

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD
QUALIFIED ALLOCATION PLAN AND MULTIFAMILY RULES COMMITTEE
MEETING

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

Wednesday,
September 6, 2017
2:00 p.m.

MEMBERS:

LEO VASQUEZ, Chairman
LESLIE BINGHAM ESCAREÑO
PAUL A. BRADEN

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P R O C E E D I N G S

1
2 MR. VASQUEZ: I would like to call to order the
3 meeting of the Texas Department of Housing and Community
4 Affairs Qualified Allocation Plan and Multifamily Rules
5 Committee meeting.

6 It is 2:05. And we will have a roll call
7 first. Member Braden?

8 MR. BRADEN: Here.

9 MR. VASQUEZ: Member Bingham Escareño?

10 MS. BINGHAM ESCAREÑO: Here.

11 MR. VASQUEZ: And myself, Leo Vasquez. All
12 present. We have a quorum. And we are going to take
13 everything a little bit out of order today.

14 Actually, even before I start, I just want to
15 make a comment as Chairman, that as being the Board member
16 from the Houston region, I have to just make a statement
17 about, if there is any emphasis on any other way to
18 highlight the importance of housing in the communities,
19 there is no better picture than what is going on right now
20 from Corpus Christi to Beaumont. And again, especially in
21 my home town.

22 So everything that the Department does, and you
23 the development community does, it is just doubly
24 important for these next few years. So I appreciate
25 everything that you all are doing.

1 With that said, we are going to take things a
2 little bit out of order, and take Item 2 on the agenda
3 first, because we have a special guest, Representative
4 Collier here, who wants to speak on the second item. So I
5 guess I will call Marni Holloway up to get us started.

6 MS. HOLLOWAY: Chairman Vasquez, members of the
7 Committee, I am Marni Holloway. I am the Director of the
8 Multifamily Finance Division.

9 Item 2 is discussion of education as a
10 threshold item, resulting from recently enacted
11 legislation. House Bill 3574 amended language in our
12 Code, and now says, educational quality may be considered
13 by the Department as part of the special criteria, but
14 shall not be considered by the Department as a scoring
15 factor.

16 Other new language requires that not later than
17 September 1, the Department shall report the outcome of
18 considering -- or September 1, 2019, the Department shall
19 report the outcome of considering educational quality in
20 threshold, and not as a scoring factor in an application.

21 In response to this legislation, staff has
22 removed educational quality from the QAP, and from the
23 tiebreakers. And in order to comply with Section 3 of the
24 bill, applicants will continue to be required to supply
25 information regarding school scoring in their applications

1 so that data will be available to compile the required
2 report.

3 MR. VASQUEZ: Okay. Great. Representative
4 Collier, could you share a few thoughts with us?

5 MS. COLLIER: Oh, yes. Thank you, Mr.
6 Chairman. My name is Nicole Collier. I am here to speak
7 on the bill, about some of the possible recommendations
8 that we saw.

9 I want to thank you so much for all your hard
10 work and dedication to this program, and to affordable
11 housing in general. I am confident that your passionate
12 efforts will lead to more affordable homes for Texans
13 across the state.

14 So I have a few prepared words to talk about,
15 you know, why I brought this bill to you, and why I feel
16 like it is going to be important going forward. Access to
17 affordable housing is important to my district, House
18 District 95, as I know it is for many others.

19 I first started working on the QAP regulations
20 two sessions ago with House Bill 3535. And the location
21 of affordable housing developments seemed to be moving out
22 of the urban core. That is what I have been seeing.

23 And the pendulum had swung, as a result of the
24 Inclusive Communities case, which ruled that too many
25 awards were going to areas with significant -- that too

1 many awards were going to areas with significant blight.
2 Now, I understand the need to place projects in more
3 suburban areas, and suburban neighborhoods. But the
4 unintended consequence was that there was no, absolutely
5 no revitalization projects occurring in the areas that
6 sorely needed it.

7 So we passed House Bill 3535, which required
8 that the first project from several regions went to the
9 areas of blight, while still leaving many awards in the
10 suburban areas. But what we found over the biennium is
11 that it became clear that there were similar challenges
12 with regard to areas, with areas with underperforming
13 schools.

14 I believe that affordable housing residents
15 should have access to great schools. And they are
16 addressing that with the A through F accountability
17 rating. But we still need to address that with our
18 educational funding efforts.

19 So we need to ensure -- we want to ensure that
20 low performing schools have a new infusion of development
21 so that the tax base and growth will help support that
22 school and the district, addressing what we have coined
23 the triple dip, if the educational quality triple dip was
24 achieved in passing House Bill 3574 of this session.

25 Prior to this legislation, educational quality

1 was considered not only in the threshold criteria but also
2 in scoring and the tiebreaker. As with many complex
3 issues, there is still work that can be done to ensure
4 that equity in reinvestment in our urban core occurs.

5 Another area, I and Chairman Garnet Coleman
6 would like to address within educational quality as a
7 threshold criteria is allowing the school to showcase
8 plans and improvements in school performance over the
9 years, to keep from disqualifying developments in that
10 area. Specifically, we believe that educational quality
11 as a threshold criteria should be made more flexible, so
12 that areas of the state which have improving educational
13 opportunities will not be denied a fair shot at qualifying
14 for a competitive 9 percent credit.

15 With the help of the TDHCA, and Chairman
16 Coleman's office, we were able to identify specific ways a
17 school would not be deemed ineligible for developments in
18 House Bill 3570. Therefore, we recommend that the 2018
19 QAP Rules allow for applications not to be denied
20 eligibility if the school district certifies that the
21 school will have a net standard or better rating within
22 three years of the date of application.

23 Or, the overall academic environment for the
24 school is to be enhanced by a turnaround plan, pursuant to
25 Section 39.107 of the Texas Education Code. Or, the

1 district will institute a shift to a K through 8 structure
2 to serve that same attendance zone within three years of
3 the date of application.

4 Or the district will implement extended day
5 pre-K to serve that same attendance zone, within three
6 years of the date of the application. Or the residents
7 have the option of attending an elementary, middle or high
8 school of their choice within the same district that has
9 met standards.

10 So as you can see, I have given you plenty of
11 options to consider. And I would like for you to consider
12 some of these when you are thinking about educational
13 quality in the threshold.

14 Schools with limited means can make significant
15 improvements and meet the needs of the community by
16 instituting programs like extended day pre-K, and moving
17 to a K through 8 structure for their students. Both of
18 these efforts have been shown to improve the learning
19 environment and overall educational quality of schools.

20 And finally, like you just said, Chairman
21 Vasquez, I want to acknowledge some of the great work that
22 the TDHCA has done for the individuals displaced by
23 Hurricane Harvey, and the work you will do. I have
24 pointed people to your programs for short and long term
25 help.

1 I think the HOME disaster relief program needs
2 to be greatly expanded, as well as the tenant-based rental
3 assistance program, and the HOME program. As you know,
4 these are efforts that are already in place, and are doing
5 great work through Hurricane Harvey.

6 And I will work with my fellow legislators to
7 ensure that the funding is there in the coming months and
8 years to continue these programs, and meet the needs of
9 these Texans. I look forward to working with you, and on
10 the rules.

11 And thank you again for your work, and for
12 allowing me to be here today. Does anyone have any
13 questions?

14 (No response.)

15 MS. COLLIER: No. All right. Thank you.

16 MR. VASQUEZ: Thank you, Representative Collier
17 for the efforts you are doing. And I believe that the new
18 rules and such are reflective of your House Bill 3574.

19 MS. COLLIER: I appreciate that. Thank you.

20 MR. VASQUEZ: Ms. Holloway?

21 MS. HOLLOWAY: I would just add that that
22 threshold measurement continues in Chapter 10, in the
23 undesirable neighborhood characteristics. It is important
24 to note that the undesirable neighborhood characteristics
25 section is all about disclosure and mitigation.

1 None of the measures there are full stop on an
2 application. They simply require that an Applicant
3 provide evidence that the characteristic can be reasonably
4 expected to have improved by the time the development
5 place is in service. All right.

6 MR. VASQUEZ: Great. Shall we move on to
7 Agenda Item 1.

8 MS. HOLLOWAY: Certainly.

9 MR. VASQUEZ: And the way I think we are going
10 to be able to do this, because Marni will talk for the
11 next six hours.

12 MS. HOLLOWAY: No. Because we are going to
13 have to talk for six hours tomorrow, so I won't do six
14 hours today.

15 MR. VASQUEZ: Okay. Well, we will try to
16 squeeze it down with everyone's cooperation. What we
17 would like to do is because we do want to take comments
18 from everyone. But we are going to try to break it up
19 into each major section.

20 So we will allow Marni to kind of go through
21 the changes for each section. And then if you have
22 comments for that item, pertaining to that section, we
23 will try to take those as a group per section.

24 If you have comments on multiple sections,
25 please wait to make the comment appropriate to that

1 section after we have discussed it and presented it. So
2 even if you have five different comments on five different
3 sections, you are going to come up five different times.

4 So let's try to keep them short and sweet. And
5 if again, if someone else has already made the comment you
6 are about to make, please just, if you have to come up and
7 say your piece, just try to emphasize what he said, or
8 what she said. I agree with that. So we can keep this
9 moving along.

10 MR. ECCLES: And just a quick reminder, we are
11 talking about comments. And it is coming from the public.

12 But this is not for rulemaking purposes public comment.

13 The public comment period has not opened, and
14 will not open until after the Board has actually adopted
15 and sent to the *Texas Register* the rule. So this is just
16 a stakeholder opportunity to have input on the staff draft
17 proposed rules.

18 MS. HOLLOWAY: All right. So Item 1,
19 presentation and discussion of the staff draft of the 2018
20 Qualified Allocation Plan.

21 During 2017, staff met six times with
22 stakeholders in our QAP planning project meetings to
23 discuss the 2018 QAP and Uniform Multifamily Rules. Most
24 of the meeting topics were identified during the initial
25 planning meeting in December of 2016. And this is a

1 process we plan to continue in the coming year, as we look
2 toward the 2019 rules.

3 Beyond the QAP project meetings, several items
4 were posted to the Department's online forum, so that
5 stakeholders could comment on aspects of new proposals
6 from staff. We also met with stakeholder groups,
7 including TAAHP, and the Rural Rental Housing Association
8 to gain their input.

9 We published an initial staff draft of the QAP
10 on August 11th, and a second draft on August 29th, which
11 included changes based on comments received and additional
12 fine tuning. The draft QAP, and Subchapters A, B, C and G
13 of Chapter 10 will be presented to the Board tomorrow for
14 acceptance and publication for comment.

15 The purpose of our meeting today is twofold.
16 One is to give the Committee members an opportunity to
17 provide input and direction regarding the 2018 QAP, and
18 development of future rules. The other is to give
19 stakeholders an opportunity to provide comment to the
20 Committee prior to the meeting tomorrow.

21 If there are any changes that come out of
22 today's meeting, staff will create a handout for the Board
23 meeting tomorrow, and read any changes into the record at
24 that meeting. Some changes may be handled through the
25 public comment process. Technical corrections, things

1 like that. It really depends on their nature and scope.

2 I would caution the Committee and stakeholders
3 that new ideas may be difficult to fully develop and
4 articulate prior to the meeting tomorrow. Also, some
5 comments received on the staff draft have not been
6 integrated into the proposed 2018 QAP for a number of
7 reasons. We have tried to limit changes to only those
8 that are necessary to clarify issues from this past round.

9 There are just a couple of items that are new.

10 And even those are ones that have been considered, or
11 largely ones that have been considered in the past. As we
12 just discussed, we have removed educational quality
13 scoring and tiebreaker items as a result of legislative
14 action.

15 So the rulemaking time line, upon Board
16 approval, hopefully tomorrow, the proposed 2018 QAP and
17 the parts of Chapter 10 that we are taking up will be
18 posted to the Department's website, and published in the
19 *Texas Register*. Because of publication dates, public
20 comment period will be accepted between September 22nd and
21 October 12th.

22 The final QAP will be presented to the Board in
23 November for approval, followed by the statutorily
24 mandated submission to the Office of the Governor by
25 November 15 of 2017. Upon the Governor's approval or

1 approval of modifications, no later than December 1st, the
2 adopted QAP will be published in the *Texas Register*. The
3 Governor has the option to reject the QAP. I don't know
4 what we will do if that happens.

5 Other draft subchapters of the Uniform
6 Multifamily Rules, in Chapter 10, so the Asset Management
7 rule, and the Real Estate Analysis rule. The multifamily
8 bond rule, which is Chapter 12, and Chapter 13, the
9 multifamily direct loan rule will be presented at the
10 October meeting. So by the end of the calendar year, we
11 should be at a full set of final rules.

12 So before we start working through the rules, I
13 need to give a huge shout out to Patrick. Patrick, this
14 is his first round with us. He has done a tremendous job
15 of keeping us all in line, and keeping track of all fo the
16 changes. And also, to Julie for all of her help and
17 support with data.

18 It has been a tremendous team, that I think
19 that we are in a far more comfortable place than we were
20 last year, absolutely, or the year before with these
21 rules, because of their work. All right.

22 So Section 11.1, is the general section. We
23 started with some modifications to the census data
24 section. We are now just calling it data.

25 We have included other data sources and tried

1 to provide some clarity about acceptable dates and the
2 requirement that the Applicant provide evidence of the
3 data they used. So if this is Neighborhood Scout, just
4 print it out between these dates, and keep a copy of it.

5 Subsection G was also added to 11.1 to
6 encourage the submission of complete and accurate
7 applications, and to make the application process as fair
8 and transparent as possible. And those were our changes
9 in 11.1.

10 MR. VASQUEZ: Any comments on this section?

11 (No response.)

12 MR. VASQUEZ: Great. Let's move ahead.

13 MS. HOLLOWAY: Okay. 11.2, the program
14 calendar. These dates, a number of them are statutory.
15 We did modify the preapplication delivery final delivery
16 date from Monday to Tuesday at the suggestion of a
17 stakeholder, just to accommodate the potential for issues.

18 The only significant changes that we are proposing, an
19 earlier third party request for administrative deficiency
20 deadline of May 1st. No?

21 MR. BRADEN: Actually, Marni, I had a question
22 on that --

23 MS. HOLLOWAY: Uh-huh.

24 MR. VASQUEZ: -- from Mr. Braden.

25 MR. BRADEN: So what was the thought process

1 about moving the third party request for administrative
2 deficiency?

3 MS. HOLLOWAY: This past year, on June 1st,
4 which was the deadline, we received more than 40. And
5 that was part of the reason that we were headed into the
6 end of the 9 percent round with a certain level of
7 uncertainty about scores, and who was actually going to be
8 moving forward with an award. And just working through
9 the process with those third party requests.

10 MR. BRADEN: And I do know, when I first raised
11 this question it was working out the prior draft in
12 connection with the earlier committee meeting. And from
13 that draft to the current draft that is before us, you
14 moved it from April 13th to May 1st.

15 MS. HOLLOWAY: Yes.

16 MR. BRADEN: That makes sense.

17 MS. HOLLOWAY: Yes. That was an accommodation
18 to a request that we received from stakeholders. Of
19 course, it would be much easier for us, if they all came
20 in right at the beginning of the process, so that we could
21 just work it into our application review.

22 But we also realize that that may not be
23 reasonable. So May 1st we are hoping will work out better
24 for everyone.

25 MR. BRADEN: Okay.

1 MS. HOLLOWAY: Okay. Section 11.3, Housing
2 deconcentration factors. In Subsection A, we have added
3 language that determines which applications will be
4 determined priority and non-priority, if two or more
5 applications violate the two-mile same-year rule. So
6 provided some clarity there.

7 On Subsection D, limitations on developments in
8 certain census tracts, we have proposed to remove the
9 minimum population requirement, which means that the
10 Department will disqualify any census tract where the
11 number of HTC units per total household is greater than 20
12 percent, not just those places with a population above
13 100,000. This limitation can be waived with the
14 appropriate letter from the local Governing Board, so it
15 will not infringe on local jurisdictions' ability to seek
16 additional affordable housing.

17 Then also, in 11.3, in (e) staff has added --
18 additional phase -- staff has added language regarding the
19 proximity of nearby development sites in Subsection F.
20 This is a new section, with the aim of protecting existing
21 developments from market saturation.

22 The additional phase rule was a little unclear.
23 So we are trying to get to what happens with, you are
24 coming in with an additional phase in an existing
25 development. And what happens if you are coming in with

1 two developments in the same round, is what we are trying
2 to clarify there.

3 MS. BINGHAM ESCAREÑO: I have a question

4 MS. HOLLOWAY: Uh-huh.

5 MS. BINGHAM ESCAREÑO: So on that. So it now
6 reads, additional phases of developments or contiguous
7 development sites will undergo further evaluation during
8 the underwriting process.

9 MS. HOLLOWAY: Uh-huh.

10 MS. BINGHAM ESCAREÑO: By REA, to determine
11 that existing units are stabilized, and that market can
12 absorb more Housing Tax Credit units. Do we feel
13 confident that there is objective data available for
14 underwriting to come to that conclusion, yea or nay?

15 MS. HOLLOWAY: That conclusion is largely
16 reliant on the market analysis that is provided by the
17 Applicants and then market analysis from any surrounding
18 Applicants.

19 MS. BINGHAM ESCAREÑO: Okay.

20 MS. HOLLOWAY: Yes.

21 MS. BINGHAM ESCAREÑO: Okay.

22 VOICE: Just a quick question.

23 MR. VASQUEZ: Do we

24 MS. RICKENBACKER: Yes. My name. Donna
25 Rickenbacker. It is really a question with respect to

1 this contiguous development sites.

2 Because if I am reading this correctly, it
3 says, if two or more applications that are proposing
4 developments serving the same tenant population on
5 contiguous sites are submitted in the same program year,
6 the lower scoring application will be considered a non-
7 priority.

8 So that is not a Real Estate Analysis judgment
9 of whether or not those contiguous sites and developments
10 could be absorbed in the market. That is a decision that
11 one goes forward and the other does not.

12 MS. HOLLOWAY: Right. Yes.

13 MS. BINGHAM ESCAREÑO: I think, so that was
14 a -- right, that was 11.3(a). And then my question was on
15 11.3(e).

16 And it is really just because I am not
17 sophisticated enough to know. But in E, it talks about an
18 evaluation. And my question was just, is there objective
19 data that is available to make that decision?

20 MS. HOLLOWAY: So there was a change in this
21 section between -- that is right. Okay. So between the
22 draft that was published for the Committee and the draft
23 that was published for the Board, the Real Estate Analysis
24 piece actually came out.

25 So now, where we are at is, have been

1 completed, and have maintained occupancy of at least 90
2 percent for a minimum six-month period as reflected in the
3 submitted rent roll.

4 MS. BINGHAM ESCAREÑO: Okay. So Donna, then
5 that means what I read isn't necessary anymore, because it
6 is addressed in Section A. Is that what Donna was saying?

7 MS. HOLLOWAY: No. Donna's comment is on both
8 in the proximity of development sites, so in F, and also
9 in A.

10 MS. BINGHAM ESCAREÑO: Okay.

11 MS. HOLLOWAY: We have added this language that
12 the lower scoring application will not be considered a
13 priority application.

14 MS. BINGHAM ESCAREÑO: Okay. Where is that?

15 MS. HOLLOWAY: F, all the way at the end of the
16 section. We have added it.

17 MR. VASQUEZ: It is not in our copy.

18 MS. BINGHAM ESCAREÑO: There is no F.

19 MR. VASQUEZ: It is just replacing E. It looks
20 like it is revising E. Also, quickly. Can everyone hear
21 Marni? Okay. So even though her mic isn't lit, it is on.

22 MS. HOLLOWAY: Okay. The proximity of
23 development sites is in the Board book. It is not in --
24 for tomorrow. Okay.

25 So we are taking out the line in Section E that

1 says, or applications that are proposing a development
2 serving the same target population on a contiguous site to
3 another application awarded in the same program year. We
4 are taking that out of E. We are adding a section --

5 MS. BINGHAM ESCAREÑO: Is that in E? I don't
6 think that is in E.

7 MS. HOLLOWAY: We are working from what was
8 published.

9 MR. VASQUEZ: Do you want to bring me that
10 computer?

11 MS. BINGHAM ESCAREÑO: Let me see. Because I
12 am using the one that was off the website.

13 MR. VASQUEZ: Yes. If it is not here --
14 (Perusing documents.)

15 MS. HOLLOWAY: Oh, this is a big change. I'm
16 sorry. I apologize.

17 MS. BINGHAM ESCAREÑO: We can handle it.

18 MS. HOLLOWAY: Okay. What we wound up with,
19 after publishing this for the Committee, was a change to
20 Subsection E that added an additional Subsection F, which
21 is in the Board book for tomorrow. So going back to the
22 original language in Subsection E, which is that big
23 section that is struck out.

