3:05:25):**

4627 Thank you, Mr. Martinez.

4628

4629 **Cindy Conroy (3:05:27):**

4630 I have another question. Did Robbye sign the
4631 application or did you also sign the application?

4632

4633 **Felipe Martinez (3:05:34):**

4634 She did.

4635

4636 **Cindy Conroy (3:05:35):**

4637 She signed the application on your behalf or?

4638

4639 **Robbye Meyer (3:05:38):**

4640 They signed the application.

4641

4642 **Cindy Conroy (3:05:39):**

4643 You signed the application. Okay. That was, all right.

4644

4645 **Anna Maria Farias (3:05:43):**

4646 Mr. Chairman, I have a question of Cody. They talked
4647 about 16 others. Can you talk about that?

4648

4649 **Cody Campbell (3:05:51):**

4650 Yes, ma'am. Yeah. I'd love to. And I appreciate you
4651 asking that question. So the situation that they are
4652 referring to is for another scoring category called

4653 Proximity to Jobs that awards points based on being
4654 located within a certain proximity of a required number
4655 of jobs. HUD publishes that. I'm sorry, the census
4656 publishes that data annually. It typically comes out in
4657 August or September of every year. We have these 16
4658 applicants. I can't confirm that it was 16, but that's
4659 probably right. I have no reason to think that it's
4660 not, that submitted the incorrect year of jobs data when
4661 they submitted their pre-application. We saw that, we
4662 said, Hey, you need to get us the correct year of jobs
4663 data. And they submitted that.

4664

4665 And there is a really significant difference between
4666 that situation and this one that's very clearly spelled
4667 out in the rules. And this is a quote directly from the
4668 rules. This is something that is allowable to be
4669 corrected under the deficiency process. It says, for
4670 scoring items that are predicated solely on third-party
4671 data characteristics inherent to the proposed
4672 development site or are otherwise not influenced by the
4673 actions of the applicant, the application's eligibility
4674 for these points can be clearly established to have
4675 existed prior to the full application delivery date.

4676 And the submission of these documents does not
4677 necessitate additional changes in the application.

4678

4679 So as of the date that that application was submitted,
4680 it is objectively true that that site was in the
4681 required proximity of a number of jobs. They, I
4682 suppose, had to print that data off and provide it to
4683 us. But if the standard that we're applying is that
4684 printing something off of your computer makes it
4685 ineligible, then this process is going to get much more
4686 difficult because that's every building plan revision,
4687 that's every clarification from an architect, that is
4688 every application exhibit that is updated after the
4689 application deadline.

4690

4691 This sentence was added to the QAP specifically to
4692 prevent us from having to argue with the Board about
4693 exactly things like this. The development site
4694 absolutely qualifies for points. We all agree that it
4695 qualifies for points, but there is some kind of
4696 documentation error and therefore we're not going to
4697 give you the points. That is very different than I
4698 turned in an application on March 1st that was required
4699 to give you 104 units and I only gave you 95. That is

4700 just an application that doesn't qualify for points. So
4701 I appreciate that the distinction between a material
4702 deficiency and a non-material deficiency is something
4703 that we will forever be talking about. But at least
4704 from staff's perspective in this matter, there's a very
4705 clear distinction between the two.

4706

4707 **Leo Vasquez III (3:08:18):**

4708 The other applications in Region 11, I assume they're
4709 not in Pharr.

4710

4711 **Cody Campbell (3:08:24):**

4712 They are. I believe three of them are in Hidalgo
4713 County.

4714

4715 **Bobby Wilkinson (3:08:27):**

4716 Yeah. They're in Hidalgo County. The ones that are.

4717

4718 **Cody Campbell (3:08:31):**

4719 They're not in Pharr. There is one. Give me just one
4720 second. So I'm sorry, four of the five are in Hidalgo
4721 County. And within Hidalgo County, they are in Palm
4722 View, McAllen, Mission, and Pharr.

4723

4724 **Leo Vasquez III (3:08:51):**

4725 Okay. Well, just kind of weighing the argument that,
4726 well, the region is not going to have more development
4727 that comes in if we deny this. Do any other Board
4728 members have questions on the technicalities on this?
4729 We have another speaker or not?

4730

4731 **Justin Meyer (3:09:17):**

4732 Yes, sir.

4733

4734 **Leo Vasquez III (3:09:18):**

4735 Okay. Please, come on. Because we're about to get to a
4736 motion, I believe.

4737

4738 **Justin Meyer (3:09:46):**

4739 Chair, Board, staff, my name is Justin Meyer with Arx
4740 Advantage, and thank you for giving me the opportunity
4741 to speak in favor of the appeal today. Robbye's well
4742 known for her sports analogies, and the best one I can
4743 come up with is to pick up the ball that she brought and
4744 run with it. She's already spoken to the rule in
4745 question, so I'm not going to burden the Board with
4746 another reading of it, but I'd like to view it from
4747 maybe a different perspective.

4748

4749 Imagine a group of reasonable people. They all have to
4750 have experience in the development community and explain
4751 to them the rule how it was applied to the 16 other
4752 applications and then how that same rule was applied to
4753 the Meadow Heights application. If you asked this group
4754 of reasonable people if all 17 of these applications
4755 were treated equally under the same rule with the same
4756 language, what would the answer be?

4757

4758 If the answer is yes, then this appeal should be denied.
4759 But if they answer no, that this application was treated
4760 differently under the same language and the same rule,
4761 then this appeal should be granted. We're not asking
4762 for special perks or favoritism, we're just seeking
4763 equal treatment under the same rule. And I would go,
4764 I'd add that we're not changing the number of units,
4765 we're converting market rate units to more affordable
4766 units. It's still the same number of units in total.

4767

4768 **Leo Vasquez III (3:11:10):**

4769 You're changing the number of affordable units, right?

4770

4771

4772 **Justin Meyer (3:11:14):**

4773 Our total number of units is remaining the same.

4774

4775 **Leo Vasquez III (3:11:15):**

4776 We don't care about the non-affordable.

4777

4778 **Justin Meyer (3:11:18):**

4779 Correct. We are increasing, we are changing market rate
4780 to be additional affordable units to meet the 104.

4781 Thank you, sir.

4782

4783 **Anna Maria Farias (3:11:28):**

4784 I have a question.

4785

4786 **Leo Vasquez III (3:11:29):**

4787 Ms. Farias.

4788

4789 **Anna Maria Farias (3:11:37):**

4790 Robbye, when they talked about the difference in 104
4791 versus 93, you talked about there was an interference in
4792 Region 11. Can you talk a little bit more about that?

4793

4794 **Robbye Meyer (3:11:51):**

4795 Yes, ma'am.

4796

4797 **Leo Vasquez III (3:11:52):**

4798 You said applicant interference? Yeah. I think you

4799 used the term applicant interference.

4800

4801 **Anna Maria Farias (3:11:57):**

4802 Applicant interference.

4803

4804 **Robbye Meyer (3:12:00):**

4805 Another applicant in Region 11 interfered with the

4806 approval process with other applicants in Region 11.

4807 That's the reason why this applicant even submitted a

4808 full application. On the Thursday before the

4809 applications were due the following Friday, I got a

4810 barrage of calls asking if my applicant was going to

4811 submit an application. Now, at that time, no, my

4812 applicant was not going to submit an application. I had

4813 no full application even started. And because of the

4814 chaos that was put in play by another applicant to the

4815 other applications in the region, it put my application

4816 in a potential competitive place. And they called me

4817 and said, Hey, we would like to submit an application.

4818 And I think they can attest that I said, no, I am not

4819 prepared to do that. And then we had further discussion

4820 that we had no third-party reports, we had no drawings,
4821 nothing.

4822

4823 Everything came together in a matter of days. And I was
4824 trying to put everything together the Wednesday before
4825 applications were due on Friday because of another
4826 applicant interfering in the other applicants in the
4827 region. That is why. Otherwise, I would not be
4828 standing here today with this, and this application
4829 would not have been submitted to begin with.

4830

4831 **Anna Maria Farias (3:13:36):**

4832 The reason I asked that, Robbye, is that you have been
4833 before as many, many times in the two and a half years
4834 that I've been here. Some people have been here seven
4835 years. And you're seen as one of the most responsible
4836 individuals, especially in colonias and rural, because I
4837 grew up in Crystal City, Texas, Zavala County, as the
4838 third poorest county in the country. Even after the oil
4839 collapse because nobody wanted to do business with them
4840 for obvious reasons. They're always fighting. And I
4841 have been to Pharr, Texas, many times, and it is
4842 unfortunate because they need the help. And for you to
4843 have gotten this on a Wednesday when it's due on a

4844 Friday, the fact that you even pulled 98 percent of the
4845 rabbit out of the hat. It did not go unrecognized that
4846 they were trying to put the blame on you. I do not
4847 appreciate that.

4848

4849 **Robbye Meyer (3:14:35):**

4850 I don't think anybody's trying to blame anything.
4851 Mistakes are made. I could name off about every
4852 consultant. If you're in this business long enough,
4853 something's going to go wrong. And I accept that. But
4854 it is what it is. And I look at the other applicants
4855 that had issues and I'm not... The Board made a
4856 decision and staff made a decision with those other
4857 applicants and that's fine. I accepted that. But it
4858 has now affected us, and I think this applicant is now
4859 being treated differently with the rules because those
4860 other 16 applicants did have a responsibility when they
4861 submitted their applications, they messed up and they
4862 were allowed to correct their error. It is a different
4863 error and I get that. But we do have a responsibility
4864 to turn in the right information for jobs and they
4865 didn't. They got to correct it. We made an error in
4866 our application. We're just asking for the same

4867 treatment. And I'm only talking about this cycle. I
4868 don't care what happened in any other cycle.

4869

4870 I'm only concentrating on what happened this year. I
4871 don't care what happened any other year. I'm just
4872 asking for equal treatment this year. If you want to be
4873 more specific next year, so be it. But I'm only asking
4874 for equal treatment in this cycle.

4875

4876 **Leo Vasquez III (3:16:00):**

4877 Thank you. And I'm sorry, Mr. Martinez, I think we've
4878 got clear what y'all's position is.

4879

4880 **Felipe Martinez (3:16:08):**

4881 I'm trying to set the record straight for Ms. Farias.
4882 Ms. Farias, I'm not sure I understood your comment. And
4883 no way are we putting the blame on Robbye. We ourselves
4884 are the ones that recommended Robbye to the Pharr
4885 Housing Authority. They had not done a tax credit in
4886 many, many years. Over a decade. And she came highly
4887 qualified, and we are behind her. It was hard to put it
4888 together. It was hard for us to put together a design.
4889 Luckily, we had just done a Federal Home Loan Bank grant
4890 awarded on five acres and same number of units. Was

4891 really easy for us to just convert it. But in no way do
4892 we want to go on record as going against Robbye.
4893 Robbye's been nothing but helpful to us. Thank you.

4894

4895 **Leo Vasquez III (3:16:57):**

4896 Thanks.

4897

4898 **Kenny Marchant (3:16:58):**

4899 Question. Ask Cody. Did you treat this application
4900 differently than you did the other 16?

4901

4902 **Cody Campbell (3:17:08):**

4903 No, sir.

4904

4905 **Kenny Marchant (3:17:09):**

4906 Thank you.

4907

4908 **Leo Vasquez III (3:17:11):**

4909 And they were different. It's apples and oranges on
4910 that, the problem. Again, I appreciate y'all's
4911 perspective. If anything, what I think the Board has
4912 learned out of this is that every time a consultant
4913 comes up here and says, Oh, took us 18 months to put
4914 this deal together and we invested all this time and

4915 everything, well, apparently it can be done in a week.

