

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

John H. Reagan Building
Room JHR 140
105 W. 15th Street
Austin, Texas

July 16, 2015
9:03 a.m.

BOARD MEMBERS:

J. PAUL OXER, Chair
JUAN MUÑOZ, Vice-Chair
LESLIE BINGHAM ESCAREÑO, Member
T. TOLBERT CHISUM, Member
TOM H. GANN, Member
J.B. GOODWIN, Member

TIMOTHY K. IRVINE, Executive Director

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER	5
ROLL CALL	
CERTIFICATION OF QUORUM	
CONSENT AGENDA	6
ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	
HOUSING RESOURCE CENTER	
a) Presentation, Discussion, and Possible Action on Amendment to the Balance of State ("BoS") Continuum of Care ("CoC") Contract with the Texas Homeless Network (THN")	
b) Presentation, Discussion, and Possible Action on the Draft 2016 Regional Allocation Formula Methodology	
HOUSING TRUST FUND	
c) Presentation, Discussion, and Possible Action on the approval of the proposed 2016- 2017 Housing Trust Fund Biennial Plan	
OFFICE OF COLONIA INITIATIVES	
d) Presentation, Discussion, and Possible Action on Colonia Self Help Center Program Award to the City of Eagle Pass in accordance with '2306.582 of the Texas Government Code through Community Development Block Grant ("CDBG") Funding	
e) Presentation, Discussion, and Possible Action on Colonia Self Help Center Program Award to Cameron County in accordance with '2306.582 of the Texas Government Code through Community Development Block Grant ("CDBG") Funding	
ASSET MANAGEMENT	
f) Presentation, Discussion and Possible Action on Housing Tax Credit Application Amendment	

14070 Lakeline Station Austin

CONSENT AGENDA REPORT ITEMS

- ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:
- a) TDHCA Outreach Activities, June 2015
 - b) Report on the Department's 3rd Quarter Investment Report in accordance with the Public Funds Investment Act ("PFIA")
 - c) Report on the Department's 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures

ACTION ITEMS

- ITEM 3: MULTIFAMILY FINANCE
- a) Presentation, Discussion, and Possible Action Regarding the Issuance of Multifamily Housing Revenue Bonds with TDHCA as the Issuer, Resolution No. 15-021 and a Determination Notice of Housing Tax Credits for Good Samaritan Towers 7
 - b) Presentation, Discussion, and Possible Action and Determination regarding Eligibility under 10 TAC '10.101(a)(4) related to Undesirable Neighborhood Characteristics on Inducement Resolution No. 15-019 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority 8

15602 Gateway on Clarendon Dallas
 - c) Status update regarding addition of funds to the 2015-1 Multifamily Development Program Notice of Funding Availability 43
- ITEM 4: COMMUNITY AFFAIRS 51
Presentation, Discussion, and Possible Action on Conditional Program Year 2015 Emergency Solutions Grants program Awards
- ITEM 5: APPEALS 54
Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department's Program Rules

15293 Flora Street Lofts
 Dallas (Appeal withdrawn)
 15299 Robison Terrace
 Texarkana
 15001 Selinsky Street Supportive Housing
 Houston (Under review by staff)
 15003 Zion Bayou
 Houston (Appeal withdrawn)

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS. none

EXECUTIVE SESSION none

ADJOURN 72

P R O C E E D I N G S

1
2 MR. OXER: Good morning, everyone. I'd like to
3 welcome everyone to the July 16 meeting of the Texas
4 Department of Housing and Community Affairs Governing
5 Board.

6 We'll begin with our roll call, as we do.

7 Ms. Bingham?

8 MS. BINGHAM ESCAREÑO: Here.

9 MR. OXER: Mr. Chisum?

10 MR. CHISUM: Here.

11 MR. OXER: Mr. Gann?

12 MR. GANN: Here.

13 MR. OXER: Mr. Goodwin is not with us today.

14 Dr. Muñoz?

15 DR. MUÑOZ: Present.

16 MR. OXER: And I'm here. We've got five, it's
17 a quorum. We are in business.

18 All right. Tim, lead us in the salute.

19 (Whereupon, the Pledge of Allegiance and the
20 Texas Pledge were recited.)

21 MR. LYTTLE: Mr. Chairman, I wanted to point
22 out before we started, per your direction, that we are
23 broadcasting live on the Texas House Media Services page,
24 as well, and we also indicate results from the meeting at
25 our Twitter account which is "TDHCA, so just for folks, we

1 use multiple venues to get information out about the Board
2 meeting.

3 MR. OXER: I think we invite everybody that's
4 listening to connect or follow.

5 MR. LYTTLE: Follow us at our Twitter account.

6 MR. OXER: Great. Okay. Thanks for that,
7 Michael, or as you're known, Captain Tweety reporting for
8 duty.

9 All right. Let's get to work. Consent agenda,
10 is there any item on here that any Board member wishes to
11 pull? If you're all satisfied with the consent agenda,
12 I'll entertain a motion to consider.

13 MR. CHISUM: So moved.

14 DR. MUÑOZ: Second.

15 MR. OXER: Okay. Motion by Mr. Chisum, second
16 by Dr. Muñoz to approve the consent agenda. There's no
17 public comment. All in favor?

18 (A chorus of ayes.)

19 MR. OXER: Those opposed?

20 (No response.)

21 MR. OXER: There are none. It's unanimous.

22 Let's get to the hard part here. Teresa, I
23 think you're up.

24 MS. MORALES: Teresa Morales, acting director
25 of Multifamily Finance.

1 Item 3(a) is a multifamily bond issuance by the
2 Department and involves the acquisition and rehabilitation
3 of a 100-unit elderly development in El Paso. There are a
4 few corrections to the information contained in the
5 writeup.

6 First, while EARAC had not yet made a
7 recommendation at the time of Board posting for this
8 application, it did meet on July 10 and recommended
9 approval, subject to confirmation by our legal counsel,
10 that the elderly restrictions required by HUD are not in
11 conflict with the Department's definition of a qualified
12 elderly development, or if they are in conflict, to modify
13 one of those definitions.

14 Second, there was, in fact, public comment
15 received. The Department received letters of support from
16 State Senator Jose Rodriguez, former State Representative
17 Naomi Gonzalez, and current State Representative César
18 Blanco.

19 And third, the credit amount should be
20 \$378,494. Additional conversations with the applicant
21 after the posting resulted in a change to the credits.

22 Staff recommends approval of Bond Resolution
23 15-021 in an amount not to exceed \$5,750,000 and a
24 determination notice of \$378,494.

25 MR. OXER: Questions from the Board?

1 (No response.) So we're essentially harmonizing
2 these definitions? Is that what I hear correctly?

3 MS. MORALES: Yes.

4 MR. OXER: No broken glass in the mashed
5 potatoes here, just making this work?

6 MS. MORALES: Just making sure.

7 MR. OXER: Making all this work.

8 MS. MORALES: yes.

9 MR. OXER: Okay. We do want to be good
10 stewards and good samaritans, particularly when dealing
11 with HUD. Right?

12 MS. MORALES: Yes.

13 MR. OXER: Motion to consider?

14 MS. BINGHAM ESCAREÑO: Move to approve.

15 MR. OXER: Motion by Ms. Bingham to approve
16 staff recommendation on item 3(a).

17 MR. GANN: Second.

18 MR. OXER: And second by Mr. Gann. There's no
19 public comment. Those in favor?

20 (A chorus of ayes.)

21 MR. OXER: And opposed?

22 (No response.)

23 MR. OXER: And there are none.

24 MS. MORALES: Item 3(b). Item 3(b) has two
25 parts. First, there is the fact-intensive issue as to

1 whether the applicant has established that the factors it
2 has disclosed in accordance with the applicable rules
3 should not render its proposed site ineligible. And
4 second, if the Board finds the site to be eligible, there
5 is the procedural requirement of bond inducement.

6 The rule regarding undesirable neighborhood
7 characteristics requires disclosure if a proposed site is
8 in a census tract with a poverty rate in excess of 40
9 percent and where the Part 1 violent crimes is greater
10 than 18 per 1,000 persons annually. Gateway on Clarendon
11 not only triggers the application of these undesirable
12 neighborhood characteristics, but it triggers them by a
13 good margin with a poverty rate of 58.4 percent and a
14 reported Part 1 violent crimes of 39.83 per 1,000 persons.

15 Staff has been working extensively with the
16 applicant over the past few months, primarily through
17 their counsel, to obtain documentation to address these
18 issues and staff has conducted site visits as well. To
19 summarize the information that as provided, the TODTIF
20 which stands for Transit Oriented District Tax Increment
21 Financing -- and we'll refer to that as the TODTIF annual
22 report -- identified retail and residential development
23 that has occurred, however, these projects are located
24 several miles south of the proposed site in the Lancaster
25 Corridor and census tracts with lower poverty rates.

1 While the Grow South initiative, which is
2 another document the applicant provided, includes several
3 different focus areas, the proposed site does not lie
4 specifically within one of those targeted areas and the
5 boundaries for the targeted area closest to the site abut
6 IH-35 and do not appear to be part of the neighborhood.

7 Lastly, planning efforts associated with The
8 Bottom plan began as far back as the early 2000s with more
9 active planning efforts by the city occurring recently
10 from 2012 to 2015, culminating in the adoption of a plan
11 in April of this year. The city has indicated that many
12 of the blighted homes have been acquired by the city,
13 however, a definitive timeline associated with the
14 redevelopment of lots addressing the observed blight has
15 not been provided.

16 Also provide was the Neighborhood Plus
17 Revitalization Plan for Dallas, however, this is a
18 citywide plan and it does not speak to specific efforts
19 currently underway in this neighborhood.