24 MS. BINGHAM ESCAREÑO: Uh-huh.

25 MS. HOLLOWAY: The only part we are leaving

1 struck out is third line down --

2 MS. BINGHAM ESCAREÑO: I have got you.

3 MS. HOLLOWAY: Or the second line down,
4 actually. Or applications that are proposing a
5 development serving the same target population on a
6 contiguous site to another application awarded in the same
7 program year, is coming out of E. Everything else is
8 staying.

9 Then there is, in the Board book for tomorrow,
10 a new subsection F, titled Proximity of Development Sites.

11 If two or more competitive HTC applications that are
12 proposing developments serving the same target population
13 on contiguous sites are submitted in the same program
14 year, the lower scoring application, including
15 consideration of tiebreaker factors, if there are tied
16 scores will be considered a non-priority application and
17 will not be reviewed unless the higher scoring application
18 is terminated or withdrawn.

19 We had struck -- now, see. It is all coming
20 rushing back to me now. We had started out with rewriting
21 the additional phase rule. And actually then Theresa
22 looked at it, and said, no. And made a change between the
23 Committee book and the Board book. That is what she did.

24 MS. BINGHAM ESCAREÑO: Just like that.

25 MS. HOLLOWAY: Well, and I think that we would

1 up with something that was a little bit clearer. And I
2 apologize for the confusion.

3 This was, you know, the Committee book went up.
4 And then we said, wait, and made this change for the
5 Board book.

6 Again, the draft that is going to the Board is
7 the one that we are going to be looking for acceptance of.
8 But if there is some suggested change here.

9 MS. BINGHAM ESCAREÑO: I have got you. Okay.

10 MS. HOLLOWAY: We will do it.

11 MS. BINGHAM ESCAREÑO: And Donna, you are
12 looking at the Board book for tomorrow?

13 MS. RICKENBACKER: I am so sorry. I was
14 looking at the last draft that went out. I am from
15 Houston. What can I say. So I do apologize, Marni. I am
16 looking at the Board supplemental book.

17 MS. BINGHAM ESCAREÑO: Okay. So the Board
18 supplemental.

19 MS. HOLLOWAY: So the supplemental book for
20 tomorrow's meeting includes the proposed draft QAP. I
21 think that is the only -- I am going to make you stand up
22 and talk about them.

23 MS. BINGHAM ESCAREÑO: Mr. Chairman.

24 MR. VASQUEZ: Jump in, Patrick. From Legal.

25 MS. BINGHAM ESCAREÑO: Would it, may I suggest

1 then they are going to check out. So what is published on
2 the website for the Board book tomorrow has the correct
3 language and everything in it.

4 MS. HOLLOWAY: Yes.

5 MS. BINGHAM ESCAREÑO: Right?

6 MS. HOLLOWAY: Yes.

7 MS. BINGHAM ESCAREÑO: So I would recommend, if
8 you all want to roll on, they could move on now. And then
9 if the stakeholders have any concerns about the new
10 language, then we could come back to it. I would like to
11 read it, but I don't want to hold everything up.

12 MR. VASQUEZ: How many differences? As Patrick
13 just mentioned, there is only a couple more.

14 MALE VOICE: Only one more subsection. That is
15 regarding support from a local political subdivision.

16 MR. VASQUEZ: Okay. We jump in when we get to
17 that point.

18 MS. HOLLOWAY: When we get there, I will go to
19 it. Yes. Okay.

20 MR. VASQUEZ: So I think we are pretty similar.

21 MS. BINGHAM ESCAREÑO: Yes.

22 MR. VASQUEZ: Okay.

23 MR. ECCLES: You can see where you can actually
24 look at the supplemental Board book.

25 MS. BINGHAM ESCAREÑO: Yes. I just need to --

1 (Pause.)

2 MS. HOLLOWAY: Moving on?

3 MR. VASQUEZ: Please continue.

4 MS. HOLLOWAY: Okay. Section 11.4, tax credit
5 request and award limits. With added language in
6 subsection A, we are proposing that Applicants must limit
7 their total credit request to \$3 million by June 29th.
8 This requirement will hopefully encourage submission of
9 real competitive applications.

10 Without this change, staff is concerned that an
11 Applicant with multiple applications, totaling more than
12 \$3 million will use the waiting list as a means of
13 insurance to bide time or hedge against risk or error.
14 This can be seen as discouraging competition and as an
15 inefficient use of staff time and Department resources.
16 We have also removed the 10 percent developer fee as an
17 allowance.

18 Previously, if a developer received 10 percent
19 or less of the fee, it was not considered in calculating
20 the cap. Some groups of individuals have used this
21 allowance to exceed the \$3 million cap; a clear violation
22 of the spirit of the rule.

23 We initially removed the \$150,000 cap on
24 consultant fees with an eye toward the market limiting
25 those costs, but have received comment, that without that

1 limitation, some parties may seek to gain the \$3 million
2 cap through that consultant fee. No comments?

3 (No response.)

4 MS. HOLLOWAY: Okay. So moving on to the
5 increase in eligible basis. This is the 30 percent boost
6 section. In this section, we have added language that
7 limits the amount of boost to that necessary to create the
8 Housing Tax Credit units.

9 In years past, we have seen applications
10 financed only with credits and direct loan funds, which
11 have market rate units in them. We haven't had a clear
12 tool in these instances to limit the units created with
13 public funds as rent restricted.

14 This limitation may apply in some other
15 financing scenarios. But the intent would be the same,
16 absolutely.

17 MS. S. ANDERSON: Good afternoon. My name is
18 Sarah Anderson. I have a couple of comments. We weren't
19 sure if there was going to be a break.

20 MR. VASQUEZ: Okay. We are just trying to keep
21 the comments to ones that we are -- as we are discussing
22 them.

23 MS. S. ANDERSON: Right. Exactly. So I have a
24 couple of comments on a few items that just came up.

25 The first one had to do with the \$3 million

1 cap. And the termination of applications below the first
2 3 million. We have had this \$3 million cap, or some sort
3 of cap for at least the last 15 years. And I am not sure
4 I understand why we are making this -- this is a pretty
5 substantive change at this point.

6 To give you an example, I know that they think
7 there is gaming. But if I am paying my fees, and going
8 through the process, and doing everything, and I have
9 three legitimate deals in the round, that might exceed --
10 I'm not sure I understand the point of terminating
11 something that is a legitimate application.

12 I could understand if all the underwriting was
13 done, all the review is done, and we knew everything about
14 our deals at a certain point, so that we could make these
15 kind of decisions.

16 But for example, this year, 50 percent of our
17 deals, we still don't have commitment notices. We still
18 don't have underwriting. And we still don't know what
19 limitations might be on our deals.

20 It seems unfair that I could have two awards;
21 my third one terminated. And then something comes up,
22 unbeknownst to me in the review. And yes, my safety deal,
23 which I have paid for, and legitimately worked for has
24 been terminated just because I had two deals that
25 theoretically might have been awarded.

1 I just don't understand the change here. And I
2 would ask, I respectfully request that we go back to the
3 way it has always been.

4 With regard to the 10 percent developer fee,
5 and the cap, this really has to do with who is not going
6 to be considered under the \$3 million cap. And honestly,
7 the 10 percent fee, I am not as concerned about. The only
8 concern I have is that we now have the state limiting fees
9 to people in the industry.

10 Just as an aside, the fee that is in there
11 right now for consultants has been the same for 15 years.

12 So if we are going to cap it, could we at least cap it a
13 little bit higher than what it has been for 15 years?

14 I don't -- I am not going to -- I really don't
15 mind one way or the other, if somebody acts as a 10
16 percent developer and they want to deal with that issue,
17 they can speak. But I just feel like it is a little odd
18 to be limiting one of 30 players in the industry their
19 fees. It just doesn't really make much sense.

20 The market will bear what the market bears. If
21 you are concerned about developers playing, pretending to
22 be consultants, then perhaps you should have a consultant
23 list and have us work through that process just like you
24 do with market analysts or other people. Thank you.

25 MS. T. ANDERSON: Good afternoon. Terri

1 Anderson, Anderson Development and Construction. I also
2 wanted to speak on the \$3 million limit, and the fact that
3 that was regulated by the Legislature many years ago.

4 And it was specifically designed to prevent any
5 one developer from getting a significant number of tax
6 credits, which would essentially consume the cap. Because
7 once upon a time, that did happen. So the \$3 million
8 limit is in place. It has been in place.

9 In years past, when you have a developer who
10 has two or three or four transactions, that exceed that \$3
11 million limit, then those developments, quite frankly, the
12 developer had an opportunity to choose which development
13 they wanted to keep. But they were not allowed to exceed
14 the \$3 million cap.

15 So I don't specifically advocate for allowing
16 any one developer to receive more than \$3 million. The
17 point at which any given application is terminated could
18 be predicated on you know, the completion of underwriting
19 and the completion and receipt of your commitment, and not
20 earlier on -- but I certainly would not advocate allowing
21 any one developer to receive greater than \$3 million in
22 Housing Tax Credits.

23 Additionally, as it relates to the consultant
24 fees, I have been a consultant for many years. I am also
25 a developer at this point. But as it relates to that

1 \$150,000 cap, or no greater than 10 percent of the
2 developer fee, I do believe that that is a fair number.

3 Because it actually keeps you from exceeding
4 that limit, which would put you in many instances, in a
5 position of being a principal within a development or
6 other things that are defined according to the Department.

7 So whether you are an affiliate or a principal, once you
8 receive greater than 10 percent, I do believe you are
9 moving more into a developer fee role. Which you would be
10 subject to that \$3 million limit. Thank you.

11 MR. VASQUEZ: Thank you.

12 MS. HOLLOWAY: I would point out that yes, that
13 \$150,000 has been there for some time. Changing that
14 number is something that could happen through the public
15 comment process. You know, if we received comment that
16 supported it should be some other amount, we certainly
17 would consider that, and consider that change with the
18 Board.

19 MR. VASQUEZ: Marni, just to clarify, this rule
20 does not preclude someone from putting in applications for
21 more than -- what could total for more than \$3 million.

22 MS. HOLLOWAY: Correct.

23 MR. VASQUEZ: It is just that if they put in \$5
24 million, \$6 million worth, they are only going to get \$3
25 million.

1 MS. HOLLOWAY: You are only going to get \$3
2 million. And we are going to ask you to choose which ones
3 you are not going -- which ones will not be moving
4 forward. And that would be at the end of June. That is
5 when, at the same time that we are taking that list of
6 eligible projects, you know, at that point, we pretty much
7 know which ones are going to move forward and which ones
8 aren't.

9 MR. VASQUEZ: Right.

10 MR. BRADEN: And that is the difference, right.
11 The choice is now taking place earlier in the process?

12 MS. HOLLOWAY: We actually put a date on it.
13 There hasn't been a date on it in the past. And so in the
14 past, this past year when we said well, we need you to
15 pick. We have got that. Well, no, we are not going to
16 pick. So that is how we wound up where we are.

17 MR. VASQUEZ: Okay. Do we have another
18 comment?

19 MS. ANDRE: Hi. My name is Sarah Andre. I am
20 also a consultant. I don't think that the point here --
21 what you are hearing from our side of the table is to
22 increase the \$3 million, or allow people to apply for
23 more.

24 It is to allow the developer to choose, rather
25 than TDHCA to, in effect, choose. And I definitely

1 understand TDHCA's perspective. They feel like they have
2 a handle on which deal is going forward.

3 But for example, I had an Applicant this year
4 who had three projects in. And two of them were ranked
5 number one and number two in their area on points. And
6 underwriting denied both of those deals.

7 If TDHCA had terminated their third project,
8 which as it turned out, did not pop up high enough anyway,
9 but you know, they would not have had anything in the
10 round. And so I think the preference is to let the
11 developer choose. In addition, we are also waiting on
12 zoning and things like that.

13 And you could have a project that was high
14 scoring, met all the underwriting criteria, it got an
15 award, and then zoning failed, or some other site
16 development thing failed in August, September, October.
17 And you are out of luck for that year. So that is where,
18 I think, the development side is coming from on letting
19 them choose.

20 MR. VASQUEZ: All right. Thanks.

21 MS. T. ANDERSON: Terri Anderson. Anderson
22 Development, again. I apologize. I just want to be clear
23 with my comment; that I am not advocating that the
24 Department terminate applications on any given date.

25 But that it would be done at a time where a

1 developer actually knows that they have a commitment of at
2 least \$3 million before they would choose which
3 development is terminated. Thank you.

4 MR. VASQUEZ: Okay.

5 MR. JACK: Hi. Darral Jack with Apartment
6 Market Data. And I am not a consultant, you know, and I
7 won't say that I have complete knowledge on this.

8 But it seems like you are penalizing
9 consultants that do a good job, and that the market is
10 coming to those consultants for their services. I mean, I
11 write market studies.

12 It almost sounds like you know, in a
13 comparative situation, the state would limit me to only
14 allowing five market studies go forward wherein I might
15 write ten market studies. And then I have to be the one
16 to choose which of my clients gets an award and which
17 don't.

18 I mean, the market really adjusts for those
19 people that are good at what they do in the consulting
20 side, as well as the market studies side. And you know,
21 it just seems like you are putting a cap on people that do
22 a good job and are in high demand.

23 And I don't think that is the free market, you
24 know, that the Department really works in. The good
25 people should be rewarded, and those that aren't will

1 eventually go to the wayside. Thank you.

2 MR. VASQUEZ: Okay. Thanks.

3 MS. HOLLOWAY: Just to clarify on the
4 consultant fee: We are not in any way saying a consultant
5 is individually capped within their business at X amount.

6 We are saying per deal, there has been a cap.
7 There probably needs to continue to be a cap. If that cap
8 needs to be a different amount, then we need some
9 supportive evidence of what that different amount should
10 be.

11 All right. Section 11.5 is competitive tax
12 credit set-asides. In Paragraph 2, we have proposed that
13 all competitive applications that score within the USDA
14 set-aside, will be scored according to rural criteria.

15 Many USDA developments were built in rural
16 areas but with Texas' population growth, many of these
17 development sites now fall within the boundaries of urban
18 areas. This rule change which mitigates the stricter
19 requirements associated with urban applications was
20 requested by the Rural Rental Housing Association.

21 So if it is within the USDA set-aside only, it
22 is all going to be scored as rural. If it is a USDA
23 property, and it is outside of the set-aside for some
24 reason, say it scores in the subregion or something like
25 that, they are going to use the rural or urban designation

1 that applies to that property.

2 So it is only within the set-aside, competing
3 amongst themselves that this is going to happen. We
4 expanded some language to include the statutory
5 description of eligibility on the USDA set-asides.

6 We also worked through, we tried to clarify the
7 means by which an application may compete within the at
8 risk set-aside in Paragraph 3. And we clarified
9 requirements for completing the right of first refusal
10 process prior to application for any development with an
11 existing Department lien.

12 So what had been happening is, we would get
13 applications in the at risk set-aside and the Applicant
14 would click, or check yes. I am in at risk. And then we
15 would try to figure out how they had gotten into at-risk.

16 This will give us a tool for them to say, this
17 here right, is how I am doing it. So that should make our
18 process a little bit easier, I would hope. All right.

19 So moving on to 11.7 in tiebreaker factors.
20 Staff has removed two previous tiebreakers, and we have
21 added a new tiebreaker. And we have provided some
22 clarification regarding measurement by adding language
23 that better describes the boundaries of the development.

24 Tiebreakers regarding the menu items
25 opportunity index and the ratings of elementary, middle

1 and high schools have been removed. A new tiebreaker
2 regarding underserved places or, if located outside of a
3 place, counties, has been proposed in Paragraph C.

4 This item would count the total number of tax
5 credit units and divide that number by the total
6 population which is something we already do for our site
7 demographics. The proposed development with the lowest
8 score for this calculation will win the tiebreaker. Staff
9 believes this tiebreaker methodology will be an effective
10 means of dispersion.

11 MS. SISAK: Hi. Good afternoon. Janine Sisak.
12 I am here on behalf of TAAHP as the QAP Chair. A couple
13 of comments that we submitted in writing already, but I am
14 just going to quickly go over them with regard to the
15 tiebreaker.

16 I think poverty rate is still in here as a
17 tiebreaker, unless that changed in the Board book. It is
18 still there. So poverty rate is a concern, because it is,
19 you know, high up on the tiebreaker list, and it really
20 disadvantages urban areas.

21 You know, traditionally, urban areas have
22 higher poverty rates. And there are still a lot of
23 aspects of the QAP in terms of high opportunity areas that
24 are pushing developments outside of the city. We also
25 have a concern about the new tiebreaker that looks at a

1 number of Housing Tax Credit units per capita.

2 This is kind of a sliding scale, whereby you
3 win a tiebreaker if you have zero tax credits in a
4 community. That is a concern.

5 Because some communities don't have tax credits
6 because there is not a market for tax credits there. So
7 we really believe that this tiebreaker factor will really
8 drive people to smaller markets that don't have a need for
9 tax credits.

10 One solution that the QAP Committee proposed,
11 which I really think is workable, because I think there is
12 aspects of this tiebreaker that we would like to see
13 remain. Is, instead of doing kind of a sliding scale, why
14 not have a tiebreaker whereby if two applications were in
15 a tie, and one was over two times per capita but one was
16 under two times per capita, the one under would win. If
17 they were both over, it would go to the next tiebreaker.

18 If they were both under, it would go to the
19 next tiebreaker. But at least it could stay in there and
20 reward kind of a lower concentrated community over a
21 higher concentrated community. So those are our comments
22 on tiebreakers.

23 MS. STEPHENS: Hi. Lisa Stephens. I also
24 wanted to talk about tiebreakers. And to Janine's point
25 on place, and census tract with the lowest poverty. We

1 are already seeing bidding wars for sites out there.

2 When you identify as a tiebreaker a very narrow
3 area, such as a census tract and you say the lowest one
4 wins, everyone is going to go there. Furthermore, when
5 you identify a place as being the one with the fewest
6 units per capita, everyone is going to go there.

7 Our recommendation was a little different than
8 TAAP's. It was actually to go back to a tiebreaker that
9 was used several years ago, and that was distance from the
10 closest tax credit development.

11 Because that opens up a lot of areas. And you
12 measure it. It is not a measurement we all know until
13 everyone submits their application. And so it eliminates
14 the bidding wars that we are seeing on sites.

15 Land cost was certainly something I was asked
16 about in my underwriting report multiple times. Why is
17 your land so expensive? It is factors like this that are
18 driving up the cost of land, when we are trying to win
19 deals. Thank you.

20 MR. VASQUEZ: Thank you.

21 MS. S. ANDERSON: All right. Sarah Anderson
22 again. And I agree with both Janine and Lisa with regard
23 to tiebreakers and needing to be cognizant of whether or
24 not the tiebreakers are going to cause more problems than
25 not.

1 I would like to bring up another question. It
2 is just a theoretical question that I wanted to throw out
3 and make sure we are thinking about. Right now, the
4 number one tiebreaker has to do with whether you are
5 within urban core. And urban core is also a high scoring
6 item.

7 Urban core initially was brought in to be an
8 offset for the school scoring. But we no longer now have
9 school scoring. So I think my question is, should urban
10 core be such a high scoring item, and the number one tie-
11 break factor.

12 So I just throw that out to you to think about.

13 It seems to me that perhaps urban core is something that
14 maybe shouldn't be the top tie-break factor at this point.

15 MR. JACK: Hi. Darral Jack with Apartment
16 Market Data again.

17 On the tiebreaker, the greatest linear distance
18 from the nearest Housing Tax Credit project, you know,
19 what I have found in looking at maps and doing the
20 research that we do is, that this rule actually has a
21 tendency to push a potential project out further (|away
22 from amenities that you already say are important under
23 the opportunity index. Things like pharmacies and grocery
24 stores and things.

25 So I would like to propose an alternative that

1 incorporates that. But if you were to pick you know,
2 three or four of your opportunity index items that you say
3 make for a better property, having those close to the
4 property, and you take the distance of those items
5 together with the distance from the nearest tax credit,
6 you come up with a number.

7 And the lower number would be closer to the
8 things that you say are important, including the distance
9 from another project. And so I think that would prevent
10 you from pushing an allocation further out from the things
11 that you say are already important to the development.
12 Thank you.

13 MS. RICKENBACKER: Donna Rickenbacker. And I
14 echo what Sarah was saying about urban core, first and
15 foremost being the number one tiebreaker. I also will
16 have some comments on the urban core section.

17 But that being said, I think that that should
18 come out as the number one tiebreaker. With respect, I
19 want to kind of look at this a little differently. All of
20 my comments are really with respect to dispersion of
21 housing, especially within the same year.

22 I am a rural advocate, and have been for the
23 last three years, to figure out how we can implement some
24 rules that really will disperse the housing within the
25 same year. So my thought process with respect to

1 tiebreakers, first and foremost is that, you don't make it
2 into the tiebreaker scenario unless you are hitting all of
3 the points in the regular categories.

