

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

TSAHC Offices  
2200 East Martin Luther King, Jr. Blvd.  
Austin, Texas 78702

Thursday,  
February 12, 2015  
10:37 a.m.

BOARD MEMBERS:

ROBERT "BOB" JONES, Chair

WILLIAM H. DIETZ, JR., Vice Chair

GERRY EVENWEL (absent)

ALEJANDRO "ALEX" MEADE (absent)

JERRY ROMERO

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P R O C E E D I N G S

1  
2 MR. JONES: Okay. It is 10:26, and the  
3 February Board meeting of the Texas State Affordable  
4 Housing Corporation is called to order.

5 Mr. Dietz, Vice Chair?

6 MR. DIETZ: Here.

7 MR. JONES: Mr. Evenwel, member?

8 MR. EVENWEL: Present.

9 MR. JONES: Mr. Meade, member?

10 (No response.)

11 MR. JONES: Mr. Romero, member?

12 MR. ROMERO: Here.

13 MR. JONES: And we have a quorum, four  
14 attending.

15 At this time, is there any public comment?

16 (No response.)

17 MR. JONES: Okay. Hearing none, David Long,  
18 President's report.

19 MR. LONG: Thank you, Mr. Chairman. Good  
20 morning, Members. Mr. Chairman, you had asked me to kind  
21 of give you a heads up if there were any variances in our  
22 reports, and I am glad to say there aren't any major  
23 variances that I need to point out to you.

24 MR. JONES: Okay.

25 MR. LONG: The staff reports are included in

1 your Board packet. The one thing I would note is that  
2 there are two reports included in this month's program  
3 reports that provide the Board with the annual updates.  
4 And those are, respectively, the Asset Oversight and  
5 Compliance under Tab C, and the Business Development under  
6 Tab E.

7 Those again, those are annual reports. You  
8 don't see those on a monthly basis. So I just want to  
9 make sure that you recognize that those are there.

10 Under the single-family rental program, the  
11 Corporation purchased another home. This one is in  
12 Leander. We closed on January 20. This is the 13th home  
13 we have purchased under the single-family rental program  
14 that the Board authorizes. This home is a three-bedroom/  
15 two-bath house that's located in Leander, Texas.

16 Under the multifamily PAB program, I am very  
17 happy to say that we closed on the Palladium multifamily  
18 bond transaction that is providing housing in Midland,  
19 Texas. It will be 264 total units, of which 207 of those  
20 total units will be -- 207 of those units will be  
21 affordable.

22 I would like to thank David and Liz and  
23 everybody that participated in that. That did not go as  
24 originally planned for closing; it was delayed a little  
25 bit, but our professionals kept that on track, and we were

1 able to close on Tuesday, the 10th.

2 Single-family series 2005-A transaction. If  
3 you remember, we had an optional redemption call available  
4 on that single-family transaction. I wanted to let you  
5 know that we held the bid on that on the 28th of January.

6  
7 And it is scheduled to settle at the end of  
8 this month, on the 26th. I am sure Tim Nelson will  
9 correct me if I am wrong on that. And it is -- bond  
10 balances are estimated to be about \$7.3 million when we  
11 settle.

12 Homeownership programs, we're very pleased.  
13 We've had another very successful year. Paige and staff,  
14 Tim and staff are doing a phenomenal job in making sure  
15 that our lenders and everybody are using our programs.

16 This year the Corporation was able to -- this  
17 last year, the Corporation was able to assist 1,696  
18 families achieve the dream of homeownership through our  
19 Heroes programs and our Home Sweet Texas Loan programs.

20 That equates to essentially \$212 million in  
21 mortgage loans, about \$5.5 million in down payment  
22 assistance grants, and little over \$21 million in mortgage  
23 credit certificates.

24 Each year in our single-family programs, the  
25 Corporation likes to recognize its top loan officers and

1 its top three mortgage organizations that participate in  
2 our programs. This year there were over 620 loan officers  
3 originating at least one loan.

4 This year, we had -- the top three were Kim  
5 Lewis with Premiere Nationwide Lending. This is her sixth  
6 year in a row to be in that position, so we are very  
7 thankful for the work that Kim does with us. Gabriela  
8 Rodriguez, with First Community Mortgage, and Ruth Rivera,  
9 Rocky Mountain Mortgage out of El Paso.

10 Additionally, our top three mortgage companies,  
11 Cornerstone Home Lending and then Supreme Lending, and  
12 then Premiere Nationwide Lending. Cornerstone added just  
13 under \$28 million in originations from the organization.

14 So again, very pleased to have all of those  
15 organizations working with us in these programs and the  
16 great work that Paige and Sarah and Tim and Delia do to  
17 make those programs work.

18 Paige and Sarah are really making sure that all  
19 of our lenders' and our borrowers' questions are answered  
20 and moving forward. And we are very thankful to have the  
21 staff we do.

22 As far as meetings and conferences, currently  
23 the Corporation is conducting one of our Texas statewide  
24 homeowner education programs here in Austin this week.  
25 They are training 27 counselors. Those 27 counselors

1 represent 22 organizations in 17 cities across Texas.

2 We are very thankful that Bank of America was  
3 our sponsor on that. And through their sponsorship, we  
4 were able to provide 17 of our counselors who are  
5 attending that training with scholarships that allowed us  
6 to pay for their hotel expenses.

7 The big deal on that is that it really makes it  
8 easier for us to have -- to be able to award these  
9 counselors the opportunity to come and take the burden of  
10 the expense off and be able to give them good training,  
11 because we have such a great partnership with  
12 NeighborWorks America that does the training on those  
13 programs.

14 And the course that we are offering at this  
15 training is homebuyer education methods of training the  
16 trainer. And like I said, there's 27 counselors that will  
17 be participating in that.

18 Homeownership staff will be conducting our last  
19 of the five regional workshops that we had mentioned in  
20 several meetings that we have had. This one is in Austin.

21 And as you recall, these workshops provide our partners  
22 the lenders, realtors and housing counselors the  
23 opportunity to learn more about TSAHC's homebuyer programs  
24 and also, the opportunity to network with each other.

25 As you are all aware, the legislative session

1 has started. The 84th Texas Legislative session began in  
2 January. Staff have already been meeting with legislative  
3 offices, including the Governor's Office, the Lieutenant  
4 Governor's Office, the Speaker's Office and some of the  
5 state reps' offices.

6 I thank a lot of members for their time. The  
7 Corporation has already been invited to speak at the  
8 organization meetings for both Senate IGR and Urban  
9 Affairs on the House side. And that would be next Tuesday  
10 the 17th we will be speaking over there.

11 Alex Meade, who is not here today, but was in  
12 town this week, was very helpful in making some -- setting  
13 up some meetings for me at the Capitol. And I met him  
14 over there earlier this week. So while he is not here  
15 today, I do appreciate his efforts to help us get in and  
16 have some meetings with some of the officials that we  
17 really do want to make sure that they know who we are.

18 The state roster or directories that we  
19 normally have available, those are not yet printed. Mr.  
20 Romero asked us about those. Janie has inquired about  
21 that, and we will make sure that once those are printed  
22 and available, we will make sure that those are passed out  
23 to the Board members so you have access to the information  
24 on where everybody is located within the Capitol.

25 Myself and Michael hosted a Texas Interagency

1 Council on Homelessness, Affordable Housing and Supportive  
2 Services Committee Meeting here in our offices last week.

3 That was an opportunity for us to review the required  
4 annual report that comes out of the Texas Interagency  
5 Council on Homelessness for Texas. That report is going  
6 to be annually, and we were looking specifically under our  
7 Committee at a couple of items that were in that report.

8 Michael and I will also be attending the  
9 National Alliance Against Homelessness Conference later  
10 this month; actually, next week. It is the one big  
11 national conferences that they put on, and that will be in  
12 San Diego next week.

13 We have been participating as a staff. I  
14 haven't done much in a while. But for a while, the  
15 Texas -- the Dallas Federal Reserve Bank had put together  
16 a steering committee on the Texas border colonia issue.  
17 And the Committee spent several months working on  
18 developing a report, and they are going to be releasing  
19 that report on February 20th at the San Antonio office of  
20 the Dallas Fed.

