



HOUSTON HOUSING AUTHORITY

Transforming Lives & Communities

2640 Fountain View Drive ■ Houston, Texas 77057 ■ 713.260.0500 P ■ 713.260.0547 TTY ■ www.housingforhouston.com

MINUTES OF THE HOUSTON HOUSING AUTHORITY BOARD OF COMMISSIONERS MEETING

WEDNESDAY, MAY 22, 2024

I. CALL TO ORDER

A Meeting of the Board of Commissioners ("Board") of the Houston Housing Authority ("HHA") was held on Wednesday, May 22, 2024, at the Houston Housing Authority Central Office, 2640 Fountain View Drive, Houston, Texas 77057. Called the meeting to order at 3:03 p.m.

II. ROLL CALL

Present:

- Joseph "Jody" Proler, Chairman
- Alton Smith, Vice Chairman
- Cynthia Aceves-Lewis, Commissioner
(arrived at 3:05 PM)
- Stephanie A.G. Ballard, Commissioner
- Eric G. Carter, Commissioner
(arrived at 3:04 PM)
- Kristy Kirkendoll
- Kenneth C. Li, Commissioner
- David A. Northern, Sr., Secretary

ABSENCES:

III. APPROVAL OF THE MINUTES

A. Board Meeting Minutes – April 23, 2024

On motion by Commissioner Smith and seconded by Commissioner Li, the Board unanimously approved the April 23, 2024, Meeting Minutes.

IV. PRESIDENT'S REPORT

Secretary Northern stated he provides a monthly report to all board members to discuss external events.

Thank you, sir. First of all, I want to say thank you very much for attending and thank you to all the teams who are working on board members for being here and providing that level of governance and oversight. It's very exciting things that occurred just last month. I'm very excited that April was considered affordable housing month, and on May 7, sorry. On May 14, the Housing Authority participated Other affordable housing organizations throughout our city and worked with the city to receive a proclamation the mayor provided along with counsel on a tip in Congress. And it was great to have housers come out to support one another, and show that may 14 will always be affordable housing day here in the city of Houston. So I will thank you if we had a couple of commissioners there, Commissioner Smith and Commissioner Lee and our chairman also attended that presentation. Next, we opened Well, we supported the Columbia tap trail, the housing authority invested with partners throughout the city and third ward to put over \$240,000 in creating a better opportunity. We went on and listen to our clients and our citizens of Third Ward. And they said they want a safe environment to build a bike and hike, and also just be able to transport items across the trail.

We installed a accessible ramp, lighting, updated security. And the people are very excited. This is the third presentation, we had a festival that we had out there, a lot of community members came out. We had a lot of good press on a news related tour. And it was just good to be a part of something great in that community, not just for our clients that we serve. But for the citizens this community overall. It was some announcements made about monies that the Housing Authority received. One was from Congresswoman Sylvia Garcia, where to help Laura receive \$8.8 million in capital fund investments, that money goes toward us improving and updating our inventory of our traditional public housing units. That's a bond that we receive on a yearly basis. Now another exciting thing is that we receive a lot of grants. And so in collaboration with a research grant, the housing authority is partnering with department Research Council, Boston Housing Authority, and a community development of Long Island for grant proposal focusing on school integration to improve fourth UK students experiences. Now this is a 5 million grant that was a part of our mobility program grant that we'll see earlier. And it was great to see that housing authorities and community development organizations throughout the country that received this funding can work together and do a study on how this money improve the lives of our young people. As our chairman mentioned, the house authorities read department finance department did embark on an internal review of our investment properties. And I'm happy to report that we did provide a report to our board members, are we still working and looking at that report. But the good news is that our report found that 98% of our developments was in a compliance related to affordability and 94% met the requirements with regard to financial. And so that's something that I want to say that the Housing Authority always did a level of compliance related to our investment deals. And recently, we've been able to improve the numbers in terms of staff and put more detailed and focusing on steel. So our chairman mentioned that our goal is to create affordable housing for the city. We all see the reports when they talk about how Texas along with Houston writes kind of low in terms of affordable housing. So we're doing our job, we're doing our mission. And we're doing a really good job that's related to that. And we're gonna continue to do better and continually be transparent to update the community. Just the other day we had a visit from Hood who came from Washington DC, and they visited CUNY homes. A few months back, Rob took five or six months back we applied for we called Choice Neighborhood implementation grant, which allows the Health Authority to receive \$50 million grant from HUD to spearhead an opportunity to recreate not just CUNY homes, but the third ward area within a two round two mile radius. Last month, we received notification for her from her that we were on a shortlist of nine housing authorities throughout the nation. Part of that her come to a site visit they meet with our community partners. The partnership is to house authority and city our CO leads in terms of this Embarkment and CUNY homes currently have 553 units, and we will bring back double that many units throughout the community and decrease the density. This project will take over eight years. And I'm gonna say it and I'm gonna call it once we get the money. At least \$340 million investment will come in over that eight year timeframe. We created over 1100 units and that community better for the efforts that the city and Housing Authority put together to make that possible. So that was some exciting news. Our chairman was there said a few words. I don't know if you want to say anything about it, sir.