20 The rule regarding undesirable neighborhood
21 characteristics has a provision that despite the presence
22 of such unfavorable characteristics the Board may, in
23 certain circumstances find the site eligible. The rule
24 enumerates specific rationales which can be employed to
25 support such a finding: one, the preservation of existing

1 affordable units subject to existing federal subsidy; two,
2 improvement of housing opportunities for low income
3 households and members of protected classes that do not
4 have high concentrations of existing affordable housing;
5 or three, providing affordable housing in areas where
6 there has been significant recent community investment and
7 evidence of new private sector investment.

8 There are clearly local interests, both in
9 favor of and opposed to this development, but the real
10 issue is not support or opposition. The issue here is
11 simply has the applicant provided a compelling written
12 record to substantiate that the application will be
13 clearly consistent with one of the three factors
14 previously stated: Does this meet our rules? Staff does
15 not believe that this is the case.

16 The major adverse factors present which the
17 applicant has worked to address are the high rate of
18 violent crime, as reported on Neighborhood Scout, and the
19 presence of significant blight. Staff has conducted the
20 additional review and assessment provided for in the rule
21 and has simply been unable to document to its satisfaction
22 that this proposed site ought to be found eligible. Even
23 if one could, in reliance upon the statement of the Dallas
24 chief of police, as provided in your supplemental
25 materials, get there with respect to the issue on crime,

1 the fact remains that whatever local public and private
2 investment may be in the works has not been made manifest
3 in a manner that meets the third criterion.

4 Clearly, this is not affordable housing subsidy
5 preservation. Staff does not believe that the development
6 would improve housing opportunity for protected classes
7 that do not have existing concentrations of affordable
8 housing. So it all comes down to local public and private
9 sector investment that has already occurred. Staff
10 believes that this Board has previously made abundantly
11 clear that affordable housing should not be the vanguard
12 effort but should follow after the investment has already
13 begun to occur and significant sources have begun to enter
14 the area and make their positive impact known. After
15 several site visits, staff just did not believe that this
16 was the case.

17 Staff recommends that the proposed site be
18 found ineligible.

19 MR. OXER: Any questions?

20 MS. BINGHAM ESCAREÑO: Teresa, so the three
21 criteria, the three rationale in our Board book are the
22 ones that are at the beginning of page 5, there's four
23 listed, but it's preservation of existing occupied
24 affordable housing units that are subject to existing
25 federal grant improvement, are those the ones?

1 MS. MORALES: Correct.

2 MS. BINGHAM ESCAREÑO: And in order for the
3 Board to even consider, does it have to meet the three?
4 The Board book says two of them, I think, are applicable
5 and one of them isn't, and then there's the question about
6 the funding.

7 MS. MORALES: Correct. The first one has to do
8 with essentially acquisition rehab it's preserving.
9 Gateway on Clarendon is proposed to be new construction,
10 so that one is not applicable. We're primarily looking at
11 the other two.

12 MS. BINGHAM ESCAREÑO: Okay. So the other two,
13 if it meets one of the two and then if we can get the
14 hurdle of the funding, then the Board would have
15 rationale, otherwise, the Board wouldn't have defensible
16 rationale.

17 MS. MORALES: That's correct.

18 MR. IRVINE: If I might clarify my
19 understanding.

20 MR. OXER: Tim.

21 MR. IRVINE: I think that there are really two
22 different aspects. One is whether you can provide
23 evidence that notwithstanding what's been disclosed and
24 found that, in fact, there is no longer a blight issue.
25 That is one possibility. If you don't get there, in other

1 words, there are still present undesirable
2 characteristics, the only way that you can waive the
3 requirements and still find the site eligible is under the
4 rationale under those three things.

5 DR. MUÑOZ: Can I ask a followup question to
6 the ED's point? How could we possibly get there, if I
7 understood you, Teresa, to say a timeline to address the
8 blight has not been established? So if we can't
9 definitively sort of ascertain when the blight will be
10 abated, then how do we consider these other criteria?

11 MR. IRVINE: I think you would have to find
12 that one or more of these criteria were present in such a
13 manner that it presented a compelling and overriding
14 reason to go forward notwithstanding.

15 MR. OXER: Teresa, the economic development, we
16 have a lot of apparently some information that there was
17 economic development that's planned and that is coming.
18 How much is there? Because as it turns out, we have to
19 evaluate applications for this and any other criteria or
20 any other item brought before us not on what's expected to
21 be. We turned down some folks last meeting on the fact
22 that they said their schools were going to be some of the
23 best in the state, and that's probably true, they likely
24 will be, but what are they now. So we look at things in
25 terms of the instance presented to us and that's what we

1 have to make our decision on. Fairly or unfairly, that's
2 what we have to do.

3 So in staff's mind what is the magnitude of the
4 economic development that has already occurred because
5 it's been the policy of this board for the last couple of
6 years that housing is there to support the demand for
7 housing that accrues when economic development has
8 occurred.

9 MS. MORALES: The one plan that would speak to
10 the economic investment would be the TODTIF annual report.

11 The TODTIF plan covers -- it's broken down into various
12 subdistricts and the subdistrict that would be most
13 applicable to this site is called the Lancaster Corridor
14 which is actually a little bit further south. Within the
15 Lancaster Corridor there is another boundary map that
16 references the 8th and Corinth Street station, and that is
17 within a half mile of this proposed site and most
18 applicable.

19 With respect to any investment that has
20 occurred within the 8th Street and Corinth Street station,
21 there has not been any commercial or retail economic
22 investment. There has been investment further south
23 within the Lancaster Corridor approximately four miles
24 south of other multifamily development, but staff does not
25 believe that that is a direct relationship with this

1 particular site.

2 MR. OXER: Any questions?

3 (No response.)

4 MR. OXER: All right. We'll have a motion to
5 consider.

6 MR. GANN: I'll move staff's recommendation.

7 MR. OXER: Motion by Mr. Gann to approve
8 staff's recommendation on item 3(b) which is to deny the
9 appeal. Is that correct?

10 MS. MORALES: Correct.

11 MR. CHISUM: Second.

12 MR. OXER: Second by Mr. Chisum.

13 It appears we've got some folks that want to
14 speak on this one. Claire. Good morning and welcome.

15 MR. PALMER: Thank you, Chairman Oxer and
16 members of the Board. First, Chairman Oxer, I have a
17 handout which we brought 150 copies for all of the people
18 who are at the meeting, and I would like, first, your
19 approval to present this to the Board since everyone else
20 has gotten it.

21 MR. OXER: How many pages is this?

22 MR. PALMER: It's fourteen but four of those
23 are actually just cover sheets, so there's ten pages. It
24 really is only going to be when I speak to you I'm going
25 to talk about the revitalization areas and this contains

1 maps that will make it easier for you to understand what
2 we're talking about, and that was the reason for the
3 clarification, the maps.

4 MR. OXER: I think we've got enough. Your
5 request is denied, and the chairman's position is there
6 are plenty of maps in here.

7 MR. PALMER: And I'm going to request that
8 Renee Hartley from Representative Eric Johnson's office be
9 allowed to speak first.

10 MR. OXER: You didn't know she was going to
11 throw you under the bus that quick.

12 (General laughter.)

13 MS. HARTLEY: No. Good morning, and thank you,
14 Chairman, for allowing me to speak today. I am chief of
15 staff for Representative Eric Johnson. He represents
16 House District 100 in which this development will lie.

17 I have actually two letters. I'm also here on
18 behalf of Dallas County Judge Clay Jenkins, and I'll be
19 reading a letter of support on his behalf as well, and I
20 believe the letter from Representative Johnson may already
21 be in the record.

22 "The Gable on Clarendon is an ambitious project
23 that will be the catalyst for neighborhood transition in
24 southern Dallas. The proponents are committed to
25 fostering community revitalization. Non-profit Family

1 Gateway serves thousands of homeless families throughout
2 Dallas every day, and Matthews Affordable Income
3 Development is an experienced LIHTC developer.

4 "The project is crucial to support Family
5 Gateway's goal to eradicate childhood homelessness.
6 Gateway on Clarendon not only offers affordable housing
7 but childcare, social services and direct access to bus
8 and light rail services. The investment complements
9 multiple City of Dallas action plans and initiatives to
10 alleviate physical and social blight, induce wealth
11 generation, and improve public safety. Dallas Mayor
12 Rawlings' Grow South initiative is but one example. My
13 understanding is that TDHCA staff received confirmation
14 from the City of Dallas as to the magnitude of the planned
15 investment.

16 "Gateway on Clarendon will be a tremendous
17 asset and catalyst for revitalization in a target
18 neighborhood, truly serving as a gateway. Gateway on
19 Clarendon is a transit-oriented development, only two DART
20 stops from downtown Dallas. This reduces housing and
21 transportation costs which directly increases disposable
22 family income and quality of life.

23 "I respectfully request your consideration and
24 approval to waive the neighborhood characteristics
25 requirement for this application.

1 "Sincerely, Eric Johnson, Texas House of
2 Representatives, District 100."

3 And this letter is from Dallas County Judge
4 Clay Jenkins, and it's dated June 14.

5 "I'm writing on behalf of Dallas County to
6 support the site eligibility waiver request for Gateway on
7 Clarendon, a 4 percent LIHTC with tax-exempt bond
8 application by Family Gateway and Matthews Affordable
9 Income Development.

10 "Gateway on Clarendon is proximal to the 8th
11 Street DART station, helping address poverty in Dallas
12 County by providing affordable housing and access to
13 transportation and nearby social services. This location
14 is well suited for a comprehensive approach to addressing
15 systemic poverty. The increased access to employment and
16 services will subsequently increase wages and local
17 productivity which will promote decreased crime in the
18 area.

