Transcript from Governing Board meeting of December 7, 2023

10:00 a.m. Central Time

TxDOT Greer Building, Williamson Board Room

125 E. 11th Street, Austin, TX

Leo Vasquez (00:00:13):

Good morning. I'd like to call to order the meeting of the governing board of the Texas Department of Housing and Community Affairs. It is 10:01 in the morning on December 7th, 2023. We will start out with a roll call. Ms. Farias.

Anna Farias (00:00:30):

Here.

Leo Vasquez (00:00:30):

Mr. Marchant,

Kenny Marchant (00:00:31):

I'm here.

Leo Vasquez (00:00:32):

Mr. Thomas

Ajay Thomas (00:00:33):

Here

Leo Vasquez (00:00:33):

And Mr. Harper

Holland Harper (00:00:34):

Here.

Leo Vasquez (00:00:34):

We are all here. We do have a quorum and, as usual, we'll start out our meetings with the pledges led by Bobby Wilkinson.

All Board Members (00:00:48):

I pledge Allegiance to the flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible with liberty and justice for all.

Honor the Texas flag. I pledge Allegiance to thee Texas. One state under God, one and indivisible.

Leo Vasquez (00:01:15):

All right. Okay. We will start next with the Consent Agenda. Are there any items which a board member or member of the public wishes for us to move from Consent to Action? Seeing none, hearing none, I'll entertain a motion on the Consent Agenda.

Anna Farias (00:01:46):

Mr. Chairman, I move the Board approve Items 1 through 14 as described and presented in the respective Board Action Requests and Reports.

Leo Vasquez (00:01:59):

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

Holland Harper (00:02:01):

Second.

Leo Vasquez (00:02:03):

All those in favor say aye.

All Board Members (00:02:04):

Aye.

Leo Vasquez (00:02:05):

Any opposed? Hearing none. Motion carries. Brings us right into the action items and we start out with the executive director report. Mr. Wilkinson.

Bobby Wilkinson (00:02:18):

Thank you Chairman. For multifamily bonds. The Bond Review Board held the 2024 bond lottery on November 8th and there were a total of 136 applications submitted, an increase over the prior year of 127. The majority of these applications, 84% were for multifamily development. The amount requested was $5.5 billion and the ceiling is anticipated to only be $3.7 billion. A handful of deals were those that were withdrawn from 2023. Maybe they're hoping their deal will work in 2024, and a few were supplemental bond allocations, meaning if you didn't meet your 50% test, you can come back in and get some more bonds so that you qualify for your 4% tax credits. Right? Bottom line, there's still developers pursuing projects in 2024, so our bond finance 4% projects are still going gangbusters.

Multifamily direct loan, our MFDL area is now fully staffed for the first time in a long time with the recent hire of Alexa Johnson. Connor points out however that despite being short-staffed for much of the year, MFDL continued to meet and exceed unusually large federal deadlines for getting our direct loan funds committed, contracted and expended. We're excited to see what the area will do next year with the full crew on board.

For the Texas Homeowners Assistance Fund, as of yesterday, HAF has provided assistance to 56,637 unique households with average assistance per household totaling $11,754. A total of $666 million in assistance has been paid to date with an additional $8.3 million in approved payments scheduled. There's approximately $60 million in funds remaining, but as a reminder, the portal itself is closed. We have enough in applications to spend out the rest of the funds remaining. There are approximately 10,000 submitted apps in queue requiring review and decisions. Program staff estimates two to three months to finish out these actions and reminding y'all that it's not just all in our court. It's a back and forth with the mortgage servicer as well.

We will be debuting a newly designed website starting Monday morning. Our Information Systems team and Policy and Public Affairs have been working together along with our vendor to redesign and transition to the new platform. I think you'll find the new site to be easier to navigate, sleeker, and more efficient. Let us know what you think. That's something I wanted to do since I got here and so I'm glad it's finally, it's finally happening. Not that the old website was bad, it was just could use a little revamping.

Leo Vasquez (00:05:10):

Is this going to change all my saved links?

Bobby Wilkinson (00:05:15):

Maybe. I don't know.

Leo Vasquez (00:05:18):

Is it going to change all my saved links that I have to go fast to where I want?

Bobby Wilkinson (00:05:21):

Yeah. Sorry. Any questions? Not about saved links, but anything. Anything else from the board?

Leo Vasquez (00:05:30):

Okay, thank you. Does this conclude your report?

Bobby Wilkinson (00:05:36):

Oh yeah. Yes.

Leo Vasquez (00:05:38):

Thank you for the report. Does anyone have questions for our illustrious executive director? If not, you can click on the link for comments. Send to him later. Okay. Moving right along to item 16 on the agenda internal audit report on the meeting of the internal audit and finance committee. Mr. Thomas, would you lead us in this?

Ajay Thomas (00:06:01):

Thank you Mr. Chairman. The Audit and Finance Committee met this morning at 9:30 AM. In that meeting, Mr. Mark Scott, director of internal audit, presented four report items: the internal audit division's quality assurance self-assessment report, the internal audit of CDBG, Covid and CDBG, Colonia Self-Help Centers, the internal audit annual report for fiscal year 2023, and a report on the status of internal and external audit activities. Mr. Scott also presented to the committee the fiscal year 2024 internal audit annual work plan. The plan was discussed and approved for recommendation to the full board for approval today. Mr. Scott will present the plan as the next action item for the board's approval and be happy to answer any questions there may be regarding the annual audit plan. That concludes my report to the full board, Mr. Chairman.

Leo Vasquez (00:06:58):

Thank you Mr. Thomas. Any questions for Chairman Thomas? Okay, hearing none, thank you for the report. We'll move on to item 17 of the agenda: Presentation, Discussion and Possible Action on approval of the Fiscal Year 2024 Internal Audit Work Plan, Mr. Scott?

Mark Scott (00:07:23):

Good morning Chairman Vasquez and board members. I'm Mark Scott, the Director of Internal Audit. As Mr. Thomas noted, this item is the fiscal year 2024 internal audit plan. The Internal Auditing Act states that the plan must be approved by the agency's full governing board. The internal audit plan for 2024 was prepared by utilizing a standard risk assessment matrix. We also gathered input for management in the state auditor's office. We discussed the plan in committee this morning and the committee voted to recommend approval to the full board. I'm here to answer any questions you may have about the audit plan and to ask the board to approve the fiscal year 2024 internal audit plan.

Leo Vasquez (00:08:08):

Thank you. Are there any questions from Mr. Scott on the 2024 IA plan?

Ajay Thomas (00:08:16):

Mr. Chairman? No real detailed question, but I would make a comment. What I did notice in the briefing packet and through my briefing with Mr. Scott and staff was that when we do conduct these audits – and they're pretty thorough and pretty involved – I want to commend staff all across the agency because no matter which section or program we seem to audit, seems like the recommendations that come out for improvement ... there's always going to be something ... but they seem to be very few and far between and it keeps the department really running very efficiently and smoothly and that's really a credit to staff and what they do on a daily basis on behalf of Texans and the department.

So I just wanted to take this point of privilege to commend staff and Mr. Scott and his team for always looking out for the department and the interests of the public and it's privilege to hear about all the things we do and that the extent that we do them and not having any issues with how we administer these programs.

Mark Scott (00:09:17):

Thank you.

Ajay Thomas (00:09:19):

Hopefully I didn't jinx you.

Leo Vasquez (00:09:25):

I concur with Mr. Thomas's assessment and appreciate you and the staff going through all this and then the overall staff cooperating and looking for improvement and then the extra time you'll take to update the committee members especially on that.

Mark Scott (00:09:43):

Thank you Chairman Vasquez.

Leo Vasquez (00:09:44):

With all that said, I'll entertain the motion though. Item 17 of the agenda.

Ajay Thomas (00:09:51):

Mr. Chairman, I move the board approve the internal audit work plan for fiscal year 2024 as presented in board action request and associated documents on this item.

Anna Farias (00:10:02):

Second

Leo Vasquez (00:10:02):

Motion made by Mr. Thomas, seconded by Ms. Farias. All those in favor say aye.

All Board Members (00:10:06):

Aye.

Leo Vasquez (00:10:07):

Any opposed? Hearing none. Motion carries.

Mark Scott (00:10:09):

Thank you so much.

Leo Vasquez (00:10:11):

Item 18 of the agenda: Report and Presentation on TDHCA One-Time or Temporary Allocations - Pandemic Response and Other Initiatives. Ms. Boston, please report.

Brooke Boston (00:10:27):

(*off Mic*) Chairman Vasquez and other members of the board, this item is providing me the opportunity for me to make way on some of our progress on many of our programs. As you know, we provide you with this as a written report every month, but this time in light of the year ending and all of our successes, I thought at the 10,000 foot level, a uniquely successful state in delivering one time more than, (*on Mic*) Sorry, I don't need to start over. Do I

Leo Vasquez (00:10:55):

Continue where you're Okay,

Brooke Boston (00:10:56):

Thank you. We've received or reprogrammed more than $4.6 billion in funding across 15 unique programs in only three years. Some of those programs have been existing programs that you, the board took the initiative to reprogram funds into immediate pandemic response early in 2020. Those included the HOME TBRA program, Community Services Block Grant discretionary funds and recaptured HHSP. Other funds were additional federal allocations to existing programs such as the Housing choice vouchers, emergency shelter grant, LIHEAP, WAP, and CSBG. One program was an existing program typically housed at another state agency but was given to us, so that was new, the CDBG CARES program while seven other programs were brand new, not contemplated prior to the pandemic. Texas Rent Relief, Housing Stability Services, the LIHWAP program which provides water assistance, HOME-ARP, HAF and HAF subrecipient activities. Out of that $4.6 billion, we have already spent $3.9 billion, 86% of the funds. And those funds have assisted an estimated 6 million individual Texans.

(00:12:08):

I couldn't be more proud of us as an agency for the breadth of who we've helped and the variety of types of assistance. The vast majority of those funds come from two programs, which you hear regularly from Bobby about in his executive director reports, which are the Texas Rent Relief Program and the Homeowner Assistance program. We call those TRR and HAF respectively. These have been our largest programs by far in terms of not only dollar amounts but public scrutiny, media attention and interest from officials. Interestingly, they are not the programs with the most persons served that actually falls to several other programs of ours. These two programs are also unique in that we chose to set up the programs to provide direct assistance to household through contracted vendor and we chose not to use sub-recipients in an effort to be as expeditious as possible. In both programs we've been a leader among other states in terms of getting our funds expended and assisting households timely. Both of these programs are mostly done and have their portals closed now to new applications.

In the case of Texas Rent Relief, we've made all final payments on behalf of households and have expended more than $2.2 billion indirect assistance helping more than 323,000 households. HAF is still reviewing applications as Bobby mentioned, and we're processing payments. To date, HAF has paid out more than $640 million, assisting more than 56,000 households.

It's very important to realize that even though those are our biggest programs and make the other activities seem small, those other smaller programs are not small at all in relation to our typical annual programs. And in terms of how many people they've touched, I want to mention several of those to you. Our Housing Stability Services program funded by Emergency Rental Assistance funds is funded at close to $137 million and has already assisted more than 90,000 households with maintaining or obtaining stable housing and has also provided more than 590,000 meals.

(00:14:00):

Our CDBG program is funded at $141 million and has already assisted 3.5 million people. CDBG funds were used to set up six distinct programs, five of which have already been fully completed.

Our LIHEAP and LIHWAP programs have provided energy and water bill assistance totaling more than $380 million to more than 845,000 individuals.

Our emergency housing voucher program that received 798 additional Section 8 vouchers that are dedicated to those that are homeless or at risk of homelessness is roughly the size of our typical Section 8 allocation. And that program is proceeding smoothly.

I won't go through every program in the report, but every row in that report that you see is basically a program fund with distinct activities, staffing, infrastructure, successes and challenges. Another thing I want to share is just where we are on all these programs. Some of these programs we received as early as 2020 while others we only received in 2023 through continuing appropriations.

Different programs were by federal design, longer lasting programs. For all programs, we’re making the forward progress to expend funds by each program's federal deadline if not well ahead. Other than a small hiccup in the beginning of the LIHEAP program, we've spent all funds by the applicable deadlines or are on target to do so.

There are so many teams and staff that have worked intensely during this process. I can't thank all of the areas enough because without their unfailing commitment to their programs, we would not be where we are today. I do want to shout out to a few folks and realize there are many staff not being named when I do this. I'm mostly naming some management, but obviously behind each set of management is a whole team of staff working on this. Huge kudos to the areas for Texas Rent Relief led by Mariana Salazar, Monica McCarthy, and Danny Shea; the Homeowner Assistance Fund led by Lizette Hinojosa and Grace Timmons and the emergency housing voucher programs led by Andre and Abigail. Those programs all serve households directly.

Then they're the areas who set up entirely new subrecipient based programs, designing them from scratch. The Housing Stability Services area led by Cate Tracz; the Community Development Block Grant program led by Rudy Bentancourt, Eric Garza and Raul Salazar; the LIHWAP program led by Michael De Young, Cathy Jung, Gavin Reed, and Kevin Glienke; the HOME-ARP division led by Naomi Cantu and Tiara Hardaway; and the HAF Sub-recipient area led by Lanette Johndrow.

So those were all new ramping up from scratch. And then there are the areas that had similar or existing programs already at TDHCA that saw very significant increases often through several additional allocations. Those included the LIHEAP and weatherization programs and the ESG program led by Abby Versyp and Rosie Falcon. I also just want to mention one other kind of facet of this. These 15 programs all had to be supported through internal administrative function, so I want to draw a little bit of attention to that.

The legal division has been engaged on every new program complication and interpretation, so they've been invaluable.

Our financial administration and purchasing teams who've been intimately enmeshed in how new funds are received, how vendor and sub recipient payments get handled, et cetera.

Our very small but mighty human resources division who has staffed up approximately 92 temporary FTEs while still managing all of our typical HR load.

Our information services team who's equipped each of those new staff members with their hardware and software needs as well as their help desk needs on an ongoing basis. And the system engagement and support needed in working with new vendors and new software.

Our subrecipient monitoring area for taking on significant new workload associated with all these new programs and new subrecipients.

Our media and legislative area and our housing resource center who saw the greatest increase in calls, inquiries and requests for help.

And last but not least, our amazing leader, Bobby, for shepherding us through this and you the board for your leadership on the many plans and actions we've had to bring to you to be successful. And with that, I'm happy to answer any questions.

Bobby Wilkinson (00:18:13):

I was just going to note ... I didn't hear you mention it. There's some new pie charts in the item. So if you look at your board book item 18, there's a bunch of colored pie charts that show kind of what we've spent and how big these programs are relative to each other at this time and then it'll right size over some years.

Brooke Boston (00:18:31):

Definitely. Thank you

Leo Vasquez (00:18:33):

Ms. Farias?

Anna Farias (00:18:34):

Ms. Boston. I absolutely want to congratulate you and your staff. In April of 2020 when I was assistant secretary at HUD, Secretary Ben Carson called an emergency meeting to inform us that the whole world was shutting down and we thought 9/11 was bad and we just looked at each other and said, what does that mean? Says shutting down, everybody has to go home, says Congress will appropriate as they did billions and billions and billions of dollars says we are going to have a lot of corruption. We're going to be reading about a lot of scandals in 2, 3, 4 years as we have. So both as a board member but especially as a Texan. I'm very, very proud as you go through all the latest stuff in three years, spent $6 billion but have helped over 6 million and this is what we were hoping for and we knew there were going to be some bad apples, but the main concern was everybody's in shock and it's important for people to have a roof over their heads, have electricity and have food and you are. We've always said career people are what make everything work as politicals.