AFFORDABLE HOUSING PRESENTATION BY JAY MASON & DAVID CUKIERMAN

So this presentation is about all the Houston Housing Authority, affordable housing event investments. I think we reported earlier that since 2017, we've done approximately 107 of these investments that spreads affordability across the community. The goal of today's presentation is to give full transparency about the read department's review of those development deals as it comes into our organization and it moves to the President and CEO through this sub development investment committee and finally, to the board for approval. The development that you're going to see today is one such deal. It's going it's called heights, West End apartments. The developer is civic cap. It's a 4020 color, St. Houston, Texas 770 a four. I think one of the first things that are one of the first goals of the agency is to be able to spread affordability across the city of Houston. So one so one thing that we do is that we look at the council districts, right when we look at deals, we want to make sure that a lot of these developments are spread not only in the different council districts

but also within the city of Houston so in some instances you will see a development occurring in the ETJ ETG. We also recognize the Harris County precinct as well.

Let's try not to use initials and abbreviations. I'm sorry, we may not be familiar with those terms, sir ETJ. is

Extra Territorial Jurisdiction. Another thing that we look at is um entities, we try to ensure that a lot of the properties have at least some amenities within walking distance. of, of, of the unit. So, for example, in this property we have we have health related facilities, we have public transportation, I think in this case, there's a bus stop. There are parks and recreational facilities, and there's a grocery store. Other attributes that we look at is is it in the 100, or 500 year floodplain? In this case, this one is not, it was built in 2018. And it's never flooded. So then the next consideration is made is again, we talked about, you know, dispersing properties within the city of Houston and the ETG. I think we have defined what that is. In this case, we, since it's in within the 610 loop, it's in a highly sought after area we believe. And, and we we weigh that into consideration as part of as part of our assessment of the property. Other things that we look at is just the quality of the space, especially the quality of the units. When was it was last repaired? What's the maintenance schedule? Do all of those attributes play into into this development? This development is an acquisition. It's an existing building, again, built in 2018. And the developer typically comes to us with in how they want to orchestrate a partnership with the Houston Housing Authority. In this case, the partner is looking at a x, they're looking at the statute section 392 point 005. So we also highlight the that that bill that allows the the tax concessions to be made. I'll have David Cooperman, go through the financials regarding this property.

Thank you, Mr. Mason. So, this is one of the properties that the Houston Housing Authority development and investment team is recommending to you, commissioners. You've seen the location of this property. This property is the school system. They all have from elementary all the way to high school. A scoring of A is one. The high school has a scoring of a plus. And that's one of the things that we look where are the children of our residents going to school becomes an essential aspect of our decision to recommend to you, the commissioners, the partnership of this property. We look at several things. Number one is the one of the most important thing for us is the affordability of the project. Throughout the years we've learned and we've proceeded to increase the percentages of the housing units for our lower income citizens to the point where today we don't accept any more. If a property has less than 25% of the 60% Ami, which is a lower AMI, the average median income that we accept up to now we've been accepting where we started then we started with a basically it was all the affordable units were 80% ami. We proceeded to establish a new rule. About five years ago. We started recommending that to the board not to accept any proposals were the 30 The 60% of my ad a no, no, no less than 10% of the units 60%. As the years went by, we kept pushing, and we increase that to the point where the minimum, six 60% of my number of units is no less than 25%, we have seen proposals, and we created a special incentives, where the 60% of the AMI are really a 50% of the total number of units, and no 80% are included. That's the best deal for us. But at this time, we're going to have to satisfy ourselves with 25%. Then, of course, one of the things that we also look is that the, the developer coming to us with this proposal is really offering that property to us to buy for a reasonable price for that area, this area is uptown. In the cost that you see there, which is 203,000 per door, at the bottom of of the charts. For that area, that's an exceptional cost. Because the land value is high in that market area of the city. We look at that. And then we also check is that the value in the case of the what they call the contributed value, which means that this property is owned already by the developer, and is contributing the property. In this case, 197,000 per dollar, one of the things that we do is we check is that a the value of this property. And for that we request in their financial statements for the past 12 months, we do a proper analysis. And we come up with a conclusion that that is the real value. And the developer is not lying to us or not taking advantage in if this property qualifies for that value. And especially in that area, I have to say at this time that when we were doing the evaluation of the property, we use the tools available for us. We have now commissioners have recommended that instead of us doing evaluation, that we get independent opinion or for appraisal to corroborate the value of this property in that location. And we're beginning to