21 I don't know if we will be able to attend it,  
22 but we were able to participate in that, and we will be  
23 able to see what that report shows as a final report from  
24 the Federal Reserve.

25 Other than that, the reports are there. I

1 always like to introduce and let you know who's in  
2 attendance from our professionals. Katie Van Dyke with  
3 Greenberg, Traurig serving as general counsel is here.

4 Tim Nelson is here with First Southwest  
5 Company. And Greg Hasty is here with Wilmington Trust.  
6 Both of those gentlemen were with me and Liz and David in  
7 Dallas last week, making sure that our multifamily bond  
8 deal closed. So we appreciate them being here today.

9 With that, Mr. Chairman, unless you have any  
10 other questions, the next meeting that we will have  
11 tentatively set in March will be the 12th. That's the  
12 second Thursday of the month.

13 Other than that, I will take any questions you  
14 might have. Or ask anybody else to come up and answer any  
15 questions you might have.

16 MR. ROMERO: Actually, I have a question on  
17 Paige's report.

18 MR. LONG: Okay.

19 MR. ROMERO: I notice there are two months, not  
20 quite two months -- thought you could get away without any  
21 questions.

22 MR. LONG: Actually, she anticipated this.

23 MR. ROMERO: And you may not know this, but if  
24 you can get me that information at your leisure: the  
25 ethnicity in your report kind of breaks it down based on

1 the -- I guess, the production through whatever the date  
2 is.

3 MR. JONES: What page are you referring to?

4 MR. ROMERO: It is under Tab Item A.

5 MR. LONG: Yes.

6 MR. ROMERO: It is the Homeownership Program  
7 and down payment assistance report that she puts together.

8 MR. LONG: The first page under Tab A.

9 MR. ROMERO: How do we -- how does that match  
10 up with the state demographics as far as the breakdown of  
11 those ethnicities? I am just wondering how close we are,  
12 and so forth.

13 MR. JONES: But I don't think we do it based on  
14 demographics.

15 MR. ROMERO: No. I just trying to do a  
16 comparison as to see if we are matching what the state --

17 MR. JONES: Because I have always been of the  
18 opinion that if you look at a demographic, then you are  
19 probably keeping more people out that might qualify if you  
20 are trying to limit it to quotas. Demographics sound like  
21 quotas. Matching to the demographics sounds like quotas.

22 MR. ROMERO: I look at it from the standpoint  
23 of, are we meeting the needs of the population.

24 MR. JONES: Understood.

25 MS. OMOHUNDRO: Paige Omohundro. I think Mr.

1 Romero has a great question, and not one that I have  
2 looked at, so I am happy to do that and provide you an  
3 update at the next meeting.

4 MR. ROMERO: Okay.

5 MS. OMOHUNDRO: The snapshot that you see in  
6 your report is solely based on our portfolio of those  
7 loans that you see generated for January and February thus  
8 far. So it is not showing the overall, since the  
9 beginning of our down payment assistance programs. So it  
10 is accurate to what we have originated in 2015.

11 MR. ROMERO: If you would look at the mortgage  
12 credit certificate report as well --

13 MS. OMOHUNDRO: Uh-huh.

14 MR. ROMERO: -- they are not that far off. I  
15 am thinking that we are probably pretty close to the  
16 breakdown of the state.

17 MS. OMOHUNDRO: I think it is a very  
18 interesting question, and one that I am happy to do some  
19 research on.

20 MR. JONES: But heretofore it is based on -- I  
21 think on needs, rather than on ethnicity, even though you  
22 have this character, because it's more like regional.  
23 There are regions where there's less affordable housing  
24 than in other areas.

25 MS. OMOHUNDRO: That is certainly a component

1 as well, but I think what Mr. Romero is getting at is he  
2 just wants to see what the overall demographic breakdown  
3 of the state is, and if that matches or doesn't match. Or  
4 how -- the individuals that we are serving. And if there  
5 is a way that we can help get to matching that, if that  
6 is --

7 MR. ROMERO: Sure.

8 MR. JONES: So do I hear you say that if --  
9 let's say, if the state was 47 percent Asian and 31  
10 percent Anglo, then more Anglos should be serviced to  
11 bring it up?

12 MS. OMOHUNDRO: No. That's not what we are  
13 saying, I don't believe.

14 MR. JONES: Or it should be reduced?

15 MS. OMOHUNDRO: He is just trying to get a  
16 snapshot. Just to see.

17 MR. JONES: But I am trying to find the intent  
18 of the snapshot.

19 MR. ROMERO: What I am asking is, are we  
20 serving the community that we are supposed to be serving?

21 So if the State of Texas, the demographics show that  
22 whites compose 50 percent of the population, Hispanics are  
23 32 percent, blacks are 20, whatever those numbers are, are  
24 we in general meeting the needs of the population.

25 Yeah, they are all going to be different when

1 you break it down by county, or by city and so forth. You  
2 know, in El Paso we do that, and most of our -- most  
3 banks will look at, for purpose of CRA, are we serving the  
4 needs of our community?

5 MR. JONES: Right. That is the federal aid.

6 MR. ROMERO: Right. So that is what I am just  
7 asking. Are we actually meeting the needs of the State of  
8 Texas through our programs, based on population.

9 MR. JONES: But --

10 MR. ROMERO: Things like the demographics of  
11 our population.

12 MR. JONES: But heretofore we have been  
13 focusing on where need is -- right? -- and affordability,  
14 and all of those other things.

15 MR. ROMERO: Sure.

16 MS. OMOHUNDRO: Well, I think it's all of those  
17 issues. It's not just ethnicity --

18 MR. JONES: I just can't think of how you would  
19 remedy it. How the Agency would remedy it based on who  
20 qualifies, because I mean, who qualifies for the mortgage,  
21 when you get the mortgage and all.

22 MS. OMOHUNDRO: Right.

23 MR. JONES: I mean, I don't understand it.

24 MS. OMOHUNDRO: I just think it is one question  
25 to look at -- one way to look at it.

1 MR. ROMERO: Yes. It is not to say that we are  
2 going to focus on making sure that we go out and we market  
3 more to the white population or the Hispanic population.  
4 It's just a guideline. Just that we are looking at what  
5 the State of Texas -- how it breaks down, and how our  
6 program compares to that.

7 MR. JONES: Okay. We'll talk about it a little  
8 when you come back with some numbers, I guess.

9 MS. OMOHUNDRO: Sure.

10 MR. LONG: Any other questions?

11 (No response.)

12 MR. JONES: I just have an aversion to quotas,  
13 because quotas keep more people out than include.

14 MR. ROMERO: Yes. But I don't think that way  
15 about quotas.

16 MR. JONES: Yes. But it is a standard. You  
17 are talking about -- suppose the population was -- the  
18 bottom line, if it is, what does the Agency do about it?

19 MR. LONG: Well, I think, Mr. Chairman, I think  
20 Paige hit it right. Mr. Romero is just asking a question  
21 about one of the --

22 MR. JONES: I understand. But I am doing a  
23 hypothetical for the same way.

24 MR. LONG: I understand that. Yes. And I  
25 think what we do is, we try and serve the need in general.

1 MR. JONES: Just like we did when we said we  
2 need to do more rural --

3 MR. LONG: Correct.

4 MR. JONES: -- because we weren't doing rural,  
5 so we went out to make sure that we included rural.

6 MR. LONG: Right. And it is just a comparison  
7 of what the needs are --

8 MR. JONES: All right. I have got it.

9 MR. LONG: -- across the state. And we do  
10 participate -- you're going to have an item on your agenda  
11 today where we are going to talk about the annual action  
12 plan. And that is a needs assessment type of a report.

13 MR. JONES: I get it. I'm just -- whenever the  
14 federal government's guidelines and stuff comes into play,  
15 I'm not always --

16 MR. LONG: I don't think it will go up. I  
17 don't think that this is a federal guideline that we are  
18 trying to consider.

19 MR. JONES: Well, no. But you are -- that's  
20 measured, like you said, under the CRA, Community  
21 Reinvestment Act and all those kind of things.

22 MR. LONG: Right.

23 MR. JONES: I understand it. It's like we did  
24 when we saw a need or a lacking of a need. We did up the  
25 ante and put the staff, the brain trust, on how we could

1 fill the gap. We did that with rural.

