

# **BOARD MEETING OF JUNE 9, 2006**

**Beth Anderson, Chair**

**C. Kent Conine, Vice-Chair**



Shadrick Bogany, Member

Sonny Flores, Member

Vidal Gonzalez, Member

Norberto Salinas, Member

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**BOARD OF DIRECTORS MEETING**

**ROLL CALL**

	Present	Absent
Anderson, Beth, Chair	_____	_____
Conine, C. Kent, Vice-Chair	_____	_____
Gonzalez, Vidal, Member	_____	_____
Salinas, Norberto, Member	_____	_____
Bogany, Shadrick, Member	_____	_____
Flores, Sonny, Member	_____	_____
Number Present	_____	
Number Absent		_____

\_\_\_\_\_, Presiding Officer

***MISSION***

***TEXAS DEPARTMENT OF HOUSING AND COMMUNITY  
AFFAIRS***

***TO HELP TEXANS ACHIEVE AN IMPROVED QUALITY  
OF LIFE THROUGH THE DEVELOPMENT OF BETTER  
COMMUNITIES***

**BOARD MEETING**

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
1100 Congress Avenue  
Capitol Extension Room E1.036  
Austin, Texas 78701**

**Friday, June 9, 2006 9:45 am**

**A G E N D A**

**CALL TO ORDER, ROLL CALL  
CERTIFICATION OF QUORUM**

**Elizabeth Anderson**  
Chair of Board

**PUBLIC COMMENT**

The Board will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by the department staff and motions made by the Board.

**PRESENTATION BY UNITED STATES DEPARTMENT OF AGRICULTURE – RURAL DEVELOPMENT**

Presentation by Brian Daniels, State Director of the USDA Texas Rural Development Office to discuss TDHCA/USDA relations and overlapping programmatic policies that may include but not be limited to the USDA 515 Program, timing-related issues and other topics determined by the Board.

The Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

**CONSENT AGENDA**

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the consent agenda alter any requirements provided under Texas Government Code Chapter 551, the Texas Open Meetings Act.

**Item 1: Approval of the following items presented in the Board materials:**

*General Administration Items:*

- a) Minutes of the Board Meeting of April 13, 2006
- b) Minutes of the Board Meeting of May 4, 2006

*Bond Finance Division Items:*

- c) Approval of a Resolution Authorizing Positions Authorized to Sign Documents Related to Bond Transactions

*Housing Program Items:*

- d) Approval of Changes to the Loan Terms for FDI-University Place, Ltd. – HOME Loan Award #1000431
- e) Recommendation to the Board for the selection of an independent auditor

**ACTION ITEMS**

**Item 2: Presentation, Discussion and Possible Approval of Portfolio Management & Compliance Division Items:**

HOME Program Amendments:

- 1000186 Brewster County
- 1000486 City of Nash



**Item 3: Presentation, Discussion and Possible Approval of Community Affairs Division Items:**

Presentation, Discussion and Approval of Draft 2007 State Low Income Housing Energy Assistance Program (LIHEAP) Plan

**Item 4: Presentation, Discussion and Possible Approval of Housing Programmatic Items:**

Presentation, Discussion and Possible Approval of the Draft Agency Strategic Plan for the Fiscal Years 2007-2011

**Item 5: Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Housing Tax Credit Items:**

- a) Discussion and Possible Action Regarding Housing Tax Credit Appeals and any other Appeals Timely Filed:

060042	Country Lane Seniors – Waxahachie Community	Waxahachie
060244	Waco River Park Apartments	Waco
060224	Notting Hill Gate Apartments	Missouri City
060143	Sun Valley Homes	Mercedes
060147	Orchard Valley Homes	Mercedes
060144	Centerpoint Home Ownership	Weslaco
060117	Mesquite Terrace	Pharr
060118	Sunset Haven	Brownsville
060110	Evergreen at Farmers Branch	Farmers Branch
060170	Orchard Park at Willowbrook	Houston
060219	Providence Estates	Rosenberg
060138	Residences at Eastland	Fort Worth
060234	Alamito Place	El Paso
060242	Pear Orchard Apartments	Beaumont
060088	Red Oak II	Waco

Any Additional Appeals Timely Filed

- b) Discussion and Possible Action Regarding Report of Housing Tax Credit Challenges Pursuant §50.17(c) of the 2006 QAP
- c) Presentation, Discussion and Possible Approval of remaining applications for Hurricane Rita Housing Tax Credit Awards and Possible Use of 2006 National Pool, 2006 Recaptured Credits or 2007 Forward Commitment out of the possible list of Applications:

<b>App#</b>	<b>Development Name</b>	<b>City</b>	<b>Credit Amount Request</b>
060241	Sienna Trails Townhomes	Beaumont	\$413,807
060240	Briarbend Village at Sienna Trails	Beaumont	\$477,947
060239	Timber Creek at Sienna Trails	Beaumont	\$493,376
060065	Stone Hurst II	Beaumont	\$850,000
060018	The Fairgrounds at Concord	Beaumont	\$1,200,000
060242	Pear Orchard Apartments	Beaumont	\$641,822
060199	Legacy Senior Housing of Port Arthur	Port Arthur	\$1,031,125
060148	Pineywoods Orange Development	Orange	\$564,049
060092	Twelve Oaks Apartments	Vidor	\$626,000
060105	Cypresswood Crossing	Orange	\$689,500
060149	The Women's Shelter of East Texas	Lufkin	\$354,139

- d) Presentation, Discussion, and possible action on release of LURA regarding property on Fitzhugh Avenue in Dallas Texas where the property was condemned and destroyed.

## e) Issuance of Determination Notices on Tax-Exempt Bond Transactions with Other Issuers:

060408 Amberwood Apartments, El Paso, Texas  
 El Paso HFC is the Issuer  
 Recommended Credit Amount of \$489,934

**Item 6 Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Multifamily Private Activity Bond Program Items:**

## a) Proposed Issuance of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits with TDHCA as the Issuer For:

060609 Sunset Pointe Apartments, Ft Worth, Texas for a bond Amount Not to Exceed \$15,000,000 and Issuance of a Determination Notice  
 Recommended Credit Amount of \$670,194.

## b) Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2006:

060619 Rolling Creek Houston

**Item 7 Presentation, Discussion and Possible Approval of Community Development Block Grant (CDBG) Disaster Recovery Related Items:**

## a) Presentation and Discussion of the State of Texas Action Plan for CDBG Disaster Recovery Grantees as Approved by the U.S. Department of Housing and Urban Development

## b) Memorandum of Understanding between TDHCA and the Office of Rural Community Affairs (ORCA) for the administration of the CDBG Disaster Recovery and Associated CDBG Administrative Operating Budgets for TDHCA and ORCA

**EXECUTIVE SESSION****Elizabeth Anderson**

## a) The Board may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.

## b) The Board may go into executive session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.

## c) Consultation with Attorney Pursuant to §551.071, Texas Government Code:

1. With Respect to pending litigation styled *Hyperion, et al v. TDHCA*, Filed in State Court
2. With Respect to pending litigation styled *TP SENIORS II, LTD. V. TDHCA* Filed in State Court
3. With Respect to pending litigation styled *Gary Traylor, et al v. TDHCA*, Filed in Travis County District Court
4. With Respect to pending litigation styled *Dever v. TDHCA* Filed in Federal Court
5. With Respect to pending litigation styled *Ballard v. TDHCA* and the State of Texas Filed in Federal Court

6. With Respect to the administrative hearing styled as Public Utility Commission v. The Low Income Energy Efficient Program SOAH Docket No. 473-06-0862
7. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

**OPEN SESSION**

**Elizabeth Anderson**

Action in Open Session on Items Discussed in Executive Session

**REPORT ITEMS**

Executive Director's Report

1. TDHCA Outreach Activities, April, 2006
2. Department Organizational Chart Changes
3. Report on Bond Pricing and Structure
4. Homeownership Month Activity

**ADJOURN**

**Elizabeth Anderson**

*To access this agenda & details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or contact Nidia Hiroms, TDHCA, 221 East 11<sup>th</sup> Street, Austin, Texas 78701, 512-475-3934 and request the information. Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.*

*Non-English speaking individuals who require interpreters for this meeting should contact Nidia Hiroms, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made. Personas que hablan español y requieren un intérprete, favor de llamar a Jorge Reyes al siguiente número (512) 475-4577 por lo menos tres días antes de la junta para hacer los preparativos apropiados.*

Texas Department of Housing and Community Affairs  
Board Discussion Item  
June 9, 2006

Discussion Items

Presentation and discussion with Brian Daniels, State Director of the U. S. Department of Agriculture's (USDA) Texas Rural Development Office to discuss TDHCA/USDA relations and overlapping programmatic policies that may include, but are not be limited to, the USDA 515 Program, timing-related issues and other topics proposed by the Board.

Background

The mission of the U.S. Department of Agriculture (USDA) Rural Development is to improve the economy and quality of life for all of rural America. USDA programs include homeownership opportunities, owner-occupied housing assistance, rental assistance, rental housing development, community development activities, business development, and technical assistance in rural areas of the state (generally considered areas with a population of less than 20,000 people).

The primary USDA multifamily program that interacts with the Department's Housing Tax Credit, HOME and Housing Trust Fund programs is the Section 515 Rural Rental Housing Loan Program. Rural Rental Housing Loans are direct, competitive mortgage loans made to develop affordable multifamily rental housing for very low, low, and moderate income families; the elderly; and people with disabilities in rural areas. Loans can be made to individuals, trusts, associations, partnerships, limited partnerships, state or local public agencies, consumer cooperatives, and for-profit or nonprofit organizations. Borrowers must be unable to obtain credit elsewhere that will allow them to charge rents affordable to low and moderate income tenants. Many of these loans are now 15 to 20 years old and the properties that they support are in need of significant repair or rehabilitation. The Department has been able to successfully fund such improvements as well as partner with USDA to provide funds for a few new transactions. Department staff and USDA staff have in the last year attempted to strengthen the relationship between the two agencies by meeting on a bimonthly basis and communicating earlier and more freely in the process of reviewing applications. The Department and USDA Texas Rural Development currently have two Memorandums of Understanding that are in need of updating. Staff has been working on resolving issues such as early notification and initial review requirements for USDA, property condition assessments/scope of work requirements, parity liens, the use of existing reserves, appraisals, and the repayment of developer fees. TDHCA has a strong working relationship with USDA; however, at times it is difficult for Department staff to complete the TDHCA process in a timely manner due to timing issues and the comprehensive requirements of the USDA programs.

**EXECUTIVE OFFICE – BOARD**

**BOARD ACTION REQUEST**

**June 9, 2006**

**Action Item**

Summary of Board Meeting Minutes for April 13, 2006

**Required Action**

Review minutes of the April 13, 2006 Board Meeting and make any necessary corrections.

**Background**

The Board is required to keep minutes of each of their meetings.

**Recommendation**

Staff recommends approval of minutes with any requested corrections.

**BOARD MEETING**

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**Westin Stonebriar Hotel**  
**1549 Legacy Drive, Frisco, Texas 75034**

**Thursday, April 13, 2006; 8:30am**

**SUMMARY OF MINUTES**

**CALL TO ORDER, ROLL CALL  
CERTIFICATION OF QUORUM**

The Board Meeting of the Texas Department of Housing and Community Affairs of April 13, 2006 was called to order by the Chair, Ms. Elizabeth Anderson, at 8:30 a.m. It was held at 1549 Legacy Drive, Frisco, Texas 75034. Roll call certified a quorum was present.

**Members present:**

Elizabeth Anderson – Chair  
C. Kent Conine – Vice Chair  
Vidal Gonzalez – Member  
The Honorable Norberto Salinas – Member  
Shadrick Bogany – Member  
Sonny Flores, Member

**PUBLIC COMMENT**

Ms. Anderson called for public comment and the following either gave comments at this time or preferred to wait until the agenda item was presented:

The Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

**ACTION ITEMS**

**EXECUTIVE SESSION**

At 9:02 a.m. Ms. Anderson convened the Executive Session. The Executive Session concluded at 4:00 p.m.

- a) The Board may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.
- b) The Board may go into executive session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee. The Board will interview potential candidates for Executive Director as a committee of the whole. The Executive Director candidates to be interviewed and considered are:  
Terri Anderson  
William Dally  
Michael Gerber
- c) Consultation with Attorney Pursuant to §551.071, Texas Government Code:

**OPEN SESSION**

Ms. Anderson reconvened Open Session at 4:10 p.m. and announced that no action had been taken during the Executive Session and certified that the posted agenda was followed.

Presentation, Discussion, and possible hiring of an Executive Director for TDHCA from candidates interviewed.

Motion made by Mr. Conine to pursue the employment of Mr. Mike Gerber for the position of the Executive Director for TDHCA; seconded by Mr. Bogany. Motion made by Mr. Flores to include the salary in the motion; Mr. Conine accepted amendment to motion. Mr. Hamby explained that the salary as set by statute, is a maximum of \$117,516. Passed unanimously.

**ADJOURN**

Since there was no other business to come before the Board, the meeting was adjourned at 4:27 p.m.

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Mr. Kevin Hamby  
Board Secretary

**NOTE:**

**For a full transcript of this meeting, please see the TDHCA website at:  
[www.TDHCA.state.tx.us](http://www.TDHCA.state.tx.us)**

**EXECUTIVE OFFICE – BOARD**

**BOARD ACTION REQUEST**

**June 9, 2006**

**Action Item**

Summary of Board Meeting Minutes for May 4, 2006.

**Required Action**

Review minutes of the May 4, 2006 Board Meeting and make any necessary corrections.

**Background**

The Board is required to keep minutes of each of their meetings.

**Recommendation**

Staff recommends approval of minutes with any requested corrections.



**BOARD MEETING  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
City Hall  
1300 Houston Avenue  
McAllen, Texas**

**Thursday, May 4, 2006; 8:30am**

**SUMMARY OF MINUTES**

Ms. Anderson called on Commissioner John Ingram from McAllen, to speak. On behalf of Mayor Richard Cortez and the rest of the McAllen City Commission, Commissioner Ingram welcomed the board and staff to McAllen.

**CALL TO ORDER, ROLL CALL  
CERTIFICATION OF QUORUM**

The Board Meeting of the Texas Department of Housing and Community Affairs of May 4, 2006 was called to order by the Chair, Ms. Elizabeth Anderson, at 8:52 a.m. It was held at McAllen City Hall, 1300 Houston Avenue, McAllen, Texas. Roll call certified a quorum was present.

**Members present:**

Elizabeth Anderson – Chair  
C. Kent Conine -- Vice Chair  
Vidal Gonzalez – Member  
The Honorable Norberto Salinas – Member  
Shadrick Bogany – Member  
Sonny Flores, Member

**PUBLIC COMMENT**

Ms. Anderson called for public comment and the following either gave comments at this time or preferred to wait until the agenda item was presented:

**G. Granger MacDonald, Developer**, provided testimony concerning forward commitments for Regions III and IX.

**Jim Brown, Executive Director, Texas Affiliation of Affordable Housing Providers (TAAHP)**, provided testimony.

**Gary Driggers, Legacy Renewal, Inc.**, developer for Fenner Square, Ltd., provided testimony.

**Steve Ford, LIHTC Development**, provided testimony regarding the housing market study in Houston.

**Paul Schwab, President, Valley Mortgage Company**, provided testimony.

**CONSENT AGENDA**

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the consent agenda alter any requirements provided under Texas Government Code Chapter 551, the Texas Open Meetings Act.

AGENDA ITEM 1

**Approval of the following items presented in the Board materials:**

**General Administration Items:**

- a) Minutes of the Board Meeting of March 20, 2006

**Financial Administration Items:**

- b) Approval of 2nd Quarter Investment Report

**Office of Colonia Initiatives Division Items:**

- c) Ratification of the Hurricane Rita Bootstrap Award to Self Help Housing of East Texas in the amount of \$530,400. **Pulled from Consent Agenda (see first Action item)**

**Multifamily Division Items:**

- d) Housing Tax Credit Amendments
  - 03163 Cedar View Apartments
  - 03081 Wright Senior Apartments
  - 04466 Rosemont at University Park Apartments
  - 00005 LBJ Garden Villas
  - 00054 Hunter's Glen Townhomes
  - 00144 Sycamore Pointe Townhomes
- e) Housing Tax Credit Extensions for Commencement of Substantial Construction
  - 04026 Oak Timbers
  - 04036 Villa Del Sol
  - 04037 Las Canteras
  - 04058 Spring Oaks
  - 04066 Pineywoods Community Development Single Family Homes
  - 04100 O W Collins
  - 04105 Preston Trace
  - 04167 Oxford Place
  - 04191 Providence at Boca Chica
  - 04193 Providence at Edinburg
  - 04291 Saltgrass Landing
  - 04293 Lantana Ridge South
  - 04294 Lantana Ridge
- f) Discussion and Approval of Policy for Handling Resubmissions of 4% Housing Tax Credit Applications associated with Bond Applications when obtaining a new Reservation Docket Number. **Pulled from Consent Agenda – See Agenda Item 7(g)**

Motion made by Mr. Conine to approve consent agenda, with the exception of Item 1(f), moved to 7(g), seconded by Mr. Bogany. Motion made by Mr. Flores to amend motion to include pulling Agenda Item 1(c) from Consent, for discussion, passed unanimously.

**ACTION ITEMS**

**1(c) Office of Colonia Initiatives Division Items: Pulled from Consent Agenda –**

Ratification of the Hurricane Rita Bootstrap Award to Self Help Housing of East Texas in the amount of \$530,400.

Motion made by Mr. Flores to approve, seconded by Mr. Conine, passed unanimously.

AGENDA ITEM 2

**Presentation, Discussion and Possible Approval of Bond Finance Division Items**

- a) **Approval of Resolution 06-014 authorizing Single Family Mortgage Revenue Bonds, 2006 Series A, and 2006 Series B, 2006 Series C, 2006 Series D, and 2006 Series E**

Motion made by Mr. Conine to approve; seconded by Mr. Bogany; passed unanimously.

- b) **Approval of Resolution 06-013 authorizing the filing of an application for reservation with the Texas Bond Review Board with respect to qualified mortgage bonds**  
Motion made by Mr. Conine to approve; seconded by Mr. Bogany; passed unanimously.
- c) **Approval of Resolution 06-015 authorizing the extension of the certificate purchase period for Single Family Variable Rate Mortgage Revenue Bonds, 2005 Series A (Program 62A)**  
Motion made by Mr. Conine to approve; seconded by Mayor Salinas; passed unanimously.
- d) **Approval to Execute a Master Transactions Agreement, an Advances and Security Agreement, and a Corporate Certificate of Authority or Similar Documents with the Federal Home Loan Bank of Dallas**  
Motion made by Mr. Conine to approve; seconded by Mayor Salinas; passed unanimously.

AGENDA ITEM 3

**Presentation, Discussion and Possible Approval of Portfolio Management & Compliance Division Items:**

HOME Program Amendments:

**1000038 Webb County**

Motion made by Mayor Salinas to approve staff recommendation, with the understanding that a monthly progress report will be submitted to the board; seconded by Mr. Conine; passed unanimously.

**1000272 City of Ranger**

Motion made by Mayor Salinas to approve expansion outside of Ranger, with the understanding that a monthly progress report will be submitted to the board; seconded by Mr. Bogany; passed unanimously.

**1000296 Community Colonias Organization**

No board action necessary.

**1000310 Habitat for Humanity Council of North Central Texas**

Motion made by Mr. Flores to approve staff recommendation, with the understanding that a monthly progress report will be submitted to the board; seconded by Mr. Bogany; passed unanimously.

**1000324 Southern Rio Services**

Francisco Briones, director of Southern Rio Services, provided testimony.

Motion made by Mr. Flores to approve staff recommendation, with the understanding that a monthly progress report will be submitted to the board; seconded by Mr. Bogany; passed unanimously.

**1000341 Affordable Caring Housing, Inc.**

**1000342 Affordable Caring Housing, Inc.**

Motion made by Mr. Conine to approve staff recommendation for both projects, with the understanding that a monthly progress report will be submitted to the board; seconded by Mayor Salinas; passed unanimously.

**1000352 City of Dayton**

Brian LaBorde, Assistant City Manager, Dayton, Tx, provided testimony.

Jay Rice, management consultant working with the City of Dayton, provided testimony.

Motion made by Mr. Conine to approve staff recommendation, with the understanding that a monthly progress report will be submitted to the board; seconded by Mr. Bogany; passed unanimously.

**Executive Director's Report**

**4. HOME Contract Amendments/Extensions**

Mr. Dally provided report.

**5. HOME Program Funds Reconciliation of IDIS and TDHCA Contract System Balances**

Mr. Dally provided report.

**AGENDA ITEM 8a**

**a) Proposed Issuance of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits with TDHCA as the Issuer For:**

060609 Sunset Pointe Apartments, Fort Worth, Texas, in an Amount Not to Exceed \$15,000,000 and Issuance of a Determination Notice (Recommended Credit Amount of \$670,194).

Jungus Jordan, Councilmember, City of Fort Worth, District 6, provided testimony.

Dan Allgeier, New Rock Development, provided testimony.

Motion made by Chair to table item until the next board meeting; seconded by Mayor Salinas; passed unanimously.

**AGENDA ITEM 4**

**Presentation, Discussion and Possible Approval of Community Affairs Division Items:**

Discussion and Approval of proposed allocation and usage methodology for \$38 million in Low Income Housing Energy Assistance Program (LIHEAP) Allocated by Senate Bill 2320. Mr. Eddie Fariss, Director, Community Services, provided report.

Stella Rodriguez, Texas Association of Community Action Agencies (TACAA), provided testimony.

Motion made by Mr. Conine to approve; seconded by Mayor Salinas; passed unanimously.

**AGENDA ITEM 5**

**Presentation, Discussion and Possible Approval of Housing Programmatic Items:**

**a) Discussion and Possible Approval of Housing Trust Fund Funding Plan**

Bill Wenson, developer, provided testimony.

Motion made by Mr. Conine to approve; seconded by Mr. Bogany; passed unanimously.

**b) Discussion and Possible Approval of Extension on a Housing Trust Fund Predevelopment Loan to Pineywoods HOME Team in the amount of \$50,000.**

Withdrawn from consideration by applicant.

**AGENDA ITEM 6**

**Presentation, Discussion and Possible Approval of Single Family Division Items:**

**a) Request approval of two 2006 Disaster Relief Program award recommendations under the HOME Owner Occupied Housing Assistance Program:**

Application Number	Applicant	Region	Activity	Project Funds Requested	Admin. Funds Requested	Units Requested
DR2006-0001	Jim Wells County	10	OCC	\$500,000	\$20,000	9
DR2006-0015	Duval County	10	OCC	\$500,000	\$20,000	18

Motion made by Mr. Gonzalez to approve; seconded by Mayor Salinas; with motion by Mr. Gonzalez to amend motion to include a 6-month report; passed unanimously, as amended.

**b) Presentation, Discussion and Possible Amendments to the Department's Deobligation Policy for the HOME Investment Partnership Program.**

Withdrawn from consideration.

AGENDA ITEM 7

**Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Housing Tax Credit Items:**

**(a) 2006 Housing Tax Credit Appeals**

**060408 Amberwood**

Chad Rennaker, PacifiCap Properties, provided testimony.

Motion made by Mr. Conine to approve the appeal, subject to the applicant agreeing to purchase both flood insurance and rental insurance for the affected buildings until a LOMR is received back from the Corps of Engineers that would eliminate the necessity for the insurance for those buildings; seconded by Mr. Flores; with Mayor Salinas voting against granting appeal; motion carried.

**060149 The Women's Shelter of East Texas**

Cynthia Bast, Locke, Liddell and Sapp, representing the Pinewoods Lufkin HOME Team, provided testimony.

Motion made by Mr. Conine to deny appeal; seconded by Ms. Anderson; Mr. Flores abstaining; motion carried.

**060148 Pineywoods Orange Development**

Withdrawn from consideration by applicant.

**(b) Discussion and Possible Approval of Policy for Addressing Cost Increases for Housing Tax Credit applications awarded competitive Housing Tax Credits in 2004 or 2005 Related to Hurricane Rita**

Jim Brown, executive director of TAAHP, provided testimony.

Cynthia Bast, Locke, Liddell and Sapp, provided testimony.

Barry Kahn, developer in Houston, provided testimony.

Motion made by Mr. Conine that we table and also ask staff to conduct a round table or a public comment sort of scenario where we can get some feedback on this issue; seconded by Mayor Salinas; passed unanimously.

**(c) Presentation, Discussion and Possible Ratification of Hurricane Rita Housing Tax Credit Awards by the Executive Director out of the possible list of Applications:**

**060186 Sunset Way Apartments**

**060238 One Southwood Crossing Apartments**

**060202 Beaumont Downtown Lofts**

Motion made by Mr. Conine to approve ratification of these three projects that the executive director has awarded; seconded by Mayor Salinas; passed unanimously.

**060241 Sienna Trails Townhomes**

**060240 Briarbend Village at Sienna Trails**

**060239 Timber Creek at Sienna Trails**

**060018 The Fairgrounds at Concord**

**060199 Legacy Senior Housing of Port Arthur**

**060065 Stone Hurst II**

**060242 Pear Orchard Apartments**

**060148 Pineywoods Orange Development**

**060092 Twelve Oaks Apartments**

**060105 Cypresswood Crossing**

**060149 The Women's Shelter of East Texas**

The Honorable Mayor William Brown Claybar, the Mayor of Orange, Texas, provided testimony.

Ike Akbari, developer in Port Arthur, provided testimony.

Charles Britten, citizen of Orange County, provided testimony.

Kurt Arbuckle, MGroup Holdings, provided testimony.

Toni Jackson, Coats Rose, provided testimony.

No action taken. Board requested that the remaining Hurricane Rita Award be brought back to them for June board meeting for board action.

(d) **Discussion and Possible Approval to Utilize 2006 National Pool or 2006 Recaptured Credits for Hurricane Rita Housing Tax Credit Applications**

Motion made by Mr. Conine to table item until June board meeting; seconded by Mayor Salinas; passed unanimously.

(e) **Issuance of Determination Notices on Tax-Exempt Bond Transactions with Other Issuers:**

**060604 Mill City Parc Apartments, Dallas, Texas; Housing Options, Inc. is the Issuer; Recommended Credit Amount of \$486,371**

Barry Palmer with Coats Rose, provided testimony.

Motion made by Mayor Salinas for the approval of \$530,000; seconded by Mr. Conine; passed unanimously.

**060409 Artisan at Military Apartment, San Antonio, Texas; San Antonio County HFC is the Issuer; Recommended Credit Amount of \$742,261**

Motion made by Mr. Bogany to approve recommended amount; seconded by Mr. Conine; passed unanimously.

**060411 Greens Crossing Apartments, Houston, Texas; Houston HFC is the Issuer; Recommended Credit Amount of \$858,615**

Bob Coe with O'Connor and Associates, provided testimony.

Motion made by Mr. Conine to approve recommended amount; seconded by Mayor Salinas; passed unanimously.

(f) **Proposed Issuance of Multi-Family Mortgage Revenue Bonds with a Local Issuer, Four Percent (4%) Housing Tax Credits and HOME Rental Development funds For:**

**060401 Northwest Residential Apartments, Georgetown, Texas; Issuance of Tax Credit Determination Notice (Recommended Amount of \$555,569). Issuance of HOME Commitment (Recommended Amount of \$1,950,000) (Postponed from March Meeting)**

Stuart Shaw, developer from Austin, Texas, provided testimony.

Motion made by Mayor Salinas to approve recommendation; seconded by Mr. Bogany; passed unanimously.

(g) **Discussion and Approval of Policy for Handling Resubmissions of 4% Housing Tax Credit Applications associated with Bond Applications when obtaining a new Reservation Docket Number. *Pulled from Consent Agenda.***

Cynthia Bast, Locke, Liddell and Sapp, provided testimony.

David Turek, a developer from Fort Worth, Texas, provided testimony.

Richard Shaw, OHC/Creekside Ltd., provided testimony.

Motion made by Mr. Conine for approval, subject to this being only effective for the 2005/2006 year, to give us time to reevaluate it for future years. To be brought back before the Board later on this year, for future use; seconded by Mr. Flores; passed unanimously.

AGENDA ITEM 8

**Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Multifamily Private Activity Bond Program Items:**

- a) **Proposed Issuance of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits with TDHCA as the Issuer For:**

**060609 Sunset Pointe Apartments, Fort Worth, Texas, in an Amount Not to Exceed \$15,000,000 and Issuance of a Determination Notice (Recommended Credit Amount of \$670,194).**

Taken up before Agenda Item 4.

**b) Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2006:**

**060614 Riverside Villas, Fort Worth, Texas**

Withdrawn from consideration.

**060619 Rolling Creek Apartments, Houston, Texas**

Withdrawn from consideration.

**060615 Hillcrest Apartments, Mesquite, Texas**

**060616 Center Ridge Apartments, Duncanville, Texas**

**060617 Idlewilde Apartments, Houston, Texas**

**060618 Alta Crossing, Houston, Texas**

**060613 Stonehaven Apartment Homes, Houston, Texas**

Motion made by Mr. Flores to approve; seconded by Mayor Salinas; passed unanimously.

**AGENDA ITEM 9**

**Presentation, Discussion and Possible Approval of Financial Administration Items:**

Recommendation to the Board for the selection of an independent auditor.

Postponed to June board meeting.

**EXECUTIVE SESSION**

Executive Session not held.

- a) The Board may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.
- b) The Board may go into executive session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.
- c) Consultation with Attorney Pursuant to §551.071, Texas Government Code:
  1. With Respect to pending litigation styled *Hyperion, et al v. TDHCA*, Filed in State Court
  2. With Respect to pending litigation styled *TP SENIORS II, LTD. V. TDHCA*, Filed in State Court
  3. With Respect to pending litigation styled *Gary Traylor, et al v. TDHCA*, Filed in Travis County District Court
  4. With Respect to pending litigation styled *Dever v. TDHCA* Filed in Federal Court
  5. With Respect to pending litigation styled *Ballard v. TDHCA* and the State of Texas, Filed in Federal Court
  6. With Respect to the administrative hearing styled as Public Utility Commission v. The Low Income Energy Efficient Program SOAH Docket No. 473-06-0862
  7. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

**REPORT ITEMS**

Executive Director's Report

1. TDHCA Outreach Activities, April, 2006  
No action taken.
2. 2006 – 2007 HOME Program Update  
No action taken.

3. Homeownership Activities  
No action taken.
4. **HOME Contract Amendments/Extensions**  
Taken up after Agenda Item 3
5. **HOME Program Funds Reconciliation of IDIS and TDHCA Contract System Balances**  
Taken up after Agenda Item 3
6. Housing Tax Credit Quarterly Report on Ownership Transfers  
No action taken.

**ADJOURN**

Since there was no other business to come before the Board, the meeting was adjourned at 1:46 p.m.

---

Mr. Kevin Hamby  
Board Secretary

**NOTE:**

For a full transcript of this meeting, please see the TDHCA website at:  
[www.TDHCA.state.tx.us](http://www.TDHCA.state.tx.us)



**EXECUTIVE OFFICE**

**BOARD ACTION REQUEST**

**June 9, 2006**

**Action Item**

Resolution of the Board of Directors rescinding Resolution No. 02-71, designating signature authority, and adoption of new Resolution No. 06-018 due to reorganization and new signature authorities designated.

**Required Action**

Approval of Resolution designating signature authority for bond transactions, Real Estate Transactions and Execution of Documents.

**Background**

The provisions of Chapter 2306, Texas Government Code, as amended, authorize the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of, among other things, obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans of participating interests, and to mortgage, pledge or grant security interests in such mortgages of participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds.

**Recommendation**

Approve the Resolution as presented.

**RESOLUTION NUMBER 06-018**  
**RESOLUTION OF THE BOARD OF DIRECTORS**  
**RESCINDING RESOLUTION NO. 02-71**  
**DESIGNATING SIGNATURE AUTHORITY**

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official governmental agency of the State of Texas, (the "Department") was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended; and

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of, among other things, obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans of participating interests, and to mortgage, pledge or grant security interests in such mortgages of participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, on December 17, 2002, the Governing Board adopted Resolution 02-71, designating signature authority for bond and real estate transactions; and

WHEREAS, the Governing Board has now determined that Resolution 02-71, designating signature authority, should be rescinded because of the reorganization of the Department and new signature authorities designated.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

Section 1 – Rescission of Prior Signature Authority. The Governing Board hereby rescinds Resolution 02-71.

Section 2 -- Designation Of Signature Authority For Bond Transactions. The Governing Board hereby authorizes and designates the Chairman or Vice Chairman of the Board, the Board Secretary, the Executive Director or the Acting Executive Director, the Deputy Executive Director of Programs, the Deputy Executive Director for Administration, the Director of Financial Administration, the Director of Bond Finance, the Director of Single Family Finance Production, and the Director of Multifamily Finance Production as signatories for single family and multifamily bond transactions including, but not limited to letters of instruction, officer's certificates, bond transactional documents and all other documents and certificates executed in connection with such bond transactions.

Section 3 -- Designation Of Signatory Authority For Real Estate Transactions. The Governing Board hereby authorizes and designates the Executive Director or the Acting Executive Director, the Board Secretary, the Deputy Executive Director of Programs, the Deputy Executive Director for

Administration, the Director of Financial Administration, the Director of Bond Finance, the Director of Single Family Finance Production, and the Director of Multifamily Finance Production as signatories on earnest money contracts, deeds or conveyances of title, leases of real property, settlement statements on purchase or sale of real property, and deposits and disbursements on agency bank accounts.

Section 4 -- Execution of Documents. The Governing Board hereby authorizes the Executive Director or the Acting Executive Director to execute, on behalf of the Department, any and all documents necessary to effect this Resolution.

Section 5 -- Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 6 -- Notice of Meeting. That written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting, that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the *Texas Register* at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register and Administrative Code Acts, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the *Texas Register* not later than seven (7) days before the meeting of the Board, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 9<sup>th</sup> day of June, 2006.

\_\_\_\_\_  
Chair of the Governing Board

[SEAL]

ATTEST:

\_\_\_\_\_  
Secretary to the Board

**RESOLUTION NUMBER 02-71**  
**RESOLUTION OF THE BOARD OF DIRECTORS**  
**RESCINDING RESOLUTION NO. 02-11 AND**  
**DESIGNATING NEW SIGNATURE AUTHORITY**

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official governmental agency of the State of Texas, (the "Department") was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended; and

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of, among other things, obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans of participating interests, and to mortgage, pledge or grant security interests in such mortgages of participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, on February 21, 2002, the Governing Board adopted Resolution 02-11, designating signature authority for bond and real estate transactions; and

WHEREAS, the Governing Board has now determined that Resolution 02-11 designating signature authority should be rescinded because of the reorganization of the Department, and new signature authorities designated.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

Section 1 – Rescission of Prior Signature Authority. The Governing Board hereby rescinds Resolution 02-11.

Section 2 – Designation Of Signature Authority For Bond Transactions. The Governing Board hereby authorizes and designates the Chairman or Vice Chairman of the Board, the Board Secretary, the Executive Director or the Acting Executive Director, the Deputy Executive Director of Housing Operations, the Deputy Executive Director of Programs, the Chief of Agency Administration, the Director of Financial Administration, the Director of Bond Finance, the Director of Single Family Finance Production, and the Director of Multifamily Finance Production as signatories for single family and multifamily bond transactions including, but not limited to letters of instruction, officer's certificates, bond transactional documents and all other documents and certificates executed in connection with bond transactions.

Section 3 – Designation Of Signature Authority For Real Estate Transactions. The Governing Board hereby authorizes and designates the Executive Director or the Acting Executive Director, the Board Secretary, the Deputy Executive Director of Housing Operations, the Deputy Executive Director of Programs, the Chief of Agency Administration, the Director of Financial Administration, the Director of Multifamily Finance Production, and the Director of Single Family Finance Production as signatories for single family and multifamily real estate transactions including, but not limited to loan commitments, notices and disclosures, LURAs, construction loan agreements, releases of liens, transfers of liens, notices of invalidity of oral agreements, lender/consumer agreements on method of providing disbursement, demand letters, repurchase letters, earnest money contracts, deeds or conveyances of title, leases of real property, settlement statements on purchase or sale of real property, deposits and disbursements on agency bank accounts, real estate transactional documents and all other documents executed in connection with real estate transactions.

Section 4 -- Execution of Documents. The Governing Board hereby authorizes the Executive Director or the Acting Executive Director to execute, on behalf of the Department, any and all documents necessary to effect this Resolution.

Section 5 -- Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 6 – Notice of Meeting. That written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting, that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the *Texas Register* at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register and Administrative Code Acts, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the *Texas Register* not later than seven (7) days before the meeting of the Board, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 17th day of December, 2002.

  
Chair of the Governing Board

[SEAL]  
ATTEST:

  
Secretary to the Board

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**June 9, 2006**

**Action Item**

Presentation, Discussion and Possible Approval of an amendment to a loan for FDI-University Place, Ltd.

**Action Required**

Approve, Deny or Approve with Amendments the staff recommendation for the FDI-University Place, Ltd. amendment.

**Background**

At the July 14, 2005 Board meeting, the Board approved a HOME award in the amount of \$375,000 to FDI-University Place, Ltd, conditioned upon the development receiving an allocation of Housing Tax Credits at the July 27, 2005 Board meeting. The terms of the award were a 30-year fully amortizing loan at zero (0) percent interest. The original permanent financing structure was with Mitchell Mortgage Company as the first lien lender and WNC & Associates as the syndicator.

**Summary**

Since the original award approval, the applicant has changed the first lien lender to Davis-Penn Mortgage Company using an FHA loan instead of conventional financing. The Department has a Memorandum of Understanding (MOU) with the U. S. Department of Housing and Urban Development (HUD) that states in instances of FHA financing, HUD will have the first lien position and the Department's secondary lien will be from surplus cash. Instead of the loan being amortized with fixed monthly payment, as approved in 2005, the loan would be paid through cashflow. If there is not sufficient cashflow on a monthly basis, then the development would not be required to make a loan payment during those months. However the loan will be fully amortized and paid over thirty years. The Department was not aware of the change in lenders and financing structure until staff was preparing the loan documents for closing.

**Recommendation**

Staff recommends the Board approve the award as a cash flow loan according to the terms of the MOU with HUD. Staff intends to separately bring the MOU as a policy item for consideration by the Board on June 26, 2006.

## FINANCIAL ADMINISTRATION DIVISION

### BOARD ACTION REQUEST

June 9, 2006

#### Action Item

Recommendation to the Board for the selection of an independent auditor.

#### Required Action

Board approve the selection of independent auditor Deloitte & Touche, LLP to audit the Department's financial statements.

#### Background

In August 2005, the Department's 5-year engagement with an independent auditor to audit the Department's Basic Financial Statements, financial statements of the Revenue Bond Enterprise fund and Unencumbered Fund Balances for purposes of issuing an opinion on their fair presentation in accordance with *Generally Accepted Accounting Principles* expired. Therefore, the Department developed a Request for Proposals (RFP) and provided notice of it via the Texas Market Place and *Texas Register*. An "RFP review committee" was created to assess, evaluate and score proposals. The review committee consisted of six personnel from Financial Administration, Bond Finance and Internal Audit. Two proposals were submitted: one from Deloitte & Touche, LLP and one from Clifton Gunderson, LLP. While both proposals were strong, Deloitte & Touche, LLP was the leading bidder. The scoring criteria included experience in national and local housing bonds, governmental audits, proposed services, cost and principal place of business in Texas. The scores were tabulated by purchasing staff and a subsequent meeting was held to discuss and finalize the selection. Based on the results of the evaluation process, the review committee selected Deloitte & Touche, LLP.

#### Recommendation

Based upon the proposed work plan, experience and overall qualifications, the Department recommends the selection of Deloitte & Touche, LLP and their minority partner Garza/Gonzalez & Associates as the Department's independent auditor. Engagement terms consistent with the RFP, would be on a one-year basis for up to 5 years contingent upon a "delegation of authority" each year from the State Auditor's Office pursuant to Texas Government Code, Section 321.020. As a condition of this delegation, the State Auditor's Office may attend entrance and exit conferences and shall have access to working papers related to the audit for their review.

**PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION**

**BOARD ACTION REQUEST  
HOME AMENDMENTS**

**June 9, 2006**

**Action Item**

Requests for amendments to HOME Investment Partnerships Program (HOME) contracts involving modifications that significantly decrease the benefits to be received by the Department.

**Requested Action**

Approve or deny the requests for amendments.

**Background**

The 2006 HOME Rules in the Texas Administrative Code, Title 10, Part 1, Chapter 53, Rule §53.62(b)(3) state that modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.

HOME Administrators periodically request amendments to modify contract terms or performance requirements specified in Exhibit A (Performance Statement) of HOME contracts. In order for a request to be considered, the Administrator must:

- € submit justification, extenuating circumstances, or compelling reasons for the request; and
- € submit a request that would still have resulted in an award of HOME funds if the original application had been submitted according to the requested changes; and
- € be in compliance with monitoring and auditing requirements for all Department programs.

Contract extensions are the most commonly requested type of amendment. Other types of amendment requests include revisions to income targeting according to Area Median Family Income (AMFI) limits, revisions to the number of assisted units, budget modifications, and revisions to matching contributions.

Contract extensions are typically requested when Administrators are close to the end date of the contract, but contract performance requirements are not complete or construction work is in progress and may not be completed by the end date of the contract.

Changes to AMFI are typically requested if the Administrator has not received sufficient applicants at the income targeting requirements specified in their Performance Statement. This situation occurs most often with Homebuyer Assistance (HBA) contracts. Applicants for HBA assistance at the lower income levels, because of high credit or bad credit ratings, may not qualify for a mortgage and are therefore ineligible to participate in the program.



Another consideration is the low income levels relative to some parts of the state. This is especially the case for Rider 3/Rider 4 counties. Rider 4 of the 2006-2007 Appropriations Act states: Housing Assistance. The housing finance division shall adopt an annual goal to apply no less than \$30 million of the division's total housing funds toward housing assistance for individuals and families in which the annual family income does not exceed the following amounts based on the number of persons in the family:

Number of Persons in the Family	Maximum Annual Income
1 Person	\$13,000
2 Persons	\$16,000
3 Persons	\$17,000
4 Persons	\$19,000
5 Persons	\$21,000

Rider 4 allows assistance up to 60% of state median income and states that in those counties where median family income is lower than the state average median family income, the state average median family income shall be used to interpret the rider. Since state law is automatically incorporated in Department contracts, the increased eligibility thresholds are arguably incorporated in the contracts.

A reduction in the number of assisted households is typically requested for Owner Occupied Rehabilitation/Reconstruction (OCC) as a result of higher than anticipated construction or labor costs that are revealed after the bidding process has occurred. In these cases, the reduction is requested to allow additional funds to be budgeted to each household thereby ensuring the project's financial feasibility.

Reductions to match requirements are often requested when match as originally pledged is no longer available, or more frequently, match documentation submitted by Administrators is not sufficient to meet match criteria defined in federal rules and notices. While eligible sources of match are approved during the award phase, documentation evidencing the match often reveals issues that are not apparent until the match is reported, including issues with procurement, identity of interest, and the use of federal funding sources; these changes necessitate modifications to match during contract implementation.

This issue is most common with Tenant-Based Rental Assistance (TBRA) contracts. Supportive services is the only eligible category of match for TBRA contracts. It is very difficult for Administrators to obtain the appropriate amount of documentation verifying that the match is not derived from a federal source. Another issue encountered by TBRA Administrators and Department staff includes the amount of time and effort to document, prepare, review, and verify the validity of match reported for each individual activity. The process is cumbersome and often a relatively minimal amount of match is verified as valid compared to the amount of time and effort required to obtain the information. Administrators have expressed concerns about the burden placed on staff to track and provide the information needed to meet their match obligations. In most instances, TBRA administrators would have received an award of HOME funds without committing to match.

**Brewster County, HOME Contract Number 1000186**

**Summary of Request**

Brewster County (County) is requesting to extend the end date of their contract from December 31, 2005 to November 30, 2006. This 11 month extension is necessary due to difficulty in completing the environmental process due to the high number of adobe houses that were rejected by the Texas Historical Commission. The County has indicated that the contract can be successfully completed by the amended ending date of the contract (November 30, 2006).

Amendment Number:	1
Activity Type:	Owner-Occupied Assistance (OCC) Contract
Contract Executor:	Val Beard, County Judge
Contract Consultant:	Grantworks, Inc
Contract Start Date:	January 1, 2004
Contract End Date:	December 31, 2005
Requested End Date:	November 30, 2006
Service Area:	Brewster County
Total Budget Amount:	\$520,000
Project Amount:	\$500,000
Administration Amount:	\$20,000
Households Required:	9
Households Committed:	9
Amount Drawn:	\$2,000

**Requested Action**

Because of current policy, staff is unable to recommend the approval of the amendment. If the board chooses to approve the amendment, the contract end date would be extended from December 31, 2005 to November 30, 2006.

Support documentation submitted substantiates extenuating circumstances or compelling reasons for the request; and the Administrator is in compliance with all monitoring and auditing requirements for Department programs.

**City of Nash, HOME Contract Number 1000486**

**Summary of Request**

The City of Nash (City) has requested modifications to income targeting requirements as follows to allow them to assist one (1) prospective family that they would otherwise not be able to assist.

	2006 Income Limits (2 Person)	Original	Requested	Change
50% AMFI	\$18,650	9	8	(1)
80% AMFI	\$29,850	0	1	1
Total		9	9	

The City would be able to assist a disabled single mother and her son. They are currently living in a dilapidated house that significantly violates housing quality standards. Their household income is \$23,424 (\$15,984 in Social Security Disability (SSI) for her and \$7,440 in SSI for her son). Since the City has no other eligible candidates on a waiting list, the approval of this amendment would not deny assistance to other eligible families.

The City has also requested a \$44,322 reduction of the match requirement. Pledged match was to be provided by a contractor who was to donate demolition services. The contractor is no longer able to provide the demolition. The City proposes to demolish the houses using city crews and equipment. Since the City's cost is lower, they are not able to meet the original match requirement. The City is not able to identify additional sources of match. The City is requesting the following modification to match requirements:

	Original	Requested	Variance
Match	\$105,929	\$61,607	(\$44,322)

Amendment Number: 1  
Activity Type: Owner-Occupied Assistance (OCC) Contract  
Contract Executor: David H. Slaton, Mayor  
Contract Contact: Elizabeth Lea, City Administrator  
Contract Consultant: Lucas Consulting, Inc  
Contract Start Date: October 3, 2005  
Contract End Date: September 28, 2007  
Service Area: City of Nash, Bowie County  
Total Budget Amount: \$512,162  
Project Amount: \$492,463  
Administration Amount: \$19,699  
Households Required: 9  
Households Committed: 9  
Amount Drawn: \$0.00

**Requested Action**

Because of current policy, staff is unable to recommend the approval of the amendment. If the board chooses to approve the amendment, the income targeting requirements would be changed according to the table shown above and the match requirement would be reduced from \$105,929 to \$61,607.

Support documentation submitted substantiates extenuating circumstances or compelling reasons for the request; rescoring the application based on the changes in income targeting and reduction in match would still have resulted in an award of HOME funds; and the Administrator is in compliance with all monitoring and auditing requirements for Department programs.

**COUNTY OF BREWSTER**

Val Beard, County Judge

P.O. Drawer 1630 • Alpine, Texas 79831 • 915-837-2412

May 31, 2006

Lucy Trevino  
Texas Department of Housing and Community Affairs  
PO Box 13941  
Austin, TX 78711-3941

RE: Extension for Contract #1000186

Dear Ms. Trevino:

The following is per your request for our HOME Program Grant Contract #1000186 for the County of Brewster, Texas. The reasons behind this request for contract extension are due to the difficulty in completing the environmental process due to the high number of adobe houses that have been rejected by the Texas Historical Commission causing delays in finalizing the ranking of homeowners.

Attached are the addresses of the homeowners we are assisting; I have separated the addresses based on Environmental Clearance; homes that have been cleared environmentally are listed first and the homes that are in MOA negotiation have been listed second:

**Addresses environmentally cleared as of March 21, 2006**

Address
1005 E. Ave. J
1705 E. Ave. H
102 N. Lemon
805 W. Murphy

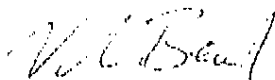
**Addresses pending final negotiated MOA.**

Address
601 S. 10th St.
303 South 9th St.
703 W. Ave. F
204 South 6th

At this time the County would like to formally request that the original amendment request be extended through the end of November 2006 to give adequate time to reach a resolution with THC and to order materials required by Historical Guidelines.

If you have any other questions or are in need of further information, please feel free to contact me at 432-837-2412.

Sincerely,



Val Beard  
Brewster County Judge

# CITY OF NASH

5/11  
Val - Please  
108 in +  
rescore.

119 Elm Street  
P.O. Box 520  
Nash, TX 75569



Business Office  
(903) 838-0751  
FAX (903) 831-3411

May 2, 2006

Lucy Trevino  
TDHCA – HOME Program  
P.O. Box 13941  
Austin, Texas 78711-3941

RE: Request for Amendment – Income Limits and Match  
City of Nash HOME Owner Occupied Program (1000486)

Dear Ms. Trevino:

I hereby request your approval of an amendment to the City of Nash's HOME Owner Occupied Housing Program as funded by TDHCA Contract No. 1000260. Specifically, this request is to amend the HOME contract to increase the income eligibility limits to 80% of Texarkana MSA median income for one family and decrease the match required by the City.

Cynthia Wright owns and lives in a dilapidated house that significantly violates housing quality standards. She is 42 years old and has a 13-year-old son who lives with her. Her annual income is \$23,424 (\$15,984 in Social Security Disability for her and \$7,440 in SSI for her son.) The income limit for a family of two is \$18,650 per year.

The City was approved for nine housing units under the HOME Program. We have conducted extensive outreach and worked with community and church groups to find eligible families for the HOME program. The Wright family has been identified by several individuals and community groups as a family who would benefit from this program. There are no other eligible candidates on a waiting list and the approval of this amendment would not deny other eligible persons the benefit of the HOME program.

The City of Nash also would like to request an amendment to the match requirement for the HOME Program. When the City applied for the Program, a contractor agreed to denote his services to demolish the houses. Since that time, the contractor has stated he is unable to do the demolition. The City has decided to demolish the houses using city crews and equipment which will lower the cost, making it impossible to meet the match requirements. The City would like to amend their contract to a match of \$61,875, which is 12.5% of the total contract amount.

*61,607 12.5% have to do @ least*

I hope that you will approve these amendment requests and allow us to increase the income limits for the Wright family and decrease the City's match requirement. Should you have any questions or require additional information, please do not hesitate to contact me.

Sincerely,

David H. Slaton  
Mayor

RECEIVED  
MAY 11 2006  
COMPLIANCE

**COMMUNITY AFFAIRS DIVISION  
BOARD ACTION REQUEST  
June 9, 2006**

**Action Item**

Review and approval of the draft Program Year (PY) 2007 Low Income Home Energy Assistance Program (LIHEAP) State Plan for posting to the TDHCA website and Public Comment.

**Required Action**

Review and approval from the Board of the draft PY 2007 LIHEAP State Plan.

**Background**

The Texas Department of Housing and Community Affairs (the Department) develops and submits a Low Income Home Energy Assistance Program (LIHEAP) plan each year on or before September 1 to the U.S. Department of Health and Human Services (HHS). HHS provides a model plan to guide the format and content, which the Department follows. The Department develops the plan, with review and comment by Energy Assistance (EA) staff, the Community Affairs Division Director, Legal Services, the Financial Services Division, and Executive. Assuming approval by the Board, the draft will be released for public comment and a public hearing. The public hearing provides opportunity for comments from the public as well as the subrecipient network. Upon completion of the public hearing and public comment period, EA staff modifies the plan based on public comment. Staff will present the revised plan to the Board for review and final approval on July 28, or August 30, 2006. Upon approval by the Board, staff will forward the plan (with any changes recommended by the Board) to HHS for final approval of the Plan.

**Summary of Programs**

LIHEAP is comprised of two primary programs as described below.

Comprehensive Energy Assistance Program (CEAP) provides utility assistance to eligible client households. Additionally, some households can qualify for repair and/or replacement of inefficient heating and cooling unit or appliances in their household. An applicant seeking utility assistance applies to the CEAP subrecipient for assistance. The subrecipient determines income-eligibility, prioritizes status (this includes a review of billing history to determine energy burden and consumption), and determines which

CEAP component is most appropriate for that eligible applicant. If the CEAP applicant is eligible and meets program priorities, the CEAP subrecipient makes utility payment to a utility company through a vendor agreement with that company. There are currently 50 subrecipient agencies that administer the CEAP program.

Subrecipients utilize the LIHEAP Weatherization (WAP) funding to provide cost effective weatherization measures to improve the energy efficiency of eligible client households. Typical weatherization measures include attic and wall insulation, weather-stripping and air sealing measures, heating and cooling unit repair and/or replacement, refrigerator replacement, and minor roof repair. Potential WAP client households apply for assistance with the WAP subrecipient. The subrecipient determines if the household is income-eligible and whether they fit in one or more of the priority populations. Typically, if the applicant is determined eligible, the applicant is placed on a waiting list.

As scheduling allows, the subrecipient conducts an energy assessment on the applicant's home and results are entered into the EZ3 energy audit to determine if weatherization measures are appropriate. (The Department received approval from the Department of Energy (DOE) to develop its own audit. EZ3 is a web-based version of the audit that determines the appropriate weatherization measures to be performed). If the applicant is still income eligible, the subrecipient weatherizes the client's home. The weatherization work typically is performed by an independent contractor procured through competition and with whom the subrecipient has contracted. There are currently 34 subrecipient agencies that administer the WAP program.

In keeping with the intent of the LIHEAP Legislation, subrecipients are primarily Community Action Agencies who administer the Community Services Block Grant (CSBG) programs. Occasionally, nonprofits, and units of local governments have been added to the network in order to ensure efficient and effective delivery of services to all areas of the state.

- Thirty-one subrecipients administer CEAP and WAP funding.
- Eighteen subrecipients administer CEAP funding only.
- Three subrecipients administer WAP funding only.

---

### **Highlights of the Plan**

- The format of the plan follows the “model plan” as provided by LIHEAP.
- Eligibility determination is still at 125% of Federal Poverty Income Guidelines.
- Staff is proposing (as reflected in the plan) program design changes for CEAP and Weatherization.

## **Program Design Changes**

- The CEAP design changes were included in the May 4, 2006 Board Meeting (Item #4). Those changes included: increasing the maximum allowable benefit per household; allowing greater flexibility for subrecipients to establish component expenditure percentages to reflect local needs; and redefine case management to more closely reflect Assurance 16 of the LIHEAP plan.

<b>Household income Based on Federal Poverty Guidelines</b>	<b>Previous maximum household benefit</b>	<b>New maximum household benefit</b>
0% to 50%	\$1,000	\$1,200
51% to 75%	\$900	\$1,100
76% to 125%	\$800	\$1,000

<b>Component</b>	<b>Previous expenditure percentage</b>	<b>New expenditure percentage</b>
Elderly/Disabled	Maximum 50%	Minimum 10%
Energy Crisis	Maximum 10%	Minimum 10%
Heating/Cooling	Minimum 20%	Minimum 10%
Co-Payment	Established by subrecipient	Established by subrecipient

- The WAP design changes include: increasing the maximum expenditure cap to \$4,000 per household from \$2,826; expanding the eligible energy-related structural repairs; and allowing the leveraging of LIHEAP weatherization with DOE weatherization to maximize the benefit to the household.

## **Funding Formula**

The Department has used the following funding allocation formula since 1998. TDHCA has updated the budget allocation proportions by county and subrecipient, based on poverty income, elderly poverty, median household income (2000 U.S. Census), and climate data (Southern Regional Climate Center, Louisiana State University, June 2002). This update happens as new Census data is released at the completion of the decennial census.

This funding formula was designed with input from subrecipients. This formula not only allocates funds based on the number of low-income households in a service area, but also takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree-days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:



<b>Fund Allocation Factors</b>	<b>Percentage</b>
Households in poverty with at least 1 member 64 years of age or younger.	40
Households in poverty with at least one member 65 years of age or older.	40
Household density as an inverse ratio.	5
Median income of the county.	5
Weather factor based on heating degree days and cooling degree days.	10

All demographic factors are based on the 2000 U.S. Census.

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM  
(LIHEAP)**



**DETAILED MODEL PLAN**

**PUBLIC LAW 97-35, AS AMENDED**

**FISCAL YEAR (FY) 2007**

**GRANTEE: TEXAS DEPARTMENT OF HOUSING AND COMMUNITY  
AFFAIRS**

**EIN: .....17426105429**

**ADDRESS:.....P.O. Box 13941  
.....Austin, TX 78711-3941**

**NAME OF LIHEAP COORDINATOR: ...Amy Oehler**

**EMAIL:.....amy.oehler@tdhca.state.tx.us**

**TELEPHONE: (512) 475-3864 FAX: (512) 475-3935**

**PLEASE CHECK ONE: TRIBE  STATE  INSULAR AREA**

**Department of Health and Human Services  
Administration for Children and Families  
Office of Community Services  
Washington, DC 20447**

**August 1987, revised 05/92, 02/95, 03/96, 12/98, 11/01**

**OMB Approval No. 0970-0075**

**Expiration Date: XX/XX/2005**

**THE PAPERWORK REDUCTION ACT OF 1995 (Pub. L. 104-13)**

Use of this model plan is optional. However, the information requested is required in order to receive a Low Income Home Energy Assistance Program (LIHEAP) grant in years in which the grantee is not permitted to file an abbreviated plan. Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

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Assurances

The Texas Department of Housing & Community Affairs agrees to:  
(Grantee Name)

- (1) use the funds available under this title to--
  - (A) conduct outreach activities and provide assistance to low income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy, consistent with paragraph (5);
  - (B) intervene in energy crisis situations;
  - (C) provide low-cost residential weatherization and other cost-effective energy-related home repair; and
  - (D) plan, develop, and administer the State's program under this title including leveraging programs,

and the State agrees not to use such funds for any purposes other than those specified in this title;

- (2) make payments under this title only with respect to--
  - (A) households in which one or more individuals are receiving--
    - (i) assistance under the State program funded under part A of title IV of the Social Security Act;
    - (ii) supplemental security income payments under title XVI of the Social Security Act;
    - (iii) food stamps under the Food Stamp Act of 1977; or
    - (iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or
  - (B) households with incomes which do not exceed the greater of—
    - (i) an amount equal to 150 percent of the poverty level for such State; or
    - (ii) an amount equal to 60 percent of the State median income;

except that a State may not exclude a household from eligibility in a fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income.

- (3) conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

- (4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State; particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-income weatherization assistance program

**GRANTEE: TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS/ FFY 2007**

under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(5) provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size, except that the State may not differentiate in implementing this section between the households described in clauses 2(A) and 2(B) of this subsection;

(6) to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that—

(A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made;

(7) if the State chooses to pay home energy suppliers directly, establish procedures to --

(A) notify each participating household of the amount of assistance paid on its behalf;

(B) assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title;

(C) assure that the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this paragraph will contain provisions to assure that no household receiving assistance under this title will be treated adversely because of such assistance under applicable provisions of State law or public regulatory requirements; and

(D) ensure that the provision of vendor payments remains at the option of the State in consultation with local grantees and may be contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households, including providing for agreements between suppliers and individuals eligible for benefits under this Act that seek to reduce home energy costs, minimize the risks of home energy crisis, and encourage regular payments by individuals receiving financial assistance for home energy costs;

(8) provide assurances that,

(A) the State will not exclude households described in clause (2)(B) of this subsection from receiving home energy assistance benefits under clause (2), and

(B) the State will treat owners and renters equitably under the program assisted under this title;

(9) provide that--

**GRANTEE: TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS/ FFY 2007**

(A) the State may use for planning and administering the use of funds under this title an amount not to exceed 10 percent of the funds payable to such State under this title for a fiscal year; and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining cost (except for the costs of the activities described in paragraph (16));

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that the State will comply with the provisions of chapter 75 of title 31, United States Code (commonly known as the "Single Audit Act");

(11) permit and cooperate with Federal investigations undertaken in accordance with section 2608;

(12) provide for timely and meaningful public participation in the development of the plan described in subsection (c);

(13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance under the plan described in subsection (c) are denied or are not acted upon with reasonable promptness; and

(14) cooperate with the Secretary with respect to data collecting and reporting under section 2610.

(15) \* beginning in fiscal year 1992, provide, in addition to such services as may be offered by State Departments of Public Welfare at the local level, outreach and intake functions for crisis situations and heating and cooling assistance that is administered by additional State and local governmental entities or community-based organizations (such as community action agencies, area agencies on aging and not-for-profit neighborhood-based organizations), and in States where such organizations do not administer functions as of September 30, 1991, preference in awarding grants or contracts for intake services shall be provided to those agencies that administer the low-income weatherization or energy crisis intervention programs.

**\* This assurance is applicable only to States, and to territories whose annual regular LIHEAP allotments exceed \$200,000. Neither territories with annual allotments of \$200,000 or less nor Indian tribes/tribal organizations are subject to Assurance 15.**

(16) use up to 5 percent of such funds, at its option, to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors, and report to the Secretary concerning the impact of such activities on the number of households served, the level of direct benefits provided to those households, and the number of households that remain unserved.

**Certification to the Assurances:**

As Chief Executive Officer, I agree to comply with the sixteen assurances contained in Title XXVI of the Omnibus Budget Reconciliation Act of 1981, as amended\*. By signing these assurances, I also agree to abide by the standard assurances on lobbying, debarment and suspension, and a drug-free workplace.

Signature of the Tribal or Board Chairperson or Chief Executive Officer of the State or Territory.

Signature: \_\_\_\_\_

Title: Executive Director

Date: \_\_\_\_\_

**The Governor of Texas has delegated the responsibility of signing this document to the Executive Director of the Texas Department of Housing and Community Affairs. A copy of the letter is attached.**

\*In the above assurances which are quoted from the law, "State" means the 50 States, the District of Columbia, an Indian Tribe or Tribal Organization, or a Territory; "title" of the Act refers to Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (OBRA), as amended, the "Low Income Home Energy Assistance Act"; "section" means Section 2605 of OBRA; and, "subsection" refers to Section 2605(b) of OBRA.

### Components Operated Under LIHEAP

Statutory references

2605(a) 2605(b)(1)	→ Please check which components you will operate under the LIHEAP program. (Note: You must provide information for each component designated here as requested elsewhere in this plan.)
-----------------------	---

**Use of Funds**

			Dates of Operation
	<input checked="" type="checkbox"/>	heating assistance	December – February
	<input checked="" type="checkbox"/>	cooling assistance	March – November
	<input checked="" type="checkbox"/>	crisis assistance	January - December
	<input checked="" type="checkbox"/>	weatherization assistance	April - March

2605(c)(1)(C) Use of Funds	→ Please estimate what amount of available LIHEAP funds will be used for each component that you will operate: <b>The total of all percentages must add up to 100%.</b>	
	10%	heating assistance
	40%	cooling assistance
	10%	crisis assistance
2605(k)(1)	15%	weatherization assistance
	10%	carryover to the following fiscal year
2605(b)(9)	10%	administrative and planning costs
2605(b)(16)	5%	services to reduce home energy needs including needs assessment (assurance 16)
	0%	used to develop and implement leveraging activities (limited to the greater of 0.08% or \$35,000 for States, the greater of 2% or \$100 for territories, tribes and tribal organizations).
	100%	<b>TOTAL</b>

**Alternate Use of Crisis Assistance Funds**

2605(c)(1)(C)	→ The funds reserved for winter crisis assistance that have not been expended by March 15 will be reprogrammed to:	
	<input type="checkbox"/>	Heating assistance
	<input type="checkbox"/>	Cooling assistance
	<input type="checkbox"/>	weatherization assistance
	<input checked="" type="checkbox"/>	Other(specify): Year-round crisis

→ Do you accept applications for energy crisis assistance at sites that are geographically accessible to all households in the area to be served? (This is required by the statute.)

Yes  No



**Eligibility**

2605(b)(2) 2605(c)(1)(A)	→ What are your maximum eligibility limits? (Please check the components to which they apply.) <b>Current year guidelines must be used.</b>			
	<input checked="" type="checkbox"/>	125% of the poverty guidelines:		
	Heating <input checked="" type="checkbox"/>	Cooling <input checked="" type="checkbox"/>	Crisis <input checked="" type="checkbox"/>	WX <input checked="" type="checkbox"/>

	<b>NONE</b>	Households automatically eligible if one person is receiving			
	TANF <input type="checkbox"/>	SSI <input type="checkbox"/>	Food Stamps <input type="checkbox"/>	WX <input type="checkbox"/>	
	<b>NONE</b>	Certain means-tested veterans programs			
	Heating <input type="checkbox"/>	Cooling <input type="checkbox"/>	Crisis <input type="checkbox"/>	WX <input type="checkbox"/>	

2605(c)(1)(A) 2605(b)(2) (eligibility)	→ Do you have additional eligibility requirements for:  <b>Heating Assistance?</b>		No
	→ Do you use: Assets test?		No
	→ Do you give priority in eligibility to: Elderly?		Yes
	Disabled?		Yes
	Young children?		Yes
	Other: (If Yes, please describe) <b>High energy burden, High energy consumption.</b>		Yes

2605(c)(1)(A) 2605(b)(2) (eligibility)	→ Do you have additional eligibility requirements for:  <b>Cooling Assistance?</b>		No
	→ Do you use: Assets test?		No
	→ Do you give priority in eligibility to: Elderly?		Yes
	Disabled?		Yes
	Young children?		Yes
	Other: (If Yes, please describe) <b>High energy burden, High energy consumption.</b>		Yes

2604(c) 2605(c)(1)(A) (eligibility)	→ Do you have additional eligibility requirements for:  <b>Crisis Assistance?</b>		No
	→ Do you use: Assets test?		No

	Must the household have received a shut-off notice or have an empty tank?		No
	Must the household have exhausted regular benefit?		No
	Must the household have received a rent eviction notice?		No
	Must heating/cooling be medically necessary?		No
	Other (Please explain):		
	<p>→ What constitutes a crisis? (Please describe)</p> <p>A <i>bona fide</i> energy crisis exists when extraordinary events or situations resulting from extreme weather conditions and fuel supply shortages have depleted or will deplete household financial resources and/or have created problems in meeting basic household expenses, particularly bills for energy so as to constitute a threat to the well-being of the household, particularly the elderly, the disabled, or very young children.</p> <p>A utility disconnection notice may constitute an energy crisis if client demonstrates a history of good faith in paying prior utility bills. A utility disconnection notice may constitute an energy crisis if brought about by sudden or unexpected events.</p>		

2605(c)(1)(A) (eligibility)	→ Do you have additional eligibility requirements for: <b>Weatherization?</b>		No
	→ Do you use:		
	Assets test?		No
	Priority groups? (Please list)	Yes	
	Elderly?	Yes	
	Disabled?	Yes	
	Young children?	Yes	
	Other: (If Yes, please describe) <b>High energy burden, High energy consumption.</b>	Yes	
	→ Are you using Department of Energy (DOE) Low Income Weatherization Assistance Program (LIWAP) rules to establish eligibility or to establish priority eligibility for households with certain characteristics?	Yes	
	→ If Yes, are there exceptions? Please list below. <b>No categorical eligibility.</b>	Yes	

**Outreach Activities**

2605(b)(3) 2605(c)(3)(A) (outreach)	→ Please check the outreach activities that you conduct that are designed to assure that eligible households are made aware of all LIHEAP assistance available:	
	<input checked="" type="checkbox"/>	provide intake service through home visits or by telephone for the physically infirm (i.e. elderly or disabled).
	<input checked="" type="checkbox"/>	place posters/flyers in local and county social service offices, offices of aging, Social Security offices, VA, etc.
	<input checked="" type="checkbox"/>	publish articles in local newspapers or broadcast media announcements.
	<input checked="" type="checkbox"/>	include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance.
		Make mass mailing to past recipients of LIHEAP.
	<input checked="" type="checkbox"/>	inform low income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs.
	<input checked="" type="checkbox"/>	execute interagency agreements with other low-income program offices to perform outreach to target groups.
	<input type="checkbox"/>	other (Please specify):

**Coordination**

2605(b)(4)	→ Please describe how you will assure that LIHEAP is coordinated with similar and related programs. The description provided applies to all components unless specifically noted.
2605 (b)(1)(C)  2605(b)4	Subrecipients coordinate with other social service agencies through cooperative agreements to provide services to client households. Cooperative agreements clarify procedures, roles, and responsibilities of all participants. In particular, subrecipients make documented referrals to the local WAP subrecipient.
2605(b)(7)(D)	Subrecipients coordinate with local energy vendors to arrange for arrearage reduction, reasonably reduced payment schedules, or cost reductions.
2605(b)(6)	Community Action Agencies, local government entities, and other nonprofit agencies, with a few exceptions, also administer the LIHEAP program. To share information, enhance and develop service capacities, and integrate resources, TDHCA works with the Texas Association of Community Action Agencies, the Public Utility Commission, the Texas Railroad Commission, utility companies, and other State entities serving the low-income population

**Equal Treatment**

(benefit levels) 2605(b)(5) 2605(b)(2) 2605(b)(8A)	→ The statute requires that there be no difference in the treatment of households eligible because of their income and those eligible because they receive benefits under TANF, Food Stamps, SSI, or certain means-tested veterans programs ("categorically eligible"). How do you ensure there is no difference when determining eligibility and benefit amounts? This applies to all components unless specifically noted below.
---	--

	There is no difference in benefit levels based on the receipt or non-receipt of public assistance benefits. No households are deemed categorically eligible. This applies to all components.
--	--

### Heating Component

(determination of benefits) 2605(b)(5)	→ Please check the variables you use to determine your benefit levels (check all that apply):	
	<input checked="" type="checkbox"/>	Income
	<input checked="" type="checkbox"/>	family (household) size
	<input checked="" type="checkbox"/>	home energy cost or need
	<input type="checkbox"/>	fuel type
	<input type="checkbox"/>	climate/region
	<input checked="" type="checkbox"/>	individual bill
	<input type="checkbox"/>	dwelling type
	<input checked="" type="checkbox"/>	energy burden (% of income spent on home energy)
	<input checked="" type="checkbox"/>	energy need
	<input type="checkbox"/>	other (describe)

### Benefit Levels/ Benefit Limits

2605(b)(5) 2605(c)(1)(B)	→ Describe how you will assure that the highest benefits go to households with the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size. Please describe benefit levels or attach a copy of your payment matrix.	
	Households With Incomes Of:	Household may receive an amount needed to address their energy payment shortfall not to exceed:
	0 to 50% of Poverty	\$1,200.
	50% to 75% of Poverty	\$1,100.
	75% to 125% of Poverty	\$1,000.
	→ Do you provide in-kind (e.g., blankets, space heaters) and/or other forms of benefits?	
	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	If Yes, please describe.	

### Cooling Component

(determination of benefits) 2605(b)(5) 2605(c)(1)(B)	→ Please check the variables you use to determine your benefit levels (check all that apply):	
	<input checked="" type="checkbox"/>	Income
	<input checked="" type="checkbox"/>	family (household) size

<input checked="" type="checkbox"/>	home energy cost or need
<input type="checkbox"/>	fuel type
<input type="checkbox"/>	climate/region
<input checked="" type="checkbox"/>	individual bill
<input type="checkbox"/>	dwelling type
<input checked="" type="checkbox"/>	energy burden (% of income spent on home energy)
<input checked="" type="checkbox"/>	energy need
<input type="checkbox"/>	other (describe)

**Benefit Levels/ Benefit Limits**

2605(b)(5) 2605(c)(1)(B)	<p>→ Describe how you will assure that the highest benefits go to households with the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size. Please describe benefit levels or attach a copy of your payment matrix.</p>	
	Households With Incomes Of:	Household may receive an amount needed to address their energy payment shortfall not to exceed:
	0 to 50% of Poverty	\$1,200.
	50% to 75% of Poverty	\$1,100.
	75% to 125% of Poverty	\$1,000.
	<p>→ Do you provide in-kind (e.g., blankets, space heaters, fans) and/or other forms of benefits?</p>	
	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	If Yes, please describe.	

**Crisis Component**

(determination of benefits) 2605(b)(5) 2605(c)(1)(B)	<p>→ How do you handle crisis situations?</p>	
	<input checked="" type="checkbox"/> Separate component	<input type="checkbox"/> other (please explain)
	<p>→ If you have a separate component, how do you determine crisis assistance benefits?</p>	
	<input checked="" type="checkbox"/>	amount to resolve crisis, up to maximum
	<input type="checkbox"/>	other (please describe)

**Benefit Levels/ Benefit Limits**

	<p>→ Please indicate the maximum benefit for each type of crisis assistance offered.</p>		
	Heating	\$ n/a	maximum benefit
	Cooling	\$ n/a	maximum benefit
	Year-round	\$1,200	maximum benefit

→ Do you provide in-kind (e.g. blankets, space heaters, fans) and/or other forms of benefits?		
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	If Yes, please describe.

## WEATHERIZATION & OTHER ENERGY RELATED HOME REPAIR AND IMPROVEMENTS

2605(b)(5) 2605(c)(1) (B) & (D)	→ What LIHEAP weatherization services/materials do you provide? (Check all categories that apply.)
---------------------------------------	--

### Types of Assistance

<input checked="" type="checkbox"/>	Weatherization needs assessments/audits.
<input checked="" type="checkbox"/>	Caulking, insulation, storm windows, etc.
<input checked="" type="checkbox"/>	Furnace/heating system modifications/repairs
<input checked="" type="checkbox"/>	Furnace replacement
<input checked="" type="checkbox"/>	Cooling efficiency modifications/repairs/replacement
<input checked="" type="checkbox"/>	Other <u>Energy Related Home Repair</u> (Please describe) <ul style="list-style-type: none"> <li>a) roof, wall, and floor repair to complete weatherization measures;</li> <li>b) repair or replacement of essential electrical wiring to complete related weatherization measures, while complying with safety codes;</li> <li>c) solar screens or window film (where appropriate);</li> <li>d) replacement of refrigerators 1993 or older or metered to have an SIR of 1 or greater on the TDHCA refrigerator tool;</li> <li>e) mobile home skirting to protect belly insulation;</li> <li>f) overhangs to protect mobile home doors;</li> <li>g) carpentry work to protect outside water heater from exposure; and</li> <li>h) weatherization-related health and safety safeguards as defined by DOE</li> </ul>

### Benefit Levels

→ Do you have a maximum LIHEAP weatherization benefit/expenditure per household?			
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	If Yes, what is the maximum amount?	<b>\$4,000</b>

### Types of Rules (DOE or LIHEAP)

→ Under what rules do you administer LIHEAP weatherization? (Check only one.)	
<input type="checkbox"/>	Entirely under LIHEAP (not DOE) rules

<input type="checkbox"/>	Entirely under DOE LIWAP rules
<input checked="" type="checkbox"/>	Mostly under LIHEAP rules with the following DOE LIWAP rule(s) where LIHEAP and LIWAP rules differ (Check all that apply):
<input checked="" type="checkbox"/>	Weatherize buildings if at least 66% of units (50% in 2- & 4-unit buildings) are eligible units or will become eligible within 180 days
<input checked="" type="checkbox"/>	Weatherize shelters temporarily housing primarily low income persons (excluding nursing homes, prisons, and similar institutional care facilities).
<input type="checkbox"/>	Other (Please describe)
<input type="checkbox"/>	Mostly under DOE LIWAP rules, with the following LIHEAP rule(s) where LIHEAP and LIWAP rules differ (Check all that apply.)
<input checked="" type="checkbox"/>	Weatherization not subject to DOE LIWAP maximum statewide average cost per dwelling unit.
<input checked="" type="checkbox"/>	Other <u>Energy Related Home Repair</u> (Please describe.) TDHCA will allow the use of a client's LIHEAP weatherization award for structural and ancillary repairs only if required to enable effective weatherization.

### Agency Designation

2605(b)(6)	The state administers LIHEAP through the following types of local agencies:	
	<input type="checkbox"/>	county welfare offices
	<input checked="" type="checkbox"/>	community action agencies (weatherization component only)
	<input checked="" type="checkbox"/>	community action agencies (heating, cooling or crisis)
	<input checked="" type="checkbox"/>	charitable organizations (nonprofit)
	<input type="checkbox"/>	not applicable (i.e. state energy office)
	<input type="checkbox"/>	tribal office
	<input checked="" type="checkbox"/>	other, describe: Units of local government and Councils of Government.
	→ Have you changed local administering agencies from last year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	If Yes, please describe how you selected them.	N/A
	→ What components are affected by the change?	N/A

### Targeting of Assistance

2605(c)(1)(E)	→ Please describe any additional steps (other than those described elsewhere in this plan) that will be taken to target assistance to households with high home energy burdens. <b>(This applies to all components. If all steps to target households with high home energy burdens are described elsewhere in the plan, no further information is required here.)</b>
<input checked="" type="checkbox"/>	The Heating & Cooling Equipment Replacement component targets assistance to high energy burden households where inefficient or malfunctioning equipment needlessly increases energy consumption and therefore affects the household's ability to pay their own home energy bills.

### Energy Suppliers

2605(b)(7)	→ Do you make payments directly to home energy suppliers?		
	Heating	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	Cooling	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	Crisis	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	If Yes, are there exceptions?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	If Yes, please describe.		

2605(b)(7)(A)	→ If you make payments directly to home energy suppliers, how do you notify the client of the amount of assistance paid? (Please describe)		
	When the client applies for assistance, the subrecipient agency determines the amount of assistance to be paid and when. This information is given to the client along with their client agreement.		
2605(b)(7)(B) & (C)	→ How do you make sure the home energy supplier performs what is required in this assurance? If vendor agreements are used, they may be attached. Indicate each component for which this description applies.		
	Vendor agreements are used in all components. A sample copy is attached.		

### Owners & Renters

2605(b)(8)(B)	→ Is there any difference in the way owners and renters are treated? If Yes, please describe.		
		Yes	No
	Heating Assistance		NO
	Cooling Assistance		NO
	Crisis Assistance		NO
	Weatherization		NO

### Program, Fiscal Monitoring, and Audit

2605(b)(10)	→ How do you ensure good fiscal accounting and tracking of LIHEAP funds? (Please describe. Include a description of how you monitor fiscal activities.)		
	<ol style="list-style-type: none"> <li>1. review annual audits;</li> <li>2. monitor fiscal records;</li> <li>3. review Monthly Expenditure and Performance Reports.</li> </ol>		
	→ How do you monitor program activities? (Please be sure to include a description of how you monitor eligibility and benefit determination.)		
	<ul style="list-style-type: none"> <li>• The Department requires each subrecipient to submit monthly funding and</li> </ul>		



	<p>performance reports. Reports are due on the fifteenth of the following month.</p> <ul style="list-style-type: none"> <li>• TDHCA Contract Specialists will complete a desk monitoring review of monthly funding and performance reports to ensure the subrecipient has the capacity to carry out program activities in a timely manner.</li> <li>• TDHCA will assign a Program Officer to each subrecipient in order to track program compliance and performance activities.</li> <li>• Program Officer will perform an onsite monitoring visit of each subrecipient once every two years based on a Risk Assessment Module. On-site monitoring will be performed in conjunction with the Division's Community Service Block Grant whenever possible. TDHCA may monitor a subrecipient more than once based on the previous monitoring report and current contract performance.</li> <li>• Program Officer will review the subrecipient's financial records such as the single audit, general ledgers, receipts, bank statements, bank reconciliation reports, and checks to ensure that program funds are being expended on allowable program activities.</li> <li>• Program Officer will review individual client records to ensure the clients are eligible, prioritized, and served within the contract and TDHCA established guidelines. Client files will also be reviewed to ensure household needs have been identified, the client has been provided client education, and referred to other programs that have been identified by the subrecipient. The Department has set a minimum client record sample of 10%.</li> <li>• Program Officer will complete a monitoring check list and report that outlines findings and recommendations.</li> <li>• Upon the Manager's review a report will be mailed to each subrecipient.</li> <li>• Subrecipient must submit a written response within 30 days of the report. The response must address any possible corrective actions if any.</li> <li>• TDHCA will review the response to ensure all possible corrective actions have been implemented by the subrecipient.</li> </ul>			
	<p>→How is your LIHEAP program audited?</p> <table border="1" data-bbox="381 1339 1427 1417"> <tr> <td data-bbox="381 1339 1079 1417">Under the Single Audit Act?</td> <td data-bbox="1079 1339 1250 1417"><input checked="" type="checkbox"/> Yes</td> <td data-bbox="1250 1339 1427 1417"><input type="checkbox"/> No</td> </tr> </table> <p>If not, please describe:</p>	Under the Single Audit Act?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Under the Single Audit Act?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
	<p>For States and Territories:</p>			
	<table border="1" data-bbox="381 1564 1427 1642"> <tr> <td data-bbox="381 1564 1079 1642">→Is there an annual audit of local administering agencies?</td> <td data-bbox="1079 1564 1250 1642"><input checked="" type="checkbox"/> Yes</td> <td data-bbox="1250 1564 1427 1642"><input type="checkbox"/> No</td> </tr> </table> <p>If not, please explain.</p> <p>TDHCA contract requires agencies that exceed \$500,000 in expenditures to follow the single Audit procedures and submit a copy of the Audit to the Department for review.</p>	→Is there an annual audit of local administering agencies?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
→Is there an annual audit of local administering agencies?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		

**Timely and Meaningful Public Participation**

2605(b)(12)	<p>➔How did you get timely and meaningful public participation in the development of the plan? (Please describe.)</p> <ul style="list-style-type: none"> <li>• TDHCA prepared a Draft LIHEAP Plan for FFY 2007 as a means of informing interested parties prior to the annual LIHEAP Public Hearing, July 12, 2006.</li> <li>• The draft plan was submitted for TDHCA Board approval at the June 9, 2006 meeting – prior to publication.</li> <li>• TDHCA published this Draft LIHEAP Plan on its Internet web site and notified TDHCA Energy Assistance subrecipients and other interested parties via e-mail and fax.</li> <li>• A Texas Register announcement (see appendix) and the TDHCA internet publication informed the Texas Legislature and general public about the public hearing.</li> <li>• The Draft LIHEAP Plan appeared on the TDHCA Internet site beginning on or after June 23, 2006.</li> <li>• TDHCA transmitted the Draft LIHEAP Plan by e-mail and fax to all TDHCA Energy Assistance subrecipients, Weatherization Policy Advisory Committee members, and other interested parties and let them know the document’s internet location (<a href="http://www.tdhca.state.tx.us/ea.htm">http://www.tdhca.state.tx.us/ea.htm</a>).</li> <li>• TDHCA accepted written and verbal comments within the public participation process through July 24, 2006, 5:00 p.m. TDHCA requested that comments be sent by e-mail – <a href="mailto:john.touchet@tdhca.state.tx.us">john.touchet@tdhca.state.tx.us</a> or by fax (512) 475-3935 or by postal service to TDHCA, Energy Assistance Section, P.O. Box 13941, Austin, Texas 78711-3941.</li> <li>• TDHCA incorporates public comments, including workable suggestions that do not alter the intent of LIHEAP, into the final plan.</li> <li>• The final plan will be submitted for TDHCA Board approval, prior to submission to DHHS.</li> </ul>		
2605(a)(2) (public hearings)	➔Did you conduct public hearings on the proposed use and distribution of your LIHEAP funds?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
When? July 12, 2006			
Where? TDHCA Headquarters, Room 116, Austin, Texas			

**Denials & Applications Not Acted On In a Timely Manner**

Fair Hearings 2605(b)(13)	➔Describe your fair hearing procedures for households whose applications are denied or not acted on in a timely manner. When are applicants informed of these rights?		
<p>TDHCA will ensure that subrecipients provide an opportunity for a fair administrative hearing to individuals whose application for assistance is denied or not acted upon in a timely manner by requiring subrecipients to:</p> <ul style="list-style-type: none"> <li>• print information about clients’ rights on the application forms and information sheets;</li> </ul>			

**GRANTEE: TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS/ FFY 2007**

	<ul style="list-style-type: none"> <li>provide opportunity for fair administrative hearings in cases of application denial, delay, or inaction;</li> <li>Provide written notification to applicant of denial of assistance within ten (10) days of the adverse determination. Notification includes written instructions of the appeals process and specific reasons for the denial. Applicants wishing to appeal a decision must provide written notice to subrecipient within 10 days of receipt of the denial notice. <u>Subrecipient maintains documentation of appeals in the client files.</u></li> </ul> <p>Applicants may subsequently appeal to TDHCA. An applicant must provide a written appeal request to TDHCA within 10 days of receiving the subrecipient's second determination. A TDHCA appeals committee composed of at least three persons hears the appeal within 10 days of receiving the appeal. The subrecipient provides to TDHCA an audio tape recording or detailed notes of its hearing and pertinent client files. TDHCA will review the recording and notes from the hearing, the committee's decision and any other relevant information. TDHCA will not take additional oral testimony. TDHCA will notify all parties in writing of its decision within 30 days of the receipt of the appeal.</p>
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**Alternate Outreach and Intake**

2605(b)(15)	<b>For States and Puerto Rico only</b> (not applicable to Tribes and tribal organizations, or to territories whose annual regular LIHEAP allotments are \$200,000 or less):		
	→ Does the State agency that administers the following LIHEAP component also administer the State's welfare program?		
		YES	NO
	Heating Assistance		<b>NO</b>
	If Yes, describe alternate process for outreach and intake:		
	Cooling Assistance		<b>NO</b>
	If Yes, describe alternate process for outreach and intake:		
	Crisis Assistance		<b>NO</b>
	If Yes, describe alternate process for outreach and intake:		

**Assurance 16 Activities**

2605(b)(16)	→ Do you use LIHEAP funds to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance? (This assurance refers to activities such as needs assessments, counseling, and assistance with energy vendors.)		
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
	If Yes, please describe these activities. <ol style="list-style-type: none"> <li>Identify household needs.</li> <li>Provide literature and energy conservation education.</li> <li>Refer client to other appropriate programs.</li> <li>Encourage responsible vendor and consumer behavior</li> </ol>		

	Subrecipients provide applications, forms, and energy education materials in Spanish, English, or other language when appropriate.
	<p>If Yes, how do you ensure that you don't use more than 5% (statutory ceiling) of your LIHEAP funds for these activities?</p> <p>Assurance 16 activities are a separate budget category at both the state and subrecipient levels. Both the accounting and the reporting systems do not allow expenditures over the 5% cap.</p>

### Leveraging

2607A	<p>→ Please describe leveraging activities planned for the fiscal year. <b>(This entry is optional.)*</b> Complete this entry if you plan to apply for LIHEAP leveraging incentive funds and to include in your leveraging report resources/benefits provided to low income households this fiscal year under criterion (iii) in 45 CFR 96.87(d)(2). Provide the following information for each:</p> <ol style="list-style-type: none"> <li>(1) Identify and described each resource/benefit;</li> <li>(2) Identify the source(s) of each resource; and</li> <li>(3) Describe the integration/coordination of each resource/benefit with the LIHEAP program, consistent with 1 or more of conditions A-H in 45 CFR 96.87(d)(2)(iii).</li> </ol>
2607(A) 45CFR96 §96.87(d)(2) (i)	In order for subrecipients to serve eligible households in a comprehensive manner, creation of partnerships with private industries and utility vendors is essential. LIHEAP staff members, both at the grantee and the subrecipient level, have devoted substantial time and resources in the negotiation and design of these partnerships.
§96.87(d)(1)	<p>The resources leveraged by these activities are from non-federal sources such as utility companies. They are provided to the LIHEAP grantee or only accessible to LIHEAP clients. They represent a net addition to the total home energy resources available to low-income households, are measurable and quantifiable, and meet the requirements for countable resources.</p> <p>The following resources have been leveraged on behalf of LIHEAP clients:</p>
§96.87(d)(2) (iii)(D) §96.87(d)(2) (iii)(E) §96.87(d)(2) (iii)(F) §96.87(e)(1) (i)	<p>Subrecipients have written agreements in place with energy providers. These agreements may provide for rate discounts, arrearage forgiveness, waivers on reconnection fees, and waivers on deposits. These agreements ensure that the energy vendor will charge the eligible household only the difference between the cost of home energy actually consumed and the amount of the payment made by TDHCA through LIHEAP. Agreements ensure that energy vendors will treat LIHEAP clients with no disadvantage relative to all other customers.</p>
	<p>The resources generated by these agreements are available to LIHEAP recipients and households that meet LIHEAP eligibility criteria. TDHCA currently uses written agreements with private, investor owned electric utility companies (IOUs) to provide funding for the following resources or services:</p>

<p>§96.87(d)(2)(ii)                  §96.87(e)(1)(iii)                  §96.87(e)(1)(vi)</p>	<p>IOU Weatherization Programs provide additional funding for the LIHEAP-funded Weatherization Assistance Program. Utility funds are designed to work in coordination with housing units being weatherized under the state's WAP. Therefore the program is only available to current WAP clients. The funds are administered by TDHCA and the work is carried out by the LIHEAP WAP network.</p>
<p>§96.87(d)(2)(ii)                  §96.87(b)(4)                  §96.87(e)(1)(iii)                  §96.87(e)(1)(vi)</p>	<p>TDHCA continues to work with the Public Utility Commission, the Texas Railroad Commission, and utilities to advocate for the enhancement and development of additional services for low-income energy consumers.</p>
<p>§96.87 (c)                  96.87(d)(1)(i)                  96.87(d)(2)                  (i,ii)                  96.87(d)(2)                  (iii) (F)                  96.87(e)(1) (iv)                  96.87(e)(1) (v)</p>	<p>TDHCA programs funded with utility tariffs operate through LIHEAP subrecipients or in conjunction with other LIHEAP-funded programs designed to reduce energy cost burden for low-income households.</p> <p>The Texas 79<sup>th</sup> legislative session did not provide funding for the low-income discount. When funded, the System Benefit Fund supports a Low-Income Discount for electric customers (LIHEAP rule: Subpart H, Section 96.87). If funded, this resource would meet requirements for leveraged resources ((d)(1)(i-v). The grantee's LIHEAP program had an active, substantive role in developing the resource from home energy vendors through negotiation ((d)(2)(i)) at the Public Utility Commission of Texas. The resource is provided to low-income households as a supplement to Texas' LIHEAP program ((d)(2)(iii)). Rate discount recipients meet LIHEAP program eligibility criteria in the base period ((d)(2)(D)). Specifically, this program qualifies under section (e)(2)(i) as a home energy discount, provided in the base period to low-income households, in the form of discounts in utility rates or bills.</p> <p>Several retail electric providers (REPs) will offer emergency bill payment assistance through LIHEAP agencies in FY2007. TDHCA developed these leveraged programs through negotiations with energy providers. Subrecipients will administer this assistance under LIHEAP income eligibility criteria.</p>

\* Leveraged resources/benefits that are counted under criterion (iii) in 45 CFR 96.87(d)(2) must be identified and described in the grantee's LIHEAP plan and distributed as indicated in the plan. In addition, leveraging resources/benefits that are counted under criterion (ii) must be carried out under one or more components of the grantee's regular LIHEAP program.

## ADDITIONAL CERTIFICATIONS AND REQUIREMENTS

Attached are additional certifications required as follows:

- **Lobbying certification**, which must be filed by all States and territories. If applicable, Form LLL, which discloses lobbying payments, must be submitted. **(Tribes and tribal organizations are EXEMPT)**
- **Debarment and suspension certification**, which must be filed by all grantees.
- **Drug-free workplace requirement certification**, which must be filed by all grantees, unless the grantee has filed a statewide certification with the Department of Health and Human Services. **STATES ONLY:** If you have filed a statewide certification for the drug-free workplace requirement, please check here:
- One of the new requirements included in the 1994 reauthorization of the statute is that grantees must include in their annual application for funds a report on the number and income levels of households applying for and receiving LIHEAP assistance, and on the number of recipient households that have members who are elderly, disabled, or young children.

**All Tribes and those territories with allotments of less than \$200,000** need only submit data on the number of households served by each component (heating, cooling, weatherization and crisis). The approval for the collection of information contained in the **LIHEAP Household Report** is covered by OMB approval number 0970-0060.

- Though not a part of this application, the report on funds to be carried over or available for reallocation as required by section 2607(a) for the preceding year must be submitted by August 1 of each year. A grant award for the current fiscal year may not be made until the carryover/reallocation report is received. The approval for the collection of information contained in the **LIHEAP Carryover and Reallocation Report** is covered by OMB approval number 0970-0106.

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### Attachments:

- LIHEAP Household Report
- Contractors (Subrecipient Agencies)
- Required Certifications
- Vendor agreement sample copy
- DOE State Plan

**LIHEAP Household Report--Federal Fiscal Year 2006--Long Format**

Grantee Name: Texas Department of Housing & Community Affairs Contact Person: John Touchet, Planner

Phone: (512) 475-1435

Date: 15-May-06

The LIHEAP Household Report--Long Format is for use by the 50 States, District of Columbia, and insular areas with annual LIHEAP allotments of \$200,000 or more. This Federal Report provides data on both LIHEAP recipient and applicant households for Federal Fiscal Year (FFY) 2005, the period of October 1, 2004 - September 30, 2005. The Report consists of the following sections: (1) Recommended Long Format for LIHEAP Assisted Households and (2) Recommended Format for LIHEAP Applicant Households. Data on assisted households are included in the Department's annual LIHEAP Report to Congress. The data are also used in measuring targeting performance under the Government Performance and Results Act of 1993. As the reported data are aggregated, the information in this report is not considered to be confidential.

