

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752

Tuesday,
August 22, 2023
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

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER	4
ROLL CALL	4
CERTIFICATION OF QUORUM	4
PUBLIC COMMENT	none
PRESIDENT'S REPORT	5
Tab A: Homeownership Finance Report	
Tab B: Development Finance Report	
Tab C: Monthly Financial Reports	11
ACTION ITEMS IN OPEN MEETING:	
Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on July 25, 2023.	15
Tab 2 Presentation, Discussion and Possible Approval of the Fiscal Year 2024 Annual Operating Budget.	16
Tab 3 Presentation, Discussion and Possible Approval of the Fiscal Year 2024 Audit Committee Guidelines.	21
Tab 4 Presentation, Discussion, and Possible approval of a second loan commitment extension to Cady Lofts, LLC for a \$300,000 Affordable Housing Partnership deferred forgivable loan for the Cady Lofts Project.	22
Tab 5 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 2024.	28
CLOSED MEETING	--
ACTION ITEMS IN OPEN MEETING	--

ANNOUNCEMENTS AND CLOSING COMMENTS	34
ADJOURN	35

P R O C E E D I N G S

(10:40 a.m.)

1
2
3 MR. DIETZ: It is 10:40 a.m., and the Texas
4 State Affordable Housing Corporation Board meeting for the
5 month of August is called to order. I took an Uber from
6 my hotel in downtown Austin, and I looked at the Uber
7 driver and said, What app are you using? Because we were
8 not going the most direct route to get here.

9 (General laughter.)

10 MR. LONG: Am I headed in the right direction?

11 MR. DIETZ: All right. Before we begin, I will
12 call roll. William Dietz, I am here.

13 Valerie Cardenas, Vice Chair?

14 MS. CARDENAS: Present.

15 MR. DIETZ: Courtney Johnson-Rose is absent.
16 Lemuel Williams?

17 MR. L. WILLIAMS: Present.

18 MR. DIETZ: And Andy Williams?

19 MR. A. WILLIAMS: Present.

20 MR. DIETZ: Okay. So, we do have a quorum.
21 And before we begin, let's start with the Pledge
22 Allegiance to the American flag.

23 (The U.S. Pledge of Allegiance was recited.)

24 MR. DIETZ: And to the Texas flag.

25 (The Texas Pledge was recited.)

1 MR. DIETZ: Is there any public comment?

2 (No response.)

3 MR. DIETZ: Okay. Hearing none, we'll go into
4 our President's report, all right?

5 MR. LONG: Okay. Good morning, Mr. Chairman,
6 Members. The monthly program and financial reports are
7 found under Tabs A through C of your Board book. And if
8 there aren't any questions regarding reports, I'll go on
9 into some program updates.

10 The Loan Committee met last week, Tuesday, on
11 the 15th. We reviewed -- in addition to our Texas Housing
12 Impact Fund report, which lists all of our loans that we
13 have outstanding -- and reviewed and discussed those. We
14 also discussed potential requests from Habitat of Humanity
15 of Denton for a revolving loan for the line of credit on
16 infrastructure and housing project. And we also discussed
17 an outstanding loan we have with WOMAN, Inc.

18 And so, I always like to recognize Andy
19 Williams for his participation on that. We really
20 appreciate his input and guidance.

21 As a reminder to the Board -- we talked about
22 this a little earlier last month -- that we will begin our
23 new strategic planning process next month. The Board and
24 staff will be receiving a brief survey from Mission
25 Capital in late September. That is the organization that

1 we've hired as a third-party to help us facilitate the
2 strategic planning process. The survey will provide
3 Mission Capital with some valuable input and feedback,
4 both on our current strategic plan and our desire and how
5 we want to move forward with that strategic plan
6 development.

7 Everybody should be -- if you haven't already,
8 will be receiving Outlook calendar invites that include a
9 short description of the itinerary that we have planned
10 out. This will take place over several months, and we
11 want to make sure that all of the staff and the Board are
12 100 percent engaged. And so, if you have any questions or
13 any comments regarding that process at any time before,
14 during, and after, we want to make sure we hear from you
15 to make sure that gets done.

16 Single-family updates -- we continue to see
17 activity on our programs. I will say that we are seeing
18 stronger than we'd anticipated involvement from realtors
19 who are signing up and taking classes, as well as lenders
20 and loan officers who are joining our program. We have
21 seven new lenders that we approved since we met last
22 month, and we continue to conduct our down payment
23 assistance classes for all of those individuals who are
24 looking to do so along with the trainings in order to
25 become an eligible partner in our programs.