4916 So it's just, we'll have to recall that in the future.

4917

4918 Although, obviously, I mean, when you're rushing at the
4919 last second, mistakes are going to happen. You can't do
4920 it any way you can, but probably eight days you could
4921 have done it. Yeah. Okay. Again, I understand
4922 obviously Pharr needs as much development as we can get
4923 in there and investment. And there's no doubt about
4924 that. But from our perspective, I think we need to look
4925 at it for the bigger picture. If the region wasn't
4926 going to get anything, well, regardless, we can't
4927 really. The staff is recommending denial of the appeal.
4928 Is there anyone that wants to make a motion regarding
4929 this item?

4930

4931 **Anna Maria Farias (3:18:51):**

4932 All right. I'm going to go first, knowing full well
4933 that I'm just one vote, but I'm going to go first. I
4934 move the Board grant the appeal of the staff
4935 determination related to the quantity of low-income
4936 units scoring item for Meadow Heights. All is supported
4937 by the Board Action Request and associated documents on
4938 this item.

4939

4940 **Leo Vasquez III (3:19:16):**

4941 Okay. So a motion is on the table to grant the waiver,

4942 the appeal. I'm sorry. Thank you. Is there a second?

4943 Hearing none, the motion dies for lack of a second.

4944 Would anyone else care to make a motion?

4945

4946 **Ajay Thomas (3:19:34):**

4947 Mr. Chairman, I move the Board deny the appeal of the

4948 staff determination related to the quantity of low-

4949 income units scoring item for Meadow Heights. All is

4950 supported by the Board Action Request and associated

4951 documents on this item.

4952

4953 **Kenny Marchant (3:19:48):**

4954 Second.

4955

4956 **Leo Vasquez III (3:19:49):**

4957 Motion made by Mr. Thomas, seconded by Mr. Marchant to

4958 uphold the staff's recommendation, and not grant the

4959 appeal. Motion made by Mr. Thomas. Seconded by Mr.

4960 Marchant. All those in favor say aye.

4961

4962

4963 **Board Members (3:20:04):**

4964 Aye.

4965

4966 **Leo Vasquez III (3:20:08):**

4967 Any opposed? Okay. No. All right. That motion passes

4968 unanimously. Sorry, keep up the development. I would

4969 love to hear your numbers and everything like that.

4970 That was just...

4971

4972 **Cindy Conroy (3:20:24):**

4973 Can I just make a comment just in general?

4974

4975 **Leo Vasquez III (3:20:26):**

4976 Yes.

4977

4978 **Cindy Conroy (3:20:28):**

4979 Robbye did this in a week. Yeah. Well, in a few days.

4980 She did in a few days, and she made just a mistake. But

4981 it just seems to me that the longer these people have,

4982 they still make mistakes. But once we start saying this

4983 exception, Okay. Okay. Okay. We're not talking a

4984 couple of dollars. And this is just meant to the

4985 industry in itself. We're not talking a couple of

4986 dollars. Y'all are asking for some money, and it's

4987 significant money. You should be pretty accurate in
4988 ensuring what you're applying for. And it shouldn't be,
4989 oh, well, we kind of missed getting this form in, and we
4990 kind of just didn't, it wasn't our fault. The
4991 exceptionally is if you did in a week, and because of
4992 your circumstances, I'm really sorry that that's it.
4993 But can you all just get it? I'm in an industry you got
4994 to get it right, or else you're really penalized.

4995

4996 And so it just seems to me that it's really incumbent
4997 upon you all to also get your paperwork in right,
4998 especially if you're taking more than a week to do this.
4999 It would just be better for everybody so that we
5000 wouldn't have to be doing these exceptions. And then
5001 also we're not going fair because then that's all we're
5002 doing here as a Board is making exceptions to rules that
5003 nobody is really taking seriously.

5004

5005 **Leo Vasquez III (3:21:50):**

5006 And that's not just you all. That's the whole.

5007

5008 **Cindy Conroy (3:21:51):**

5009 That's why I said it's to the industry. It's not just
5010 to you all. And I'm sorry about the vote. I really am

5011 to an extent, because I really do think y'all probably
5012 have a great application in front of there. But this
5013 doesn't change. You got to do something at some point
5014 to say that these stops.

5015

5016 **Leo Vasquez III (3:22:14):**

5017 If you'll stay around, you'll not feel nearly as bad
5018 about your decision when you hear us talk about the
5019 answer. Okay.

5020

5021 **Cindy Conroy (3:22:24):**

5022 Not that that's a reason to stay.

5023

5024 **Leo Vasquez III (3:22:28):**

5025 Don't take it personally. It's not just you. Okay.
5026 Item 23, presentation, discussion, and possible action
5027 on a request for return and reallocation of tax credits
5028 under 10 TAC Section 11.65 related to credit returns
5029 resulting from force majeure events for three Buena Vida
5030 developments. Mr. Goldberger, tell us about this group.

5031

5032 **Josh Goldberger (3:22:55):**

5033 Good afternoon, Chairman, members of the Board. Josh
5034 Goldberger, 9 percent program manager at TDHCA. I will

5035 be before you for the next eight items discussing, let's
5036 say, recurring topic requests for force majeure
5037 treatment. These items will cover requests from a total
5038 of 11, 9 percent applications. Every single force
5039 majeure before you today is for a 2024 application and
5040 all but one is requesting a six-month extension to the
5041 December 2026 placement service date.

5042

5043 Before we get into our first request, I will just note
5044 that we're trying out a new format for the force majeure
5045 bar. We do hope that in future meetings this will make
5046 the items easier to review but first time around there's
5047 definitely been a couple of kinks in the formatting that
5048 we'll have to work out. Most notably the bars misstate
5049 the new 10 percent test deadline if these requests are
5050 approved as July 1, 2025. That is the current due date
5051 for nearly all of these applications and if the requests
5052 are approved, it will be July of 2026.

5053

5054 Moving on to item 23. Item 23 concerns Buena Vida
5055 Supportive Housing, Buena Vida Senior Living and Buena
5056 Vida Apartments. These projects are three distinct
5057 applications and developments for TDHCA purposes, but
5058 are collectively proposing a phased redevelopment of a

5059 historic public housing site in Brownsville. All share
5060 the same principles, similar financing and are proposed
5061 on adjacent sites.

5062

5063 The projects have been delayed due to the use of HUD's
5064 Restore Rebuild program, formerly known as Faircloth-to-
5065 RAD. This is a rarely used HUD program that was key to
5066 financing the redevelopment but ultimately prolonged
5067 pre-closing deadlines. Reviews were extended due to
5068 unfamiliarity with the program and several key items
5069 such as environmental reviews were delayed.

5070

5071 Nonetheless, all pending final approvals are expected
5072 within two weeks. And I'll just say the applicant
5073 represents that there's only a handful of prior deals in
5074 Texas that have ever used this financing structure
5075 before, so this does seem to be pretty unique. The
5076 projects are permit ready, demolition is scheduled to
5077 begin within the next few days, and new construction is
5078 expected to start in July. In order to expedite
5079 schedules and decrease the construction timeline, the
5080 Brownsville Housing Opportunity Corporation has actually
5081 authorized pre-closing funding to allow the demolition
5082 of these buildings to occur prior to closing. The 18-

5083 month construction timeline pushes completion just
5084 beyond the original placed in-service deadline of
5085 December 31, 2026.

5086

5087 The applicant is again requesting a six-month extension
5088 to June 30, 2027. Staff recommends approval.
5089 Representatives of the development are present should
5090 you have any specific questions, and I am also
5091 available.

5092

5093 **Leo Vasquez III (3:25:47):**

5094 Okay. So for these three, they're ready to start,
5095 they're impending any day now.

5096

5097 **Josh Goldberger (3:25:54):**

5098 That is what is represented in the request. Yes, sir.

5099

5100 **Leo Vasquez III (3:25:57):**

5101 And they had to jump through all the HUD hoops and those
5102 kinds of delays as well.

5103

5104 **Josh Goldberger (3:26:02):**

5105 Yes, sir.

5106

5107 **Leo Vasquez III (3:26:03):**

5108 This is a precautionary, will they finish by the end of
5109 next year or not? This gives that extra buffer zone.

5110

5111 **Josh Goldberger (3:26:14):**

5112 Indeed.

5113

5114 **Leo Vasquez III (3:26:16):**

5115 And again, I think the real key theme that I'll be
5116 talking about here in these next few is that we have a
5117 definitive start period with a great degree of comfort
5118 and certainty that this isn't just a let's get one
5119 extension now and then maybe we'll start it some other
5120 time in the future. This is ready to go. Okay. Staff
5121 recommends approval of this. Does anyone want to make a
5122 motion supporting the staff's recommendation or do you
5123 want to hear from the developer? Okay, Mr. Harper.

5124

5125 **Holland Harper (3:27:00):**

5126 I move the Board approve the requested treatment on an
5127 application of force majeure for Buena Vida Supportive
5128 Housing, Buena Vida Senior Living, and Buena Vida
5129 Apartments with a new placed in-service deadline of June
5130 30, 2027. All described, conditioned, authorizing the

5131 Board Action Request, resolution, and associated
5132 documents on this item.

5133

5134 **Anna Maria Farias (3:27:16):**

5135 Second.

5136

5137 **Leo Vasquez III (3:27:17):**

5138 Motion made by Mr. Harper, seconded by Ms. Farias. All
5139 those in favor say aye.

5140

5141 **Board Members (3:27:21):**

5142 Aye.

5143

5144 **Leo Vasquez III (3:27:22):**

5145 Any opposed? Hearing none, motion carries. Okay. That
5146 one was easy.

5147

5148 Item 24, presentation, discussion, and possible action
5149 on a request for return and reallocation of tax credits
5150 under 10 TAC Section 11.65 related to credit returns
5151 resulting from force majeure events for 2910 Motley
5152 Senior Living and 3606 South Cockrell Hill Road Senior.
5153 Mr. Goldberger.

5154

5155 **Josh Goldberger (3:27:51):**

5156 Item 24 concerns two applications that have already been
5157 the subject of some discussions today. 2910 Motley
5158 Senior Living and 3606 South Cockrell Road Senior. Two
5159 mixed income developments proposed in Mesquite and
5160 Dallas, respectively. We have grouped these together
5161 into a single item today because the two deals were
5162 submitted by similar applicants and have encountered
5163 comparable delays. As Mr. Jones discussed for Motley
5164 Senior Living, both projects have experienced increased
5165 construction costs and lower equity pricing since the
5166 projections submitted in the initial applications back
5167 in 2024. These unfavorable trends in both directions
5168 have resulted in funding gaps of around \$5 million for
5169 each project. To address this issue, the applicants
5170 have successfully pursued additional funding.