19 "Dallas County would be well served in the
20 addition of the Gateway on Clarendon project, and I
21 respectfully request TDHCA waive its undesirable
22 neighborhood characteristics condition so the project can
23 proceed.

24 "Sincerely, Clay Jenkins, Dallas County Judge."

25 MR. OXER: Any questions?

1 (No response.)

2 MR. OXER: Okay. Thank you.

3 MS. HARTLEY: Thank you so much.

4 MR. OXER: Now, just as a matter of
5 housekeeping for today's meeting, everybody that speaks at
6 the podium remember to sign in, and those who wish to
7 speak on any particular item when it's called, the row of
8 chairs in the front here to our left will for those who
9 wish to speak, and we'll generally begin with the one
10 closest to the aisle and work to our left, your right.

11 MS. PACKARD: Good morning. I'm Cathy Packard,
12 executive director of Family Gateway and the partner in
13 this project with Matthews Southwest. We joined forces
14 with Matthews Southwest because we've seen the changes
15 that his projects have made in other parts of our city and
16 we are very excited about that opportunity to work with
17 Matthews Southwest.

18 Our goal is to end child homelessness in Dallas
19 and we are making great strides with that. We focus on
20 education to achieve that goal, education from five-week-
21 old babies up to grandparents who are in our care. You're
22 never too young or too old to be educated. Part of this
23 project is based in an educational daycare center that
24 will not only serve the residents of this facility but
25 will also be open to neighboring families. We are very

1 excited about that opportunity. We'll also have a
2 playground for children on the property and a busing
3 service or a van service that's going to be available for
4 our families to take them to good shopping areas on a
5 regular basis during the week.

6 So we are thrilled to be part of this project.

7 I know it will make a difference in South Dallas, and
8 appreciate your time.

9 MR. OXER: Thank you, Ms. Packard.

10 Any questions?

11 MR. IRVINE: May I ask one?

12 MR. OXER: Absolutely.

13 MR. IRVINE: You mentioned the importance of
14 education for children. What are the ratings of the
15 schools that would serve this development?

16 MS. PACKARD: The schools, they've got a new
17 school in the area and we're betting on DISD being a
18 quality -- continue to improve. There's a magnet school
19 in the neighborhood. That doesn't mean our children have
20 immediate access but it's there and it's in walking
21 distance.

22 MR. IRVINE: But you don't know the ratings for
23 the primary attendance zones for the schools?

24 MS. PACKARD: I don't know those ratings.

25 Sorry.

1 MR. OXER: Any other questions of Ms. Packard?

2 (No response.)

3 MR. OXER: Okay. Thank you.

4 MS. PACKARD: Thank you.

5 MR. OXER: All right. Sit still for just a
6 second. This is a housekeeping item, don't worry. We've
7 got an audio problem here. We need to work through this
8 right quick to make sure.

9 (Off the record at 9:26 a.m., and back on the
10 record at 9:28 a.m.)

11 MR. OXER: Good. Thanks, guys.

12 MR. GALBRAITH: Good morning, Mr. Chairman. My
13 name is Scott Galbraith. I'm vice president of Matthews
14 Affordable, and I've been coming here for four years, the
15 first time I'm ever going to speak is when you cut the
16 sound off.

17 (General laughter.)

18 MR. GALBRAITH: I'll be very brief. Matthews
19 Southwest is very committed to this project. We think we
20 develop very high quality projects and we've received
21 accolades on our most recent, The Belleview, which I think
22 you're all aware of.

23 I think one of the things we want to make real
24 clear is the proximity of this DART station. Certainly
25 staff's interpretation of access to economic development

1 opportunities, this DART station is just one stop further
2 along than The Belleview, and we already have a waiting
3 list at Belleview. We know that people are experiencing
4 the benefit of the revitalization efforts we've made in
5 The Cedars will be very close to it. This is a walkable
6 mixed use zone, it's been just recently approved by the
7 City of Dallas as of last week. The city certainly
8 expects this to be linked to both Lancaster Village area
9 as well as The Cedars, so I think the concern of housing
10 with accessibility towards services has been perhaps
11 overlooked by some of your staff evaluation.

12 I guess my key concern is that while I
13 appreciate staff's interpretation, certainly the City of
14 Dallas feels that we do comply with their initiatives, the
15 investment they're making, the continuing investment we
16 hope to make. With that, I just want to ask you to
17 reconsider your position and give us a chance to try and
18 prove ourselves again.

19 MR. OXER: Okay. Thanks, Scott.

20 Any other questions from the Board?

21 (No response.)

22 MR. OXER: Claire. Hold on, Claire.

23 Juan, did you have a question?

24 DR. MUÑOZ: I had a question for Teresa.

25 MR. OXER: It's all right, you'll get to play

1 too, Claire, don't worry.

2 DR. MUÑOZ: Teresa, in your summary you have a
3 passage about three paragraphs down on page 5: It's
4 evident that the city shares in the Department's
5 observations and concerns regarding the condition of the
6 neighborhood. You seem to imply that the city is
7 apprehensive or has some doubts as to the ability to
8 vitalize the area. Other than the absence of a concrete
9 timeline, is that all that you're using as evidence to
10 suggest this sort of temperament of the city?

11 MS. MORALES: That statement is mostly in
12 reference to the city shares in the Department's concerns
13 with respect to blight in the neighborhood, and their
14 desire to implement plans. So that statement, it's
15 obvious that through the City of Dallas implementing
16 various plans, such as the Grow South, The Bottom plan in
17 particular, that they have a desire to address the blight
18 and the condition of that neighborhood and a desire to
19 revitalize it. It's staff's position that an action plan
20 that has actually come to fruition that has actually done
21 something has not yet occurred.

22 DR. MUÑOZ: Okay.

23 MR. OXER: So what they're saying is there is
24 blight there and they have an idea.

25 MS. MORALES: Which they acknowledge. Staff

1 isn't saying that there is a lack of a plan, there are
2 plans, and we're not questioning the city's desire to
3 revitalize, it's just a timeline associated with that.

4 And if I may, with respect to Tim's comment
5 with the rating of the schools, there is a magnet school
6 in the area but it's not clear that the children of this
7 development would necessarily attend that magnet school.
8 The attendance zone, the elementary, middle and high
9 school, two of those schools, as determined by TEA, site
10 improvement is required.

11 DR. MUÑOZ: Two of the three?

12 MS. MORALES: Two of the three.

13 DR. MUÑOZ: Do you know if it's the high
14 school?

15 MS. MORALES: It's the high school.

16 MR. OXER: Claire, you had another comment.

17 MR. PALMER: Yes, sir. Claire Palmer,
18 representing the applicant.

19 I just have a couple of comments. One on the
20 timeline for redevelopment. The City of Dallas has
21 already agreed to put \$3 million into this project. I
22 think it shows a high level of commitment to this area.
23 It's been almost unheard of amount of support from the
24 City of Dallas, that we had to go through an extremely
25 rigorous NOFA process to receive. The city, at their last

1 council meeting, approved \$1.2 million for a single family
2 housing development directly adjacent to our site for
3 houses that will be sold to the general public at prices
4 ranging from \$180- to \$190,000. Again, I think that shows
5 an extreme commitment on the part of the City of Dallas to
6 revitalize this area.

7 When the staff drove -- I wish that we had been
8 able to drive the site with staff because I will agree
9 that if you drive just certain streets you're going to see
10 blight in that area. The city is buying those houses up
11 as fast as they possibly can. One of the things I brought
12 in my packet that I can't hand out is a map of all of the
13 houses that have already been bought, either by the city
14 or by local nonprofits, for rehabilitation which would
15 show an incredible effort on the part of both public and
16 private sectors to eliminate blight in this area. The
17 city is really committed to this.

18 The number one high school in the United States
19 is in this census tract. This housing will, in fact,
20 provide housing for those students who do qualify to
21 attend that school. The elementary school that is in the
22 particular -- that these kids go to scored a 71 in 2013.
23 That's not a bad score when 77 is high opportunity, it's
24 educational excellence. But better than that, the old
25 elementary school that serves this area is reopening as a

1 charter school and will be 100 percent available to the
2 students in this particular area.

3 The city -- one of the things that is part of
4 the rule this year is that we provide proof that local
5 officials are committed to this project. We have letters
6 from the chief of police, we have a letter from the mayor
7 of the City of Dallas, we have a letter from the interim
8 director of housing, we have commitments from the
9 representative, we have commitments from the commissioners
10 court. It's an unheard of amount of support, and letters
11 stating specifically that this area is within the
12 revitalization area. If you draw a circle map of one mile
13 around this project, every single one of the
14 revitalization plans hits into this project site. It
15 doesn't say that it has to be on top of the project site,
16 it says surrounding area, and every revitalization effort
17 that's going on in the South Dallas area is within a mile
18 of our site.

19 We believe that this site is truly being
20 revitalized and we believe we've provided a timeline that
21 shows that money is already going into the area, and we
22 request the waiver. Thank you.

23 MR. OXER: Thanks, Claire.

24 Any questions from the Board?

25 (No response.)

1 MR. OXER: Hold on, Claire. This is a 4
2 percent deal.

3 MR. PALMER: Yes, sir.

4 MR. OXER: So you're not under a shot clock on
5 any appropriation.

6 MR. PALMER: We are under a shot clock with the
7 City of Dallas because they have to allocate their HOME
8 money by July 31 or they will be subject to not receiving
9 the same amount of HOME funds as they received last year.
10 We've already drafted and finalized the HOME loan
11 agreement with the City of Dallas and are waiting to sign
12 it pending the outcome of this meeting.

13 MR. OXER: Essentially what we're saying is
14 there's blight there and they haven't done anything about
15 it but they're planning to spend money.