1 The homeownership team will be attending the
2 Texas Real Estate 2023 Shaping Texas Conference Promotion
3 Expo in San Antonio the first part of next month. And
4 they'll have the opportunity to not only interact with the
5 realtors that we work with, but also provide them training
6 as we move forward with additional opportunities to serve
7 that community.

8 Development Finance team -- I'm pleased to let
9 the Board know that we closed on Juniper Creek on July 25.

10 That was a project that we had gotten Board approval on.
11 It was a 110-unit project in Austin.

12 It's our first joint venture project that we
13 put together. And this project corporation will serve as
14 a member of the ownership entity and play an important
15 role in the ongoing oversight and long-term success of the
16 project.

17 The Corporation's local partner, Greenboro
18 Homes, has broken ground on a four-unit single-family
19 condo project in San Antonio. Units are being built on a
20 lot that the Corporation purchased in foreclosure listings
21 by our partnership with National Community Stabilization
22 Trust, or NCST.

23 The anticipated construction completion is
24 later next year in June of 2024. The Corporation will be
25 targeting to households earning 80 percent or below the

1 area median family income.

2 David Danenfelzer, as for the last several
3 years, served on a panel at the Texas Housing Conference
4 last -- I guess, it was the end of July. I was going to
5 say last month, but end of July. This is the eighth time
6 David's had the opportunity to be on that panel.

7 He serves on that panel with leaders from the
8 Bond Review Board, Capital Area Housing Finance
9 Corporation, Kutak Rock, Capital Markets, and Tiber
10 Hudson.

11 So, we're really pleased that David continues
12 to get recognized and invited to participate as a panelist
13 on that. And I know that he enjoys that group of people
14 that he gets to serve on the panel with.

15 Later today, we're scheduled to close on the
16 Villas at the Ranch, which is the 22 homes that we are
17 purchasing in bulk as a rent-to-own project that we had in
18 Flint, Texas. This transaction has been a long time in
19 the works.

20 I wanted to recognize Andy Williams. He
21 actually met us out there when the staff went out there
22 originally to look at these properties.

23 We've done a lot of due diligence and
24 inspections on the properties, and we've had Counsel
25 review all of the documentation. We were very pleased to

1 see that all of that is going to come to close. All 22
2 homes are three-bedroom, two-baths, and are currently
3 occupied.

4 So, we're taking over a very positive portfolio
5 of homes and looking very much forward to turning this
6 into what I want it to be, which is an opportunity for us
7 to create affordable home ownership out of these homes.
8 So, it's a great opportunity for the Corporation.

9 In the meantime, we have hired a property
10 management company. NWP Management and Brokerage will
11 serve as our project manager for the next year, and we'll
12 reassess every year as we move forward with this
13 transaction.

14 I would be remiss if I didn't thank Celina for
15 all of her work in getting this done. We had staff
16 changes in the middle of this. And as a result, Celina
17 picked up the lion's share of this, and she worked not
18 only through the process of making sure all the due
19 diligence was done and keeping Janie and myself and
20 accounting involved, but she did a phenomenal job of just
21 making sure that we got through the process, and we are
22 closing today. So, we're very excited for this, and I
23 want to thank Celina publicly for that.

24 Regarding our fundraising and our upcoming
25 symposium, the Corporation opened registration for the

1 Permanent Supportive Housing Symposium, and that will take
2 place November 6 and 7 with a one-day training on the 8th.

3 The plenary speaker will be Gregg Colburn.
4 He's a professor at the University of Washington and
5 author of *The Homeless Is a Housing Problem*, an Amazon
6 bestseller, which is focusing on the correlation between
7 high housing costs and homelessness in the U.S.

8 We are featuring three tracks on housing
9 development: operations, supportive services, and the
10 link between housing and health outcomes. Staff are
11 currently working on setting up the panels and break-out
12 sessions, and we plan to have a finalized agenda by the
13 end of this month so hopefully we'll have all that in
14 front of the Board. Obviously, all of you are invited,
15 and we'd love to have your participation and let us know
16 if you have an interest in being here.

17 I would like to thank our sponsors. We were
18 able to secure \$80,000 in sponsorships for this event,
19 including our title sponsor from J.P. Morgan Chase and
20 additional sponsorship from Texas Capitol Bank, Insperity,
21 Dominion, Regions Bank, Federal Home Bank of Dallas,
22 Capital Impact Partners, Texas Homeless Network,
23 HousingWorks Austin. And then Lakeview Loan Servicing,
24 our master service organization, actually has generated an
25 additional \$15,000 to us as a donation. So, we, again,

1 thank them -- all of those sponsors for their support in
2 helping us put this symposium together.

