

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Tuesday,  
June 20, 2023  
10:30 a.m.

BOARD MEMBERS:

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

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P R O C E E D I N G S

(10:32 a.m.)

1  
2  
3 MR. DIETZ: It is 10:32 a.m., and the Texas  
4 State Affordable Housing Corporation Board meeting for  
5 June is called to order. I'll call roll call first. Bill  
6 Dietz, Chair. I am here.

7 Valerie Cardenas?

8 MS. CARDENAS: Present.

9 MR. DIETZ: Courtney Johnson-Rose?

10 MS. JOHNSON-ROSE: Present.

11 MR. DIETZ: Lemuel Williams?

12 MR. L. WILLIAMS: Present.

13 MR. DIETZ: And Andy Williams is absent. We do  
14 have a quorum. Okay.

15 Before we begin, if we can all stand and join  
16 me in Pledge of Allegiance.

17 (U.S. Pledge of Allegiance was recited.)

18 MR. DIETZ: And to the Texas Flag.

19 (The Texas Pledge was recited.)

20 MR. DIETZ: And is there any public comment?

21 (No response.)

22 MR. DIETZ: Hearing none, what about the  
23 President's report? Mr. Long?

24 MR. LONG: We don't have one. Good morning,  
25 Chairman, Members. Good to have you all here today.

1           Sorry for the room being a little toasty.  
2           We're working on getting our air conditioning in here  
3           fixed. A little cooler than it is outside, though.

4           As always, the monthly reports from financial  
5           and some of the other program area reports are under Tab  
6           Items A through C. If there aren't any questions, I'll  
7           move into some of the program area updates.

8           The Corporation's Loan Committee met on June  
9           13, last Tuesday. We did consider and approve two loans,  
10          both of which will be in front of the Board later on today  
11          under Tab Items 7 and 8. Those two loans are to Agape  
12          Resource and Assistance Center in support of a 38-unit  
13          supportive multifamily rental community in Wylie, Texas.

14          I was not able to attend that meeting. I was  
15          out on vacation. But with Janie, Melinda, and Mr. Andy  
16          Williams attending, we had quorum and were able to move  
17          those items forward to the full Board.

18          Is Taylor in here? Oh, there she is. Well, I  
19          always get to introduce somebody new lately it seems like,  
20          and we have a new intern working with us this summer.

21          Her name is Taylor Sheridan. She's our  
22          Marketing and Communications intern, and she'll be working  
23          with us through the entire summer. She is a graduate  
24          student at UT pursuing a master's degree in Journalism  
25          Research and Theory. So, welcome, Taylor Sheridan.

1 (Simultaneous discussion.)

2 MR. LONG: We actually added one. We had a  
3 contract employee that we had hired a while back, and her  
4 name's Barbara. We invited Barbara to join our team  
5 permanently.

6 And so, Barbara is here -- was here earlier  
7 this morning. I saw her. But I think you've probably  
8 already seen her or met her before.

9 But anyway, we've added Barbara to the team  
10 completely, and we look forward to having her being a  
11 major part of what we do around here in the single-family  
12 program area.

13 So, Joniel, did I miss anything on that?

14 MS. LEVECQUE: No, sir. You got it.

15 MR. LONG: Okay. All right. Under the program  
16 updates, single-family programs -- we continue to see  
17 quite a bit of activity. I know the market hasn't been  
18 very viable with interest rates still being high.

19 As you've read in the paper, watched any news  
20 reports, we continue to have a shortage of affordable  
21 housing across the state and across the country. But we  
22 continue to have a lot of interest in the programs. We  
23 have a lot of lenders that continue to join.

24 We had nine new lenders that were approved to  
25 participate in our program since the last time we met, and

1 we continue to offer both our overcoming down payment  
2 hurdle classes, as well as continue to offer online  
3 training to realtors and lenders that want to use our  
4 programs.

5 So, very thankful for the team on that for  
6 making sure that we have lenders and realtors and the  
7 marketing side of all that. They do a really good job.

8 Under the marketing side, we launched a podcast  
9 segment in late May with Michael Wilt interviewing Joy  
10 Horak-Brown -- she's the Executive Director of New Hope  
11 Housing -- on the benefits of supportive housing. Ms.  
12 Brown has been a partner with us over the years.

13 She's been a funder. She's been someone that  
14 you have approved funding for over the years for the  
15 Foundations fund. We're very pleased to have her give us  
16 her time. She actually drove up from Houston to meet with  
17 us, and Michael did the interview.

18 So, if you have a chance, she's really, really  
19 got some great stuff going on in Houston, and she's very  
20 engaged and has been doing it a long time. So, if you  
21 want to see what she's doing, feel free to watch the  
22 podcast on that.

23 June is National Homeownership Month, and the  
24 marketing and homeownership teams launched a campaign to  
25 increase awareness of our programs. We did so by

1 releasing those in Spanish -- something that we hadn't  
2 done a great deal of, putting things in Spanish. But we  
3 translated our videos and our flyers into Spanish.

4 We released a podcast segment featuring Delia  
5 Davila, who works here with us. She's our manager in  
6 single-family. We interviewed her and one of our  
7 Spanish-speaking lenders, and are hosting a training on  
8 June 21, tomorrow, for lenders, realtors, and housing  
9 counselors on how to better serve Spanish-speaking  
10 homebuyers.

11 So, again, in recognition of June being  
12 National Homeownership Month, we want to make sure we put  
13 an emphasis on reaching out to a population that's  
14 Spanish-speaking.

15 We had our top lenders participate with us in  
16 homebuyer fairs hosted by Affordable Homes of South Texas,  
17 NeighborWorks Laredo, Avenue CDC, and the City of  
18 Arlington.

19 So, Valerie, I don't know if you were able to  
20 attend any of the -- were you there?

21 MS. CARDENAS: Yeah.

22 MR. LONG: Okay. Good.

23 MS. CARDENAS: I saw the team.

24 MR. LONG: Thank you for doing that. We also  
25 conducted a key ceremony in Laredo on June 9 to welcome an



1 Affordable Communities of Texas homeowner to their new  
2 home. The homebuyer was a teacher in the public school  
3 systems in Laredo. So, we're very excited to move one of  
4 our homes for the ACT program and getting that homeowner  
5 there.

6 Under our fundraising and our permanent  
7 supportive housing symposium that we're working on, we're  
8 narrowing down the date and location of the permanent  
9 supportive housing symposium that will be held later this  
10 fall. We're finalizing the event space contract now, and  
11 are planning to send save the date by the end of the  
12 month. And we'll make sure that the Board Members are  
13 notified of that.

14 Obviously, you're more than welcome to provide  
15 any input on that. But we'd love to have you at least  
16 know that we're putting that on. And again, this is going  
17 to replace us doing our institute that we've normally  
18 done. We're just going to, kind of, do a conference  
19 instead.

20 We also have been fundraising for that  
21 symposium. We've received sponsorships from Texas Capital  
22 Bank, HousingWorks so far. And we have additional  
23 commitments from J.P. Morgan Chase, Dominion, and Texas  
24 Homeless Network. So, we're very thankful for the  
25 sponsorships and financial support of those institutions

1 helping us move forward.

2 We also received a \$30,000 grant from Wells  
3 Fargo in support of our Affordable Housing Partnership,  
4 AHP, Program. The award will support the deferred  
5 forgivable loan to Cady Lofts, which is the 100-unit  
6 permanent supportive housing development in central Texas  
7 that the Board had the opportunity to review and approve  
8 in the past.

9 Under the Foundations fund -- this is the grant  
10 funding that the Board supports and provides input on.  
11 This year, the Corporation received 67 applications, about  
12 20 percent more than we received last year. So, again, we  
13 see strong demand for the grant funds that we offer.  
14 We're currently reviewing those applications and will  
15 present our award recommendations to the Board next month.

16 Housing Connection Corporation schedule -- our  
17 2023 Housing Connection trainings for housing counselors  
18 and for the housing developers. The trainings will take  
19 place again at our offices here, in this room in the last  
20 week of September, where we'll be offering a three-day  
21 course on credit counseling, followed by two one-day  
22 courses on real estate financing. And all of the courses  
23 will be taught by -- and we use their curriculum -- which  
24 is NeighborWorks America.

