TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

TSAHC Offices
6701 Shirley Avenue
Austin, Texas 78752

Tuesday,
September 27, 2022
10:30 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, JR., Chair
VALERIE V. CARDENAS, Vice Chair
COURTNEY JOHNSON-ROSE, Member (absent)
ANDY WILLIAMS, Member
LEMUEL WILLIAMS, Member

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P R O C E E D I N G S

MR. DIETZ: It is 10:33 a.m., and we will call the Texas State Affordable Housing Corporation Board meeting for September to order.

I will call the roll to begin. William Dietz, Chair, I am here.

Valerie Cardenas?

MS. CARDENAS: Present.

MR. DIETZ: Courtney Johnson-Rose is absent.

Lemuel Williams?

MR. L. WILLIAMS: Here.

MR. DIETZ: And Andy Williams?

MR. A. WILLIAMS: Present.

MR. DIETZ: Okay. We do have a quorum.

Before we begin, I'd like to ask you to please join me as we begin our meeting with the Pledge of Allegiance to the United States flag.

(The United States Pledge of Allegiance was recited.)

MR. DIETZ: And to the Texas flag.

(The Texas Pledge of Allegiance was recited.)

MR. DIETZ: Okay. Before we begin, is there any public comment that's not related to agenda items?

(No response.)

MR. DIETZ: Okay. Then we'll move straight on into the president's report, right after I take a moment. I have more than once complimented David on the talent of the staff and how grateful I am that we have such a great staff, and that continues to be true.

But I want to take a moment just to say I'm really grateful for the slate of Board members that we have here. We've got a lot of talent, and I want to particularly thank Ms. Cardenas who stepped into the chair role for a couple of meetings because I was out of the country for an extended period of time. So, hopefully, she didn't do such a great job that y'all are regretful that I'm back.

(General laughter.)

MR. DIETZ: But thank you and thank you to the Board members.

And with that, the president's report.

MR. LONG: Thank you, Mr. Chairman, members, good morning.

Monthly program and financial are provided under tabs A through E of the Board books.

At the last Board meeting, Joniel and Sarah presented samples of the redesigned Single Family Homeownership reports. I think the Board received those rather well, and so in this month's Board book, under tab A, we're introducing the new Homeownership reports. If you see anything in those that you would like to see differently or have questions, I'm happy to bring Joniel and Sarah up here and have them tell you about it.

The audit work for our fiscal year which ended August 31 began on September 26, and the final audit report will be delivered to the Board in the November Board meeting and the Audit Committee. We always have those both presented to the Board at the November meeting.

The TSAHC Loan Committee met on Tuesday, the 13th. I was not available. I was out of the state. But I know the committee met and reviewed and approved loan commitments extensions for three loans under the Affordable Housing Partnership which included extensions to the Guadalupe Neighborhood Development Corporation for the La Vista de Lopez project in Austin, Housing Authority of Travis County for the Manor Towne Place II project in Manor, Texas, and the O-SDA Industries for the Saison North project of Austin.

The AHP program, if you don't recall, is a pilot program in partnership with the Texas Health and Human Services Commission. It provides developers with deferred forgivable financing in exchange for unit set-asides for persons with disabilities. In August, the staff closed and funded the AHP loan to Palladium USA for the Dallas Stemmons Apartments. That is now nearing construction completion. So, we're very thankful to have that partnership with Health and Human Services.

The committee also reviewed, as always, our monthly Texas Housing Impact Fund reports, which includes all of our outstanding loans. And Mr. Williams, as always participated. I think you were via conference call; I wasn't there, so I don't know.

MR. A. WILLIAMS: Yes.

MR. DIETZ: He always is very good to attend and participate and give us his input and advice, which we very much appreciate.

Single Family Program update. We conducted several realtor trainings. We also continue to offer our mandatory lender trainings for homeownership down payment assistance programs for loan officers that want to be signed up and participate in our program. We have eight new vendors who are approved and set up to begin offering our Single Family Program. So, that's always nice to see the continued demand in our Single Family Homeownership Programs even as the market continues to be a little stiff in terms of availability of product.

The Development Finance team, Dave and Erica attended the 2022 Reclaimed and Vacant Properties Campaign Conference in Chicago earlier this month. The conference was put together to focus on how land banks and cities around the U.S. can work together to repurpose vacant land and improve the communities themselves.

Kiva East Apartments closed on construction financing and repaid TSAHC's land acquisition loan on the 15th. If you remember, that was a million-dollar fund that we advanced to them for the acquisition, kind of in a bridge loan, if you will. And that ensured that the developer, Sagebrook, could secure the project site in a timely manner and then after having received a 9-percent tax credit award in 2021. That project itself would create 87 units of affordable housing in the Dallas area.

One last kudo to David. I know you get to see him later and you can tell him then, but Dave was appointed to the Texas Board of Review in August. The State Board of Review advises the Texas Historical Commission on properties nominated to the National Register of Historic Places. So, congratulations to David, well deserved.

(Applause.)

MR. LONG: And he can tell you that he actually used to work there. Is that right, David? So, all those little markers you see and up down the street, David has probably touched them or printed them or something.

Regarding our marketing and fundraising, on August 17, TSAHC organized a tour of Roosevelt Garden

Apartments, a 40-unit property in Central Texas that serves residents living with HIV/AIDS. TSAHC provided the financing for the property through our Texas Housing Impact Fund, and we worked in partnership with investments we received from Texas Capital Bank and the Austin Community Foundation.

We really appreciated the fact that those investors were willing to participate in the tour with us and learn more about the property. And we continue to appreciate the partnerships that we have with our funding opportunities through various other sources to help us leverage additional funds in support of affordable housing.

We released a podcast segment on August 19 to show how to shop for a mortgage loan, and in this current environment, that's probably a very good tool to have. There's not a lot of products out there, and when you're shopping you need to know what hurdles and what pitfalls to avoid. So, the podcast features Sarah Ellinor interviewing Gracie Perez with Cardinal Financial, one of our first down lenders, and one of our top lenders, as a matter of fact.

And then Sarah, Joniel, and Frank all attended the Texas Realtors Conference in September to promote our down payment assistance programs and our MCC programs to the Realtors that participated in that. So, I want to thank them again for their participation.

As far as fundraising follow-ups, the Corporation received a $45,000 grant from Wells Fargo in support of the Affordable Housing Partnership program, which provides forgivable loans for developers looking to create units for our low-income Texans. We appreciate that award.

We also were invited to apply for a $20,000 grant from PNC in support of Housing Connection training and the Texas Foundations Fund grants.

So again, still seeing support, and I appreciate the team's work on making sure that we're not invisible in that environment, but also out there making those applications when we see funding where available.