There are two types of data: (1) required data which must be reported under the LIHEAP statute and (2) requested data which are optional, in response to House Report 103-483 and Senate Report 103-251. Both the LIHEAP Household Report--Long Format (the Excel file name is *hhsrptst.xls*) and the instructions on completing the Report (the Word file name is *hhrptins.doc*) can be downloaded at the Office of Community Services' LIHEAP web site at: [www.acf.hhs.gov/programs/liheap/forms.htm#HHREPORT](http://www.acf.hhs.gov/programs/liheap/forms.htm#HHREPORT). The spreadsheet is page protected in order to keep the format uniform. The items requiring a response are not page protected. However, other areas of the spreadsheet can not be modified. For example, the number of assisted and applicant households can not be entered. Each total will be calculated automatically for each type of assistance by a formula when the poverty level data are entered.

Do the data below include estimated figures? No  preliminary Yes  Mark "X" in the second column for each type of assistance that has at least one estimated data entry.

**1. RECOMMENDED LONG FORMAT FOR LIHEAP ASSISTED HOUSEHOLDS**

Type of assistance	Mark "X" to indicate estimated data	Number of assisted households	REQUIRED DATA								REQUESTED DATA	
			2004 HHS Poverty Guideline Interval, based on gross income and household size					At least one member who is			At least one member who is	
			Under 75% poverty	75%-100% poverty	101%-125% poverty	126%-150% poverty	Over 150% poverty	60 years or older	Disabled	Age 5 years or under	Age 2 years or under	Age 3 years through 5 years
Heating	preliminary	20,480	12,473	5,234	2,773	n/a	n/a	10,228	13,741	3,715	1,972	2,387
Cooling	preliminary	1,938	1,042	593	303	n/a	n/a	824	1,216	403	1,972	2,387
Winter/year round crisis	preliminary	9,137	6,279	1,889	969	n/a	n/a	2,462	3,610	2,820	1,575	1,789
Summer crisis		0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other crisis (specify)		0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Weatherization	preliminary	1,394	581	395	393	14	11	595	480	266	146	167

**2. RECOMMENDED FORMAT FOR LIHEAP APPLICANT HOUSEHOLDS (regardless of whether assisted)**

Type of assistance	Mark "x" to indicate estimated data	Number of applicant households	REQUIRED DATA						
			2004 HHS Poverty Guideline interval, based on gross income and household size					Income data unavailable	
			Under 75% poverty	75%-100% poverty	101%-125% poverty	126%-150% poverty	Over 150% poverty		
Heating	preliminary	20,848	11,277	5,116	2,680	389	184	1202	
Cooling	preliminary	2,157	960	571	278	71	30	247	
Winter/year round crisis	preliminary	11,433	5,947	1,949	1,057	258	77	2145	
Summer crisis		0	n/a	n/a	n/a	n/a	n/a	n/a	
Other crisis (specify)		0	n/a	n/a	n/a	n/a	n/a	n/a	
Weatherization	preliminary	2,164	694	526	390	57	81	416	

Note: Include any notes below for section 1 or 2 (indicate which section, type of assistance, and item the note is referencing): TDHCA reports actual figures, to date. Texas typically serves about 60% of its utility assistance clients during the cooling months. These figures cover the period of October 2005 - April 2006.

Applicants (Section 2) under "cooling" totals are fewer than the "cooling" households assisted in Section 1 because many "cooling" clients previously received some assistance during "heating" season (including some categorized as "Crisis" assistance). Since the agencies serving those clients considered them as existing clients, the agencies did not take a new application before providing assistance. With 4 different components in the Texas program, a client could receive assistance in winter under one component and in summer under another component. New assistance to a household under a different component would not count as "duplicated" in Texas. The number of applicants in excess of households assisted does not reflect unmet need because many of our agencies stop accepting applications when they run out of funding.

# PY 2006 Comprehensive Energy Assistance Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
 POST OFFICE BOX 13941, AUSTIN, TX 78711-3941  
 Energy Assistance 512-475-3951

## MASTER LIST OF SUBRECIPIENTS

Current as of 5/16/2006

Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
<b>1 Aspermont Small Business Development Center, Inc.</b>  1(800) 722-0137 <a href="mailto:asbdc@westex.net">mailto:asbdc@westex.net</a>	P.O. Box 188 Aspermont, Texas 79502 Tel: (940) 989-3538 Fax: (940) 989-3445	<b>Dana Myers</b> Executive Director	<b>Wilda Giles</b>  Tel: (940) 989-3538 Fax: (940) 989-3445	<b>David Davis</b>  1 Av. D Parnell Texas 79521	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton
<b>2 Bee Community Action Agency</b>  1(800) 358-5534	P.O. Box 1540 Beeville, Texas 78104-1540 Tel: (361) 358-5530 Fax: (361) 358-6591	<b>Anna Simo</b> Executive Director  <a href="mailto:annasimo@bizstx.rr.com">mailto:annasimo@bizstx.rr.com</a>	<b>J.J. Perez</b>  Tel: Fax:  <a href="mailto:jjperez@bizstx.rr.com">mailto:jjperez@bizstx.rr.com</a>	<b>Carlos Salazar</b>  County Commissioner  Texas	Bee, Live Oak, Refugio
<b>3 Bexar County Economic Development and Special Programs</b>	100 Dolorosa St., Ste 1.20 San Antonio, Texas 78205 Tel: (210) 335-0667 Fax: (210) 335-0665	<b>David E. Marquez</b> Executive Director  <a href="mailto:dmarquez@bexar.org">mailto:dmarquez@bexar.org</a>	<b>Delia Perez</b>  Tel: (210) 335-6541 Fax:  <a href="mailto:dperez@bexar.org">mailto:dperez@bexar.org</a>	<b>Nelson W. Wolff</b>  Bexar County Judge 100 Dolorosa, Suite 1.20 San Antonio Texas 78205	Bexar
<b>4 Big Bend Community Action Committee, Inc.</b>  <a href="mailto:evbbcac@sbcglobal.net">mailto:evbbcac@sbcglobal.net</a>	P.O. Box 265 Marfa, Texas 79843 Tel: (432) 729-4908 Fax: (432) 729-3435	<b>Emma Vasquez</b> Executive Director	<b>Gloria Garcia</b>  Tel: Fax:	<b>Judge George Grubb</b>  P.O. Box 836 Ft. Davis Texas 79734	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio
<b>5 Brazos Valley Community Action Agency</b>  1(866) 846-3645 <a href="mailto:admin@bvcaa.org">mailto:admin@bvcaa.org</a>	504 E. 27th Street Bryan, Texas 77803 Tel: (979) 779-7443 Fax: (979) 822-7758	<b>Karen Garber</b> Lead Administrator  <a href="mailto:kgarber@bvcaa.org">mailto:kgarber@bvcaa.org</a>	<b>Bryan Jones</b>  Tel: (979)775-7692 Fax: (979) 779-9021	<b>Mike Holmgreen</b>  PO Box 833 Bryan Texas 77805	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Walker, Waller, Washington



# PY 2006 Comprehensive Energy Assistance Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
 POST OFFICE BOX 13941, AUSTIN, TX 78711-3941  
 Energy Assistance 512-475-3951

## MASTER LIST OF SUBRECIPIENTS

Current as of 5/16/2006

Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
<b>6 Cameron and Willacy Counties Community Projects, Inc.</b>	3302 Boca Chica, Suite 209 Brownsville, Texas 78521-5705 Tel: (956) 544-6411 Fax: (956) 544-6414	<b>Amalia C. Garza</b> Executive Director  <a href="mailto:cwccp@orbitbroadband.net">mailto:cwccp@orbitbroadband.net</a>	<b>Xochitl C. Rodriguez</b>  Tel: Fax:	<b>Mr. Miguel Torres</b>  Chairman   Texas	Cameron, Willacy
<a href="mailto:cwccp@orbitbroadband.net">mailto:cwccp@orbitbroadband.net</a>					
<b>7 Caprock Community Action Association, Inc.</b>	224 S. Berkshire Crosbyton, Texas 79322 Tel: (806) 675-7307 Fax: (806) 675-2291	<b>Claudia Cowley</b> Executive Director  <a href="mailto:claudia.cowley@twc.state.tx.us">mailto:claudia.cowley@twc.state.tx.us</a>	<b>Xylina Grizzle</b>  Tel: 1 (800) 692-4164 Fax:	<b>Judge William Hardin</b>  105 Main Street Floydada Texas 79235	Crosby, Dickens, Floyd, Hale, King, Motley
1(800) 692-4164					
<b>8 Central Texas Opportunities, Inc.</b>	P.O. Box 820 Coleman, Texas 76834 Tel: (325) 625-4167 Fax: (325) 625-3335	<b>Merridee McClatchy</b> Executive Director  <a href="mailto:merrideecto@web-access.net">mailto:merrideecto@web-access.net</a>	<b>Hanna Adams</b>  Tel: Fax:	<b>Kermit Sorrells</b>  904 W. 4th Coleman Texas 76834	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels
1(800) 625-4167					
<b>9 Combined Community Action, Inc.</b>	165 W. Austin Street Giddings, Texas 78942 Tel: (979) 540-2980 Fax: (979) 542-9565	<b>Rhoda Marie Gersch</b> Executive Director  <a href="mailto:rmgersch@ccaction.com">mailto:rmgersch@ccaction.com</a>	<b>Kelly Franke</b>  Tel: (979) 540-2985 Fax:	<b>Shirley Meadows</b>  310 Oak Street Sealy Texas 77474	Austin, Bastrop, Colorado, Fayette, Lee
1(800) 688-9065					
<a href="mailto:kjfranke@ccaction.com">mailto:kjfranke@ccaction.com</a>					
<b>10 Community Action Committee of Victoria Texas</b>	P.O. Box 3607 Victoria, Texas 77903-3607 Tel: (361) 578-2989 Fax: (361) 578-0062	<b>Vicki Smith</b> Executive Director	<b>Shawnee Bayer</b>  Tel: (361) 575-0478 o Fax:	<b>Mrs. Patti Goehring</b>  864 Goehring Road Yorktown Texas 78164	Aransas, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Victoria
1(800) 695-0314					
<a href="mailto:cacv@sbcglobal.net">mailto:cacv@sbcglobal.net</a>					

# PY 2006 Comprehensive Energy Assistance Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
 POST OFFICE BOX 13941, AUSTIN, TX 78711-3941  
 Energy Assistance 512-475-3951

## MASTER LIST OF SUBRECIPIENTS

Current as of 5/16/2006

Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
<b>11 Community Action Corporation of South Texas</b>  1(800) 664-0145 <a href="mailto:M22349@intcomm.net">mailto:M22349@intcomm.net</a>	204 E. 1st Street Alice, Texas 78333-1820 Tel: (361) 664-0145 Fax: (361) 664-0120	<b>Rafael Trevino, Jr.</b> Executive Director	<b>Robert Cuevas</b>  Tel: (361) 664-4769 Fax: (361) 664-8731	<b>Elias Villalobos</b>  Board Chair 716 Hughes St. Alice Texas 78332	Brooks, Jim Wells
<b>12 Community Action Council of South Texas</b>  <a href="mailto:cacst@southtx.quik.com">mailto:cacst@southtx.quik.com</a>	510 E Eisenhower St Rio Grande City, Texas 78582 Tel: (956) 487-2585 Fax: (956) 487-2871	<b>Francisco G. Zarate</b> Executive Director  <a href="mailto:paco@cacst.org">mailto:paco@cacst.org</a>	<b>Celeste Garcia</b>  Tel: Fax:	<b>Doroteo N. Garza</b>  Board Chair Rt. 1 Box 720 Zapata Texas 78076	Duval, Jim Hogg, McMullen, San Patricio, Starr, Zapata
<b>13 Community Action Inc., of Hays, Caldwell and Blanco Counties</b>  <a href="mailto:cjaimes@communityaction.c">mailto:cjaimes@communityaction.c</a>	P.O. Box 748 San Marcos, Texas 78667-0748 Tel: (512) 392-1161 Fax: (512) 396-4255	<b>Corina Jaimes</b> Executive Director  <a href="mailto:cjaimes@communityaction.com">mailto:cjaimes@communityaction.com</a>	<b>Tina Morrow</b>  Tel: Ext. 309 Fax:	<b>Judge H.T. Wright</b>  Board Chair 110 S. Main St. Lockhart Texas 78644	Blanco, Caldwell, Hays
<b>14 Community Action Program, Inc.</b>  <a href="mailto:aubrev@nts-online.net">mailto:aubrev@nts-online.net</a>	P.O. Box 144 Abilene, Texas 79604-0144 Tel: (325) 673-5785 Fax: (325) 673-5784	<b>Morris Baker</b> Executive Director  <a href="mailto:morrisbaker@nts-online.net">mailto:morrisbaker@nts-online.net</a>	<b>Norma Garcia</b>  Tel: Ext. 303 Fax:	<b>Mr. Petty Hunter</b>  Board Chair P.O. Box 3594 Abilene Texas 79604	Shackelford, Stephens, Taylor
<b>15 Community Council of Reeves County</b>  <a href="mailto:ccreeves@netwest.com">mailto:ccreeves@netwest.com</a>	700 Daggett Street, Suite F Pecos, Texas 79772-4524 Tel: (432) 447-4913 Fax: (432) 447-4914	<b>Mary Jane Rios</b> Executive Director	<b>Mary Jane Rios</b>  Tel: Fax:	<b>Henry Freund</b>  Board Chair 302 S. Poplar St. Kermit Texas 79745	Loving, Reeves, Ward, Winkler

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Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
<b>16 Community Council of South Central Texas, Inc.</b>	205-A E. Court Street Seguin, Texas 78155-5705 Tel: (830) 303-4376 Fax: (830) 372-5354	<b>Louis R. Ramirez, Sr.</b> Executive Director  <a href="mailto:mlcastillo@ccsct.org">mailto:mlcastillo@ccsct.org</a>	<b>Carol Kruse</b>  Tel: (830) 303-5670 Fax:	<b>Mr. Alolfo Aguilar</b>	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson
<a href="mailto:mlcastillo@ccsct.org">mailto:mlcastillo@ccsct.org</a>					
<b>17 Community Council of Southwest Texas, Inc.</b>	P.O. Drawer 1709 Uvalde, Texas 78802-1709 Tel: (830) 278-6268 Fax: (830) 278-4281	<b>Jorge Botello</b> Executive Director  <a href="mailto:ccswt@aol.com">mailto:ccswt@aol.com</a>	<b>Irma Morales</b>  Tel: (830) 278-9167 Fax: (830) 278-2679  566 West Main St, Uvalde 78801	<b>Miguel Acosta</b>  P.O. Box 613 Crystal Texas 78839	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala
<b>18 Community Services Agency of South Texas</b>	P.O. Box 488 Carrizo Springs, Texas 78834-6488 Tel: (830) 876-5219 Fax: (830) 876-5280	<b>David Ojeda, Jr.</b> Executive Director	<b>David Avalos</b>  Tel: (830) 875-0272 Fax: (830) 876-9623	<b>Roel Rodriguez, Jr.</b>  c/o Agency  Texas	Dimmit, LaSalle, Maverick
<a href="mailto:csaofsti@sbcglobal.net">mailto:csaofsti@sbcglobal.net</a>					
<b>19 Community Services of Northeast Texas, Inc.</b>	P.O. Box 427 Linden, Texas 75563 Tel: (903) 756-5596 Fax: (903) 756-7294	<b>Dan Boyd</b> Executive Director  <a href="mailto:dan.boyd@csntexas.org">mailto:dan.boyd@csntexas.org</a>	<b>Alma Harrison</b>  Tel: Ext. 14 Fax:	<b>Howard Tong</b>  Board Chairman	Camp, Cass, Marion, Morris
<a href="mailto:dan.boyd@csntexas.org">mailto:dan.boyd@csntexas.org</a>					
<b>20 Community Services, Inc.</b>	P.O. Box 612 Corsicana, Texas 75151-0612 Tel: (903) 872-2401 Fax: (903) 872-0254	<b>Pauletta Hines</b> Executive Director  <a href="mailto:csi_csbq@sbcglobal.net">mailto:csi_csbq@sbcglobal.net</a>	<b>Valerie Nickerson</b>  Tel: (903) 875-3727 Fax:	<b>L.L. Polk, Sr.</b>  2508 Linda Circle Corsicana Texas 75110	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt
1(800) 831-9929					
<a href="mailto:csi_ceap@sbcglobal.net">mailto:csi_ceap@sbcglobal.net</a>					

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Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
<b>21 Concho Valley Community Action Agency</b>	P.O. Box 671 San Angelo, Texas 76902 Tel: (325) 653-2411 Fax: (325) 658-5137	<b>Sidney Mabry</b> Executive Director  <a href="mailto:mailto:cvcaa@cvc.wtxcoxmail.com">mailto:cvcaa@cvc.wtxcoxmail.com</a>	<b>Janet Appleton</b>  Tel: (325) 653-1680 Fax: (325) 658-3147	<b>Hon. Allen Amos</b> Board Chair P.O. Box 158 Paint Rock Texas 76866	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton
<a href="mailto:mailto:cvcaa@cvc.wtxcoxmail.com">mailto:cvcaa@cvc.wtxcoxmail.com</a>					
<b>22 Dallas County Department of Health and Human Services</b>	2377 N. Stemmons Fwy, Suite 600, L Dallas, Texas 75207-2710 Tel: (214) 819-1858 Fax: (214) 819-6022	<b>Zachary Thompson</b> Director  <a href="mailto:mailto:ZThompson@dallascounty.org">mailto:ZThompson@dallascounty.org</a>	<b>Zachary Thompson</b>  Tel: (214) 819-2101 Fax: (214) 819-2101  <a href="mailto:mailto:ZThompson@dallascounty.org">mailto:ZThompson@dallascounty.org</a>	<b>Margaret Keliher</b> County Judge 411 Elm Street, 2nd Floor Dallas Texas 75202	Dallas
<b>23 Economic Action Committee of The Gulf Coast</b>	P.O. Box 1685 Bay City, Texas 77404-1685 Tel: (979) 245-6901 Fax: (979) 245-5699	<b>Hazel Johnson</b> Executive Director	<b>Eileen Parker</b>  Tel: (979) 245-3250 Fax:	<b>Andy Hawkins</b>  C/O Agency	Matagorda
<a href="mailto:mailto:eacgc@sbcglobal.net">mailto:eacgc@sbcglobal.net</a>					
<b>24 Economic Opportunities Advancement Corporation of Planning Region XI</b>	500 Franklin Avenue Waco, Texas 76701-2111 Tel: (254) 753-0331 Fax: (254) 754-0046	<b>Johnette Hicks</b> Executive Director  <a href="mailto:mailto:jhicks@centexbiz.rr.com">mailto:jhicks@centexbiz.rr.com</a>	<b>Claudia Gooch</b>  Tel: Ext 218 Fax:	<b>Darlene Cates</b>  C/O Agency	Bosque, Falls, Freestone, Hill, Limestone, McLennan
<a href="mailto:mailto:eoac@hot.rr.com">mailto:eoac@hot.rr.com</a>					
<b>25 El Paso Community Action Program, Project BRAVO, Inc.</b>	P.O. Box 3445 El Paso, Texas 79923 Tel: (915) 562-4100 Fax: (915) 562-8952	<b>Sofia Moreno</b> Executive Director  <a href="mailto:mailto:smoreno@projectbravo.org">mailto:smoreno@projectbravo.org</a>	<b>Jesus Munoz</b>  Tel: Fax:	<b>Dinna Spencer</b>  500 E. San Antonio Street, Room El Paso Texas 79901	El Paso
<a href="mailto:mailto:bravofinance@earthlink.net">mailto:bravofinance@earthlink.net</a>					

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Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
<b>26 Fort Worth, City of, Parks &amp; Community Services Department</b>	4200 South Freeway, Suite 2200 Ft Worth, Texas 76115-1499 Tel: (817) 871-5700 Fax: (817) 871-5776	<b>Randle Harwood</b> Acting Director	<b>Leona Johnson</b>  Tel: (817) 871-5772 Fax:	<b>Sharon Armstrong</b>  4605 Virgil St. Fort Worth Texas 76119	Tarrant
<b>27 Galveston County Community Action Council, Inc.</b>	P.O. Box 3206 Galveston, Texas 77552 Tel: (409) 765-7878 Fax: (409) 765-9951	<b>Norma R. Mitchell</b> Executive Director  <a href="mailto:normadmitchell60@hotmail.com">mailto:normadmitchell60@hotmail.com</a>	<b>Sabrina Harrell</b>  Tel: (409) 762-8418 Fax:  <a href="mailto:sl_harrell27@hotmail.com">mailto:sl_harrell27@hotmail.com</a>	<b>Kerry W. Tillmon</b>  C/O Agency  Texas	Brazoria, Fort Bend, Galveston, Wharton
1(800) 300-3004					
<b>28 Greater East Texas Community Action Program (GETCAP)</b>	P.O. Box 631938 Nacogdoches, Texas 75963 Tel: (936) 564-2491 Fax: (936) 564-0302	<b>Karen Swenson</b> Executive Director  <a href="mailto:kswenson@sbcglobal.net">mailto:kswenson@sbcglobal.net</a>	<b>Beverly Norris</b>  Tel: Fax:  <a href="mailto:bnorris@academicplanet.com">mailto:bnorris@academicplanet.com</a>	<b>Robert Crow</b>  P.O. Box 631938 Nacogdoches Texas 75963	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood
1(800) 621-5746					
<b>29 Hidalgo County Community Services Agency</b>	P.O. Box 204 Edinburg, Texas 78540 Tel: (956) 383-6250 Fax: (956) 380-4324	<b>Maribel Navarro-Saenz</b> Executive Director  <a href="mailto:csa_lopez@yahoo.com">mailto:csa_lopez@yahoo.com</a>	<b>Thelma Vasquez</b>  Tel: Ext. 44 Fax:  <a href="mailto:fiscal_dept@hotmail.com">mailto:fiscal_dept@hotmail.com</a>	<b>Jose Perez</b>  423 N. Tower Rd. Alamo Texas 78516	Hidalgo
1(800) 522-4021					
<b>30 Hill Country Community Action Association, Inc.</b>	P.O. Box 846 San Saba, Texas 76877 Tel: (325) 372-5167 Fax: (325) 372-3526	<b>Tama Shaw</b> Executive Director  <a href="mailto:tshaw@hccaa.com">mailto:tshaw@hccaa.com</a>	<b>Clovia Ketchum &amp; Francis Little</b> Tel: Ext 232 Fax:  <a href="mailto:cketchum@hccaa.com">mailto:cketchum@hccaa.com</a>	<b>Richard Cortese</b> Commissioner P.O. Box 768 Belton Texas 76513	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba
<a href="mailto:hccaaainc@centex.net">mailto:hccaaainc@centex.net</a>					

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Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
31 Kleberg County Human Services  1(800) 356-3463	720 E. Lee Street Kingsville, Texas 78363 Tel: (361) 595-8572 Fax: (361) 595-8578	Arturo Pecos Executive Director	Mary Caballero  Tel: (361) 595-8573 Fax:  <a href="mailto:redhot101@hotmail.com">mailto:redhot101@hotmail.com</a>	Honorable Alan May  County Judge C/O Agency  Texas	Kenedy, Kleberg
32 Lubbock, City of, Community Development Department  <a href="mailto:nhaney@mail.ci.lubbock.tx.u">mailto:nhaney@mail.ci.lubbock.tx.u</a>	P.O. Box 2000 Lubbock, Texas 79457 Tel: (806) 775-2309 Fax: (806) 775-3281	Nancy Haney Executive Director	Joe Rangel  Tel: Fax:	Karen Worley  4205 88th St. Lubbock Texas 79423	Lubbock
33 Montgomery County Emergency Assistance, Inc  <a href="mailto:rcollett@mca.com">mailto:rcollett@mca.com</a>	1022 McCall Street Conroe, Texas 77301 Tel: (936) 539-9211 Fax: (936) 539-9239	Joanne Callahan Executive Director	Tasha Galloway  Tel: Ext. 224 Fax:  Texas  <a href="mailto:latasha@mcea-mcha.org">mailto:latasha@mcea-mcha.org</a>		Montgomery
34 Northeast Texas Opportunities, Inc.  <a href="mailto:netobev@mt-vernon.com">mailto:netobev@mt-vernon.com</a>	P.O. Box 478 Mount Vernon, Texas 75457 Tel: (903) 537-2256 Fax: (903) 537-2187	Beverly Logan Executive Director  <a href="mailto:neto@mt-vernon.com">mailto:neto@mt-vernon.com</a>	Brenda Fountain  Tel: Fax:  <a href="mailto:neto@mt-vernon.com">mailto:neto@mt-vernon.com</a>	Judge Jerry Hubbell  200 N. Kufman Mt. Vernon Texas 75457	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus
35 Nueces County Community Action Agency  <a href="mailto:jam@nccaatx.org">mailto:jam@nccaatx.org</a>	101 South Padre Island Drive Corpus Christi, Texas 78405 Tel: (361) 883-7201 Fax: (361) 883-9173	Joe A. Martinez Executive Director  <a href="mailto:jam@nccaatx.org">mailto:jam@nccaatx.org</a>	Alicia A. "Addie" Hurd / Dorothy Wade Tel: (361) 883-7201 x Fax:  <a href="mailto:ahurd@nccaatx.org">mailto:ahurd@nccaatx.org</a>	George Rosas  7417 Spitfire Corpus Christi Texas 78412	Nueces

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Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
<b>36 Panhandle Community Services</b>  1(800) 676-4727	P.O. Box 32150 Amarillo, Texas 79120-2150 Tel: (806) 372-2531 Fax: (806) 373-8143	<b>Johnny Raymond</b> Executive Director  <a href="mailto:j-raymond@pcsvcs.org">mailto:j-raymond@pcsvcs.org</a>	<b>Pauletta Flores &amp; Phyllis Cook</b> Tel: Ext 225 Fax:  <a href="mailto:p-flores@pcsvcs.org">mailto:p-flores@pcsvcs.org</a>	<b>Judge Donnie Allred</b>  Box 195 Vega Texas 79092	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler
<b>37 Pecos County Community Action Agency</b>  <a href="mailto:pccaction@ftstockton.net">mailto:pccaction@ftstockton.net</a>	P.O. Box 940 Fort Stockton, Texas 79735 Tel: (432) 336-7526 Fax: (432) 336-7528	<b>Miguel Ureta</b> Executive Director  <a href="mailto:caa_ed@ftstockton.net">mailto:caa_ed@ftstockton.net</a>	<b>Pat Arcides</b>  Tel: Fax:  <a href="mailto:pccaction@ftstockton.net">mailto:pccaction@ftstockton.net</a>	<b>Oscar Gonzalez</b>  Chairman  Texas	Crane, Pecos, Terrell
<b>38 Programs for Human Services, Inc.</b>  1(866) 550-0282 <a href="mailto:phs@pnx.com">mailto:phs@pnx.com</a>	P.O. Box 1607 Orange, Texas 77631-1607 Tel: (409) 886-0125 Fax: (409) 886-2849	<b>Tish Foyle-Johnson</b> Executive Director	<b>Connie Gray</b>  Tel: (409) 886-4338 Fax: (409) 883-8404	<b>Steve Neuman</b>  5502 Bridge Forest Houston Texas 77088	Chambers, Hardin, Jefferson, Liberty, Orange
<b>39 Rolling Plains Management Corporation</b>  1(800) 633-0852 <a href="mailto:rpmc@chipshot.net">mailto:rpmc@chipshot.net</a>	P.O. Box 490 Crowell, Texas 79227 Tel: (940) 684-1571 Fax: (940) 684-1693	<b>Felix Taylor</b> Executive Director	<b>Marsha Anderson</b>  Tel: Fax:	<b>John Shavor</b>  Judge Cottle County Courthouse Paducah Texas 79248	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young
<b>40 San Angelo-Tom Green County Health Department</b>	P.O. Box 1751 San Angelo, Texas 76902 Tel: (325) 657-4400 Fax: (325) 481-2632	<b>Doris Brewer</b> Chief Executive & Program  <a href="mailto:dorisb@wcc.net">mailto:dorisb@wcc.net</a>	<b>Chris Hangan</b>  Tel: Fax: (325) 657-4553	<b>Tom Adams</b>  City Manager P.O. Box 1751 San Angelo Texas 78204	Tom Green

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<b>41 Senior Citizens Services of Texarkana, Inc.</b>  <a href="mailto:scstxk@cableone.net">mailto:scstxk@cableone.net</a>	P.O. Box 619 Texarkana, Texas 75504 Tel: (903) 831-7696 Fax: (903) 831-7869	<b>Eden Leach</b> Executive Director	<b>Nancy Bowman</b>  Tel: Fax:	<b>Jack Stone</b>  Route W, Box 360 Texarkana Texas 75501	Bowie
<b>42 Sheltering Arms, Inc.</b>	3838 Aberdeen Way Houston, Texas 77025 Tel: (713) 956-1888 Fax: (713) 956-2079	<b>Robert E. Phillips</b> President	<b>Arcadio Padilla</b>  Tel: (713) 956-1888 E Fax: (713) 685-6590	<b>Paul Waldner</b>  President and General Manager One Riverway, Suite 1150 Houston Texas 77056	Harris
<b>43 South Plains Community Action Association, Inc.</b>  <a href="mailto:community.services@spcaa.org">mailto:community.services@spcaa.org</a>	P.O. Box 610 Levelland, Texas 79336 Tel: (806) 894-6104 Fax: (806) 894-5349	<b>W. D. Powell, Jr.</b> Executive Director  <a href="mailto:community.services@spcaa.org">mailto:community.services@spcaa.org</a>	<b>Luis Perez</b>  Tel: (806) 894-4560 Fax: (806) 894-9695	<b>Jim Walker</b>  2033 Rice Levelland Texas 79336	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum
<b>44 Texas Neighborhood Services</b>  1(800) 325-6944	314 NW 4th Street Mineral Wells, Texas 76067 Tel: (940) 325-2065 Fax: (940) 325-9640	<b>Woodrow Kaiser</b> Executive Director  <a href="mailto:wkaiser@txns.org">mailto:wkaiser@txns.org</a>	<b>Randy Lawrence</b>  Tel: Ext. 221 Fax:	<b>Clarence Holliman</b>  Board Chair 210 SW 11th St. Mineral Wells Texas 76067	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise
<b>45 Texoma Council of Governments</b>  1(800) 677-8264	1117 Gallagher Drive, Suite 300 Sherman, Texas 75090 Tel: (903) 893-2161 Fax: (903) 813-3511	<b>Francis Pelley</b> Executive Director  <a href="mailto:fpelley@texoma.coq.tx.us">mailto:fpelley@texoma.coq.tx.us</a>	<b>Donnie Boyd</b>  Tel: (903) 813-3528 Fax: (903) 813-3539	<b>Johnny Waldrip</b>  Board Chair C/O agency	Cooke, Fannin, Grayson



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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
 POST OFFICE BOX 13941, AUSTIN, TX 78711-3941  
 Energy Assistance 512-475-3951

## MASTER LIST OF SUBRECIPIENTS

Current as of 5/16/2006

Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
<b>46 Travis County Health and Human Services Department</b>	P.O. Box 1748 Austin, Texas 78767 Tel: (512) 854-4100 Fax: (512) 854-4123	<b>Sherry Fleming</b> Interim Executive Manager  <a href="mailto:sherry.fleming@co.travis.tx.us">mailto: sherry.fleming@co.travis.tx.us</a>	<b>Lisa Sindermann</b>  Tel: (512) 854-4594 Fax: (512) 473-4123  <a href="mailto:lisa.sindermann@co.travis.tx.us">mailto:lisa.sindermann@co.travis.tx.us</a>	<b>Sam Biscoe</b>  County Judge 314 W. 11th St., Suite 250 Austin Texas 78701	Travis
<b>47 Tri-County Community Action, Inc.</b>	P.O. Drawer 1748 Center, Texas 75935 Tel: (936) 598-6315 Fax: (936) 598-7272	<b>Lenola Wyatt-Tutt</b> Executive Director  <a href="mailto:lenolatutt@sbcglobal.net">mailto:lenolatutt@sbcglobal.net</a>	<b>Janette Williams</b>  Tel: Fax:	<b>Leroy Hughes</b>  Board Chair P.O. Box 299 San Augustine Texas 75972	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur
<b>48 Webb County Community Action Agency</b>	1110 Washington St. Suite 203 Laredo, Texas 78040-4443 Tel: (956) 523-4182 Fax: (956) 523-5016	<b>Mike Kazen</b> Executive Director  <a href="mailto:mkazen@webbcountytx.gov">mailto:mkazen@webbcountytx.gov</a>	<b>Maricela Benavides</b>  Tel: Fax: (956) 523-5016	<b>Sylvia Palumbo</b>  c/o agency  Texas  <a href="mailto:mabenavides@webbcountytx.gov">mailto:mabenavides@webbcountytx.gov</a>	Webb
<b>49 West Texas Opportunities, Inc.</b>	P.O. Box 1308 Lamesa, Texas 79331 Tel: (806) 872-8354 Fax: (806) 872-5816  <a href="mailto:wto@pics.net">mailto:wto@pics.net</a>	<b>Janet Everheart</b> Executive Director  <a href="mailto:j.everheart.wto@gmail.com">mailto:j.everheart.wto@gmail.com</a>	<b>Karen Faulkner</b>  Tel: Ext. 215 Fax:	<b>Bill Meares</b>  1815 County Rd #14 Lamesa Texas 79331	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton
<b>50 Williamson-Burnet County Opportunities, Inc.</b>	P.O. Box 740 Georgetown, Texas 78627 Tel: (512) 763-1400 Fax: (512) 763-1411  <a href="mailto:wbc@wbco.net">mailto:wbc@wbco.net</a>	<b>Andrew Shell</b> Executive Director	<b>Terry Acker</b>  Tel: (512) 763-1400 Fax: (512) 763-1411  <a href="mailto:tacker@wbco.net">mailto:tacker@wbco.net</a>	<b>Jean Crawford</b>  4224 N. Hwy 281 Burnet Texas 78611	Burnet, Williamson

# PY 2005 Weatherization Assistance Program

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Current as of 5/16/2006

Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Counties Served
1 Alamo Area Council of Governments  <a href="mailto:mail@aacoq.com">mailto:mail@aacoq.com</a>	8700 Tesoro Dr., Ste. 700 San Antonio, Texas 78217 Phone: (210) 362-5245 Fax: (210) 225-5937	Al J. Notzon, III  <a href="mailto:anotzon@aacoq.com">mailto:anotzon@aacoq.com</a>	Rose Jackson  <a href="mailto:rjackson@aacoq.com">mailto:rjackson@aacoq.com</a>	Raymond Ramirez Mayor 8700 Tesoro, Suite 700 San Antonio Texas 78217	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson
2 Bee Community Action Agency  1(800) 358-5534	P.O. Box 1540 Beeville, Texas 78104-1540 Phone: (361) 358-5530 Fax: (361) 358-6591	Anna Simo  <a href="mailto:annasimo@bizstx.rr.com">mailto:annasimo@bizstx.rr.com</a>	J.J Perez  <a href="mailto:jjperez@bizstx.rr.com">mailto:jjperez@bizstx.rr.com</a>	Carlos Salazar County Commissioner  Texas	Bee, Live Oak, Refugio
3 Big Bend Community Action Committee, Inc.  <a href="mailto:evbbcac@sbcqlobal.net">mailto:evbbcac@sbcqlobal.net</a>	P.O. Box 265 Marfa, Texas 79843 Phone: (432) 729-4908 Fax: (432) 729-3435	Emma Vasquez  <a href="mailto:evbbcac@sbcqlobal.net">mailto:evbbcac@sbcqlobal.net</a>	Rosita Garcia (432) 729-4876  <a href="mailto:evbbcac@sbcqlobal.net">mailto:evbbcac@sbcqlobal.net</a>	Judge George Grubb  P.O. Box 836 Ft. Davis Texas 79734	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell
4 Brazos Valley Community Action Agency  1(866) 846-3645 <a href="mailto:admin@bvcaa.org">mailto:admin@bvcaa.org</a>	504 E. 27th Street Bryan, Texas 77803 Phone: (979) 779-7443 Fax: (979) 822-7758	Karen Garber  <a href="mailto:kgarber@bvcaa.org">mailto:kgarber@bvcaa.org</a>	Rebecca Fortin (979) 7791708  <a href="mailto:rfortin@bvcaa.org">mailto:rfortin@bvcaa.org</a>	Mike Holmgreen  PO Box 833 Bryan Texas 77805	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington
5 Cameron and Willacy Counties Community Projects, Inc.  <a href="mailto:cwccp@orbitbroadband.net">mailto:cwccp@orbitbroadband.net</a>	3302 Boca Chica, Suite 209 Brownsville, Texas 78521-5705 Phone: (956) 544-6411 Fax: (956) 544-6414	Amalia C. Garza  <a href="mailto:cwccp@orbitbroadband.net">mailto:cwccp@orbitbroadband.net</a>	Rigoberto Cavazos (956) 421-2216	Mr. Miguel Torres Chairman  Texas	Cameron, Willacy

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6 Caprock Community Action Association, Inc. 1(800) 692-4164 <a href="mailto:claudia.cowley@twc.state.tx.us">mailto:claudia.cowley@twc.state.tx.us</a>	224 S. Berkshire Crosbyton, Texas 79322 Phone: (806) 675-7307 Fax: (806) 675-2291	Claudia Cowley <a href="mailto:claudia.cowley@twc.state.tx.us">mailto:claudia.cowley@twc.state.tx.us</a>	Mr. Jackie Hamersly	Judge William Hardin 105 Main Street Floydada Texas 79235	Crosby, Dickens, Floyd, Hale, King, Motley
7 Combined Community Action, Inc. 1(800) 688-9065 <a href="mailto:mgersch@ccaction.com">mailto:mgersch@ccaction.com</a>	165 W. Austin Street Giddings, Texas 78942 Phone: (979) 540-2980 Fax: (979) 542-9565	Rhoda Marie Gersch <a href="mailto:mgersch@ccaction.com">mailto:mgersch@ccaction.com</a>	Kelly Franke (979) 540-2985 <a href="mailto:weatherization@ccaction.com">mailto:weatherization@ccaction.com</a>	Shirley Meadows 310 Oak Street Sealy Texas 77474	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee
8 Community Action Committee of Victoria Texas 1(800) 695-0314 <a href="mailto:cacv@sbcglobal.net">mailto:cacv@sbcglobal.net</a>	P.O. Box 3607 Victoria, Texas 77903-3607 Phone: (361) 578-2989 Fax: (361) 578-0062	Vicki Smith	Lisa Tesch	Mrs. Patti Goehring 864 Goehring Road Yorktown Texas 78164	Aransas, Brazoria, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton
9 Community Action Corporation of South Texas 1(800) 664-0145 <a href="mailto:M22349@intcomm.net">mailto:M22349@intcomm.net</a>	204 E. 1st Street Alice, Texas 78333-1820 Phone: (361) 664-0145 Fax: (361) 664-0120	Rafael Trevino, Jr.	Robert Guerrero (361) 661-1300	Elias Villalobos Board Chair 716 Hughes St. Alice Texas 78332	Brooks, Jim Wells
10 Community Action Council of South Texas <a href="mailto:cacst@southtx.quik.com">mailto:cacst@southtx.quik.com</a>	510 E Eisenhower St Rio Grande City, Texas 78582 Phone: (956) 487-2585 Fax: (956) 487-2871	Francisco G. Zarate <a href="mailto:paco@cacst.org">mailto:paco@cacst.org</a>	Jorge Zamora Ext.267	Doroteo N. Garza Board Chair Rt. 1 Box 720 Zapata Texas 78076	Duval, Hidalgo, Jim Hogg, Kenedy, Kleberg, McMullen, San Patricio, Starr, Zapata

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<b>11 Community Action Program, Inc.</b>  <a href="mailto:aubrey@nts-online.net">mailto:aubrey@nts-online.net</a>	P.O. Box 144 Abilene, Texas 79604-0144 Phone: (325) 673-5785 Fax: (325) 673-5784	<b>Morris Baker</b>  <a href="mailto:morrisbaker@nts-online.net">mailto:morrisbaker@nts-online.net</a>	<b>Teresa Serda</b> Ext. 310  <a href="mailto:teresaserda@nts-online.net">mailto:teresaserda@nts-online.net</a>	<b>Mr. Petty Hunter</b> Board Chair P.O. Box 3594 Abilene Texas 79604	Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton
<b>12 Community Council of Reeves County</b>  <a href="mailto:ccreeves@netwest.com">mailto:ccreeves@netwest.com</a>	700 Daggett Street, Suite F Pecos, Texas 79772-4524 Phone: (432) 447-4913 Fax: (432) 447-4914	<b>Mary Jane Rios</b>	<b>Amparo Valenzuela</b>	<b>Henry Freund</b> Board Chair 302 S. Poplar St. Kermit Texas 79745	Loving, Reeves, Ward, Winkler
<b>13 Community Services Agency of South Texas</b>  <a href="mailto:csaofsti@sbcglobal.net">mailto:csaofsti@sbcglobal.net</a>	P.O. Box 488 Carrizo Springs, Texas 78834-6488 Phone: (830) 876-5219 Fax: (830) 876-5280	<b>David Ojeda, Jr.</b>	<b>David Avalos</b> (830) 876-0272 910 S. 5th St. Carrizo Springs, Texas 78834	<b>Roel Rodriguez, Jr.</b>  c/o Agency  Texas	Dimmit, Edwards, Kinney, La Salle, Real, Uvalde, Val Verde, Zavala
<b>14 Community Services, Inc.</b>  1(800) 831-9929  <a href="mailto:csi_csbq@sbcglobal.net">mailto:csi_csbq@sbcglobal.net</a>	P.O. Box 612 Corsicana, Texas 75151-0612 Phone: (903) 872-2401 Fax: (903) 872-0254	<b>Pauletta Hines</b>	<b>A.R. Kampschafer</b> (903) 872-2407	<b>L.L. Polk, Sr.</b>  2508 Linda Circle Corsicana Texas 75110	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt

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15 Concho Valley Community Action Agency	P.O. Box 671 San Angelo, Texas 76902 Phone: (325) 653-2411  Fax: (325) 658-5137	Sidney Mabry	Janet Appleton (325) 653-1680 1100 North Martin Luther King Dr. San Angelo, Texas 76903-5365	Hon. Allen Amos Board Chair P.O. Box 158 Paint Rock Texas 76866	Coke, Coleman, Concho, Crocket, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green
<a href="mailto:cvcaa@cvc.wtxcoxmail.com">mailto:cvcaa@cvc.wtxcoxmail.com</a>		<a href="mailto:cvcaa@cvc.wtxcoxmail.com">mailto:cvcaa@cvc.wtxcoxmail.com</a>			
16 Dallas County Department of Health and Human Services	2377 N. Stemmons Fwy, Suite 600, Dallas, Texas 75207-2710 Phone: (214) 819-1858 Fax: (214) 819-6022	Zachary Thompson	Daniel Araiza (214) 819-2884	Margaret Keliher County Judge 411 Elm Street, 2nd Floor Dallas Texas 75202	Dallas
		<a href="mailto:ZThompson@dallascounty.org">mailto:ZThompson@dallascounty.org</a>			
		<a href="mailto:daraiza@dallascounty.org">mailto:daraiza@dallascounty.org</a>			
17 Economic Opportunities Advancement Corporation of	500 Franklin Avenue Waco, Texas 76701-2111 Phone: (254) 753-0331 Fax: (254) 754-0046	Johnette Hicks	Tim Whitley	Darlene Cates  C/O Agency	Bosque, Falls, Freestone, Hill, Limestone, McLennan
<a href="mailto:eoac@hot.rr.com">mailto:eoac@hot.rr.com</a>		<a href="mailto:jhicks@centexbiz.rr.com">mailto:jhicks@centexbiz.rr.com</a>			
		<a href="mailto:rslobojan@txucom.net">mailto:rslobojan@txucom.net</a>			
18 El Paso Community Action Program, Project BRAVO, Inc.	P.O. Box 3445 El Paso, Texas 79923 Phone: (915) 562-4100 Fax: (915) 562-8952	Sofia Moreno	Mike Martinez	Dinna Spencer  500 E. San Antonio Street, El Paso Texas 79901	El Paso
<a href="mailto:bravofinance@earthlink.net">mailto:bravofinance@earthlink.net</a>		<a href="mailto:smoreno@projectbravo.org">mailto:smoreno@projectbravo.org</a>			

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Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Counties Served
19 Fort Worth, City of, Department of Housing	1000 Throckmorton Street Fort Worth, Texas 76102 Phone: (817) 392-7540 Fax: (817) 392-7328	Jerome E. Walker  <a href="mailto:walkerje@ci.fort-worth.tx.us">mailto:walkerje@ci.fort-worth.tx.us</a>	Joe Cordova (817) 392-7554  <a href="mailto:joe.cordova@fortworthgov.org">mailto:joe.cordova@fortworthgov.org</a>	Texas	Tarrant
20 Greater East Texas Community Action Program (GETCAP)  1(800) 621-5746	P.O. Box 631938 Nacogdoches, Texas 75963 Phone: (936) 564-2491 Fax: (936) 564-0302	Karen Swenson  <a href="mailto:kswenson@sbcglobal.net">mailto:kswenson@sbcglobal.net</a>	Carl Singleton (936) 564-2491  <a href="mailto:carlsingleton@sbcglobal.net">mailto:carlsingleton@sbcglobal.net</a>	Robert Crow  P.O. Box 631938 Nacogdoches Texas 75963	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood
21 Hill Country Community Action Association, Inc.  <a href="mailto:hccaainc@centex.net">mailto:hccaainc@centex.net</a>	P.O. Box 846 San Saba, Texas 76877 Phone: (325) 372-5167 Fax: (325) 372-3526	Tama Shaw  <a href="mailto:tshaw@hccaa.com">mailto:tshaw@hccaa.com</a>	Patti Owen (Assistant) Ext 222 / Ext 282	Richard Cortese Commissioner P.O. Box 768 Belton Texas 76513	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson
22 Lubbock, City of, Community Development Department  <a href="mailto:nhaney@mail.ci.lubbock.tx.u">mailto:nhaney@mail.ci.lubbock.tx.u</a>	P.O. Box 2000 Lubbock, Texas 79457 Phone: (806) 775-2309 Fax: (806) 775-3281	Nancy Haney	Brad Reed  Lubbock, Texas 79401-3830	Karen Worley  4205 88th St. Lubbock Texas 79423	Lubbock
23 Maverick County Human Services Department  <a href="mailto:mvcowx@sbcglobal.net">mailto:mvcowx@sbcglobal.net</a>	1609 Del Rio Blvd. Eagle Pass, Texas 78852 Phone: (830) 773-0045 Fax: (830) 773-2754	Romelia Cardona  <a href="mailto:mvcowx@sbcglobal.net">mailto:mvcowx@sbcglobal.net</a>	Fernando Munoz  <a href="mailto:mvcowx@sbcglobal.net">mailto:mvcowx@sbcglobal.net</a>	Rogelio Escobedo County Judge 500 Quarry Street Eagle Pass Texas 78852	Maverick

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24 Nueces County Community Action Agency	101 South Padre Island Drive Corpus Christi, Texas 78405 Phone: (361) 883-7201 Fax: (361) 883-9173	Joe A. Martinez  <a href="mailto:jam@nccaatx.org">mailto:jam@nccaatx.org</a>	Alicia A. "Addie" Hurd Ext 33  <a href="mailto:ahurd@nccaatx.org">mailto:ahurd@nccaatx.org</a>	George Rosas  7417 Spitfire Corpus Christi Texas 78412	Nueces
25 Panhandle Community Services	P.O. Box 32150 Amarillo, Texas 79120-2150 Phone: (806) 372-2531 Fax: (806) 373-8143	Johnny Raymond  <a href="mailto:i-raymond@pcsvcs.org">mailto:i-raymond@pcsvcs.org</a>	Margaret Wolfe Ext 220  <a href="mailto:pcsweather@cox-internet.com">mailto:pcsweather@cox-internet.com</a>	Judge Donnie Allred  Box 195 Vega Texas 79092	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler
26 Programs for Human Services, Inc.	P.O. Box 1607 Orange, Texas 77631-1607 Phone: (409) 886-0125 Fax: (409) 886-2849	Tish Foyle-Johnson	Connie Gray (409) 886-4338	Steve Neuman  5502 Bridge Forest Houston Texas 77088	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange
27 Rolling Plains Management Corporation	P.O. Box 490 Crowell, Texas 79227 Phone: (940) 684-1571 Fax: (940) 684-1693	Felix Taylor	Mark Halsell  <a href="mailto:rpmcea@srcaccess.net">mailto:rpmcea@srcaccess.net</a>	John Shavor Judge Cottle County Courthouse Paducah Texas 79248	Archer, Baylor, Cottle, Clay, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young
28 Sheltering Arms, Inc.	3838 Aberdeen Way Houston, Texas 77025  Phone: (713) 956-1888 Fax: (713) 956-2079	Robert E. Phillips	Arcadio Padilla (713) 685-6513, ext. 6528 or (713) 956-6528	Paul Waldner President and General Man  One Riverway, Suite 1150 Houston Texas 77056	Harris

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29 South Plains Community Action Association, Inc.	P.O. Box 610 Levelland, Texas 79336 Phone: (806) 894-6104 Fax: (806) 894-5349	W. D. Powell, Jr.	Henry Tarrango (806) 894-4560	Jim Walker  2033 Rice Levelland Texas 79336	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum
	<a href="mailto:community.services@spcaa.org">mailto:community.services@spcaa.org</a>	<a href="mailto:community.services@spcaa.org">mailto:community.services@spcaa.org</a>	<a href="mailto:henrytarango.commserv@nts-online.net">mailto:henrytarango.commserv@nts-online.net</a>		
30 Texoma Council of Governments	1117 Gallagher Drive, Suite 300 Sherman, Texas 75090 Phone: (903) 893-2161 Fax: (903) 813-3511	Francis Pelley	Mark Bullard (903) 813-3526	Johnny Waldrip Board Chair C/O agency	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus
1(800) 677-8264		<a href="mailto:fpellev@texoma.coq.tx.us">mailto:fpellev@texoma.coq.tx.us</a>	<a href="mailto:mbullard@texoma.coq.tx.us">mailto:mbullard@texoma.coq.tx.us</a>		
31 Travis County Health and Human Services Department	P.O. Box 1748 Austin, Texas 78767 Phone: (512) 854-4100 Fax: (512) 854-4123	Sherry Fleming	Robert Peterson (512) 479-8355 5021 E.Cesar Chavez Austin, Texas 78702	Sam Biscoe County Judge 314 W. 11th St., Suite 250 Austin Texas 78701	Travis
		<a href="mailto:sherry.fleming@co.travis.tx.us">mailto:sherry.fleming@co.travis.tx.us</a>	<a href="mailto:bob.petersen@co.travis.tx.us">mailto:bob.petersen@co.travis.tx.us</a>		
32 Tri-County Community Action, Inc.	P.O. Drawer 1748 Center, Texas 75935 Phone: (936) 598-6315 Fax: (936) 598-7272	Lenola Wyatt-Tutt	Beth Stroope Ext. 23	Leroy Hughes Board Chair P.O. Box 299 San Augustine Texas 75972	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur
		<a href="mailto:lenolatutt@sbcglobal.net">mailto:lenolatutt@sbcglobal.net</a>	<a href="mailto:bethstroope@sbcglobal.net">mailto:bethstroope@sbcglobal.net</a>		
33 Webb County Community Action Agency	1110 Washington St, Suite 203 Laredo, Texas 78040-4443 Phone: (956) 523-4182 Fax: (956) 523-5016	Mike Kazen	Veronica Verduzco (956) 523-4174	Sylvia Palumbo  c/o agency  Texas	Webb
		<a href="mailto:mkazen@webbcountytx.gov">mailto:mkazen@webbcountytx.gov</a>			



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34 West Texas Opportunities, Inc.	P.O. Box 1308 Lamesa, Texas 79331 Phone: (806) 872-8354 Fax: (806) 872-5816	Janet Everheart  <a href="mailto:j.everheart.wto@gmail.com">mailto:j.everheart.wto@gmail.com</a>	Mark Shofner Ext. 221	Bill Meares  1815 County Rd #14 Lamesa Texas 79331	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton

<mailto:wto@pics.net>

## CERTIFICATION REGARDING LOBBYING

### Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

### Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

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*Signature*

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Executive Director

*Title*

---

Texas Department of Housing & Community Affairs  
*Organization*

## CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

### Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible; or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

\*\*\*\*\*

Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—  
Lower Tier Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, [[Page 33043]] should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

\*\*\*\*\*

Certification Regarding Debarment, Suspension, Ineligibility an Voluntary Exclusion--Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

## CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

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This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645(a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

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### Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.
2. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. For grantees other than individuals, Alternate I applies.
4. For grantees who are individuals, Alternate II applies.
5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).
8. Definitions of terms in the Non-procurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

*Controlled substance* means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

*Conviction* means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

*Criminal drug statute* means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

*Employee* means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching

requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

### Certification Regarding Drug-Free Workplace Requirements

#### Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
  - (b) Establishing an ongoing drug-free awareness program to inform employees about --
    - (1) The dangers of drug abuse in the workplace;
    - (2) The grantee's policy of maintaining a drug-free workplace;
    - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
    - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
  - (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
  - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --
    - (1) Abide by the terms of the statement; and
    - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
  - (e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
  - (f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted --
    - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
    - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
  - (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).
- (B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

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Check if there are workplaces on file that are not identified here.

#### Alternate II. (Grantees Who Are Individuals)

*(Not applicable to this plan.)*

[55 FR 21690, 21702, May 25, 1990]

**VENDOR AGREEMENT**  
***COMPREHENSIVE ENERGY ASSISTANCE PROGRAM***

The purpose of the Comprehensive Energy Assistance Program (CEAP) funded from the Low-Income Home Energy Assistance Program (LIHEAP) grant is to maintain an energy supply to heat and cool the residences of eligible low-income clients.

For purposes of this agreement, a Retail Electric Provider is defined as a municipally owned utility, an electric cooperative, or an investor-owned utility as certified by the Texas Public Utility Commission.

The Retail Electric Provider, (or "Vendor,") agrees to honor the purpose of the CEAP and to accept pledges of payment from CEAP agencies only for certified customers to whom Vendor continues to provide energy services. The Energy Assistance Provider, (or "Agency,") agrees to make payments only for eligible low-income clients.

This vendor agreement is by and between:

\_\_\_\_\_ and  
Energy Assistance Provider (Agency)

\_\_\_\_\_  
Retail Electric Provider (Vendor)

Vendor and Agency agree to assist customers in the following counties:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

This agreement shall be effective from the \_\_\_\_\_ day of \_\_\_\_\_ 2004 for a period not to exceed two years from the effective date. Either party may terminate this agreement by written notice. Such written notice of termination shall not affect any obligation by either party incurred prior to the receipt of such notice. Notice shall be sent via certified mail with return receipt requested.

\_\_\_\_\_  
(Vendor Name)

\_\_\_\_\_  
(Vendor Mailing Address)

\_\_\_\_\_  
(Name of Agency)

\_\_\_\_\_  
(Agency Mailing Address)



The Agency named above represents and warrants to Vendor that it is a subrecipient of the Texas Department of Housing and Community Affairs ("TDHCA") and as such is authorized and has received funding from the TDHCA to provide bill payment assistance service for eligible low-income households.

The Vendor named above is a Retail Electric Provider certified by the Public Utility Commission of Texas and represents and warrants that it is authorized to receive payments from Agency on behalf of a customer that the Agency has determined to be eligible under the CEAP guidelines and as such is a "Certified Customer".

**Vendor will, with reference to a Certified Customer:**

- Extend the CEAP applicant's electric service for up to five (5) business days while the Agency determines whether the CEAP applicant is eligible pursuant to the CEAP guidelines;
- Upon accepting pledge from Agency for Certified Customer, continue or restore electric service to Certified Customer without any increase in kilowatt charges, services charges, or other charges affecting the total cost of the bill;
- Invoice the Certified Customer in accordance with Vendor's normal billing practices.
- Upon verbal or written request from Agency, provide at no cost to the Agency the Certified Customer's billing and usage history for the previous twelve (12) months, or available history plus monthly estimates if less than 12 months of billing history and usage is available. Vendor will transmit such billing history via electronic mail or facsimile no later than the end of the next business day following the request. All histories will be provided in accordance with PUC Subst.R Section 25.472(b)(4).
- Work with Agency and Certified Customer to explore the feasibility of offering flexible payment arrangements that may include, without limitation, waiving security deposits, reconnect fees, application fees, and all other fees whenever possible;
- Not discriminate against Certified Customer in price or services, including the availability of deferred payment plans, level or average payment plans, discount, budget, advance payment or other credit plans;
- Not refuse to provide electric service or otherwise discriminate in the marketing and provision of electric service to any Certified Customer because of race, creed, color, national origin, ancestry, sex, marital status, lawful source of income, level of income, disability, financial status, location of customer in an economically distressed geographic area, or qualification for low-income or energy-efficiency services;
- Allow Agency forty-five (45) days from the date of the pledge to forward payment to the vendor. Vendor agrees not to consider the portion of the Certified Customer's account to be paid by the Agency delinquent if said payment is received within the above mentioned forty-five (45) day period and Vendor is provided with a signed pledge from the Agency within 5 days of identifying a Certified Customer and making the pledge;

- Not interrupt service if Certified Customer enters into an agreement with the Vendor concerning how the Certified Customer will pay the balance owed Vendor and the Certified Customer is meeting the obligations under such agreement.
- **The Agency will:**
- Not provide pledges on behalf of a Certified Customer to Vendor without having adequate funds to pay such pledge;
- Pay pledges within forty-five (45) days of making pledge to Vendor;
- Determine if a customer is a Certified Customer within five (5) business days of contacting Vendor.
- Provide Vendor a list of names, telephone numbers and e-mail addresses of Agency staff designated to make pledges on behalf of the Agency and Certified Clients.

The terms of any confidential transaction under this agreement or any other information exchanged by the Agency and Vendor relating to any transaction shall not be disclosed to any person not employed or retained by the Agency or Vendor, their affiliates, or brokers, except to the extent disclosure is 1) required by law; 2) necessary to disclose to the other party in connection with a dispute between the parties; 3) otherwise permitted by written consent of the other party; 4) required by guarantors to be disclosed; 5) information which must be disclosed to a third party to transmit energy; 6) to meet reliability council, regulatory, administrative, judicial, governmental, or regulated commodity exchange requirements where necessary; or 7) of information which was or is hereafter in the public domain (except by breach of this Agreement.)

\_\_\_\_\_  
Authorized Vendor Signature

\_\_\_\_\_  
Date Agreement Signed

\_\_\_\_\_  
Typed Name of Authorized Signature

\_\_\_\_\_  
Title of Authorized Signature

\_\_\_\_\_  
(Area Code) Telephone Number

\_\_\_\_\_  
Authorized Agency Signature

\_\_\_\_\_  
Date Agreement Signed

\_\_\_\_\_  
Typed Name of Authorized Signature

\_\_\_\_\_  
Title of Authorized Signature

\_\_\_\_\_  
(Area Code) Telephone Number

## Division of Policy and Public Affairs

### BOARD ACTION REQUEST

June 9, 2006

#### Action Item

AGENCY STRATEGIC PLAN FOR THE FISCAL YEARS 2007–11 PERIOD BY THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.

#### Required Action

Review and approval of the document by the Board. By July 7, 2006 the document must be submitted to the Governor, Lt. Governor, Speaker of the House, Comptroller of Public Accounts, State Auditor, Sunset Advisory Committee, House Appropriations Committee, Senate Finance Committee, Governor's Office of Budget, Planning and Policy, Legislative Budget Board, Texas State Library, and the Legislative Reference Library.

#### Background

The following sentence from the Legislative Budget Board's report preparation instructions sums up the purpose of this document well.

*"A Strategic Plan is a formal document that communicates an agency's goals, directions, and outcomes to various audiences, including the Governor and the Legislature, client and constituency groups, the general public, and the agency's employees."*<sup>1</sup>

The TDHCA Strategic Plan for Fiscal Years 2007–2011 (the Plan) outlines its approach to addressing the affordable housing and community service needs of lower income Texans. The Plan was developed within the context of the State's overall goals and budget to generate specific outcomes that tie directly to the Department's budget structure. TDHCA will use the Plan to help meet needs of the citizens of Texas through logical, transparent, accountable, and effective actions.

The Plan provides a high level overview of issues that may affect the ongoing accomplishment of TDHCA's mission over the next five years. Examples of internal issues the report considers include the Department's budget, workforce characteristics, technological assets and projects, organizational structure, and existing performance measures. External factors that may change over time are also studied. Such factors include TDHCA's available funding resources, service population characteristics, service area boundaries, and the economic, legal, and environmental conditions in which it operates. Finally, the Plan provides TDHCA with an opportunity to describe some of its strengths, weaknesses, challenges, and opportunities for change.

Please note that while this is a "planning" document, it does not establish:

- § future performance measure targets (This is done through the Legislative Appropriations Request process.); or
- § program set asides or intended program activities (This is done through program rule making and the State Low Income Housing Plan and Rules).

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<sup>1</sup> From the "Introduction" to the Instructions for Preparing and Submitting Agency Strategic Plans Fiscal Years 2007-2011.

**ATTACHMENT A**

**AGENCY STRATEGIC PLAN FOR THE FISCAL YEARS 2007–11 PERIOD BY THE TEXAS DEPARTMENT OF  
HOUSING AND COMMUNITY AFFAIRS.**

# AGENCY STRATEGIC PLAN

FOR THE FISCAL YEARS 2007–11 PERIOD

BY



Board Chair  
Ms. Elizabeth "Beth" Anderson

Term  
9/14/2001 – 1/31/2007

Home Town  
Dallas, Texas

Date of Submission  
July 7, 2006

SIGNED: \_\_\_\_\_  
(ADMINISTRATOR)

APPROVED: \_\_\_\_\_  
(BOARD/COMMISSION CHAIR)

Prepared by the TDHCA Division of Policy and Public Affairs  
P.O. Box 13941, Austin, TX 78711-3941  
Phone: (512) 475-3976 Fax: (512) 469-9606 email: info@tdhca.state.tx.us



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## **INTRODUCTION**

*“Beginning in 1991, Texas embarked on a comprehensive strategic planning process for all state agencies within the executive branch of government. House Bill 2009, Seventy-second Legislature, Regular Session, 1991, which inaugurated the process, established the requirements and time frame under which Texas completed its first planning cycle.*

*House Bill 2009 was subsequently codified as Chapter 2056 of the Government Code.*

*In 1993, Chapter 2056 of the Government Code was amended to consolidate certain planning requirements and to change the required planning horizon from six years to five years (i.e., the second year of the current biennium and the next two biennia). Formal plans must be completed and submitted every two years; however, agencies may engage in planning on a continual basis and may adjust plans internally as changing conditions dictate.*

*Strategic planning is a long-term, iterative, and future oriented process of assessment, goal setting, and decision-making that maps an explicit path between the present and a vision of the future. It includes a multiyear view of objectives and strategies for the accomplishment of agency goals. Clearly defined outcomes and outputs provide feedback that leads to program performance that influences future planning, resource allocation, and operating decisions. The strategic planning process incorporates and sets direction for all agency operations.*

*A Strategic Plan is a formal document that communicates an agency’s goals, directions, and outcomes to various audiences, including the Governor and the Legislature, client and constituency groups, the general public, and the agency’s employees.”<sup>1</sup>*

The Texas Department of Housing and Community Affairs (TDHCA or Department) Strategic Plan for Fiscal Years 2009–2011 (the Plan) outlines its approach to addressing the affordable housing and community service needs of lower income Texans. The Plan was developed within the context of the State’s overall goals and budget to generate specific outcomes that tie directly to the Department’s budget structure. TDHCA will use the Plan to help meet needs of the citizens of Texas through logical, transparent, accountable, and effective actions.

## **STATEWIDE VISION, MISSION, AND PHILOSOPHY**

### **THE VISION FOR TEXAS STATE GOVERNMENT**

*“Working together, I know we can accomplish our mission and address the priorities of the people of Texas. My administration is dedicated to creating greater opportunity and prosperity for our citizens, and to accomplish that mission, I am focused on the following critical priorities:*

- § *Assuring open access to an educational system that not only guarantees the basic core knowledge necessary productive citizens but also emphasizes excellence and accountability in all academic and intellectual undertakings;*

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<sup>1</sup> From the “Introduction” to the Instructions for Preparing and Submitting Agency Strategic Plans Fiscal Years 2007-2011.



- § *Creating and retaining job opportunities and building a stronger economy that will lead to more prosperity our people and a stable source of funding for core priorities;*
- § *Protecting and preserving the health, safety, and well-being of our citizens by ensuring healthcare is accessible and affordable and by safeguarding our neighborhoods and communities from those who intend us harm;*
- § *Providing disciplined, principled government that invests public funds wisely and efficiently. I appreciate your commitment to excellence in public service.”*

RICK PERRY  
Governor of Texas

## **THE MISSION OF TEXAS STATE GOVERNMENT**

*“Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.*

*Aim high...we are not here to achieve inconsequential things!”*

## **THE PHILOSOPHY OF TEXAS STATE GOVERNMENT**

*The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise we will promote the following core principles:*

- § *First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.*
- § *Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.*
- § *Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.*
- § *Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.*
- § *Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.*
- § *State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse, and providing efficient and honest government. Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.*

## **RELEVANT STATEWIDE GOALS AND BENCHMARKS**

TDHCA's strategies directly or peripherally impact the following statewide goals and associated benchmarks.

### **EDUCATION - PUBLIC SCHOOLS**

#### ***Priority Goal***

To ensure that all students in the public education system acquire the knowledge and skills to be responsible and independent Texans by:

- § ensuring students graduate from high school and are ready for college, a two-year institution, other post-secondary training, or the workforce;
- § continuing to develop reading, math, and science skills at appropriate grade level through graduation; and
- § demonstrating exemplary performance in foundation subjects.

#### ***Benchmarks***

- § High school graduation rate
- § Percent of students who demonstrate satisfactory performance on the Texas Assessment of Knowledge and Skills
- § Percent of students from third grade and above who are able to read at or above grade level
- § Percent of students from third grade and above who perform at or above grade level in math
- § Percent of students who achieve mastery of the foundation subjects of reading, English language arts, math, social studies, and science

### **HEALTH AND HUMAN SERVICES**

#### ***Priority Goal***

To promote the health, responsibility, and self-sufficiency of individuals and families by:

- § providing public assistance for those most in need through an efficient and effective system; and
- § creating partnerships with local communities, advocacy groups, and the private and not-for-profit sectors.

#### ***Benchmarks***

- § Percent of long-term care clients served in the community
- § Percent of adult welfare participants in job training who enter employment
- § Percent of Texas population receiving food stamps
- § Incidence of confirmed cases of abuse, neglect, or death of children, the elderly, or spouses per 1,000 population
- § Rate of substance abuse and alcoholism among Texans
- § Percent of people completing vocational rehabilitation services and remaining employed

### **ECONOMIC DEVELOPMENT**

#### ***Priority Goal***

To provide an attractive economic climate for current and emerging industries that fosters economic opportunity, job creation, capital investment, and infrastructure development by:

- § promoting a favorable and fair system to fund necessary state services; • addressing transportation and housing needs; and
- § developing a well trained, educated, and productive workforce.

### ***Benchmarks***

- § Number of employees in targeted industry sectors
- § Number of new non-government, non-farm jobs created
- § Per capita gross state product
- § Texas unemployment rate
- § Number of Texans receiving job training services

## **REGULATORY**

### ***Priority Goal***

To ensure Texans are effectively and efficiently served by high-quality professionals and businesses by:

- § implementing clear standards;
- § ensuring compliance;
- § establishing market-based solutions; and
- § reducing the regulatory burden on people and business.

### ***Benchmarks***

- § Percent of state professional licensee population with no documented violations
- § Percent of new professional licensees as compared to the existing population
- § Percent of documented complaints to professional licensing agencies resolved within six months
- § Percent of new and renewed professional licenses issued via internet
- § Percent of state financial institutions and credit providers rated “safe and sound” and/or in compliance with state requirements
- § Percent increase in utilization of the state business portal

## **GENERAL GOVERNMENT**

### ***Priority Goal***

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

- § supporting effective, efficient, and accountable state government operations;
- § ensuring the state’s bonds attain the highest possible bond rating; and
- § conservatively managing the state’s debt.

### ***Benchmarks***

- § Total state spending per capita
- § Percent change in state spending, adjusted for population and inflation
- § Ratio of federal dollars received to federal tax dollars paid
- § Number of state employees per 10,000 population
- § Number of state services accessible by internet
- § Savings realized in state spending by making reports/documents/processes available on the internet
- § Texas housing affordability index

## **TDHCA MISSION**

To help Texans achieve an improved quality of life through the development of better communities.

## **TDHCA PHILOSOPHY**

### **CUSTOMERS**

- § Advocacy: The Department will actively encourage, support, and promote an improved quality of life for extremely low, very low, low, and moderate income Texans.
- § Service: The Department will be responsive to every constituent request and provide every customer with prompt, courteous service.
- § Partnership: The Department will foster an atmosphere that is conducive to encouraging and forming public and private partnerships that are responsive to the needs of extremely low, very low, low, and moderate income Texans.
- § Equity: The Department will establish processes for the public's full participation in programs and the fair allocation of resources.
- § Respect: The Department believes in the worth of all persons and their right to a decent home and the basic necessities of life.

### **OPERATIONS**

- § Integrity: The Department will conduct business openly, free of bias, and according to the highest ethical and professional standards.
- § Accountability: The Department will be answerable and responsive to the Texas Legislature, external customers/consumers, and its various funding sources.
- § Efficiency: The work of the Department will be accomplished in the most direct, cost-effective manner.
- § Leveraging: Each program will encourage public and private sector participation and the use of additional resources to maximize economic impact.

### **STAFF**

- § Quality: Each employee will strive for excellence in the work performed.
- § Creativity: Department staff will continually seek innovative methods for performing work in their respective fields.
- § Respect: The Department recognizes that its employees are most important to the accomplishment of its mission and goals. Therefore, it pledges to support their continued development and success; provide opportunities for reward based on performance, contributions, and ability to develop strong team relationships. In doing so, it also pledges to promote a collaborative and positive work environment for all employees.

# **EXTERNAL/INTERNAL ASSESSMENT**

## **I. OVERVIEW OF AGENCY SCOPE AND FUNCTIONS**

### **A. Statutory Basis**

Chapter 2306 of the Texas Government Code outlines the functions of TDHCA as follows:

*Sec. 2306.001. Purposes. The purposes of the department are to:*

- 1) *assist local governments in*
  - A) *providing essential public services for their residents; and*
  - B) *overcoming financial, social, and environmental problems;*
- 2) *provide for the housing needs of individuals and families of low and very low income and families of moderate income;*
- 3) *contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income;*
- 4) *assist the governor and the legislature in coordinating federal and state programs affecting local government;*
- 5) *inform state officials and the public of the needs of local government;*
- 6) *serve as the lead agency for:*
  - A) *addressing at the state level the problem of homelessness in this state;*
  - B) *coordinating interagency efforts to address homelessness; and*
  - C) *addressing at the state level and coordinating interagency efforts to address any problem associated with homelessness, including hunger.*
- 7) *serve as a source of information to the public regarding all affordable housing resources and community support services in the state.*

### **B. Historical Perspective**

The following events shaped TDHCA's current structure.

- § In 1991, the 72nd Texas Legislature created TDHCA from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant (CDBG) Program from the Texas Department of Commerce.
- § On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program.
- § On September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department.
- § On September 1, 2001, in accordance with House Bill 7, the CDBG and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). However, TDHCA, through an interagency contract with ORCA, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border.
- § Also on September 1, 2001, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.
- § In 2002–2003, in an effort to improve efficiency and effectiveness, the Department implemented a significant reorganization of certain housing related activities and administrative structures. The resulting organizational structure helped to: improve the

utilization of staff resources; increase the efficiency of service delivery, and foster better communication with customers; and create a focus on production with accountability.

- § TDHCA's programs continue to evolve in response to statutory changes, federal program changes, and public participation.

### **C. Affected Populations**

As established by §2306.001(2), TDHCA is to "provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income..." These income subcategories are defined by federal law as follows:

- § Extremely Low Income (ELI): 0% to 30% area median family income (AMFI)
- § Very Low Income (VLI): 31% to 60% (AMFI)
- § Low Income (LI): 61% to 80% (AMFI)
- § Moderate Income and Up (MI): >80% (AMFI)

Within these income categories, there are households that have special needs which further complicate their ability to find housing. These households include the homeless, persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, public housing residents, colonia residents and migrant farmworkers.

### **D. Main Functions**

To achieve its mission, TDHCA provides the following types of assistance.

#### **Housing and Community Services Assistance**

Types of housing and community services assistance include:

- § housing assistance for individual households (homebuyer mortgage and down payment assistance, home repair, and rental payment assistance);
- § funding for the development of apartments (new construction or rehabilitation of rental units);
- § energy assistance (utility payments or home weatherization activities);
- § assistance for homeless persons and emergency relief for individuals or families in crisis poverty (transitional housing, energy assistance, home weatherization, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and other emergency assistance); and
- § capacity building assistance (training and technical assistance, assistance with operating costs, and predevelopment loans to help local housing organizations develop housing).

With the exception of most of its community services assistance, TDHCA's funding resources are awarded through formal, competitive processes. As such, funding is distributed to entities that, in turn, provide assistance to households in need. This distribution is done using a number of techniques.

- § Almost all housing development, rehabilitation, and rental assistance related funding is awarded through formal competitive request for proposals and notices of funding availability.
- § First time homebuyer mortgage and down payment assistance is allocated through a network of participating lenders.
- § Community services funds are predominantly allocated through a network of community based organizations who receive their funding on an annual, ongoing basis.

Funding for the services listed above include the US Department of Housing and Urban Development (HUD), US Department of Treasury (DoT), US Department of Health and Human Services (DHHS), and US Department of Energy (DoE), and Texas general revenue funds.

### **Manufactured Housing Activities**

TDHCA's Manufactured Housing Division<sup>2</sup> administers the Texas Manufactured Housing Standards Act. The act ensures that manufactured homes are well-constructed and safe, are installed correctly, that consumers are provided fair and effective remedies, and that measures are taken to provide economic stability for the Texas manufactured housing industry. Services of the Manufactured Housing Division include issuances of Statement of Ownership and Location (SOL) research; training and license issuances to individuals for manufactured housing manufacturing, retailing, rebuilding, installations, broker, or sales; records and releases on tax and mortgage liens; installation inspections; consumer complaints; and federal oversight under a cooperative agreement with HUD.

### **Information Resources**

TDHCA is a housing and community services informational resource for individuals, local governments, the Legislature, community organizations, advocacy groups, and members of the housing development community. Examples of information it provides include: general information on TDHCA activities, US Census data analysis, and consumer information on available housing and supportive service assistance statewide. A primary method by which this information is made available is TDHCA's interactive consumer assistance website at [http://www.tdhca.state.tx.us/assist\\_main.htm](http://www.tdhca.state.tx.us/assist_main.htm) .

In all of its activities, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process. *Table 1. Summary of TDHCA Functions* briefly describes the activities assisted by and households served by each TDHCA program.

### **E. Public Perception**

TDHCA is seen as a financial and administrative resource that helps provide essential services and affordable housing opportunities to Texans who qualify for this assistance based on their income level. With respect to the provision of affordable housing, TDHCA is essentially a housing finance agency that utilizes tax credits and bond financing to invest in real estate and housing properties, as opposed to providing direct financial assistance to individual persons of low income. Secondly, the Department is seen as a resource for educational materials and technical assistance for housing, housing related, and community services matters.

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<sup>2</sup> The Manufactured Housing Division is an independent entity within TDHCA that is administratively attached, but has its own Board of Directors and Executive Director.

**Table 1: Summary of TDHCA Functions**

Activity	Program	Program Description	Eligible Households
Multifamily Development	HOME Investment Partnerships Program (HOME)	Loans or grants to develop or preserve affordable rental housing	<80% AMFI
	Housing Trust Fund (HTF)	Loans or grants for rental housing development, predevelopment, and other industry innovations	<80% AMFI
	Housing Tax Credit (HTC)	Tax credits to develop or preserve affordable rental housing	<60% AMFI
	Multifamily Bond (MFB)	Loans to develop or preserve affordable rental housing	<60% AMFI
Rental Assistance	HOME Program	Loans or grants for entities to provide tenant-based rental assistance for two years	<80% AMFI
	Section 8 Housing Choice Vouchers	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain areas	<50% AMFI
Single Family Development	HOME Program	Loans or grants for entities to construct single family housing and offer down payment assistance	<80% AMFI
	Colonia Model Subdivision	Loans for Community Housing Development Organizations (CHDOs) to develop residential subdivisions as an alternative to colonias	<60% AMFI
Home Purchase Assistance and Home Repair Assistance	Contract for Deed Conversion Initiative	Facilitates colonia-resident ownership by converting contracts for deed into traditional mortgages	<60% AMFI
	Grant Assistance	Grants in conjunction with the First Time Homebuyer Program for down payment and closing costs	<60% AMFI
	HOME Program	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	HOME Program	Loans and grants for entities to provide home repair assistance	<80% AMFI
	Lone Star Loan	Market-rate loans with second liens for down payment assistance	<115% AMFI
	Mortgage Credit Certificate	Annual tax credit based on the interest paid on the homebuyer's mortgage loan	<115% AMFI
	Texas Bootstrap Loan	Funds entities to offer owner-builder loans programs	<60% AMFI
	Texas First Time Homebuyer	Low-interest loans for first time homebuyers	<115% AMFI
Homebuyer Education	Colonia Consumer Education Services	Homebuyer education offered through Colonia Self-Help Centers and Office of Colonia Initiatives (OCI) field offices	<115% AMFI (All)
	Texas Statewide Homebuyer Education	Training for nonprofits to provide homebuyer education	<115% AMFI (All)
Community Affairs Activities	Community Services Block Grant (CSBG)	Funds local agencies to provide essential services and poverty programs	<50% AMFI
	Emergency Shelter Grants (ESGP)	Funds entities to provide shelter and related services to the homeless	<30% AMFI (Homeless)
	Community Food and Nutrition (CFNP)	Distributes surplus food commodities and supports feedings	<80% AMFI
	Comprehensive Energy Assistance (CEAP)	Funds local agencies to offer energy education, financial assistance, and HVAC replacement	<50% AMFI
	Weatherization Assistance (WAP)	Funds local agencies to provide minor home repairs to increase energy efficiency	<50% AMFI
Manufactured Housing	Manufactured Housing Division	Regulates the manufactured housing industry. Licenses manufactured housing professionals, titles homes, inspects homes, and investigates manufactured housing complaints.	All

A common misperception is that TDHCA has regulatory authority over all aspects of housing throughout the state, from homeowners associations to the home building industry. As a result, requests are often made to intercede in issues that are not related to departmental business. There is also some confusion regarding the roles, duties, and jurisdictions of TDHCA and



federal, state, and local housing agencies. TDHCA staff seeks to clarify the Department's role through its website and publications, and by directing inquiries to appropriate service providers.

TDHCA is often perceived as an organization that focuses on providing affordable housing assistance to extremely low and very low income persons and families. However, the basic structures of its largest multifamily rental funding sources, HTC and MFB programs, are not able to serve many households at below 50 percent of the area median income without the use of funds from another affordable housing program such as the HOME program. The availability of these ancillary sources are very limited.

At times, a conflict exists between the actual characteristics of and the public perception of "affordable housing." This conflict is fed by public ideas as to the residents' income levels and employment status; construction quality, design, and density of the developments; and socio-economic impacts on the surrounding neighborhood. TDHCA is sometimes perceived as placing affordable rental housing in neighborhoods without adequately addressing the concerns of area residents. Because the development of any type of housing involves partnerships between the community, developers, and government, the Board and TDHCA staff go to great lengths to encourage developers to communicate and work with neighborhood groups to ensure their voice is heard throughout the process. TDHCA takes seriously its obligation to evaluate community input on funding decisions, including making neighborhood input a scoring criterion for the HTC Program. Public comment is solicited throughout the state as part of the housing application process, and public comment is taken before and during each Board meeting. This comment is balanced with the goal of ensuring that low income Texans have opportunities to live in desirable parts of their community with access to the area's employment, educational, health, and social amenities.

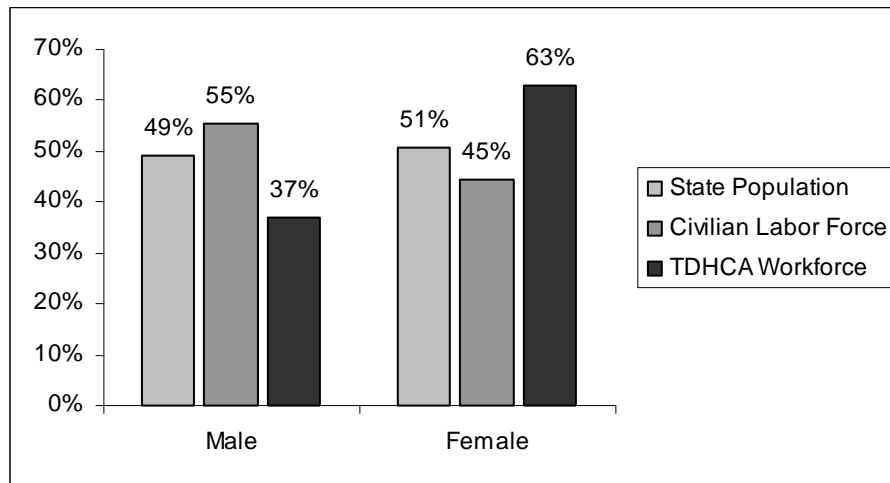
## **II. ORGANIZATIONAL ASPECTS**

### ***A. Size and Composition of Workforce***

As of May 1, 2006, TDHCA had a total headcount of 274 employees. The agency is authorized to have 298 total full-time equivalents (FTEs). The 24 employee difference FTE cap and the actual headcount is typically comprised of the following: 4.5 FTEs are reserved for a PMC contract with MDSI that gains TDHCA an additional \$1.0 million in revenue; program activities utilize approximately 4 temporary workers who each stay at the Department longer than 130 days and therefore must be counted as employees; and the remaining 15 vacancies represent a normal variance caused by the timing between terminations and hiring activities.

The TDHCA workforce is comprised of 37 percent males and 63 percent females. As shown in the table below, the TDHCA workforce has a higher representation of female workers than the state population and civilian workforce.

**Table 2: Comparison of TDHCA Workforce by Gender to State Population and Civilian Workforce**



As shown below, TDHCA has a well balanced workforce in terms of the age of its employees. Approximately a third of its workforce falls into each of the following age categories 31-40, 41-50, and greater than 50 years of age (35 percent, 29 percent, and 27 percent respectively). The workforce also has a good level of overall work experience as indicated by having 65 percent of its employees in the mid-age groupings: 30 to 50 year olds. The average age of Department employees is 42.86 years. Its success in recruiting and retaining employees in this age group may prove to be one of the Department's strongest workforce characteristics.

Employee tenure shows a similarly balanced pattern with 25 percent of its employees having 1-5 years of experience, 23 percent with 5-10 years, 21 percent having 11-15 years of experience, and 23.7 percent having more than 15 years. This results in an average of 11 years of experience. TDHCA continually works to address pay equity, to improve internal communications through a variety of venues, and to use career development and employee service recognition activities to motivate employees and to improve employee retention.

**Table 3: Age (As of 5/18/2006)**

Age Group	Population	Percentage
20 – 30	24	8.8%
31 – 40	96	35.0%
41 – 50	81	29.6%
51 – 60	64	23.4%
61 +	9	3.3%
Total	274	100.0%

**Table 4: Employee Tenure (As of 5/18/06)**

Tenure Range	# of Employees	% of Total
1 year	20	7.3%
1 – 5	69	25.2%
5 – 10	63	23.0%
11 – 15	57	20.8%
16 – 20	25	9.1%
21 – 25	24	8.8%
26 – 30	10	3.6%
30 +	6	2.2%
Totals	274	100.00%

**TDHCA’s Workforce Compared with the Statewide Civilian Workforce**

The tables and charts below compare the percentage of African American, Hispanic, and Female TDHCA employees (as of May 5, 2006) to the statewide civilian workforce as reported

by the Texas Workforce Commission. Overall, the race and ethnic composition of the TDHCA workforce exceeds the state percentages for all the non “White” categories except for “Other.”

**Table 5: Description of TDHCA Workforce by Ethnicity and Gender**

Equal Employment Opportunities (EEO) Categories*	African American		Hispanic		White		Other		Total	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
A - Administrators and Officials	1	-	4	1	9	3	-	-	14	4
P - Professionals	5	20	24	51	34	52	2	8	65	131
T - Technician	2	1	1	2	11	3	-	-	14	6
Q - Para-professionals	1	6	-	15	3	4	-	-	4	25
C - Administrative Support	-	2	1	1	2	4	1	-	4	7
Total by Race/Ethnicity & Gender	9	29	30	70	59	66	3	8	101	173
% of Total by Race/Ethnicity & Gender	3%	11%	11%	26%	22%	24%	1%	3%	37%	63%
Total by Race/Ethnicity	38		100		125		11		274	
% of Total by Race/Ethnicity	14%		36%		46%		4%			

\*A – Administrators and Officials: directors, employees establishing broad policy and exercising responsibility for execution of those policies.

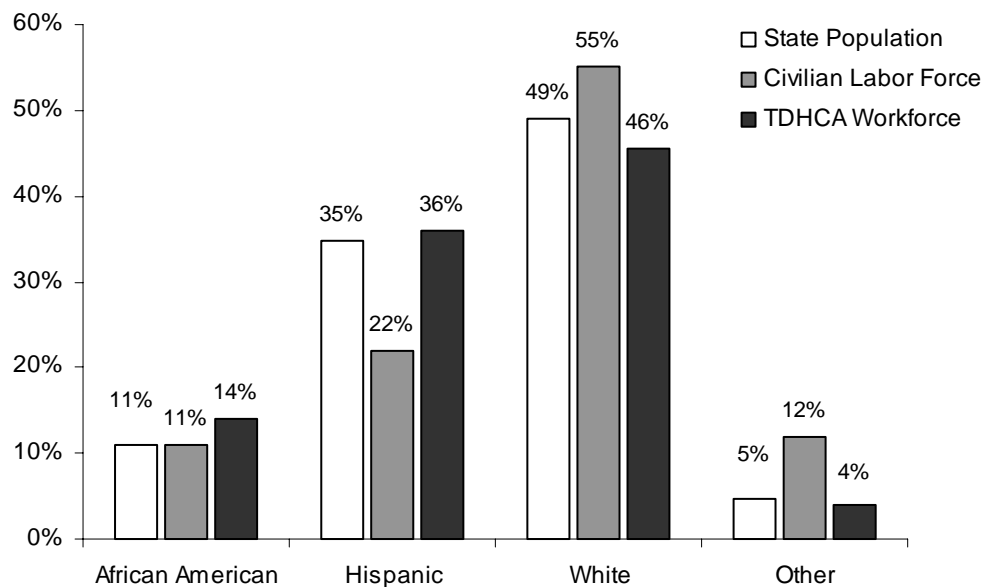
P – Professionals: accountants; systems analysts, attorneys, occupations requiring specialized training or education.

T – Technician: computer technicians, occupations requiring basic scientific or technical knowledge.

Q – Para-professionals: persons performing some of the duties of professionals in a supportive role.

C – Administrative Support: these include clerical payroll clerks, legal assistants, office machine operators, statistical clerks, and bookkeepers.

**Table 6: Comparison of TDHCA Workforce by Race/Ethnicity to State Population and Civilian Workforce**



Source: US Census, 2004 American Community Survey; TDHCA Human Resources Data; Uniform Statewide Payroll System (2002 data); and Texas Workforce Commission (2002 data)

There are five areas where TDHCA's Equal Employment Opportunity (EEO) employment percentages are less than the state's percentages:

- § Female Technicians (Until recently, TDHCA's representation of female technical staff as compared to the state was positive. However, due to turnover in Information Services Division (IS) staff, several female technical professionals left the Department.)
- § Female Official/Administration
- § African American Official Administration
- § Hispanic Technicians
- § Hispanic Administrative Support. (With regard to this category, it is thought that the relatively low level is related to successful internal promotion of employees into the paraprofessional category.)

As TDHCA has job openings, it will focus on hiring into these five categories. Otherwise, the Department believes it currently has a positive representation of all major diversity categories.

**Table 7: Comparison of TDHCA EEO and Statewide Employment Statistics**

Job Category	% African American		% Hispanic		% Females	
	TDHCA	State	TDHCA	State	TDHCA	State
Officials/Administrators	5.6	7.1	27.8	15.2	22.2	44.1
Professionals	12.8	7.9	38.3	14.4	66.8	54.4
Technicians	15	10	15	19.8	30	47.5
Paraprofessionals	24.1	17.9	51.7	31.8	86.2	55.6
Administrative Support	18.2	9.9	18.2	23.2	63.6	61.5

Source: TDHCA Human Resources Data and Equal Employment Opportunity and Minority Hiring Practices Report, Texas Workforce Commission Civil Rights Division, February 2005

### ***Agency Turnover***

#### **Percent of Workforce Eligible to Retire**

Of the current 274 employees, TDHCA estimates that there are 17 employees or 6.2 percent who are eligible to retire within the next biennium. Ten of these employees are from the Manufactured Housing Division. Most of the Manufactured Housing employees eligible to retire are located in field offices. Management is aware of the impact they will have on the loss of knowledge and skill base and is looking at methods to replace this knowledge.

The following data on projected retirements through 2009 was provided by the Employees Retirement System. It shows that approximately 12 TDHCA employees will be eligible to retire each year over that time period.

**Table 8a: Projected Employee Retirement Rate**

	*FY 2006	FY 2007	FY 2008	FY 2009	Cumulative
Projected TDHCA Retirements	18	10	13	8	49

\*The projected eligibles for FY 2006 include all those eligible at the beginning of the fiscal year, plus those projected to become newly eligible during this fiscal year.

Source: State of Texas Human Resources, Workforce Planning Tool Kit Webpage.

**Projected Employee Turnover Rate over the Next Five Years**

When reviewing the employee turnover rate for the past five years, the average annual turnover rate was approximately 13 percent. Unless the Legislature significantly alters the Department's budget structure during the next two sessions, it is expected that the turnover rate will remain close to this level over the next five years.

**Table 8b: Historical Employee Turnover Rate**

Entity	FY2001	FY2002	FY2003	FY2004	FY2005
Statewide Turnover	18.50%	15.30%	17.90%	14.80%	18.90%
TDHCA Turnover	13.70%	10.23%	16.10%	13.10%	14.30%
TDHCA Separations (including MH)	48	50	51	37	42

Source: Texas State Auditor's Office (SAO) E-Class as of 12/31/05. It should be noted that the FY 2002 number has been adjusted to reflect the transfer of 50 employees to the Office of Rural Community Affairs.

**B. Organizational Structure and Process**

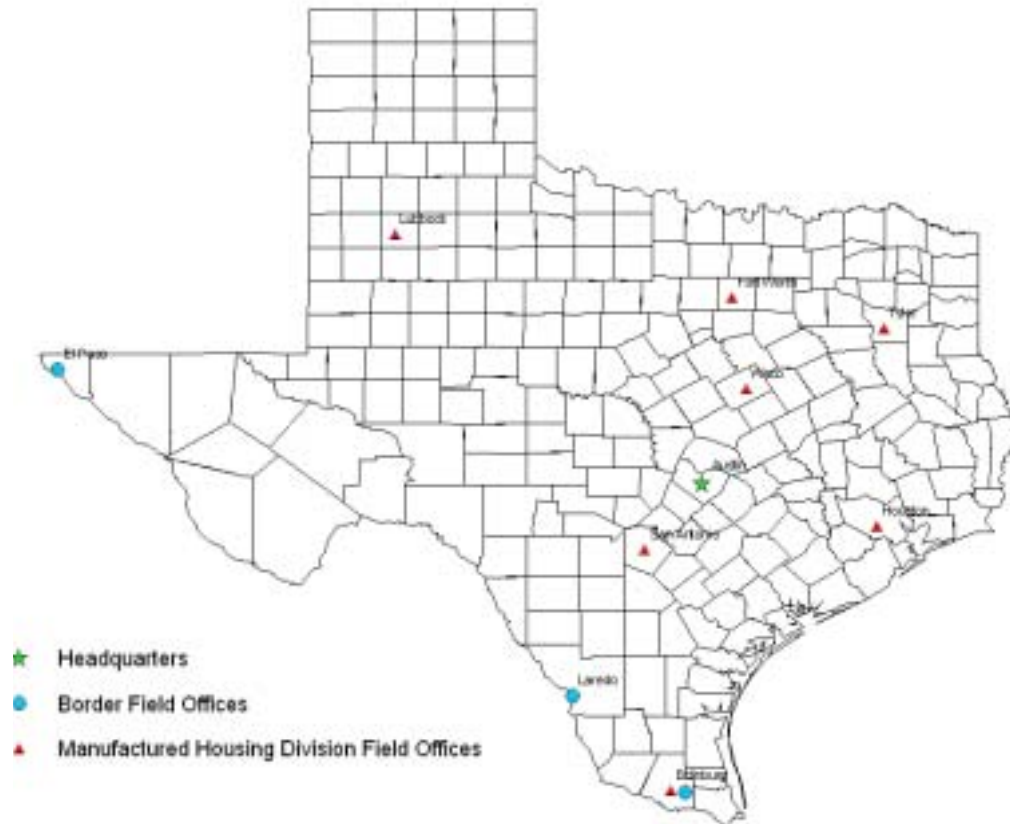
TDHCA is organized under four divisions that report to the Executive Director: Administration, Programs, Legal Services, and Policy and Public Affairs. Within the Program's Division, activities are organized under the following categories: Bond Finance, Community Affairs, Office of Colonia Initiatives, Multifamily Finance Production, Real Estate Analysis, and Single Family Finance Production. Within the Administration Division, activities are organized under the following categories: Administrative Support; Financial Administration, IS; and Portfolio Management and Compliance (PMC). The Internal Audit Division reports directly to the Board. As mentioned previously, the Manufactured Housing Division operates within TDHCA as an administratively attached but independent entity. An organizational chart of the Department is provided as Appendix B.