2 MR. LONG: Right.

3 MR. JONES: And we have a success rate.

4 MR. LONG: Yes. All right.

5 MR. JONES: All right. I am following you. Is  
6 that it?

7 MR. ROMERO: That was it. That was my only  
8 question.

9 MR. JONES: Okay. Since you did bring up in  
10 your President's Report about the legislation and all of  
11 that --

12 MR. LONG: Uh-huh.

13 MR. JONES: At what point does Mr. Wilt tell us  
14 a little bit what is going on over there.

15 MR. LONG: I think you will probably -- I mean,  
16 he would be more than happy to come up right now.

17 MR. JONES: No, I mean --

18 MR. LONG: I imagine, starting next week.

19 MR. JONES: Because is there any kind of -- I  
20 mean, they filed a ton of bills already. So far nothing  
21 has --

22 MR. LONG: Nothing has come up. We would  
23 definitely be in front of you, giving you an update on  
24 that.

25 MR. JONES: Okay.

1 MR. LONG: There is nothing that has jumped up  
2 at us that is of concern. I think we have our  
3 organizational hearings next week, since we have both  
4 Urban Affairs and Senate IGR. We will have a chance to  
5 get a little bit better feel of the lay of the land. And  
6 then we will start maybe having some more information to  
7 bring before you in our monthly meetings.

8 MR. ROMERO: But, David, aren't we in a good  
9 position also with the chairs of both committees, since  
10 you know, we have a good relationship with the  
11 legislators?

12 MR. LONG: Certainly. Senator Lucio is  
13 chairing IGR this year, and we have had a very good  
14 working relationship with him. And I don't think that we  
15 have any reason to be concerned about Urban Affairs or  
16 Senate IGR being in question, in terms of reporting or  
17 communicating with them.

18 MR. ROMERO: Who is chairing Urban? Is it  
19 Carolyn Alvarado?

20 MR. LONG: Carolyn Alvarado, yes, sir. Out of  
21 Houston.

22 MR. ROMERO: We have had a good relationship  
23 with her --

24 MR. LONG: Yes, sir.

25 MR. ROMERO: -- with our programs?

1 MR. LONG: Out of Houston, yes sir. So we will  
2 keep you informed.

3 MR. JONES: Okay. Any other questions or  
4 comments?

5 (No response.)

6 MR. JONES: Any public comment on the  
7 President's Report?

8 (No response.)

9 MR. JONES: Okay. Thank you. Hearing none, we  
10 will move on to Tab Item 1, presentation, discussion and  
11 possible approval of the minutes of the Board meeting held  
12 on January 15, 2015.

13 (Pause.)

14 MR. JONES: If you have reviewed it, I will  
15 entertain a motion.

16 MR. ROMERO: Move to approve as presented.

17 MR. DIETZ: Second.

18 MR. JONES: Moved and seconded. Further  
19 discussion or comment?

20 (No response.)

21 MR. JONES: Any public comment?

22 (No response.)

23 MR. JONES: Hearing none, all in favor of  
24 approval, say aye.

25 (A chorus of ayes.)

1 MR. JONES: It passes. Item 2, presentation,  
2 discussion and possible approval to publish for public  
3 comment the Texas Foundations Fund draft 2015 guidelines.

4 MS. CLAFLIN: Good morning. Katie Claflin,  
5 Senior development coordinator. And Tab Item 2 is an  
6 action item asking the Board to approve the publication of  
7 the Draft 2015 Texas Foundations Fund Guidelines for  
8 public comment.

9 You should have a map in front of you, and that  
10 map will actually be included as the last page of the  
11 guidelines. And I will explain a little bit more about  
12 the map in a few minutes.

13 The guidelines in front of you provide a  
14 description of the applicant eligibility requirements, our  
15 funding priorities, and the grant application process.  
16 And before each funding round, we like to publish a draft  
17 of the Texas Foundations Fund guidelines, which gives  
18 potential applicants and other stakeholders the  
19 opportunities to suggest changes to improve the program.

20 If approved today, the public comment period  
21 will last for 30 days and will close on Friday, March  
22 13th. With the Advisory Council, we will then review the  
23 public comment that we receive, if we get any, as well as  
24 decide whether to recommend that the Board accept any of  
25 the changes that were suggested.

1                   We will then bring the 2015 Guidelines back to  
2 the Board at the April meeting for final approval. We  
3 have made a few -- yes, Mr. Jones.

4                   MR. JONES: This is proposed as what -- we  
5 didn't have regions before. We had none of them before?

6                   MR. ROMERO: Yes.

7                   MS. CLAFLIN: We did --

8                   MR. JONES: We had regions where we wanted  
9 Board members to come from, but because, I guess, the  
10 conversation led to donations going to certain areas, this  
11 is the first time you will have drafted out geographical  
12 regions. Right?

13                   MS. CLAFLIN: Actually we did make the change  
14 last year, to divide the state of Texas into eight  
15 regions. And then required that the Applicants select  
16 which region they were going to serve with our award.  
17 However, we did not publish the map with the regions as  
18 part of the guidelines.

19                   MR. JONES: Right. And where I am heading with  
20 this is, you said proposed regions. And I am trying to  
21 see what the difference is from what we had before.

22                   MS. CLAFLIN: There is no difference to the  
23 map. It is just that this year we would like to give it  
24 to potential applicants to comment on the regional  
25 boundaries that we have created.

1 MR. JONES: So they are not proposed; they are  
2 the regions that we have.

3 MS. CLAFLIN: Correct. They are the current  
4 regions.

5 MR. ROMERO: But they are proposed to the  
6 general -- the organizations that pertain to the Texas  
7 Foundations Fund.

8 MS. CLAFLIN: Right.

9 MR. ROMERO: So if you have someone that maybe  
10 kind of like sits on the line between one and three, they  
11 may suggest that the line be moved a little bit. So that  
12 is the reason that they are publishing it.

13 MR. JONES: Okay.

14 MR. ROMERO: As a proposed. Right?

15 MS. CLAFLIN: Correct. Because they do have  
16 the opportunity to make suggestions if they so choose.

17 MR. JONES: Wouldn't they have a chance to look  
18 at this before? Did they look at it before? -- some of  
19 them?

20 MS. CLAFLIN: They --

21 MR. JONES: On the Foundation Fund Board.

22 MR. ROMERO: Was the map posted on the site at  
23 all?

24 MS. CLAFLIN: It was posted as part of the  
25 application last year.

1 MR. LONG: But it wasn't for public comment.

2 MS. CLAFLIN: But it was not posted for public  
3 comment.

4 MR. JONES: No. I am just saying that the  
5 members, did they get a chance to look at what you wanted  
6 to propose?

7 MS. CLAFLIN: The Advisory Council members?

8 MR. JONES: Yes.

9 MS. CLAFLIN: Yes, they did. We met with the  
10 Advisory Council on Friday, January 23rd --

11 MR. JONES: Okay.

12 MS. CLAFLIN: -- to discuss each of the  
13 proposed changes to this year's guidelines, and so they  
14 are very aware.

15 MR. JONES: So they have already seen this map?

16 MS. CLAFLIN: Yes. They have.

17 MR. JONES: And they are comfortable with it.

18 MS. CLAFLIN: Yes.

19 MR. JONES: So it is being proposed for the  
20 public. Okay. I just wanted to make sure. Okay.

21 MS. CLAFLIN: And, well, that actually brings  
22 me to my next point, which is I wanted to discuss each of  
23 the proposed changes --

24 MR. JONES: Good. I would rather be the segue  
25 than the interruption.

1 MS. CLAFLIN: Exactly. So there are a few  
2 changes that we are proposing making. And the first and  
3 what we think is the most substantive is that we are  
4 proposing changing our definition of rural.

5 Under the previous definition, we considered  
6 rural to be a city less than 50,000 that is not in an MSA,  
7 or a county with less than 100,000 that's not in an MSA.

8 We are proposing a new definition this year,  
9 and that new definition is any county that is outside of  
10 an MSA, or a city or community that is outside of an MSA.

11 But the difference is this year we will -- if accepted,  
12 we will consider areas within an MSA if the city or  
13 community has a population of 25,000 or less and does not  
14 share a boundary with another city that has a population  
15 of more than 25,000 people.