Under the Texas Foundations Fund, Michael Wilt and I had the opportunity to conduct a couple of check presentations with three of our Foundations Fund grantees in the Houston area. We made presentations to Freedman Town CDC, the Houston Habitat for Humanity, and SBP, and we presented them with their big check and took pictures. I think all of them had already received their funding.

So, it was just a great opportunity and I'd like to thank State Representative Harold Dutton who attended the Houston Habitat presentation. It was very nice to meet with him. He was very generous with his time and had a chance to tour the Houston Habitat facility.

And then I'd also like to thank State Representative Jolanda Jones. She attended the Freedman's Town CDC presentation, and she was, again, very, very gracious with her time. It was about 150 degrees out and she was just gracious with her time and talking to us and having pictures taken. We really appreciated not only the recipients, the awardees, but also the state representatives who took the time to join us for those presentations.

TSAHC has in the past had the opportunity to release, under the Foundations Fund, monies in the wake of disasters that have come up. I think the Board has approved disaster funds under that. We're planning on releasing a stand-alone disaster recovery fund opportunity in late 2022. We are asking the Board to approve the draft guidelines for public comment and that's part of tab item 5 on today's agenda, so we'll get to that later.

Texas Supportive Housing Institute. As y'all know, that is an annual event that we kick off here. It takes on the opportunity to have several developers who create permanent supportive housing, and we bring them in to go through the training institute from start to finish. And we kicked off the 2022 Supportive Housing Institute at TSAHC's offices on Wednesday.

It was nice to be able to use these offices for what we intended them for besides Board meetings, but also do the trainings and meetings. We did that on September 14. The institute will provide training and technical assistance to six development teams this year who are going to create permanent supportive housing units in Central Texas.

Mayor Steve Adler participated at the event, along with Dianna Gray, the City of Austin's Homeless Strategy Officer, and representatives from JPMorgan Chase and Texas Capital Bank, who are our major sponsors and fundraisers for the institute. Certainly, appreciate everybody being here. Certainly, appreciate the Honorable Adler for being here and giving us his time.

I'm going to send you all links to the various news outlets that were here. We had quite a few news outlets that were here, and you can watch some of those and see the interviews that were taken. But from what I understand from Michael and Janie, Mayor Adler was very gracious with his time and took the time to talk to everybody that he needed to and give interviews regarding it.

So again, thank you to everybody for putting that on. That's a big event. I know Michael Wilt takes a lot of time to make sure that everything happens, and his team and Katie and everybody really were here. I was out of town at the time; Janie was here managing for us. So, thank you to everybody for doing that.

Housing Connection Training. TSAHC is hosting a week-long training for housing nonprofits in early October at our offices in this room. We are offering two classes: a three-day course focusing on rental housing counseling and a two-day course focusing on affordable housing development. A total of 40 nonprofit staff are already registered to attend, so look forward to having them here and offering them the opportunity to have training through our network of trainers.

Michael Wilt represented TSAHC on a panel at the Corporation for Supportive Housing's all-staff meeting on September 20 to discuss lessons learned from our opportunity to offer the Texas Supportive Housing Institute. So, thanks to Michael for sharing what we're doing and how that works for us.

I'll conclude, Mr. Chairman, with the fact that we have a Board meeting scheduled for Tuesday, October 18. That's our next scheduled meeting. Again, as always, I leave that as a tentative date, partly because if we don't have anything that we need to bring to you, we don't want to bring you in for limited resources, and also, depending on what the schedule works out for quorum, we'll coordinate accordingly.

With that, I'll conclude my remarks, unless there's any questions.

MR. DIETZ: Great. Thank you very much.

Any questions from the Board for Mr. Long about any of his reports?

(No response.)

MR. DIETZ: Okay. Well, thank you for those reports.

And with that, we'll move into the action items for today's meeting. The first being the Presentation, discussion, and possible approval of the minutes of the Board meeting that was held on August 16, 2022.

Are there any corrections, additions or questions about the minutes?

(No response.)

MR. DIETZ: If not, is there a motion?

MR. L. WILLIAMS: Chair, this is Lem. I'd like to make a motion to approve the Board minutes held on August 16, 2022.

MR. DIETZ: Okay. Is there a second?

MS. CARDENAS: Second.

MR. DIETZ: It's been moved and seconded that we approve the minutes as presented. Is there any public comment?

(No response.)

MR. DIETZ: Hearing not, please signify your approval by saying aye.

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The minutes are approved as presented.

Tab item 2 is the Presentation, discussion, and possible approval of a resolution regarding the application for a conversion of reservation for allocation of Private Activity Bonds to Mortgage Credit Certificates and containing other matters incident and related thereto, the 2020 and 2021 carryforward, and the 2022 annual allocation.

MS. LeVECQUE: Good morning, Mr. Chairman, it's nice to see you. And good morning, members of the Board. I'm Joniel LeVecque. I'm the senior director of Single Family Programs.

And in order to ensure that we have Mortgage Credit Certificates available for eligible homebuyers, we are asking you to approve the resolution under tab item 2 that will authorize us to submit an application to the Texas Bond Review Board for reservation of all of the 2020 and 2021 carryforward, along with this year's annual allocation, in the combined amount of $557,094,966, and then we plan on converting all of that volume cap to Mortgage Credit Certificates.

So, if you have any questions, I'm open to questions at this time, and I also ask your approval of this resolution.

MR. DIETZ: That's fairly consistent with what we typically do. Correct?

MS. LeVECQUE: Yes. What we have been doing for the last several years, maybe five years now, is rather than opening up a new MCC pot with every application to the Bond Review Board, we are kind of holding them aside in carryforward and then combining them into one pot. This is really great for staff as far as administrative work.

There's a lot of work through IRS reporting and various things that if we have multiple pots open in one year, it becomes more complicated. So, we kind of changed the method several years ago and it worked really well combining multiple pots into one to make it easier for everyone.

MR. DIETZ: Great.

MS. CARDENAS: Now, is this aside or in conjunction? I know last month or a couple of months ago we were going in to request.

MS. LeVECQUE: Yes.

MS. CARDENAS: Were we able to receive the monies that we requested, and then two, is that combined in this, or that's a separate pool of money?

MS. LeVECQUE: Yes, this is actually part of that. So, when we are able, like through our annual allocation and then through various collapses, there are only certain times of the year that we're able to apply, so we apply for them at that time, and at that time we're applying for bond authority, so it could be either used for a bond program or MCC program.

We hold onto that, essentially, I guess, banking it until we're ready to use it. And then at that time, we apply to the Bond Review Board to either have it allocated as a bond program or for Mortgage Credit Certificates.

So yes, that was a part of it, and what we applied for last time was the annual allocation and then the single family collapse. So that part we still actually have available to hopefully roll into a new MCC program a year and a half from now.

MR. DIETZ: Any other questions?

(No response.)

MR. DIETZ: If there are none, we can move forward with a motion.

MS. CARDENAS: I make a motion for approval for tab item 2 as presented.