25 Under development finance, along with a new

1 homeowner and the Texas Community Bank, we celebrated the  
2 sale of one of our properties in Laredo. I think I  
3 mentioned that a minute ago. And that was really nice to  
4 have had that done.

5 Also, under the Texas Housing Impact Fund, we  
6 received an additional \$1.025 million in affordable  
7 housing partnership loans. The HP loan support supports  
8 the creation of units that are targeted to households that  
9 qualify for Medicare, Medicaid long-term services and  
10 supports, and are limited to households earning 30 percent  
11 or less of area median family income.

12 The new funding expands the program's reach to  
13 Bexar County, Harris County, in addition to the Dallas and  
14 Travis Counties, which we already have as eligible under  
15 our program. So, additional funding came in kind of  
16 surprisingly, but we're very happy to take an additional  
17 \$1 million and use that for that program support.

18 The next scheduled meeting is July -- it's  
19 tentatively scheduled for July 18. I will suggest to you  
20 that we probably need to amend the date on that due to  
21 scheduling conflicts internally here with staff. I  
22 apologize for that being something we didn't have on the  
23 calendar when we first sent out the schedule.

24 But if you don't mind, Mr. Chairman and  
25 Members, what I'd like to do is work internally and come

1 up with maybe some alternative dates that work. And then  
2 Rebecca can send out kind of a survey to see which dates  
3 work for the Board Members, if that's okay with you all.  
4 And hopefully, we can have quorum.

5 We will need a meeting in July. But we do want  
6 to make sure that we have all the staff available to  
7 present and be available for questions and answers from  
8 the Board when we have a meeting. So, if I might be able  
9 to offer that up, we'll keep you informed on the July  
10 meeting date.

11 With that, Mr. Chairman, I'll conclude my  
12 remarks unless there's any questions.

13 MR. DIETZ: Any questions or comments for Mr.  
14 Long?

15 (No response.)

16 MR. DIETZ: All right. Then we'll move into  
17 our action items for the open meeting.

18 The first is the presentation, discussion, and  
19 possible approval of the minutes of the Board meeting that  
20 was held on May 16. Any corrections or comments or  
21 questions about the minutes?

22 (No response.)

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

24 MR. L. WILLIAMS: Chair, this is Lemuel  
25 Williams. I make a motion to approve the May agenda

1 [sic].

2 MR. DIETZ: All right. Is there a second?

3 MS. JOHNSON-ROSE: I'll second. Courtney Rose.

4 MR. DIETZ: Okay. Is there any public comment?

5 (No response.)

6 MR. DIETZ: Okay. It's been moved and seconded  
7 that we approve the minutes as presented from the Board  
8 meeting held on May 16, 2023.

9 All in favor, please say aye.

10 (Chorus of ayes.)

11 MR. DIETZ: Any opposed?

12 (No response.)

13 MR. DIETZ: Okay. The minutes are approved.

14 Tab Item 2 is the presentation, discussion, and  
15 possible approval of a resolution regarding the submission  
16 of one or more applications for allocation of private  
17 activity bonds to the Texas Bond Review Board for  
18 qualified and mortgage revenue bonds -- our 2023 annual  
19 allocation.

20 MS. LEVECQUE: Good morning, Mr. Chairman and  
21 Members of the Board. I'm Joniel LeVecque. I am the  
22 Senior Director of Single-Family Programs.

23 And as always, thank you for having me here to  
24 present to you today. I actually was very hopeful that I  
25 would be able to beat Dave Danenfelzer in agenda items

1 this month.

2 (Laughter.)

3 MS. LEVECQUE: But I was just informed he has  
4 twice as many as I do, as usual.

5 So, I do have three agenda items today, and I  
6 will be going over them individually. But they are all  
7 related. So, I'm going to try to leave them, in between,  
8 available for questions so that we can kind of understand  
9 how they all relate to each other.

10 So, under Tab Item 2, we are asking the Board  
11 to approve a resolution authorizing the Corporation to  
12 submit one or more applications for our 2023 annual  
13 allocation in the amount of \$116,214,444.

14 Each year, a portion of the State's private  
15 activity bond volume cap is available exclusively for  
16 reservation by issuers of qualified mortgage revenue  
17 bonds. And 10 percent of that amount is dedicated  
18 exclusively for reservation by TSAHC until August 6 of  
19 that year.

20 This resolution authorizes the Corporation to  
21 file with the Texas Bond Review Board a notice of intent  
22 to issue bonds and a state bond application in connection  
23 with qualified mortgage revenue bonds. It also authorizes  
24 the Corporation to execute any certificates and documents  
25 relating to converting all or a portion of the annual

1 allocation to mortgage credit certificates and to take any  
2 other actions necessary to implement a mortgage credit  
3 certificate program, including, but not limited to,  
4 publication of any required notices.

5 Please let me know if you have any questions.  
6 And I ask your approval of this resolution.

7 MR. DIETZ: Any questions or comments?

8 (No response.)

9 MR. DIETZ: Or is there a motion?

10 MS. JOHNSON-ROSE: Motion to approve.

11 MR. L. WILLIAMS: Chair, this is Lemuel. I  
12 second that.

13 MR. DIETZ: Okay. It's been moved and seconded  
14 that we approve the resolution regarding the submission of  
15 one or more applications for allocation for private  
16 activity bonds to the Texas Bond Review Board for  
17 qualified mortgage revenue bonds for our 2023 annual  
18 allocation.

19 Is there any public comment?

20 (No response.)

21 MR. DIETZ: I hear none. All in favor, please  
22 say aye.

23 (Chorus of ayes.)

24 MR. DIETZ: Any opposed?

25 (No response.)

1 MR. DIETZ: Okay. Tab Item 2 is approved as  
2 presented.

3 Tab Item 3, the presentation, discussion, and  
4 possible approval of a resolution regarding the submission  
5 of one or more applications for allocation of private  
6 activity bonds to the Texas Bond Review Board for  
7 qualified mortgage revenue bonds post-August 6, 2023,  
8 which you just explained that date previously.

9 MS. LEVECQUE: Yes. So, to give a little bit  
10 more background, you know, as I mentioned on the first tab  
11 item -- or Tab Item 2, that is available based on what we  
12 are allocated each year.

13 And for whatever a single-family issuer does  
14 not apply for before August 6, then it collapses into one  
15 general pot available for any single-family issuers to  
16 apply for. And being that we don't know how much will be  
17 available at that time, this resolution says something to  
18 the effect of an amount up to \$333 million, so that we're  
19 prepared to apply for whatever it is available. So, this  
20 resolution does also authorize the Corporation to issue  
21 qualified mortgage revenue bonds and/or convert it to  
22 mortgage credit certificates.

23 Please feel free to ask me any questions that  
24 you might have at this time.

25 MR. L. WILLIAMS: Chair, I have a --



1 MR. DIETZ: Go ahead.

2 MR. L. WILLIAMS: I'm sorry.

3 MR. DIETZ: No, go ahead. You first.

4 MR. L. WILLIAMS: I guess just a quick  
5 question. When you mentioned you're not sure how much  
6 money you can qualify for, but you're asking for the max?

7 MS. LEVECQUE: Right.

8 MR. L. WILLIAMS: Help me understand that.

9 MS. LEVECQUE: So, each year by August 7, the  
10 single-family issuers can apply, and we don't know which  
11 ones will be applying between now and August 6.

12 MR. L. WILLIAMS: Okay.

13 MS. LEVECQUE: So, based on that, we don't know  
14 how much will be available for that collapse.

15 MR. L. WILLIAMS: Okay. But you do know how  
16 much is in the current pool?

17 MS. LEVECQUE: Correct.

18 MR. L. WILLIAMS: Okay.

19 MS. LEVECQUE: Correct.

20 MR. L. WILLIAMS: Okay. That's where I was  
21 lost because I --

22 MS. LEVECQUE: Yes. We know how much is  
23 currently available.

24 MR. L. WILLIAMS: Gotcha.

25 MS. LEVECQUE: And so, we are basing the up to

1 \$333 million --

2 MR. L. WILLIAMS: Okay.

3 MS. LEVECQUE: -- based on what is currently  
4 available. But between now and August 6 --

5 MR. L. WILLIAMS: Gotcha.

6 MS. LEVECQUE: -- there may be more  
7 applications that are submitted to the Texas Bond Review  
8 Board, which would further reduce the amount of the pool.