16 And to give you a few examples, Alamo, Texas,  
17 which is currently in the McAllen MSA, would meet this  
18 definition as well as Boerne, Texas, which is in the San  
19 Antonio MSA. And this new proposed definition does match  
20 what is currently in TDHCA's statutes. So there will be  
21 some consistency there.

22 MR. ROMERO: So you could have two small  
23 communities next to each other that are both under 25,000?

24 MS. CLAFLIN: Correct. As long as neither of  
25 those communities is touching another community that has

1 more than 25,000 people.

2 MR. ROMERO: Right. Like the border.

3 MS. CLAFLIN: Right.

4 MR. JONES: It is interesting to see the  
5 staffs' heads nodding out in the audience.

6 MS. CLAFLIN: And so this proposed change will  
7 allow applicants to serve rural areas within an MSA that  
8 were not previously considered. This will affect  
9 governmental entities who are required to serve rural  
10 areas in order to apply, as well as nonprofit entities  
11 that are seeking to meet our rural priority.

12 The second substantive change that we have made  
13 is that we are removing the requirement that states that  
14 government entities must be located in the rural areas  
15 that they plan to serve. And this change will allow  
16 governments that are serving multiple counties, such as  
17 council of governments or COGs, to apply on behalf of  
18 those rural counties, as well as county governments that  
19 currently serve rural areas within an MSA.

20 Third, we are attaching the geographic region  
21 map as part of the proposed guidelines, which will give  
22 potential applicants the opportunity to comment on the  
23 regional boundaries.

24 And then finally -- and this is just a very  
25 small change -- we have updated the guidelines to include

1 a link to the income limits that we use for the Texas  
2 Foundations Fund. We've been using these income limits  
3 for several years now, but we just wanted to give  
4 potential applicants the opportunity to review those  
5 income limits as part of the draft application process, or  
6 draft comments; I'm sorry.

7 MR. ROMERO: I don't recall if we had  
8 discussion with the Board about the matching dollars  
9 coming from a region, did we? Because I know that we had  
10 discussed limiting that through the Corporation.

11 MS. CLAFLIN: We did. I believe we brought  
12 that to the Board for discussion maybe in November?

13 MR. ROMERO: Okay. I wasn't sure.

14 MS. CLAFLIN: So I am happy to answer any  
15 questions that you have.

16 MR. JONES: Any questions?

17 (No response.)

18 MR. JONES: Okay. This comes back when?

19 MS. CLAFLIN: April.

20 MR. JONES: Okay.

21 MS. CLAFLIN: Yeah, it's 30 days, so we won't  
22 quite make it for the March meeting.

23 MR. JONES: Okay.

24 MR. EVENWEL: There are no changes in the  
25 amount of money that you are going to award in this --

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MS. CLAFLIN: No, there's not.

MR. EVENWEL: -- from what we had before?

MS. CLAFLIN: Well, it depends on funding available.

MR. EVENWEL: Yes.

MS. CLAFLIN: We're working with the Advisory Council to raise private funding, in addition to the Board's generous --

MR. EVENWEL: So it could be more than what we have done before?

MS. CLAFLIN: It could be. Yes. And that is why we didn't publish the amount as part of the draft guidelines, because we don't know yet.

MR. JONES: That is because private donations could be affected if we do a match, or something like that.

MS. CLAFLIN: Exactly.

MR. EVENWEL: Or they could be designated to a region, too, couldn't they?

MS. CLAFLIN: Yes. Yes, and that is why we would not include the amount available.

MR. JONES: So I guess the thing is, it won't be less than we gave before, is the bottom line. It could be more, but it won't be less.

1 MR. ROMERO: Whatever the Corporation has  
2 committed is what is being published.

3 MR. LONG: The basis, always with the  
4 Corporation, the Board includes in our budget each year.

5 MR. JONES: Right.

6 MR. LONG: And then beyond that, there will be  
7 some fund-raised for, and then the match that the Board  
8 authorizes against that donation.

9 MR. JONES: Any other comments or questions?

10 MR. EVENWEL: This is going out for public  
11 comment now?

12 MS. CLAFLIN: Yes.

13 MR. EVENWEL: Where does that go? When you say  
14 it goes out for public comment for potentially interested  
15 parties, where do they find that?

16 MS. CLAFLIN: It's posted on our website, so  
17 anybody could find it on our website. We will also do an  
18 email blast to everybody who is on our Foundations Fund  
19 email list, as well as to our contacts at the Texas  
20 Legislature, so they can distribute it. And we also post  
21 it in the Texas Register as well, so people can see it  
22 that way.

23 MR. LONG: So there is a pretty good  
24 opportunity for anybody to find it if they are looking for  
25 it, specifically if they're on our website.

1 MR. EVENWEL: Okay.

2 MR. LONG: And there's instructions on how to  
3 respond and provide comment.

4 MR. EVENWEL: Okay.

5 MR. JONES: Any public comment on Tab Item 2?  
6 (No response.)

7 MR. JONES: Hearing none, all in favor of  
8 approval to publish for public comment the Texas  
9 Foundations Fund draft 2015 guidelines, signify by saying  
10 aye.

11 MR. LONG: Excuse me. Yes. I'm sorry. I  
12 don't think we had a motion.

13 MR. ROMERO: I will move to approve the  
14 proposed action for public comment.

15 MR. JONES: It says presentation, and  
16 discussion of, and possible approval to publish --

17 MR. LONG: Yeah, I know. I don't think you had  
18 a motion and a second.

19 MR. ROMERO: Yes.

20 MR. JONES: Oh, it wasn't moved?

21 MR. ROMERO: No. I just moved right now.

22 MR. EVENWEL: Second.

23 MR. JONES: Well, we already passed -- oh.  
24 It's been moved and second -- you seconded it?

25 MR. EVENWEL: Yes.

1 MR. JONES: Okay. Any other discussion?

2 (No response.)

3 MR. JONES: Any public comment?

4 (No response.)

5 MR. JONES: Hearing none, all in the  
6 affirmative, say aye.

7 (A chorus of ayes.)

8 MR. JONES: Thank you, Katie.

9 MS. CLAFLIN: Thank you.

10 MR. JONES: It is approved.

11 Now, Item 3, Presentation, discussion and  
12 possible approval of the Texas State Affordable Housing  
13 Corporation 2015 annual action plan.

14 Here you come. Good morning.

15 MR. WILT: Good morning, Chairman Jones, Vice  
16 Chair Dietz, Board members. I am Michael Wilt, External  
17 Relations Specialist.

18 You have before you in Tab 3 the Corporation's  
19 2015 annual action plan. I am here to present that plan  
20 to you, answer any questions you have, or have other staff  
21 members answer questions, and ask for your approval of the  
22 plan.

23 The plan is prepared in accordance with Texas  
24 Government Code Section 2306.566, which requires us to  
25 develop a plan to address the State's housing needs. Our

1 annual action plan is part of the state low income housing  
2 plan which is approved by the Texas Department of Housing  
3 and Community Affairs. And they will be considering the  
4 state low income housing plan at their Board meeting on  
5 Thursday, February 19, 2015, next week.

6 The plan will be submitted to the Governor,  
7 Lieutenant Governor, and the Speaker of the House. The  
8 public was invited to offer feedback on this plan at a  
9 public hearing we held in conjunction with TDHCA on  
10 January 6th. We also posted the plan on our website for  
11 public access and accepted written comments until January  
12 16.

13 The action plan includes a comprehensive  
14 overview of the Corporation's programs, the number of  
15 people served in 2014, and the Corporation's 2015  
16 implementation plan for each program. I would like to  
17 direct your attention to a few portions of the plan  
18 located under Tab 3, starting on page 6.

19 The second full paragraph -- this is under the  
20 homeownership program, and it reflects our intention to  
21 continue to work to broaden each of the programs through  
22 the recruitment of additional lenders and marketing to  
23 realtors, especially in areas of the state with low  
24 utilization of the programs. On page 8 --

25 MR. JONES: You are talking -- you said full

1 paragraph.