MR. DIETZ: Is there a second?

MR. A. WILLIAMS: Chair, I second.

MR. DIETZ: Okay. It's been moved and seconded that we approve the resolution as read into the record. Is there any public comment?

(No response.)

MR. DIETZ: Hearing none, signify your approval by saying aye.

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: It is approved as presented.

MS. LeVECQUE: Thank you very much.

MR. DIETZ: Tab item 3 is the Presentation, discussion, and possible approval of a resolution authorizing the issuance of Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (Bluff View Apartments), Series 2022A and Series 2022B, an indenture of trust, a loan agreement, a bond purchase agreement, an asset oversight, compliance and security agreement, and a regulatory agreement; authorizing the execution of documents and instruments necessary and convenient to carry out the issuance of bonds; and other provisions in connection therewith.

MR. DANENFELZER: Good morning. Dave Danenfelzer, senior director of Development Finance.

Today we're looking at approving the final bond resolution for the Bluff View Apartments, located in Boerne, Texas. This will be a 192-unit affordable housing complex, targeting households at 60 percent of the area median income and below.

The project does qualify under TSAHC's rural and smaller urban markets for targeted housing needs in the fact that Boerne, Texas does an estimated population this year of 15,891, and it is not adjacent to an urbanized area or shares a boundary with the City of San Antonio, which would be the major metro for that region.

Staff has been working for many months now with the development team to finalize all the bond documents. We're in the final steps of preparing those, and with your approval today, we will go ahead and submit a notice of intent to issue the bonds to the Texas Bond Review Board, which is our final process and step that is required to issue the bonds.

I'll note a couple of things about the structure. One thing of note in the writeup is that there are actually two series of bonds. There's a long-term and a short-term series, so the total $35 million to be issued will be broken into a $30 million and a $5 million bond series. This has become a much more common structure for us in the last couple of years, though in some cases we've actually issued just one series and done a pay-down at the end of construction.

In this particular case the bond purchaser chooses to issue two separate series of bonds so they can price them separately. And I will say that will allow us to lower the total interest rate on the $5 million series significantly since it will be a shorter-term bond from the larger long term.

That's all the comments I have at this point, but if y'all have questions, I'm happy to answer.

MR. DIETZ: Great. Thank you.

Questions for Mr. Danenfelzer?

MR. L. WILLIAMS: Quick question, Chair.

David, thank you again for the information.

Regarding I guess kind of the infrastructure behind building these apartments, with where the economy is at today, has -- I guess, lumber infrastructure, is it still fluctuating? Is it going up, is it increasing? Or I guess what are you seeing?

The reason I ask because this $35 million, I mean, is it just fixed, that's not going to move? Or is it all dependent upon the materials needed to build?

MR. DANENFELZER: So, the construction costs themselves are fairly locked in. They have a construction contract in place, and they have a commitment. Typically, those last around 90 days, in some cases they can go longer. But, right now, we have a commitment through the closing date for the current total construction cost of approximately $56 million.

MR. L Williams: Okay.

MR. DANENFELZER: The current market for supplies and construction, though, has actually been decreasing in the last few months. We've seen some contraction in the price of lumber, concrete and metals, metal being probably more stable of those right now. I haven't seen as much contraction in steel, and copper continues to kind of fluctuate very, very little.

But the bigger cost of lumber and concrete have come down significantly in the last couple of months, almost to the point of sort of the early 2021 or late 2020 period, which is good news for the cost of construction. Labor costs are offsetting some of those savings, though, and so we're going to keep a close eye on that as well.

But this project does have a solid contractor. They have a long history of being able to get subcontractors and laborers on sites, so we have fairly good confidence that this project will meet its target for costs.

MR. L. WILLIAMS: Okay.

MR. DIETZ: Any other questions on this, or discussion?

(No response.)

MR. DIETZ: Is there a motion?

MR. A. WILLIAMS: Chair, I motion to approve.

MR. DIETZ: Thank you, Mr. Williams.

Is there a second?

MR. L. WILLIAMS: Chair, I'll second that.

MR. DIETZ: Okay. It's been moved and seconded that we approve the resolution as presented. Is there any public comment?

(No response.)

MR. DIETZ: All in favor please signify so by saying aye.

(A chorus of ayes.)

MR. DIETZ: Is there any opposed?

(No response.)

MR. DIETZ: Okay. The resolution is approved as presented.

Thank you, Mr. Danenfelzer.

Tab item 4 is the Presentation, discussion, and possible approval of the guidelines, scoring criteria and targeted housing needs for the allocation of qualified residential rental project tax exempt bonds under the Multifamily Housing Private Activity Bond Program request for proposals and the 501(c)(3) Bond Program policies for calendar year 2023.

And I want to know did Ms. Cardenas read those just as well as I'm reading them?

(General talking and laughter.)

MR. DANENFELZER: David Danenfelzer, senior director of Development Finance again.

As many of you are accustomed, we do bring these annually. We are required by statute to bring these RFPs and policies to the Board annually to have a review and consider updates.

Typically, we would go out at this point in time every year and would actually post these for public comment, however, staff is actually requesting that the Board consider approving the policies as written. The main reason for that is, one, we've made very few changes. The only changes that you should see in the draft document are the dates.

We've changed them from this year into next year. And the primary cause for that is that two legislative sessions ago there were significant changes in the Private Activity Bond Program, the way the cycles worked, the amounts that could be issued, as well as sort of the timing and structure of the bond program for the entire State of Texas. And what we've seen since then is a real change, sort of a tidal shift in the program where developers have re-timed the cycle.

They've pushed things to the late part of the calendar year rather than the beginning of the calendar year, and we've also had a high level of construction demand for multifamily housing. So, we've seen and realized that we need to kind of change our cycles as well.

We typically would have our application open year-round, but what we began seeing, as you probably know, last year we received enough applications not only to do last year's but also the next year's. Almost half of next year's volume cap is already committed to projects that we have in our pipeline.

And so, we want to kind of pull back and change our cycle a bit so that we stop forward committing our funding so far in advance, that we make sure that projects are better prepared when they come in for an application, and we want to try to match sort of that tidal shift that has gone on in the marketplace.

So, what staff is proposing is today get your approval on these policies with just the date changes, secure the process moving forward into the next calendar year, but then come back in the spring or early summer with policy changes that we feel are necessary at that time for 2024 and get our cycle on track with the rest of the market.

MS. CARDENAS: And you may have touched on this a minute. So, like on the scoring of the points for the cost per housing unit, right, and kind of alluding to fluctuation and coming back, you know, they decreased on materials but we're still seeing an increase on labor.

So, prior to you were giving 15 points, right, as an example, to cost per unit for new construction at 160-, but in reality, you're seeing the cost per square foot, even with all the fluctuations, has consistently now been at, I don't know, 170. I guess it's something to think about, right, to say, okay, well, it's no longer this, right, it now really should be this and now all the point system is going to change, right, or those categories.