9 MR. L. WILLIAMS: Gotcha. Okay.

10 MS. LEVECQUE: So, by leaving the language to  
11 say "up to \$333 million," we're leaving ourselves open to  
12 apply for as much as possible.

13 MR. L. WILLIAMS: Okay. Perfect. Okay.

14 MS. CARDENAS: Now, is this the one -- I feel  
15 like we just discussed this last year. That's how quickly  
16 time flies --

17 MS. LEVECQUE: Yeah, exactly. It goes quickly.

18 MS. CARDENAS: Is this where there was another  
19 applicant where we have -- do you want to call it a  
20 gentleman's agreement -- that they will at least allow so  
21 much for us and not go after all of it?

22 MS. LEVECQUE: Yes.

23 MS. CARDENAS: Is this same one?

24 MS. LEVECQUE: So, there's two collapses each  
25 year. There's the single-family collapse, which is the

1 one between August 6 and 14, which is available for only  
2 issuers of single-family mortgage revenue bonds to apply  
3 for. And any issuers can apply for it during that time.  
4 So, yes, that is the one that you remembered correctly.

5 MR. LONG: That's this one.

6 MS. CARDENAS: Okay.

7 MS. LEVECQUE: Yeah.

8 MR. DIETZ: So, this is an action that you  
9 wouldn't take until August 6? Or --

10 MS. LEVECQUE: Correct. Correct.

11 MR. DIETZ: Okay.

12 MS. LEVECQUE: And I remember, also, last year  
13 during the Board meeting, you said this was all very, very  
14 confusing and to provide more color. So, I thought --

15 MS. CARDENAS: Yes.

16 MS. LEVECQUE: -- about breaking them up a  
17 little bit more this time --

18 MS. CARDENAS: Yes.

19 MS. LEVECQUE: -- to give you guys an  
20 opportunity to ask questions about each one.

21 MR. LONG: To answer your question, Mr. Dietz,  
22 the Bond Review Board requires certain authorizations from  
23 the Board for us to move forward and submit an  
24 application. And one of them is a resolution by the Board  
25 authorizing us an amount up to or an exact amount, or

1 something open-ended. And we, working with counsel, put  
2 in specific amounts.

3 On Tab Item 2, it was the exact amount we have  
4 available to us. This one is an amount up to.

5 MR. DIETZ: Yeah.

6 MS. LEVECQUE: But by the time we do apply, we  
7 have to apply for the exact amount.

8 MR. LONG: The exact amount.

9 MR. L. WILLIAMS: The exact amount.

10 MR. LONG: There'll be an amount that we put in  
11 the application, but this authorizes up to that amount.

12 MR. DIETZ: Gotcha. Gotcha. And we won't know  
13 anything more by the July meeting, so you're just kind of  
14 getting it done in advance --

15 MS. LEVECQUE: Yep.

16 MR. DIETZ: -- so that you're able to move  
17 forward.

18 MR. LONG: Yeah, we could've done this in July  
19 just as easily and it wouldn't have been a problem. But  
20 why not do it now when we know what's going on?

21 MR. DIETZ: Okay.

22 MS. LEVECQUE: Yeah, I mean, in the past -- I  
23 think last year, we did it in July.

24 MR. DIETZ: Yeah.

25 MS. LEVECQUE: But it really doesn't make a

1 difference since we don't know the amounts until August 6.

2 MR. DIETZ: Okay.

3 MS. LEVECQUE: Either way. But we have to be  
4 prepared for applying prior to that date.

5 MR. DIETZ: Yeah. Great. Thanks.

6 Any other questions or comments?

7 (No response.)

8 MR. DIETZ: Okay. Is there a motion?

9 MR. L. WILLIAMS: Chair, this is Lemuel. I'd  
10 like to make a motion on Tab Item 3 to approve private  
11 activity bonds to the Texas Bond Review Board for  
12 qualified mortgage review bonds.

13 MS. JOHNSON-ROSE: Second.

14 MR. DIETZ: All right. It's been moved and  
15 seconded. Is there any public comment?

16 (No response.)

17 MR. DIETZ: Hearing none, all in favor, please  
18 say aye.

19 (Chorus of ayes.)

20 MR. DIETZ: Any opposed?

21 (No response.)

22 MR. DIETZ: Okay. Tab Item 3 is approved as  
23 presented.

24 Tab Item 4 is the presentation, discussion, and  
25 possible approval of a resolution regarding the submission

1 of one or more applications for allocation of private  
2 activity bonds to the Texas Bond Review Board for  
3 qualified mortgage revenue bonds post-August 14, 2023.

4 MS. LEVECQUE: Sorry.

5 MS. CARDENAS: Is there a quiz after this?

6 MR. DIETZ: I don't know if I really like that  
7 you broke these up into three different things, because I  
8 have to read it --

9 MS. LEVECQUE: I should've just cut it --

10 MR. DIETZ: -- three different times. But  
11 okay. I get the --

12 MR. LONG: It's the same thing, just different  
13 dates.

14 MS. LEVECQUE: Thank you for your patience.

15 So, under Tab Item 4, any volume cap that has  
16 not been applied for by all sub-ceilings. So, in addition  
17 to single-family revenue bonds, all sub-ceilings have an  
18 opportunity to apply up until August 14. And after August  
19 14, then whatever is left and has not been applied for  
20 falls into another collapse.

21 So, the first one we called the single-family  
22 collapse. And this one I call the big collapse. It's  
23 where all private activity bonds collapse into a pot and  
24 is available to all issuers.

25 So, again, we won't know how much is available

1 in that pot until August 14. So, with this, we are asking  
2 to apply for up to \$300 million.

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

5 (No response.)

6 MR. DIETZ: Or is there a motion?

7 MS. CARDENAS: Motion to approve as presented.

8

9 MS. JOHNSON-ROSE: Second.

10 MR. DIETZ: Okay. It's been moved and seconded  
11 to approve as presented.

12 Is there any public comment?

13 (No response.)

14 MR. DIETZ: And hearing none, all in favor,  
15 please say aye.

16 (Chorus of ayes.)

17 MR. DIETZ: Any opposed?

18 (No response.)

19 MR. DIETZ: All right. Tab Item 4 is approved  
20 as presented. Thank you.

21 So, Tab Item 5 is the presentation, discussion,  
22 and possible approval of a resolution authorizing the  
23 Texas State Affordable Housing Corporation to take  
24 preliminary action to carry out the financing of Juniper  
25 Creek, located in Austin, Texas, including creating

1 entities, negotiating finance documents, and obtaining  
2 debt and grant financing and equity investment in the  
3 project.

4 MR. DANENFELZER: Good morning. David  
5 Danenfelzer, the Senior Director of Development Finance.

6 You all have looked at this project a couple of  
7 times. We've approved the bonds on it and we are actually  
8 nearing the closing of the bond project here next month in  
9 mid-July.

10 This approval, though, is a little bit  
11 different from our traditional because, as you recall,  
12 TSAHC is going to be a member of the ownership entity.  
13 We've already formed a subsidiary entity, which will be  
14 the general partner in the transaction. And this approval  
15 is on behalf of that general partner entity and approval  
16 of all the financing documents, including the limited  
17 partnership agreement and other associated documents.

18 So, this is the first time we've done this.  
19 But essentially, it does just give us approval then to go  
20 towards closing on behalf of that ownership entity, not on  
21 behalf of just the bond transaction, which you've already  
22 approved.

23 I'm happy to provide any other additional  
24 information. But I know you guys have looked at this  
25 project a couple times, so I think you're all familiar



1 with it.