2 MR. WILT: The second full paragraph.

3 MR. JONES: "Above and beyond"?

4 MR. WILT: Yes. Correct.

5 MR. JONES: Okay.

6 MR. WILT: That last portion of that sentence.

7

8 MR. ROMERO: Is there a definition as to what  
9 you are actually going to do to broaden the reach?

10 MR. WILT: I can't speak to that. I believe  
11 Paige could.

12 (Simultaneous discussion.)

13 MR. ROMERO: But I mean like if we identify an  
14 area where the state --

15 MS. OMOHUNDRO: Thank you so much, Michael.

16 MR. WILT: You're welcome.

17 MR. ROMERO: He did say, other staff.

18 MS. OMOHUNDRO: Jerry, did you ask this  
19 question?

20 MR. ROMERO: Yes, I did.

21 MS. OMOHUNDRO: I had already forgotten. Thank  
22 you for asking yet another great question, Mr. Romero.

23 MR. ROMERO: Yes.

24 MS. OMOHUNDRO: The homeownership team works  
25 very closely with the marketing and development team when

1 proposing changes. And we meet twice a month, every two  
2 weeks, to talk about how we can broaden our reach. So  
3 there are various strategies on how we do that, and we are  
4 in a process of updating our strategic plan with those  
5 tactics.

6 It can range from a simple tweet, you know,  
7 using our social media platforms or our Facebook posts,  
8 introducing maybe a new lender that has come on board and  
9 thanking them for participating to get the word out that  
10 this is a new lender that you can contact.

11 All of the way to maybe a more strategized plan  
12 in doing an analysis of what regions are not performing or  
13 not originating as many loans as another region and then  
14 working directly with the lenders in that specific region,  
15 or realtor associations in that region.

16 So it can be a pretty big -- there is a pretty  
17 big -- there are numerous tactics that we can work on to  
18 achieve broadening that reach. I mean, was there  
19 something specific in mind other than just --

20 MR. ROMERO: No. Just that you identify where  
21 you think the need is, and you have approaches like the  
22 tweets or workshops, whatever the case may be.

23 MS. OMOHUNDRO: Right. Right. I mean, we even  
24 have plans to do a radio spot in those lower-performing  
25 regions, that sort of thing. So we're constantly thinking

1 of new ways to make this happen, to get the word out, both  
2 to our consumers, but also to our lenders and our realtors  
3 out there.

4 MR. JONES: And what you are saying is included  
5 in the action plan?

6 MS. OMOHUNDRO: Well, the specific tactics of  
7 how we're going to achieve that are not --

8 MR. JONES: Well, not the tactics, but --

9 MS. OMOHUNDRO: But it's important. I mean, we  
10 are just not going to put a statement out there and not do  
11 anything about it. And what we put in here is important  
12 to us, and we have definite tactics on how to achieve  
13 that.

14 MR. ROMERO: You're further going to elaborate  
15 that in the strategic plan.

16 MS. OMOHUNDRO: Yes.

17 MR. ROMERO: You mentioned tweet and Facebook.  
18 Do you have a Linked In profile?

19 MS. OMOHUNDRO: We do.

20 MR. WILT: Yes, we do.

21 MS. OMOHUNDRO: We do. Yes.

22 VOICE: And Google Plus.

23 MR. ROMERO: And Google what?

24 MR. WILT: Plus.

25 MS. OMOHUNDRO: Google Plus. And if you have

1 specific questions on that, Michael is your expert.

2 (General laughter.)

3 MR. ROMERO: Thank you, Paige.

4 MR. JONES: So much for page 6, huh?

5 MR. WILT: Correct. Yes. On page 8, that  
6 first full paragraph, the first sentence, this reflects  
7 our intention to hold three Texas statewide homebuyer  
8 education programs throughout the year, just like we did  
9 last year.

10 Our first one is culminating tomorrow here in  
11 Austin, and then there are two further that are in San  
12 Antonio and Houston.

13 On page 10, at the very top of the page, the  
14 second sentence --

15 MR. ROMERO: Can we go back?

16 MR. WILT: Sure. Absolutely.

17 MR. ROMERO: On the TSHEP workshops?

18 MR. WILT: Uh-huh.

19 MR. ROMERO: How do you all go about -- how do  
20 you identify the cities that you have the workshops in?

21 Is that you again, Paige?

22 (General laughter.)

23 MR. ROMERO: This isn't church; you guys  
24 shouldn't sit all the way at the back.

25 MR. LONG: I want you to notice, Mr. Romero,

1 she brought her cup up this time.

2 MS. OMOHUNDRO: After every year of conducting  
3 TSHEP trainings, we send out a survey, and in that survey,  
4 we do pose the question of where they would like trainings  
5 to be held, as well as what courses to be offered. We  
6 really try to, you know, conduct those trainings in the  
7 highest-ranked cities.

8 MR. ROMERO: Okay.

9 MS. OMOHUNDRO: But sometimes we have to --  
10 given funders and where they are located, we're also  
11 trying to accommodate our funders and put them in the  
12 locations where they would like to see trainings as well.

13 MR. ROMERO: So is this our second year or  
14 third year of trainings?

15 MS. OMOHUNDRO: Taking over, it is our third.

16 MR. ROMERO: It is our third year.

17 MS. OMOHUNDRO: Uh-huh.

18 MR. ROMERO: And most of them have been held  
19 where?

20 MS. OMOHUNDRO: In the metro areas. So Dallas,  
21 San Antonio --

22 MR. ROMERO: Houston.

23 MS. OMOHUNDRO: Austin. We are doing our first  
24 Houston this year, so we are trying to change it up and  
25 try not to repeat the same cities, if at all possible.

1 MR. ROMERO: And not to just do a training  
2 session in South Texas or El Paso because they are part of  
3 the State, but --

4 MS. OMOHUNDRO: Right.

5 MR. ROMERO: -- I was just -- if there is going  
6 to be more attendance in bigger metro markets, I  
7 understand doing that.

8 MS. OMOHUNDRO: Right.

9 MR. ROMERO: But do we know if there would be  
10 interest in those other markets, the smaller markets?

11 MS. OMOHUNDRO: Well, we do list cities for  
12 them to rank. And then we always put an "other" box,  
13 where they can write in their own city or preference.

14 You know, so not only are we looking at those  
15 priorities or what people have ranked us as venues that  
16 they would like to see a training held in, we are looking  
17 at the funders as well. And then too, consideration of  
18 travel --

19 MR. ROMERO: Right.

20 MS. OMOHUNDRO: -- and costs traveling to a  
21 city, and accommodations is also important. These are  
22 nonprofits attending, and so their budgets are very tight,  
23 and we try to make it as easy and affordable as possible.

24

25 MR. WILT: I would add that, since its

1 inception, we have trained counselors from 37 different  
2 Texas cities. The El Paso region is included in that as  
3 well as South Texas.

4 MR. JONES: And under the information plan,  
5 second paragraph, how can Texas's foreclosure rate be  
6 considered relatively low when it ranks third of this list  
7 of states with the most foreclosures?

8 MR. WILT: As a percentage, it ranks fairly  
9 low.

10 MR. JONES: Okay. It didn't say that. As a  
11 percentage of what?

12 MR. WILT: The population. The volume ranks  
13 high, but as a percentage of the --

14 MR. JONES: Okay. It didn't say that. I  
15 didn't know what made it relatively low. It says it ranks  
16 third in foreclosures. Okay.

17 MR. WILT: Any other questions on that?

18 (No response.)

19 MR. WILT: On page 10, at the top of the page,  
20 this is about our direct lending program. And it is our  
21 intention this year to rebrand that program as a loan  
22 fund, in an effort to better explain its purpose and also  
23 attract potential new investors.

24 Then lastly, on page 13, under our single-  
25 family rental program --

1 MR. JONES: Turned that page kind of quick,  
2 lest somebody --

3 MR. WILT: Well, Paige wouldn't be answering  
4 that one.

5 MR. JONES: She left the room. Elvis has left  
6 the building.

7 MR. WILT: In our single-family rental program,  
8 this just speaks to our intention to expand that,  
9 purchasing three additional new homes for this year. And  
10 with that, I will take any other questions regarding the  
11 plan.

12 (No response.)

13 MR. WILT: Or about the Legislature.

14 MR. EVENWEL: I had a question on page 1, the  
15 bottom paragraph, where you have got some figures. You  
16 talk about the Corporation will utilize over \$1.2 billion  
17 in bonding.