4 Meaning, high opportunity points. Meaning, you
5 are close to amenities to begin with. Or, you are in an
6 area of revitalization. So just keep that in mind with
7 respect to the tiebreakers.

8 Then in terms of the way they have it set up
9 right now, I agree with some of the presenters. With
10 moving up, if there is -- if we have to stay within what
11 is now currently in the draft, then at least have it set
12 up to where it is linear distance away from the nearest
13 li-tech development.

14 Move that up further. Put poverty down in a
15 lower scoring category. Hopefully in a category where it
16 doesn't get reached to begin with.

17 So I just hope that we can create a set of
18 tiebreakers that really will push these projects apart and
19 away from each other within the same year. So we don't
20 all end up in the same census tract with the same, you
21 know, many, many units in that same census tract. And
22 quite frankly, a city that absorbs all the credits that
23 are made available to an entire region.

24 Thank you. Do we have to sign this thing every
25 time we get up here? Can we just sign it once?

1 MR. DUNCAN: Good afternoon. I am Charlie
2 Duncan with the Texas Low Income Housing Information
3 Service. I agree with Sarah and Donna that, you know,
4 proximity to urban core, which is essentially proximity to
5 City Hall is really not very consequential when it comes
6 down to, you know, the things we look for in housing.

7 Generally, you know, I think any of us in the
8 room who are looking for a place to live, our first
9 concern is not how close am I to the courthouse. It is
10 you know, is this a -- you know, it used to be, are the
11 schools good. We can't consider that anymore.

12 But you know, the criteria we have in the
13 opportunity index, all the amenities that are included
14 under that. Those are the kinds of things that we
15 prioritize when we are looking for a place to live. And
16 so I agree. I don't think the urban core belongs at the
17 top of the tiebreaker.

18 Also, it is essentially a binary criteria, in
19 that you are getting either five points or zero points.
20 And if I remember correctly, if you are in smaller areas,
21 you get three points. Maybe I am disremembering that.
22 But essentially, you have got it or you don't.

23 It is not a very good tiebreaker. Things
24 that -- like the units per capita, you are ending up with
25 a number. That number could vary from zero to 100 or

1 more.

2 Same thing with the distance from tax credits.

3 I don't think that should be primary, either. But the
4 same idea. Those things are going to break ties, which is
5 what this section is supposed to do a lot better than the
6 urban core criteria.

7 And finally, you know, poverty rate. I
8 realize, you know, the advocates have disagreed with a lot
9 of other folks in the room about this criteria. And it
10 was a problem last -- or in the 2016 cycle, because when
11 it was the primary tiebreaker, everybody flocked to those
12 census tracts. Right now, it is the fourth tiebreaker, if
13 I see this correctly.

14 You know, there is a lot of other criteria that
15 are having to be considered that should be, you know,
16 driving deals to good areas. That this shouldn't be the
17 problem that it was as a primary tiebreaker. So I think
18 it is fine.

19 I think it certainly shouldn't be removed or
20 discounted any further than it already is. I would like
21 to see it further prioritized. But certainly, don't
22 remove it from the tiebreaker criteria. Thank you.

23 MR. VASQUEZ: Yes. Thanks.

24 MS. BURCHETT: Hi. My name is Sallie Burchett.

25 And I am a land planner by education, like Patrick. And

1 I am ethically obligated to look out for the public's best
2 interest from my code of ethics.

3 And the urban core is good for someone living
4 there. Because we want people to have convenience where
5 they live, work, learn and play. And that is where these
6 things are going to be centered.

7 There is public transportation. The less trips
8 people take, it is better for the Earth. Less emissions.

9 And there is just a cumulative snowball effect of putting
10 people where the things where they live, work, learn and
11 play are.

12 And I think it is -- the planning community,
13 the sustainability folks all agree that that is a good
14 place to put our resources. We have limited resources as
15 a nation, and we want to get as much bang for our buck out
16 of them. Thank you.

17 MR. MOREAU: I am Walter Moreau, the Director
18 of Foundation Communities. We primarily work in Austin.
19 The closer you are to downtown, the more valuable that
20 land is, and desirable. I think there is a bigger
21 question here, too, about -- so I favor urban core as a
22 tiebreaker.

23 I think there is a bigger question here, and
24 that is how much of the QAP -- there has been a lot of
25 comment about keeping the QAP relatively consistent for a

1 couple of years in a row on big policy questions. This is
2 one of those.

3 It was only a year ago when the big cities were
4 basically shut out. The only projects that could score
5 and win high enough were further out in the suburbs. So
6 urban core was created. I think it was a success this
7 year. I think it is worth one more year, before you make
8 a big policy shift again. Thanks.

9 MR. VASQUEZ: Thanks.

10 MS. BINGHAM ESCAREÑO: I have a question for
11 Marni.

12 MS. HOLLOWAY: Yes.

13 MS. BINGHAM ESCAREÑO: So did you like Darral's
14 math, Darral's new factor that he was -- that was cool.

15 MS. HOLLOWAY: It sounds very cool. But it
16 sounds very complicated.

17 MS. BINGHAM ESCAREÑO: Yes. It sounds like
18 calculus for me.

19 MS. HOLLOWAY: It sounds like lots of RFADS is
20 what it sounds like. I think that it --

21 MS. BINGHAM ESCAREÑO: I think the intent is
22 good, right. Which is, he is saying you know, if you just
23 go strictly linear, the distance from the nearest Housing
24 Tax Credit, but then that also equates to pulling it away
25 from some of the community support things that we value as

1 other items.

2 That, maybe trying to take some kind of
3 permutation or you know, derivative of that would work.
4 But did you guys consider, number one I guess, my number-
5 one question would be, did you guys talk about or consider
6 whether or not urban core would stay in kind of a primary
7 spot as tiebreaker?

8 Or did you as staff believe more along the
9 lines of what Walter said; that for now, it really has
10 been kind of a priority or focus area. And you left it
11 there on purpose?

12 MS. HOLLOWAY: And as Walter described, yes.
13 This was the -- this last round was the first time that
14 that was available. And there were a couple of really
15 pretty interesting projects that were able to come in and
16 receive an allocation that would not have otherwise,
17 without that scoring.

18 I think that there is definitely value, as
19 Sally described. But then there is also value in living
20 in other places also. So it becomes a question of how do
21 we balance all of these things.

22 MS. BINGHAM ESCAREÑO: Balance. Yes.

23 MS. HOLLOWAY: In years past, I don't remember
24 if it was >15 or >16. In recent memory, here in the
25 Austin region in general, everything went to Georgetown,

1 because nobody could score closer in.

2 So part of that urban core was trying to reach
3 the ability to balance across all of those sites. Now,
4 keep in mind too, that by the time we get to these
5 tiebreakers, as Donna said, we have already gone through
6 opportunity index or concerted revitalization plan.

7 We have already -- you are already in proximity
8 to all of these other things before we even get there.
9 And it is really unusual for us to get all the way down to
10 distance after we have gone through the whole list.

11 MS. BINGHAM ESCAREÑO: I have got you. Okay.
12 And where was the per capita? That was pretty far down,
13 too. Right?

14 MS. HOLLOWAY: That is proposed at number 3.

15 MS. BINGHAM ESCAREÑO: Okay.

16 MS. HOLLOWAY: So behind it, is poverty rate,
17 and then distance.

18 MS. BINGHAM ESCAREÑO: Okay. I think that is
19 it for me. I am good.

20 MR. BRADEN: I had a question on some new
21 language that was added.

22 MS. HOLLOWAY: Uh-huh.

23 MR. BRADEN: So in the first paragraph, under
24 11.7, this new sentence says, all measurements will
25 include the entire site, including ingress, egress

1 requirements and any easements regardless of how they will
2 be held.

3 MS. HOLLOWAY: Yes.

4 MR. BRADEN: So I am trying to figure out what
5 that means, if you look at some of the rules, right. So
6 we are saying now that you know, the development site is
7 located on an accessible route. There is less than half a
8 mile from the entrance to the public park.

9 MS. HOLLOWAY: Uh-huh.

10 MR. BRADEN: So when you say the entire site,
11 are you, where are you -- how are you measuring that half-
12 mile accessible route?

13 MS. HOLLOWAY: Okay. So we are actually
14 talking about two different measurements here. On an
15 accessible route means the route is that length.

16 So from the edge or the corner or the whatever
17 of the site, on an accessible route to the other feature.

18 That is the measurement for that route. Other
19 measurements, like how close you are to a grocery store.
20 How far away are you from a library are taken from
21 boundary to boundary as the crow flies. So if those --

22 MR. BRADEN: Okay. And I understood what the
23 latter language meant. But what you are telling me is
24 this new sentence in 11.7 means, if the development is a
25 square, you can pick any corner of the square, and then

1 the accessible route has to be from that corner of the
2 square, even if that corner of that square is a fence?
3 And it is not accessible into the site?

4 MS. HOLLOWAY: I see your point. So when we
5 are talking about accessible routes, which is all in the
6 opportunity index, perhaps we need some clarification
7 there of, from where on the site to --

8 MR. BRADEN: I think we need clarification on
9 this language. Because I am not really sure what it
10 means. I mean --

11 MS. HOLLOWAY: Okay. Well and in this
12 particular section, in tiebreakers, there are no
13 accessible routes. That isn't part of any of the
14 tiebreaker measurements.

15 MR. BRADEN: Okay.

16 MS. HOLLOWAY: In this instance, it actually
17 would really only apply to that distance from the nearest
18 tax credit property.

19 MR. BRADEN: So this must be a linear
20 measurement? Is this supposed to be a crow fly type --

21 MS. HOLLOWAY: As the crow flies, in this
22 particular reception.

23 MR. BRADEN: And what does including ingress
24 and egress requirements mean?

25 MS. HOLLOWAY: So you will recall that last

1 year, there was a question about a driveway that was
2 actually held as an easement. And how that property
3 was -- how that site plan was developed.

4 And part of the -- frankly, part of the
5 rulemaking process for us in the course of the year is, I
6 take notes all year long. About, this is this thing that
7 came up that created this problem.

8 What do we need to do in rule to address it for
9 next year. So this language in 11.7 and then some
10 language that we added, which is far more detailed in 11.9
11 on the scoring side, seeks to clarify those questions that
12 came up in the last round.

13 MR. BRADEN: I understood that is the point. I
14 just don't know if it addresses it. I mean, and you know,
15 we can talk to General Counsel about this. But all of the
16 measurements will include the entire site, I get what that
17 is saying.

18 MS. HOLLOWAY: Uh-huh.

19 MR. BRADEN: Including ingress and egress
20 requirements, I think that is a little confusing with
21 respect to the other things we are saying. And then in
22 any easement, regardless of how they will be held, I kind
23 of get that.

24 I almost don't know whether we need this
25 phrase. But anyway, we can talk about that.

1 MR. VASQUEZ: This is applicable to the
2 tiebreaking factors.

3 MR. BRADEN: Right.

4 MR. VASQUEZ: Not all the other accessible
5 routes.

6 MS. HOLLOWAY: So and actually, we are going to
7 talk about that next. Was, language that we added under
8 the scoring criteria.

9 MR. VASQUEZ: Possibly, the --

10 MS. HOLLOWAY: Which may be --

11 MR. VASQUEZ: To Mr. Braden's point, thought,
12 on this thing, adding in for purposes of this section, all
13 measurements shall include the entire site, blah blah.
14 That could --

15 MALE VOICE: It might. But it is also in 11.9.
16 So I am not really sure --

17 MR. VASQUEZ: Well, we can address that in
18 11.9. Anyway, please hold your comments until we get to
19 the section.

20 MS. HOLLOWAY: Okay. But I think for purposes
21 of this section, is a simple easy clarification that -- so
22 there won't be a question later. Someone else won't
23 say -- but here, you say this. And over here you say
24 this. Right. All right.

25 MR. BRADEN: I am a problem solver.

1 MS. HOLLOWAY: On this one? On tiebreakers?
2 Okay.

3 MS. STEPHENS: Lisa Stephens. Leslie, I wanted
4 to address the question you asked about the tiebreakers
5 being number three or number four. When we are looking at
6 this rule, and we are looking at what tiebreakers are
7 ultimately going to be the ones that decides whether we
8 win or not, you are either in urban core or you are not.

9 And there are certain regions that are going to
10 have urban core cities, or they are not going to have
11 urban. Austin is going to have urban core. Dallas-Fort
12 Worth is going to have urban core. Houston is. Other
13 regions are not going to have urban core.

14 And so that tiebreaker goes out the window. If
15 you are in urban core, then you know you are looking at
16 the next couple of tiebreakers. Everybody gets number
17 two.

18 Okay, you are either high opportunity or you
19 are revite plan. It is one or the other. You get them.
20 They are equivalent. And so item two is meaningless. So
21 one really isn't going to help. Item 2 becomes
22 meaningless, because everyone gets it.

23 Your first tiebreaker that matters, and what we
24 are looking at, when we are looking for sites are three
25 and four. Those are the ones that are going to drive us.

1 Because we are either urban core or we are not. We are
2 either high opportunity or a revite plan.

3 So when you are looking at what is going to be
4 important here, and you do understand that just because it
5 is number three on the list doesn't mean that that is not
6 going to be the driving factor.

7 MS. BINGHAM ESCAREÑO: Some tiebreakers are
8 going to hit three immediately.

9 MS. STEPHENS: Absolutely. Particularly in
10 your larger regions. You are going to hit three and four.

11 And so right now, I can tell you, everyone is running to
12 McKinney, because it has the lowest census tract with
13 poverty in Region 3.

14 We don't need three deals in McKinney, like we
15 had three deals in Georgetown. One of those three in
16 Georgetown. It is not good.

17 So I love Darral's idea. I don't do calculus.

18 But something that cannot be predicted is actually better
19 for dispersion than something that is very easily defined,
20 readily available, and we all can run to it.

21 MS. BINGHAM ESCAREÑO: Thank you.

22 MS. STEPHENS: Thanks.

23 MS. T. ANDERSON: Terri Anderson, Anderson
24 Development and Construction. I distinctly remember the
25 discussion being of great concern on the developer side as

1 it related to accessibility to parks and all those things.

2 So throughout the QAP, I would strongly
3 encourage the Department to remove anything related to
4 that. Because the design of your own particular site is
5 done with your civil engineer, your surveyor and a
6 landscape architect, so an accessible route is mapped on
7 your property.

8 And when you extend beyond the boundaries of
9 your site, I don't believe it is possible, unless it is
10 extraordinarily expensive to go and have a surveyor
11 actually map to provide evidence to the Department that
12 the route from your property to a park or anything else is
13 accessible. So if just that accessibility term is
14 removed, I think it would it would be helpful.

15 MR. VASQUEZ: That is in a later section.
16 Right?

17 MS. HOLLOWAY: Right.

18 MS. ANDERSON: 1.9. Thank you.

19 MS. RICKENBACKER: Donna Rickenbacker. And I
20 know we are not supposed to agree and come up here and
21 agree with something that has already been said. I agree
22 with what Lisa said.

23 MS. HOLLOWAY: Okay.

24 MS. RICKENBACKER: I do want to point out,
25 though, with respect to urban core being the first

1 tiebreaker, I am not advocating that we remove urban core.

2 I think it served its purpose last year. And it will
3 serve its purpose this year.

4 What I do recognize, though, in this category,
5 which is tiebreaker, is if under the urban core scoring
6 category, if we can limit that to the five largest cities
7 that have a statutorily required two-mile same-year rule
8 that applies to those cities, then it becomes almost a
9 moot tiebreaker if you will. And it would go down then to
10 the tiebreakers that clearly are meant to disperse the
11 housing.

12 Which is, in my opinion, what the urban core if
13 it is limited to those five largest cities, would be
14 doing, because you already have the two-mile same-year
15 rule that apply to those five large cities. That makes
16 sense. Thank you.

17 MR. VASQUEZ: Please. Continue.

18 MS. HOLLOWAY: Okay. Moving on to 11.9, this
19 is the part of the rule that contains all of the scoring
20 criteria.

21 So under general information -- and Mr. Braden,
22 this is the section I was referring to. We added language
23 that says all measurements will include the entire site,
24 including ingress, egress requirements and any easements
25 regardless of how they are held.

1 The application must include one more maps
2 indicating the location of the development site and the
3 related distance to the applicable facility. Distances
4 are to be measured from the nearest boundary of the
5 development site to the nearest boundary of the property
6 or easement containing the facility unless otherwise
7 noted.

8 So the unless otherwise noted would be the
9 accessible route issue. Just trying to really nail down
10 what those measurements are, what we are measuring to.
11 Want to talk about measurements?

12 VOICE: I am ready. Yes.

13 MS. HOLLOWAY: Okay.

14 MR. JACK: All right. Darral Jack with
15 Apartment Market Data again. This measurement issue is
16 real critical that we get this right.

17 MS. BINGHAM ESCAREÑO: Is it calculus again?

18 MR. JACK: Well, it is not. But you know, in
19 the changed language, I can see that we are going to have
20 a lot of contradiction here. Because it says, the first
21 sentence that changed says, we will include the entire
22 site.

23 But two sentences later, will say the distances
24 are to be measured from the nearest boundary of the
25 development site to the nearest boundary of the property.

1 So let's take a library, okay. So the site has got to be
2 one mile from a library.

3 Is that the whole site, or just a corner of the
4 site. Because right here, I can't tell. And that is what
5 these properties get down to. And you know, when you say
6 the entire site, including any access easement, I can't
7 count the number of flag properties that have been
8 allocated over the years.

9 I mean, what does it really matter if the end
10 of the driveway is one mile from the library, because the
11 people live in the buildings, not at the end of the
12 driveway. And I think you need to consider that when you
13 are saying the entire property, that is not where all the
14 people live.

15 But you know, the distance is critical. You
16 get this right in the language, so that developers are
17 rock solid on where we are measuring from. I think that
18 is my only distance comment yet.

19 MS. BINGHAM ESCAREÑO: Okay. Then can I ask
20 you, do you have language that you would recommend? Do
21 you do it like, from --

22 MR. VASQUEZ: Door to door?

23 MS. BINGHAM ESCAREÑO: Because there is a
24 hundred doors.

25 MR. JACK: I mean, for years, we have done it

1 from the nearest property line to the nearest property
2 line. And now, we have added things like universities
3 into the mix. Well, you know, a lot of these
4 universities, the parking lot might be a half mile from
5 the building.

6 And so I think you have to make a decision. Is
7 it the nearest property line to property line? Is it
8 nearest building corner to nearest building corner?

9 In some cases, like parks, you know, the
10 direction that you take to access and walk to the park is
11 most important. But most of these things are being
12 measured on a linear distance, as the crow flies.

13 And I mean, we just see all these things.
14 Distance to grocery store. Distance to pharmacy. I mean,
15 these -- you get these based on you know, sometimes an
16 engineer has to go and measure this for the Department.

17 Because someone is saying that they are 1.05
18 miles from the site, and not within one mile. So we need
19 real clear instruction on where these distances are
20 measured from. So thank you. I will be back.

21 MR. BRADEN: I agree with that comment. I am
22 not sure about this first sentence. I do think it is
23 contradictory --

24 MS. BINGHAM ESCAREÑO: Yes. Ingress, egress,
25 easement. Boundaries.

1 MR. BRADEN: And I don't know what. I mean it
2 is, whether it is the right policy to consider or not,
3 when you talk about distances are to be measured from the
4 nearest boundary of the development site to the nearest
5 boundary of the property or easement of any facility,
6 people understand what that is. And we could talk about
7 whether that is correct.

8 As a policy matter, maybe it should be from a
9 doorway to a doorway or some other thing. But it seems
10 like that is clear. I am not sure what that first
11 sentence is.

12 MR. JACK: So that is my only comment on
13 distance. I will come back for others.

14 MS. BINGHAM ESCAREÑO: Thank you. Thank you
15 very much.

16 MS. S. ANDERSON: Sarah Anderson. Just to
17 muddy the waters a little bit more, we have another issue
18 that probably needs to be addressed.

19 Which is, the distinction between site control
20 and development site. So you dealt with this last time,
21 when you had a development, a site control that was in two
22 census tracts. But their site was in one.

23 And I think that with the proximity to things
24 we have potentially the same issue. I can't have ten
25 acres. I am only building on two, on one corner. Yes, I

1 can take my proximity to my site from my site control
2 being the full ten acres.

3 I would recommend frankly, that site control
4 and the development site at full application should be
5 exactly the same. That is the way it usually had been
6 done for the rule didn't quite jibe with that. But I
7 think it is another cautionary tale that we need to worry
8 about when we are talking about proximity to things.

9 MR. DUNCAN: Hi. Charlie Duncan. Texas Low
10 Income Housing Information Service. I think I have an
11 idea. And I just thought of it, so it might be poorly
12 conceived.