I'm probably not explaining myself correctly.

MR. DANENFELZER: If I'm understanding you correctly, yeah, we do have point systems that are based on sort of cost of construction.

MS. CARDENAS: I'm using that one as an example.

MR. DANENFELZER: Right. And typically, we would escalate that based on what the market conditions are. Right now, we're actually not proposing to change anything related to that.

So, we will be a little bit behind the curve going into this next application cycle, however, the way the application cycle is currently occurring, I'm actually anticipating a number of applications to be submitted on Monday next week, and so everyone submitting will be under this year's, 2022's application cycle and rules. And if we go ahead and update everything, including those costs or other scoring criteria in December, which would be our normal cycle, we'd have a group of applications which technically came in under the previous year's rules but are actually being issued in the next year.

And we'd like to stop that cycle so we want to be able to change those before we start collecting applications so that next year when I come back in the summer I can adjust the pricing of properties, I can adjust the scoring for what I think will be happening in 2024. And then when I start receiving applications in the fall, they will be under the 2024 rules, not the previous year's rules, as we've experienced really the last two cycles, so I can catch things up rather than always being behind.

And I know this year I'll be a little bit behind, but I do anticipate more than five applications coming in Monday and that will well over-commit next year's volume cap. So hopefully I can get through this year and then next year get back on track and sync with the rest of the market.

MS. CARDENAS: Just making sure we're not, you know, leaving someone out in a certain criteria. But I understand it's always hard to keep pace, right, with everything moving so fast. But it seems that obviously you're cognizant of that and you've got your methodology as to the timing, right, of when to make the changes and when not to.

MR. DANENFELZER: Yeah. And if you'll recall, we did some small technical changes to the way the process worked this last summer and that's helped us deal with this fall. But it didn't allow us the time and we didn't have the focus on changing all the scoring criteria, which we really should do, but we're going to do next summer and get it caught up altogether at once next year so that from now on we can match that cycle again.

It's been a struggle, I'll tell you, for myself and staff, because we have a lot of questions. And even applicants don't want us to change anything at this point because they're relying on the current policies.

MR. A. WILLIAMS: So, David, to understand, what you're doing is you're managing your pipeline while also trying to make the adjustments without creating friction, and it's going to be a multi-step process.

MR. DANENFELZER: Correct.

MR. A. WILLIAMS: Okay. So, I think I understand. We're doing a multi-step process. We know we need to change, but we can't do one big change that's probably needed without creating pipeline interruption.

So, therefore, you're asking us to approve this change with the date only without having to go for public comment, come back in December, make another step change, and then by the summer we should be at par with market.

MR. DANENFELZER: That is exactly what I should have said.

(General laughter.)

MR. A. WILLIAMS: I just wanted to clarify for the Board.

MR. DANENFELZER: Yeah, that was perfect. Thank you.

MS. CARDENAS: Very well expressed.

MR. DIETZ: Any further questions or discussion, comments?

(No response.)

MR. DIETZ: If not, is there a motion?

MR. A. WILLIAMS: Chair, I motion to approve as presented.

MS. CARDENAS: Second.

MR. DIETZ: Okay. It has been moved and seconded that we approve the guidelines, scoring criteria and targeted housing needs for the allocation of qualified residential rental project tax exempt bonds under the Multifamily Housing Private Activity Bond Program request for proposals and the 501(c)(3) Bond Program policies for calendar year 2023, as submitted. Is there any public comment?

(No response.)

MR. DIETZ: All in favor please say aye.

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. It is passed as presented.

Thank you, Mr. Danenfelzer.

Tab item 5 is the Presentation, discussion, and possible approval to publish for public comment the Texas Foundations Fund Disaster Recovery guidelines.

MR. WILT: Good morning, Chairman Dietz, welcome back, and congrats are in order for summiting Mt. Kilimanjaro.

MR. DIETZ: Thank you.

MR. WILT: Good morning to the rest of the Board members. I'm Michael Wilt, Senior Manager of External Relations here, presenting tab item 5 about our Disaster Recovery Program.

As some background, we've administered special funding rounds of the Texas Foundations Fund to respond to weather events in the past. I had to go back and look this up because it predated me, but the first time we did it was Hurricane Ike in October 2008.

Since that time, we had the HEART Program to respond to Hurricane Harvey in 2017. That was not part of the Texas Foundations Fund, it was a separate program because it was funded by the Rebuild Texas Fund. And then we administered the special funding round to respond to Winter Storm Uri in 2021.

So, as opposed to doing them in that manner where it was ad hoc, we thought it would be better to just have a freestanding disaster recovery program that replenishes annually. A couple of reasons for that. First, it's quicker and easier to get the funds out the door if we already have a program set up in place and we have an application and we're not waiting to get guidelines approved. And also, these events are happening more frequently, so the odds that we'll need some sort of disaster funding every year are pretty high.

Turning to the guidelines, I wanted to highlight a few important things. First, what qualifies as a disaster. For this year it has to be any weather-related natural disaster that has a disaster declaration at either the state or federal level, and it has to have occurred on or after August 15 of this year. If you're curious why we backdated it to August, it's to take into account the flooding event in the Metroplex. So, if there's an organization that is responding to that disaster, they could apply for funding from this once we get the program set up.

Second, the organizations and activities that are eligible, it's very similar to what we did for Uri. It's only for critical home repair of owner-occupied homes for low-income households and organizations that are in good standing with either the Foundations Fund or the HEART Program are eligible to apply, and they have to be providing repairs in counties listed in the disaster declaration.

And then how are we going to administer the funds? Once the guidelines are finally approved, we will release an application and it's not competitive. Funds can be accessed on a rolling basis as disasters are declared.

We're limiting the awards to one organization per disaster and the max award is $30,000 per organization, with a maximum of $5,000 that can be used per household. If multiple organizations respond to the same disaster, we may have to limit that max award just to disperse the funds to several organizations. And then lastly, if we have funding left over next summer at the end of our fiscal year, that funding will just roll over to our Texas Foundations Fund program and be made available for that.

Those are the highlights. Did want to mention that September is National Preparedness Month, and so this kind of aligns with our effort to respond to disaster funds, the timing of that. And with your approval, we will publish these guidelines for public comment, and the public comment period will open tomorrow, and it will conclude on Friday, October 28, and we will plan on bringing these back in November for final approval.

MR. DIETZ: Quick question. You mentioned that to be eligible there has to be a state or federal declared disaster. Does that cover everything? Is there any situation in which maybe a city or a county could declare a disaster but not reach the state or national level, and should we consider including that?

MR. WILT: We talked about that internally, trying to figure out what would qualify, and for consistency and for the level of severity of a disaster, we thought we would make sense to limit it to state and federal disaster declarations. I didn't go back and look for examples of instances where there was just a local disaster declaration but not a state one, so I don't know how frequently that happens.