18 I had looked back at some of the previous ones.  
19 In '12, it was \$700 million. In '13, it was 880. In  
20 '14, it was 920. Now it is 1.2. That is huge. You know,  
21 it is like a rocket ship just going straight up.

22 The other figure you have is 647 million. Now,  
23 in 2012, that was 540. In 2013, it was 169 million, and  
24 last year it was 180 million. Why are we having that kind  
25 of an up and down in that figure?

1 MR. LONG: I'm not sure that that -- we  
2 wouldn't be going down and back up. It is a historical  
3 utilization.

4 MR. EVENWEL: That's why I was wondering,  
5 because I looked at the last four --

6 MR. LONG: I don't know why that number would  
7 jump. It should be increasing every year.

8 MR. EVENWEL: I thought -- just like the other  
9 one, I thought it would be, too, but --

10 VOICE: What are you referring to?

11 MR. EVENWEL: Page 1. The \$647 million in  
12 2012. It was \$540 million --

13 VOICE: So are you going from our assets to  
14 cash?

15 MR. LONG: No. He is just comparing it to  
16 previous reports.

17 MR. JONES: Right. Is it recession?

18 MR. LONG: Pardon?

19 MR. EVENWEL: Was there something we sold,  
20 aren't using any more? Is that why it is going up and  
21 down like that? I mean --

22 MR. LONG: It's just utilization on a  
23 continual -- adding to the --

24 MR. EVENWEL: That is what I thought, too, and  
25 that's why I was curious.

1 MR. LONG: That is what you read in the single-  
2 family. And it is the same premise.

3 MR. DANENFELZER: If I may. This is David  
4 Danenfelzer with Manager of Development and Finance.

5 The numbers that you are referring to represent  
6 two separate items, although they -- two separate but  
7 combined items. The larger number, the 640 million,  
8 includes all bonding authority that we have utilized for  
9 multifamily, including 501(c)(3) bonds and private  
10 activity bonds.

11 The smaller number, which we have reported over  
12 the last couple of years, is a growing amount of private  
13 activity bonds, a subsection of that first number. So the  
14 180 million that we are up to now is just representative  
15 of the private activity bonds. We made the change a few  
16 years ago for a couple of reasons.

17 One, we had not issued 501(c)(3) bonds since  
18 2002, and therefore we felt it was not really necessary to  
19 continue to roll that number into the total. But also we  
20 have had a number of those 501(c)(3) bonds be redeemed and  
21 restructured out of the program over the years; 180 is  
22 more representative of our actual portfolio that we manage  
23 and oversee at this time.

24 MR. EVENWEL: Okay. I just had a question,  
25 because the figure in the reports are going up and down.

1 What is going on?

2 MR. DANENFELZER: Yes. And I do think a  
3 considerable part of that is sort of the change that we  
4 made a few years ago, looking at the fact that those  
5 501(c)(3) bond portfolios were old and we had been  
6 restructuring them. They have been coming off of our  
7 portfolio.

8 So it is a little bit more representative to  
9 just show the private activity bonds that we have.

10 MR. EVENWEL: Okay. Just when I compared the  
11 last three or four reports --

12 MR. DANENFELZER: Right.

13 MR. EVENWEL: -- it didn't seem like it was  
14 being characterized as different.

15 MR. DANENFELZER: Yeah, and that --

16 MR. EVENWEL: But you are saying it is  
17 different.

18 MR. DANENFELZER: Yes. It is different. And  
19 it -- slightly also the nomenclature that we have used  
20 over the years. Just a --

21 MR. EVENWEL: Okay.

22 MR. DANENFELZER: We should have been probably  
23 more specific in previous reports than we have been.

24 MR. EVENWEL: Okay. The other question I had  
25 is, I assume this is because of the language we have in

1 the statute and stuff like that, but a lot of these  
2 implementation plans, it says we are going to support it;  
3 we'll work with; we will continue -- you know, almost  
4 every one, is that just the way that the language requires  
5 us to put it down, or should we be using more action-  
6 oriented verbs such as "gain," "retain," "increase" in our  
7 efforts in the different programs that we are talking  
8 about?

9 MR. WILT: That's a great question. I think  
10 looking back, it is an aggregation of what we have  
11 accomplished by the numbers. And it's very specific data  
12 as to what we have done.

13 Going forward, I think we built in some  
14 flexibility as to what we are exploring, what we hope to  
15 accomplish; probably less concrete goals. But I am happy  
16 to tweak that language if you want, or in upcoming years,  
17 if you are -- if that is something that you would like --

18 MR. EVENWEL: I was just curious. I mean, it  
19 is kind of a wishy-washy way of saying that we are going  
20 to continue this. Rather than say, we are going to try to  
21 charge into it or we're going to increase it, or --

22 MR. ROMERO: Correct me if I am wrong, but I  
23 think that part of it has to do with that this plan will  
24 actually get implemented to the overall state plan.

25 MR. LONG: Yes. The state plan.

1 MR. ROMERO: So it will actually work with --

2 MR. EVENWEL: Well, that is what I meant. Is  
3 it because of the language of the laws that -- I haven't  
4 read the laws. But that refer to that we have to say it  
5 this way.

6 MR. LONG: I don't think the laws say we have  
7 to have a certain verbiage at all. I think Michael  
8 explained it pretty well.

9 MR. WILT: Flexibility.

10 MR. LONG: But I think we certainly could look  
11 at changing that language in the future, Mr. Evenwel.  
12 There's no problem with us doing that.

13 MR. EVENWEL: Well, or maybe that is more of a  
14 strategic plan, is to be more aggressive on what we are --

15 MR. WILT: That is certainly included in our  
16 strategic plan, specific measures.

17 MR. LONG: Exactly.

18 MR. JONES: And since this gets melded with the  
19 TDHCA plan, you said, it creates some flexibility, rather  
20 than lock it in.

21 MR. WILT: The language that we used, I think,  
22 provides us with flexibility.

23 MR. JONES: Right. It needs as much  
24 flexibility because it gets rolled into another plan.

25 MR. WILT: Yes.

1 MR. LONG: Part of the bigger plan.

2 MR. WILT: Right.

3 MR. EVENWEL: Right.

4 MR. JONES: So I guess the thing is that when  
5 we look at the action plans, and see that it is sufficient  
6 so that there is no need to change this is, if it is  
7 sufficient in our actual action plan.

8 MR. LONG: Strategic plan.

9 MR. JONES: Strategic plan. Yes.

10 MR. LONG: Yes, sir.

11 MR. JONES: I mean, I am just asking would that  
12 satisfy that need?

13 MR. EVENWEL: No. No, that was -- I was just  
14 curious if that was the way we had to do it, because of --

15 MR. JONES: Yeah, it sounds like we just want  
16 flexibility of saying this is what we would be, but don't  
17 hold us to it, because this is part of the bigger plan.  
18 But our action plan says hey, look. This is what our  
19 intention. This is what we are striving for. This is  
20 what we plan to achieve.

21 MS. TAYLOR: Can I add something?

22 MR. JONES: Yes, ma'am.

23 MS. TAYLOR: I'm sorry. This is just for  
24 information purposes. Janie Taylor, Manager of Marketing,  
25 Development, Communications.

1           You know, I think that part of it is also that  
2 some programs are very structured, such as the private  
3 activity bond program, the multifamily rental bond  
4 program. And so there is some continuing -- we continue  
5 sort of the same program guidelines.

6           And so there's not -- other than implementing  
7 the type of housing, we are looking for projects that you  
8 all decide are -- you know, they're limited within the  
9 structure of that plan.

10           In addition, too, you know -- and I think this  
11 is something that we are working on improving -- when this  
12 plan is developed and when our strategic plan is developed  
13 don't necessarily match up in the time line. And by law  
14 there is -- this has a time line.

15           And so I think we are working on improving some  
16 matching a lot of these reports up. And the moment when  
17 this gets created, may not necessarily match when we are  
18 looking at strategies for the year. So hopefully that  
19 gives you some -- a better understanding of why the  
20 language is the way it is.

21           MR. EVENWEL: Yes. I was just curious. I  
22 just had a question about it.

23           MS. TAYLOR: Yes. Absolutely. It is a good  
24 question. And I think that is probably the primary reason  
25 why, is that they don't necessarily get done at the same

1 time.