13 But why not just require Applicants to submit a
14 point on their site that is defined by geographic
15 coordinates. Anybody can get those coordinates from
16 anywhere on the site.

17 You get on Google maps, and you can get that
18 down to about six or seven decimal points. That would be
19 a predefined site. Nobody would know what it would be
20 used for, which direction it would go to. It would kind
21 of create this blindness if, you will, that might help
22 ensure that it works.

23 And then it kind of helps take away this whole
24 debate over where the boundary might be. Should we count
25 this egress. Should we count this easement. It is a

1 defined point. It is in writing. And it can be
2 replicated. So a potential idea.

3 MR. VASQUEZ: Okay. Now onto 11.9.

4 MS. HOLLOWAY: If I may just continue that
5 conversation just a little bit longer. We have sought to
6 more fully describe the boundaries of the development
7 site, so that there isn't a question later.

8 For us, as we are evaluating applications,
9 there are so many things that we are looking at, that the
10 more clearly we can define whatever this piece is, you
11 know, the better off we all are. You know, we don't have
12 as many questions later.

13 I completely recognize, you know, the end of
14 the driveway versus the entrance to the clubhouse, versus
15 the parking lot and back. There is no way for us to
16 measure that. To say, you know, from the front door of
17 the clubhouse then the site plan that we get is going to
18 have the clubhouse right up here. But when in actuality
19 the clubhouse is going to be built over here.

20 All we have is the boundaries of the site. And
21 we are saying we want all of the boundaries of the site.

22 MS. BINGHAM ESCAREÑO: Okay.

23 MR. VASQUEZ: When we are talking about,
24 especially for the accessible routes, there is an element
25 of reason that can be measured.

1 MS. HOLLOWAY: Yes.

2 MR. VASQUEZ: Your starting point and ending
3 point.

4 MS. HOLLOWAY: Uh-huh.

5 MR. VASQUEZ: And everywhere in between have to
6 be accessible.

7 MS. HOLLOWAY: Right.

8 MR. VASQUEZ: So you can't just say the corner
9 of -- like someone just said. There might be a fence in
10 that corner that is closest to the point.

11 MR. BRADEN: But I am not sure that that is
12 what we are saying right. We are jumping ahead. But when
13 we say the development site is located on an accessible
14 route that is less than half a mile from the entrance to a
15 park, well, I think that square is sitting on a half-mile
16 route. It doesn't need the entrance hooks into that. So
17 I mean, I guess maybe that is built into accessibility. I
18 don't know.

19 MS. HOLLOWAY: We -- actually we have a couple
20 of more things to get through.

21 MR. BRADEN: I still would suggest we can move
22 on. I don't want to run this too much longer. 11.9, I
23 think you ought to really look at that first sentence that
24 was added.

25 Because I am not -- I understand you are trying

1 to address something. But I think it is probably raising
2 more questions. But the language you added later, I think
3 is helpful.

4 MS. HOLLOWAY: Uh-huh.

5 MR. BRADEN: But I mean, the only thing I could
6 see helpful in this first sentence, if you said
7 measurements will include any easements regardless of how
8 they will be held. I don't know about the language in
9 between, about what that does. Because I do think that
10 first part of it seems to be contradictory when you are
11 talking about the nearest boundary to the nearest
12 boundary.

13 MS. HOLLOWAY: So removing the ingress/egress
14 requirements language?

15 MR. BRADEN: Well, no. all measurements will
16 include, you know, the entire site. I think that is kind
17 of confusing. I mean, I am not sure what you are trying
18 to get at, when you say that.

19 MS. HOLLOWAY: We are trying to get to, this is
20 the entire development site.

21 MS. BINGHAM ESCAREÑO: So does it mean the out,
22 the boundary, the furthest boundary, or --

23 MS. HOLLOWAY: So if you are a flag lot, it
24 includes the entire flag piece. The flagpole piece and
25 the lot. That is your development site; all of it

1 inclusive.

2 MR. BRADEN: But we are saying that it is
3 measured from the nearest boundary to the nearest
4 boundary.

5 MS. HOLLOWAY: Uh-huh.

6 MR. BRADEN: Total.

7 MS. HOLLOWAY: So for some of these
8 measurements, yes. Absolutely. It could be measured from
9 the rear property line that has absolutely no egress a
10 mile less than a mile to the public library. And that
11 would fall within the scoring criteria.

12 MR. BRADEN: But isn't that covered by the
13 language, nearest boundary to nearest boundary.

14 MR. VASQUEZ: Her point is that if the building
15 is back here, and it has this long driveway.

16 MS. HOLLOWAY: Right.

17 MR. VASQUEZ: So even though -- is the egress
18 from here, or is it from right over here?

19 MS. HOLLOWAY: Where is it --

20 MR. BRADEN: Right now, we are saying from
21 nearest boundary to nearest boundary.

22 MR. VASQUEZ: So that could be, even in
23 reality, the building's back.

24 MR. BRADEN: Right. So right now, we are
25 measuring from here.

1 MR. VASQUEZ: Yes.

2 MR. BRADEN: Okay. But what does this language
3 add? When you say all measurements will include the
4 entire site, but what does that add? What does that mean
5 with respect to a flag lot?

6 MS. HOLLOWAY: I means that we consider the
7 driveway to be part of the development site.

8
9 MR. BRADEN: So wouldn't that be covered by the
10 nearest boundary still?

11 MS. BINGHAM ESCAREÑO: The boundaries, yes.

12 MS. HOLLOWAY: No.

13 MS. BINGHAM ESCAREÑO: No?

14 MS. HOLLOWAY: That is entirely the question
15 that came up this last year.

16 MS. BINGHAM ESCAREÑO: Because, remind me?

17 MS. HOLLOWAY: Because it was held as an
18 easement.

19 MR. BRADEN: Well, that is why I said, leave
20 the easement language in there.

21 MS. HOLLOWAY: Okay.

22 MR. BRADEN: Because if you say, I can see how
23 that is beneficial. All measurements will include any
24 easements regardless of how they will be held.

25 MS. HOLLOWAY: And you think the ingress/egress

1 part is what is throwing it off?

2 MR. BRADEN: No. I don't understand when you
3 say the entire, it will include the entire side. I mean,
4 I thought that was covered when you say boundary to
5 boundary.

6 MS. BINGHAM ESCAREÑO: Yes. What he is saying,
7 what is the value add in putting entire site in there. If
8 you have got the nearest boundary to nearest boundary?

9 MS. HOLLOWAY: Because if --

10 MS. BINGHAM ESCAREÑO: And egress.

11 MS. HOLLOWAY: If we don't have -- if we
12 include the ingress/egress, then that covers it.
13 Otherwise, we wind up with, that is just a driveway. That
14 is not our site.

15 MR. BRADEN: But if you would say all
16 measurements will include ingress and egress requirements
17 and any easements, regardless of how they will be held. I
18 guess maybe that covers it. I can see that might address
19 your driveway issue. To me, the entire site language
20 seems confusing.

21 MS. HOLLOWAY: Okay.

22 MR. VASQUEZ: Any comments that could help
23 clarify?

24 MS. BAST: Yes. Cynthia Bast from Locke, Lord.
25 I would like to propose the solution that keeps me away

1 from this podium as much as possible during appeals
2 season.

3 MR. BRADEN: We all approve of that.

4 MS. BINGHAM ESCAREÑO: No offense.

5 MS. BAST: And in my mind, as Sarah mentioned,
6 we have a defined term. And that defined term is
7 "development site."

8 And the defined term refers to everything that
9 is included in the LURA. So you have a legal description.
10 That is a readily definable area.

11 I think when you start getting into things like
12 these concepts of easements. I mean, what about offsite
13 parking? Is that part of our development?

14 Would someone who maybe has limited parking
15 then go intentionally get a parking lot two blocks down to
16 be part of their development site. So that they are
17 either within or excluded from a distance. And that is
18 not going to be part of your LURA. I don't think that
19 makes any sense.

20 I understand what the staff is trying to solve
21 for. I understand why they were concerned. But I think
22 that was one out of many applications.

23 And honestly, I think that the definition of
24 development site as the land with a legal description from
25 a title company, that is encumbered by the LURA has

1 worked. So that is my opinion. Thank you.

2 MR. JACK: I think maybe my point got a little
3 lost. I understand what you are saying is, including the
4 whole property or not. But the way that the language is,
5 you can have the whole property.

6 But your measurement, where is that from. You
7 know, because you can have a property that is bisected by
8 a one-mile radius and half of it is in, and half of it is
9 out. So this doesn't address something like that.

10 And that is what these scoring items come down
11 to. You know, if you are measuring the closest distance
12 to a library, is it the entrance off the street. Is it
13 the clubhouse? Is it the corner of the property?

14 And that is really what we need instruction on
15 here, is where. You know, historically, it has been the
16 closest point to closest point. Property line to property
17 line. But in this, it gets real muddled. And so that is
18 what I am asking for clarification on.

19 MR. VASQUEZ: You know, here is a question and
20 I think it was Charlie that made the idea about the taking
21 a geographic point. Is it possible?

22 Because we know we are given these descriptions
23 to just to be as fair and equitable to everyone. Pick
24 what is geographically the center of the development as
25 best as can be defined. And the staff can --

1 MS. HOLLOWAY: Yes. I think center of the
2 development would be one of those things that we would
3 have lots of arguments about. I could see us moving
4 towards, pick a point on your property. And all of your
5 measurements for everything moved from that point.

6 MS. BINGHAM ESCAREÑO: The problem I see with
7 that --

8 MS. HOLLOWAY: See.

9 MS. BINGHAM ESCAREÑO: I knew it. The problem
10 I see with that is, that would work if your property was
11 here and all of your support amenities were like this.
12 But if your property is here, and all of those support
13 amenities are here. You know what I mean, I am not sure
14 that accomplishes it, either.

15 Yes, why doesn't it. Why doesn't it. If you
16 include egress and ingress, why doesn't nearest boundary
17 to nearest boundary work?

18 MR. IRVINE: Tim Irvine. First of all, we are
19 only working on a draft that is going to be put out for
20 public comment. So the concept can be refined through
21 public comment.

22 I would suggest that if you took a ruler and a
23 pencil and drew the longest possible line within the
24 property, going boundary to boundary, without ever
25 crossing out of the property, and took the center of that

1 line, that would probably be a pretty darn good point.

2 MR. VASQUEZ: Half of the audience disagrees
3 with you. I agree with you. I agree with you.

4 MS. STEPHENS: It is possible to pick a point
5 on the site. Surveyors can measure it. It is easily
6 definable. It is used in other scoring matrices and other
7 programs where you pick any point on your site.

8 The development selects it. But that point has
9 to serve for every amenity item. Then it is easily
10 defined. The surveyor surveys it. And you know, you live
11 with it. Whatever it is.

12 MS. ANDRE: As long as surveyors are capped
13 from earning no more than \$150,000, I am fine with that.

14 (Simultaneous discussion.)

15 MS. ANDRE: Boundary to boundary has worked
16 great for many, many years. The issue is, we had one bad
17 thing last year. One deal out of thousands that have been
18 awarded.

19 In 2013, we used bedrooms per credit. It has
20 nothing to do with location or site as a tiebreaker.
21 There are many, many ways. And I am sure staff can come
22 up with some to create items that will be non-refutable.
23 And I would encourage you to direct them that way. Thank
24 you.

25 MR. VASQUEZ: Please continue.

1 MS. HOLLOWAY: Are we done with that one.

2 MR. VASQUEZ: I don't know if we are done, but
3 please continue.

4 MS. HOLLOWAY: I mean, what I am hearing is, on
5 that first line of the new language, taking out so we
6 could say, all measurements will include ingress/egress
7 requirements and any easements. Or are we taking that
8 first line out entirely. Or we can sleep on it, and talk
9 about it tomorrow.

10 Staff -- this isn't just, yes there is the
11 application from last year, that is a really good example.

12 It has also come up on the 4 percent side, which clearly,
13 this would not impact on the 4 percent side.

14 But it starts to move us toward a direction. I
15 am happy to follow the Committee's lead, or the Board's
16 lead on what we should be doing with that.

17 So moving on to sponsor characteristics. Staff
18 has expanded this particular item to allow two types of
19 participation from either a HUB, a historically
20 underutilized business or a non-profit. Subparagraph A is
21 largely as it has been. Rewards material participation
22 and is worth two points.

23 Whereas, subparagraph B rewards involvement
24 that is not material, but is still significant, and is
25 worth one point. We have also reduced the minimum

1 ownership interest for the HUB or qualified non-profit
2 from 80 percent to 50 percent. And we have added a
3 description of material participation that is derived from
4 code.

5 This comes out of a number of conversations and
6 requests that we have received for other ways to have
7 non-profits participate in developments and score for
8 that. But there is also, your qualified non-profit in HUB
9 under the state statute are some very specific things, so
10 they are worth an extra point.

11 Next up is opportunity index. Our changes in
12 paragraph 4 largely revolve around clarifying the
13 parameters and intent of the menu items. We have added
14 limitations regarding ownership of an amenity by any
15 member of the applicant.

16 We have clarified the construction status of
17 any new amenities and addressed age restrictions and
18 membership fees. A menu item regarding proximity to
19 museums has been removed.

20 And a menu item regarding Meals on Wheels or a
21 similar service has been added. Do we want to work
22 through those changes, or we can just take opportunity
23 index as a whole.

24 MR. VASQUEZ: Let's go ahead.

25 MR. BRADEN: And I don't know if I am jumping

1 ahead of you, Marni. But under opportunity index, so we
2 have this language about, I guess it is on I, (ii). Where
3 we are talking about public transportation.

4 MS. HOLLOWAY: Uh-huh.

5 MR. BRADEN: And I remember this, coming up in
6 one of the meetings. The route on the public
7 transportation was -- for purpose of the scoring item,
8 regular is defined as scheduled service beyond 8:00 a.m.
9 to 5:00 p.m., plus weekend service.

10 Does it have to be weekend service that is
11 supposed to be during those hours, too. Or are we allowed
12 more limited for weekend.

13 MS. HOLLOWAY: We actually had addressed that
14 in an FAQ. And perhaps we need to include it here. The
15 weekends, we understand, are going to be a more limited
16 schedule in many cases.

17 MR. BRADEN: So I have kind of -- I mean, I
18 guess people are going to debate this language. But I
19 thought it was clearer the way it was rewritten.

20 When you talk about, you know, it is located on
21 an accessible route. That it is less than half a mile
22 from the entrance to your public park. And you get the
23 same thing for the public transportation. So you didn't
24 do that for grocery store or pharmacy.

25 MS. HOLLOWAY: No.

1 MR. BRADEN: Or health-related facility. And I
2 mean, I guess there is other -- or you know, public
3 library. I mean, was that purposeful not to do those?

4 MS. HOLLOWAY: You know, I don't recall
5 conversations about regarding, requiring accessible routes
6 to these other amenities. Things like grocery stores or
7 pharmacies, doctors' offices, we would assume under local
8 code that they are accessible because they are commercial
9 spaces.

10 Access by the public. And they are going to
11 have to meet certain requirements. But frankly, no.
12 Those items, library, all of those have just been those
13 linear measurement items in the past.

14 MR. BRADEN: And you know, it seems like a
15 public library would be of the same character as these
16 others. Where, you know, if you are thinking of walking
17 to a public library, you might have the same concerns. I
18 mean, I guess, if you are saying it is a mile to the
19 grocery store.

20 It might be the same thing. You are talking
21 about three miles or two miles, maybe you are figuring
22 somebody is taking public transportation or driving to
23 those other locations.

24 But when I was reading through this, I would
25 think policy reasons for doing it seems equally applicable

1 at least to the public library. And maybe we were nearer
2 the language we have for the other ones, for that.

3 MS. HOLLOWAY: All right. An accessible route
4 to the public library?

5 MR. BRADEN: Yes.

6 VOICE: No.

7 MR. BRADEN: Apparently not.

8 MS. HOLLOWAY: I am going to stand over on the
9 far side here. I think, though, that that might bear
10 discussion moving forward, because, you know, public
11 library is a facility that is used by an entire household.
12 It is used by an entire family. And if a parent in a
13 wheelchair, or a grandparent in a wheelchair can't get a
14 child to the library for book hour, or whatever, then they
15 can't use that library.

16 One of the things that we have tossed around as
17 staff, which is not here, and I think that we are going to
18 talk about moving forward, is weighting the scores of some
19 of these amenities. So which are the higher value ones.
20 And which are the lower value ones.

21 So you know, maybe a park within a half a mile
22 or whatever, without a route is worth X amount. But a
23 park with an accessible route is worth Y amount. And
24 dealing with those differences that way is one of the
25 conversations that we have been having.

1 MR. BRADEN: And the other question that I had,
2 so if something is both a pharmacy and a grocery store --

3 MS. HOLLOWAY: Uh-huh.

4 MR. BRADEN: Do you get points for each of
5 those?

6 MS. HOLLOWAY: Yes.

7 MR. BRADEN: Okay.

8 MS. HOLLOWAY: Just for that one item.

9 MR. VASQUEZ: Comments, ready to go.

10 MR. JACK: You know, I am really trying not to
11 get up here, throughout most of the year. So earlier we
12 talked about tiebreakers.

13 And we have had tiebreakers around for a number
14 of years, because our scoring has been flat. And my first
15 comment is here, you have got two missed opportunities to
16 remove the flatness of the scoring.

17 One is, under opportunity index, you are only
18 giving the maximum of seven points. But you have
19 identified at least 14 different amenities that you know,
20 make for a better project. And so do you want fewer
21 projects going to the flat scoring, open that up to the
22 full, you know, number of points that a property qualifies
23 for.

24 Second, the same applies to the underserved,
25 which is maybe coming up next. You know, there are

1 underserved areas of the state that haven't received a tax
2 credit under the underserved criteria. That alone is
3 worth five points, and makes a huge difference in the
4 scoring outcomes of properties.

5 You know, I would suggest that you remove the
6 cap of, I think it is 150,000 population and open that up
7 to the entire state. You know, there is other communities
8 that just aren't getting deals out there, that would have
9 the opportunity if you opened up the other scoring. And
10 it removes the flat scoring issue for you.

11 On, I have a couple of notes about some of the
12 amenities. One, the library says that it actually has to
13 be -- have physical books.

14 And I don't know if you are aware of a trend
15 now. San Antonio opened up the first all iPad library.
16 It is a physical building. You go there and check out an
17 iPad just like any other library.

18 You know, if you keep the library to a physical
19 building, that would account for this new trend, in
20 libraries by allowing the iPad checkout. You know,
21 residents have access to a whole lot more books than even
22 a physical building could hold.

23 On health care facilities, this language is
24 kind of clear as mud. And as I was looking at what is
25 actually a licensed health care facility in the state,

1 that is well defined by the state.

2 And it goes to a number of things, including
3 ambulatory surgical centers, birthing centers, end stage
4 renal disease facilities for dialysis. Free-standing
5 emergency medical facilities.

6 I really want to suggest that we go to a
7 defined list. Have the Department pick out which ones of
8 the licensed health care facility meets the criteria that
9 they are looking for and put that language into the QAP.
10 Don't leave any opportunity for ambiguity as to what is
11 and what isn't.

12 At the same time, I really want to encourage
13 the Department to include the end stage renal disease
14 facility. My wife used to be a pharmaceutical rep and
15 covered large rural areas.

16 And you know, her opinion was that there are a
17 lot of these in rural Texas that people, if they are not
18 there, people would have to take an entire day off of
19 work, travel to maybe the county seat, to where the county
20 hospital is, when all it takes is an hour or two of
21 dialysis. And so this, especially for our rural residents
22 is a real amenity that makes a difference for them, and
23 their lives.

24 MR. VASQUEZ: However, isn't the intent of
25 this, the medical facilities to be someplace where someone

1 can go in and get treatment on a general basis. Not a --

2 MR. JACK: Well, that is what is not clear.

3 MR. VASQUEZ: I think it is very clear. I
4 mean, when we say hospital, health center, emergency room
5 or urgent care facility.

6 MR. JACK: Okay. But I mean, is a birthing
7 center included in this? Because that is somebody going
8 in to receive care in delivering a child. But that could
9 be made crystal clear, if in the QAP we defined it by what
10 the state says are licensed health care facilities.

11 Not all of these probably should be on the
12 list. I mean, things like narcotic treatment clinics.
13 But there is a list out there.

14 MR. VASQUEZ: I believe the intent is a general
15 treatment facility, with walk in service.

16 MR. JACK: Well, I mean, we have free-standing
17 emergency medical facilities, which are different from
18 general and specialty hospitals. Which are different than
19 ambulatory surgical centers. I mean, it is a really easy
20 fix to make the QAP match what the state says is licensed.

21 MR. VASQUEZ: Again, I understand what you are
22 saying, and appreciate that. But it is, I think you are
23 trying to expand it beyond the intent of being near an
24 emergency room, someplace where you can go, whether you
25 scratch your knee or break an arm, get it cut, go in there

1 and get it sewn up. I mean it is not to go have a baby.