5171

5172 2910 was on today's agenda for the NHDF loan through the
5173 2025-1 NOFA and 3606 Cockrell Hill Road Senior is in the
5174 process of being awarded a HOME loan from the City of
5175 Dallas. This financing will allow the developments to
5176 maintain feasibility, but of course has caused some
5177 delays up until this point and is anticipated to cause a
5178 little more due to compliance with various federal

5179 requirements. Nonetheless, the projects are projected
5180 to close in September, though this will push the
5181 construction timeline into 2027 and passed the current
5182 placed in-service date. This applicant is again
5183 requesting a six-month extension to June 30, 2027.
5184 Staff recommends approval. Representatives of the
5185 development are present should you have any specific
5186 questions.

5187

5188 **Leo Vasquez III (3:29:31):**

5189 So have the development sites on these been purchased?

5190

5191 **Josh Goldberger (3:29:36):**

5192 I do not believe so at this time, no.

5193

5194 **Leo Vasquez III (3:29:40):**

5195 And what other items are pending approval? What's to
5196 prevent us, prevent the development from commencing in
5197 September?

5198

5199 **Josh Goldberger (3:29:51):**

5200 For the Cockrell Road application, I believe they only
5201 need approval from the city council of Dallas for that
5202 HOME loan. And that's on June 25th.

5203

5204 **Leo Vasquez III (3:30:02):**

5205 Okay. And then on the Motley?

5206

5207 **Josh Goldberger (3:30:04):**

5208 We just approved the financing for that earlier today.

5209 So my understanding is there's less outstanding with

5210 that one.

5211

5212 **Kenny Marchant (3:30:18):**

5213 So six months for each project.

5214

5215 **Josh Goldberger (3:30:21):**

5216 That's correct. Six months for each project.

5217

5218 **Kenny Marchant (3:30:24):**

5219 And that's six months to complete.

5220

5221 **Josh Goldberger (3:30:26):**

5222 Yes. Six additional months to complete, yes.

5223

5224 **Leo Vasquez III (3:30:31):**

5225 Ms. Thomas, do you want to just re-emphasize, just give

5226 us a little more assurance about the timing on this that

5227 we're not going to be hearing back from you all next
5228 year at this time saying, a little more.

5229

5230 **Taylor Thomas (3:30:44):**

5231 Absolutely. Good afternoon again, Board. I'm Taylor
5232 Thomas of Palladium here to speak on behalf of 3606
5233 South Cockrell Hill Road Senior Living and as a
5234 consultant to Riva Switzerland to speak on 2910 Motley
5235 Senior Living. We do believe that the six-month
5236 extension is plenty of time to get these deals done.

5237

5238 Like Josh just said, 2910 Motley soft funding has been
5239 approved and we are planning to submit that HUD
5240 application next week. We're very far along in
5241 gathering that application and once that's submitted,
5242 then we just wait for the firm commitment. Close on the
5243 whole package all at once.

5244

5245 And then for Cockrell Hill, that has been approved by
5246 the Housing Committee at the City of Dallas, the HOME
5247 funds award. And then on June 25th it will go to city
5248 council, and we anticipate full approval on that from
5249 the council. And then that HUD application is also
5250 moving along very strongly. We will submit that HUD app

5251 most likely end of June, and it'll follow a very similar
5252 timeline to 2910 Motley Senior Living. We believe both
5253 of those should be closed by the end of September.

5254

5255 **Leo Vasquez III (3:32:05):**

5256 So given the stories we've been hearing, or the
5257 experiences people have been relating about the HUD
5258 moving forward, there's some confidence level that
5259 you're going to hear back?

5260

5261 **Taylor Thomas (3:32:18):**

5262 Yes. The HUD environmental clearance issue that we
5263 discussed earlier will be handled by the end of July.
5264 This wasn't handled in time to meet the Readiness to
5265 Proceed deadline.

5266

5267 **Leo Vasquez III (3:32:31):**

5268 Okay. All right. Thank you. So Josh, you all, staff
5269 is comfortable, confident that this is a reasonably
5270 solid projection on when they will finally get started?

5271

5272 **Josh Goldberger (3:32:52):**

5273 Yes, sir.

5274

5275 **Leo Vasquez III (3:32:54):**

5276 Okay. Do any other Board members have questions on this
5277 item? Would anyone care to make a motion?

5278

5279 **Kenny Marchant (3:33:06):**

5280 I move the Board approve the requested treatment under
5281 an application for force majeure rule to 2910 Motley
5282 Senior Living and 3606 South Cockrell Hill Senior with a
5283 new placed in-service deadline of June 30, 2027, as
5284 described, conditioned, and authorized in the Board
5285 Action Request, resolution, and associated documents on
5286 this item.

5287

5288 **Anna Maria Farias (3:33:44):**

5289 Second.

5290

5291 **Leo Vasquez III (3:33:47):**

5292 Motion made by Mr. Marchant. Seconded by Ms. Farias.
5293 All those in favor say aye.

5294

5295 **Board Members (3:33:52):**

5296 Aye.

5297

5298

5299 **Leo Vasquez III (3:33:54):**

5300 Any opposed? Hearing none, motion carries. Item 25,
5301 presentation, discussion, and possible action on a
5302 request for return and reallocation of tax credits under
5303 10 TAC Section 11.65 related to credit returns resulting
5304 from force majeure events for Bailey at Stassney. Mr.
5305 Goldberger.

5306

5307 **Josh Goldberger (3:34:14):**

5308 Item 25 concerns Bailey at Stassney, a 104-unit
5309 supportive housing development to be located on Stassney
5310 Lane here in Austin. Unlike most 2024 awardees, this
5311 application was not awarded at the late July meeting.
5312 Bailey at Stassney actually received an award from the
5313 waiting list in December of 2024, a full 140 days after
5314 initial awards. Although the development team had
5315 initiated due diligence five months prior, the delayed
5316 award did impact the project timeline. On top of that,
5317 this project had to deal with the complexities of the
5318 City of Austin's lengthy permitting process and multiple
5319 layers of funding like HUD vouchers and the city's
5320 residential development assistance, which creates some
5321 major procedural hurdles. This in turn delays closing
5322 and pushes back the start of construction. If you want

5323 a specific here, the request really calls out the Part
5324 58 Environmental Review, a portion of which actually had
5325 to be restarted months after it was requested timely due
5326 to staff turnover. So quite a bit of time was lost
5327 there.

5328

5329 Permits are expected in August and construction will
5330 commence shortly after in early October. With a 15-
5331 month construction timeline, this leaves very little
5332 room for error to meet that December 2026 placed in-
5333 service deadline. Completion is currently projected for
5334 December 19, only a week away from that federal
5335 deadline. The applicant is again requesting a six-month
5336 extension to June 30, 2027. Staff recommends approval
5337 and representatives of the development are present
5338 should you have any specific questions.

5339

5340 **Leo Vasquez III (3:35:52):**

5341 Okay. So this was not awarded in the regular cycle
5342 time. It was at the end of 2024, not the middle of
5343 2024.

5344

5345 **Josh Goldberger (3:36:01):**

5346 Yes, one of the later awards we've made in recent years.

5347

5348 **Leo Vasquez III (3:36:04):**

5349 Okay. So that puts them behind everyone else to begin
5350 with. And everything you said were starting in
5351 September?

5352

5353 **Josh Goldberger (3:36:16):**

5354 Early October. Permits are expected in August though.

5355

5356 **Leo Vasquez III (3:36:20):**

5357 Okay. Do any Board members have questions on this one?
5358 If not, I'll entertain the motion on item 25 of the
5359 agenda.

5360

5361 **Holland Harper (3:36:34):**

5362 So I want you for, I don't say this to all the
5363 developers, but I've noticed your Gantt charts are
5364 getting much better and I really appreciate it because
5365 it's easy to read. So thank you for doing that. And
5366 this one has a nice critical path method here.

5367

5368 I move the Board approve the requested treatment on the
5369 application of force majeure at Bailey at Stassney with
5370 the new placed in-service deadline of June 30, 2027.

5371 All described, conditioned, and authorizing the Board
5372 Action Request, resolution, and associated documents on
5373 this item.

5374

5375 **Leo Vasquez III (3:37:03):**

5376 Motion made by Mr. Harper. Is there a second? Mr.
5377 Marchant?

5378

5379 **Kenny Marchant (3:37:07):**

5380 (Indiscernible).

5381

5382 (Laughter.)

5383

5384 **Leo Vasquez III (3:37:11):**

5385 Seconded by Mr. Marchant. All those in favor say aye.

5386

5387 **Board Members (3:37:15):**

5388 Aye.

5389

5390 **Leo Vasquez III (3:37:16):**

5391 Any opposed? Hearing none, motion carries. Item 26 of
5392 the agenda. Do I have to read the whole thing? Same
5393 thing on force majeure for this one for the Bailey at
5394 Berkman. Mr. Goldberger.

5395

5396 **Josh Goldberger (3:37:35):**

5397 Yes, sir. All right. This next one is substantially
5398 similar to our previous request. Bailey at Berkman is
5399 also a 104-unit supportive housing development to be
5400 located in Austin. It has a similar financing structure
5401 and was proposed by the same applicant. The key
5402 difference is unlike the prior item, this deal was
5403 awarded in late July along with most of our other 2024 9
5404 percent applications. And since this application did
5405 not encounter the same delays stemming from a late
5406 commission commitment of tax credits, it is on somewhat
5407 of a faster timeline.

5408

5409 The deal has, however, been impacted by those same
5410 procedural delays at the City of Austin and related to
5411 their financing. Just like the same project from the
5412 applicant, extended permitting timelines has been an
5413 issue. This application also has HUD vouchers. So it
5414 is beholden to the same extended review process that
5415 included restarting that Part 58 Environmental Review
5416 partway through after it was ordered in a timely manner.

5417

5418 Again, since this one got started a bit earlier, permits
5419 are expected in July and construction will begin in
5420 August. With another 15-month construction timeline,
5421 we're looking at completion in November of '26 in the
5422 best of circumstances. So a little bit earlier than
5423 that December 19th date of the previous request, but
5424 still a little bit too close for comfort.

5425

5426 The applicant is requesting another six-month extension
5427 to June 30, 2027. Staff recommends approval and
5428 representatives of the development are still present
5429 should you have any questions.

5430

5431 **Leo Vasquez III (3:39:05):**

5432 So this one was awarded in the regular time cycle.

5433

5434 **Josh Goldberger (3:39:09):**

5435 Correct.

5436

5437 **Leo Vasquez III (3:39:15):**

5438 Which would normally allow for plenty of time to get
5439 done by the, in this case, end of 2026. I don't
5440 understand why this is now on the same schedule as the
5441 other one that was awarded five, six months later. Why

5442 are they coming to us now when they should have plenty
5443 of time to actually get it done?

5444

5445 **Josh Goldberger (3:39:49):**

5446 I'm happy to defer to the applicant down there, but I
5447 will just say that many applicants who find themselves
5448 on the waiting list do complete a lot of this due
5449 diligence prior to receiving a commitment of funds.

5450

5451 **Leo Vasquez III (3:39:58):**

5452 But this wasn't a waiting list.

5453

5454 **Josh Goldberger (3:40:00):**

5455 But in reference to the prior deal.

5456

5457 **Leo Vasquez III (3:40:02):**

5458 Okay. Well, that's why I didn't have much of a problem
5459 on that one, but this one I'm like...

5460

5461 **Holland Harper (3:40:10):**

5462 They're not starting on notice to procedures till 8/1,
5463 August 1st. So what have you been doing?

5464

5465

5466 **Leo Vasquez III (3:40:18):**

5467 Yeah.

5468

5469 **Oscar Paul (3:40:18):**

5470 We've been working. Oscar Paul. I'm the Senior
5471 Development Manager for National Community Renaissance,
5472 also known as National CORE. I represent the applicant,
5473 developer, and eventual property manager of the Bailey
5474 at Berkman and I'm here to respectfully request the
5475 place in-service extension for both Berkman and
5476 Stassney. Appreciate the consideration made on the
5477 Stassney deal and understand the reasonings and
5478 questions you have here.