2 MR. JONES: I think his question gave us all a  
3 larger understanding of the thinking of the staff as they  
4 prepare some various documents, so I think it is good. I  
5 appreciate it.

6 MS. TAYLOR: Yes. Thank you for that.

7 MR. EVENWEL: The last question I have is,  
8 because it is an action plan, I didn't see anything in  
9 here on raising money. Is that -- should that be part of  
10 this action plan? Or -- I know that's stuff that we do.  
11 Should that be in here?

12 MR. JONES: Isn't that page 15, talks about  
13 cultivating prospective donors to provide Foundation  
14 funds.

15 MR. EVENWEL: For the Foundation Fund. But how  
16 about running our whole operation?

17 MS. TAYLOR: So --

18 MR. EVENWEL: It was just a question.

19 MS. TAYLOR: Yes. No. And so what we try to  
20 do -- I think several years back we did have it separate.

21 And what we decided to do, that this would be more of a  
22 plan of the programs, the actual services and programs  
23 that we provide.

24 MR. EVENWEL: No. It's good on the programs,  
25 and I was just curious.

1 MS. TAYLOR: Yes. And so what we decided to do  
2 is that as it applies for each program -- for the  
3 fundraising, as it applies to each program, then we have  
4 inserted language within that program to say this is --  
5 we're going to fund-raise; we are going to increase our  
6 fundraising for this. We are going to rebrand this  
7 program so we can better fund-raise for it. So we kind of  
8 insert in within those programs.

9 MR. EVENWEL: The specific programs.

10 MS. TAYLOR: The specific programs, instead of  
11 having a separate page for just fundraising. We also used  
12 to do that for marketing. And it just seems like this  
13 work supported aspects of all the programs.

14 MR. JONES: Other than to say, we are going to  
15 raise our fees to generate X amount --

16 MR. EVENWEL: Uh-huh.

17 MR. ROMERO: I am just wondering, along the  
18 lines of Mr. Evenwel, I am wondering if we shouldn't just  
19 enter -- insert a paragraph about our nonprofit status and  
20 our ability to go out and raise funds for programs without  
21 being specific to each individual program.

22 MS. TAYLOR: I think that is something that we  
23 could look at doing at the beginning of the plan when we  
24 put in direction to the organization.

25 MR. ROMERO: Yes. Because I mean, I know what

1 you are saying. And you are right. I mean, our ability  
2 to raise funds is across the spectrum of our programs;  
3 it's not just the Foundations Fund.

4 MR. LONG: Correct. And, again, I think the  
5 strategic plan does in much more in detail focus on the  
6 fundraising aspect of what we do.

7 MR. JONES: And I remember in past  
8 legislatures, half of the problem we had was the emphasis  
9 that we were a 501(c)(3) nonprofit, and there were  
10 individuals that didn't like that fact that we were  
11 501(c)(3). We have all met that by saying, hey look, we  
12 don't use any tax dollars or General Revenue funds.

13 On the other hand, it's unfair to other  
14 agencies, you are competing. I mean, it was a big ugly  
15 thing to keep saying 501(c)(3). I think when it is  
16 appropriate, we do say that. Right?

17 MS. TAYLOR: Absolutely.

18 MR. JONES: And the emphasis -- but it depends  
19 on the document and where it's going to, I think, where  
20 the emphasis would be made whether we were or whether we  
21 weren't. Sometimes it is not necessary to say it, but --  
22 they have to determine what document to say it in. But it  
23 was a -- we had a time in the Legislature with that.

24 MR. LONG: Did that answer your question, Mr.  
25 Romero?

1 MR. ROMERO: Yes.

2 MR. LONG: Mr. Evenwel? Did you get your  
3 answer?

4 MR. EVENWEL: That concludes my remarks. Yes.

5 MR. DIETZ: I have kind of two quick bond  
6 questions about the single-family rental program. It is  
7 addressed on page 13. Who do I direct that to? Paige?

8 MS. TAYLOR: Well, just put it out there.

9 MR. JONES: At this point, put it out there;  
10 they're all going to stand by.

11 (General laughter.)

12 MR. DIETZ: Do we have any data on kind of who  
13 is using that program? Are they people, for example, that  
14 are real transitional, in and out, or are they people that  
15 are --

16 MR. LONG: You say, using --

17 MR. JONES: The single-family rental program.

18 MR. DIETZ: The families that are renting those  
19 homes. Are they there for two years, kind of long term?

20 MR. LONG: We've only had the program going for  
21 about 18 months, so it is a little hard to determine. In  
22 terms of background, I don't know that we specifically  
23 ask, you know, if they are transitional or what. We have  
24 had some military families.

25 We have had just individual families looking

1 for the opportunity to live in a neighborhood that --  
2 these homes are in nice neighborhoods, and we are able to  
3 provide them a chance to live and benefit from the  
4 neighborhood at a rent that they can afford, where they  
5 wouldn't normally be able to live there.

6 MR. DIETZ: Is our goal to help them eventually  
7 transition to homeownership, not of that house, but some  
8 other? Or is that not necessary?

9 MR. LONG: I don't think we go into it with  
10 that expectation. But we certainly hope that it allows  
11 them to become a little bit more settled in and have less  
12 worry on financial need for housing by giving them a lower  
13 rent. And if that achieves the ability to transition to  
14 homeownership, that would be fantastic.

15 MR. DIETZ: Okay. And then I have a second  
16 line of questioning. It sounds like that is going well;  
17 the program's growing. Right now, it is exclusively  
18 limited to the Austin MSA.

19 We are a statewide organization. Do we have  
20 any plans, or is it even realistic for us to operate that  
21 program outside of the Austin MSA?

22 MR. LONG: I think initially -- if you  
23 remember, the Board approved this as a pilot. So we  
24 worked within the original funding that you gave us. And  
25 we should have all of the funding utilized by some time in

1 May that would allocate all of the funds for home  
2 purchases, and we should have around 15. I think the goal  
3 was to get 15 homes with that money.

4 As a pilot, we tried to keep it within the  
5 proximity that the staff could go out and monitor and  
6 manage those homes; could do so with relative ease,  
7 considering it was a limited process, for us to determine  
8 whether we wanted to continue it or not.

9 I think we have seen it be very successful.  
10 And the goal would be whether or not the Board would like  
11 to allocate additional funding for pursuing it outside the  
12 area that we originally involved with the pilot process,  
13 Mr. Dietz.

14 So I think it would certainly incur bigger  
15 costs, travel wise. And whether or not we would want to  
16 look at serving several markets and bring a report back to  
17 the Board that states we currently have other properties  
18 that we visit from a multifamily standpoint. We could go  
19 look in those communities where we could incorporate the  
20 visits accordingly.

21 Would we want to incorporate more of an outside  
22 property management resource, so that if we bought, say in  
23 Dallas, as an example, or El Paso or wherever, we would be  
24 able to utilize that firm in the location where they have  
25 boots on the ground. And we could just make sure that we

1 were serving the population that the Board directed us to,  
2 and not have to worry about staff cost and expenses for  
3 traveling purposes. So there is a lot of things we can  
4 do.

5 But I think my recommendation would be let's  
6 kind of finish the process of getting all of the homes we  
7 purchased, come back to the Board after a little bit of  
8 time, and say, Okay, here is what we have determined. And  
9 then we can make a recommendation in the next budget year  
10 to see whether or not the Board would like to expand it  
11 outside the MSA of the Austin area.

12 Because right now, we have homes all of the way  
13 from Buda and Kyle, Georgetown, Leander. You know, we  
14 kind of have touched all of the fringes that we can. And  
15 I think we found that that keeps us busy. So to add  
16 travel to that, we would just need to make sure that we  
17 have the resources staff wise, as well as financially,  
18 that would incorporate us expanding outside that area  
19 right now.

20 MR. DIETZ: So at that point in time, you can  
21 come back to us and say, here is how the program is  
22 working. Here is who is using that program.

23 MR. LONG: Correct.

24 MR. DIETZ: And then we can determine how to  
25 move forward in expanding it to other areas.

1           MR. LONG: Right. In general, I am very  
2 pleased with how it has gone. I really appreciate the  
3 Board giving us the authority to utilize some of our funds  
4 for that. I think we found that we are offering a very  
5 good product.