2 MR. JACK: I know what you are saying. But I
3 have also heard the arguments over the years as to what
4 constitutes a community garden. Or what constitutes a
5 public park.

6 And then you know, we get into all these
7 different things. We can make this crystal clear, just by
8 deciding what on the state's licensed medical facilities
9 list does or does not fit this criteria.

10 MR. BRADEN: But that doesn't address the
11 policy issue that you are bringing up.

12 MR. VASQUEZ: Right.

13 MR. JACK: So I think that is my comments.
14 Thank you.

15 MR. KAHN: Mr. Vasquez, my name is Barry Kahn.
16 I am a Houston developer. And I want to take a whole
17 different twist for the affected counties. If you want me
18 to wait until later in the testimony, I am happy to.
19 Opportunity index is one of the factors. So that is
20 why --

21 MR. VASQUEZ: If you can relate it to the
22 section and ethics that we are working on.

23 MR. KAHN: Well, it is not that easy. Because
24 it is going to affect the whole opportunity index. I
25 mean, we have got to make some changes with the drastic

1 situation in Houston right now. And that is what I am
2 really here for.

3 And it is really to talk about exempting Region
4 6, probably Region 5, and I am not sure about Corpus
5 Christi, which region that is from a lot of these general
6 rules. The staff works very hard.

7 It is terrible to be bringing this up at the
8 eleventh hour, which is where we are right now. But
9 nobody predicted Hurricane Harvey at this time. Excuse
10 me.

11 We have been facing the last few years, a lack
12 of affordable housing in the core of Houston. And we have
13 got many, many families which are underserved. We have
14 got to shift this year's QAP in a way that gets rid of
15 location requirements in order to get development where it
16 is really needed.

17 We have children at risk with poor schools.
18 That has been a whole detriment to the whole City of
19 Houston. I can't speak for a lot of other cities, but for
20 Houston, I can.

21 I have been a developer in the tax credit
22 business since 1994. And very active in different aspects
23 of education throughout the city. Children at risk came
24 out this week with 1.4 million public school kids starting
25 school at least a week late, and nearly six in ten are

1 economically disadvantaged.

2 And why is that? Because it is just the
3 structure of Houston. Houston may not fit like the rest
4 of the state, but it is the fourth largest city. So we do
5 need to take focus here.

6 And as I say, we have got children at risk with
7 poor schools. Now they are going through the shock of
8 what has happened with Hurricane Ike [sic]. And then we
9 want to come out with rules from this Department that
10 pretty much keeps housing away from them. Now, is that
11 really right?

12 I mean, that is your guy's decision. But that
13 is why I am here, because in my opinion, it is wrong. And
14 we need to do something. I am not talking about on an
15 ongoing basis. I am talking about for 2008 [sic]. We
16 need to exempt the impacted areas from a lot of these
17 rules, so we get the housing to where it is really needed.

18 There may be additional -- I am also on the
19 Board of the National Association of Home Builders. We
20 are trying to get additional credits right now for
21 Houston. Is this QAP going to control that, and keep
22 things away from the inner core, when it is intended for
23 the inner core?

24 I mean, I don't have that answer, but we don't
25 want that result. So I am just bringing up to the Board

1 and it is you guys' decision, that this year, we exempt
2 the education threshold requirement, the opportunity index
3 and anything else that affects location from the QAP. And
4 I am happy to answer any questions.

5 MR. VASQUEZ: Were you here at the beginning of
6 the meeting?

7 MR. KAHN: Yes.

8 MR. VASQUEZ: Okay. I just want to make sure
9 you understand that I am with you. I agree on Houston.

10 MR. KAHN: No. I am sure you do. I may have
11 talked to Tom McCasland. I am sure he would like to be
12 here. I know he is going to try to come tomorrow.

13 MR. VASQUEZ: The main point that we have to
14 recognize, and thinking, I wish we could throw all the
15 resources into Houston. But this Board represents the
16 entire state.

17 MR. KAHN: No. I understand that. That is why
18 I am saying, carving out just the impacted regions. I am
19 not trying to change everything for everyone else.

20 MR. VASQUEZ: I would imagine, we need to be
21 talking to -- we need to be talking to the federal
22 representatives, our Congressmen and Senators to get those
23 allocations to the Gulf Coast.

24 MR. KAHN: No. We are. But again, I don't
25 want a QAP that interferes with it.

1 MR. ECCLES: Let me just point out, if there is
2 an additional allocation, it is not necessarily going to
3 be governed by this QAP. That is a statutory provision
4 that would allow for --

5 MR. KAHN: Well, that is good. But
6 nevertheless, with the \$10 million or so in credits, in
7 Houston, we don't want to be keeping them out of the areas
8 which otherwise wouldn't get credits because of the
9 education requirement and the way the opportunity index is
10 structured.

11 And that, as I say, I am not trying to affect
12 Dallas. I am not trying to impact other areas. I am just
13 trying to you know, speak up for the people who
14 desperately need it, and the kids who, you know, are at
15 risk. We need to do something, and good housing
16 neutralizes that.

17 MR. VASQUEZ: Again, I don't think anyone here
18 disagrees with that assessment of the need.

19 MR. KAHN: But you know, the question is, are
20 we going to do something about it. Thank you.

21 MR. VASQUEZ: Thanks.

22 MS. HOLLOWAY: If I may, just real quickly, we
23 do have provision in statute that if we receive additional
24 allocations for disaster relief, that they can operate
25 outside of this QAP, under a separate cycle on the scoring

1 plan.

2 MR. VASQUEZ: Okay.

3 MR. BIBBS: Good afternoon. My name is Ryan
4 Bibbs. I am the Division Manager for the City of Houston
5 Multifamily Division with the Housing and Community
6 Development Department.

7 The City of Houston appreciates the opportunity
8 to provide feedback on the draft for the 2018. Qualified
9 QAP. Our director of the Housing and community
10 development Department, Tom McCasland would have been here
11 today, except the hurricane that has recently devastated
12 our city.

13 Director McCasland has spent the first week
14 leading the city's efforts in supporting the largest ever
15 Red Cross shelter, that sheltered nearly 12,000 neighbors
16 seeking shelter since the storm. We hope that you will
17 remember our city in your thoughts and prayers as we begin
18 the recovery process.

19 Before making suggestions, I want to express
20 support for several proposed changes made in the draft.
21 We support the inclusion of tax increment reinvestment
22 zones as our source, as a source for qualified
23 concentrated revitalization plan. This inclusion allows
24 the City to invest in public infrastructure improvement
25 and economic development alongside the development of

1 affordable homes.

2 We strongly support the change to allow
3 governing bodies to identify distinct areas of concerted
4 revitalization and provide a resolution for the
5 development that most supports the revitalization within
6 that district area. While greatly appreciative of the
7 above changes, we would suggest some additional edits that
8 we believe will assist the City in directing development
9 to areas that will provide residents significant health
10 and economic benefits in addition to significant quality
11 of life improvement provided by easily accessible
12 recreational amenities and transportation options,
13 recommended changes.

14 The development site is located, first would
15 be, the development site is located on an accessible route
16 that is less than half a mile from the accessible multi-
17 use hike and bike trail. The route and the multi-use
18 trail must meet 2010 ADA standards, which would be one
19 point.

20 We believe this addition recognizes the growing
21 importance to neighborhoods of linear parks that often
22 double as safe transportation corridors for those who walk
23 or cycle as part or all of their commuting routes.
24 Additionally, having ready access to a multi-use trail
25 where residents can walk, run, cycle, skate, and

1 participate in other recreational activities for free
2 provides amenities at least as valuable as indoor and
3 recreational facilities.

4 Next change would be, the development site is
5 located on an accessible route that is less than half a
6 mile from the entrance of a public transportation stop or
7 a station with a route schedule that provides high
8 frequency service. The route and the public
9 transportation stop must meet 2018 ADA standards.

10 For the purpose of this scoring item, high
11 frequency transit service is defined as service arriving
12 every 15 minutes on average from 6:00 a.m. to 8:00 p.m.,
13 seven days a week. This would equate to two points,
14 actually.

15 We support the fact that the QAP already
16 provides one point for a development site near public
17 transportation with scheduled service beyond 8:00 a.m. and
18 5:00 p.m., plus weekend service. However, the regularly
19 scheduled service can include a route where the bus
20 arrives once an hour.

21 As anyone who has relied on public transit as
22 their main transportation can attest, the buses on hourly
23 routes are frequently either early or late. If the bus is
24 early and you miss it, you are left waiting for another
25 hour before the bus may arrive. For residents with jobs,

1 such routes are either not reliable, or they readily
2 consume three hours or more of the resident's time for
3 what a simple commute would entail.

4 On the other hand a route with regular service,
5 every eight to ten minutes during peak hours provides
6 reliable transportation that not only allows the resident
7 to find and maintain a job without relying on a car, but
8 it also allows the resident to spend less time commuting
9 and more time with the family or other chosen activities.

10 Because an automobile is often the second largest expense
11 for a low and moderate income household, we believe the
12 importance of a true transit-oriented development as
13 opposed to one simply located near a bus stop merits two
14 additional points.

15 If a concerted revitalization plan includes
16 more than one district area within the city or county, the
17 additional points may be awarded for a resolution,
18 provided for one development in each district area. As
19 mentioned earlier, we support this addition and offer
20 these proposed edits for clarification purposes only.

21 While we do hope the TDHCA will consider the
22 impact of flooding throughout the City of Houston, we do
23 not support waiving the high opportunity requirements for
24 all flood-impacted areas. However, for existing flooding
25 apartment complexes, we would recommend some priority be

1 given to the rehabilitation and demolition and or
2 replacement of existing apartment complexes.

3 Also, we would recommend that priority be given
4 to flood-impacted areas within the previously mentioned
5 transit-oriented development with high frequency services.

6 We believe such recommendation will provide ample
7 opportunity for rebuilding, while ensuring that we do not
8 concentrate low income multifamily development in low
9 income neighborhoods.

10 Thank you again for the opportunity to make
11 suggestions. We believe these changes will assist the
12 City of Houston in producing high quality affordable homes
13 in areas that will also allow the families who live there
14 to flourish. Thank you.

15 MR. VASQUEZ: Thanks, Ryan.

16 MR. ALLGEIER: I am Dan Allgeier. I am a
17 developer. Comments on two things.

18 First, I would like to comment on the
19 accessible route to a development. And that is, I am also
20 an engineer besides a developer. So I apologize if I get
21 engineer on you there.

22 But accessible routes are extraordinarily
23 complicated to determine. It is not just ramps. It is
24 not just sidewalks. It is with the sidewalks, the
25 surfacing on sidewalks, it is how you cross the street.

1 You can have an accessible route when you do
2 your application and the city can come resurface the
3 street, and you don't have an accessible route. You can
4 have a bus stop across the street, and it can be over half
5 a mile on a accessible route if you are not in a flat
6 area. Oh, not all of Texas is flat. Houston is, but
7 otherwise, it is not.

8 And the second thing I would like to comment
9 on, I was discussing the distance to an amenity. And that
10 is, let's not go to the center of the site.

11 I am also a surveyor. You have got a curved
12 site -- you are going to have to pay a surveyor to figure
13 this out. It is very complicated. It is done in other
14 states. I would be happy to take the money. I won't
15 charge \$150,000, depending on how complicated your site
16 is.

17 So just leave it like it is on distance to
18 things. And please remove the accessible route
19 requirement offsite. It is going to be an ongoing
20 problem, every, all the time.

21 And you are going to have to hire somebody to
22 figure that out, too. All of that increases the
23 application costs. Thanks.

24 MS. RICKENBACKER: Donna Rickenbacker. Two
25 point items that I am hoping you all will consider adding

1 to the opportunity index.

2 One is, if the site is properly zoned for the
3 use. I think that is an important factor, obviously. A
4 zoned site means you are able to move that deal forward.

5 And then also, I was -- think that another
6 important factor is proximity to the schools; that one or
7 more of the public schools at the site is zoned to attend.

8 Obviously, I don't think that is in conflict with the
9 most recent statute that eliminates it as a scoring item,
10 in terms of the quality of the school, because what I am
11 speaking to is its proximity to the development site. If
12 kids can walk to a school that is within -- my suggestion
13 was half a mile, then I think that that is a good site to
14 be looking at. And should be added to the opportunity
15 index score. Thank you so much.

16 MR. VASQUEZ: Thanks.

17 MS. HOLLOWAY: Okay. Next up is underserved
18 area. So like opportunity index, we have focused largely
19 on clarifying the language of these scoring items.

20 Whether or not a census tract intersects with
21 the boundaries of an incorporated area has been removed
22 from subparagraph C. That is the one that created quite a
23 bit of concern this past round.

24 The requirement that the census tract fall
25 entirely within the boundaries of an incorporated area

1 remains true with subparagraph E. This is the one that we
2 refer to as the flower.

3 In 2017, that item was limited to places with
4 populations of 300,000 or more. But for 2018, staff has
5 lowered the population floor to 150,000. This will
6 increase the number of eligible cities from eight to 18.

7 MS. SISAK: Right. Janine Sisak on behalf of
8 TAAHP QAP Committee. I am not going to talk about the
9 technical aspects of this rule.

10 I do want to point out, and Marni kind of
11 alluded to you know, new concepts being introduced today.

12 Not having enough time to incorporate into the draft QAP
13 for public comment, which I completely appreciate.

14 But TAAHP has for at least a year tried to
15 incorporate new concepts that could have been incorporated
16 into this area. And that was reintroducing the needs
17 score, which was an old score that was developed by TDHCA
18 several years ago. And we worked under that needs score
19 concept for many years, with success.

20 We recognize -- we actually pulled up the old
21 methodology, and we made some tweaks to it, because we
22 recognized there were some aspects of it that wouldn't
23 work in this modern era. And it wasn't perfect.

24 But you know, we have failed to engage staff on
25 this concept. And I am just frustrated that we keep on

1 bringing up concepts, and they are just pretty much never
2 gain traction.

3 And it absolutely is too late for this year.
4 But I just don't want to be standing here a year from now
5 and making the same testimony. So that is one point on
6 underserved.

7 I really think that introducing a needs score
8 or something else is really important. Because the
9 scoring is very flat now, with educational excellence
10 being gone. And so this point category will be the thing
11 that people will chase.

12 These census tracts will be the things, the
13 census tracts that people will chase. You will see a lot
14 of developers chasing the same census tracts. So this,
15 and tiebreaker will be the determining factor.

16 So again, I think it is really important for
17 next year to start really thinking about some good other
18 scoring criteria that could, you know, reduce the flat
19 scoring that we have today. Thank you.

20 MS. S. ANDERSON: Sarah Anderson. I just have
21 one comment related to this. There is discussion about
22 whether or not you are going to be in proximity to deals.

23 Whether or not they are 30 years old or 15 years old.

24 And I would really encourage that what that 30-
25 year-old means be defined. Is it the date by which it is

1 awarded? Is it the date by which its commitment notice is
2 signed. Is it -- you know, what date are we talking.

3 Because we are going to be here in six months
4 arguing, but you know, I built it at this date. So if
5 staff could just define exactly what that date means, it
6 would be great.

7 MS. RICKENBACKER: Donna Rickenbacker. Also,
8 with respect, and piggybacking off of what Sarah said.

9 With respect to the scoring category, the deals
10 with being in a census tract that doesn't have a
11 development that is less than 30 years old, I would like
12 to qualify that development to a development with more
13 than ten units. And the reason why I say that is, that
14 you have a lot of census tracts out there where you have
15 got one house in it. And that was allocated a \$1,000 in
16 tax credits 20 years ago.

17 That, in my opinion, is a clean census tract.
18 And so I am hoping we can qualify that development to the
19 census tract and that development that is in it to at
20 least having ten units in it.

21 Lastly, with respect to E. I guess it is still
22 E. Again, I am looking at an earlier draft that deals
23 with census tracts and the boundaries of an incorporated
24 area, and setting that up such that populations, cities
25 with populations of 150,000 or more are the only ones that

1 are eligible to receive those points.

2 I understand where staff is coming from. They
3 don't want this to be set up such that these rural areas
4 that are way out in the middle of nowhere could achieve
5 this five points. I understand that.

6 But I also question that that will happen if
7 they are also required to either get points under
8 opportunity or revitalization. They have got to be in
9 some area where they can get these amenities.

10 That being said, if there is a way we could
11 remove the population and open it up to urban only,
12 instead of population, I think that that would give better
13 dispersion, if you will, across the state. Thank you so
14 much.

15 MS. BINGHAM ESCAREÑO: Marni, which one is
16 that? Is it still in E:

17 MS. HOLLOWAY: Uh-huh.

18 MS. BINGHAM ESCAREÑO: Okay. Thank you.

19 MS. RICKENBACKER: Thank you.

20 MR. PADILLA: Arnold Padilla, McAllen Housing
21 Authority. First of all, I want to say thank you. I
22 appreciate the opportunity for us to comment on what is
23 still a working draft. And we hope that by the time it is
24 completed, is a productive document.

25 We generally don't get involved too often. We

1 are a housing authority, but we do have developers. And
2 this is the first time that we have really gotten knee
3 deep into the actual tax credit process. And it has been
4 a very learning experience. One that sometimes I am
5 wondering if you know, should we, or should we have not.

6 But either way, a couple of comments. On the
7 urban core component and the underserved, I am going to
8 comment on both of them.

9 I understand that you are trying to drop the
10 number down to include more communities. But by doing so
11 please understand the effects of what occurs in our
12 region, because we are a dispersed region. We don't -- we
13 do not have cities of large populations, but we do have a
14 couple.

15 And what this would do in our region, it would
16 only allow two cities to be able to take advantage of that
17 urban core and or the underserved areas. So we ask that
18 if you are going to lower it, lower it to a level of about
19 100,000.

20 That would include several other cities, and
21 give us all the same effect. Keep in understanding, in
22 our area, you have a combination of cities that really
23 border each other. And you may have a high populated
24 area.

25 But if you took the city itself, the population

1 of the community itself, it is not. But if you took an
2 MSA, it is a large population. So by lowering it down to
3 100,000, I think you give us all a better opportunity to
4 do so.

5 But I do want to go back and just comment on
6 something that you have already visited. But just want to
7 from the perspective of measurements and issues such as
8 that.

9 From the experience of what we saw this past
10 year, one of the troubling effects was, you describe a
11 distance from a point to a point. You, in years past,
12 used as the crow flies. I understand this past year, we
13 used the route issue.

14 But I think one of the problems that we see is
15 when the RFADs come out. And obviously, which one we are
16 trying to award to have many RFADs. I can only ask that
17 you take the perspective of evaluating staff's review
18 first.

19 Because from our own personal experience, we
20 feel that some of the RFAD presentations are taken for
21 values that really shouldn't be taken. And maybe that is
22 an area that we should work on, beyond the QAP itself, is
23 actually the RFAD process itself, the RFAD and how it is
24 valued, how it is judged.

25 And then how it is determined to come back to

1 actually being forwarded to a competing Applicant.
2 Because I believe that in many cases, RFADs are abused
3 tremendously from the perspective of measurements and
4 issues like that.

5 If you have got someone from the state who is
6 certified to give you a certification on an accessible
7 route, and yet, you have an RFAD, where you have got
8 someone, a developer sitting on the floor with a measuring
9 tape and a level, and you give it the same value, then
10 quite frankly where are we?

11 You know, are we going to be taking photos from
12 angles of the building to try to distort the true
13 perspective of something. And I think that may alleviate
14 some of your RFADs, if at the time they are submitted,
15 they are actually evaluated correctly, and given the
16 perspective that they should. Which is, in many cases, is
17 foolishness.

18 Take it out. Let's go back to what is
19 accountable, whether it is an engineer's certified
20 statement. People who are bound to accreditations. Bound
21 to certain specifics that says, hey. If it has got my
22 stamp, it has got my reputation on it.

23 I think those things truly have value. And
24 that might get you away from all of the silliness that we
25 actually experienced this past year.

1 MS. BINGHAM ESCAREÑO: Thank you.

2 MR. JACK: Hi. Darral Jack again. My
3 apologies. You know, as I mentioned previously, this is
4 one of the areas that I think you are missing the
5 opportunity to differentiate the scoring.

6 Because you know, we are dealing with five.
7 Five points is a significant issue. And like I said,
8 previously, there are areas of the state, both urban and
9 rural that are underserved today, because of the way the
10 scoring lines out.

11 I would disagree though, with Donna. Because
12 if you are doing it statewide, and you have urban
13 competing with urban, you have rural competing with rural.
14 You won't have the rural town competing for credits out
15 of an urban pool.

16 And so it opens it up, if you are trying to get
17 geographic dispersion across the state, and serve
18 underserved areas that haven't gotten allocations before,
19 this is an area that you can do that, just by taking away
20 the population requirement. There aren't going to be a
21 lot of areas that qualify for this.