TDHCA's Executive Director is employed by the Board with the approval of the Governor. The Executive Director is responsible for administering the work of the Department. The seven-member Governing Board, appointed by the Governor with advice and consent of the Senate, works with the Executive Director to develop policies and programs to meet the needs of the mission and goals of the Department.

**C. Geographical Location of Agency**

TDHCA's headquarters is located in the state owned State Insurance Building Annex at 221 East 11<sup>th</sup> Street, Austin, TX 78701. OCI has Border Field Offices located in Edinburg, El Paso, and Laredo. The Manufactured Housing Division has field offices located throughout the state in Dallas-Ft. Worth, Edinburg, Houston, Lubbock, San Antonio, Tyler, and Waco.

**Figure 1: TDHCA Locations**



***D. Location of Service Populations and Regions***

TDHCA is committed to equitably and effectively serving citizens in all areas of the state. For its general planning and reporting purposes, a 13 region geographic configuration of the state's 254 counties is used. These state service regions, which were developed by the Texas Comptroller of Public Accounts, are referenced in §2306.111(d) which calls for the regional allocation of TDHCA's HOME, HTC, and HTF funding. A map of the regions are shown below in Figure 2.

TDHCA funding is regionally allocated via the following mechanisms:

- § HOME, HTC, and HTF funding is allocated by formula to be distributed within each region using a competitive award process.
- § MFB financing is allocated statewide based on a lottery method controlled by the Texas Bond Review Board.
- § ESG, CSBG, CEAP, and WAP funding is allocated statewide through a network of subcontractors. Each subcontractor receives a funding allocation based on the level of need within the counties they serve. There may be multiple subcontractors within each region.
- § A statewide network of participating lenders is used to distribute the single family bond financing. The final distribution of funding is based on consumer demand.

As described below, a wide variety of program regulations, market conditions, and legislative requirements affect TDHCA's statewide resource distribution.



HUD, TDHCA directs its HOME program allocation to non-PJ areas of the state. The remaining 5 percent of HOME funds may be expended in a PJ, but only if it funds a multifamily activity that serves persons with disabilities, unless otherwise approved by the Board.

- § §2306.111(d) requires that the regional allocation formula used to distribute HOME, HTC, and HTF funding, §2306.111(d) consider existing housing need and available resources to meet this need in rural and urban/exurban areas.
- § TDHCA and ORCA jointly administer the HTC Program rural allocation. ORCA helps develop and approves all thresholds, scoring, and underwriting criteria for the rural allocation. The resulting joint outreach, training, and rural area capacity building efforts help increase participation in the rural set-aside.
- § The TDHCA Section 8 Housing Choice Voucher Program specifically serves households in small cities and rural communities that are not served by similar local or regional housing voucher programs.

### **Regional Allocation Plans**

As required by federal or state laws, TDHCA has developed regional allocation formulas for many of its programs. These formulas are based on objective measures of need and available resources that help ensure an equitable distribution of funding across the state.

#### 2006 HOME, HTC, and HTF Regional Allocation Formula

Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, HTC, and HTF funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. Within each region, the RAF further targets funding to rural and urban/exurban areas.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment.

Slightly modified versions of the RAF are used for the HOME and HTF/HTC because the programs have different eligible activities, households, and geographical service areas. For example, because at least 95 percent of HOME funding must be set aside for non-PJs, the HOME RAF only uses need and available resource data for non-PJs.

In the 2006 fiscal year, the RAF used the following 2000 US Census data to calculate this regional need distribution.

- § Poverty: Number of persons in the region who live in poverty.
- § Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.
- § Overcrowded Units: Number of occupied units with more than one person per room.



- § Units with Incomplete Kitchen or Plumbing: Number of occupied units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

There are a number of local, state, and federal funding sources that can be used to address affordable housing needs. To mitigate any inherent inequities in the regional allocation of these funds, the RAF compares each region's level of need to its level of resources. In the 2006 fiscal year, resources from the following sources were used in the RAF: HTC, HTF, HUD (HOME, Housing Opportunities for Persons with AIDS (HOPWA), public housing authority (PHA) capital funding, and Section 8 funding), Bond Financing, and United States Department of Agriculture (USDA) housing programs.

#### 2006 ESGP Allocation Formula

This program's funds are distributed annually based on a competitive application process. Funds are distributed utilizing the 13 State Service Regions based on the poverty population of the counties in each region.

#### 2006 CSBG Allocation Formula

This program's funds are allocated to 47 CSBG contractors using a formula that evaluates each area's level of need based on its number of persons with incomes up to 125 percent of poverty (weighted at 98 percent) and the inverse ratio of its population density (weighted at 2 percent). The formula provides each contractor with a \$150,000 minimum award that starts with a \$50,000 base for all entities and adds a need based funding allocation based on the need data. The formula is updated upon the release of the Decennial Census. Once it is updated, changes to the distribution percentages are phased in so that no entity receives an increase or a decrease greater than 5 percent per year until the formula is fully implemented.

#### 2006 CEAP and WAP Allocation Formula

The Energy Assistance Section allocates funds for these programs to an existing subrecipient network based on a formula which incorporates poverty population (80 percent), climate data (10 percent), relative size of service area (5 percent) and density of population in the service area (5 percent). The formula is updated with the release of each census. The subrecipient network consists of community action agencies, regional councils of governments, local government, and nonprofit entities which provide services to low income households in 254 counties.

#### **Other Factors that Affect the Distribution of Funds**

Under the 2006 Single Family HOME program, selection criteria consist of income targeting, previous HOME awards and past performance. If applicants have received awards previously, their potential score for this category is lower than for those applicants that have never been funded or have not been funded within the last several years. This helps to ensure that the limited available funding is distributed to a broader area of the state. Likewise, those applicants targeting a lower income population ensures that the neediest Texans receive program benefit.

For applications that involve HTC's, applicants must receive a resolution from the local governmental entity for approval to add new units if the proposed new development is within one mile of an existing tax credit property that has received an allocation within the last three years and serves the same population type (elderly/elderly or family/family). This applies to new construction and only in counties with over 1 million in population. Applicants must also receive a resolution from the local governmental entity for approval to develop in a city or county that has more than twice the state per capita of affordable housing units. This applies to both new construction and acquisition/rehabilitation

### ***E. Human Resource Strengths and Weaknesses***

TDHCA's greatest strength is the depth of institutional knowledge of housing finance, manufactured housing regulations, poverty-related and weatherization programs, and their targeted populations in the executive, senior, and mid-level staff. TDHCA staff has demonstrated a strong commitment to its clients and, in many cases, have worked with these programs for many years, forming strong ties within Texas communities and advocacy groups.

TDHCA's historical (adjusted) turnover rate has been 4 to 5 percent lower than the state rate. The FY 2005 turnover rate was 14.3 percent, as compared to the state's 18.9 percent rate.

A TDHCA human resource weakness is the turnover of executive directors. Since its inception in 1991, the Department has had eight executive directors. With these leadership changes, it has been difficult to maintain continuity of philosophy, vision, strategic direction, and leadership. It has also challenged the Department's ability to build strong relationships with state legislators, officials, and other state agencies.

### ***F. Capital Assets Strengths and Weaknesses***

In December 2005, the TDHCA headquarters moved from leased facilities to the state owned State Insurance Building Annex. In part, this was done to comply with a legislative requirement to office employees in 135 square feet per person. The eliminated lease payment has resulted in a savings to the State of about \$1,750,000 per year. Having the Texas Building and Procurement Commission install the required modular furniture saved \$131,000 that had previously been budgeted for the move. Similarly, because the building is located in the Capital Complex, an additional \$400,000 dollars of telephone system savings was realized.

While there was a significant cost savings involved with the move, there have been some employee morale challenges related to changing working conditions resulting from a substantial reduction in work area. With the move, the building size went from approximately 68,000 square feet to 37,000 square feet, while staffing remained constant.

Technological capital asset strengths include:

- § Secure, low cost, high performance, and highly available gigabit local area network and high speed wide area network (WAN). TDHCA's WAN, implemented in 2003, is part of the TEX-AN telecommunications service and allows seven Manufactured Housing and two OCI regional offices to connect to the TDHCA local area network (LAN) at just over \$2,000 per month

combined average savings, compared to slower dial-up connections that were used prior to 2003.

- § Third party enterprise business applications, including Mitas Automated Accounting and Loan Administration software, HAPPY Section 8 software, and custom enterprise business applications, including contract systems for housing and community affairs programs and the Compliance Monitoring and Tracking System.
- § Supported personal computer and laptop operating systems, office productivity software, and other specialized end user software installed as needed for each agency employee.
- § A mixture of mid-range and low-end servers and commodity desktops that are properly sized and benchmarked according to the functions they provide.
- § A small, well designed, server room facility that is shared with the Office of the Comptroller of Public Accounts (CPA).

Technological capital asset weaknesses include the:

- § current use of an unsupported version of PeopleSoft Financials (version 7.02). However, TDHCA is on schedule with its FY 2006-2007 PeopleSoft Financials 8.8 Implementation project. It is planned to go live with the Integrated Statewide Accounting System version of 8.8 in March 2007. CPA's Integrated Statewide Accounting System team has provided excellent customer service and support throughout the project.
- § cost and service quality of disaster recovery services through the State Data Center.

### **Needs and Prioritization**

TDHCA's information technology capital assets provide staff with critical tools needed to fulfill the agency's mission. A significant improvement to one of these tools for the FY 2008-2009 biennium is an upgrade to the suite of systems that handle Manufactured Housing business functions. These functions support titling, installation and tracking, tax lien processing, licensing, and consumer complaint activities. Key manufactured housing systems upgrade goals are to:

- § rebuild or purchase the systems on a platform and with a design that resolve current difficulties in maintaining the systems,
- § web enable services such as submitting titling applications, tax liens, and notices of installations, and
- § expand the use of Texas Online beyond manufactured housing license renewals to include providing customers the ability to pay for new licenses and pay titling fees online.

### ***G. Agency Use of Historically Underutilized Businesses***

It is TDHCA's policy to demonstrate a good faith effort to provide procurement and contracting opportunities for all minority owned and women owned businesses. TDHCA understands and recognizes the challenges that occur during the bid process for these businesses. Therefore it is committed to the recruitment and promotion of historically underutilized businesses (HUBs) in all procurement processes. TDHCA has adopted the Texas Building and Procurement Commission's policy, Texas Administrative Code, Chapter 111, Executive Administration Division, Subchapter B, Historically Underutilized Business Certification Program. A Department HUB Coordinator has also been designated, in accordance with Section 2161.062, Government Code.

TDHCA continues to increase the use of HUBs through staff education on procurement policy rules and procedures, and through aggressively recruiting and assisting HUB businesses. TDHCA continues to achieve the state goals for procurement awards to HUBs and subcontracting of HUB vendors. TDHCA's ability to hold forums/expos on site is precluded by the size of the building and conference room space. Therefore, TDHCA participates in vendor forums during the fiscal year, both exhibiting and co-hosting forums.

#### ***H. Key Organizational Events and Areas of Change and Impact on Organization***

A significant organizational change was the resignation of the Department's Executive Director in March 2006. After serving as the Executive Director since March 2002, Edwina P. Carrington left the agency to pursue an employment opportunity in the private sector. Perhaps her most significant accomplishment during this time was leading the Department through its Sunset process. During the 78th Legislative session, it was determined that the Department met the Sunset Legislation requirements (SB 322 as passed by the 77th Texas Legislative Session). As a result, the Department was extended for eight years. Ms. Carrington's leadership led TDHCA to be recognized by the Sunset Advisory Commission as a "turnaround agency."

This excerpt from a message of greeting from Governor Perry, which was read into the record on February 15, 2006 (at her final Board meeting as Executive Director), describes Ms. Carrington's service to the State well:

*"Throughout your tenure, you have ensured that the Department has served our State's low and moderate income citizens with professionalism, integrity and with an emphasis on delivering results. I am especially proud of your success, working with the TDHCA board of directors to restore public trust, openness and transparency in the Department's programs. TDHCA is a leader among state agencies in efforts to combat fraud, waste and abuse."*

On April 13, 2006, the Board hired Michael Gerber as the new Executive Director and he began work at the Department on May 17, 2006. Prior to joining the Governor's staff, Mr. Gerber spent 16 years in Washington, DC, most recently with the US Department of Housing and Urban Development. From 2002 to 2004, he served as an advisor first, to the Assistant Secretary of Public and Indian Housing and then, to the Assistant Secretary for Policy Development and Research. He also served as Legislative Analyst in the office of Senator Phil Gramm from 1990 to 1997 and in the same capacity for Senator Kay Bailey Hutchison from 1997 to 2001. Mr. Gerber received his undergraduate degree from George Washington University and an MBA from Marymount University.

#### ***I. Use and Anticipated Use of Consultants and Contractors***

To effectively achieve its mission, TDHCA will continue to use consultants and contract workers in areas where their unique skills and experience represents the most effective use of the State's resources. Three divisions that expect the greatest ongoing use of consultants are PMC, IS, and Bond Finance.

#### **PMC**

The monitoring of the Affordable Housing Program has been outsourced to Monitoring Data Systems, Inc. This entity completes all onsite monitoring and desk reviews. They also provide

the day to day administration of the program. Although TDHCA staff has the expertise to effectively administer the program, it does not have the staff resources to give this portfolio the level of oversight that Monitoring Data Systems is able to provide.

The Internal Revenue Service requires State Housing Finance Agencies to use local health, safety, and building codes or the Uniform Physical Condition Standards to assess the physical condition of HTC developments. In Texas, building codes vary from city to city and many areas do not have code enforcement at all. To ensure a uniform inspection standard is used state wide, the Department has elected to use Uniform Physical Condition Standards inspections for tax credit developments. In March of 2005 TDHCA outsourced the Uniform Physical Condition Standards inspection to Onsite-Insight through a competitive process.

At the request of HUD, TDHCA began working in 2004 with ICF Consulting Inc., a national leader in housing and community development with more than ten years experience as a HUD approved technical assistance provider. Since that time, this partnership has increased PMC staff and administrator capacity, helped leverage HUD funds, improved HOME program administration, and enhanced HUD's perception of the TDHCA administration of the HOME program. Although the Department has the knowledge to effectively administer the HOME program, it does not have the staff resources to accomplish some activities that will continue to strengthen administration of the program. The Department also continues to benefit from ICF Consulting's strong relationship with HUD. These consulting services are paid for using HOME funds.

## **IS**

IS makes limited, targeted use of consultants for approved capital IT projects. In the current biennium, the agency is currently employing two contract consultants to assist in the PeopleSoft Financials 8.8 Implementation project and will be hiring two additional contract developers for the Community Services/Energy Assistance Contract System. Consultants are used for projects where specialized skills or additional staffing are needed for a specific timeframe.

## **Bond Finance**

Bond Finance uses the following types of consultants:

- § Bond Counsel – A nationally recognized law firm or firms experienced in the issuance of mortgage revenue bonds.
- § Financial Advisor – Typically an investment banking firm experienced in issuance of mortgage revenue bonds.
- § Master Servicer/Administrator – A financially sound bank or trust company experienced in tax compliance review and loan servicing for tax-exempt single family mortgage revenue bond programs.
- § Disclosure Counsel – A law firm experienced in securities laws particularly as it relates to disclosure of information by securities issuers to the private markets.
- § Rating Agencies – A national rating agency which analyzes bond issues and assigns a rating to them to indicate to prospective bondholders the investment quality of the issue.
- § Interest Rate Swap Advisor – Primarily monitors interest rate swaps used to hedge single family mortgage revenue bonds.

- § Guaranteed Investment Contract Broker – Provides reinvestment services for single family mortgage revenue bond issues, single family commercial paper issues, and/or multifamily mortgage revenue bond issues.

### III. FISCAL ASPECTS

#### A. Size of Budget

The following chart provides historical funding levels by goal. Goal A: Affordable Housing includes appropriated and non-appropriated resources as below described. The non-appropriated HTC's, single family, and multifamily non-appropriated amounts are estimates in fiscal years 2006–2007.

One significant change in the bill pattern was associated with Goal B. Over the 2002–03 biennium, ORCA was created with the passage of House Bill 7 (77<sup>th</sup> Legislative, Regular Session). With the creation of ORCA, CDBG funds, CDBG general revenue (GR) Match, and GR associated with Local Government Services were shifted from TDHCA to ORCA. This reduced TDHCA's federal funds by \$167,090,099 and GR funds by \$2,955,133 (Article IX, Section 10.95, and Contingency for House Bill 7). The funding amounts for 2006 and 2007 represents funding for TDHCA's OCI and DPPA divisions.

**Table 9: Appropriated Funds**

	2002	2003	2004	2005	2006	2007
Goal A: Affordable Housing	\$53,778,093	\$53,519,622	\$63,200,684	\$57,193,100	\$60,085,072	\$56,500,789
Goal B: Colonia Service Centers (Pre 79th Leg.)	\$85,176,202	\$85,208,651	\$713,186	\$680,177	\$-	\$-
Goal B: Info. & Tech. Assist. (Post 79th Leg.)	\$-	\$-	\$-	\$-	\$1,354,939	\$1,357,663
Goal C: Poor and Homeless	\$64,738,164	\$68,257,508	\$79,457,061	\$79,379,015	\$83,059,961	\$83,002,846
Goal D: Ensure Compliance	\$3,289,881	\$2,847,239	\$3,072,650	\$2,991,874	\$4,240,709	\$4,278,876
Goal E: Manufactured Housing	\$4,732,787	\$4,793,554	\$4,804,136	\$4,824,009	\$3,840,814	\$3,840,815
Goal F: Indirect Administration	\$7,715,002	\$7,680,776	\$6,690,989	\$6,700,482	\$6,389,609	\$6,317,595
Subtotal, Appropriated Funds	\$219,430,129	\$222,307,350	\$157,938,706	\$151,768,657	\$158,971,104	\$155,298,584
Less: ORCA Transfer	\$(85,525,449)	\$(85,549,775)	\$-	\$-	\$-	\$-
Appropriated Funds Adj.	\$133,904,680	\$136,757,575	\$157,938,706	\$151,768,657	\$158,971,104	\$155,298,584

Source: General Appropriation Bills 77th through 79th Legislative Sessions

**Table 10: Non-Appropriated Funds for Goal A, Affordable Housing**

	2002	2003	2004	2005	2006	2007
Funding Amount	\$434,071,260	\$414,434,795	\$346,508,436	\$371,173,689	\$418,410,000	\$170,000,000

**Table 11: Total, All Funds**

	2002	2003	2004	2005	2006	2007
Funding Amount	\$567,975,940	\$551,192,370	\$504,447,142	\$522,942,346	\$577,381,104	\$325,298,584

**Table 12: Non-Appropriated Funding Detail**

	2002	2003	2004	2005	2006	2007
HTCs	\$37,961,260	\$38,139,795	\$61,000,000	\$61,000,000	\$63,000,000	63,000,000
MFB Funds	\$112,675,000	\$185,700,000	\$130,000,000	\$150,000,000	150,000,000	150,000,000
Single Family Bond Funds	\$283,435,000	\$190,595,000	\$155,508,436	\$160,173,689	\$355,410,000	\$170,000,000
Non Appropriated Funds	\$434,071,260	\$414,434,795	\$346,508,436	\$371,173,689	\$418,410,000	\$170,000,000

**B. Method of Finance**

The methods of finance for appropriated funds since the fiscal year (FY) 02–03 biennium are shown below.

**Table 13: Methods of Finance**

Method of Finance	2002	2003	2004	2005	2006	2007
Federal Funds	\$185,125,588	\$185,124,754	\$131,040,487	\$130,979,680	\$135,505,609	\$135,387,385
Less: CDBG (ORCA)	\$(83,545,724)	\$(83,544,375)	\$-	\$-	\$-	\$-
Federal Funds Adj.	\$101,579,864	\$101,580,379	\$131,040,487	\$130,979,680	\$135,505,609	\$135,387,385
Appropriated Receipts	\$13,251,062	\$12,475,376	\$14,480,704	\$14,353,145	\$15,460,458	\$15,418,498
General Revenue (GR)	\$10,806,458	\$10,944,312	\$11,484,471	\$5,485,384	\$7,109,007	\$3,596,671
GR (System Benefit Fund)	\$7,178,000	\$10,767,000	\$-	\$-	\$-	\$-
Less: GR CDBG Match	\$(1,154,455)	\$(1,180,838)	\$-	\$-	\$-	\$-
Less: LGS (ORCA)	\$(310,274)	\$(309,566)	\$-	\$-	\$-	\$-
Earned Federal Funds	\$1,569,021	\$1,495,908	\$850,077	\$867,481	\$813,030	\$813,030
Less: ORCA Transfer	\$(514,996)	\$(514,996)	\$-	\$-	\$-	\$-
General Revenue Adj.	\$17,573,754	\$21,201,820	\$-	\$-	\$-	\$-
Interagency Contracts	\$1,500,000	\$1,500,000	\$82,967	\$82,967	\$83,000	\$83,000
Ttl. Appropriated Funds	\$133,904,680	\$136,757,575	\$157,938,706	\$151,768,657	\$158,971,104	\$155,298,584

Source: General Appropriation Bills 77th through 79th Legislative Sessions

**Federal Funds:** These funds are the Department’s primary appropriated funding source. Federal funds make up 87 percent of the total funds appropriated to the Department in the 2006–07 biennium. As such, these funding levels are subject to change to reflect priorities at the federal level. Short term expectations for each of the funding sources is described in “VII. Impact of Federal Statutes/ Regulations, Description of Current and Anticipated Federal Activities.” HUD and DHHS are TDHCA’s largest federal grantor agencies.

**Appropriated Receipts:** These funds represent approximately 10 percent of the total funds appropriated to the Department. The funds are comprised of fees collected to administer the Department’s housing programs or from its regulation of the manufactured housing industry. Compliance and application fee revenues provide a method of finance to support and administer the HTC Program. Fees to issue Mortgage Revenue Bonds are used to support programs and other indirect administrative costs. The Manufactured Housing Division also generates revenue through fee collections. The majority of the fees collected are pursuant to the issuance of titles, licenses and from installation inspections. The Legislature allocates the fees to the Department as Appropriated Receipts and General Revenue.

**General Revenue:** These funds make up 2 percent of total funds appropriated to the Department. The HTF is the primary program receiving GR funds and is the only affordable housing program funded by State funds.

**Earned Federal Funds:** This source supports Goal F: Indirect Administration. They are indirect cost recoveries charged to federal programs and amount to approximately 1 percent of the Department's appropriations.

**Interagency Contracts:** This source, which is less than 1 percent of the Departments funding, currently supports Goal B: Colonia Service Centers and originate from ORCA.

The Department applies for new federal funding as it becomes available. Should it receive additional federal funds, FTE and travel waiver requests may be submitted, depending on the increased workload new federal programs require. Currently, the Department has complied with FTE and travel limitations as set forth in the appropriation bills.

**C. Per Capita and Other States' Comparisons**

The majority of funding for TDHCA comes either directly from the federal government or through federally authorized tax credits or bonds. In general, funding amounts for these programs are based on a state's population. For this reason Texas, the second most populous state in the nation, receives a relatively large amount of federal funds. In contrast, when comparing levels of state appropriations through trust funds or other designated sources, Texas falls far behind the rest of the country. For 2007, the State of Texas appropriated approximately \$3.6 million to provide for the HTF. Using the 2007 Comptroller's state population estimate of 24,347,000, Texas' per capita spending on affordable housing is \$.15. Table 14 provides some examples of state dedicated funds for housing from the other highest populated states in the nation.

**Table 14: Comparison of State Per Capita (Sorted by State Funding Level)**

State	2004 Population	2004 State Funding	Per Capita Spending
California	35,055,227	\$57,730,761	\$1.65
New York	18,634,337	\$104,200,000	\$5.59
Florida	16,990,183	\$192,892,623	\$11.35
Illinois	12,390,521	\$56,978,000	\$4.60
Pennsylvania	11,957,883	\$5,000,000	\$.42
Texas	24,347,000	\$3,596,671	\$.15

Sources: Non-Texas Data: US Census Bureau, 2004 American Community Survey; State 2004 Housing Finance Agency Factbook: 2004 National Council of State Housing Agencies Annual Survey Results. Texas Data: 79<sup>th</sup> Legislature General Appropriations Act; Instructions for Preparing and Submitting Agency Strategic Plans Fiscal Years 2007-2011

**D. Budgetary Limitations**

**Statutory and Federal Restrictions**

State and federal statutes and regulations place many restrictions on the use of TDHCA funds. These restrictions affect a wide variety of program characteristics including limitations on eligible household income levels and allowable rents, maximum loan sizes, and funding allocation scoring and distribution criteria. Additionally, these programs each come with their own complex layer of portfolio management and compliance requirements. A few specific examples of budgetary directives found in federal and state statute and regulations that regulate the use of specific funding include:



- § 24 Code of Federal Regulations, Section 92.300(a)(1), requires that fifteen percent of total HOME Investment Partnerships Program funds be reserved for use by community housing development organizations (CHDOs). TDHCA has received a waiver of this requirement for 2004 and 2005 HOME funds to allow a commensurate amount of HOME funds be used to serve communities affected by Hurricane Rita. TDHCA has requested a waiver of this requirement for unexpended funds for all years prior to 2005 in order to use funds for Hurricane Rita-related disaster relief.
- § §2306.111(c) requires that 95 percent of the TDHCA HOME funding be allocated to non-participating jurisdiction areas. Because participating jurisdictions (PJs), which are larger metropolitan cities and more populous counties, receive HOME program funds directly from HUD, TDHCA directs its HOME program allocation to non-PJ areas of the state. The remaining 5 percent of HOME funds may be expended in a PJ, but only if it funds a multifamily activity that serves persons with disabilities, unless otherwise approved by the Board.
- § §2306.111(d) requires that the regional allocation formula used to distribute HOME, HTC, and HTF funding, §2306.111(d) consider existing housing need and available resources to meet this need in rural and urban/exurban areas.
- § Section 2306.7581(a-1), Texas Government Code, requires the Department to provide \$3 million per year toward the Texas Bootstrap Home Loan (“Owner-Builder”) Program.

### Appropriations Riders

The Department intends to fully comply with all caps on funding and FTEs. The following Riders from the 2006-2007 Bill Pattern (Article VII, 3-7, General Appropriations Act, 79th Regular Session, and Senate Bill 1) directly and significantly impact the use of the TDHCA budget.<sup>3</sup>

Rider 1: (Performance Measure Targets). Table 15 on the following page provides the key performance target levels for the Department of Housing and Community Affairs. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Department of Housing and Community Affairs. In order to achieve the objectives and service standards established by this Act, the Department of Housing and Community Affairs shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

<b>Table 15: Rider 1 Performance Measure Targets</b>	2006	2007
A. Goal: AFFORDABLE HOUSING		
Outcome (Results/Impact):		
% of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	1.81%	1.81%
% of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	1.46%	1.46%
% of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	2.75%	2.75%
% of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	.17%	.17%

<sup>3</sup> Riders 3 (reporting requirements), 5 (local site visits), and 12 (colonia annual assessment) do not significantly impact the use of funds contained in the budget.

<b>Table 15: Rider 1 Performance Measure Targets</b>	2006	2007
A.1.1. Strategy: MRB PROGRAM - SINGLE FAMILY		
Output (Volume):		
# of Households Assisted with Single Family Mortgage Revenue Bond Funds	1,727	1,727
A.1.3. Strategy: HTF – SINGLE FAMILY		
Output (Volume):		
# of Households Assisted through the Single Family HTF Program	100	100
A.1.4. Strategy: SECTION 8 RENTAL ASSISTANCE		
Output (Volume):		
# of Households Assisted through Statewide Housing Assistance Payments Program	2,100	2,100
A.1.5. Strategy: FEDERAL TAX CREDITS		
Output (Volume):		
# of Households Assisted through the HTC Program	18,832	20,151
A.1.6. Strategy: HOME PROGRAM – MULTIFAMILY		
Output (Volume):		
# of Households Assisted with Multifamily HOME Funds	741	647
A.1.8. Strategy: MRB PROGRAM-MULTIFAMILY		
Output (Volume):		
# of Households Assisted through the Multifamily MRB Program	3,500	3,500
B. Goal: INFORMATION & TECHNICAL ASSISTANCE		
B.1.1. Strategy: HOUSING RESOURCE CENTER		
Output (Volume):		
# of Information and Technical Assistance Requests Completed	5,400	5,400
B.2.1. Strategy: COLONIA SERVICE CENTERS		
Output (Volume):		
# of On-site Technical Assistance Visits Conducted Annually from the Field Offices	600	600
C. Goal: POOR AND HOMELESS PROGRAMS		
Outcome (Results/Impact):		
% of Persons in Poverty That Received Homeless and Poverty-related Assistance	14.6%	14.6%
% of Very Low Income Households Receiving Energy Assistance	6%	6%
C.1.1. Strategy: POVERTY-RELATED FUNDS		
Output (Volume):		
# of Persons Assisted through Homeless and Poverty-related Funds	440,000	440,000
# of Persons Assisted That Achieve Incomes above Poverty Level	2,000	2,000
# of Shelters Assisted	70	70
C.2.1. Strategy: ENERGY ASSISTANCE PROGRAMS		
Output (Volume):		
# of Households Assisted through the Comprehensive Energy Assistance Program	63,200	63,200
# of Dwelling Units Weatherized by the Department	4,800	4,800
D. Goal: ENSURE COMPLIANCE		
D.1.1. Strategy: MONITOR HOUSING REQUIREMENTS		
Output (Volume):		
Total # of Onsite Reviews Conducted	888	917
D.1.2. Strategy: MONITOR CONTRACT REQUIREMENTS		
Output (Volume):		
Total # of Monitoring Reviews Conducted	10,725	9,220
E. Goal: MANUFACTURED HOUSING		
Outcome (Results/Impact):		

<b>Table 15: Rider 1 Performance Measure Targets</b>	2006	2007
% of Consumer Complaint Inspections Conducted within 30 Days of Request	100%	100%
% of Complaints Resulting in Disciplinary Action	22%	22%
E.1.1. Strategy: TITLING AND LICENSING		
Output (Volume):		
# of Manufactured Housing Statements of Ownership and Location Issued	89,000	89,000
# of Licenses Issued	4,435	4,435
E.1.2. Strategy: INSPECTIONS		
Output (Volume):		
# of Routine Installation Inspections Conducted	8,000	8,000
Explanatory:		
# of Installation Reports Received	20,000	20,000
E.1.3. Strategy: ENFORCEMENT		
Output (Volume):		
# of Complaints Resolved	1,700	1,700
Efficiencies:		
Average Time for Complaint Resolution (Days)	180	180
Explanatory:		
# of Jurisdictional Complaints Received	1,800	1,800

Rider 2: (Capital Budget). None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to Government Code § 1232.103. Upon approval from the Legislative Budget Board (LBB), capital budgeted funds listed below under Table 16. "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by agency management to be in the best interest of the State of Texas.

**Table 16: Acquisition of Information Resource Technologies**

Item	2006	2007	Method of Financing (Capital Budget):	
(1) Normal Growth	\$140,000	\$210,000	Community Affairs Federal Fund No. 127	\$407,000   \$263,000
(2) PeopleSoft 8.8 Implementation	\$400,000	\$200,000	Appropriated Receipts	\$298,000   \$247,000
(3) Community Services/Energy Assistance Contract System	\$100,000	\$100,000	Total, Method of Financing	\$705,000   \$510,000
(4) Section 8 System	\$65,000	\$0		
Total, Acquisition of Information	\$705,000	\$510,000		
Total, Capital Budget	\$705,000	\$510,000		

Rider 4: (Housing Assistance). The housing finance division shall adopt an annual goal to apply no less than \$30,000,000 of the division's total housing funds toward housing assistance for individuals and families in which the annual family income does not exceed the following amounts based on the number of persons in the family:

# of Persons in the Family	Maximum Annual Income
1 Person	\$13,000
2 Persons	\$16,000
3 Persons	\$17,000
4 Persons	\$19,000
5 Persons	\$21,000

For each additional person add \$1,500. No less than 20 percent of the division's total housing funds shall be spent for individuals and families earning between 31 percent and 60 percent of median family income. In those counties where the median family income is lower than the state average median family income, the Department shall use the average state median income in interpreting this rider. The Department shall provide a quarterly report to the LBB documenting its expenditures in each income category.

Rider 6: (Low/Moderate Income Housing Construction). Out of the funds appropriated above, not less than \$500,000 each year of the biennium shall be expended on low/moderate income housing construction in enterprise zone areas.

Rider 7: (Low Income Assistance: Scoring Criteria). It is the intent of the Legislature that the Department add to its contract award scoring criteria for the construction, acquisition, or rehabilitation of single and multifamily housing, and for the operation of multifamily housing, a system that gives increased points for comprehensive services to low-income citizens, such as case management, homebuyer assistance, and family budgeting. The Department is also encouraged to develop a sliding scale fee schedule for the low-income tax credit program and the 501(c)(3) bond program to encourage increased participation by nonprofit entities such as community development housing organizations.

Rider 8: (Limitation on Expenditure). Under Strategy A.1.5, Federal Tax Credits, no funds shall be used for processing or approving applications for allocations unless the Department adopts or amends administrative rules containing the following:

- a. All representations made by an applicant for an allocation are enforceable by the Department, including enforcement by administrative penalties for failure to perform as stated in the representations and enforcement by inclusion in deed restrictions to which the Department is a party.
- b. The Department will require inspections of all construction for quality during the construction process while defects can reasonably be corrected.
- c. A general contractor hired by an applicant or an applicant, if the applicant serves as
  1. general contractor, must demonstrate a history of constructing similar types of housing

2. without the use of federal tax credits.

d. The Department shall give notice of a proposed project to the state representative and senator representing the area where a project would be located. The state representative or senator may hold a community meeting at which the Department shall provide appropriate representation.

e. The Department shall allocate credits among as many different entities as practicable without diminishing the quality of the housing that is built.

Rider 9: (Appropriations Limited to Revenue Collections). It is the intent of the Legislature that fees, fines, and other miscellaneous revenues as authorized and generated by the agency cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal E, Manufactured Housing, the cost of the appropriations required for manufactured housing consumer claims payments according to the Occupations Code § 1201, Manufactured Housing Standards Act, as well as the "other direct and indirect costs" associated with this goal, appropriated elsewhere in this Act. "Other direct and indirect costs" for Goal E, Manufactured Housing, are estimated to be \$721,523 for fiscal year 2006 and \$750,699 for fiscal year 2007. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the LBB may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

Rider 10: (Mortgage Revenue Bond Program). The Department of Housing and Community Affairs shall operate the First-Time Homebuyer Mortgage Revenue Bond Program in a manner that maximizes the creation of very low-income single family housing by ensuring that at least 30 percent of the lendable bond proceeds are set aside for a period of one year for individuals and families at 60 percent and below AMFI, while assuring the highest reasonable bond rating. In an effort to facilitate the origination of single family mortgage loans to individuals and families at 60 percent and below the AMFI, the Department shall utilize down payment and closing cost assistance or other assistance methods.

Rider 11: (Conversions of Executory Contracts). Out of the funds appropriated above, the Department shall spend not less than \$4,000,000 for the biennium for the sole purpose of contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income. It is the intent of the Legislature that the Department complete at least 400 contract for deed conversions by August 31, 2007.

Rider 13: (Bond Refinancing). The Department shall transfer any funds acquired through refinancing of bonds to the HTF. The first \$3 million each fiscal year in savings from the refinancing of any bonds shall be used to fund mortgage loans under the Bootstrap Self-Help Housing Loan Program.

Rider 14: (Colonia Set-Aside Program Allocation). The Office of Rural Community Affairs shall allocate 2.5 percent of the yearly allocation of CDBG monies to support the operation of the Colonia Self-Help Centers and shall transfer such funds to the Department of Housing and Community Affairs on September 1 each year of the biennium. Consistent with federal rules and

regulations, the funds provided from ORCA to the Colonia Self-Help Center in El Paso county shall be used to provide Internet access and training for parents and their children attending elementary schools in Colonias, to establish Technology Centers within those elementary school libraries, to purchase wireless devices and laptop computers to loan out from the Technology Centers, and improve Internet access for students and parents.

Rider 15: (Appropriation: HTF Interest Earnings and Loan Repayments). Interest earnings and loan repayments received from loans made through the HTF program from the General Revenue Fund are included above in Strategy A.1.3, HTF - Single Family, estimated to be \$600,000 each year.

Rider 16: (Unexpended Balances, Grants, and Contracts). Unexpended general revenue balances remaining in Strategy A.1.1, HTF, General Appropriations Act, Seventy-eighth Legislature, as of August 31, 2005, are included above in Strategy A.1.3, HTF-Single Family, for the fiscal year beginning September 1, 2005 (estimated to be \$3,500,000).

Rider 17: (Emergency Nutrition and Temporary Relief Program (ENTERP)). Out of the amounts appropriated above, \$342,860 in fiscal year 2006 and \$350,160 in fiscal year 2007 in Federal Funds shall be used for the Emergency Nutrition and Temporary Relief Program (ENTERP) to provide relief to needy low-income Texans if allowed under federal regulations.

Rider 18: (Manufactured Homeowner Consumer Claims). Included above in Goal E, Manufactured Housing, the Manufactured Housing Division of the Department of Housing and Community Affairs is appropriated an amount, not to exceed \$100,000 per year for the biennium, required for the purpose of paying manufactured housing consumer claims according to the Occupations Code § 1201, Manufactured Housing Standards Act, from Statement of Ownership and Location (SOL) issuance fees involving manufactured housing collected and deposited in the General Revenue Fund during the 2006-07 biennium.

Rider 19: (HTF Deposits to the Texas Treasury Safekeeping Trust Company).

a. Out of funds appropriated above in Strategy A.1.3, HTF - Single Family, \$5,555,482 in fiscal year 2006 and \$2,381,576 in fiscal year 2007 shall be deposited in the HTF in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, at the beginning of each fiscal year. The amounts to be transferred in fiscal year 2006 include an estimated \$3,500,000 from unexpended balances identified above in Rider 16, and amounts to be transferred in fiscal years 2006 and 2007 include an estimated \$600,000 in each fiscal year from interest earnings and loan repayments received, identified above in Rider 15.

b. Out of funds appropriated above in Strategy A.1.7, HTF - Multifamily, \$495,034 in fiscal year 2006 and \$152,731 in fiscal year 2007 shall be deposited in the HTF in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, at the beginning of each fiscal year.

c. Interest earnings and loan repayments received from loans made through the HTF program from the General Revenue Fund shall be deposited in the HTF in the Texas

Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, for the same purpose.

#### ***E. Degree to which Current Budget Meets Current and Expected Needs***

In FY 2005, TDHCA was able to assist 1.2 percent of the State's 2,298,318 VLI, LI, and moderate households in need. It served about 9.7 percent of the State's 4,172,890 persons whose income is less than 125 percent of the poverty level. As discussed in detail in "IV. Service Population Demographics", the state's level of housing need is only expected to increase in the future given current funding levels and economic conditions.

#### ***F. Capital and/or Leased Needs Due for Renewal***

With the elimination of the facility lease associated with the old headquarters location, TDHCA's capital and leased equipment needs are relatively small. The 2007 budget shows \$76,567 a year in copier leases, \$13,650 for an OCI field office, and \$37,624 in Manufactured Housing regional office leases (an additional Tyler lease still in negotiation).

The agency's personal computers and laptops are composed of some hardware which will be replaced in future fiscal years in accordance with the agency's personal computer replacement schedule, which is described in the Information Resources Strategic Plan.

Projected capital improvement needs for the FY 2008–2009 biennium will be described on a project by project basis in the TDHCA Information Technology Detail, which will be submitted along with TDHCA's FY 2008–2009 Legislative Appropriations Request in August 2006.

## **IV. SERVICE POPULATION DEMOGRAPHICS**

### ***Overview***

This section identifies how population groups TDHCA serves are expected to change within the timeframe of this Strategic Plan. The analysis includes information on historical population characteristics, current characteristics, and future trends.

Information in this section is primarily obtained from the US Census, Texas State Data Center (TSDC) reports and tabulations, and the Texas Office of the Comptroller Winter 2000-2001 economic and population forecasts. The TSDC prepares population projections according to four scenarios: the zero migration scenario, which assumes that growth occurs through natural (birth and death) increases; the one-half 1990-2000 (0.5) migration scenario, which assumes rates of migration equal one-half of the 1990s rate; the 1990-2000 (1.0) migration scenario, which assumes a migration rate equal to the 1990s; and the 2000-2002 migration scenario, which takes into account post-2000 growth.<sup>4</sup> Comparing projections, the TSDC 0.5 migration scenario most closely resembles the projections prepared by the US Census and the Office of the Comptroller, so TDHCA will be using data from this TSDC scenario in the Strategic Plan. This is also the scenario most recommended by the TSDC for use in long-term planning.

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<sup>4</sup> Texas State Data Center, Populations Estimates and Projections Program, "2004 Methodology for Texas Population Projections," (June 2004)  
[http://txsdc.utsa.edu/tpepp/2004projections/2004\\_txpopprj\\_method.php](http://txsdc.utsa.edu/tpepp/2004projections/2004_txpopprj_method.php) (accessed May 17, 2006).

Because of methodology differences between these sources, exact figures may vary between sources. For example, Texas population projections for 2010 are 24,330,643 from the TSDC 0.5 migration scenario, 24,648,888 from the US Census, and 24,395,179. However, the highest and lowest figures differ by only 318,245, or 1 percent of the total population projections.

### Overall Population Growth

Historically, Texas has been one of the fastest growing states in the nation. According to US Census data, the Texas population expanded by nearly a quarter (22.8 percent) between 1990 and 2000, far exceeding the national growth average of 13.2 percent for the same decade. The increase in state population by 3,865,310 persons was the largest of any decade in Texas history. More than one of every nine persons added to the population of the United States in the 1990s was added in Texas.

For 2000, the US Census reported that 20,851,820 individuals lived in Texas, second only to California in terms of total state population. According to July 2004 estimates compiled by the US Census, Texas's population has grown by 7.9 percent since April 2000 to a total of 22,490,022 people, again exceeding the national growth rate of 4.3 percent for the same time period.

For the 2007-2011 Strategic Plan period, all three sources estimate that the Texas population will increase by at least 1.39 percent each year. The US Census projects a 6.39 percent growth rate from 2007 to 2011, the Office of the Comptroller projects a 5.83 percent growth rate, and the TSDC 0.5 migration scenario projects a 6.16 percent growth rate.

**Table 17: Texas Population Projections: 2005-2015**

Year	US Census Projection	Annual Change		Comptroller Projection	Annual Change		TSDC 0.5 Projection	Annual Change	
		Number	Percent		Number	Percent		Number	Percent
2005	22,775,044			22,725,059			22,556,027		
2006	23,149,195	374,151	1.64%	23,065,097	340,038	1.50%	22,907,227	351,200	1.56%
2007	23,523,782	374,587	1.62%	23,386,278	321,181	1.39%	23,259,909	352,682	1.54%
2008	23,898,665	374,883	1.59%	23,711,019	324,741	1.39%	23,614,508	354,599	1.52%
2009	24,273,816	375,151	1.57%	24,047,797	336,778	1.42%	23,971,462	356,954	1.51%
2010	24,648,888	375,072	1.55%	24,395,179	347,382	1.44%	24,330,643	359,181	1.50%
2011	25,026,846	377,958	1.53%	24,749,360	354,181	1.45%	24,692,161	361,518	1.49%
2012	25,409,783	382,937	1.53%	25,107,039	357,679	1.45%	25,056,013	363,852	1.47%
2013	25,797,428	387,645	1.53%	25,464,943	357,904	1.43%	25,421,635	365,622	1.46%
2014	26,189,495	392,067	1.52%	25,825,181	360,238	1.41%	25,788,870	367,235	1.44%
2015	26,585,801	396,306	1.51%	26,185,643	360,462	1.40%	26,156,761	367,891	1.43%
2007-2011		1,503,064	6.39%		1,363,082	5.83%		1,432,252	6.16%

Sources: US Census, Texas Office of the Comptroller, TSDC



Future population trends point to continued rapid growth. The US Census projects that the population in Texas will reach 33,317,744 in 2030, which represents a 59.8 percent change from 2000 figures, and more than double the projected national growth rate of 29.2 percent.<sup>5</sup>

These population projections have a major effect on the need for housing. According to the 2000 US Census, Texas had a 90.6 percent housing occupancy rate. Without the construction of new units and/or the rehabilitation of existing substandard and future substandard units, the need for decent and affordable housing will be significant.

In terms of disability status, the 2000 US Census found 3.6 million people with some type of long lasting condition of disability in Texas, representing 19.2 percent of the total non-institutionalized population aged 5 and older. The Center for Demographic and Socioeconomic Research and Education projects that the total number of incidences involving disabilities will increase by 202.2 percent from 2000 to 2040.<sup>6</sup>

### ***Ageing Population***

According to the 2000 US Census, 2,072,532 persons, or 9.9 percent of the total Texas population, are age 65 or older. The Census projects that, for 2005, individuals age 65 and older will total 2,268,604 and comprise 10.0 percent of the total Texas population.

There is an identified aging trend in Texas. In 1900, the median age was 18.7; in 1980, the median age was 28.0; in 1990, the median age was 30.8; and in 2000, the median age was 32.2.<sup>7</sup> Furthermore, it is assumed that this trend will continue, with nearly one-in-five individuals (nearly 20 percent) with an age of 65 or older by the middle of this century.

Population projections point to an increased aging population in Texas. Comparing age groups, individuals 65 and older are projected to be the population with the highest growth. For the 2005-2007 planning period, those age 65 and older are expected to grow by 12.12 percent—nearly double the growth rate of those age 25 to 64.

An increasingly older population leads to growth in owner-occupied housing because older households tend to have higher rates of homeownership.<sup>8</sup> Furthermore, with an increasingly elderly population over age 65, home repair programs, including those that include home modifications for accessibility may grow in demand.

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<sup>5</sup> US Census, "Interim Projections: Ranking of Census 2000 and Projected 2030 State Population and Change 2000 to 2030," <http://www.census.gov/population/projections/PressTab1.xls> (accessed May 17, 2006).

<sup>6</sup> Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas*, by Steve H. Murdock et. al. (Texas A&M University System, December 2002), 139, <http://txsdc.utsa.edu/download/pdf/TxChall2002.pdf> (accessed May 17, 2006).

<sup>7</sup> Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 16.

<sup>8</sup> Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 144.

A 2000 American Association of Retired Persons study found that 90 percent of elderly persons expressed a desire to stay in their own homes as long as possible.<sup>9</sup> Of all elderly households, 80 percent own their own homes.<sup>10</sup> However, elderly homeowners generally live in older homes than the majority of the population; in 2001, the median year of construction for homes owned by elderly households was 1963.<sup>11</sup> Due to their age, homes owned by the elderly are often in need of repair, weatherization, and energy assistance.

**Table 18: Texas Population by Age Group: 2005-2015**

Year	Annual Change			Annual Change		
	0-17	Number	Percent	18-24	Number	Percent
2005	6,316,745			2,425,782		
2006	6,410,108	93,363	1.48%	2,437,327	11,545	0.48%
2007	6,504,322	94,214	1.47%	2,449,004	11,677	0.48%
2008	6,594,289	89,967	1.38%	2,465,998	16,994	0.69%
2009	6,687,664	93,375	1.42%	2,487,428	21,430	0.87%
2010	6,785,408	97,744	1.46%	2,504,460	17,032	0.68%
2011	6,889,979	104,571	1.54%	2,517,981	13,521	0.54%
2012	7,003,380	113,401	1.65%	2,528,448	10,467	0.42%
2013	7,123,330	119,950	1.71%	2,535,205	6,757	0.27%
2014	7,246,675	123,345	1.73%	2,540,266	5,061	0.20%
2015	7,376,218	129,543	1.79%	2,535,506	-4,760	-0.19%
2007-2011		385,657	5.93%		68,977	2.82%

Year	Annual Change			Annual Change		
	25-64	Number	Percent	65+	Number	Percent
2005	11,763,913			2,268,604		
2006	11,983,056	219,143	1.86%	2,318,704	50,100	2.21%
2007	12,194,224	211,168	1.76%	2,376,232	57,528	2.48%
2008	12,393,611	199,387	1.64%	2,444,767	68,535	2.88%
2009	12,582,055	188,444	1.52%	2,516,669	71,902	2.94%
2010	12,771,637	189,582	1.51%	2,587,383	70,714	2.81%
2011	12,954,759	183,122	1.43%	2,664,127	76,744	2.97%
2012	13,102,550	147,791	1.14%	2,775,405	111,278	4.18%
2013	13,252,187	149,637	1.14%	2,886,706	111,301	4.01%
2014	13,406,107	153,920	1.16%	2,996,447	109,741	3.80%
2015	13,561,194	155,087	1.16%	3,112,883	116,436	3.89%
2007-2011		760,535	6.24%		287,895	12.12%

Source: US Census

<sup>9</sup> Texas Department on Aging, Office of Aging Policy and Information, *The State of Our State on Aging* (Austin, TX: Texas Department on Aging, December 2002), 19, [http://www.dads.state.tx.us/news\\_info/publications/studies/SOSHHighRez.pdf](http://www.dads.state.tx.us/news_info/publications/studies/SOSHHighRez.pdf) (accessed August 30, 2005).

<sup>10</sup> US Department of Health and Human Services, Administration on Aging, *A Profile of Older Americans: 2003* (US Department of Health and Human Services), 11, <http://www.aoa.dhhs.gov/prof/Statistics/profile/2003/2003profile.pdf> (accessed May 17, 2006).

<sup>11</sup> US Department of Health and Human Services, *A Profile on Older Americans: 2003*, 11.

## Race and Ethnicity

Texas is experiencing a shift toward racial and ethnic diversity. During the 1980s, the White population increased by 10.1 percent, but by only 7.6 percent during the 1990s; the Black population increased by 16.8 percent during the 1980s and 22.5 percent during the 1990s; the Hispanic population increased by 45.4 percent during the 1980s and 53.7 during the 1990s; and the Other racial/ethnic population increased by 88.8 percent during the 1980s and 81.2 percent during the 1990s.<sup>12</sup> The 2000 US Census found that the racial composition of the state was 52 percent White, 32 percent Hispanic, 12 percent Black, and 4 percent Other.

Future projections point to a shift from a majority White population to a majority of other racial and ethnic groups. According to TSDC projections using the 0.5 migration scenario, Whites are expected to comprise 49.1 percent of the total Texas population in 2007, and 46.9 percent of the total population in 2011. The White population is expected to grow by only 1.4 percent from 2007 to 2011, while the individuals of Other race and ethnicity are expected to grow by 13.2 percent. Persons of Hispanic ethnicity are projected to be the second fastest growing population for the period at 12.4 percent, and the Black population is expected to grow by 5.0 percent.

This racial shift is expected to have important implications on Texas households as a whole. Because of the rapid growth of Hispanic and Other populations, the expected result is a higher proportion of married-couple and married-couple-with-children households.<sup>13</sup> As for income, unless the wealth of non-White populations changes, the income distributions of households will shift towards lower income categories because of the rapid growth of Hispanic and Black populations, which tend to have lower incomes.<sup>14</sup> Furthermore, the growth of non-White populations, which tend to have higher rates of rentership, is projected to fuel the need for rental housing.<sup>15</sup>

**Table 19: Texas Population by Race and Ethnicity: 2005-2015**

Year	Total		White		Hispanic		Black		Other	
	Population	Percent	Population	Percent	Population	Percent	Population	Percent	Population	Percent
2005	22,556,027		11,327,876	50.22%	7,820,842	34.67%	2,588,603	11.48%	818,706	3.63%
2006	22,907,227		11,373,044	49.65%	8,065,331	35.21%	2,622,178	11.45%	846,674	3.70%
2007	23,259,909		11,416,013	49.08%	8,313,377	35.74%	2,655,609	11.42%	874,910	3.76%
2008	23,614,508		11,457,068	48.52%	8,565,134	36.27%	2,688,835	11.39%	903,471	3.83%
2009	23,971,462		11,496,390	47.96%	8,820,843	36.80%	2,721,910	11.35%	932,319	3.89%
2010	24,330,643		11,533,980	47.41%	9,080,466	37.32%	2,754,737	11.32%	961,460	3.95%
2011	24,692,161		11,569,873	46.86%	9,344,000	37.84%	2,787,347	11.29%	990,941	4.01%
2012	25,056,013		11,604,032	46.31%	9,611,586	38.36%	2,819,614	11.25%	1,020,781	4.07%
2013	25,421,635		11,636,271	45.77%	9,882,974	38.88%	2,851,396	11.22%	1,050,994	4.13%
2014	25,788,870		11,666,584	45.24%	10,158,056	39.39%	2,882,621	11.18%	1,081,609	4.19%
2015	26,156,761		11,694,534	44.71%	10,436,556	39.90%	2,913,059	11.14%	1,112,612	4.25%

<sup>12</sup> Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, xxv.

<sup>13</sup> Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 60.

<sup>14</sup> Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 87.

<sup>15</sup> Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 144.

Population Change by Number and Percent

2007-2011	153,860	1.35%	1,030,623	12.40%	131,738	4.96%	116,031	13.26%
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Source: TSDC

**Income**

According to the 2000 US Census, the median household income in 1999 was \$39,927, which was less than the national median of \$41,994. Historically, the median income in Texas has tended to grow. In 1999 dollars, the Census reports that, in 1969, the household median income was \$29,535; in 1979, the median income was \$35,744; and in 1989, the median income was \$35,246.<sup>16</sup> The 2004 American Community Survey administered by the US Census reports that the 2004 median household income (in 2004 dollars) is \$41,759.

Forecasts suggest lower household incomes in Texas. The Center for Demographic and Socioeconomic Research and Education has computed projected incomes for 2000, 2010, 2020, 2030, and 2040. Projections based on the 0.5 migration scenario are provided for 2000, 2010, and 2020 below, and demonstrate an increasing proportion of the population with incomes below \$40,000. The authors state that the median household income will actually decline by \$5,061 between 2000 and 2040 (in 2000 constant dollars) based on the 0.5 migration scenario.<sup>17</sup> This decline is attributed to the rapid increase of Hispanic and Black populations and assumes that the socioeconomic gap between these groups and Whites will not change.

**Table 20: Household Income in Texas by Income Category: 2000, 2010, 2020**

Income Level	2000		2010		2020	
	Households	Percent	Households	Percent	Households	Percent
\$ < 10,000	766,818	10.37%	955,412	10.83%	1,218,416	11.70%
10,000 - 14,999	490,683	6.64%	609,119	6.91%	774,050	7.43%
15,000 - 19,999	486,167	6.58%	602,598	6.83%	753,896	7.24%
20,000 - 24,999	517,230	7.00%	635,750	7.21%	779,300	7.48%
25,000 - 29,999	502,547	6.80%	613,060	6.95%	741,510	7.12%
30,000 - 34,999	493,044	6.67%	595,664	6.75%	710,347	6.82%
35,000 - 39,999	445,211	6.02%	534,047	6.06%	631,032	6.06%
40,000 - 44,999	416,276	5.63%	496,321	5.63%	580,765	5.58%
45,000 - 49,999	357,312	4.83%	424,119	4.81%	493,081	4.73%
50,000 - 59,999	636,916	8.61%	748,513	8.49%	858,280	8.24%
60,000 - 74,999	722,043	9.77%	837,711	9.50%	942,578	9.05%
75,000 - 99,999	705,480	9.54%	805,588	9.13%	888,233	8.53%
100,000 - 124,999	362,413	4.90%	412,025	4.67%	450,347	4.32%
125,000 - 149,999	173,454	2.35%	194,563	2.21%	210,353	2.02%
150,000 - 199,999	153,444	2.08%	171,121	1.94%	184,276	1.77%
200,000+	164,316	2.22%	183,108	2.08%	198,719	1.91%
Total	7,393,354	100.00%	8,818,719	100.00%	10,415,183	100.00%

Source: Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 106-107

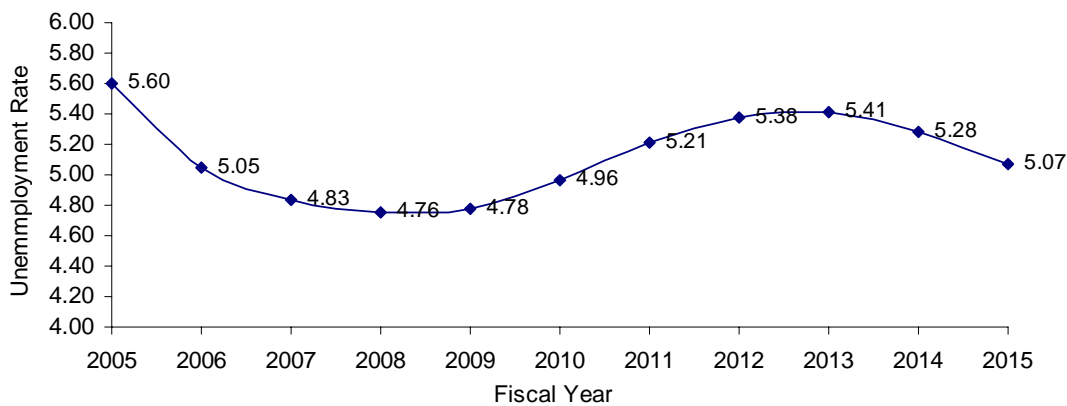
<sup>16</sup>US Census, "Table S1: Median Household Income by State: 1969,1979,1989, 1999, <http://www.census.gov/hhes/www/income/histinc/state/state1.html> (accessed May 18, 2006).

<sup>17</sup>Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 95.

If this projection towards lower incomes does indeed occur, then the need for housing and other assistance will be great. A higher proportion of households at the lowest levels will place an even higher demand on social services, energy assistance, and rental assistance programs. In terms of homeownership, the Office of the Comptroller predicts that the prime interest rate will generally increase from 5.7 percent in 2005 to 8 percent in 2010.<sup>18</sup> Lower incomes and the higher cost of borrowing money may push the dream of homeownership out of reach for many more households in the future.

A major factor influencing income is the unemployment rate. According to the Comptroller's Spring 2006 Fiscal Year Economic Forecast, the unemployment rate is projected to decrease and then increase during the 2005-2007 planning period. Unemployment affects the demand for services, including rental assistance, energy assistance, and emergency financial assistance.

**Table 21: Texas Unemployment Rates: 2005-2015**



Source: Texas Office of the Comptroller

### **Poverty**

The 2000 US Census reported that 15.4 percent of persons in Texas were below the poverty level, which was significantly higher than the national rate of 12.4 percent. According to the 2004 American Community Survey, in 2004, the poverty rate for Texas has increased to 16.6 percent compared to the national rate of 13.1 percent. The US Census defined the 2004 poverty threshold as \$19,157 in income for a family of four with two members under 18 years of age. Analyzing past Census data, Texas has historically had a poverty rate higher than that of the national average.

Based on Center for Demographic and Socioeconomic Research and Education projections for 2000, 2010, 2020, 2030, and 2040, the rate of families in poverty will increase. Projections based on the 0.5 migration scenario are provided for 2000, 2010, and 2020 below.

<sup>18</sup>Texas Office of the Comptroller, "Spring 2006 Fiscal Year Economic Forecast," <http://www.window.state.tx.us/ecodata/fcst06spr/> (accessed May 17, 2006).

**Table 22: Texas Families in Poverty: 2000, 2010, 2020**

Family Type	2000		2010		2020	
	Number	Percent	Number	Percent	Number	Percent
Family households	598,325	11.4%	783,058	12.3%	983,798	13.1%
Married couples	300,238	7.5%	401,877	8.4%	516,708	9.2%
With own children	207,093	10.3%	283,781	11.5%	364,502	12.7%
No own children	93,145	4.7%	118,096	5.1%	152,206	5.5%
Other families	298,087	23.7%	381,181	24.5%	467,090	24.9%
Male householders, no spouse	47,931	15.0%	63,005	15.6%	79,359	16.0%
With own children	31,134	19.8%	40,696	20.8%	50,174	21.9%
No own children	16,797	10.3%	22,309	10.6%	29,185	10.9%
Female householders, no spouse	250,156	26.7%	318,176	27.7%	387,731	28.1%
With own children	201,475	35.7%	256,149	37.0%	306,053	38.3%
No own children	48,681	13.0%	62,027	13.6%	81,678	14.0%

Source: Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 117

Increasing poverty populations will increase the demand for social services and emergency assistance, including rental assistance, energy assistance, and health and human services. In fact, the Center for Demographic and Socioeconomic Research and Education projects that the enrollment for Temporary Assistance for Needy Families, Food Stamps, and Medicaid will greatly increase between 2000 and 2040.<sup>19</sup>

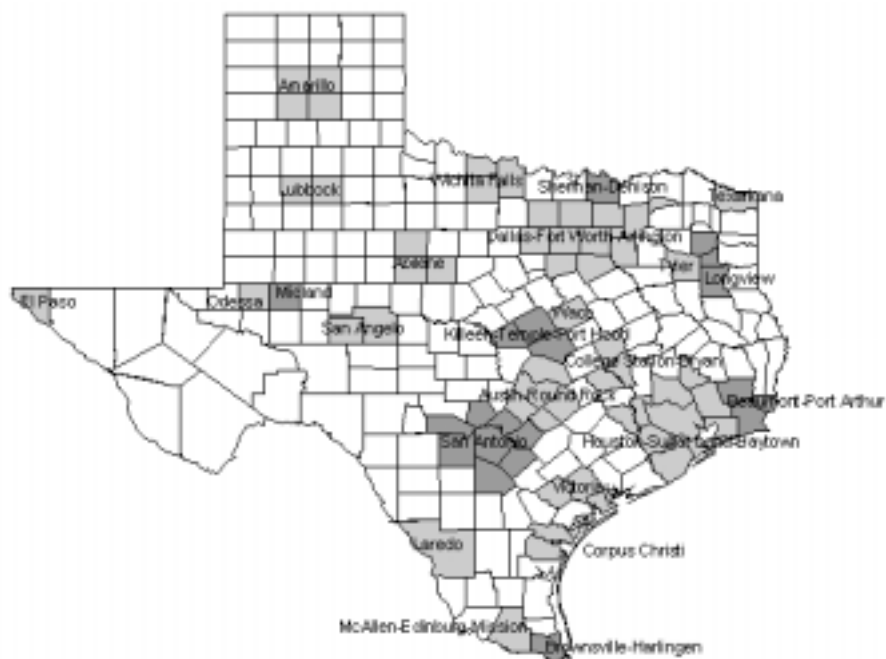
### **Population Distribution**

The US Office of Management and Budget classifies areas as metropolitan statistical areas (MSAs) based on US Census data. These MSAs are comprised of core counties that have a high population density and surrounding counties that have economic integration with the core counties. Non-MSA counties are primarily rural. There are 25 designated MSAs in Texas that cover 77 of the 254 total counties.

In 2000, of the 20,851,820 people residing in the state, 86.1 percent residing in MSAs and 13.9 percent resided in non-MSAs. In 2005, the TSDC, using its 0.5 migration scenario, projected that 86.5 percent of the population would live in MSAs compared to 13.5 percent residing in non-MSAs. This trend of MSA growth is projected to occur in the long term. In 2015, it is projected that 87.3 percent of the population will reside in the current MSA counties, and only 12.7 percent of the population will reside in non-MSA counties. For the 2007-2011 planning period, the population in MSA areas is expected to increase by 1,316,209 or 6.5 percent, whereas the population in non-MSA areas is expected to increase by only 116,043, or 3.75 percent.

<sup>19</sup>Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 329.

**Figure 3: Texas MSA Counties**



**Table 23: Texas MSA and Non-MSA Population Projections: 2005-2009**

MSA	2000	2005	2006	2007	2008	2009
Abilene	160,245	165,602	166,787	167,913	169,033	170,099
Amarillo	226,522	240,416	243,253	246,094	248,951	251,792
Austin-Round Rock	1,249,763	1,407,732	1,439,102	1,470,416	1,501,978	1,533,677
Beaumont-Port Arthur	385,090	395,275	397,272	399,245	401,324	403,471
Brownsville-Harlingen	335,227	374,529	382,615	390,794	399,097	407,212
College Station-Bryan	184,885	195,836	198,042	200,371	202,716	205,125
Corpus Christi	403,280	430,784	436,573	442,154	447,889	453,777
Dallas-Fort Worth-Arlington	5,161,544	5,668,679	5,772,996	5,878,313	5,983,434	6,089,460
El Paso	679,622	740,525	752,896	765,712	778,317	791,208
Houston-Sugar Land-Baytown	4,715,407	5,121,573	5,206,679	5,291,382	5,376,766	5,462,566
Killeen-Temple-Fort Hood	330,714	361,316	367,488	373,592	379,608	385,568
Laredo	193,117	226,847	233,782	240,821	248,087	255,354
Longview	194,042	200,411	201,871	203,310	204,776	206,211
Lubbock	249,700	263,147	265,155	267,125	269,231	271,247
McAllen-Edinburg-Mission	569,463	656,899	675,038	693,506	712,102	730,790
Midland	116,009	119,829	120,746	121,716	122,656	123,678
Odessa	121,123	126,658	127,911	129,141	130,402	131,657
San Angelo	105,781	109,731	110,560	111,381	112,190	112,984
San Antonio	1,711,703	1,830,229	1,853,729	1,877,150	1,900,717	1,924,663
Sherman-Denison	110,595	114,162	114,964	115,763	116,515	117,317
Texarkana	89,306	90,159	90,377	90,550	90,722	90,878
Tyler	174,706	181,254	182,700	184,107	185,602	187,152
Victoria	111,663	117,772	119,029	120,307	121,504	122,771
Waco	213,517	221,410	223,435	225,428	227,498	229,583
Wichita Falls	151,524	155,789	156,592	157,415	158,262	159,050
<b>Total MSA</b>	<b>17,944,548</b>	<b>19,516,564</b>	<b>19,839,592</b>	<b>20,163,706</b>	<b>20,489,377</b>	<b>20,817,290</b>

MSA	2000	2005	2006	2007	2008	2009
Percent	86.06%	86.52%	86.61%	86.69%	86.77%	86.84%
Total Non-MSA	2,907,272	3,039,463	3,067,635	3,096,203	3,125,131	3,154,172
Percent	13.94%	13.48%	13.39%	13.31%	13.23%	13.16%

State of Texas | 20,851,820 | 22,556,027 | 22,907,227 | 23,259,909 | 23,614,508 | 23,971,462  
Source: TSDC

In addition to a greater share of the population, these metropolitan areas also generally have a greater share of industry and jobs, which leaves less-populous areas with dilapidated housing stock and households with lower incomes. According to the US Department of Housing and Urban Development, the FY 2005 median income for Texas Metropolitan areas is \$55,500 compared to 42,400 for non-metropolitan areas.<sup>20</sup> The 2000 Census estimated this gap to be \$47,961 for metro areas and \$36,724 for non-metro areas.

**Table 24: Texas MSA and Non-MSA Population Projections: 2010-2015**

MSA	2010	2011	2012	2013	2014	2015
Abilene	171,132	172,130	173,089	173,993	174,821	175,621
Amarillo	254,636	257,455	260,282	263,093	265,864	268,653
Austin-Round Rock	1,565,466	1,597,777	1,630,412	1,663,329	1,696,447	1,729,970
Beaumont-Port Arthur	405,539	407,506	409,561	411,552	413,563	415,460
Brownsville-Harlingen	415,569	424,050	432,313	440,864	449,208	457,563
College Station-Bryan	207,519	209,895	212,211	214,517	216,811	219,130
Corpus Christi	459,482	465,287	471,112	476,754	482,551	488,183
Dallas-Fort Worth-Arlington	6,197,537	6,305,654	6,415,441	6,526,542	6,638,796	6,751,742
El Paso	803,967	816,863	829,469	842,162	854,897	867,435
Houston-Sugar Land-Baytown	5,548,714	5,636,463	5,724,714	5,813,112	5,903,156	5,993,067
Killeen-Temple-Fort Hood	391,552	397,441	403,346	409,176	414,919	420,718
Laredo	262,823	270,282	277,865	285,619	293,501	301,411
Longview	207,689	209,193	210,691	212,192	213,640	215,133
Lubbock	273,268	275,184	277,016	278,753	280,410	281,971
McAllen-Edinburg-Mission	749,868	769,405	789,145	808,871	829,083	849,980
Midland	124,658	125,669	126,666	127,660	128,625	129,574
Odessa	132,875	134,121	135,336	136,534	137,721	138,820
San Angelo	113,763	114,471	115,147	115,805	116,405	116,960
San Antonio	1,947,929	1,971,212	1,994,779	2,018,550	2,041,207	2,064,284
Sherman-Denison	118,083	118,860	119,657	120,430	121,163	121,919
Texarkana	91,017	91,181	91,281	91,385	91,468	91,549
Tyler	188,622	190,175	191,724	193,232	194,804	196,328
Victoria	124,036	125,306	126,590	127,966	129,218	130,496
Waco	231,711	233,794	235,878	237,924	239,910	241,913
Wichita Falls	159,822	160,541	161,322	162,027	162,765	163,411
Total MSA	21,147,277	21,479,915	21,815,047	22,152,042	22,490,953	22,831,291
Percent	86.92%	86.99%	87.07%	87.14%	87.21%	87.29%
Total Non-MSA	3,183,366	3,212,246	3,240,966	3,269,593	3,297,917	3,325,470
Percent	13.08%	13.01%	12.93%	12.86%	12.79%	12.71%

<sup>20</sup>HUD, FY 2005 HUD Income Limits Briefing Materials, 26, <http://www.huduser.org/datasets/il/il05/briefing-materials.pdf> (accessed May 17, 2006).



MSA	2010	2011	2012	2013	2014	2015
State of Texas Source: TSDC	24,330,643	24,692,161	25,056,013	25,421,635	25,788,870	26,156,761

## **V. TECHNOLOGICAL DEVELOPMENTS**

### ***A. Impact of Technology on Current Operations***

The business of the Department continues to be enhanced by technology. Today, almost all agency services have a web component. By using the “TDHCA Interactive” link on the agency website, households in need can directly access systems that support housing, community service and manufactured housing information and services. A recent upgrade to the system resulted from the need to help people affected by Hurricanes Katrina and Rita. To quickly direct displaced households to affordable housing, TDHCA linked unit vacancy information maintained in the Central Database’s Compliance Monitoring and Tracking System to a unit locator function on the agency website to provide easy access to information on developments with available units. This ability to search for vacant apartments in real time is still available to anyone who visits the TDHCA website.

The Department’s custom-designed applications are created using a combination of Oracle PL/SQL and Java. Both development languages are web-enabled; the latter is platform independent and license free. The database platform that backs new development work is Oracle. Agency operations are greatly impacted by new development work, which involves redesigning, integrating, and converting legacy applications to a web-based environment.

TDHCA’s financial management systems are PeopleSoft Financials and the Mitas Automated Accounting and Loan Servicing systems. In cooperation with CPA, the Department is currently implementing a major PeopleSoft upgrade to the web-enabled version, 8.8. The Mitas Loan Servicing system was implemented on September 1, 2003, and replaced and integrated the functions of four systems on separate platforms: LSAMS, TMO, TPLS, and TCL.

The Department supports both its internal and external technology-based services through a combination of Sun Solaris, Linux, FreeBSD, and Windows NT/2000 servers and gigabit-per-second enabled Cisco networking equipment. TDHCA uses a distributed computing environment with multiple web, application, email, file, and database servers that work together to form the agency’s Internet presence and to meet internal computing and network needs.

Workgroup collaboration is facilitated by file sharing; intranet pages and postings; shared databases; and MS Exchange features such as email, Outlook WebAccess, calendars, and scheduling. The Department participated in the statewide messaging RFO evaluation process and plans to make a decision on whether to convert to IBM’s statewide solution in summer 2006.

### ***B. Impact of Anticipated Technological Advances***

Open source software continues to positively impact TDHCA’s architecture. The quantity and variety of free, quality software available to the Unix/Linux community makes open source

software an appealing option. Increasingly, free software options are available for Windows. Because of the rise in acceptance of open source and other freely licensed software as viable, reliable information technology solutions to business objectives, TDHCA's IS Division has made evaluation of this alternative a standard part of the process of selecting technical products to meet agency operational needs.

Some of the important agency servers and applications built on free and open source components include:

- § The Central Database development language and web servers (Java, Tomcat, and Apache)
- § Linux and FreeBSD
- § Squid, the agency's proxy server
- § Mailman
- § Sendmail
- § BIND (DNS)
- § ISC's DHCP server

The main critique of open source software is lack of support from the manufacturer; however, because of the high skill level of IS staff and access to documentation on the Internet, lack of support does not pose a significant problem. The two most important benefits we receive from open source software are cost savings and the ability to easily adapt the software to our needs.

In the next few years, advances in technology will create new challenges and opportunities. Dual core processors will allow for more powerful servers at lower costs. Virtualization technologies built into CPUs will allow for better use of information technology hardware and more efficient server consolidation. Also, the use of GIS technologies to present agency data will increase over the next few years.

### ***C. Degree of Agency Automation and Telecommunications***

The Department's internet and intranet web servers continue to serve as front-ends used to disseminate information to the public and employees and as places to update and maintain the Department's data in a dynamic fashion. A number of applications have been converted from legacy systems into a web format, making these applications accessible using a web browser. They can be accessed from the network or remotely using any internet connection. The Central Database project has been the major component of the Department's web-enabled application development and integration. TDHCA is now upgrading the Community Services/Energy Assistance Contract System and PeopleSoft to browser-based technologies.

TDHCA's financial management system closely follows Comptroller's Office procedures to simplify interfaces and data exchange between the two agencies. Additionally, financial information is shared with other agency applications through interfaces and real-time DBlinks.

Using EPolicy Orchestrator and Symantec Ghost, IS can automatically deploy software applications, quickly rebuild PCs and laptops, and electronically obtain hardware and software inventory from individual workstations. These products allow staff to control personal computer configurations more effectively and provide better, faster support to agency employees.

Any agency employee can electronically submit a help desk request for a hardware or software problem. These requests are assigned according to the nature of the problem to be handled by appropriate IS staff. Project and software enhancement requests go through a formal change control process that requires originating division director and then steering committee approval.

As technology and TDHCA systems evolve, IS continuously aims to improve ease of data access, provide more transparent data exchanges, and increase cost effectiveness of information technology solutions. In these efforts, IS management works with senior management and the steering committee to ensure alignment with business objectives and proper IT governance.

#### ***D. Anticipated Need for Automation***

The Department renews its software and hardware maintenance contracts and disaster recovery services on a yearly basis. The contracts that are in place for FY 2007 are listed in the agency's Planned Procurement Schedule.

The Department leases one T-1 circuit for Internet services and nine fractional T-1 circuits for TDHCA's regional offices through the Department of Information Resources.

Budgeted costs for IS renewals are detailed in the TDHCA Information Technology Detail and Legislative Appropriations Request. Actual costs are maintained in the agency's financial management system.

## **VI. ECONOMIC VARIABLES**

This section identifies key economic variables affecting the Department's activities. This discussion includes: a brief description of each variable, the extent to which each variable affects service populations; potential changes to each variable; and possible responses to address these changes.

### ***Credit Scores***

Variables that are having an increasing impact on the lives of Texans are consumer credit reports and scores. The Brookings Institution reports that "both the access and terms of access to an increasing array of basic necessities, including jobs, housing, insurance, energy, and communications, are now influenced by an individual's consumer credit report and scores."<sup>21</sup>

Credit reports contain four general types of information:

- § Identity—name, address, social security number, data of birth
- § Use of credit products—information on mortgages, credit cards, auto loans, etc.
- § Inquiry history—history of credit applications
- § Financial health—public record information including bankruptcy

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<sup>21</sup> The Brookings Institution, *Credit Scores, Reports, and Getting Ahead in America*, by Matt Fellowes, (Washington, DC: The Brookings Institution, May 2006)  
[http://www.brookings.edu/metro/pubs/20060501\\_creditscores.htm](http://www.brookings.edu/metro/pubs/20060501_creditscores.htm) (accessed May 22, 2006).

Consumer credit scores typically range from 350 to 850. Higher numbers represent lower levels of risk; lower numbers indicate a higher level of risk. Higher risk consumers typically pay higher interest rates. One important question that needs to be determined is the “price-point where higher prices for mortgage borrowers with low credit scores becomes price-gouging.”<sup>22</sup>

TDHCA works to improve financial education through its Texas State Homebuyer Education Program. TDHCA contracts with the Neighborhood Reinvestment Corporation to teach local nonprofit organizations the principles and applications of comprehensive pre- and post purchase homebuyer education, and to certify participants as providers. To date close to 400 individuals have been certified as homebuyer education providers by the Texas Statewide Homebuyer Education Program.

### ***Down Payment Costs and Interest Rates***

While nearly half of all home purchase loans in 2004 were standard 30-year, fixed rate mortgages, a number of new mortgage loan products have evolved over the past 15 years. Interest only, low or no documentation, adjustable rate, zero, and near-zero downpayment mortgages are growing in availability. In 1990, only 3 percent of home loans had downpayments of 5 percent or less. As of 2005, the percentage has grown to 16 to 17 percent. While the variety of mortgage products has expanded the opportunities to buy a home, the complexities of mortgages have increased, as well as the potential for predatory lending.<sup>23</sup>

Changes in mortgage interest rates, financing terms, and underwriting criteria could slow the Texas and national housing boom. In 2006, the Federal Reserve is expected to continue raising the fed funds rate.<sup>24</sup> The Mortgage Bankers Association forecasts 30-year fixed rate mortgages to not exceed 6.9 through 2007.<sup>25</sup>

The Department’s down payment assistance and low interest home mortgage loan programs help very low and low income Texans overcome obstacles to homeownership. As interest rates rise, TDHCA’s loan products generally see an increase in demand over the next few years from individuals and families interested in homeownership. With this in mind, TDHCA continues to explore alternative funding options that will help defray the cost of homeownership.

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<sup>22</sup> Fellowes, *Credit Scores, Reports, and Getting Ahead in America*, 3.

<sup>23</sup>The Joint Center for Housing Studies of Harvard University, *The State of the Nation’s Housing 2005*, (Cambridge, MA: Harvard University, 2005) 16, <http://www.jchs.harvard.edu/publications/markets/son2005/son2005.pdf> (accessed May 22, 2006).

<sup>24</sup>“The State of Real Estate,” *Tierra Grande* (Real Estate Center, Texas A&M University) January 2006, <http://recenter.tamu.edu/tgrande/vol13-1/1755.html> (accessed May 22, 2006).

<sup>25</sup>Mortgage Bankers Association, *MBA Mortgage Finance Forecast*, (Washington, DC: Mortgage Bankers Association, May 9, 2006), [http://www.mbaa.org/files/Bulletin/InternalResource/41891\\_MortgageFinance\\_May06.pdf](http://www.mbaa.org/files/Bulletin/InternalResource/41891_MortgageFinance_May06.pdf) (accessed May 22, 2006)

## **Education**

There is a close relationship between education and the cycle of poverty. Many teens drop out of school only to find out that without a good education, there is virtually no hope of escaping poverty in today's competitive job market.

There are a number of challenges facing the education of Texans.<sup>26</sup>

- § Texas was the only state in the nation to cut average per pupil expenditures in fiscal year 2005.
- § 46.2 percent of public elementary and secondary students are eligible for free or reduced-price meals in school year 2003.
- § Texas is ranked 49<sup>th</sup> in verbal SAT scores in the nation and 46<sup>th</sup> in average math SAT scores.
- § Texas ranks 36<sup>th</sup> in the nation in high school graduation rates (68 percent).

TDHCA's community services and housing-related services lend stability to individuals and families, allowing them to focus on other issues such as education. While it does not administer conventional educational support, TDHCA helps community organizations that manage Headstart, Job Training, GED, basic English, and other programs that are designed to improve the educational levels of disadvantaged persons.

TDHCA multifamily bond transactions are required to provide tenant services that range from after-school care programs, family activity centers, computer labs, and literacy programs, to matched savings plans that can be used to purchase a home or fund educational opportunities. Additionally, tenant services are a point items for 9 percent HTC and Private Activity Bond applications.

## **Energy**

Energy and water costs are often the largest single housing expense after food and shelter for lower income families. Utility costs often represent 15 percent or more of lower income annual gross incomes and account for nearly one-fourth of total housing costs. Due to several market variables, the price of domestic energy use has reached crisis proportions for many Texans. These increases in cost of energy, coupled with high unemployment, high poverty rates, and a dilapidated housing stock, have increased the demand for energy-related assistance.

Residential electricity prices rose an estimated 5 percent nationally in 2005. Some additional increases in residential prices are likely in many regions in 2006 and 2007, but at a slower pace than in 2005. Concerns about potential future supply tightness and continuing pressure from high oil market prices will likely drive natural gas prices for the 2006-2007 heating season to previous highs.<sup>27</sup>

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<sup>26</sup>"Texas: Where We Stand—Education," Major Challenges Facing Texas Education, (Texas Comptroller of Public Accounts), February 2006.

<sup>27</sup>Energy Information Administration, *Short-Term Energy Outlook*, (Washington, DC: Energy Information Administration, May 2006) <http://www.eia.doe.gov/emeu/steo/pub/contents.html> (accessed May 22, 2006).

Through programs that encourage energy efficiency, help consumers control energy costs through education, and provide direct financial assistance for utilities or weatherization, TDHCA addresses this often overlooked expense of housing.

Transportation-related energy costs are also increasing. Between 2001 and 2006, expenditures for gasoline are expected to increase from \$1,370 per household per year to \$2,327 in 2006, up nearly \$960 per household. In 2006, gasoline prices are expected to average \$2.43 per gallon.<sup>28</sup> Lower income households are particularly burdened by higher transportation costs because these expenditures consume a higher percentage of their budgets, even if they are spending less.<sup>29</sup> Transportation is increasingly becoming a factor in creating truly affordable housing.

TDHCA will continue to effectively administer its LIHEAP and WAP programs to help with the needs created by changing energy costs. In 2005, these two items accounted for \$49,419,221 in assistance provided and helped 89,434 households.

Source: US Department of Energy, US Department of Health and Human Services (and the State's Energy Conservation Office Oil Overcharge funds)

Statute: 42 USCA § 6861

Regulations: 10 CFR part 440

Purpose: The WAP program provides residential weatherization and other cost-effective energy-related home repair to increase the energy efficiency of dwellings owned or occupied by low income persons.

Status: The FY 2006 DOE award to the State of Texas is \$6,607,385. Proposed funding for FY 2007 is approximately \$4.4 million, which represents a 33 percent decrease in funding.

### **Foreclosure**

The following information on foreclosure rates in the state of Texas comes from the Real Estate Center.<sup>30</sup>

- § On a per-capita basis, Texas' rate of preforeclosures is more in line with the national average and is less than half the rate of some high-growth states.
- § Texas' rate of 6.3 preforeclosure postings per 100,000 people is slightly greater than the US average of 57.6 postings, but less than one-quarter of the rates in Nevada, and significantly lower than those in California, Florida, and Arizona, the leading home appreciation states.
- § In states with less appreciation, such as Texas, owners typically do not have the opportunity to sell the property at a high enough price to cure a default. (In high appreciation states, such as California, Florida, and Nevada, properties sold at foreclosure are significantly less

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<sup>28</sup>Energy Information Administration, *Household Vehicles Energy Use: Latest Data & Trends*, (Washington, DC: Energy Information Administration, November 2005)  
[http://www.eia.doe.gov/emeu/rtecs/nhts\\_survey/2001/](http://www.eia.doe.gov/emeu/rtecs/nhts_survey/2001/) (accessed May 22, 2006).

<sup>29</sup>Center for Neighborhood Technology, *Driven To Spend: Pumping Dollars Out of Our Households and Communities*, (Chicago, IL: Center for Neighborhood Technology, June 2005),  
<http://www.cnt.org/repository/Driven-to-Spend-2005.pdf> (accessed May 22, 2006).

<sup>30</sup>James Gaines, "Texas: Do We Have a Foreclosure Problem?" *Tierra Grande*, (Real Estate Center, Texas A&M University) January 2006, <http://recenter.tamu.edu/tgrande/vol13-1/1761.html> (accessed May 22, 2006).

than postings because an owner served a default notice and foreclosure posting can sell the property at a high enough price to cure a default.)

- § Many homes are being purchased by first-time homebuyers who qualify for loans on the basis of initially lower interest rates and more liberal underwriting criteria applied by aggressive lenders. Many people are able to acquire a loan and buy a house but are unable to keep up with payments on the loan because of high property taxes, insurance costs, maintenance and other normal homeownership costs for which they are not prepared.
- § Higher numbers of foreclosure in states such as Texas probably indicate easier home credit and the owner's inability to sell the property on default because of low rates of home price appreciation.

One of the major concerns surrounding foreclosures in Texas is the issue of predatory mortgage lending. Predatory lending involves abusive loan terms or practices that involve one or more of the following categories of loan origination problems:<sup>31</sup>

- § loans structured to result in seriously disproportionate net harm to borrowers
- § harmful rent seeking
- § loans involving fraud or deceptive practices
- § other forms of lack of transparency in loans that are not actionable as fraud
- § loans that require borrowers to waive meaningful legal redress

To research the concerns surrounding this issue, TDHCA will examine mortgage foreclosure rates in Bexar, Cameron, Dallas, El Paso, Harris, and Travis counties. The report will be published in September 2006.

### **Market Factors**

#### **Housing Bubble**

There is some concern nationally that a housing price bubble exists because of rapid housing appreciation. The Real Estate Center at Texas A&M reports the following indicators that Texas is not experiencing a price bubble.<sup>32</sup>

- § Texas' home prices have appreciated at rates significantly less than the national rate.
- § Texas' current rate of home price increase is about equal to the "normal" rate of the past 15 years.
- § Residential construction in the state has maintained a reasonable balance between supply and demand, avoiding a shortage or excess supply situation.
- § The national housing bubble, to the extent it exists, appears to be localized to several state and specific metropolitan areas with extraordinarily high rates of home appreciation.

#### **Rental Submarket Characteristics**

TDHCA's rental development activities are directly affected by submarket rent levels, vacancy rates, and local regulations as these issues affect the feasibility of affordable and market rate

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<sup>31</sup>Elizabeth Renuart, "An Overview of the Predatory Mortgage Lending Process," *Housing Policy Debate*, (Fannie Mae Foundation) vol. 15, issue 3 (2004): 479.

<sup>32</sup>James Gaines, "Texas Housing Bubble: Truth or Scare?" *Tierra Grande*, (Real Estate Center, Texas A&M University) April 2006, <http://recenter.tamu.edu/tgrande/vol13-2/1769.html> (accessed May 22, 2006).

rental housing developments. Therefore, changes in the rental market directly impact what types of development are feasible and where affordable units can be built. To address local concerns over concentration issues, local governments may also pass moratoriums or other regulations that limit the amount of affordable housing that may be constructed within their community.

A specific example of how the Department's activities are affected by market characteristics can be found in the allocation of mortgage revenue bond funds. The Department issues tax-exempt and taxable multifamily mortgage revenue bonds to fund loans to for-profit and qualifying nonprofit 501(c)(3) organizations for the acquisition or development of affordable rental units. As with all of its rental activities, properties financed through this program are subject to unit set aside restrictions for lower income tenants and persons with special needs, tenant program initiatives, maximum rent limitations, and other requirements as determined by TDHCA and its Board. While these developments are similar to those funded by HTCs (and are eligible to receive tax credits along with the bonds), they vary in a number of ways.

- § The Private Activity Bond Program is administered by the Texas Bond Review Board through a lottery process. Therefore, since it is a non-competitive process, TDHCA has less control over where developments are located. Since the allocations are based on developer applications and the "luck of the draw," rather than a scored competition, submarket concentration issues can be more of an issue.
- § Unlike the HTC program, the use of these funds is not financially feasible statewide without additional financial support. As compared to HTCs, the bonds have higher administrative costs due to the complexity of the transaction. The funding structure also requires higher rent levels in order to achieve a feasible cash flow. Because the higher rents are required, the bond transactions primarily occur in the state's four largest metropolitan areas (Dallas/Fort Worth, Austin, San Antonio, and Houston). Because the transactions are harder to structure, the desirability of sites in certain "qualified" census tracts that are designated by the Treasury to receive additional credits is increased. Again, this can add to submarket concentration concerns.

### ***Natural Disasters***

In August 2005, Texas received more than 500,000 evacuees from the Gulf Coast areas devastated by Katrina. Six months after the hurricane more than 400,000 evacuees still reside in Texas. In September 2005, the Texas Coast was directly hit by Hurricane Rita. More than 75,000 homes in the 29 affected counties suffered major damage or were destroyed.<sup>33</sup> While the long-term effects of these hurricanes is not yet clear, hurricanes remain a statewide concern because of the active hurricane season forecasted for 2006. The predicted 2006 activity strongly reflects an expected continuation of conditions that have favored above-normal Atlantic hurricane seasons since 1995.<sup>34</sup>

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<sup>33</sup> Office of the Governor, *Texas Rebounds*, (Austin, TX: Office of the Governor, February 2006).

<sup>34</sup> NOAA, *NOAA: 2006 Atlantic Hurricane Outlook*, (Camp Springs, MD: National Oceanic & Atmospheric Administration, May 22, 2006), <http://www.cpc.ncep.noaa.gov/products/outlooks/hurricane.shtml> (accessed May 22, 2006).



## ***Unemployment***<sup>35</sup>

The one economic variable that impacts all programs of the Department is unemployment. High unemployment contributes to the growing number of persons living in poverty and places added demands on the Department's programs. In addition to the serious consequences for families and individuals, unemployment can severely impact a community. The ability to generate taxes and utility revenues and to incur debt is directly related to the resources that a community's citizens have. Cities located along the Texas-Mexico border typically experience unemployment rates that run almost double the unemployment rate for the state.

After several years of a sluggish economy, Texas' economy is currently growing faster than the US average. 2005 saw the most robust job growth since 2000. Total employment grew by approximately 2 percent in 2005. For 2006, the forecasted job growth is 2.8 percent. Energy, technology, and manufacturing are the industries driving the improved economy. The state's seasonally adjusted unemployment rate fell from 6 percent in October 2004 to 5.2 percent in October 2005, a four-year low.<sup>36</sup>

While the majority of TDHCA programs do not directly address employment issues, but rather the results of unemployment, it does provide some assistance to help persons with employment issues. In addition to lower rents, its multifamily properties offer valuable services to tenants that range from job training programs, computer labs, and literacy programs, to matched savings plans that can be used to fund educational opportunities. The CSBG program assists entities which provide essential services, including access to child care, transportation, job training and employment services, and education services. These activities can be of great value to persons trying to improve their chance of getting and keeping a job. TDHCA will continue to identify the populations most in need and provide appropriate services.

## **VII. IMPACT OF FEDERAL STATUTES/ REGULATIONS**

### ***A. Role of Federal Involvement***

Of TDHCA's program funding, 98 percent comes directly from the Federal Government. Since almost all of its funds are derived from federal sources, TDHCA activities and the corresponding beneficiaries have been and continue to be dictated by federal statutes. A brief description of each of those sources is below provided. A discussion of possible legislative changes to each of the programs is included as part of the summary.

### ***B. Description of Current and Anticipated Federal Activities***

During the first session of the 109th Congress, the most significant actions taken by the House and Senate with regard to housing programs were included in the FY 2006 HUD Appropriations Act (PL 109-115). Overall, Congress provided HUD with \$34.3 billion in discretionary budget authority for numerous programs critical to the State of Texas.

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<sup>35</sup>"Texas Economy Shifts into Higher Gear," *Southwest Economy* (Federal Reserve Bank of Dallas), January/February 2006.

<sup>36</sup> "The State of Real Estate."

### **Community Development Block Grant Program (CDBG)**

Source: HUD

Statute: 42 USCA § 5301 *et seq.*

Regulations: 24 CFR part 570

Purpose: The primary purpose of CDBG is to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for low and moderate income persons. While ORCA administers the state's formula allocation of CDBG funds, TDHCA and ORCA are jointly administering CDBG funding provided for rebuilding after Hurricane Rita. ORCA also provides CDBG funds for the operation of seven Colonia Self-Help Centers.