6           We buy very nice homes that are in good  
7 condition, maintain them properly. I think we are finding  
8 them in good communities, which allows the neighborhoods  
9 to have -- these individual families to have opportunities  
10 with the neighborhoods they may not be able to afford to  
11 otherwise.

12           So I like the premise, and I like the success  
13 we have had in the program. But I think you are right.  
14 We would probably be best to kind of give it a little more  
15 time to let it settle, get some -- a little bit more  
16 seasoning, if you will, on the program and then decide  
17 whether or not we can come back and make a recommendation  
18 to the Board for changes that we feel are appropriate.  
19 And one of those changes may or may not include expanding  
20 into other areas of the state.

21           MR. DIETZ: Would it be possible or recommended  
22 perhaps to incorporate some of the criteria we use for the  
23 Homes for Heroes program into the rental program also, so  
24 that not only are we serving exclusively based on income  
25 needs, but based on some of those same eligibility groups;

1 firefighters, police officers --

2 MR. LONG: Certainly we could take that into  
3 consideration. Yes.

4 MR. ROMERO: Along those lines, I think if you  
5 look at the possibility of working with local nonprofits  
6 that are already doing housing, instead of management  
7 companies -- partnerships.

8 MR. LONG: I agree with you. And David  
9 Danenfelzer has done a phenomenal job working with local  
10 partners across the state that we have. You know, we own  
11 several hundred properties across the state under the ACT  
12 program.

13 And those properties are basically -- David has  
14 those nonprofits in the communities doing the work and  
15 overseeing it. And certainly, he has to go out -- he and  
16 Joe Ropiak have got to go out and manage, you know,  
17 oversee that stuff on a regular basis.

18 But they don't have to be there day to day to  
19 do construction or to manage that process, and we work  
20 with our partners. So in that vein, Mr. Romero, we can do  
21 the exact same thing under this portfolio.

22 MR. JONES: And what we are talking about is a  
23 goal for homeownership from rental -- first of all,  
24 everybody ought not own a home. I mean, the other thing  
25 is, you have to rate the costs. Because I think if it is

1 1,450 which is the median monthly rent, we do it at about  
2 what, eight?

3 MR. LONG: I don't know.

4 MR. JONES: It depends?

5 MR. LONG: Celina, do you --

6 MR. WILT: It is on a sliding scale, based  
7 on --

8 MS. MIZCLES: I'm sorry --

9 MR. JONES: Oh. We have got another one.  
10 Well, we're fishing this morning.

11 MS. MIZCLES: Hello. I'm Celina Mizcles. I'm  
12 a senior multifamily analyst, and I will be able to answer  
13 your question if you just repeat it for me one more time.

14 MR. JONES: Well, I was looking at the 1,450,  
15 which is the median monthly rental. And when we get the  
16 home, and -- at or below 80 percent of the median income,  
17 our rentals -- the median rental that we charge is the  
18 median number basically for us, too. Right?

19 MS. MIZCLES: Right. So it goes -- typically  
20 what we're seeing about a \$200 discount from market rent  
21 that's being provided.

22 MR. JONES: Okay.

23 MS. MIZCLES: So they do get a really fairly  
24 good rate for a rental.

25 MR. JONES: And because of the point I was

1 making to you is that owning is cheaper in one sense than  
2 renting. Rent rates are always higher. But then the  
3 other part of owning is the upkeep.

4 MS. MIZCLES: Yes.

5 MR. JONES: And that can rack you way beyond  
6 what it would have been if you were renting, especially at  
7 a discounted rate. I mean, I bought a high-end house  
8 once. Man, the tree died, the lawn died, the roof died.  
9 The ceiling had -- I mean, the upkeep was like, Whoa. And  
10 everybody that showed up to do something to the house  
11 started at \$100.

12 So the maintenance costs of homeownership -- so  
13 these may be long-term renters, if not permanent. They  
14 may very well just be long-term renters; they can't afford  
15 to buy. They rent. And we oversee the maintenance of the  
16 building?

17 MS. MIZCLES: Yes, sir.

18 MR. JONES: Okay. And we check periodically to  
19 make sure that it is not deteriorating?

20 MS. MIZCLES: Yes.

21 MR. JONES: Okay. Which is a good thing for  
22 them, since they can't afford all the critical upkeep. So  
23 it is not always with the goal, I think that I am correct,  
24 in telling them of moving them into ownership. You need  
25 to do that with apartments.

1 MR. ROMERO: I think there are opportunities  
2 both ways. I think in Austin it is probably not the best  
3 market, because of the high cost of living. But, you  
4 know, a market like South Texas or El Paso, if you  
5 transition them from a rental option to buying a home,  
6 maybe more feasible.

7 MR. JONES: Which says that if they are ready  
8 for a lesson in other markets like we described,  
9 eventually they could buy it.

10 MS. MIZCLES: It could be a possibility.

11 MR. LONG: Again, that would be a discussion  
12 for the Board to determine how they want us to utilize the  
13 homes that we acquire; whether we want to --

14 MR. JONES: So that is really what I am talking  
15 about.

16 MR. ROMERO: Well, I think with the programs  
17 that we have, we shouldn't have to sell our property. We  
18 can probably keep the properties but move them into  
19 another home that's in the market.

20 MR. LONG: We certainly could network them with  
21 a mortgage officer, a realtor, or a counseling  
22 organization that would help them make the determination  
23 as to whether they are ready to own a home, because the  
24 last thing we want to do is to place someone in a home  
25 that is not ready to own a home; that could be setting

1       them up for failure.

2                   MS. MIZCLES:   Right.

3                   MR. JONES:   Or a lease-purchase option.

4                   MR. LONG:   Right.

5                   MR. JONES:   Well, there's a lot of room for  
6       growth and exploration.

7                   MR. LONG:   To answer Mr. Dietz's question, I  
8       think the goal would be to finish what we have started  
9       under your leadership, to give us the ability to finish  
10      buying the homes we have funding for under the pilot.  And  
11      then get a little bit more seasoning in the program, to  
12      determine whether or not we want to come back and ask for  
13      further funding or make some changes, or whatever it might  
14      be.

15                  MR. DIETZ:   Right.

16                  MR. LONG:   And then we could also give you an  
17      update on kind of the data behind the program.

18                  MR. DIETZ:   Okay.  Great.  Well, I think that  
19      you can see that the Board has some enthusiasm for this  
20      program.

21                  MR. LONG:   Yes.  Certainly.  Good to see.

22                  MR. DIETZ:   And I'm interested to see how it  
23      develops.

24                  MR. LONG:   Certainly.  Okay.

25                  MR. JONES:   Okay.  Anybody else?

1 MR. ROMERO: I'm just trying to see who we can  
2 pick on.

3 MR. JONES: Who do we give you?

4 (General laughter.)

5 MR. JONES: Is there any -- let's see. Is this  
6 an action item? Yes. Okay. Is there a motion?

7 MR. ROMERO: I move to approve.

8 MR. JONES: Is there a second?

9 MR. EVENWEL: Second.

10 MR. JONES: Moved and seconded. Any further  
11 comment or discussion from the Board?

12 (No response.)

13 MR. JONES: Any public comment on Item Number  
14 3?

15 (No response.)

16 MR. JONES: All in favor of approval as  
17 written, say aye.

18 (A chorus of ayes.)

19 MR. JONES: It passes unanimously. Thank you.

20 Thank you, Mr. Wilt. We picked up a lot in a  
21 little bit of time. Where are we, David?

22 MR. LONG: We have no reason to go into closed  
23 session today, so other than that, unless you have any  
24 other questions, or any other public comment, that  
25 concludes our action items for today.

1                   MR. JONES: Okay. Other than Mr. Romero not  
2 finding anybody based on what we talked about today that  
3 we can pull out from staff today --

4                   MR. LONG: That's right.

5                   MR. JONES: We'll thank Ms. King for her  
6 service today. We appreciate you. And we thank the  
7 staff, because somebody here always has to answer, and  
8 that's a good thing. And our counsel and David, thank you.  
9 Meeting is adjourned.           (Whereupon, at 11:38 p.m., the  
10 meeting was adjourned.)