3 Under the Foundations Fund, the Corporation
4 received signed grant agreements from all 66 of the
5 Foundation's Fund awardees. If you remember, last month,
6 we announced who those awardees were.

7 We thank the Board for your support as well
8 your approval of those awardees. And we're working with
9 the accounting department right now to administer all
10 grants before the end of the fiscal year, so hopefully
11 we'll get those out and everything will be done.

12 I will say I've already started getting thank
13 you letters from the recipients. I got a really nice
14 letter from Joy Horak-Brown personally to me letting her
15 know how much she continues to just be so appreciative of
16 the support through that program since it's grant money.

17 MR. DIETZ: David, I've got a couple of phone
18 calls about that program, too --

19 MR. LONG: Excellent.

20 MR. DIETZ: -- thanking our organization.

21 MR. LONG: Outstanding. I appreciate that.

22 MR. DIETZ: I'll pass that information on to
23 you.

24 MR. LONG: Maybe we can let Katie and Michael
25 know who that was. That would be great.

1 MR. DIETZ: Yeah.

2 MR. LONG: Thank you.

3 Under Housing Connection, the Corporation
4 opened registration for our 2023 Housing Connection
5 trainings on July 21. So, that's only been open a couple
6 or three weeks -- maybe, I guess, a month today, right?

7 The trainings will take place at our office the
8 last week in September, and we are offering a three-day
9 course on credit counseling, followed by a two-day course
10 on affordable housing finance. All of those courses are
11 taught by NeighborWorks trainers and using their
12 curriculum. So, we're very excited. It's something we've
13 done many times in the past, and we're real excited to
14 have NeighborWorks a part of it again.

15 Finally, I'd like to introduce one of our
16 newest staff members. I want to welcome Vanessa Franco.
17 We're going to make her stand up and sing here in a
18 second.

19 But Vanessa Franco is our new Senior Property
20 Manager. Her role will include managing all of our rental
21 property, which she now gets an additional 22 properties
22 to manage. Prior to that, we had 41 single-family homes,
23 our Rollins Martin multi-family complex in East Austin --
24 which is 15 units -- and we have three commercial
25 buildings, one of which we're converting to affordable

1 housing.

2 Mr. Dietz, as you know, you had talked with me
3 about that. And so, we've got 1910 under quite a bit of
4 initial phase of getting that redeveloped into affordable
5 housing. So, we're excited about that opportunity.

6 But anyway, back to Vanessa. She will be
7 working on all of those projects, along with working
8 closely with Jesse, who is our property maintenance guy.
9 Jesse and her will be working to make sure all of our
10 properties are well-maintained. Vanessa will also be
11 responsible for managing our third-party managing partner
12 in San Antonio, Dallas-Fort Worth, and now, Flint, Texas.

13
14 Vanessa comes to us with over 20 years of
15 experience in the real estate and property management
16 industry and is excited to apply her expertise in ways so
17 she can help lower income families find affordable options
18 in Texas. She is used to working in a fast-paced
19 environment. So, we think that we'll be able to
20 accommodate that here, as well as taking some time off to
21 travel with her family when she gets settled in.

22 She's been with us about two weeks working
23 closely with Celina, who will be her director. And we're
24 really just excited to have Vanessa on.

25 So, Vanessa, if you don't mind raising your

1 hand, important as you are.

2 MR. DIETZ: She's already stood up.

3 MR. LONG: She already stood up? Well, thank
4 you. Anyway, welcome to her.

5 One other thing I would like -- I know the
6 Board -- if she's in here -- I think Taylor is in here.
7 Taylor Sheridan has been our intern working in marketing
8 and communications during the summer. And I don't know
9 how we were able to do it, but we actually bribed her,
10 talked her into it. But anyway, she has agreed to extend
11 her internship through the fall.

12 Taylor has done a wonderful job in working in
13 the communications and marketing division. And she has
14 provided a lot of extra time and effort into making sure
15 some things are getting done and we're very excited to
16 have her staying on just a little bit longer.

17 So, thank you for Taylor to find time in her
18 master studies to continue to be in our internship
19 program.

20 So, with that, Mr. Chairman, I always like to
21 conclude that if we have any guests -- and I just happened
22 to see her when she walked in with Mr. Dietz -- Catarina
23 Gonzalez with the Governor's Office is here.

24 Thank you, Catarina, for being here. It's a
25 pleasure to have her here.

1 And Counsel, Routt Thornhill's here with Coats
2 Rose. And with that, Mr. Chairman, I'll conclude and just
3 remind the Board Members that our next tentative Board
4 meeting is scheduled for Tuesday the 19th at 10:30 at our
5 offices here.