2 MR. DIETZ: Any questions or comments? And I  
3 remember the name Juniper Creek, but where is it again?

4 MR. DANENFELZER: It's located here in Austin  
5 just off -- on Lamar Boulevard just north of Braker Lane,  
6 if you're familiar with that. So, it's in what's  
7 considered Walnut Creek neighborhood, or the Gracy Farms  
8 area is another name for one of the neighborhoods that it  
9 backs up to.

10 MR. L. WILLIAMS: It's a great location. It's  
11 a prime spot.

12 MR. DANENFELZER: Yeah.

13 MS. JOHNSON-ROSE: I mean, and then there's 35.

14 MR. DIETZ: And everything's working as  
15 expected?

16 MR. DANENFELZER: Everything's been moving  
17 along as well as any bond deal can. There's always a lot  
18 of documents. I know this morning we were tracking some  
19 of the final title documents that are coming in. And then  
20 just those -- buttoning down some of the last  
21 subordination agreements.

22 This project does include a number of different  
23 funding sources from Travis County, as well as City of  
24 Austin. So, I also know that the team is asking for  
25 opinions from lawyers right now, and those are always one

1 of the last things that come in because no one wants to  
2 release their opinions until everyone releases their  
3 opinion. So --

4 MR. DIETZ: It's an equity investment in the  
5 project. Could that -- is that a potential --

6 MR. DANENFELZER: Well, TSAHC is not providing  
7 equity, but our special limited partner, which is  
8 Foundation Communities -- and they're development partner  
9 as well as ownership partner. They will be providing  
10 some equity to the project as sort of a -- I don't want to  
11 use the wrong term, but I believe it's what we consider a  
12 sponsor loan as a sponsor project and developer.

13 So, they'll have an ownership interest, as well  
14 as a lien against the property. And that's sort of  
15 their -- in exchange, instead of just a pure equity like  
16 you can normally see in a commercial transaction, it's  
17 actually in the form of a loan. So --

18 MR. LONG: For the record, counsel with Coats  
19 Rose is also here. I know you guys know Routt, but  
20 Sarah's here as well. She represents us in this property.

21 MS. SCOTT: I was just going to add something  
22 on that --

23 MR. LONG: Sarah, can you come up? You have to  
24 introduce yourself.

25 MS. SCOTT: Oh, hi. I'm Sarah Scott.

1 MR. DIETZ: For the record.

2 MS. SCOTT: Sure. Since this is a new kind of  
3 transaction, I just wanted to explain something along the  
4 lines of your question about equity. Since the equity --  
5 the main source of equity is going to come from Wells  
6 Fargo.

7 They're basically purchasing the tax credits  
8 that have been allocated. So, it's about somewhere  
9 between \$10 to \$14 million in equity.

10 MR. DANENFELZER: Yeah, I think the total was  
11 14.

12 MS. SCOTT: So that's going to be a major  
13 source for the project. And in exchange, they own like 99  
14 percent of the limited partnership. So that's a big  
15 piece. And I know it's new for TSAHC.

16 So, later this week or early next week, we're  
17 going to get on the phone and walk through the equity  
18 documents since TSAHC hasn't been in the role of the  
19 general partner before. And they make it about 200 pages  
20 long, so we've been trying to break it down as much as  
21 possible.

22 MR. DIETZ: Okay. Thank you. Thanks for that  
23 information.

24 MS. SCOTT: Yeah.

25 MR. L. WILLIAMS: A quick question.

1 MR. DIETZ: Yes?

2 MR. L. WILLIAMS: David, you mentioned that, I  
3 guess, people within a project are looking for or seeking  
4 opinions of the attorney. I guess, what do you mean by  
5 that?

6 MR. DANENFELZER: Yeah, each of these  
7 transactions have a lot of opinions from different  
8 attorneys. For example, our bond attorney, actually, will  
9 release an opinion on behalf of the bond attorney saying  
10 that the bonds were issued in accordance with all state  
11 and federal regulations.

12 MR. L. WILLIAMS: Okay.

13 MR. DANENFELZER: There's a tax attorney who  
14 will also release that they meet all of IRS tax  
15 requirements for this. It always tends to be that last  
16 document that the attorneys are drafting all the other  
17 documents -- but their opinion, they tend to hold off  
18 giving until the very last second.

19 So, usually, the day of closing, there's lots  
20 of e-mails asking like, Joe, where's your opinion? Oh,  
21 yeah. That's right. I need to send that in.

22 MR. L. WILLIAMS: Okay.

23 MR. DIETZ: Any other questions or comments?

24 MR. L. WILLIAMS: It's a good project --

25 MS. JOHNSON-ROSE: Mr. Chairman, motion to

1 approve.

2 MR. DIETZ: It's been moved that we approve.

3 Is there a second?

4 MR. L. WILLIAMS: Chair, this is Lemuel. I'll  
5 second that.

6 MR. DIETZ: It has been moved and seconded that  
7 we approve Tab Item 5 as presented related to the Juniper  
8 Creek Project.

9 Is there any public comment?

10 (No response.)

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

13 (Chorus of ayes.)

14 MR. DIETZ: Any opposed?

15 (No response.)

16 MR. DIETZ: Okay. It is approved as presented.

17 Tab Item 6, the presentation, discussion, and  
18 possible approval of a resolution authorizing the Texas  
19 State Affordable Housing Corporation to take action to  
20 carry out the financing of the Park on 14th, located in  
21 Plano, Texas, including approval of a loan equal to the  
22 leasehold value of the land to the owner of the project.

23 Mr. Danenfelzer again.

24 MR. DANENFELZER: David Danenfelzer, Senior  
25 Director of Development Finance.

1           This is another project you all have seen a few  
2 times. Again, new to us a little bit in the fact that we  
3 are going to be the owner and developer of this project.  
4 One thing that you've already looked at and approved is  
5 our equity contribution on behalf of the Corporation.

6           In this case, the Corporation is putting its  
7 own cash into the transaction, and we've approved some of  
8 the financing pieces. This last little piece that we came  
9 across, though, was that TSAHC does own the land and will  
10 continue to own the land itself.

11           But in order to secure sort of our financial  
12 interest in that land, and also pass along the benefit to  
13 the partnership, is to structure what's called a leasehold  
14 or a ground lease arrangement and to provide a loan on  
15 that. So, that in exchange for that leasehold and  
16 everything, the value still remains on TSAHC's books in  
17 the event in the future, when we plan -- hopefully, a  
18 long, long time from now -- we sell the property or it  
19 gets refinanced, that value will come back to TSAHC  
20 directly, not to the partnership or ownership entity.

21           So, it's just a better and more secure way of  
22 securing that investment interest of our land in the  
23 property.

24           MR. DIETZ: So, I'm familiar with a ground  
25 lease. So, this is kind of like a ground lease, but

1 instead of the entity paying rent, it's in the form of a  
2 loan --

3 MR. DANENFELZER: Right. And then often  
4 cases -- in a traditional case, there might actually be a  
5 cash payment at closing.

6 MR. DIETZ: Right.

7 MR. DANENFELZER: But because we're also  
8 providing equity, we'd be paying ourselves that we'd have  
9 to give back. It's better to simply just create this loan  
10 of a leasehold value rather than having to get money, and  
11 then go right back out with that money again.

12 It will help with our cash side of the  
13 transaction for TSAHC. We won't have to go out with as  
14 much cash at closing.

15 MR. DIETZ: Any other questions or comments?

16 (No response.)

17 MR. DIETZ: Is there a motion?

18 MS. CARDENAS: Motion to approve as presented.

19 MS. JOHNSON-ROSE: I'll second.

20 MR. DIETZ: Okay. It's been moved and seconded  
21 that we approve the project at the Park on 14th as  
22 presented.

23 Is there any public comment?

24 (No response.)

25 MR. DIETZ: Hearing none, all in favor, please

1 say aye.

2 (Chorus of ayes.)

3 MR. DIETZ: Any opposed?

4 (No response.)

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

6

7 On to Tab Item 7, the presentation, discussion,  
8 and possible approval of a \$2 million loan to Agape  
9 Resource and Assistance Center, Incorporated, for the  
10 construction of Jericho Village, a 38-unit supportive  
11 multifamily rental community in Wylie, Texas.