implement that change. So we'll be able to perform much better than simply as valuating the property based on the operating statement, I'm

sorry to interrupt but that that will just for the record that will be done on all eight properties that are being submitted for today's approval and any and all future properties that are submitted at the expense of the developer. But the Housing Authority will select the appraisal, the appraiser will give them a choice of appraisers they can select from but

the developer will pay for that. And have to say then that all the properties that we're recommending to you commissioners to approve today we'll read that the we are approving the commissioners are approving to proceed with this property subject to an appraisal and describe all the developers are notice of that and they will really asking the appraisals that we have recommended to arrange a price and let us know so we can proceed and make ourselves that appraiser

finally, I need to explain the the top chart on the left. That is basically A charity that divines. Clearly, what is the scope of our work and recommending to you or not? Partnership on this particular project property. One of the first things that we do is we check what we call the total public benefit. Total public benefit is the addition of the benefit for our residents in terms of how much savings are they getting, when we we convert this property into an affordable, affordable property. And we add to that the benefits in cash that the Housing Authority will receive in participating in this property. The benefits in cash that the Housing Authority receives are being used in order to, to rehab or generate more affordable units, creating ourselves those units were proceeding with a construction and funding the construction of a property a second phase of the independent height called independence and phase two, all the money is being used, all the money that we get is directly use increasing the amount the the amount of affordable housing. And when we do that, basically, we're creating 100% of the units as affordable. We decided that, after several months, years of reviews that we were not going to recommend, or, or approve any property that did not have at least a 90% of the total benefit percentage recently. By developing or learning more of this thinking of the community and the staff of the Houston Housing Authority, and also by indication of the new commissioners, we are raising the minimum to 100%. of public benefit. What that means is that over a period of 10 years 100% public benefit means that over the term of 10 years, which is basically they assume the assumed life of this investment, all the property tax savings that that the developers enjoy in building this affordable property 100% of those tax savings that are not paid to the county and the city 100% is recovered by the Houston Housing Authority and our residents in all

the properties. And David I think we discussed the 95%. But we are working on trying to increase that but we decided on 95% Right now, so I just wanted to make sure we make that correction for the public.

They Okay, the instructions to our lawyers under 100%. We will continue improving that. One of the first benefits that we get is at the time of closing with the partnership, we get an origination fee. You know when when you approve this deal, and we close the transaction, we're getting in this case 408,000, which is the origination fee. That is a standard we've been using now for four years. And he works in a way. If you were to ask me, What am I sure of? I am sure on the origination fee, closing the partnership, we get the cash. And then the rest is the asset management fee. We create a team they have an authority that They check the compliance, the affordability, compliance, and the financial commitments that we get with these developers over a period of saying 10 years, that number reflects a period of 10 years, we have been improving on that as we start to learn the audit compliance systems that we need to use, and we start adding people to our compliance team, that data experience that asset management that we get is really not a profit thing. That is a real cost. And that we have to pay to our compliance team, and we continue to look for people that can really improve. I'm not saying that we have a bad compliance. But we're trying to improve, teach our team how to accomplish the goals that we have, for our internal reviews, in checking whether the developer is in fact, complying with affordability, which they are committed to, and the financial commitments that they

told us, we were going to enjoy. So that that is the asset management fee, which is set will be is a constant. And then of course, we have the what we call the impact the investment impact fee, you will see that in this case is 2.1 million, we expect that over a 10 year period. From operations from cash flow from operations, the Housing Authority will get 2.1 million. It used to be it used to be that that was actually a percentage of the cashflow after payment or the debt service. After payment, actually all the expenses and the debt service and sometimes also a preferential return to the investor every year during operations, and we would get a 15 Typically a 15% of that cash flow. We've learned through this years that we're better off, it's easier for us easier for our compliance team and more practical for us to keep our developing partners honest with us. We get a certain amount is fixed from the day the property starts operating and leasing is that that amount of cash is increased every year by Timber by 3%. We call it an impact fee and definitely impact and then at the end at the end of a 10 year period, which is the period that we usually use for for the analysis and finally recommendation to the commissioners, the 10 year, we assume that we sell the property and we sell the property first we there is a valuation on the property. We we pay the closing costs. Typically there's brokerage fees or title costs, expenses actual expenses, we end up with a residual sales cash from that cash we need to pay first the investor give the investor back his original investor, we have to offer a preferential return to the investor and at the end of the payment of the loan balance and investors equity and his preferential return that cash is split typically 85% to the development partner and 50% to the housing authority. In this case, the 50% on a 10 year projection is a median 8,000,600 But of course that is a number that we use for as for analysis purposes. Come carries on with the performance of Eilat properties. But we really don't know what's going to happen in 10 years. That is an assumption that, that we use, yes to measure ingest to analyze the feasibility of this. I think I've covered everything. Yep.