6 I will add one more thing, and that is that
7 prior to this meeting, the Audit Committee met. And I
8 know Ms. Cardenas and Mr. Williams have an update for you
9 regarding the Audit Committee. And one of the biggest
10 items will be one of the agenda items on the Board's
11 agenda, which is the approval of the 2024 budget.

12 So, with that, Mr. Chairman, and without any
13 questions, I'll conclude my remarks.

14 MR. DIETZ: Great. Thank you very much. Any
15 questions from the Board or comments?

16 (No response.)

17 MR. DIETZ: Okay. Then, we'll move on into our
18 action items for today's meeting.

19 Tab Item 1 is the presentation, discussion, and
20 possible approval of minutes of the Board meeting that was
21 held on July 25, 2023. Are there any corrections,
22 questions, additions, comments about the minutes?

23 (No response.)

24 MR. DIETZ: If not, is there a motion to
25 approve?

1 MR. L. WILLIAMS: Chairman, this is Lemuel
2 Williams. I make a motion to approve the July 25, 2023
3 meeting.

4 MR. DIETZ: Great. Is there a second?

5 MR. A. WILLIAMS: I'll second.

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

9 (No response.)

10 MR. DIETZ: Okay. Hearing none, all in favor,
11 please say aye.

12 (A chorus of ayes.)

13 MR. DIETZ: Any opposed?

14 (No response.)

15 MR. DIETZ: Okay. The minutes are approved as
16 submitted.

17 Tab Item 2 is the presentation, discussion, and
18 possible approval of the fiscal year 2024 annual operating
19 budget.

20 MS. SMITH: Good morning. My name's Melinda
21 Smith. I'm the Chief Financial Officer.

22 This morning we presented the 2024 operating
23 budget to the Audit Committee. The budget is around \$22.6
24 million in revenues and expenditures.

25 Some of the highlights include the Flint homes

1 that David mentioned in his President's report and the
2 expenditures related to that, as well as the revenue; the
3 redevelopment of 1910 MLK into condominiums or
4 single-family homes; and then the expenditures associated
5 with adding a consultant for TxDOT because that project
6 has been revitalized.

7 So, if you would like to go through the budget
8 individually, I'd be happy to do that. Or I would ask
9 that the Board approve the budget for 2024.

10 MS. CARDENAS: So, as Mr. Long mentioned, Andy
11 and I, obviously, sitting in Audit -- Melinda and her team
12 did a great doing a comprehensive overview in providing us
13 all the detail and exhibits to the proposed operating
14 budget. You know, they addressed any questions that we
15 had.

16 She mentioned some significant line items as
17 far as either pay downs under the lending program
18 revenue -- which kind of brought it down to the 2.7,
19 buildings, one-time grants that were awarded since we're
20 not going to receive those grants, and as far as
21 expenditures, some additional loans in the pipeline.

22 So, at the end of the day, we felt very
23 comfortable in approving it. Obviously, it's now here
24 coming before the Board, so unless you all would like some
25 additional details, we're very comfortable. And as we

1 mentioned, we approved it in Audit Committee, and now it's
2 here before the Board for approval.

3 MR. L. WILLIAMS: Chairman, just a quick
4 question for either Melinda or the Vice Chair. Can you
5 help me understand the land bank revenue?

6 Vice Chair, I know we were just kind of having
7 a side conversation about that. And I was just taking a
8 look at from the '23 budget to the actual -- I mean, that
9 was almost a 2X. But then, when you look at going into
10 what proposed budget for '24 -- I mean, you're almost
11 looking at three and a half times.

12 I mean, are we developing on that piece of
13 property? Or are there several properties that we're
14 keeping? I'm just trying to figure out that big increase
15 there.

16 MS. CARDENAS: So, as that was explained,
17 that's for the redevelopment of the 1910 MLK.

18 MR. L. WILLIAMS: Okay.

19 MS. CARDENAS: So, I'll let them elaborate a
20 little bit more. But I know we're not starting the
21 project immediately, but already accounting for it. And
22 so, there may some progression, but that's what I
23 understand -- the draw down for that redevelopment.

24 Is that correct?

25 MR. LAWRENCE: Nick Lawrence, Controller.

1 That's correct. Last year, we just sold more properties
2 than we were expecting resulting in the 2X.

3 And then the big chunk for 2024 is we are
4 recognizing that loan or draw down we do from some lender
5 of 3 million. And then the other revenue is based on
6 projected sales.