Status: The FY 2006 Department of Defense Appropriations Act (PL 109-148) provided a total of \$11.5 billion in CDBG funds to address the devastation of Hurricanes Katrina, Rita, and Wilma. Of this amount, Texas received approximately \$74.5 million. Congress is expected to provide an additional \$5.2 billion in CDBG disaster assistance (HR 4939), of which Texas would be likely to receive a minimum of \$182 million. This activity may require the use of additional FTEs.

### **Community Services Block Grant Program (CSBG)**

Source: US Department of Health and Human Services

Statute: 42 USCA § 9901 *et seq.*

Purpose: CSBG funds provide administrative support to the Community Action Network (Network) in Texas, organizations serving migrant seasonal farmworkers, and Native Americans. CSBG funds provide support which enables the Network to operate a comprehensive array of programs that address needs of low-income persons in the areas of education, nutrition, emergency services, employment, housing, health, income management, programs to assist persons obtain self-sufficiency, and information and referral services to link persons with other services available in the community. In many rural areas of the State, the Community Action Agency is one of a handful of organizations providing emergency services and services which help transition persons out of poverty into self-sufficiency.

Status: The FY 2006 Health and Human Services Appropriations Act (PL 109-149) provided \$637 million for the CSBG, the same amount provided in FY 2005. The Administration's budget requests both for FY 2006 and for FY 2007 proposed elimination of the CSBG program. Texas will receive \$30.2 million in CSBG funds in FY 2006. A cut or loss of funding of CSBG would have a devastating impact on estimated 450,000 low-income persons in Texas who are served annually by the CSBG program. Due to the availability of CSBG funds in 2005, the Network in Texas was able to leverage approximately \$45 million dollars of state, local, and private funds and resources.

### **Emergency Shelter Grants Program (ESGP)**

Source: HUD

Statute: 42 USCA § 11371 *et seq.*

Regulations: 24 CFR part 576

Purpose: The purpose of the ESGP program is to rehabilitate or convert buildings for use as emergency shelters for the homeless, to pay certain operating expenses and essential services

in connection with emergency shelters for the homeless, and to provide homeless prevention activities.

Status: The FY 2006 HUD Appropriations Act (PL 109-115) provides \$1.3 billion for Homeless Assistance Grants, an \$86 million increase over FY 2005. The Administration has requested a \$209 million increase in homeless assistance for FY 2007.

### **Home Investment Partnerships Program (HOME)**

Source: HUD

Statute: 42 USCA §§ 12701-12839

Regulations: 24 CFR part 92

Purpose: The HOME program provides housing assistance for LI, VLI, and ELI people through acquisition, new construction, rehabilitation, reconstruction, tenant-based rental assistance, and pre-development loans.

Status: The FY 2006 HUD Appropriations Act (PL 109-115) provides \$1.7 billion for the HOME program, a \$167 million decrease from FY 2005. The Administration has requested a \$184 million increase in HOME for FY 2007. TDHCA will receive \$41.3 million in HOME funding for FY 2006.

### **Housing Tax Credit Program (HTC)**

Source: US Treasury Department

Statute: 26 USCA § 42 (Internal Revenue Code of 1986, as amended)

Purpose: The HTC program provides credits against federal income taxes for owners of qualified low income rental housing projects and the allocation of available tax credit amounts.

Status: It is projected based on the per capita allocation formula that the state will receive \$63,000,000 in HTCs in 2007 (\$43 million in 9 percent "competitive" HTCs and \$20 million in 4 percent HTCs associated with tax exempt bond financing).

### **Low Income Home Energy Assistance Program (LIHEAP)**

Source: US Department of Health and Human Services

Statute: 42 USCA § 8621

Purpose: The LIHEAP program provides direct financial assistance for energy needs of low income persons through the Comprehensive Energy Assistance Program (CEAP), and to partially fund the Weatherization Assistance Program (see below).

Status: The FY 2006 Health and Human Services (HHS) Appropriations Act (PL 109-149) provided \$2.2 billion for LIHEAP, about the same amount as in FY 2005, but Congress later passed the "Snowe bill" (PL 109-204), providing an additional \$1 billion to the program for FY 2006, for a total of \$3.2 billion. The Administration has proposed reducing LIHEAP funding by nearly half to \$1.8 billion in FY 2007. Texas will receive approximately \$84 million in LIHEAP funding for FY 2006. If LIHEAP is cut to \$1.8 billion for FY 2007, Texas' share is likely to drop to less than \$40 million.

### **Mortgage Revenue Bond Programs (MRBs)**

Source: US Treasury Department

Statute: 26 USCA § 143 (Internal Revenue Code of 1986, as amended)

Purpose: Under the MRB program, the Department issues mortgage revenue bonds to help lower income working families buy their first homes with low interest loans. It includes a multifamily bond program and several single family bond programs.

Status: It is projected that the MRB program will receive \$150,000,000 in 2007. The actual part of this amount that will be utilized may change significantly based on market conditions in the parts of the state where the bonds are supported by income levels and allowable rents.

### **Section 8 Housing Assistance Program**

Source: HUD

Statute: 42 USCA § 1437f

Regulations: 24 CFR 882.101 *et seq.*

Purpose: Section 8 provides rent subsidy vouchers to families and individuals, including the elderly and persons with disabilities, whose annual gross income does not exceed 50 percent of HUD's median income guidelines. The statewide program is designed specifically for needy families in small cities and rural communities not served by similar local or regional programs.

Status: The FY 2006 HUD Appropriations Act (PL 109-115) provides \$20.5 billion for the Section 8 program, an increase of \$392 million over FY 2005. The Administration has requested \$21.6 billion for Section 8 in FY 2007.

### **Weatherization Assistance Program (WAP)**

Source: US Department of Energy, US Department of Health and Human Services (and the State's Energy Conservation Office Oil Overcharge funds)

Statute: 42 USCA § 6861

Regulations: 10 CFR part 440

Purpose: The WAP program provides residential weatherization and other cost-effective energy-related home repair to increase the energy efficiency of dwellings owned or occupied by low income persons.

Status: The FY 2006 DOE award to the State of Texas is \$6,607,385. Proposed funding for FY 2007 is approximately \$4.4 million, which represents a 33 percent decrease in funding.

## **VIII. OTHER LEGAL ISSUES**

### **A. Impact of Anticipated State Statutory Changes**

Few bills were passed by the Texas Legislature in 2005 that directly impacted TDHCA. However, two major studies were undertaken as a result of legislation passed into law. House Bill 1582 (authored by Representative Norma Chavez) directed TDHCA to study residential mortgage foreclosure rates in five distinct counties and report back to the 80<sup>th</sup> Legislature on its findings. House Bill 1099 (also authored by Representative Chavez) transferred the responsibility for the licensing and inspection of migrant labor housing facilities from TDHCA of State Health Services to TDHCA. No other bills passed in the 79<sup>th</sup> Session that had a major programmatic impact upon TDHCA. Speaking generally, TDHCA does not have the ability predict what bills may be filed in subsequent sessions and how they might affect its programs.

### ***B. Impact of Current and Outstanding Court Cases Involving TDHCA***

TDHCA is currently involved in several court cases related to its administration of the HTC and HOME programs, employment discrimination, and ad valorem tax lien foreclosures. The current HTC cases, as well as a number of previous HTC court cases, have involved unsuccessful applicants filing suit over application scoring and funding award decisions. Granting injunctive relief can delay funding authorization as well as the award of credits to specific applicants. At this time, neither the outcome of the ongoing cases nor the impact on the Department, if any, can be predicted.

A recent decision by the Travis County District Court has determined that governmental immunity is not statutorily waived and therefore most future litigation would need legislative waivers. This decision is expected to be appealed.

### ***C. Impact of Local Governmental Requirements***

The Department works to ensure that local governments are aware of possible TDHCA funding awards in their community. With the provision of these notifications, local officials are encouraged to comment on the need for the development and other local issues that might not be evident in an application. Such comments are considered in the final approval of the Board of the application.

In some instances, local support for an application is part of the scoring process. Multifamily bond applications, with TDHCA as the issuer, include scoring criteria that provides "points" for public comment from local officials. HOME and HTC applications receive points by receiving a commitment for local funding or in-kind contributions (i.e., donations of land, waivers of fees such as building permits, water and sewer tap fees or similar contributions) that would benefit the development. Applicants may also receive points for developing in locations in city or county-sponsored zones or districts or rehabilitating an existing Residential Development that is part of a Community Revitalization Plan.

Local governments control each applicant's ability to provide evidence of proper zoning for the development site and consistency with local consolidated planning documents. In instances where the property is not currently zoned for housing, the local government may deny a requested zoning change which would make the development ineligible for consideration.

The Texas Legislature has given local governments veto power over applications in areas where a potential over concentration of HTC units may exist.

- § For HTC applications, applicants must receive a resolution from the local governmental entity for approval to add new units if the proposed new development is within one mile of an existing tax credit property that has received an allocation within the last three years and serves the same population type (elderly/elderly or family/family). This applies to new construction and only in counties with over one million in population.
- § Applicants must receive a resolution from the local governmental entity for approval to develop in a city or county that has more than twice the per capita of affordable housing units. This applies to both new construction and acquisition/ rehabilitation.

While they do not impact TDHCA directly, the following local government issues can be barriers to the provision of affordable housing.

- § Zoning provisions: A municipality’s zoning authority governs the type and direction of growth within their boundaries. Ordinances may be passed to encourage affordable housing through measures such as lowering minimum lot sizes, decreasing building set-back requirements, and lowering minimum square footages of homes. However, ordinances that prohibit these types of activities can drive land and construction costs up to the point that affordable housing cannot be built.
- § Impact Fees and Development Fees: As a condition of permit approval, municipalities may assess fees to pay for infrastructure costs. These impact fees increase the cost of developing all types of housing including affordable housing.

## **IX. SELF-EVALUATION AND OPPORTUNITIES FOR IMPROVEMENT**

### ***A. Effectiveness and Efficiency of the Department***

#### **Performance Measures**

This section discusses TDHCA’s performance with measures established by the 79th Legislature or by the Department. Goals one through five were established by the General Appropriations Act through interactions between TDHCA, the LBB, and the Legislature.

Note: Measures marked with an “\*” were added to the 2006 Performance Measures by the 79<sup>th</sup> Legislature, therefore, there a 2005 measure does not exist.

**GOAL 1: TDHCA WILL INCREASE AND PRESERVE THE AVAILABILITY OF SAFE, DECENT, AND AFFORDABLE HOUSING FOR VERY LOW, LOW, AND MODERATE INCOME PERSONS AND FAMILIES.**

1.1 Strategy: Provide mortgage financing and homebuyer assistance through the Single Family Mortgage Revenue Bond Program. This is measured by the number of single family households assisted through the First Time Homebuyer Program.

2005 Measure	2005 Actual	% of Goal
1,770	1,898	107.23%

\*1.2 Strategy: Provide funding through the HOME program for affordable single family housing. This is measured by the number of single family households assisted with HOME funds.

2005 Measure	2005 Actual	% of Goal
N/A	1,308	N/A

\*1.3 Strategy: Provide funding through the HTF program for affordable single family housing. This is measured by the number of single family households assisted through the HTF.

2005 Measure	2005 Actual	% of Goal
N/A	128	N/A

1.4 Strategy: Provide tenant-based rental assistance through Section 8 certificates. This is measured by the number of multifamily households assisted with tenant-based rental assistance.

2005 Measure	2005 Actual	% of Goal
2,200	1,750	79.55%

[Explanation of Variance: Explanation of Variance: The targeted measure of 2,200 vouchers was developed when HUD provided Section 8 Housing Assistance Program (HAP) funds based on the number of Housing Choice vouchers available. The allocation of HAP funds changed for the Section 8 Program Year beginning January 1, 2005. TDHCA no longer receives HAP funds based on a specified number of vouchers. Instead, for PY 2005 and 2006, TDHCA receives funds from HUD based on the average number of active tenants during May, June, and July, 2004.

1.5 Strategy: Provide federal tax credits to develop rental housing. This is measured by the number of multifamily households assisted with HTCs.

2005 Measure	2005 Actual	% of Goal
10,763	18,350	170.49%

\*1.6 Strategy: Provide funding through the HOME program for affordable multifamily housing. This is measured by the number of multifamily households assisted with HOME funds.

2005 Measure	2005 Actual	% of Goal
N/A	945	N/A

\*1.7 Strategy: Provide funding through the HTF for affordable multifamily housing. This is measured by the number of multifamily households assisted through the HTF.

2005 Measure	2005 Actual	% of Goal
N/A	1,021	N/A

1.8 Strategy: Provide funding through the Multifamily Mortgage Revenue Bond program for affordable multifamily housing. This is measured by the number of households assisted through the Mortgage Revenue Bond program.

2005 Measure	2005 Actual	% of Goal
1,999	3,288	164.48%

GOAL 2: TDHCA WILL PROMOTE IMPROVED HOUSING CONDITIONS FOR EXTREMELY LI, VLI, AND LOW INCOME HOUSEHOLDS BY PROVIDING INFORMATION AND TECHNICAL ASSISTANCE.

\*2.1 Strategy: Provide information and technical assistance to the public through the Division of Policy and Public Affairs. This is measured by the number of information and technical assistance requests completed.

2005 Measure	2005 Actual	% of Goal
N/A	3,082	N/A

2.2 Strategy: To provide technical assistance to colonias through field offices. This is measured by the number of:

(A) on-site technical assistance visits conducted annually from the field offices;

2005 Measure	2005 Actual	% of Goal
747	1,038	138.96%

\*(B) colonia residents receiving assistance; and

2005 Measure	2005 Actual	% of Goal
N/A	550	N/A

\*(C) entities and/or individuals receiving informational resources.

2005 Measure	2005 Actual	% of Goal
N/A	2,304	N/A

**GOAL 3: TDHCA WILL IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.**

3.1 Strategy: Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state. This is measured by the number of:

(A) persons assisted through homeless and poverty related funds;

2005 Measure	2005 Actual	% of Goal
440,000	404,801	92.00%

[Explanation of Variance: Measure is impacted by the number of persons assisted through the CSBG and ESGP. The FY'04 ESGP program, which began in September 2004, has five fewer subrecipients as compared to the '03 program. The absence in 2004 of these five subrecipients, along with the organizations they subcontracted with, accounted for approximately 40,000 fewer persons being served annually.]

(B) persons assisted that achieve incomes above poverty level; and

2005 Measure	2005 Actual	% of Goal
1,314	1,929	146.80%

(C) shelters assisted through the Emergency Shelter Grant Program.

2005 Measure	2005 Actual	% of Goal
70	72	102.86%



3.2 Strategy: Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies. This is measured by the number of:

(A) households assisted through the Comprehensive Energy Assistance Program; and

2005 Measure	2005 Actual	% of Goal
69,736	84,018	120.48%

(B) dwelling units weatherized through the Weatherization Assistance Program.

2005 Measure	2005 Actual	% of Goal
3,734	5,416	145.05%

**GOAL 4: TDHCA WILL ENSURE COMPLIANCE WITH TDHCA'S FEDERAL AND STATE PROGRAM MANDATES.**

4.1 Strategy: The PMC Division will monitor and inspect for Federal and State housing program requirements. This is measured by the total number of:

\*(A) monitoring reviews conducted; and

2005 Measure	2005 Actual	% of Goal
N/A	4,318	N/A

(B) units administered.

2005 Measure	2005 Actual	% of Goal
188,956	201,114	106.43%

4.2 Strategy: The PMC Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements. This is measured by the total number of:

\*(A) monitoring reviews conducted; and

2005 Measure	2005 Actual	% of Goal
N/A	12,113	N/A

(B) contracts administered.

2005 Measure	2005 Actual	% of Goal
624	751	120.35%

**GOAL 5: TO PROTECT THE PUBLIC BY REGULATING THE MANUFACTURED HOUSING INDUSTRY IN ACCORDANCE WITH STATE AND FEDERAL LAWS.**

5.1 Strategy: Provide titling and licensing services in a timely and efficient manner. This is measured by the number of:

(A) manufactured housing statements of ownership and location issued; and

2005 Measure	2005 Actual	% of Goal
115,000	93,499	81.30%

[Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications resulting from a continued slowdown of activity in the manufactured housing industry.]

(B) licenses issued.

2005 Measure	2005 Actual	% of Goal
5,700	4,118	72.25%

[Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications resulting from a continued slowdown of activity in the industry.]

5.2 Strategy: Conduct inspections of manufactured homes in a timely manner. This is measured by the number of:

(A) routine installation inspections conducted; and

2005 Measure	2005 Actual	% of Goal
13,500	5,488	40.65%

[Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25 percent of installation reports received. The actual YTD inspection rate is 37.78 percent. In FY 2005, the overall workload of the inspection staff was increased by additional inspection duties associated with providing assistance to the Department's PMC Division.]

\*(B) non-routine installation inspections conducted.

2005 Measure	2005 Actual	% of Goal
N/A	2,405	N/A

5.3 Strategy: To process consumer complaints, conduct investigations, and take administrative actions to protect the general public and consumers. This is measured by the number of complaints resolved.

2005 Measure	2005 Actual	% of Goal
1,620	1,502	92.72%

[Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped reduce the number of complaints officially received, which reduces the number of complaints resolved.]

Goals Six through Eight are established in legislation as riders to TDHCA's appropriations, as found in the General Appropriations Act.

**GOAL 6: TDHCA WILL TARGET ITS HOUSING FINANCE PROGRAMS RESOURCES FOR ASSISTANCE TO ELI HOUSEHOLDS.**

6.1 Strategy: The housing finance divisions shall adopt an annual goal to apply \$30,000,000 of the division's total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.

2005 Measure	2005 Actual	% of Goal
\$30,000,000	\$27,075,921	90.25%

[Explanation of Variance: Fewer ELI households were served by single family bond transactions, Section 8 vouchers, and HOME awards in FY 2005 as compared to FY 2004. The primary cause appears to be a decrease in the projected amount of HOME funding that will serve ELI households as the amount awarded for this income group dropped from \$36 million in FY 2004 to \$12 million in FY 2005. This decrease is related to the release of two program years' worth of HOME funds in FY 2004.]

Note: This item addresses Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.

**GOAL 7: TDHCA WILL TARGET ITS HOUSING FINANCE RESOURCES FOR ASSISTANCE TO VERY LOW INCOME HOUSEHOLDS.**

7.1 Strategy: The housing finance divisions shall adopt an annual goal to apply no less than 20 percent of the division's total housing funds toward housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.

2005 Measure	2005 Actual	% of Goal
20%	3,824,899,423	352.44%

Note: This item addresses Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.

**GOAL 8: TDHCA WILL PROVIDE CONTRACT FOR DEED CONVERSIONS FOR FAMILIES WHO RESIDE IN A COLONIA AND EARN 60 PERCENT OR LESS OF THE APPLICABLE AREA MEDIAN FAMILY INCOME.**

8.1 Strategy: Help colonia residents become property owners by converting their contracts for deed into traditional mortgages. This is measured by the amount of TDHCA funds applied towards contract for deed conversions for colonia families earning less than 60 percent of median family income.

FY 04-05 Measure	FY 04-05 Actual	% of Goal
\$4,000,000	\$3,889,600	97.24%

Note: The FY 2004-2005 Actual is comprised of \$1,300,000 in FY 2004 and \$2,589,600 in FY 2005. An additional \$1,033,900 was approved at the September 2005 Board meeting. This funding award was postponed from the August 2005 Board meeting. It would have brought the FY 2004-2005 total to \$4,923,500. This item addresses Rider 11 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.

The following TDHCA-designated goal addresses the housing needs of persons with special needs.

**GOAL 9: TDHCA WILL WORK TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS THROUGH FUNDING, RESEARCH, AND POLICY DEVELOPMENT EFFORTS.**

9.1 Strategy: Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.

2005 Measure	2005 Actual	% of Goal
- 20%	24.7%	123.6%

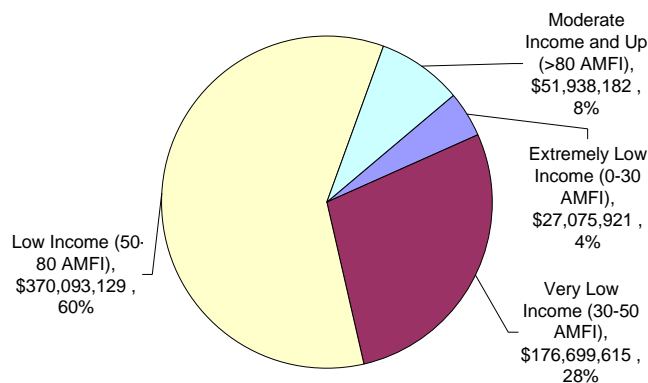
9.2 Strategy: Dedicate no less than 5 percent of the MFB Program units for persons with special needs.

2005 Measure	2005 Actual	% of Goal
- 5%	22.53%	450.73%

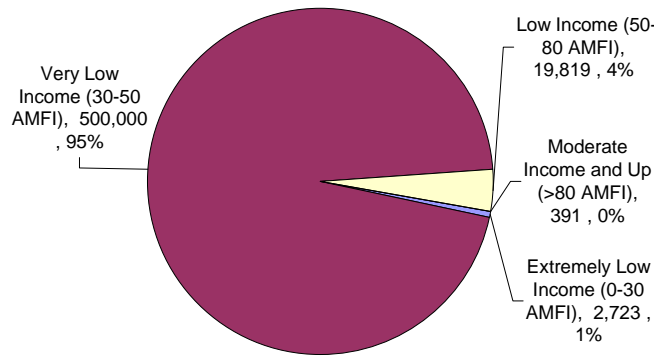
Serving Critical Populations

As shown in Figures 4 and 5, the distribution of TDHCA's housing resources in fiscal year 2005 showed a clear prioritization of assistance to individuals and households with the lowest incomes. The vast majority of households served by the Department were classified as extremely LI, VLI, and low income.

**Figure 4: FY 2005 Total Funding by Income Level**



**Figure 5: FY 2005 Total Households Served by Income Level**



**Table 25: TDHCA Funding and Households/Persons Served by Income Category FY 2005 - All Activities**

Income Type	Committed Funds	# of Households or Individuals Served*	% of Committed Funds	% of Households or Individuals Served
ELI (0-30 AMFI)	\$27,075,921	2,723	4.3%	.5%
Very Low Income (30-50 AMFI)	\$176,699,615	500,000	28.2%	95.6%
Low Income (50-80 AMFI)	\$370,093,129	19,819	59.1%	3.8%
Moderate Income and Up (>80 AMFI)	\$51,938,182	391	8.3%	0.1%
Total for All Incomes	\$625,806,847	522,933		

\*Includes ESG and CSBG which are allocated to individuals.

Also TDHCA's performance in meeting goals 6 through 9 described in the previous section indicates that it has made a concerted effort to address the needs of persons with special needs with the resources at its disposal.

### Industry Best Practices

TDHCA is an active member of the following housing and community service industry groups.

- § National Council of State Housing Agencies. This organization is comprised of housing finance agencies from of every state, the District of Columbia, Puerto Rico, and the Virgin Islands, and more than 350 profit and nonprofit firms in the affordable housing field. In addition to being a good source of research information on these agencies' activities, this organization holds a number of conferences and training sessions throughout the year where its members meet to discuss best practices and success stories.
- § National Association for State Community Services Programs. Membership in this organization includes state administrators of both the CSBG and WAP. The organization was created to provide research, analysis, training and technical assistance to state CSBG and WAP offices, the Community Action Network, community action agencies and state associations, in order to increase their capacity to prevent and reduce poverty.
- § National Energy Assistance Directors' Association. Membership in this organization consists of state administrators and tribal directors of the LIHEAP. The organization is the primary educational and policy organization for the state and tribal directors of the LIHEAP. The organization also works closely with the National Association for State Community Services Programs, representing the state weatherization program offices and the National

Association of State Energy Officials to more effectively share ideas on the delivery of state energy services through the Energy Programs Consortium.

### **Insights Gained and Implemented Programmatic Changes**

The Department undergoes regular audits and monitoring reviews including reviews by its Internal Auditing Division, its external certified independent auditors, its funding source agencies, and the SAO.

Independent audits of its financial statements are conducted on an annual basis, regular audits of its major federal programs in connection with Federal Single Audits coordinated by the SAO, various monitoring reviews of its federal programs by its Federal funding agencies, as well as reviews of particular functions or processes by its internal auditors.

Other periodic oversight reviews of TDHCA's activities include:

- § State Office of Risk Management reviews of physical safety practices.
- § Comptroller of Public Accounts reviews of compliance with state laws and rules concerning expenditures and processing requirements of the uniform statewide accounting system.
- § State Energy Conservation Office reviews of the administration of these funds.
- § Federal Deposit Insurance Corporation reviews of monitoring activities of properties sold under the Affordable Housing Disposition Program.

The results of these audits and reviews have improved TDHCA's controls designed to: achieve the objectives and goals of the agency, comply with program rules and regulations, and safeguard the Department's assets. Some specific examples include:

- § Quality assurance and control procedures have been enhanced for the Section 8 program to better: assess participant eligibility, protect voucher holder rights, ensure that reasonable rents are charged, and calculate utility allowances. Processes and controls have been added to ensure the proper execution of property owner contracts, the satisfaction of housing quality standards, and timely deficiency correction. Additionally, access to computer systems has been improved to protect the quality of the Section 8 data, to ensure that transactions cannot be passed on for payment without proper approval, and to protect the systems against unauthorized changes to computer code and data.
- § Enhancements have been made to the RAF to consider required available housing resources to address statutory requirements relating to the allocation of HOME, HTC, and HTF program dollars.
- § The review and scoring process for HTF rental development applications have been changed to include consideration of cost effectiveness and leveraging of federal resources.
- § The risk assessment process used to identify high-risk subrecipients for field monitoring visits has been enhanced to include a complete population of subrecipients to be considered, standard operating procedures and documentation standards.
- § The review of Federal Single Audits performed on its subrecipients has been enhanced to better use the information for monitoring planning purposes. Controls have been improved to ensure audit findings are forwarded to and considered by staff responsible for performing risk assessments of subrecipients for identifying high-risk subrecipients that warrant greater

monitoring attention. Processes have been improved to ensure that corrective actions for audit findings are taken in a more timely fashion, when appropriate, and that management decisions are issued in a timely fashion. The Department has made its single audit review process more efficient by limiting the extent of its review to that which is required by the Federal Single Audit Act.

- § The Department has improved its time accounting procedures to ensure employees salaries are properly allocated to federal programs.

TDHCA has also implemented a risk management program to accomplish similar objectives to its oversight audits and reviews. While the program was designed to ensure compliance with Executive Order RP36, July 2004, relating to preventing, detecting, and eliminating fraud, waste and abuse, it is also designed to identify, prioritize, assess, document, report, monitor and address other financial, operating, and legal risks of the Department.

### HOME Contract Administration

Since 2003, the Department has made great strides in administration of the HOME program. Program improvements are beginning to result in a favorable reputation nationwide as an industry leader in affordable housing initiatives. Improvements to the program stem from several sources.

- § In December 2003, the TDHCA Contract System was rolled out. The system allows administrators to enter draw information, itemize costs, set up contract activities (project setups), enter match information, enter project completion report data, and view programmatic and financial information associated with their contracts in real time. The system gathered a substantial amount of contract information that was not previously captured, which provided an opportunity to run reports on contractual performance and real time program beneficiary information. This system has significantly helped the Department improve program efficiency and more effectively track and monitor contract performance.
- § Procedures designed to further improve efficiency and accountability in HOME program administration have been implemented. These procedures include analyzing commitments and expenditures through data analysis and added incentives for administrators to perform according to contractual terms. Adoption of 2006 HOME rules strengthens these procedures to ensure timely expenditure of funds.
- § A concerted effort has been made to update, add, and correct information previously entered in HUD's Integrated Disbursement and Information System. This system is the mechanism used by HUD to produce the HUD score card, which reports on performance in the areas of HOME commitment, expenditure, leveraging, low-income benefit, and rental assistance. Access to HUD's system has been appropriately restricted to preclude individuals from having the ability to both initiate and approve draw downs of HOME funds, which might result in disbursement of funds in error or without proper authorization.
- § The Department has improved its environmental compliance and enforcement program over the HOME program to ensure compliance with HUD regulations.
- § Controls have been added to ensure that LBB performance measurement information for the number of households the HOME program serves by income level is adequately supported and retained.

§ TDHCA also analyzed the processes and mechanisms in place from a programmatic view point. From this review, it completed multiple projects designed to provide better guidance to Administrators and staff. The result is improved program compliance. Some of these projects include development of: new and updated manuals, a technical assistance function, and plans to address areas of program administration weakness.

The combination of these activities ensures that the Department satisfies HOME program requirements and ensures that funds are spent accountably.

### ***B. Agency Characteristics Requiring Improvement*** **Communication Regarding the Need for Affordable Housing**

While statistics and anecdotal evidence support the enormous need for affordable housing, the Department has determined that much work remains to be done to communicate that need. To that end, staff has made a strong effort to meet with elected officials and neighborhood groups to help them understand TDHCA's programs and processes and how to participate in those processes effectively. The Department has also established general and specific program email distribution lists to announce funding opportunities, hearings, or other events within the Department.

#### **Communication with Customers**

From the 2006 Report of Customer Service, the customer service element with the highest percentage of "disagree" selections was Communications and Service Timeliness, both with 16 percent of respondents disagreeing with the statements, "I can easily and quickly reach a TDHCA staff member by phone or email" and "My requests for information or assistance are answered in a timely manner." Staff believes that a primary reason for the higher dissatisfaction rates for these two elements is caused by unfamiliarity with the new TDHCA main telephone line. Staffing limitations have also led to lengthy wait times experienced by some callers to the Manufactured Housing telephone line. TDHCA is constantly making changes to improve the telephone systems, and will work to increase satisfaction with the system in the future.

### ***C. Key Obstacles***

A number of macro issues that present obstacles to TDHCA's ongoing efforts are below provided in alphabetical order.

**Environmental:** The full impact of Hurricanes Katrina and Rita on the state in 2005 has yet to be fully realized. As evidenced by the state's ongoing efforts to recover from these storms, a dedicated, continued effort is necessary to ready the state for disasters of varying scale that will only add to the already high level of need for housing assistance.

**Fiscal:** The largest obstacle TDHCA faces is the limited amount of financial resources available for affordable housing. Even with all of its resources, TDHCA can serve only about 1 percent of those in need. The most apparent obstacle to meeting underserved housing needs in Texas is a severe shortage of affordable housing stock. There is a corresponding shortage of funding sources to maintain and increase this housing stock. With few exceptions, every housing program administered by TDHCA receives far more applications than could be funded from



available resources. This is evidence that there is significant interest on the part of both the nonprofit and for-profit sectors to produce the housing that is needed. While layering, leveraging, and partnering helps to stretch available funds, there is no amount of innovation that will overcome this lack of funding.

**Geographic:** Only the Manufactured Housing Division has a somewhat statewide presence with its field office locations in Dallas-Ft. Worth, Edinburg, Houston, Lubbock, San Antonio, Tyler, and Waco. While OCI has field offices located in two of the state service regions along the Texas-Mexico border, there are no field offices for housing and community development activities in any of the state's other 11 regions. Due to fiscal and FTE constraints that make the provision of local field offices unfeasible, it is very difficult to establish and maintain a regional and local presence in a state as large as Texas.

**Human Resource:** With increased funding for both the HTC and the MFB programs, increased size of portfolio and compliance monitoring requirements by the federal government, and added legislative requirements from both the state and federal levels, TDHCA has a great need for additional staff. Unfortunately, the number of FTEs has remained static, and has not taken into consideration the increased workload.

**Lack of Organizational Capacity:** A lack of organizational capacity, in both experience and financial resources, often makes it difficult for smaller communities to address their affordable housing issues. As compared to larger metropolitan areas, these communities have fewer resources that can be used a matching funds, staff members (if any) to put together an application and oversee an application is funding is obtained.

**Local Opposition to Affordable Housing:** It is a common perception that affordable housing helps contribute to overcrowded schools, increased crime rates, traffic congestion, and general neighborhood deterioration that will lower the surrounding property values. As a result, developments requesting funding from TDHCA can experience significant opposition. TDHCA continues to work to educate the general public on affordable housing issues and encourages developers to interact directly with neighborhood organizations throughout the application process. This educational process is done with such tools as the public hearing process, TDHCA's website and publications, and the application scoring criteria for rental development funding.

**Statutory:** After 13 years of existence, TDHCA's statute is in need of review and cleanup to remove conflicting provisions and obsolete items.

**Technological:** Since the creation of TDHCA in 1991, its programs have maintained data in a number of separate databases. Since that time, data compilation has been a main obstacle to effective agency operations. TDHCA's 15-plus programs' varying reporting requirements, report formats, and data storage methods have made performance reporting and analysis difficult. A Central Database project to consolidate many of the various databases is ongoing, but the project is not scheduled to be completed for several years.

To more clearly provide information on the geographical distribution of its resources and properties, TDHCA is working to upgrade its geographical information system abilities. Financial and staff time constraints for system design and software and data purchases have limited this effort.

#### ***D. Opportunities***

##### **Human Resources**

###### Retention Programs

Over the last fiscal year, TDHCA has conducted numerous position classification studies to ensure that employees are compensated in line with Departmental, local, state, and national wage rates. This has been done through purchased wage surveys and Texas SAO Classification Studies to ensure that staff is classified correctly. Pay studies will continue to analyze, study, and identify areas of concern. Such studies help to ensure that employees are compensated at rates that are commiserate with what they would earn elsewhere.

###### Internal Communications

The Department has strengthened internal efforts to ensure that communications to employees increase through the development of an agency-wide Intranet communication page called the TDHCA Electronic Water Cooler, a quarterly agency newsletter, quarterly *HR Herald* newsletter, increased division and section meetings, agency-wide communication memos as the need arises, and Departmental agency-wide communications meetings. An events planning committee has also been recently formed to help coordinate events that will work to build morale and to recognize employee achievements.

###### Organizational Training and Employee Development

In October of 2005, TDHCA participated in an Organizational Excellence Survey sponsored by the University of Texas. The survey helps TDHCA leadership by providing information about work force issues that impact the quality of service ultimately delivered its customers. The data provide information not only about employees' perceptions of the effectiveness of their own organization, but also about employees' satisfaction with their employer. This will help management work to address TDHCA's strengths and weaknesses as seen through the eyes of its employees.

##### **Technology**

In the FY 2006-2007 biennium, the Department is undertaking three capital software development projects with the goals of better managing program and financial data, integrating and web enabling legacy systems, and improving reporting and system support capabilities. The three projects are the PeopleSoft Financials 8.8 Implementation, the Community Services/Energy Assistance Contract System, and the Section 8 Contract System, and the Department is on schedule to implement the three systems within the biennium.

A significant capital improvement need for the FY 2008-2009 biennium which would offer greater opportunities for improved customer service is a needed upgrade to the suite of systems that handle Manufactured Housing business functions. These functions support titling,

installation and tracking, tax lien processing, licensing, and consumer complaint activities. Key manufactured housing systems upgrade goals are to:

- § rebuild or purchase the systems on a platform and with a design that resolve current difficulties in maintaining the systems,
- § web enable services such as submitting titling applications, tax liens, and notices of installations, and
- § expand the use of Texas Online beyond manufactured housing license renewals to include providing customers the ability to pay for new licenses and pay titling fees online.

The internet, through the TDHCA list serve and website, continues to offer new opportunities to communicate directly with the department's customers. A recent example of the use of new internet technology is the use of a low cost, efficient online surveying program from a company called Zoomerang. In Spring 2006, this survey instrument was used to conduct both the 2006 Customer Service Survey and the 2006 Community Needs Survey online for the first time.

### **Political**

The Department welcomes the opportunity to engage in discussions with all members of the Texas Legislature regarding matters of affordable housing and community affairs. More specifically, the Department would like to increase the members' awareness of these matters as well as legislative district-specific information on funding totals and purposes within each district. Economic development in the state also relies heavily upon the existence and availability of affordable housing and the Department seeks to convey this idea to the Legislature. The increased dialogue between the Department and the state's policy-makers would provide more complete information for the Legislature as they deliberate on the important matters of affordable housing and community affairs.

### ***E. Working with Federal, State, and Local Entities to Achieve Success***

Because the efficiency of service provision and the capacity of available resources to create successful housing and housing-related endeavors can be greatly increased through partnerships with federal, state, regional, and local organizations, TDHCA strives to develop and maintain partnerships with a wide variety of groups.

### **Coordination with Federal Agencies**

As discussed in detail in the "Description of Current and Anticipated Federal Activities" contained in Section VII, TDHCA works with a number of Federal organizations to allocate its funding. These organizations include HUD, DoT, DHHS, and the DoE. TDHCA works to establish effective working relationships with these organizations' personnel at both the national and regional level. In addition to ensuring that planning and oversight efforts are accomplished successfully, these partnerships leads to joint marketing of programs, cross program client referrals, and technical assistance with workshops and other training efforts.

As a provider of services to rural Texas communities, TDHCA has an ongoing relationship with USDA Rural Development. Collaborations have been achieved through several TDHCA programs (HTC, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.

## **Coordination with State Agencies**

Below is a listing of state agencies that TDHCA works with on an ongoing basis.

- § ORCA: TDHCA and ORCA have entered into an interagency contract to jointly administer the rural regional allocation of the HTC Program. TDHCA and ORCA jointly provide outreach and training to promote rural area capacity building, develop threshold requirements and scoring criteria for the rural applications, and score the applications. ORCA also participates in the site inspection of rural developments proposed under the rural allocation. TDHCA and ORCA coordinate services in seven Colonia Self-Help Centers to provide housing and technical assistance to improve the quality of life for colonia residents.
- § Texas Interagency Council for the Homeless: TDHCA serves as a member of, and provides administrative support to, the Texas Interagency Council for the Homeless—a council comprised of six member state agencies.
- § Texas Department of Aging and Disability Services (DADS): TDHCA, in cooperation with the DADS, the Texas Health and Human Services Commission, and local PHAs, administers a housing voucher pilot program developed by HUD, the DHHS, and the Institute on Disability at the University of New Hampshire. “Project Access” helps low income persons with disabilities transition from nursing facilities into the community by providing access to affordable housing.
- § Texas State Affordable Housing Corporation (TSHAC): TDHCA has entered into a memorandum of understanding with TSAHC to share data and information in the development of the State of Texas Low Income Housing Plan and Annual Report. TSAHC also manages the bank account for TSHEP.

## **Coordination with Local and Regional Governments and Other Organizations**

In March and April of 2006, TDHCA conducted a major outreach effort to better understand local needs for specific types of funding and services. This outreach was in the form of a Community Needs Survey that was made available online to community leaders across the state. These leaders included: state senators and representatives, city mayors and county judges, city managers, housing and community development departments, US Department of Agriculture regional offices, public housing authorities, councils of governments, community action agencies, and HOPWA administrative agencies.

This survey provided the respondents with opportunity to describe their community's specific housing, assistance, and community development issues. The survey findings will help determine how to most effectively use existing resources and to develop future assistance programs.

Organizations that TDHCA continues to partner with across the state include the following.

- § CHDO Capacity Building Project: TDHCA has committed to understanding the needs of CHDOs to ensure the success of single family and multifamily developments funded by TDHCA. To that end, TDHCA partnered with Training and Development Associates' Community Building Investment II Program. The program, implemented by Training and Development Associates, provides direct technical assistance, training, and/or operating grants (pass-through funds) to existing and potential CHDOs that were awarded funding

under the program. TDHCA also commissioned a comprehensive plan to address technical assistance and capacity building needs of Texas CHDOs. Implementation of the plan will improve TDHCA's overall management and understanding of CHDOs, improve the capacity and performance of CHDOs, and establish effective systems to ensure long term quality housing production.

- § Local Utility Companies: Partnerships with financial commitments between the Weatherization Assistance Program and Southwestern Electric Power Company, Southwestern Public Service Company, Entergy, and El Paso Electric, provide energy conservation measures to very low and extremely low income utility customers.
- § NeighborWorks America. TDHCA continues to contract with NeighborWorks America to facilitate the Texas Statewide Homebuyer Education Program training. The program also collaborates with several other partners including TSAHC, JP Morgan Chase, Fannie Mae, the Texas Home of Your Own Coalition, and Texas C-BAR to implement the trainings.
- § Texas Association of Realtors: In December 2004, the Department entered into a partnership with the Texas Association of Realtors and Fannie Mae to develop an educational outreach campaign to help first time homebuyers access low-cost mortgage financing.
- § Texas Home of Your Own Coalition: TDHCA has partnered with the Home of Your Own Coalition, which is a nonprofit organization that assists persons with disabilities purchase homes, to set aside HOME funds to support homeownership for persons with disabilities.
- § Texas Homeless Network: TDHCA collaborates with the Texas Homeless Network to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve. The Department also provided funds through the network to support technical assistance workshops for the HUD Continuum of Care homeless application. The purpose of the workshops was to assist communities in creating a network of services to the homeless population.
- § Texas Loan Star Program: Through a partnership between TDHCA and CitiMortgage, the Texas Loan Star Program provides financing for a market-rate, 30-year first lien mortgage loan for qualifying borrowers residing in the state of Texas. In addition, the program provides financing for closing costs up to 8 percent of the mortgage amount through a 20-year second lien mortgage loan. As little as \$500 is required from the borrowers' own funds towards the transaction.

## ***F. Access to Key Resources***

### **Technological**

Open source software will continue to have a positive impact on the Department's IT architecture. TDHCA's IS Division has made evaluation of this alternative, which is free of software licensing costs, a standard part of the process of selecting technical products to meet agency operational needs.

### **Community/Business Resources**

There is an existing network of local service providers which represent a substantial community resource. TDHCA will continue to work closely to help support the ongoing efforts of the following types of organizations: community action agencies, community development

corporations, PHAs, CHDOs, faith-based organizations, nonprofit and for-profit entities. The dedicated efforts of these organizations allow the State to make the most of limited funding.

### **G. Employees' Attitudes and Possibilities for Change**

In October of 2005, TDHCA participated in the Survey of Organizational Excellence sponsored by the University of Texas. This survey forms the basis of the following observations concerning TDHCA's strengths and weaknesses in the eyes of its employees.

In reviewing the following sections, the following scoring categorizations are useful:

- § Scores of 400 or higher indicate areas of substantial strength.
- § Scores above 300 indicate employees perceive the issue more positively than negatively.
- § Scores below 300 indicate employees perceive the issue more negatively than positively.
- § Scores below 200 indicate areas of concern for the Department. They should receive immediate attention. No items in the TDHCA survey scored below the 200 range.

#### **Strengths**

The Department's strengths lie in the perception employees have about their Strategic, Physical Environment, Quality, External, and Availability. They are discussed below in the order of scores received, from highest to lowest.

- § **Strategic (384):** This reflects employees' thinking about how the Department's Strategic Orientation culture responds to external influences that should play a role in defining the mission, vision, services and products. This implies the ability of the Department to seek out and work with relevant external entities.
- § **Physical Environment (377):** Describes the employees' perceptions of the total work atmosphere and the degree to which employees believe it is a "safe" working environment. The agency has continued to invest attention to the issues of office space, equipment, parking, and the security of the building and thus, security of the employees.

Note: The surveying effort occurred prior to the Department's move to a new building with substantially different working environment and parking situation.

- § **Quality (375):** Describes the degree to which the quality principles, such as customer service and continuous improvement are a part of the organizational culture.
- § **External (373):** This category looks at how information flows into the Department from external sources, and conversely, how information flows from inside the organization to external constituents. It addresses the ability of Department staff to synthesize and apply external information to work performed by the Department.
- § **Availability (369):** This category addresses the extent to which employees feel that they know where to go to get needed information, and when they get it, that they know how to use and what to do with it

#### **Weaknesses**

Areas where TDHCA did not score as high were Fair Pay, Internal, Team Effectiveness, Supervisor Effectiveness, and Change Orientation issues as described below from lowest score to highest scores. Of these categories, only the issue of Fair Pay is perceived as a true weakness - viewed more negatively than positively by employees. The other four categories all

received scores above 300 and employees view these categories as more positive than negative.

- § **Change Oriented (334):** This category describes employees' perceptions of the Department's capability and readiness to change based on new information and ideas. It also addresses the Department's aptitude to process information timely and to act upon it effectively. Most importantly, it also examines the organization's capacity to draw upon, develop, and utilize the strengths of all in the Department for improvement.
- § **Supervisor Effectiveness (330):** This category provides insight into the nature of supervisory relationships in the Department, including the quality of communications, leadership, thoroughness, and fairness that employees perceive exists between supervisors and them. This category helps organizational leaders determine the extent to which supervisory relationships are a positive element of the organization.
- § **Team Effectiveness (327):** This describes employees' perceptions of the people within the Department with whom they work on a daily basis to accomplish their jobs (the work group or team). Also, it gathers data about how effective employees think their work group is as well as the extent to which the Department's environment supports cooperation among employees.
- § **Internal (326):** This captures the flow of communication within the Department from the top down, bottom up, and across divisions. It addresses the extent to which communication exchanges are open and candid and move the Department toward goal achievement.
- § **Fair Pay (274):** Fair Pay is a common negative perception across most, if not all, state agencies. This category addresses perceptions of the overall compensation package offered by the Department. It describes how well the compensation package "holds up" when employees compare it to similar jobs in other organizations. This should not come as a surprise to the Department, based on the last legislative session's attention to both employee compensation and benefits.

### **Strategies for Improvement**

The Department has undertaken many efforts to capitalize on the information derived from the 2005 Survey of Organizational Excellence and from prior years. Below are some of the initiatives that the Department has implemented to strengthen our weaknesses and enhance our strengths.

#### Improving Weaknesses

- § **Fair Pay:** Over the last fiscal year, TDHCA has conducted numerous position classification studies to ensure that employees are compensated in line with Departmental, Austin, Texas, and national wage rates. This has been done through purchased wage surveys and Texas SAO Classification Studies to ensure that staff is classified correctly. Pay studies will continue to analyze, study, and identify areas of concern. Additionally, the Department established a Pay Equity Review Committee to help ensure that proposed salary actions were fair and equitable when compared within the employee's division and across the Department.
- § **Internal:** The Department has strengthened internal efforts to ensure that communications to employees increase through the development of an agency-wide Intranet communication page called the TDHCA Electronic Water Cooler, a quarterly agency newsletter, quarterly

*HR Herald* newsletter, increased division and section meetings, agency-wide communication memos as the need arises, and Departmental agency-wide communications meetings.

### Enhancing Strengths

- § TDHCA constantly works to provide a safe working environment for all employees. The Safety and Risk Management Program has been strengthened to provide a safe and risk free environment for employees. The results of the extra attention being paid to safety and risk have resulted in the agency being awarded the GOLD award for Safety last year and a near perfect inspection from the State Office of Risk Management this year. A security officer is located at the front doors of the headquarters building. Suite doors are accessible only through security access cards. The security officer's number has been placed on the agency's website and is readily accessible for all employees.
- § The Department has instilled a culture of transparency, professionalism, and integrity. This requires open communications, the ability to handle and process external review, and acceptance of client suggestions.
- § Efforts have been made to enhance employee skills by supporting training opportunities that enhances their knowledge in their current positions and making various classes/trainings available to staff.
- § A year ago, an Internship Hiring Process standard operating procedure (SOP) was written and implemented to provide management with an additional tool to bring new talent into their program area. Using that SOP, a "grow our own" pilot program has brought interns into program divisions to through a summer rotational program.



# **TDHCA GOALS, OBJECTIVES, AND STRATEGIES AND THE ASSOCIATED OUTCOME, EFFICIENCY, EXPLANATORY, AND OUTPUT MEASURES**

## Goal 1.

To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families.

### Objective 1.

Make loans, grants, and incentives available to fund eligible housing activities and preserve/create single and multifamily units for very low, low, and moderate income households.

#### Outcome Measures

1. Percent of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
2. Percent of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
3. Percent of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
4. Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
5. Percent of Multifamily Rental Units Benefiting Very Low, Low and Moderate Income Households
6. Percent of Single Family Finance Division Funding for Affordable Housing Assistance that is Allocated within Established Time Frames
7. Percent of Multifamily Finance Division Funding for Affordable Housing Assistance that is Allocated within Established Time Frames

#### Strategy 1.

Provide federal mortgage loans, through the department's Mortgage Revenue Bond (MRB) Program, which are below the conventional market interest rates to very low, low, and moderate income homebuyers.

#### Efficiency Measures

1. Average Loan Amount per Household Assisted through the First Time Homebuyer Program
2. Average Loan Amount per Household Assisted through the Down Payment Assistance Program
3. Average Loan/Grant Amount per Household Assisted with New Construction Activities
4. Average Loan/Grant Amount per Household Assisted with Rehabilitation Activities

#### Explanatory Measures

1. Number of Households Assisted through the First Time Homebuyer Program
2. Number of Households Assisted through the Down Payment Assistance Program
3. Number of Households Assisted through New Construction Activities
4. Number of Households Assisted through Rehabilitation Activities

#### Output Measures

1. Number of Households Assisted with Single Family Mortgage Revenue Bond Funds

#### Strategy 2.

Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for very low and low income families, focusing on the construction of single family housing in rural areas of the state through partnerships with the private sector.

#### Efficiency Measures

1. Average Amount per Household for New Construction Activities
2. Average Amount per Household for Rehabilitation Activities
3. Average Amount per Household Assisted with CHDO Mortgage Financing and Homebuyer Assistance Funds
4. Average Amount per Household Assisted with Non-CHDO Mortgage Financing and Homebuyer Assistance Funds
5. Average Amount per Household Receiving Tenant-based Rental Assistance

#### Explanatory Measures

1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities
3. Number of Households Assisted through CHDO Mortgage Financing/Homebuyer Assistance
4. Number of Households Assisted through Non-CHDO Mortgage Financing/Homebuyer Assist
5. Number of Households Assisted through Tenant-based Rental Assistance

#### Output Measures

1. Number of Households Assisted with Single Family HOME Funds

#### Strategy 3.

Provide state housing loans and grants through the HTF for very low and low income households.

#### Efficiency Measures

1. Average Amount per Household for New Construction Activities
2. Average Amount per Household for Rehabilitation Activities

#### Explanatory Measures

1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities

#### Output Measures

1. Number of Households Assisted through the Single Family HTF Program

#### Strategy 4.

Provide federal rental assistance through Section 8 certificates and vouchers for very low income households.

#### Efficiency Measures

1. Average Amount Tenant-based Rental Assistance per Household

#### Output Measures

1. Number of Households Assisted through Statewide Housing Assistance Payments Program

Strategy 5.

Provide federal tax credits to develop rental housing for very low and low income households.

Efficiency Measures

1. Average Amount of Credits per Household for New Construction Activities
2. Average Total Development Costs per Household for New Construction Activities
3. Average Amount of Credits per Household for Rehabilitation Activities
4. Average Total Development Costs per Household for Rehabilitation Activities

Explanatory Measures

1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities

Output Measures

1. Number of Households Assisted through the HTC Program

Strategy 6.

Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for very low and low income families, focusing on the construction of multifamily housing units in rural areas of the state through partnerships the private sector.

Efficiency Measures

1. Average Amount per Household for CHDO New Construction Activities
2. Average Total Development Costs per Household for CHDO New Construction Activities
3. Average Amount per Household for Non-CHDO New Construction Activities
4. Average Total Development Costs per Household for Non-CHDO New Construction Activities
5. Average Amount per Household for CHDO Rehabilitation/Acquisition Activities
6. Average Total Development Costs per Household for CHDO Rehabilitation/Acquisition Act
7. Average Amount per Household for Non-CHDO Rehabilitation/Acquisition Activities
8. Average Total Development Costs per Household for Non-CHDO Rehabilitation/Acquisition Activities

Explanatory Measures

1. Number of Households Assisted through CHDO New Construction Activities
2. Number of Households Assisted through Non-CHDO New Construction Activities
3. Number of Households Assisted through CHDO Rehabilitation/Acquisition Activities
4. Number of Households Assisted through Non-CHDO Rehabilitation/Acquisition Activities

Output Measures

1. Number of Households Assisted with Multifamily HOME Funds

Strategy 7.

Provide state housing loans and grants through the HTF for very low and low income households.

Efficiency Measures

1. Average Amount per Household for New Construction Activities
2. Average Total development Costs per Household for New Construction Activities

3. Average Amount per Household for Rehabilitation Activities
4. Average Total Development Costs per Household for Rehabilitation Activities

#### Explanatory Measures

1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities

#### Output Measures

1. Number of Households Assisted through the Multifamily HTF Program

#### Strategy 8.

Provide federal mortgage loans through the department's Mortgage Revenue Bond (MRB) program for the acquisition, restoration, construction and preservation of multifamily rental units for very low, low and moderate income families.

#### Efficiency Measures

1. Average Amount per Household for New Construction Activities
2. Average Total Development Costs per Household for New Construction Activities
3. Average Amount per Household for Rehabilitation/Acquisition Activities
4. Average Total Development Costs per Household for Rehabilitation Activities

#### Explanatory Measures

1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities

#### Output Measures

1. Number of Households Assisted through the Multifamily Mortgage Revenue Bond Program

#### Goal 2.

Promote improved housing conditions for extremely LI, VLI, and low income households by providing information and technical assistance.

#### Objective 1.

Provide information and technical assistance regarding affordable housing resources and community support services.

#### Outcome 1.

Percent of Short Term and Long Term Information and Technical Assistance Requests Fulfilled within Established Time Frames

#### Strategy 1.

Provide information and technical assistance to the public through the Center for Housing Research, Planning, and Communications.

#### Output Measures

1. Number of Information and Technical Assistance Requests Completed
2. Number of Short Term Information and Technical Assistance Requests Completed
3. Number of Long Term Information and Technical Assistance Requests Completed

#### Objective 2.

Promote and enhance homeownership opportunities along with the development of safe neighborhoods and effective community services for colonia residents and/or residents of LI, VLI, and ELI along the Texas-Mexico border.

Strategy 1.

Provide technical assistance to colonias through field offices.

Output Measures

1. Number of On-site Technical Assistance Visits Conducted Annually from the Field Offices
2. Number of Colonia Residents Receiving Technical Assistance Annually through the Colonia Field Offices
3. Number of Entities and/or Individuals Receiving Informational Resources

Goal 3.

Improve living conditions for the poor and homeless and reduce cost of home energy for very low income Texans.

Objective 1.

To ease hardships of poverty and homelessness for 16 percent of the population of very low income persons each year.

Outcome Measures

1. Percent of persons in Poverty That Received Homeless and Poverty-related Assistance
2. Percent of Emergency Shelters Assisted
3. Percent of persons Assisted That Achieve Incomes above Poverty Level

Strategy 1.

Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

Efficiency Measures

1. Average Agency Administrative Cost per person Assisted

Explanatory Measures

1. Total Number of Emergency Shelters
2. Total Number of persons in Poverty

Output Measures

1. Number of persons Assisted through Homeless and Poverty-related Funds
2. Number of persons Assisted That Achieve Incomes above Poverty Level
3. Number of Shelters Assisted

Objective 2.

To reduce cost of home energy for 6 percent of very low income households each year at or below 125 percent of poverty

Outcome 1.

Percent of Very Low Income Households Receiving Energy Assistance

Strategy 1.

Administer state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and general assistance to very low income households for heating and cooling expenses and energy-related emergencies.

Efficiency Measures

1. Average Cost per Household Served
2. Average Cost per Home Weatherized

Explanatory Measures

1. Number of Very Low Income Households Eligible for Energy Assistance

Output Measures

1. Number of Households Assisted through the Comprehensive Energy Assistance Program
2. Number of Dwelling Units Weatherized by the Department

Goal 4.

Ensure compliance with Department of Housing and Community Affairs federal and state program mandates.

Objective 1.

Administer and monitor housing developments and subrecipient contracts to determine compliance with federal and state program requirements.

Outcome Measures

1. Percent of Multifamily and/or Single Family Rental Properties Monitored Annually
2. Percent of Contracts Administered Annually by the PMC Division
3. Percent of Properties Monitored by the PMC Division that are in Material Non-compliance

Strategy 1.

Monitor and inspect for federal and state housing program requirements.

Efficiency Measures

1. Average Cost to Monitor a Rental Property

Explanatory Measures

1. Total Number of Developments in the Compliance Monitoring Portfolio
2. Total Number of Units Administered

Output Measures

1. Total Number of Monitoring Reviews Conducted
2. Total Number of Desk Reviews Conducted
3. Total Number of Onsite Reviews Conducted
4. Total Number of Information and Technical Assistance Requests Completed
5. Total Number of Application-related Instruments Processed

Strategy 2.

Administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

Efficiency Measures

1. Average Cost to Monitor a Contract

Explanatory Measures

1. Number of Contracts Administered

#### Output Measures

1. Total Number of Monitoring Reviews Conducted
2. Number of Single Audit Reviews Conducted
3. Total Number of Desk Reviews Conducted
4. Total Number of Onsite Reviews Conducted
5. Total Number of Information and Technical Assistance Requests Completed

#### Goal 5.

Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

#### Objective 1.

Operate a regulatory system to ensure responsive handling of Statement of Ownership and Location and license applications, inspection reports, and complaints as follows: 25 percent installation inspections; 97 percent of applications within established timeframes; and 99 percent of consumer complaint inspections within 30 calendar days of a request.

#### Outcome Measures

1. Percent of Applications Processed within Established Time Frames
2. Percent of Consumer Complaint Inspections Conducted within 30 Days of Request
3. Percent of Complaints Resulting in Disciplinary Action
4. Percent of Documented Complaints Resolved within Six Months
5. Recidivism Rate for Those Receiving Disciplinary Action

#### Strategy 1.

Provide services for Statement of Ownership and Location and licensing in a timely and efficient manner.

#### Efficiency Measures

1. Average Cost per Manufactured Housing Statement of Ownership and Location Issued

#### Explanatory Measures

1. Number of Manufactured Homes of Record in Texas

#### Output Measures

1. Number of Manufactured Housing Statements of Ownership and Location Issued
2. Number of Licenses Issued

#### Strategy 2.

Conduct inspections of manufactured homes in a timely and efficient manner.

#### Efficiency Measures

1. Average Cost per Inspection

#### Explanatory Measures

1. Number of Installation Reports Received
2. Number of Installation Inspections with Deviations

#### Output Measures

1. Number of Routine Installation Inspections Conducted
2. Number of Non-routine Inspections Conducted

Strategy 3.

Process consumer complaints, conduct investigations, and take administrative actions to protect general public and consumers.

Efficiency Measures

1. Average Cost per Complaint Resolved
2. Average Time for Complaint Resolution (Days)

Explanatory Measures

1. Number of Jurisdictional Complaints Received

Output Measures

1. Number of Complaints Resolved

Strategy 4.

Provide for the processing of occupational licenses, registrations, or permit fees through TexasOnline. Estimated and nontransferable.

Goal 6.

Indirect administrative and support costs.

Objective 1.

Indirect administrative and support costs.

Strategies

1. Central administration.
2. Information resource technologies.
3. Operating/support.



## **APPENDIX A. DESCRIPTION OF TDHCA'S PLANNING PROCESS**

TDHCA's planning process involves a comprehensive approach that includes cooperation, assessment, analysis, and public input. The agency's planning process is used for activities such as developing or revising a rule, creating required state or federal reporting documents, and establishing long-term planning documents. This process centers around forming agency policies and programs on the basis of reliable data, staff expertise, and informed public input from consumers, advocates, housing providers, and legislative members.

In general, the planning process involves the following steps:

1. review of legislative and/or regulatory requirements,
2. development of a timeline,
3. data collection
4. analysis and policy development,
5. legal and executive review,
6. public comment acceptance and response
7. board review and approval (if appropriate), and
8. implementation.

The development of policy for a planning document is used as an example in the following discussion. The planning process begins with the review of the legislative and/or regulatory requirements by legal staff and the appropriate divisional staff. After the requirements are determined, divisional staff will establish a timeline for the planning process through implementation.

A focused effort is made to collect information required to develop the policy. Appropriate staff is consulted for their expertise and to request any required supporting TDHCA data. A round table discussion with members of the public may be held to insure that a variety of viewpoints on the relevant issues are obtained. Relevant demographic, economic, and subjective data is also typically assembled from outside sources. This data is obtained from a wide variety of appropriate sources, such as the US Census, TSDC, Real Estate Center, surveys, and interviews.

The assembled data are then analyzed and used to develop preliminary policies to address the identified need. These policies are developed to be consistent with the goals, objectives, and performance measures as outlined in the TDHCA Plan and reported to the LBB and the Governor's Office of Budget, Planning, and Policy. After the policy has been developed, a document is drafted to communicate it to all stakeholders. The draft is then reviewed by legal and executive staff. Any outstanding issues are resolved, and the document (or a summary of the document) is published in the *Texas Register* for public comment. Announcements about the document and the public comment period are also sent out over the agency's list serve and by any legislatively required means.

While quantifying the housing needs of Texas is vital to the TDHCA planning process, it is also essential to reconcile the data with local needs to establish regional priorities. Because of this, the next phase of planning revolves around dialogue with consumers and interested parties. All data and resulting conclusions are made available to the public followed by public comment periods and public hearings.

In addition to the many special topic hearings held each year, TDHCA holds a set of 13 consolidated public hearings annually (Consolidated Hearings) to cover all aspects of the Department's services and the provision of those services. The Consolidated Hearings are held throughout the state—one per Uniform State Service Region. The hearings ensure that TDHCA customers have direct contact with agency staff. The discussion at the public hearings focus on the state's affordable housing and community service needs, agency programs, and agency policies as outlined in the *State of Texas Low Income Housing Plan and Annual Report* and the *State of Texas Consolidated Plan*. Approximately 293 organizations or members of the public attended the 2005 and 2006 program year Consolidated Hearings.

TDHCA strongly encourages public involvement in the agency's policy development process. In addition to public hearings, written comment is accepted by mail and email during the public comment periods. At the close of the public comment period, public input is reviewed and reasoned responses are developed. All public comment, both written comment and the hearing transcripts, is published on the agency website with the reasoned responses.

After all information is compiled, policies developed, and public comment is taken, the planning document is finalized. General agency policies are outlined in the *State of Texas Low Income Housing Plan*. Individual programs may have specific documents that govern their activities (i.e., the Qualified Allocation Plan for the HTC Program).

Where required by statute or the Board, documents are brought before the Department's Board for approval. The Department's Board meets once a month to review funding and policy recommendations and reports. All department policies are brought before the Board and are open for public comment at the meeting. The final document is posted for public review seven days before the meeting. Action is taken on the item by the Board. If approved, the policy will be implemented.

For the programs that are competitive and open to various nonprofit and for-profit entities, Department staff hold application and implementation workshops. These workshops are used to inform program customers of the services available from TDHCA, as well as train organizations on the implementation of the programs for which they have successfully applied. These workshops present the public the opportunity to address program policies.

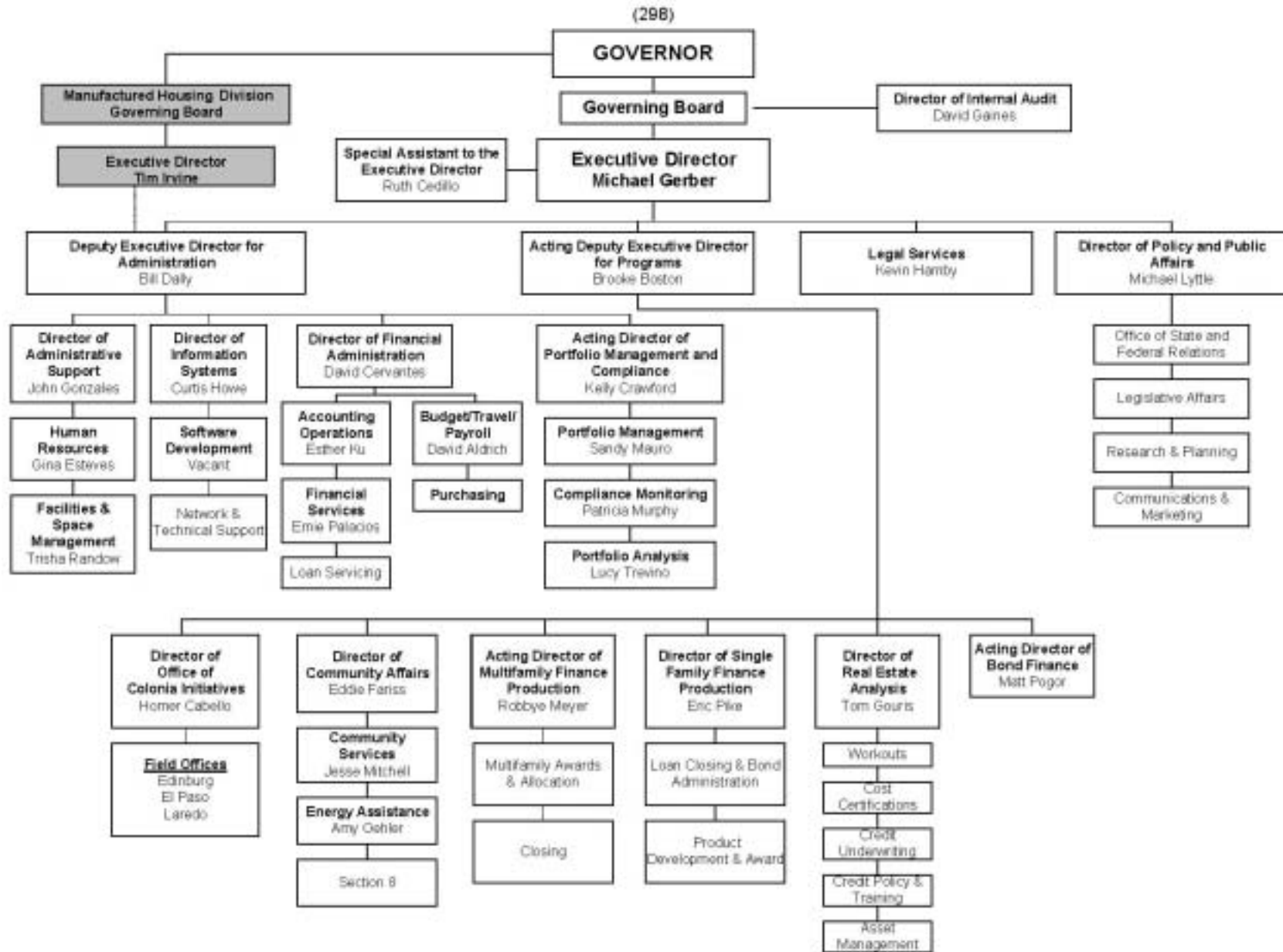
In addition to the planning process for rules, policies, and reports, TDHCA also has additional tools it uses for agency planning. One tool used is performance measurement. Performance measurement allows the agency to review its effectiveness. Agency and program effectiveness feeds into the strategic planning process by showing goals that have been met and by showing areas that need additional attention.

TDHCA also uses the Legislative Appropriations Request as a planning component. Funding by agency strategy allows the agency to express the priorities of the strategic plan in financial terms. Strategies, which are ways to accomplish key objectives, become the basic building blocks for the budgeting and expenditure of state funds. Objectives, strategies, and measures funded in the LAR relate specifically to the primary functions or areas of the agency.

Finally, TDHCA uses enterprise risk management as part of the agency's planning process. Risk management identifies and measures critical operational, strategic, and environmental risks. The process involves the following steps: identify key processes, identify risks that threaten key processes, rate severity and probability of each risk, and decide what internal controls can be used to avoid/reduce risk. The results of this assessment are then used to implement risk mitigation. This activity is an important component of strategic planning because it helps to clarify the agency's key processes and ensure that they are successfully maintained.

TDHCA continues to work toward a comprehensive approach to planning, focusing on its missions, goals, and objectives, and establishing meaningful performance measures to report its progress toward those goals and objectives.

## APPENDIX B. CURRENT ORGANIZATIONAL CHART



## Appendix C. Five-year Projections for Outcomes

Key Outcome Measures are shown in **bold**.

	2006	2007	2008	2009	2010	2011
<b>1 Increase Availability of Safe/Decent/Affordable Housing</b>						
<b>1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</b>						
<b>% of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance</b>	1.21%	1.29%	1.32%	1.39%	1.47%	1.55%
<b>% of Households/Individuals of Very Low Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance</b>	0.27%	0.30%	0.27%	0.27%	0.27%	0.28%
<b>% of Households/Individuals of Low Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance</b>	4.47%	4.74%	4.95%	5.24%	5.56%	5.90%
<b>% of Households/Individuals of Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance</b>	0.07%	0.09%	0.07%	0.07%	0.07%	0.07%
<b>% of Multi-family Rental Units Benefiting Very Low, Low and Moderate Income Households</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>% of Single Family Finance Division Funding for Affordable Housing Assistance that Is Allocated Within Established Time Frames</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>% of Multifamily Finance Division Funding for Affordable Housing Assistance that Is Allocated Within Established Time Frames</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>2 Provide Information and Technical Assistance</b>						
<b>1 Provide Info &amp; Technical Assistance for Housing and Community Services</b>						
<b>% of Short Term and Long Term Information and Technical Assistance Requests Fulfilled Within Established Time Frames</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>3 Improve Poor/Homeless Living Conditions &amp; Reduce VLI Energy Costs</b>						
<b>1 Ease Hardships for 16% of Homeless &amp; Very Low Income Persons Each Year</b>						
<b>% of Persons in Poverty that Received Homeless and Poverty-related Assistance</b>	12.32%	12.32%	12.28%	12.28%	12.28%	12.28%
<b>% of Emergency Shelters Assisted</b>	7.90%	7.90%	7.80%	7.80%	7.80%	7.80%
<b>% of Persons Assisted that Achieve Incomes above Poverty Level</b>	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
<b>2 Reduce Cost of Home Energy for 6% of Very Low Income Households</b>						
<b>% of Very Low Income Households Receiving Energy Assistance</b>	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
<b>4 Ensure Compliance with Program Mandates</b>						
<b>1 Monitor Developments and Subrecipient Contracts for Compliance</b>						
<b>% of Multifamily and/or Single Family Rental Properties Monitored Annually</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>% of Contracts Administered Annually by the PMC Division</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>% of Properties Monitored by the PMC Division that Are in Material Non-compliance</b>	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

5 Regulate Manufactured Housing Industry	2006	2007	2008	2009	2010	2011
<b>1 Operate a Regulatory System Ensure Responsive SOL/Licensing/Other</b>						
% of Applications Processed within Established Time Frames	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>% of Consumer Complaint Inspections Conducted within 30 Days of Request</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>% of Complaints Resulting in Disciplinary Action</b>	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
% of Documented Complaints Resolved within Six Months	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Recidivism Rate for those Receiving Disciplinary Action	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

## **APPENDIX D. LIST OF MEASURE DEFINITIONS**

(This section is only included in copies to the Governor's Office and LBB.)

### **OUTCOME MEASURE DEFINITIONS**

#### **1.1.1 Outcome**

**Definition:** The percentage of households/individuals of very low, low, and moderate income that need housing and subsequently receive housing or housing related assistance represents services provided by the Housing Trust program, the HOME program, the Section 8 program, the HTC program, the Single Family Bond program, and the MFB program.

**Data Limitations:** The Department contracts with local entities to administer its various housing programs. The intake, eligibility review and actual service is provided at the local level. The reporting of households served is provided by the contracted entity. Reported performance is considered reliable.

**Data Source:** The number of households served is maintained by each housing program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The percent of households assisted is based on: (numerator) an actual count of households/individuals using TDHCA's housing programs and (denominator) the most recent census data of Texans who need affordable housing.

**Purpose:** This measure addresses the extent to which services are provided by all housing programs and calculates the level of service compared to the need. This measure is important because it identifies the total population in need and of that population identifies how many households/individuals the housing programs were able to serve.

#### **1.1.2 Outcome**

**Definition:** The percentage of very low income households receiving housing assistance represents services provided by the Housing Trust program, the HOME program, the Section 8 program, the HTC program, the Single Family Bond program, and the MFB program.

**Data Limitations:** The Department contracts with local entities to administer its various housing programs. The intake, eligibility review and actual service is provided at the local level. The reporting of households served is provided by the contracted entity. Reported performance is considered reliable.

**Data Source:** The number of very low income households served is maintained by each housing program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The percent of households of very low income served with housing or housing related assistance is based on: (numerator) an actual count of households/individuals using TDHCA's housing programs and (denominator) the most recent census data of very low income Texans who need affordable housing.

**Purpose:** The measure addresses the extent to which services are provided by all housing programs for very low income and calculates the level of service provided to the very low income population.

### 1.1.3 Outcome

**Definition:** The percentage of low income households receiving housing assistance represents services provided by the Housing Trust program, the HOME program, the Section 8 program, the HTC program, the Single Family Bond program, and the MFB program.

**Data Limitations:** The Department contracts with local entities to administer its various housing programs. The intake, eligibility review and actual service is provided at the local level. The reporting of households served is provided by the contracted entity. Reported performance is considered reliable.

**Data Source:** The number of low income households served is maintained by each housing program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The percent of households of low income served with housing or housing related assistance is based on: (numerator) an actual count of households/individuals using TDHCA's housing programs and (denominator) the most recent census data of low income Texans who need affordable housing.

**Purpose:** The measure addresses the extent to which services are provided by all housing programs for low income and calculates the level of service provided to the low income population. This measure is important because it identifies, of the number of low income, how many low income households/individuals the housing programs were able to serve.

### 1.1.4 Outcome

**Definition:** The percentage of moderate income households receiving housing assistance represents services provided by the Single Family Bond program.

**Data Limitations:** The Department contracts with a Master Servicer to maintain data of households served. The intake, eligibility review and actual service is provided at the local level. The reporting of households served is provided by the Master Servicer. Reported performance is considered reliable.

**Data Source:** The number of moderate income households served is maintained by the Single Family Bond program and reported quarterly. Data is provided by the Master Servicer, entered by staff and maintained in the agency's computer system.

**Methodology:** The percent of households of moderate income served with housing or housing related assistance is based on: (numerator) an actual count of moderate income households/individuals using TDHCA's housing programs and (denominator) the most recent census data of moderate income Texans who need affordable housing.

**Purpose:** The measure addresses the extent to which services are provided by the Single Family Bond program, which is the only housing program serving the moderate income population. This measure is important because it identifies, of the number of moderate income, how many moderate income households/individuals the Single Family Bond program was able to serve.

### 1.1.5 Outcome

**Definition:** Under the multifamily bond programs, developers/borrowers can designate either 20% of the units in each property at 50% area median family income or 40% of the units at 60% area median family income. It is not possible to determine on a projection basis the overall percentage of units within these categories that will be financed in a given year.



**Data Limitations:** The number of units available for very low and low income households is reported by the project developer. Performance depends on the allocation of volume cap by state lottery conducted by the Texas Bond Review Board.

**Data Source:** The number of very low and low income households served is maintained by the MFB program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** To calculate the percentage of units financed at the end of the year for any category, divide the number of total units within each category by the number of total units financed.

**Purpose:** The measure addresses the number of units in a development that have been designated for very low and low income families. This measure is important because it measures how effectively the MFB program has been in providing rental units to very low and low income households/individuals.

#### 1.1.6 Outcome

**Definition:** This measure tracks the percentage of funds allocated by the single family finance division within established time frames.

**Data Limitations:** No limitations.

**Data Source:** The allocation of funds is tracked by the division for each separate program. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The percent of funds allocated on time will be based on (numerator) total funds to be allocated by the deadline established for each program and (denominator) the total amount of funds allocated.

**Purpose:** To ensure that the agency is distributing housing funds from several sources in a timely manner.

#### 1.1.7 Outcome

**Definition:** This measure that tracks the percentage of funds allocated by the multifamily finance division within established time frames.

**Data Limitations:** No limitations

**Data Source:** The allocation of funds is tracked by the division for each separate program. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The percent of funds allocated on time will be based on (numerator) total funds allocated by the deadline established for each program and (denominator) the total amount of funds allocated.

**Purpose:** To ensure that the agency is distributing housing funds from several sources in a timely manner.

#### 2.1.1 Outcome

**Definition:** This measure tracks the percentage of information and technical assistance requests completed within established time frames by the Center for Housing Research, Planning, and Communications.

**Data Limitations:** No limitations

**Data Source:** The receipt and response to requests is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The percent of requests completed on time will be based on (numerator) total requests completed by the deadline established and (denominator) the total amount of requests completed.

**Purpose:** To ensure that the Department is responding to consumer information and technical assistance requests in a timely manner.

### 3.1.1 Outcome

**Definition:** The percentage of very low income persons (persons at or below 125% of poverty) receiving assistance divided by the total number of persons at or below 125% of poverty in Texas. Information on the number of persons assisted is submitted to the Department by subrecipients.

**Data Limitations:** No limitations of data.

**Data Source:** The percent of very low income persons (at or below 125% of poverty) that received assistance through all Community Services programs as reported in the monthly performance reports submitted to the Department by subrecipients. Subrecipients track the data manually on a daily basis and submit it to the Department in a monthly performance report.

**Methodology:** Based on the monthly performance reports submitted by subrecipients, the Department determines the percent of very low income persons served by dividing the total number of low income persons (at or below 125% of poverty) by the total number of persons at or below 125% of poverty in Texas: 4,172,890 as per 2000 US Census. Monthly performance information is entered in the Department's database and maintained by the Department.

**Purpose:** The measure identifies the percent of the very low income population (persons at or below 125% of poverty) assisted by Community Services programs. This measure is important because it identifies the impact Community Services programs have had on the target population.

### 3.1.2 Outcome

**Definition:** The percent of emergency shelters assisted is based on the number of shelters/service providers assisted through ESGP funds during the fiscal year. Each project funded through ESGP subrecipients is counted as a shelter assisted.

**Data Limitations:** No limitations of data.

**Data Source:** The total number of shelters is determined by counting the number of shelters/services providers included in the ESGP mailing list maintained by the Community Services section. The Department counts each project funded through ESGP subrecipients as a shelter assisted. The Department tracks this information from contract records.

**Methodology:** The percent of emergency shelters assisted is based on the number of shelters/service providers assisted through ESGP funds during the fiscal year divided by the number of homeless shelters/service providers that exist in Texas.

**Purpose:** The measure identifies the percent of all homeless shelters/service providers in Texas that receive assistance in a fiscal year. This measure is important because it indicates how effective the program has been in providing assistance to emergency shelters in the State.

### 3.1.3 Outcome

**Definition:** The percent of persons assisted in the CSBG program that achieve incomes above 125% of poverty is the number of persons assisted that achieve incomes above 125% of

poverty, and maintain that income level for a minimum of 90 days, divided by the total number of persons at or below 125% of poverty in Texas.

Data Limitations: No limitations.

Data Source: Subrecipients report this information in their monthly performance report. The data is entered on the Department's database and maintained by the Department.

Methodology: The percentage of very low income persons (persons at or below 125% of poverty) maintaining that level of income for a minimum of 90 days divided by the total number of persons at or below 125% of poverty in Texas (4,172,890). Information on the number of persons assisted is submitted to the Department by subrecipients.

Purpose: Subrecipients are required to track the number of persons assisted that achieve incomes above 125% of poverty as a result of efforts by the subrecipients.

### 3.2.1 Outcome

Definition: The percentage of very low income households receiving energy assistance represents all Energy Assistance programs. Information on the number of households assisted is submitted to the Department by subrecipients.

Data Limitations: No limitations of data.

Data Source: The percent of very low income households that received energy assistance through all Energy Assistance programs is based on data reported in the Monthly Funding Financial Performance Reports and the Progress Expenditure/Monthly Fund Request Reports. According to the publication entitled "LIHEAP Home Energy Notebook for Fiscal Year 2001", issued April 7, 2003 to LIHEAP grantees by the Office of Community Services of the US Department of Health and Human Services, the number of income-eligible households for Texas is 1,324,059.

Methodology: The data is entered in an automated system and maintained by the Department. The percent of very low income households receiving energy assistance is calculated by dividing the number of very low income households receiving CEAP or WAP assistance by the most current census data representing the number of households at or below 125% of poverty in Texas (1,324,059 income-eligible households).

Purpose: The measure identifies the percent of the very low income population assisted by Energy Assistance programs. This measure indicates how effectively the Department has provided energy related services to the target population and the impact of the programs statewide.

### 4.1.1 Outcome

Definition: Measure represents the percentage of HTC (HTC), Affordable Housing Disposition, HOME, Tax-Exempt Bond, HTF, and other affordable housing rental projects monitored annually through on-site, in-depth, or desk reviews of tenant files. Onsite reviews also include a property and unit inspection.

Data Limitations: No limitations of data.

Data Source: Projects are monitored through on-site, in-depth, or desk reviews. Data is gathered from Departmental databases.

Methodology: The percent is derived by dividing the actual number of rental projects monitored by the total number of rental projects required to be monitored in the TDHCA Compliance portfolio.

Purpose: The Compliance section was formed to address long term compliance responsibilities of the various housing programs administered by TDHCA. The measure is important because it identifies the percent of projects monitored. Each program dictates the frequency and type of monitoring.

#### 4.1.2 Outcome

Definition: The percent of contracts administered by PMC. Administration means ongoing contract administration activities and/or compliance monitoring reviews.

Data Limitations: No limitations

Data Source: Contracts are tracked through Department databases.

Methodology: The percent is derived by dividing the actual number of contracts administered by the number of contracts required to be administered in the contract portfolio.

Purpose: This measure identifies the percentage of contracts administered by PMC.

#### 4.1.3 Outcome

Definition: Measure represents the percentage of HTC (HTC), Affordable Housing Disposition, HOME, Tax-Exempt Bond, HTF, and other affordable housing rental developments monitored that are determined to be in material non-compliance. Material non-compliance is identified through on-site monitoring reviews and in-depth desk reviews.

Data Limitations: No limitations.

Data Source: Information is tracked in Departmental databases.

Methodology: The percent is derived by dividing the total number of rental developments in material non-compliance by the number of rental developments monitored.

Purpose: This measure will report the developments that are in "material non-compliance" status.

#### 5.1.1 Outcome

Definition: The percentage of Statement of Ownership & Location (SOL) and License applications processed within established time frames as opposed to those that are not.

Data Limitations: No limitations of data.

Data Source: Both the Statement of Ownership & Location and Licensing functional areas of the Manufactured Housing Division review a random selection of 25 or more applications (per month) within a reporting period.

Methodology: To obtain the percentage, divide the number of applications that are processed within the required time frame by the total number reviewed by random selection. The percentage is attained by combining the results of the SOL and Licensing functional areas. Information is manually prepared.

Purpose: Applications are processed within established time frames. The time frame for SOL applications is 10 working days; the time frame for Licensing applications is 7 working days. The importance is to measure the ability of the agency to process applications in a timely manner.

#### 5.1.2 Outcome

Definition: The percentage of consumer complaint inspections conducted within 30 days is based on the number of consumer and industry requested inspections completed within 30 calendar days from the date that an inspection is requested.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Consumer Complaint Tracking System (CCTS).

Methodology: To obtain the percentage, divide the total number of inspections conducted within the required 30 calendar days by the total number of required inspections conducted within the reporting period.

Purpose: Consumer complaints must be addressed as required by the Act. The importance is to measure the ability of the agency to conduct consumer complaint inspections in a timely manner and to comply with the requirements set forth in the Act.

### 5.1.3 Outcome

Definition: The percentage of complaints that result in disciplinary action, including agreed orders, reprimands, warnings, suspensions, probation, revocation, restitution and/or penalties on which the board or executive director has acted when violations cannot be resolved informally.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Consumer Complaint Tracking System (CCTS).

Methodology: To obtain the percentage, divide the number of closed complaints with a disciplinary action by the total number of jurisdictional complaints closed.

Purpose: Efforts are made to informally resolve complaints. Violations of manufactured housing standards that cannot be resolved result in disciplinary actions. It is important that the consumers and the manufactured housing industry have an expectation that the agency will ensure fair and effective enforcement of the Act.

### 5.1.4 Outcome

Definition: The percentage of complaints resolved within a period of 6 months (183 days) or less from the date of receipt as opposed to complaints which take longer than six months to resolve.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Consumer Complaint Tracking System (CCTS).

Methodology: The number of jurisdictional complaints resolved within a period of six months (183 days) or less from the date of receipt divided by the total number of jurisdictional complaints resolved.

Purpose: Of the number of complaints resolved, the measure identifies those complaints that have been resolved within six months. It is important to ensure the timely enforcement of the Act, which is an agency goal.

### 5.1.5 Outcome

Definition: The recidivism rate for those receiving disciplinary action is the percentage of offenders who were repeat offenders during the most recent three-year period. A repeat offender is an individual or license holder with two or more disciplinary actions taken by the executive director or board within the current and preceding two fiscal years.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Consumer Complaint Tracking System (CCTS).

Methodology: To obtain the percentage, calculate the number of individuals or license holders against whom two or more disciplinary actions were taken by the executive director or board

within the current and preceding two fiscal years divided by the total number of individuals or license holders receiving disciplinary actions within the current and preceding two fiscal years.

Purpose: The measure is intended to show how effectively the agency enforces its regulatory requirements and prohibitions. It is important that the agency enforce its act and rules strictly enough to ensure that consumers are protected from unsafe, incompetent and unethical practices by the license holder.

## **OUTCOME, EFFICIENCY, AND EXPLANATORY MEASURE DEFINITIONS**

### **1.1.1.1 Efficiency**

Definition: A measure that tracks the projected number of households assisted through the First Time Homebuyer Program.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of loans funded through the First Time Homebuyer Program.

Purpose: To track the amount of units financed through the First Time Homebuyer Program.

### **1.1.1.2 Efficiency**

Definition: A measure that tracks the average loan amount per household assisted through the First Time Homebuyer Program.

Data Limitations: No limitations

Data Source: The number and amounts of the loans are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of financing will be summed and divided by the projected number of households assisted through the First Time Homebuyer Program.

Purpose: This measure identifies the costs associated with financing affordable housing and measures the efficiency of the First Time Homebuyer Program.

### **1.1.1.3 Efficiency**

Definition: A measure that tracks the average amount of loans/grants for new construction utilizing single family bond funds.

Data Limitations: No limitations

Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of loans/grants for new construction utilizing single family bond funds will be summed and divided by the projected number of households assisted through new construction utilizing single family bond funds.

Purpose: This measure identifies the costs associated with new construction utilizing single family bond funds.

### **1.1.1.4 Efficiency**

Definition: A measure that tracks the average amount of loans/grants for rehabilitation utilizing single family bond funds.

Data Limitations: No limitations

Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of loans/grants for rehabilitation utilizing single family bond funds will be summed and divided by the projected number of households assisted through rehabilitation utilizing single family bond funds.

Purpose: This measure identifies the costs associated with rehabilitation utilizing single family bond funds.

#### 1.1.1.1 Explanatory

Definition: A measure that tracks the projected number of households assisted through the First Time Homebuyer Program.

Data Limitations: No Limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of loans funded through the First Time Homebuyer Program.

Purpose: To track the amount of units financed through the First Time Homebuyer Program.

#### 1.1.1.2 Explanatory

Definition: A measure that tracks the projected number of households assisted through the Down Payment Assistance Program.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of households assisted through the Down Payment Assistance Program. Performance is measured when loans are funded.

Purpose: To track the amount of units assisted through the Down Payment Assistance Program.

#### 1.1.1.3 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing single family bond program funds for new construction.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through new construction utilizing single family bond funds. Performance is measured when loans are funded.

Purpose: To track the amount of households assisted through new construction activities utilizing single family bond funds.

#### 1.1.1.4 Explanatory

Definition: A measure that tracks the projected number of households assisted through rehabilitation utilizing single family bond funds.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through rehabilitation utilizing single family bond funds. Performance is measured when loans are funded.

Purpose: To track the number of households assisted through rehabilitation activities utilizing single family bond funds.

#### 1.1.1.1 Output

Definition: A measure that tracks the projected number of households assisted with single family mortgage revenue bond funds.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through the single family bond funds. Performance is measured when loans are funded.

Purpose: To track the total number of households assisted with single family mortgage revenue bond funds.

#### 1.1.2.1 Efficiency

Definition: A measure that tracks the average amount per unit of single family HOME grants for new construction.

Data Limitations: No limitations

Data Source: The number and amounts of the grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of new construction activities utilizing HOME funds will be totaled and divided by the projected number of units assisted through new construction utilizing HOME funds.

Purpose: This measure identifies the costs associated with new construction activities utilizing HOME funds.

#### 1.1.2.2 Efficiency

Definition: A measure that tracks the average amount per household of loans/grants for rehabilitation utilizing single family HOME funds.

Data Limitations: No limitations

Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of rehabilitation utilizing HOME funds will be summed and divided by the projected number of households assisted through rehabilitation utilizing HOME funds.

Purpose: This measure identifies the costs associated with rehabilitation utilizing HOME funds.

#### 1.1.2.3 Efficiency

Definition: A measure that tracks the average amount per household of mortgage financing and homebuyer assistance grants utilizing single family HOME CHDO funds.



Data Limitations: No limitations

Data Source: The amounts of the financing and grants and number of units are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of mortgage financing and homebuyer assistance funds awarded utilizing HOME CHDO funds will be summed and divided by the projected number of units assisted through financing and homebuyer assistance activities.

Purpose: This measure identifies the costs associated with financing affordable housing utilizing HOME CHDO funds.

#### 1.1.2.4 Efficiency

Definition: A measure that tracks the average amount per household of homebuyer assistance loans and/or grants utilizing single family HOME non-CHDO funds.

Data Limitations: No limitations

Data Source: The number and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of homebuyer assistance loans/grants utilizing HOME non-CHDO funds will be summed and divided by the projected number of households assisted through homebuyer assistance activities.

Purpose: This measure identifies the costs associated with financing affordable housing and measures the efficiency of allocating HOME non-CHDO funds.

#### 1.1.2.5 Efficiency

Definition: A measure that tracks the average amount per household of tenant based rental assistance utilizing HOME funds.

Data Limitations: No limitations

Data Source: The numbers and amounts are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of tenant based rental assistance utilizing HOME funds will be summed and divided by the projected number of households assisted through tenant based rental assistance utilizing HOME funds.

Purpose: This measure identifies the costs associated with tenant based rental assistance utilizing HOME funds.

#### 1.1.2.1 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing single family HOME funds for new construction.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted utilizing HOME funds for new construction. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted utilizing HOME funds for new construction.

#### 1.1.2.2 Explanatory

Definition: A measure that tracks the projected number of households assisted through single family HOME funds for rehabilitation.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through HOME funds for rehabilitation. Performance is measured when contracts are awarded or loans are funded.

Purpose: To track the number of households assisted through HOME funds for rehabilitation.

#### 1.1.2.3 Explanatory

Definition: A measure that tracks the projected number of households assisted through single family HOME CHDO funds for mortgage financing and homebuyer assistance.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through HOME CHDO funds for mortgage financing and homebuyer assistance. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted through HOME CHDO funds for mortgage financing and homebuyer assistance.

#### 1.1.2.4 Explanatory

Definition: A measure that tracks the projected number of households assisted through single family HOME non-Community Development Housing Organization (non-CHDO) funds for homebuyer assistance.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through HOME non-CHDO funds for financing and homebuyer assistance. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted through HOME non-CHDO funds for homebuyer assistance.

#### 1.1.2.5 Explanatory

Definition: A measure that tracks the projected number of households assisted through HOME tenant based rental assistance.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through HOME tenant based rental assistance. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted through HOME tenant based rental assistance.

#### 1.1.2.1 Output

Definition: A measure that tracks the projected number of households assisted through HOME funds in the single family finance division.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through HOME funds. Performance is measured when contracts are awarded.

Purpose: To track the amount of households assisted through single family HOME funds.

#### 1.1.3.1 Efficiency

Definition: A measure that tracks the average amount per unit of loans/grants for new construction utilizing the HTF.

Data Limitations: No limitations

Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of loans/grants for new construction utilizing the HTF will be summed and divided by the projected number of households assisted through new construction utilizing the HTF.

Purpose: This measure identifies the costs associated with new construction utilizing the HTF.

#### 1.1.3.2 Efficiency

Definition: A measure that tracks the average amount per unit of loans/grants for rehabilitation utilizing the HTF.

Data Limitations: No limitations

Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of loans/grants for rehabilitation utilizing the HTF will be summed and divided by the projected number of households assisted through rehabilitation utilizing the HTF.

Purpose: This measure identifies the costs associated with rehabilitation utilizing the HTF.

#### 1.1.3.1 Explanatory

Definition: A measure that tracks the projected number of households assisted through new construction utilizing the HTF.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through new construction utilizing the HTF. Performance is measured when loans are funded.

Purpose: To track the number of households assisted through new construction utilizing the HTF.

#### 1.1.3.2 Explanatory

Definition: A measure that tracks the projected number of households assisted through rehabilitation utilizing the HTF.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through rehabilitation utilizing the HTF. Performance is measured when loans are funded.

Purpose: To track the number of households assisted through rehabilitation utilizing the HTF.

#### 1.1.3.1 Output

Definition: A measure that tracks the projected number of households assisted through the HTF in the single family finance division.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through HTF funds. Performance is measured when loans are funded.

Purpose: To track the amount of households assisted through single family HTF funds.

#### 1.1.4.1 Efficiency

Definition: The average cost per household served represents an average of the local operators payments and TDHCA administrative expenditures.