22 And eventually this year, and if you keep it
23 next year, even those areas are going to burn off or they
24 are going to change as the 15-year-rule cycles. So I
25 encourage you to take this opportunity to make a change.

1 Thank you.

2 MS. T. ANDERSON: Terri Anderson again. As it
3 relates to underserved markets and the tax credit
4 applications not being awarded in a census tract within
5 the past 15 years, I understand that the Department would
6 like to go to 30 years. I would encourage at least we
7 keep the previous language that discussed a 30-year
8 property that still remains in the Department's inventory.

9 Because, certainly, in high opportunity areas,
10 you have other transactions that may be burning off or no
11 longer have LURAs and restrictions on them. And they
12 don't maintain any affordability.

13 So those properties essentially are no longer
14 affordable, and that particular census tract still needs
15 the affordable housing. Thank you.

16 MR. VASQUEZ: Please continue.

17 MS. HOLLOWAY: Okay. The next section is
18 tenant populations with special housing needs.

19 Participation in the section --

20 MR. VASQUEZ: I'm sorry, Marni. Which numbered
21 section?

22 MS. HOLLOWAY: Six. We are at 11 -- (c)(6).

23 MR. VASQUEZ: Do we have it?

24 (Pause.)

25 MR. VASQUEZ: Okay. Thanks.

1 MS. HOLLOWAY: Okay.

2 MR. VASQUEZ: Yes. Please.

3 MS. HOLLOWAY: Okay. Participation in the
4 Section 811 project rental assistance program is back in
5 the QAP this year as a scoring item, rather than
6 threshold, as it was last year.

7 We had moved it to threshold last year. That
8 didn't seem to work out real well. We are going to put it
9 back into scoring.

10 The specific requirements of the 811 program
11 are in the proposed 10 TAC Chapter 8, which is on the
12 Board agenda for tomorrow as a new rule. They are taking
13 some of the items that were in the QAP, or in Chapter 10
14 last year, and some other parts of their program, and
15 creating a new rule.

16 So that is on the agenda for tomorrow. Next,
17 is proximity to urban core.

18 MS. STEPHENS: I am so sorry. Lisa Stephens,
19 811. This may be addressed in the rule that is coming up,
20 if it is being moved to a new section. But under 811,
21 there was a provision last year, that if you were trying
22 to use 811 units in an existing development but your
23 syndicator or your lender would not allow you to do that,
24 that you would be exempt under existing development. And
25 that you could use your current year's application for

1 your 811 units.

2 We just want to make sure that that is
3 preserved. That is an important process. And it is very
4 difficult to get syndicators and lenders to go back and
5 open up deals that are closed and have converted, and are
6 already operating. So we do need that provision to remain
7 in the rule.. And since we haven't seen the new 811
8 rules, I just wanted to comment on that. Thank you.

9 MR. VASQUEZ: Thank you.

10 MS. RICKENBACKER: Yes. I really have more
11 questions than anything else with respect to this scoring
12 item. Again, things may change. And I am looking at an
13 earlier version that was not -- the version that wasn't
14 posted in the supplemental.

15 But my first question has to do with, in order
16 to secure the points, is you have to either score it first
17 in A, then Section B, and then Section C. And so with
18 respect to Section A, it deals with putting units in
19 existing developments. But they have it qualified that
20 the same units can't be used to qualify for points in more
21 than one Housing Tax Credit application.

22 So what happens if you have got three
23 applications that you have submitted. You only have one
24 existing development that you are -- that is eligible to
25 receive the 811 units.

1 So do you -- do you put it in one, and then the
2 other two drop down to the third, I guess, section, which
3 deals with an application that doesn't have an existing
4 development, and therefore, can score the two points for
5 special needs. So if there could be some clarity to that,
6 that would be appreciative. Thanks.

7 MS. HOLLOWAY: So 10 TAC Chapter 8 draft is in
8 the Board book that is published for the meeting tomorrow.
9 It currently is a consent agenda item.

10 If anyone at the Board meeting tomorrow would
11 like to comment on that rule before the draft is accepted
12 for publication, they need to just let us know at the
13 beginning of the meeting. We can pull it off of the
14 consent agenda and make it an action item.

15 So much of what was addressed in Chapter 10
16 last year regarding how the program works is now in that
17 program's own rule, Chapter 8. So that is where those
18 answers are.

19 Next is proximity to urban core. You have
20 heard a little bit about that one already. We have
21 lowered the population threshold on urban core.

22 To qualify as a city for points, from 300,000
23 to 200,000. This increases the number of qualifying
24 cities from eight to 13.

25 We focused on three criteria to determine where

1 to set the population threshold. One is total population
2 and population growth. Presence of low to moderate income
3 jobs. And the physical attributes of these cities' cores.
4 And this scoring item is still worth five points.

5 MS. RICKENBACKER: This hopefully is my last
6 set of comments. But this is a scoring category that is
7 going to determine winners and losers. It is a five-point
8 scoring category.

9 And every year, we have dropped the population
10 or increased the population or dropped the population,
11 excuse me, as to those cities that can qualify. So we are
12 effectively every single year picking winners and losers
13 in this program.

14 My suggestion is to go back and take a look at
15 this scoring category. And limit it to our five largest
16 cities that already statutorily have imposed on them a
17 two-mile same-year rule.

18 So if you are in an urban core area, and you
19 are within two miles of another development, the same
20 year. The highest scoring one would move forward. The
21 other one would not.

22 What happens is, when we increase the number of
23 cities through populations that are eligible to receive
24 these five points, when you get out of those five largest
25 cities, and into regions where there is only one award or

1 maybe regions where there is two or three awards,
2 everybody is going to go to that city that can get these
3 five critical points.

4 You are concentrating housing in one area. The
5 balance of the region that doesn't hit that population
6 threshold don't qualify, effectively, to receive an award
7 of tax credits.

8 I think that is a very unfair advantage on
9 those cities. And again, there are now -- if this holds,
10 there are regions where you only have one city that would
11 be allowed to qualify for these five critical points.
12 Thank you.

13 MS. HOLLOWAY: Okay. Next is commitment of
14 development funding by local political subdivision.
15 Senate Bill 1316 from the 84th Legislature moved
16 commitment of development funding by local political
17 subdivisions from 2306.6710 to 2306.6725 in statute. And
18 allowed the Department to set the amount of required
19 funding at a de minimis amount. That was the language in
20 the bill.

21 Since this change was implemented, many
22 applications include local political subdivisions
23 providing something of value equal to \$10 or even a
24 dollar. The bill included language that made the amount
25 de minimis only for 2016 and 2017.

1 The language in F that speaks to this says,
2 subsection E, which says it is a de minimis amount, and
3 the subsection will expire September 1, 2019. Subsection
4 E states that this de minimis amount provision applies for
5 the 2016 and 2017 Qualified Allocation Plans.

6 Thus, staff has introduced a more substantial
7 value requirement for development funding from a local
8 political subdivision. Staff has proposed \$500 for urban
9 developments and \$250 for rural developments. We had
10 actually started out a little bit higher, and reduced it
11 as a result of comment.

12 MS. BINGHAM ESCAREÑO: Do we still have the old
13 one?

14 MR. VASQUEZ: Ours says \$1,000.

15 MS. BINGHAM ESCAREÑO: Ours says \$1,000.

16 MS. HOLLOWAY: So we have reduced it.

17 MS. BINGHAM ESCAREÑO: Okay, 500, 250?

18 MS. HOLLOWAY: Yes. This is the other one that
19 we changed. Yes.

20 MR. BRADEN: And where were the comments coming
21 from, that to reduce that dollar amount?

22 MS. HOLLOWAY: Those, the comments received in
23 between last week. So they wouldn't be posted in the book
24 anywhere, would they? Some of them are in the Board book.

25 MS. BINGHAM ESCAREÑO: In the supplemental, in

1 the back.

2 MR. VASQUEZ: It just seems that we are really
3 saying that it just needs to be verbal, we back this
4 project. Because the dollar amounts mean nothing,
5 compared to -- I mean, that is not real support.

6 MS. HOLLOWAY: Yes. And it is my
7 understanding, and this was before my time. That
8 previously, those support amounts were tied to development
9 sizes and a number of other issues.

10 Honestly, that is not something that -- that
11 history of how we came to this date, is not something that
12 I can effectively speak to. I can get you some
13 information tomorrow.

14 MR. BRADEN: Statutorily when --

15 MS. HOLLOWAY: Statutorily, it was de minimis
16 for >16 and >17. The de minimis expired. It said,
17 specifically for 2016 and 2017. It may be a de minimis
18 amount.

19 MR. VASQUEZ: I am just throwing this out. I
20 am not saying, insisting that we make this change. But it
21 would seem that since that de minimis word is how being
22 dropped, that the Board could take an opportunity to say,
23 change this to be real support. I mean, that there's --

24 MS. HOLLOWAY: Certainly.

25 MR. VASQUEZ: I mean, \$500, that is like one

1 300th of the consultant fees. Okay. Well, let's move on.

2 MS. HOLLOWAY: And I think that that is
3 something certainly that we can talk about, moving
4 forward. I mean, that is part of what we staff hope to
5 gain from you, the Committee. Is where would you, the
6 Committee and where would the Board like us to see -- like
7 to see us go next, with the next QAP.

8 MR. VASQUEZ: Again, I am just saying, this
9 doesn't seem like a whole lot of real support.

10 MR. BRADEN: I think that is a good point.
11 Right. It is commitment of development funding by a local
12 political subdivision. You would think that it would be a
13 real commitment.

14 MS. HOLLOWAY: Do you want to speak to that
15 one?

16 MS. DULA: Yes.

17 MS. HOLLOWAY: Okay.

18 MS. DULA: Tamea Dula with Coats Rose. And I
19 have been doing this for a while. So I have seen it in
20 the past years, the last 19 years. It used to be that a
21 substantial contribution was needed.

22 But the reality is, that small cities don't
23 have money that they can use for this. They cannot use
24 their general tax funds, because the project is owned by a
25 private partnership. And so they don't have any money

1 that is available, unless they are a participating
2 jurisdiction, or have some kind of a grant.

3 And that is why it has come to this point where
4 a minimal financial support is required. Thank you.

5 MS. HOLLOWAY: That was good information.
6 Okay.

7 MR. VASQUEZ: Just again, there are other ways
8 besides cash to do things.

9 MS. HOLLOWAY: Uh-huh.

10 MR. MOREAU: Walter Moreau. I do have some of
11 a history with this. I think it is good public policy.
12 You know, you are going to have mayors, community leaders
13 coming to you asking for your support for the project in
14 their community. One measure is, you know, do they have
15 some skin in the game.

16 MR. VASQUEZ: Yes.

17 MR. MOREAU: I think that is the right policy.
18 In the past, it became hard, because some cities didn't
19 have as much money to put in. We work in Austin. Austin
20 always had a lot to put in.

21 So then developers are creative. So developers
22 would give money to the city to give back to them. So
23 that wasn't allowed.

24 So then developers would give money to the
25 bank. That would be collateral for a loan to the city to

1 give back to the development.

2 So I don't know the answer. I like the general
3 policy that there should be a meaningful amount. That is
4 it.

5 MR. VASQUEZ: We will work on that. Okay.

6 MS. HOLLOWAY: Okay. Next is community support
7 from State Representative. We have modified this section
8 to allow representative letters to include language
9 similar to my constituents support this project, so I do
10 too.

11 Which before, in the past, we have required
12 that it was I personally, you know, I support this. We
13 are hoping that this will allow representatives a bit more
14 flexibility in their statements, and increase their
15 comfort level in providing letters. We have also
16 addressed vacant representative offices in this revision.
17 Okay.

18 Next is concerted revitalization plans. Other
19 types of urban revitalization plans which may not be
20 called a concerted revitalization plan but fits the
21 description in the rule will now be allowed.

22 We are requiring that Applicants tell us
23 exactly where in the plan to find the specific items
24 addressed in the rule. And are requiring that the plan be
25 current at the time of application and continuing for

1 three more years.

2 We have also added language that allows cities
3 with plans that cover more than one distinct area to
4 submit resolutions for each plan or area rather than
5 limiting the city to one per year. For rural
6 revitalization, we have added some clarifying language and
7 corrected resolution requirements so that it speaks to the
8 development itself, rather than a plan, which is not
9 required under this category for rural applications.

10 MS. ABELN: Good afternoon. My name is Emily
11 Abeln. I am the Vice President of Real Estate Development
12 for New Hope Housing. Joy Horak Brown, my boss, would be
13 here in front of you today, but she is busy working with
14 the city with our current disaster relief from Harvey.

15 I specifically wanted to talk to you today
16 about the CRP language. We have made some good progress
17 here. We are allowing municipalities to designate more
18 than one area. More than one deal in an area.

19 So for example, the City of Houston has
20 multiple revitalization areas. And they could potentially
21 have more than one deal in a city as large as Houston,
22 with over 3 million people. One deal in the entire area,
23 our region, is just not sufficient to meet the need. So
24 we really appreciate that.

25 Of course, on the heels of Harvey and watching

1 what our local representatives that we have hired -- we
2 have elected them to do, are working in the interests of
3 the citizens of the community, they are putting aside, as
4 they should, some other objectives like the Planning
5 Department pushing forward the revitalization plan and
6 meeting all of the benchmarks that the Department has
7 outlined to qualify as a revitalization plan for the area.

8 So in our letter that we submitted on the 23rd
9 of August, we requested that the appropriate position or
10 person for Houston, it would be the Housing and Community
11 Development director be allowed to write a letter
12 designating the revitalization areas of a particular
13 region or city. They are equipped and capable of making
14 that determination.

15 And I am particularly concerned that a city as
16 large as Houston, with as much -- as many cogs are in that
17 machine to get fully compliant plan that meets the
18 state -- departments' requirements through City Council
19 and adopted. So that goes through the Planning Department
20 and housing and community development and neighborhood
21 vetting. Processes, time lines, budgets.

22 And then being able to implement that in time
23 for the 9 percent cycle. We think it is appropriate and
24 prudent for the Housing Director to make that decision.

25 I have one very small comment about the housing

1 thresholds in the multifamily rules. There was one very
2 small comment made earlier today, that those items in the
3 undesirable neighborhood characteristics were simply
4 benchmarks. They weren't full stops.

5 And as someone who went through the pain and
6 turmoil of overcoming the school threshold at our New Hope
7 Housing at Reed Development, which is under construction
8 right now. Yes, we were able to move past it, to the tune
9 of about \$75,000 in out of pocket costs for a small non-
10 profit.

11 That is just an enormous amount of money. That
12 doesn't include staff time on that. I just wanted to make
13 sure that we are aware that it is not just a simple hurdle
14 to overcome. Thank you so much.

15 MR. VASQUEZ: Thank you.

16 MR. MARKS: Hello. I am Scott Marks with Coats
17 Rose. And I am also a Board member of TAAHP. I'm here to
18 make the TAAHP comments on the concerted revitalization
19 plan scoring item.

20 You know, Texas cities are not big on planning.

21 And it is not like Oregon or something, where you know,
22 there are these massive plans that the city governments
23 prepare.

24 And if you think about the scoring item, it was
25 really -- it comes from the ICP litigation. And it was

1 supposed to balance out high opportunity.

2 So you were allowing high opportunity sites in
3 the suburbs. And then the concerted revitalization plan
4 was supposed to capture those sites in the urban core that
5 really needed housing.

6 But you know, because the city was saying, this
7 is a targeted revitalization area. And but what we have
8 seen is that high opportunity has become looser and looser
9 in the definitions in many ways. Easier to get these
10 points.

11 Concerted revitalization plan has become
12 stricter and stricter. More and more bells and whistles
13 on what has to go into a plan. And you know, if you look
14 at Austin, you look at Houston, you look at Dallas. They
15 just rarely do this type of planning with these types of
16 budgets and three years and all of these strict
17 requirements.

18 And especially as Emily just pointed out, with
19 Harvey and in Houston, this is a big problem. And so we
20 have seen in our state's largest city so few of the tax
21 credit developments for the general population for
22 families with kids have gone into the City of Houston
23 since this scoring item, and since the ICP litigation.

24 And the scoring items have been so strict. And
25 so TAAHP has offered a specific suggestion to loosen it

1 up. Which is very much what Emily just pointed out.

2 That in cities of 150,000, with a population of
3 150,000 or more, there could be a letter that is written
4 by the appropriate city official that could be submitted
5 with the pre-application. And identifies you know, these
6 neighborhoods are our concerted revitalization plan areas.

7 And if a full application comes in, in one of those
8 areas, then it would qualify for these points.

9 MS. BINGHAM ESCAREÑO: Thank you.

10 MR. BIBBS: Ryan Bibbs, City of Houston Housing
11 Department.

12 I wanted to support Emily's comment earlier in
13 regards to the City of Houston Housing Department
14 director, with them being able to write a letter,
15 establishing the revitalization areas. It would save on
16 time, as far as the different hoops that the
17 revitalization process has to go through.

18 Now, if it just -- if the Director was able to
19 write a letter establishing that area, that would be
20 fantastic. Thank you.

21 MR. VASQUEZ: Can I ask staff to just -- for
22 these instances where a region, and it doesn't have to be
23 a big city like Houston. It obviously has a Housing
24 Department. Or and then Harris County around that.

25 But for a region that has a recognized

1 governmental or quasi-governmental entity that is their
2 mission. Their mandate is development and housing and
3 economic development. Is there a provision that we can
4 put in to allow that kind of substitution?

5 MS. HOLLOWAY: So concerted revitalization plan
6 that term actually appears in I believe in Section 42. So
7 it goes back to the IRS.

8 They have provided some information about what
9 they the IRS believes to be a concerted revitalization
10 plan. That is something that they are continuing to work
11 on. There was actually a set of procedures. What was it
12 that went out for comment.

13 MR. ECCLES: It was a Revenue Procedure.

14 MS. HOLLOWAY: A Revenue Procedure that the IRS
15 put out for comment that actually pretty much mirrors, or
16 not mirrors, but it is really close to what we have in our
17 QAP. So we are kind of caught here. You know, I
18 recognize that the desire to get there more easily. And
19 that some cities may not have plans that look exactly this
20 way. And that in part, is why we have added -- we have
21 said in this one, it doesn't have to be called a concerted
22 revitalization plan. It could be a TIF. It could be a
23 TURS. It could be something else entirely, as long as it
24 has these components.

25 There is a huge difference between that and a

1 letter from the Housing Director. And we are talking
2 about four points, I think. And it is up to seven points
3 for a concerted revitalization plan. And that includes a
4 resolution from the City Council. So it is a really
5 valuable scoring item that -- I mean, I think that we
6 could look at continuing to sort of evolve what that plan,
7 what a plan looks like, or what is in a plan. But I don't
8 see a letter replacing a plan. My opinion. Of course, if
9 staff going the other direction --

10 MR. VASQUEZ: As a -- I am looking at it as a
11 department replacing a plan. Not the letter. Obviously,
12 like we have our housing regional group here being
13 represented. And we know that group has been around for
14 ten years, a dozen years, however. And they are going to
15 continue to be around, implementing these projects going
16 forward -- I am just worried about someone not having a
17 three-year plan being excluded from this.

18 MR. IRVINE: My comment on that would be, in my
19 mind, it is not whether the Department or assigned body is
20 replacing the city government or whatever as the planning
21 vehicle. It is that whoever is providing the evidence of
22 the plan, upon which we are basing our scoring, can
23 establish that the requisite things have been done.

24 That the situation was assessed. Things in
25 need of revitalization were identified. The local people

1 had an opportunity to participate and comment on that.

2 And that as a result of that public input
3 process, a plan was devised to address those specific
4 things. And a budget was put together to ensure that
5 there was funding so that it would actually play out.

6 I think that in my mind, if that appropriate
7 official has a letter that confirms that all of those
8 substantive things were done, that might make sense. But
9 I don't think that simply a statement that yes, we have a
10 plan, and this is where it happens to reside is
11 sufficient.

12 MR. VASQUEZ: Okay. I am just concerned about
13 us boxing ourselves in legally with saying here is the
14 absolute only way to clear this hurdle.

15 MS. HOLLOWAY: Well, and that is what we are
16 trying to sort of describe what it looks like. But not
17 say it has to be this shape.

18 MR. VASQUEZ: As long as we think it is
19 sufficiently descriptive enough and not limiting that box
20 to words absolute. Because we are going to get all these
21 RFADs saying well, okay. This. The Brownsville Housing
22 Authority, the El Paso Housing Authority did this. That
23 is not really the City of El Paso.

24 MS. HOLLOWAY: Right.

25 MR. BRADEN: It could be done by delegation.

1 So if the City Council goes to that entity --

2 MR. VASQUEZ: But that is my point. I want to
3 be able to --

4 MR. BRADEN: It can be, currently.

5 MS. HOLLOWAY: And that is in the rule. Having
6 to be current, and extending for the next three years
7 means it is not a plan that expired. You know, most plans
8 have a time frame on them. They have a time line. And
9 then if the time line ended back over here, and here we
10 are a year later, how does that old plan apply to this new
11 thing. And how do we know that that work is going to be
12 continuing.