7 MR. L. WILLIAMS: Got you.

8 MR. DIETZ: Great. Thank you.

9 MR. L. WILLIAMS: We need to do more of that.

10 MR. DIETZ: Yeah, absolutely.

11 MR. L. WILLIAMS: I don't know if I'm supposed
12 to say that. But hey, important.

13 MR. DIETZ: I know this was reviewed thoroughly
14 at the Audit Committee level. And are there any
15 additional questions from Board Members? Or comments
16 or --

17 MS. CARDENAS: I have none.

18 MR. L. WILLIAMS: Thank you, Andy. Thank you,
19 Valerie. You know, every time I look at the proposed
20 budgets -- I mean, it's detailed. So, thank you for doing
21 that.

22 MR. DIETZ: Yeah, thank you to the whole Audit
23 Committee for reviewing this in advance. If there are no
24 additional questions or comments or additions, then is
25 there a motion?

1 MS. CARDENAS: So, moved.

2 MR. L. WILLIAMS: Chairman, this is Lemuel
3 Williams. I want to second that.

4 MR. DIETZ: Okay. It's been moved and seconded
5 that we approve the fiscal year 2024 annual operating
6 budget as presented. Is there any public comment?

7 (No response.)

8 MR. DIETZ: Hearing none, all in favor, please
9 say aye.

10 (A chorus of ayes.)

11 MR. DIETZ: Any opposed?

12 (No response.)

13 MR. DIETZ: Okay. The 2024 annual operating
14 budget is approved as submitted.

15 MR. LONG: Mr. Chairman, if I might, I just
16 want to publicly thank Melinda, Nick and Betsy. It's a
17 lot of work. I know we do this every year, and they've
18 gotten into a really good rhythm. But it still takes a
19 lot of time and effort coordinating with the staff.

20 I also want to thank the directors and the
21 managers for their efforts in getting information to the
22 accounting division so that they can put this together for
23 you. So, thank you, guys.

24 MR. DIETZ: Yeah, thank you all.

25 MR. LAWRENCE: Thank you.

1 MR. DIETZ: Tab Item 3 is the presentation,
2 discussion, and possible approval of the fiscal year 2024
3 Audit Committee guidelines.

4 MS. SMITH: Good morning again. My name is
5 Melinda Smith, and I'm the Chief Financial Officer.

6 The Audit Committee guidelines under Section 3,
7 Number 1 require that the Audit Committee approve the
8 Audit Committee guidelines and that they recommend those
9 guidelines to the Board and that the Board review and
10 approve the guidelines.

11 We asked Maxwell, Locke, and Ritter, our CPA
12 firm, to review the guidelines for us to see if there was
13 anything that they needed -- we needed to add or take
14 away. And of course, we reviewed them as well. And they
15 had no comments at all, so we didn't make any changes to
16 the guidelines from last year.

17 So, we're asking the Board to approve the Audit
18 Committee guidelines for 2024.

19 MR. DIETZ: Okay. Great. But there are no
20 changes from last year?

21 MS. SMITH: None at all.

22 MR. DIETZ: Was this also reviewed at the Audit
23 Committee level?

24 MS. SMITH: Yes.

25 MR. DIETZ: Okay.

1 MS. SMITH: Yes, it was and approved.

2 MR. DIETZ: Great. All right. Any questions
3 or comments?

4 MR. L. WILLIAMS: Chairman, I'd like to make a
5 motion to approve the fiscal year 2024 Audit Committee
6 guidelines.

7 MR. DIETZ: Okay.

8 MS. CARDENAS: Second.

9 MR. DIETZ: Okay. It's been moved and seconded
10 that we approve the fiscal year 2024 Audit Committee
11 guidelines as presented. Is there any public comment?

12 (No response.)

13 MR. DIETZ: Hearing none, all in favor, please
14 say aye.

15 (A chorus of ayes.)

16 MR. DIETZ: Any opposed?

17 (No response.)

18 MR. DIETZ: Okay. The 2024 Audit Committee
19 guidelines are approved as presented.

20 MS. SMITH: Thank you so much.

21 MR. LAWRENCE: Thank you.

22 MR. DIETZ: Tab Item 4 is the presentation,
23 discussion, and possible approval of a second loan
24 commitment extension to Cady Lofts, LLC, for a \$300,000
25 affordable housing partnership deferred forgivable loan

1 for the Cady Lofts project.

2 MS. RAMIREZ: Hi. Good morning. Cassandra
3 Ramirez, Development Finance Manager. This Agenda item is
4 related to a second loan commitment extension to Cady
5 Lofts for a \$300,000 affordable housing partnership
6 deferred forgivable loan.