16 MR. PALMER: Honestly, they are doing something
17 about it. If you look at The Bottom plan which is the
18 part of the area that the staff was most concerned about,
19 you will find that the City of Dallas -- and we showed
20 his -- has bought up over 100 of those blighted homes and
21 continues to do so. The plan is to sell those off in
22 blocks of land for redevelopment. First they have to buy
23 them, it takes time to buy up, but the city is committed
24 to buying up all of the blighted houses and redeveloping
25 that area. That plan was adopted in February, they are

1 diligently working on it. You have to start somewhere.

2 MR. OXER: And for the record, we understand
3 that you have to start somewhere and what we think is you
4 start with local because we keep coming back to this thing
5 that the housing doesn't spur the development, it's the
6 economic development that spurs the need for the housing.

7 MR. PALMER: And I agree to some extent with
8 that, but if you go one transit stop up to The Cedars
9 neighborhood which is The Cedars transit stop, five years
10 ago that was one of the most blighted areas in the City of
11 Dallas. Matthews made a commitment to work with the city
12 to get that area turned around, they put in the Belleview
13 affordable housing. Now there is regular for profit
14 housing going into that area that makes the area
15 completely -- we would never be able to build another
16 affordable development there. It's one transit stop away.

17 They have waiting list for the Belleview of over 500
18 people right now. One transit stop down we're trying to
19 build this housing where we know there's going to be a
20 huge demand.

21 This is not being built -- this is being built
22 for workforce people who need to work in the City of
23 Dallas but don't necessarily have a car and they can walk
24 to the transit stop and be in downtown Dallas in five
25 minutes. It's an unbelievable site for anyone to live. I

1 would be living to live in that site if I qualified for
2 the income levels. This is a good site.

3 MR. OXER: Based on the pay scale for this
4 group, I probably do at this time.

5 MR. PALMER: Well, based on the pay scale for
6 the amount of time I've spent on this transaction, I
7 probably do too.

8 MR. OXER: You're way under minimum wage on
9 this one.

10 MR. PALMER: Thank you.

11 MR. OXER: Certainly.

12 Teresa. I continue to struggle with how to
13 support things that add to this but maintain the integrity
14 of our rule which we've bumped into this question before
15 in terms of what leads what here, and the economic
16 development tends to lead the housing.

17 And Claire, you may want to come up here and
18 stand at the podium also to be able to answer some other
19 questions that we have.

20 DR. MUÑOZ: I have a question.

21 MR. OXER: I think Dr. Muñoz has a question,
22 and Mr. Chisum will be next.

23 DR. MUÑOZ: Teresa, you know, one of these
24 provisions, improvement of housing opportunities, et
25 cetera, in their response they indicate that there's a

1 public housing development close but it would not serve
2 this project, Gateway at Clarendon, and in your writeup it
3 implies that it's just across the street. I mean, I grew
4 up next to public housing and people went across the
5 street to live. So is that your conclusion that people
6 from this side of the street would move across and that
7 there could be some migration? In other words, there is a
8 concentration of affordable housing?

9 MS. MORALES: The AMI levels served at the
10 public housing development that's across the street does
11 not coincide with the AMIs projected to serve at the
12 Gateway on Clarendon.

13 With regards to concentration of affordable
14 housing and that provision in the rule, there is a public
15 housing development immediately across the street and then
16 there's also a senior affordable complex that is just
17 further south of the site.

18 MR. OXER: Mr. Chisum.

19 MR. PALMER: But those are the only two --
20 there is only one other low income tax credit project
21 within probably five miles.

22 DR. MUÑOZ: But there are two within proximity
23 of this project.

24 MR. PALMER: No, sir.

25 DR. MUÑOZ: Well, you're saying no, sir, and

1 Teresa is going like this.

2 MS. MORALES: It's a public housing development
3 that's owned by the Dallas Housing Authority, it's not one
4 of TDHCA's funded properties. The senior development that
5 is just on the other side of this one is an affordable
6 property.

7 MR. OXER: Affordable but not funded by.

8 MS. MORALES: It is funded by TDHCA, yes.

9 MR. OXER: Okay.

10 MR. PALMER: It's senior housing.

11 MR. OXER: Tolbert.

12 MR. CHISUM: I'm somewhat familiar with this
13 area, but I'm going through the maps and whatever, and in
14 the information that was shared with us there is an
15 article here about strengthening and engaging
16 neighborhoods and it got a grade B with more neighborhood
17 organizations, a half million dollar grant from Wells
18 Fargo Foundation, and neighborhood plus briefed and
19 incorporated in the strategy, AmeriCorps VISTA members
20 have been assigned, the cultures are clean, had a grade of
21 B minus, demolished over 250 structures. I'm assuming
22 that's by the City of Dallas?

23 MR. PALMER: Yes, sir.

24 MR. CHISUM: Attracting City of Dallas owned
25 properties, new technology for Dallas Animal Shelter.

1 Could you give me some definition on this blight and the
2 250 structures? That appears to me to be the entire City
3 for Dallas, not this area. Is that correct?

4 MS. MORALES: I believe you're referring to the
5 Grow South initiative with those grades. The Grow South
6 initiative includes several different targeted areas, and
7 the one that I referenced in my initial presentation was
8 the North Oak Cliff area which would be specific to this
9 site, however, staff does not feel that it is within the
10 neighborhood of this site. So with respect to your
11 question and the number of homes and stuff, staff is
12 unable to determine exactly what part of the Grow South
13 initiative that is in particular to.

14 MR. CHISUM: Right. Well, she referenced 100.

15 MS. MORALES: With right in the neighborhood,
16 from staff visits that were performed, a lot of those
17 blighted homes are within a half a mile of this site in an
18 area that includes The Bottom plan. There's a lot of
19 older single family homes and a lot of the pictures that
20 are in your Board book are coming from that area as well
21 as a little bit further to the east.

22 And staff isn't disputing the fact that the
23 homes may very well have been acquired by the city. I
24 think that the issue is with respect to the timeline
25 associated with doing something with those homes. In

1 looking at Google Maps, if I take my little guy and drop
2 down, some of those pictures on Google Maps are from 2012-
3 2013. Driving around there in 2015, those homes are still
4 there and those homes are still boarded up.

5 As it relates to that, the rule specifically
6 says that mitigation of undesirable characteristics should
7 include timelines that evidence a reasonable expectation
8 that the issues being addressed will be resolved or at
9 least improved by the time the proposed development is
10 placed in service, and that's where staff is at an
11 impasse.

12 MR. OXER: So Claire, what's the timeline --
13 what's the construction line -- hold on a second.

14 Scott, what's your timeline on this? And I
15 will remind you and everybody else here when you come back
16 up to the mic you have to re-identify who you are.

17 MR. IRVINE: Before we launch into this, I
18 think it's very important that the written record
19 substantiate everything that's said, so just bear that in
20 mind.

21 MR. OXER: Right, and it will. I'm also
22 looking for some information here because we have to make
23 the determination based on the written record that we
24 have, on the facts that we have, and our purpose not in
25 interrogation but the questions that we ask is to clarify

1 those things that are in the record as opposed to adding
2 to the record. So on the timeline, how long does it take
3 to get one of these -- if somebody said go, how long does
4 it take before people start going in the front door?

5 MR. GALBRAITH: Scott Galbraith, Matthews
6 Affordable.

7 We would expect a probably 14-month
8 construction period, 14 to 16 months, so if we could
9 commence fall of this year, we'd be 2017 leasing, so I
10 would think that early 2017 we could expect to be leasing.

11 MR. OXER: All right. Any other questions?

12 (No response.)

13 MR. OXER: Claire, do you have a last comment?

14 MR. PALMER: I have one last comment on the
15 timeline issue. On June 26 we had a conference call with
16 Teresa and Jean Latsha, when she was still here, plus
17 Bernadette Mitchell with the City of Dallas, and Scott and
18 I. We discussed The Bottom plan and these timelines. I
19 don't have The Bottom plan with me, unfortunately,
20 although I have a map of the bought up houses, I don't
21 have the plan with me, and it's my understanding -- and I
22 just cannot recall right now, but it's my belief that The
23 Bottom plan actually does have a timeline on when each
24 phase of The Bottom plan is supposed to be implemented.

25 And the TODTIF plan also has a timeline, and I

1 did mark that and it's shown in your book of investment
2 annually into the 8th Street-Corinth Street station area.

3 So there is, in fact, timelines on development, and if
4 you look at the one for the TODTIF, it started in 2010 and
5 there's investment shown each year, and all of those
6 things have happened.

7 So I understand that staff has had a difficult
8 time determining timelines just based on the fact that
9 there's still some blighted houses, but honestly, it was
10 our belief that we provided actual information on the
11 timelines and until we saw that we weren't getting a
12 favorable review from staff, we believed we had provided
13 sufficient information to show that there is significant
14 revitalization.

15 MR. OXER: Were your timelines documented?

16 MR. PALMER: Yes, sir. They're in all the
17 materials you have.

18 MR. OXER: We're on the record that you said
19 yes. That's all.

20 Teresa.

21 MS. MORALES: The only thing that it would add
22 is in your Board book The Bottom plan is included, and on
23 page 366 it does include a timeline associated with The
24 Bottom plan and it includes five, ten and 15-year
25 outlooks. With respect to the five-year plan, it says

1 that the five-year scenario anticipates the rehabilitation
2 of existing single family homes along 8th Street and a
3 significant entry into the neighborhood. And then ten
4 years out it speaks to revitalizing the public housing
5 development across the street to include a mixed use
6 component. So again, with respect to a timeline,
7 according to The Bottom plan, the rehabilitation or
8 repurposing of the blighted single family homes isn't
9 anticipated until at least five years out which would be
10 beyond when this development would be placed in service.