MR. DIETZ: Okay.

MR. L. WILLIAMS: Chair, I have a question.

I guess, Michael, along those lines, because I'm looking here, the second paragraph: "Grant awards will be made for the critical repairs of single-family homes...but not limited to hurricanes, severe storms, tornadoes, floods, wildfire." And then you have, "Disasters must be declared as such on or after August 15 by either FEMA disaster declaration and/or Texas disaster declaration."

My question is, with this particular paragraph here, are we at TSAHC defining what a disaster is, or we're looking at, I guess, defining it from a state and/or federal? Because as I'm reading this, I mean, one can interpret, okay, TSAHC is saying that this is what a natural disaster means, but then when you look at FEMA's website or state and federal agencies, what they have as a definition of what a disaster is so that, I guess, we're not playing in the definition game, we're just being very clear on what is being considered and defined as a natural disaster.

MR. WILT: I think we could include a definition of what a natural disaster is according to FEMA. I don't know if it's defined by state statute. I can look into that. And I think that that would be an important addition.

The reason that we wanted to specifically say a weather-related disaster is because we're operating under a COVID disaster still in the state that's been renewed every month since April of 2020, so I wanted to make sure that an organization couldn't say, hey, we're going to use this for COVID funding.

But yeah, we could see if there is a good FEMA disaster or something else that we could include as an additional definition in the footnotes.

MR. DIETZ: Well, it seems like what you were saying, Mr. Williams, is that perhaps you don't even need some of the language that is defining disaster if all you say is if it meets FEMA or state criteria it's a disaster. Is that kind of where you were going?

MR. L. WILLIAMS: Absolutely, and also, that's the thing, because for me I'm kind of thinking here, I'm like, okay, we're just looking at it as just weather-related, I'm like, okay, heavy rains or wind, not just a breeze, I'm thinking like, okay, a disaster happened because of this event.

We're just trying to be sensitive to the fact of, like you said, we're still operating under the COVID disaster, and we just don't want to overlook where we're at today. Just trying to be sensitive. It's more about policy over politics, I'm just going to just keep it brief to that, but anything that doesn't bog down this process.

I just make the comment, but it's for staff to decide if that's going to be relevant for this here. If it's going to be relevant, then absolutely include it, if it's going to bog down or confuse or provide any additional questions on top of the process itself, like I said, that's a decision for staff to make. It's just more of an observation, just a question.

MR. WILT: I think your comment, Chairman Dietz, may satisfy the line of questioning, maybe consolidating those two sentences into one in some sort of weather-related disaster with disaster declaration from the state or federal level.

MR. DIETZ: Because the intent is exclusively weather-related disasters.

MR. WILT: Right. I don't see any reason to call out specific types of weather events, because once you start to call them out, you might be eliminating, excluding others.

Yeah, we'll take a look at that paragraph as part of the open comment period.

MR. L. WILLIAMS: Like I said, you know, it's up to executive staff.

MR. LONG: And we might get additional feedback during the public comment process as well that would give get further direction or consideration to some of the wording.

MR. DIETZ: And that's a good point. This will actually come back to us again after the public comment process, so we'll have another run at it. Correct?

MR. LONG: That's correct.

MR. DIETZ: Any other questions or comments?

MR. A. WILLIAMS: I just want to be clear; this is more used for stack. Right? So, 250- isn't going to solve any problem, so it's really there to kind of stack with the other funding that's there, which is the importance of having a declaration at the state or federal.

Because 250- disbursed 30,000/5,000 minor repair, that's really to support or be preemptive to what funding is coming, and then also not create kind of rigorous run programs so we can get the money out the door efficiently with staff. Because we know that when a disaster does happen, they're going to call. The nonprofits, the organizations are going to call, we just need to have clear criteria to get it out.

MR. DIETZ: Thank you.

Any other questions or comments, discussion?

(No response.)

MR. DIETZ: If not, is there a motion?

MR. L. WILLIAMS: Chair, this is Lem. I make a motion to approve the presentation, discussion, and possible approval to publish for public comment the Texas Foundations Fund Disaster Recovery guidelines as published in tab item 5.

MR. DIETZ: Is there a second?

MR. A. WILLIAMS: I'll second.

MR. DIETZ: Moved and seconded that the Texas Foundations Fund Disaster Recovery guidelines be published for public comment as presented in tab item 5. Is there any public comment?

(No response.)

MR. DIETZ: If not, please signify your approval by saying aye.

(A chorus of ayes.)

MR. DIETZ: Is there any opposed?

(No response.)

MR. DIETZ: Okay. It's approved as presented.

Thank you.

MR. WILT: Thank you.

MR. DIETZ: On to tab item 6, Presentation and discussion of the Texas State Affordable Housing Corporation's fiscal year 2022 and 2023 strategic plans. And this is not an action item. Correct?

MS. TAYLOR: That's correct.

MR. DIETZ: Okay, great.

MS. TAYLOR: Good morning, Chairman Dietz and Board members. I'm Janie Taylor, executive vice president.

This morning staff will be presenting their fiscal year 2022 strategic plan outcomes, as well as their fiscal year 2023 strategic plan. In previous meetings we've had difficulty getting through all the department presentations, so this year, like last year, we're going to split up the presentations between several Board meetings to give staff more time to present. So today you will hear from staff that lead Development Finance and Asset Oversight and Compliance, as well as our rental programs.

The staff will take five to ten minutes to highlight a few goals and outcomes in fiscal year 2022 and highlight a few new goals or tactics for fiscal year 2023. You should each have a copy of each team's strategic plans. I've paper-clipped them. Please feel free to ask any questions during the presentations.

Keeping with tradition, we're going to start with Dave Danenfelzer, who will review the plans for the Development Finance Department, and after Dave you will hear from Celina Stubbs and James Matias.

All yours, David.

MR. DANENFELZER: Thank you.

Dave Danenfelzer, senior director of Development Finance.

And I do understand y'all have a copy of this, so I won't touch on all the details, but I will touch on a couple of highlights. As you know, there's two major department goals that we list here and then under those there are separate tactics and then the outcomes, and for my programs we've broken these into basically the sub-program areas, the first being the Texas Housing Impact Fund, the next being our Multifamily Private Activity Bonds, and the last being our Affordable Communities of Texas Land Bank Program.

In each of these goals and tactics we look at different ways of how we are doing outreach and what is the number of outreach events we're attending, then what is the sort of reaction to that, are we getting in applications in response to those, and ultimately, with those applications, how many loans and housing units are we putting on the ground.

As you can see, for the Housing Impact Fund, we probably did more events than any of our other particular projects this year. One reason for that was that we did have a source of funding, our Capital Magnet Fund, which we've been under pressure to go ahead and make sure we make new loans and recycle those funds in a timely manner according to our grant agreement with the CDFI Fund, and, so far, we've been achieving that.