13 MR. BRADEN: And I guess some of my thoughts
14 are, we ought to let local government write this. It is
15 such a local government issue.

16 They have their own internal processes on how
17 to handle this. And you know, if they pass a resolution,
18 and that is an indication of where, if they decide I am
19 going to delegate it to this official or this department,
20 we can take that delegation too.

21 MR. VASQUEZ: Well, as long as we can do that.
22 I agree.

23 MR. KAHN: Barry Kahn again, with Hettig/Kahn
24 Development. Until, well, through 2013, the Department
25 used to accept the Consolidated Plans, which all the big

1 cities have to do periodically.

2 And if I can make a suggestion which would
3 combine the two thoughts would be, that a letter would
4 work if it was tied to the Consolidated Plan. In order to
5 get a Consolidated Plan passed, they have to go through
6 all these processes.

7 And when the Department changed rules for how
8 they wanted the revitalization zones and all that
9 determined, it left the cities in an awkward position
10 because the rules wouldn't be final until later in the
11 year. And then it was always too late for the cities who
12 were also short-staffed, just like the Department is
13 short-staffed, to do all of the things that were required.

14 So if we can go back to precedent with the
15 Department and use the Consolidated Plan as a basis, I
16 think you guys could work around this.

17 MR. VASQUEZ: Okay. I think we addressed that.

18 MS. HOLLOWAY: Okay. Ready for the next one.

19 Readiness to proceed. This is a new item.

20 We have been trying for some time to get to a
21 readiness to proceed scoring item, but have really
22 struggled with finding a structure that isn't punitive if
23 an Applicant is not able to begin construction by the
24 deadline. Staff has proposed the addition of a scoring
25 item that will not necessarily affect applications in the

1 2018 competitive round, but will affect the scoring of
2 applications in the 2019 competitive round.

3 If an application that receives an allocation
4 in 2018 can commence construction by the last business day
5 of the calendar year, then an individual associated with
6 that application can add a point to any one application
7 they are involved in for the 2019 competitive cycle. So
8 if you get an allocation, you can start construction by
9 the end of the year, you get a point next year.

10 Other structures have said, you claim that you
11 are going to get started by X period of time, whatever it
12 is. And if you don't, then you get penalty points the
13 next year, or other horrible things happen to you.

14 Trying to find something that is more about a
15 carrot than a stick. And this is something that we have
16 proposed. And I think you have got some folks that want
17 to talk to you about it.

18 MS. MARTIN: Hello, everyone. I am Audrey
19 Martin. I am speaking on behalf of TAAHP this time,
20 because Janine had to leave and take a call.

21 So TAAP's position on this new item is really
22 that we understand where the Department is coming from in
23 trying to establish some readiness to proceed measures.
24 And you know, a lot of ideas have been kicked around
25 throughout the years. But we do feel like it is kind of a

1 can of worms; that this is fraught with gray areas.

2 And a couple of things can get a little
3 difficult to try to determine what exactly is a firm
4 commitment. How do you get that, before you even have
5 your award of credits for one thing. I see a lot of RFADs
6 in staff's future for this one.

7 Also, there is kind of a -- it is sort of an
8 interesting idea to award points to next year's deal. So
9 we are essentially kind of picking next year's winners
10 based on factors that have nothing to do with that next
11 year deal. That has to do with the previous year's deal.

12 So I just wanted to present those comments.
13 That is it.

14 MS. BOYER: Hi there. My name is Theresa
15 Boyer. I am with Herman and Kittle Properties. I saved
16 my comments for my favorite section, so that I wouldn't be
17 up here too much.

18 But I wanted to say that this intended -- the
19 intent of this from the Department makes a lot of sense.
20 But as Audrey said, I think that there is going to be a
21 lot of problems with it.

22 First, I think it is going to create an
23 unintended legacy effect for the 2019 round. So
24 developers who are fortunate enough to receive awards in
25 2018 will have a large advantage.

1 I know we talk about five points being an
2 advantage. But let's be realistic, every one point makes
3 a difference. Every tiebreaker makes a difference. So
4 the fact is, that it is not only going to punish those
5 that weren't able to close by the end of the year, it is
6 basically going to punish anybody that didn't happen to
7 get an award in 2019.

8 The second thing is that it is going to
9 disincentivize, I think, projects that have mixed sources
10 and have some soft funds maybe, or other ways of getting
11 the deal done. And one example of that is the HOME
12 funding, and the environmental clearance process, which
13 can end up taking an additional couple of weeks if not
14 months to get it cleared.

15 So I think those projects are important. And
16 by using other sources often, you can get more housing for
17 less of the Department's funding.

18 And then third, I wanted to say that so much
19 can change between the application deadline when you have
20 these commitments and the end of September when you are
21 turning back in your commitment to the Department. The
22 equity market is one thing that changed in the 2016 round.

23 Then you know, this year, obviously for
24 anything that was built, or is going to be built in the
25 coast, Hurricane Harvey is going to totally change what

1 your deal looked like in March before December. And so I
2 think that every developer wants to close as soon as
3 possible.

4 No one is trying to drag their feet. Because
5 the sooner we close, the sooner we can pay off our pre-
6 development funds. And pay ourselves for all the work
7 that we have been doing. So I think it is just a matter
8 of the nature of development, why things are dragging out.

9 I would say that some of the ways that staff
10 might be able to get towards where they are wanting to go
11 without all of the unintended consequences. I don't know
12 if there is a way to add in a reasonable closing deadline
13 and pay for an extension.

14 Maybe if we have a two-year QAP, everyone can
15 be queued up early enough, so that they are not dragging
16 things into the next year, but I think there is probably
17 better ways of getting to this intended objective.

18 Thanks.

19 MS. BINGHAM ESCAREÑO: Nobody likes carrots.
20 You have got a bunch of carrot haters.

21 MR. VASQUEZ: Let me just clarify. Is this,
22 the awards that we just awarded last month, the month
23 before? We are saying that they have to start by December
24 31st of this year?

25 MS. BINGHAM ESCAREÑO: It would begin next

1 year.

2 MR. VASQUEZ: I use that as an example.

3 MS. BINGHAM ESCAREÑO: Okay. As an example,
4 yes. If they would have received an allocation at the end
5 of July, and would have had to have started construction
6 by the end of the calendar year.

7 MR. BRADEN: But it doesn't apply to what we
8 just awarded.

9 MS. BINGHAM ESCAREÑO: No.

10 MR. VASQUEZ: Okay. Well, next year in the
11 July awards, we are saying they have to start by December
12 31, 2018.

13 MS. HOLLOWAY: Yes.

14 MR. VASQUEZ: Okay. I just wanted to make
15 sure.

16 MS. HOLLOWAY: Okay.

17 MR. VASQUEZ: Thank you.

18 MS. S. ANDERSON: Sarah Anderson. And again, I
19 guess I would like to speak in opposition to this
20 particular item. Primarily, if all things being equal, if
21 there was fairness in every city through their permitting
22 in the same time frame, this might be something you could
23 do.

24 But the City of Austin is a one-year minimum
25 from the beginning of permitting to closing. Whereas, if

1 I go to an unincorporated area, I can be done in 30 to 60
2 days.

3 So I just don't see how we can -- I mean, it
4 would be just such an unfair, such a disadvantage to the
5 areas that we are sending everyone to urban core, yet not
6 a single one of those would be able to close in that
7 amount of time. We do talk about this every year. That
8 the readiness to proceed is a problem.

9 I would contend that again, if we knew the
10 rules more than a month in advance of having to buy our
11 land and put in an application, perhaps our deals would be
12 a little bit better formed. And by the time we got to
13 award, our deals would be better.

14 A lot of things that happen, we have one month
15 to put a deal together. They are difficult to think
16 through. We then find ourselves having to go to closing.
17 And we have amendments and changes.

18 And that can take six months, just to get an
19 amendment through TDHCA. The best thing we could do to
20 get deals done faster is to get a QAP faster and have more
21 time for us to think through our deals before they get
22 submitted to you. Thank you.

23 MR. VASQUEZ: And could I ask, again, more --
24 I'm sorry. This is for staff. More background. Is this
25 related to -- wasn't there an instance where someone

1 hadn't started their project by the end of the following
2 year? Someone was --

3 MS. HOLLOWAY: I think that it speaks to
4 multiple concerns about getting started late, or whether
5 or not the applications that we are receiving are really
6 ready to go. I think it speaks to multiple concerns, at
7 least from staff about the deals that we are getting.

8 MR. VASQUEZ: Is there an average time for
9 projects to start?

10 MS. HOLLOWAY: I couldn't tell you.

11 MR. VASQUEZ: After award?

12 MS. HOLLOWAY: I really could not tell you. We
13 have, of course, after award we go through commitment and
14 then carryover. Is at the end of the calendar year. Or
15 prior to the end of the calendar year. It is hard to say.

16 I can tell you that they are supposed to be
17 placed in service two years later. But beyond that, we
18 know, we just -- we don't have a way of knowing that they
19 are really starting unless they have direct loan funds in
20 them. And that is a very small fraction.

21 MR. VASQUEZ: Okay.

22 MR. BRADEN: I would note too, when I read
23 this, I thought it was unusual. I mean, I think seeing
24 different than everything else --

25 MR. VASQUEZ: I am much more in favor of a

1 giant stick.

2 MS. HOLLOWAY: Well, so --

3 MR. VASQUEZ: But I want to make it reasonable.

4 MS. HOLLOWAY: A reasonable giant stick. A
5 reasonably giant stick. So then the question becomes, if
6 their delay in construction was because of local
7 permitting or because of weather or because of
8 availability of materials, or because their lender took
9 too long, and it was a HUD deal.

10 I mean, it is -- my concern is that if we say,
11 you must start by X date, then we need to be prepared for
12 unless this or unless that. You know. And then you all
13 would have be prepared for imposing the big stick penalty,
14 you know. It is --

15 MR. VASQUEZ: I'm sorry. Donna.

16 MS. RICKENBACKER: Donna Rickenbacker. I
17 really appreciate what staff is trying to do with this.
18 What will be a new scoring item. I mean, it has been
19 thought of over the years, but this year is really with
20 respect to our rules, the only new, if you will, concept
21 that has been incorporated into the >18 QAP.

22 I agree with you, that there needs to be a
23 stick. And now that Harvey has happened, we need to do
24 something with respect to scoring and incentivizing
25 developers to get deals constructed and get units on the

1 ground.

2 So I actually provided some, a little different
3 concept. And probably one that will not be supported by
4 most of the development community and that was,
5 incentivizing deals that can move forward in a timely
6 manner. And I put some qualifiers in there. And those
7 that choose the points.

8 And it would benefit >18 deals. Not >19 deals,
9 but >18 deals. If they don't get it on the ground in a
10 timely manner, then obviously, that impacts their -- the
11 penalty is associated with their >19 transactions.

12 So I just think that we need to have a scoring
13 item that encourages, incentivizes developers to get their
14 deals moved forward. And if this is truly going to be a
15 two-year QAP, then most people won't select those points
16 this year, but they will be prepared with developments
17 that are ready to proceed in a timely manner in >19 and be
18 in a position to select these points. So I have given
19 staff my recommendations.

20 I really hope we will kind of think through
21 them, in especially in light of Harvey and the need to get
22 product on the ground as quickly as possible. Thank you
23 so much.

24 MS. ANDRE: Hi. Sarah Andre again. I think
25 this falls under a perceived problem. Not necessarily a

1 real problem.

2 I would love to see data from the Department
3 about the number of deals that are not placing in service
4 within the deadline. The number that are not meeting
5 their 10 percent test.

6 There is already a gigantic stick out there.
7 It is called losing your credits. Losing your equity
8 partner. And losing the hundreds of thousands of dollars
9 and the two years you have already put into a deal.

10 So I don't know that this is actually a
11 problem. I have been doing this since 2006. I have two
12 deals give back credits. One because they could not get
13 geothermal approved through the Department.

14 And the other, because they had a pipeline
15 running through the middle, and there were issues with
16 that. And we couldn't get the reporting we needed done in
17 time. So in general, people don't give back credits, and
18 they work very, very hard to close these deals.

19 MR. COMBS: Yes. Ryan Combs with Palladium
20 USA. There are -- you know, I agree with many of the
21 things that have been said. There are just countless
22 issues that can cause delays in closing.

23 One issue that can be dealt with, that can be
24 dealt with up front is zoning in place. You know, right
25 now, applications are due at the beginning of March. If

1 there was an incentive for zoning to be in place by March.

2 Currently, zoning has to be in place by within 30 days of
3 when you get your commitment, so August.

4 So the difference between zoning in place and
5 March, versus August, that is one big factor about being
6 able to -- readiness to proceed. And so that is something
7 I would love to see as a point incentive. Thank you.

8 MR. SCHMIDTBERGER: Hi there. Russ Michael
9 Schmidtberger. I am a real estate attorney here in
10 Austin, and in Houston.

11 I just want to go on the record real quick,
12 just so it is out there, and say that I think that this
13 particular provision, this new provision is going to be a
14 disaster. And I don't think this is the year to do it.
15 If you are going to do it, do it in maybe two years.

16 But with Hurricane Harvey and other things that
17 we are trying to do, I think we should stay focused on
18 that. I think that this kind of stuff is -- while we
19 appreciate what staff is doing, I think that there is
20 plenty of incentive for every developer in this room to
21 get the deal done, and to get it over the goal line.

22 If I were to change one thing, or recommend one
23 thing, rather than use points, maybe it might be something
24 to try where you incentivize developers to waive fees for
25 the next year, for example. Pre-app fees. Full app fees.

1 Maybe give us \$500 for an RFAD, because we are going to
2 be filing a bunch of those.

3 So you may be in a position to where, instead
4 of giving us a point if we are ready to proceed, waive a
5 fee for us next year, something along those lines. That
6 might be something to try. We did recommend that.
7 Thought maybe that might be something to try.

8 And just since I am up here, because I am not
9 going to get up here again. I just wanted to say
10 something about Hurricane Harvey. I think one way, and I
11 am in Houston in as well.

12 One way that you could potentially work with
13 the parameters of the rules that are coming out in the
14 Board book tomorrow is to potentially waive the refinery
15 threshold item; that you have to be -- that you can't be
16 within two miles of a refinery. I know that there is a
17 threshold rule for site amenities. I'm sorry, for
18 mandatory site characteristics, where if you are within
19 two miles of a refinery, that you can't build.

20 And a city can pass an ordinance or a
21 resolution to actually waive that. But if you want to
22 open up Corpus Christi, Beaumont, Port Arthur, all of the
23 places that were hit, you could do something with that
24 particular language.

25 Either narrow it to one mile, or maybe just get

1 rid of it altogether, just for the next year or two. And
2 you are going to open up a lot more development for those
3 areas that were hit. Thank you.

4 MR. VASQUEZ: Thanks. I want to poll the
5 members here, on opinion on this one.

6 MS. BINGHAM ESCAREÑO: On the readiness to
7 proceed.

8 MR. VASQUEZ: Yes. And an extra point for the
9 next cycle.

10 MS. HOLLOWAY: So and I don't have exact
11 numbers with me at the moment. But to the question about
12 how many 10 percent test extensions, last year it was more
13 than half. This, yes.

14 This most recent round in July, it was less
15 than half. And then the year before, it was half, at
16 least, of the applications requested a 10 percent test
17 extension.

18 I can also tell you that we regularly have at
19 least a few at the end of the year who are struggling to
20 get to placed in service. You know, and there are
21 provisions under which they can get one unit in each
22 building with a temporary CO, and they get to placed in
23 service. And they just make it over the line.

24 And I understand that that will happen, but I
25 think that it is important to support the folks who aren't

1 doing that. The developers and the owners out there who
2 are headed down a different path.

3 So if this isn't the tool, this isn't the tool.
4 But I think that this is something that we need to
5 continue to discuss.

6 MS. BINGHAM ESCAREÑO: I like the idea of an
7 incentive. And I don't know what the workgroup thought
8 about like, the waiver or the reducing of pre-app fees or
9 things like that in the coming year.

10 MS. HOLLOWAY: We actually did not discuss fees
11 at all. And actually the last time we discussed readiness
12 to proceed in the work group, it was --

13 MS. BINGHAM ESCAREÑO: Tim is standing up.

14 MS. HOLLOWAY: All right.

15 MS. BINGHAM ESCAREÑO: It is probably against
16 the law. Look at the lawyers stiffen.

17 MR. IRVINE: Yes. Tim Irvine again.

18 MS. BINGHAM ESCAREÑO: A quick no. Is that a
19 factor?

20 MR. IRVINE: Yes. I think it is quick no. I
21 think fees have to bear a reasonable relationship to the
22 costs that they defray.

23 MS. BINGHAM ESCAREÑO: I have got you. So and
24 I mean, just in going back to your polling.

25 MR. BRADEN: A free set of steak knives maybe.

1 MS. BINGHAM ESCAREÑO: There you go.

2 MR. IRVINE: Before you conduct your Vulcan
3 mind meld or whatever, I do really think that the various
4 manifestations of a lack of readiness to proceed are very
5 real problems.

6 I mean, the fact that after awards, we spend
7 just astronomical amounts of time dealing with significant
8 amendments and changes, changes not so much to the
9 developments themselves, but to their financing structures
10 and well, lots of things.

11 You know, and I get it. That it is really hard
12 to put together a deal in a month. It is really hard to
13 get a deal and put it together in a year.

14 But you know, we have to play the hand we are
15 dealt. And the hand we are dealt is that this all moves
16 along on a statutorily prescribed timetable.

17 And to the extent that we have more opportunity
18 for people to have thought all the issues through, and put
19 together better stuff, that is great. And to me, the best
20 way that you ultimately get there is not necessarily
21 through points and incentives or big sticks or whatever.
22 It is through consistency.

23 I mean, I think that the faster that we can
24 come together around a QAP which however imperfect is
25 something that we can all live with, and we can live with

1 it for several years. I think that would be a wonderful
2 thing.

3 MS. BINGHAM ESCAREÑO: What he said. I do. I
4 think I see great -- and obviously, everybody wants to get
5 their stuff out of the ground and in service in a timely
6 manner.

7 I think some of this is kind of a -- you know,
8 it is a vicious cycle that we have. Because we do -- we
9 are, you know, as an Agency, we are trying to be
10 responsive to issues that come up in the QAP, by
11 addressing them every year, and revising.

12 But the product, the outcome of revising that,
13 which is always well intended, too, is that some rules
14 materially change. And then future developments are
15 somewhat, you know -- are very dependent on those rules
16 that change.

17 Not that that is the only reason. And if I had
18 a dollar for every time those people out there told me
19 something was shovel ready, I would be rich, right. I
20 mean, everybody that comes up with appeals or whatever
21 says, you know, our deal is shovel ready.

22 Give us another -- you know, let us come back
23 again next time. So I understand the struggle from both
24 ends.

25 I guess you know, I am leaning toward -- there

1 have been great ideas that have come out of this. And
2 obviously, great ideas that have come out of all the work
3 groups that happened prior to this.

4 Maybe over this period of time, when it is
5 published, more ideas will come out about some legally
6 appropriate way, like steak knives, to incentivize folks.

7 I think the intent is good.

8 And I will tell you this. You know, we know
9 human nature is if there were hard stops, we would all
10 find ways to get stuff done faster. If there were
11 impenetrable hard stops, you know, we have the luxury of
12 kind of moving things with good intentions to get projects
13 done.

14 And I appreciate the staff's, you know, attempt
15 to try to find something that was a reward instead of a
16 punishment. But I would like to see something come out of
17 it.

18 I don't know if this is the exact right answer.

19 But I would love to have somebody creative come up with
20 something.

21 MR. BRADEN: I don't think I'm [indiscernible]
22 in terms of I acknowledge there's probably a real problem
23 here, and it would be nice to have more readiness to
24 proceed.

25 I don't like the one point in the future. I

1 think that is -- like somebody mentioned, you are just
2 setting up a whole new can of worms. And I think we
3 should not do that, and try to figure out something else
4 that works.

5 MR. VASQUEZ: And just, my thought is -- I have
6 several thoughts. One, I don't see us rewarding people
7 for doing what they have already agreed to do. I mean,
8 that is what I think we are doing for this one point.
9 Here, you agreed to do it. Oh, you did. Here is an extra
10 point.

11 MS. HOLLOWAY: Here is your trophy for
12 participating.

13 MR. VASQUEZ: I mean, it is -- and then for
14 anyone new that is coming up -- I think we had several
15 speakers talk about, again, even one point can make a
16 difference. And if I am a new developer getting into this
17 game, why should the old guy or gal be the one who gets an
18 advantage over me?