11 MR. OXER: And while I'm confident that they
12 make their plan with every intention of carrying it out,
13 we still have to measure what's there now and what they've
14 done as opposed to what they plan to do.

15 MR. PALMER: Can I just add one more thing,
16 sir?

17 MR. OXER: Last comment, Claire.

18 MR. PALMER: Claire Palmer.

19 I just want to add that the TODTIF -- I mean,
20 it only says we have to provide one revitalization plan.
21 The TODTIF plan alone, standing by itself, shows
22 significant investment and a significant timeline
23 beginning in 2010 for this site. I really and truly
24 believe that we have -- this is a new rule, it's the first
25 year it's been in place -- I believe that we have met the

1 requirements of this rule. Thank you.

2 MR. OXER: Okay. Thanks for your comments.

3 Bill, do you have a comment?

4 MR. FISHER: Good morning, Board members. Bill
5 Fisher, Sonoma Housing, Dallas, Texas.

6 I've been asked to read this into the record
7 because it appeared before it could have gone in the Board
8 books. It's an editorial from the Dallas Morning News. I
9 know most of the Board members are not from our area.

10 "No means no when it comes to more subsidized
11 housing in South Dallas. Why City Hall thinks southern
12 Dallas needs another big multifamily subsidized housing
13 project is beyond me. It appears to be beyond the Supreme
14 Court as well.

15 "Last month's Supreme Court ruling on the
16 segregation promoting effects of overly concentrated
17 public housing in South Dallas should have been enough
18 warning for the City of Dallas that it must rethink its
19 plans for tax credit subsidized housing. Last month's
20 initial voicing of rejection by TDHCA of one such southern
21 Dallas project, Gateway at Clarendon, should have been yet
22 another warning sign, but City Hall presses forward, so
23 the TDHCA Board will consider again in Austin on Thursday.

24 Before it is a resolution from staffers stating, in the
25 strongest possible terms, don't approve this.

1 "The project is proposed for an area that is
2 definitely in need of an uplift but perhaps not another
3 multifamily complex destined to concentrate more people in
4 an already poor area with decaying houses and more than
5 its fair share of multifamily subsidized housing. Crime
6 is high. What other ingredients are necessary to fit the
7 profile of exactly the kind of project the Supreme Court
8 and TDHCA don't want to see again in minority dominated
9 parts of southern Dallas.

10 "The Supreme Court case was brought by
11 Inclusive Communities. Their VP wrote an article this
12 week in Viewpoints that was exceedingly blunt in
13 condemning this project. TDHCA's Multifamily Finance
14 Division also couldn't be more blunt in its recommendation
15 that the full Board of Directors deny this proposal at its
16 meeting on Thursday.

17 "Matthews Affordable Income Development, which
18 is making the proposal along with the city, sees this
19 project as a way to alleviate family homelessness. Don't
20 get me wrong, that's a very good thing. The added
21 population would help DISD reopen an elementary school
22 that was closed in the area for lack of students. The
23 project, two years in the planning, is very close to a
24 DART rail station. All good things.

25 "But it's also across the street from an

1 existing public housing project. Walking pretty much in
2 any direction the neighboring houses are crumbling and
3 barely habitable. Just a block northwest toward the
4 Trinity River flooding is a serious problem. Abandoned
5 houses are everywhere. Median family income is around
6 \$13,500 a year. The poverty rate is 58 percent.
7 Unemployment is 12 to 27 percent. Housing vacancies are
8 18 to 36 percent. TDHCA calls these ingredients
9 undesirable neighborhood characteristics. The heavy
10 concentration of them in this area makes the project
11 unworkable, regardless of the developer's good intentions.

12 "Obviously, when we take all these things
13 together, we have got a lot of concerns about this site,
14 so we did reach out to the applicant several times after
15 doing a lot of due diligence, the site visits, plus a lot
16 of demographic research, and asked the applicant basically
17 to paint a different picture for us, Jean Latsha, the head
18 of Multifamily Finance, told the TDHCA board last month.
19 We to date have not received enough information to
20 convince us at the staff level that there's enough of an
21 effort going on there to mitigate all of these negative
22 factors, she said.

23 "City Hall seems to be relying on the same
24 formula that's sitting decisions: staffers cannot find
25 suitable, that is cheap enough, land in North Dallas to

1 place a affordable housing multifamily housing project, so
2 reverts to the places where it's easiest to build in the
3 parts of southern Dallas where crime is high, bad housing,
4 low performing schools and high poverty concentration make
5 the land values cheap. The cheaper the land, the cheaper
6 the development cost. That's why 11 of 23 Low Income
7 Housing Tax Credit applications for TDHCA by Dallas
8 developers and the city are in southern Dallas.

9 "The state is deliberately cautious, not
10 anxious to find itself in court again and again on the
11 losing side if it appears this project is in direct
12 contradiction of the Supreme Court ruling. Why doesn't
13 City Hall learn from its mistakes instead of constantly
14 trying to repeat them on the vague hope that this time
15 this housing based neighborhood revitalization will work
16 out better. It won't. Five or six decades of testing
17 this failed formula prove that that is not the way to go."

18 Thank you.

19 MR. OXER: Any comments? What's the date on
20 that op ed? Is that an op ed?

21 MR. FISHER: It's an editorial. July 14 at
22 four o'clock, Todd Robertson, editorial writer for the
23 Dallas Morning News.

24 MR. OXER: Okay. Thanks, Bill.

25 Thirty seconds, Claire.

1 MR. PALMER: That editorial was in response to
2 an op ed that was written by an ICP staffer. I'm not sure
3 what Mr. Fisher has to do with either of those, but the op
4 ed piece that was written contained glaring errors. I had
5 originally decided I was going to talk about those but was
6 asked not to, we don't want to get into a fight. But I
7 will say that this project fits squarely within Justice
8 Kennedy's ruling and very succinct written comments on
9 page 19 of the Supreme Court decision talking about
10 factors that are important for revitalization of
11 neighborhoods. And I would point out that, once again,
12 this is the second transit stop from downtown. The first
13 transit stop has been developed by Matthews, it is a
14 fabulous growing, thriving area. I can guarantee you that
15 the same will be true at the second transit stop from
16 downtown.

17 MR. OXER: Great. Thanks for your comments.

18 Any other questions from the Board? Any other
19 comments by the Board?

20 (No response.)

21 MR. OXER: Okay. We are on item 3(b) which is
22 Gateway on Clarendon, application number 15602, for a 4
23 percent deal. Motion by Mr. Gann, second by Mr. Chisum,
24 if I recall correctly -- it was so long ago -- to approve
25 staff recommendation to deny the appeal. Is that correct?

1 To deny the appeal. Okay. Those in favor?

2 (A chorus of ayes.)

3 MR. OXER: And those opposed?

4 (No response.)

5 MR. OXER: There are none. It's unanimous.

6 The appeal is denied.

7 Tom, you're up. 3(c).

8 MR. GOURIS: Good morning. Tom Gouris, deputy
9 executive director.

10 Item 3(c) is a status update regarding
11 additional funding to the 2015 multifamily development
12 program NOFA. At the last meeting staff proposed to
13 increase the funding for this NOFA in order to make funds
14 available not only for the 9 percent tax credit
15 allocations but also for all other applications that has
16 submitted application and in anticipation of some
17 additional applications that were anticipated to be coming
18 to be added.

19 MR. OXER: Let me ask a quick question, Tom.
20 This is going to be a robust discussion here about this,
21 is it not?

22 MR. GOURIS: I'm not sure how robust it is.

23 MR. OXER: We're going to have some questions
24 for you. The only participation comments I figure three
25 minutes is robust.

1 MR. GOURIS: It's a discussion piece that we'll
2 act on next time. I would imagine there would be some
3 discussion. Yes.

4 MR. OXER: All right. It was a timing and
5 housekeeping item, but go ahead.

6 MR. GOURIS: Okay. So we have received comment
7 last time about the expansion of the NOFA, some concerns
8 were brought forward with regard to wanting to see funding
9 made more available broadly for supportive housing and
10 also to provide funding for bond transactions for 4
11 percent credits.

12 Staff has re-looked at the funding requests
13 that have been made so far and the amounts that were
14 available and in your package there's a chart that kind of
15 reflects how that funding was anticipated originally,
16 where the requests were made, and now where we stand with
17 what our thought process is with where the funding perhaps
18 should be.

19 What staff has kind of determined was that we'd
20 like to fund the CHDO transactions and probably need to
21 increase the amount of CHDO funding, that the general and
22 TCAP funding received a lot more in applications than
23 we're able to fund. A lot of those applications were for
24 property developments that are in the 9 percent realm that
25 aren't currently competitive and aren't likely to receive

1 a 9 percent award so we think that we can draw back to a
2 place where we're just increasing the CHDO funding and
3 we'll bring that back to you next time.

4 I can go into more detail. So there's two
5 pieces: there's bringing that back next time for this
6 funding and then saving the discussion for supportive
7 housing and the other funding choices for a new NOFA that
8 we would bring forward probably September-October, but
9 have that discussion today, continue that discussion next
10 time to see how we can make that effective.

11 MR. OXER: So what we're really looking to do
12 is see if we can make a policy amendment or change,
13 evolution perhaps is the right word, to look at ways to
14 support these nonprofit deals adding some TCAP money to
15 them.

16 MR. GOURIS: So we're actually taking from all
17 of our sources to make sure that the CHDO requests that
18 have been made -- which these CHDO requests are not for
19 supportive housing, they're for traditionally tax credit
20 transactions and 4 percent transactions -- to make those
21 viable, fundable because they're in the money for 9
22 percent or whatever other funding sources we have when we
23 move forward with those, but then to hold off on the
24 supportive housing requests and on any other bond
25 transactions to be able to have a more robust conversation

1 about that and put that into the next NOFA instead of
2 including it in this one.