7 Due to recent THIF guideline changes, a second
8 loan commitment extension requires Board approval. And
9 Loan Committee previously provided an initial loan
10 commitment extension so that the project could complete
11 the building permits and fundraising for the contract.
12 That commitment is set to expire at the end of this month
13 on the 28th, so we are coming to you all for an extension.

14 To give you some information about this
15 project, Cady Lofts is 100 units of supportive housing in
16 Austin in the Hancock neighborhood to be constructed. The
17 goal is to close at the first week of September while they
18 work on their building permits and secure some funds still
19 needed. They have applications to the Federal Home Loan
20 Bank and to the City of Austin to meet their fundraising
21 gap. And their goal to close is the first week of
22 September.

23 Because additional extensions require Board
24 approval, staff is recommending a 180-day loan commitment
25 extension so that we can make sure that we have plenty of

1 time to close and they can start construction.

2 Staff has been keeping Loan Committee up to
3 date on this project. In July, Loan Committee approved a
4 90-day commitment extension when their closing goal was
5 the end of August. But since now they are moving their
6 closing to September, staff's recommending the 180-day
7 loan closing extension, which Loan Committee supported at
8 the August meeting.

9 Any questions for me?

10 MR. L. WILLIAMS: Chairman, this is Lemuel. I
11 have a couple of questions.

12 With the extension that you're requesting, I'm
13 just reading here under the financial summary -- financing
14 includes right about \$3.4 million from the City. I guess
15 do you also need to get permission from the City as well?

16 Or no?

17 MS. RAMIREZ: No, they're just shoring up all
18 their sources right now and they're working on it.

19 MR. L. WILLIAMS: They just -- okay. Okay.

20 MR. DIETZ: All right. Any other questions or
21 comments?

22 MS. CARDENAS: I'm sorry. And how long is the
23 extension for?

24 MS. RAMIREZ: Staff's recommending 180 days
25 from the 28th of August when it expires. Like I said,

1 they do plan to get their building permits before the end
2 of this month. And the goal to close is the first week
3 after Labor Day.

4 MR. DIETZ: Okay.

5 MS. RAMIREZ: But just in case, we don't --

6 MR. DIETZ: Just to be --

7 MS. RAMIREZ: Yeah, we don't want to have to
8 come for additional extensions.

9 MR. DIETZ: Got you.

10 MS. RAMIREZ: And this is a deferred forgivable
11 AHB grant that serves people with disabilities. When we
12 initially made this loan, the loan amount was \$225,000
13 because it was the remaining funds. But with additional
14 fundraising, we were able to secure \$300,000. So, they're
15 working with that amount now with us for this project.

16 MR. DIETZ: Yeah. So, we've seen this maybe a
17 couple months ago? Or when?

18 MR. LONG: No.

19 MS. RAMIREZ: No, it's below the threshold.
20 It's a smaller grant that we do approvals through Loan
21 Committee.

22 MR. DIETZ: Yeah.

23 MS. RAMIREZ: But because of that, the
24 guideline change -- we need Board approval for this
25 extension.

1 MR. DIETZ: Okay.

2 MR. L. WILLIAMS: It's kind of like -- yeah, I
3 was thinking I've seen this --

4 MR. LONG: You may have heard about an update
5 on it --

6 MR. L. WILLIAMS: Yeah.

7 MR. LONG: -- either in the President's report.
8 Or it may have been --

9 MR. L. WILLIAMS: Okay.

10 MR. LONG: -- one of the projects that we
11 discussed in just presentation purposes as part of the
12 loan portfolio. But as Cassandra mentioned, it falls
13 beneath the threshold for coming to the Board for formal
14 approval.

15 MR. DIETZ: I see. And this -- it's coming
16 before us because of the extension --

17 MR. LONG: Correct. The guidelines -- the THIF
18 guidelines that the Board reauthorized include now that
19 any time there's a second extension, it would come to the
20 Board for that kind of formal approval.

21 MR. DIETZ: Got you.

22 MS. RAMIREZ: Correct.

23 MR. DIETZ: Any other questions or comments?

24 (No response.)

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

1 MS. CARDENAS: Motion to approve as presented.

2 MR. DIETZ: Is there a second?

3 MR. A. WILLIAMS: I'll second.

4 MR. DIETZ: Okay. It's been moved and seconded
5 that we approve the guidelines, scoring criteria, targeted
6 housing needs for the allocation of qualified residential
7 rental project Texas and bonds under the Multifamily
8 Housing Private Activity Bond Program request for
9 proposals in the 501 -- oh, wait. No, I'm on the wrong
10 one, aren't I?