We come and we tell you this is what we want to see the world look like. But if you don't have the internals of the career people, the day-to-day working bees, you don't have anything. Plus you have to have the leadership and what you did both with Bobby and the chairman and everyone else. So I love to brag about Texas. I travel around the world now that I'm really, really retired. When we ask people “where are you from?” – a lot of them will say I'm from the United States. But Texans are different. They go “Texas.” That's it. Texas is first. So I really want to congratulate all of you.

Leo Vasquez (00:20:32):

Any other comments or questions? I just wanted to say that when going over the agenda ahead of time with Mr. Wilkinson, this lends itself to just the being in the report in the book. But I thought it was really important that we take some time and highlight for everyone to see and hopefully you'll go look at some of these slides and everything when you have trouble not falling asleep tonight, but again, when there are billions of dollars that we've helped distribute, I mean between the two, the rent relief and the homeowners, but in the end it's going to be close to $3 billion just between those two programs. So as much as Texans, we hate sending money to Washington, it helps that we get a chunk of it back here and we're clearly, as we look at the numbers, one of the most efficient organizations on getting it out there to have an impact and make a difference for Texans all across the state.

So we appreciate everything you all do. And with that, thank you for the report, Ms. Boston and thanks to all the team that helped make all that happen.

Moving on to our next report item on 19: Quarterly report relating to staff-issued Determination Notices for 2023 Non-competitive 4% Housing Tax Credit applications. Ms. Morales,

Teresa Morales (00:22:12):
Good morning. Teresa Morales, Director of Multifamily Bonds. This is a report item that speaks to 4% activity from September through November. Specifically those applications where the determination notice was issued administratively by staff. Exhibit A included in this agenda item includes a list of all those developments.

Over the last few months, staff has issued eight determination notices which represent approximately 2,100 total units and $23.6 million in annual 4% credits. We are currently reviewing 16 applications for a total of 3,700 units. Overall for the 2023 program year to date, when considering what has closed, been approved and is currently active, the total number of units to date for 2023 is 12,477. Staff recommends that you accept the report.

Leo Vasquez (00:23:08):

Great. Thanks for updating us on this. So how, is there any view that you can give on the pipeline for next year and how has activity dropped increasing?

Teresa Morales (00:23:22):

So from 2022 to 2023 there was a decrease of about 400 units or so. For 2024 the private activity bond lottery was oversubscribed. So it looks as though the start of 2024 is going to be just as busy as this year, but only time will tell if a lot of those deals are actually real deals or if they're going to take some time as they work through feasibility.

Leo Vasquez (00:23:54):

So there does not look like there's a dramatic drop off by any means, right?

Teresa Morales (00:23:58):

No.

Leo Vasquez (00:23:59):

Okay, great. Mr. Marchant,

Kenny Marchant (00:24:03):

There's a recent trend that's coming through Texas and across the nation of utilizing now former high rise office buildings and converting them to residential units. I realize that most of those units are going to be in a price range that will price out affordable housing. Do we have any particular thing in our rules that would impede any of those developers from coming and getting a 4% loan?

Teresa Morales (00:24:37):

No.

Kenny Marchant (00:24:38):

And are they generally aware of that? The development community? This is a kind of a different development community because these are owners that become owners of these empty office buildings. And then so we don't have acquisition, I mean there's all kinds of cost categories that don't apply. If there's not a change of ownership,

Teresa Morales (00:25:04):

It would be an existing office building would be considered adaptive reuse under our rules, but it's not something that would be precluded ...

Kenny Marchant (00:25:12):

Ok.

Teresa Morales (00:25:13):

... from receiving financing.

Kenny Marchant (00:25:14):

And they can come online quicker?

Teresa Morales (00:25:16):

Correct.

Kenny Marchant (00:25:16):

Because you don't have any of the ... okay. Well thank you. Thank you.

Leo Vasquez (00:25:23):

Any other questions for Ms. Morales? If not, thank you for the report.

Item 20: Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Lalita Senior Living, project 22227. Mr. Banuelos.

Rosalio Banuelos (00:25:47):

Good morning. Rosalio Banuelos, Director of Asset Management. Lalita Senior Living received a 9% housing tax credit award in 2022 for the new construction of 102 multifamily units of which 86 units are low-income units, in Brownsville, Cameron County. The owner has indicated that due to the continued rise in construction costs, the spike in interest rates, and reduced tax credit pricing, the project is no longer feasible as originally designed. As a result the development owner is requesting approval for a material amendment that among other changes, will reduce the number of units from 102 to 78 by decreasing the number of one bedroom units by 17 and decreasing the number of two bedroom units by seven from what was originally proposed in the application. This change would result in a revision to the rent and income restrictions from nine units at 30% of area median income or AMI, 18 units at 50% AMI, 59 units at 60% AMI, and 16 units at market rate to eight units at 30% AMI, which is one fewer 16 units at 50% AMI or two fewer 54 units at 60%, which is five less and no market rate units.

As part of the redesign, the number of residential buildings will decrease from two to one and there will be an increase in the number of floors from three floors to four floors. For the remaining residential building, there will be a reduction of 19,581 square feet or 22.28 in the net rentable area going from

87,873 square feet to 68,292 square feet. Also based on the architect certification, there will be a decrease of 6,068 square feet or 20.79% to the common area going from 29,184 square feet to 23,116 square feet. Additionally, the number of parking spaces is being reduced to 117 from the 154 identified in the application. Furthermore, the development site area was 6.37 acres at application and is now reported as 5.09 acres.

The owner received a letter of continued support from the city manager of Brownsville as well as confirmation of support from the lender and investor and these letters are included in the board packet for this item. The development was rewritten with the proposed amendment and revised financial information. The analysis supports no change to the housing tax trade allocation and demonstrates that the development remains feasible. Additionally, staff concluded that none of the changes would have affected the selection of the application in the competitive round. Staff recommends approval of the amendment and I'm available to answer any questions

Leo Vasquez (00:28:28):

Before diving into some of the details here. At what point do we determine that a materially amended project is a completely different project now that not anything like we had approved originally?

Rosalio Banuelos (00:28:49):

Not that we have specific guidelines that would specify that.

Leo Vasquez (00:28:53):

I'm not aware that we have a specific guideline, so I'm asking at what point do we decide this is not the project that we had originally approved?

Bobby Wilkinson (00:29:02):

I think a bright line for us has been “would it have still scored?” “Would this have impacted the scoring at the time and the award happened and then what has the board been doing?” They've been allowing the reductions of market rate units and we have allowed the reduction of affordable units. 10% seem to be kind of the ceiling for staff recommendation, so far, and this is a little convoluted because there's elimination of the market rate. But the reduction in affordable units is like 9.3%. I think unless I did something wrong in my head, a minute ago. So.

Leo Vasquez (00:29:42):

But the total project is decreased by 23.5%, the total number of units in the project?

Rosalio Banuelos (00:29:50):

Yes. Going from 102 units to 78 units.

Leo Vasquez (00:29:57):

Remind me, I didn't see it clearly spelled out. What was the total project cost previously and what's the total project cost if we approve this amendment?

Unknown Speaker from Audience (00:30:16):

And I'm also with the developer side.

Leo Vasquez (00:30:20):

Thank you. And actually let me, I neglected to mention if anyone wants to speak on an agenda item that's coming up, please try to move in the front. You can stay there. Okay. Please try moving into the first two rows. So I know you're planning on speaking, I'll try to ask check every time, but just in case it helps us if you come up,

Kenny Marchant (00:30:42):

I make a motion that we receive public comment.

Leo Vasquez (00:30:45):

Okay? I'm not going to ask him some questions here.

Kenny Marchant (00:30:48):

I'm sorry.

Leo Vasquez (00:30:49):

We'll get to that but I'm wanting staff to assure me that. Again, so the project costs before and after,

Rosalio Banuelos (00:30:57):

As proposed by the applicant, originally the project cost was $17,577,688. Initially with this amendment the proposed development costs are $16,753,988.

Leo Vasquez (00:31:14):

So sorry, so about how much of a reduction in the total cost is that?

Rosalio Banuelos (00:31:21):

Approximately $800,000.

Leo Vasquez (00:31:25):

Okay. And we're still doing the same amount of tax credits?

Rosalio Banuelos (00:31:28):

Correct.

Leo Vasquez (00:31:30):

And according to your analysis, through your department's analysis, even when we take out all the market rate units, this still cash flows on a going forward basis?

Rosalio Banuelos (00:31:47):

Correct. The first lien debt is decreasing. So even though there's a reduction in the number of units which results in a reduction to the income that the property generates, there is also a reduction to the debt that the property is paying and it is able to support that reduced debt amount.

Leo Vasquez (00:32:14):

Okay. As Mr. Wilkinson did point out that while the total project is taking out 23 and a half percent of the units, the only thing that kind of makes me not jump up and down screaming is that the number of affordable units drop by fewer than 10%, which is kind of the unwritten threshold that we've been looking at. So Mr. Marchant, do you want to hear from, do you have other.

Kenny Marchant (00:32:44):

I was just going to open the floor.

Leo Vasquez (00:32:52):

Okay. Well again, staff recommends I accept this. Approve this amendment.

Rosalio Banuelos (00:32:59):

Yes.

Leo Vasquez (00:33:03):

Does anyone want to hear more input and testimony or does someone want to make a motion?

Anna Farias (00:33:11):

I'll make a motion.

Leo Vasquez (00:33:16):

Well,

Anna Farias (00:33:19):

Mr. Chairman, I move, wait a minute, I move the board approve the requested amendment for Lalita Senior Living. All is described in the board action request and resolution on this item.

Leo Vasquez (00:33:39):

Okay, is there a second?

Holland Harper (00:33:40):

Second

Leo Vasquez (00:33:42):

Motion made by Ms. Farias. Seconded by Mr. Harper. Any further discussion? Hearing none. Let's vote. All those in favor of approving the material amendment. Say aye.

All Board Members (00:33:54):

Aye.

Leo Vasquez (00:33:55):

Any opposed? I'll abstain. Okay, so motion carries. I think. Are you still up? 21? Okay, moving on. Moving right along to item 21 of the agenda: Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for 380 Villas #22609. Mr. Banuelos,

Rosalio Banuelos (00:34:21):

380 Villas received a 4% housing tax credit award, private activity bonds, and a multifamily direct loan in 2022 to construct 220 affordable units in McKinney, Collin County. The development owner is requesting approval for a redesign that will result in an increase in the number of units from 220 to

260 as originally proposed. The development would have 11 buildings and 12,000 square feet of retail space, and this proposed amendment is to add a 12th residential building and replace the retail space with residential units. The proposed 40 additional units will be comprised of four studio apartments, 15 one-bedroom units and 21 two-bedroom units. The revised unit mix for the development will be 36 studios, 82 one-bedroom units, 122 two-bedroom units, and 22 three-bedroom units. The increase in units has increased the housing tax units at 30% AMI by seven and the 60% unit AMI by 33. The direct loan units at 50% AMI and 60% AMI each increased by one and the direct loan units at 80% AMI have decreased by two.

The increase in the number of units results in an 18.1 increase in residential density going from 15.56 units per acre to 18.39 units per acre. The change in number of units will also result in an increase in the net rentable area from 190,399 square feet to 225,014 square feet, which is also an increase of 18.18% or 34,615 square feet.

The owner explained that the development had been sown in 2017 under a differently constituted city council as a planned development with a mandatory requirement for 12,000 square feet of retail space. However, the city council provided a resolution of support for the development with an informal request that the development redesigned to replace the retail space with residential units.

The owner provided updated financial information that has been analyzed by the Real Estate Analysis division and the department's analysis of the updated financial information indicates that the development is still feasible. However, with the currently estimated development cost, the supported amount of annual housing tax credits is $3,187,017, which is 22.29% greater than the amount in the determination notice at cost certification this typically would require a board approval to go up to that amount.

Staff has determined that the proposed changes would not have impacted the selection of the application for an award. Staff recommends approval of the amendment request and further recommends approval to administratively approve at cost certification an increase to the amount of tax credits of up to 20% from the housing tax credit amount estimated and the underwriting analysis for this amendment. Subject to staff review and approval of the final cost certification and the payment of the applicable fee under the rules. That concludes my presentation. I'm available for any questions.

Leo Vasquez (00:37:27):

Well, I'm shocked. I tell you someone actually wants to increase the number of units.

Rosalio Banuelos (00:37:34):

Yes.

Leo Vasquez (00:37:34):

40 more units.

Rosalio Banuelos (00:37:35):

Yes.

Leo Vasquez (00:37:37):

Do we do this? Do we? Please convey to the developer that we applaud their adding more affordable units?

Rosalio Banuelos (00:37:49):

I believe they're here so they're listening as well.

Leo Vasquez (00:37:53):

Okay. Do any board members have questions for Mr. Banuelos? So this comes to us because any change over a certain percentage needs to be approved.

Rosalio Banuelos (00:38:04):

Any change in the number of units requires board approval, whether up or down at any number. So,

Leo Vasquez (00:38:09):

Oh, I thought 5% was it.

Bobby Wilkinson (00:38:12):

That's density. Density.

Leo Vasquez (00:38:13):

Okay. And this, well, this did increase density, didn't it? I will happily entertain a motion on this.

Holland Harper (00:38:23):

I'll move the board approve the requested amendment for the 380 Villas, especially conditioned and described in the board action request resolutions and associated documents on this item.

Leo Vasquez (00:38:31):

Thank you. Motion made by Mr. Harper. Is there a second? Mr. Marchant? All those in favor say aye.

All Board Members (00:38:38):

Aye.

Leo Vasquez (00:38:40):

Any opposed? Hearing none. Motion happily carries. Thank you Mr. Banuelos.

Moving on to item 22 of the agenda: Presentation, discussion, and possible action regarding authorization to release a NOFA for 2024 CSBG Discretionary funds for education and employment initiatives for Native American and migrant seasonal farm worker populations. Mr. Reid?

Gavin Reid (00:39:05):

Hi. Good morning Mr. Chairman and Board members. Gavin Reid, manager of planning community affairs. Item 22. Item 22 requests authority from the board to release a notice of funding availability for 2024 Community Services Block Grant or CSBG discretionary funds for Native American and migrant seasonal farm worker education and employment initiatives.

Each year CSBG discretionary funds are programmed for specific activities which were previously approved by the board in the biennial CSBG state plan that you approved on June 15th this last summer. This year as in previous years, $300,000 has been programmed for Native American and migrant seasonal farm worker populations’ employment and education programs.

In the past, organizations receiving this award provided employment system employment assistance for their clients, including assisting persons to obtain employment, obtain work skills or experience, job search, job referrals, job coaching, resume writing, interview skills, career counseling pre and also pay for pre-employment physicals or background checks and even assistance with tools and uniforms for work. Some examples of education assistance include assisting persons to enroll in trade school or college. Financial literacy programs, help with obtaining A GED, literacy and English language education, financial counseling, tuition assistance, assistance with books and supplies for classes and assistance to obtain computer skills.

These funds are competitive requiring a NOFA to be released along with a request for applications, which includes a scoring mechanism to determine best qualified applicants and both are attached to this board action request. There are three awards available each at $100,000. Two for migrant seasonal farm workers and one for Native Americans. Contracts for the awardees are expected to begin in April and end in March of 2025. If this action is approved, staff will release the NOFA collect and score the applications and return to the board in February or March to present award recommendations. Staff requests board approval to begin this process with its release. And that concludes my summary of this item and I can answer any questions you might have.

Leo Vasquez (00:41:55):

Okay, thank you Mr. Reid. Question, do we have any kind of measurement systems to see what kind of results have been achieved in past years of doing this?