12 MR. DANENFELZER: Good morning. Dave  
13 Danenfelzer, Senior Director of Development Finance.

14 The summary this morning -- this is a 38-unit  
15 apartment complex that's to be built in Wylie, Texas, as  
16 noted there, with Agape Resource Assistance Center. Agape  
17 is an organization which assists primarily single mothers  
18 who have faced domestic violence in their pasts and are  
19 struggling both economically and otherwise to find housing  
20 resources.

21 They provide a number of housing resources now,  
22 usually through lease assistance and through some minor  
23 rental properties that they own -- a few units here and  
24 there. But this will be their first sort of ground-up  
25 construction project that they are tackling.



1           And they are tackling with a great group.  
2 Saigebrook Development is a group we've worked with  
3 recently, if you recall the June West or Saison North  
4 projects that we've financed. June West is actually not  
5 that far from here -- about a mile away. That is under  
6 construction now.

7           And so, that is their development partner that  
8 will be seeing them through, from land acquisition all the  
9 way to operations. But ultimately, Agape will be the  
10 owner/operator long-term for this project, and we have a  
11 lot of high hopes for it because of its targeted need and  
12 the location.

13           The project will have a pretty good mix of  
14 affordability as well, including some housing -- four  
15 units for extremely low-income households at 30 percent of  
16 area median income. And then quite a few steps here with  
17 19 at 50 percent area median income, six for 60 percent  
18 area median income, and the remaining seven units at 80  
19 percent.

20           I should note there actually will be two  
21 additional units that will be market rate without any  
22 income restriction. And that can be very helpful,  
23 particularly for folks who either have incomes that  
24 increase while they're there, or may be going through  
25 other issues dividing up financial resources from previous

1 marriages or anything that they can't qualify as low  
2 income at this time, but need the housing.

3 I don't know if there's too many other details,  
4 but I will note that the recommendations that are in the  
5 Board packet were approved by Loan Committee last week.  
6 And this item does tie into the next Agenda item. I won't  
7 have to do the overview of the project itself, but there  
8 is a second permanent loan that you'll be discussing next.

9 So, if there are any questions?

10 MR. DIETZ: Questions or comments?

11 MS. CARDENAS: So, the contract -- oh, go  
12 ahead.

13 MS. JOHNSON-ROSE: So, the next is the  
14 \$750,000. That's the same project?

15 MR. DANENFELZER: It's the same project, but it  
16 would be a permanent financing. So, what we're dealing  
17 with on this agenda is construction financing. They have  
18 a number of resources that are grant-related from  
19 different foundations that won't be able to close until  
20 October-November time frame or that want to come in as  
21 permanent sources rather than construction.

22 They do have other financing lined up for the  
23 construction. But we're proposing sort of a larger piece  
24 for construction, and then a smaller permanent, which they  
25 will have a larger permanent financing source coming in.

1           They're talking with two different banking  
2 institutions right now, so they haven't secured it quite  
3 yet. But they have a good offer on the table from one of  
4 them, and they're waiting to see if the other one will be  
5 better.

6           MS. CARDENAS: So, the construction is --  
7 they're seeking \$2 million, and I guess they're getting  
8 the gap financing for the \$7.2 million?

9           MR. DANENFELZER: Yeah. Well, the total  
10 construction cost --

11           MS. CARDENAS: I'm sorry. The 5.36.

12           MR. DANENFELZER: Yeah. And if you go to the  
13 underwriting tab, you'll see there is a long list of  
14 contributions, including donor contributions. They  
15 themselves are putting in a contribution. They have  
16 grants totaling \$1.2 million.

17           Federal Home Loan Bank is providing an award.  
18 The MAMIE Foundation is one that is not secured, as well  
19 as the Federal Home Loan Bank. But they anticipate those  
20 will be coming in October.

21           And then, they've also gotten a really large  
22 amount of in-kind contributions from the development  
23 partner, Saigebrook, as well as the contractor himself has  
24 provided several hundred thousand dollars' worth of  
25 discounts on their normal fees for this size project. So,

1 there's a lot of community interest and buy-in to this  
2 project.

3 So, we fully expect it to close in October-  
4 November time frame. It's the other permanent  
5 to-be-announced source for \$2 million that they're not  
6 quite sure about yet. As I said, there's a bank that  
7 they've been talking with that gave them a pretty good  
8 deal, but they're hoping to get a little bit better.

9 MS. CARDENAS: And although they haven't  
10 finalized the cost with the contractor, I mean, they're  
11 pretty much --

12 MR. DANENFELZER: This is a pretty  
13 conservative --

14 MS. CARDENAS: Okay.

15 MR. DANENFELZER: -- number, the way we've  
16 looked at it. We actually think they could probably be a  
17 little under.

18 But it's so hard to tell with construction  
19 costs these days. We see spikes and withdrawals on cost  
20 of things on almost a weekly basis, it seems now in the  
21 construction industry.

22 So, you know, I know several people last week  
23 last were talking about all the smoke in New York from  
24 Canadian wildfires. Well, contractors were thinking how  
25 much is Canadian lumber going to go up in cost. And

1 that's one of those things that we don't know yet. But it  
2 could hit us in the next month or two once we know the  
3 real impact of those fires.

4 MR. DIETZ: Any other questions or comments?

5 MS. JOHNSON-ROSE: No, Mr. Chairman. Motion to  
6 approve Tab 7.

7 MR. DIETZ: Is there a second?

8 MS. CARDENAS: Second.

9 MR. DIETZ: It's been moved and seconded that  
10 we approve the \$2 million loan to Agape Resource and  
11 Assistance Center for the construction of Jericho Village  
12 as presented.

13 Is there any public comment?

14 (No response.)

15 MR. DIETZ: Hearing none, all in favor, please  
16 say aye.

17 (Chorus of ayes.)

18 MR. DIETZ: Any opposed?

19 (No response.)

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

21

22 Which leads us to related Tab Item 8, the  
23 presentation, discussion, and possible approval of a  
24 \$750,000 permanent loan to Agape Resource and Assistance  
25 Center, Incorporated, for Jericho Village in Wylie, Texas.

1 MR. DANENFELZER: David Danenfelzer, Senior  
2 Director of Development Finance. This is exactly the same  
3 project.

4 If there are any additional questions, I'm here  
5 to answer them.

6 MR. DIETZ: Questions? Comments?

7 (No response.)

8 MR. DIETZ: Or a motion?

9 MS. CARDENAS: Motion to approve as presented.

10 MR. L. WILLIAMS: Chairman, this is Lemuel.

11 I'll go ahead and second that.

12 MR. DIETZ: It's moved and seconded that we  
13 approve the \$750,000 permanent loan as presented.

14 Is there any public comment?

15 (No response.)

16 MR. DIETZ: Hearing none, all in favor, please  
17 say aye.

18 (Chorus of ayes.)

19 MR. DIETZ: Any opposed?

20 (No response.)

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

22

23 Tab Item 9, the presentation, discussion, and  
24 possible adoption of amendments to the Texas Housing  
25 Impact Fund policies.

1           MR. DANENFELZER: David Danenfelzer, Senior  
2 Director of Development Finance.

3           Two months ago, we put these out for public  
4 comment. We did get a little bit of feedback, and in  
5 particular, one of our staff -- our manager of the  
6 Development Finance Program, Cassandra Ramirez -- was  
7 putting together some documents for another transaction  
8 and realized that we were kind of missing some information  
9 in our policies. And it's really related to some language  
10 that we added regarding the charging of fees for our asset  
11 oversight and compliance. We just wanted to solidify  
12 that, and that is included in there.

13           But for the most part, the changes are pretty  
14 consistent. We have updated and clarified our commitment  
15 of funding in accordance with what our Loan Committee had  
16 discussed a few months ago. And in particular, also, how  
17 we structure multifamily permanent and term financing, as  
18 well as clarifying infrastructure and single-family loans.