11 MR. LONG: You are. I was going to remind you.
12 Go back --

13 MR. DIETZ: I'm just reading forward. So, it's
14 been moved and seconded that we approve the second loan
15 commitment extension to Cady Lofts, LLC for a \$300,000
16 affordable housing partnership deferred forgivable loan
17 for the Cady Lofts project. Is there any public comment?

18 (No response.)

19 MR. DIETZ: Hearing none, all in favor, please
20 say aye.

21 (A chorus of ayes.)

22 MR. DIETZ: Any opposed?

23 (No response.)

24 MR. DIETZ: Okay. It is approved -- the second
25 loan commitment.

1 Tab Item 5 is the presentation, discussion, and
2 possible approval for the guidelines, scoring criteria,
3 and targeted housing needs for the allocation of qualified
4 residential rental project tax exempt bonds under the
5 Multi-Family Housing Private Activity Bond Program request
6 for proposals and the 501(c)(3) bond program policies for
7 calendar year 2024.

8 MR. DANENFELZER: Good morning. David
9 Danenfelzer, Senior Director of Development Finance.

10 I am happy to skip my presentation if you'd
11 like to just approve it. That would be great.

12 (General laughter.)

13 MR. DANENFELZER: Seeing that there's probably
14 a need, I'll go ahead and move on.

15 As the write-up notes, statute does require us
16 to bring forward both RFP and the policies for our private
17 activity bond and 501(c)(3) bond programs every year. And
18 we have -- there's a lot of work that goes into this,
19 obviously, every year.

20 We do a lot of background research looking at
21 studies from the Texas A&M Real Estate Center, reports
22 from UT and other entities across the state, as well the
23 State's housing plans. And so, we update these annually.

24 But there are certain things in statute that we're
25 required to do as far as scoring and how we manage the

1 program.

2 So, a lot of it is just kind of understanding
3 what the changes to the market are and how our program can
4 adjust and fit in to that market to make sure we can bring
5 affordable housing to the folks in Texas. There's a few
6 notes here about changes that were done.

7 There is one change, however, that is different
8 from the original posted. We did post these a couple
9 months ago with a draft. But in reviewing, we did see
10 that there was some language that was unclear. Our staff
11 kind of looked at the language again and kind of reviewed
12 it and realized that we should have tweaked that a little
13 bit.

14 So, the one change I'd like to note is in
15 Section 7B. And this particular change is that we
16 originally had kind of wanted to make sure that units that
17 were targeting households at 30 percent or 50 percent of
18 area median income that were receiving the points in that
19 section did not receive project-based rental assistance.

20 However, in kind of looking at the language, it
21 wasn't quite clear how that was working. But also, staff
22 realizes that project-based rental assistance is
23 absolutely critical to 30 percent and 50 percent AMI
24 units.

25 We know that units that rent at the actual 30

1 percent area median income rent limit for HUD can't
2 actually pay for any of their operating expenses. They
3 barely get by. So, what we wanted to make sure is that we
4 weren't penalizing projects that are able to get that
5 project-based rental assistance to provide permanent
6 supportive housing, particularly those that receive
7 permanent supportive housing vouchers through the Veterans
8 Affairs Administration and other organizations.

9 So, we took that language out, and that is one
10 change from the draft that you reviewed two months ago.
11 There is a few other minor tweaks that we did get --
12 mostly just in the way certain terms are either
13 capitalized or dates and phrases were included -- that was
14 provided by bond counsel and our municipal advisor.

15 So, there are a few words you'll see that are
16 just -- there was some capitalization changes or a change
17 oftentimes simply because of the way IRS works and updated
18 letters come out. I know recently the term "financing"
19 has kind of -- in the bond world, has changed to
20 obligations. And so that's one common change that we made
21 throughout.

22 So, in any case, those are the overview of the
23 changes. If there are any questions, I'm here to answer.

24 MR. DIETZ: No other substantiative changes in
25 your opinion?

1 MR. DANENFELZER: No, no other substantiative
2 changes. One other thing, we did make a tweak based on
3 public comment that's noted here -- is that we did kind of
4 update our database on some comments about cost per unit.
5 So, we dug in a little deeper into underwriting reports
6 from 4 percent bond transactions throughout the State of
7 Texas. And we did increase those sort of average costs
8 per unit that we score under Section 7A.

9 So, that was a small change as well, but it's
10 not a critical one. It is something that we try to get up
11 to date as best we can. But there's also been a big
12 shift.

13 We usually kind of do this through sort of the
14 January-February time period. But because of the way the
15 market's changed, there's a lot more data that's coming
16 through for bond transactions being approved in sort of
17 the second calendar quarter -- and second and third
18 calendar quarter of the year. So, we need to kind of
19 readjust to that.