Gavin Reed (00:42:08):

Right. I can. In the last completed round of contracts, which ended earlier this year, we provided those examples of assistance that we provided for employment education. We served, or three sub-recipients who have applied in the past and received this award have provided assistance to close to 500 migrant seasonal farm workers and Native Americans. So that gives you some idea in the last year what was provided for with these funds. But as far as other examples, like I said, employment assistance, education assistance, ranging from just interview skills to even providing tuition assistance.

Leo Vasquez (00:42:58):

And some of these results are hard to quantify.

Gavin Reid (00:43:02):

They are. I mean I have details of those but a couple years ago or last, like I said in that last completed contract Family Services Association, they served 64 in various ways through that employment education assistance and a different one, opportunity centers for the homeless, they served 165 and each, they have performance objectives and performance initiatives that they have to report on and we received these reports and that's what they've done.

Leo Vasquez (00:43:47):

Okay. Okay, great. I think we have some public comments so Mr. Marchant? Oh, for the next one. Okay. Alright.

Gavin Reid (00:43:55):

Okay. Yeah, the public comment is for item 23.

Leo Vasquez (00:43:59):

Great. But this is a great example on how when something's coming up on the agenda, come up to the front row so we know you're ready.

Alright, well again, my only thought on this is that I'd love to see if there's some way to see if these funds make any kind of incremental difference to these organizations that are using them. And this again is just a NOFA that's going out for, right,

Gavin Reid (00:44:29):

Right. We'll be back in February or March and we can maybe bring some more of that information to you.

Leo Vasquez (00:44:35):

Okay, great. Great. Does anyone other board members have questions for Mr. Reid? If not, this one does require a motion,

Holland Harper (00:44:43):

Right. I move the board approve and authorize the executive director as needed to submit a NOFA for the 2024 CSBG-D funds for Native American and migrant seasonal farm worker population education and employment initiatives, including the contingency described in the board action requests and resolutions on item.

Anna Farias (00:45:01):

Second.

Leo Vasquez (00:45:03):

Motion may by Mr. Harper, seconded by Ms. Farias. All those in favor say aye.

All Board Members (00:45:08):

Aye.

Leo Vasquez (00:45:11):

Any opposed? Hearing none. Motion carries. Okay, thank you.

We're moving on to item 23 of the agenda: Presentation, discussion, and possible action regarding authorization to reissue a NOFA for the 2024 Reentry Activities Pilot Program funded with CSBG Discretionary funds. Mr. Reid, you're still on it.

Gavin Reid (00:45:32):

Yes. Item 23, it's actually quite similar to the last one, just a different program. But item 23 is seeking your approval to re-release a revised NOFA for a new pilot initiative directed towards formerly incarcerated individuals reentering the workforce and society.

Just like with the previous board item each year, CSBG discretionary funds are programmed for specific activities which were previously approved by the board last June. In the CSBG state plan for 2024, $400,000 has been a program for a reentry assistance program, which will allow nonprofit and local government organizations with established experience in serving the reentry population to assist previously incarcerated individuals obtain rental housing through landlord incentives, payment of security deposits, and other reentry activities related to housing. This NOFA is a revised version of what was brought to and approved by the board in late July. This NOFA and the NOFA and scoring mechanism have been revised to clear up issues uncovered in the prior release. We combined administrative management and program staff into a single budget category and added clear scoring criteria associated with the budget to incentivize applicants to expend the money on direct client reentry services. Also, we adjusted language relating to geographic dispersion of awards so that no one geographic area receives all the funding.

TDHCA has served for many years on a statewide reentry task force and has proposed this pilot program to assist in clearing one of the primary hurdles for an individual reentering the community. And that issue is specifically to obtain stable housing, the clients will have to be able to afford the rent and expenses of a rental unit and this pilot would help them with the application fees, deposits, and even some damage coverage if necessary. We don't expect damage coverage to be a big expense, but it would give some comfort to a landlord.

The intent of this program is to provide landlords an incentive to rent their units to previously incarcerated individuals who have a difficult time finding units to rent. The landlord would receive an upfront payment, the landlord could receive up to a thousand dollars for a six-month lease or $1,500 if they sign a 12-month lease with the individual. The rent cannot exceed 120% of the fair market rent and the unit must pass a basic inspection. Further details are in the NOFA attachments.

During this process, staff talked with four different states that have done versions of this type of program before we talked with Florida, Tennessee, Michigan, and Louisiana in order to come up with the program design that you see in the NOFA. Some conversations were also held with the Texas Department of Corrections staff to gain an understanding of the issues that face these individuals. Again, this is a new program and designed to be a trial run for three to five experienced organizations who have experience in dealing with formerly incarcerated individuals and the issues that impact them. Staff is asking for your approval to re-release the NOFA and request for applications for this Reentry pilot program and I can answer any questions you might have.

Leo Vasquez (00:49:08):

Great, thank you Gavin. Now that we have,

Gavin Reid (00:49:12):

No, it's the next one. Next one. Sorry,

Leo Vasquez (00:49:15):

Sorry again on this plan. I don't know how many people here are aware that I served actually 12 years on the board of directors for the Texas Department of Criminal Justice before transferring to this board. So I can't emphasize enough how important this type of reentry assistance matters for these folks coming out and finding a place to live. We all know here the challenges for different constituencies and there's a unique set of challenges here. So I truly hope this pilot can take off and start getting some results. But do any board members have questions for Mr. Reed on this item? Hearing none,

Holland Harper (00:50:05):

Move the board approve and authorize executive director and needs to reissue the NOFA for the 2024 CSBG-D funds for the reentry activities including the contingencies and authority as described in the board action request and resolutions on this item.

Anna Farias (00:50:20):

Second

Leo Vasquez (00:50:22):

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

All Board Members (00:50:27):

Aye.

Leo Vasquez (00:50:27):

Any opposed? Hearing none. Motion carries.

Moving on to item 24 where we anticipate great public comment. Item 24: Presentation, discussion, and possible action on a timely filed appeal to the Board under the TDHCA Request for Applications to administer the Bipartisan Infrastructure Law Department of Energy Weatherization Assistance Program. Mr. Reid, you're still on.

Gavin Reid (00:50:56):

Yes. We love our acronyms. Item 24. So the next two board action requests, this one and the next one concern our Department of Energy weatherization program. And just as a reminder, the primary purpose of weatherization is to make homes more energy efficient, reducing the energy costs of eligible homes and to make homes safer and healthier. So this can range from anything from weather stripping a door to measuring the air leakage in a home and then trying to bring those air leakage levels down.

So the background for this particular item in 2021, the department received $173 million in bipartisan infrastructure law Department of Energy funding. We refer to it as BILWAP. There's no really correct way to say it, but we, I'll refer to it as BILWAP or BILWAP funding for weatherization. This is in addition to the $8 million we receive each year from Department of Energy as part of our annual DOE weatherization funding.

Because of this massive increase in funding as a result of the BILWAP, the department recognized additional help was needed to administer BILWAP. And on December 9th, 2021, the board granted staff the authority to release a request for applications or RFA for a statewide weatherization provider or multiple regional weatherization providers to administer the BILWAP and provide weatherization services to multifamily rental households and shelters. Staff released that RFA on August 16th, 2023. So several months ago. The RFA stated that successful applicants must have experience with federal and state requirements governing Department of Energy weatherization and have staff that possess the required Department of Energy weatherization certifications. The department received three applications only one of which met this requirement and is being recommended for an award after this one. Item number 25. The other two applicants were sent notices eliminating them from the competition due to not meeting the requirement of having DOE specific weatherization experience and certified staff.

One of those organizations was Adults and Youth United Development Association who is here with us today. In response, AYUDA sent a letter of appeal to the executive director appealing staff's decision to not recommend them. In their appeal, AYUDA stated they do not deny their lack of Department of Energy specific weatherization experience, but are thoroughly familiar with weatherization requirements and other programs and that their staff have attended trainings regarding weatherization. The executive director concurred with staff's decision to not recommend AYUDA because the RFA clearly stated that DOE weatherization experience is required. In his letter to AYUDA denying their appeal, the executive director provided examples of certifications required by DOE such as energy auditor and quality control inspector to ensure that all DOE rules and standards are met and that these certifications and the requisite amount of experience and training can take months or even years to become proficient with DOE standards.

The executive director also explained that without proper DOE certifications units, weatherized cannot be reported as complete with DOE funds regardless of other weatherization experience. In response to the executive director, AYUDA filed a timely appeal to the board acknowledging the importance of meeting the stringent DOE requirements and standards and that AYUDA is committed to fulfilling these requirements prospectively and are committed to meeting all necessary requirements. So this brings us up to date today, but for the following reasons, staff takes the position of recommending that the board deny AYUDA his appeal for the following reasons.

Number one. The RFA clearly indicated that DOE specific experience and certified staff was required in order to be recommended for an award currently not prospectively or in the future. It stated that applications must demonstrate staff and organizational capacity to deliver the proposed services and demonstrate positive past performance with DOE weatherization, which AYUDAs application did not do.

Number two DOEs weatherization program requirements are very specific and these rigorous requirements compound the difficulty in administering BILWAP regardless of other weatherization experience, which AYUDA might have. Examples include significantly more in detailed reporting requirements, computerized energy assessments and use of advanced diagnostic equipment such as blower doors, manometers infrared cameras to determine the most cost effective measures, checking indoor air quality, combustion check testing and measuring carbon monoxide levels. DOE would also require the use of sophisticated software that requires lots of meticulous endpoints and understanding, which requires lots of training and can be done incorrectly very easily. DOE requires weatherization measures to be installed according to standard work specifications. So somebody has to be knowledge of SWS.

Number three, without the necessary certifications, units cannot be reported as complete with DOE funds as I stated earlier, which could put us behind on achieving benchmarks. Those certifications were not indicated in AYUDAs application is having them currently, but prospectively. Such certifications the energy auditor and quality control inspector are difficult to achieve and it is no guarantee as many fail the written and or field test. But to even qualify and sit for the test as a challenge, one must have at least 1,000 hours of related experience among other specific prerequisites to take the energy auditor test. Again, it can take six to nine to 12 months to even qualify to take the test. And QCIs, they're hard to find even our network of sub-grantees have difficulty hiring and maintaining good quality QCIs. So we wanted applicants with current energy auditor and QCI certifications.

Number four, the fourth reason without the mandatory DOE experience and requisite DOE certifications granting this appeal would put the department and AYUDA at risk of bearing significant disallowed costs. Disallowed costs can be the result of inadequate final inspection techniques, which may not catch poor workmanship. Also could be the result of weatherization measures being installed without having a certain ratio savings due investment ratio of one or greater air leakage levels not being reduced enough according to software readings and incidental repairs being made without proper justification. And of course there's more.

And then finally number five, and this is kind of also for context, but two of the three counties for which AYUDA applied El Paso and Hudspeth are being awarded to the applicant that did satisfy the requirements of the RFA and does have the requisite DOE experience and therefore that region is already covered. That's in the next board item if the board approves the next board item. Furthermore, we have some sub-grantees within our network receiving BILWAP funding already, who also served three counties, which AYUDA applied for, which were El Paso, Hudspeth and Presidio counties. So that is my summary of item 24 and I can answer any questions you might have.

Leo Vasquez (00:59:01):

Do any board members have questions for Mr. Reid? If not, Mr. Marchant, would you like to make a motion to hear public comment for the rest of the,

Kenny Marchant (00:59:11):

I would like to make a motion that we hear public comment

Leo Vasquez (00:59:13):

And that goes for all the agenda items,

Kenny Marchant (00:59:17):

All the remaining items.

Anna Farias (00:59:18):

Second

Leo Vasquez (00:59:20):

Motion made by Mr. Marchant, seconded by Ms. Farias. All in favor say aye.

All Board Members (00:59:26):

Aye.

Leo Vasquez (00:59:26):

Opposed? Hearing none. We can hear public comment please and again, let everyone know. Well stay close, we'll get back to you. When you come up to speak. Please make sure you sign in on the sign in sheet, identify yourself out loud to the board and what organization you represent. And there will be a little clock here in front of you that has the green light, yellow light, red light right now. We'll give everyone three minutes to make their presentation and we ask you to please wrap up when the red light turns on and you don't have to use all three minutes. Okay? So please sign in and introduce yourself.

Marisela Hernandez (01:00:04):

I already signed in. I was eager.

Leo Vasquez (01:00:06):

Okay. Alright.

Marisela Hernandez (01:00:07):

Good morning everybody. My name is Marisela Hernandez. Mr. Chairman, board members and Mr. Wilkinson, thank you for having me. I'm a proud member of the team built at AYUDA. I appreciate the opportunity to address you today regarding the recent decision to deny our grant application to appeal for the weatherization funds. AYUDA has a longstanding commitment improving the quality life of West Texas colonias with a particular focus on elderly and veteran populations. Since our inception in 1992, we have grown from providing basic services like septic tanks and water to becoming a multifaceted organization with 24 dedicated staff in El Paso and Austin. Our efforts in housing began in 2000 and we have proudly helped over 1,380 families and administered over 23 million in grants from TDHCA leveraging additional funds to provide comprehensive support to our community. Our partnership with TDHCA has been fruitful and we have always met our benchmarks even going above and beyond when the department needed assistance.

This year we assisted TDHCA in collecting delinquent accounts in El Paso and multiple counties in central Texas, demonstrating our commitment as a proven partner. We have received letters of support from the cities of Clint Socorro, San Elizario and our commissioner Iliana Holguin. Although we received them late, we would be happy to share them. Now let's address the specific concern raised in the denial. The first pertains to our staff and organizational capacity to deliver proposed services, particularly DOE weatherization proficiency with either a certified energy auditor or quality control inspector. We have two experienced individuals who have each signed commitment letters with a combined 42 years of expertise. This experience also addresses the second concern, our lack of experience in DOE weatherization. Additionally, the NOFA states that we can allocate funding for technical training of our staff to meet these DOE standards. I'd like to highlight the importance of granting an exception in this case.

Historically, TDHCA has not opened weatherization program in the last 13 years. This is the first time these funds have become available. And Project Bravo, our region's longstanding weatherization agency couldn't apply due to already being a sub-recipient of WAP. AYUDAs unique approach utilizing promotoras, our outreach field representatives allows us to reach some of the most underserved and hard to reach populations who need our services the most. I don't know any other agency in Texas that is using this approach. The culture of our community is such that it responds better to trusted messengers from the community than to people from outside of the community. I'd like to end my time by sharing an experience of mine. Just to preface, I am from El Paso, born and raised by a strong, hardworking single mother along with two siblings. In this Texas heat, I know we can all appreciate a rainy day. As a child, I can remember my mom having us put pots and plants on the floor when it was raining because our roof was leaking. I have two more sentences if that's

Leo Vasquez (01:03:09):

Okay. Go ahead, please finish.

Marisela Hernandez (01:03:11):

My siblings and I would like to guess which one of the pots would fill up first and the loser would have to dump the rainwater as quickly as they could so we wouldn't get the carbon underneath too wet. I can vividly remember sitting on the floor and looking up at the ceiling while a huge water bubble was forming and just wondering when it would pop. What I didn't realize at the time is that this should not be normal. Now, as a mother myself, I believe it is my duty to speak up when I can to keep families from experiencing these traumatic events.

We appreciate your consideration and hope that you'll favorably consider our request and reverse the denial and approve our application for AYUDA. AYUDA is one of the few grassroots programs representing the heart and soul of rural West Texas and is dedicated to making a positive impact in our community. And we believe this grant would enable us to improve these poverty persistent counties and improve the quality of life.

Thank you. And we are happy to answer any questions.