5479

5480 To be clear, both of these were funded in the supportive
5481 housing set-aside so we're serving the most vulnerable
5482 populations. We have buy in from the city through the
5483 RHDA program of \$5.6 million on the Bailey and Stassney,
5484 26 voucher units out of the total 104. 16 of those are
5485 VA VASH vouchers.

5486

5487 **Holland Harper (3:41:05):**

5488 Why is this one late?

5489

5490 **Leo Vasquez III (3:41:06):**

5491 Let's talk about Berkman, not Stassney.

5492

5493 **Holland Harper (3:41:08):**

5494 Why is this one late? Why are you a year behind before
5495 you're breaking ground on a notice of receipt?

5496

5497 **Oscar Paul (3:41:14):**

5498 Understood. Yeah. So late '23-'24 the equity market
5499 and the investor interest was waning. We underwrote
5500 this at \$0.84 on the credit pricing. We reached out to
5501 about 15 to 20 equity providers and had limited
5502 response. We ended up finding Redstone Capital Markets
5503 to provide the investment on this and there's hesitation
5504 on their side. Although you review our Gantt chart, RGC
5505 and us as the developer are confident that we do finish
5506 ahead of the placed in-service deadline. Investor is
5507 asking for a few months of an extension to mitigate any
5508 unforeseen delays that may happen during construction.
5509 We are still pedal to the metal, pushing to finish ahead
5510 of the current placed in-service deadline. We just risk
5511 pushing closing and investor confidence without the
5512 extension.

5513

5514 **Leo Vasquez III (3:42:13):**

5515 So if we didn't grant this today, you're saying the
5516 extra investors would pull out?

5517

5518 **Oscar Paul (3:42:21):**

5519 It's a possibility.

5520

5521 **Leo Vasquez III (3:42:22):**

5522 As opposed to June of next year when you have a
5523 visibility as much more. Hey, we're going to make the
5524 deadline, we're going to do it in November or?

5525

5526 **Bobby Wilkinson (3:42:36):**

5527 Page 1187 of your workbook. There's a letter from
5528 Redstone Equity Partners and it says they are unable to
5529 proceed with finalizing financing without an extension.

5530

5531 **Oscar Paul (3:42:48):**

5532 We're currently scheduled to close August 10th.

5533

5534 **Bobby Wilkinson (3:42:50):**

5535 Yeah. So supposedly the project never starts unless you
5536 give them the extension. This has been the threat many
5537 times now.

5538

5539 **Holland Harper (3:43:08):**

5540 Well, tell you what, we got two Board meetings in a lot.

5541 We have two. Here's the deal. Why don't y'all go fast,

5542 get this deal done. Stop coming here. I'm sorry. I'm

5543 a contractor by trade and I get, I'm not... I know you

5544 have to get equity together. I also develop. I know

5545 you have to do your job, but go get the deal done, okay?

5546 And tell Redstone they just gave you mercy because we

5547 delayed this Board, this staff, our team delayed your

5548 start. We did not delay your start on this one. Go do

5549 your job. Go be the developer. Go get it done.

5550

5551 **Oscar Paul (3:43:40):**

5552 I understand.

5553

5554 **Holland Harper (3:43:42):**

5555 If you need mercy, bring Redstone back. We'll talk to

5556 him then. Pardon me. I'm getting...

5557

5558 **Leo Vasquez III (3:43:46):**

5559 No, no, no. I mean, that's what I'm doing.

5560

5561 (Overlapping conversation.)

5562

5563 **Holland Harper (3:43:48):**

5564 I'm four hours into this deal. I'm getting ready to
5565 move.

5566

5567 **Oscar Paul (3:43:49):**

5568 Yeah. No, I understand.

5569

5570 **Leo Vasquez III (3:43:53):**

5571 This is too bad. You fit into this one box that really
5572 just makes us crazy. What else is going to go wrong
5573 down the line and you guys can come back again to us and
5574 not you in particular, just the applications in these
5575 kinds of situations where it makes much more sense to
5576 come back to us a year from now or in the July meeting
5577 or when you realize when you have a much better sense
5578 of, Hey, we're almost done or this happened and it
5579 rained for 40 days and 40 nights and we couldn't
5580 continue? It's out here, this far, again, you all made
5581 a commitment. We awarded you the same as we did all
5582 these other projects. And they aren't coming to us
5583 asking for this type of extension. Again, Stassney was
5584 different. You didn't get the award until the end of
5585 '24. All right. We're reasonable. I just...

5586

5587 **Kenny Marchant (3:45:10):**

5588 Josh, are there plenty of deals behind this would step

5589 up?

5590

5591 **Leo Vasquez III (3:45:14):**

5592 Well, they would turn back in the credits.

5593

5594 **Holland Harper (3:45:18):**

5595 I don't think we really want to turn the credits back

5596 in. I'm asking you, go do your job. Tell Redstone,

5597 they just gave me mercy on this other one, but we have

5598 to go do our job in this.

5599

5600 **Oscar Paul (3:45:26):**

5601 Yeah.

5602

5603 **Leo Vasquez III (3:45:27):**

5604 And they were a reasonable Board. If something really

5605 occurs to mess up the project schedule and delay you

5606 beyond that November, I think we'll, as I think we've

5607 exhibited time and time again on this Board that we'll

5608 likely grant something, another extension, that extra

5609 three months or six months or whatever it is. But I
5610 just hate to do it now.

5611

5612 **Oscar Paul (3:45:54):**

5613 Yeah. And understand, respectfully, I feel as I'm
5614 possibly doing my job as a developer by mitigating this
5615 issue on the front end and bringing my investor
5616 confidence to close on the transaction timely so we
5617 could start construction timely and meet the deadline of
5618 12/31/26, right? I'm trying not to delay the closing
5619 because all those dominoes kind of fall in a row.

5620

5621 By me coming now requesting this, I'm sticking to my
5622 timeline, although I'm adding comfort to my investor, me
5623 as the developer is still trying to push to deliver
5624 these units that address the affordable housing problem
5625 we have.

5626

5627 **Kenny Marchant (3:46:29):**

5628 How did you get Redstone to write that letter?

5629

5630 **Oscar Paul (3:46:33):**

5631 How did I get Redstone to write the letter? So this
5632 comes from...

5633

5634 **Kenny Marchant (3:46:36):**

5635 Did you just write what he said?

5636

5637 **Oscar Paul (3:46:39):**

5638 No. It comes from a comment made from Citibank as the
5639 lender on this. They engaged a plan and cost reviewer
5640 who reviewed the Gantt chart that you have in your Board
5641 book. It was the opinion of that reviewer that our
5642 current construction schedule is unrealistic given the
5643 market and variables here in Austin. And they've never
5644 seen a development of this scale completed in such a
5645 window.

5646

5647 I remain committed to finish this development by the
5648 place and service date that we've been set forth. I'm
5649 simply here to bring my investor confidence and allow me
5650 the ability to close with our timeline as it currently
5651 is both on construction and the financing side.

5652

5653 **Bobby Wilkinson (3:47:25):**

5654 And to be fair, this is not unique. We've been doing
5655 this for lenders and investors for a couple years now.

5656 Yeah.

5657

5658 **Leo Vasquez III (3:47:33):**

5659 And back a couple years ago, there was all kinds of
5660 factors that truly were once in a lifetime kind of
5661 issues.

5662

5663 **Kenny Marchant (3:47:42):**

5664 Yeah. At the end of the day, if he isn't able to
5665 perform on this, we'll have another extension while all
5666 the walls are up, we're ready to move in. We push
5667 ourselves, we put ourselves in the position of having to
5668 do the grants. We need the units. But if it takes
5669 longer to keep something alive than it would be to turn
5670 the credits in and get another viable developer that can
5671 meet the timeline, that seems to be the push here, that
5672 I'm willing to vote for it, but I don't.

5673

5674 **Oscar Paul (3:48:22):**

5675 One last point. With the extension today, I close on
5676 this in less than a month. July 10, construction is
5677 going to start mere days, maybe a week after that. We
5678 could quickly deliver units if given the extension. If
5679 not, I have to go back to my financing team and provide
5680 comfort in some other way, humbly requesting this

5681 extension so I can continue to do my job as a developer
5682 and deliver affordable units where they're needed.

5683

5684 **Leo Vasquez III (3:48:54):**

5685 Should perhaps you only be building one development at a
5686 time instead of both simultaneously?

5687

5688 **Oscar Paul (3:49:00):**

5689 The affordable housing problem is a volume problem. We
5690 need to create units; we need to build roofs. I was
5691 fortunate enough to be awarded two developments, so I
5692 get to solve the problem.

5693

5694 **Leo Vasquez III (3:49:11):**

5695 I can guarantee there was another developer behind you
5696 that was ready to do it. So I'm saying that if you
5697 didn't build it, someone else would.

5698

5699 **Oscar Paul (3:49:22):**

5700 I understand. My counterpoint would be complex
5701 developments with HUD involvement, we have to do a
5702 subsidy layer review, part 58 review. All these things
5703 take time, and the goal is to produce a high quality
5704 product for our most vulnerable populations.

5705

5706 **Holland Harper (3:49:38):**

5707 Don't your credits run out on 12/31/26?

5708

5709 **Oscar Paul (3:49:41):**

5710 Yes, sir.

5711

5712 **Leo Vasquez III (3:49:42):**

5713 If we don't give the extension.

5714

5715 **Holland Harper (3:49:44):**

5716 And your punch list and turnover is 10/26/26?

5717

5718 **Oscar Paul (3:49:47):**

5719 Yes.

5720

5721 **Holland Harper (3:49:48):**

5722 I'm sorry, 10/30/26. Which gives you two months afloat
5723 to finish this job.

5724

5725 **Oscar Paul (3:49:52):**

5726 Yes.

5727

5728

5729 **Holland Harper (3:49:53):**

5730 Then finish your job.

5731

5732 **Oscar Paul (3:49:54):**

5733 The concern comes from the investor.

5734

5735 **Holland Harper (3:50:00):**

5736 If you've got a schedule that works, you took a year to
5737 get ready because of the credits you've got. Now go do
5738 your job.

5739

5740 **Leo Vasquez III (3:50:11):**

5741 Is there anyone else who wants to make a comment on this
5742 one?

5743

5744 **Sarah Anderson (3:50:14):**

5745 Yes.

5746

5747 **Leo Vasquez III (3:50:15):**

5748 All right.

5749

5750 **Sarah Anderson (3:50:19):**

5751 So Sarah Anderson, Anderson Consulting. And I'm not
5752 affiliated with this deal, but I've seen this list and

5753 every single one of these deals that's coming before you
5754 asking for the force majeure, these are the deals that
5755 are actually ready to close. That's why you're seeing
5756 them now. The time frame, I understand your
5757 frustration. We're as frustrated also. The time frame
5758 that these guys are bringing forward closing now is what
5759 used to be normal. And we used to be able to go to our
5760 investors and say, we're going to close in the summer,
5761 we're going to finish by December of 2026.