19 I don't think we should be waiving fees for
20 RFADs. Maybe a good stick is saying, Okay, you can't file
21 any RFADs for the next five years. Just an idea. It is
22 just an -- throwing it out there.

23 MS. HOLLOWAY: It is like a partial debarment
24 from over here.

25 MR. VASQUEZ: I was looking for a stick. That

1 is a soft stick.

2 MS. HOLLOWAY: Yes.

3 MR. VASQUEZ: I think for the few groups, I am
4 more concerned about the stories that I have heard so far
5 in my relatively short tenure about groups coming back to
6 us and saying, oh darn. I have got to refinance this
7 whole thing.

8 I have got to restructure this. Because my
9 costs went up 30 percent because I underbid it. That is
10 not our problem. That is not the Board's problem. It
11 is -- if the project doesn't work anymore, well maybe it
12 shouldn't work.

13 I mean, we can give those funds to someone who
14 can make it work. I agree that it's -- it would be great
15 if we can find some way to incentivize. I am not sold on
16 this being the answer, the additional point, the bonus
17 point for the following year.

18 Help me understand the process again. Even if
19 we put this out for publication, we are taking in
20 comments. And perhaps we will get some other ideas on how
21 we can still restructure this before the final version.

22 MS. HOLLOWAY: Yes. And I can pretty much
23 guarantee you that we are going to get some comments about
24 take this out. So we have the option through the public
25 comment period to not make change to the rule. So to not

1 add this language.

2 And we have that option. You know, after we
3 get through public comment and reasoned response, and we
4 get to the final.

5 You know, if the comment that we are receiving
6 is, no. This doesn't work, and this is why. Or you know,
7 even receiving direction from the Board at the final
8 meeting, we can just take it out.

9 MS. BINGHAM ESCAREÑO: Or tomorrow's meeting.
10 Right.

11 MS. HOLLOWAY: Or tomorrow's meeting.

12 MR. VASQUEZ: Okay. Let's move on.

13 MS. HOLLOWAY: Okay. We only have one more.
14 Actually, two more. But the last one is really quick.
15 Okay. This is adaptive reuse or rehabilitation costs per
16 square foot.

17 Staff has proposed removing the cost of
18 acquisition from the cost per square foot basis for this
19 scoring item. Instead, Applicants would provide hard
20 costs per square foot for the purposes of this scoring
21 item.

22 Thus, they look like they are lower compared to
23 2017. But this is because we have taken those acquisition
24 costs out. We are just talking about your costs for the
25 rehabilitation and your costs for the adaptive reuse work

1 to your costs on the building. I am losing my mind.

2 MR. VASQUEZ: You are almost there. You're
3 almost there.

4 MS. HOLLOWAY: Almost. This change came out of
5 a concern that our amounts were not indicative of real
6 costs. It actually came out of a conversation with Rural
7 Rental Housing.

8 It is important to note that these are costs
9 that are voluntarily included in eligible basis for
10 purposes of gaining this score. And it does not limit the
11 amount that can be spent in any way.

12 That is it. I don't know, if we have lots of
13 tough questions, then Brent has to answer them.

14 MS. FINE: Hi. I am Tracey Fine with National
15 Church Residences. This particular change is -- would be
16 really detrimental to our mitigation projects.

17 I bring two examples: one based on my award
18 from 2017, one from my example from 2016. My hard costs
19 per unit will go down from \$52,000 per unit to \$20,000
20 under these rules. We had never used acquisition basis in
21 our calculation, so removing it just automatically hurts
22 our projects.

23 And a hard cost of \$20,000 per unit, from
24 \$52,000 we wouldn't be able to meet our PC&A needs for our
25 property. I wouldn't be able to secure a syndicator,

1 because they require more than \$20,000 a unit in hard
2 costs.

3 I ask that this item not be changed in any
4 direction but -- any direction that would reduce the per
5 unit cost would be really, really challenging for any kind
6 of rehabilitation project.

7 I would also really invite you to come see some
8 of our properties, compared to perhaps other developers
9 that focus on renovation. I would be willing to say, ours
10 are incredible.

11 And you would be proud to be there, and proud
12 to be a part of it. And I just don't want those dollars
13 to be taken away.

14 MS. BURCHETT: Hi. Sally Burchett. This
15 change has a significant and detrimental impact on the
16 historic preservation projects. Historic preservation
17 falls into the adaptive reuse or rehabilitation category.

18 And as you know, a gut rehab of a historic building is
19 significantly different than a rehabilitation of an
20 existing unit.

21 Additionally, the acquisition costs of a
22 historic building that a city is wanting to revitalize are
23 usually very low. Because it is more of a liability
24 rather than an expensive asset.

25 So taking the acquisition costs doesn't help.

1 And so having this cost per square foot basically will
2 eliminate any historic preservation project from
3 proceeding.

4 MS. MARTIN: Hello. Audrey Martin again. On
5 the change for acquisition rehab deals, I don't have a
6 particular problem with the acquisition basis coming out.

7 But it occurred to me when Tracey was speaking, she cited
8 a \$20,000 per unit rehab amount.

9 And I just wanted to point out that we also
10 have a minimum per unit rehab threshold elsewhere in the
11 rules. And I think it is \$30,000 per unit.

12 So I would just say -- and I haven't done the
13 math. But we just might want to make sure that the dollar
14 levels are set so that people are still able to meet the
15 minimums that are elsewhere in the rule.

16 MR. VASQUEZ: I have got you.

17 MS. BINGHAM ESCAREÑO: Yes.

18 MR. SMITH: Tim Smith, Hope Development
19 Services. I actually just want to echo the exact same
20 point; that you do have a minimum cost per unit.

21 And this might actually prevent you from
22 meeting that. And why does the Department have a minimum
23 cost per unit? If that is the threshold, I would assume
24 they would want more costs in on a rehab.

25 And if you are having to put \$30,000 a door,

1 you know, threshold, into it, I would assume you would
2 want more dollars per unit on a 9 percent allocation. And
3 the math that you just heard is showing that they already
4 can't even meet threshold based on this cost per square
5 foot.

6 MR. VASQUEZ: We definitely need to make sure
7 there is uniformity in the different dollar amounts. We
8 can get Darral to figure out all the cost differences
9 here, in this per foot deal. Plus or minus.

10 MR. ALTER: Hi. I am Craig Alter with
11 Commonwealth Development. Just to add one more thing
12 about historic adaptive reuse. Pardon me.

13 I would suggest that the allowed cost be equal
14 to new construction. Because essentially, it -- from a
15 financial point of view or from a cost point of view it is
16 very equivalent to new construction, although you have got
17 a building.

18 What you have to do during your renovation is
19 overcome a lot of issues that you need to overcome in an
20 older building. And so that is adding costs.

21 So in reality, they are very similar. And so I
22 would just encourage you to bring adaptive reuse,
23 historic, particularly up to new construction levels.
24 Thanks.

25 MR. BRADEN: I have a little concern with

1 changing this, especially in light of Hurricane Harvey,
2 right. I mean, people here at the City of Houston making
3 a promise earlier today that they would be encouraging
4 rehab. And I wouldn't want anything that we are changing
5 to make it that more difficult to do.

6 MS. HOLLOWAY: Thoughts?

7 MR. BRADEN: Are we changing this?

8 MS. HOLLOWAY: We had a meeting with the Rural
9 Rental Housing folks. These are the ones who do general
10 USDA type, USDA or potentially other types of rehabs. And
11 what they were telling us is that our numbers as they sit
12 were way too low for their deals.

13 And they are generally doing smaller projects,
14 smaller numbers of units, in rural areas. And these
15 numbers were just way too low for them to be able to do it
16 that way.

17 The idea of pulling out acquisition, so that we
18 are just looking at the rehab costs came out of that
19 conversation. Whether or not these are the exact right
20 amounts, you know, is kind of like the consultant's fees.

21 Consultant fees, you know.

22 I don't know if these are the right amounts or
23 not. And it could be that through public comment, we can
24 gain a better understanding of you know, where those
25 levels would be, and what would make sense.

1 MR. BRADEN: Why wouldn't we leave acquisition
2 costs in there, and just increase the amount? You know,
3 the cynics will say, you had a conversation and they said
4 the amounts were too low, and you just lowered them more.

5 MS. HOLLOWAY: No. We took the acquisition
6 costs out.

7 MR. BRADEN: I understand that.

8 MS. HOLLOWAY: Right.

9 MR. BRADEN: But we had somebody in the
10 audience who just said she doesn't use acquisition costs
11 right now.

12 MS. HOLLOWAY: Yes. And that is that situation
13 with that Applicant. We made a change that we hoped would
14 assist this group in moving their projects forward.

15 MR. BRADEN: But if we just left the language
16 the same, but increased the dollar amount --

17 MS. HOLLOWAY: So what would we increase it to?

18 MR. BRADEN: I don't know. You are saying you
19 are putting it out for comment.

20 MS. HOLLOWAY: Yes. That is what I am -- yes.
21 We could do that.

22 MR. BRADEN: Increase it 10 percent and see
23 what people say. I mean, why are you backing out
24 acquisition costs? I mean, you came up with a number that
25 way, too.

1 MS. HOLLOWAY: Uh-huh.

2 MR. VASQUEZ: Well, it is probably also keeping
3 it apples to apples on the actual rehab.

4 MR. BRADEN: Right. If you kept it --

5 MR. VASQUEZ: If you take out the
6 acquisition --

7 MR. BRADEN: Well, except I think it is keeping
8 it apples to apples if you keep consistent language and
9 just use the dollar amount.

10 MR. VASQUEZ: One size fits all.

11 MR. STEWART: I tried so hard not to have to
12 get up here.

13 MR. VASQUEZ: You almost made it.

14 MR. STEWART: Brent Stewart, Real Estate
15 Analysis. So the discussion about backing acquisition
16 costs, how it came from the Rural Rental Housing
17 Association meeting that was held, unfortunately, I was
18 not at that meeting. So I am not exactly sure how those
19 conversations went.

20 I think the bigger picture here is that we are
21 really doing acq-rehab kind of the wrong way. We are
22 trying to define a cost per foot, when really, I think we
23 need to be defining what it is we want these projects to
24 look like. And the costs come out where they do.

25 The needs of these projects are just so varied,

1 that it is hard to pick a number, because the minute you
2 pick a number -- and Rural Rental will tell you this. The
3 minute you pick a number, now you are targeting deals that
4 may not be the ones that need the most rehab, right.

5 And so you get kind of caught in this well, we
6 need some way to score it. Yet, at the same time,
7 inadvertently, you might be causing other transactions
8 that might need to be rehabbed, preventing them from
9 playing. So it is kind of a paradigm shift.

10 As far as the numbers that are in the QAP, the
11 draft now, I believe that those are all open to
12 discussion. Those were some numbers that were -- I won't
13 say just placeholders, but can certainly be discussed in
14 terms of what those appropriate amounts should be.

15 MR. BRADEN: Yes. I don't think that really
16 answers the question.

17 MR. STEWART: I'm sorry. But in terms of
18 removing the --

19 MR. BRADEN: Well, you see, you weren't at this
20 meeting. So did they suggest taking out acquisition
21 costs? The rural group that you met with? Or that is the
22 conclusion that staff came up after meeting with them?

23 MS. HOLLOWAY: I think it is the conclusion we
24 came to after discussing it.

25 MR. BRADEN: And what is the downside of

1 leaving the language as it is, and just changing the
2 number? Because we don't know what that number is?

3 MS. HOLLOWAY: I think, as Mr. Vasquez
4 mentioned, if we are measuring on rehab, then we are
5 measuring rehab to rehab, and we are not including that
6 acquisition cost that is going to vary greatly across the
7 state. And there is less -- I think it is a better chance
8 for us to get to the real costs, as the measurement.

9 MR. BRADEN: I can understand the point about
10 acquisition costs vary greatly.

11 MS. HOLLOWAY: Uh-huh.

12 MR. BRADEN: So I can see how you are trying to
13 back that out. So maybe the problem is, the number is not
14 high enough. But it just sounds like we tried to fix it,
15 and we went the wrong way.

16 MS. HOLLOWAY: And that could well be. And it
17 could well be that this number needs to be much different
18 than it is. You know, until we are able to engage in that
19 conversation we don't really know. Were you at that
20 meeting?

21 MR. ALLGEIER: No. I wasn't at that meeting.
22 I am on the board. I am on the Committee. Seriously.
23 Dan Allgeier, Rural Rental Housing Board. I wasn't at the
24 meeting, either. But here is the deal.

25 We took acquisition costs. We asked that

1 acquisition costs be removed. And it is reasonable,
2 because all across the state, the acquisition costs vary.

3 At least in the rural rental deals, it is based
4 on a third party appraisal. There is no control. It is
5 what it is, what it is.

6 The construction costs, the rehab costs on the
7 other hand, are too low. If you take a typical build to
8 HUD minimum property standards, one-bedroom apartment is
9 624 square feet. That is not very much rehab. Some of
10 the people are spending as much as \$50,000 and \$60,000 on
11 rehab.

12 That number needs to be changed. It is too
13 low. All of these numbers are too low. It costs \$130 a
14 square foot to build an urban style apartment complex now,
15 or probably more, next year, thanks to Harvey.

16 It costs us \$110 a square foot to build a
17 three-story walk-up in Tyler, Texas, which will open, at
18 least, on time.

19 So you know, these numbers are all too low.
20 But that is the reason. I wasn't at the meeting, either.

21 But that is what we talked about talking to them about.
22 Our representatives in D.C. are trying to get us some more
23 money right now.

24 MR. VASQUEZ: Do you have a comment? Come on
25 up.

1 MR. CANALES: Roger Canales, Prospero Housing
2 Community Services. I am not a rural person. We have
3 rural properties. But our properties are 40 years old,
4 and we are looking to rehab them. And we are doing it
5 through this program of at risk.

6 At risk allows us to do this type of work. And
7 the more you peel the onion, the more you spend. So it is
8 the type of -- this is limiting the amount of rehab that
9 we can do, is what this does for us. So we can either
10 have a project that lasts 15 more years.

11 Or we can have a project that last 30 or 40
12 more years, depending on how much rehab work we can do.
13 That is all I have. Thank you.

14 MR. BRADEN: Well, I think the gentleman before
15 last is the one that answered my questions. It sounds
16 like taking out acquisition costs maybe wasn't a bad idea.
17 It is just the amounts are too low. And this public
18 process will get that input associated with the rule.

19 MR. VASQUEZ: We encourage the public to
20 propose ideas. Dollar levels that would make sense.

21 MS. HOLLOWAY: And that is absolutely a change
22 that we would make through the public comment process.
23 Our last item, 11.10, third party requests for
24 administrative deficiency.

25 Staff has added a sentence that reiterates to

1 Applicants and stakeholders that information received
2 after the request for administrative deficiency deadline
3 will not be considered by staff, or presented to the
4 Board.

5 MR. VASQUEZ: I'm sorry. Say that -- could you
6 repeat that?

7 MS. HOLLOWAY: So RFADs submitted after the
8 deadline will not be considered by staff, or presented to
9 the Board.

10 You know, of course if it is evidence of some
11 material misrepresentation or fraud or some other horrible
12 thing, we would handle that appropriately. But if it is
13 an RFAD, that is not something that we are going to be
14 bringing back to you.

15 MR. VASQUEZ: Can we take a point away from
16 anyone submitting an RFAD late?

17 (Simultaneous discussion.)

18 MS. HOLLOWAY: That is all that we have for
19 today.

20 MR. VASQUEZ: Thank you.

21 MS. HOLLOWAY: Thank you.

22 MR. VASQUEZ: Marni, your staff and everyone, I
23 mean, obviously, this is -- there is so much work that
24 goes into this year round.

25 And you know, everyone needs to understand the

1 work that you all have put into this, is just amazing.
2 And also, everyone needs to understand there is just
3 nothing that can be a one size fits all.

4 I mean, you know, these rules I think, are
5 trying to get everyone on a level playing field. If the
6 government and the development community would just give
7 the staff complete discretion on what we can approve and
8 disapprove, this would be a lot faster process.

9 But I don't think it is going to work that way.
10 Again, I encourage everyone to please submit comments. I
11 mean, this isn't -- this is by no means the final draft of
12 this coming out.

13 MS. HOLLOWAY: No. As I said, we will bring
14 the draft to the full Board tomorrow for acceptance for
15 publication. The public comment period will start on
16 September 22nd, and end on October 12th.

17 And then of course, we go through a reasoned
18 response period, where we go through all of the comments
19 and potentially make changes to the final. And we will
20 bring it back to the Board. So and written comments
21 actually are --

22 I mean, yes we will go back through the
23 transcript from the Board meeting if there is comments
24 that we don't catch exactly. But those written comments
25 are the ones that really helps us shape what we are doing,

1 moving forward.

2 MR. VASQUEZ: Is there any more final comments?
3 Donna?

4 MS. RICKENBACKER: I just had one question
5 actually. Especially for the new Board members. Once
6 things, once the QAP is published for public commenting,
7 of the last two or three years, the only comments that
8 were considered were comments that were a -- I hope I am
9 saying this right; correct me if I am wrong -- a natural
10 outgrowth, if you will, of those scoring categories. So
11 if there is a way we can explain how that works so that
12 the Board members understand. And quite frankly, we
13 understand how that process is going to work this year, I
14 would very much appreciate it.

15 MR. VASQUEZ: Tim, any final words?

16 MR. IRVINE: Tim Irvine. Yes. And Beau can
17 certainly correct me if I misstate this, under the
18 Administrative Procedure Act, the Texas law that governs
19 rulemaking, you put things out for public comment. And by
20 definition, it only includes certain ideas.

21 It is looking for the public's input on those
22 ideas. I think you retain a modicum of discretion and
23 latitude with how you finally decide those ideas will be
24 specifically addressed. But you can't bring in a brand
25 new idea.

1 You can't just radically change an idea. For
2 example, if you were leaving in readiness to proceed. And
3 you said well, instead of that, why don't we just change
4 that to this whole new thing where you need to have all of
5 this great big long list of stuff already done.

6 That is a whole new idea. The public hadn't
7 had an opportunity to look at it, and comment on it. So
8 what you are really talking about, I think, are
9 incremental adjustments to the words that are on the
10 written page.

11 One thing though that we have done this time,
12 that we haven't done for a number of years, maybe ever,
13 always we have done in my memory, repeal and replace, when
14 we are doing QAPs. This year, we are putting it out as
15 amend.

16 And what that means is, if you don't like the
17 new language, you simply don't adopt the new language.
18 And it stays the way it was in in the current QAP. So
19 that is a new tool that is available there.

20 You know, I think that for example, you might
21 say, on the costs issue, you might put out a proposal that
22 said, all right. The cost is capped in this manner. And
23 you had a hard dollar cap.

24 Public comment could allow you to adjust that
25 up or down, or leave it the same. But public comment

1 couldn't let you say, let's measure that in a completely
2 new way, off some wholly different index. So that is my
3 summary of the logical outgrowth concept.

4 MR. BRADEN: So any new ideas that we want to
5 put in there should be put in by tomorrow.

6 MR. VASQUEZ: Yes.

7 MR. IRVINE: Right. And some of these are new
8 ideas that staff has you know, thought through to the best
9 of our ability.

10 But obviously, when you bring this many smart
11 people into the room to add their comments, they raise
12 issues that we hadn't considered, you know, and that is
13 the cool thing about this process.

14 MR. VASQUEZ: Great. Thanks.

15 MS. BINGHAM ESCAREÑO: So with the Open
16 Meetings Act or quorum issues and stuff, if there were any
17 that we wanted to -- if we felt like there were any
18 material alternatives that were presented today that would
19 reflect a material change, and we were interested in
20 revising the draft to represent those, how would we go
21 about doing that?

22 MR. IRVINE: Tomorrow, when the Board convenes,
23 it is posted as an action item, and it is not a final
24 action item until it is the way you want it to be.

25 And if, for example, you say, well, there was

1 this idea about removing over-cap deals from the wait
2 list. And you had some different way that you wanted to
3 address that, you can say, I move that we modify the
4 proposed draft in the following manner.

5 MS. BINGHAM ESCAREÑO: Thank you.

6 MR. IRVINE: All right.

7 MR. VASQUEZ: Okay. Thank you all again for
8 your input and participation. It is a part of the
9 process.

10 Thanks, Marni and Julie and Patrick and the
11 rest of the team; Britt. Thank you, Beau, for letting us
12 talk.

13 And the Texas Department of Housing and
14 Community Affairs Qualified Allocation Plan and
15 multifamily Rules Committee is hereby adjourned. It is
16 5:32.

17 (Whereupon, at 5:32 p.m., the meeting was
18 concluded.)

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MEETING OF: QAP & Multifamily Rules Committee

LOCATION: Austin, Texas

DATE: September 6, 2017

I do hereby certify that the foregoing pages, numbers 1 through 158, 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) 9/13/2017
(Date)

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