Leo Vasquez (01:03:59):

Okay. We appreciate you coming to speak with us. And again, we do appreciate AYUDA’s work that they do and I'm sure there's lots of things where we're going to continue to be working with AYUDA, but I'm not sure it's going to be in this particular item. But again, I appreciate, we appreciate you coming and appreciate the work that AYUDA that keeps doing.

Marisela Hernandez (01:04:20):

Thank you.

Leo Vasquez (01:04:21):

And I love your acronym. That's the best.

Marisela Hernandez (01:04:23):

Thank you.

Leo Vasquez (01:04:25):

Mr. Reid, if you could come back, have a couple of questions.

Gavin Reid (01:04:29):

Sure.

Leo Vasquez (01:04:29):

So I sort of have mixed emotions on this and where I understand this organization is likely capable of doing what's necessary. However, these funds, this is kind of our arguments between statute and rule, right? I mean the funds have the requirements of the DOE current person like you discussed, presented. And unfortunately, while in a non-bureaucratic way of doing things, it does make sense that I could hire someone to do that. And they've said they would, but that doesn't meet the criteria of the rules that we are governed by and under this program. Is that correct?

Gavin Reid (01:05:18):

Right. Right. I mean reading through their application, it was a very good application. It just did not have that requirement of DOE experience that we're looking for. DOE is a complex program, a couple levels above other weatherization programs and in the past, I wasn't here at the time, but the ARRA, American Recovery and Reinvestment Act, there was a big amount of funding with DOE as well and the department learned some lessons from that. So it's trying to mitigate risk by saying, no, we just want DOE experience. Again, good application, just it did not have that one thing that we were looking for. And again, we did find one of the three or applicants,

Leo Vasquez (01:06:14):

Go ahead,

Holland Harper (01:06:14):

Mr. Reid. If the AYUDA had teamed, let me ask this question first. Is teaming or joint ventures or selective members in your application allowed in the application? So if I'm putting an application in a team with somebody that has their credentials, I'm missing, is that allowed in your application process or not?

Gavin Reid (01:06:37):

If they would've indicated it in such a way that it made us feel comfortable that they had QCIs on staff available certified ready to go. Yes.

Holland Harper (01:06:48):

Or if they had identified those people that had made signed commitment letters that they would join if they wanted the deal with that. Except also,

Gavin Reid (01:06:54):

If,

Holland Harper (01:06:55):

I'm asking the question, I don't know your process, I'm asking the question.

Gavin Reid (01:06:58):

Right, right. If those signed, we'd have to of course see that. But if those signed commitment letters indicated again that they're ready to go with the proper certifications that we're looking for, it might've been different.

Holland Harper (01:07:14):

Thank you very much.

Anna Farias (01:07:17):

I have a question. I'm listening to all of this and I've been to all those areas having worked 12 years at HUD, especially the colonias, so I understand that, but having run a housing authority where I had maintenance that had to be certified to just the rudimentary elements of maintenance, the one thing I can tell you from experience is training does not equal certification. It's a very lengthy process and when you talk about DOE that requires engineers, et cetera, very, very precise credentials and unfortunately today does not equal the future so that in reading the application, if something was not there, there is no assurance that's going to be there tomorrow. And I was trying to figure out a way to say yes, but Mr. Chairman, I find it very difficult. The certification is very extensive and it doesn't mean that they're going to pass the exam.

Leo Vasquez (01:08:23):

And Ms. Farias, if you would, let me one more. The one other thing that you said in your report or your overview, and the one thing that makes me think we don't have to say let's go DOE, is that the, we do have an alternate organization that's covering these, that's going to cover these areas. So it's not like El Paso, Hudspeth, et cetera is going to go without, it's just that it's going to be a different provider.

Gavin Reid (01:09:00):

Right. It just so happens that we had a couple applicants.

Leo Vasquez (01:09:06):

If it wasn't going to be covered in that area, I might be inclined to encourage the staff to figure out a way around this, but we do have it. I mean it's kind of like a tax credit deal where one group isn't going to get the award but another group right next to is going to get it. So I mean we are covering the area, so I think that gives me enough comfort to accept the staff's recommendation. Does anyone have any more comment or wish to make a motion?

Holland Harper (01:09:40):

I'm ready for a motion.

Leo Vasquez (01:09:42):

Mr. Harper.

Holland Harper (01:09:43):

I move the board deny the appeal of AYUDA for the reasons described in the board action request and resolution of item.

Leo Vasquez (01:09:50):

Is there a second?

Anna Farias (01:09:51):

Second.

Leo Vasquez (01:09:52):

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

All Board Members (01:09:57):

Aye.

Leo Vasquez (01:09:58):

Any opposed? Hearing none. Motion carries. Please don't let this discourage the organization from continuing to be involved. So thank you Mr. Reid, are you still up or not?

Gavin Reid (01:10:11):

Still up.

Leo Vasquez (01:10:11):

25. Okay. I'm 25: Presentation, discussion, and possible action on the selection of International Center for Appropriate and Sustainable Technology to administer the Bipartisan Infrastructure Law Department of Energy Weatherization Assistance Program in El Paso and Hudspeth counties and authorization to re-release a RFA.

Gavin Reid (01:10:42):

Right. Okay. Item 25. This is related to the one we just went through, but the background for this bar is similar to the previous one, but here it is again for the record. In 2021, the department received $173 million in BILWAP funding for weatherization. This is in addition to the $8 million we receive each year from DOE as part of our annual DOE funding. Because of the massive influx of funding as a result of the BILWAP, the department recognized additional help was needed to administer

BILWAP and on December 9th, 2021, the board granted staff the authority to release an RFA for a statewide weatherization provider or multiple regional weatherization providers to administer the BILWAP and provide weatherization services to multifamily rental households and shelters. Staff released the RFA in August 2023. The RFA stated that successful applicants must have experience with federal and state requirements governing DOE weatherization and have staff that possessed the required DOE weatherization certifications.

The department received three applications only, one of which and that is International Center for Appropriate and Sustainable Technology and we'll just call 'em ICAST. They met that requirement for the DOE experience. There's a table in the action request identifying the three applicants in the counties they applied for. ICAST applied for El Paso and Hudspeth counties, satisfied all the RFA requirements, is highly qualified and capable of successfully administering BILWAP in El Paso and Hudspeth counties. ICAST is headquartered in Las Cruces, New Mexico, just outside of El Paso. ICAST has managed the multifamily weatherization program for the state of New Mexico since 2013 and also manages Tennessee's multifamily weatherization program. So they have a lot of experience and the appropriate certifications. Additionally, the department besides the ICAST award also on this board action request, the department did not receive a sufficient number of applications from qualified organizations to administer BILWAP in other regions of Texas and the RFA originally released has since closed. So staff seeks board approval to issue another RFA with the same general requirements but with some modifications to make the geographic areas more flexible to attract more applicants. The RFA would have an initial application period, but staff would have the ability to keep the RFA open in regions where there are no qualified applicants to allow experienced providers to respond at any time. So staff seeks board approval to reissue the RFA and to designate ICAST as a BILWAP multifamily service provider for El Paso and Hudspeth counties and be awarded a Bill WAP contract for approximately $4.1 million.

That is the item and I can answer any questions you might have.

Leo Vasquez (01:13:51):

Very good. Do any board members have questions on this item, Mr. Marchant?

Kenny Marchant (01:13:54):

So what's the total funding for all counties? What will be remaining to,

Gavin Reid (01:14:01):

Well, I don't have the figure on top of my head, but BILWAP funding Texas was given $173 million and a portion of that is for program operations, which is the biggest. Then we also have a certain percentage, I don't want to start throwing out figures that has to be taken off the top for admin. There's technical training also a portion.

Kenny Marchant (01:14:26):

Just give me a ballpark please. Is there another $10 million in contracts to be left?

Gavin Reid (01:14:33):

Oh yes, yes. You want to ballpark, really estimate a hundred million.

Kenny Marchant (01:14:40):

A hundred million. Okay, so we're talking about some real money. Thank you.

Gavin Reid (01:14:44):

You're welcome.

Leo Vasquez (01:14:47):

Any other questions? Entertain the motion on item 25, the agenda.

Ajay Thomas (01:14:56):

Mr. Chairman, I move the board, approve and authorize the executive director and his designees to designate ICAST as a bill, BILDOE WAP service provider for El Paso and Hudspeth counties as well as to release another RFA, seeking further qualified organizations to administer these activities. All as described in the board. Action request and resolutions on this item.

Holland Harper (01:15:19):

Second.

Leo Vasquez (01:15:20):

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

All Board Members (01:15:25):

Aye.

Leo Vasquez (01:15:25):

Any opposed? Hearing none. Motion carries. Thank you Gavin.

Gavin Reid (01:15:29):

Thank you.

Leo Vasquez (01:15:29):

Good job.

Gavin Reid (01:15:30):

Thank you.

Leo Vasquez (01:15:33):

Item 26 of the agenda: Presentation, discussion, and possible action on the draft 2024 State of Texas Low Income Housing Plan and Annual Report; proposed repeal of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report; proposed new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report; and directing their publication for public comment in the Texas Register. You wrote that one up didn't you? Ms. Yevich?

Elizabeth Yevich (01:16:20):

Good morning chairman board members. I'm Elizabeth Yevich director of the Housing Resource Center and I'm here to present on agenda item number 26 with the title that the board chairman just read and I won't put you through that again with this very long title. That's the title of the document and as you may remember, we commonly refer to it as the “slip” and this draft slip is brought to you every December and following approval assumingly at this board meeting, it goes out for its required 30 days of public comment for mid-December through mid-January of every year. Following that, we bring the final SLIHP back to you at the February board meeting and then therefore it statutorily meets the statutorily required March 18th deadline submitted to the governor, lieutenant governor, speaker and the oversight committee. So as the title, that very long title indicates it's both a plan and a report.

The plan section is in chapter four and it's the state fiscal year that just began September one. It looks forward for the next 12 months and the report is always chapter three. That's looking back on the last fiscal year and unlike some previous years when we made some more major tweaks and changes like putting in the pandemic chapter, which is still in there for chapter five, there were nothing major really changed this year. It's a comprehensive reference document on statewide affordable housing programs, current and future policies and resource allocation plans to meet our state housing needs. With that, we recommend approval of this draft state of Texas low income housing plan and annual report to take out for public comment.

Beau Eccles (01:18:10):

Mr. Chairman.

Leo Vasquez (01:18:11):

Please.

Beau Eccles (01:18:14):

Just as a bit of context, one last thing. Statute also requires that it be adopted as a rule. That's why it's not just a report

Elizabeth Yevich (01:18:20):

Double, right.

Beau Eccles (01:18:21):

It's also being brought before you as a rule,

Holland Harper (01:18:24):

Ms. Yevich, I thought it was exceptionally well-written super informative, so I don't know if you and all the staff that worked on this, I thought it was exceptionally well-written. Rarely. A lot of times we get these reports and they're like, but the graphs, the information, the detail, the what for was exceptional. So thank you very much for very good work.

Elizabeth Yevich (01:18:46):

Well thank you. And of course it is all of TDHCA putting the input, but we have certain staff here. Kevin Rearden is one that.

Holland Harper (01:18:53):

Really well written and I can't tell you that. I mean it was really nice work. So well done.

Elizabeth Yevich (01:18:58):

We appreciate that. Thank you.

Leo Vasquez (01:19:01):

Any other comments? Again, I echo Mr. Harper's review of this and it's another one of these items that comes out from the department that it would be great if everyone in the state would go and look just scan through this because there's a lot of good information and we have so many programs in the department that just people aren't aware of. I think the general public is not aware of and hopefully legislators and their staffs will become more aware because this highlights a great overview of so much that we do.

Elizabeth Yevich (01:19:43):

Certainly. Thank you

Holland Harper (01:19:44):

Mr. Chairman.

Leo Vasquez (01:19:45):

Mr. Harper, I'll entertain the motion.

Holland Harper (01:19:48):

I approve the, correction, I move the board, approve the proposed repeal and new 2024 state of Texas low income housing plan and annual report as proposed rule for the publication to receive public comment all as described in the board action requests and resolutions on the item.

Anna Farias (01:20:02):

Second.

Leo Vasquez (01:20:03):

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

All Board Members (01:20:09):

Aye.

Leo Vasquez (01:20:09):

Any opposed? Hearing none. Motion carries.

Elizabeth Yevich (01:20:12):

Thanks.

Leo Vasquez (01:20:13):

Thanks Elizabeth. Moving on.

Item 27: Presentation, discussion, and possible action on recommendation to debar multiple parties for conduct relating to The Jones (HTC 93063 / CMTS 1137), and the adoption of an Agreed Final Order assessing an administrative penalty. Ms. Kaseman. Please give us a concise review of this case.

Ysella Kaseman (01:20:45):

Sure. My name is Ysella Kaseman. Good morning Chairman Vasquez, board members, I'm here today as a TDHCA staff member and as enforcement committee secretary to present the recommendation to debar multiple parties for conduct relating to the Jones and to adopt an agreed final order assessing a penalty. The Jones is a 224 unit complex in Arlington, which is subject to a tax credit

LURA signed in 1995 for acquisition and rehabilitation. There's a 30 year LURA term which expires at the end of this month. The current owner purchased the property on September 30th, 2020, and their organizational chart is included at attachment 4 for your reference. A uniform physical condition standards inspection was performed prior to their purchase about a year before in August of 2019, which scored an 85 out of 100. I'll just give that to you to provide some context. TDHCAs committed to providing decent, safe and affordable housing for low-income Texans and before you today are three orders for your consideration. All relating to physical non-compliance at the Jones.

First is an agreed final order assessing an administrative penalty of $20,000 against the owning entity relating to physical non-compliance from the 2022 physical inspection. A copy of that report is at attachment one. This was ownership's first administrative penalty referral for this property and all non-compliance is now resolved for that inspection. The enforcement committee determined that a $20,000 penalty was appropriate when considering the appropriate statutory factors at Texas Government Code 2306.042. The LURA expiration date and inspection scores were key components considered. I should also mention that the 2023 physical inspection is not currently before you for an administrative penalty because it's within its corrective action, which expires in January. Second is a final order of debarment for a term of five years for responsible parties in control WMV 2107 Lincoln Drive, GPLLC and William Mitchell Voss with the possibility for reinstatement by the board after two years, they're referred to as WindMass in your materials.

They're not appealing this recommendation, but there is a representative present to answer questions and a copy of their informal conference presentation is included at attachment five. The department recommendation relates to two physical inspections that scored below 50. The first was a 2022 inspection that scored a 49 out of 100. The second is a 2023 inspection that scored a 43 out of 100. Both inspection reports are at attachments one and two. Those inspections are grounds from mandatory debarment under the statute at Texas Government Code 2306.0504 C, which requires the department to debar any person who materially or repeatedly violates a LURA material violations are defined at 10 TAC 2.401, a copy of which is at attachment three. Scoring below 50 on two occasions is considered a material violation that requires debarment. Debarment would prevent future participation in department programs for a specified term and it would give the owner time to focus on existing problems with the remaining portfolio before being allowed to expand the portfolio or get additional funds.

The third item is a final order of debarment for a term of 10 years for responsible parties in control. Indio International LP, Double PSB Ventures Inc. And Seth Bame, they're referred to as Indio in your materials. Unlike with an administrative penalty which is assessed against the owning entity, the department can consider different levels of responsibility for a debarment for each individual responsible party and control. The debarment violations are the same for Indio, but the enforcement committee apportioned more responsibility to the Indio parties in part because they also control the property management company and all day-to-day activities. The Indio parties are appealing their debarment recommendation and Seth Bame is present here today to speak. A copy of his appeal letter is at attachment six. As I said, the debarment is mandatory and the term is based upon factors in the rule at 10 TAC 2.401 J, which is at attachment three.