3 MR. OXER: Not unlike turning our battleship
4 here, we don't want to get in a hurry to do that.

5 MR. IRVINE: I think that the way I look at it
6 is there are two parts to this. One is taking care of the
7 things that we really need to do promptly, and the other
8 is framing the thoughtful consideration of all of the
9 resources in a policy discussion that's to occur later.
10 The things that we really need to do right now to the
11 extent that deals are layered with 9 percent tax credits
12 and they meet our underwriting criteria, those are things
13 we need to take care of. To the extent that we have to
14 meet our CHDO set-aside with regard to our HOME funds --
15 the CHDO set-aside doesn't apply to TCAP -- we do need to
16 meet our CHDO set-aside and assure that that's continuing
17 along on a good, stable, robust basis. Those are the
18 things we really have to do right now.

19 So this is a report that says, all right, here
20 is this multi-part very complex funding world and the way
21 that it stacks up and compares against the original NOFA,
22 the requests that came in and what we might do going
23 forward with regard to adding funds into that NOFA.

24 Unfortunately, when you're going through any
25 tax credit round, one of the greatest pressures is on our

1 underwriters. You can only underwrite so many deals so
2 fast. I think as these deals continue to go through the
3 finality of underwriting, what is emerging is the picture
4 will get even more clear and we'll know which HOME deals
5 we'll need to be doing and which will fall out.

6 So I think, like I said, we're framing two
7 pieces. One is what do we do right now to take care of
8 the stuff that's got to be done and we will be bringing
9 that to you in two weeks as an action item. The other is
10 the larger policy discussion where I think we really need
11 to engage a whole lot of folks to decide what do we do
12 about things like putting aside funds to assist 4 percent
13 bond transactions, what do we do with regard to requests
14 for permanent supportive housing, what do we do on all
15 those issues.

16 And I think I might just add that on that first
17 piece and in order to fund for what we need to do
18 immediately, one of the elements in the NOFA that we
19 included for this round was a requirement that we would
20 underwrite the transactions with a 30-year amortization
21 and a 3 percent interest rate and try to see if we can
22 make a funding recommendation based on that structure in
23 order to make sure, one, that the deals were sound enough
24 and had some capacity down the road if something goes
25 awry, we have some flexibility to deal with situations

1 down the road.

2 And so we're in the process of still
3 underwriting that at that level and have found that a
4 number of transactions could actually work without our
5 funding at all or with a reduced amount of funding, but at
6 that 3 percent, 30-year rate. There are a couple of
7 transactions that we are still working with that appear to
8 require a lower rate or a zero percent interest rate or a
9 longer amortization, or both, and we're evaluating those
10 as well and will provide with recommendations from that
11 structuring perspective at the next meeting.

12 But all those things, as Tim said, are still
13 kind of in the underwriting evaluation and hopefully we'll
14 have a clearer picture of what funding levels we'll be at
15 at the next meeting, which will likely be at a reduced
16 level from what the picture is that I'm showing you today.

17 MR. OXER: So essentially what you're saying --
18 simple mind, let me get this right, get my picture
19 right -- add enough money to the NOFA to get done what we
20 need to do right now and anything that we would have tried
21 to do later on for this other stuff, put that out in
22 another NOFA later on once we've had a chance to study it
23 and see what makes sense.

24 MR. GOURIS: That's the long and the short of
25 it. Yes.

1 MR. OXER: Okay. On the CHDO side.

2 MR. GOURIS: No. For all of it. We will be
3 increasing the CHDO, or recommending an increase in the
4 CHDO because we had such a large amount of viable
5 transactions and we always want to try to take advantage
6 of CHDO deals because we have a mandate to fund a certain
7 number of CHDO transactions.

8 MR. OXER: We want to take advantage of the
9 opportunity to make sure that money goes out but we don't
10 want to just flash it around irresponsibly.

11 MR. GOURIS: Correct.

12 MR. IRVINE: The other piece I would inject is
13 that although there are blips, like the creation of an
14 income stream from TCAP repayments, the long term trend
15 lines, they may change but right now they're generally
16 trending downward.

17 MR. OXER: So if it can work at 3 percent, it
18 can probably work.

19 MR. GOURIS: Right.

20 MR. OXER: So we've asked Mr. Gann and Mr.
21 Chisum to take a look at this as a subcommittee,
22 essentially, to be comfortable on this and take a look on
23 behalf of the Board and come back. This is a discussion
24 item only, as I recall.

25 MR. GOURIS: Today it's a discussion item. The

1 first tranche will be an action item next time, the NOFA
2 will probably be sometime later and the next NOFA will be
3 sometime later.

4 MR. OXER: Any other questions from the Board?
5 (No response.)

6 MR. OXER: We have one item to speak on this --
7 you're not an item, you're a person.

8 MR. ALLGEIER: Yes. Thank you. I've never
9 been close enough to notice you have the PE on here. It's
10 nice to see.

11 MR. OXER: For the record, that does not stand
12 for public enemy.

13 MR. ALLGEIER: I've got one too and am
14 fingerprinted as a result.

15 I'm Dan Allgeier, representing today the Texas
16 Rural Rental Housing Association.

17 I'll be brief, particularly based on Tom's
18 comments, which is basically we've got a set of 24,000
19 units in rural Texas that's in dire straits of needing
20 rehab. We've got our own set-aside but it's going to take
21 30 years to fix this with the set-aside, so we want some
22 for the TCAP and HOME Funds.

23 I'm going to leave it at that because
24 apparently we're going to talk about this later, but I
25 will also say that please be sure that we get the

1 opportunity to be involved in that discussion because
2 we've got some good points.

3 MR. OXER: This is going to be something we'll
4 have an extended robust discussion on because -- keeping
5 with our Naval analogy -- we've got this battleship headed
6 in one direction and we're not going to change directions
7 real quick and there's going to be a reason that we change
8 directions.

9 (General talking and laughter.)

10 MR. OXER: Is there any other comment on this
11 item? Apparently not. It looks like it's a good time to
12 take a short break. We're going to take a quick break
13 here. It's nine minutes after 10:00. Let's be back in
14 our seats here at 10:30.

15 (Whereupon, at 10:09 a.m., a brief recess was
16 taken and the meeting reconvened at 10:30 a.m.)

17 MR. OXER: All right. Let's get back into gear
18 here on the action item list, item 4. Michael.

19 MR. DE YOUNG: Good morning, Mr. Chairman and
20 members of the Board.

21 Item 4 is requesting approval of the 2015
22 Emergency Solutions Grant Awards. The Department expects
23 to receive approximately \$8.9 million this year from HUD,
24 which represents a slight increase over last year. We're
25 currently waiting on the funding letter which delineates

1 the final funding amount, and then we'll recalculate the
2 actual awards. As soon as we receive that letter, it
3 starts the time clock on a 60-day obligation period, so we
4 have to move quickly. The awards that are being presented
5 today are condition on the receipt of that letter, so this
6 will allow staff to move forward quickly and implement the
7 grants.

8 We published the NOFA in early February
9 requesting applications for the funding. Applications
10 were due to the Department in late March and we received
11 38 applications. Two continuum of care, Wichita Falls and
12 Bryan-College Station area, did not submit an application;
13 consequently, their funds were apportioned out to the
14 other CoCs by formula.

15 Two other continuum of care applied for a pilot
16 model which granted the ability to run their own
17 competition so that we don't actually score those
18 applications, so they set their own competition based on
19 local needs, priorities and capacities, and those are the
20 Fort Worth area, Tarrant County, Arlington and then the
21 City of Houston and Harris County. Those CoCs name a lead
22 agency to coordinate their activity and we give them an
23 additional allocation of administrative funds to take on a
24 more enhanced role in the ESG process.

25 MR. OXER: So essentially, we're outsourcing to

1 them what we would be having to do otherwise.

2 MR. DE YOUNG: The design of ESG in the last
3 few years has evolved to more of a local need, local
4 control process, and we've over the years gradually moved
5 that way, we'll try and move more of the CoCs that way as
6 time moves on. These two are a little bit more
7 sophisticated in their processes and have a pretty good
8 system going so that we can work with them and test out
9 some pilots on them.

10 So item 4 requests your approval for
11 conditional awards on ESG funds.

12 MR. OXER: Any questions from the Board?

13 MS. BINGHAM ESCAREÑO: Move to approve staff's
14 recommendation.

15 MR. OXER: Motion by Ms. Bingham to approve
16 staff recommendation. Do I hear a second?

17 DR. MUÑOZ: Second.

18 MR. OXER: Second by Dr. Muñoz.

19 Any public comment? There appears to be none.

20 With respect to item 4, those in favor?

21 (A chorus of ayes.)

22 MR. OXER: And opposed?

23 (No response.)

24 MR. OXER: There are none. It's unanimous.

25 MR. DE YOUNG: Thank you.

1 MR. OXER: Good morning, Kathryn.

2 MS. SAAR: Kathryn Saar, 9 Percent Tax Credits.

3 There are four appeals on your agenda, only one
4 of them will be heard today. It's Robison Terrace, 15299.

5 MR. OXER: This is an administrative question.
6 What were the other three?

7 MS. SAAR: The applicant in Flora Lofts decided
8 not to appeal. Selinsky Street is being reviewed by
9 staff. There was an error identified that we agreed with
10 the applicant on and we're reviewing that application.