V. PUBLIC COMMENTS

Chairman Proler offered to provide interpreters to Spanish, Mandarin, and Vietnamese speakers who may need assistance for public comments only.

SPEAKER: Eric Oldham – Questions about rent increases, comparables, and the HHA process

SPEAKER: Lacie Lugo, the CEO of the Apartments Concierge, the premier leasing and voucher placement service. – I would like to extend my gratitude to the Houston Housing Authority and their staff for facilitating our placements and helping with all of their responsiveness to all of our emails, including inspections. So I'd like to follow up in disguise. Last month's request for a secondary committee that would work alongside of the current committee. This would be comprised of vendor partners, strategic partnerships, and people like myself who could give assistance to the current board and kind of walk you through certain objections that we run into or problems that voucher holders might face. So

SPEAKER: Wayne Dolcefino – Concerns about 800 Middle project.

VI. EXECUTIVE SESSION

Chairman Proler suspended the Public Session on Wednesday, May 23, 2024 at 3:58 p.m. to convene into Executive Session to discuss personnel, legal and real estate issues in accordance with Sections 551.074, 551.071 and 551.072 respectively, of the Texas Government Code.

Chairman Proler reconvened the Public Session at 5:14 p.m.

VII. NEW BUSINESS

Resolution No.3772: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to facilitate the acquisition of Lake Ranch to be located at or about 11122 Lake Ranch Drive, Houston, Texas 77089, and the execution of all required documents therefor.

Resolution No.3773: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to facilitate the acquisition of Premier at Morton Ranch to be located at or about 24014 Morton Ranch Road, Katy, Texas 77493, and the execution of all required documents therefor.

Resolution No.3774: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to facilitate the acquisition of Settlers Ranch located at or about 11144 Fuqua Street, Houston, Texas 77089, and the execution of all required documents therefor.

Resolution No.3775: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to facilitate the acquisition of 2121 Ella Apartments located at or about 2121 Ella Blvd., Houston, Texas 77008, and the execution of all required documents therefor.

Resolution No.3776: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to facilitate the acquisition of Heights West End located at or about 4020 Koehler St., Houston, Texas 77007, and the execution of all required documents therefor.

Resolution No.3777: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to facilitate the acquisition of Queenston Manor located at or about 6700 Queenston Blvd., Houston, Texas 77084, and the execution of all required documents therefor.

Resolution No.3778: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to facilitate the acquisition of The Milo on Westheimer located at or about 13250 Westheimer Road, Houston, Texas 77077, and the execution of all required documents therefor.

Resolution No.3779: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to facilitate the acquisition of The Peri on Westheimer located at or about 13328 Westheimer Road, Houston, Texas 77077, and the execution of all required documents therefor.

PRESENTED BY: Jay Mason, Director of REID

Chairman Proler stated, at this time, I would like to ask for a motion to vote Resolution Nos. 3772, 3773, 3774, 3775, 3776, 3777, 3778, 3779 in seriatim. On motion by Chairman Proler and seconded by Commissioner Li.

Chairman Proler stated, at this time, I would like to entertain a motion to approve Resolution Nos. 3772, 3773, 3774, 3775, 3776, 3777, 3778, 3779 as a group in seriatim.

On motion to vote resolutions as a group by Commissioner Aceves-Lewis and seconded by Commissioner Kirkendoll. The Board unanimously approved Resolution No. 3772, 3773, 3774, 3775, 3776, 3777, 3778, 3779 as a group in seriatim.

Chairman Poler asked if there was any discussion or objection to the approval of Resolution Nos. 3772, 3773, 3774, 3775, 3776, 3777, 3778, and 3779 as a group in seriatim. There was none, so the resolutions were approved.

Resolution No.3780: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to facilitate the acquisition of Helix at Med Center Apartments located at or about 7200 Almeda Rd., Houston, Texas 77054, and the execution of all required documents therefor.

Resolution No.3781: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to facilitate the acquisition of San Cierra Apartments located at or about 15500 Cutten Rd., Houston, Texas 77070, and the execution of all required documents therefor.

Resolution No.3782: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to facilitate the acquisition of Villas at Hermann Park Apartments located at or about 6301 Almeda Rd., Houston, Texas 77021, and the execution of all required documents therefor.

On motion by Commissioner Ballard to TABLE resolutions 3780, 3781, and 3782, and seconded by Commissioner Kirkendoll. The Board unanimously approved to TABLE said resolutions.

VIII. ADJOURNMENT

Chairman Proler, this concludes the items on today's agenda and asked for a motion to adjourn.

On motion by Commissioner Kirkendoll and seconded by Commissioner Li.

Chairman Proler declared the meeting adjourned at 5:19 p.m.