Those factors include repeated occurrences, seriousness of the issues, presence or absence of corrective action and other material factors. Those factors are all detailed in your board item. I probably don't have time to go into all of them today, but I'm happy to give you key factors if you would like me to later. They are separated for WindMass versus Indio where appropriate. There is no upper or lower term for a debarment term limit and the board has the authority to impose shorter or longer terms than those that are recommended by the enforcement committee and the executive director. With that, the enforcement committee recommends that you hear the appeal of Mr. Bame and also recommends the approval of the three orders in your debarment materials. I'm happy to answer any questions.

Leo Vasquez (01:26:06):

Okay. I guess my first question, how, and you may look to others to help answer, but how often do we come across a property that doesn't even score 50?

Ysella Kaseman (01:26:21):

Not very often,

Leo Vasquez (01:26:23):

Let alone twice in a row.

Ysella Kaseman (01:26:25):

Yeah, I would have to defer to compliance, but I don't see it very often in enforcement. We are required to debar if it happens twice, and I think we have three of them that have been referred previously that scored below 50 twice and since 2009.

Leo Vasquez (01:26:43):

My seven years on the board, I don't recall ever seeing this before.

Ysella Kaseman (01:26:48):

Yeah,

Leo Vasquez (01:26:50):

Anybody, so this is,

Ysella Kaseman (01:26:53):

It's not common,

Leo Vasquez (01:26:53):

Rare and extreme that it gets to this point?

Ysella Kaseman (01:26:56):

That's correct.

Leo Vasquez (01:26:58):

And this was a 2022, I can scroll back was a 2022 scoring and then a 2023 scoring

Ysella Kaseman (01:27:05):

Correct. And,

Leo Vasquez (01:27:07):

After that 2022 they score, here's the list of things to fix and it wasn't fixed.

Ysella Kaseman (01:27:13):

So they fixed the 2022 violations. Now those are all fixed. The 2023 violations are a separate list, but similar types of issues suggesting a general condition problem that needs to be addressed. I should also mention the property was purchased in 2020 and it scored an 85 the prior year. So there was a large drop in score between 2019 and 2022, which is also unusual.

Leo Vasquez (01:27:42):

Mr. Marchant, go ahead.

Kenny Marchant (01:27:44):

When you do the debarment and they are corporate or corporate entities are limited partnership entities, which they all, are the principals in those entities specifically barred if they reappear in another application as principals or partners?

Ysella Kaseman (01:28:13):

Yes. The responsible parties in control that are designated in your debarment materials here are the partners that were deemed to be in control of this organization and they would be barred from any future applications for any future TDHCA funding for whatever term you approved.

Kenny Marchant (01:28:33):

And this is the 10-year debarment?

Ysella Kaseman (01:28:35):

Yes. And the other one, so there are two different partners that you're looking at here. One I've referred to as WindMass. Their recommendation for them is five years with the possibility for reinstatement after two years if approved by the board. And then the other one is Indio, we're collectively referring to them as Indio and that one is 10 years of five.

Kenny Marchant (01:28:56):

So there is some tracking mechanism that you use to make sure that this doesn't just apply to this limited partnership and this principles

Ysella Kaseman (01:29:07):

Correct.

Kenny Marchant (01:29:07):

So that they can't reappear in other limited partnerships in other principal roles?

Ysella Kaseman (01:29:13):

That's correct.

Kenny Marchant (01:29:14):

Just by reincorporating or forming a new partnership?

Ysella Kaseman (01:29:17):

That's correct. That's why we have both the corporate entities here and also some individuals they'll both be on the debarment list and those are all reviewed by our folks that do previous participation reviews. So they'll look at all of that. And we didn't include any of the single asset entities because like you said, it's not very useful to include the single asset entity itself. We just included the larger organizations and the principals that are in control.

Leo Vasquez (01:29:45):

And on the 10-year recommendation, there's no recommendation for being able to probate it after five years or something like that.

Ysella Kaseman (01:29:56):

There was not,

Leo Vasquez (01:29:58):

I guess, why is there a difference between the five year with the potential of probating it or is that the word we're using? Is that the right term?

Ysella Kaseman (01:30:05):

Is the question Oh, sorry, go ahead.

Leo Vasquez (01:30:07):

Yeah, no, just why is it we're giving that opportunity for the first one but not the second one.

Ysella Kaseman (01:30:12):

Sure.

Leo Vasquez (01:30:12):

When they're all involved at the same project.

Ysella Kaseman (01:30:14):

Sure. So I think the enforcement committee might have considered that for the second one, except Indio is being removed by the partnership from all of the properties they manage and own. So they're not going to be in our portfolio anymore. So we don't have any way to gauge improvement. So that's part of the issue there is for the WindMass entities, they own one additional property, so we can gauge how they can continue to comply for that property going forward. But for Indio, we won't have anything to look at because they won't be involved with any TDHCA properties and we'd be barred so they couldn't acquire anything further.

Leo Vasquez (01:30:55):

Okay. And then the property, that's the main problem here. The Jones, is that remaining under a LURA going forward or is it done or what's the situation?

Ysella Kaseman (01:31:09):

Unfortunately, The Jones, the land use restriction agreement expires at the end of this year, which is why we're bringing this to you now rather than waiting until that 2023 inspection deadline comes up.

Leo Vasquez (01:31:23):

So if we support, if we concur with the debarment, we have no ability after December 31st of this year to ensure that there is some sort of improvement made at the property.

Ysella Kaseman (01:31:44):

Unfortunately not. They do have plans to do rehabilitation. They indicate their details about that in your attachments. They indicate that they're planning to do a full rehabilitation, but unfortunately for our tenants, our monitoring will end at the end of this year, so we won't see the benefit of that for our tenants at this property. There is another property that's remaining in the portfolio that we are watching closely and we'll be re-inspecting in June, but no, you're correct for this property this's before you today, we will not have an opportunity to look at it again to see if it improves. We would be able to pursue a penalty if they do not timely respond to that 2023 inspection. However, they have already submitted partial corrections and indicated that they intend to fully comply.

Leo Vasquez (01:32:29):

And again, this may be getting too much in the weeds, but what kind of local authority enforcement, code enforcement and health inspectors and certificates of occupancy being reviewed and things like that. Do we know anything about what's happening on that front?

Ysella Kaseman (01:32:45):

No, I don't have any outside reports and that's something that we do request if there are any. I did speak to Mr. Bame yesterday and he indicated they had a recent city inspection that went well. So I think he'll probably discuss that with you today.

Leo Vasquez (01:32:58):

Okay. And I think that's part of my concern is that yes, we're saying enough’s enough and no more, but then again, what about the people who are living there? If we can't inspect after the starting next year, is there someone else that's going to be able to follow up and make sure it's just not being forgotten and

Ysella Kaseman (01:33:21):

Sure.

Leo Vasquez (01:33:23):

Well, I guess I don't expect that you have that answer but,

Ysella Kaseman (01:33:28):

Sure. And WindMass is also here. If you wanted to know more about their plans for improvement, one of your attachment includes some information about what they've done so far, but they could probably answer questions about what they're doing in the future as well.

Leo Vasquez (01:33:43):

Okay. Do any owners or representatives want to wish to address the board or not or? Okay, please. Again, everyone sign in, identify your name and what organization you're with and we'll beep you when you exceed three minutes

Seth Bame (01:34:14):

TDHCA Board. Thank you for allowing me to speak to you today. My name is Seth Bame and I'm representing the Indio parties that was previously discussed. I want to give you a little history about myself and the project. I've been in the real estate business for 20 years and I've been in the apartment business for the last 13. The Jones Apartments was my first TDHCA LURA property from 2019 to 2022.

Our portfolio grew really rapidly. We more than tripled the size of our property management business and it required us to hire more than 500 people and develop a lot of new processes and systems along the way. I take all compliance very seriously regarding city code enforcement lender requirements, and most recently the TDHCA. I knew going into this project that there would be new compliance requirements that would need to be met and I hired a seasoned leadership team that I thought had experience with TDHCA compliance.

They signed up for the CMTS portal and they took responsibility for the notifications. My email was never linked to the CMTS portal and I never had a CMTS login. I relied on the team and the people that I hired and this was my first mistake. During the debarment process, I learned a lot about the CMTS portal and that it does not allow multiple emails from management companies or ownership groups to be inserted into it. It was explained during the process that a common workaround was to create a group email, but this is something we missed out on. The reason that I'm here today is because the property received a score below 50, two years in a row. The real reason that we're here today is because this notification that the property received back in 2023 never made it to my hand and I had known about the forthcoming inspection, both that we would've made sure the property was ready for the most recent inspection.

For that I am responsible and there is no excuse. Now because we were one point below the 50 point threshold in our 2022 inspection. We are facing department apartments are my business and I've never knowingly ignored or avoided any type of compliance or governmental agency or lending partner. Had any one of the responsible parties in this project known about the inspection, we would've ensured that we were ready for it and there would've been a different outcome and we would not be here today. Since this debarment process has started, we have all learned a great deal. Debarment is a dirty word in our business and in my research I have seen that only a handful of operators have ever been disbarred from the TDHCA and I do not feel this is a group that I associate or we associate with on any level. Our management business has suffered severely.

More than half of our units are leaving our portfolio and going to another property management company. Internally, we have completely changed our compliance and reporting protocols. We now have a central tracking system for all inbound notices, an email notification system to make sure all stakeholders are aware of any future deadlines and requirements. We have taken swift action and repaired all of the open items at the property. A majority of them have been signed off as Ysella had mentioned, and the remaining items are pending approval. Since our purchase in 2020, we have invested over $2.7 million in the repair and rehabilitation of the property. On November 29th of this year. Just last week we had a pre rehab inspection with the city of Arlington, a compliance department that I have here today. And I would like to point out that we did score a 95.33 on that.

It just shows that the process we've already put in place have worked. In summary, I just want to let you know that we are not slum words and we truly care about the properties that we own and the residents that live in them. Being debarred would have immeasurable consequences on our business in the future. Outside of the TDHCA, we are here to ask the staff, reconsider the recommendation and we are more than willing to pay the fines imposed, but would respectfully request that the board reconsider the debarment and understand that we have cured all the open items. Thank you.

Leo Vasquez (01:38:39):

Mr. Bame, thank you for coming to appear. I'm a little confused. And this may just be semantics or does your company own the Jones or are you just the management company for the owner?

Seth Bame (01:38:54):

Both.

Leo Vasquez (01:38:55):

Okay. So,

Seth Bame (01:38:58):

Just to give you clarification, so there's myself and Mitchell Voss and an ownership group and then I also own the property management company that was doing the day-to-day property management of the property.

Leo Vasquez (01:39:11):

Okay. So when you're somewhere in here in the materials it said you manage 16,000 units?

Seth Bame (01:39:19):

Yes.

Leo Vasquez (01:39:19):

You don't necessarily own the 16,000 units.

Seth Bame (01:39:21):

Not all of them, no. We have third party business.

Leo Vasquez (01:39:23):

Okay, okay. Alright. That's what I'm just trying to understand on this one here, and this may be a staff answer. So how does the debarment here impact your business going forward? I mean, or how does it adversely impact the business? You're not just allowed to go after tax credit properties, but other than that you can still manage the rest of your business. Right.

Seth Bame (01:39:55):

It's my reputation and it's published on the TDHCA website and I understand that what we did was wrong and we missed and we made mistakes and what I don't have any intention on coming back and applying for any kind of tax credit programs in the near future, but it's a stigma of how did you get debarred, how was it so bad? And that's where I'm coming at it from is I'm in the management business and any partner, whether it's a lender, a city, any person that I work with,

Leo Vasquez (01:40:30):

Definitely is going to

Seth Bame (01:40:31):

Look at that.

Leo Vasquez (01:40:32):

Okay. Alright. Think we,

Bobby Wilkinson (01:40:34):

We have heard that from out of state folks like a Texas debarment they think could hurt their business in other states.

Leo Vasquez (01:40:38):

Sure. No, that's understandable. Okay, thank you. We need any other, you have a question? Well, okay, Mr. Marchant, you have a question?

Kenny Marchant (01:40:50):

The 16,000 units that you're affiliated with, are they in Texas?

Seth Bame (01:40:54):

They're all in Texas, yes sir.

Kenny Marchant (01:40:57):

And are you located in Texas?

Seth Bame (01:40:59):

I live in Dallas, yes sir. Yes.

Kenny Marchant (01:41:01):

Do you ever drive by any of these 16,000 units?

Seth Bame (01:41:04):

All the time.

Kenny Marchant (01:41:05):

And so you didn't notice anything that was out of whack or,

Seth Bame (01:41:09):

If I could add, I think the reason that we had such bad scoring was that there was staff changing at the property when this, between the time this notice went out and the inspector came and my understanding is that we were not prepared for the inspector on the time of inspection. Notices were not properly given to allow entry into the units and so thereby that's what caused the score to drop so much. It was not necessarily all the physical issues. There were a lot of physical issues and this is very old property, but they were, in retrospect, they're not significant point items. The point items came from not being able to access the units is my understanding. Ysella can add to that.

Kenny Marchant (01:41:55):

How many years before these infractions had you been in the business?

Seth Bame (01:42:00):

I bought my first property and started managing it in 2011.

Kenny Marchant (01:42:03):

2011.

Seth Bame (01:42:04):

And it was just me with,

Kenny Marchant (01:42:05):

2011

Seth Bame (01:42:07):

24 Units.

Kenny Marchant (01:42:07):

2022 you acquired 16, I mean you acquired a business interest in one way or the other in 16,000 units.

Seth Bame (01:42:17):

The rapid growth started in 2019, so I had a very small business. I had started with 24 units in 2011 and we got up to about 3,000 units in 2019. So it was slow and steady and then we got very active and that created the challenges.

I'm not going to lie. I mean I hired people to do jobs and that failed me. The systems that I put in place failed.

Kenny Marchant (01:42:40):

Okay, thank you.

Leo Vasquez (01:42:41):

And your involvement with this location was in 2020?

Seth Bame (01:42:47):

Yes, we purchased it in September of 2020.

Leo Vasquez (01:42:50):

Okay. Okay. Unless anyone has specific questions for Mr. Bame, would you like to speak?

William Mitchell Voss (01:42:58):

(*off mic*) Sure.

William Mitchell Voss (01:43:03):

(*on mic*) Can you guys hear me? My name is William Mitchell Voss, I go by Mitchell. I'm the CEO of WindMass capital. As Seth mentioned, we are the kind of ownership group that puts together the money to buy the communities and also gets the loan and then that firm becomes sort of the owner with investors behind us. Seth is the CEO of Indio management. Indio is the property management company.

One thing I did want to quickly point out is I'm not here to appeal. I'm accepting what we currently have in front of us. One thing that wasn't quite mentioned when you asked Mr. Bame about some of the consequences of this not working out, we have actually yanked and fired Indio management off of all 10,334 units that we own and are moving that to multiple new property managers. So we'll no longer be having them as a property management company go forward for all of our deals that do have LURAs, which we have three on those.

We've engaged Capstone as they've become or have been recommended highly to us for affordable compliance and we obviously fell very short in that and I do want to apologize to the board also, had I known sort of where to direct this money, we obviously put almost $3 million as Mr. Bame had stated into this particular community with a new brand new clubhouse, new siding, new windows, all those things. We did fall short on some other things that could have been and probably should have been rectified that I didn't understand were part of that. Again, it's also my first LURA deal and I think candidly I was arrogant enough to think that I had financed a few affordable deals and knew how to sort of run it and I didn't. So this has been a pretty big learning process and obviously and ultimately very deep consequence for me, but I just want to apologize to the board that this happened. It's embarrassing and I'm sorry to have even wasted everyone's time.