Data Limitations: No limitations

Data Source: Expenditures are tracked through the Department's financial automated system.

Methodology: The average cost per household served is the sum of local operators payments and TDHCA administrative expenditures divided by the total number of contracts executed and managed, i.e., total new and renewed contracts added to the number of contracts in place September 1.

Purpose: The measure identifies the efficiency in costs to provide Section 8 services to a very low income household.

#### 1.1.4.1 Output

Definition: The number of very low income households receiving rent supplements represents the total number of households participating in the Section 8 certificate program and the Housing Choice Voucher program.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through Section 8 tenant based rental assistance. The performance figure reported for the first quarter represents the total number of households receiving Section 8 assistance as of September 1. Subsequent quarters report only new contracts executed for the reporting period.

Purpose: To track the amount of households assisted through Section 8 tenant based rental assistance.

#### 1.1.5.1 Efficiency

Definition: A measure that tracks the projected average amount of credits per low income unit of new construction utilizing the HTC program.

Data Limitations: Federal regulations establish the amount of tax credits available.

Data Source: The projected number of low income units and amount of credits for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total credits for new construction will be summed and divided by the projected number of new construction low income units assisted through the Tax Credit Program.

Purpose: This measure identifies the subsidy associated with developing affordable housing units and measures the efficiency of allocating tax credits.

#### 1.1.5.2 Efficiency

Definition: A measure that tracks the average total development costs per unit of new construction utilizing the HTC program.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total development costs of new construction utilizing HTCs will be summed and divided by the projected number of total new construction units.

Purpose: This measure identifies the total development costs associated with developing affordable housing units. Although useful to track, this measure is outside of the Department's control.

#### 1.1.5.3 Efficiency

Definition: A measure that tracks the projected average amount of credits per rehabilitated and acquired low income unit utilizing HTCs.

Data Limitations: Federal regulations establish the amount of tax credits available.

Data Source: The projected number of low income units and amount of credits for rehabilitation and acquisition is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total credits for rehabilitation and acquisition will be summed and divided by the projected number of Tax Credit rehabilitation and acquisition low income units.

Purpose: This measure identifies the subsidy associated with rehabilitating and acquiring affordable housing and measures the efficiency of allocating tax credits.

#### 1.1.5.4 Efficiency

Definition: A measure that tracks the average total development costs per rehabilitated and acquired unit utilizing HTCs.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The total development costs and the projected total number of units in the development is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total development costs for rehabilitation and acquisition through the HTC program will be summed and divided by the projected total number of rehabilitation and acquisition units.

Purpose: This measure identifies the total development costs associated with rehabilitating and acquiring affordable housing.

#### 1.1.5.1 Explanatory

Definition: A measure that tracks the projected number of low income new construction units assisted through the HTC program.

Data Limitations: Federal regulations establish the amount of tax credits available.

Data Source: The projected number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected new construction units assisted through the HTC program. Performance is measured when contracts are awarded.

Purpose: To track the number of new construction units assisted through the HTC program.

#### 1.1.5.2 Explanatory

Definition: A measure that tracks the projected number of low income rehabilitation and acquisition units assisted through the HTC program.

Data Limitations: Federal regulations establish the amount of tax credits available.

Data Source: The projected number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected rehabilitation and acquisition units assisted through the HTC program. Performance is measured when contracts are awarded.

Purpose: To track the number of rehabilitation and acquisition units assisted through the HTC program.

#### 1.1.5.1 Output

Definition: A measure that tracks the projected number of low income units financed through the multifamily division utilizing HTCs.

Data Limitations: No limitations

Data Source: The number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be an unduplicated count of projected low income units assisted through the HTC program in the multifamily division. Performance is measured when contracts are awarded.

Purpose: To track the total amount of multifamily units assisted utilizing the HTC program.

#### 1.1.6.1 Efficiency

Definition: A measure that tracks the projected average amount per low income unit of new construction loans/grants utilizing HOME CHDO funds.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds utilized for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of new construction assistance utilizing HOME CHDO funds will be summed and divided by the projected number of new construction low income units assisted utilizing HOME CHDO funds.

Purpose: This measure identifies the loan/grant amount associated with developing housing units and measures the efficiency of utilizing HOME CHDO funds.

#### 1.1.6.2 Efficiency

Definition: A measure that tracks the projected average total development costs of HOME CHDO new construction.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total development costs associated with HOME CHDO new construction will be summed and divided by the projected number of total new construction units.

Purpose: This measure identifies the total development costs associated with developing affordable housing units.

#### 1.1.6.3 Efficiency

Definition: A measure that tracks the projected average amount per low income unit of new construction utilizing HOME non-CHDO funds.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds utilized for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total amount of new construction assistance utilizing HOME non-CHDO funds will be summed and divided by the projected number of HOME non-CHDO new construction low income units.

Purpose: This measure identifies the loan/grant amount associated with developing affordable housing units and measures the efficiency of utilizing HOME non-CHDO funds.

#### 1.1.6.4 Efficiency

Definition: A measure that tracks the average total development costs per unit of HOME non-CHDO new construction.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total development costs of new construction assistance utilizing HOME non-CHDO funds will be summed and divided by the projected total number of new construction units.

Purpose: This measure identifies the total development costs associated with developing affordable housing units.

#### 1.1.6.5 Efficiency

Definition: A measure that tracks the projected average amount per low income unit of rehabilitation and acquisition utilizing HOME CHDO funds.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds utilized for rehabilitation and acquisition is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of rehabilitation and acquisition assistance utilizing HOME CHDO funds will be summed and divided by the projected number of rehabilitation and acquisition low income units assisted utilizing HOME CHDO funds.

Purpose: This measure identifies the amount associated with the rehabilitation and acquisition of affordable housing units and measures the efficiency of utilizing HOME CHDO funds.

#### 1.1.6.6 Efficiency

Definition: A measure that tracks the projected average total development costs of HOME CHDO rehabilitation and acquisition.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs for rehabilitation and acquisition is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total development costs associated with HOME CHDO rehabilitation and acquisition will be summed and divided by the projected total number of rehabilitation and acquisition units.

Purpose: This measure identifies the total development costs associated with the rehabilitation and acquisition of affordable housing units.

#### 1.1.6.7 Efficiency

Definition: A non-key measure that tracks the projected average amount per low income unit of rehabilitation and acquisition utilizing HOME non-CHDO funds.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds utilized for rehabilitation and acquisition is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total of rehabilitation and acquisition assistance utilizing HOME non-CHDO funds will be summed and divided by the projected number of HOME non-CHDO rehabilitation and acquisition low income units.

Purpose: This measure identifies the amount associated with the rehabilitation and acquisition of affordable housing units and measures the efficiency of utilizing HOME non-CHDO funds.

#### 1.1.6.8 Efficiency

Definition: A measure that tracks the average total development costs per unit of HOME non-CHDO rehabilitation and acquisition.



Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs for rehabilitation and acquisition is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total development costs of rehabilitation and acquisition assistance utilizing HOME non-CHDO funds will be summed and divided by the projected total number of rehabilitation and acquisition units.

Purpose: This measure identifies the total development costs associated with the rehabilitation and acquisition of affordable housing units.

#### 1.1.6.1 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing multifamily HOME CHDO funds for new construction.

Data Limitations: No limitations

Data Source: The projected number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted utilizing HOME CHDO funds for new construction. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted utilizing HOME CHDO funds for new construction.

#### 1.1.6.2 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing multifamily HOME non-CHDO (non-CHDO) funds for new construction.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The projected number will be a count of projected households assisted with HOME non-CHDO new construction funds. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted through HOME non-CHDO funds for new construction.

#### 1.1.6.3 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing multifamily HOME CHDO funds for rehabilitation and acquisition.

Data Limitations: No limitations

Data Source: The projected number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted utilizing HOME CHDO funds for rehabilitation and acquisition. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted utilizing HOME CHDO funds for rehabilitation and acquisition.

#### 1.1.6.4 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing multifamily HOME non-CHDO (non-CHDO) funds for rehabilitation and acquisition.

Data Limitations: No limitations

Data Source: The projected number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted utilizing HOME non-CHDO funds for rehabilitation and acquisition. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted through HOME non-CHDO funds for rehabilitation and acquisition.

#### 1.1.6.1 Output

Definition: A measure that tracks the projected number of households assisted through the multifamily division utilizing HOME funds.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through the HOME program in the multifamily division. Performance is measured when contracts are awarded.

Purpose: To track the total amount of multifamily units assisted utilizing HOME funds.

#### 1.1.7.1 Efficiency

Definition: A measure that tracks the projected average loan/grant amount per low income unit of HTF (HTF) new construction.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of new construction assistance utilizing HTF funds will be summed and divided by the projected number of new construction low income units assisted through the HTF program.

Purpose: This measure identifies the average costs associated with developing affordable housing units and measures the efficiency of awarding HTF monies.

#### 1.1.7.2 Efficiency

Definition: A measure that tracks the projected average total development costs per unit of HTF (HTF) new construction.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total development costs of HTF new construction will be summed and divided by the projected total number of new construction units.

Purpose: This measure identifies the total development costs associated with developing affordable housing units.

#### 1.1.7.3 Efficiency

Definition: A measure that tracks the average loan/grant amount per low income unit of HTF (HTF) rehabilitation and acquisition.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of rehabilitation and acquisition assistance utilizing HTF funds will be summed and divided by the projected number of rehabilitation and acquisition low income units assisted through the HTF program.

Purpose: This measure identifies the costs associated with rehabilitating and acquiring affordable housing units and measures the efficiency of awarding HTF monies.

#### 1.1.7.4 Efficiency

Definition: A measure that tracks the average total development costs per unit of HTF (HTF) rehabilitation and acquisition activities.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total development costs of HTF rehabilitation and acquisition will be summed and divided by the projected total number of rehabilitation and acquisition units.

Purpose: This measure identifies the total development costs associated with rehabilitating and acquiring affordable housing units.

#### 1.1.7.1 Explanatory

Definition: A measure that tracks the projected number of households assisted through new construction activities using the HTF (HTF) program.

Data Limitations: No limitations

Data Source: The projected number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through new construction activities using the HTF program. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted through new construction activities using the HTF program.

#### 1.1.7.2 Explanatory

Definition: A measure that tracks the projected number of households assisted through rehabilitation and acquisition activities using the HTF (HTF) program.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The number will be a count of projected households assisted through rehabilitation and acquisition utilizing the HTF program. Performance is measured when contracts are awarded.

**Purpose:** To track the number of households assisted through rehabilitation and acquisition using the HTF program.

#### 1.1.7.1 Output

**Definition:** A measure that tracks the projected number of households assisted through the multifamily division utilizing the HTF (HTF) program.

**Data Limitations:** No limitations

**Data Source:** The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The number will be an unduplicated count of projected households assisted through the HTF program in the multifamily division. Performance is measured when contracts are awarded.

**Purpose:** To track the total amount of multifamily units assisted utilizing the HTF program.

#### 1.1.8.1 Efficiency

**Definition:** A measure that tracks the projected average amount of bonds per low income unit of Mortgage Revenue Bond (MRB) new multifamily construction.

**Data Limitations:** No limitations

**Data Source:** The projected number of low income units and amount of bonds for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The total amount of bonds for MRB new multifamily construction will be summed and divided by the projected number of MRB new construction low income units.

**Purpose:** This measure identifies the average amount of bonds associated with developing affordable housing and measures the efficiency of awarding multifamily MRB funds. Although useful to track, this measure is outside of the Department's control.

#### 1.1.8.2 Efficiency

**Definition:** A measure that tracks the projected average total development costs per unit of Mortgage Revenue Bond (MRB) new multifamily construction.

**Data Limitations:** Information is based on preliminary estimates by the applicants.

**Data Source:** The projected total number of units in the development and total development costs for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The total development costs of MRB new multifamily construction will be summed and divided by the projected number of new construction units.

**Purpose:** This measure identifies the costs associated with developing affordable housing units.

#### 1.1.8.3 Efficiency

**Definition:** A measure that tracks the projected average bond amount per low income unit of multifamily Mortgage Revenue Bond (MRB) rehabilitation and acquisition.

**Data Limitations:** No limitations

Data Source: The projected number of low income units and amount of bonds is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of bonds for multifamily MRB rehabilitation and acquisition will be summed and divided by the projected number of multifamily MRB rehabilitation and acquisition low income units.

Purpose: This measure identifies the average amount of bonds associated with rehabilitating and acquiring affordable housing and measures the efficiency of awarding multifamily MRB funds.

#### 1.1.8.4 Efficiency

Definition: A measure that tracks the projected average total development costs per unit of multifamily Mortgage Revenue Bond (MRB) rehabilitation and acquisition.

Data Limitations: Information is based on preliminary estimates from the applicants.

Data Source: The projected total number of units in the development and amount of total development costs is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total development costs of MRB rehabilitation and acquisition will be summed and divided by the projected total number of rehabilitation and acquisition units.

Purpose: This measure identifies the total development costs amount associated with rehabilitating and acquiring affordable housing units.

#### 1.1.8.1 Explanatory

Definition: A measure that tracks the projected number of households assisted through new construction activities utilizing the multifamily Mortgage Revenue Bond (MRB) program.

Data Limitations: No limitations

Data Source: The projected number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through new construction units activities utilizing multifamily MRB program. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted through new construction units assisted utilizing multifamily MRB program.

#### 1.1.8.2 Explanatory

Definition: A measure that tracks the projected number of households assisted through rehabilitation and acquisition activities utilizing the multifamily Mortgage Revenue Bond (MRB) program.

Data Limitations: No limitations

Data Source: The projected number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through rehabilitation and acquisition activities utilizing the multifamily MRB program. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted through rehabilitation and acquisition activities utilizing the multifamily MRB program.

#### 1.1.8.1 Output

Definition: A measure that tracks the projected number of low income units financed through the multifamily division utilizing mortgage revenue bond funds.

Data Limitations: No limitations

Data Source: The number of units is tracked by the division for each separate program. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be an unduplicated count of projected low income units assisted through the mortgage revenue bond program in the multifamily division. Performance is measured when contracts are awarded.

Purpose: To track the total amount of low income multifamily units assisted utilizing mortgage revenue bond funds.

#### 2.1.1.1 Output

Definition: A measure tracking the number of information and technical assistance requests completed by the Center for Housing Research, Planning, and Communications.

Data Limitations: No limitations

Data Source: The requests are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number of requests received is a total of the requests entered into the division database.

Purpose: To track the consumer information and technical assistance requests received and fulfilled.

#### 2.1.1.2 Output

Definition: A measure tracking the number of short term (completed by phone) information and technical assistance requests completed by the Center for Housing Research, Planning, and Communications.

Data Limitations: No limitations

Data Source: The requests are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number of short term requests received is a total of the short term requests entered into the division database.

Purpose: To track the short term consumer information and technical assistance requests received.

#### 2.1.1.3 Output

Definition: A measure tracking the number of long term (completed by email or mail) information and technical assistance requests completed by the Center for Housing Research, Planning, and Communications.

Data Limitations: No limitations

Data Source: The requests are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number of long term requests received is a total of the long term requests entered into the division database.

Purpose: To track the long term consumer information and technical assistance requests received.

#### 2.2.1.1 Output

Definition: The number of technical assistance visits is based on actual on-site technical assistance visits conducted by the field offices' staff. Technical assistance visits includes: meeting with local governments (cities & counties) staff and nonprofits providing agency information on programs and services; follow-up on contract compliance measures with Colonia Self-Help Centers; and general interview sessions with individuals to provide referral services to other office and agencies available to address issues of concern.

Data Limitations: No limitations.

Data Source: Actual on-site visits are reported by staff.

Methodology: On-site visits are manually tracked by staff and maintained in the Department's database.

Purpose: The purpose of the measure is to identify the level technical assistance provided to Colonia residents as required by Senate Bill 1509. This measure is important because it identifies the effectiveness of the program and compliance with legislative mandates.

#### 2.2.1.2 Output

Definition: The number of Colonia residents receiving technical assistance annually through the Colonia Field offices represents the number of Colonia residents participating in the consumer education workshops, including assistance provided to Colonia residents for submission of applications to participate in Department Programs.

Data Limitations: Deviation from targeted performance could occur if participation of Colonia residents is lower than expected.

Data Source: Actual assistance provided.

Methodology: Technical assistance provided is manually tracked by staff and data is maintained in the Department's database.

Purpose: This measure is important because it identifies the effectiveness of the program in providing assistance to Colonia residents with a wide array of services.

#### 2.2.1.3 Output

Definition: The number of persons educated as a result of Senate Bill 336 is calculated by adding together the number of people: attending training/lectures, calling and/or receiving information; the number of publications distributed (newsletter, magazine, or paper), population viewing or hearing media public service spots (calculated by radio or TV station).

Data Limitations: Deviation from targeted performance could occur if participation of Colonia residents is lower than expected.

Data Source: Actual persons receiving services.

Methodology: Information is manually tracked by staff.

Purpose: The Office of Colonia Initiatives is responsible for developing and implementing the Contract For Deed Consumer Education Program (Senate Bill 336) for residents who purchase residential land under a contract for deed. This measure is important because it supports Senate Bill 336 and identifies the effectiveness of the program.

#### 3.1.1.1 Efficiency

**Definition:** The average agency administrative cost per person assisted represents personnel costs, operating costs, capital expenditures and indirect expenditures as identified in the LAR. The Department's fiscal section calculates expenditures related to personnel, operations, capital items, and indirect costs.

**Data Limitations:** A possible limitation could be limitations on obtaining expenditure data for the reported period.

**Data Source:** The total number of persons served is gathered from the subrecipients' monthly performance reports.

**Methodology:** The efficiency measure is determined by dividing the total administrative expenditure of Community Service funds by the total number of clients served in Community Service programs.

**Purpose:** The purpose of the measure shows the efficiency in costs to administer the program.

#### 3.1.1.1 Explanatory

**Definition:** Figure represents the estimated number of emergency shelters in Texas.

**Data Limitations:** There is no accurate way to count the actual number of emergency shelters in Texas.

**Data Source:** The estimated number of emergency shelters is based on the total number of entities on the ESGP mailing list less those entities that do not represent shelters.

**Methodology:** Number is estimated.

**Purpose:** The purpose of the measure is to identify the number of emergency shelters available to assist homeless individuals.

#### 3.1.1.2 Explanatory

**Definition:** Figure represents the most recent census data.

**Data Limitations:** Information is collected every ten years.

**Data Source:** Information is obtained from the most recent census data.

**Methodology:** Number is actual.

**Purpose:** The purpose of the measure identifies the number of persons at or below 125% of poverty (4,172,890) and identifies the number of persons in need.

#### 3.1.1.1 Output

**Definition:** This measure tracks the number of persons assisted through homeless and poverty related programs.

**Data Limitations:** A possible limitation could be subrecipients failing to submit required reports on a timely basis.

**Data Source:** Subrecipients track the data on a daily basis, incorporate it in a monthly performance report, and electronically submit the information to the Department. The monthly performance report information is entered in the Department database and maintained by the Department.

**Methodology:** Performance reported is actual number.

**Purpose:** The purpose of the measure is to identify the number of persons at or below 125% of poverty assisted by all Community Services programs.



#### 3.1.1.2 Output

Definition: Measure relates to the number of persons assisted that achieve incomes above 125% of poverty level for a minimum of 90 days.

Data Limitations: A possible limitation could be subrecipients failing to submit required reports on a timely basis.

Data Source: The number of persons achieving incomes above 125% of poverty is reported in the subrecipients' monthly performance reports. Subrecipients are required to track the number of persons assisted that achieve incomes above the poverty level as a result of efforts by the subrecipients. Subrecipients report this information in their monthly performance report. The data is entered on the Department database and maintained by the Department.

Methodology: Performance reported is actual number.

Purpose: The purpose of the measure is to identify the number of persons the program has helped to achieve incomes above the poverty level.

#### 3.1.1.3 Output

Definition: Measure relates to the number of shelters assisted through ESGP funds.

Data Limitations: No limitations on data.

Data Source: The Department tracks information from contract records. The Department tracks this information from contract records. Assistance to a shelter is reported only once a year during the quarter the contract is initiated.

Methodology: Performance reported is actual number. The Department counts each project funded through ESGP contractors as a shelter assisted.

Purpose: The purpose of the measure is to identify the effectiveness of the program and the number of shelters the program is able to fund.

#### 3.2.1.1 Efficiency

Definition: The average cost per household served is calculated based on the number of households assisted by CEAP and WAP from the Monthly Funding Performance Report from subrecipients and the administrative expenditures report from TDHCA Budget and Accounting section.

Data Limitations: Performance reports received past the due date from subrecipients could result in incomplete data. Increase or decrease in funding could create a variance in the targeted goal.

Data Source: The average cost per household served is calculated based on the number of households assisted by CEAP and WAP from the subrecipient Monthly Funding Performance Report divided by the administrative expenditures as reported by TDHCA Budget and Accounting Section.

Methodology: Calculations are based on the total administrative expenditures including indirect cost for the Energy Assistance section divided by the total number of households served.

Purpose: The measure identifies the average administrative cost to provide service to a household.

### 3.2.1.2 Efficiency

**Definition:** The statewide average cost to weatherize a home includes the cumulative cost of labor, materials, and program support for all completed units in the state divided by the number of completed units.

**Data Limitations:** Increase or decrease in funding could create a variance in the targeted goal.

**Data Source:** Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system.

**Methodology:** Calculations are based on the cumulative cost of labor, materials, and program support for all completed units in the state divided by the number of completed units.

**Purpose:** The measure identifies the average cost to perform weatherization on a home.

### 3.2.1.1 Explanatory

**Definition:** The number of very low income households income-eligible for energy assistance in Texas is determined based on the maximum eligibility limit of 125% of the Federal OMB poverty guidelines.

**Data Limitations:** No limitations.

**Data Source:** According to the publication entitled LIHEAP Home Energy Notebook for Fiscal Year 2001, issued on April 7, 2003 (via transmittal no. LIHEAP-IM-2003-7) to LIHEAP grantees by the Office of Community Services of the US Department of Health and Human Services, the number of very income-eligible households for LIHEAP grantees by the Office of Community Services of the US Department of Health and Human Services, the number of very income-eligible households for Survey (CPS) 1999-2001.

**Methodology:** Data represents an actual number.

**Purpose:** The purpose of the measure is to identify the eligibility population of the state. It is important because it identifies the level of need in the state.

### 3.2.1.1 Output

**Definition:** The number of households assisted through the Comprehensive Energy Assistance Program (CEAP) represents the number of unduplicated households receiving services under the four program components, consisting of co-pay, elderly/disabled Energy Crisis Program, and the heating and cooling systems components. Each of these program components provides stand-alone services. A household may be assisted by more than one component depending on needs.

**Data Limitations:** Targeted performance could be impacted by changes in funding levels, the price of energy and extremes in temperature.

**Data Source:** Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system.

**Methodology:** Number is actual.

**Purpose:** The LIHEAP program provides direct financial assistance for energy needs of low income persons through the Comprehensive Energy Assistance Program (CEAP). The measure is important because it identifies the effectiveness of the CEAP program through the number of households receiving CEAP.

### 3.2.1.2 Output

**Definition:** The number of dwelling units weatherized is based on Monthly Progress Expenditure/Monthly Fund Request Reports submitted to the Department by the weatherization subrecipients.

**Data Limitations:** Targeted performance could be impacted by changes in funding levels.

**Data Source:** Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system. Performance data from these reports is entered in an automated system and maintained by the Department. Performance figures represent an unduplicated number of weatherization units from the Department's DOE and LIHEAP Weatherization programs.

**Methodology:** The performance number reported represents the actual number of dwelling units weatherized.

**Purpose:** The WAP program provides residential weatherization and other cost-effective energy-related home repair to increase the energy efficiency of dwellings owned or occupied by low-income persons. The measure is important because it identifies the effectiveness of the program through the number of homes receiving weatherization services.

### 4.1.1.1 Efficiency

**Definition:** The average cost to monitor a rental development includes the resources needed to provide determination of program compliance and effectiveness of rental programs.

**Data Limitations:** No limitations.

**Data Source:** Expenditure data is maintained in the Department's automated information systems.

**Methodology:** The average cost is derived by dividing the total budgeted cost for rental development monitoring activities by the number of rental developments monitored.

**Purpose:** The measure identifies the average cost to monitor a rental development.

### 4.1.1.1 Explanatory

**Definition:** The total number of rental developments in the TDHCA compliance monitoring portfolio. This number represents the portfolio for which the PMC division is responsible. This includes developments monitored by on-site file review, desk review, a combination of onsite and desk reviews, or other compliance activities depending on program requirements. Program development totals vary throughout the year.

**Data Limitations:** No limitations.

**Data Source:** Program totals are maintained by the Department's databases.

**Methodology:** Figure represents actual number of developments in the compliance monitoring portfolio.

**Purpose:** The measure provides the total number of housing developments in the compliance monitoring portfolio.

### 4.1.1.2 Explanatory

**Definition:** Total number of housing units in the multi and single family rental developments monitored by the Department. The total number includes both restricted and unrestricted units.

Units under construction as well as units available for lease are included in the total.

**Data Limitations:** No limitations.

Data Source: Unit totals are maintained by the Department's databases.

Methodology: Figure represents actual number of units constructed or rehabilitated.

Purpose: The measure provides information of the total rental units monitored by the Department.

#### 4.1.1.1 Output

Definition: Measure represents the number of both onsite and desk reviews conducted under rental monitoring programs.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department data bases.

Methodology: Number is actual.

Purpose: The measure meets statutory and agency requirements.

#### 4.1.1.2 Output

Definition: Measure represents the number of desk reviews conducted under rental programs. In addition to on-site reviews, monthly, quarterly, and-or annual compliance reporting is required. These reports are a vehicle for measuring overall and ongoing compliance with rent, income, and other controls and requirements. The frequency in the number of reports is determined by program requirement, and may vary depending on the level of compliance. Desk reviews conducted also include the review of Fair Housing Sponsor Reports, substantial construction certification reviews, construction inspection reviews, and other reviews.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department data bases.

Methodology: Number is actual.

Purpose: The measure meets statutory and agency requirements.

#### 4.1.1.3 Output

Definition: Measure represents the number of on-site, in-depth desk reviews (done in lieu of on-site reviews for projects with 10 or less units), and 8609 inspections conducted under rental programs. The reviews provide the best measure of program compliance and effectiveness of affordable housing programs. The frequency of reviews is either statutorily or agency required, therefore the number meets or exceeds the specific program requirement.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department databases.

Methodology: The number reported is the actual number of reviews performed.

Purpose: The measure meets statutory and agency requirements.

#### 4.1.1.4 Output

Definition: Measure represents the number of technical assistance calls, Open Records Requests, complaints and other public requests processed and the number of owners and property staff trained.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department databases.

Methodology: Number is actual.

Purpose: The measure meets statutory requirements and program objectives.

#### 4.1.1.5 Output

Definition: Measure represents the number of application-related instruments processed, including Compliance Status Reports, Land Use Restriction Agreements, and application site inspections.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department databases.

Methodology: Number is actual.

Purpose: The measure meets statutory and agency requirements.

#### 4.1.2.1 Efficiency

Definition: The average cost to administer a contract includes the resources needed for effective contract management.

Data Limitations: No limitations.

Data Source: Expenditure data is maintained in the Department's automated information systems.

Methodology: The average cost is derived by dividing the total budgeted cost for contract administration activities by the number of contracts administered.

Purpose: The measure identifies the average cost to administer a contract.

#### 4.1.2.1 Explanatory

Definition: The total number of contracts administered by PMC. This number represents the portfolio of contract responsibility, whether or not a contract is processed and/or monitored through desk or onsite reviews, or other contract administration activities depending on program requirements. Measure includes contracts for all activities, including Single Family Rehabilitation; Tenant Based Rental Assistance, Rental Housing Development, Down-Payment Assistance, and other types of contract activity.

Data Limitations: No limitations

Data Source: Data on contracts administered is maintained in the Department's database.

Methodology: Figure represents actual number of contracts administered.

Purpose: The measure provides the total number of active contracts administered.

#### 4.1.2.1 Output

Definition: Measure represents the number of onsite reviews, desk reviews, and single audit reviews conducted as part of contract administration in PMC.

Data Limitations: No limitations.

Data Source: The data is gathered from Department data bases.

Methodology: Number is actual.

Purpose: The measure meets statutory and program requirements.

#### 4.1.2.2 Output

Definition: The number of desk reviews conducted of Federal and State grant sub-recipients. Single Audits are required annually if the federally mandated expenditure threshold is exceeded as defined by OMB Circular A-133. OMB Circular A-133 defines which single audit reports must be submitted to the pass-through agency. These reports are used to measure overall and

ongoing compliance with program requirements, financial accountability of Federal and State grants and the overall internal controls of the sub-recipient.

Data Limitations: No limitations.

Data Source: The data is gathered from Department data bases.

Methodology: Number is actual.

Purpose: The measure meets statutory and program requirements.

#### 4.1.2.3 Output

Definition: Measure represents the number of desk reviews conducted as part of contract administration in PMC. This measure includes setup, draw, desk, environmental, quality control, re-certification, amendment, revision and other desk reviews.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department data bases.

Methodology: Number is actual.

Purpose: The measure meets statutory and program requirements.

#### 4.1.2.4 Output

Definition: Measure represents the number of financial and programmatic onsite monitoring reviews and the number of technical assistance onsite reviews conducted as part of contract administration in PMC.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department databases.

Methodology: The number reported is the actual number of onsite reviews conducted.

Purpose: The measure meets program requirements.

#### 4.1.2.5 Output

Definition: Measure represents the number of technical assistance calls, Open Records Requests, complaints and other public requests processed and the number of administrator staff trained.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department data bases.

Methodology: Number is actual.

Purpose: The measure meets statutory and program objectives.

#### 5.1.1.1 Efficiency

Definition: The average cost to the Department of the processing of an Statement of Ownership and Location (SOL) application based on total funds expended and encumbered during the reporting period for the issuance of manufactured housing SOLs. Cost includes department overhead, salaries (permanent and temporary personnel), supplies, travel, postage, and other costs directly related to SOLs , including document review, handling, proofing, and notification.

Data Limitations: No limitations of data.

Data Source: The data is maintained in the USAS system.

Methodology: To obtain the average, divide the total funds by the total number of SOLs issued in a reporting period.

Purpose: The measure shows the efficiency in costs to issue a SOL.

#### 5.1.1.1 Explanatory

Definition: The number of Manufactured Homes of record in Texas represents the total number of manufactured homes with an existing record in the official manufactured housing database that is maintained by the department.

Data Limitations: No limitations of data.

Data Source: Automated compilation through the Department's Tracking System.

Methodology: Actual number.

Purpose: The measure represents the total number of manufactured homes in Texas for which the Department has an ownership and location record.

#### 5.1.1.1 Output

Definition: The total number of manufactured housing Statements of Ownership and Location (SOL) issued for which a fee is charged (includes SOLs issued as a result of changes in ownership, location, lien information, election, and use).

Data Limitations: No limitations.

Data Source: Data is computer generated (Department's Tracking System) reports and accounting receipts.

Methodology: Number is actual.

Purpose: This measure identifies the total number of SOLs issued in a reporting period. It is important because it shows the workload associated with issuing SOLs.

#### 5.1.1.2 Output

Definition: The total number of manufactured housing licenses issued to qualifying applicants (applicant types broker, installer, manufacturer, retailer, retailer/broker, retailer/broker/installer, retailer/installer, salvage rebuilder and salespersons). The number calculated includes reprints of and revisions to existing licenses.

Data Limitations: No limitations.

Data Source: Data is computer generated through the Licensing Tracking System.

Methodology: Number is actual.

Purpose: This measure identifies the total number of licenses issued in a reporting period. It is important because it shows the workload associated with issuing licenses.

#### 5.1.2.1 Efficiency

Definition: The average cost to the Department of each inspection based on the total funds expended and encumbered during the reporting period to conduct or attempt inspections, including both installation and non-routine inspections. Cost includes department overhead, salaries (permanent and temporary personnel), supplies, travel; postage, and other costs directly related to the enforcement of the inspection function.

Data Limitations: No limitations.

Data Source: USAS, Installation Tracking System and Travel Database.

Methodology: To obtain the average, divide the total funds expended by the total number of routine and non-routine inspections (completed and/or attempted) within the reporting period.

Purpose: The measure identifies the cost efficiency to perform or attempt an inspection.

#### 5.1.2.1 Explanatory

Definition: The total number of installation reports received within a reporting period. Installation reports are received from lenders, retailers, installers, consumers, and other sources.

Data Limitations: No limitations.

Data Source: Source: Installation Tracking System.

Methodology: Actual number.

Purpose: The measure provides information on the total number of installation reports received.

#### 5.1.2.2 Explanatory

Definition: The total number of installation inspections with deviations documented. An inspector may list several violations on a single installation inspection, but it only accounts for one reported deviation.

Data Limitations: No limitations.

Data Source: Source: Installation Tracking System.

Methodology: Actual number.

Purpose: The measure provides information on the total number of installation inspections with deviations. The importance of this measure is to ensure that homes are installed in a safe manner to prevent injury to consumers and the general public.

#### 5.1.2.1 Output

Definition: The total number of routine inspections conducted to inspect the anchoring and support systems of manufactured homes (includes reviewing installation report for completeness, inspecting stabilizing devices to confirm that the installer used approved materials, inspecting the home for proper installation, and verifying that the installer is licensed with TDHCA). Unsuccessful attempted inspections (identified as skirted, not accessible, unable to locate, or no unit at location) are not included in the number reported.

Data Limitations: No limitations.

Data Source: Collection of data is based on the Installation Tracking System.

Methodology: Number is actual.

Purpose: The measure identifies the total number of inspections performed (attempted inspections are not included) in a reporting period. It is important because it shows the workload for inspections.

#### 5.1.2.2 Output

Definition: The total number of special/complex inspections performed upon request from the public, other regulated entities, or as part of a complaint investigation. Special inspections consist of, but are not limited to the following: consumer complaints, habitability, permanent foundations, SAA, and retailer monitoring.

Data Limitations: No limitations.

Data Source: Collection of data is based on the Inspector's Travel Voucher Database.

Methodology: The number is retrieved from the Travel Voucher Database by generating a report which lists the inspections conducted within the reporting period.

Purpose: The measure identifies the total number of inspections performed in a reporting period. It is important because it identifies inspections that result from unusual or special circumstances.



#### 5.1.3.1 Efficiency

**Definition:** The average cost to the Department to resolve a complaint based on the total funds expended and encumbered during the reporting period for complaint processing, investigation, and resolution divided by the number of complaints resolved. Cost includes department overhead, salaries (permanent and temporary personnel), supplies, travel, postage, subpoena expenses, and other costs directly related to the agency's enforcement function, and may include charges of the State Office of Administrative Hearings (SOAH).

**Data Limitations:** No limitations.

**Data Source:** USAS, SOAH billing statements, and CCTS.

**Methodology:** To obtain the average, divide the total funds expended by the total number of resolved complaints within the reporting period. Non-jurisdictional complaints (closed as DISJ) are not included in this measure.

**Purpose:** The measure identifies the efficiency in costs for resolving a complaint.

#### 5.1.3.2 Efficiency

**Definition:** The average length of time to resolve a jurisdictional complaint, for jurisdictional complaints resolved during the reporting period. The number of days to reach a resolution is calculated from the initial date of receipt of a consumer complaint to the date closed.

**Data Limitations:** No limitations.

**Data Source:** CCTS.

**Methodology:** The total number of calendar days per jurisdictional complaint resolved, summed for all complaints resolved during the reporting period, that elapsed from receipt of a request for agency intervention to the date upon which final action on the complaint was taken (numerator) is, divided by the number of complaints resolved during the reporting period (denominator). The calculation excludes complaints determined to be non-jurisdictional of the agency's statutory responsibilities.

**Purpose:** The measure tracks the average number of days spent to resolve a complaint. The measure is important because it shows how efficient the division has been in resolving complaints.

#### 5.1.3.1 Explanatory

**Definition:** The total number of complaints received in a reporting period that are within the agency's jurisdiction of statutory responsibility.

**Data Limitations:** No limitations.

**Data Source:** The number is retrieved from the Consumer Complaint Tracking System.

**Methodology:** Actual number.

**Purpose:** The measure provides information on the total number of jurisdictional complaints. This measure is important to determine the division's workload.

#### 5.1.3.1 Output

**Definition:** The total number of complaints resolved during the reporting period upon which final action was taken by the board or the Department through informal and formal means. Non-jurisdictional complaints (closed as DISJ) are not included in this measure.

**Data Limitations:** No limitations.

**Data Source:** Data is maintained in the Consumer Complaint Tracking System.

Methodology: Actual number.

Purpose: The measure shows the workload associated with resolving complaints. The measure is important because it also identifies consumer problems.

## **APPENDIX E. WORKFORCE PLAN**

### **INTRODUCTION**

Each state agency is required to conduct a strategic planning staffing analysis and develop a workforce plan that follows guidelines developed by the State Auditor. This workforce plan addresses the agency's critical staffing and training needs, including the need for experienced employees to impart knowledge to their potential successors pursuant to Section 2056.002, Government Code.

### **AGENCY OVERVIEW**

This section describes the mission, strategic goals, objectives, and business functions of the agency. Potential changes to these items over the next five years is also discussed.

#### ***TDHCA Mission***

To help Texans achieve an improved quality of life through the development of better communities.

#### ***TDHCA Philosophy***

##### **Customers**

- § Advocacy: The Department will actively encourage, support, and promote an improved quality of life for extremely low, very low, low, and moderate income Texans.
- § Service: The Department will be responsive to every constituent request and provide every customer with prompt, courteous service.
- § Partnership: The Department will foster an atmosphere that is conducive to encouraging and forming public and private partnerships that are responsive to the needs of extremely low, very low, low, and moderate income Texans.
- § Equity: The Department will establish processes for the public's full participation in programs and the fair allocation of resources.
- § Respect: The Department believes in the worth of all persons and their right to a decent home and the basic necessities of life.

##### **Operations**

- § Integrity: The Department will conduct business openly, free of bias, and according to the highest ethical and professional standards.
- § Accountability: The Department will be answerable and responsive to the Texas Legislature, external customers/consumers, and its various funding sources.
- § Efficiency: The work of the Department will be accomplished in the most direct, cost-effective manner.
- § Leveraging: Each program will encourage public and private sector participation and the use of additional resources to maximize economic impact.

##### **Staff**

- § Quality: Each employee will strive for excellence in the work performed.

- § Creativity: Department staff will continually seek innovative methods for performing work in their respective fields.

***TDHCA's Goals, Objectives, and Strategies to Fulfill its Mission***

Goal 1.

To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families.

Objective 1. Make loans, grants, and incentives available to fund eligible housing activities and preserve/create single and multifamily units for very low, low, and moderate income households.

Strategy 1. Provide federal mortgage loans, through the department's Mortgage Revenue Bond (MRB) Program, which are below the conventional market interest rates to very low, low, and moderate income homebuyers.

Strategy 2. Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for very low and low income families, focusing on the construction of single family housing in rural areas of the state through partnerships with the private sector.

Strategy 3. Provide state housing loans and grants through the HTF for very low and low income households.

Strategy 4. Provide federal rental assistance through Section 8 certificates and vouchers for very low income households.

Strategy 5. Provide federal tax credits to develop rental housing for very low and low income households.

Strategy 6. Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for very low and low income families, focusing on the construction of multifamily housing units in rural areas of the state through partnerships the private sector.

Strategy 7. Provide state housing loans and grants through the HTF for very low and low income households.

Strategy 8. Provide federal mortgage loans through the department's Mortgage Revenue Bond (MRB) program for the acquisition, restoration, construction and preservation of multifamily rental units for very low, low and moderate income families.

Goal 2. Promote improved housing conditions for extremely LI, VLI, and low income households by providing information and technical assistance.

Objective 1. Provide information and technical assistance regarding affordable housing resources and community support services.

Strategy 1. Provide information and technical assistance to the public through the Center for Housing Research, Planning, and Communications.

Objective 2. Promote and enhance homeownership opportunities along with the development of safe neighborhoods and effective community services for colonia residents and/or residents of LI, VLI, and ELI along the Texas-Mexico border.

Strategy 1. Provide technical assistance to colonias through field offices.

### Goal 3.

Improve living conditions for the poor and homeless and reduce cost of home energy for very low income Texans.

Objective 1. To ease hardships of poverty and homelessness for 16 percent of the population of very low income persons each year.

Strategy 1. Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

Objective 2. To reduce cost of home energy for 6 percent of very low income households each year at or below 125 percent of poverty

Strategy 1. Administer state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and general assistance to very low income households for heating and cooling expenses and energy-related emergencies.

### Goal 4. Ensure compliance with Department of Housing and Community Affairs federal and state program mandates.

Objective 1. Administer and monitor housing developments and subrecipient contracts to determine compliance with federal and state program requirements.

Strategy 1. Monitor and inspect for federal and state housing program requirements.

Strategy 2. Administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

### Goal 5. Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Objective 1. Operate a regulatory system to ensure responsive handling of Statement of Ownership and Location and license applications, inspection reports, and complaints as follows: 25 percent installation inspections; 97 percent of applications within established timeframes; and 99 percent of consumer complaint inspections within 30 calendar days of a request.

Strategy 1. Provide services for Statement of Ownership and Location and licensing in a timely and efficient manner.

Strategy 2. Conduct inspections of manufactured homes in a timely and efficient manner.

Strategy 3. Process consumer complaints, conduct investigations, and take administrative actions to protect general public and consumers.

Strategy 4. Provide for the processing of occupational licenses, registrations, or permit fees through TexasOnline.

### **Core Business Functions**

TDHCA business functions can be broadly grouped into three categories: providing housing and community services assistance, regulating the manufactured housing industry, serving as an informational resource. To ensure the success of the Department's efforts in these areas, a variety of supporting functions are required. These support areas include financial administration, human resources, information systems, portfolio management and compliance, policy and public affairs, purchasing, and real estate analysis.

## **Housing and Community Services Assistance**

Types of housing and community services assistance include:

- § housing assistance for individual households (homebuyer mortgage and down payment, home repair, and rental payment assistance);
- § funding for the development of apartments (new construction or rehabilitation of rental units);
- § energy assistance (utility payments or home weatherization activities);
- § assistance for homeless persons and emergency relief for individuals or families in crisis poverty (transitional housing, energy assistance, home weatherization, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and other emergency assistance); and
- § capacity building assistance (training and technical assistance, assistance with operating costs, and predevelopment loans to help local housing organizations develop housing).

## **Manufactured Housing Activities**

TDHCA's Manufactured Housing Division is an independent entity within TDHCA. It is administratively attached, but it has its own Board of Directors. This division administers the Texas Manufactured Housing Standards Act. The act ensures that manufactured homes are well-constructed, safe, and installed correctly; that consumers are provided fair and effective remedies; and that measures are taken to provide economic stability for the Texas manufactured housing industry. Services of the Manufactured Housing Division include issuances of SOL research; training and license issuances to individuals for manufactured housing manufacturing, retailing, rebuilding, installations, broker, or sales; records and releases on tax and mortgage liens; installation inspections; consumer complaints; and federal oversight under a cooperative agreement with HUD.

## **Information Resources**

TDHCA is an informational resource for individuals, federal, state, and local governments, the Legislature, community organizations, advocacy groups, housing developers, and supportive services providers. Examples of information provided includes: general information on TDHCA activities, application and implementation technical assistance, housing need data and analysis, and direct consumer information on available assistance statewide. This information is provided through a myriad of communication methods: a 1-800 phone line, publications and guidebooks, via email and the TDHCA website, public hearings, trainings and workshops, planning roundtables, field offices, mass mailings, television, radio, and print media, speaking engagements, and conferences.

In all of its activities, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

## ***Anticipated Changes to the Mission, Strategies, and Goals over the Next Five Years***

A recent significant organizational change for TDHCA was the resignation of its Executive Director in March of 2006. After serving as the Executive Director since March 2002, Edwina P. Carrington left the agency to pursue an employment opportunity in the private sector. On April

13, 2006, the Board hired Michael Gerber as the new Executive Director and he began work at the Department on May 17, 2006. With any change in leadership, it is expected that the approaches by which the organization’s mission will achieved will change, however; it is not expected that the core mission, strategies, and goals are likely to change substantially over the next five years.

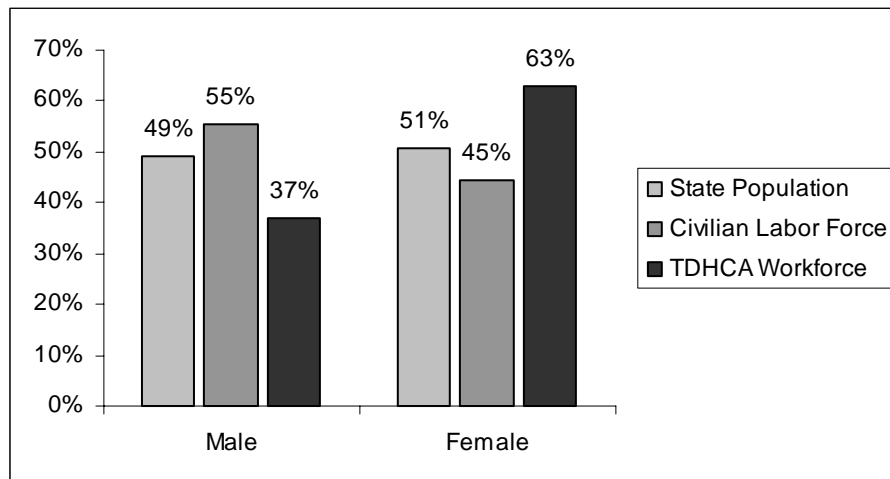
### **CURRENT WORKFORCE PROFILE (SUPPLY ANALYSIS)**

This section describe the agency’s current workforce by assessing whether current employees have the knowledge, skills, and abilities needed to address critical business issues in the future.

#### ***Demographic Information***

As of May 1, 2006, TDHCA had a total headcount of 274 employees. The agency is authorized to have 298 total full-time equivalents (FTEs). The 24 employee difference FTE cap and the actual headcount is typically comprised of the following: 4.5 FTEs are reserved for a PMC contract with MDSI that gains TDHCA an additional \$1.0 million in revenue; program activities utilize approximately 4 temporary workers who each stay at the Department longer than 130 days and therefore must be counted as employees; and the remaining 15 vacancies represent a normal variance caused by the timing between terminations and hiring activities.

The following charts profile TDHCA’s workforce and include both full-time and part-time employees. The TDHCA workforce is comprised of 37 percent males and 63 percent females. As shown in the table below, the TDHCA workforce has a higher representation of female workers than the state population and civilian workforce.



As shown below, TDHCA has a well balanced workforce in terms of the age of its employees. Approximately a third of its workforce falls into each of the following age categories 31-40, 41-50, and greater than 50 years of age (35 percent, 29 percent, and 27 percent respectively). The workforce also has a good level of overall work experience as indicated by having 65 percent of its employees in the mid-age groupings – 30 to 50 year olds. The average age of Department employees is 43 years. Its success in recruiting and retaining employees in this age group may prove to be one of the Department’s strongest demographic categories.

Employee tenure shows a similarly balanced pattern with 25 percent of its employees having 1-5 years of experience, 23 percent with 5-10 years, 21 percent having 11-15 years of experience, 23.7 more than 15 years. The average number of years of service for Department employees is 11 years. TDHCA continually works to address pay equity, to improve internal communications through a variety of venues, and to use career development and employee service recognition activities to motivate employees and to improve employee retention.

Age		
Age Group	Population	Percentage
20 – 30	24	8.8%
31 – 40	96	35.0%
41 – 50	81	29.6%
51 – 60	64	23.4%
61 +	9	3.3%
Total	274	

As of 5/18/2006

Employee Tenure		
Tenure Range	# of Employees	% of Total
<1 year	20	7.30%
1 – 5	69	25.20%
5 – 10	63	23%
11 – 15	57	20.80%
16 – 20	25	9.10%
21 – 25	24	8.80%
26 – 30	10	3.60%
30 +	6	2.20%
Totals	274	100.00%

As of 5/18/06

### TDHCA’s Workforce Compared with the Statewide Civilian Workforce

The tables and charts below compare the percentage of African American, Hispanic, and Female TDHCA employees (as of May 5, 2006) to the statewide civilian workforce as reported by the Texas Workforce Commission (formerly the Texas Commission on Human Rights). Overall, the race and ethnic composition of the TDHCA workforce exceeds the state percentages for all the non “White” categories except for “Other.”

### Description of TDHCA Workforce by Ethnicity and Gender

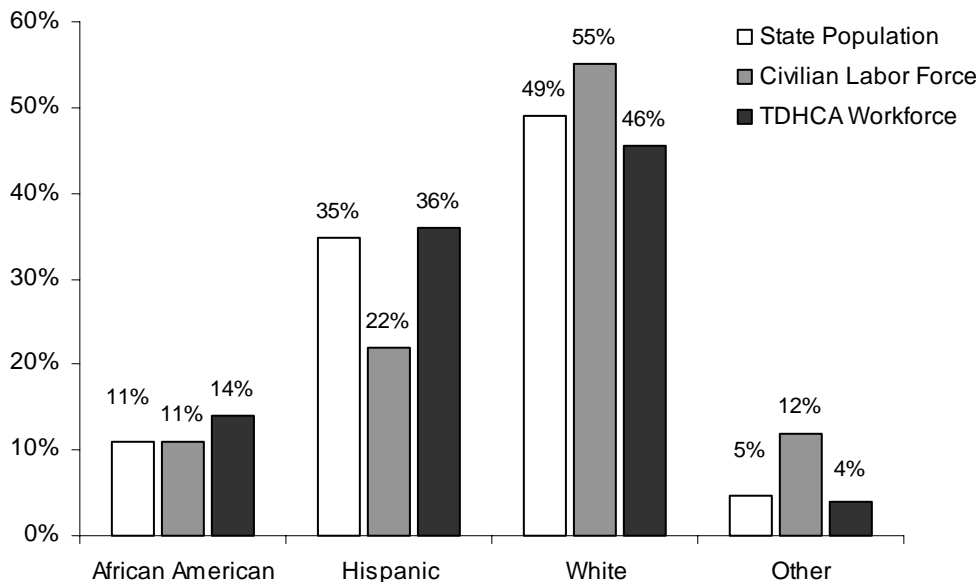
Equal Employment Opportunities (EEO) Categories*	African American		Hispanic		White		Other		Total	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
A - Administrators and Officials	1	-	4	1	9	3	-	-	14	4
P - Professionals	5	20	24	51	34	52	2	8	65	131
T - Technician	2	1	1	2	11	3	-	-	14	6
Q - Para-professionals	1	6	-	15	3	4	-	-	4	25
C - Administrative Support	-	2	1	1	2	4	1	-	4	7
Total by Race/Ethnicity & Gender	9	29	30	70	59	66	3	8	101	173
% of Total by Race/Ethnicity & Gender	3%	11%	11%	26%	22%	24%	1%	3%	37%	63%
Total by Race/Ethnicity	38		100		125		11		274	
% of Total by Race/Ethnicity	14%		36%		46%		4%			

\*A – Administrators and Officials: directors, employees establishing broad policy and exercising responsibility for execution of those policies.

P – Professionals: accountants: systems analysts, attorneys, occupations requiring specialized training or education.



T – Technician: computer technicians, occupations requiring basic scientific or technical knowledge.  
 Q – Para-professionals: persons performing some of the duties of professionals in a supportive role.  
 C – Administrative Support: these include clerical payroll clerks, legal assistants, office machine operators, statistical clerks, and bookkeepers.



Source: US Census, 2004 American Community Survey; TDHCA Human Resources Data; Uniform Statewide Payroll System (2002 data); and Texas Workforce Commission (2002 data)

Until recently, TDHCA’s representation of female technical staff as compared to the state was positive. However, due to turnover in IS Division staff, several female technical professionals left the Department. Another area where there is a noticeable under representation of female staff is in the Official/Administration category. This category also shows a slight under representation for African Americans as compared to the state. Hispanic employees are approximately 4 percent under represented relative to the state in the technicians and administrative support categories. It is thought that these categories’ numbers are lower because the Department has successfully promoted females in other categories at higher levels.

As TDHCA has job openings, it will focus on hiring into these five categories. Otherwise, the Department believes it currently has a positive representation of all major diversity categories.

**Comparison of TDHCA EEO and Statewide Employment Statistics**

Job Category	% African American		% Hispanic		% Females	
	TDHCA	State	TDHCA	State	TDHCA	State
Officials/Administrators	5.6	7.1	27.8	15.2	22.2	44.1
Professionals	12.8	7.9	38.3	14.4	66.8	54.4
Technicians	15.0	10.0	15.0	19.8	30.0	47.5
Paraprofessionals	24.1	17.9	51.7	31.8	86.2	55.6
Administrative Support	18.2	9.9	18.2	23.2	63.6	61.5

Source: TDHCA Human Resources Data and Equal Employment Opportunity and Minority Hiring Practices Report, Texas Workforce Commission Civil Rights Division, February 2005

## **Agency Turnover**

### **Percent of Workforce Eligible to Retire**

Of the current 274 employees, TDHCA estimates that there are 17 employees or 6.2 percent who are eligible to retire within the next biennium. Ten of these employees are from the Manufactured Housing Division and most of these are in the field. Management is aware of the impact they will have on the loss of knowledge and skill base and is looking at methods to replace this knowledge.

The following data on projected retirements through 2009 was provided by the Employees Retirement System. It shows that approximately 12 TDHCA employees will be eligible to retire each year over that time period.

#### **Projected Employee Retirement Rate**

	*FY 2006	FY 2007	FY 2008	FY 2009	Cumulative
Projected TDHCA Retirements	18	10	13	8	49

\*The projected eligibles for FY 2006 include all those eligible at the beginning of the fiscal year, plus those projected to become newly eligible during this fiscal year.

Source: State of Texas Human Resources, Workforce Planning Tool Kit Webpage.

### **Projected Employee Turnover Rate over the Next Five Years**

When reviewing the employee turnover rate for the past five years, the average annual turnover rate was approximately 13 percent. Unless the Legislature significantly alters the Department's budget structure during the next two sessions, it is expected that the turnover rate will remain close to this level over the next five years.

#### **Historical Employee Turnover Rate**

Entity	FY2001	FY2002	FY2003	FY2004	FY2005
Statewide Turnover	18.50%	15.30%	17.90%	41.80%	18.90%
TDHCA Turnover	13.70%	10.23%	16.10%	13.10%	14.30%
TDHCA Separations (including MH)	48	50	51	37	42

Source: SAO E-Class as of 12/31/05. Note the FY 2002 number has been adjusted to reflect the transfer of 50 employees to the Office of Rural Community Affairs.

### **Workforce Skills Critical to the Mission and Goals of the Agency**

Due to the complexity and sheer volume of regulations associated with the many funding programs the Department oversees, a depth of experience and skills in managing housing finance, manufactured housing, poverty-related, and weatherization programs is required.

Additional areas of specialized expertise required to support the program activities include:

- § Portfolio management and real estate analysis/project underwriting expertise is needed to ensure that activities funded by the Department are financially feasible and are well managed throughout their existence.
- § Much of TDHCA's work involves the ongoing management and exchange of information through email, databases, contract administration software, internet, etc.). These activities

require a great deal of support from information systems staff with database management, systems application, programming design and implementation, and network maintenance skills.

Other critical skills the Department's workforce needs in order to effectively accomplish its business functions and provide a high level of customer service include:

- § analysis/research/problem solving,
- § computer skills ranging from entry level data entry to highly skilled information systems programmers,
- § customer service skills,
- § investigative/inspection related knowledge, and
- § oral and written communication skills.

### ***Use of Consultants***

To effectively achieve its mission, TDHCA will continue to use consultants and contract workers in areas where their unique skills and experience represents the most effective use of the State's resources. Three divisions that expect the greatest ongoing use of consultants are PMC, IS, and Bond Finance.

### **PMC**

The monitoring of the Affordable Housing Program has been outsourced to Monitoring Data Systems, Inc. This entity completes all onsite monitoring and desk reviews. They also provide the day to day administration of the program. Although TDHCA staff has the expertise to effectively administer the program, it does not have the staff resources to give this portfolio the level of oversight that Monitoring Data Systems is able to provide.

The Internal Revenue Service requires State Housing Finance Agencies to use local health, safety, and building codes or the Uniform Physical Condition Standards to assess the physical condition of HTC developments. In Texas, building codes vary from city to city and many areas do not have code enforcement at all. To ensure a uniform inspection standard is used state wide, the Department has elected to use Uniform Physical Condition Standards inspections for tax credit developments. In March of 2005 TDHCA outsourced the Uniform Physical Condition Standards inspection to Onsite-Insight through a competitive process.

At the request of HUD, TDHCA began working in 2004 with ICF Consulting Inc., a national leader in housing and community development with more than ten years experience as a HUD approved technical assistance provider. Since that time, this partnership has increased PMC staff and administrator capacity, helped leverage HUD funds, improved HOME program administration, and enhanced HUD's perception of the TDHCA administration of the HOME program. Although the Department has the knowledge to effectively administer the HOME program, it does not have the staff resources to accomplish some activities that will continue to strengthen administration of the program. The Department also continues to benefit from ICF Consulting's strong relationship with HUD. These consulting services are paid for using HOME funds.

## **IS**

IS makes limited, targeted use of consultants for approved capital IT projects. In the current biennium, the agency is currently employing two contract consultants to assist in the PeopleSoft Financials 8.8 Implementation project and will be hiring two additional contract developers for the Community Services/Energy Assistance Contract System. Consultants are used for projects where specialized skills or additional staffing are needed for a specific timeframe.

## **Bond Finance**

Bond Finance uses the following types of consultants:

- § Bond Counsel – A nationally recognized law firm or firms experienced in the issuance of mortgage revenue bonds.
- § Financial Advisor – Typically an investment banking firm experienced in issuance of mortgage revenue bonds.
- § Master Servicer/Administrator – A financially sound bank or trust company experienced in tax compliance review and loan servicing for tax-exempt single family mortgage revenue bond programs.
- § Disclosure Counsel – A law firm experienced in securities laws particularly as it relates to disclosure of information by securities issuers to the private markets.
- § Rating Agencies – A national rating agency which analyzes bond issues and assigns a rating to them to indicate to prospective bondholders the investment quality of the issue.
- § Interest Rate Swap Advisor – Primarily monitors interest rate swaps used to hedge single family mortgage revenue bonds.
- § Guaranteed Investment Contract Broker – Provides reinvestment services for single family mortgage revenue bond issues, single family commercial paper issues, and/or multifamily mortgage revenue bond issues.

## **FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS)**

This section describes the Department's future business and staffing outlook. This analysis helps to identify trends, future influences, and challenges for the agency's business functions, new and at-risk business, and workforce composition.

### ***Expected Workforce Changes Driven by Factors such as Changing Missions, Goals, Strategies, Technology, Work, Workloads, and Work Processes***

As stated above, no significant changes to the Department's core missions, goals, and strategies are expected. Some work efficiencies are likely to be gained through technological improvements to the central database and web functionality. The size of the Department's portfolio of multifamily housing units will continue to grow at a substantial rate (nearly 24,000 units were added to the portfolio in FY 2005).

### ***Future Workforce Skills Needed***

In addition to those skills described above in the "Workforce Skills Critical to the Mission and Goals of the Agency" section it is expected that an effort will have to be made to recruit employees with faculty in different languages, particularly Spanish, as this ethnic group continues to grow rapidly in the State. Having multilingual employees would be necessary to

help answer information requests, translate documents into different languages, and conduct hearings and roundtables to gather public comment on TDHCA activities.

As TDHCA continues to use technology to streamline processes to meet the demands of customers and provide more efficient services, additional technological skills may be required for the future workforce. Examples of such skills might include more advanced computer-related skills (i.e., systems design and analysis, Web design and development, and the ability to acclimate to new or modified application systems.

### ***Anticipated Increase or Decrease in the Number of Employees Needed to Do the Work***

The Department does not anticipate any substantial changes in its number of employees. The only mitigating factor that would impact this statement would be the assignment of other duties by the Legislature in the coming 80th session that would require additional FTEs. However, there are two issues that will substantially increase the workload of current employees in the upcoming years:

- § With increased funding for both the HTC and the MFB programs, increased size of portfolio and compliance monitoring requirements by the federal government, and added legislative requirements from both the state and federal levels, TDHCA has a great need for additional staff. Unfortunately, the number of FTEs has remained static, and has not taken into consideration the increased workload.
- § In response to Hurricane Rita, the State received \$74.5 million in CDBG funding from HUD in FY 2006. While there is some administrative funding associated with the oversight of these funds (which are approximately twice the size of TDHCA's annual HOME allocation), it is not expected to support the hiring of additional staff. Existing PMC staff will have to absorb the oversight of this program which is expected to have a two to three year lifespan.

### ***Anticipated Use of Consultants***

It is anticipated that the PMC, IS, and Bond Finance divisions will continue to use consultants to complete their ongoing work in the roles above described in the Current Workforce profile section.

## **GAP ANALYSIS**

This section identifies gaps (shortages) and surpluses (excesses) in staffing and skill levels needed to meet future functional requirements.

As a result of this workforce analysis, it is thought that a surplus or shortage in staffing levels or skills is unlikely in the near future. However, it is apparent that an effort will need to be made to enhance critical employee skills for future needs and to ensure that vehicles are in place to maintain institutional knowledge and increase the ability of staff to transition into new roles when turnover in key management positions occurs. To continue to develop staff and maintain a stable working environment, the following methods should be used to enhance internal skills.

- § Develop program skill sets internally through an internal training program, internships with local universities, and an internal program rotational program.
- § Identify key management positions that should be a part of a specialized succession planning program.

- § Analyze our workforce and determine where and how retirements will affect key staff positions in five year time increments.

## **STRATEGY DEVELOPMENT**

This section describes strategies for workforce transition.

### ***Specific Goals to Address Workforce Competency Gaps or Surpluses***

To plan for TDHCA's future workforce needs, three goals have been developed.

Objective 1. Develop and retain a stable, competent, well-trained workforce by improving skill sets through training programs, internships with local universities, and an internal staff rotational program.

Rationale. TDHCA believes that the training, development, and retention of the current staff are vital to the success of the Department. TDHCA will work to identify the gaps in its critical skills base and then use the following steps to accomplish the objective.

#### Action Steps

- § Identify key critical skills through job study analysis and development of new job descriptions.
- § Develop a formal internal training program from the bottom up.
- § Establish intern relationships with university students in areas of study that reflect the activities of TDHCA functional areas. An example of this would be to find real estate program students who would participate in a Real Estate Analysis Training Program during the HTC cycle. In FY 2005, an Internship Hiring Process SOP was written and implemented to provide management with an additional tool to bring new talent into their program area. Using that SOP, a "grow our own" pilot program brought interns into program divisions through a summer rotational program.
- § Establish an assignment rotational program for staff so they can learn the different program processes.
- § Establish a rotational management program so that supervisors and managers can learn the different agency business processes.
- § Establish a formal agency training program that will provide training for all staff to develop the skills critical to the Departments mission.

Objective 2. Identify and train staff who can replace retiring key staff. TDHCA should analyze its workforce to determine where and how retirements will affect key staff positions in five-year time increments.

Rationale. At the present, TDHCA does not have a formalized and communicated mechanism to replace retirees with existing staff.

#### Action Steps

- § Use a Succession Planning Program to identify key staff and determine when these staff members will retire.

- š Identify three or more peer staff that could be developed (at least one year before) to replace the retiree.
- š Use a Management Training Program to provide specialized program training, key competency enhancement, and other training opportunities to identified staff.

Objective 3. Grow a management cadre of high potential candidates who have the right Departmental business skills and competencies to move into higher-level positions.

Rationale. The Department needs to establish a pool of applicants who can replace higher-level staff if the need arises.

#### Action Steps

- š Develop a top-down management philosophy by which possible candidates will be measured.
- š Develop criteria for identifying key staff and potential key staff.
- š Identify the skills required to successfully fulfill the requirements of each key position.
- š Identify key competencies required for all agency management staff.
- š Establish a formal Management Training Program that will provide training for all key staff to develop the required skills and competencies.

## **APPENDIX F. SURVEY OF ORGANIZATIONAL EXCELLENCE**

### **RESULTS AND UTILIZATION PLANS**

In October of 2005, TDHCA participated in an Organizational Excellence Survey sponsored by the University of Texas. The survey helps TDHCA leadership by providing information about work force issues that impact the quality of service ultimately delivered its customers. The data provide information not only about employees' perceptions of the effectiveness of their own organization, but also about employees' satisfaction with their employer. Understanding issues such as the perceived comparability of the pay and employment benefit package is vital to attracting and retaining a competitive workforce. This survey forms the basis of the following observations concerning TDHCA's strengths and weaknesses in the eyes of its employees.

In reviewing the following sections, the following scoring categorizations are useful:

- § Scores of 400 or higher indicate areas of substantial strength.
- § Scores above 300 indicate employees perceive the issue more positively than negatively.
- § Scores below 300 indicate employees perceive the issue more negatively than positively.
- § Scores below 200 indicate areas of concern for the Department. They should receive immediate attention. No items in the TDHCA survey scored below the 200 range.

#### **Strengths**

The Department's strengths lie in the perception employees have about their Strategic, Physical Environment, Quality, External, and Availability. They are discussed below in the order of scores received, from highest to lowest.

- § **Strategic (384):** This reflects employees' thinking about how the Department's Strategic Orientation culture responds to external influences that should play a role in defining the mission, vision, services and products. This implies the ability of the Department to seek out and work with relevant external entities.
- § **Physical Environment (377):** Describes the employees' perceptions of the total work atmosphere and the degree to which employees believe it is a "safe" working environment. The agency has continued to invest attention to the issues of office space, equipment, parking, and the security of the building and thus, security of the employees.

Note: The surveying effort occurred prior to the Department's move to a new building with substantially different working environment and parking situation.

- § **Quality (375):** Describes the degree to which the quality principles, such as customer service and continuous improvement are a part of the organizational culture.
- § **External (373):** This category looks at how information flows into the Department from external sources, and conversely, how information flows from inside the organization to external constituents. It addresses the ability of Department staff to synthesize and apply external information to work performed by the Department.
- § **Availability (369):** This category addresses the extent to which employees feel that they know where to go to get needed information, and when they get it, that they know how to use and what to do with it



## Weaknesses

Areas where TDHCA did not score as high were Fair Pay, Internal, Team Effectiveness, Supervisor Effectiveness, and Change Orientation issues as described below from lowest score to highest scores. Of these categories, only the issue of Fair Pay is perceived as a true weakness - viewed more negatively than positively by employees. The other four categories all received scores above 300 and employees view these categories as more positive than negative.

- § **Change Oriented (334):** This category describes employees' perceptions of the Department's capability and readiness to change based on new information and ideas. It also addresses the Department's aptitude to process information timely and to act upon it effectively. Most importantly, it also examines the organization's capacity to draw upon, develop, and utilize the strengths of all in the Department for improvement.
- § **Supervisor Effectiveness (330):** This category provides insight into the nature of supervisory relationships in the Department, including the quality of communications, leadership, thoroughness, and fairness that employees perceive exists between supervisors and them. This category helps organizational leaders determine the extent to which supervisory relationships are a positive element of the organization.
- § **Team Effectiveness (327):** This describes employees' perceptions of the people within the Department with whom they work on a daily basis to accomplish their jobs (the work group or team). Also, it gathers data about how effective employees think their work group is as well as the extent to which the Department's environment supports cooperation among employees.
- § **Internal (326):** This captures the flow of communication within the Department from the top down, bottom up, and across divisions. It addresses the extent to which communication exchanges are open and candid and move the Department toward goal achievement.
- § **Fair Pay (274):** Fair Pay is a common negative perception across most, if not all, state agencies. This category addresses perceptions of the overall compensation package offered by the Department. It describes how well the compensation package "holds up" when employees compare it to similar jobs in other organizations. This should not come as a surprise to the Department, based on the last legislative session's attention to both employee compensation and benefits.

## Strategies for Improvement

The Department has undertaken many efforts to capitalize on the information derived from the 2005 Survey of Organizational Excellence and from prior years. Below are some of the initiatives that the Department has implemented to strengthen our weaknesses and enhance our strengths.

### **Improving Weaknesses**

- § **Fair Pay:** Over the last fiscal year, TDHCA has conducted numerous position classification studies to ensure that employees are compensated in line with Departmental, Austin, Texas, and national wage rates. This has been done through purchased wage surveys and Texas SAO Classification Studies to ensure that staff is classified correctly. Pay studies will continue to analyze, study, and identify areas of concern. Additionally, the Department established a Pay Equity Review Committee to help ensure that proposed salary actions

were fair and equitable when compared within the employee's division and across the Department.

- § Internal: The Department has strengthened internal efforts to ensure that communications to employees increase through the development of an agency-wide Intranet communication page called the TDHCA Electronic Water Cooler, a quarterly agency newsletter, quarterly *HR Herald* newsletter, increased division and section meetings, agency-wide communication memos as the need arises, and Departmental agency-wide communications meetings.

### **Enhancing Strengths**

- § TDHCA constantly works to provide a safe working environment for all employees. The Safety and Risk Management Program has been strengthened to provide a safe and risk free environment for employees. The results of the extra attention being paid to safety and risk have resulted in the agency being awarded the GOLD award for Safety last year and a near perfect inspection from the State Office of Risk Management this year. A security officer is located at the front doors of the headquarters building. Suite doors are accessible only through security access cards. The security officer's number has been placed on the agency's website and is readily accessible for all employees.
- § The Department has instilled a culture of transparency, professionalism, and integrity. This requires open communications, the ability to handle and process external review, and acceptance of client suggestions.
- § Efforts to enhance employee skills by supporting training opportunities that enhances their knowledge in their current positions and making various classes/trainings available to staff.
- § A year ago, an Internship Hiring Process SOP was written and implemented to provide management with an additional tool to bring new talent into their program area. Using that SOP, a "grow our own" pilot program has brought interns into program divisions to through a summer rotational program.

## **APPENDIX G. LIST OF ABBREVIATIONS**

AMFI	Area Median Family Income
CDBG	Community Development Block Grant
CEAP	Comprehensive Energy Assistance Program
CFNP	Community Food and Nutrition
CHDO	Community Housing Development Organization
CPA	Texas Comptroller of Public Accounts
CSBG	Community Services Block Grant
DADS	Texas Department of Aging and Disability Services
DHHS	US Department of Health and Human Services
DOE	US Department of Energy
DOT	US Department of Transportation
EEO	Equal Employment Opportunity
ELI	Extremely Low Income
FTE	Full-Time Employee
FY	Fiscal Year
GR	General Revenue
HOME	HOME Investment Partnerships Program
HOPWA	Housing Opportunities for Persons with AIDS
HTC	Housing Tax Credit
HTF	Housing Trust Fund
HUB	Historically Underutilized Business
HUD	US Department of Housing and Urban Development
IS	Information Systems
LAN	Local Area Network
LBB	Legislative Budget Board
LI	Low Income
LIHEAP	Low Income Home Energy Assistance Program
MFB	Multifamily Bond
MI	Moderate Income
MSA	Metropolitan Statistical Area
OCI	Office of Colonia Initiatives
ORCA	Office of Rural Community Affairs
PHA	Public Housing Authority
PJ	Participating Jurisdiction
PMC	Portfolio Management and Compliance
RAF	Regional Allocation Formula
SAO	State Auditor's Office
SOL	Statement of Ownership and Location
SOP	Standard Operating Procedure
TDHCA	Texas Department of Housing and Community Affairs
TSAHC	Texas State Affordable Housing Corporation
TSDC	Texas State Data Center
USDA	US Department of Agriculture
VLI	Very Low Income
WAN	Wide Area Network
WAP	Weatherization Assistance Program

**BOARD APPEALS**  
**See Separate Volume**

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**June 9, 2006**

**Action Items**

Presentation of Challenges Made in Accordance with §50.(17)(c) of the 2006 Qualified Allocation Plan and Rules (QAP) Concerning 2006 Housing Tax Credit (HTC) Applications.

**Required Action**

Consideration and possible action on Challenges made concerning 2006 Housing Tax Credit Applications.

**Background and Recommendations**

The attached document summarizes the “challenges” (called “allegations” in 2005) received on or before May 30, 2006 made against applications in the 2006 HTC Application Cycle anonymously or by other applicants or consultants.

All challenges are being addressed pursuant to §50.17(c) of the 2006 QAP, which states, “the Department will address information and challenges received from unrelated entities to a 2006 Application, utilizing a preponderance of the evidence standard, in the following manner:

- (1) Within seven days of the receipt of the information or challenge, the Department will post all information and challenges received (including any identifying information) to the Department’s website.
- (2) Within seven days of the receipt of the information or challenge, the Department will notify the Applicant related to the information or challenge. The Applicant will then have seven days to respond to all information and challenges provided to the Department.
- (3) Within 14 days of the receipt of the response from the Applicant, the Department will evaluate all information submitted and other relevant documentation related to the investigation. This information may include information requested by the Department relating to this evaluation. The Department will post its determination to its website. Any determinations made by the Department cannot be appealed by any party unrelated to the Applicant.”

Please note that a challenge is not eligible pursuant to this section if it is not made against a specific active 2006 HTC application. In the opinion of counsel, if an application is no longer active because the Development has been awarded tax credits by the TDHCA Board, challenges relating to the awarded/ inactive applications are not eligible under this section.

All ineligible and eligible challenges under this section received on or before May 25, 2006 were posted to the Department's website on May 26, 2006. The Department received one challenge after May 25, 2006 which is reflected in the table however has not been posted to the website as of June 2, 2006. To the extent that the applicant related to the challenge responds to the eligible challenge(s), point reductions and/or terminations could possibly be made administratively. In these cases, the applicant will be given an opportunity to appeal, as is the case with all point reductions and terminations. To the extent that the evidence does not confirm a challenge, a memo will be written to the file for that application relating to the challenge. The Department will post all determinations to the TDHCA website. The table attached reflects a summary of all such challenges received as May 30, 2006.

<b>TDHCA #</b>	<b>Development Name</b>	<b>Challenger</b>	<b>Nature</b>	<b>Status</b>
Region 6	All Developments in Region 6	Anonymous	Challenges eligibility under §50.9(h)(7)(B) of the QAP for all applications in Region 6 by asserting that some applications have not received consolidated plan letters from Houston and Harris County.	Challenge Ineligible: Does not challenge a specific application. It should be noted that all requirements for zoning under this section are reviewed closely by TDHCA staff in all threshold reviews to ensure that all applications are eligible for an award.
060049	Los Milagros	Kay Snyder	Challenging eligibility of Quantifiable Community Participation (QCP) letter of opposition from Centerpoint Resident Council.	Challenge Ineligible: Staff has determined this resident council and all QCP letters from the entity as ineligible. This determination was made without considering the information in the challenge.
060086	City Walk at Akard	Anonymous (2 received)	Challenging eligibility of Quantifiable Community Participation (QCP) letter of support from Dallas Homeless Neighborhood Association.	Challenge Ineligible: Staff has determined this QCP letter ineligible. This determination was made without considering the information in the challenge.
060202	Beaumont Downtown Lofts	Mark Musemeche and Kurt Arbuckle	Challenging eligibility of the Development as a rehabilitation under the Hurricane Rita Housing Tax Credit Application Policy (Rita Policy). Also challenging point eligibility under §50.9(i)(5) of the 2006 QAP.	Challenge Ineligible: The challenge is inactive because the application was awarded tax credits by the executive director on April 25, 2006 pursuant to the Rita Policy. Challenges were received after the fact (May 2 and after).
060087	Sphinx at Alsbury	Anonymous (2 received)	Challenging eligibility of Quantifiable Community Participation (QCP) letter of support from Alsbury Neighborhood Association.	Challenge Pending: Challenge being processed pursuant to §50.17(c) of the 2006 QAP.
060133	Canyon's Landing	Anonymous	Challenging eligibility of Quantifiable Community Participation (QCP) letter of support from Strawberry Hill Neighborhood Association.	Challenge Pending: Challenge being processed pursuant to §50.17(c) of the 2006 QAP.

060163	Villas of Karnes City	Anonymous	Challenging eligibility of the neighborhood organization to participate in the Quantifiable Community Participation (QCP) process.	Challenge Pending: Challenge being processed pursuant to §50.17(c) of the 2006 QAP.
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**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**June 9, 2006**

**Action Items**

Presentation, Discussion and Possible Award of the applications approved by the Executive Award Review Advisory Committee (EARAC) for the remaining Hurricane Rita Housing Tax Credits in accordance with the Hurricane Rita Housing Tax Credit Application Policy (Rita Policy) and the 2006 Qualified Allocation Plan and Rules (QAP).

**Required Action**

Approve, deny or approve with amendments the list of four recommended applications for Hurricane Rita Housing Tax Credits from the remaining 2006 Housing Tax Credit Ceiling of \$1,744,465 and no greater than \$135,078 from 2006 National Pool, returned credits or 2007 Forward Commitment.

**Background and Recommendations**

In December 2005, Congress passed HB4440 which gave Texas an additional \$3.5 million of Housing Tax Credit (HTC) Ceiling to assist with the rebuilding of the Hurricane disaster areas along the gulf coast. The Department's Board made the decision to set-aside the \$3.5 million for the specific counties of the Gulf Coast Opportunity Zone (GO Zone). The Board approved the Hurricane Rita Housing Tax Credit Application Policy (Rita Policy) on January 18, 2006 to allocate the additional \$3.5 million of credit ceiling the State received for the GO Zone.

On May 4, 2006, the multifamily staff presented partial award recommendations for ratification to the Board. The Board ratified the three award recommendations for a total of \$1,755,535 in tax credits in accordance with the Rita Policy and 2006 QAP.

EARAC is recommending four awards for approval by the Board. The recommendations are attached in this presentation. Staff requests the Board approve the list of recommended applications for Hurricane Rita Housing Tax Credits. Note that in Section III staff also provides an alternate scenario as requested by the Board at the May 4, 2006 Board Meeting.

**I. Application Submissions**

There were fourteen Applications submitted reflecting a total request for credits of \$9,629,236. Of the fourteen submitted, two were terminated, leaving a remaining request of \$8,137,414. As noted above, three awards have already been made leaving the total outstanding requests at \$6,381,879.

## II. Development Evaluation

Central to the Hurricane Rita Housing Tax Credit Awards was the Department's commitment to ensuring fairness and consistency in evaluating all of the applications, and ensuring adherence to all required guidelines of the Rita Policy and the 2006 Qualified Allocation Plan and Rules (QAP). The Portfolio Management and Compliance Division reviewed all recommended applications for instances of material non-compliance, except where noted. The allocating agencies of other states were contacted to request comments on the applicants' previous participation in their programs.

In accordance with the Rita Policy, staff identified the highest scoring new construction and highest scoring rehabilitation development in descending county order until all credits were allocated.

County order was based on the total number of apartment units destroyed or with major damage in each county as identified in the table below. Therefore, the county with the most damage (Jefferson County) was the first county considered. For that first county, the highest scoring rehabilitation property and the highest scoring new construction property was identified. If a county only had new construction submissions, only one new construction submission – the highest scoring - was identified.

Those designated Applications were then reviewed for threshold and financial feasibility. This process for each county was continued until all credits were recommended for an allocation.

### Prioritization Order of Counties

County	Apartments		
	Destroyed	Major	Total
Jefferson	282	3,587	3,869
Orange	200	300	500
Angelina	0	25	25
Newton	0	18	18
Liberty	0	12	12
Polk	0	10	10
Sabine	1	5	6
Jasper	0	5	5
Chambers	0	4	4
Trinity	0	3	3
Cherokee	0	0	0
Hardin	0	0	0
Harris	0	0	0
Montgomery	0	0	0
Nacogdoches	0	0	0
San Augustine	0	0	0
San Jacinto	0	0	0
Shelby	0	0	0
Tyler	0	0	0
<b>Totals</b>	<b>483</b>	<b>3,969</b>	<b>4,452</b>

At this time, all applications recommended for an award have been reviewed by the Multifamily Division for threshold, reviewed by the Real Estate Analysis Division for financial feasibility (with the exception of The Women's Shelter of East Texas) and reviewed by Portfolio Management and Compliance for compliance.

Based on these reviews, there are four applications being recommended by EARAC for underwritten credit amounts not to exceed \$1,879,543. This amount is \$135,078 over the \$1,744,465 remaining Hurricane Rita Tax Credits available. Please note that at this time, the recommended credits for TDHCA # 060149, The Women's Shelter of East Texas, is based on credit amounts requested and the representations of the applicant because a financial feasibility analysis has not been completed. The application may have the credit amount reduced and/or may have additional conditions placed on the allocation. The credit award will not exceed the requested amount of \$354,139.

Staff is requesting the use of potential 2006 National Pool Credits, or any recaptured credits through 2006 to award the shortfall of \$135,078 over the \$3.5 million allocation. If TDHCA does not receive enough credits from the 2006 National Pool or recaptured credits, staff recommends a 2007 Forward Commitment for the remaining credits. Timber Creek at Sienna Trails, #060239, in Jefferson County would have the credits split between the remaining ceiling, 2006 National Pool, and/ or a 2007 Forward Commitment.

If any one or all of these applications does not satisfy its outstanding conditions outlined in the commitment notice or is withdrawn, the next highest scoring applications for an allocation would be 060105, Cypresswood Crossing (Orange County), 060241 Sienna Trails (Jefferson County), and 060199, Legacy Senior Housing, respectively.

### **III. Alternate Methodology for Selection of Applications**

Pursuant to §50.10(a)(2)(T) of the 2006 QAP, the Board is entitled to take into account, as it deems appropriate, discretionary factors including, "other good cause as determined by the Board."

In the May 4, 2006 Board meeting, the Board instructed staff to prepare documentation which would capture the results of an alternate methodology for selection of applications than that approved in the Rita Policy. Based on the comments made by the Board, staff has completed an analysis of the applications that would likely have been recommended for an award of tax credits under a specific scenario. The scenario is based on the county order as outlined in the "Prioritization Order of Counties" chart (above). Under this scenario, awards and non-awards are listed as if no awards have been made by the Board. The specific scenario is as follows:

#### **Alternate Scenario**

Staff will identify the highest scoring new construction and highest scoring rehabilitation development in county order and they will be "prioritized" until all rehabilitation applications are accounted for. If a county has only new construction submissions, the two highest scoring new construction applications will be designated as "priority". Once all rehabilitation applications have been awarded, the highest scoring new construction property in county order will be prioritized (one at a time) until the \$3,500,000 available would be exceeded. This serves to better disperse funds.

This scenario differs from the Rita Policy in that it prioritizes two new construction applications in each region if there are no rehabilitation applications in the region. The Rita Policy selects only one new construction in each region if there are no rehabilitation applications.

The chart below, “Award Recommendations Pursuant to Rita Policy Compared to the Alternate Scenario”, provides a breakdown of the awards as ratified in the May 4, 2006 Board meeting (designated “A”) and those that are recommended for an award (designated as “R”) under the Rita Policy (Column 1). It also provides what awards would have been recommended (designated “R”) using Scenario One (Column 2).

**Award Recommendations Pursuant to Rita Policy Compared to Scenarios One**

<b>Column 1. Current Policy Awards / June 9 Recommendations</b>	<b>A/R</b>	<b>Column 2. Alternate Scenario Awards / Scenario- Based Recommendations</b>	<b>A/R</b>
060186- Sunset Way Apartments: (Jefferson) – Previously Awarded	A	060186- Sunset Way Apartments: (Jefferson) – Previously Awarded	A
060238- One Southwood Crossing: (Jefferson) – Previously Awarded	A	060238- One Southwood Crossing: (Jefferson) – Previously Awarded	A
060202- Beaumont Downtown Lofts: (Jefferson) – Previously Awarded	A	060202- Beaumont Downtown Lofts: (Jefferson) – Previously Awarded	A
060239- Timber Creek at Sienna: (Jefferson)	R	060148- Pineywoods Orange Development: (Orange)	R
060148- Pineywoods Orange Development: (Orange)	R	060105- Cypresswood Crossing: (Orange)	R
060092- Twelve Oaks Apartments: (Orange)	R	060092- Twelve Oaks Apartments: (Orange)	R
060149- The Women’s Shelter of East Texas: (Angelina)	R	060149- The Women’s Shelter of East Texas: (Angelina)	R
<b>Total: Not to Exceed \$3,635,078</b>		<b>Total: \$3,836,524</b>	

Under the Rita Policy, recommendations and awards total four in Jefferson County, two in Orange County and one in Angelina County. The awards and recommendations under the current policy are consistent with the amount of damaged units in Jefferson County which far exceed those in Orange and Angelina Counties. Under the Alternate Scenario, recommendations which would have been made utilizing this policy total three in Jefferson County, three in Orange County and one in Angelina County.

It should be noted that under the Alternate Scenario, Application # 060239, Timber Creek at Sienna Trails would not receive an award a currently recommended. In its place, Application # 060105, Cypresswood Crossing would be recommended under the scenario.

**IV. Reports**

Report 1: All of the active applications submitted for the Hurricane Rita Housing Tax Credit Program.

Report 2: 2006 9% HTC Hurricane Rita Award Recommendations June 9, 2006. The report reflects all awards ratified on May 4, 2006 and the current award recommendations. The report is an award list only.

Report 3: 2006 9% HTC Hurricane Rita Award Status June 9, 2006. The report reflects all awards ratified on May 4, 2006 and the current award recommendations. The report is both an award list (designated as "A") and those not recommended for an award (designated as "N").

Report 4: 2006 9% HTC Hurricane Rita Award Status Using the Methodology in the Alternate Scenario. The report reflects all awards ratified on May 4, 2006 and the current award recommendations. The report is both an award list (designated as "A") and those awards that would have been recommended using Scenario One (designated "A") not recommended for an award (designated as "N").

Following those reports are the Board Summary and Real Estate Analysis reports for each application approved for an award by the Executive Director.

## **V. Staff Recommendation**

Staff recommends that the Board award Hurricane Rita Housing Tax Credits in accordance with the Rita Policy from the remaining 2006 Hurricane Rita Tax Credit Ceiling in an amount not to exceed \$1,744,465 and no greater than \$135,078 from either the 2006 National Pool, 2006 recaptured credits, and/ or a 2007 Forward Commitment, as necessary to award all four applications fully.

**Report 1: 2006 9% HTC Hurricane Rita Active Applications as of June 9, 2006**  
**Sorted by County and Final Score**

**State Ceiling Remaining to be Allocated: \$3,500,000**

File #	Region	Development Name	Address	City	County	Construction Type	LI Units	Total Units	Target Population	Credit* Req/Rec	Owner Contact	Final Score	Comment
<b>County: Jefferson</b>													
060186	5	Sunset Way Apts	Central Mall Dr. and Oakmont Dr.	Port Arthur	Jefferson	New Construction	96	96	Family	\$825,066	Rick Deyoe	177	Awarded May 9, 2006
060238	5	One Southwood Crossing Apts	N Side of I-73 between 9th Ave and Hwy 347	Port Arthur	Jefferson	New Construction	84	84	Family	\$540,416	Ike Akbari	175	Awarded May 9, 2006
060241	5	Sienna Trails Townhomes	Center Lot at Sienna Trails and North Concord	Beaumont	Jefferson	New Construction	36	36	Family	\$413,807 *	Mark Musemeche	174	Not Competitive In County
060240	5	Briarbend Village at Sienna Trails	Northeast corner of Sienna Trails and North Concord	Beaumont	Jefferson	New Construction	35	35	Family	\$477,947 *	Mark Musemeche	174	Withdrawn
060239	5	Timber Creek at Sienna Trails	Southeast Corner of Sienna Trails and North Concord	Beaumont	Jefferson	New Construction	36	36	Family	\$488,054	Mark Musemeche	174	High Scoring New Construction
060202	5	Beaumont Downtown Lofts	527 Forsythe St. and 620 Pearl St.	Beaumont	Jefferson	Rehab Construction	36	36	Family	\$390,053	Jim Sari	173	Awarded May 9, 2006
060199	5	Legacy Senior Housing of Port Arthur	3400 Block - Lake Arthur Dr.	Port Arthur	Jefferson	New Construction	120	126	Elderly	\$1,031,125 *	Hugh Harrison	168	Not Competitive In County
060065	5	Stone Hearst II	1650 E. Lucas Dr.	Beaumont	Jefferson	New Construction	97	100	Family	\$850,000 *	Ronette Hodges	164	Terminated
060018	5	The Fairgrounds at Concord	2901 Gulf Street	Beaumont	Jefferson	New Construction	114	114	Family	\$1,200,000 *	Robert L. Reyna	163	Not Competitive In County
060242	5	Pear Orchard Apts	4365 South Fourth Street	Beaumont	Jefferson	Rehab Construction	150	150	Family	\$641,822 *	Jorge Newbery	96	Terminated
<b>10</b>	<b>Total Applications in County</b>						<b>804</b>	<b>813</b>		<b>\$6,858,290</b>			
<b>County: Orange</b>													
060148	5	Pineywoods Orange Development	Scattered Sites	Orange	Orange	New Construction	50	50	Family	\$538,534	Doug Dowler	181	High Scoring New Construction
060092	5	Twelve Oaks Apts	2405 Hwy. 12	Vidor	Orange	New Construction	70	70	Family	\$498,816	Ike Akbari	168	High Scoring New Construction
060105	5	Cypresswood Crossing	Hwy. 87 @ Hwy. 105	Orange	Orange	New Construction	76	76	Family	\$689,500 *	Ike Akbari	162	Not Competitive In County
<b>3</b>	<b>Total Applications in County</b>						<b>196</b>	<b>196</b>		<b>\$1,726,850</b>			
<b>County: Angelina</b>													
060149	5	The Women's Shelter of East Texas	1835 Sayers	Lufkin	Angelina	New Construction	25	26	Family	\$354,139 *	Doug Dowler	169	High Scoring New Construction
<b>1</b>	<b>Total Applications in County</b>						<b>25</b>	<b>26</b>		<b>\$354,139</b>			
<b>14</b>	<b>Total Applications</b>						<b>1,025</b>	<b>1,035</b>		<b>\$8,939,279</b>			

\*=Underwriting report not complete, therefore the credit requested amount is displayed.

**Report 2: 2006 9% HTC Hurricane Rita Award Recommendations June 9, 2006**  
**Sorted by County and Final Score**

**State Ceiling Remaining to be Allocated: \$3,500,000**

File #	Region	Development Name	Address	City	County	Construction Type	LI Units	Total Units	Target Population	Credit* Req/Rec	Owner Contact	Final Score	Comment
<b>County: Jefferson</b>													
060186	5 A	Sunset Way Apts	Central Mall Dr. and Oakmont Dr.	Port Arthur	Jefferson	New Construction	96	96	Family	\$825,066	Rick Deyoe	177	Awarded May 9, 2006
060238	5 A	One Southwood Crossing Apts	N Side of I-73 between 9th Ave and Hwy 347	Port Arthur	Jefferson	New Construction	84	84	Family	\$540,416	Ike Akbari	175	Awarded May 9, 2006
060239	5 A	Timber Creek at Sienna Trails	Southeast Corner of Sienna Trails and North Concord	Beaumont	Jefferson	New Construction	36	36	Family	\$488,054	Mark Musemeche	174	High Scoring New Construction
060202	5 A	Beaumont Downtown Lofts	527 Forsythe St. and 620 Pearl St.	Beaumont	Jefferson	Rehab Construction	36	36	Family	\$390,053	Jim Sari	173	Awarded May 9, 2006
<b>4 Total Applications in County</b>							<b>252</b>	<b>252</b>		<b>\$2,243,589</b>			
<b>4 Total Applications in County</b>							<b>252</b>	<b>252</b>		<b>\$2,243,589</b>			
<b>County: Orange</b>													
060148	5 A	Pineywoods Orange Development	Scattered Sites	Orange	Orange	New Construction	50	50	Family	\$538,534	Doug Dowler	181	High Scoring New Construction
060092	5 A	Twelve Oaks Apts	2405 Hwy. 12	Vidor	Orange	New Construction	70	70	Family	\$498,816	Ike Akbari	168	High Scoring New Construction
<b>2 Total Applications in County</b>							<b>120</b>	<b>120</b>		<b>\$1,037,350</b>			
<b>2 Total Applications in County</b>							<b>120</b>	<b>120</b>		<b>\$1,037,350</b>			
<b>County: Angelina</b>													
060149	5 A	The Women's Shelter of East Texas	1835 Sayers	Lufkin	Angelina	New Construction	25	26	Family	\$354,139 *	Doug Dowler	169	High Scoring New Construction
<b>1 Total Applications in County</b>							<b>25</b>	<b>26</b>		<b>\$354,139</b>			
<b>1 Total Applications in County</b>							<b>25</b>	<b>26</b>		<b>\$354,139</b>			
<b>7 Total Applications</b>							<b>397</b>	<b>398</b>		<b>\$3,635,078</b>			

\*=Underwriting report not complete, therefore the credit requested amount is displayed.