19           So, the policies are here for adoption, and I'm  
20 here also for questions.

21           MR. DIETZ: Is there anything substantively  
22 changed?

23           MR. DANENFELZER: Not since you've reviewed  
24 this last time. Nothing has substantially changed and --  
25 yeah.

1 MR. DIETZ: So, what is the -- I notice that  
2 there's some red markings, but there's also a green  
3 paragraph. Is that --

4 MR. DANENFELZER: Yeah. It's part of my  
5 technical inabilities with Word.

6 MR. DIETZ: Okay.

7 MR. DANENFELZER: When others make changes,  
8 sometimes it colors it differently.

9 MR. DIETZ: Okay.

10 MR. DANENFELZER: And so, I just was not able  
11 to figure out how to make all of the changes the same  
12 color.

13 MR. DIETZ: Okay, so there's no difference.  
14 Those aren't color-coded for any B

15 MR. DANENFELZER: No, they're not color-coded  
16 for any particular reason.

17 MR. DIETZ: Okay.

18 MR. DANENFELZER: It's just I did actually look  
19 for a couple of YouTube videos on it and could not figure  
20 it out. So --

21 MR. DIETZ: All right.

22 MR. DANENFELZER: Sorry.

23 MR. DIETZ: Any questions or comments?

24 (No response.)

25 MR. DIETZ: Or discussion?



1 MS. JOHNSON-ROSE: Just trying to figure out  
2 the green and the red.

3 MR. L. WILLIAMS: Chair, if I may, I'd like to  
4 make a motion. This is Lemuel. I'd like to make a motion  
5 on Tab Item 9, adoption of the amendments to the Texas  
6 Housing Impact Fund policies.

7 MS. CARDENAS: Second.

8 MR. DIETZ: Okay. It's been moved and seconded  
9 that we adopt the amendments as presented.

10 Is there any public comment?

11 (No response.)

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

14 (Chorus of ayes.)

15 MR. DIETZ: Any opposed?

16 (No response.)

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

18 Thank you.

19 Tab Item 10 is the presentation, discussion,  
20 and possible approval of the publication for public  
21 comment of the guideline scoring criteria and targeted  
22 housing needs for the allocation of qualified residential  
23 rental project tax-exempt bond funds under the  
24 Multi-Family Housing Private Activity Bond Program request  
25 for proposals and the 501(c)(3) bond program policies for

1 calendar year 2024.

2 MR. DANENFELZER: David Danenfelzer, Senior  
3 Director of Development Finance.

4 Every year we actually have to come back and  
5 update our request for proposals, as well as our 501(c)(3)  
6 bond program policies. These are two parts of statute,  
7 and so that is why there's sort of a double name here with  
8 the RFP and the policies for 501(c)(3).

9 But many years ago, we kind of realized that  
10 the programs were essentially the same, the types of  
11 developments we wanted to support were the same. We just  
12 have to kind of -- we blended all of those together into  
13 one document to approve at once so there wasn't sort of  
14 two documents floating out there.

15 We do look at a lot of different things every  
16 year -- a lot of reports from the State of Texas, as well  
17 as from the Texas Real Estate Commission, a real estate  
18 center at Texas A&M, and other changing data that happens  
19 in the marketplace.

20 And so, you'll see that, particularly in our  
21 scoring criteria, there's a few tweaks as far as sort of  
22 average cost of housing has gone up. And so, we've  
23 increased some of the scoring items related to that. But  
24 the primary things that we're changing this year are  
25 listed here in summary, and I'll go through those.

1           One is we've kind of clarified in Section 6A  
2 better to find the period in which affordability  
3 requirements will be in effect. One of the things that  
4 kind of trips us up every once in a while is there's a  
5 federal definition, such as the qualified contract period  
6 or qualified project period.

7           Typically, that's 15 years, and our policies  
8 have always kind of used either that term or 15 years, and  
9 we've tried to make sure we just better define that,  
10 because there are some exceptions to that qualified  
11 project period. Sometimes it can be longer than 15 years,  
12 and we want applicants to understand that it's not  
13 absolute equivalent 15 years in the qualified project  
14 period. So, we better defined that.

15           7D talks about our project-based rental  
16 assistance having -- we've removed sort of the requirement  
17 that extremely low-income units can't receive  
18 project-based rental assistance in order to get credit.

19           What we find is those extremely low-income  
20 units really depend on project-based rental assistance or  
21 some form of rental assistance. And so, we don't want to  
22 exclude those projects that really require it anymore.

23           We've updated our energy efficiency standards  
24 to include some local programs. We'll have to review  
25 these from time to time as they come up. But we do

1 know -- such as the City of Austin and the City of Dallas  
2 have very good, strong regulation and guidelines on what  
3 they want to see for energy efficiency.

4 And we just didn't feel it was necessary to  
5 kind of exclude those local programs that are time-tested  
6 and well proven for literally decades, and exclude them  
7 from inclusion. Because it becomes real difficult when  
8 you try to do City of Dallas, and then the LEED standard,  
9 and then Energy Star standard, when one of those standards  
10 really kind of meets all of the needs of the three.

11 Under Section 12, which is the next area we  
12 made some changes. This is our scoring. Or actually,  
13 Section 12, I'm sorry, is our fees section.

14 One thing that's a bit different is we've  
15 eliminated a portion of our professional services deposit  
16 for a municipal advisor. This was really kind of at --  
17 discussions with them. Their regulatory oversight really  
18 has said they can't collect really any more than what the  
19 actual bond closing requirement is, and they just don't  
20 want there to be big swings in a bond closing. So, their  
21 deposit has been taken out, partly on their request.

22 We did add a new section, which helps clarify  
23 the collection of asset oversight and compliance fees.  
24 Again, our policies had some very standard language -- a  
25 very broad language, and we would always update that and

1 change it, make it very specific to our transactions.

2 But, we found that we were also kind of losing  
3 some of that in that translation. So, we tried to make a  
4 more consistent language with what ends up in our bond  
5 documents every time.

6 Again, I'll just note these are going out for  
7 public comment. A lot of these comments were provided by  
8 our professional service providers like bond counsel,  
9 issuer counsel, and our municipal advisor. I will  
10 continue to seek any input that they have.

11 We hope to bring these back to you in August  
12 for final approval. And then reopen the 2024 application  
13 cycle starting sometime in September or October.

14 MR. DIETZ: Any comments or questions or  
15 discussion?

16 (No response.)

17 MR. DIETZ: Now, 7B, the project-based rental  
18 assistance change -- I guess, was the reason that we had  
19 that in there was -- we're removing that provision. The  
20 reason we had it in there was just because --

21 MR. DANENFELZER: I looked back through my  
22 notes when that first got in there --

23 MR. DIETZ: Yeah.

24 MR. DANENFELZER: I think there had been some  
25 guidance from other programs that had said they weren't

1 going to give credit for those units targeting extremely  
2 low-income unless it was also collecting rent just at that  
3 income level. But in kind of looking at the types of  
4 projects that we've looked at for many years, those rental  
5 assistance contracts are extremely important.

6 And, a lot of projects that may come in without  
7 them up front will try to seek them later because they do  
8 know that if they can only collect \$200 for that unit, but  
9 then get a subsidy that will cover them later to bring  
10 that rent up to five or \$600, that's really critical to  
11 also providing all the supportive services those families  
12 need, whether it's educational or job training or  
13 otherwise.

14 And, we just felt like we were kind of  
15 penalizing those developments in telling them, no, you  
16 have to charge a lot less than you really could just  
17 because of this decision we made seven or eight years ago  
18 and put into a policy that we don't really know it makes  
19 sense today.

20 MR. DIETZ: Any other questions or comments?

21 (No response.)

22 MR. DIETZ: Or is there a motion?

23 MS. CARDENAS: Motion to approve Tab Item 10 as  
24 presented.

25 MS. JOHNSON-ROSE: I'll second.

1 MR. DIETZ: Okay. It's been moved and seconded  
2 that we approve for publication for public comment these  
3 guidelines.

4 Is there any public comment at this time?

5 (No response.)

6 MR. DIETZ: Okay. Hearing none, all in favor,  
7 please say aye.

8 (Chorus of ayes.)