Leo Vasquez (01:45:02):

Okay, thank you. Mitchell, did anyone have questions for Mr. Voss? No, thank you Ysella, if you could, so this kind of pull back to a more general picture that just so the board can understand, I assume since I don't know this answer that the others don't either. So when we debar a management company, does that mean that the next Mr. Voss and the private developer, private owner are they made aware that they can't hire Indio as a property manager? And Megan, how does this system work when we debar a property manager, which is not an owner,

Ysella Kaseman (01:46:05):

Right?

Leo Vasquez (01:46:05):

How do,

Ysella Kaseman (01:46:06):

We do. You sure if you'd like to, but I can say just before I hand it over to Megan, typically we would not be pursuing a property management company because our program agreement is with the owner. But because they are also the owner in this case, that's why they're considered a responsible party. We do not monitor for property management companies, we also don't approve property management companies. That's something that every owner has the right to hire the way they want to, but presumably they would do some due diligence and look at our department list. But Megan, go ahead.

Megan Sylvester (01:46:45):

All of the rules, Megan Sylvester, Deputy General Counsel, our rule says that the owners are responsible for looking at the states and actually HUD's department list. The HUD part is state statute to make sure they don't hire anyone that is on that list. So we have debarred in my history here, an architect for example, in the past the board found made a false certification to the department. So we have it within our rules to debar more than just owners, but in this case because of the rule that they were violating, it's an owner entity as well as the management entity. As Ysella said, and I just want to, since I'm up here, I want to take a quick point. Ysella has done a really great job for us for this has not historically been her role to present matters in front of the board. Legal after many years of very steady staff had three retirements and two retirements and one longtime staff member leave for another opportunity to state agency and she for the last nine months has really taken this and embraced it and I'm very pleased to say that going forward, this primarily will be back to an attorney and she's here. I just want to introduce you to Sasha.

Leo Vasquez (01:48:22):

Hi Sasha!

Megan Sylvester (01:48:23):

To focus on asset management issues, though Sasha will also be working with some of the direct loan closings as well. So sorry for that little interruption. I just wanted to publicly recognize Ysella because she really has gone above and beyond with this function.

Leo Vasquez (01:48:42):

Okay. Mr. Marchant, go ahead.

Kenny Marchant (01:48:45):

I don't want to belabor this, but can you tell me kind of how the deal flow goes on this? And maybe I need to ask this particular one.

Ysella Kaseman (01:48:55):

It might have to look, there's an attachment four has an organizational chart. Would that useful?

Kenny Marchant (01:48:59):

Yeah, but I'm talking about the deal flow. Yeah. Can I ask him a question please?

Leo Vasquez (01:49:04):

Sure.

Kenny Marchant (01:49:06):

Mr. Bame would bring your investment group a project, you would raise the money to buy it. He

William Mitchell Voss (01:49:13):

No.

Kenny Marchant (01:49:14):

Carried interest.

William Mitchell Voss (01:49:16):

So if I could walk through a hypothetical so we identify an opportunity and say this is a community that we would like to buy, I then start working with lenders, well start working with the seller first and he agrees says yes, we'll sell, I start working with lenders, I start working with investors to bring capital in from both debt and equity capital. And then we engage Indio management to due diligence walkthroughs typically that walk through and check on things. They may do some construction evaluation for us as well. And then they also would set up review, lease files, everything and then have the system to start collecting paint.

Kenny Marchant (01:49:56):

He's an owner as well.

William Mitchell Voss (01:49:57):

Yeah, so Seth and I are both partners and then there are other investors in the deal, but we are part of the controlling or we are the controlling.

Kenny Marchant (01:50:05):

Okay, thank you Mitchell.

William Mitchell Voss (01:50:06):

Okay, that’s it?

Kenny Marchant (01:50:07):

Thank you. That's all. Alright, thank you.

Leo Vasquez (01:50:09):

Okay. Sort of related to that, I'm trying to understand just, and maybe it's just because Indio was the manager, the property manager, I don't understand why we're assessing different penalties against these co-owners other than that distinction of who was the management company.

Ysella Kaseman (01:50:31):

So I think part of the reason, so the enforcement committee considers all the debarment factors that I mentioned and they apportioned more responsibility to Indio in part because not only are they the owner but they're also the property management company. They were included in the ownership structure to ensure compliance and appropriate management. And they also had primary day-to-day responsibility and control. And the other partners thought that they could pay less attention to the property condition as a result of their ownership stake and level of control. Indio failed to communicate appropriately with the other partners about non-compliance and the need for capital improvements due to the poor conditions and they also failed to adequately supervise their staff. And so the enforcement committee's determination was that Indio was more responsible as a result of those key factors.

Leo Vasquez (01:51:37):

Any board members have further questions on this and we can either accept the recommendations as presented or,

Ysella Kaseman (01:51:55):

You have,

Leo Vasquez (01:51:55):

We do have the ability to modify or not.

Ysella Kaseman (01:51:58):

You do you have the ability to change a debarment term up or down.

Leo Vasquez (01:52:05):

Would staff be opposed to matching the debarment in probation? Not to be both 10 years to be five years with the two year probation,

Bobby Wilkinson (01:52:21):

But I think practically speaking, the two year probation can't be done with Mr. Bame because he won't have any properties that we can measure him on. But you could definitely lower it to five

Leo Vasquez (01:52:37):

Mr. Bame,

Seth Bame (01:52:40):

There is one other property that we do own in the same structure that I'm still a partner in. I will not be the property management company of. So the same. And that's just to clarify that.

Ysella Kaseman (01:52:55):

Could we hear from Mr.,

Leo Vasquez (01:52:56):

Anything further?

William Mitchell Voss (01:52:58):

I also just want to clarify, so Indio had been our property manager for all of our assets. We have 39 communities throughout Texas. They're all in Houston, DFW and also Stephenville, Texas. We've removed them as property manager. We actually start our first batch tomorrow over, we're switching to another property manager and that'll be complete before year end. So we're actually moving completely away from them. They'll no longer be involved with the property management. The only thing Seth will have is ownership interest, but he won't be involved in any operations going forward.

Leo Vasquez (01:53:28):

Right, okay. And I guess we've learned, well that 16,000 jumped up because of his 10,000, right?

Seth Bame (01:53:34):

That's correct.

Leo Vasquez (01:53:41):

Being that in Indio and Mr. Bame do not appear to be kind of fly by night type of operations that I wouldn't be opposed to knocking the debarment down the five years, but I'll leave that to a motion.

Kenny Marchant (01:54:02):

I would agree with that because I think just the debarment language is punitive enough so I think that's as it's been testified to, the fact the debarment *de facto* is the harming. So I would concur with that with the chairman on that.

Leo Vasquez (01:54:23):

Okay. And we're allowed to do that?

Beau Eccles (01:54:25):

Yes.

Leo Vasquez (01:54:26):

Okay. Alright. You appreciate my checking with you?

Beau Eccles (01:54:30):

Yes, that's okay.

Leo Vasquez (01:54:31):

Alright. Okay. Alright Ms.,

Kenny Marchant (01:54:35):

I'm not sure exactly how to word that.

Leo Vasquez (01:54:39):

Mr. Thomas, I'd like to entertain a motion,

Ajay Thomas (01:54:43):

Mr. Chairman, I move the board adopt three orders. First to adopt the agreed final order, assessing an administrative penalty of $20,000 against 2107 Lincoln Drive LLC. Second, adopt the uncontested final order of debarment for a term of five years with a possibility for the term to be probated after two years for WMV 2107 Lincoln Drive, LLC and William Mitchell Voss. And third, adopt a final order of debarment for a term of five years for Indio International LP double SB Venture Incorporated, and Seth Bame all as described in the board action request resolution and revised in the associated documents on this item.

Anna Farias (01:55:31):

Second.

Leo Vasquez (01:55:33):

Great, thank you. Motion made by Mr. Thomas, seconded by Ms. Farias. Any further discussion? All those in favor say aye.

All Board Members (01:55:40):

Aye.

Leo Vasquez (01:55:40):

Any opposed? Hearing none. Motion carries. Thank you all for coming.

Continuing on item 28 of the agenda: Presentation, discussion, and possible action on the adoption of the 2024 Multifamily Programs Application Procedures Manual. Mr. Goldberger?

Josh Goldberger (01:56:04):

Good morning Chairman Vasquez and members of the board. My name is Josh Goldberger and I'm the competitive housing tax credit manager here at TDHCA. This item concerns the statutorily required application procedures manual. The Texas Government Code requires that the board approve a manual to provide information regarding the administration and eligibility for the housing tax credit program. Staff updates this manual each year to reflect changes that are made to the QAP and to the application and then presents it to the board for approval in December. This manual is not a rule and it does not go through the rulemaking or public comment process. It includes an important disclaimer that in all respects the statutes rules and NOFAs governing our multifamily programs supersede it and are controlling. So this document essentially provides some supplemental instructions to applicants working with our platforms. Staff recommends approval of the application manual.

Leo Vasquez (01:57:05):

Good, thank you. Anyone have questions for Mr. Goldberger? So when is the application process going to be fully online where?

Josh Goldberger (01:57:16):

So we actually have initiated a project that will eventually get us to that point. We're working on a new multifamily management system that's going to unify a lot of our backend systems and we're thinking that a later stage of that project or perhaps an earlier one depending on insight from our future vendors, will evolve a new online application system.

Leo Vasquez (01:57:39):

And we'll obviously still need to have a manual that works with that, but,

Josh Goldberger (01:57:43):

It is statutorily required, Chairman.

Leo Vasquez (01:57:45):

Great.

Bobby Wilkinson (01:57:49):

Yeah so, we've got capital budget authority for this system. He's talking about in this last legislative regular session and so far what's happening is we've hired a consultant that's helping us kind of scope it out and design what we want so that we then can hire a software company to get started. First phase is not going to be the online application. We're going to be some of the backend stuff first, but we we'll get there.

Leo Vasquez (01:58:12):

Great. If there is no questions, I'll entertain the motion on item 28 of the agenda. Don't be shy.

Ajay Thomas (01:58:23):

Chairman, I move that the board approve the 2024 multifamily programs application procedures manual subject to the conditions and authorizations described in the board action request resolutions and associated documents on this item.

Holland Harper (01:58:35):

Second.

Leo Vasquez (01:58:35):

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

All Board Members (01:58:39):

Aye.

Leo Vasquez (01:58:40):

Any opposed? Hearing none. Motion carries.

Continuing item 29: Presentation, discussion, and possible action on multiple requests for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Applications previously awarded 9% housing tax credits. Mr. Goldberger, you're still up and why am I seeing,

Josh Goldberger (01:59:07):

Yes sir.

Leo Vasquez (01:59:08):

Items on force majeure continuing on our agenda.

Josh Goldberger (01:59:12):

I can promise you it's the last one of the year, sir.

Leo Vasquez (01:59:17):

I like this kid. Alright, please enlighten us. Why are we hearing this again?

Josh Goldberger (01:59:26):

Item 29 concerns two requests to return and be reallocated credits under the department's force majeure rule. The two developments in question are previous tax credit awards that have requested this approval to allow for more time to complete construction and place in service. If the board approves these requests that will extend the placed in service deadline to December 31st, 2025, the board may choose to impose a short deadline if it desires. If the board denies these requests, the existing deadlines will remain. Both developments were originally awarded in 2022.

Twin Oaks Apartments is USDA finance rehabilitation of 32 units in Little River Bell County. This development has been delayed due to an abnormally long USDA closing and transfer process preventing them from starting construction and putting in jeopardy their ability to meet the 10% test. Representatives of the development have provided a letter from the United States Department of Agriculture, which indicates delays as such and states that these circumstances are of no fault of the applicant. Staff believes that the restructuring of USDA and the resulting significant delays in closing are sufficient to constitute a change in rules and regulations which is listed in the QAP as a qualifying force majeure event.

The second development Woodcrest Apartments proposes an 80-unit reconstruction of an existing property in Odessa. The development has experienced delays and cost increases in part due to local market conditions, material shortages and competition with the oil field industry for labor. Because of such increases, this development submitted an application for HOME-ARP Funds and was awarded this past October. These circumstances also prompted the development to pursue a more cost effective design, which may require a material amendment if they do submit such an amendment. Staff will have it to the board as quickly as practical. Staff is nonetheless presenting this force majeure request. Now as we believe it facially meets the requirements of the rule, materials and labor shortages are listed in the QAP as qualifying force majeure events. Staff has reviewed these requests and I have personally spoken with representatives of each development. The representatives are present today. Should the board have any specific questions regarding these delays? We believe that each request meets the requirements of the force majeure rule and therefore I'm recommending approval. I'm available to answer any questions.

Leo Vasquez (02:01:52):

Okay, let's take these questions separately.

Josh Goldberger (02:01:55):

Yes.

Leo Vasquez (02:01:56):

The Twin Oaks, the 22141, that one is we're waiting for USDA.

Josh Goldberger (02:02:02):

That's correct.

Leo Vasquez (02:02:06):

And we're confident that, I dunno which one of you used this one? That the applicant, the developer's done all that they can do and it's out of their hands with,

Josh Goldberger (02:02:22):

We are, especially since the United States Department of Agriculture has provided a letter to that effect stating that none of the delays are the fault of the applicant.

Leo Vasquez (02:02:30):

Okay. And do we have a date expectation when this is going to get closed or get,

Josh Goldberger (02:02:38):

March, 2024.

Leo Vasquez (02:02:40):

Okay. I don't have as much problem with that one now, but the other 22231 Woodcrest what again is their specific issue?

Josh Goldberger (02:02:57):

So they cited materials and labor shortages specifically dealing with the regional market in the Permian Basin and they also have applied for a HOME-ARP reward, which they relate to us caused some delays. We believe that the material storages alone are qualifying the application for the force mature treatment.

Leo Vasquez (02:03:21):

Do you have a question or,

Kenny Marchant (02:03:23):

Question

Leo Vasquez (02:03:23):

Go ahead.

Kenny Marchant (02:03:25):

So actually the reason cited under the rules for the ability to extend this is shortages material.

Josh Goldberger (02:03:34):

That's correct.

Kenny Marchant (02:03:35):

There's nothing in the rules. It says because the USDA drags their feet and won't approve the application.

Josh Goldberger (02:03:42):

So there actually is a provision in the rule that we believe encompasses this kind of an event and it specifically alludes to changes in rules and regulations as well as law.

Kenny Marchant (02:03:52):

So do you think that that in itself needs some clarification? At some point,

Josh Goldberger (02:03:57):

Perhaps we could clarify in a future QAP.

Kenny Marchant (02:04:00):

Because that in itself to me is enough because that's a fact. That's a well-known fact, but you'd rather rely on shortages of material and et cetera. That's the easiest way to do it.

Josh Goldberger (02:04:15):

These are two separate issues. So for the prior development that we discussed, the Twin Oaks apartments, they solely cited the USDA approval process. And for this Woodcrest Apartment's force majeure request, the material shortages is the element of the request that led us to recommend approval.

Holland Harper (02:04:36):

Mr. Goldberger, did they give you any specific materials that they're short?

Josh Goldberger (02:04:39):

I believe a representative is here who can perhaps speak to that.

Melissa Fisher (02:04:48):

Melissa Fisher with RISE Residential, it's the full construction costs have risen from application in March to allocation in July August. Cost increases were insane. Construction costs as well as interest rates. So in an effort to mitigate that, we also applied for ARPA funding and during that process we were unable to make choice limiting decisions. So we were not able to close the deal, we weren't able to do anything. So now we do have that allocation. It closed our gap completely and now the deal's feasible.

Holland Harper (02:05:32):

Because you built a project in a very hot market that's been hot for 25 years, so that's not something new in that market.