**Report 3: 2006 9% HTC Hurricane Rita Award Status June 9, 2006  
Sorted by County, Award Status and Final Score**

**State Ceiling Remaining to be Allocated: \$3,500,000**

File #	Region	Development Name	Address	City	County	Construction Type	LI Units	Total Units	Target Population	Credit* Req/Rec	Owner Contact	Final Score	Comment
<b>County: Jefferson</b>													
060186	5 A	Sunset Way Apts	Central Mall Dr. and Oakmont Dr.	Port Arthur	Jefferson	New Construction	96	96	Family	\$825,066	Rick Deyoe	177	Awarded May 9, 2006
060238	5 A	One Southwood Crossing Apts	N Side of I-73 between 9th Ave and Hwy 347	Port Arthur	Jefferson	New Construction	84	84	Family	\$540,416	Ike Akbari	175	Awarded May 9, 2006
060239	5 A	Timber Creek at Sienna Trails	Southeast Corner of Sienna Trails and North Concord	Beaumont	Jefferson	New Construction	36	36	Family	\$488,054	Mark Musemeche	174	High Scoring New Construction
060202	5 A	Beaumont Downtown Lofts	527 Forsythe St. and 620 Pearl St.	Beaumont	Jefferson	Rehab Construction	36	36	Family	\$390,053	Jim Sari	173	Awarded May 9, 2006
<b>4</b>	<b>Total Applications in County</b>						<b>252</b>	<b>252</b>			<b>\$2,243,589</b>		
060241	5 N	Sienna Trails Townhomes	Center Lot at Sienna Trails and North Concord	Beaumont	Jefferson	New Construction	36	36	Family	\$413,807 *	Mark Musemeche	174	Not Competitive In County
060199	5 N	Legacy Senior Housing of Port Arthur	3400 Block - Lake Arthur Dr.	Port Arthur	Jefferson	New Construction	120	126	Elderly	\$1,031,125 *	Hugh Harrison	168	Not Competitive In County
060018	5 N	The Fairgrounds at Concord	2901 Gulf Street	Beaumont	Jefferson	New Construction	114	114	Family	\$1,200,000 *	Robert L. Reyna	163	Not Competitive In County
<b>3</b>	<b>Total Applications in County</b>						<b>270</b>	<b>276</b>			<b>\$2,644,932</b>		
<b>7</b>	<b>Total Applications in County</b>						<b>522</b>	<b>528</b>			<b>\$4,888,521</b>		
<b>County: Orange</b>													
060148	5 A	Pineywoods Orange Development	Scattered Sites	Orange	Orange	New Construction	50	50	Family	\$538,534	Doug Dowler	181	High Scoring New Construction
060092	5 A	Twelve Oaks Apts	2405 Hwy. 12	Vidor	Orange	New Construction	70	70	Family	\$498,816	Ike Akbari	168	High Scoring New Construction
<b>2</b>	<b>Total Applications in County</b>						<b>120</b>	<b>120</b>			<b>\$1,037,350</b>		
060105	5 N	Cypresswood Crossing	Hwy. 87 @ Hwy. 105	Orange	Orange	New Construction	76	76	Family	\$689,500 *	Ike Akbari	162	Not Competitive In County
<b>1</b>	<b>Total Applications in County</b>						<b>76</b>	<b>76</b>			<b>\$689,500</b>		
<b>3</b>	<b>Total Applications in County</b>						<b>196</b>	<b>196</b>			<b>\$1,726,850</b>		
<b>County: Angelina</b>													
060149	5 A	The Women's Shelter of East Texas	1835 Sayers	Lufkin	Angelina	New Construction	25	26	Family	\$354,139 *	Doug Dowler	169	High Scoring New Construction
<b>1</b>	<b>Total Applications in County</b>						<b>25</b>	<b>26</b>			<b>\$354,139</b>		
<b>1</b>	<b>Total Applications in County</b>						<b>25</b>	<b>26</b>			<b>\$354,139</b>		
<b>11</b>	<b>Total Applications</b>						<b>743</b>	<b>750</b>			<b>\$6,969,510</b>		

\*=Underwriting report not complete, therefore the credit requested amount is displayed.



**Report 4: 2006 9% HTC Hurricane Rita Applications Award Status Using Methodology in Alternate Scenario as of June 9, 2006**  
**Sorted by County, Award Status and Final Score**

**State Ceiling Remaining to be Allocated: \$3,500,000**

File #	Region	Development Name	Address	City	County	Construction Type	LI Units	Total Units	Target Population	Credit* Req/Rec	Owner Contact	Final Score	Comment
<b>County: Jefferson</b>													
060186	5 A	Sunset Way Apts	Central Mall Dr. and Oakmont Dr.	Port Arthur	Jefferson	New Construction	96	96	Family	\$825,066	Rick Deyoe	177	High Scoring New Construction
060238	5 A	One Southwood Crossing Apts	N Side of I-73 between 9th Ave and Hwy 347	Port Arthur	Jefferson	New Construction	84	84	Family	\$540,416	Ike Akbari	175	High Scoring New Construction
060202	5 A	Beaumont Downtown Lofts	527 Forsythe St. and 620 Pearl St.	Beaumont	Jefferson	Rehab Construction	36	36	Family	\$390,053	Jim Sari	173	High Scoring Rehabilitation
<b>3</b>	<b>Total Applications in County</b>						<b>216</b>	<b>216</b>		<b>\$1,755,535</b>			
060241	5 N	Sienna Trails Townhomes	Center Lot at Sienna Trails and North Concord	Beaumont	Jefferson	New Construction	36	36	Family	\$413,807 *	Mark Musemeche	174	Not Competitive In County
060239	5 N	Timber Creek at Sienna Trails	Southeast Corner of Sienna Trails and North Concord	Beaumont	Jefferson	New Construction	36	36	Family	\$488,054	Mark Musemeche	174	Not Competitive In County
060199	5 N	Legacy Senior Housing of Port Arthur	3400 Block - Lake Arthur Dr.	Port Arthur	Jefferson	New Construction	120	126	Elderly	\$1,031,125 *	Hugh Harrison	168	Not Competitive In County
060018	5 N	The Fairgrounds at Concord	2901 Gulf Street	Beaumont	Jefferson	New Construction	114	114	Family	\$1,200,000 *	Robert L. Reyna	163	Not Competitive In County
<b>4</b>	<b>Total Applications in County</b>						<b>306</b>	<b>312</b>		<b>\$3,132,986</b>			
<b>7</b>	<b>Total Applications in County</b>						<b>522</b>	<b>528</b>		<b>\$4,888,521</b>			
<b>County: Orange</b>													
060148	5 A	Pineywoods Orange Development	Scattered Sites	Orange	Orange	New Construction	50	50	Family	\$538,534	Doug Dowler	181	High Scoring New Construction
060092	5 A	Twelve Oaks Apts	2405 Hwy. 12	Vidor	Orange	New Construction	70	70	Family	\$498,816	Ike Akbari	168	High Scoring New Construction
060105	5 A	Cypresswood Crossing	Hwy. 87 @ Hwy. 105	Orange	Orange	New Construction	76	76	Family	\$689,500 *	Ike Akbari	162	High Scoring New Construction
<b>3</b>	<b>Total Applications in County</b>						<b>196</b>	<b>196</b>		<b>\$1,726,850</b>			
<b>3</b>	<b>Total Applications in County</b>						<b>196</b>	<b>196</b>		<b>\$1,726,850</b>			
<b>County: Angelina</b>													
060149	5 A	The Women's Shelter of East Texas	1835 Sayers	Lufkin	Angelina	New Construction	25	26	Family	\$354,139 *	Doug Dowler	169	High Scoring New Construction
<b>1</b>	<b>Total Applications in County</b>						<b>25</b>	<b>26</b>		<b>\$354,139</b>			
<b>1</b>	<b>Total Applications in County</b>						<b>25</b>	<b>26</b>		<b>\$354,139</b>			
<b>11</b>	<b>Total Applications</b>						<b>743</b>	<b>750</b>		<b>\$6,969,510</b>			

\*=Underwriting report not complete, therefore the credit requested amount is displayed.





MULTIFAMILY FINANCE PRODUCTION DIVISION

June 9, 2006

Development Information, Public Input and Board Summary

Twelve Oaks Apts, TDHCA Number 060092

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Williams, District 4 S Points: 7 US Representative: Brady, District 8,
TX Representative: Hamilton, District 19 S Points: 7 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Joe Hopkins, Mayor, S Resolution of Support from Local Government [ ]

Individuals/Businesses: In Support: 1 In Opposition: 0

Neighborhood Input:

N/A, Letter Score: S or O:

General Summary of Comment:

CONDITIONS OF COMMITMENT

- 1. Receipt, review , and acceptance of an acceptable TDHCA site inspection.
2. Receipt, review , and acceptance by carryover of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs prior to the initial closing on the property.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.
4. Any outstanding commitments as required for points awarded pursuant to §50.9(i)(5) or (22) of 2006 QAP.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**June 9, 2006**

**Development Information, Public Input and Board Summary**

**Twelve Oaks Apts, TDHCA Number 060092**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

9% HTC Hurricane Rita:  Score: **168**  Meeting a Required Set-Aside Credit Amount: \$498,816

**Recommendation:** Recommend approval of a Hurricane Rita Housing Tax Credit allocation not to exceed \$498,816 annually for ten years, subject to conditions.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**DATE:** April 14, 2006

**PROGRAM:** 9% HTC

**FILE NUMBER:** 060092

**DEVELOPMENT NAME**

Twelve Oaks

**APPLICANT**

**Name:** Vidor Twelve Oaks, LP **Contact:** KT "Ike" Akbari  
**Address:** 2901 Turtle Creek Drive, Suite 106  
**City:** Port Arthur **State:** TX **Zip:** 77642  
**Phone:** (409) 724-0020 **Fax:** (409) 721-6603 **Email:** iakbari@itexmgt.com

**KEY PARTICIPANTS**

**Name:** Vidor Twelve Oaks GP, LLC **Title:** 0.01% Managing General Partner of Applicant  
**Name:** Ike Akbari **Title:** Sole member of GP, Sole member of Itex Developers & Guarantor  
**Name:** Itex Developers **Title:** 90% Developer  
**Name:** Baristone Developers, LLC **Title:** 10% Developer  
**Name:** Chris Akbari **Title:** Sole member of Baristone Developers  
**Name:** Gannon Outsourcing, Inc **Title:** Consultant

**PROPERTY LOCATION**

**Location:** 2405 Highway 12  
**City:** Vidor **Zip:** 77662  
**County:** Orange **Region:** 5  QCT  DDA

**REQUEST**

<u>Program</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
HTC	\$626,000	N/A	N/A	N/A
<b>Proposed Use of Funds:</b>	<u>New construction</u>	<b>Type:</b>	<u>Multifamily</u>	
<b>Target Population:</b>	<u>Family</u>	<b>Other:</b>	<u>Rural</u>	

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$498,816 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of an acceptable TDHCA site inspection.
2. Receipt, review, and acceptance by carryover of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs prior to the initial closing on the property.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

Total Units: 70 # Res Bldgs 6 # Non-Res Bldgs 1 Age: N/A yrs Vacant: N/A at / /  
 Net Rentable SF: 67,920 Av Un SF: 970 Common Area SF: 1,700 Gross Bldg SF: 69,620

**ARCHITECTURAL REVIEW**

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings.

**STRUCTURAL MATERIALS**

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 30% masonry veneer and 70% Hardiplank. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

**UNIT FEATURES**

The interior flooring will be carpet, resilient covering, and ceramic tile. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fan in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: a self-cleaning oven, laundry connections, a ceiling fixture in each room, an individual heating and air conditioning unit, individual water heater, and nine-foot ceilings.

**ONSITE AMENITIES**

In order to meet threshold criteria for total units of 41 or more, the Applicant has elected to provide community laundry room, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, and two children's playgrounds equipped for 5 to 12 year olds/two tot lots/one of each.

Uncovered Parking: 131 spaces Carports: 0 spaces Garages: 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Twelve Oaks is a 18-unit per acre new construction development located in Vidor, north of Beaumont, Orange County. The development is comprised of six evenly distributed garden style residential buildings as follows:

No. of Buildings	No. of Floors	Eff	1BR	2BR	3BR	4BR
2	2		8	12		
3	2				8	
1	2			8		

The development includes a 1,700-square foot community building with a public laundry, community room, computer room, leasing office, kitchen, public restroom, and central mailroom.

**SITE ISSUES**

**SITE DESCRIPTION**

Total Size: 3.948 acres Scattered sites?  Yes  No  
 Flood Zone: Zone A Within 100-year floodplain?  Yes  No  
 Current Zoning: No zoning in City of Vidor Needs to be re-zoned?  Yes  No  N/A

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The subject is located in the northeasterly end of Vidor. It is on Highway 12, which is the primary roadway to Mauriceville. Vidor is approximately seven miles northeast of Beaumont.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**Adjacent Land Uses:**

- **North:** vacant land, Terry Gully north of the tree line;
- **South:** an overhead electric line, a drainage ditch, State Highway 12 south of the ditch, and Oak Forest Elementary School and Vidor Middle School.
- **East:** vacant lane, Terry Gully east of the tree line; and
- **West:** an Early Learning center, vacant land, and residential neighborhood.

**Site Access:** Direct access to the site is from Highway 12, which connects to Interstate Highway 10. It is accessible from traffic on both sides, via a center turning lane. Highway 12 at this point is a two-way asphalt topped roadway with graded shoulders and ditches for excess water runoff. It has two right of way lanes and the center lane.

**Public Transportation:** There is no public transportation in the vicinity. Accessibility to the major roadways is good. The subject property is not on the local bus route, although it is served by the school bus system.

**Shopping & Services:** The neighborhood is fully within the Vidor Independent School District. Oak Elementary is directly across the street. A child care center is located directly west of the subject site. Primary shopping facilities are located along the major roadways, slightly further southwest at Highway 105 and Interstate 10. The primary health care facilities are located in Beaumont and Port Arthur, approximately 6 to 15 miles southwest to south of the subject site. There is a clinic on Highway 12 within a short distance of the subject site.

**Adverse Site Characteristics:**

**Floodplain:** The site is located in Zone "A": Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. Because detailed analyses are not performed for such areas; no depths or base flood elevations are shown within these zones" (<http://www.floodsmart.gov/floodsmart/pages/riskassessment/floodzonesdefined.jsp>, April 10, 2006). According to the 2006 QAP, "Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. If no FEMA Flood Insurance Rate Maps are available for the proposed Development, flood zone documentation must be provided from the local government with jurisdiction identifying the 100 year floodplain. No buildings or roads that are part of a Development proposing Rehabilitation, with the exception of developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in this subsection for New Construction." Receipt, review, and acceptance by carryover of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs prior to the initial closing on the property is a condition of this report.

**TDHCA SITE INSPECTION**

Inspector: \_\_\_\_\_ Date: \_\_\_\_\_

Overall Assessment:     Excellent     Acceptable     Questionable     Poor     Unacceptable

Comments:    Report not yet received – report recommendations conditioned upon acceptable rating

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated February 17, 2006 was prepared by Medina Consulting Company, Inc and contained the following findings and recommendations:

**Findings:**

- **Noise:** "The only source of elevated noise on the property is State Highway 12, which lies along the southeastern boundary of the site. The nearest residential buildings to the site will be about 200 feet from the highway. Traffic on the highway limited during school days and hours because of the presence of an elementary school across the highway from the Twelve Oaks property, and is largely commuter traffic with only a few commercial freight vehicles. Based on my observations at the site, I would not recommend a noise survey, as the noise from the highway did not appear to be excessive" (letter, April 6,

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

2006).

- **Floodplain:** "Part of the site appears to lie in Zone A according to the FEMA National Flood Insurance Program *Flood Insurance Rate Map*, Panel 480514 0005 B for the City of Vidor, Orange County, Texas, Map, effective date January 6, 1983 and Panel 480510 0050 B for Orange County, Texas, Unincorporated Areas, effective date January 6, 1983. Zone A are areas of 100-year shallow flooding where the depth of flood has not been determined. We recommend referring to the survey completed by a professional surveyor for the site to confirm that part of the site lies in Zone A" (p. 3).
- **Asbestos-Containing Materials (ACM):** "No buildings or other improvements are present on the property that would indicate the need for ACM testing" (letter, April 6, 2006).
- **Lead-Based Paint (LBP):** "No buildings or other improvements are present on the property that would indicate the need for Lead Based Paint testing" (letter, April 6, 2006).
- **Lead in Drinking Water:** "No buildings or other improvements are present on the property that would indicate the need for lead in drinking water testing" (letter, April 6, 2006).
- **Radon:** "According to the Environmental Protection Agency (EPA) the Orange County area is in Zone 3, which is the Zone with the lowest potential for elevated radon concentrations. Each Zone designation reflects the average short-term radon measurement that can be expected to be measured in a building without the implementation of radon controls. Orange County has an arithmetic mean radon concentration of less than 2.0 pCi/L (picoCuries per liter), which is below the EPA level of concern of 4.0 pCi/L" (p. 3).
- **Other:** "No facilities were identified on adjacent properties that indicated sources of potential environmental concern" (p. 5).
- **Recognized Environmental Concerns (RECs):** None noted.

**Recommendations:** "Based on the results of this assessment, MCC has determined that "No Recognized Environmental Conditions", as defined by ASTM, were identified in connection with activities at the subject property. Additionally, the surrounding properties do not appear to pose a potential environmental concern to the subject site. No further assessment is recommended at this time" (p. 11).

**INCOME SET-ASIDE**

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units (100% of the total) will be reserved for low-income tenants. Seven of the units (10%) will be reserved for households earning 30% or less of AMI and the remaining 63 units (90%) will be reserved for households earning 60% or less of AMI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$21,240	\$24,300	\$27,300	\$30,360	\$32,760	\$35,220

**MARKET HIGHLIGHTS**

A market feasibility study dated February 1, 2006 was prepared by The Gerald A Teel Company ("Market Analyst") and included the following findings:

**Secondary Market Information:** "The secondary market (SMA) consists of those potential renters in the smaller adjoining communities outside the PMA, such as Mauriceville, Bridge City and Orange field" (p. 7).

**Definition of Primary Market Area (PMA):** "The primary market area is considered the county line to the north, the county line and the Neches River to the west, census tract boundaries to the south and east. This appropriates a market area of about 6 to 9 mile radius around the subject site. To exceed these limits would encroach onto the market area of the aforementioned cities. Vidor is not considered to have a marketing advantage over the other cities, although several of the schools within the district are recognized and rated as acceptable to exemplary, which does create some pull for families. Vidor is within the Beaumont/Port Arthur MSA, yet it is considered more rural in character. The pertinent census tracts which define the competitive market area of the subject are as follows:" 215.1, 215.2, 215.3, 215.4, 215.5, 216.1, 216.2, 217.1, 217.2,



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218.1, 218.2, 219.1, 219.2, 219.3, 219.4, 219.5, 219.6, 220.1, 220.2, 220.3, and 220.4 (p. 4). This area encompasses approximately 130 square miles and is equivalent to a circle with a radius of 6 miles.

**Population:** The estimated 2005 population of the PMA was 27,019 and is expected to decrease to approximately 26,941 by 2010. Within the primary market area there were estimated to be 10,248 households in 2005.

**Total Market Demand:** The Market Analyst utilized a household size-appropriate adjustment rate of 99.9% (p. 77). "The indicated income band of \$513 to \$710 would be reflective of households earning \$15,390 to approximately \$28,400 [for the 60% income level], as well as households earning \$8,352 to \$13,776 for the 30% income level. Combined, the property would appeal to the lower income households including about 30.3% of the total households" (p. 25). The Analyst's income band results in an income eligible adjustment rate of 4.6% for households at or below 30% of AMI (p. 82) and 25.7% for households at or below 60% of AMI (p. 80). The tenure appropriate adjustment rate of 22.4% is specific to the general population (p. 77). "The percent of households in turnover is based on the normal turnover of rental residents. According to data published by the Institute of Real Estate Management (IREM), walk up garden type apartments had average turnover of approximately 57.3% in 1996, 55.0% in 1997, 54.5% for 1998, 54.2% in 1999 and 60.1% for 2000 (latest year for available data). Based on past experience with similar properties and similar markets, turnover is estimated at 55% per annum" (p. 78).

<b>MARKET DEMAND SUMMARY (30% AMI)</b>				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	1	2%	1	1%
Resident Turnover	58	98%	92	99%
Other Sources: 1.7% w/o substantiation	0	0%	N/A	
<b>TOTAL DEMAND</b>	<b>59</b>	<b>100%</b>	<b>93</b>	<b>100%</b>

p. 85

<b>MARKET DEMAND SUMMARY (60% AMI)</b>				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	5	1%	1	1%
Resident Turnover	324	96%	221	99%
Other Sources: 3% w/o substantiation	10	3%	N/A	
<b>TOTAL DEMAND</b>	<b>339</b>	<b>100%</b>	<b>222</b>	<b>100%</b>

p. 80

**Inclusive Capture Rate:** "Overall, the estimated qualified households demand is 59 units, which equates to a 11.8% capture rate including probable rental turnover for the 7 units at the 30% rent levels" (p. 84). "Overall, the estimated qualified households demand is 339 units, which equates to a 18.6% capture rate including probable rental turnover for the 63 units at the 60% rent levels" (p. 79). The Underwriter calculated a capture rate for units restricted at 30% of AMI of 7.6% based upon a revised demand estimate for 93 units affordable at 30% of AMI. The Underwriter calculated a capture rate for units restricted at 60% of AMI of 28.4% based upon a revised demand estimate for 222 units affordable at 60% of AMI. The inclusive capture rate for the development as a whole is 22%, which is within current TDHCA guidelines.

**Unit Mix Conclusion:** "The unit mix for the subject complex consists of one, two and three bedroom units. The demographics indicate that there is a higher percentage of one bedroom units in the market than at the subject property, while the subject will have a higher percentage of three bedroom units than the demographic demand suggests. The number of two bedroom units is higher than the demographic demand suggests, but more in line with the comparable rental product. The number of three bedroom units is somewhat above average. However, this tends to favor more of a family oriented tenancy" (p. 36).

**Market Rent Comparables:** "The subject property will be the newest product in the vicinity. It will also have the most extensive amenity list. There is no similar product in the PMA for comparison purposes. Therefore, we have ventured outside the PMA to establish market rent levels, except in one instance" (p. 30).

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The Market Analyst surveyed six comparable apartment projects totaling 720 units in the market area.

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-Bedroom (30%)</b>	\$217	\$217	\$0	\$675	-\$458
<b>1-Bedroom (60%)</b>	\$501	\$501	\$0	\$675	-\$174
<b>2-Bedroom (30%)</b>	\$255	\$255	\$0	\$915	-\$660
<b>2-Bedroom (60%)</b>	\$595	\$595	\$0	\$915	-\$320
<b>3-Bedroom (30%)</b>	\$288	\$288	\$0	\$1,050	-\$762
<b>3-Bedroom (60%)</b>	\$682	\$682	\$0	\$1,050	-\$368

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent = \$500, program max = \$600, differential = -\$100)

**Primary Market Occupancy Rates:** "Occupancies are stabilized in the data sample, which exhibit stabilized levels of 100% currently. However, this 100% occupancy level is not expected to continue across the board for an extended period of time. The stabilized occupancy level is projected at 92% to 93% including a 1% collection loss" (p. 88).

**Absorption Projections:** "We are only aware of one project in the subject vicinity that was recently constructed, that being the 12 unit apartment project on Orange Street, near the High School. This property was opened in February 2003 and attained 100% occupancy in September to October 2003 indicating an absorption rate of approximately 2 units per month... Five projects in Beaumont have been constructed recently. All achieved stabilized occupancies over a 2-year time frame... Eagles Landing... achieved an occupancy of 98% by the beginning of June 2003 indicating an absorption rate of 21 units per month over a 7 month period. Kingsgate Apartments...with 20% preleasing...attained 100% occupancy by October 1999 indicating an absorption rate of 12.8 units per month. The Chelsea...reportedly opened in March 1999 and was at 95% occupancy by October 1999. This suggests an absorption rate of 17 units per month. Conflicting statements regarding the success of this property were presented, which included additional concessions to lease up, and a longer time frame than noted. If the longer time frame were applied, the absorption rate would be approximately 11.4 units per month. Lexington on the Lake...went from 10% occupancy on June 12, 2000 to 40% occupancy by July 6, 2000. This indicates an absorption rate of over 45 units per month. This property has a lake amenity and below market rents due to special financing which would have affected absorption to the upside. Based on the foregoing, absorption for new market rent product, with all other factors being equal would be reasonable at about 10 to 15 units per month. Absorption for tax credit product would likely be at a lesser pace of about 5 to 10 units per month given the data" (p. 32-33).

**Unstabilized, Under Construction, and Planned Development:** None noted by Market Analyst and Underwriter.

**Market Impact:** "The older competitive apartment projects in the vicinity have rental rates that are considered low in comparison to the newer product and have been very well accepted. In some instances, the subject property would be competing with some of the older product, but have the added appeal of new construction, but for the most part the rents would be on the higher end of the existing product. It is our conclusion that a large segment of the demand in the area could come from the sector that requires rental assistance" (p. 89).

**Other Information:** "After speaking with multiple market participants and Byron Richard the building inspector with the city of Vidor, there was an overwhelming consensus that the city is in need of housing. Per Byron Richard, there were approximately 15 houses which were demolished from the hurricanes with another 10 to 12 houses which are expected to be condemned. On a multi-family aspect there was a 200 unit complex which was entirely demolished and is expected to rebuild. There were also various units that were flooded and/or damaged across town" (p. 19).

**Market Study Analysis/Conclusions:** The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility

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allowances as of May 1, 2005, maintained by the City of Orange, from the 2006 program gross rent limits. Tenants will be required to pay electric costs. As a result, the Applicant's potential gross rent is comparable to the Underwriter's estimate. The Applicant's secondary income and vacancy and collection loss assumptions are also in line with current TDHCA underwriting guidelines resulting in an effective gross income that is within 5% of the Underwriter's estimate.

**Expenses:** The Applicant's total annual operating expense projection at \$4,204 per unit is within 5% of the Underwriter's estimate of \$4,108, derived from the TDHCA database and third-party data sources. However, several of the Applicant's line item expenses vary significantly when compared to the Underwriter's estimates, particularly: general and administrative (\$7K lower); repairs and maintenance (\$11K lower); and property insurance (\$16K higher). It should be noted the Underwriter utilized a reserve for replacement expense of \$250 per unit annually based on a requirement of the syndicator.

**Conclusion:** The Applicant's gross income, annual operating expense, and net operating income are each within 5% of the Underwriter's estimate; therefore, the Applicant's Year 1 proforma will be used to determine the development's debt service capacity and long term feasibility. The Applicant's proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.30. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

**Long-Term Feasibility:** The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION VALUATION INFORMATION**

**APPRAISED VALUE**

Land Only: 3.9564 acres                      \$170,000                      Date of Valuation: 02/01/2006  
Appraiser: Gerald A Teel, MAI, CRE      Firm: The Gerald A Teel Company      City: Houston

**APPRAISAL ANALYSIS/CONCLUSIONS**

An appraisal, provided by the purchaser, was performed by The Gerald A Teel Company and dated March 23, 2006. Five land sales dating from 1998 to 2006 for 6.123 acres to 17.021 acres were used to determine the underlying value of the land. In this case the value is higher than the purchase price, and higher than the acquisition value used in the underwriting analysis.

**ASSESSED VALUE**

Land:                                      \$16,828                                      Assessment for the Year of: 2005  
Building:                                      \$0    Valuation by: Orange County Appraisal District  
Total Assessed Value:                      \$16,828                                      Tax Rate: 2.44393

**EVIDENCE of SITE or PROPERTY CONTROL**

Type of Site Control: Option to Purchase Real Estate (3.948 acres)  
Contract Expiration: 12/31/2006                      Valid through Board Date?  Yes  No  
Acquisition Cost: \$85,000                                      Other: \_\_\_\_\_  
Seller: KT Akbari    Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The acquisition is an identity of interest transaction. The Owner originally purchased the site for \$75,000. To this price the original closing cost of \$1,875, the 2004 and 2005 property taxes of

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MULTIFAMILY UNDERWRITING ANALYSIS**

415.84, and interest paid on the outstanding loan of \$5,434 can be added for an acquisition cost of \$82,725. The Applicant also indicate "other" anticipated expenses of \$3,252, but was unable to provide substantiation. The Underwriter also included \$5K in anticipated closing costs associated with this transfer.

**Sitework Cost:** The Applicant's claimed sitework costs of \$7,429 per unit are within current Department guidelines. Therefore, further third party substantiation is not required. However, the cost of bringing the site out of the floodplain does not appear to have been considered and any additional sitework cost would require further review.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$249K or 8% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate. Third party support for the proposed construction costs was requested; however, the Applicant plans to contract with a related party for construction. In addition, the Applicant has not recently constructed a multifamily development; therefore, actual costs of construction for a similar post hurricane Rita product were not available for comparison.

**Interim Financing Fees:** The Underwriter reduced the Applicant's eligible interim financing fees by \$24K to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

**Fees:** The Applicant's developer fee exceeds 15% of the Applicant's adjusted eligible basis by \$3K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

**Conclusion:** The Applicant's total development cost is not within 5% of the Underwriter's estimate; therefore, the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$5,648,208, which takes in to account a below-market federal source of funds, supports annual tax credits of \$599,896. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

**INTERIM to PERMANENT FINANCING**

Source: MMA Financial Contact: Christopher Tawa  
 Principal: \$759,000 Interest Rate: 6.60%, fixed, lender's estimate Amort: 360 months  
 Documentation:  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
 Comments: 24-month interim period @ Prime + 2.5%; initial minimum 1.20 DCR; \$250 per unit replacement reserve

**GRANT**

Source: City of Orange (HOME) Contact: William Brown Claybar  
 Principal: \$245,070 Conditions: \_\_\_\_\_  
 Documentation:  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
 Comments: \_\_\_\_\_

**TAX CREDIT SYNDICATION**

Source: MMA Financial Contact: Anthony M DiCiero  
 Proceeds: \$5,822,000 Net Syndication Rate: 93% Anticipated HTC: \$625,937/year  
 Documentation:  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
 Comments: Timing adjuster: \$0.35 to \$0.60; Basis adjuster: \$9.30 to \$10.34

**OTHER**

Amount: \$31,427 Source: Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Interim to Permanent Financing:** The terms reflected in the application materials are generally consistent with the letter of interest for permanent financing supplied by MMA Financial. However, the Applicant

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appears to have overstated annual debt service based on the proposed interest rate and amortization period. The Underwriter used the rates and terms included in the loan commitment.

**Funding by Local Political Subdivision:** The City of Orange has committed to providing grant funds to the development. The Applicant has indicated the HOME funds should be removed from eligible basis in calculating 9% Housing Tax Credits. The underwriting analysis also assumes the grant should reduce the development's estimated eligible basis.

**HTC Syndication:** The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The anticipated syndication price is at the low end of syndication prices seen in the market today and any increase in price could reduce the need for tax credits.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$31,427 amount to 4% of the total proposed fees.

**Financing Conclusions:** As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.30. The underwriting analysis assumes an increase in the permanent loan amount to \$1,571,394 based on the terms reflected in the lender's commitment. As a result the development's gap in financing will decrease. The Underwriter's total development cost estimate less the revised serviceable permanent loan of \$1,571,394 and City grant of \$245,070 indicates the need for \$4,639,614 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$498,816 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, the Applicant's request (\$626,000), the gap-driven amount (\$498,816), and eligible basis-derived estimate (\$599,896), the gap-driven estimate of \$498,816 is recommended. The Underwriter's recommended financing structure indicates no need for additional permanent funds; therefore, it is unlikely the developer will defer fees.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

- The Applicant, Developer, and property manager are related entities. These are common relationships for HTC-funded developments.
- The seller of the property has an identity of interest with the developer. This issue was addressed in the Construction Cost Estimate Evaluation section of this report.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principal of the General Partner and a Developer, Ike Akbari, submitted an unaudited financial statement as of December 31, 2005 and is anticipated to be guarantor of the development.

**Background & Experience:** Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS**  
**MULTIFAMILY UNDERWRITING ANALYSIS**

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- The Applicant's total development costs differ from the Underwriter's verifiable estimate by more than 5%.
- Significant inconsistencies in the application could affect the financial structure of the development.
- Significant environmental/locational risks exist regarding the 100-year floodplain.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The seller of the property has an identity of interest with the Applicant.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:

\_\_\_\_\_  
*Lisa Vecchietti*

Date: April 14, 2006

Director of Real Estate Analysis:

\_\_\_\_\_  
*Tom Gouris*

Date: April 14, 2006

**MULTIFAMILY COMPARATIVE ANALYSIS**

*Twelve Oaks, Orange, 9% HTC #060092*

Type of Unit	Number	Bedrooms	No. of Baths	Size In SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trash
TC 30%	2	1	1	690	\$265	\$217	\$434	\$0.31	\$68.00	\$66.00
TC 60%	14	1	1	690	569	501	7,014	0.73	68.00	66.00
TC 30%	3	2	2	960	342	255	765	0.27	87.00	73.00
TC 60%	27	2	2	960	682	595	16,065	0.62	87.00	73.00
TC 30%	2	3	2	1,170	395	288	576	0.25	107.00	93.00
TC 60%	22	3	2	1,170	789	682	15,004	0.58	107.00	93.00
<b>TOTAL:</b>	<b>70</b>			<b>AVERAGE: 970</b>	<b>\$659</b>	<b>\$569</b>	<b>\$39,858</b>	<b>\$0.59</b>	<b>\$89.51</b>	<b>\$78.26</b>

**INCOME** Total Net Rentable Sq Ft: **67,920**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$11.00

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

	TDHCA	APPLICANT
	\$478,296	\$478,296
	9,240	9,240
	0	0
	\$487,536	\$487,536
	(36,565)	(36,564)
	0	0
	\$450,971	\$450,972
	\$28,702	\$21,600
	22,549	19,800
	68,706	70,000
	28,294	17,500
	22,085	17,000
	29,496	33,600
	22,728	38,500
	42,769	49,000
	17,500	17,500
	9,800	9,800
	\$292,627	\$294,300
	\$158,343	\$156,672
	\$58,169	\$64,265
	0	0
	0	0
	\$100,174	\$92,407
	2.72	2.44
		1.80

Comptroller's Region 5

IREM Region 6

\$11.00 Per Unit Per Month

\$0.00 Per Unit Per Month

-7.50% of Potential Gross Income

PER SQ FT	PER UNIT	% OF EGI
\$0.32	\$309	4.79%
0.29	283	4.39%
1.03	1,000	15.52%
0.26	250	3.88%
0.25	243	3.77%
0.49	480	7.45%
0.57	550	8.54%
0.72	700	10.87%
0.26	250	3.68%
0.14	140	2.17%
\$4.33	\$4,204	65.26%
\$2.31	\$2,238	34.74%
\$0.95	\$918	14.25%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$1.36	\$1,320	20.49%

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	6.36%	\$410	0.42
Management	5.00%	322	0.33
Payroll & Payroll Tax	15.24%	982	1.01
Repairs & Maintenance	6.27%	404	0.42
Utilities	4.90%	316	0.33
Water, Sewer, & Trash	6.54%	421	0.43
Property Insurance	5.04%	325	0.33
Property Tax 2.44393	9.48%	611	0.63
Reserve for Replacements	3.88%	250	0.26
Supp serv, compl fees	2.17%	140	0.14
<b>TOTAL EXPENSES</b>	<b>64.89%</b>	<b>\$4,180</b>	<b>\$4.31</b>
<b>NET OPERATING INC</b>	<b>35.11%</b>	<b>\$2,262</b>	<b>\$2.33</b>

**DEBT SERVICE**

		PER UNIT	PER SQ FT
First Lien Mortgage	12.90%	\$631	\$0.66
City HOME	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>22.21%</b>	<b>\$1,431</b>	<b>\$1.47</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		1.36%	\$1,253	\$1.29
Off-Sites		0.00%	0	0.00
Sitework		8.05%	7,429	7.66
Direct Construction		50.13%	46,230	47.65
Contingency	4.59%	2.67%	2,462	2.54
General Req'ts	6.00%	3.49%	3,220	3.32
Contractor's G & A	2.00%	1.16%	1,073	1.11
Contractor's Profit	6.00%	3.49%	3,220	3.32
Indirect Construction		8.00%	7,377	7.60
Ineligible Costs		5.03%	4,637	4.78
Developer's G & A	2.30%	1.82%	1,681	1.73
Developer's Profit	12.70%	10.08%	9,300	9.58
Interim Financing		2.38%	2,199	2.27
Reserves		2.33%	2,150	2.22
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$92,230</b>	<b>\$95.05</b>
<b>Construction Cost Recap</b>		<b>68.99%</b>	<b>\$63,633</b>	<b>\$65.88</b>

	TDHCA	APPLICANT
	\$87,725	\$90,000
	0	0
	520,000	520,000
	3,236,128	3,485,576
	172,330	172,330
	225,368	238,175
	75,123	79,392
	225,368	238,175
	516,374	516,374
	324,600	324,600
	117,688	162,795
	651,000	651,000
	153,900	153,900
	150,474	225,000
	\$6,456,077	\$6,857,317
	\$4,454,316	\$4,733,648

PER SQ FT	PER UNIT	% of TOTAL
\$1.33	\$1,286	1.31%
0.00	0	0.00%
7.66	7,429	7.58%
51.32	49,794	50.83%
2.54	2,462	2.51%
3.51	3,403	3.47%
1.17	1,134	1.16%
3.51	3,403	3.47%
7.60	7,377	7.53%
4.78	4,637	4.73%
2.40	2,326	2.37%
9.58	9,300	9.49%
2.27	2,199	2.24%
3.31	3,214	3.26%
\$100.96	\$97,962	100.00%
\$69.69	\$67,624	68.03%

**SOURCES OF FUNDS**

		PER UNIT	PER SQ FT
First Lien Mortgage	11.76%	\$10,643	\$11.17
City HOME	3.80%	\$3,501	\$3.61
HTC Syndication Proceeds	90.18%	\$83,171	\$85.72
Deferred Developer Fees	0.49%	\$449	\$0.46
Additional (Excess) Funds Req'd	-6.22%	(\$5,735)	(\$5.91)
<b>TOTAL SOURCES</b>			

	TDHCA	APPLICANT	RECOMMENDED
	\$759,000	\$759,000	\$1,571,394
	245,070	245,070	245,070
	5,822,000	5,822,000	4,639,614
	31,427	31,427	0
	(401,420)	(180)	0
	\$6,456,077	\$6,857,317	\$6,456,077

Developer Fee Available \$768,688

% of Dev. Fee Deferred 0%

15-Yr Cumulative Cash Flow \$707,818

**MULTIFAMILY COMPARATIVE ANALYSIS** (continued)

Twelve Oaks, Orange, 9% HTC #060092

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$49.06	\$3,332,235
<b>Adjustments</b>				
Exterior Wall Finish	2.40%		\$1.18	\$79,974
9-Ft. Ceilings	3.30%		1.62	109,964
Roofing			0.00	0
Subfloor			(1.28)	(86,938)
Floor Cover			2.22	150,782
Porches/Balconies	\$19.79	6,005	1.75	118,809
Plumbing	\$680	162	1.62	110,160
Built-In Appliances	\$1,675	70	1.73	117,250
Exterior Stairs	\$1,900	23	0.64	43,700
Enclosed Corridors	\$39.14	2640	1.52	103,333
Heating/Cooling			1.73	117,502
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$70.97	1,700	1.78	120,641
Other: Ceramic Tile	\$9.71	1,358	0.19	13,190
<b>SUBTOTAL</b>			<b>63.76</b>	<b>4,330,601</b>
Current Cost Multiplier	1.03		1.91	129,918
Local Multiplier	0.89		(7.01)	(476,366)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$58.66</b>	<b>\$3,984,153</b>
Plans, specs, survy, bld prm	3.80%		(\$2.29)	(\$155,382)
Interim Construction Interest	3.38%		(1.99)	(134,465)
Contractor's OH & Profit	11.50%		(6.75)	(458,178)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$47.65</b>	<b>\$3,236,128</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$750,000	Amort	360
Int Rate	6.60%	DCR	2.72
<b>Secondary</b>	\$245,070	Amort	0
Int Rate	0.00%	Subtotal DCR	2.72
<b>Additional</b>	\$5,822,000	Amort	
Int Rate		Aggregate DCR	2.72

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI**

Primary Debt Service	\$120,430
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$36,242</b>

<b>Primary</b>	\$1,571,394	Amort	360
Int Rate	6.60%	DCR	1.30
<b>Secondary</b>	\$245,070	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30
<b>Additional</b>	\$5,822,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$478,296	\$492,645	\$507,424	\$522,647	\$538,326	\$624,068	\$723,466	\$838,695	\$1,127,136
Secondary Income	9,240	9,517	9,803	10,097	10,400	12,056	13,976	16,202	21,775
Contractor's Profit	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	487,536	502,162	517,227	532,744	548,726	636,124	737,442	854,897	1,148,911
Vacancy & Collection Loss	(36,564)	(37,662)	(38,792)	(39,956)	(41,154)	(47,709)	(55,309)	(64,117)	(86,168)
Developer's G & A	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$450,972</b>	<b>\$464,500</b>	<b>\$478,435</b>	<b>\$492,788</b>	<b>\$507,572</b>	<b>\$588,415</b>	<b>\$682,134</b>	<b>\$790,780</b>	<b>\$1,062,742</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$21,600	\$22,464	\$23,363	\$24,297	\$25,269	\$30,744	\$37,404	\$45,508	\$67,363
Management	19,800	20393.9457	21005.76411	21635.93703	22285.01514	25834.4403	29949.19586	34719.32747	46659.67286
Payroll & Payroll Tax	70,000	72,800	75,712	78,740	81,890	99,632	121,217	147,479	218,306
Repairs & Maintenance	17,500	18,200	18,928	19,685	20,473	24,908	30,304	36,870	54,576
Utilities	17,000	17,680	18,387	19,123	19,888	24,196	29,438	35,816	53,017
Water, Sewer & Trash	33,600	34,844	36,342	37,795	39,307	47,823	58,184	70,790	104,787
Insurance	38,500	40,040	41,642	43,307	45,040	54,798	66,870	81,114	120,088
Property Tax	49,000	50,960	52,998	55,118	57,323	69,742	84,852	103,236	152,814
Reserve for Replacements	17,500	18,200	18,928	19,685	20,473	24,908	30,304	36,870	54,576
Other	9,800	10,192	10,600	11,024	11,465	13,948	16,970	20,647	30,563
<b>TOTAL EXPENSES</b>	<b>\$294,300</b>	<b>\$305,674</b>	<b>\$317,905</b>	<b>\$330,411</b>	<b>\$343,411</b>	<b>\$416,534</b>	<b>\$505,284</b>	<b>\$613,049</b>	<b>\$902,730</b>
<b>NET OPERATING INCOME</b>	<b>\$156,672</b>	<b>\$158,826</b>	<b>\$160,530</b>	<b>\$162,377</b>	<b>\$164,160</b>	<b>\$171,881</b>	<b>\$176,839</b>	<b>\$177,731</b>	<b>\$160,013</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$120,430	\$120,430	\$120,430	\$120,430	\$120,430	\$120,430	\$120,430	\$120,430	\$120,430
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$36,242</b>	<b>\$38,396</b>	<b>\$40,100</b>	<b>\$41,947</b>	<b>\$43,730</b>	<b>\$51,451</b>	<b>\$56,409</b>	<b>\$57,300</b>	<b>\$39,582</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.30</b>	<b>1.32</b>	<b>1.33</b>	<b>1.35</b>	<b>1.36</b>	<b>1.43</b>	<b>1.47</b>	<b>1.48</b>	<b>1.33</b>

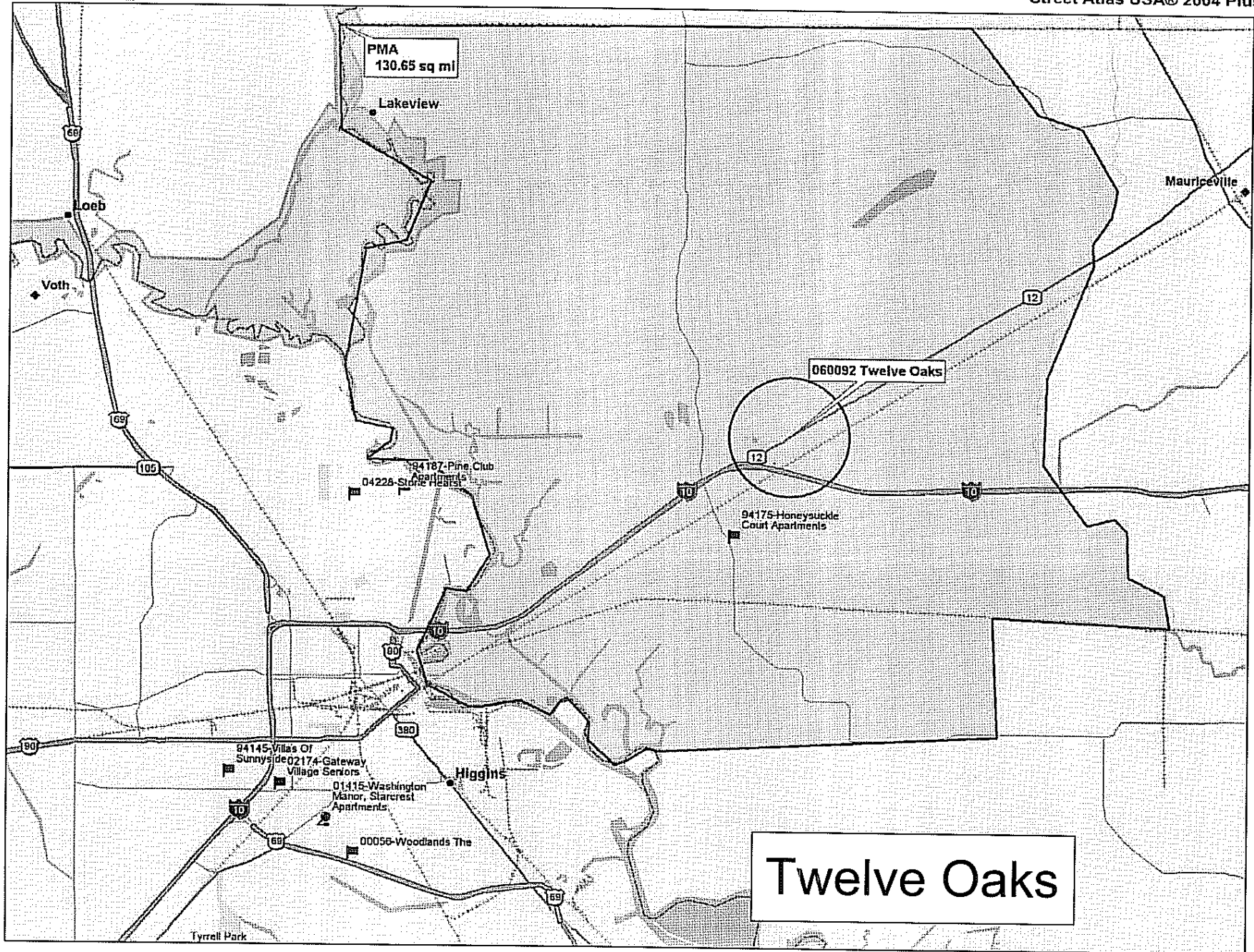


**HTC ALLOCATION ANALYSIS - Twelve Oaks, Orange, 9% HTC #060092**

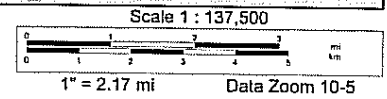
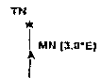
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$90,000	\$87,725		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$520,000	\$520,000	\$520,000	\$520,000
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$3,485,576	\$3,236,128	\$3,485,576	\$3,236,128
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$79,392	\$75,123	\$79,392	\$75,123
Contractor profit	\$238,175	\$225,368	\$238,175	\$225,368
General requirements	\$238,175	\$225,368	\$238,175	\$225,368
<b>(5) Contingencies</b>				
	\$172,330	\$172,330	\$172,330	\$172,330
<b>(6) Eligible Indirect Fees</b>				
	\$516,374	\$516,374	\$516,374	\$516,374
<b>(7) Eligible Financing Fees</b>				
	\$153,900	\$153,900	\$153,900	\$153,900
<b>(8) All Ineligible Costs</b>				
	\$324,600	\$324,600		
<b>(9) Developer Fees</b>				
			\$810,588	
Developer overhead	\$162,795	\$117,688		\$117,688
Developer fee	\$651,000	\$651,000		\$651,000
<b>(10) Development Reserves</b>				
	\$225,000	\$150,474		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$6,857,317</b>	<b>\$6,456,077</b>	<b>\$6,214,510</b>	<b>\$5,893,278</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis		\$245,070	\$245,070
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		<b>\$5,969,440</b>	<b>\$5,648,208</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$7,760,272</b>	<b>\$7,342,671</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$7,760,272</b>	<b>\$7,342,671</b>
Applicable Percentage		8.17%	8.17%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$634,014</b>	<b>\$599,896</b>

Syndication Proceeds	0.9301	\$5,897,129	\$5,579,788
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$634,014</b>	<b>\$599,896</b>
Syndication Proceeds		\$5,897,129	\$5,579,788
Requested Tax Credits		\$626,000	
Syndication Proceeds		\$5,822,586	
<b>Gap of Syndication Proceeds Needed</b>			<b>\$4,639,614</b>
<b>Total Tax Credits (Gap Method)</b>			<b>\$498,816</b>



# Twelve Oaks





**MULTIFAMILY FINANCE PRODUCTION DIVISION**

June 9, 2006

**Development Information, Public Input and Board Summary**

**Pineywoods Orange Development, TDHCA Number 060148**

**BASIC DEVELOPMENT INFORMATION**

Site Address: Scattered Sites Development #: 060148  
 City: Orange Region: 5 Population Served: Family  
 County: Orange Zip Code: 77631 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue Purpose/Activity: NC

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: Pineywoods Old Town, Ltd  
 Owner Contact and Phone: Doug Dowler (936) 559-9615  
 Developer: Pineywoods HOME Team Affordable Hsg., Inc.  
 Housing General Contractor: Moore Building Associates LLP  
 Architect: Camp Design Group  
 Market Analyst: Mark C. Temple & Associates  
 Syndicator: National Equity Fund  
 Supportive Services: Pineywoods HOME Team Affordable Hsg., Inc.  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	Total Restricted Units:	50
5	0	0	44	0	0	0	50	0	0	Market Rate Units:	0
Type of Building:										Owner/Employee Units:	1
<input type="checkbox"/> 5 units or more per building										Total Development Units:	50
<input type="checkbox"/> Duplex										Total Development Cost:	\$5,756,602
<input type="checkbox"/> Triplex										Number of Residential Buildings:	50
<input type="checkbox"/> Fourplex											
<input checked="" type="checkbox"/> Detached Residence											
<input type="checkbox"/> Single Room Occupancy											
<input type="checkbox"/> Transitional											
<input type="checkbox"/> Townhome											

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
Hurricane Rita Housing Tax Credits:	\$564,049	\$538,534	0	0	0.00%



MULTIFAMILY FINANCE PRODUCTION DIVISION

June 9, 2006

Development Information, Public Input and Board Summary

Pineywoods Orange Development, TDHCA Number 060148

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Williams, District 4 S Points: 7 US Representative: Brady, District 8,
TX Representative: Deshotel, District 22 S Points: 7 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Brown Claybar, Mayor, S Resolution of Support from Local Government
Mike Hamilton, State Representative District 19, S
Shawn Oubre, City Manager, S

Individuals/Businesses: In Support: 0 In Opposition: 0

Neighborhood Input:

Neighborhood Development Corporation, Jeff McGallian Letter Score: 24 S or O: S

This association's letter was found to be eligible for QCP and was issued a score of 24. The basis for their support as reflected in their letter is: the proposed development fits in with the NRP; the proposed development will increase property values and business revenue; and the proposed development will provide needed affordable housing.

Neighborhood Development Corporation Support of the proposed development because it will have a positive economic impact by increasing property values and revenue created by job opportunities with construction of the 50 new homes. Housing is needed because of Hurricane Rita and the opening of 1,000 new jobs during the next 6 months.

General Summary of Comment:

CONDITIONS OF COMMITMENT

- 1. Receipt, review, and acceptance of an acceptable site inspection report.
2. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs prior to the initial closing on the property.
3. Receipt, review, and acceptance by commencement of construction of evidence that all Phase I Environmental Site Assessment recommendations and subsequent environmental investigation report recommendations have been carried out.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.
5. Any outstanding commitments as required for points awarded pursuant to §50.9(i)(5) or (22) of 2006 QAP.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**June 9, 2006**

**Development Information, Public Input and Board Summary**

**Pineywoods Orange Development, TDHCA Number 060148**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

9% HTC Hurricane Rita:  Score: **181**  Meeting a Required Set-Aside Credit Amount: \$538,534

**Recommendation:** Recommend approval of a Hurricane Rita Housing Tax Credit allocation not to exceed \$538,534 annually for ten years, subject to conditions.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**DATE:** April 17, 2006

**PROGRAM:** 9% HTC

**FILE NUMBER:** 060148

**DEVELOPMENT NAME**

Pineywoods Orange Development

**APPLICANT**

**Name:** Pineywoods Old Town Ltd. **Contact:** Doug Dowler  
**Address:** PO Box 635188  
**City:** Nacogdoches **State:** TX **Zip:** 75963  
**Phone:** (936) 559-9615 **Fax:** (936) 559-9625 **Email:** ddowler@pineywoodshometeam.com

**KEY PARTICIPANTS**

**Name:** Pineywoods Home Team Affordable Housing, Inc. **Title:** .01% Managing General Partner of Applicant and Developer  
**Name:** Doug Dowler **Title:** Executive Director of GP

**PROPERTY LOCATION**

**Location:** Multiple sites in Orange, Texas  
**City:** Orange **Zip:** 77631  
**County:** Orange **Region:** 5  QCT  DDA

**REQUEST**

<u>Program</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
HTC	\$562,630	N/A	N/A	N/A
<b>Proposed Use of Funds:</b>	New construction	<b>Type:</b>	Single Family Rental	
<b>Target Population:</b>	Family	<b>Other:</b>	Rural, Non-Profit	

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$538,534 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of an acceptable site inspection report
2. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs prior to the initial closing on the property;
3. Receipt, review, and acceptance by commencement of construction of evidence that all Phase I Environmental Site Assessment recommendations and subsequent environmental investigation report recommendations have been carried out;
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

Total Units: 50 # Res Bldgs 50 # Non-Res Bldgs 1 Age: N/A yrs Vacant: N/A at / /  
 Net Rentable SF: 66,500 Av Un SF: 1,330 Common Area SF: 2,200 Gross Bldg SF: 68,700

**ARCHITECTURAL REVIEW**

The building plans are comparable to other modern single family developments. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

**STRUCTURAL MATERIALS**

The structures will be constructed on a concrete slab subfloor. According to the plans provided in the application the exterior will be 80% masonry veneer and 20% cement fiber. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

**UNIT FEATURES**

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fan in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: microwave, an ice maker in the refrigerator, a ceiling fixture in each room, a forced air unit, and individual water heaters.

**ONSITE AMENITIES**

In order to meet threshold criteria for total units of 41 to 76, the Applicant has elected to provide a community laundry room, a covered pavilion that includes barbecue grills and tables, a furnished community room, and public telephone(s) available to tenants 24 hours a day.

Uncovered Parking: 100 spaces Carports: 0 spaces Garages: 100 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** The subject is a 3-unit per acre new construction development located in scattered sites in Orange. The development will be comprised of 50 scattered single-family residential buildings as follows:

<u>No. of Buildings</u>	<u>No. of Floors</u>	<u>Eff</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>
50	1				50	

The development includes a 2,200-square foot community building containing a laundry room, mail center, and maintenance room.

**SITE ISSUES**

**SITE DESCRIPTION**

Total Size:	<u>18 acres</u>	Scattered sites?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Flood Zone:	<u>Zone X and Zone AE</u>	Within 100-year floodplain?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Current Zoning:	<u>R-2, R-3, R-4, C-S; allow SF</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The subject is located on 35 scattered sites primarily in the East-town section of Orange in Orange County. Orange is in region 5, in the southeast part of the state. Thirty-four lots appear to already be platted and ready for single-family development. The last tract, 4537 Tulane Street, is a 14 acre site to be developed containing 16 homes with a community center and is located near the western boundary of the City limits.

**Public Transportation:** The availability of public transportation was not identified in the application materials.

**Shopping & Services:** The sites are generally located in the central portion of the City near grocery stores, shopping centers, and various retail establishments.

**Adverse Site Characteristics:**

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

- **Floodplain:** According to Flood Insurance Rate Map 480512 0010 C, sites 2, 3, 4, 5, 6, 7, 8 (1401, 1405 and 1329 2<sup>nd</sup> Street, 1212, 1320, 1322 and 1324 3<sup>rd</sup> Street) and the properties located at 1100, 1102, 1104 6<sup>th</sup> Street are in flood zone AE, inundated by the 100-year flood. According to Flood Insurance Rate Map 480512 0020 C, sites 23, 26, 27, 28, 29, 30, 31, 32 (712 and 804 1<sup>st</sup> Street, 805 and 807 2<sup>nd</sup> Street, 107 and 304 Orange Avenue, 803 and 805 Mill Street) are in flood zone AE, inundated by the 100-year flood. The Applicant states that the units will be built in accordance with the 2006 QAP. The Applicant has previous experience developing within the 100-year floodplain in the City of Orange with Pineywoods Community Development (36 scattered site single-family rental units, #04066). In the previous development, the Applicant states that the fill required was not excessive, one to two feet of fill for the majority of the sites. Operating costs concerning flood insurance for the previous development were not available as of the publication of this report. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs prior to the initial closing on the property is a condition of this report.

**TDHCA SITE INSPECTION**

<b>Inspector:</b>	Manufactured Housing Staff	<b>Date:</b>	/ /
<b>Overall Assessment:</b>	<input type="checkbox"/> Excellent <input type="checkbox"/> Acceptable <input type="checkbox"/> Questionable <input type="checkbox"/> Poor <input type="checkbox"/> Unacceptable		
<b>Comments:</b>	The sites have not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable site inspection report is a condition of this report		

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated February 17, 2006 was prepared by Aquaterra Assessments and contained the following findings and recommendations:

**Findings:**

- **Noise:** Acceptable
- **Floodplain:** ESA Inspector found it to be acceptable
- **Asbestos-Containing Materials (ACM):** Acceptable with the exception of the following:
  - Sites 2, 3, 4, 5, 6, 7, 8 (1401, 1405 and 1329 2<sup>nd</sup> Street, 1212, 1320, 1322 and 1324 3<sup>rd</sup> Street): "Miscellaneous debris, remnants of building foundation structures, hurricane storm damage, etc. was observed at most of the properties inspected" (p. 14).
  - Sites 11, 12, 13, 14, 15, 16, 17 (608 Hickory Street, 2402, 2403, 2405 and 2407 6<sup>th</sup> Street, 2308 5<sup>th</sup> Street, 707 Adams Street): "A garage structure and an additional building were identified at the property located at 705 Adams. The contents of the buildings included miscellaneous hardware, lawn treatment chemicals for bugs, small containers of lubricant and paint, etc. A garage structure and an additional building were identified at the property located at 2308 5<sup>th</sup> Street. The garage contents included a wood cabinet/drawer, panel, etc. Chemical containers were not observed by AquaTerra within the structure. In addition, miscellaneous debris, remnants of building foundation structures, hurricane storm damage, etc. was observed at most of the properties inspected. AquaTerra recommends removal of all debris, structures, hurricane storm damage, etc. prior to future developments at the properties" (p. 15).
  - Sites 23, 26, 27, 28, 29, 30, 31, 32 (712 and 804 1<sup>st</sup> Street, 801, 803, 805 and 807 2<sup>nd</sup> Street, 107 and 304 Orange Avenue, 803 and 805 Mill Street): "Miscellaneous debris, remnants of building foundation structures, hurricane storm damage, etc. was observed at most of the properties inspected" (p. 15). "Suspect asbestos-containing floor tile and mastic was identified by AquaTerra on several of the concrete slab foundations at the 805 and 807 2<sup>nd</sup> Street addresses" (p. 17).
- **Lead-Based Paint (LBP):** Acceptable
- **Lead in Drinking Water:** Acceptable
- **Radon:** Acceptable



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

- **Recognized Environmental Concerns (RECs):** None with the exception of the following:
  - Sites 2, 3, 4, 5, 6, 7, 8 (1401, 1405 and 1329 2<sup>nd</sup> Street, 1212, 1320, 1322 and 1324 3<sup>rd</sup> Street): “A discarded high pressure cylinder was identified in the vacant lot at 1405 2<sup>nd</sup> Street” (p. 2).

**Recommendations:** All sites: “This assessment has revealed no evidence of recognized environmental conditions in connection with the property.”

Sites 2, 3, 4, 5, 6, 7, 8 (1401, 1405 and 1329 2<sup>nd</sup> Street, 1212, 1320, 1322 and 1324 3<sup>rd</sup> Street): “Remove and properly dispose of the high pressure gas cylinder located on the vacant lot at 1405 2<sup>nd</sup> Street. Remove all debris, structures, hurricane storm damage, etc. prior to any future developments at these properties” (p. 3). “AquaTerra recommends an asbestos survey prior to any renovations or demolition activities involving building materials not sampled, no homogenous to the materials samples, and building materials sampled not meeting the requirements in the U.S. EPA’s 40 CFR 763, Subpart E – Asbestos-Containing Materials in Schools, Final Rule and Notice (1987)” (p. 17).

Sites 11, 12, 13, 14, 15, 16, 17 (608 Hickory Street, 2402, 2403, 2405 and 2407 6<sup>th</sup> Street, 2308 5<sup>th</sup> Street, 707 Adams Street): “AquaTerra recommends removal of all debris, structures, hurricane storm damage, etc. prior to any future developments at these properties” (p. 38). “AquaTerra recommends an asbestos survey prior to any renovations or demolition activities involving building materials not sampled, no homogenous to the materials samples, and building materials sampled not meeting the requirements in the U.S. EPA’s 40 CFR 763, Subpart E – Asbestos-Containing Materials in Schools, Final Rule and Notice (1987)” (p. 18).

Sites 18, 19, 20, 21, 22, 33, 34, 35 (1105, 1113 and 1115 9<sup>th</sup> Street, 1011 Curtis Avenue, 812 Hart Avenue, 1100, 1102 and 1004 6<sup>th</sup> Street): “AquaTerra recommends removal of all debris, structures, hurricane storm damage, etc. prior to any future developments at these properties” (p. 3).

Sites 23, 26, 27, 28, 29, 30, 31, 32 (712 and 804 1<sup>st</sup> Street, 801, 803, 805 and 807 2<sup>nd</sup> Street, 107 and 304 Orange Avenue, 803 and 805 Mill Street): “Remove all debris, structures, hurricane storm damage, etc. prior to any future developments at these properties... AquaTerra recommends an asbestos survey prior to any renovations or demolition activities involving building materials not sampled, no homogenous to the materials samples, and building materials sampled not meeting the requirements in the U.S. EPA’s 40 CFR 763, Subpart E – Asbestos-Containing Materials in Schools, Final Rule and Notice (1987). Wet demolition of asbestos containing materials is recommended in accordance with current Code of Federal Regulations guidelines” (p. 3).

Receipt, review, and acceptance by commencement of construction of evidence that all Phase I Environmental Site Assessment recommendations and subsequent environmental investigation report recommendations have been carried out is a condition of this report.

**INCOME SET-ASIDE**

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units will be reserved for low-income tenants. Five of the units (10%) will be reserved for households earning 30% or less of AMI and the remaining units will be reserved for households earning 60% or less of AMI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$21,240	\$24,300	\$27,300	\$30,360	\$32,760	\$35,220

**MARKET HIGHLIGHTS**

A market feasibility study dated March 24, 2006 was prepared by Mark Temple (“Market Analyst”) and included the following findings:

**Definition of Primary Market Area (PMA):** (p. II-1). This area encompasses approximately 380 square miles and is equivalent to a circle with a radius of 11 miles.

**Population:** The estimated 2000 population of Orange County was 84,966 and is expected to increase by less

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

than 1% to approximately 85,468 by 2010. Within the primary market area there were estimated to be 32,087 households in 2005.

**Total Market Demand:** The Market Analyst's income band of \$13,063 to \$32,760 (p. 1) results in an income eligible adjustment rate of 25% (p. IX-4). The tenure appropriate adjustment rate of 22% is specific to the general population (p. 1). The Market Analyst indicates a turnover rate of 65.7% applies based on IREM (p. 1).

<b>MARKET DEMAND SUMMARY</b>				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	7	1%	4	1%
Resident Turnover	1,160	99%	1,147	99%
<b>TOTAL DEMAND</b>	<b>1,126</b>	<b>100%</b>	<b>1,151</b>	<b>100%</b>

p. 1

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 7.3% based upon 1,167 units of demand and 85 unstabilized affordable housing in the PMA (including the subject) (p. 1). The Underwriter calculated an inclusive capture rate of 9.6% based upon a revised supply of 110 unstabilized comparable affordable units divided by a revised demand estimate for 1,151 affordable units. The Underwriter did not include three-bedroom units from the Fox Run Apartments (03213) as they were an acquisition rehab but did include 24 three-bedroom units from the proposed Twelve Oaks Apartments in Vidor as well as 36 units in Pineywoods Community Development (04066).

**Market Rent Comparables:** The Market Analyst surveyed nine comparable apartment projects totaling 1,481 units in the market area. (p. VII-2)

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
<b>3-Bedroom (30%)</b>	\$268	\$282	-\$14	\$747	-\$479
<b>3-Bedroom (60%)</b>	\$649	\$676	-\$27	\$747	-\$98

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent = \$500, program max = \$600, differential = -\$100)

**Primary Market Occupancy Rates:** The vacancy rate in the Orange Market Area is reported to be 0.0%. (p. IX-6)

**Absorption Projections:** Absorption trends of apartment projects located in the Orange Market Area range from four to eight percent. (p. IX-5)

**Unstabilized, Under Construction, and Planned Development:** The Market Analyst included 36 unstabilized comparable units but did not identify where they were located in proximity to the Site. (p. IX-3). The Underwriter believes these units are part of the prior development by the General Partner, 04066 Pineywoods Community Development.

**Market Study Analysis/Conclusions:** The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of May 1, 2005, maintained by the Housing Authority of the City of Orange, from the 2006 program gross rent limits. Tenants will be required to pay electric utility costs. The Applicant's secondary income and vacancy and collection loss estimates are within TDHCA underwriting expectations. Overall, the Applicant's Effective Gross Income estimate is comparable to the Underwriter's estimate.

**Expenses:** The Applicant's total annual operating expense projection at \$5,409 per unit is 11% higher than the Underwriter's estimate of \$4,874, derived from the TDHCA database and third-party data sources. In particular, when compared to the Underwriter's estimates, the Applicant's payroll and payroll expense is \$19K higher, water and sewer is \$25K higher, general and administrative is \$6K lower, utilities are \$5K

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

lower and property tax is \$12K lower. While the Applicant has a non-profit general partner, it is not clear whether a property tax exemption will be sought. The Underwriter anticipated full taxes for this analysis, however, a 50% exception would significantly improve the properties expense to income ratio. Currently, the Applicant's expense to income ratio is 76% which is based on their higher expense projection. At such a high ratio the development fails to be financial feasible for the long term, using growth rates of 3% for income and 9% for expenses.

**Conclusion:** The Applicant's operating expenses and net operating income differs from the Underwriter's by more than 5%; therefore, the Underwriter's NO will be used to size the debt.

The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.30. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. In order to reduce the projected debt service to an acceptable 1.30, the Underwriter had to consider the HOME funds and any anticipated deferred developer fee. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

**Long-Term Feasibility:** The Underwriter evaluated the long term feasibility of the Development by creating a 30-year operating proforma using a 3% annual growth factor utilized for income and a 4% annual growth factor utilized for expenses. Based on the Underwriter's analysis an increase in debt service of \$84,995 would reduce the DCR to a 1.30 and allow a positive 30 year net operating income after debt service proforma. While the DCR drops to 1.04 in the 30<sup>th</sup> year, the actual debt service will be less and DCR higher as a result of the HOME grant/loan being a cash flow loan through the General Partner.

**ACQUISITION VALUATION INFORMATION**

**ASSESSED VALUE**

Land: 18 acres	\$95,401	Assessment for the Year of:	2005
Building:	\$38,310	Valuation by:	Orange County Appraisal District
Total Assessed Value:	\$133,711	Tax Rate:	2.99162

**EVIDENCE of SITE or PROPERTY CONTROL**

Type of Site Control:	Earnest Money Contracts and Warranty Deeds		
Contract Expiration:	Various	Valid through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	\$148,760	Other:	_____
Seller:	Various	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The acquisition cost of \$8,264 per acre or \$2,975 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction for the majority of the sites. Sites 2, 3, 6 and 17 are owned by Pineywoods Orange Home Team, Ltd. and the original cost from the settlement statements were used to calculate the acquisition cost and therefore any identity of interest cost increase concern is eliminated.

**Sitework Cost:** The Applicant's claimed sitework costs of \$7,358 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$138K or 4% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate using a single-family construction basis.

**Fees:** The Applicant's contractor general requirements, contractor general and administrative fees, contractor profit, and contingency exceed the maximums allowed by HTC guidelines by a total of \$761 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by \$2K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**Conclusion:** The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. HOME funds from the City will be provided as a grant to the Development. It appears that the grant will be made to the General Partner and then be loaned to the partnership though it is not clear that this method will eliminate their below market federal funds taint and therefore the underwriter removed them from basis entirely. An eligible basis of \$5,294,460 (after removal of the HOME funds) supports annual tax credits of \$538,534. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

**PERMANENT FINANCING**

**Source:** First Housing **Contact:** BJ Taylor  
**Principal:** \$740,000 **Interest Rate:** 6.25%, lender's estimate **Amort:** 480 months  
**Documentation:**  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
**Comments:** Mortgage Insurance Premium of 0.45%

**GRANT**

**Source:** City of Orange HOME **Contact:** Gay Ferguson  
**Principal:** \$224,000 **Conditions:** \_\_\_\_\_  
**Documentation:**  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
**Comments:** City of Orange Resolution committing \$224,000 in HOME funds

**TAX CREDIT SYNDICATION**

**Source:** NEF, Inc **Contact:** Sharon Baranosfky  
**Proceeds:** \$4,828,673 **Net Syndication Rate:** 85.6% **Anticipated HTC:** \$564,049/year  
**Documentation:**  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
**Comments:** \_\_\_\_\_

**FINANCING STRUCTURE ANALYSIS**

**Permanent Financing:** According to the commitment, First Housing will provide \$740,000 in permanent loan funds at an estimated rate of 6.25% with a amortization and term of 40 years.

**Funding by Local Political Subdivision:** The City of Orange commits to provide \$224,000 in HOME grant funds to the General Partner, Pineywoods HOME Team Affordable Housing. The GP will lend the \$224,000 in funds to the partnership at an interest rate at or above the "Federal Fair Market Rate" for a term of 18 years. The Underwriter believes that was intended to be the Applicable Federal Rate (AFR) currently at 4.68% however insufficient debt service was included in the Applicant's proforma for these funds. The uncertainty of the HOME funds as being below market funds jeopardizes the Development's eligibility for 9% tax credits. The Applicant wishes to claim the 130% boost and therefore it is recommended that these funds be reduced from basis and the underwriting analysis makes this assumption.

**HTC Syndication:** The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

**Deferred Developer's Fees:** The Applicant proposes to defer no developer fees.

**Financing Conclusions:** As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.30. The underwriting analysis assumes an increase in the permanent loan amount to \$1,097,657 based on the terms reflected in the lender's commitment except a reduction in the term to 360 months. As a result the development's gap in financing will decrease. However, the Applicant is re-loaning the HOME funds it receives and in theory it could do so at the lender's higher rate and a 30 year amortization. This loan provides the Development with a cushion in the long-term feasibility because it only needs to be paid out of cash flow and as such, the long-term feasibility of the Development remains positive.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

At the same time this loan reduces the amount of first lien needed to meet the 1.30 DCR test to \$873,657.

The Applicant's total development cost estimate less the revised potential permanent loan indicates the need for \$4,693,777 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$548,291 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, the Applicant's eligible basis-derived estimate of \$538,534 is recommended resulting in proceeds of \$4,610,243 based on a syndication rate of 85.6%. This rate is considerably below the average current rate which may be due to the single family nature of the transaction. To the extent that a higher syndication rate is ultimately received, less credits may be necessary to help the development fill the financing gap and therefore if the rate increases the financing structure should be re-reviewed.

The Underwriter's recommended financing structure indicates the need for \$83,534 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within four years of stabilized operation.

**DEVELOPMENT TEAM  
IDENTITIES of INTEREST**

- The Applicant, Developer, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- The Applicant and property seller for some of the sites have an identity of interest but the lots are being acquired by the Applicant at cost.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.
- The General Partner and Developer, Pinewoods Home Team Affordable Housing, Inc., submitted an audited financial statement as of December 31, 2004 reporting total assets of \$4.5M and consisting of \$17K in cash, \$210K in receivables, \$1.67M in other current assets, \$896K in other assets and \$1.7M in property and equipment. Liabilities totaled \$4.3M, resulting in a net worth of \$193K.

**Background & Experience:** Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's estimated operating expenses/operating proforma are more than 5% outside of the Underwriter's verifiable range(s).
- Significant environmental/locational risk(s) exist regarding potential flood plain
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The seller of the property has an identity of interest with the Applicant.
- An ad valorem property tax exemption may be received, which could affect the financial feasibility of the development.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:

*Brenda Hull*

Date: April 17, 2006

Director of Real Estate Analysis:

*Tom Gouris*

Date: April 17, 2006

**MULTIFAMILY COMPARATIVE ANALYSIS**

*Pineywoods Orange Development, Orange, 9% HTC, #060148*

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnl-Pd Util	Wir, Swr, Trsh
TC 30%	5	3	2	1,290	\$395	\$282	\$1,410	\$0.22	\$113.00	\$93.00
TC 60%	20	3	2	1,290	789	\$676	13,520	0.52	113.00	93.00
TC 60%	24	3	2	1,370	789	\$676	16,224	0.49	113.00	93.00
EO	1	3	2	1,370		\$0	0	0.00	113.00	93.00
<b>TOTAL:</b>	<b>50</b>		<b>AVERAGE:</b>	<b>1,330</b>	<b>\$734</b>	<b>\$623</b>	<b>\$31,154</b>	<b>\$0.47</b>	<b>\$113.00</b>	<b>\$93.00</b>

**INCOME** Total Net Rentable Sq Ft: **66,500**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00

Other Support Income: none

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

TDHCA	APPLICANT
\$373,848	\$373,848
9,000	9,000
0	0
\$382,848	\$382,848
(28,714)	(28,716)
0	0
\$354,134	\$354,132

Comptroller's Region 5

IREM Region

\$15.00 Per Unit Per Month

\$0.00 Per Unit Per Month

-7.50% of Potential Gross Rent

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.10%	\$361	0.27
Management	5.00%	354	0.27
Payroll & Payroll Tax	16.68%	1,181	0.89
Repairs & Maintenance	9.24%	654	0.49
Utilities	1.91%	136	0.10
Water, Sewer, & Trash	7.17%	508	0.38
Property Insurance	4.69%	333	0.25
Property Tax 2.99162	8.45%	598	0.45
Reserve for Replacements	2.02%	200	0.15
Other: compl, supp svc, cable	7.74%	548	0.41
<b>TOTAL EXPENSES</b>	<b>68.81%</b>	<b>\$4,874</b>	<b>\$3.66</b>
<b>NET OPERATING INC</b>	<b>31.19%</b>	<b>\$2,209</b>	<b>\$1.66</b>

TDHCA	APPLICANT
\$18,074	\$12,500
17,707	17,009
59,058	77,649
32,711	35,000
6,780	1,800
25,385	49,920
16,625	16,226
29,916	17,925
10,000	15,000
27,420	27,420
\$243,676	\$270,449
\$110,458	\$83,683

PER SQ FT	PER UNIT	% OF EGI
\$0.19	\$250	3.53%
0.26	340	4.80%
1.17	1,553	21.93%
0.53	700	9.88%
0.03	36	0.51%
0.75	998	14.10%
0.24	325	4.58%
0.27	359	5.06%
0.23	300	4.24%
0.41	548	7.74%
\$4.07	\$5,409	76.37%
\$1.26	\$1,674	23.63%

**DEBT SERVICE**

First Housing	15.04%	\$1,065	\$0.80
City of Orange HOME	0.00%	\$0	\$0.00
HTC Syndication Proceeds	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>16.15%</b>	<b>\$1,144</b>	<b>\$0.86</b>

\$53,259	\$59,076
0	0
0	0
\$57,199	\$24,607

\$0.89	\$1,182	16.68%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.37	\$492	6.95%

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

2.07	1.42
1.30	

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		2.65%	\$3,055	\$2.30
Off-Sites		0.00%	0	0.00%
Sitework		6.39%	7,358	5.53
Direct Construction		55.15%	63,498	47.74
Contingency	4.81%	2.96%	3,409	2.56
General Req'ts	5.77%	3.55%	4,091	3.08
Contractor's G & A	1.92%	1.18%	1,364	1.03
Contractor's Profit	5.77%	3.55%	4,091	3.08
Indirect Construction		8.24%	9,484	7.13
Ineligible Costs		0.83%	961	0.72
Developer's G & A	2.92%	2.41%	2,771	2.08
Developer's Profit	11.69%	9.63%	11,083	8.33
Interim Financing		1.34%	1,548	1.16
Reserves		2.10%	2,418	1.82
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$115,132</b>	<b>\$86.57</b>
<b>Construction Cost Recap</b>		<b>72.80%</b>	<b>\$83,812</b>	<b>\$63.02</b>

TDHCA	APPLICANT
\$152,760	\$152,760
0	0
367,902	367,902
3,174,919	3,037,377
170,464	170,464
204,557	204,557
68,186	68,186
204,557	204,557
474,196	474,196
48,057	48,057
138,540	138,540
554,160	554,160
77,400	77,400
120,904	293,278
\$5,756,602	\$5,791,434

PER SQ FT	PER UNIT	% of TOTAL
\$2.30	\$3,055	2.64%
0.00	0	0.00%
5.53	7,358	6.35%
45.67	60,748	52.45%
2.56	3,409	2.94%
3.08	4,091	3.53%
1.03	1,364	1.18%
3.08	4,091	3.53%
7.13	9,484	8.19%
0.72	961	0.83%
2.08	2,771	2.39%
8.33	11,083	9.57%
1.16	1,548	1.34%
4.41	5,866	5.06%
\$87.09	\$115,629	100.00%
\$60.85	\$81,061	69.96%

2006 QAP §50.9(f)(8) points awarded for costs less than \$0.00 per square foot

**SOURCES OF FUNDS**

First Housing	12.85%	\$14,800	\$11.13
City of Orange HOME	3.89%	\$4,480	\$3.37
HTC Syndication Proceeds	83.88%	\$96,573	\$72.61
Deferred Developer Fees	0.00%	\$0	\$0.00
Additional (Excess) Funds Req'd	-0.63%	(\$721)	(\$0.54)
<b>TOTAL SOURCES</b>			

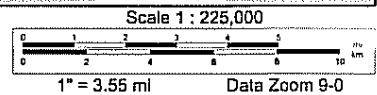
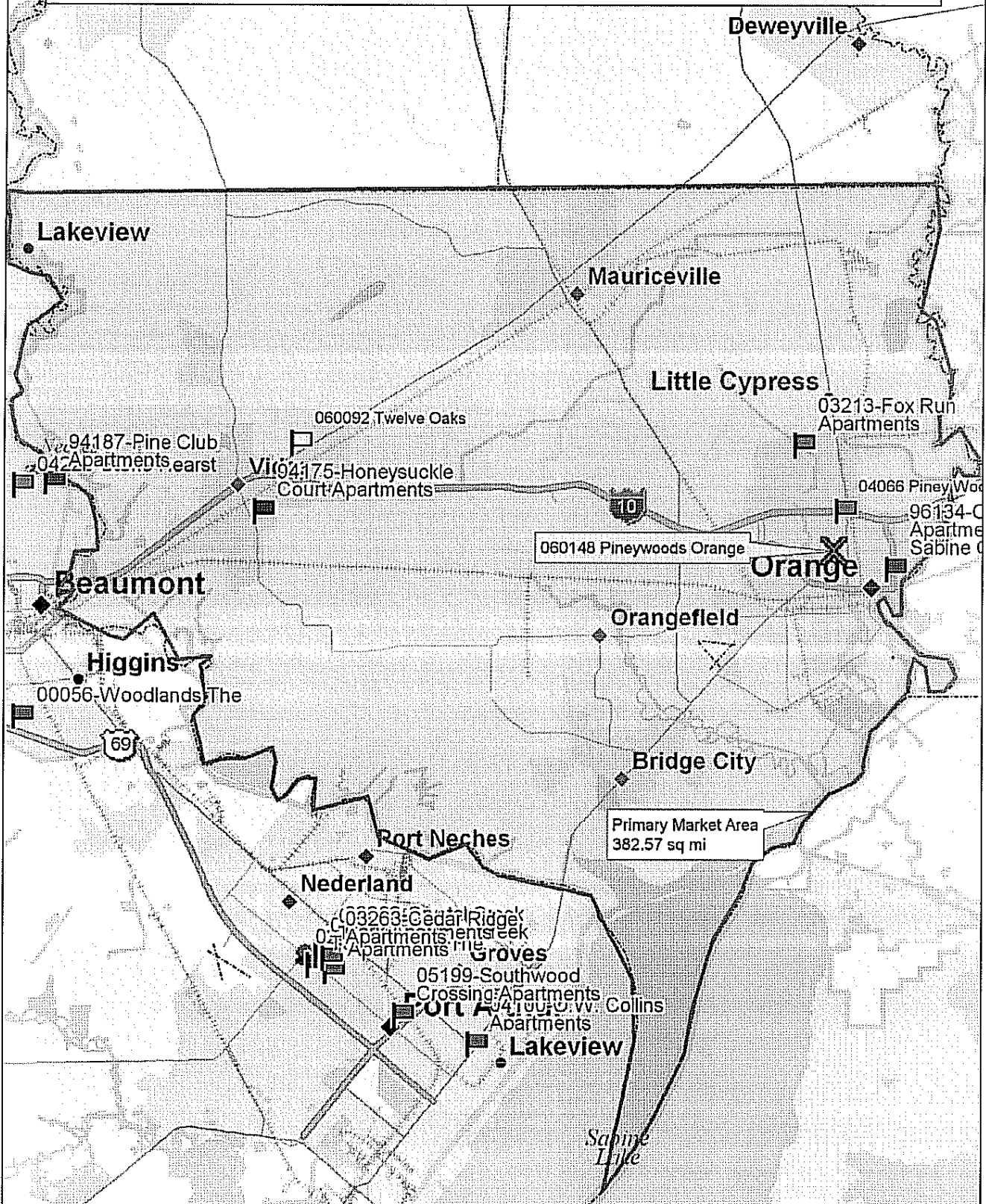
TDHCA	APPLICANT	RECOMMENDED
\$740,000	\$740,000	\$873,657
224,000	224,000	224,000
4,828,673	4,828,673	4,693,777
0	0	0
(36,071)	(1,239)	0
\$5,756,602	\$5,791,434	\$5,791,434

Developer Fee Available \$690,582

% of Dev. Fee Deferred 0%

15-Yr Cumulative Cash Flow \$453,652

# 060148 Pineywoods Orange Development





**MULTIFAMILY FINANCE PRODUCTION DIVISION**

June 9, 2006

**Development Information, Public Input and Board Summary**

**Timber Creek at Sienna Trails, TDHCA Number 060239**

**BASIC DEVELOPMENT INFORMATION**

Site Address: Southeast Corner of Sienna Trails and North Concord      Development #: 060239  
 City: Beaumont      Region: 5      Population Served: Family  
 County: Jefferson      Zip Code: 77708      Allocation: Urban/Exurban  
 HTC Set Asides:  At-Risk    Nonprofit    USDA    Rural Rescue      Purpose/Activity: NC

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: ST Partners II, Ltd.  
 Owner Contact and Phone: Mark Musemeche (713) 522-4141  
 Developer: Mgroup LLC  
 Housing General Contractor: TBD  
 Architect: Mgroup & Architects, Inc.  
 Market Analyst: Ipser & Associates, Inc.  
 Syndicator: Wachovia  
 Supportive Services: N/A  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	Total Restricted Units:	36
4	0	0	32	0	0	0	30	6	0	Market Rate Units:	0
Type of Building:										Owner/Employee Units:	0
<input type="checkbox"/> 5 units or more per building										Total Development Units:	36
<input type="checkbox"/> Duplex										Total Development Cost:	\$0
<input checked="" type="checkbox"/> Detached Residence										Number of Residential Buildings:	36
<input type="checkbox"/> Triplex											
<input type="checkbox"/> Single Room Occupancy											
<input type="checkbox"/> Fourplex											
<input type="checkbox"/> Transitional											
<input type="checkbox"/> Townhome											

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
Hurricane Rita Housing Tax Credits:	\$493,376	\$488,054	0	0	0.00%





MULTIFAMILY FINANCE PRODUCTION DIVISION

June 9, 2006

Development Information, Public Input and Board Summary
Timber Creek at Sienna Trails, TDHCA Number 060239

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Williams, District 4 S Points: 7 US Representative: Poe, District 2,
TX Representative: Deshotel, District 22 S Points: 7 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC Resolution of Support from Local Government [ ]

Individuals/Businesses: In Support: 2 In Opposition: 0

Neighborhood Input:

N/A, Letter Score: S or O:

General Summary of Comment:

CONDITIONS OF COMMITMENT

- 1. Review, receipt, and acceptance of a letter from the ESA provider confirming that no issues regarding lead based paint, lead in drinking water, radon or noise affect the site is a condition of this report by closing of the land.
2. Review, receipt, and acceptance of confirmation that all recommendations of the Phase I ESA have been appropriately addressed by cost certification.
3. Review, receipt, and acceptance of executed copies of Non-Disturbance Agreements with all right holders by closing of the land.
4. Review, receipt, and acceptance of revisions to the appraisal to dress inconsistencies in location and size adjustments prior to Board approval/ratification. Should the concluded as is value decrease the gap of funds needed should be reviewed as an adjustment to the credit amount may be warranted.
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.
6. Any outstanding commitments as required for points awarded pursuant to §50.9(i)(5) or (22) of 2006 QAP.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**June 9, 2006**

**Development Information, Public Input and Board Summary**

**Timber Creek at Sienna Trails, TDHCA Number 060239**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

9% HTC Hurricane Rita:  Score: **174**  Meeting a Required Set-Aside Credit Amount: \$488,054

**Recommendation:** Recommend approval of a Hurricane Rita Housing Tax Credit allocation, 2006 National Pool, and/or 2007 Forward Commitment not to exceed \$488,054 annually for ten years, subject to conditions.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS**  
**MULTIFAMILY UNDERWRITING ANALYSIS**

**DATE:** May 31, 2006

**PROGRAM:** 9% HTC

**FILE NUMBER:** 060239

**DEVELOPMENT NAME**

Timber Creek Village at Sienna Trails

**APPLICANT**

**Name:** ST Partners II, Ltd. **Contact:** Mark Musemeche  
**Address:** 1013 Van Buren  
**City:** Houston **State:** TX **Zip:** 77019  
**Phone:** (713) 522-4141 **Fax:** (713) 522-9775 **Email:** mgroupinc@sbcglobal.net

**KEY PARTICIPANTS**

**Name:** MGroup Holdings, Inc **Title:** .02% General Partner  
**Name:** MGroup LLC **Title:** Developer  
**Name:** Laura Musemeche **Title:** 49.99% Initial Limited Partner & 75% Owner of GP  
**Name:** Mark Musemeche **Title:** 49.99% Initial Limited Partner, 25% Owner of GP & 100% owner of Developer

**PROPERTY LOCATION**

**Location:** On proposed Sienna Trails and North Concord  
**City:** Beaumont **Zip:** 77708  
**County:** Jefferson **Region:** 5  QCT  DDA  GO Zone

**REQUEST**

<u>Program</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
HTC	\$493,376	N/A	N/A	N/A
<b>Proposed Use of Funds:</b>	New Construction	<b>Type:</b>	Single Family	
<b>Target Population:</b>	Family	<b>Other:</b>	Urban/Exurban	

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$488,054 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review and acceptance of a letter from the ESA provider confirming that no issues regarding lead based paint, lead in drinking water, radon or noise affect the site is a condition of this report by closing of the land.
2. Receipt, review and acceptance of confirmation that all recommendations of the Phase I ESA have been appropriately addressed by cost certification.
3. Receipt, review and acceptance of executed copies of Non-Disturbance Agreements with all right holders by closing of the land.
4. Receipt, review and acceptance of revisions to the appraisal to dress inconsistencies in location and size adjustments prior to Board approval/ratification. Should the concluded as is value decrease the gap of funds needed should be reviewed as an adjustment to the credit amount may be warranted.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

Total Units: 36 # Res Bldgs 36 # Non-Res Bldgs 0 Age: N/A yrs Vacant: N/A at / /  
 Net Rentable SF: 45,780 Av Un SF: 1,272 Common Area SF: 0 Gross Bldg SF: \_\_\_\_\_

**ARCHITECTURAL REVIEW**

The building plans are comparable to other modern single-family developments. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

**STRUCTURAL MATERIALS**

The structures will be constructed on a concrete slab subfloor. According to the plans provided in the application the exterior will be 40% masonry veneer and 60% cement fiber. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

**UNIT FEATURES**

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fan in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: a self-cleaning oven, laundry connections, a central heating and air conditioning unit and individual water heater.

**ONSITE AMENITIES**

In order to meet threshold criteria for total units of 25 or more, the Applicant has elected to provide a barbecue or picnic table for every 50 units and full perimeter fencing.

Uncovered Parking: 36 spaces Carports: 0 spaces Garages: 36 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Timber Creek Village is a 4.55-unit per acre new construction development located in north central Beaumont. The development is comprised of 36 evenly distributed single-family residential buildings as follows:

<u>No. of Buildings</u>	<u>No. of Floors</u>	<u>3BR</u>	<u>4BR</u>
30	1	1	
6	2		1

**SITE ISSUES**

**SITE DESCRIPTION**

Total Size: 7.9 acres Scattered sites?  Yes  No  
 Flood Zone: Zone X Within 100-year floodplain?  Yes  No  
 Current Zoning: RS (Single-family residential) & RM-M (Multifamily) Needs to be re-zoned?  Yes  No  N/A

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is a 7.9 acre irregular-shaped parcel located in the north central part of Beaumont, Jefferson County, approximately four and one-half miles from central Beaumont. The site is situated at the northeast corner of Concord Road and the proposed Sienna Trails Drive.

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**Adjacent Land Uses:**

- **North:** vacant land immediately adjacent and residential beyond;
- **South:** Concord Road immediately adjacent and vacant land beyond;
- **East:** drainage easement immediately adjacent and residential beyond; and
- **West:** location for proposed Sienna Trails Drive immediately adjacent and vacant land and retail shopping center beyond.

**Site Access:** Access to the property will be from the west along the proposed Sienna Trails Drive. Access to State Highway 69 is less than one mile to the west of the property.

**Public Transportation:** Beaumont Municipal Transit provides regular service to the area along Concord Road, which runs adjacent to the site.

**Shopping & Services:** The site is within one mile of a major grocery store and a variety of other retail establishments and restaurants. Primary and secondary public schools, a bank or Credit Union and churches are also within a short distance of the site.

**Adverse Site Characteristics:**

- **Zoning:** No adverse issues
- **Floodplain:** No adverse issues
- **Title:** The title report reflects previous purchase of mineral rights below the surface. Therefore, the subject is being conveyed subject to the "...rights and interests in, to and/or arising from reservation of minerals as set forth..." in their prior conveyance. The option contract for the acquisition provided the specimen of a Non-Disturbance Agreement to be executed by the holders of mineral rights which would appear to mitigate any conflict of surface rights. Receipt review and acceptance of executed copies of Non-Disturbance Agreements with all rights holders by closing of the land is a condition of this report.

**TDHCA SITE INSPECTION**

<b>Inspector:</b>	Manufactured Housing Staff	<b>Date:</b>	04/06/2006
<b>Overall Assessment:</b>	<input type="checkbox"/> Excellent <input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Questionable <input type="checkbox"/> Poor <input type="checkbox"/> Unacceptable		
<b>Comments:</b>	N/A		

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated March 17, 2006 was prepared by Associated Testing Laboratories and contained the following findings and recommendations:

**Findings:**

- **Noise:** Not discussed
- **Floodplain:** "According to the Federal Insurance Rate Map (FIRM), the subject site is located in unshaded Zone X, indicating that the subject site is located outside the 500-year flood plain" (p. 10).
- **Asbestos-Containing Materials (ACM):** Not confirmed
- **Lead-Based Paint (LBP):** Not confirmed
- **Lead in Drinking Water:** Not confirmed
- **Radon:** Not confirmed
- **Recognized Environmental Concerns (RECs):** "Based on the subject site reconnaissance, photo interpretation, regulatory data search, and information gathered during this Phase I ESA, the subject site does not appear to have Recognized Environmental Conditions (REC's) resulting from previous uses of the subject site and adjacent properties" (p. 2).