We have done more outreach. We've had quite a significant increase over the previous years in the number of inquiries, and we've done more loans than we've done really in the 15 years that I've been here, in one single year, which is $5.8 million in total financing. So, it's great news that the program is really picking up pace in that sense.

Our bond program, of course, as discussed earlier, we sort of have already forward committed money into next year, and so we did commit all of our funding for this calendar year to projects and we do anticipate committing all $85-plus million next year by the end of the calendar year, so we are on track. We also have had a significant increase over past years on the number of inquiries from developers because demand for the project is so high.

Finally, our land banking program, as you know, we've been working on reducing our portfolio and making sure we have it in a more manageable sense. A big part of that, two years ago was sort of the transfer of our NSB portfolio which was a large portion of our total assets in that program.

We are starting to look at rebuilding it. We are, property by property, looking at new developments and have started constructing homes with local partners and for-profit builders in San Antonio, Greenville and other areas of the state, and so we are starting to see the momentum build back up for that program and into the future.

On the second part of our department goals, these are kind of more I guess I would kind of say administrative kind of tactics that we're tracking. It's our annual update of our private activity bonds, which we just did a few minutes ago, as well as sort of our quarterly reporting to executive and meeting of my staff with the marketing and development staff to make sure we can plan ahead and successfully raise capital but also market the programs more effectively each year. And we've met all of those goals, if not exceeded them, in this past year.

For the next upcoming calendar year, or fiscal year 2023, our strategic plan is almost identical, however, there are a few new things, particularly as it relates to the Affordable Communities of Texas Land Banking Program. You'll note there on the first page -- I guess that's actually the second page of the 2023, there are three new tactics there we are using. We haven't in the past, we realized, been tracking the number of inquiries about land banking activities that we receive each year, and so we'll be doing that.

But more importantly, there are two particular projects that we've added. We don't typically add specific projects to our strategic plan, but these ones are larger.

One is our 1910 MLK property. The Corporation owns a commercial property there that is leased to nonprofit entities right now. We've understood for many years that that property is under-utilized. It is a small building on a fairly large tract in a high-demand housing area, and so we are looking at investigating the feasibility of turning that into an apartment complex or a condominium complex in the coming years.

Also, we're putting on our project, Park on 14th, the Plano project, which we've reached the point where we've actually submitted all of our final applications to FHA for financing. We're on track right now to close in January next year, and then start construction immediately thereafter. So, we'll be tracking that as a strategic plan goal for the department in the next year or two as we build that project out and bring it online for occupancy.

That is all I have today.

MR. DIETZ: I'm glad to see that we're really looking at using that MLK property for something that really ties directly to our core mission. And it says into for sale affordable housing, so does that mean that it would be individually sold as condos to eligible families or individuals?

MR. DANENFELZER: We haven't fixed our strategy on that, whether it would be for sale or rental at this point. I think there's a general preference for sale, particularly for that market. It's also an area that is not frequently -- we don't see condominium projects being done as affordable.

But if you recall, I know several of you were on the Board when we did the Chicon project a few years ago. We find that as a really excellent model. It creates affordable housing ownership opportunities in central parts of neighborhoods, and we'd like to replicate that.

But, at this point, we are just starting to investigate our yield studies, which would basically determine how many total square feet we can get on the site under current zoning. And that will kind of then lead into the financial feasibility analysis, which would determine how many units we can get on and whether or not we can make it feasible for homeownership versus rental. Obviously, the sources of capital available for those types of projects differs greatly, so it's possible there's more for rental than homeownership, but we certainly want to keep our eyes open to the opportunity for homeownership there.

MR. DIETZ: I look forward to hearing more about that.

Any other questions from the Board or comments?

MS. CARDENAS: What are some examples, I guess, of events that you all hold? Because I know it says here "track number of events attended by staff for the purpose of promoting programs." So, what are some, I guess, of events that are held, right.

And I guess what I'm getting at is, you know, we see certain projects come in from certain areas of the state, so you know, we obviously need to be cognizant to make sure to spread these events out. But what are examples that would draw contractors or developers to inform them of these programs?

MR. DANENFELZER: Yeah, and so there's a number of different events that do happen every year and we do consistently go to those. Predominantly, for our bond finance programs, the Texas Association of Local Housing Agencies Conference, which is coming up here in another week, as well as the Texas Housing Conference, which is every summer, I do attend and sit on the panels related to bonds and bond financing on those.

So, those are two big ones that I attend every year. For other programs, the Texas Association of CDCs has an annual conference, as well as an annual policy summit which we attend and try to provide input, and also do that outreach.

I will say I, myself -- and I try to instill in staff that when we attend these things, we are pitching our programs. We are not there just to enjoy the River Walk in San Antonio, we're there to work the crowd and make sure that we get our business cards into people's hands, and we tell them about projects and programs that we're operating.

So, those types of events, one of the new ones I did this last year was the Sunbelt Builders Show. I haven't been in many years, but I was invited to go present there, and it did result in a few contacts from contractors from the Dallas area who are interested in our financing programs. So, those are opportunities I'm always looking to try and attend, and certainly if y'all hear of any, let us know. We'd like to try to get to those other events that you may have down in the Lower Rio Grande Valley or throughout the state that we're not hitting yet.

MS. CARDENAS: So, nothing that TSAHC, I guess, holds on their own versus, you know, attending a conference and being a panel speaker or having a session, noting that this is something that you pick five areas, right, throughout Texas to draw in, or like roundtable discussions and things that are held and sponsored by TSAHC?

MR. DANENFELZER: Yeah, that's correct, for my programs we do not. And I think that's partly because there are events where builders, contractors, nonprofits do attend and come together. And scheduling those, for one, I'll say it's a lot of work -- I'll be honest -- but also, it can be costly.

Inverse, I know you'll hear later, I think the next time we do this presentation from the Single Family Programs, and as you know, they're looking to target hundreds, if not thousands, of brokers and Realtors and lenders throughout the state, and so they do actually hold different types of events to make sure they can pitch their programs and do that.

But for me it's a little more discreet, it's a little more face time is important rather than just bringing lots of people together in the hopes that I'll get things going. So, it's a different type of marketing that we definitely do for my programs.

MR. DIETZ: Any other questions?

(No response.)

MR. DIETZ: Thanks for the presentation.

MR. DANENFELZER: Thank you.

MS. STUBBS: Good morning, Mr. Chairman and Board members. I am Celina Stubbs, Senior Manager of Asset Oversight and Compliance.

Today, James and I will be providing you with a brief overview of our 2022 fiscal year outcomes and then kind of showing you what we're looking forward to in our 2023 year. I'm specifically going to speak on goals 1, 3 and 4, then I'll hand it over to James who will do 2 and 5. And with that, I'll just kind of get started.