5762

5763 The investors don't believe us anymore. It's not us.
5764 They don't believe the markets, they don't trust the
5765 markets. And they are the ones requesting six months.
5766 Not a single one of these guys would be here requesting
5767 this if the investors weren't saying, we're not going to
5768 close until we get that force majeure from you. I feel
5769 for them because they don't want to be here asking for
5770 this, but for that, they can't get closed. So we're in
5771 a catch-22 on this side. I'd love for the investors to
5772 come forward and explain why they feel that it's better
5773 to get it now than in a year.

5774

5775 **Holland Harper (3:51:38):**

5776 It's risk management.

5777

5778 **Sarah Anderson (3:51:40):**

5779 Well, sure it is. The problem is the developers just
5780 sort of stuck in the middle between I know your
5781 frustration and theirs.

5782

5783 **Holland Harper (3:51:48):**

5784 It's something where you come to me and you say, I can
5785 get it done. The answer is sooner or later. Yeah. I'm
5786 being horsey. I'm sorry, I'm being horsey. Sooner or
5787 later we have to go to work and get our jobs done
5788 because the faster you move, the faster we put more
5789 houses on the ground, the more success you guys have,
5790 and we accomplish our missions and goals.

5791

5792 **Sarah Anderson (3:52:11):**

5793 Right. And these deals are your faster ones. The ones
5794 that you haven't heard from, they're not closing.
5795 They're waiting for this group to see what you do before
5796 they come forward. Because 95 percent of the deals from
5797 2024 are going to need a force majeure. This is the
5798 first group, and I don't know what the next round is
5799 going to do if this is turned down.

5800

5801 So anyway, I feel that we're all in the same, we're on
5802 the same team. We're just trying to get... I do have
5803 three on this list. I've got one that's closed, one
5804 that's closing next week, and one that's waiting for
5805 funds from you guys to finish wrapping up so that we can
5806 close. But we can't do a dang thing until we have that
5807 force majeure at hand. The syndicators just aren't
5808 going to close with us. So thank you for your
5809 consideration, sir.

5810

5811 **Leo Vasquez III (3:53:12):**

5812 I think we have another...

5813

5814 **Jason Aldridge (3:53:18):**

5815 Jason Aldridge with National Equity Fund, large national
5816 syndicator. I just want to bring up the capital
5817 provider's perspective because I think it may help a
5818 little bit. Essentially, what's going on here is, so
5819 NEF is a national syndicator. We develop all over the
5820 country in multiple states. Over the last 12 months,
5821 we've closed 109 partnerships. The average time from an
5822 executed LOI to getting those partnerships closed was
5823 nine months. And what's happening here is reallocate in
5824 late July. It takes a couple of months to get our LOIs

5825 executed, then we take nine months to get them closed.
5826 And right then and there we're right at that place in-
5827 service deadline. And our upper tier investors are not
5828 going to close and put money at risk on a situation
5829 where they feel like they're not going to be able to hit
5830 that place in-service situation. They won't be able to
5831 get their credits, they're not going to take that risk.

5832

5833 And that's common across all our investors. We hear
5834 that constantly from them. We've got to leave this
5835 situation before we close. And I feel the frustration,
5836 trust me, the developer community is frustrated. The
5837 capital, we're all frustrated. This is just the
5838 environment we're in now. But we've got to be able to
5839 alleviate it. And we're going to get more of these
5840 requests. Sarah was correct. This is the first wave.
5841 I don't have any in this wave and I'm not even
5842 associated with this deal, but I will have more coming.
5843 This is just the environment we're in right now.

5844

5845 **Bobby Wilkinson (3:54:54):**

5846 So why are things taking longer and is this change
5847 permanent?

5848

5849 **Jason Aldridge (3:54:57):**

5850 It's everything. Yes. It's permitting, it's process.
5851 If you have HUD or soft money. Some of these cities,
5852 soft money processes take forever. If equity pricing
5853 goes down and interest rates go up, we may have to value
5854 engineer. We've got to go back into the city for that.
5855 This is just, again, it's not a Texas thing. This is a
5856 national thing. This is what's happening in our
5857 industry right now. Our timeline is just not congruent
5858 with what it takes to do this.

5859

5860 **Bobby Wilkinson (3:55:25):**

5861 Aren't there folks maybe trying to change even federally
5862 the place and service deadline? Is that part of the new
5863 Tax Credit Improvement Act? I don't even remember.

5864

5865 **Jason Aldridge (3:55:36):**

5866 Changing how long?

5867

5868 **Leo Vasquez III (3:55:37):**

5869 So it doesn't have to be done by end of '26.

5870

5871 **Bobby Wilkinson (3:55:40):**

5872 Yeah. It's adding an extra year.

5873

5874 **Jason Aldridge (3:55:43):**

5875 Other states handle this.

5876

5877 **Leo Vasquez III (3:55:45):**

5878 But this is a Treasury, this is federally mandated.

5879

5880 **Jason Aldridge (3:55:46):**

5881 Yeah.

5882

5883 **Bobby Wilkinson (3:55:49):**

5884 A lot of states forward allocate almost their entire.

5885 That's what they do. So that gives everyone an extra

5886 year. We, for us, we're seven months in that first year

5887 before we even award. That's in our state statute. We

5888 can't change it.

5889

5890 **Leo Vasquez III (3:56:00):**

5891 And that was part of my idea on being able to have an

5892 earlier tax round, an award round.

5893

5894 **Jason Aldridge (3:56:05):**

5895 Yeah. The timing just, it simply doesn't line up. A

5896 lot of these states do it at the staff level. I know

5897 we're contemplating that for future rounds, which I
5898 think will be great. But yeah, these developers aren't
5899 doing anything wrong. They're not moving slowly. This
5900 is the process now.

5901

5902 **Kenny Marchant (3:56:22):**

5903 Yeah. We are contemplating giving staff the ability to
5904 grant the six months, contemplated in the new QAP, which
5905 would alleviate a lot of this. But we won't see it
5906 until it's six months later.

5907

5908 **Leo Vasquez III (3:56:40):**

5909 If we did our 2024 awards in January, that would've
5910 given six more months.

5911

5912 **Kenny Marchant (3:56:47):**

5913 I agree.

5914

5915 **Leo Vasquez III (3:56:48):**

5916 That's sure. And that's the extension that they're
5917 looking for. But statutorily, we can't do that right
5918 now. They have to be in July.

5919

5920

5921 **Jason Aldridge (3:57:06):**

5922 I know it's not what you want to hear, but it is
5923 reality.

5924

5925 **Leo Vasquez III (3:57:12):**

5926 No, Jason, we appreciate your giving that input from
5927 that perspective. That's important for us.

5928

5929 **Jason Aldridge (3:57:17):**

5930 Sure, Thank y'all.

5931

5932 **Holland Harper (3:57:18):**

5933 I'm ready to make a motion.

5934

5935 **Leo Vasquez III (3:57:23):**

5936 Okay. The staff's recommendation is to grant the force
5937 majeure and the extra six months.

5938

5939 **Cody Campbell (3:57:30):**

5940 Yes.

5941

5942 **Leo Vasquez III (3:57:33):**

5943 Right? Is your motion going to be along those lines?

5944

5945 **Holland Harper (3:57:37):**

5946 You want to find out?

5947

5948 **Leo Vasquez III (3:57:40):**

5949 Well, because if not, then I'm going to allow them to

5950 speak.

5951

5952 **Holland Harper (3:57:42):**

5953 As long as the Board approve. Does that help you?

5954

5955 **Leo Vasquez III (3:57:45):**

5956 Okay. Yes. Okay. All right. Would you still like to

5957 speak given that that's the motion that's about to come

5958 out? It's for what you want. Okay. All right.

5959

5960 **Holland Harper (3:57:54):**

5961 I move the Board approve the requested treatment of the

5962 application of force majeure rule at Bailey at Berkman

5963 with a new placed in-service deadline of June 30, 2027,

5964 all as described, conditioned, and authorized in the

5965 Board Action Request, resolution, and associated

5966 documents on this item.

5967

5968

5969 **Anna Maria Farias (3:57:56):**

5970 Second.

5971

5972 **Holland Harper (3:57:57):**

5973 I have done new markets deals, not LIHTC deals, and I
5974 remember the pain you're going through. But I'm also
5975 telling you guys go faster. I'm getting tired of being
5976 here.

5977

5978 **Leo Vasquez III (3:58:26):**

5979 Okay. Motion made by Mr. Harper to grant the force
5980 majeure request. Seconded by Ms. Farias. All those in
5981 favor say aye.

5982

5983 **Board Members (3:58:36):**

5984 Aye.

5985

5986 **Leo Vasquez III (3:58:37):**

5987 Any other opposed besides me? Okay. So five to one, it
5988 passes. Josh or Cody, whoever's... I'm really curious
5989 to find out later in November of next year, December of
5990 next year, did they finish even before that? Just as a
5991 point of reference for...

5992

5993 **Cody Campbell (3:59:07):**

5994 We can follow up and put that together.

5995

5996 **Leo Vasquez III (3:59:10):**

5997 Okay. On to item 27. Same tax credit. Force majeure
5998 events for Stella Haven.

5999

6000 **Josh Goldberger (3:59:22):**

6001 Item 27 concerns Stella Haven, an 88 unit development to
6002 be completed in Denton. Since its award of Housing Tax
6003 Credits in 2024, the project has experienced numerous
6004 delays related to the City of Denton's prolonged
6005 permitting process. I know we've seen requests before
6006 that stem with complying from these kinds of ultra
6007 specific local requirements. This does appear to be one
6008 of those. In this particular case, the applicant had to
6009 navigate maintaining Denton tree canopy requirements
6010 while also accommodating required dumpster enclosures
6011 and extensive fire lanes that apparently the city has
6012 somewhat unique requirements for.

6013

6014 Throughout this process, the development owner has
6015 timely submitted revised plans to the City of Denton in
6016 order to accommodate the request to meet all relevant

6017 municipal requirements. This back and forth has
6018 however, of course, delayed the start of construction
6019 and pushed out the development timeline.

6020

6021 As a result of the permitting delays, the applicant is
6022 requesting a six-month extension to June 30, 2027. The
6023 development site has been purchased and permits are
6024 expected within 30 to 45 days. The applicant has stated
6025 that all development partners remain committed and that
6026 the requested extension is necessary to allow the
6027 project to proceed.

6028

6029 Staff does believe that this request meets the role, but
6030 we did want to request a little bit more information on
6031 this one. And as a result, we do have a detailed
6032 timeline showing where this project goes from this
6033 point. If the Board has any questions regarding the
6034 details of the permitting delays that have already
6035 occurred, the applicant should be present to discuss
6036 that further. And with that, staff recommends approval.

6037

6038 **Leo Vasquez III (4:00:54):**

6039 So staff believes this was unforeseen?

6040

6041

6042 **Josh Goldberger (4:00:58):**

6043 That is correct. I have no reason to believe otherwise.

6044

6045 **Leo Vasquez III (4:01:00):**

6046 Someone who's submitting this big proposal that they
6047 worked on for much more than a week, they said, we're
6048 going to build in Denton, but we have no idea about tree
6049 canopy issues. We have no idea about trash can
6050 dumpsters and fire access points. So we really have no
6051 idea what we're doing particular to this, but here's the
6052 application. Oh, we didn't know about it. This is a
6053 force majeure. It was unforeseen and we're buying that
6054 excuse.