**Recommendations:**

"Based on the Phase I ESA study according to ASTM E1527-00 standards, Associated Testing Laboratories, Inc recommends that the discarded automobile tires, household trash and debris, containers, metal junk, wooden pallets, mattress etc. on the subject site be surveyed for any hazardous materials and must be handled and disposed of in accordance with federal, state, and/or local regulations. If any discoloration of vegetation

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or topsoil's was observed in these areas, ATL recommends limited surface sampling of these areas. ATL also recommends to subsurface sampling near the house where there was leak of oil from the woods into the ditch as reported and listed in ERNS database" (p. 2).

Receipt, review, and acceptance by closing of confirmation that noise, lead based paint, lead in drinking water and radon are not issues for the subject site and evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out is a condition of this report.

**INCOME SET-ASIDE**

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. One-hundred percent of the units will be reserved for low-income tenants. Four of the units (11%) will be reserved for households earning 30% or less of AMI and 32 units (89%) will be reserved for households earning 60% or less of AMI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$21,240	\$24,300	\$27,300	\$30,360	\$32,760	\$35,220

**MARKET HIGHLIGHTS**

A market feasibility study dated March 20, 2006 was prepared by Ipser & Associates ("Market Analyst" of "I&A") and included the following findings:

**Secondary Market Information:** No secondary market was defined by the Market Analyst.

**Definition of Primary Market Area (PMA):** "The primary market area is the City of Beaumont which 113,866 in 2000 and an estimated 114,166 in 2006. Because this population exceeds the typically sized market area of 100,000 population, appropriate downward adjustments are made in the demand analysis to reduce the potential market." (p. 2-3). This area encompasses approximately 80 square miles and is equivalent to a circle with a radius of 5.04 miles.

**Population:** The estimated 2006 population of the City of Beaumont was 114,166 and is expected to increase by 0.2% to approximately 114,416 by 2011. Within the primary market area there were estimated to be 44,658 households in 2006. The Market Analyst took a prorata percentage of demand to effectively reduce the primary market population to the Department's 100,000 person limit rather than defining a specific market area that contains 100,000 persons or less. While this method of determination may provide an acceptable inclusive capture rate result it is a poor practice and should be discouraged. The market Analyst should define an original primary market area that meets the Department's requirements.

**Total Market Demand:** The Analyst's income band of \$13,063 to \$36,350 results in an income eligible adjustment rate of 31.5% (p. 3-5). The tenure appropriate adjustment rate of 40.2% is specific to the income-eligible population (p. 3-5). The Market Analyst indicates a turnover rate of 44.5% applies based on Census 2000 data (p. Ex N-1 & Ex G-17).

The Analyst included 5% of the Section 8 waiting list in the demand analysis resulting in an additional demand of 168 (p. Ex N-1).

<b>MARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	6	0.2%	1	0.1%
Resident Turnover	2,519	93.5%	771	99.9%
Other Sources: (5% of Section 8 Wait list)	168	6.2%	0	0%
<b>TOTAL DEMAND</b>	<b>2,359</b>	<b>100%</b>	<b>772</b>	<b>100%</b>

Ex. N-1

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 2.5% based upon 2,359

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units of demand and 60 unstabilized affordable housing in the PMA (including the subject) (p. Ex N-1). The Underwriter calculated an inclusive capture rate of 15.7% based upon a revised supply of 121 unstabilized comparable affordable units divided by a revised demand estimate for 772 affordable units. The Underwriter chose to include two bedroom units in the number of unstabilized comparable units due to the inclusion of households of three, which are appropriate for 2 or 3 bedroom units, in the demand analysis.

**Unit Mix Conclusion:** “The somewhat higher percentage of 3 and 4-Bd units in the proposed unit mix appears appropriate for the Beaumont market, given the need for all sizes of housing units after the hurricane damage” (p. 3-7).

**Market Rent Comparables:** The Market Analyst surveyed 13 comparable apartment projects totaling 2,119 units in the market area.

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>3-Bedroom (30%)</b>	\$194	\$208	-\$14	\$760	-\$566
<b>3-Bedroom (60%)</b>	\$575	\$602	-\$27	\$760	-\$185
<b>4-Bedroom (30%)</b>	\$203	\$219	-\$16	\$820	-\$617
<b>4-Bedroom (60%)</b>	\$628	\$658	-\$30	\$820	-\$192

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent = \$500, program max = \$600, differential = -\$100)

**Primary Market Occupancy Rates:** “I&A obtained absorption information from three properties, including one HTC project. The Woodlands HTC, which allowed tenants to move into their apartments in January 2002, began preleasing units in April 2001. Within 4 months, Woodlands was 98% occupied, which indicated an absorption rate that ranges from 8 to 15 units per month. Breakwater Bay, a 176-unit conventional project 2.5 miles southwest, opened in April 2004 and was 100% occupied by December 2004, indicating a monthly absorption rate of 22 units. Eagles Landings Apartment Homes opened in October 2003 and achieved 90% occupancy in July 2004, which suggests that an average of 15 units were absorbed per month” (p. 3-6).

**Absorption Projections:** “Average absorption for the subject is estimated at 10 to 12 units per month. It is expected that about 2 to 3 months will be required to achieve 92.5% occupancy of the 36 units. Absorption of both the subject and another 35 units planned in the Briarbend Village application may require a longer absorption period, from 5 to 6 months. Occupancy was high prior to the impact and influx of additional households as a result of the devastation caused by Hurricanes Katrina and Rita and is expected to remain high over time as some rebuild and relocate to their damaged/destroyed homes” (p. 3-6).

**Unstabilized, Under Construction, and Planned Development:** Not explicitly addressed.

**Market Impact:** The Analyst implicitly discusses the demand for affordable housing due to the impact of Hurricane Rita. However, the market impact is not given adequate consideration.

**Market Study Analysis/Conclusions:** The Underwriter found the market study provided sufficient information on which to base a funding recommendation. However, the Analyst should explicitly address an appropriately sized market area, the secondary market, unstabilized, under construction, and planned developments and the market impact of the subject to the area as required by the Department’s Market Analysis Rules as a condition of remaining on the Department’s approved market analyst list.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s projected rents collected per unit were calculated by subtracting tenant-paid utility allowances, maintained by San Antonio HUD Office of Public Housing, from the 2005 program gross rent limits. The Underwriter used the slightly higher but achievable 2006 gross rent limits. Tenants will be required to pay electric, water, and sewer costs. The Applicant’s Effective Gross Income estimate is not within 5% of the Underwriter’s estimate. The Applicant used 2005 rent limits while the Underwriter used updated 2006 rent limits, which accounts for most of the discrepancy.

**Expenses:** The Applicant’s total annual operating expense projection at \$3,640 per unit is within 5% of the Underwriter’s estimate of \$3,689, derived from the TDHCA database, and third-party data sources. The

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Applicant's estimates of Payroll and Payroll Tax and Repairs and Maintenance line items differed from the Underwriter's database derived estimates. However, this may be due to the unique characteristics of the proposed development.

**Conclusion:** Income and NOI are each not within 5% of Underwriter's estimates. Therefore, the Underwriter's estimates will be used for the analysis. The Underwriter's proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.30. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

**Long-Term Feasibility:** The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION			
APPRAISED VALUE			
Land Only: 7.92 acres	\$345,000	Date of Valuation:	5/30/2006
Existing Building(s): "as is"	N/A	Date of Valuation:	/ /
Total Development: "as is"	\$345,000	Date of Valuation:	5/30/2006
Appraiser: Robert O. Coe, II	Firm: O'Connor & Associates	City:	Houston

**APPRAISAL ANALYSIS/CONCLUSIONS**

An appraisal, provided by the purchaser, was performed by O'Connor & Associates and dated March 30, 2006. Five land sales dating from 2003 to present for 7 to 20 acres were used to determine the underlying value of the land. Adjustments to comparable sales ranged from 0% to 65%, however inconsistencies between the narrative and the adjustments made in the areas of location and size have to be reconciled as a condition of this report. As currently concluded the "as is" value is higher than the purchase price, and higher than the acquisition value used in the underwriting analysis, however reconciliation to the comparable adjustments could cause the final concluded appraised value to decline.

ASSESSED VALUE			
Land: 61.58 acres	\$160,090	Assessment for the Year of:	2005
Building:	N/A	Valuation by:	Jefferson County Appraisal District
Total Assessed Value:	\$160,090	Tax Rate:	2.937

EVIDENCE of SITE or PROPERTY CONTROL			
Type of Site Control:	Option agreement (7.92 acres)		
Contract Expiration:	11/15/2006	Valid through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	\$344,124	Other:	
Seller:	Muse Limited, Inc	Related to Development Team?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The acquisition cost is consistent with the documentation required by the Department in the case of Identity of Interest transactions and provided by the Applicant. The Applicant provided a letter from a CPA which reflected the original acquisition cost, improvements (in the form of market studies, ESAs engineering and rezoning), and holding costs at 12% for a concluded cost of \$355K. The Appraisal indicated an as is value of \$345K but is subject to potential revision. Should the concluded appraised value after revision provide a reduced value, the acquisition cost allowed in the transaction may require a downward adjustment and such an adjustment could affect the need for tax credits.



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**Sitework Cost:** The Applicant claimed sitework costs over the Departments maximum guideline of \$7,500 per unit and provided sufficient third party certification through a detailed certified cost estimate by Jerod L. Morris to justify these costs. In addition, these costs have been reviewed by the Applicant's CPA, Dennis L. Rick, Ltd, and indicate that this opinion of eligibility has taken into account the effect of the recent IRS Technical Advisory Memorandums on the eligibility of sitework costs. The Applicant reduced from basis the costs associated with the street improvements to be dedicated to the City.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$2,276K or 0.5% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

**Ineligible Costs:** The Applicant included the engineering costs for the construction of a dedicated roadway in eligible costs. These costs amounted to \$14,800 per the engineers estimate. Since costs associated with the development of dedicated streets are generally regarded as ineligible, these costs have been removed from indirect costs and included in ineligible costs in the Applicant's budget by the Underwriter.

**Interim Financing:** The Applicant's interim financing costs are within the limits allowed by the Department.

**Fees:** The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by a total of \$21,280 based on their own construction costs. In addition, the Applicant's contingency exceeds the Department's 5% limit by \$7,600. Finally developer fees exceed the Department's 15% limit by \$6,552. Consequently the Applicant's eligible fees in these areas have been reduced by the same amounts with the overages effectively moved to ineligible costs.

**Conclusion:** The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule, as adjusted for ineligible costs by the Underwriter, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$4,606,455 supports annual tax credits of \$488,054. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. It should also be noted that the site is eligible for the 30% high cost area adjustment because it is located in the Gulf Opportunities Zone.

FINANCING STRUCTURE			
<b>INTERIM FINANCING</b>			
<b>Source:</b>	MMA Financial	<b>Contact:</b>	Dan Flick
<b>Principal:</b>	\$1,303,790	<b>Interest Rate:</b>	8%, fixed
		<b>Term:</b>	24 months
<b>Documentation:</b>	<input type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input checked="" type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
<b>Comments:</b>	_____		
<b>INTERIM FINANCING</b>			
<b>Source:</b>	City of Beaumont	<b>Contact:</b>	Kyle Hayes
<b>Principal:</b>	\$35,035	<b>Interest Rate:</b>	To be determined
		<b>Term:</b>	TBD
<b>Documentation:</b>	<input type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input checked="" type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
<b>Comments:</b>	_____		
<b>INTERIM FINANCING</b>			
<b>Source:</b>	Peterson Construction	<b>Contact:</b>	Thomas Peterson
<b>Principal:</b>	\$110,000	<b>Interest Rate:</b>	8%, fixed
		<b>Term:</b>	2 months
<b>Documentation:</b>	<input type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input checked="" type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
<b>Comments:</b>	1% origination fee and 1% extension fee for 60 day extension. It is not clear if these funds are conditioned upon contracting with Peterson Construction for the construction of the property		

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**INTERIM FINANCING**

Source: Jefferson County Housing Finance Corporation Contact: Unknown  
 Principal: \$55,000 Interest Rate: Unknown Term: Unknown  
 Documentation:  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  None  
 Comments: \_\_\_\_\_

**PERMANENT FINANCING**

Source: MMA Financial Contact: Dan Flick  
 Principal: \$869,193 Interest Rate: 7.25%, fixed Amort: 360 months  
 Documentation:  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
 Comments: Fannie Mae DUS Coupon rate plus 40 basis points

**TAX CREDIT SYNDICATION**

Source: Wachovia Contact: Tim McCann  
 Proceeds: \$4,439,495 Net Syndication Rate: 90% Anticipated HTC: \$493,376/year  
 Documentation:  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
 Comments: Based upon 99.98 % interest

**OTHER**

Amount: \$19,350 Source: Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Interim Financing:** The Applicant provided a financing commitment from MMA Financial for interim to permanent financing from MMA affiliates reflecting amounts, terms and conditions consistent with the information provided in the application.

**Funding by Local Political Subdivision and Others:** The Applicant provided a bridge loan commitment from the City of Beaumont for \$35,035 but terms of repayment were to be determined. The Applicant also indicated interim financing through the Jefferson County Housing Finance Corporation but provided no commitment to confirm such financing. Finally the Applicant provided a commitment from Peterson Construction for a very short term (60 days) \$110,000 loan. These loans do not appear to be critical to the long term feasibility of the transaction.

**HTC Syndication:** The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The syndication rate proposed in the commitment is at the low end of current credit prices. If the final syndication rate were to increase by less than one cent per dollar of tax credit, an excess of funds would exist, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$19,350 amount to 3% of the total eligible fees.

**Financing Conclusions:** As stated above, the Underwriter's proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.30. The underwriting analysis assumes an increase in the permanent loan amount or deferred developer fee of \$40,821 based on the terms reflected in the application materials. As a result the development's gap in financing need from tax credit syndication will decrease by the same amount.

The Applicant's total development cost estimate less the revised permanent debt of \$910,014 indicates the need for \$4,418,025 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$499,990 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$493,376), the gap-driven amount (\$490,990), and eligible basis-derived estimate (\$488,054), the Applicant's eligible basis-derived estimate of \$488,054 is recommended resulting in proceeds of \$4,391,607 based on a syndication rate of 90%. The Underwriter's recommended financing

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structure indicates the need for \$26,419 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within two years of stabilized operation.

**DEVELOPMENT TEAM  
IDENTITIES of INTEREST**

- The Applicant, Developer, and architect are related entities. These are common relationships for HTC-funded developments.
- The seller is regarded as a related party (step mother and father) to the principal of the general partner. The Applicant provided a CPA' analysis of the acquisition and holding costs as well as an appraisal to verify that no excess profit is escaping the transaction (see acquisition cost discussion above)

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

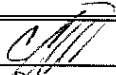
- The Applicant, ST Partners II, Ltd, is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The General Partner, MGroup Holdings, Inc, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of \$1,729K and consisting of \$104K in cash, \$520K in receivables, \$1,075K in real property, \$15K in machinery, equipment, and fixtures, and \$15K in other assets. Liabilities totaled \$0, resulting in a net worth of \$1,729K.
- The Developer, MGroup, LLC, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of \$1,037K and consisting of \$5,694K in cash and \$1,032K in receivables. Liabilities totaled \$0, resulting in a net worth of \$1,037K.
- The Mark Musemeche, 100% owner of the Developer and 25% owner of the GP submitted an unaudited financial statement as of December 31, 2005.

**Background & Experience:** Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**


- The Applicant's estimated income and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The seller of the property has an identity of interest with the Applicant.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:

  
Cameron Dohsey

Date: May 31, 2006

Director of Real Estate Analysis:

  
Tom Gouris

Date: May 31, 2006

**MULTIFAMILY COMPARATIVE ANALYSIS**

*Timber Creek Village, Beaumont, HTC 9%, #060239*

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Utl	Wtr, Swr, Trsh
TC 30%	2	3	2	1,246	\$395	\$208	\$416	\$0.17	\$187.00	
TC 60%	28	3	2	1,246	789	\$602	16,856	0.48	187.00	
TC 30%	2	4	2	1,400	441	\$219	438	0.16	222.00	
TC 60%	4	4	2	1,400	880	\$658	2,632	0.47	222.00	
<b>TOTAL:</b>	<b>36</b>		<b>AVERAGE:</b>	<b>1,272</b>	<b>\$758</b>	<b>\$565</b>	<b>\$20,342</b>	<b>\$0.44</b>	<b>\$192.83</b>	<b>\$0.00</b>

**INCOME** Total Net Rentable Sq Ft: **45,780**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$15.00

Other Support Income: (describe)

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

TDHCA	APPLICANT
\$244,104	\$232,872
6,480	6,480
0	
\$250,584	\$239,352
(18,794)	(17,952)
0	
\$231,790	\$221,400

Comptroller's Region 5

IREM Region 6

\$15.00 Per Unit Per Month

\$0.00 Per Unit Per Month

-7.50% of Potential Gross Income

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.46%	\$351	0.28
Management	5.00%	322	0.25
Payroll & Payroll Tax	13.61%	876	0.69
Repairs & Maintenance	9.88%	636	0.50
Utilities	0.68%	44	0.03
Water, Sewer & Trash	0.24%	16	0.01
Property Insurance	6.91%	445	0.35
Property Tax 2.937257	12.32%	793	0.62
Reserve for Replacements	3.49%	225	0.18
Other: compl fees	0.62%	40	0.03
<b>TOTAL EXPENSES</b>	<b>58.21%</b>	<b>\$3,748</b>	<b>\$2.95</b>
<b>NET OPERATING INC</b>	<b>41.79%</b>	<b>\$2,691</b>	<b>\$2.12</b>

TDHCA	APPLICANT
\$12,652	\$13,025
11,590	11,091
31,537	12,000
22,892	39,780
1,574	1,000
567	1,000
16,023	17,000
28,550	26,604
8,100	8,100
1,440	1,440
\$134,925	\$131,040
\$96,865	\$90,360

PER SQ FT	PER UNIT	% OF EGI
\$0.28	\$362	5.88%
0.24	308	5.01%
0.26	333	5.42%
0.87	1,105	17.97%
0.02	28	0.45%
0.02	26	0.45%
0.37	472	7.68%
0.58	739	12.02%
0.18	225	3.66%
0.03	40	0.65%
\$2.88	\$3,640	59.19%
\$1.97	\$2,510	40.81%

**DEBT SERVICE**

	%	PER UNIT	PER SQ FT
MMA Financial	30.70%	\$1,976	\$1.55
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>11.09%</b>	<b>\$714</b>	<b>\$0.56</b>

TDHCA	APPLICANT
\$71,153	\$71,153
0	0
0	0
\$25,712	\$19,207

PER SQ FT	PER UNIT	% OF EGI
\$1.55	\$1,976	32.14%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.42	\$534	8.68%

AGGREGATE DEBT COVERAGE RATIO 1.36

RECOMMENDED DEBT COVERAGE RATIO 1.30

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		6.49%	\$9,559	\$7.52
Off-Sites		0.00%	0	0.00
Sitework		6.43%	9,468	7.45
Direct Construction		43.11%	63,528	49.96
Contingency	5.00%	2.48%	3,650	2.87
General Req'ts	6.00%	2.97%	4,380	3.44
Contractor's G & A	2.00%	0.99%	1,460	1.15
Contractor's Profit	6.00%	2.97%	4,380	3.44
Indirect Construction		10.69%	15,756	12.39
Ineligible Costs		4.64%	6,834	5.37
Developer's G & A	2.00%	1.52%	2,233	1.76
Developer's Profit	13.00%	9.85%	14,513	11.41
Interim Financing		6.12%	9,022	7.09
Reserves		1.74%	2,569	2.02
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$147,350</b>	<b>\$115.87</b>
<b>Construction Cost Recap</b>		<b>58.95%</b>	<b>\$86,865</b>	<b>\$68.31</b>

TDHCA	APPLICANT
\$344,124	\$344,124
0	0
340,850	340,850
2,287,002	2,275,650
131,393	138,425
157,671	166,110
52,557	55,370
157,671	166,110
567,200	567,200
246,028	246,028
80,382	0
522,486	607,394
324,778	324,778
92,474	96,000
\$5,304,617	\$5,328,039
\$3,127,144	\$3,142,515

PER SQ FT	PER UNIT	% of TOTAL
\$7.52	\$9,559	6.46%
0.00	0	0.00%
7.45	9,468	6.40%
49.71	63,213	42.71%
3.02	3,845	2.60%
3.63	4,614	3.12%
1.21	1,538	1.04%
3.63	4,614	3.12%
12.39	15,756	10.65%
5.37	6,834	4.62%
0.00	0	0.00%
13.27	16,872	11.40%
7.09	9,022	6.10%
2.10	2,687	1.80%
\$116.38	\$148,001	100.00%
\$68.64	\$87,292	58.98%

**SOURCES OF FUNDS**

	%	PER UNIT	PER SQ FT
MMA Financial	16.39%	\$24,144	\$18.99
Additional Financing	0.00%	\$0	\$0.00
HTC Syndication Proceeds	83.69%	\$123,319	\$96.97
Deferred Developer Fees	0.36%	\$538	\$0.42
Additional (Excess) Funds Req'd	-0.44%	(\$651)	(\$0.51)
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT	RECOMMENDED	
\$869,193	\$869,193	\$869,193	Developer Fee Available
0	0	40,821	\$600,842
4,439,496	4,439,496	4,391,607	% of Dev. Fee Deferred
19,350	19,350	26,419	4%
(23,422)	0	0	15-Yr Cumulative Cash Flow
\$5,304,617	\$5,328,039	\$5,328,039	\$500,091

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Timber Creek Village, Beaumont, HTC 9%, #060239*

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$70.31	\$3,218,822
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.92)	(87,898)
Floor Cover			2.32	106,118
Porches/Balconies	\$4,730.02	36	3.72	170,281
Plumbing	(\$680)	36	(0.53)	(24,480)
Built-In Appliances	\$2,375	36	1.87	85,500
Stairs/Fireplaces			0.00	0
Enclosed Corridors	\$60.39		0.00	0
Heating/Cooling			1.62	74,164
Garages/Carports	\$22.04	36	0.02	793
Comm &/or Aux Bldgs			0.00	0
Subdivision Discount	-15.00%		(10.55)	(482,823)
<b>SUBTOTAL</b>			<b>66.85</b>	<b>3,060,477</b>
Current Cost Multiplier	1.03		2.01	91,814
Local Multiplier	0.89		(7.35)	(336,652)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$61.50</b>	<b>\$2,815,639</b>
Plans, specs, survy, bid prm	3.90%		(\$2.40)	(\$109,810)
Interim Construction Interest	3.38%		(2.08)	(95,028)
Contractor's OH & Profit	11.50%		(7.07)	(323,798)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$49.96</b>	<b>\$2,287,002</b>

**PAYMENT COMPUTATION**

Primary	\$869,193	Amort	360
Int Rate	7.25%	DCR	1.36
<b>Secondary</b>			
	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.36
<b>Additional</b>			
	\$4,439,496	Amort	
Int Rate		Aggregate DCR	1.36

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$74,495
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$22,371</b>

Primary	\$910,014	Amort	360
Int Rate	7.25%	DCR	1.30

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30

Additional	\$4,439,496	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$244,104	\$251,427	\$258,970	\$266,739	\$274,741	\$318,500	\$369,229	\$428,038	\$575,247
Secondary Income	6,480	6,674	6,875	7,081	7,293	8,455	9,802	11,363	15,271
Other Support Income: (describe)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	250,584	258,102	265,845	273,820	282,034	326,955	379,031	439,401	590,518
Vacancy & Collection Loss	(16,794)	(19,358)	(19,938)	(20,536)	(21,153)	(24,522)	(28,427)	(32,955)	(44,289)
Employee or Other Non-Rental I	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$231,790</b>	<b>\$238,744</b>	<b>\$245,906</b>	<b>\$253,283</b>	<b>\$260,882</b>	<b>\$302,434</b>	<b>\$350,603</b>	<b>\$406,446</b>	<b>\$546,229</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$12,652	\$13,158	\$13,665	\$14,232	\$14,801	\$18,008	\$21,909	\$26,656	\$39,457
Management	11,590	11,937	12,295	12,664	13,044	15,122	17,530	20,322	27,311
Payroll & Payroll Tax	31,537	32,799	34,111	35,475	36,894	44,887	54,612	66,444	98,354
Repairs & Maintenance	22,892	23,807	24,760	25,750	26,780	32,582	39,641	48,230	71,392
Utilities	1,574	1,637	1,702	1,771	1,841	2,240	2,726	3,316	4,909
Water, Sewer & Trash	567	590	613	638	663	807	982	1,195	1,768
Insurance	16,023	16,664	17,330	18,024	18,745	22,806	27,747	33,758	49,970
Property Tax	28,550	29,692	30,880	32,115	33,400	40,636	49,440	60,151	89,038
Reserve for Replacements	8,100	8,424	8,761	9,111	9,476	11,529	14,027	17,065	25,261
Other	1,440	1,498	1,558	1,620	1,685	2,050	2,494	3,034	4,491
<b>TOTAL EXPENSES</b>	<b>\$134,925</b>	<b>\$140,206</b>	<b>\$145,695</b>	<b>\$151,400</b>	<b>\$157,329</b>	<b>\$190,666</b>	<b>\$231,107</b>	<b>\$280,171</b>	<b>\$411,951</b>
<b>NET OPERATING INCOME</b>	<b>\$86,865</b>	<b>\$98,538</b>	<b>\$100,211</b>	<b>\$101,884</b>	<b>\$103,553</b>	<b>\$111,767</b>	<b>\$119,496</b>	<b>\$126,274</b>	<b>\$134,278</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$74,495	\$74,495	\$74,495	\$74,495	\$74,495	\$74,495	\$74,495	\$74,495	\$74,495
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$22,371</b>	<b>\$24,043</b>	<b>\$25,717</b>	<b>\$27,389</b>	<b>\$29,058</b>	<b>\$37,273</b>	<b>\$45,002</b>	<b>\$51,780</b>	<b>\$59,783</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.30</b>	<b>1.32</b>	<b>1.35</b>	<b>1.37</b>	<b>1.39</b>	<b>1.50</b>	<b>1.60</b>	<b>1.70</b>	<b>1.80</b>

**HTC ALLOCATION ANALYSIS - Timber Creek Village, Beaumont, HTC 9%, #060239**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$344,124	\$344,124		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$340,850	\$340,850	\$340,850	\$340,850
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$2,275,650	\$2,287,002	\$2,275,650	\$2,287,002
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$55,370	\$52,557	\$52,330	\$52,557
Contractor profit	\$166,110	\$157,671	\$156,990	\$157,671
General requirements	\$166,110	\$157,671	\$156,990	\$157,671
<b>(5) Contingencies</b>				
	\$138,425	\$131,393	\$130,825	\$131,393
<b>(6) Eligible Indirect Fees</b>				
	\$567,200	\$567,200	\$567,200	\$567,200
<b>(7) Eligible Financing Fees</b>				
	\$324,778	\$324,778	\$324,778	\$324,778
<b>(8) All Ineligible Costs</b>				
	\$246,028	\$246,028		
<b>(9) Developer Fees</b>				
			\$600,842	
Developer overhead		\$80,382		\$80,382
Developer fee	\$607,394	\$522,486		\$522,486
<b>(10) Development Reserves</b>				
	\$96,000	\$92,474		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$5,328,039</b>	<b>\$5,304,617</b>	<b>\$4,606,455</b>	<b>\$4,621,991</b>

<b>Deduct from Basis:</b>				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
<b>TOTAL ELIGIBLE BASIS</b>			<b>\$4,606,455</b>	<b>\$4,621,991</b>
High Cost Area Adjustment			130%	130%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$5,988,391</b>	<b>\$6,008,588</b>
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$5,988,391</b>	<b>\$6,008,588</b>
Applicable Percentage			8.15%	8.15%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$488,054</b>	<b>\$489,700</b>

Syndication Proceeds	0.8998	\$4,391,607	\$4,406,418
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$488,054</b>	<b>\$489,700</b>
Syndication Proceeds		\$4,391,607	\$4,406,418
Requested Tax Credits		\$493,376	
Syndication Proceeds		\$4,439,496	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$4,418,025</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$490,990</b>	





**MULTIFAMILY FINANCE PRODUCTION DIVISION**

June 9, 2006

**Development Information, Public Input and Board Summary**

**The Women's Shelter of East Texas, TDHCA Number 060149**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 1835 Sayers Development #: 060149  
 City: Lufkin Region: 5 Population Served: Family  
 County: Angelina Zip Code: 75901 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue Purpose/Activity: NC

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: Pineywoods Lufkin Home Team, Ltd.  
 Owner Contact and Phone: Doug Dowler (936) 559-9615  
 Developer: Pineywoods CDFI  
 Housing General Contractor: Moore Building Associates LLP  
 Architect: Camp Design Group  
 Market Analyst: Mark C. Temple & Associates  
 Syndicator: National Equity Fund  
 Supportive Services: Women's Shelter East Texas  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	Total Restricted Units:	25
0	0	0	25	0	0	0	26	0	0	Market Rate Units:	1

Type of Building:  5 units or more per building  
 Duplex  Detached Residence  
 Triplex  Single Room Occupancy  
 Fourplex  Transitional  
 Townhome

Owner/Employee Units: 0  
 Total Development Units: 26  
 Total Development Cost: \$0  
 Number of Residential Buildings: 12

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
Hurricane Rita Housing Tax Credits:	\$354,139	\$0	0	0	0.00%





MULTIFAMILY FINANCE PRODUCTION DIVISION

June 9, 2006

Development Information, Public Input and Board Summary

The Women's Shelter of East Texas, TDHCA Number 060149

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Staples, District 3 S Points: 7 US Representative: Gohmert, District 1,
TX Representative: McReynolds, District 12 S Points: 7 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Louis A. Brounaugh, Mayor, S Resolution of Support from Local Government
Brown Claybar, Mayor, S

Individuals/Businesses: In Support: 0 In Opposition: 0

Neighborhood Input:

North Lufkin Women's Association, Gabrielle Escamilla Letter Score: 24 S or O: S

This association's letter was found to be eligible for QCP and was issued a score of 24. The basis for their support as reflected in their letter is: the proposed development will provide safe, affordable housing for women and children; the proposed development will offer an alternative to women in abusive situations; and the proposed development should increase police patrols and decrease crime.

North Lufkin Women's Association (NLWA) Organization supports the proposed development because it will help improve the lives of women and children by teaching them new skills, having a safe environment, and gaining employment. Help them stop the cycle of abuse, by having the law enforcement/police patrols in these areas when needed.

General Summary of Comment:

CONDITIONS OF COMMITMENT

- 1. Still pending completion of underwriting feasibility report, however the recommended amount is not to exceed applicant's requested amount of \$354,139.
2. Any outstanding commitments as required for points awarded pursuant to §50.9(i)(5) or (22) of 2006 QAP.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**June 9, 2006**

**Development Information, Public Input and Board Summary**

**The Women's Shelter of East Texas, TDHCA Number 060149**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

9% HTC Hurricane Rita:     Score: **169**     Meeting a Required Set-Aside    Credit Amount:    \$0

**Recommendation:** This recommendation is based on credit amounts requested and the representations of the applicant. This application is subject to a review for financial feasibility. The application may have the credit amount reduced and/or may have additional conditions placed on the allocation. The credit award will not exceed the requested amount of \$354,139.

**LEGAL SERVICES DIVISION**  
**BOARD ACTION REQUEST**  
**June 9, 2006**

**Action Item**

Presentation, Discussion, and possible action on release of LURA regarding property on Fitzhugh Avenue in Dallas Texas where the property was condemned and destroyed.

**Requested Action**

Vote to deny or approve release of LURA for Fitzhugh Place Apartments.

**Background and Recommendations**

Robert H. Holmes, II contacted the Department requesting the release of a Land Use Restriction Agreement where he had cleared the taxes in arrears on 1428 through 1518 N. Fitzhugh Avenue in Dallas, Texas. Mr. Holmes indicated that the property has been demolished by the City of Dallas and that there are currently no existing improvements on the land.

The history of the property is that Mr. Holmes' father purchased the property in question with the intent of applying for tax credits to rehabilitate the property and offer it as qualified low income property. Mr. Holmes applied for and received tax credits in 1989. At that point, he began the rehabilitation and apparently was issued 8609's in 1991. According to a statement by his tax advisor, Mr. Holmes used the tax credits on his own personal taxes in 1991 in the amount of \$2,833. There is not other record available of the tax credits being used.

The Department shows that this property was not in compliance and was removed from the program; the Department did not continue monitoring. According to Mr. Holmes II, his father abandoned the property and allowed it to fall into disrepair and eventually the property was demolished.

According to outside tax credit counsel, a LURA is allowed to be released for one of three reasons, 1) foreclosure; 2) end of LURA timeframe; and 3) right of first refusal termination. None of these issues is present in the request before you today.

This case is representative of several requests for release of LURA's the Department has received. In many cases, the economic feasibility of the project is no longer sound and the property is non-compliant or even non-existent as with this property. Federal law does imply that some economic limitations are inherent in the program and therefore not a sufficient source to excuse the program. In many cases, the credits awarded were small and featured single family homes or even lots (not the case here).

The Board has not established a policy or provided guidance to staff on any action to take in policy development and/or public comment on this matter. It should be noted that there is the potential even if TDHCA releases the LURA, a third party might have standing to seek enforcement so that clear title might not be obtained by the TDHCA release.

**Staff Recommendation:** Staff recommends denial of the request to release the LURA as there is no legal justification for doing so at the current time.

**Housing Tax Credit Program  
Board Action Request  
June 9, 2006**

**Action Item**

Request review and board determination of one (1) four percent (4%) tax credit application with another issuer for the tax exempt bond transaction.

**Recommendation**

Staff is recommending that the board review and approve the issuance of one (1) four percent (4%) Tax Credit Determination Notice with **another issuer** for the tax exempt bond transaction known as:

<b>Development No.</b>	<b>Name</b>	<b>Location</b>	<b>Issuer</b>	<b>Total Units</b>	<b>LI Units</b>	<b>Total Development</b>	<b>Applicant Proposed Tax Exempt Bond Amount</b>	<b>Requested Credit Allocation</b>	<b>Recommended Credit Allocation</b>
060408	Amberwood Apartments	El Paso	El Paso HFC	310	304*	\$13,997,631	\$7,800,000	\$541,067	\$489,934

\* This property has 6 employee occupied units.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 9, 2006

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Amberwood Apartments.

Summary of the Transaction

The application was received on February 16, 2006. The Issuer for this transaction is El Paso HFC. The development is to be located at 5249 Wren Ave. in El Paso. Demographics for the census tract include AMFI of \$28,533; the total population is 4055; the percent of population that is minority is 78.40%; the percent of population that is below the poverty line is 40.39%; the number of owner occupied units is 643; the number of renter units is 848 and the number of vacant units is 186. The percent of population that is minority for the entire City of El Paso is 82% (Census information from FFIEC Geocoding for 2005). The development is an acquisition/rehabilitation and will consist of 310 total units targeting the general population, with all of the units to be affordable - for a Priority 3 bond transaction this means that at least 75% of the units must have rents at 30% of 80% AMFI and that they meet one of the minimum housing tax credit elections. The site is currently zoned for such a development. The Department has received no letters of support and no letters in opposition. The bond priority for this transaction is:

- Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and** Set aside **50%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1B:** Set aside **15%** of units that cap rents at 30% of **30%** AMFI **and** Set aside **85%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1C:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (Only for projects located in a **census tract with median income that is greater** than the median income of the county MSA, or PMSA that the QCT is located in. (MUST receive 4% Housing Tax Credits)
- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 3:** Any qualified residential rental development.

Recommendation

Staff recommends the Board approve the issuance of Housing Tax Credits for Amberwood Apartments with the condition, as stated by the Board at the May 4, 2006 Board meeting, that the applicant provide tenant insurance and flood insurance for the property until such time as they receive the Letter of Map Revision (LOM-R) from the Federal Emergency Management Agency.



MULTIFAMILY FINANCE PRODUCTION DIVISION

June 9, 2006

Development Information, Public Input and Board Summary

**Amberwood Apts, TDHCA Number 060408**

BASIC DEVELOPMENT INFORMATION

Site Address: 5249 Wren Ave. Development #: 060408  
 City: El Paso Region: 13 Population Served: Family  
 County: El Paso Zip Code: 79924 Allocation: Urban/Exurban  
 HOME Set Asides:  CHDO  Preservation  General Purpose/Activity: ACQ/R  
 Bond Issuer: El Paso HFC

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner: Amberwood PacifiCap Limited Partnership  
 Owner Contact and Phone Heather Boyd (503) 288-6210  
 Developer: PacifiCap Properties Group, LLC  
 Housing General Contractor: PacifiCap Construction Services, LLC  
 Architect: N/A  
 Market Analyst: Butler Burgher, Inc.  
 Syndicator: Wachovia Tax Credit Investment Group  
 Supportive Services: YWCA El Paso Del Norte Region  
 Consultant: N/A

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR	Total Restricted Units:	310
0	0	0	304	0	60	190	60	0	0	Market Rate Units:	0
Type of Building:										Owner/Employee Units:	6
<input checked="" type="checkbox"/> 5 units or more per building										Total Development Units:	310
<input type="checkbox"/> Duplex										Total Development Cost:	\$13,997,631
<input type="checkbox"/> Triplex										Number of Residential Buildings:	22
<input type="checkbox"/> Fourplex										HOME High Total Units:	0
<input type="checkbox"/> Detached Residence										HOME Low Total Units:	0
<input type="checkbox"/> Single Room Occupancy											
<input type="checkbox"/> Transitional											
<input type="checkbox"/> Townhome											

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	\$541,067	\$489,934	0	0	0.00%
TDHCA Bond Allocation Amount:	\$0	\$0	0	0	0.00%
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			



MULTIFAMILY FINANCE PRODUCTION DIVISION

June 9, 2006

Development Information, Public Input and Board Summary

Amberwood Apts, TDHCA Number 060408

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Shapleigh, District 29 NC US Representative: Reyes, District 16, NC
TX Representative: Moreno, District 77 NC US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: John Cook, Mayor, City of El Paso - NC Resolution of Support from Local Government
Joyce A. Wilson, City Manager, City of El Paso; The proposed housing development is consistent with the approved Consolidated Plan of the City of El Paso, Texas.

Individuals/Businesses: In Support: 0 In Opposition: 0

Neighborhood Input:

N/A

General Summary of Comment:

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."
Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of building flood insurance costs and evidence that a LOMR or CLOMR has been requested prior to initial closing on the property.
Receipt, review, and acceptance by cost certification of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out.
Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.





MULTIFAMILY FINANCE PRODUCTION DIVISION

June 9, 2006

Development Information, Public Input and Board Summary

**Amberwood Apts, TDHCA Number 060408**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:	Credit Amount:	\$489,934
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Recommendation: Recommend approval of a Housing Tax Credit allocation not to exceed \$489,934 annually for ten years, subject to conditions.

TDHCA Bond Issuance:	Bond Amount:	\$0
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Recommendation:

HOME Activity Funds:	Loan Amount:	\$0
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HOME CHDO Operating Expense Grant:	Grant Amount:	\$0
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Recommendation:

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**DATE:** May 31, 2006

**PROGRAM:** 4% HTC

**FILE NUMBER:** 060408

**DEVELOPMENT NAME**

Amberwood

**APPLICANT**

**Name:** Amberwood PacifiCap **Contact:** Heather Boyd  
**Address:** 420 SW Washington, Suite 400  
**City:** Portland **State:** OR **Zip:** 97204  
**Phone:** (503) 288-6210 **Fax:** (206) 350-4441 **Email:** [hboyd@pacificap.com](mailto:hboyd@pacificap.com)

**KEY PARTICIPANTS**

**Name:** PacifiCap Holdings XXXIX, LLC **Title:** 1% Managing General Partner of Applicant  
**Name:** PacifiCap Holdings, LLC (PH, LLC) **Title:** 100% owner of MGP  
**Name:** PacifiCap Properties Group **Title:** Developer  
**Name:** PacifiCap, Inc (Pac Inc) **Title:** 100% owner of Developer  
**Name:** Chad I Rennaker **Title:** 80% owner of PH, LLC & Pac Inc  
**Name:** Jason Q Rennaker **Title:** 20% owner of PH, LLC & Pac Inc

**PROPERTY LOCATION**

**Location:** 5249 Wren Avenue  
**City:** El Paso **Zip:** 79924  
**County:** El Paso **Region:** 13  **QCT**  **DDA**

**REQUEST**

<u>Program</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
HTC	\$541,067	N/A	N/A	N/A
<b>Proposed Use of Funds:</b>	<u>Acquisition/rehab</u>	<b>Type:</b>	<u>Multifamily</u>	
<b>Target Population:</b>	<u>Family</u>	<b>Other:</b>	<u>Urban/Exurban</u>	

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$489,934 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of building flood insurance and tenant flood insurance costs and evidence that a LOMR or CLOMR has been requested prior to the initial closing on the property.
2. Receipt, review, and acceptance by cost certification of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
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evaluated and an adjustment to the credit/allocation amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 310    **# Res Bldgs** 22    **# Non-Res Bldgs** 1    **Age:** 42 yrs    **Vacant:** 26    at 03/16/2006  
**Net Rentable SF:** 263,500    **Av Un SF:** 850    **Common Area SF:** é 4,500    **Gross Bldg SF:** é 268,000

**ARCHITECTURAL REVIEW**

The building and unit plans are comparable to other apartments constructed in the 1960s. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

**STRUCTURAL MATERIALS**

The structures are constructed on a concrete slab. According to the plans provided in the application the exterior will be 1% siding/shingle and 99% masonry veneer. The interior wall surfaces will be drywall and the roofs will be finished with single-ply shingles.

**UNIT FEATURES**

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fan in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: a ceiling fixture in each room, an individual heating and air conditioning unit, individual water heater, and eight-foot ceilings.

**ONSITE AMENITIES**

In order to meet threshold criteria for total units of 200 or more, the Applicant has elected to provide a barbecue or picnic table for every 50 units, community laundry room, a covered pavilion that includes barbecue grills and tables, an enclosed sun porch or covered community porch, full perimeter fencing, a furnished community room, a furnished fitness center, public telephone(s) available to tenants 24 hours a day, a swimming pool, and a tennis court, a basketball court, or a volleyball court.

**Uncovered Parking:** 356 spaces    **Carports:** 0 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Amberwood is a 25-unit per acre acquisition and rehabilitation development located in north El Paso. The development was built in 1964 and is comprised of 22 evenly distributed garden style residential buildings consisting of one- to three-bedroom units. The development includes an approximately 4,500-square foot community building.

**Development Plan:** The buildings are currently 92% occupied. According to the Market Analyst, "There are currently 19 down units due to deferred maintenance." The property condition assessment dated February 15, 2006 and prepared by IVI Due Diligence Services, Inc indicated the following immediate repair recommendations: repair damaged children's playground equipment; replace deteriorated and settled sections of asphalt pavement; repair concrete flatwork; point stone wall cracks and monitor; paint rusted steel framed/metal pan stairways; repair pool deck cracks; point brick wall cracks; repair missing/damaged hardboard panel soffit; caulk masonry expansion and control joints; replace deteriorated pseudo wood trim; repair concrete decks on wood frame walkways; replace or repair wood siding; make necessary BUR repairs; renovate/repair down units; remedy miscellaneous electrical code violations; replace missing fire extinguishers; install lever hardware on common use doors; modify leasing office toilets for ADA accessibility; add van accessible parking space at leasing office; and install ADA signage.

"IVI was provided with the Borrower's renovation budget/plan (Rehab Budget). Based on our site visit and document review, IVI found the scope of the Borrower's Rehab Budget plan to be inclusive of capital improvement (reserve) items required/recommended at the Subject. For the most part, budgeted amounts for

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

the work planned are within reason. The Rehab Budget includes:

Common Area Upgrades: \$1,119,375

Unit Upgrades (All 310 Units): \$1,992,223

Specific Unit Upgrades (100 Units): \$277,500

Fees & Miscellaneous: \$208,600

\*Grand Total: \$3,597,698 or \$11,605/Unit

\*Excludes Contingency, General Requirements, Contractor O&P and Sales Tax

The Rehab Budget also included several of the costs included in the Opinions of Probable Costs (Immediate). Adjustments have been made to the Opinions of Probable Costs and Modified Capital Reserve Schedule for planned replacements included in the Rehab Budget” (p. 3).

The Applicant believes the majority of the existing tenants will qualify under the tax credit program. Only those that do not qualify under the program will be relocated. Relocated households will be provided with assistance in finding a new unit, information on transferring utilities, special consideration on early return of deposits, and moving cost assistance on a case by case basis paid directly to the vendor or to the household upon submission of receipts.

SITE ISSUES			
SITE DESCRIPTION			
<b>Total Size:</b>	12.765 acres	<b>Scattered sites?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Flood Zone:</b>	Zones AH & B	<b>Within 100-year floodplain?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Current Zoning:</b>	C-1/SC (Commercial/special contract)	<b>Needs to be re-zoned?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The Amberwood Apartments is located at 5249 Wren Avenue in northern El Paso, west of Fort Bliss.

**Adjacent Land Uses:**

- ⊕ **North:** The Subject is bordered to the north by Sanders Avenue, beyond which is a post office, and single-family residences to the northeast. Single-family residential development is located further to the north of the Subject;
- ⊕ **South:** The Subject is bordered to the south by Wren Avenue, beyond which is a shopping mall to the southwest, and single-family residences to the southeast. A mixture of residential and commercial retail development is located further to the south;
- ⊕ **East:** The Subject is bordered to the east by a drainage ditch, beyond which is a high school athletic field. A high school and an elementary school are located further to the east of the site; and
- ⊕ **West:** The Subject is bordered to the west by Shoppers Drive, beyond which is a Kmart Department store and a bank. A closed Exxon gasoline station and automotive repair shop is adjacent to the southwest. Commercial and retail development along Business 56 is located further to the west of the Subject.

**Site Access:** The subject site is located in the northeast quadrant of Wren Avenue and Shoppers Road. The subject has frontage on Wren Avenue, Shoppers Road and Sanders Avenue with access via one curb cut in the northern line of Wren Avenue. The subject also has one curb cut in the east line of Shoppers Road and one curb cut in the south line of Sanders Avenue; however, they are both closed off with locked gates. Major highways include U.S. Highway 54 (Gateway Boulevard), B.R. Highway 54 (Dyer Street) and Woodrow Bean Trans Mountain Road (Loop 375).

**Public Transportation:** Public transportation within the city is provided by Sun Metro, a municipally owned bus company. International trolley busses operate between the downtown areas of El Paso and Juarez, Mexico. Private vehicular traffic is still the major source of transportation. The nearest public transportation linkage is located 1 block west of the subject site.

**Shopping & Services:** The public schools servicing this area are Crosby Elementary, Shuster Elementary, McGoffin Canyon Middle School, and Irvin High School. The primary shopping is along Dyer Street, west of

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the subject, and Highway 375, north of the subject property. Cielo Vista Mall, which is located along IH 10, is less than 10 minutes southeast of the subject.

**Adverse Site Characteristics:**

€ **Floodplain:** A majority of the site is located in Zone AH, areas of 1-percent annual chance shallow flooding with a constant water-surface elevation (usually areas of ponding) where average depths are between one and three feet. The Base Flood Elevations derived from the detailed hydraulic analyses are shown at selected intervals within this zone. Mandatory flood insurance purchase requirements apply. According to the 2006 QAP, “No buildings or roads that are part of a Development proposing Rehabilitation, with the exception of developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in this subsection for New Construction.” However, the Applicant appealed to the TDHCA Board for an exception based on requesting a Letter of Map Revision (LOMR) or Conditional Letter of Map Revision (CLOMR). The Board approved the exception subject to the development receiving a LOMR or CLOMR and provision of building a renter insurance until such revision is achieved. The Applicant has estimated the insurance will cost \$26K per year for the buildings and \$10K per year for the renters’ contents.

The Applicant provided a copy of an undated and unsigned proposal for flood insurance on the buildings and contents with an estimated premium of \$25,593. This document does not provide sufficient evidence of flood insurance for the proposed development. Therefore, receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of building flood insurance and tenant flood insurance costs and evidence that a LOMR or CLOMR has been requested prior to the initial closing on the property remains as a condition of this report.

**TDHCA SITE INSPECTION**

<b>Inspector:</b>	Manufactured Housing Staff	<b>Date:</b>	03/09/2006
<b>Overall Assessment:</b>	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Acceptable	<input type="checkbox"/> Questionable
	<input type="checkbox"/> Poor	<input type="checkbox"/> Unacceptable	
<b>Comments:</b>	_____		

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated February 24, 2006 was prepared by IVI Due Diligence Services, Inc and contained the following findings and recommendations:

**Findings:**

- € **Noise:** “The Subject does not appear to be located in proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise” (p. 26).
- € **Floodplain:** “IVI researched the location of the property with respect to its Flood Plain status on Flood Insurance Rate Maps (“FIRMs”). FIRMs provide the information needed to determine whether a specific property is within a Special Floodway Hazard Area, which is the flood insurance zone that applies to the property. The research indicated that the property is located in Flood Hazard Zones AH and B. A copy of the FIRM Map is provided in Appendix C. Zone AH is the flood insurance rate zone that corresponds to the areas of 1-percent annual chance shallow flooding with a constant water-surface elevation (usually areas of ponding) where average depths are between one and three feet. The Base Flood Elevations derived from the detailed hydraulic analyses are shown at selected intervals within this zone. Mandatory flood insurance purchase requirements apply. Zone B are the flood insurance rate zones that correspond to areas outside the 1-percent annual chance floodplain, areas of 1-percent annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1-percent annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1-percent annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones” (p. 8).
- € **Asbestos-Containing Materials (ACM):** “Asbestos-containing popcorn ceiling finishes were identified throughout the Subject. In addition, the non-friable resilient floor finish assemblies, wallboard assemblies, and builtup roofing system may contain asbestos. Since these materials are in good condition

and the potential for fiber release is low, no further action is recommended at this time, other than maintaining the materials in good condition under an Asbestos Operations and Maintenance (O&M) Program” (p. 1).

€ **Lead-Based Paint (LBP):** “Since the Subject was constructed prior to the Consumer Product Safety Commission’s 1978 ban on the sale of LBP to consumers and the use of LBP in residences, there is a potential that LBP may have been applied at the Subject... In accordance with the Scope of Work, IVI conducted limited qualitative testing for lead-based paint using Lead Check® Chemical Reaction Swabs... This limited testing did not identify lead-based paint on the surfaces tested” (p. 24-26).

€ **Lead in Drinking Water:** “According to information from the El Paso Water Department, the local water authority, the water supplied to the Subject meets federal and state water quality standards. Sheet runoff flows topographically (southwesterly) and discharges into onsite surface drains that are reportedly connected to the municipal stormwater management system. No evidence of staining was observed near the on-site surface drains” (p. 10).

€ **Radon:** “results of... testing did not identify any elevated concentrations of radon gas. As such, it does not appear that a radon hazard condition exists at the Subject” (p. 24).

€ **Other:** “IVI some moisture intrusion and mold-like growth in several down units (Units 194, 25, 231, 289) According to the Property Manager, Veronica Corona, some additional down units had also had moisture intrusion and associated mold growth, but those items had been remedied. IVI recommends the source of moisture intrusion be determined and repaired. In addition, IVI recommends and moisture damaged building materials be removed and areas exhibiting mold-like growth be cleaned. Given that moisture intrusion was observed in several units a moisture/mold survey may be required. Furthermore, IVI recommends that a Moisture Management Plan be developed and Implemented” (p. 1).

“There is a drainage way located along the east side of the site. A visual assessment of the water body indicates that it is free of excessive quantities of debris and oil sheens” (p. 8).

“leaking underground storage tank sites with a Case Closed status were identified within the prescribed search radius. A Case Closed status is granted to those sites that do not exhibit levels of contamination requiring clean-up, have been remediated to the satisfaction of the lead regulatory agency, or are not suspected to represent a significant threat to human health or the environment. As such, absent additional information to the contrary, it is unlikely that contamination originating at sites with a Case Closed status have had a significant negative environmental impact on the Subject” (p. 19).

**Recommendations:** “IVI has performed a *Phase I Environmental Site Assessment* in conformance with the scope and limitations of ASTM Standard Practice E1527-00 of the Amberwood Apartments, located at 5249 Wren Avenue, El Paso, Texas. Any exceptions to, or deletions from, the standard practice are described within Section 2.0 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the Subject; however, the following items of environmental concern were identified which warrant mention:

**Asbestos-Containing Material (ACM)**

Asbestos-containing popcorn ceiling finishes were identified throughout the Subject. In addition, the non-friable resilient floor finish assemblies, wallboard assemblies, and built-up roofing system may contain asbestos. Since these materials are in good condition and the potential for fiber release is low, no further action is recommended at this time, other than maintaining the materials in good condition under an Asbestos Operations and Maintenance (O&M) Program.

**Mold and Moisture Intrusion**

IVI some moisture intrusion and mold-like growth in several down units (Units 194, 25, 231, 289) According to the Property Manager, Veronica Corona, some additional down units had also had moisture intrusion and associated mold growth, but those items had been remedied. IVI recommends the source of moisture intrusion be determined and repaired. In addition, IVI recommends and moisture damaged building materials be removed and areas exhibiting mold-like growth be cleaned. Given that moisture intrusion was observed in several units a moisture/mold survey may be required. Furthermore, IVI recommends that a Moisture Management Plan be developed and implemented” (p. 27).

Receipt, review, and acceptance by cost certification of evidence that all Phase I Environmental Site

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Assessment and subsequent environmental investigation report recommendations have been carried out is a condition of this report.

**INCOME SET-ASIDE**

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Any Qualified Residential Rental Project qualifies as a Priority 3 Private Activity Bond allocation (§ 1372.0321). Three-hundred and four of the units (98% of the total) will be reserved for low-income tenants earning 60% or less of AMI, and the remaining six units will be occupied by employees.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$18,120	\$20,700	\$23,280	\$25,860	\$27,900	\$30,000

**MARKET HIGHLIGHTS**

A market feasibility study dated February 28, 2006 was prepared by Butler Burgher (“Market Analyst”) and included the following findings:

**Secondary Market Information:** “The El Paso Metropolitan Statistical Area (MSA) is comprised of El Paso County. Because the subject benefits from the strength of the area, an overview of the MSA is appropriate...between 2005 and the year 2020, the El Paso MSA population is expected to increase 25.7%, from 842,104 to 1,058,703...El Paso was 7.3% below the national average in long-range wage growth between 1997 and 2002, but almost at the national average for short-term wage growth between 2001 and 2002...El Paso has a low cost of living when compared to other metropolitan areas around the State of Texas and across the southern United States. The cost of living in El Paso ranks consistently below the national average...Jerry Carlson, executive director of the El Paso Apartment Association, says the 31,000 apartment units in El Paso are collected into 250 multifamily complexes...El Paso will need more apartments to meet the housing demand of more than 3,000 soldiers and their families being moved to Fort Bliss by 2006. Fort Bliss could ultimately see an increase of up to 20,000 soldiers in a base realignment as other bases close, congressional, state and El Paso leaders had optimistically said...Demand is up as the vacancy rate [for multifamily] in 4th Quarter 2005 was 6.5% compared to 9.5% during 4<sup>th</sup> Quarter 2004. The northwest submarket had the high occupancy rate at 95.14%, while the Central submarket had the lowest occupancy rate at 88.82%. Each submarket experienced an increase in occupancy over the previous year” (p. 15-38).

**Definition of Primary Market Area (PMA):** “The subject’s Primary Market Area has been designated as the area north of Forest Road; west of Biggs Army Airfield; south of Woodrow Bean Transmountain Drive; and east of Franklin Mountains State Park” (p. 39). The northern boundary was revised to Sean Haggerty Drive in an update letter dated May 22, 2006. This area encompasses approximately 38 square miles and is equivalent to a circle with a radius of 3.5 miles.

**Population:** The estimated 2005 population of PMA was 98,742 and is expected to increase to approximately 99,692 by 2010. Within the primary market area there were estimated to be 32,154 households in 2005.

**Total Market Demand:** The Market Analyst did not utilize a household size-appropriate adjustment rate. The Analyst’s income band of \$16,354 to \$27,480 (p. 58) results in an income eligible adjustment rate of 17.83% (p. 60). “According to the 2006 Claritas Report, 40.31% of the Primary Market Area (as defined earlier) is renter occupied” (p. 58). The Market Analyst indicates a turnover rate of 65.2% applies based on IREM 2005 (p. 60).

In addition, “...the micro trends in the primary market area are closely tied to the military installations; which, due to the Base Realignment and Closure (BRAC) list, the city of El Paso will see an influx of troops through Ft. Bliss, which is scheduled to receive 11,500 troops and their families by the summer of 2007. In the end, Ft. Bliss is expected to grow by over 20,000 new troops over the next 5 years, which means approximately 60,000 new soldiers and family members. This growth will directly impact the PMA and we have included this growth as secondary demand. Although definitive data was not available regarding the demographics of the new troop personnel, we have concluded that an application of the PMA qualifiers would be conservative and reasonable. A significant portion of the troop realignment was reported to be

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lower ranking, enlisted personnel” (p. 55). The PMA renter-occupied and income-qualified rates were applied to an estimated increase of 11,500 military personnel at Fort Bliss.

An update letter dated May 22, 2006 states, “Ft. Bliss is adding 1,250 homes and tearing down 400 over a 5 year time frame (they are currently 8 months into it)...The new units are all 3 and 4 BR units...[with a] roughly 50/50 for the breakdown. There are not income requirements for military housing. Families ask to be placed on a waiting list and are then given housing as it becomes available. Due to the addition of large family quarters to the housing stock, but the lack of additional affordable 1BR and 2BR units, the planned military housing is not anticipated to meet the needs of the lower-income military personnel transferred to the area.”

In addition, “...the Estimated Group Quarters Population is shown as 1,426 persons; this figure represents the population housed on the military base area which is included in the PMA. The developed portion of the based is included in the defined PMA and this figure is dramatically understated relative to the actual on-base and future military housing demand.”

The Underwriter independently confirmed Fort Bliss will have a net increase in troops of approximately 20,000 by 2011. As the Market Analyst indicated, the demographic make-up of the inflowing troops was not readily available. However, the Public Affairs Office was able and willing to provide specific demographic information upon request. Unfortunately, the timing requirements for a completed underwriting report did not allow the Underwriter to request and use such demographic information.

Additional data not accounted for in the market analysis was also available online. According to the Department of Defense (DoD) Basic Allowance for Housing *A Primer on Basic Allowance for Housing for the Uniformed Services*, dated July 2002, “The purpose of the Basic Allowance for Housing (BAH) program is to provide fair housing allowances to service members. Since the goal is to help members cover the costs of housing in the private sector, rental housing costs in the private sector are the basis for the allowance. Members receive a housing allowance when government quarters are not available. DoD determines the correct housing allowance to enable member to afford suitable rental housing within a reasonable distance of their duty location. The allowance is set based on geographic duty location, pay grade, and dependent status. Therefore, even lower ranking enlisted personnel may not income qualify for the proposed development when considering total income sources. For example, an Enlisted Level 1 with less than four months of tenure and no dependents will make a base pay of \$1,178 per month (effective January 1, 2006. Add to this the basic allowance for subsistence of \$272.26 for enlisted troops, basic allowance for housing of \$285.30 (sources specific to Fort Bliss indicate a housing allowance of \$616 in zip code 79916), and other pay including clothing allowance for enlisted troops, hazard pay and drill pay. At minimum, the lowest level, single enlisted troop choosing to live outside of Fort Bliss would make an annual salary of \$20,829.72. This falls within the overall income eligible range for the development, but exceeds maximum eligible income at 60% of AMI for a one-person household in El Paso.

It is possible, depending on family size, some incoming troops will qualify and choose to live in a Housing Tax Credit development. However, the Market Analyst failed to provide enough information to support the estimate of demand from influx of military personnel at Fort Bliss. Therefore, the Underwriter’s analysis does not include demand from this source.

<b>MARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	7	1%	7	0.5%
Resident Turnover	1,514	64%	1,470	99.5%
Other Sources: influx of military	827	35%	N/A	
<b>TOTAL DEMAND</b>	<b>2,348</b>	<b>100%</b>	<b>1,477</b>	<b>100%</b>

p. 60

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 22.28% based upon 2,348 units of demand and 523 unstabilized affordable housing in the PMA (including the subject) (p. 60). “The subject, Amberwood, will have 310 renovated units (1BR, 2BR and 3BR), set-aside for families with



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MULTIFAMILY UNDERWRITING ANALYSIS**

incomes below 60% of the area median income. The concluded is acceptable under the TDHCA concentration guidelines for FAMILY properties. Although these are acceptable capture rates, the TDHCA guidelines state in section 1.32 (Underwriting Rules and Guidelines), paragraph G.2.C, ‘The Development is comprised of Affordable Housing which replaces previously existing substandard Affordable Housing within the same Primary Market Area on a Unit for Unit basis, and which gives the displaced tenants of the previously existing Affordable Housing a leasing preference, in which case an inclusive capture rate is not applicable.’ Although the subject was not rent restricted in the past, due to the condition of the units and the planned renovation, rent changes from the current affordable levels will be minimal” (p. 61).

The Underwriter calculated an inclusive capture rate of 49% based upon a revised supply of 726 unstabilized comparable affordable units divided by a revised demand estimate for 1,477 affordable units. The inclusive capture rate exceeds the Program maximum of 25% for developments targeting the general population. However, the subject development is currently 92% occupied, and it is likely existing tenants will income-qualify and will choose to remain at the property. Therefore, an inclusive capture rate calculation is not a meaningful tool for determining the feasibility of the subject development.

**Unit Mix Conclusion:** “The subject’s unit mix, renovated, will be competitive with comparable properties in the local market area. The unit mix is conducive to the tenant profile in this area, which will facilitate strong leasing activity” (p. 3).

**Market Rent Comparables:** The Market Analyst surveyed six comparable apartment projects totaling 719 units in the market area (p. 62).

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-Bedroom (60%)</b>	\$380	\$407	-\$27	\$400	-\$20
<b>2-Bedroom (60%)</b>	\$430	\$485	-\$55	\$490	-\$60
<b>3-Bedroom (60%)</b>	\$530	\$556	-\$26	\$600	-\$70

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =\$500, program max =\$600, differential = -\$100)

**Primary Market Occupancy Rates:** “The overall weighted average of 94% [for six comparable properties] is higher than the overall average occupancy rate for the Northeast submarket (based on December 2005 figures), which is 91.07%” (p. 55).

**Absorption Projections:** “The subject currently has an occupancy rate of 95% on available units and priority will be given to the current residents. Based on the buyer’s prior experience, they anticipate that approximately 90% of the tenants will qualify. We expect the subject to reach stabilization by the time the renovation is complete” (p. 61).

**Unstabilized, Under Construction, and Planned Development:** “The subject’s PMA has experienced minimal new construct in the recent past. However, the Fort Bliss expansion plans have led to the recent developed of three apartment communities. There are two communities currently under construction in the PMA, Linda Vista Apartments and North Mountain Village Apartments. Linda Vista Apartments consists of a total of 36 units with 4 at 30% AMI, 8 at 50% AMI and 24 at 60% AMI. North Mountain Village Apartments has a total of 200 units with 20 at 30% AMI and 180 at 60% AMI. Diana Palms was recently completed with 36 units and is currently in the lease-up phase. Diana Palms has 6 units at 30% AMI, 3 units at 40% AMI, 8 units at 50% AMI, 17 units at 60% AMI and 2 market rate units” (p. 53).

The Underwriter identified a fourth unstabilized development within the defined PMA boundary. Deer Palms is a new construction development with 152 units of affordable housing targeting the general population. Deer Palms received a housing tax credit award in 2005.

**Market Impact:** An update letter dated May 22, 2006 states, “The subject’s renovations and insertion into the HTC 60% AMI affordable housing program will have a positive impact on the overall housing market in El Paso as additional affordable housing will be provided which will be superior to much of the competing housing stock. No additional units will be added to the actual supply.”

**Market Study Analysis/Conclusions:** The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

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MULTIFAMILY UNDERWRITING ANALYSIS**

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s projected rents collected per unit appear to be based on the current rents collected by the seller. In general, the underwriting analysis estimated rental income based on the 2006 gross tax credit rent limits less the utility allowance for tenant-paid utilities (tenants will be required to pay electric costs). The submitted market study indicates the net tax credit rents for the two- and three-bedroom units are achievable. However, the underwriting rent collected for the one-bedroom units is set at the market rent conclusion of \$400, or \$7 less than the net tax credit rent limit.

The Applicant’s secondary income assumption is in line with current TDHCA underwriting guidelines; however, their vacancy and collection loss assumption of 10% appears to be overstated. The development is currently 92% occupied. Subsequent to rehabilitation, 19 down units (6% of the total) will be available for occupancy. In addition, the submitted market study indicates an average occupancy of 94% for comparable developments. Therefore, the underwriting analysis will assume a 7.5% vacancy and collection loss. Due to the differences in rent projections and vacancy and collection loss assumptions, the Applicant’s effective gross income is not within 5% of the Underwriter’s estimate.

**Expenses:** The Applicant’s total annual operating expense projection at \$3,000 per unit is not within 5% of the Underwriter’s estimate of \$3,271, derived from the actual operating history of the development, the TDHCA database, and third-party data sources. Several of the Applicant’s line item expenses also varied significantly when compared to the Underwriter’s estimates, including: insurance (\$36K lower) and property taxes \$21K lower. In addition, the Applicant has understated TDHCA compliance fees. Finally, the Department’s minimum per unit reserve for replacement requirement of \$300 annually appears to be adequate to cover forecasted replacement costs over a period of 30 years.

**Conclusion:** The Applicant’s effective gross income, annual operating expense and net operating income are each varies by more than 5% when compared to the Underwriter’s estimates. Therefore, the Underwriter’s year one proforma will be used to determine the development’s debt service capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.30. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the “Financing Structure Analysis” section (below).

**Long-Term Feasibility:** The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter’s base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION VALUATION INFORMATION**

**APPRAISED VALUE**

<b>Land Only: 12.76 acres</b>	\$1,300,000	<b>Date of Valuation:</b>	02/21/2006
<b>Existing Building(s): “as is”</b>	\$5,200,000	<b>Date of Valuation:</b>	02/21/2006
<b>Total Development: “as is”</b>	\$6,500,000	<b>Date of Valuation:</b>	02/21/2006
<b>Appraiser:</b> B Diane Butler	<b>Firm:</b> Butler Burgher	<b>City:</b>	Dallas

**APPRAISAL ANALYSIS/CONCLUSIONS**

An appraisal, provided by the purchaser, was performed by Butler Burgher and dated February 28, 2006. The current “as-is” value is most important in the valuation and underwriting of this property because it should support the purchase price of the subject. For the “as-is” valuation, the primary approaches used were the sales comparison and income approach. Four land sales dating from 2003 to 2005 for 10.12 to 120.7 acres were used to determine the underlying value of the land. As a result, the value attributed to the existing buildings is \$5,200,000 or 80% of the total appraised value of the property.

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ASSESSED VALUE			
Land: 12.760 acres	\$666,990	Assessment for the Year of:	2005
Building:	\$2,333,010	Valuation by:	El Paso County Appraisal District
Total Assessed Value:	\$3,000,000	Tax Rate:	3.122408

EVIDENCE of SITE or PROPERTY CONTROL			
Type of Site Control:	Agreement for Purchase and Sale		
Contract Expiration:	01/15/2006 and five one-month extensions	Valid through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	\$6,200,000	Other:	
Seller:	Ernest Tschannen	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The acquisition cost of \$20K per unit is assumed to be reasonable since the acquisition is an arm's-length transaction. The Applicant also included \$20K in estimated closing costs.

The Applicant's claimed land value of \$1,320,000 exceeds both the appraised value and tax assessed value. Therefore, the Applicant's estimate is subtracted from the verifiable total acquisition cost to determine an acquisition eligible basis of \$4,900,000 for the existing buildings.

**Sitework Cost:** Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$2,546 per unit, which is higher than the estimate in the submitted Property Condition Assessment (PCA). The underwriting analysis will assume sitework costs of \$2,220 per unit as supported by the PCA.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$307K or 10% higher than the estimate provided in the Property Condition Assessment. The underwriting analysis will reflect the PCA value. It should be noted while the Applicant's development cost schedule reflects total site work and direct construction costs of \$13K per unit meeting the minimum requirements of the 2006 QAP (\$12K per unit), the PCA indicates only \$11K per unit. However when contractor fees and contingency are included, both estimates exceed the \$12K hard cost minimum.

**Interim Financing Fees:** The Underwriter reduced the Applicant's eligible interim financing fees by \$157K to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

**Fees:** The Applicant's contractor general and administrative fees exceed the 2% maximum allowed by HTC guidelines by a total of \$126 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by \$24K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount. Finally, the Applicant claimed eligible contingency cost exceeding the Department maximum of 10% of eligible sitework and direct construction costs.

**Conclusion:** The Underwriter's cost schedule was derived from information presented in the Application materials submitted by the Applicant and the PCA provider in particular. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, Underwriter's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$11,916,496 supports annual tax credits of \$489,934. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

FINANCING STRUCTURE			
INTERIM TO PERMANENT BOND FINANCING			
<b>Source:</b>	Wachovia Securities	<b>Contact:</b>	Daniel P Cunningham
<b>Tax-Exempt:</b>	\$7,570,000	<b>Interest Rate:</b>	5.70%, fixed, lender's estimate
		<b>Amort:</b>	420 months
<b>Documentation:</b>	<input checked="" type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
<b>Comments:</b>	24-month interim period with variable interest rate		
TAX CREDIT SYNDICATION			
<b>Source:</b>	Wachovia Securities	<b>Contact:</b>	Paul Buckland
<b>Proceeds:</b>	\$5,410,779	<b>Net Syndication Rate:</b>	95%
		<b>Anticipated HTC:</b>	Unspecified
<b>Documentation:</b>	<input checked="" type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
<b>Comments:</b>			
OTHER			
<b>Amount:</b>	\$942,594	<b>Source:</b>	Income from operation during construction
<b>Amount:</b>	\$873,501	<b>Source:</b>	Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Interim to Permanent Bond Financing:** The Applicant's projected debt service is higher than the terms presented in the submitted letter of interest for interim to permanent financing. It should also be noted the Applicant sources and uses reflects a slightly lower permanent mortgage amount than indicated in the letter of interest.

**HTC Syndication:** The tax credit syndication commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. The Applicant's sources and uses reflect a lower amount of syndication proceeds than the letter of interest (LOI) indicates. Because the LOI does not state an anticipated annual tax credit allocation, it is impossible to verify that the proposed syndicator is aware of the Applicant's final request for \$531,961 annually.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$873,501 amount to 53% of the total proposed fees.

**Financing Conclusions:** As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.30. The underwriting analysis assumes an increase in the permanent loan amount to \$8,119,406 based on the terms reflected in the application materials. Although, only \$7,800,000 in bond reservation is available, the underwriting analysis will reflect a total of \$8,119,406 in permanent financing to allow for an accurate gap-based tax credit calculation. This difference in debt can alternatively be absorbed by additional deferred developer fee.

The Underwriter's total development cost estimate less the adjusted permanent loan of \$8,119,406 indicates the need for \$5,878,225 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$618,822 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$531,961), the gap-driven amount (\$618,822), and eligible basis-derived estimate (\$489,934), the eligible basis-derived estimate of \$489,934 is recommended resulting in proceeds of \$4,653,903 based on proposed terms.

The Underwriter's recommended financing structure indicates the need for \$1,224,322 in additional permanent funds. Deferred developer fees in this amount represent 79% of the total eligible fee and appear to be repayable from development cashflow within 10 years of stabilized operation.

**Floodplain Issues:** Should the development fail to receive a LOMR or CLOMR, the owner will be required to provide flood insurance for the buildings and all contents. The effect of a possible increase in insurance costs is a reduction in net operating income. As stated above, the development's debt coverage ratio exceeds the Department's maximum guideline of 1.30. This continues to be the case even with an increase in

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MULTIFAMILY UNDERWRITING ANALYSIS**

operating expense by \$26K annually for flood coverage of the buildings and \$10K per year for flood coverage of the renters' contents. However, the recommended financing structure would change to reflect a permanent loan amount of \$7,700,897 and deferred developer fees totaling \$1,648,830. The recommended tax credit allocation would remain at \$489,934 annually and the resulting 30-year proforma indicates anticipated deferred fees would be repayable within ten years of stabilized operation.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- € The Applicant, General Partner, and 100% owner of the General Partner (PacifiCap Holdings, LLC) are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- € Jason Q Rennaker and Chad I Rennaker, principals of PacifiCap Holdings, LLC, submitted unaudited balance sheets as of December 31, 2005.

**Background & Experience:** Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- € The Applicant's estimated income/operating expenses/operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- € The Applicant's direct construction costs differ from the Property Condition Assessment provider's estimate.
- € Significant environmental/locational risk exists regarding the floodplain
- € The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- € The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Lisa Vecchietti*

**Date:** May 31, 2006

**Director of Real Estate Analysis:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** May 31, 2006

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Amberwood, El Paso, 4% HTC #060408**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Utilities	Wtr, Swr, Trsh
TC 60%	58	1	1	600	\$485	\$400	\$23,200	\$0.67	\$92.00	\$44.00
TC 60%/EO	2	1	1	600	485	\$400	800	0.67	92.00	44.00
TC 60%	188	2	1	850	582	\$485	91,180	0.57	114.00	45.00
TC 60%/EO	2	2	1	850	582	\$485	970	0.57	114.00	45.00
TC 60%	58	3	2	1,100	672	\$556	32,248	0.51	136.00	53.00
TC 60%/EO	2	3	2	1,100	672	\$556	1,112	0.51	136.00	53.00
<b>TOTAL:</b>	<b>310</b>		<b>AVERAGE:</b>	<b>850</b>	<b>\$581</b>	<b>\$482</b>	<b>\$149,510</b>	<b>\$0.57</b>	<b>\$114.00</b>	<b>\$46.35</b>

**INCOME**

Total Net Rentable Sq Ft: 263,500

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income: \$0.00

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions: 0

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	2.76%	\$152	0.18
Management	4.00%	221	0.26
Payroll & Payroll Tax	15.15%	836	0.98
Repairs & Maintenance	9.00%	497	0.58
Utilities	4.16%	230	0.27
Water, Sewer, & Trash	4.56%	252	0.30
Property Insurance	4.41%	243	0.29
Property Tax 3.122408	8.48%	468	0.55
Reserve for Replacements	5.43%	300	0.35
compl fees, security	1.31%	72	0.09
<b>TOTAL EXPENSES</b>	<b>59.27%</b>	<b>\$3,271</b>	<b>\$3.85</b>
<b>NET OPERATING INC</b>	<b>40.73%</b>	<b>\$2,249</b>	<b>\$2.65</b>

**DEBT SERVICE**

First Lien Mortgage	29.21%	\$1,612	\$1.90
Income from operation	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>11.53%</b>	<b>\$636</b>	<b>\$0.75</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		44.44%	\$20,065	\$23.61
Off-Sites		0.00%	0	0.00
Sitework		4.92%	2,220	2.61
Direct Construction		21.64%	9,771	11.49
Contingency	10.00%	2.66%	1,199	1.41
General Req'ts	3.33%	0.88%	399	0.47
Contractor's G & A	2.00%	0.53%	240	0.28
Contractor's Profit	5.55%	1.47%	665	0.78
Indirect Construction		2.01%	909	1.07
Ineligible Costs		3.85%	1,740	2.05
Developer's G & A	2.00%	1.48%	669	0.79
Developer's Profit	13.00%	9.62%	4,345	5.11
Interim Financing		4.91%	2,218	2.61
Reserves		1.58%	715	0.84
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$45,154</b>	<b>\$53.12</b>	
<b>Construction Cost Recap</b>	<b>32.10%</b>	<b>\$14,494</b>	<b>\$17.05</b>	

**SOURCES OF FUNDS**

First Lien Mortgage	54.08%	\$24,419	\$28.73
Income from operation	0.00%	\$0	\$0.00
HTC Syndication Proceeds	36.10%	\$16,300	\$19.18
Deferred Developer Fees	6.24%	\$2,818	\$3.31
Additional (Excess) Funds Req'd	3.58%	\$1,616	\$1.90
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT
\$1,794,120	\$1,635,600
55,800	55,800
0	0
\$1,849,920	\$1,691,400
(138,744)	(169,068)
0	0
\$1,711,176	\$1,522,332
\$47,254	\$48,726
68,447	60,864
259,234	248,000
153,972	170,500
71,269	62,000
77,974	77,500
75,389	38,750
145,192	124,000
93,000	77,500
22,400	22,160
\$1,014,132	\$930,000
\$697,044	\$592,332
\$499,790	\$514,417
0	0
0	0
\$197,254	\$77,915
1.39	1.15
1.30	

PER SQ FT	PER UNIT	% OF EGI
\$0.18	\$157	3.20%
0.23	196	4.00%
0.94	800	16.29%
0.65	550	11.20%
0.24	200	4.07%
0.29	250	5.09%
0.15	125	2.55%
0.47	400	8.15%
0.29	250	5.09%
0.08	71	1.46%
\$3.53	\$3,000	61.09%
\$2.25	\$1,911	38.91%
\$1.95	\$1,659	33.79%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.30	\$251	5.12%

PER SQ FT	PER UNIT	% of TOTAL
\$23.61	\$20,065	43.11%
0.00	0	0.00%
2.99	2,546	5.47%
12.66	10,762	23.12%
1.57	1,335	2.87%
0.47	399	0.86%
0.31	267	0.57%
0.78	665	1.43%
1.07	909	1.95%
2.05	1,740	3.74%
0.83	708	1.52%
5.42	4,604	9.89%
2.61	2,218	4.76%
0.38	323	0.69%
\$54.75	\$46,539	100.00%
<b>\$18.79</b>	<b>\$15,974</b>	<b>34.32%</b>

RECOMMENDED	Developer Fee Available
\$7,570,000	\$7,558,000
0	942,594
5,053,119	5,053,119
873,501	873,501
501,011	1
\$13,997,631	\$14,427,215
\$8,119,406	\$1,554,326
0	% of Dev. Fee Deferred
4,653,903	79%
1,224,322	15-Yr Cumulative Cash Flow
0	\$3,519,675
\$13,997,631	\$3,519,675

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Amberwood, El Paso, 4% HTC #060408**

**PAYMENT COMPUTATION**

<b>Primary</b>	\$7,570,000	Amort	420
Int Rate	5.70%	DCR	1.39

<b>Secondary</b>	\$942,594	Amort	
Int Rate	0.00%	Subtotal DCR	1.39

<b>Additional</b>	\$5,053,119	Amort	
Int Rate		Aggregate DCR	1.39

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$536,063
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$160,981</b>

<b>Primary</b>	\$8,119,406	Amort	420
Int Rate	5.70%	DCR	1.30

<b>Secondary</b>	\$942,594	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30

<b>Additional</b>	\$5,053,119	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,794,120	\$1,847,944	\$1,903,382	\$1,960,483	\$2,019,298	\$2,340,920	\$2,713,767	\$3,146,000	\$4,227,961
Secondary Income	55,800	57,474	59,198	60,974	62,803	72,806	84,403	97,846	131,496
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,849,920	1,905,418	1,962,580	2,021,458	2,082,101	2,413,726	2,798,170	3,243,846	4,359,458
Vacancy & Collection Loss	(138,744)	(142,906)	(147,194)	(151,609)	(156,158)	(181,029)	(209,863)	(243,288)	(326,959)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,711,176</b>	<b>\$1,762,511</b>	<b>\$1,815,387</b>	<b>\$1,869,848</b>	<b>\$1,925,944</b>	<b>\$2,232,697</b>	<b>\$2,588,307</b>	<b>\$3,000,557</b>	<b>\$4,032,498</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$47,254	\$49,144	\$51,110	\$53,154	\$55,280	\$67,257	\$81,828	\$99,556	\$147,368
Management	68,447	70,500	72,615	74,794	77,038	89,308	103,532	120,022	161,300
Payroll & Payroll Tax	259,234	269,604	280,388	291,603	303,267	368,971	448,910	546,168	808,461
Repairs & Maintenance	153,972	160,131	166,536	173,197	180,125	219,150	266,629	324,395	480,184
Utilities	71,269	74,120	77,085	80,168	83,375	101,439	123,415	150,154	222,264
Water, Sewer & Trash	77,974	81,093	84,337	87,711	91,219	110,982	135,026	164,280	243,175
Insurance	75,389	78,405	81,541	84,802	88,195	107,302	130,549	158,833	235,112
Property Tax	145,192	151,000	157,040	163,321	169,854	206,653	251,426	305,898	452,803
Reserve for Replacements	93,000	96,720	100,589	104,612	108,797	132,368	161,046	195,937	290,035
Other	22,400	23,296	24,228	25,197	26,205	31,882	38,790	47,193	69,858
<b>TOTAL EXPENSES</b>	<b>\$1,014,132</b>	<b>\$1,054,012</b>	<b>\$1,095,468</b>	<b>\$1,138,560</b>	<b>\$1,183,355</b>	<b>\$1,435,312</b>	<b>\$1,741,152</b>	<b>\$2,112,437</b>	<b>\$3,110,560</b>
<b>NET OPERATING INCOME</b>	<b>\$697,044</b>	<b>\$708,499</b>	<b>\$719,919</b>	<b>\$731,288</b>	<b>\$742,589</b>	<b>\$797,385</b>	<b>\$847,155</b>	<b>\$888,121</b>	<b>\$921,938</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$536,063	\$536,063	\$536,063	\$536,063	\$536,063	\$536,063	\$536,063	\$536,063	\$536,063
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$160,981</b>	<b>\$172,436</b>	<b>\$183,856</b>	<b>\$195,225</b>	<b>\$206,526</b>	<b>\$261,322</b>	<b>\$311,092</b>	<b>\$352,057</b>	<b>\$385,875</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.30</b>	<b>1.32</b>	<b>1.34</b>	<b>1.36</b>	<b>1.39</b>	<b>1.49</b>	<b>1.58</b>	<b>1.66</b>	<b>1.72</b>

**HTC ALLOCATION ANALYSIS - Amberwood, El Paso, 4% HTC #060408**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>						
Purchase of land	\$1,320,000	\$1,320,000				
Purchase of buildings	\$4,900,000	\$4,900,000	\$4,900,000	\$4,900,000		
<b>(2) Rehabilitation/New Construction Cost</b>						
On-site work	\$789,115	\$688,118			\$789,115	\$688,118
Off-site improvements						
<b>(3) Construction Hard Costs</b>						
New structures/rehabilitation hard costs	\$3,336,264	\$3,028,914			\$3,336,264	\$3,028,914
<b>(4) Contractor Fees &amp; General Requirements</b>						
Contractor overhead	\$82,634	\$74,341			\$82,508	\$74,341
Contractor profit	\$206,291	\$206,291			\$206,291	\$206,291
General requirements	\$123,696	\$123,696			\$123,696	\$123,696
<b>(5) Contingencies</b>	\$413,892	\$371,703			\$412,538	\$371,703
<b>(6) Eligible Indirect Fees</b>	\$281,660	\$281,660			\$281,660	\$281,660
<b>(7) Eligible Financing Fees</b>	\$687,447	\$687,447			\$687,447	\$687,447
<b>(8) All Ineligible Costs</b>	\$539,456	\$539,456				
<b>(9) Developer Fees</b>						
Developer overhead	\$219,568	\$207,243		\$735,000	\$887,928	\$819,326
Developer fee	\$1,427,192	\$1,347,082		\$735,000		
<b>(10) Development Reserves</b>						
	\$100,000	\$221,679				
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$14,427,215</b>	<b>\$13,997,631</b>	<b>\$5,635,000</b>	<b>\$5,635,000</b>	<b>\$6,807,446</b>	<b>\$6,281,496</b>

<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			\$5,635,000	\$5,635,000	\$6,807,446	\$6,281,496
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$5,635,000	\$5,635,000	\$8,849,680	\$8,165,944
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$5,635,000	\$5,635,000	\$8,849,680	\$8,165,944
Applicable Percentage			3.55%	3.55%	3.55%	3.55%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$200,043	\$200,043	\$314,164	\$289,891

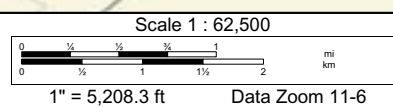
Syndication Proceeds	0.9499	\$1,900,214	\$1,900,214	\$2,984,256	\$2,753,689
<b>Total Tax Credits (Eligible Basis Method)</b>				\$514,206	\$489,934
Syndication Proceeds				\$4,884,470	\$4,653,903
Requested Tax Credits				\$531,961	
Syndication Proceeds				\$5,053,124	
<b>Gap of Syndication Proceeds Needed</b>				\$6,307,809	\$5,878,225
<b>Total Tax Credits (Gap Method)</b>				\$664,046	\$618,822



# Amberwood



PMA 38.16 sq mi



# Applicant Evaluation

Project ID # **060408**

Name: **Amberwood Apartments**

City: **El Paso**

LIHTC 9%     LIHTC 4%     HOME     BOND     HTF     SECO     ESGP     Other

No Previous Participation in Texas                       Members of the development team have been disbarred by HUD

National Previous Participation Certification Received:     N/A                       Yes                       No

Noncompliance Reported on National Previous Participation Certification:     Yes                       No

## Portfolio Management and Compliance

Total # of Projects monitored:   0  

Projects in Material Noncompliance

# in noncompliance:   0  

Projects zero to nine:   0    
 grouped ten to nineteen:   0    
 by score twenty to twenty-nine:   0  

Yes                       No

# monitored with a score less than thirty:   0  

Projects not reported Yes   
 in application No

# not yet monitored or pending review:   0  

# of projects not reported   0  

### Portfolio Monitoring

### Single Audit

### Portfolio Analysis

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Not applicable   
 Review pending   
 No unresolved issues   
 Issues found regarding late cert   
 Issues found regarding late audit   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Not applicable   
 No unresolved issues   
 Not current on set-ups   
 Not current on draws   
 Not current on match

Reviewed by   Lucy Trevino  

Date   5/24/2006  

### Multifamily Finance Production

### Single Family Finance Production

### Real Estate Analysis (Workout)

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Reviewer   A. Martin  

Reviewer   Sandy M. Garcia  

Reviewer   David Burrell  

Date   5/15/2006  

Date   5/16/2006  

Date   5/15/2006  

### Community Affairs

### Office of Colonia Initiatives

### Financial Administration

No relationship   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

No delinquencies found   
 Delinquencies found

Reviewer   EEF  

Reviewer   Maria Cazares  

Reviewer   Stephanie A. D'Couto  

Date   5/19/2006  

Date   5/18/2006  

Date   5/18/2006  

**Executive Director:** \_\_\_\_\_

**Executed:** \_\_\_\_\_

**Housing Tax Credit Program  
Board Action Request  
June 9, 2006**

**Action Item**

Request, review, and board determination of one (1) four percent (4%) tax credit application with TDHCA as the Issuer.

**Recommendation**

Staff is recommending that the board review and approve the issuance of one (1) four percent (4%) Tax Credit Determination Notice with **TDHCA** as the Issuer for the tax exempt bond transaction known as:

<b>Development No.</b>	<b>Name</b>	<b>Location</b>	<b>Issuer</b>	<b>Total Units</b>	<b>LI Units</b>	<b>Total Development</b>	<b>Applicant Proposed Tax Exempt Bond Amount</b>	<b>Requested Credit Allocation</b>	<b>Recommended Credit Allocation</b>
060609	The Residences at Sunset Pointe	Fort Worth	TDHCA	224	224	\$21,740,542	\$15,000,000	\$670,194	\$670,194



[WWW.TDHCA.STATE.TX.US](http://WWW.TDHCA.STATE.TX.US)

## **MULTIFAMILY FINANCE PRODUCTION DIVISION**

### **2006 Private Activity Multifamily Housing Revenue Bonds**

**The Residences at Sunset Pointe  
Between the 5000 and 6000 blocks of Sycamore School Road & approximately 50  
yards west of the northwest corner of Granbury Road & Sycamore School Road  
Fort Worth, Texas**

**Sunset Pointe Housing Partnership, Ltd.  
224 Units  
Priority 3  
\$15,000,000 Tax Exempt – Series 2006**

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### **TABLE OF EXHIBITS**

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<b>TAB 1</b>	<b>TDHCA Board Presentation</b>
<b>TAB 2</b>	<b>Bond Resolution</b>
<b>TAB 3</b>	<b>HTC Profile and Board Summary</b>
<b>TAB 4</b>	<b>Sources &amp; Uses of Funds Estimated Cost of Issuance</b>
<b>TAB 5</b>	<b>Department's Real Estate Analysis</b>
<b>TAB 6</b>	<b>TDHCA Compliance Summary Report</b>
<b>TAB 7</b>	<b>Public Input and Hearing Transcript (March 23, 2006)</b>
<b>TAB 8</b>	<b>Applicant Response to Board Request (this contains the information submitted to the Board from Councilman Jordan at the May 4, 2006 Board meeting [Tab 4])</b>

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**June 9, 2006**

**Action Item**

Presentation, Discussion and Possible Action for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the Residences at Sunset Pointe Apartments development.

**Required Action**

Approve, Deny or Approve with Amendments the staff recommendation for the Residences of Sunset Pointe development.

**Summary of the Residences at Sunset Pointe Apartments Transaction**

The pre-application was received on December 5, 2005. The application was scored and ranked by staff. The application was induced at the January 18th Board meeting and submitted to the Texas Bond Review Board for addition to the 2006 Waiting List. The application received a Reservation of Allocation on February 24, 2006. This application was submitted under the Priority 3 category. Eleven people signed-in at the public hearing on March 23, 2006 with five people speaking for the record. Eight people signed-in as opposed to the development. A copy of the transcript is located in Tab 7 of this presentation. The proposed site is located in the Crowley Independent School District. The Department received letters of opposition from State Representative Anna Mowry, County Commissioner Roy Brooks, Councilmember Jungus Jordan, and Superintendent Greg Gibson. A summary of the public comment is as follows: there is no public transportation in the area; there are no sidewalks along Sycamore School Road; a lack of commercial development which affects employment opportunities, the area has seen rapid growth in single family homes and the school district is not equipped to handle the additional children of a multifamily development.

This application was previously brought before the Board at the May 4, 2006 meeting. The Board tabled the application and requested the Applicant meet with Councilmember Jungus Jordan, who testified before the Board, to address his concerns and discuss the proposed development. The Applicant has met with Councilmember Jordan, County Commissioner Brooks and several other city and county officials. The applicant provided all parties with a copy of their management agreement and their supportive services agreement. According to the applicant it was a positive meeting. Staff has contacted Councilman Jordan and he stated the developer made representations that he would provide long-term tenant services and would provide a copy of the specifics for those services. The Fort Worth City staff mentioned that they would consider future tax abatements in conjunction with the services.

The Residences at Sunset Pointe Apartments – The proposed development will be located approximately between the 5000 and 6000 blocks of Sycamore School Road and approximately 50 yards west of the northwest corner of Granbury Road and Sycamore School Road, Fort Worth, Tarrant County. Demographics for the census tract (1055.10) include AMFI of \$69,507; the total population is 3,722; the percent of the population that is minority is 38.96%; the number of owner occupied units is 778; the number renter occupied units is 786 and the number of vacant units is 77. (Census Information from FFIEC Geocoding for 2005)

**Summary of the Financial Structure**

The applicant is requesting the Department's approval and issuance of variable rate tax exempt bonds in the amount of \$15,000,000. Credit enhancement will be provided by Fannie Mae through a standby irrevocable transferable credit enhancement instrument. During the Construction Phase, Fannie Mae will be protected from risk of loss by a Letter of Credit issued by Bank of America, N. A. The Bonds will carry a AAA/A-1+ rating. ARCS Commercial Mortgage Co., L.P. (Fannie Mae DUS Lender) will underwrite the transaction using a debt

coverage ratio of 1.20 to 1 (Net Operating Income 1.2 times the debt service) amortized over 30 years. The term of the bonds will be for 33 years. The construction and lease up period is anticipated for twenty-four months with two 6 month extensions followed by a 30 year term and amortization.

### **Recommendation**

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the Residences at Sunset Pointe development because of the demonstrated quality of construction of the proposed 224-unit family development, the feasibility of the development (as demonstrated by the financial commitments from ARCS Commercial Mortgage, Bank of America, Boston Capital and the underwriting report by the Department's Real Estate Analysis Division), the tenant and social services provided by the development and the demand for affordable units as demonstrated by the market area.

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD MEMORANDUM**  
**June 9, 2006**

**DEVELOPMENT:** The Residences at Sunset Pointe, Fort Worth, Tarrant County, Texas

**PROGRAM:** Texas Department of Housing & Community Affairs  
2006 Private-Activity Multifamily Revenue Bonds  
(Reservation received 02/24/2006)

**ACTION**  
**REQUESTED:**

Approve the issuance of multifamily housing revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371 of the Texas Government Code and under Chapter 2306 of the Texas Government Code, the Department's enabling legislation which authorizes the Department to issue its revenue bonds for its public purposes as defined therein.