20 We used to see them all towards the end of the
21 year. And now we're starting to see a lot more come
22 earlier in the year. And so, we just needed to update our
23 data and get the most recent we could.

24 MR. DIETZ: And that cost per unit was all
25 increases to accommodate inflation, et cetera?

1 MR. DANENFELZER: Correct. Yeah, I mean, a lot
2 of the data we were looking at -- the bulk of it was sort
3 of the end of calendar year '22. But then there's this
4 flood of 40 applications that were approved by TDHCA with
5 the 4 percent bond transactions between March and June.
6 And we were just like, we need to update to get this data
7 up and bring it in.

8 MR. DIETZ: Great. Any other questions or
9 comments?

10 MS. CARDENAS: So, 7B is obviously in the favor
11 of the applicants?

12 MR. DANENFELZER: It's in the favor of
13 applicants, particularly those that are able to find that
14 project-based rental assistance and help more households
15 at the extremely low income.

16 MR. A. WILLIAMS: David, I also see that you
17 dropped the professional fee deposit from 40 to 30 --

18 MR. DANENFELZER: Yeah, that was --

19 MR. A. WILLIAMS: -- 25, 20.

20 MR. DANENFELZER: I don't consider it -- I'm
21 sure it's substantial for our applicants -- that smaller
22 amount. But the fee used to be sort of broken out between
23 bond counsel, issuer counsel, and our municipal advisor.

24 But our municipal advisor said that the changes
25 between SEC and IRS rules actually don't allow them to

1 come collect deposits and apply them. They can really
2 only charge what the final bond amount is, and they don't
3 want to have to explain that to their regulators down the
4 road why they collected a deposit or we set aside a
5 deposit for them.

6 So, they asked us to pull that out and we were
7 able to bring that fee down to \$30,000.

8 MR. A. WILLIAMS: Thank you.

9 MR. DIETZ: Great. Thank you. Any other
10 questions or comments?

11 (No response.)

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

13 MR. A. WILLIAMS: I motion to approve Tab Item
14 5 as stated.

15 MS. CARDENAS: Second.

16 MR. DIETZ: Okay. It's been moved and seconded
17 to approve the guidelines as presented. Is there any
18 public comment?

19 (No response.)

20 MR. DIETZ: Hearing none, all in favor, please
21 say aye.

22 (A chorus of ayes.)

23 MR. DIETZ: Any opposed?

24 (No response.)

25 MR. DIETZ: Okay. The guidelines are approved

1 as presented.

2 MR. DANENFELZER: Thank you very much.

3 MR. DIETZ: That brings us to the end of our
4 action items for our open meeting. Are we going into
5 closed meeting today? Any reason to do that?

6 MR. LONG: We are not.

7 MR. DIETZ: No? Any announcements or closing
8 comments?

9 MR. LONG: Again, a reminder -- next Board
10 meeting's tentatively scheduled for the 19th at 10:30 here
11 at our offices. Lunch is available after this meeting.
12 Other than that, I think that's all we have.

13 MR. DIETZ: I noticed there was a really good
14 report in our Board packet, the homeownership report, that
15 graphically illustrates. So that's a good report. Thank
16 you for whoever developed that and put that in here.

17 MR. LONG: Staff had been working to come up
18 with better reports -- a little more visually impactful.
19 And I think Joniel and her team have done a really good
20 job with bringing this together.

21 MR. DIETZ: Yeah. Thanks, Joniel, for that.
22 That's good data and helpful to really give us a good
23 overview and illustration of how that's going. So, thanks
24 for that.

25 I'll make the comment that clearly Michael and

1 I are the most intelligent men in the room because we're
2 the only ones not wearing jackets in -B

3 (General laughter.)

4 MR. DIETZ: -- 100 degree weather.

5 MR. LONG: We didn't know that was an option.

6 MR. DIETZ: So, anything else? All right.

7 It is 11:23, and -- or no, I'm sorry -- 11:18,
8 and we are adjourned.

9 (Whereupon, at 11:18 a.m., the meeting was
10 adjourned.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

C E R T I F I C A T E

MEETING OF: TSAHC Board

LOCATION: Austin, Texas

DATE: August 22, 2023

I do hereby certify that the foregoing pages, numbers 1 through 36, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Elizabeth Stoddard before the Texas State Affordable Housing Corporation.

DATE: August 29, 2023

/s/ Anna Marie Reyes
(Transcriber)

On the Record Reporting
7703 N. Lamar Blvd., #515
Austin, Texas 78752