11 MR. OXER: So we'll hear that one next time?

12 MS. SAAR: If there's a need for an appeal, we
13 could hear this at a later date.

14 And then Zion Bayou was withdrawn.

15 MR. OXER: Okay. Later date is getting back to
16 the last meeting. Right?

17 MS. SAAR: I know.

18 MR. OXER: So just checking.

19 MS. SAAR: Correct.

20 So for 15299, Robison Terrace, this is the
21 appeal of the scoring notice related to a community
22 revitalization plan. We discussed this particular scoring
23 item at length at the last meeting, and at that meeting I
24 walked you through the process by which staff reviews
25 community revitalization plans for scoring purposes.

1 In this case the plan in question was adopted
2 in, I believe, 2008 and staff has no question that five of
3 the required eight factors were identified and addressed
4 sufficiently in the plan. The points in this case were
5 denied for two specific reasons. First, the rule requires
6 that a letter is submitted from the municipality which
7 states -- there's three parts, and I'm going to read
8 them -- that the municipality duly adopted with the
9 required public input process followed, that funding and
10 activity under the plan has already commenced, and three,
11 that the municipality has no reason to believe that the
12 overall funding for the full and timely implementation of
13 the plan will be unavailable.

14 The second reason staff questioned this plan
15 was related to the budget. So in the plan itself there
16 was a chart that showed some kind of big funding pots that
17 they were planning to use, and one of them was a city
18 funding which showed an amount of \$10- to \$15 million.
19 Because there wasn't any specific information with regards
20 to how that money was spent or how it was being
21 programmed, staff issued an administrative deficiency
22 requesting more specifics on that budget, and also
23 requesting the required letter making those three
24 statements that I read a moment ago. The letter that we
25 received back did not make those statements that are

1 required and so that piece of the deficiency was not
2 cleared.

3 To address the budget, the letter from the city
4 outlines a number of expenditures that have occurred and
5 they sum those to equal more than \$6 million, but when you
6 actually add up the amounts that are listed, I believe it
7 only came up to about \$5.2 million which is less than the
8 amount required to receive the points that had been
9 requested.

10 With that, the rule only allows staff to go
11 back and look at expenditures that have happened within
12 the last four years, and without specific information in
13 the letter as to when those expenditures occurred, staff
14 can't determine whether or not those expenditures would
15 even be eligible under the plan to count towards points.
16 So because a deficiency was issued and the response
17 received did not satisfy the information staff was
18 seeking, we were unable to award the points.

19 There was an appeal filed and the executive
20 director denied that appeal. There was some information
21 in the appeal that said that a lot of those statements
22 that were not stated in the letter were implied based on
23 information in the application, and I believe that to be
24 true, but the rule specifically requires those statements.

25 MR. OXER: We've had problems with specific

1 language and wording in city authorizations and letters
2 and all that kind of stuff, so it was very clear that you
3 told them that this required that language.

4 MS. SAAR: Yes.

5 MR. OXER: Or the rule was very clear that this
6 required that language.

7 MS. SAAR: Correct. And we also asked in a
8 deficiency for a letter that made those statements, so
9 they submitted the initial application and then got a
10 second chance to correct it, and then were unable to do
11 so.

12 MR. OXER: And the request for the
13 administrative deficiency asked them to put that language
14 in their letter.

15 MS. SAAR: Correct.

16 MR. OXER: Okay.

17 MS. SAAR: So without those two issues being
18 resolved, again staff was unable to award the points, and
19 in looking at the plan that was submitted with the
20 application, it appears in the resolution that adopted the
21 plan that funding was only contemplated until 2013, and we
22 did not receive any information, either through the
23 appeals process or with the initial application, that
24 suggested that that funding had been extended to the
25 current year or future years. So with that, staff

1 recommends denial.

2 MR. OXER: Any questions from the Board?

3 (No response.)

4 MR. OXER: Motion to consider?

5 MR. CHISUM: So moved.

6 MR. OXER: Motion by Mr. Chisum to approve
7 staff recommendation to deny the appeal.

8 DR. MUÑOZ: Second.

9 MR. OXER: Second by Dr. Muñoz.

10 All right. We have public comment. Hi, Toni.

11 MS. WALKER: Good afternoon, Mr. Oxer and other
12 Board members. My name is Toni Jackson from Jones Walker.
13 And I'm trying to simultaneously sign in so I don't
14 forget, which I usually do.

15 MR. OXER: We won't let you do that, you know
16 that.

17 MS. JACKSON: As Kathryn said, I'm here for the
18 Robison Terrace application, and the community
19 revitalization plan letter that was submitted to the staff
20 for review.

21 This was a plan that was prepared and adopted
22 some years ago back in 2006-07 in conjunction with
23 community revitalization that was taking place for
24 Texarkana, along with their efforts with the housing
25 authority to seek a HOPE VI grant. This HOPE VI grant was

1 eventually awarded and all of the revitalization that has
2 taken place has been as a part of the HOPE VI
3 implementation which has been a number of developments
4 that has come under the \$21 million of the HOPE VI.

5 As indicated in the plan, the language in the
6 plan very specifically said that in 2006 the housing
7 authority and the city began holding public vision
8 meetings with residents of Rosehill to gather input for
9 the development of a HOPE VI application. It also
10 indicated in the resolution that was submitted and a part
11 of the plan that those public meetings had taken place.
12 So it is our belief that the language in the plan was
13 already explicitly stated that the public meetings had
14 been held and when those public meetings had taken place.

15 Again, this was part of an implementation for a
16 HOPE VI, and unfortunately, the city has since that time
17 had a big turnover with a number of employees who were not
18 as familiar with the plan and with the development that
19 has taken place. However, they pulled the documents that
20 we asked for and we did give them the language that was
21 required for the plan, however, as indicated by Kathryn,
22 they did imply some misstatements and we do recognize
23 that. However, we asked the staff could we clarify or
24 provide any additional information in the event that that
25 letter was not sufficient, and there was not a response to

1 that request from the developer when that was given.

2 We did provide the information about the HOPE
3 VI money that went into the deal and indicated that that
4 money, in addition to the city monies and the HOPE VI
5 monies and the monies that the city was actually putting
6 in to match the HOPE VI monies did, in fact, exceed the \$6
7 million that we were required to get for this development.

8 There was a target of over \$6 million that the city had
9 set forth. That money was utilized for infrastructure and
10 other things that were surrounding the neighborhood, as
11 well as the demolition of certain blight and the continued
12 investment of single family homes that is a part of that
13 revitalization and was also set out in that plan.

14 So again, it was our belief that we had fully
15 complied with the requirements of the plan and the city
16 did, in fact, indicate through that single family
17 information and the HOPE VI information that we had
18 satisfied those requirements. Thank you.

19 MR. OXER: Any questions for Toni? So your
20 claim is that when they sent you the administrative
21 deficiency that the information they were looking for was
22 already in the plan?

23 MS. JACKSON: Yes, sir, that is correct.

24 MR. OXER: Okay. Kathryn.

25 MS. SAAR: Kathryn Saar, 9 Percent Tax Credits.

1 I do agree with Toni that there is sufficient
2 evidence in the plan to indicate that the public input
3 process was followed, and that I think the major issue is
4 the third point of the letter which states -- and I'm
5 reading this from the QAP -- it says "must be evidenced by
6 a letter from the appropriate local officials stating,"
7 and the third bullet point is: "the adopting municipality
8 or county has no reason to believe that the overall
9 funding for the full and timely implementation of the plan
10 will be unavailable." And without that statement, the
11 letter from the city simply didn't satisfy the deficiency
12 that was issued.

13 MR. OXER: So that's the hangup, that's the
14 hanging point on this.

15 MS. SAAR: For that issue, because remember, we
16 also issued a deficiency related to the budget, and the
17 budget, again, it has to be \$6 million to meet the point
18 request that they put in their application. The letter
19 that they outlined only came up to about \$5.2 million, and
20 we needed \$6-, and also there's the four-year look back
21 issue with respect to when those funds were actually
22 expended.

23 MR. OXER: Okay. Dr. Muñoz.

24 DR. MUÑOZ: When we asked for this specific
25 letter from the local official, this stipulation appears

1 in all of these letters that we have no reason to believe
2 that the funds will be unavailable?

3 MS. SAAR: Yes. It's actually a requirement of
4 the rule and other CRPs, some people submit that letter
5 with the application, and if it's not present, we ask for
6 it through an administrative deficiency.

7 DR. MUÑOZ: In every instance.

8 MS. SAAR: Yes.

9 MR. OXER: You have a comment, Toni?

10 MS. JACKSON: Yes, sir. And my response to
11 that is that the letter did not have that information
12 because the funds had already been spent in completion,
13 and so therefore, there was no point -- they didn't have
14 to say that the funds won't be available because all the
15 funds had been available and expended.

16 DR. MUÑOZ: Could they have said something like
17 there's no reason to specifically respond to the issue of
18 unavailability given that the funds have been already
19 committed? I mean, just some way to kind of address the
20 question.

21 MS. JACKSON: I'm actually trying to find the
22 letter.

23 DR. MUÑOZ: The thing is we have these rules
24 and expectations, and on the one hand we'll have people
25 come up and state about how we have to completely adhere

1 to every stipulation, every reverberation, every nuance of
2 the rule, and then there are instances like this saying,
3 well, actually we may not have to because we've already
4 done it or spent it or encumbered it or allocated it or
5 promised it or imagined it. I mean, once we begin to
6 consider waiving these expectations, it's hard to put your
7 finger in the hole on that one.