Melissa Fisher (02:05:38):

Right? It's cyclical.

Holland Harper (02:05:41):

Interest rates have gone up significantly in 23, there's no doubt about that. But materials at this point are actually stabilizing other than about three materials that are really hard to get, which are transformers, switchgear and mechanical units are very difficult to get.

Melissa Fisher (02:05:56):

That is true. We actually have tried to pre-purchase those just across our portfolio so that we're ready for that, but it's really been impossible to get enough.

Holland Harper (02:06:07):

Thank you

Leo Vasquez (02:06:11):

Mr. Marchant.

Kenny Marchant (02:06:12):

For practical purposes, if they forfeit the credit and it's reallocated to someone else, would that person who gets the re-allocation be started from zero?

Josh Goldberger (02:06:24):

So if this request is denied in particular, the existing deadlines would remain. They are not obligated to forfeit their credit.

Kenny Marchant (02:06:31):

Okay, I got you. So they'd still have the opportunity to perform. Okay,

Leo Vasquez (02:06:37):

But what performance date are we about to miss? Is it December 31st this year?

Josh Goldberger (02:06:42):

No, the 10% test, I believe has already been met for development.

Melissa Fisher (02:06:45):

Yeah, we did. We met the 10% test and submitted in the summer and we reached that we were approved. And I'm sorry, our deadline is actually 12 months from today, so we're trying to get out in front of this so we can close. We have an investor ready to close. They're waiting on your approval of the extension so that we can get started close within the next 30 days and will be complete by December of 2025. This is also a HAP deal, so we are limited to 24 months to complete the project, so we'll absolutely meet that deadline.

Leo Vasquez (02:07:24):

So at this point we're missing the, you haven't started, so there's no way you're going to be in service by December of next year.

Melissa Fisher (02:07:34):

No. At this point, unfortunately not.

Leo Vasquez (02:07:36):

Do you believe you've resolved all of these supply chain issues?

Melissa Fisher (02:07:39):

Yeah, we have. With the gap that we were able to close with the ARPA funds we're absolutely feasible ready to go.

Leo Vasquez (02:07:48):

So is the problem the cost of the materials or the actual physical supply of the materials?

Melissa Fisher (02:07:54):

Both labor costs and supply,

Kenny Marchant (02:07:59):

But without the ARPA funds, you wouldn't have been able to reach the 10%? Correct?

Melissa Fisher (02:08:06):

We would've been able to reach the 10%, but the deal would not have worked.

Kenny Marchant (02:08:11):

So what would happen to the ARPA money that was allocated to you if you don't complete the project?

Melissa Fisher (02:08:21):

You can speak to that.

Naomi Cantu (02:08:29):

Naomi Cantu HOME-ARP director. So the funds were awarded in October of this year, and if the deal does fall through, we would, I believe they have 12 months to see if the deal can work out with another funding source. But otherwise it would then fall out and we would be able to reallocate the funding.

Kenny Marchant (02:08:55):

Okay, thank you. You would be able to reallocate?

Naomi Cantu (02:08:59):

With the time period, right? Yeah, so it is committed right now.

Melissa Fisher (02:09:11):

I will add that the ARPA funds usually come with a subsidy layering. So the state allocates the ARPA funds as well as a subsidy for each unit. In our case, we don't need the subsidy. We're actually just putting those ARPA funds into place because it's a HAF deal. So it comes with its own subsidy. So I feel dollar for dollar. This is a great use of those funds and as I said, we could start demolition by February 1st.

Holland Harper (02:09:47):

How many units was this again?

Melissa Fisher (02:09:48):

80 units.

Naomi Cantu (02:09:53):

One point of clarification, HOME-ARP does not come with a subsidy. Oh, I'm sorry. That's all right. So it is straight construction funding.

Leo Vasquez (02:10:15):

Your problem is you're battling ghosts that have been ahead of you asking for these similar things and it just we're, the board I think is at the end of our rope.

Melissa Fisher (02:10:31):

Last one of the year.

Bobby Wilkinson (02:10:40):

Josh, off the top of your head, how many 2022 9%’s have we given force majeure to?

Josh Goldberger (02:10:45):

So between 2021 and 2022, if we combine those two application years, it's about 43.

Bobby Wilkinson (02:10:52):

43? Yeah. Okay.

Bill Fisher (02:10:57):

Mr. Chairman, if I may,

Holland Harper (02:11:00):

Please come up here.

Bill Fisher (02:11:01):

Bill Fisher Sonoma Housing Advisors. We're not giving you the whole picture here. This is Odessa, Texas. This is a project-based Section 8 rescue project. It's a 40-year-old property. There is very little rental assistance project-based rental assistance available in Odessa. This property serves elderly, disabled, special needs households. What Melissa has done is expended $6,000,000 to acquire the property and put it in a position where it can move forward. And it's unique because most of these developments that have rental assistance are only rehabs. So she is giving the residents and the state and the community a brand new property for the same amount of tax credits.

What you're doing here is preserving rental assistance for the state for 20 years in Odessa, again, which has very little right. The HAP extensions are 20 years and that Melissa's application to HUD for a 20-year extension of the rental assistance. The HOME-ARPA funds are also designated to serve special needs populations. I believe 28 of the 80 units will be specifically meeting your ARPA home requirements. What Melissa was telling you was the other units and other properties require ongoing support from the state. Those special needs households require rental assistance. So what's so good about this property besides preserving brand new giving Odessa, extending the special need households already have rental assistance from Melissa's property. So now you have those resources to use for additional households. So this is a complete win. What's really in the, we have to qualify, RISE has to qualify for an extension and so we have to meet the force majeure statute, what the real issue is in the background that's causing the delay because Melissa already owns the property and is permit ready deploying your HOME-ARPA money, which is what this good use is.

Once she applied under the federal rules, she could not proceed with anything and so she went through the process to deploy her HOME-ARPA funds in the development and as a result of federal rules, she's prohibited from starting construction on the development. Had she started construction, she would've had to stop and I believe staff can confirm that. So what we're really doing is combining your HOME-ARPA funds with the tax credits and extension of the HAF, which is a wonderful use of these proceeds that actually lessens the burden on the state and we would ask you to consider the totality of what this property is, what it means to the state, what it means to the city, and how we are in this position where Melissa needs an extension, primarily driven by investors and the amount of time it takes to construct in Texas. Thank you.

Holland Harper (02:14:15):

Sir. Thank you for your comments.

Leo Vasquez (02:14:16):

Yep. Thanks Bill.

Holland Harper (02:14:18):

Mr. Chairman, I'm ready for if you're,

Leo Vasquez (02:14:21):

Ready. Okay. And given that this is a proactive asking for an extension and you're ready to break grounds, I mean I'm inclined to go with staff's recommendation as well, but Mr. Harper, would you like care to make a motion?

Holland Harper (02:14:42):

First off, I want to say we get a little vicious up here because we've given so many of these out of all the time. And you are absolutely correct that there is no housing. There are no hotels. There is nowhere to stay in the Permian Basin. And so whether you're lived there before or you're out there to work, we need more housing in that market. So with that, I move the board, approve the request for treatment under the application of force majeure Rule four, number 22141 Twin Oaks apartments and number 22231 Woodcrest apartments all as described in the conditions in the board action request and resolution on this item.

Anna Farias (02:15:16):

Second.

Leo Vasquez (02:15:18):

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

All Board Members (02:15:22):

Aye.

Leo Vasquez (02:15:23):

Any opposed? Hearing none. Motion carries. Joshua, your New Year's resolution is going to be not to bring any more force majeure to the board

Josh Goldberger (02:15:32):

Understood chair. Correct.

Leo Vasquez (02:15:34):

Okay. We're almost there, everyone.

Item 30: Presentation, discussion, and possible action regarding a Material Amendment of the Housing Tax Credit Application of 23013 The Laurel at Blackhawk., Mr. Campbell?

Cody Campbell (02:15:51):

Yes, good afternoon. I would first like to start by saying that as somebody from the Permian Basin, I appreciate this board's recognition of how difficult the housing market is out there. I still have a lot of family out there. It is a part of Texas that is sometimes forgotten about, but it really is as bad as you hear. So thank you for recognizing that it does mean a lot as somebody from not far from Odessa.

As Mr. Vasquez just said, the item in front of you right now concerns a requested material amendment for the Laurel at Blackhawk, which is a 2023 9% housing tax credit development that initially proposed 120 units in Houston. As first submitted, the application included 89 low income units and 31 market rate units due to a 71% increase in insurance costs. You did hear that correctly, a 71% increase and an increase in the interest rate on both the construction and permanent debt.

The development can no longer support this level of construction with its current sources as the interest rate increases alone have resulted in a loss of about $1.5 million in proceeds from the debt. In response to this, the applicant has proposed to eliminate 15 of the market rate units and to make slight changes to the construction of the common areas, which lowers the construction costs enough for the development to still be viable. The real estate analysis division has underwritten this new proposal and determined that it meets financial feasibility standards with a first year stabilized debt coverage ratio of 1.18. Our minimum is 1.15, so they're not right at the minimum, they're ... they're a little bit above it. So healthy department rules establish certain thresholds for amendments that require board approval. This amendment crosses several of those thresholds as it changes the residential density of the development by more than 5% reduces the net rentable area by more than 3% changes the unit mix and reduces the common area by more than 3%.

When evaluating these types of requests for presentation to the board, staff asks a few questions to determine what recommendation to make. First we consider whether the proposal would have affected the competitiveness of the application for its award for funding. In this case, the application would've been exactly as competitive. Had it been submitted this way initially none of the proposed changes would've affected its scoring. Second, we consider whether the state of Texas will still be getting the same benefit from the development as amended as the development will still be providing the same number of affordable units with the same affordability period and occupancy restrictions with substantially similar amenities. Staff believes that we are still getting the same benefit from the development as modified. For these reasons, staff recommends approval and I'm happy to answer any questions that you may have.

Leo Vasquez (02:18:33):

You said this rather quickly, so I want to make sure I heard you correctly. So you said a 1.18?

Cody Campbell (02:18:40):

That is correct. Yes sir.

Leo Vasquez (02:18:42):

Stabilized debt service is healthy.

Cody Campbell (02:18:45):

It's above the minimum. It was actually 1.16 when we initially underwrote it. So it's technically a little healthier than it is now than it was as initially submitted.

Leo Vasquez (02:18:54):

Okay, so a healthier relative to,

Cody Campbell (02:18:57):

Relative to where it was initially? Yes sir.

Leo Vasquez (02:18:58):

Okay. I thought that was rather nice of you to characterize it as such. Again, I think the actual changes don't bother me and we keep the same number of affordable units.

Cody Campbell (02:19:17):

Correct. Yes sir.

Leo Vasquez (02:19:19):

Where I have some problem with this one and some of the other ones that we're discussing, I just don't understand how getting rid of the market rate units still allows these projects to be viable.

Cody Campbell (02:19:36):

Sure, that's a great question. So if you in your board materials, the underwriting report should be available to you and it shows the development cost before and after. So as we initially underwrote this thing, it had, if I'm looking at this correctly, a development cost of $27.7 million. The new development cost is about $25.6 million. So where they have lost proceeds from their debt due to the rising interest rates, they've had to make that up by just building a smaller project.

So they will have less cash flow once the development is operational, but they just don't have the money to build all the units that they had originally planned on.

Leo Vasquez (02:20:16):

And we're comfortable, and I hate to be picking on this particular one, but that's again what happens when they start getting stabilized and then can't meet their debt service. They come back to us and we restructure and,

Cody Campbell (02:20:38):

Sure. So we do have workouts available through our asset management rules. Those are thankfully pretty rare. Typically by the time our developments are up and running, they're pretty good to go. Foreclosures and workouts are, I can't ballpark you how rare they are, but they're extremely rare in our portfolio.

Leo Vasquez (02:20:55):

Okay. Again, I'm just concerned that we keep restructuring these and then they're trying to just get it built and figure out how are we going to deal with the operations later on.

Cody Campbell (02:21:09):

Certainly. The thing that keeps me up at night is rising insurance costs in the Gulf Coast because there's just no way to predict when those are going to come down, if they're ever going to come down and it is going to present a problem for our portfolio for the foreseeable future. If this remains,

Leo Vasquez (02:21:26):

Do any board members have questions on this item? If not, I'll retain the motion.

Holland Harper (02:21:34):

Move the board, approve their request of material application amendment for the Laurel at Blackhawk. Subject to conditions and authorization described in the board of action request resolutions and associated documents on this item.

Anna Farias (02:21:44):

Second.

Leo Vasquez (02:21:46):

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

All Board Members (02:21:50):

Aye.

Leo Vasquez (02:21:51):

Any opposed? Hearing none. Motion carries.

Item 31 of the agenda: Presentation, discussion, and possible action on amendment to the loan terms and waivers of 10 TAC Chapter 13 for Rio Manor 22204. Mr. Campbell.

Cody Campbell (02:22:12):

Sure thing. This item concerns an amendment to the loan terms and a related waiver for Rio Manor, which proposes the construction of 60 affordable units in Del Rio. This development initially received housing tax, credit funding and a HOME loan of $1.2 million from the department. The development is also receiving financing from HUD, which is scheduled to close on December 12th. So here just a couple of days from now.

At initial application the applicant proposed that all 60 units would be income restricted and specifically included that 22 of the units would be restricted by both the HOME program and the housing tax credit program. So 60 units with three funding sources, the housing tax credit program income restricts all of them. The HOME program restricts 22 of them and the HUD funding restricts, I believe 19 of them. Is that correct, Brad? 27. I was not even close. So all of the HOME units were proposed to be restricted at the 50% area median income level.

This number of HOME units is far in excess of the minimum number that would've been required, which is approximately nine. So initially they gave us a lot more HOME units than they were required to. HUD recently approved the unit mix for the development that will be used for their financing. This unit mix only allows for 19 units to be restricted at 50% AMI or below. Because of this, in order to have our loan be compatible with HUDs, the remaining three 50% AMI home units would need to be layered onto units that are currently 60% AMI units and that do not have HUD assistance. Ordinarily this would not be a problem, but the underwriting on this development is extremely tight as is and staff and the applicant both believe that it is unlikely that the development can remain viable with any additional loss of income.

In order to make the deal work staff recommends that the underwriting division be allowed to modify the unit mix to the minimum extent necessary in order to make the deal feasible. Currently we can expect that this can be accomplished by converting three of the 50% HOME units to 60% units, so they would be layered onto 60% tax credit units. Although the final determination will be made by underwriting staff. This recommendation is predicated on two critical facts. First, that the applicant initially included far more home units than are actually required. And second, that all of the units at the development will remain affordable with quite a few units being deeply affordable. We have lots of 30% and 50% units at this development. The second aspect of this presentation involves a waiver of 10 TAC 13.3 E 15. This development's HUD financing is set to close on December 12th. As we all know at this point, when a government source is ready to close on a loan, it is critical to do everything possible to make that happen.

Upon approval of this item, TDHCA will also be ready to do its final underwriting and initiate the loan closing. For this development, however, we will not be able to close concurrently with HUD in order to meet their HUD closing. The developer has made a sponsor loan to the project in an amount equal to our loan and will replace those funds with our funds upon our loans closing.

The specific rule that needs to be waived in order to make this happen establishes that certain costs are ineligible for reimbursement by our funds and specifically names general partner loans and advances as being ineligible. This rule is in place because in order for a loan to be eligible for reimbursement, the department is responsible for reviewing all the draws made from that loan and ensuring that all costs paid out of it were program eligible. Because this exposes the department to a high level of risk. Our rules prohibit this kind of activity entirely. In order to continue mitigating this risk. Staff recommends that the waiver be granted conditioned on the requirement that the developer not draw down any funds from the sponsor loan that our funds will be replacing. Staff recommends an approval of the modification of the loan terms and a waiver of 13.3 E 15 for this development and I'm happy to answer any questions that you may have.