9 MR. DIETZ: Any opposed?

10 (No response.)

11 MR. DIETZ: All right.

12 And when do we expect that will come back to us  
13 again after public comment?

14 MR. DANENFELZER: August, yeah.

15 MR. DIETZ: August? Okay.

16 MR. DANENFELZER: We want to make sure we get  
17 at least 30 days of public comment. Always a little hard  
18 to bring it back the next month --

19 MR. DIETZ: Yeah.

20 MR. DANENFELZER: -- particularly if the Board  
21 meeting's right at 30 days.

22 MR. DIETZ: Yeah.

23 MR. DANENFELZER: We just want to make sure  
24 people have a little more time.

25 MR. DIETZ: All right.

1 MR. DANENFELZER: So, we'll bring it back in  
2 August to ensure we get 30 days' public comment. And  
3 that'll work with the rest of our timeline as well.

4 MR. DIETZ: Great. Great. Thank you.

5 MR. DANENFELZER: Thanks so much. Thank you.

6 MR. DIETZ: All right. And that completes our  
7 action items that require a vote.

8 On to Tab Item 11, which is an update on the  
9 88th Texas Legislative Session.

10 MR. LONG: Mr. Dietz?

11 MR. DIETZ: Yes?

12 MR. LONG: If you don't mind going back on the  
13 last agenda item, I don't think you suggested that it was  
14 approved and gavelled. I know you went through the --

15 MR. DIETZ: No, you're right. I didn't  
16 actually gavel that one. Yeah. So --

17 MR. LONG: Given it's your procedure these  
18 days, we would -- just for the record --

19 MR. DIETZ: Yes, yes. So, for clarification,  
20 Tab Item 10, the presentation, discussion, and possible  
21 approval of the publication for public comment of the  
22 guideline scoring criteria and targeted housing needs for  
23 the allocation of qualified residential rental project  
24 tax-exempt bond funds under the Multi-Family Housing  
25 Private Activity Bond Program request for proposals and



1 the 501(c)(3) and the bond program policies for calendar  
2 year 2024 was approved.

3 MR. LONG: Thank you. I just wanted to hear  
4 you say that one more time.

5 (Laughter.)

6 MR. WILT: Good morning, Chairman Dietz, Board  
7 Members. My name is Michael Wilt, Senior Manager of  
8 External Relations, here to provide the last update on the  
9 legislative session.

10 Broadly speaking, there weren't really that  
11 many bills that impacted us that ultimately passed. There  
12 were a trio of bills, which I'll go through, that will  
13 impact the future of multifamily finance.

14 When it comes to us, there was the Housing  
15 Voucher Bill for Emergency Medical Services Personnel that  
16 would apply to just Travis County, and it would've been a  
17 program that we would administer. That bill never got set  
18 for a hearing.

19 There's a bill that would expand our Homes for  
20 Texas Heroes Program to include social workers. That bill  
21 made it through the House, but didn't get set for a  
22 hearing on the Senate side. I anticipate that that bill  
23 will be filed once more.

24 There really wasn't any reason for it to get  
25 held up in the Senate other than political considerations

1 regarding housing bills, in general. So, it's just one of  
2 those things, like so many other bills, that gets caught  
3 in the crossfire and becomes a casualty of political  
4 considerations.

5 There was the bill to -- the Veterans Land Bank  
6 Program Bill, once again, that would've had us operate a  
7 statewide Veterans' Land Bank Program. This was the third  
8 time that bill's been filed. It's been filed by a  
9 different House member every time.

10 And, that bill did make it out of the House,  
11 which was a pleasant surprise, because it was filed by a  
12 freshman in San Antonio, and she maneuvered that pretty  
13 late in the session to get it out of the House and got it  
14 over to the Senate.

15 And, it didn't get a Senate hearing. And not  
16 because there's anything wrong with the bill. It's just  
17 that the chairman of that Senate committee elected to not  
18 hold a hearing later in session.

19 So, any bills that got sent over to that  
20 committee ultimately didn't get set for a hearing. I  
21 anticipate that bill will be filed again once more.

22 And, then lastly, there was a Sunset bill, and  
23 that's the bill that did ultimately pass that applies to  
24 us. They changed our Sunset review date from 2027 to  
25 2029. So, that's two more years that pushes back our

1 Sunset review and --

2 MS. JOHNSON-ROSE: Michael, excuse me. 2029  
3 to --

4 MR. WILT: It went from 2027 to 2029.

5 MS. JOHNSON-ROSE: Oh, okay. Two more years --

6 MR. WILT: Yeah. They're still trying to play  
7 catch up on some reviews that were pushed back because of  
8 COVID. And so, they have large agency reviews that they  
9 had to push back. And that ended up affecting everything.  
10 And so that continues to impact us.

11 So, speaking to housing bills in general --  
12 there were three very important multifamily finance bills  
13 that ultimately passed. The first one I'll mention,  
14 because it directly impacts us and it was signed Governor  
15 Abbott yesterday, is HB1766. And that is what was called  
16 the Bond Efficiency Bill. And it limits how much of your  
17 project can be financed by bonds to 55 percent.

18 So, it's a lower percentage of your overall  
19 deal that can be financed with bonds, which has its upside  
20 and has its downsides. And Dave can explain it better  
21 than I can. Basically, it will allow for more deals to  
22 get done with bonds, but less of a contribution for bonds  
23 to meet the project.

24 So, if you are a developer that does a lot of  
25 deals and you have a lot of working capital and you can

1 get creative with how you structure deals and how much  
2 equity you can offer up to it, and likely, you are going  
3 to able to get more deals done. So, this will definitely  
4 benefit developers that are in a position to be more  
5 flexible with the financing they provide.

6 MR. DIETZ: Is that because the bond cap is  
7 still, like, the same and just getting split up amongst  
8 more deals?

9 MR. WILT: Yeah, the pie is the same. This  
10 will create more slices to the pie.

11 MR. DIETZ: Yeah, yeah.

12 MR. WILT: But if you are someone who is  
13 heavily reliant on bond financing, and it may require you  
14 to look for other capital sources. It could take longer  
15 for your deal to get done.

16 It could be more complicated. You could have  
17 more people in lien positions. You might be looking for  
18 mezzanine debt.

19 So, there are a whole host of challenges that  
20 are -- not challenges, but considerations that will impact  
21 those types of deals moving forward. So, at the end of  
22 the day, the advocates of the bill believe that this bill  
23 will allow more projects to get financed and more units on  
24 the ground. But, it could be to the detriment of smaller  
25 developers.

1 MR. DIETZ: Do you have any idea -- like if you  
2 look back on the last two or three years, would that have  
3 impacted any of our projects? Or would all of them have  
4 kind of happened the way they did anyway? Or --

5 MR. WILT: I assume that similar projects have  
6 more of a capital commitment beyond the 55 percent level.  
7 They would be able to answer that, though.

8 MR. DANENFELZER: Yeah, Dave Danenfelzer, Senior  
9 Director of Development Finance. Yeah, it would've  
10 actually impacted a number of our transactions.

11 MR. DIETZ: Okay.

12 MR. DANENFELZER: We saw in the marketplace the  
13 last few years a new model or a model where financing  
14 entities -- particularly, the very -- the GSAs coming in  
15 and providing 70 or 80 percent -- using 70-80 percent of  
16 the total financing during construction in the form of a  
17 private activity bond. And then paying down that with the  
18 housing tax credit or other sources to get it down to  
19 around 55 percent.

20 That market and that product type would have  
21 been impossible under this new restriction. Though, I'll  
22 add, this bill did include sort of a safety catch where  
23 it's not until the volume cap demand reaches a certain  
24 point that this new 55 percent cap kicks in place.

25 And, at this point, it would not have actually

1 kicked in this year, even though the demand is high. And  
2 we're likely going to start seeing a decline in demand for  
3 multifamily private activity bonds for a while. So --

4 MR. DIETZ: It's because of interest rates?

5 MR. DANENFELZER: Mostly because of interest  
6 rate increases, right. So, we think it will only come up  
7 from time to time when this cap happens. And we'll just  
8 have to look to the Texas Bond Review Board when they've  
9 determined that it is in place and needs to be enforced.  
10 So --

11 MR. WILT: That threshold is 55.75 percent of  
12 the total bond availability.

13 MR. DANENFELZER: Right. And that's more than  
14 what it says just for multifamily projects already. So,  
15 it would have to be a pretty high number for us to reach  
16 that point.