8 MS. JACKSON: I'm trying to pull the letter up
9 so I can tell you the language that they used.

10 DR. MUÑOZ: But that was my only question.

11 MR. OXER: And you're looking for the letter,
12 Toni, that's the letter from Kathryn to you?

13 MS. JACKSON: The letter from the city.

14 MR. OXER: The letter from the city. Okay.
15 Why don't you see if you can find that.

16 Kathryn.

17 MS. SAAR: If I can make one more point. With
18 respect to the fact that the funds had already been
19 expended, I think that speaks to the issue of the initial
20 funding was only contemplated until 2013. So the point of
21 the community revitalization plan is that there are
22 ongoing efforts to improve a particular area, and I'm not
23 sure that the rule can be read to say we've already done
24 that in the past and the efforts are complete.

25 MR. OXER: It's revitalization. If it was

1 complete, it wouldn't require housing for revitalization.

2 MS. SAAR: Yes.

3 MR. OXER: Simple mind.

4 You had a comment, Mr. ED?

5 Did you find your letter, Toni?

6 MS. JACKSON: Well, I was actually going to
7 respond to that piece, and I'm still trying to look for
8 the letter, look for the language in the letter. But the
9 language in the QAP indicates that the monies for that
10 revitalization can be expended within the last four years,
11 and so the plan for the HOPE VI contemplated being
12 completed in 2013. We did not get the last piece of the
13 HOPE VI and this is the last piece of it, however, the
14 funds -- we did not close out the HOPE VI, at least the
15 fourth piece of it, until 2013 and the monies for the
16 single family is still being expended, as well as the
17 piece that will be leveraged for this. So it is our
18 position that the 2013 closeout is still within the four
19 years, as required for the plan.

20 MR. OXER: Do you have a comment on that,
21 Kathryn?

22 MS. SAAR: Sure. So as Toni said, under the
23 rules we're allowed to look back four years to capture
24 expenses that have already occurred, but I don't think
25 that you can read into the rule that if you expended

1 within the last four years funds --

2 MR. OXER: It's not necessarily a part of an
3 ongoing revitalization plan.

4 MS. SAAR: Correct. And then there's still the
5 issue of the letter from the City of Texarkana didn't give
6 specific dates as to when those funds that they were
7 outlining were expended, and since this is 2015, we can
8 only go back to 2011.

9 MR. OXER: You can do math on your feet.

10 (General laughter.)

11 MS. SAAR: I can do math on my feet.

12 So I don't know when the amounts that are
13 listed in that letter were expended. If they were
14 expended in 2010, they wouldn't count towards the \$6
15 million. And without that information, I'm unable to make
16 a determination as to whether that \$6 million threshold
17 had been reached.

18 DR. MUÑOZ: That was my next question.

19 MR. OXER: Mr. ED.

20 MR. IRVINE: I think that it's also important
21 to understand in the policy context the whole concept of
22 the community revitalization plan really has its genesis
23 in Section 42(m) of the Internal Revenue Code, and it
24 talks about preferences for certain developments that
25 contribute to a community revitalization plan. So I think

1 that it's clear that at least in the context of Section 42
2 they need to be in sync and occurring pretty much in
3 tandem and simultaneously.

4 MR. OXER: Any other questions from the Board?

5 (No response.)

6 MR. OXER: We have one more comment here.

7 Would you like to speak?

8 MR. HENDERSON: If I may speak.

9 MR. OXER: Certainly.

10 MR. HENDERSON: My name is Will Henderson. I'm
11 the director of affordable housing for Carlton
12 Developments. We're the co-developer for Robison Terrace.

13 I think a lot of good discussion has gone on
14 here and I don't know the ins and outs of necessarily the
15 QAP and the finer points, I just want to point out that
16 this property, this project is the final phase of
17 revitalization that's gone on in this neighborhood. With
18 all the headlines today about the areas that are ripe for
19 low income housing help, this is an exact example of an
20 area that ten years ago you'd be afraid to drive through
21 there and people were leaving, and today so many people
22 that have moved into our other developments we've done
23 say: You know, I used to live here until it got so bad I
24 had to leave. Now folks are coming back.

25 As Toni mentioned, the city was a great part of

1 that, of helping us do that. They've had turnover there
2 so the folks there are very inexperienced, so even when we
3 hand them a letter and say you've got to use this exact
4 language, they write the letter and say, oh, this has the
5 intent, it may not have quite the exact language but it
6 will get you what you need. I have no doubt that had we
7 been able to follow up with them again and we said, hey,
8 you've got to use the exact language, they would have no
9 problems putting those exact words in there. I feel like
10 they did all those things, they performed all the actions,
11 they just didn't write it down exactly the way maybe they
12 should have.

13 And I know to your point, once you start making
14 exceptions it's a slippery slope, but I think this is a
15 worthy project, it's an area that's proven time and again
16 that they are committed to this revitalization. And as
17 was talked about Clarendon earlier, if you drive the site,
18 if you go out there today, you would be amazed at the
19 transformation of what's going on there. And there's a
20 lot of worthy projects. This one is an example of what
21 community revitalization is all about and it is a success
22 story that can be held up, and this last development is
23 the final phase, so I would hate to see us drop the ball
24 now, I would like to keep it going.

25 If I could just make one more point on the

1 budget for the revitalization plan. The city funds
2 weren't the only funds in the budget, there was HOPE VI
3 funds and other sources that the deficiency did not ask us
4 to prove up, so in our minds those funds were counting, so
5 even if the city funds don't count, there are other
6 sources in that plan that add up to well over the \$6
7 million.

8 MR. OXER: Were those funds listed so staff
9 could evaluate those and count those?

10 MR. HENDERSON: Yes, sir. They were in the
11 overall budget listed in the plan.

12 MR. OXER: Okay. I think you'll find we're
13 back to the issue, we're not looking for projects to give
14 money to, we have plenty of projects, we just don't have
15 enough money, and the ones that aren't worthy -- they tend
16 to all be worthy because the ones that aren't worthy tend
17 to self-select, keep themselves outside, so everybody that
18 shows up here we feel like has a worthy project. And then
19 the question becomes: Does it meet the rule that we have
20 to play by?

21 Because when it comes to revitalization and
22 locations to do those, we are just recently trying to heal
23 up a wound about revitalization. I want to get that
24 clear, make sure we're clear, make sure the whole
25 community is clear about what we're trying to do, because

1 that's one of those things that has been a trip wire for
2 us that we have to make a meticulous effort to see to it
3 that it meets the exact wording of our rule.

4 And with respect to the turnover in the staff
5 at the city offices, while we understand that, I suspect
6 that if there are enough of them that are told that this
7 specific wording has to be in this letter and that don't
8 it and they get turned down, then the rest of them will
9 start putting that specific wording in their letter. I
10 understand your point, but I hope they recognize that
11 there's a message we need to get through to those who have
12 to write those letters because we have to make a decision
13 that puts us in a fiduciary hot seat and we don't want
14 anybody weasel-wording to get themselves out of theirs
15 either.

16 Any questions from the Board?

17 (No response.)

18 MR. HENDERSON: Thank you.

19 MR. OXER: Thanks, Will.

20 Last comment. Kathryn, anything to add?

21 MS. SAAR: Only if you have questions.

22 MR. OXER: Any questions?

23 (No response.)

24 MR. OXER: Okay. Regarding item 5, appeal
25 number 15299, Robison Terrace, motion by Mr. Chisum,

1 second by Dr. Muñoz to approve staff recommendation to
2 deny the appeal. Is that correctly stated, Kathryn?

3 MS. SAAR: Correct.

4 MR. OXER: Okay. We have public comment.
5 Those in favor?

6 (A chorus of ayes.)

7 MR. OXER: And opposed?

8 (No response.)

9 MR. OXER: There are none. It's unanimous.
10 The appeal is denied.

11 We've complete the formal portion of our -- not
12 that this is an informal portion coming -- we've completed
13 the action item list for our agenda. We have no exec
14 session today. We'll actually now take public comment for
15 matters other than which we had posted items, and this is
16 for the effort to build our future agendas, particularly
17 the one coming up two weeks from today, as I recall, which
18 will be the meeting where we announce the winners list on
19 the Tax Credit program.

20 Would anybody care to speak?

21 (No response.)

22 MR. OXER: It appears there are none.

23 Would any of the staff care to speak, say
24 anything?

25 (No response.)

1 MR. OXER: I think it's fair to say that
2 everybody on the Board appreciates the effort that goes
3 into this and the hard work that's done to prepare the
4 staff, and while I get to do a lot of the talking up here,
5 it's apparent from the comments made to me by the rest of
6 the Board that they appreciate that the staff does what
7 it's told which is to arm us with as much information as
8 possible. Is there any other comment from the staff?

9 Any comments from the Board, from Mr. ED?

10 (No response.)

11 MR. OXER: I'm the chairman and I've got the
12 hammer up here, I get the last word. It's a good thing
13 that we do, it's hard decisions that we make. We
14 appreciate the effort by everybody in here. We'll take
15 delicate steps to make this work for a policy board to try
16 and produce guidance for developing this sector in the
17 State of Texas.

18 With that comment, I'll entertain a motion to
19 adjourn.

20 MS. BINGHAM ESCAREÑO: So moved.

21 MR. OXER: Motion by Ms. Bingham to adjourn.

22 MR. CHISUM: Second.

23 MR. OXER: Second by Mr. Chisum. Those in
24 favor?

25 (A chorus of ayes.)

1 MR. OXER: And opposed?

2 (No response.)

3 MR. OXER: There are none. See you in two
4 weeks.

5 (Whereupon, at 10:56 a.m., the meeting was
6 adjourned.)

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C E R T I F I C A T E

MEETING OF: TDHCA Board
LOCATION: Austin, Texas
DATE: July 16, 2015

I do hereby certify that the foregoing pages, numbers 1 through 73, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Housing and Community Affairs.

(Transcriber) 07/22/2015
(Date)

On the Record Reporting
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