6055

6056 **Josh Goldberger (4:01:36):**

6057 Let's get some specifics from the applicant.

6058

6059 **Leo Vasquez III (4:01:38):**

6060 This is your fault, Josh.

6061

6062 (Laughter.)

6063

6064

6065 **Abby Penner (4:01:42):**

6066 Yeah. I'm Abby Penner. I'm here to speak on this
6067 development. So this one, Denton. I don't know how
6068 many people have dealt with Denton reviewers. We've
6069 gone through eight reviews on those trees. So it's not
6070 necessarily we didn't know the trees were there. It's
6071 that every time we go back, they've either changed the
6072 excel sheet, they've changed how they're calculating it.

6073

6074 We were warned about this development process but we now
6075 understand those warnings were very real and should be
6076 heeded in the future if we ever go back to Denton. So
6077 we're just looking for a six-month extension. This one,
6078 we're waiting on these permits to be finalized. We have
6079 everything else lined up. We're looking at a closing in
6080 August and are just hoping for a little six-month
6081 extension that, again, our finances will require.

6082

6083 **Leo Vasquez III (4:02:37):**

6084 So if they, if Denton's been dragging their feet on the
6085 permits this long, what gives you hope that they...

6086

6087

6088

6089 **Abby Penner (4:02:44):**

6090 That we've been working on it for this long and we're
6091 getting closer. Yeah.

6092

6093 **Leo Vasquez III (4:02:48):**

6094 Maybe they're just don't want affordable housing built
6095 in Denton.

6096

6097 **Abby Penner (4:02:53):**

6098 It received support at the city council and there's a
6099 whole affordable housing initiative going on in the City
6100 of Denton and we're working closely with their housing
6101 staff to even do like roundtables moving forward about
6102 how to move these projects through Denton quicker. So
6103 it's something that they have provided interest in and
6104 we're committed to getting this project on the ground to
6105 show that it can be done and that it's a good thing for
6106 the city.

6107

6108 **Kenny Marchant (4:03:16):**

6109 Mr. Chairman, can I ask a question?

6110

6111 **Leo Vasquez III (4:03:18):**

6112 Yeah, please.

6113

6114 **Kenny Marchant (4:03:20):**

6115 How much money are you spending on your architectural,
6116 your prep to apply for a permit? How much money are you
6117 investing in the plans to turn in to get the permit?

6118

6119 **Abby Penner (4:03:35):**

6120 Yeah. So between engineering, landscape, and architect
6121 in order to get all those three permits, I'd say we're
6122 close to probably \$700,000 with all those proposals.

6123

6124 **Kenny Marchant (4:03:45):**

6125 Yes, I mean there's, when they come to us and say we're
6126 working with the city and all that, they put a lot of
6127 money in the deal just to get to that spot. My question
6128 is how many times are people reluctant to spend that
6129 money before and so they hold back on spending that
6130 money and try to get verbal approvals and kind of feel-
6131 good approvals? But when you actually turn the
6132 paperwork in and Denton is really bad. Because
6133 everybody's trying to build there.

6134

6135 **Abby Penner (4:04:22):**

6136 Yeah. And again, we...

6137

6138 **Kenny Marchant (4:04:24):**

6139 But about 700 grand. So you guys have got real money

6140 even though you hadn't closed on the property?

6141

6142 **Abby Penner (4:04:29):**

6143 We have closed on the property. We own the property

6144 right now.

6145

6146 **Kenny Marchant (4:04:34):**

6147 Yeah. Well, that's the kind of deals that to me they're

6148 trying their hardest to get done.

6149

6150 **Leo Vasquez III (4:04:43):**

6151 I do recognize that is evidence of a commitment to the

6152 project. At the same time though, this just doesn't

6153 sound like it's a force majeure, saying, I didn't know

6154 that Denton was going to give me grief about trees and

6155 dumpsters and stuff like that. If you're going to

6156 propose to build in an area, you should know what you're

6157 getting into. And I'm sorry, I'm not picking on just

6158 you guys. Where this is a pattern that we keep seeing

6159 in applications across the state that we were really

6160 flexible accommodating on force majeures during and
6161 after the COVID time period.

6162

6163 And again, not to make a political slam, but during the
6164 Biden period after that when all the interest rates were
6165 going nuts and supply chains were getting killed. But
6166 that's all over. It's been over. And that's where I
6167 have a heartache on continuing to. And you still can't
6168 tell us for certain when those permits are going to be
6169 approved. You're just, you're hoping.

6170

6171 **Abby Penner (4:06:00):**

6172 Yeah. I'm hoping I bug them every other day. Not every
6173 day so that they don't stop talking to me. But yeah,
6174 we're getting closer where my goal is end of July and
6175 I'm personally the one running that process.

6176

6177 **Kenny Marchant (4:06:14):**

6178 Who is Denton Affordable Housing Corporation?

6179

6180 **Jason Aldridge (4:06:17):**

6181 They're a co-developer on this code.

6182

6183

6184 **Kenny Marchant (4:06:18):**

6185 I understand. But are they like a quasi-governmental?

6186

6187 **Abby Penner (4:06:24):**

6188 They're the local CHDO, I believe, sir. Yeah.

6189

6190 **Kenny Marchant (4:06:28):**

6191 So does that give any credence to the city council that
6192 they're partners in the deal?

6193

6194 **Abby Penner (4:06:34):**

6195 It helped with the support of the deal. They were very
6196 excited for us to partner with DAC on this deal. And
6197 yeah. That was exciting for the City of Denton. It was
6198 exciting for us too. They don't have the larger
6199 multifamily permitting experience. They're more
6200 managing units that are kind of scattered throughout the
6201 city. But having them as a partner has been great.

6202

6203 **Anna Maria Farias (4:07:00):**

6204 Mr. Chair, I used to go to Denton a lot when I was the
6205 Chair of the Board of Regents of Texas Woman's
6206 University.

6207

6208 **Kenny Marchant (4:07:07):**

6209 That's right.

6210

6211 **Anna Maria Farias (4:07:08):**

6212 Denton is not known for affordable housing. It's no
6213 more like the horse country. I do remember reading an
6214 article saying that now Denton was really starting to
6215 get interested in affordable housing. So the delays in
6216 the trees and the trash cans and that can also be read
6217 as something else. But I'm glad somebody's trying to do
6218 something there, because there are students that do not
6219 come from the higher echelon of money. So yeah, we can
6220 just start throwing the trees into trash cans, I know
6221 what's going on.

6222

6223 **Leo Vasquez III (4:07:52):**

6224 It's kind of like non-tariff barriers to trade.

6225

6226 **Anna Maria Farias (4:07:54):**

6227 Absolutely.

6228

6229 **Leo Vasquez III (4:07:55):**

6230 Same thing.

6231

6232 **Anna Maria Farias (4:07:58):**

6233 All right. I'm ready to make a motion.

6234

6235 **Leo Vasquez III (4:08:02):**

6236 I'm ready to entertain a motion.

6237

6238 **Anna Maria Farias (4:08:04):**

6239 Okay. I move the Board approve the requested treatment
6240 under an application of the force majeure rule to Stella
6241 Haven with a new placed in-service deadline of June 30,
6242 2027. All as described, conditioned, and authorized in
6243 the Board Action Request, resolution, and associated
6244 documents on this item.

6245

6246 **Leo Vasquez III (4:08:28):**

6247 Motion made by Ms. Farias. Is there a second?

6248

6249 **Cindy Conroy (4:08:30):**

6250 I'll second.

6251

6252 **Leo Vasquez III (4:08:31):**

6253 Seconded by Ms. Conroy. All those in favor say aye.

6254

6255

6256 **Board Members (4:08:36):**

6257 Aye.

6258

6259 **Leo Vasquez III (4:08:37):**

6260 Any opposed? Okay. Note one opposed. The chairman.

6261 Five to one. It passes. Moving right along. Speaking
6262 of trees, item 28, same force majeure except for Ovetta
6263 Rosedale.

6264

6265 **Josh Goldberger (4:09:00):**

6266 Item 28 concerns Ovetta Rosedale, a 70-unit development
6267 to be located in Austin. Since its award of Housing Tax
6268 Credits in 2024, the project has encountered significant
6269 delays due to a prolonged review from city arborist
6270 related to heritage trees that are present on the site.

6271 Yes, Chairman, this is our second tree-related delay.

6272 The applicant submitted site development plans back in
6273 September of 2024. In the first round of review
6274 comments, the city arborist expressed concern about said
6275 tree. A back and forth ensued in which their team
6276 required extensive documentation to determine that the
6277 number of units in the development could not be reduced.
6278 This conversation continued all the way into April of
6279 this year, at which point city staff told the applicant

6280 the only option to proceed was to go before the city
6281 environmental commission.

6282

6283 Once the documentation for the committee had been
6284 finalized and the item was reviewed, the arborist
6285 reached out to the design team on May 8th and stated
6286 after several months of discussion that the tree that
6287 had previously required the project to go through the
6288 commission was actually diseased and would no longer
6289 need this additional oversight. So this was good news,
6290 not for the tree, but for the project.

6291

6292 (Laughter.)

6293

6294 **Bobby Wilkinson (4:10:19):**

6295 I think we need to be more respectful about this tree.

6296

6297 **Leo Vasquez III (4:10:22):**

6298 It's a heritage tree, right?

6299

6300 **Josh Goldberger (4:10:26):**

6301 Of course, this exchange had already set the permitting
6302 process back by several months. So the development site
6303 has been purchased. The applicant does now expect to

6304 receive permits within about a month and close on
6305 financing in July of 2025. Construction should begin
6306 shortly thereafter. The project does have a 17-and-a-
6307 half-month construction schedule due to site constraints
6308 and required underground detention. This means
6309 completion will be pushed into January of '27, just past
6310 the current placement service deadline. The applicant
6311 is requesting a six-month extension to June 30, 2027,
6312 and staff recommends approval.

6313

6314 **Leo Vasquez III (4:11:03):**

6315 So this is City of Austin, huh?

6316

6317 **Josh Goldberger (4:11:05):**

6318 Indeed.

6319

6320 **Leo Vasquez III (4:11:06):**

6321 I'm shocked. Shocked, I tell you.

6322

6323 **Holland Harper (4:11:09):**

6324 I'm ready to make a motion.

6325

6326

6327

6328 **Leo Vasquez III (4:11:17):**

6329 Any other comments or discussion from the Board? Anyone
6330 speaking against the motion, against this? Okay. Mr.
6331 Harper.

6332

6333 **Holland Harper (4:11:26):**

6334 I move the Board approve the requested treatment under
6335 the application of force majeure for Georgian Oaks with
6336 the new placed in-service deadline of June 30, 2027.
6337 All as described...

6338

6339 **Leo Vasquez III (4:11:35):**

6340 Wait, wrong one.

6341

6342 **Holland Harper (4:11:38):**

6343 Oh, I'm sorry. I move the Board approve the requested
6344 treatment of the application force majeure for Ovetta
6345 Rosedale with a new placed in-service deadline on June
6346 30, 2027. All as described, conditioned, and authorized
6347 by the Board Action Request, resolution, associated
6348 documents signed.