So, our first goal is to monitor properties financed through our private activity bonds and our Texas Housing Impact Fund to ensure compliance with federal, state and corporate requirements. And we do a couple of things to measure that, but I'm going to point out three specifics.

So, as you know, we conduct asset oversight and compliance reviews on every single one of our properties that get completed here. And in 2022, we had ten new developments added to our portfolio and we've completed almost all of them. We've got 15 left to do, and they're all scheduled between now and the middle of December.

Those ten developments that were added to our portfolio kind of gives the grand total of 68 properties that we monitor on an annual basis. Those ten properties added roughly 1,500 units for a grand total of 7,500 units in our portfolio.

2022 was also the very first year where we completed in-person and virtual reviews of the properties, and I just wanted to share that we've been getting a lot of great feedback from site management and owners about that, mainly because they're in multiple fundings and have several of those coming to their properties every year.

In addition to our annual review, we also look at their unit status report which is basically a snapshot of the demographics and income of every household at the property, including resident service reports. We look at those every month for all 68 properties. While it is cumbersome, it really gives us an idea of how properties are performing, making sure we can identify any negative trends, whether it's not providing the required amount of resident services or site management not keeping up with the re-certification of annual income for all of the households, which basically lets us know if they're making their affordable set-aside that they've committed to us.

The more notable change for our goal would be seen on tactic 5. Dave Danenfelzer mentioned that we have Capital Magnet Fund and an Affordable Housing Partnership Programs, and in 2022 we created compliance milestones and procedures for those two programs, and so we implemented all of those in this last year.

We had three CMF deals that have been closed and have already started their reporting requirements that I did last month, and we had two AHP programs that completed all of their annual reporting as well, so that's going really good. And like Dave mentioned, we have several other properties that have recently closed that we'll monitor next year.

So, that is it for goal 1.

In 2023, we will have the exact same tactics to measure the success of the program. And, as Dave mentioned, we've got at least five-plus deals that we'll be presenting to you next year that we will, of course, monitor as soon as they get completed.

I'll move on to goal 3, this is to effectively manage the Rollins Martin Apartments and maintain Low Income Housing Tax Credit Program eligibility. We have several tactics to measure the success of this program, but I will stick to two of them for today.

We make sure program compliance with federal requirements by ensuring all annual eligibility certifications for the TDHCA Tax Credit Program. In addition to that, there are several reporting requirements that we make sure that we maintain, so that includes quarterly reporting, annual reporting, financial reporting, with the Rollins Martin multifamily property that we own and manage.

For the 2023 year, we are making two changes. So, the first is to remove tactic number 6 that you see in 2022. This tactic is specific to monitoring tenants that were receiving rental assistance for financial hardships due to COVID.

For our apartments specifically, we don't have any other tenants currently that are needing that assistance at this time. We will definitely still help them and manage that process if they need it, but we're just removing it as one of our tactics for next year.

And then we are adding a new tactic which would allow James and I to research the possibility of purchasing new multifamily properties in the coming future.

We'll move on to goal number 4. This is to promote our department programs and increase multifamily compliance monitoring contracts. We have two tactics for this.

One of them is to maintain a contract that allows us to work with different entities to help with tenant file maintenance and make sure that they're following their requirements that are held with whichever program they're working with. We've had a Prodigem contract for the last maybe four or five years, and they have renewed again with us for another year, so we signed that amendment to extend for a year last month.

The second goal is to attend or participate in a panel, in a webinar, to create announcements for industry changes. And so last year I did sit on a panel for Novogradac’s Annual Housing Tax Credit and Bond Conference, and we intend to keep these same two tactics for the 2023 year. In fact, we already are working with some of our TSAHC colleagues to create a podcast that will speak more to the benefits of renting in preparation for homeownership, trying to tie those two together.

And, in addition, I believe James sent an email out to respond to an inquiry for providing eligibility training. So, we hope to get both of those done in the next fiscal year.

That concludes my review of the three goals. Are there any questions that I can answer for you?

(No response.)

MR. DIETZ: Then I'll hand it over to James.

MR. MATIAS: Thank you, Celina.

Good morning, Board Chair and members of the Board. As Celina mentioned earlier, I'm James Matias, senior asset manager of Asset Oversight. I'll be highlighting some of the key metrics for goal number 2 and goal number 5 for 2022 and I'll fold in some insight throughout that for the plans for 2023.

As you can see in tactic 1 under goal number 2, we want to achieve a retention rate of 65 percent for the Single Family Rental Program, which is the portfolio of homes that TSAHC owns. And I'm happy to report that 20 of the 26 residents renewed with us in 2022, giving us a percentage of 76.9 percent.

Jumping down to tactic 3, we like to maintain an overall annual occupancy rate greater than 95 percent, and for 2022 we had a rate of 98.37 percent. So, for tactics 1 and 3, we plan to keep these both the same and keep the same metrics.

Jumping over to tactic number 5 in the same goal, we are looking to expand the location of the homes throughout the state of Texas. I'm happy to report in 2022 we added nine units. I say units instead of homes because we did add two condos in South Austin, and we had two additional homes in San Antonio and then five homes in the Fort Worth and Denton areas.

I believe the budget was before you maybe two meetings ago and you guys approved $2 million additional to expand the program further. Thank you. We will likely pursue additional homes in the Dallas-Fort Worth area with that $2 million.

So, Celina touched on department goals 3 and 4, so just jumping over to department goal number 5. So, department goal number 5 kind of pertains to just general maintenance, rehabs, capital improvement, make-readies, just the overall upkeep of the properties or turning of units. So here I'll touch on tactics 1, 4, 5 and 6 -- sounds like a lot but I'll be brief.

In tactic 1 we are looking to close all work orders in less than 20 days, and in 2022 we accomplished completing work orders on average in less than five days.

Tactic 4, you'll see that we follow up with residents to see if they're pleased the work that we've done in our units. And I did this quarterly, and we had no issues or concerns from residents regarding the maintenance program or the work orders that were completed.

Tactic 5, we have a goal to complete unit turns in less than 30 days. And just in case you're not aware, a unit turn is basically the time from when a resident moves out to when the next resident moves in. So, it could be general painting, it could be marketing, it could be a whole bunch of things.

So, we had a goal of 30 days for vacancies, and we had a goal of 60 days for full unit rehabs, and in 2022 on the homes we had six vacancies and on average we turned those homes in 26 days. We did not have any traditional vacancies for the Rollins Martin Apartments that Celina mentioned earlier, but we did have full renovations and we did complete all of those in less than 60 days, and I'll talk a little bit more about the full renovations in a little bit.

In 2023, we don't plan to make any changes to tactics 1 through 5, except for perhaps removing renovations from the portion of tactic 5 since we're done with all the renovations.