17 MR. DIETZ: Interesting. Thank you.

18 MR. DANENFELZER: Sure.

19 MR. WILT: The next bill is the State Tax  
20 Credit Bill, which was HB1058. This was the third time  
21 that bill was filed. It ultimately passed.

22 And it basically creates an enhancement to the  
23 Federal Tax Credit Program by creating a state tax  
24 credit that entities that are subject to a franchise tax  
25 or insurance premium tax can claim in return for their

1 investment in the housing bill now. So, it operates just  
2 like the federal tax credit, but on a state tax credit  
3 level.

4 And it's a new source of soft equity that can  
5 be contributed to a development, and, I believe, will be a  
6 game changer for how multifamily development will be done.  
7 Not necessarily a game changer, but it will allow for new  
8 soft equity into a deal. And in turn, more deals should  
9 be able to get done.

10 So, I'm still trying to understand it -- the  
11 amount of credits available and what type of projects  
12 they'll apply to. There is a \$5 million priority level  
13 for 9 percent deals. And I'm trying to understand if,  
14 after that \$5 million is committed, there are additional  
15 credits that would be available to a 4-percent deal to see  
16 if that can be lawyered into our projects.

17 And maybe it could offset some of the impact of  
18 the Bond Efficiency Bill, which I just mentioned, if  
19 people are looking for other sources of equity for their  
20 developments.

21 And then lastly, there are -- this was the big  
22 issue regarding housing, the public facility corporations  
23 that took up all the oxygen in the room. It's the reason  
24 that some housing bills weren't even impacted because the  
25 politics that were at play with getting this bill passed.

1  
2 But ultimately, HB2071 is the one that passed,  
3 and it has some restrictions on PFCs, the geographic  
4 restrictions being the most important -- new income  
5 limits, and also, some compliance and oversight. So,  
6 we've been in, what I would call, the wild, wild west of  
7 PFC deals for the past several years, and we'll no longer  
8 be there.

9 But my gut instinct is that these bills working  
10 in concert are really going to make the landscape  
11 surrounding multifamily financing look pretty different  
12 come September 1 and January 1 and whenever we get the  
13 next cycle of deals to be approved.

14 Briefly, I will say that there's also been a  
15 coalition surrounding housing that cropped up somewhat  
16 organically, but had some wind behind its sails from a  
17 lobbying group. And for the first time in my life and how  
18 many sessions I've been covering housing, there have been  
19 bills that will impact housing production and supply that  
20 really get to local rules and local regulations. And so,  
21 bills providing for more accessory dwelling units, limits  
22 on compatibility triggers, wheelchair use height  
23 developments, and also, reducing minimum lot size.

24 So, kind of, a statewide, what I'll call,  
25 regulatory relief or unlocking available land or potential



1 of developments across the state. And at least one of the  
2 bills, the Accessory Dwelling Unit Bill, came very, very  
3 close to passing -- within one House vote.

4 And then the other ones also gained traction in  
5 different chambers. And to the credits of housing  
6 advocates, given that this was the first year that they  
7 had attempted to go big in some of the housing bills, I  
8 think that they made tremendous strides and will have a  
9 lot to build on going into the next session regarding  
10 those types of bills.

11 They don't necessarily apply to us, but they  
12 do, ultimately -- would hopefully reduce the cost of  
13 housing, especially on the single-family construction  
14 side. And maybe it will lead to the homebuyers that we  
15 serve.

16 Lastly, you probably know that there was a  
17 special session. It was called as soon as they gavelled  
18 out sine die on Monday, May 29. It was called that  
19 evening, mainly surrounding property tax relief.

20 The House passed the version of the bill that  
21 Governor Abbott wanted and gavelled out for the special  
22 session and the Senate remains in session. While we were  
23 in this Board meeting, the Senate version of their  
24 property tax relief was filed by Senator Bettencourt,  
25 SB26. So, I anticipate that whatever the Senate version

1 looks like, we'll know in the coming days or weeks.

2 MR. LONG: Any questions?

3 MS. JOHNSON-ROSE: So, the special session is  
4 still going on? When is it anticipated to end?

5 MR. WILT: Well, they last 30 days. So, if  
6 they don't finish their business, I anticipate it coming  
7 around, and we'll just bring it back until they finish  
8 their business.

9 MR. DIETZ: So, on the two different versions  
10 of the property tax -- that seems to be a relatively  
11 contentious debate going on. What's the crux of the  
12 difference? Or why is it so contentious? Do you know  
13 what's --

14 MR. LONG: The homestead exemption.

15 MR. WILT: Yeah, the homestead exemption is the  
16 big -- that's what they're trying to figure out.

17 MR. DIETZ: Okay.

18 MR. WILT: I don't know the details within the  
19 bills or what they're trying to hash out. All I know is  
20 that Governor Abbott's in line with Speaker Phelan. And  
21 then you've got Governor Patrick on the other side.

22 MR. DIETZ: Yeah.

23 MR. WILT: And bills are getting, once again,  
24 caught in the crosshairs. There are many vetoes that  
25 members were not anticipating. And in other bills --

1 there's a lot of politics going on right now, which is B-

2 MR. DIETZ: Yeah.

3 MR. WILT: -- kind of an extension of the end  
4 of session.

5 MR. DIETZ: Oh, I get texts on both sides of  
6 that bill saying, Call your representative. Tell them to  
7 vote our way. I mean, it's crazy.

8 MS. CARDENAS: At the end of the day, it's  
9 affecting homeowners. It's affecting everyone.

10 MR. DIETZ: Yeah.

11 MS. CARDENAS: Because property taxes -- I  
12 mean, I think everyone felt it more than ever this year.  
13 So --

14 MR. WILT: And at the end of the day, there  
15 will be relief. It's just what does it look like?

16 MR. DIETZ: What -- yeah.

17 MS. CARDENAS: Yeah.

18 MR. DIETZ: Okay. Thank you very much. Any  
19 questions or comments or -- did you have anything else?  
20 Was that the last?

21 MR. WILT: Yeah, I don't think I'll be back  
22 next month for this. So --

23 MR. LONG: Unless there's something miraculous  
24 in the special session comes up.

25 MR. DIETZ: Yeah. Great. Well, I don't think

1 that requires any action or vote. So, thank you very much  
2 for that informative presentation.

3 And there's no reason for us to go into closed  
4 meeting, correct?

5 MR. LONG: That's correct. Again, the July  
6 Board meeting -- we'll tentatively work with the Board  
7 members and Rebecca will work on the survey to see what  
8 date works best for everyone to make sure we have a July  
9 meeting.

10 I normally don't announce who's here when it  
11 comes to our professionals anymore because you saw Sarah.  
12 She spoke. Sarah Scott.

13 And, obviously, Routt Thornhill. But I have to  
14 make fun a little bit, because Stephen McPherson with  
15 Wilmington Trust is here. He's trustee for a lot of our  
16 transactions. And I just wanted to make sure that he got  
17 recognized, because he's wearing a pretty flashy jacket.

18 (Laughter.)

19 MR. LONG: But anyway, I saw Stephen walk in,  
20 and I wanted to recognize him as well. So --

21 MR. DIETZ: Great. Welcome.

22 MR. LONG: Anyway, that's it, Mr. Chairman.  
23 And there is no reason for closed session.

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

1 (No response.)

2 MR. DIETZ: No? Okay. Then we are adjourned  
3 at 11:39.

4 (Whereupon, at 11:39 a.m., the meeting was  
5 adjourned.)

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C E R T I F I C A T E

MEETING OF: TSAHC Board  
LOCATION: Austin, Texas  
DATE: June 20, 2023

I do hereby certify that the foregoing pages,  
numbers 1 through 6262, 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: June 23, 2023

\_\_\_\_\_  
(Transcriber)

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