6349

6350 **Anna Maria Farias (4:11:53):**

6351 Second.

6352

6353 **Leo Vasquez III (4:11:54):**

6354 Motion made by Mr. Harper. Seconded by Ms. Farias. All
6355 those in favor say aye.

6356

6357 **Board Members (4:12:00):**

6358 Aye.

6359

6360 **Leo Vasquez III (4:12:01):**

6361 This one's unanimous. Okay. Item 29, same force
6362 majeure issues for Georgian Oaks. Mr. Goldberger.

6363

6364 **Josh Goldberger (4:12:11):**

6365 Item 29 concerns Georgian Oaks, a 95-unit elderly
6366 development to be constructed in Fort Worth. The
6367 project proposes the adaptive reuse of a historic
6368 downtown building. It also includes an adjacent high-
6369 rise new construction component. The project proceeded
6370 rather quickly through the Fort Worth permitting process
6371 due to the city's streamlined procedures. This is nice
6372 to hear for a change. But construction has nonetheless
6373 been delayed due to factors largely inherent to working
6374 with a historic structure. Namely, the presence of
6375 asbestos and lead-based paint requires extensive

6376 demolition and abatement before construction can begin.

6377 This has to be performed by licensed specialized
6378 contractors.

6379

6380 In addition to the depth of the abatement required,
6381 since this project involves high-rise construction, it
6382 also adds an additional level of complexity and could
6383 compound delays. Despite the pending abatement, the
6384 project is still moving along and on pace to close on
6385 all construction financing in July, with commencement
6386 occurring shortly after.

6387

6388 The applicant's general contractor has given them a
6389 construction timeline of 17 and a half months, which
6390 does not include the lead paint and asbestos
6391 remediation. This has actually already begun. The
6392 timeline extends into late 2026 and puts the project at
6393 jeopardy of not meeting the placed in-service deadline
6394 should there be any additional delays.

6395

6396 The applicant is requesting a six-month extension to
6397 June 30, 2027. Staff recommends approval and
6398 representatives are again present should you have any
6399 specific questions.

6400

6401 **Leo Vasquez III (4:13:47):**

6402 Again, my initial reaction is what of this is unexpected
6403 force majeure. And it gives me heartburn saying, Oh, we
6404 didn't realize that an old building that we're going to
6405 be remediating might have lead paint and asbestos. Why
6406 would you acquire that building without having had that
6407 phase one completed?

6408

6409 **Kenny Marchant (4:14:18):**

6410 We have the same principle on both of these ones in Fort
6411 Worth. One is in Austin. But the same principle is
6412 picking the same site. It's the same problem with the
6413 same owner.

6414

6415 **Bobby Wilkinson (4:14:35):**

6416 I don't think historic deals ever meet the regular
6417 placed in-service deadline now though.

6418

6419 **Josh Goldberger (4:14:40):**

6420 They certainly get force majeures.

6421

6422

6423

6424 **Holland Harper (4:14:42):**

6425 I will tell you as a guy that's done lots of historic
6426 work and I've done a lot of historic work, they're hard.
6427 And because they're going for federal and state tax
6428 credits on this deal and your windows are going to whip
6429 your tail, and it's hard. So my recommendation is we
6430 give these people six months because it is a hard way.

6431

6432 When Texas Historical Commission comes and goes, that
6433 just doesn't look right. Do it again. You might lose
6434 your mind for the third time when you try to do the
6435 plaster in the wall of the Lamar County Courthouse or
6436 the Hopkins County one or Rains County or Johnson County
6437 or whatever one it is. So I'm ready to make a motion if
6438 you're ready, Chairman.

6439

6440 **Leo Vasquez III (4:15:28):**

6441 Any other further discussion? Mr. Harper, what's your
6442 motion?

6443

6444 **Holland Harper (4:15:33):**

6445 I move the Board approve the requested treatment of the
6446 application of force majeure for the Georgian Oaks with
6447 placed in-service deadline of June 30, 2027, all as

6448 described, conditioned, and authorized in the Board
6449 Action Request, resolution, and documents on this item.
6450 Good luck with your project and congratulations on your
6451 pick up of more tax credits on your historics.

6452

6453 **Anna Maria Farias (4:15:52):**

6454 Second.

6455

6456 **Leo Vasquez III (4:15:53):**

6457 Motion made by Mr. Harper, seconded by Ms. Farias to
6458 grant the force majeure request. All those in favor say
6459 aye.

6460

6461 **Board Members (4:16:02):**

6462 Aye.

6463

6464 **Leo Vasquez III (4:16:03):**

6465 And this is another 5-1, but it still passes. I'm
6466 voting against it because y'all should have seen this
6467 coming. And I question, just generally speaking, if we
6468 know, I think every time we see an historic tax credit
6469 deal, it's almost always delayed. Should we be giving
6470 (indiscernible) on top of these?

6471

6472 **Bobby Wilkinson (4:16:31):**

6473 If we were trying to be as efficient as possible and
6474 utilitarian, we would just exclude historic deals. But
6475 both state and federal statute encourage us to work with
6476 historic structures.

6477

6478 **Holland Harper (4:16:44):**

6479 Also think it's the right thing to do.

6480

6481 **Bobby Wilkinson (4:16:46):**

6482 Sometimes they're pretty cool. They're very expensive,
6483 too, per unit.

6484

6485 **Leo Vasquez III (4:16:48):**

6486 Sometimes easier to tear the old stuff down. Build
6487 something new. It's cheaper.

6488

6489 **Bobby Wilkinson (4:16:52):**

6490 Sometimes the old button factory is so beautiful that
6491 you want...

6492

6493 (Laughter.)

6494

6495

6496 **Leo Vasquez III (4:17:00):**

6497 Alrighty. Item 30. How many more are we? Okay. We're
6498 almost done. Item 30. Same force majeure events for
6499 Dashwood Trails.

6500

6501 **Josh Goldberger (4:17:12):**

6502 All right. This is our final request of the day.
6503 Dashwood Trails is a 98-unit development to be located
6504 in Houston. For several months following the award of
6505 tax credits in July of 2024, this project was moving
6506 along schedule with site acquisition and the submission
6507 and permit application applications completed by
6508 November of 2024.

6509

6510 Despite these efforts, the application over the last few
6511 weeks has encountered significant permitting-related
6512 delays due to an abandoned sewer line on the property.
6513 This is an unrecorded sewer line that is not platted and
6514 did not come up in tidal work. Based on initial
6515 conversations with the city, the applicant believed that
6516 the abandoned line could simply be removed before
6517 building.

6518

6519 The applicant states that since the line terminates on
6520 the site, it can't realistically be used by any of the
6521 property. This was even reinforced in a May 2025 letter
6522 from Houston Public Works mentioning the existence of
6523 the line, but stating that no joint referral committee
6524 action would be required.

6525

6526 However, follow-up conversations have gone in a
6527 different direction and the city is considering laying
6528 claim to the line via prescriptive easement. This would
6529 cause a pretty serious delay, is a lengthy process in
6530 Houston and can take up to six months. The applicant
6531 has included a detailed timeline of all the steps
6532 involved in that in your Board book should this come to
6533 pass.

6534

6535 This is still an evolving situation, so there is quite a
6536 bit of uncertainty here, but the issuance of permits in
6537 the start of construction is essentially on hold until
6538 the sewer issue is resolved. The development team is
6539 anticipating a 16-month construction timeline and
6540 because there is potential that this delay pushes
6541 commencement into the late fall, the applicant has

6542 requested a one-year extension of the placed in-service
6543 deadline to December 31, 2027.

6544

6545 Staff recognizes that this request involves quite a bit
6546 of uncertainty and that there are not firm dates by
6547 which the applicant expects to resolve these issues. We
6548 do believe that the situation facially meets the force
6549 majeure rule, but we have asked the applicant to be
6550 present in anticipation of a larger discussion of the
6551 details of this situation. With that, we do recommend
6552 approval.

6553

6554 **Leo Vasquez III (4:19:32):**

6555 So again, this sewer line was not indicated on any prior
6556 plans or? You came all this way, go ahead. You waited
6557 this long.

6558

6559 **Michael Fogel (4:19:44):**

6560 Thank you all. Michael Fogel with Trinity Housing
6561 Development. We are the developer. Yes, we submitted
6562 full construction drawings and permits for this project
6563 in November of '24 and we also closed on the land well
6564 before the Readiness to Proceed deadlines. We're
6565 absolutely aware of the sewer line. It's a private,

6566 abandoned sewer line from the '70s that was never used
6567 right through the middle of our property. It terminates
6568 in the middle of our property.

6569

6570 During our feasibility study, we discussed this with the
6571 city. They said, just remove it as you would. We
6572 budgeted for that and they said there'd be no other
6573 process or steps necessary. As a follow up to that,
6574 also in November of 2024, we received a wastewater
6575 capacity reservation letter from the city. It actually
6576 mentioned the private sewer line and said in summation
6577 that we would not have to go through a process that they
6578 have for vacating a public easement.

6579

6580 We renewed that letter in May of 2025, and in that
6581 letter in similar language, they also reaffirmed that we
6582 would not have to go through any process to vacate the
6583 private sewer line. And permits were moving a little
6584 bit slow regardless, but we were queued up to have
6585 permits in June which would have allowed us to meet the
6586 placement service deadline with a 16-month construction
6587 schedule, which I have provided.

6588

6589 Anyway, subsequent to that May letter, a different
6590 department at the city said, Oh, this is on our GIS,
6591 which nothing else matters if it's on our GIS, it's
6592 therefore a public easement. You need to go through a
6593 six-month process to vacate it.

6594

6595 That was kind of live information as of seven to 10 days
6596 ago. And in the last few days things are trending a
6597 little bit more positive. Someone with the real estate
6598 department or a little bit higher up with the real
6599 estate department has said that that's wrong. They
6600 disagree. We shouldn't have to go through that whole
6601 process. But I still think we won't be able to get
6602 permits until August with a possibility of that pushing
6603 back a little bit further.

6604

6605 So I do think this is an actual force majeure in the
6606 sense that there's verbal and written communication from
6607 the city stating one thing and then a change of heart,
6608 which hopefully has been backtracked a little bit since
6609 a week and a half ago. But that's kind of where it
6610 stands now.

6611

6612 We do have an investor lined up. We can and will close
6613 as soon as we get permits. So that was going to be in
6614 June. I think that that will be in August. Part of the
6615 reason for the 12-month extension is if August slips to
6616 October. Maybe you'll disagree, but I don't think I'm
6617 going to be here in September to do it again.

6618

6619 **Leo Vasquez III (4:22:55):**

6620 Does the line tie into any city lines?

6621

6622 **Michael Fogel (4:22:58):**

6623 It does tie into the city line at the front of our
6624 property.

6625

6626 **Leo Vasquez III (4:23:04):**

6627 But it's closed off.

6628

6629 **Michael Fogel (4:23:05):**

6630 It's closed off. There's no practical way and there's
6631 no theoretical way anyone could use the line other than
6632 us. And even we wouldn't because it's just old. Yeah.

6633

6634 **Leo Vasquez III (4:23:24):**

6635 Does this all sound legit, Mr. Harper?

6636 **Michael Fogel (4:23:26):**

6637 And I think that.

6638

6639 **Holland Harper (4:23:29):**

6640 Why do you need a year? I don't understand why you need
6641 a year. I can understand six months. I don't get a
6642 year.