The second to last item I'll update you on is goal 5, tactic 6. This tactic is basically the oversight of any capital improvements or renovation projects that we have going on any asset that we own. In 2022, we decided to finish out the remaining seven units at Rollins Martin, so this is a 15-unit apartment complex that TSAHC owns in East Austin, and we were rehabbing a unit about on average one per year for the first eight years, so pretty slow, and we wanted to speed that up, so it didn't take us 15 years to do 15 units.

So, when we had a vacancy in January of 2022, we decided to use that as a transfer unit to complete the final seven. I'm happy to report that today or tomorrow I'll have the final walk-through on the sixth of those final seven units, and I'm hopeful to have the seventh unit completed by the end of October.

So, the great news is, assuming that all takes place, by the end of October we'll pretty much be, other than maybe gutters, fully done renovating the Rollins Martin Apartments inside and out, exterior and interior fully. And I mean, exterior is anything from siding, windows, roofs, mailboxes, parking lot, fence, you name it; interior, appliances, floors, cabinets, counters, walls, fixtures, mirrors, et cetera. So pertly much top to bottom there except for, like I mentioned, gutters.

And for 2023, looking forward to that property, the only thing scheduled is some minor -- not minor, somewhat major roof repairs that we have to take care of and that's scheduled for early November.

The last thing I want to mention to you is that we did add a new goal for 2023 and this is goal number 6. It has two tactics, and these tactics are we'll manage the residents and the maintenance for our commercial office spaces, as well as maintain high occupancy and take care of our residents. So, this goal pertains to the two office spaces on MLK -- you guys discussed it a little bit with David Danenfelzer -- that's 1910 MLK and 2200 MLK, which is our former headquarters which is now fully renovated and fully leased.

So, that's our update. I do want to say you heard a lot from Celina, you heard a lot from me. We have one missing staff member and we're adding one Friday, but we get a lot accomplished with just a few of us, so kudos to our team. And I'll let Jessie, who is not here, know that he received a shout out -- he's our lead maintenance.

So, if you guys have any questions about anything that Celina touched on or anything I touched on pertaining to metrics attained for 2022 or projections for 2023, we'll take those now.

MR. L. WILLIAMS: Chair, I have one.

Thank you, Celina and James, for this.

Celina, for department goal number 4 -- I was just taking some notes -- participate in at least one panel or TSAHC spotlight. You have the outcome as completed but when you were describing just kind of everything that has been done, you got inquiries about training, about creating other podcasts, I would include that. Because as part of David Long's president's report, he always talks about and highlights the podcasts that's going on, the video series, things like that, I think that's important than versus just completed.

I know Andy Williams over here has participated in a couple of things, but definitely it promotes -- you know, again, as you say right here -- promote department capabilities, all that good stuff. I mean, that's just something worth putting down on paper.

MS. STUBBS: I think the only confusion is I mentioned that for the 2023 fiscal year, and so I haven't updated the actual plan because we have it on that first quarter basis, but what we have done like the outcomes, the panel that I sat on, and the contract that we have for Prodigem tenant files right now.

MR. L. WILLIAMS: Okay.

MS. STUBBS: But I will include it on the first quarter of the new fiscal year.

MR. L. WILLIAMS: Sounds good.

MR. DIETZ: Just kind of a general question. So, are the 2023 goals and everything, is that finalized or is that still kind of a work in progress?

MR. MATIAS: I think they're finalized, at least, for our department.

MS. TAYLOR: If you have any suggestions, we can certainly take those.

MR. DIETZ: I was just wondering, kind of, time frame wise.

MS. STUBBS: Sure. We try to have them finalized before the end of August so that we can have it for September 1 fiscal year.

MR. DIETZ: I see. Great.

And one other question, I guess it would be for Celina -- and this is just, kind of, for my edification, there's a note that like a notice of non-compliance was issued because of some resident service requirements. So, what's, kind of, the time frame once a notice of non-compliance is issued? And, if they still don't comply, what happens next?

MS. STUBBS: So, I'd like to just start off by saying that because of COVID there was a lot of oversight on resident services, and you know, they've almost had a year and a half of not having to provide resident services for safety reasons and concerns. I believe it was October of last year where we said, okay, start gearing up. We understand if some can't be held because of the size because we were still under guidance on making sure of different sizes or where you're hosting these events.

So, half of these that are reported, these two portfolios specifically, those did receive a notice of non-compliance because they're supposed to offer four resident services per month, and they only provided about two to three a month. And it's been for different reasons. Some they just can't get attendance, some it's been staffing issues, one there was a fire in their community room.

So, when I did issue these notices of non-compliance, I based it on their requirements. So, they have to provide monthly services, so I gave them two months to kind of gear up to complete their quarterly reporting. If they're on six services per quarter, then I would push it out to four to five months to give them time to meet that resident service.

For the bottom half that are listed here, these are all brand new properties. So, they're either new construction or acquisition rehab, and we're basing those two different ways.

If it's an acquisition rehab, we ask them to start providing services at the 12-month marker from the date the deal closed. If it's a new construction property, we tell them that the latest it can start is the two-year time frame, but if they're at least 50 percent occupied, they need to start providing services. So, it's just something that we track internally when a deal closes.

MR. MATIAS: The earlier of the two.

MS. STUBBS: Yes, correct, the earlier of the two. As soon as a deal closes, I immediately go to Outlook and schedule a meeting for us to make sure that we're tracking that start date for the property.

Did that answer the question?

MR. DIETZ: I think so, yeah. What happens, what's the ultimate enforcement? Does David go out and start breaking legs?

(General laughter.)

MS. STUBBS: There are fines associated. I don't have that exact number in my mind right now. I can get that number to you, but it's a fine. I'm happy to say we have not gone there yet.

MR. DIETZ: Okay, great. Thank you.

MS. STUBBS: Of course. Well, thank you so much.

MR. MATIAS: Thank you.

MR. DIETZ: Thank you both.

MS. TAYLOR: And that concludes the strategic plan presentation for today. We still have about four departments to go, but we're going to spread them out for the next probably couple of Board meetings that we have.

MR. DIETZ: Perfect. I think that's a good plan.

MR. LONG: With that, we don't have any more agenda items to pursue. There's no reason to go into closed session.

I remind the Board that we tentatively have Tuesday the 18th scheduled as the next Board meeting, but we'll keep the Board informed as we not only confirm quorum but also identify tab items that need to be brought to the Board for consideration or updates.

MR. DIETZ: Great. Any other announcements or closing comments?

(No response.)

MR. DIETZ: If not, then it is currently 11:51, and we are adjourned.

(Whereupon, at 11:51 a.m., the meeting was adjourned.)

C E R T I F I C A T E

MEETING OF: TSAHC Board
LOCATION: Austin, Texas
DATE: September 27, 2022

I do hereby certify that the foregoing pages, numbers 1 through 62 62, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy King before the Texas State Affordable Housing Corporation.

DATE: October 3, 2022

____
(Transcriber)

On the Record Reporting
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