Leo Vasquez (02:26:08):

Okay. Fundamentally no problem with the way the transaction is being proposed and the waiver under these specific facts. So not wanting to set a precedent for all kinds of other ones. However, what amazed me when I read through this, I don't recall any time prior that HUD was ready to close with documents before we were.

Cody Campbell (02:26:39):

Certainly

Leo Vasquez (02:26:40):

How did this happen? How did we get to this?

Cody Campbell (02:26:44):

Sure. So because of the layering of funding, we've had to work out quite a few issues on this. You may recall a couple of months we had to bring it back. It had initially been approved with a 4.75% interest rate. We had to bring it back to the board to get approval for a half a percent interest rate, which was allow under the NOFA originally. And so it's just been one thing after another that we've had to work out and figure out how to make all the funding sources work together and like I said, my presentation, we're finally at a point where we're ready to get this thing closed, we'll take this back to the office, do the final underwriting and start drafting paperwork to get it done.

Leo Vasquez (02:27:15):

And we have staffing to handle these types of things more timely in the future.

Cody Campbell (02:27:21):

Certainly

Bobby Wilkinson (02:27:21):

We have more than we used to have.

Leo Vasquez (02:27:24):

Okay. Do anyone have questions or care to make a motion Mr. Marchant?

Kenny Marchant (02:27:32):

Yes sir. I move the board approve the waiver of 10 TAC 13.3 E 15 and the modification of long terms for Rio Manor subject to the conditions as described in the board action request resolution and associated documents on this item.

Anna Farias (02:27:49):

Second.

Leo Vasquez (02:27:52):

Motion made by Mr. Marchant, seconded by Ms. Farias. I assume you didn't want to talk against the motion. Okay. Alright. All those in favor say aye.

All Board Members (02:28:01):

Aye.

Leo Vasquez (02:28:01):

Any opposed hearing and none? Motion carries. Moving on.

Item 32: Presentation, discussion, and possible action regarding approval of an Invitation to Apply for Neighborhood Stabilization Program funding, Mr. Campbell.

Cody Campbell (02:28:17):

Thank you. This item, as Mr. Vasquez just said, concerns an invitation to apply for $4 million in Neighborhood Stabilization Program funds, also known as NSP. An invitation to apply is similar to a notice of funding availability except that, excuse me, instead of taking open applications, an invitation is limited to those that are asked to apply.

Real Gardens is a proposed supportive housing development in Austin applied under the HOME-ARP NOFA earlier this year. Real Gardens proposes to have an ownership structure in which the Travis County Housing Authority owns the land in the buildings and leases them back to the applicant to operate as rental housing. This type of ownership structure is prohibited by HOME-ARP, which requires that any awarded funds go to the actual owner of the development. So the applicant was applying for funds to operate housing on buildings on land that is owned by the Travis County Housing Authority that the Travis County Housing Authority be leasing to them and that just can't work with the HOME-ARP program.

Because of this, the department cannot move forward with that application. As a potential solution. Staff is proposing to make $4 million in NSP available to this development as the proposed ownership structure is compatible with that funding source in order to make the transaction feasible. The invitation does include loan terms that are more favorable than what has recently been offered by the multifamily division. The interest rate on these funds has proposed to be 0%. Most of our loans recently have been at 2%. In addition, as written, the loan is assumed to be fully repayable. However, the invitation does allow for the department's underwriting staff to recommend that up to half of the loan be forgivable. In the event that such forgiveness is necessary to make the transaction feasible, the HOME-ARP funds that the developer initially applied for would've been fully forgivable. However, it is not possible to offer these same terms with NSP as the $4 million is the last of these funds that we have available and not getting any money of that money paid back would leave us with no funds to meet our ongoing compliance monitoring and physical inspection requirements for the development. Repayment of these funds will also allow for other loans to be made in the future.

The only thing that I want to add that I didn't initially type up in my presentation is that if the board approves the invitation to apply, you are not approving a loan today. You are approving us opening it up for applications. We will process the application and then of course before any final loan terms are set or any money goes out the door, it will come back to the board for approval. So this is just a recommendation on the invitation to apply. Staff does recommend your approval and I'm happy to take any questions that you may have.

Leo Vasquez (02:30:52):

Okay. But just to clarify, it's a specific invitation, it's not an open invitation.

Cody Campbell (02:30:58):

That is correct. Yes sir.

Leo Vasquez (02:31:00):

Okay. And we are just fundamentally, we had a source of funds for this project and we are due to this ownership structure.

Cody Campbell (02:31:11):

That is correct.

Leo Vasquez (02:31:11):

We didn't qualify, so we basically just found another alternate source of funds,

Cody Campbell (02:31:16):

Correct Yes sir.

Leo Vasquez (02:31:18):

And we're structuring it where it covers our costs, but

Cody Campbell (02:31:22):

That is correct. Yes sir.

Leo Vasquez (02:31:24):

Okay. Any other board members have questions on this item? If not, I'll entertain a motion on item 32 of the agenda.

Anna Farias (02:31:32):

Mr. Chairman, I move the board, authorize the department to release the invitation to application for NSP one program income as described in the board action request subject to the conditions resolution and associated documents on this item.

Holland Harper (02:31:50):

Second.

Leo Vasquez (02:31:52):

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

All Board Members (02:31:56):

Aye.

Leo Vasquez (02:31:57):

Any opposed? Hearing none. Motion carries.

Cody Campbell (02:32:00):

Thank you, I appreciate y'all.

Leo Vasquez (02:32:01):

Thanks Cody.

Item 33 of the agenda: Presentation, discussion, and possible action on an amendment to the 2023 One Year Action Plan regarding distribution and allocation priorities for the Department’s multifamily Housing Trust Fund and HOME funds. Mr. Jones

Conner Jones (02:32:20):

Chairman, Board, Connor Jones, manager of the Multifamily Direct Loan Program. The item concerns the amending of the TDHCA one year action plan or the OYAP to throw another acronym at you today. We are seeking to amend this plan so that it may be more in line with our current practices and rules.

While many of the changes in the plan are more clerical nature, there's one change I would like to bring to the board's attention. We have proposed to change the method of distribution of the housing trust fund. As it currently reads, the plan states that the department will follow the Regional Allocation Formula or RAF to distribute these funds throughout Texas's 13 uniform state service regions. The amendment proposes that the department, if it so chooses, simply be able to adjust the geographic regions to which we'll distribute the funds. This previously worked well or the previously mentioned 13 service regions work well for other funding sources as the 9% housing tax credits as an example. But for sources like MFDL, it makes more programmatic sense to group these regions into larger regions so that they can raise the minimums for which applicants can apply and of which staff deems appropriate given the current climate.

So that was a bad way to explain. The 13 regions all come with a minimum that they can come in for, them being the applicant for these NHTF funds that we have so many of and need to get out the door quickly. We found it a little bit easier to group those regions into larger regions that then raise that minimum that are a little bit more of an impactful loan for these deals anyway that are needing larger injections of these funds. And so that's the proposal here. In the change of the plan, it's very important to note that the change is not a commitment to any one method of distribution, only providing the department additional flexibility in how we do so.

Currently in the NOFA that we have, the plan is to have four regions that I've mentioned. We're not adhering to that through this. The plan just gives us the ability to pivot if we need to continue to do so upon approval this will be submitted to HUD and because this amendment must be approved prior to the department being able to administer these funds, the NOFA will not be open until such is approved, which is anticipated about 30 days of submission with this staff recommends the approval of this amendment. I'm happy to take any questions you have.

Leo Vasquez (02:34:39):

Okay, so we're just effectively creating some, combining some regions for this purpose. Create super regions. I mean again, the smaller, you need a bigger pool of funds to apply to any given project or

Conner Jones (02:34:56):

So it kind of does twofold. First of all, the plan just allows us to propose a different way in which we geographically distribute these. The plan for staff is that we can make larger regions with higher minimums that are more effective. Currently if you dice it down in those 13 regions we have those minimums are real low and that isn't really what any applicant is needing at the moment as we've kind of seen over the last year. So the idea of being with smaller regions that will raise the minimum and be more effective.

Leo Vasquez (02:35:26):

Right? Anyone have questions for Mr. Jones on this item? If not, I'll entertain the motion on item 33 of the agenda,

Holland Harper (02:35:36):

I move the board, approve the amendment to the 2023 State of Texas consolidation plan. One year correction, one year action plan for the submission of HUD for the final approval subject and conditions and operations described and the board action request resolutions and associated documents on this item.

Leo Vasquez (02:35:54):

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

Ajay Thomas (02:35:57):

Second.

Leo Vasquez (02:35:57):

Seconded by Mr. Thomas. All those in favor say aye.

All Board Members (02:36:01):

Aye.

Leo Vasquez (02:36:01):

Any opposed? Hearing none. Motion carries.

The last scheduled item on the agenda: Presentation, discussion, and possible action regarding an award of Multifamily Direct Loan funds to Providence on Park 23509. Mr. Jones.

Conner Jones (02:36:18):

This item concerns a recommended National Housing Trust Fund or an NHTF loan in the amount of $5 million for Providence on Park, a multifamily housing development located in Lumberton, Texas, which applied under the General set-aside of the 2023-1 NOFA. Providence also received an award of $1.3 million in competitive housing tax credits during the 2021 round as well as about $198,000 in supplemental credits in 2023. The development proposes the new construction of 80 units that will serve an elderly population with unit sizes that will include one and two bedroom units with rent and income levels from 30 to 60% of the area median income or AMI. Out of the total 80 units, 28 will be in HTF units restricted to 30% of the AMI, which all will have a 30-year affordability period. This loan will have a 30-year term with a 40-year amortization period and it will be in first lien position. The loan will also have a 2% interest rate and does have an annual debt payment of $181,695 and is fully amortizing and repayable staff recommends approval of the award. I'm happy to take any questions you may have.

Leo Vasquez (02:37:28):

You used the term fully amortizing and repayable?

Conner Jones (02:37:32):

Yes I did.

Leo Vasquez (02:37:33):

I like that. Didn't we discuss not calling this an award? Do we award a loan?

Conner Jones (02:37:43):

We're loaning the loan.

Leo Vasquez (02:37:46):

Well at the time said we are regarding an award of a loan.

Bobby Wilkinson (02:37:51):

Yes, there are being discussions on a new terminology.

Leo Vasquez (02:37:54):

Okay, again, let's focus on amortizing and repayable. Does anyone have questions on this item?

Holland Harper (02:38:09):

I move the board approve the award.

Leo Vasquez (02:38:11):

I'll entertain the motion on the item. Mr. Harper.

Holland Harper (02:38:13):

I approve the aboard, I move the board approve the award or loan and loan under the 2003-1 NOFA regarding the National Housing Trust funds to the Providence on the Parks, especially subject to the conditions described in the board action request resolutions and associated documents on this item.

Anna Farias (02:38:32):

Second.

Leo Vasquez (02:38:33):

Motion made by Mr. Thomas. Second. I'm sorry, Mr. Harper Seconded by Ms. Farias.

Beau Eccles (02:38:42):

Yes. I don't know if this is public comment on,

Leo Vasquez (02:38:44):

Joel. Want to talk on this item? Okay. Alright. No, we're getting to the public comment at the end. Okay. Seconded by Ms. Farias. All those in favor say aye.

All Board Members (02:38:55):

Aye.

Leo Vasquez (02:38:55):

Any opposed? Hearing none. Motion carries.

Conner Jones (02:38:57):

Thank you.

Leo Vasquez (02:38:58):

Thank you Connor. Now the board has addressed the posted agenda items. Now is the time of the meeting when members of the public can raise issues with the board on matters of relevance to the department's business or request that the board place specific items on future agendas for consideration. Is there anyone who would like to provide public comment at this time? If so, please come on down. Remember, introduce yourself and please sign in.

Tanya Lavelle (02:39:36):

Good afternoon. Thanks for bearing with me. I was five minutes late, so if I missed my opportunity to comment on something that was on the consent agenda, please let me know. Otherwise,

Leo Vasquez (02:39:46):

Yes, please start out by introducing yourself and who you represent.

Tanya Lavelle (02:39:49):

Tanya Lavelle, Disability Rights Texas. So I just wanted to offer a couple of comments on something that was on the consent agenda.

So Disability Rights Texas is the state's federally designated Protection Advocacy Agency for people with disabilities. And people with disabilities rely heavily upon the LIHTC program, not only because it is the primary creator of affordable housing units in Texas, but because some of these units are required to be accessible. A person with limited mobility of visual impairment or hearing impairment has very few options when it comes to affordable rental housing. And Texans with disabilities need every single unit available to them, especially the quality units created through the LIHTC program. With that in mind, we are concerned that the current enforcement rules and compliance practices are not stringent enough to ensure that LIHTC units and developments are made safe and accessible to all tenants.

It came to our attention at the September board meeting that a LIHTC development in San Antonio called Wurzbach Manor took more than two years to correct 43 accessibility deficiencies the agency's enforcement team identified at their final construction inspection.

While all of these deficiencies are serious, one was particularly egregious, a unit identified as accessible could only be accessed by stairs. This means that a person with a disability was either unable to live in one of the state's rare accessible units where they were being forced to risk their safety anytime they wanted to get in or out of their home. The maximum penalty for the violations committed by the developer was $87,000. However, TDHCA compliance staff recommended that they only be required to pay $10,000 with the opportunity to have all but $2,500 were forgiven because of a lack of penalty history and the developer's active participation in the LIHTC program. To reiterate, this property had 43 accessibility deficiencies that were first flagged in October of 2021, one of which could prevent a person with a disability from even getting to their front door of a unit that the developer is required to set aside for a person with disability under state rule.

Each deficiency identified by compliance staff is a separate violation of the ADA and many including stairs leading into an accessible unit represent a serious health and safety risk specifically to people with disabilities. We're in support of the agency's proposed recommendation to increase potential penalties levied against properties, committing accessibility violations. However, as it stands, agency can essentially forgive all penalties levied against a LIHTC developer for taking more than two years to address serious health and safety violations.

We suggest that the board consider recommending further changes to 10 TAC chapter two enforcement rules to make financial penalties for non-compliance less subjective, especially when it comes to accessibility. We also recommend a penalty floor for health and safety violations to actually put teeth on the rules. Thank you.

Leo Vasquez (02:42:41):

Thanks for coming in and addressing us. I also encourage you, have you spoken to the TDL Texas Department of Licensing and Regulation because they are in charge of Architectural Barriers Act and they can provide similar services or similar to your request to us. Make the same request.

Tanya Lavelle (02:43:01):

Yeah, I will. Absolutely. Thanks.

Leo Vasquez (02:43:03):

Okay, thanks. Okay. Is there any other public comment today? If not, I'd like to take a moment to thank everyone, staff, and industry participants for all of your work during the course of the year. I mean, there's just so many different aspects to this and everyone needs to keep pushing and working together, communicating cooperatively, being transparent, and we appreciate what you all do. So to everyone, a Merry Christmas, a Happy Hanukkah for those who celebrate.

Our next scheduled meeting of the board is 10:00 AM on Thursday, January 11th, I believe. Even though the notes given to me said the ninth, 2024. And it's in the same location. So this same room. Look out for postings and everything. Everyone check out the new website and if there's anything else, Mr. Marchant.

Kenny Marchant (02:44:12):

On the record, I'm not going to vote for any the reports for this year.

Leo Vasquez (02:44:16):

Okay, excellent, excellent. Make sure Josh is aware of this. Okay, so with that it is 10:45 or 12:45 in the afternoon, and we are adjourned.