6643

6644 **Leo Vasquez III (4:23:34):**

6645 Well, you'll know when the permits are going to be
6646 ultimately processed.

6647

6648 **Michael Fogel (4:23:37):**

6649 Right. If we do get them in August, we wouldn't need a
6650 year. But if August slips by just a few months or slips
6651 into December, we would. We have a 16-month
6652 construction schedule. And, kind of, as you heard
6653 earlier, which I hate to bring up again, our investor is
6654 requiring a three-month buffer.

6655

6656 **Holland Harper (4:24:03):**

6657 I don't have a schedule for your deal, so let's think
6658 about that. Somebody else take this on. I'm tired of
6659 rodeoing this deal.

6660

6661 **Leo Vasquez III (4:24:16):**

6662 Okay. Anyone else have questions on this request? Does
6663 anyone want to make a motion on this item?

6664

6665 **Cindy Conroy (4:24:34):**

6666 I move the Board approve the requested treatment under
6667 an application of the force majeure rule to Dashwood
6668 Trails with the new 10 percent test deadline of July 1,
6669 2025, and a new placed in-service deadline of December
6670 31, 2027. All as described, conditioned, and authorized
6671 in the Board Action Request, resolution, and associated
6672 documents on this item.

6673

6674 **Anna Maria Farias (4:24:56):**

6675 Second.

6676

6677 **Leo Vasquez III (4:24:57):**

6678 Motion made by Ms. Conroy. Seconded by Ms. Farias. All
6679 those in favor say aye.

6680

6681 **Board Members (4:25:04):**

6682 Aye.

6683

6684 **Leo Vasquez III (4:25:06):**

6685 Any opposed? One opposed. I'm aye. Okay. So five,
6686 one, it passes.

6687

6688 **Michael Fogel (4:25:15):**

6689 Thank y'all.

6690

6691 **Leo Vasquez III (4:25:22):**

6692 Okay. The last posted item before public comment, item
6693 31 of the agenda, presentation, discussion, and possible
6694 action to issue a list of approved applications for the
6695 2025 Housing Tax Credits in accordance with Texas
6696 Government Code Section 2306.6724(e).

6697

6698 **Cody Campbell (4:25:47):**

6699 Thank you. Give me about 20 seconds. I know we're all
6700 hungry. The Board is required by state statute to issue
6701 a list of approved applications no later than the end of
6702 June every year. As far as I can tell, this is a
6703 holdover from the pre-internet days where people didn't
6704 have as much access to information. We post copies of
6705 our logs updated at least every couple of weeks so
6706 people do have more regular access to information. But
6707 the statutory requirement remains. A copy of the list

6708 that you are approving is available in your Board book.

6709 It will be modified to reflect the actions taken today,

6710 including reinstating the Trinity application.

6711

6712 This is not an approval of funding. It is not really

6713 much of anything. You are just confirming that you have

6714 seen the log and are approving it. We will get an

6715 updated when posted to the website site tomorrow and

6716 then we will have met our legal requirements. I'm happy

6717 to take any questions that you may have, but this is the

6718 easiest item of the year every year.

6719

6720 **Leo Vasquez III (4:26:40):**

6721 Let's just take a vote. Does anyone have any questions

6722 on this item? Would anyone care to make a motion?

6723

6724 **Holland Harper (4:26:48):**

6725 I move the Board approve the list of the active 9

6726 percent applications in accordance with Texas Government

6727 Code Section 2306.6724(e) and subject to the

6728 descriptions, limitations, and stipulations stated in

6729 the Board Action Request and resolution on this item.

6730

6731

6732 **Anna Maria Farias (4:27:02):**

6733 Second.

6734

6735 **Leo Vasquez III (4:27:04):**

6736 Motion made by Mr. Harper. Seconded by Ms. Farias. All
6737 those in favor say aye.

6738

6739 **Board Members (4:27:08):**

6740 Aye.

6741

6742 **Leo Vasquez III (4:27:09):**

6743 Any opposed? Hearing none, motion carries. Everyone
6744 hang on. This actually is applicable this month. So
6745 the Board has addressed the posted agenda items. Now is
6746 the time of the meeting when members of the public can
6747 raise issues with the Board on matters of relevance to
6748 the department's business or make requests that the
6749 Board place specific items on future agendas for
6750 consideration.

6751

6752 Is there anyone who would like to make public comment at
6753 this time? Ma'am, I understand. Please come up. We
6754 appreciate your patience and step on up to the
6755 microphone. Sign in on the sheet, the sign-in sheet

6756 there, the speaker sheet, and just identify us for the
6757 record. Identify your name and we try to keep the
6758 comments... There'll be a little light there and timer
6759 in front of you there to kind of keep it to three
6760 minutes.

6761

6762 **Donna Beth Lee Raley Shaw (4:28:07):**

6763 Good afternoon. Greetings from Houston, Harris County,
6764 Texas. I'm Donna Beth Lee Raley Shaw (phonetically
6765 spelled). I'm a four-year resident of Mansions at
6766 Hastings Green Seniors HCA Tax Credit Senior Property.
6767 I come to visit with you at the birthplace of my
6768 grandmother and my great grandmother, but not as a
6769 lifelong genealogist or Texas historian.

6770

6771 My purposes for coming here at such a distance is to
6772 learn how I can achieve the Fair Housing Protection for
6773 which I qualify under my current TAA lease dated October
6774 8, 2024, ending on October 31, 2025, in which file my
6775 vision loss is documented that I am a disabled person,
6776 of which I have copies available for you to see that
6777 have been certified by visual disability.

6778

6779 The documentation is stated in two letters from my
6780 ophthalmologist. My Travis County ancestors, with or
6781 without disabilities, did not have to submit themselves
6782 to bureaucratic denials as I have in order to live
6783 peaceful, undisturbed lives. As a complainant under
6784 TDHCA complaint number 2025-865, which I am informed was
6785 closed after one phone call, I have not received
6786 responsive communications from the property manager
6787 where I live.

6788

6789 After reporting intrusion and theft in three
6790 notifications, the intruder, a vendor, left the
6791 apartment unattended and unlocked when he entered
6792 without prior notification on April 2, 2025. In my
6793 original TDHCA complaint on May 5, 2025, I had asked how
6794 I'm expected to conduct the business of living at
6795 Mansions at Hastings Green Seniors when phone calls are
6796 not answered or returned, nor are emails.

6797

6798 This specific question was not addressed in the response
6799 to the quickly slam bam, thank you ma'am closing of the
6800 file after one call. As an accommodation to my
6801 regularly ignored documented vision disability, I need
6802 to be able to conduct interaction with management by

6803 phone since I live at the back of the property, the
6804 equivalent of about two blocks from the leasing office
6805 and property staff always ignores me completely unless I
6806 am physically in their presence.

6807

6808 While it might be useful to have specific details and
6809 background of the effect of offensive invasive non-
6810 notice conduct for the April 2nd intruder, time here
6811 does not allow for presentation of those details. But I
6812 have folders for each of you so that you can peruse
6813 those at your own convenience to see what the details
6814 entail.

6815

6816 To be clear and direct, I appear before you to protest
6817 the sanctioning of abusive, dismissive, tight-fisted
6818 hardball management strategies of this TDHCA tax credit
6819 property whose management team consistently ghosts their
6820 tenants by non-answered or non-returned phone calls or
6821 emails. I am dependent on phone or email messaging to
6822 take care of housing concerns.

6823

6824 TDHCA's and Mansions non-return of legitimate cause is
6825 unacceptable. In other words, that dog don't hunt. I
6826 do not speak for any group or other tenants and also do

6827 not accept a single cost solution to a legitimate
6828 complaint whose five-minute inquiry did not address all
6829 factors of landlord abuse that causes me to live in
6830 constant fear of invasion of my residence. Not exactly
6831 my lifelong view of life in my senior years.

6832

6833 That is to say, I live in constant fear that someone
6834 with property keys will enter my unit with harmful
6835 thoughts toward me. Indeed, it may seem as though I
6836 have a minor petty piddling issue in light of other
6837 surely important matters that come before this
6838 auspicious Board.

6839

6840 But until you've lived alone as an old person without
6841 recourse to unjustified residential intrusion, you
6842 cannot know the daily fear of personal harm that can
6843 come your way. I implore you to cease the rubber-
6844 stamping methodology management of TDHCA properties,
6845 especially those tax credit properties where seniors
6846 call home. Thank you for this opportunity to speak to
6847 you about this serious concern to me.

6848

6849

6850

6851 **Leo Vasquez III (4:33:40):**

6852 Ma'am, thank you for being obviously persistent in
6853 getting your message across and I applaud you for taking
6854 the time to making the effort to come over here to
6855 Austin for this and sitting through the bureaucracy that
6856 we have to go through over here.

6857

6858 **Donna Beth Lee Raley Shaw (4:34:00):**

6859 I wouldn't come unless it was really important to me
6860 personally.

6861

6862 **Leo Vasquez III (4:34:03):**

6863 And I want to make sure we have on staff. Your
6864 complaint isn't exactly directly under the purview of
6865 our organization, but close enough where, would , be
6866 possible to make sure you... We will follow up and ask
6867 some more questions and try light a fire someplace. But
6868 ma'am...

6869

6870 **Kenny Marchant (4:34:30):**

6871 What do you want them to do?

6872

6873

6874

6875 **Donna Beth Lee Raley Shaw (4:34:32):**

6876 First of all, I would like some kind of either penalty
6877 or convincing communication given to the property
6878 managers to answer my telephone calls when I call. I
6879 mean, what senior wants to be ignored? Well, I live in
6880 peace. I want to live in peace, and I want to cooperate
6881 with management. But management of anything is a two-
6882 way trust situation. And if they're going to trust me
6883 to pay my rent on time and obey their rules, I need to
6884 trust that they're going to communicate with me
6885 appropriately.

6886

6887 **Kenny Marchant (4:35:22):**

6888 Thank you. I think that's the communication that we
6889 will provide to them directly to the owner through our
6890 compliance. I see Romero, right there.

6891

6892 **Leo Vasquez III (4:35:35):**

6893 The gentleman on staff who's one of our senior folks
6894 that can make sure this gets followed up on, Homero
6895 Cabello. Afterwards, let's just make sure he's got all
6896 the pertinent information.

6897

6898

6899 **Donna Beth Lee Raley Shaw (4:35:51):**

6900 I know that my remarks are not in the purview of what
6901 you've generally discussed today, but when you make
6902 these decisions, which are very important and very
6903 thoroughly thought out, and I applaud you for that, in
6904 the end, you affect little old ladies like me.

6905

6906 **Leo Vasquez III (4:36:09):**

6907 No, this is real. This is what's all about. We
6908 appreciate you and God bless you for coming here and
6909 we'll see what we can do to get the message across.

6910

6911 **Donna Beth Lee Raley Shaw (4:36:19):**

6912 Thank you.

6913

6914 **Leo Vasquez III (4:36:20):**

6915 So thank you for that. I want everyone to recognize
6916 this is not a precedent setting on how we handled public
6917 comment this time. But thank you for everyone's
6918 indulging on that. Do you have something you want to
6919 add?

6920

6921 Okay. All right. Okay. Being that there's no further
6922 business, the next scheduled meeting of the governing

6923 Board is at 10 a.m. on Thursday, July 10th, right here
6924 in this, the same room. So look for information that
6925 gets posted. It is now 2:57 and this meeting is
6926 adjourned.

6927 * * * * *

6928