**PURPOSE:**

The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Sunset Pointe Housing Partnership, Ltd., a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 224-unit multifamily residential rental development to be located approximately between the 5000 and 6000 blocks of Sycamore School Road and approximately 50 yards west of the northwest corner of Granbury Road and Sycamore School Road, Fort Worth, Tarrant County, Texas (the "Development"). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental Development. *(The Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.)*

**BOND AMOUNT:** \$15,000,000 Series 2006 Tax Exempt bonds (\*)  
\$15,000,000 Total bonds

The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Development and the amount for which Bond Counsel can deliver its Bond Opinion.

**ANTICIPATED**  
**CLOSING DATE:**

The Department received a volume cap allocation for the Bonds on February 24, 2006, pursuant to the Texas Bond Review Board's 2006 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before July 24, 2006, the anticipated closing date is June 16, 2006.

**BORROWER:**

Sunset Pointe Housing Partnership, Ltd., a Texas limited partnership, the general partner of which is NDG – Sunset Pointe LLC of which Robert G. Hoskins holds 50% Ownership and Sandra K. Hoskins holds 50% Ownership as the managing general partner. Boston Capital Corporation or an affiliate thereof will be providing the equity for the transaction by purchasing a 99.99% limited partnership interest in the Borrower.

**COMPLIANCE HISTORY:**

The Compliance Status Summary completed on April 25, 2006 reveals that the principals of the general partner above have a total of four (4) properties being monitored by the Department. Two (2) of the properties have not been monitored at this time.

**ISSUANCE TEAM:**

ARCS Commercial Mortgage Co., L.P. (FNMA DUS Lender/Service)  
Bank of America, N.A. (Letter of Credit Provider)  
Fannie Mae (Credit Facility Provider)  
Merchant Capital, LLC (Underwriter)  
JP Morgan Chase Bank, National Association (Trustee)  
Vinson & Elkins L.L.P. (Bond Counsel)  
RBC Capital Markets (Financial Advisor)  
McCall, Parkhurst & Horton, L.L.P. (Issuer Disclosure Counsel)

**BOND PURCHASER:**

The Bonds will be publicly offered for sale on or about June 15, 2006 at which time the final pricing and Bond Purchaser(s) will be determined.

**DEVELOPMENT DESCRIPTION:**

The Development is a 224-unit apartment community to be constructed on approximately 17.6 acres located approximately between the 5000 and 6000 blocks of Sycamore School Road and approximately 50 yards west of the northwest corner of Granbury Road and Sycamore School Road, Fort Worth, Tarrant County, Texas. The Development will consist of fourteen (14) two-story residential buildings with a total of 238,384 net rentable square feet and an average unit size of approximately 1,061 square feet. The development will include a community building consisting of a kitchen, a fitness center, business center and leasing office, swimming pool, barbecue grills and picnic area, car wash area, and perimeter fencing with access gates.

Units	Unit Type	Sq Ft	Proposed	AMFI
32	1-Bed/1-Baths	850	\$705.00	60%
96	2-Bed/2-Baths	1,029	\$846.00	60%
88	3-Bed/2-Baths	1,150	\$978.00	60%
8	4-Bed/2-Baths	1,400	\$1,090.00	60%
224	Total Units			



**SET-ASIDE UNITS:**

For Bond covenant purposes, forty percent (40%) of the units in the Development will be restricted to occupancy by persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in the Development will be set aside on a priority basis for persons with special needs. *(The Borrower has elected to set-aside 100% of the units for tax credit purposes)*

**TENANT SERVICES:**

Tenant Services will be provided by the developer according to the requirements as outlined in the Department's Regulatory and Land Use Restriction Agreement.

**DEPARTMENT  
ORIGINATION**

**FEES:**

\$1,000 Pre-Application Fee (Paid)  
\$10,000 Application Fee (Paid)  
\$75,000 Issuance Fee (.50% of the bond amount paid at closing)

**DEPARTMENT  
ANNUAL FEES:**

\$15,000 Bond Administration (0.10% of first year bond amount)  
\$8,960 Compliance (\$25/unit/year adjusted annually for CPI)

*(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)*

**ASSET OVERSIGHT**

**FEE:**

\$5,600 to TDHCA or assigns (\$25/unit/year adjusted annually for CPI))

**TAX CREDITS:**

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to \$670,194 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of the limited partnership, typically 99.99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$6,905,675 of equity for the transaction.

**BOND STRUCTURE &  
SECURITY FOR THE  
BONDS:**

The Bonds are proposed to be issued under an Indenture (the "Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues.

As stated above, the Bonds are being issued to fund a Mortgage Loan to finance the acquisition, construction, equipping and long-term financing of the Development. The Mortgage Loan will be secured by, among other things, a Deed of Trust and other security instruments on the Development. The Mortgage

Loan and security instruments will be assigned to the Trustee and Fannie Mae and will become part of the Trust Estate securing the Bonds.

During (i) both the construction period (the “Construction Phase”) and, if conversion (“Conversion”) from the Construction Phase to the permanent mortgage period (the “Permanent Phase”) occurs, the Permanent Phase, credit enhancement for the Mortgage Loan and (ii) if Conversion occurs, the Permanent Phase, liquidity support for the Bonds outstanding will be provided by Fannie Mae pursuant to a Stand-by Irrevocable Transferable Credit Enhancement Instrument (the “Fannie Mae Credit Facility”). Throughout the Construction Phase, Fannie Mae will be protected against risk of loss by a Letter of Credit issued by Bank of America, N. A. If Conversion does not occur and Bank of America does not exercise its option to purchase the Bonds, the Bonds will be subject to mandatory redemption.

In addition to the credit-enhanced Mortgage Loan, other security for the Bonds during the Construction Phase consists of the net bond proceeds, the revenues and any other moneys received by the Trustee for payment of principal and interest on the Bonds, and amounts otherwise on deposit in the Funds and Accounts (excluding the Rebate Fund, the Fees Account of the Revenue Fund and the Costs Issuance Fund) and any investment earnings thereon (see Funds and Accounts section, below).

**CREDIT  
ENHANCEMENT:**

The credit enhancement by Fannie Mae allows for an anticipated rating by the Rating Agency of AAA/A-1+ and an anticipated initial fixed rate not to exceed 6.00%. Without the credit enhancement, the Bonds would not be investment grade and therefore command a higher interest rate from investors on similar maturity bonds.

**FORM OF BONDS:**

The Bonds will be issued in book entry form and will be in authorized denominations during any Weekly Variable Rate Period, \$100,000 or any integral multiple of \$5,000 in excess of \$100,000, and (ii) during any Reset Period or the Fixed Rate Period, \$5,000 or any integral multiple of \$5,000 or any integral multiple of \$5,000.

**TERMS OF THE  
MORTGAGE LOAN:**

The Mortgage Loan is a non-recourse obligation of the Owner, which means, subject to certain exceptions, that the Owner is not liable for the payment thereof beyond the amount realized from the pledged security. The Mortgage Loan provides for monthly payments of interest during the Construction Phase and level monthly payments of principal and interest following conversion to the Permanent Phase.

During the Construction Phase, the Borrower will be required to make payments on the Mortgage Loan directly to the Trustee (to the extent that capitalized interest funds deposited at closing into the Mortgage Loan Fund are insufficient to make the semi-annual interest payments on the Bonds) along with all other bond and credit enhancement fees. Upon Conversion, the Borrower will be required to make payments on the Mortgage Loan to the Servicer, who will remit the principal and interest components of the payments to the Trustee. The Borrower will continue to pay certain other fees, including the Department's fees, directly to the Trustee.

Effective on the Conversion Date, which is anticipated to occur thirty months from the closing date of the Bonds with one six-month extension option, the Mortgage Loan will convert from the Construction Phase to the Permanent Phase upon satisfaction the conversion requirements set forth in the Construction Phase Financing Agreement. Among other things, these requirements include completion of the Development according to plans and specifications and achievement of certain occupancy thresholds.

**MATURITY/SOURCES  
& METHODS OF  
REPAYMENT:**

The Bonds will bear interest (a) initially at the weekly variable rate until the occurrence of an Adjustment Date, and (b) thereafter at the rates determined by the Remarketing Agent pursuant to the Indenture to maturity, acceleration or prior redemption.

The Bonds will be payable from: (1) revenues earned from the Mortgage Loan (which during the Construction Phase will be payable as to interest only); (2) earnings derived from amounts held in Funds & Accounts (discussed below) on deposit in an investment agreement; (3) funds deposited to the Mortgage Loan Fund specifically for capitalized interest during a portion of the Construction Phase; (4) or payments made by Fannie Mae under the Fannie Mae Credit Facility.

Fannie Mae is obligated under the Fannie Mae Credit Facility to fund the payment of the Borrower's loan payments in the event the Borrower fails to make any payment of interest or of interest and principal. The Borrower is obligated to reimburse Fannie Mae for any moneys advanced by Fannie Mae for such payments

**REDEMPTION OF  
BONDS PRIOR TO  
MATURITY:**

The Bonds are subject to redemption under any of the following circumstances:

**Optional Redemption:**

The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan in accordance with the Loan Documents and with prior written consent of the Credit Provider at the times and at the respective redemption prices set forth in the Indenture as expressed percentages of the principal amount of the Bonds called for redemption.

**Mandatory Redemption:**

- (1) The Bonds shall be redeemed in whole or in part in the event and to the extent that proceeds of insurance from any casualty to, or proceeds of any award from any condemnation of, or any award as part of a settlement in lieu of condemnation of, the Mortgaged Property are applied in accordance with the Financing Agreement and the Mortgage Loan Documents to restoring or repairing the Mortgaged Property or, with the consent of the Credit Provider, otherwise used for improvements to the Mortgaged Property or applied to the reimbursement of amounts owed to the Credit Provider.
- (2) The Bonds shall be redeemed in whole or in part in an amount specified by and at the direction, or with the written consent of the Credit Provider requiring that the Bonds be redeemed pursuant to the Indenture following (a) any Event of Default under the Security Instrument, the Credit Facility Documents or the Financing Agreement or (b) the occurrence of a Borrower Default under the Construction Phase Financing Agreement or, at the direction of the Construction Lender to the Credit Provider, a draw on the Letter of Credit in whole.
- (3) The Bonds shall be redeemed in whole or in part from amounts transferred to the Redemption Account from the Principal Reserve Fund in accordance with the Indenture.
- (4) During any Fixed Rate Period the Bonds shall be subject to mandatory sinking fund installments at the times and in the amounts set forth in the amortization schedule established pursuant to the Indenture.
- (5) The Bonds shall be redeemed in part in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment.

- (6) The Bonds shall be redeemed in whole or in part in the event and to the extent that amounts on deposit in the Loan Fund are transferred to the Redemption Account.

**FUNDS AND**  
**ACCOUNTS/FUNDS**  
**ADMINISTRATION:**

Under the Indenture, JP Morgan Chase Bank, National Association, (the "Trustee") will serve as registrar and authenticating agent for the Bonds, trustee of certain of the funds created under the Indenture (described below), and will have responsibility for a number of loan administration and monitoring functions.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will initially be issued as fully registered securities and when issued will be registered in the name of Cede & Co., as nominee for DTC. One fully registered global bond in the aggregate principal amount of each stated maturity of the Bonds will be deposited with DTC.

Moneys on deposit in Indenture funds are required to be invested in eligible investments prescribed in the Indenture until needed for the purposes for which they are held.

The Indenture will create up to six (6) funds with the following general purposes:

1. Loan Fund – Consists of a Project Account and Capitalized Funds Account. Monies in the Loan fund will be withdrawn to pay the costs of construction of the Development, interest on the Bonds during construction and other costs of the Mortgaged Property.
2. Revenue Fund – Consists of an Interest Account, Redemption Account, Credit Facility Account and the Fees Account. Monies in the Revenue Fund shall be disbursed to pay interest on the Bonds, sinking fund redemption payments, principal amounts due, third party fees and redemption of Bonds.
3. Costs of Issuance Fund – A temporary fund into which amounts for the payment of the costs of issuance are deposited and disbursed by the Trustee.

4. Rebate Fund - Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.
5. Bond Purchase Fund – Monies are used to pay the purchase price of the Bonds on a Remarketing Date in the event the Bonds are not remarketed and remarketing expenses.
6. Principal Reserve Fund – Monies are used to pay any unreimbursed Draw or Advance, make improvements or repairs to the mortgaged property, and to pay investment income.

**DEPARTMENT**  
**ADVISORS:**

The following advisors have been selected by the Department to perform the indicated tasks in connection with the issuance of the Bonds.

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in September 2005.
2. Bond Trustee – JP Morgan Chase Bank, National Association was selected by the Borrower from the Department's list of approved trustees for multifamily bond issues. This trustee was approved by the Department in December 2003.
3. Financial Advisor - RBC Capital Markets, formerly RBC Dain Rauscher, was selected by the Department as the Department's financial advisor through a request for proposals process in August 2003.
4. Underwriter – Merchant Capital was selected by the Borrower from the Department's list of approved senior managers for multifamily bond issues. The underwriter list was approved by the Department in September 2004.
5. Disclosure Counsel – McCall, Parkhurst & Horton, L.P.P. was selected to serve as the Department's disclosure counsel in September 2005.

**ATTORNEY GENERAL**  
**REVIEW OF BONDS:**

No preliminary written review of the Bonds by the Attorney General of Texas has yet been made. Department bonds, however, are subject to the approval of the Attorney General, and transcripts of proceedings with respect to the Bonds will be submitted for review and approval prior to the issuance of the Bonds.

**RESOLUTION NO. 06-019**

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (RESIDENCES AT SUNSET POINTE) SERIES 2006; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for individuals and families of low, very low and extremely low income (as defined in the Act) and families of moderate income (as defined in the Act and determined by the Governing Board of the Department (the "Board") from time to time); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Variable Rate Demand Multifamily Housing Revenue Bonds (Residences at Sunset Pointe) Series 2006 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and JPMorgan Chase Bank, National Association (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Sunset Pointe Housing Partnership, Ltd., a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental development described on Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on January 16, 2006, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Mortgage Loan") to the Borrower to enable the Borrower to finance the costs of acquiring, constructing and equipping the



Development and related costs, and (ii) the Borrower will execute and deliver to the Department a multifamily note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Mortgage Loan will be provided for initially by a Letter of Credit issued by Bank of America, N.A., a national banking association (the "Bank"), and upon conversion, if conversion occurs, by a Credit Enhancement Instrument issued by Fannie Mae ("Fannie Mae"); and

WHEREAS, it is anticipated that the Note will be secured by a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas) (the "Mortgage") from the Borrower for the benefit of the Department and, initially, the Bank; and

WHEREAS, the Department's interest in the Mortgage Loan (except for certain reserved rights), including the Note and the Mortgage, will be assigned to the Trustee, as its interests may appear, and, initially, to the Bank, as its interests may appear, pursuant to an Assignment and Intercreditor Agreement (the "Assignment") among the Department, the Trustee and the Bank and acknowledged, accepted and agreed to by the Borrower; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), with respect to the Development which will be filed of record in the real property records of Tarrant County, Texas; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the "Official Statement") and to authorize the authorized representatives of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Borrower, Merchant Capital, LLC (the "Underwriter"), and any other parties to such Bond Purchase Agreement as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter or another party to such Bond Purchase Agreement; and

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the "Asset Oversight Agreement"), with respect to the Development for the purpose of monitoring the operation and maintenance of the Development; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Financing Agreement, the Assignment, the Regulatory Agreement, the Asset Oversight Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.15, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage and the Note, and the taking of such other actions as may be necessary or convenient in connection therewith;

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE BOARD OF THE DEPARTMENT:**

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchaser thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That the Chair or Vice Chairman of the Board or the Executive Director or Acting Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chairman of the Board or the Executive Director or Acting Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 6.50%; (ii) the aggregate principal amount of the Bonds shall not exceed \$15,000,000; (iii) the final maturity of the Bonds shall occur not later than July 15, 2039; and (iv) the price at which the Bonds are sold to the initial purchasers thereof under the Bond Purchase Agreement shall not exceed 103% of the principal amount thereof.

Section 1.3--Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Indenture and to deliver the Indenture to the Trustee.

Section 1.4--Approval, Execution and Delivery of the Financing Agreement. That the form and substance of the Financing Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Financing Agreement and deliver the Financing Agreement to the Borrower and the Trustee.

Section 1.5--Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Tarrant County, Texas.

Section 1.6--Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and any other party to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter and any other party to the Bond Purchase Agreement as appropriate.

Section 1.7--Acceptance of the Mortgage and Note. That the forms of the Mortgage and the Note are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are authorized to endorse and deliver the Note to the order of the Trustee and the Bank, as their interests may appear, without recourse.

Section 1.8--Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Assignment and to deliver the Assignment to the Borrower, the Trustee and the Bank.

Section 1.9--Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chairman of the Governing Board and the Executive Director or the Acting Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director or the Acting Executive Director of the Department and the Department's counsel.

Section 1.10--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.11--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.12--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Financing Agreement

- Exhibit D - Regulatory Agreement
- Exhibit E - Bond Purchase Agreement
- Exhibit F - Mortgage
- Exhibit G - Note
- Exhibit H - Assignment
- Exhibit I - Official Statement
- Exhibit J - Asset Oversight Agreement

Section 1.13--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.14--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director or Acting Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director or Interim Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director or Interim Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.15--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Development's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director or Acting Executive Director of the Department; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Development.

## ARTICLE II

### APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General of the State. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Engagement of Other Professionals. That the Executive Director or Acting Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply

with the Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.4--Certification of the Minutes and Records. That the Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.5--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director or Acting Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

Section 2.6--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.7--Underwriter. That the underwriter with respect to the issuance of the Bonds shall be Merchant Capital, LLC.

Section 2.8--Engagement of Other Professionals. That the Executive Director or Acting Executive Director of the Department or any successor is authorized to engage auditors, analysts and consultants to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.9--Ratifying Other Actions. That all other actions taken by the Executive Director or Acting Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

### ARTICLE III

#### CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Financing Agreement and the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the Mortgage Loan in accordance with its terms, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Financing Agreement and the Regulatory Agreement, which require, among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Financing Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Mortgage Loan established pursuant to the Financing Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Chapters 33 and 35, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

#### ARTICLE IV

#### GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2--Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 9th day of June, 2006.

[SEAL]

By: /s/ Elizabeth Anderson  
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby  
Kevin Hamby, Secretary



EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Owner: Sunset Pointe Housing Partnership, Ltd., a Texas limited partnership

Development: The Development is a 224-unit multifamily facility to be known as Residences at Sunset Pointe and to be located at approximately the 5000-6000 blocks of Sycamore School Road and approximately 50 yards west of the northwest corner of Granbury Road and Sycamore School Road, Fort Worth, Tarrant County, Texas. The Development will consist of fourteen 2-story residential apartment buildings with approximately 236,952 net rentable square feet and an approximate average unit size of 1058 square feet. The unit mix will consist of:

32	one-bedroom/one-bath units
96	two-bedroom/two-bath units
88	three-bedroom/two-bath units
<u>8</u>	four-bedroom/two-bath units

224 Total Units

Unit sizes will range from approximately 850 square feet to approximately 1400 square feet.

The Development will include an administration office, a business center, a fitness room, an activity room, a game room/TV lounge, kitchen facilities, and public restrooms. On-site amenities will include a swimming pool, playground, and a picnic area. All individual units will have washer/dryer connections. Additionally, the Development will include 112 carports and 432 uncovered parking spaces.



MULTIFAMILY FINANCE PRODUCTION DIVISION

June 9, 2006

Development Information, Public Input and Board Summary

**The Residences at Sunset Pointe, TDHCA Number 060609**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 5500 Block of Sycamore School Rd. Development #: 060609  
 City: Fort Worth Region: 3 Population Served: Family  
 County: Tarrant Zip Code: 76123 Allocation: Urban/Exurban  
 HOME Set Asides:  CHDO  Preservation  General Purpose/Activity: NC  
 Bond Issuer: TDHCA

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: Sunset Pointe Housing Partnership, Ltd.  
 Owner Contact and Phone Dan Allgeier (972) 745-0756  
 Developer: Nurock Development Group, Inc.  
 Housing General Contractor: NuRock Construction, LLC  
 Architect: GTF Designs  
 Market Analyst: Ipser and Assoc, Inc.  
 Syndicator: Boston Capital  
 Supportive Services: NuRock Housing Foundation I, Inc.  
 Consultant: SBG Development Services L.P.

**UNIT/BUILDING INFORMATION**

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR	Total Restricted Units:	224	
0	0	0	224	0	32	96	88	8	0	Market Rate Units:	0	
Type of Building: <input checked="" type="checkbox"/> 5 units or more per building											Owner/Employee Units:	0
<input type="checkbox"/> Duplex											Total Development Units:	224
<input type="checkbox"/> Triplex											Total Development Cost:	\$21,740,542
<input type="checkbox"/> Fourplex											Number of Residential Buildings:	13
<input type="checkbox"/> Detached Residence											HOME High Total Units:	0
<input type="checkbox"/> Single Room Occupancy											HOME Low Total Units:	0
<input type="checkbox"/> Transitional												
<input type="checkbox"/> Townhome												

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	\$670,194	\$670,194	0	0	0.00%
TDHCA Bond Allocation Amount:	\$15,000,000	\$15,000,000	30	30	5.95%
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			



MULTIFAMILY FINANCE PRODUCTION DIVISION

June 9, 2006

Development Information, Public Input and Board Summary

The Residences at Sunset Pointe, TDHCA Number 060609

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Brimer, District 10 NC US Representative: Barton, District 6, NC
TX Representative: Mowery, District 97 O US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Mike Moncrief - NC Resolution of Support from Local Government [ ]
Dale A. Fisseler, Assistant City Manager, City of Fort Worth - Consistent with the City of Fort Worth's Consolidated Plan. Jungus Jordan, City Council, City of Fort Worth - O

Roy Brooks, County Commissioner, Tarrant County - O Greg Gibson, Superintendent, Crowley ISD - O

Individuals/Businesses: In Support: 0 In Opposition: 0

Neighborhood Input:

- Summer Creek Meadows HOA O
Wedgwood NA O
Meadows of Candle Ridge O

General Summary of Comment:

Public Hearing: Concerns regarding no public transportation, no sidewalks being present, lack of commercial development which affects employment opportunities and the school district is not able to handle the influx of children due to rapid growth of single family homes in the area.

Number that attended: 11
Number that spoke: 5
Number in support: 3
Number in opposition: 8
Number Neutral: 0

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Acceptance by the Board of the anticipated likely redemption of up to \$915,000 in bonds at the conversion to permanent.

Should the terms and rates of the proposed debt or syndication change, the transaction should be re evaluated and an adjustment to the credit amount may be warranted.



MULTIFAMILY FINANCE PRODUCTION DIVISION

June 9, 2006

Development Information, Public Input and Board Summary

**The Residences at Sunset Pointe, TDHCA Number 060609**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:	Credit Amount:	\$670,194
Recommendation: Recommend approval of a Housing Tax Credit allocation not to exceed \$670,194 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:	Bond Amount:	\$15,000,000
Recommendation: Recommend approval of \$15,000,000 in Tax-Exempt mortgage revenue bonds with a variable interest rate underwritten at 5.95% and repayment term of 30 years with a 30-year amortization period, subject to conditions.		
HOME Activity Funds:	Loan Amount:	\$0
HOME CHDO Operating Expense Grant:	Grant Amount:	\$0
Recommendation:		

## The Residences at Sunset Pointe

### Estimated Sources & Uses of Funds

#### Sources of Funds

Series 2006 Tax-Exempt Bond Proceeds	\$ 15,000,000
Tax Credit Proceeds	6,905,675
Deferred Developer's Fee	1,073,718
<b>Total Sources</b>	<b>\$ 22,979,393</b>

#### Uses of Funds

Acquisition and Site Work Costs	\$ 11,937,608
Direct Hard Construction Costs	1,325,408
Other Construction Costs (General Require, Overhead, Profit)	2,212,605
Indirect Construction Costs	952,280
Developer Fees and Overhead	2,489,707
Direct Bond Related	271,210
Bond Purchase Costs	1,262,316
Other Transaction Costs	1,871,086
Real Estate Closing Costs	657,173
<b>Total Uses</b>	<b>\$ 22,979,393</b>

### Estimated Costs of Issuance of the Bonds

#### Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 75,000
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	30,000
TDHCA Bond Compliance Fee (\$40 per unit)	8,960
TDHCA Bond Counsel and Direct Expenses (Note 1)	85,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	5,000
Trustee Fee	5,000
Trustee's Counsel (Note 1)	3,500
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,750
DTC, CUSIP, Misc	4,500
<b>Total Direct Bond Related</b>	<b>\$ 271,210</b>

## The Residences at Sunset Pointe

<b>Bond Purchase Costs</b>	
Letter of Credit Provider (Construction Lender)	450,000
LOC Counsel	40,300
Permanent Lender	175,000
Permanent Lender Counsel	20,000
Equity Counsel	25,000
Rating Agency	13,500
Bridge Loan Interest	174,766
Underwriter	135,000
Underwriter Counsel	3,750
Construction Loan Attorney Fee	75,000
Broker Consultant Fee	150,000
<b>Total Bond Purchase Costs</b>	<b>\$ 1,262,316</b>

<b>Other Transaction Costs</b>	
Tax Credit Application and Determination Fees (if paid at closing)	35,397
Soft Cost Contingency	492,372
Construction Interest	943,135
Cost of Cap	375,000
Bridge Origination	25,182
<b>Total Other Transaction Costs</b>	<b>\$ 1,871,086</b>

<b>Real Estate Closing Costs</b>	
Title Insurance	20,000
Property Taxes	112,000
Surveying	20,000
Permits and Impact Fees	338,973
Construction Period Insurance and Inspection Fees	138,200
Mortgage Tax/Recording & Fees	28,000
<b>Total Real Estate Costs</b>	<b>\$ 657,173</b>

**Estimated Total Costs of Issuance** **\$ 4,061,785**

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimate does not include on-going administrative fees.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**DATE:** April 25, 2006

**PROGRAM:** 4% HTC/MRB

**FILE NUMBER:** 060609

**DEVELOPMENT NAME**

The Residences at Sunset Pointe

**APPLICANT**

**Name:** Sunset Pointe Housing Partnership, Ltd **Contact:** Daniel Allgeier  
**Address:** 580 Decker Drive, Suite 208  
**City:** Irving **State:** TX **Zip:** 75062  
**Phone:** (972) 745-0756 **Fax:** (678) 218-1496 **Email:** dallgeier@nurock.com

**KEY PARTICIPANTS**

**Name:** NDG-Sunset Pointe, LLC **Title:** 0.01% Managing General Partner of Applicant  
**Name:** Nurock Development Group, Inc **Title:** Developer  
**Name:** Robert G Hoskins **Title:** 50% owner of GP & Developer  
**Name:** Sandra K Hoskins **Title:** 50% owner of GP & Developer  
**Name:** SBG Development Services, LP (Robert H Sherman) **Title:** Consultant

**PROPERTY LOCATION**

**Location:** 5500 Block Sycamore School Road  
**City:** Fort Worth **Zip:** 76123  
**County:** Tarrant **Region:** 3  QCT  DDA

**REQUEST**

<u>Program</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
HTC	\$670,194	N/A	N/A	N/A
MRB (Tax-Exempt)	\$15,000,000	5.95%	30 yrs	30 yrs
<b>Proposed Use of Funds:</b>	<u>New construction</u>	<b>Type:</b>	<u>Multifamily</u>	
<b>Target Population:</b>	<u>Family</u>	<b>Other:</b>	<u>Urban/Exurban</u>	

**RECOMMENDATION**

- RECOMMEND APPROVAL OF ISSUANCE OF \$15,000,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A VARIABLE INTEREST RATE UNDERWRITTEN AT 5.95% AND REPAYMENT TERM OF 30 YEARS WITH A 30-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$670,194 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Acceptance by the Board of the anticipated likely redemption of up to \$915,000 in bonds at the conversion to permanent.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-

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evaluated and an adjustment to the credit allocation amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 224    **# Res Bldgs** 14    **# Non-Res Bldgs** 1    **Age:** N/A yrs    **Vacant:** N/A at / /  
**Net Rentable SF:** 238,384    **Av Un SF:** 1,064    **Common Area SF:** 4,299    **Gross Bldg SF:** 242,683

**ARCHITECTURAL REVIEW**

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings.

**STRUCTURAL MATERIALS**

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 75% masonry veneer and 25% cement fiber. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

**UNIT FEATURES**

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fan in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: laundry connections, a ceiling fixture in each room, an individual heating and air conditioning unit, individual water heater, and eight-foot ceilings.

**ONSITE AMENITIES**

In order to meet threshold criteria for total units of 200 or more, the Applicant has elected to provide controlled access gates, an enclosed sun porch or covered community porch, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, a service coordinators office in addition to the leasing offices, a swimming pool, two children's playgrounds equipped for 5 to 12 year olds/two tot lots/one of each, and a furnished and staffed children's activity center.

**Uncovered Parking:** 327 spaces    **Carpports:** 0 spaces    **Garages:** 112 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Residences at Sunset Pointe is a 13-unit per acre new construction development located in southwest Fort Worth. The development is comprised of 14 garden style residential buildings as follows:

<u>No. of Buildings</u>	<u>No. of Floors</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>
4	2	8	0	8	0
2	2	0	16	0	0
7	2	0	8	8	0
1	2	0	8	0	8

The development includes a 4,299-square foot community building and 112 garages. A corner of the site, located along the future Tollway 121, remains vacant based on the site plan.

**SITE ISSUES**

**SITE DESCRIPTION**

**Total Size:** 17.6 acres    **Scattered sites?**     Yes  No  
**Flood Zone:** Zone X    **Within 100-year floodplain?**     Yes  No  
**Current Zoning:** C/Multifamily District (18 units/acre)    **Needs to be re-zoned?**     Yes  No  N/A

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The subject site is located in the City of Fort Worth approximately 11 miles southwest of its



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

downtown. Specifically the site is on the west side of Old Granbury Road and the north side of Sycamore School Road.

**Adjacent Land Uses:**

- € **North:** vacant land;
- € **South:** Sycamore School Road, vacant land and residential development;
- € **East:** Granbury Road and residential development; and
- € **West:** vacant land.

**Site Access:** Site entry is along Sycamore Square Road. The proposed sit is less than four miles form IH 20 and less than six miles from IH 35W.

**Public Transportation:** Fort Worth has an extensive public transportation system. Route # 6 stops at Old Granbury and Alta Mesa (0.75 miles north) or at Sycamore School Road and Hulen Street (1.2 miles east).

**Shopping & Services:** The site is served by the Crowley Independent School District. An elementary, middle and high school are located within four miles of the proposed property. A supermarket and pharmacy is located within two miles, and several major discount stores are located within three miles of the site. The site is two miles south of two major Fort Worth area hospitals.

**TDHCA SITE INSPECTION**

<b>Inspector:</b>	TDHCA Staff	<b>Date:</b>	03/23/2006
<b>Overall Assessment:</b>	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Acceptable	<input type="checkbox"/> Questionable
	<input type="checkbox"/> Poor	<input type="checkbox"/> Unacceptable	
<b>Comments:</b>	Surrounded by single family; within three miles of amenities		

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated October 2005 was prepared by Rone Engineering and contained the following findings and recommendations:

**Findings:**

- € **Noise:** “The subject is located within an area that consists of vacant land and residential areas. No major roads are located adjacent to the subject property or within at least 300 feet of the subject property. Therefore, a noise study is not recommended” (p. 10).
- € **Floodplain:** “The Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map, Community Panel Number 48439C0395J, dated August 23,2000, indicated that the Subject Property is located in Zone X, an area outside the 500-year flood zone” (p. 7).
- € **Asbestos-Containing Materials (ACM):** “No suspect asbestos-containing materials were identified” (p. 2).
- € **Lead-Based Paint (LBP):** “No suspect lead based paint-containing materials were identified” (p. 2).
- € **Lead in Drinking Water:** “The City of Fort Worth provides drinking water to the subject property that meets or exceeds all federal (EPA) drinking water requirements including requirements for lead” (p. 2).
- € **Radon:** “The subject property is located in an area of low radon gas levels” (p. 2).
- € **Recognized Environmental Concerns (RECs):** “The ESA has not revealed evidence of recognized environmental conditions in connection with the subject property” (p. 2).

**Recommendations:** “Based upon the results of the ESA, Rone does not recommend further environmental investigation of the subject property” (p. 12).

**INCOME SET-ASIDE**

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. The development is a Priority 3 Private Activity Bond allocation for a Qualified Residential Rental Project, and the Applicant has elected to set-aside 100% of units with rent and income restrictions at 60% of area median family income (§ 1372.0321, Texas Government Code).

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<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$26,640	\$30,420	\$34,260	\$38,040	\$41,100	\$44,100

**MARKET HIGHLIGHTS**

A market feasibility study dated January 12, 2006 with an effective date of October 14, 2005 was prepared by Ipser & Associates, Inc (“Market Analyst”). Upon request, the Market Analyst provided a revised demand analysis based on a Primary Market Boundary with a base year population of 100,000 or less. The following findings were included:

**Secondary Market Information:** “Tarrant County includes two cities over 300,000 in population (Fort Worth and Arlington), as well as numerous towns with population under 60,000, some of which cross county lines into neighboring counties...Fort Worth is expected to have an annual growth rate during this decade of 2.5%, adding approximately 153,000 residents, compared with a gain of 87,075 in the 1990s. The county overall is projected to gain approximately 339,900 from 2000 to 2010 to reach 1,977,119 residents by 2010 (2.1% annual growth rate)... The demographic data show that the median household income in Fort Worth in 1999 (\$37,074) was lower than the county-wide median (\$46,179). The median family income in Fort Worth (\$42,939) was also lower than and the county figure (\$54,068)... Median rent as reported in Census 2000 was \$612 for Tarrant County renters (\$364 in 1990). The median rent in Fort Worth was \$559, a 65.9% increase from \$337 in 1990...The construction of the proposed project will have little impact on the existing apartments in its market area. Occupancy is high, including the in the newest HTC complexes. The growth direction is to the south of the subject site, where there are new subdivisions currently under construction. The path of the planned southwest tollway will come very close to the west of the subject, eventually providing a highway into downtown Fort Worth” (pp. 2-5 to 2-11, April 21, 2006).

**Definition of Primary Market Area (PMA):** The original PMA is bound by: SW Loop 820 and Granbury Road on the north; IH-35W on the east; county line on the south; and county line and Hwy 377 on the west (Summary Sheet). This area encompasses approximately 94 square miles and is equivalent to a circle with a radius of 5.5 miles. However, the base year population for the area exceeds 100,000.

Upon request, the Market Analyst provided a revised Primary Market boundary to include 17 Census tracts: 1048.01, 1056, 1048.02, 1047, 1055.02, 1057.01, 1058, 1055.03, 1057.03, 1110.03, 1055.10, 1055.12, 1057.04, 1060.01, 1055.05, 1055.08 and 1055.11. This area encompasses approximately 21 square miles and is equivalent to a circle with a radius of 2.5 miles.

“Please note that we have excluded several census tracts in the immediate vicinity of the subject’s proposed location because the subject is not expected to draw any significant number of prospective tenants from the population and households in these census tracts. These are census tracts where there are few renter-occupied housing units, where owner-occupied housing values are high and where median and family incomes are high” (p. I-2, April 21, 2006).

**Population:** The estimated 2005 population of the revised PMA was 98,500 and is expected to increase to approximately 108,200 by 2010. Within the revised primary market area there were estimated to be 36,165 households in 2005.

**Total Market Demand:** The Analyst’s income band of \$24,171 to \$43,600 (p. 3-5) results in an income eligible adjustment rate of 25.6% (p. 3-5, April 21, 2006). The tenure appropriate adjustment rate of 38.7% is specific to the general population (p. 3-5, April 21, 2006). “Turnover rates were reported by 18 complexes, and ranged from zero units per month...to 12 units per month...six complexes had turnover rates between 0.1% and 0.9%, including all projects rated in excellent condition. Another seven locations were in the 1% to 2.5% turnover range and three other projects had rates in the 3% range. The highest turnover percentage rate was 4% (p. 2-19). However, the Market Analyst utilized a turnover rate of 46.9% (p. 3-7, April 21, 2006) in his demand analysis.

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<b>MARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	68	4%	94	4%
Resident Turnover	1,683	87%	2,252	96%
Other Sources: 10% unsubstantiated	175	9%	N/A	
<b>TOTAL DEMAND</b>	<b>1,926</b>	<b>100%</b>	<b>2,346</b>	<b>100%</b>

p. 3-5, April 21, 2006

**Inclusive Capture Rate:** “The proposed project of 224 units represents a 11.6% capture of this number. Adding 216 unstabilized HTC units to the proposed 224 units, represents a concentration capture of 22.8%” (p. 3-5, April 21, 2006). The Underwriter calculated an inclusive capture rate of 19% based upon a revised demand estimate for 2,346 affordable units. Both the Market Analyst and the Underwriter excluded the 280 units from Sycamore Center Villas (02484) because according to the property manager of that property it reached 90% occupancy in March of 2005 and has remained above that level since then. In addition the Market Analyst points out that Sycamore Center Villas is just outside of the redrawn primary market area supplied in January to comply with the Department’s primary market area population limit guidance.

**Unit Mix Conclusion:** “The subject will be open to all segments of the population, including elderly. Therefore, the proposed unit mix appears appropriate” (p. 3-7).

**Market Rent Comparables:** “The comparable market data used in this report consists of 5,360 total units at 22 locations, of which 4,094 were conventional units (76.4%), while 1,266 were HTC and AHDP units (23.6%)” (p. 2-17). Five of the most comparable properties were used to determine the adjusted market rents. “Three of the properties are rated excellent and two are rated good. Despite occupancy in the 90+ range, all offer some concessions...It appears the rent concessions have become a marketing strategy more than a truly reduced rent to gain occupancy...For the four-bedroom comparison, Sycamore Pointe is substituted for one of the older projects. Sycamore Pointe offers 4-Bd units at market rates and is the only complex in the area with 4-Bd units” (p. 2-21).

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-Bedroom (60%)</b>	\$652	\$652	\$0	\$615	\$37
<b>2-Bedroom (60%)</b>	\$781	\$781	\$0	\$760	\$21
<b>3-Bedroom (60%)</b>	\$899	\$899	\$0	\$920	-\$21
<b>4-Bedroom (60%)</b>	\$1,005	\$1,005	\$0	\$1,010	-\$5

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =\$500, program max =\$600, differential = -\$100)

**Primary Market Occupancy Rates:** “The area’s existing multifamily housing varies from fair to excellent, with half of the locations being in good to excellent condition. Conventional locations have a combined leased occupancy rate of 95.3%, compared to 96.7% for HTC/AHDP locations” (p. 2-15).

“New housing tax credit complexes known to have been built within or immediately adjacent to the market area since 2000 include Sycamore Pointe (168 units in 2002), Park at Sycamore School (216 units in 2004), Overton Park Townhomes (270 units in 2003), and Sycamore Center Village (280 units in 2004). These four locations have an overall physical occupancy rate of 95.9%” (p. 2-15, April 21, 2006).

**Absorption Projections:** “Two HTC complexes provided I&A with absorption information. The 216-unit Sycamore School began preleasing units in August 2004...” with an absorption rate of 15 to 16 units per month through September 2005. Sycamore Pointe HTC also began with preleasing and became 95% occupied in four months indicating an absorption rate of 38 units per month. “Average absorption for the subject is estimated at 15 to 16 units per month, and it is expected that a 13 to 14-month lease-up period will be required to achieve 92.5% occupancy of the 224 units” (p. 2-22).

**Unstabilized, Under Construction, and Planned Development:** “The newest HTC projects in the area are the 216-unit Park at Sycamore School and the 280-unit Sycamore Center Village. Both properties offer rents based on 60% of the Area Median Income (AMI), and both were rated in good condition. The Park at

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Sycamore School opened in September 2004 and was 90.7% occupied and 95.4% leased in October 2005...Sycamore Center [Village], which officially opened from July 2004 to March 2005, consists of 233 HTC units and 47 low-rent units from the Fort Worth Housing Authority (PHA). Occupancy was 95.4% occupied with 30 names on its waiting list” (p. 2-16, April 21, 2006).

**Market Impact:** Not specifically discussed by Market Analyst.

**Other Information:** “In the southwest Fort Worth market area, 117 units at 17 locations have hurricane evacuees, or 2.6% of all 4,516 occupied units” (p. 2-17).

**Market Study Analysis/Conclusions:** The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s original projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of January 20, 2006, maintained by the Fort Worth Housing Authority, from the 2006 program gross rent limits. Tenants will be required to pay electric costs. The Underwriter’s potential gross rent estimate is limited by the Market Analyst’s adjusted market rent conclusions for the one-bedroom and two-bedroom units. The Applicant adjusted their rent schedule accordingly. As a result, the Applicant’s potential gross rent is comparable to the Underwriter’s estimate.

The Applicant’s secondary income, however, appears to be overstated due to the inclusion of income from garage rentals and cable/internet. The Applicant anticipates \$53.73 per unit per month. The Underwriter was able to justify up to \$20 per unit per month for developments in the Fort Worth area offering covered parking for a fee. The Applicant also anticipates income for providing cable TV, but failed to include an offsetting expense for cable and a sample contract indicating proposed terms. The Applicant’s vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. Despite the difference in secondary income estimates, the Applicant’s effective gross income is within 5% of the Underwriter’s estimate.

**Expenses:** The Applicant’s total annual operating expense projection at \$3,896 per unit is not within 5% of the Underwriter’s estimate of \$4,180, derived from the TDHCA database and third-party data sources. Several of the Applicant’s line item expenses also vary significantly when compared to the Underwriter’s estimates, particularly: property insurance (\$20K lower) and property tax (\$18K lower). It should be noted the Applicant also appears to have understated TDHCA compliance fees.

**Conclusion:** The Applicant’s gross income is within 5% of the Underwriter’s estimate; however, their annual operating expense and net operating income are not within 5% of the Underwriter’s estimate. Therefore, the Underwriter’s Year 1 proforma will be used to determine the development’s debt service capacity and long term feasibility. The proforma and estimated debt service result in a debt coverage ratio (DCR) below the current underwriting minimum guideline of 1.10. Therefore, the recommended financing structure reflects a potential decrease in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the “Financing Structure Analysis” section (below).

**Long-Term Feasibility:** The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter’s base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

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ACQUISITION VALUATION INFORMATION			
ASSESSED VALUE			
<b>Land: 88.07 acres</b>	\$1,432,076	<b>Assessment for the Year of:</b>	2005
<b>1 acre:</b>	\$16,260	<b>Valuation by:</b>	Tarrant County Appraisal District
<b>Total: Prorated 17.6 acres</b>	\$286,188	<b>Tax Rate:</b>	3.321277
EVIDENCE of SITE or PROPERTY CONTROL			
<b>Type of Site Control:</b>	Standard Contract for Sale and Purchase (17.6 acres)		
<b>Contract Expiration:</b>	6/30/2006	<b>Valid through Board Date?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Acquisition Cost:</b>	\$1,575,000	<b>Other:</b>	
<b>Seller:</b>	WB 358 Partners, LP	<b>Related to Development Team?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CONSTRUCTION COST ESTIMATE EVALUATION
<p><b>Acquisition Value:</b> The site cost of \$89,488 per acre or \$7,031 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.</p> <p><b>Sitework Cost:</b> The Applicant's claimed sitework costs of \$6,469 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.</p> <p><b>Direct Construction Cost:</b> The Applicant's direct construction cost estimate is \$1M or 9% lower than the Underwriter's Marshall &amp; Swift <i>Residential Cost Handbook</i>-derived estimate.</p> <p><b>Fees:</b> The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by a total of \$137K based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by \$75K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount. It should be noted, the Applicant claimed eligible housing consultant fees of \$50K, which the Underwriter included in total developer fees limited to 15% of all other eligible costs.</p> <p><b>Conclusion:</b> The Applicant's total development cost is not within 5% of the Underwriter's estimate; therefore, the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. The Underwriter's higher eligible basis of \$19,906,288 supports annual tax credits of \$708,664 as compared to the recalculated estimate based on the Applicant's costs of \$18,666,529 in eligible basis and \$664,528 in credits. The Underwriter's eligible basis derived estimate will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.</p>

FINANCING STRUCTURE			
LETTER OF CREDIT			
<b>Source:</b>	Bank of America	<b>Contact:</b>	Laura W Edwards
<b>Principal:</b>	To be determined	<b>Interest Rate:</b>	12%, lender's estimate
<b>Documentation:</b>	<input checked="" type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
<b>Amort:</b>	N/A		
<b>Comments:</b>	31 month letter of credit and 12 month bridge loan		

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

CREDIT ENHANCMENT INSTRUMENT			
<b>Source:</b>	ARCS Commercial Mortgage (Fannie Mae)	<b>Contact:</b>	Joe Briganti
<b>Principal:</b>	\$14,640,000	<b>Interest Rate:</b>	5.95%, variable, lender's estimate
		<b>Amort:</b>	360 months
<b>Documentation:</b>	<input type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input checked="" type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
<b>Comments:</b>	Interest rate cap requirement with an initial strike rate of 5% for the first five years		

TAX CREDIT SYNDICATION			
<b>Source:</b>	Boston Capital	<b>Contact:</b>	Scott M Arrighi
<b>Proceeds:</b>	\$5,361,550	<b>Net Syndication Rate:</b>	80%
		<b>Anticipated HTC:</b>	\$670,194/year
<b>Documentation:</b>	<input checked="" type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
<b>Comments:</b>	\$200 per unit replacement reserve requirement; adjusters are based on 80%		

OTHER	
<b>Amount:</b>	\$1,378,992
<b>Source:</b>	Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Interim Financing:** Bank of America will provide both a letter of credit and a bridge loan. The credit amount will be based on the lesser of bond principal plus interest at 12% for a period of 34 days or a 1.20 debt coverage ratio or 80% loan to value.

**Permanent Bond Financing:** ARCS Commercial Mortgage will provide will provide credit enhancement for public offering of the bonds. The proposed rating is AAA through the Fannie Mae Forward Commitment Product. Fannie Mae requires an interest rate cap based on the 15 year BMA with an initial strike rate not to exceed 5% for the first five years, increasing by 50 basis points on the fifth and tenth anniversary of the closing date. In addition to the underlying variable rate on the bonds the stack consists of 35 basis points for credit enhancement, 15 basis points for principal reserve fund fee, 25 basis points for liquidity fee and 35 basis points for loan servicing. In addition, the issuer fee of 10 basis points and remarketing agent fee of 10 basis points, trustee fee of \$3,180 and asset oversight fee of \$5,600 would be included in the overall stack of approximately 136 basis points. The underwritten rate of 5.95% is slightly less than the max possible rate of 6.36% for the first five years.

**HTC Syndication:** The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,378,992 amount to 55% of the total proposed developer and housing consultant fees.

**Financing Conclusions:** As stated above, the proforma analysis results in a debt coverage ratio below the Department's minimum guideline of 1.10. Therefore, it is likely there will be a mandatory redemption of bonds at conversion to permanent financing. The current underwriting analysis assumes a decrease in the permanent loan amount to \$14,085,000 based on the terms reflected in the application materials. As a result the development's gap in financing will increase.

The Underwriter's total development cost estimate less the permanent loan of \$14,085,000 indicates the need for \$7,655,542 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,107,636 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, the Applicant's request (\$670,194), the gap-driven amount (\$1,107,636), and eligible basis-derived estimate (\$708,664), the Applicant's request of \$670,194 is lowest and is recommended.

The Underwriter's recommended financing structure indicates the need for \$2,293,992 in additional permanent funds. Deferred developer fees in this amount do not appear to be repayable from development cashflow within ten years of stabilized operation, but appear to be repayable within 15 years.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**DEVELOPMENT TEAM  
IDENTITIES of INTEREST**

The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- € The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- € NuRock Development Group, owner of the General Partner, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of \$26M comprised of \$4M in cash and equivalents, \$722K in accounts receivable and \$22M in development fees receivable. Liabilities totaled \$19K for net assets of \$26M.
- € Robert G Hoskins and Sandra K Hoskins, principals of NuRock Development, submitted an unaudited joint financial statement as of December 31, 2005 and are anticipated to be guarantors of the development.

**Background & Experience:** Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- € Items identified in previous reports/ or analysis have not been satisfactorily addressed.
- € The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable range(s).
- € The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- € The Applicant's total development costs differ from the Underwriter's verifiable estimate by more than 5%.
- € The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- € The property's project-based rent subsidy is subject to Federal funding and may not be renewed as anticipated.
- € An increase in the variable interest rate on the permanent debt could adversely affect the development's DCR and cash flow.
- € The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Lisa Vecchietti*

**Date:** April 25, 2006

**Director of Real Estate Analysis:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** April 25, 2006

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Residences at Sunset Pointe, Fort Worth, 4% HTC/MRB #060609**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 60%	32	1	1	850	\$713	\$615	\$19,680	\$0.72	\$61.00	\$22.00
TC 60%	96	2	2	1,029	856	\$760	72,960	0.74	75.00	24.00
TC 60%	88	3	2	1,150	989	\$899	79,112	0.78	90.00	28.00
TC 60%	8	4	2.5	1,400	1102	1005	8,040	0.72	97.00	28.00
<b>TOTAL:</b>	<b>224</b>		<b>AVERAGE:</b>	<b>1,064</b>	<b>\$897</b>	<b>\$803</b>	<b>\$179,792</b>	<b>\$0.75</b>	<b>\$79.68</b>	<b>\$25.43</b>

**INCOME**

Total Net Rentable Sq Ft: **238,384**

**POTENTIAL GROSS RENT**

Secondary Income	Per Unit Per Month:	\$15.00
Other Support Income: 112 Garages	Per Unit Per Month:	\$5.00

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.82%	\$349	0.33	\$78,162	\$66,300	\$0.28	\$296	3.11%
Management	5.00%	457	0.43	102,271	103,403	0.43	462	4.86%
Payroll & Payroll Tax	9.58%	875	0.82	\$196,000	203,000	0.85	906	9.53%
Repairs & Maintenance	5.17%	472	0.44	105,711	86,000	0.36	384	4.04%
Utilities	2.62%	239	0.22	53,544	52,000	0.22	232	2.44%
Water, Sewer, & Trash	3.34%	305	0.29	68,352	70,400	0.30	314	3.31%
Property Insurance	3.43%	313	0.29	70,065	50,000	0.21	223	2.35%
Property Tax	3.321277	8.43%	770	172,476	154,000	0.65	688	7.23%
Reserve for Replacements	2.19%	200	0.19	44,800	44,800	0.19	200	2.10%
Supp serv, compl fees, security	2.20%	201	0.19	44,960	42,720	0.18	191	2.01%
<b>TOTAL EXPENSES</b>	<b>45.78%</b>	<b>\$4,180</b>	<b>\$3.93</b>	<b>\$936,340</b>	<b>\$872,623</b>	<b>\$3.66</b>	<b>\$3,896</b>	<b>40.98%</b>
<b>NET OPERATING INC</b>	<b>54.22%</b>	<b>\$4,951</b>	<b>\$4.65</b>	<b>\$1,109,079</b>	<b>\$1,256,669</b>	<b>\$5.27</b>	<b>\$5,610</b>	<b>59.02%</b>
<b>DEBT SERVICE</b>								
First Lien Mortgage	52.48%	\$4,792	\$4.50	\$1,073,411	\$1,079,191	\$4.53	\$4,818	50.68%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>1.74%</b>	<b>\$159</b>	<b>\$0.15</b>	<b>\$35,668</b>	<b>\$177,478</b>	<b>\$0.74</b>	<b>\$792</b>	<b>8.34%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.03</b>	<b>1.16</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.10</b>				

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.86%	\$7,031	\$6.61	\$1,575,000	\$1,575,000	\$6.61	\$7,031	7.24%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.31%	6,469	6.08	1,449,000	1,449,000	6.08	6,469	6.66%
Direct Construction		47.18%	48,329	45.41	10,825,631	9,798,040	41.10	43,741	45.07%
Contingency	4.54%	2.43%	2,488	2.34	557,416	557,416	2.34	2,488	2.56%
General Req'ts	5.98%	3.20%	3,274	3.08	733,440	733,440	3.08	3,274	3.37%
Contractor's G & A	1.99%	1.07%	1,091	1.03	244,480	244,480	1.03	1,091	1.12%
Contractor's Profit	5.98%	3.20%	3,274	3.08	733,440	733,440	3.08	3,274	3.37%
Indirect Construction		4.18%	4,282	4.02	959,273	959,273	4.02	4,282	4.41%
Ineligible Costs		5.06%	5,187	4.87	1,161,845	1,161,845	4.87	5,187	5.34%
Developer's G & A	1.43%	1.08%	1,110	1.04	248,661	200,000	0.84	893	0.92%
Developer's Profit	13.00%	9.86%	10,096	9.49	2,261,497	2,310,158	9.69	10,313	10.63%
Interim Financing		8.25%	8,453	7.94	1,893,450	1,893,450	7.94	8,453	8.71%
Reserves		1.32%	1,352	1.27	302,953	125,000	0.52	558	0.57%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$102,438</b>	<b>\$96.26</b>	<b>\$22,946,086</b>	<b>\$21,740,542</b>	<b>\$91.20</b>	<b>\$97,056</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>63.38%</b>	<b>\$64,926</b>	<b>\$61.01</b>	<b>\$14,543,407</b>	<b>\$13,515,816</b>	<b>\$56.70</b>	<b>\$60,338</b>	<b>62.17%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	65.37%	\$66,964	\$62.92	\$15,000,000	\$15,000,000	\$14,085,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$2,434,765
HTC Syndication Proceeds	23.37%	\$23,935	\$22.49	5,361,550	5,361,550	5,361,550	% of Dev. Fee Deferred
Deferred Developer Fees	6.01%	\$6,156	\$5.78	1,378,992	1,378,992	2,293,992	94%
Additional (Excess) Funds Req'd	5.25%	\$5,382	\$5.06	1,205,544	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$22,946,086</b>	<b>\$21,740,542</b>	<b>\$21,740,542</b>	<b>\$4,186,324</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Residences at Sunset Pointe, Fort Worth, 4% HTC/MRB #060609**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$48.64	\$11,595,278
<b>Adjustments</b>				
Exterior Wall Finish	6.00%		\$2.92	\$695,717
Elderly/9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			(1.12)	(266,990)
Floor Cover			2.22	529,212
Porches/Balconies	\$19.79	13,440	1.12	265,910
Plumbing	\$680	592	1.69	402,560
Built-In Appliances	\$1,675	224	1.57	375,200
Exterior Stairs	\$1,650	28	0.19	46,200
Enclosed Corridors			0.00	0
Heating/Cooling			1.73	412,404
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$64.12	4,299	1.16	275,641
Other:			0.00	0
<b>SUBTOTAL</b>			<b>60.12</b>	<b>14,331,133</b>
Current Cost Multiplier	1.03		1.80	429,934
Local Multiplier	0.90		(6.01)	(1,433,113)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$55.91</b>	<b>\$13,327,954</b>
Plans, specs, survy, bld prm	3.90%		(\$2.18)	(\$519,790)
Interim Construction Interest	3.38%		(1.89)	(449,818)
Contractor's OH & Profit	11.50%		(6.43)	(1,532,715)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$45.41</b>	<b>\$10,825,631</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$15,000,000	Amort	360
Int Rate	5.95%	DCR	1.03

<b>Secondary</b>	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.03

<b>Additional</b>	\$5,361,550	Amort	
Int Rate		Aggregate DCR	1.03

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$1,007,933
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$101,146</b>

<b>Primary</b>	\$14,085,000	Amort	360
Int Rate	5.95%	DCR	1.10

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

<b>Additional</b>	\$5,361,550	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,157,504	\$2,222,229	\$2,288,896	\$2,357,563	\$2,428,290	\$2,815,053	\$3,263,418	\$3,783,196	\$5,084,300
Secondary Income	40,320	41,530	42,775	44,059	45,381	52,608	60,988	70,701	95,017
Other Support Income: 112 Gar	13,440	13,843	14,258	14,686	15,127	17,536	20,329	23,567	31,672
POTENTIAL GROSS INCOME	2,211,264	2,277,602	2,345,930	2,416,308	2,488,797	2,885,198	3,344,735	3,877,465	5,210,988
Vacancy & Collection Loss	(165,845)	(170,820)	(175,945)	(181,223)	(186,660)	(216,390)	(250,855)	(290,810)	(390,824)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$2,045,419</b>	<b>\$2,106,782</b>	<b>\$2,169,985</b>	<b>\$2,235,085</b>	<b>\$2,302,137</b>	<b>\$2,668,808</b>	<b>\$3,093,880</b>	<b>\$3,586,655</b>	<b>\$4,820,164</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$78,162	\$81,288	\$84,540	\$87,921	\$91,438	\$111,248	\$135,351	\$164,675	\$243,759
Management	102,271	105,339	108,499	111,754	115,107	133,440	154,694	179,333	241,008
Payroll & Payroll Tax	196,000	203,840	211,994	220,473	229,292	278,969	339,409	412,942	611,256
Repairs & Maintenance	105,711	109,939	114,337	118,910	123,666	150,459	183,057	222,716	329,675
Utilities	53,544	55,686	57,913	60,230	62,639	76,210	92,721	112,809	166,985
Water, Sewer & Trash	68,352	71,086	73,930	76,887	79,962	97,286	118,364	144,007	213,166
Insurance	70,065	72,867	75,782	78,813	81,966	99,724	121,329	147,615	218,507
Property Tax	172,476	179,375	186,550	194,013	201,773	245,488	298,673	363,382	537,894
Reserve for Replacements	44,800	46,592	48,456	50,394	52,410	63,764	77,579	94,387	139,716
Other	44,960	46,758	48,629	50,574	52,597	63,992	77,856	94,724	140,215
<b>TOTAL EXPENSES</b>	<b>\$936,340</b>	<b>\$972,771</b>	<b>\$1,010,629</b>	<b>\$1,049,969</b>	<b>\$1,090,850</b>	<b>\$1,320,581</b>	<b>\$1,599,032</b>	<b>\$1,936,591</b>	<b>\$2,842,179</b>
<b>NET OPERATING INCOME</b>	<b>\$1,109,079</b>	<b>\$1,134,011</b>	<b>\$1,159,357</b>	<b>\$1,185,116</b>	<b>\$1,211,287</b>	<b>\$1,348,227</b>	<b>\$1,494,848</b>	<b>\$1,650,064</b>	<b>\$1,977,985</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$1,007,933	\$1,007,933	\$1,007,933	\$1,007,933	\$1,007,933	\$1,007,933	\$1,007,933	\$1,007,933	\$1,007,933
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$101,146</b>	<b>\$126,077</b>	<b>\$151,423</b>	<b>\$177,183</b>	<b>\$203,354</b>	<b>\$340,294</b>	<b>\$486,915</b>	<b>\$642,131</b>	<b>\$970,052</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.10</b>	<b>1.13</b>	<b>1.15</b>	<b>1.18</b>	<b>1.20</b>	<b>1.34</b>	<b>1.48</b>	<b>1.64</b>	<b>1.96</b>

**HTC ALLOCATION ANALYSIS - Residences at Sunset Pointe, Fort Worth, 4% HTC/MRB #060609**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$1,575,000	\$1,575,000		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,449,000	\$1,449,000	\$1,449,000	\$1,449,000
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$9,798,040	\$10,825,631	\$9,798,040	\$10,825,631
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$244,480	\$244,480	\$224,941	\$244,480
Contractor profit	\$733,440	\$733,440	\$674,822	\$733,440
General requirements	\$733,440	\$733,440	\$674,822	\$733,440
<b>(5) Contingencies</b>				
	\$557,416	\$557,416	\$557,416	\$557,416
<b>(6) Eligible Indirect Fees</b>				
	\$959,273	\$959,273	\$959,273	\$959,273
<b>(7) Eligible Financing Fees</b>				
	\$1,893,450	\$1,893,450	\$1,893,450	\$1,893,450
<b>(8) All Ineligible Costs</b>				
	\$1,161,845	\$1,161,845		
<b>(9) Developer Fees</b>				
			\$2,434,765	
Developer overhead	\$200,000	\$248,661		\$248,661
Developer fee	\$2,310,158	\$2,261,497		\$2,261,497
<b>(10) Development Reserves</b>				
	\$125,000	\$302,953		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$21,740,542</b>	<b>\$22,946,086</b>	<b>\$18,666,529</b>	<b>\$19,906,288</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$18,666,529	\$19,906,288
High Cost Area Adjustment		100%	100%
<b>TOTAL ADJUSTED BASIS</b>		\$18,666,529	\$19,906,288
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$18,666,529	\$19,906,288
Applicable Percentage		3.56%	3.56%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$664,528	\$708,664

Syndication Proceeds	0.8000	\$5,316,226	\$5,669,309
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$664,528</b>	<b>\$708,664</b>
Syndication Proceeds		\$5,316,226	\$5,669,309
<b>Requested Tax Credits</b>		<b>\$670,194</b>	
Syndication Proceeds		\$5,361,550	
<b>Gap of Syndication Proceeds Needed</b>			<b>\$8,861,086</b>
<b>Total Tax Credits (Gap Method)</b>			<b>\$1,107,636</b>

# Residences at Sunset Pointe



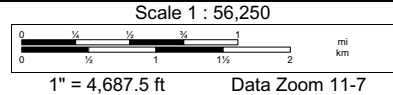
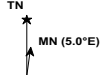
PMA  
20.72 sq mi

060609 Residences at Sunset Pointe

02459-The Park @ Sycamore School Apartments

02459-The Park @ Sycamore School Apartments

02484-Sycamore Center Villas Apartments



# Applicant Evaluation

Project ID # **060609**

Name: **The Residences at Sunset Pointe**

City: **Fort Worth**

LIHTC 9%     LIHTC 4%     HOME     BOND     HTF     SECO     ESGP     Other

No Previous Participation in Texas                       Members of the development team have been disbarred by HUD

National Previous Participation Certification Received:     N/A                       Yes                       No

Noncompliance Reported on National Previous Participation Certification:     Yes                       No

## Portfolio Management and Compliance

Total # of Projects monitored:   2  

Projects zero to nine:   2    
 grouped ten to nineteen:   0    
 by score twenty to twenty-nine:   0  

Projects in Material Noncompliance

Yes                       No

# in noncompliance:   0  

# monitored with a score less than thirty:   2  

# not yet monitored or pending review:   2  

Projects not reported Yes   
 in application No

# of projects not reported   0  

### Portfolio Monitoring

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

### Single Audit

Not applicable   
 Review pending   
 No unresolved issues   
 Issues found regarding late cert   
 Issues found regarding late audit   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

### Portfolio Analysis

Not applicable   
 No unresolved issues   
 Not current on set-ups   
 Not current on draws   
 Not current on match

Reviewed by   Patricia Murphy  

Date   4/20/2006  

### Multifamily Finance Production

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Reviewer   R Meyer    
 Date   4/19/2006  

### Single Family Finance Production

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Reviewer   Sandy M. Garcia    
 Date   4/20/2006  

### Real Estate Analysis (Cost Certification and Workout)

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Reviewer   David Burrell    
 Date   4/20/2006  

### Community Affairs

No relationship   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Reviewer   EEF    
 Date   4/21/2006  

### Office of Colonia Initiatives

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Reviewer   Raul Gonzales    
 Date   4/24/2006  

### Financial Administration

No delinquencies found   
 Delinquencies found

Reviewer   Melissa M. Whitehead    
 Date   4/26/2006  

**Acting Executive Director**   William Dally  

**Executed:**   Tuesday, April 25, 2006

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

## Public Comment Summary

### The Residences at Sunset Pointe

<b>Public Hearing</b>	
<i>Total Number Attended</i>	11
<i>Total Number Opposed</i>	8
<i>Total Number Supported</i>	3
<i>Total Number Neutral</i>	0
<i>Total Number that Spoke</i>	5

<b>Public Officials Letters Received</b>	
<i>Opposition</i>	4
<i>State Rep. Anna Mowry</i>	
<i>Commissioner Roy Brooks</i>	
<i>Councilmember Jungus Jordan</i>	
<i>Superintendent Greg Gibson</i>	
<i>Support</i>	0

<b>General Public Letters and Emails Received</b>	
<i>Opposition</i>	3
<i>Summer Creek Meadows HOA</i>	
<i>Wedgwood NA</i>	
<i>Meadows of CandleRidge NA</i>	
<i>Support</i>	0

<b>Summary of Public Comment</b>	
no public transportation	
no sidewalks	
lack of commercial development which affects employment opportunities	
school district inadequate to handle the influx of children due to rapid growth of single family homes in the area	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS  
THE RESIDENCES AT SUNSET POINTE APARTMENTS

PUBLIC HEARING

North Crowley High School  
9100 South Hulen Street  
Fort Worth, Texas

March 23, 2006  
6:00 p.m.

BEFORE:

TERESA MORALES, Multifamily Bond Administrator

*ON THE RECORD REPORTING*  
(512) 450-0342

I N D E X

<u>SPEAKER</u>	<u>PAGE</u>
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PUBLIC COMMENT:	
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P R O C E E D I N G S

MS. MORALES: My name is Teresa Morales, and I'm with the Texas Department of Housing and Community Affairs. And just to give you some idea as to how we're going to proceed this evening, first, I'm going to give a brief overview of the specific programs that the Applicant has applied for with our department. And following that -- the developer is here. And he will give a brief, ten minutes, presentation highlighting some specifics on the actual development itself. And then from there, there is a brief speech that I have to read for IRS purposes, and it will be at the conclusion of that speech when I will open the floor up for public comment.

So for those of you who wish to speak, if you have filled out the witness affirmation form and have handed that to me, it will be at that point when I will call you up, and you can make whatever comments you have at that time.

Okay. A couple of things that I wanted to mention first about the public hearings that the Texas Department of Housing has is that although this hearing is required for IRS purposes, the TDHCA takes comment not only on the bond issuance itself but on the specifics of the actual project. TDHCA schedules these hearings at a



time and location that are convenient for the individuals surrounding this area to attend; specifically, we hold these hearings in the evenings, where most individuals can be present.

The two programs that the Applicant has applied for with our Agency. One is the Private Activity Bond program, and the other is the Housing Tax Credit program.

Both of these programs are federal programs that were created to encourage private industry to build safe, quality housing that is affordable to individuals and families with lower-than-average incomes.

The first program, the Private Activity Bond program, has to do with the issuance of tax-exempt bonds.

When we say tax-exempt, it is not to be confused with the property tax exemption; it is a tax exemption to the purchaser of those actual bonds. They are tax-exempt in the sense that the purchaser does not have to pay taxes on that particular investment.

The other program that the Applicant has applied for is the Housing Tax credit program. Basically, what this does is -- it provides equity for the actual development as a means of financing.

In terms of compliance, the state does have its own compliance monitoring system in that the compliance

period with the state is for the greater of 30 years or as long as the bonds are outstanding. Specifically, we have a compliance division within our department that will look for such things as income restrictions; they will look at tenant occupancy to make sure that everyone who is living in that particular development is supposed to be living there. We will also look at the physical appearance of that particular project.

And one of the other things that I wanted to mention is that there are tenant services involved. So with each development, the developer will choose certain services that he will offer to the actual tenants of that project. And what he will do is tailor those services to the needs of the residents that will live there.

I wanted to briefly highlight -- well, I guess I'll -- the developer, Dan Allgeier, is here. And he will come forward --

If you could.

-- at this point to give a brief presentation on the actual development and highlight some specifics and also give some history of his particular company.

MR. ALLGEIER: Thank you, Teresa.

My name is Dan Allgeier, and I'm with NuRock Development. NuRock is proposing the development of the

Residences at Sunset Pointe. Let me tell you a little bit about NuRock, first of all.

NuRock has developed over 5,000 units of apartments throughout the southwest and the southeast parts of the country. In Fort Worth, we have currently the Residences at Diamond Hill -- in Fort Worth -- which is a successful property on the north side of downtown. In addition, we have a property under construction in Corinth, between Denton and Lewisville, that is very similar in nature to what is proposed here in southwest Fort Worth.

I don't have photographs of that property, because it is at a construction stage where the photographs aren't -- they're construction-type photographs. But the rendering here and the handouts which are available to everyone show the general character of the property.

NuRock has won several awards for our construction and our management. We do the development and the construction, and we manage the property. And retain our properties long term. We keep them; we don't build them and sell them. If you want more information about NuRock, you can look at our web page, NuRock.com -- N-U-R-O-C-K.

This particular project, the Residences at Sunset Pointe, is an affordable project that will be leased to residents that make less than 60 percent of the median income for the area. The location is about 600 feet west of the intersection of Sycamore School Road and the new routing of Granbury Road, which I believe is now called Summer --

MALE VOICE: Creek.

MR. ALLGEIER: -- Summer Creek Road. It's 224 units of rental apartments; it's in an area that has a demonstrated need for affordable housing. It's two-story construction and only 13 units per acre, which is a relative low density. The exteriors will be at least 75 percent brick and the balance being hardy plank cement-type siding.

The units are large. All new apartments are built with larger units now days. They have ceiling fans, designer kitchens, sun rooms, patios or balconies, laundry connections in each unit for full-size washers and dryers, nine-foot ceilings, and they're very energy efficient. I'm very proud to say that NuRock builds a very nice product, something we're very proud of. You're welcome to look at the Residences at Diamond Hill at any time, and you can see what type of product that we do build.

The project will be gated and fenced. We will have 112 detached garages in addition to the surface parking.

We'll construct a large community building with a game room offices, maintenance facilities, a library, a business center with a fax and computers and printers, a fitness center and, what we're very proud of, an after-school and summer program center utilizing our Breakout program. We do an excellent job and are very proud of our program in that area. We'll also have a swimming pool and playgrounds.

That's what we're proposing. This area has a demonstrated need for housing. It is -- the property is properly zoned. We have new roads; we have water and sewer available. It's a very viable project in very much of a growth corridor in one of the fastest growing cities in the country.

Obviously, I'm open for questions, but at this point, I'm -- unless anybody has any questions.

(Pause.)

MS. MORALES: As I indicated earlier, there is a brief speech that I need to read for IRS purposes. And at the conclusion of this speech is when I will open the floor up for public comment.

Good evening. My name is Teresa Morales, and I would like to proceed with the public hearing. Let the record show that it is 6:24 p.m. Thursday, March 23, 2006, and we are at the North Crowley High School, located at 9100 South Hulen Road, Fort Worth, Texas.

I am here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issuance of tax-exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing.

The Department's board is scheduled to meet to consider the transaction on May 4, 2006. In addition to providing your comments at this hearing, the public is also invited to provide comment directly to our board at any of their meetings. The Department staff will also accept written comments from the public up to 5:00 p.m. on April 21, 2006.

The bonds will be issued as tax-exempt

multifamily revenue bonds in the aggregate principal amount not to exceed 15,000,000 and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs, the Issuer.

The proceeds of the bonds will be loaned to Sunset Pointe Housing Partnership, Ltd., or a related person or affiliate thereof, to finance a portion of the costs of acquiring, constructing and equipping a multifamily rental community described as follows: A 224-unit multifamily residential rental development to be constructed on approximately 17.6 acres of land located approximately between the 5000 and 6000 blocks of Sycamore School Road and approximately 50 yards west of the northwest corner of Granbury Road and Sycamore School Road, Tarrant County, Texas. The proposed multifamily rental housing community will be initially owned and operated by the borrower or a related person or affiliate thereof.

I would like to now open the floor up for public comment. And the first person that we have is Councilman Jungus Jordan.

MR. JORDAN: I would prefer to go last.

MS. MORALES: Okay.

Superintendent Greg Gibson?

MR. GIBSON: Good evening, and welcome to North Crowley High School, one of the many campuses of Crowley ISD. And I'll try to be succinct.

I've provided handouts of a facts sheet, and I want to talk off of that for just a moment -- and then a Crowley ISD forecast sheet and then a Power Point presentation that was recently conducted by our school demographer, Bob Templeton, of the Planware Systems in a nearby elementary school at an elementary boundary hearing. That information, I think, is very appropriate for tonight's discussion.

My purpose of being here tonight is to talk about the school growth in this area and the impact of that obvious growth on our school system, and then I'll touch briefly on the percentage of students from multifamily and how that increases the schools' mobility rate.

Talking off of the facts sheet first, to the -- and I won't go into every detail, because I understand that time is very limited. And --

MS. MORALES: You can -- whatever.

MR. GIBSON: Okay.

I'm qualified to be a superintendent, because I



can say in six hours what anybody else can say in six minutes. So I'll try to keep that under consideration.

But in looking at the middle of the facts sheet, we have 17 campuses, with an additional campus opening nearby off of Wildflower Way and Summer Creek. In the Summer Creek area, we have a new campus opening. We're currently opening about a campus a year, with several major innovation projects.

First and foremost, I want to look at the Board of Trustees' vision statement and make sure that I'm quite clear that my comments tonight are not about children and they're not about students, and any child whose feet cross the threshold of a door of a Crowley ISD facility -- any child -- will receive an education that is unsurpassed by any other district. They, any student in Crowley ISD, receives -- no matter where they come from, they receive the utmost care and always gain from their experience in Crowley ISD.

So tonight I would like to point out the vision statement. And I won't read all those, but it is the vision of Crowley ISD to have students achieve at all levels, and that absolutely means all students.

Moving to the forecast sheet, I wanted to share this. And I apologize for some of the notes in the side.

In fact -- and it's not a setup. I -- they did not write it out.

But I think it indicates -- there's a comment -- and I believe it's handwritten -- over there that we were trying to get an additional apartment complex at another campus on the other side of our school district. We were trying to determine whether a multifamily unit was included in that, and it was. And so we were trying to get that count.

What I would like to draw your attention to are four campuses. And in the interest of time, instead of looking at the whole sheet, we'll just go to the middle of the elementary: Meadowcreek, Carden, Oakmont and Dallas Park. Those are the elementary schools that are in this general vicinity of where we stand right now and the ones that would be most impacted by this development.

If you look at Meadowcreek -- and you see the line that says, "Meadowcreek"? 2005: 894 students. And then below that, our demographer has put the capacity of that building. So you can start tracking Meadowcreek Elementary School, and it's over capacity at this point and continues to gain as the years go on.

Carden Elementary, which would be impacted, as well, is about a hundred students over capacity right now.

And that will increase, as you can see, year after year.

And I would tell you that as you get out to '08, '09 and '10, obviously, the numbers get fuzzier in our forecast. We feel really good for two or three years, and then you get out further than that, and it's based on closings -- predicted closings on lots that I'll share in just a moment.

Oakmont Elementary School and Dallas Park Elementary School -- Oakmont is at 847 this year, and a 714 capacity. And Dallas Park is at -- that's the school that -- you can actually walk out this door and look across the retention pond, and you can see the back of that school building. It's at 1,041 right now, and the capacity in that building is 748.

The reason that those drop the next year is due to our new elementary school. And we will successfully get Dallas Park Elementary next year to only a hundred over capacity with the construction of our new elementary school. And I think that's important to point out.

Going down to the two middle schools at the bottom -- I apologize. It's hard to get a capacity number for middle schools. We look at about 900 to 1,000. And you can see that capacity is blank on those. And it actually depends on -- for instance, this building houses

1,700 students, and we're stretching the capacity of the actual room that we're standing in right now. Cafeteria and library services -- those become the issues.

We look at our middle schools at 900 to 1,000 capacity. And as you can see, at both of our middle schools, particular Crowley Middle School, which is in the feeder pattern that this development would be in, is the bottom one -- Crowley Middle School. And it is currently at 1,235 students.

I checked the other day. And I think that that is the largest middle school in Tarrant County. That's not something that we're going to put on our facts sheet that we're proud of. That's not a good thing. But it is one of the largest if not the largest middle schools in Tarrant County currently, and we do have plans for an additional middle school, but they are several years off.

I also brought a copy of our demographic report just for some general information. It's a copy of the Power Point. I will not go into all those details, but I do think I want to try to present some of the facts.

We are at -- and actually, this is a few months old. We're at 13,688 today as we stand today. If you look at page 2 on that document -- we pull all of that from our demographer with home closings. And then I don't

know if you all are familiar with Planware, but he pulls up all the city platting information. I'm sure you all are familiar with that.

And you can see that in 2004, we -- if you look at the bottom, in 2004, we had about 1,135 closings. Now, in two quarters that we've got that we have measured so far in '05, we had 475. So we're on track to do about 1,100 homes closed in Crowley ISD. And that's in the entire district.

And if you look at page 3, one thing that I would like to point out is in the ranking of the metro study. We're down at Number 12 -- Crowley ISD.

And you can see that the starts and closings, at about 1,200 starts and 1,100-some-odd closings, a year, as you start to move to the right across that document, 11,949 future lots. And then when you put in the total of VDL and future lots, we've got 15,252 lots that are approximately -- are getting very close to being ready to be constructed on.

And so I guess the reason we share that is that in light of our current capacity, the growth that is occurring from that is quite adequately filling up our schools. On page 4, we're projected by 2015 to be at 27,875 students.

And I think in the interest of time, I will just let those be the facts that I will submit to the group. I did mention earlier that I would like to address mobility and one thing specifically. And I'm going to state this quite clearly, and I'm glad that there's a microphone here for the record.

This is not about any individual students. We do know that our mobility rate increases with multifamily units. And our mobility rate right now in Crowley ISD is actually higher than many other suburban districts. And I've tried to trace that back to why that is the case, and I won't borrow Councilman Jordan's time, but I do know that our multifamily ratio is over the Fort Worth master plan.

And I wasn't trying to suck up to the councilman, but I brought my copy of my Fort Worth master plan over there tonight. Our ratio is higher than the Fort Worth master plan, and that is why our mobility rate in Crowley ISD is higher than many other suburban schools' -- I'll just say it that way -- around the Fort Worth area.

And so, again, any student that comes in -- we're going to address their educational needs. We just ask for some balance. We ask for there to be balance in

this process, and we just ask for that to be considered as these developments are considered. Thank you.

I'm used to taking questions, but tonight I don't have to -- unless you want me to.

MS. MORALES: No. Thank you.

Next we have Marilyn Gibbs.

MS. GIBBS: Good evening. My name is Madelyn Gibbs, and I am here this evening representing our District 6 Alliance. And I want to thank the state of Texas and TDHCA for this opportunity to speak before you this evening.

For the record, I would like to enter this in: That our District 6 Alliance is made up of approximately 25 neighborhood associations. Those 25 neighborhood associations were not notified of this proceeding; nor were they notified about this development. And in the past, I have participated in these types of hearings with TDHCA, and our neighborhoods were notified, and we were able to testify at those hearings.

So there was obviously a miscommunication or misunderstanding, maybe on my part, in the communication process, but, nevertheless, we would have had all of our neighborhood associations represented this evening at this particular hearing.

Our neighborhood associations are in opposition to this particular project. Three of -- our main reason is that there is no public transportation in this area. We are struggling now within our district for public transportation for areas that have existed for many, many years. We have no viable sidewalk development at this time, nor do we throughout our district -- and, again, we are working on that throughout our district for properties that have been in existence for many, many years.

There's also no viable economic opportunities for employment in our district. We are a district of rooftops and of housing.

Also, in our neighborhood in the past, our District 6 Alliance has worked very closely with other projects of this type that have secured funding through the state and through our county and through the federal government, and they are: The Park at Sycamore School Road, the Sycamore Point Villas and Apartments, a new complex that is being built now that's on 1187, the Candletree Apartments and Legacy Apartments. And then we also have a number of other apartment complexes, duplexes and rental properties that qualify for what we call the housing voucher program.

Those properties are not 100 percent filled.



And so there are a number of opportunities that exist throughout our district that are within a quarter of a mile or a half mile of this proposed project and within one mile of this proposed project that offer what we like to call quality affordable housing.

We like quality affordable housing; we want that to be something that is offered in our district. It's very important to us. This particular project is not appropriate in this particular location. Thank you.

MS. MORALES: Thank you.

Next we have Bryan Jennings.

MR. JENNINGS: Hi. My name is Bryan Jennings; I'm the President of the Wedgewood Neighborhood Association. I am here to represent the association and register an opposition to this proposal. The opposition is based on a few key things.

There are not any jobs specifically available in the area for a large influx of people. There is no public transportation that's within walking distance or an acceptable distance to the location. We have a lot of property, a lot of areas, that fit this type of need in our neighborhood that are currently vacant.

We have -- this property is probably not going to have any economic impact. You've got folks that are

going to be trying to serve retail outlets for food and for clothing, which we have a lot of, but it's not within a walking distance; again, we don't have any public transportation. Also, our schools are already burdened.

So these are the points of the Wedgewood Neighborhood Association that we came to a consensus on. We had a majority vote, and the vote was in opposition. So thank you for your time.

MS. MORALES: Thank you.

Next we have Marty Bitter.

MR. BITTER: My name is Marty Bitter; I reside at 4813 Barberry Drive, Fort Worth, Texas 76133. I come before you here tonight, and I represent the Meadows of Candleridge Homeowners Association, a homeowners association of 750 single family homeowners.

Our boundaries are within one-half mile east of the proposed site. Our north boundary is Sycamore School Road, our south boundary is Columbus Trail, our east boundary is Hulen, and our west boundary is Grassland.

First and foremost, I want to thank the Texas Department of Housing and Community Affairs for this opportunity to speak at this hearing. Secondly, however, I'd like to point out that neither I nor any board member was made aware of this meeting until just recently, and I

think it's a tragedy that we were not given a fair and far enough notice.

Let me start out by saying that our association supports the concept of affordable housing; I, however, as the board is, am concerned, dismayed and disappointed in the selection of this location in southwest Fort Worth. On March 1, I sent a letter to the executive director of the Texas Department of Housing and Community Affairs. Let me just highlight the gist of this letter.

This says, "Our organization, the Meadows of Candleridge, a neighborhood association, opposes the proposed development for the following reasons. The surrounding area is undeveloped and bounded by single family housing on the east side, with no sustainable commercial development in place. Secondly, there is no public transportation service in this area.

"Thirdly, there are no retail or service-related businesses within walking distance of the proposed project. Fourthly, there are no employment opportunities, due to the lack of commercial development in this southwest corridor.

"There are many apartment complexes with over 500 units readily available at any time within a one-mile radius of this proposed project that offer many levels of

affordable housing, such as the Park, the Candletree, the Valhalla and a number of senior citizens' complexes. And most importantly" -- which has been addressed -- "the school system is inadequate to handle the influx of children due to the rapid build-out of single family housing."

Although the Meadows of Candleridge Neighborhood Association opposes this particular project at this location, once again, I reiterate, we do support affordable, quality housing to all citizens of our great city. We are proud that our entire community offers many different types of housing opportunities at all economic levels. Thank you for your time and consideration.

MS. MORALES: Thank you.

Are there any other individuals who wish to speak at this time?

(No response.)

MS. MORALES: Okay. Last, I'll have Jungus Jordan.

MR. JORDAN: Thank you very much. First let me say I am Jungus Jordan, for the record. I am the council member representing District 6. I represent the 80,000 individuals living in that district, and I could have asked that those 80,000 or a large portion of them show up

for your hearing tonight; I did not, in the interest of brevity.

We did make some contact with several of the neighborhood associations immediately available. You've heard from two in close proximity, and you have letters from the other two in close proximity. And those are the four -- Summer Creek and Summer Creek Meadows. And I believe, in your records, you also have a letter from me on both tax credits and on the bond package and from Representative Anna Mowery, who is in the Texas State Legislature and represents this district.

Let me go on record in that I oppose very much this location. I am not opposed to and have gone on public record and will continue to go on public record as supporting quality affordable houses, both in my district and in this city. And the city council has been very active in promoting quality affordable housing.

The reason that I oppose this location is that they're not supportable logistically. What we will have if we build this location is an island of occupants that we cannot support with transportation, with jobs or with retail facilities. And as Mr. Gibson has pointed out, it'll put a large strain on our school.

Now, the job of a council member and the job of

a school superintendent, of course, is to support those people that come to live in our district. And we will treat them no differently.

But in this case, we have gone on record on Sycamore School Road supporting quality affordable housing, both single family and multifamily, but multifamily here bordered -- and one of the issues that we have along the new proposed Southwest Parkway 121 in this area is that there's a large segment -- too large of a segment of zoning for multifamily.

And one of the issues here is that there was a parcel of land zoned multifamily that appeared appropriate to the developer, and I can understand. I met with the developer on March 6, and I expressed my concerns. You should also have a letter on file from our city staff, which is the certification requirements that you place on housing, saying that we have some questions regarding this operation.

The closest grocery store to this location falls barely on the line of the one-mile radius. It's a Kroger, and it's on the opposite side of the railroad tracks. There are no bus lines. I have been fighting with our local mass transportation to increase the bus service to our existing communities, and they've told me

they cannot do it, because of their budget constraints.

And if you drive down Sycamore -- and I don't know if that's -- part of the process for the Commission or the Board is to drive the area -- you'll see that this is a vacant field adjacent to a railroad track and an electrical transmission power plant -- lines. If you drive to the east on Sycamore School Road, you will pass no fewer than 15 different apartment complexes from Granbury Road to I-35.

The closest retail convenience store is a Mobil location at the corner of Dirks Road, Altamesa and Granbury road. It's a small service station.

We are attempting to quantify the jobs -- not just the jobs in the one-mile proximity or the three-mile proximity, as required by your rules, but in the entire district. The largest employer in my district is the school district and the Wal-Mart. And the Wal-Mart is at the three-mile line for this residence.

One of the biggest concerns I have for the citizens of District 6 is the commercial facilities in our facility -- retail outlets. It is very difficult to find anything but a fast-food restaurant in this entire district, let alone in proximity to this proposed development.

So I noted that there will be a board hearing on May 4. And I will plan to attend that. If numbers help, I'll be happy to have that represented either in the mail or by personal representation. But to me, lining up people emotionally to object to this is counter-productive to the program that I support, and that is quality affordable housing.

We're not here to create fear of quality affordable housing; we're here to tell you that's not where we want it. And I feel that way very strongly. So thank you.

MS. MORALES: Thank you.

Okay. Let the record show that there are 11 attendees. The meeting is now adjourned, and the time is 6:52.

One of the items that Council member Jordan had mentioned was the site and exactly where it is located and the characteristics of that site. And I did want to mention that while we are here to conduct the public hearing, we actually do go out and drive around the actual neighborhood and take note of characteristics around certain services, and stuff like that.

MR. JORDAN: I'll avail of myself to go with you.



MS. MORALES: All right.

Okay. One of the things that I wanted to draw your attention to if I could is the handout that's on the table in the front, some key things that I wanted to mention.

On the first slide, the Residences at Sunset Pointe Apartments Development received a reservation of allocation on February 24, 2006. Once a reservation is issued, the developer has 150 days to close on that actual transaction. The Residences at Sunset Pointe Reservation, with that being said, will expire on July 24, 2006. So the Applicant has until that date to actually close.

Again, I did state that the board meeting at which this particular application will be presented will be May 4. And, also, to let you know, if you plan on attending, that board meeting will not be held in Austin, but it will be held in McAllen. And more specifics as far as the actual location and stuff like that can be found on our web site.

Also in your handout is my contact information.

For those of you who wish to, if you haven't already submitted any kind of written comments, you're more than welcome to submit those to me. You can send them through e-mail or through regular mail. My contact information is

on there.

And again, I would just like to stress that for those of you who haven't, if you could, please sign in at the front table. And please be sure to indicate whether you support or oppose this particular project.

With that being said, please rest assured that all of your comments are being recorded and this transcript in its entirety will be presented to our board. So all of your comments will be noted.

Okay. I would like to thank all of you for coming out this evening. Again, your comments have been recorded. Thank you for your time.

(Whereupon, at 7:00 p.m., this hearing was concluded.)

C E R T I F I C A T E

IN RE: The Residences at Sunset Pointe Apartments

LOCATION: Fort Worth, Texas

DATE: March 23, 2006

I do hereby certify that the foregoing pages, numbers 1 through 30, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Barbara Wall before the Texas Department of Housing and Community Affairs.

03/29/2006  
\_\_\_\_\_  
(Transcriber) (Date)

On the Record Reporting, Inc.  
3307 Northland, Suite 315  
Austin, Texas 78731



227 Sandy Springs Place  
D103-184  
Atlanta, Georgia 30328  
(770) 552-8070 • (770) 552-8748 fax

May 26, 2006

The Honorable Beth Anderson, Chair of the Board  
The Honorable C. Kent Conine, Vice Chair of the Board  
The Honorable Shadrick Bogany, Member  
The Honorable Sonny Flores, Member  
The Honorable Vidal Gonzalez, Member  
The Honorable Norberto Salinas, Member  
**Texas Department of Housing and Community Affairs**  
221 East 11th Street  
Austin, Texas 78701-2410

RECEIVED  
MAY 30 2006  
LIHTC

**RE: The Residences at Sunset Pointe Apartments #060609**

To the Honorable Ladies and Gentlemen of the Board:

At the last TDHCA Board meeting on May 4<sup>th</sup>, the Board voted to table our request for approval of the issuance of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits where TDHCA is the issuer until the June 9<sup>th</sup> meeting. It was our understanding that the Board requested that we, the Applicant ("NuRock/Sunset Pointe"), have some additional discussion with certain representatives of the City of Fort Worth, such as Councilmember Jungus Jordan.

We are pleased to announce that based upon your request, we have met and held discussions with both Councilmember Jordan and Commissioner Roy Brooks in addition to other staff members of Fort Worth. During the discussions, it became rapidly apparent that long term management practices and quality social services for the resident's children were a priority for the City. These are high priority items for The NuRock Companies as well. As a follow up to the discussions, we forwarded to both Councilmember Jordan and Commissioner Brooks a detailed information packet that discusses The NuRock Companies' philosophies and introduces our award winning services component known as the **BreakOut™** Program. In addition to the information packet, we forwarded a copy of a television segment that aired on HGTV's Dreambuilder's series and featured NuRock's developments and **BreakOut™** programs. We are enclosing this information, which includes both the information packet and the segment by DVD and VHS format. We hope you will peruse this information and take the time to see the Dreambuilder's segment.

Although now a moot point since our discussion with Councilmember Jordan and Commissioner Brooks, we did want to address the original topic that was brought to the Board in May, that being the possibility of having market rate income units at the Sunset Pointe Development. We requested that the Market Study Analyst provide us with the estimate of the market rate rents that could be expected to be achieved at the development. We have attached the market study opinion under Tab 1 in the enclosed "Response Packet" for your review. In short, the Analyst is of the opinion that adding market rate units is not prudent for this development. The market rate rents would not be significantly higher than the income restricted rents, and that would not provide the necessary increase needed in potential gross income. This, along with the loss of tax credit equity as a result of the added market rate units would make the development financially infeasible.

We have also had the chance to review the package of information Councilmember Jordan presented to the Board at the last Board meeting. We have attached that information under Tab 4 of the enclosed information packet. We have further broken out certain elements of that package in order to provide additional comments. Please note the following:

1. In the package presented to the Board, The Honorable Mayor of Fort Worth provided a letter to the Board stating that he opposes the proposed development based upon the presumption that the development is inconsistent with the Comprehensive Plan and stated objective. We requested that Jackson Walker, L.L.P. review the *Comprehensive/Consolidated Plan* in order to determine whether this is accurate. Please find attached a letter from the law firm of Jackson Walker. Jackson Walker has extensive experience in Fort Worth and Fort Worth government in particular. According to Jackson Walker, the proposed development is not inconsistent with the *Comprehensive/Consolidated Plan*, nor any of its stated objectives. Based upon Jackson Walker's review of the documents, it is Jackson Walker's position that the City itself has taken the position that The Residences at Sunset Pointe is consistent with the City's *Consolidated Plan*. This can be found under Tab 2 of the enclosed information packet.
2. Included in the package presented to the Board was a letter dated March 23, 2006 from the Assistant City Manager to the Applicant. The letter stated that questions had arisen regarding the determination on whether the proposed development was consistent with the *Consolidated Plan*. Earlier that month, on March 10, 2006, the City sent the Applicant a letter affirmatively stating that the proposed development complies with the City's general strategies contained in the *Consolidated Plan*. This letter was not contained in the package presented to the Board.

Additionally, on April 18, 2006 the Applicant received another letter from the Assistant City Manager. This letter again affirmatively stated that the proposed

development is consistent with the City's *Consolidated Plan*. This letter was also not contained in the package presented to the Board. The letters dated March 10<sup>th</sup>, March 23<sup>rd</sup> and April 18<sup>th</sup> can be found under Tab 3 of the enclosed information packet.

3. Included in the package was City of Fort Worth Resolution #3339-04-2006, which promotes the dispersion of quality, affordable housing into neighborhoods through the City of Fort Worth. It is important to note that this Resolution was passed on April 25, 2006, months after the Applicant had already submitted its application to TDHCA. The resolution specifically states that:
  - i. The City Council hereby encourages the dispersion of quality, affordable housing into neighborhoods throughout the City of Fort Worth;
  - ii. The City Council encourages a 5 – 20% quality, affordable housing component in all multi-family residential developments; and
  - iii. The City Council hereby requests City staff to encourage developers of multi-family residential projects to incorporate an appropriate percentage of quality affordable housing into their projects by making available to them suitable Housing and Economic Development programs, including incentives.

The language contained in the Resolution is encouraging an affordable housing component in multi-family developments. It does so by encouraging incentives through the Housing and Economic Development programs of the City. Based upon our review, the proposed development more than accommodates this Resolution in spite of the fact that this Resolution was passed well after our application was submitted to TDHCA. The Applicant has determined that the best financial model for this development is to make the proposed development 100% affordable and further has not requested any incentives from the City in order to do so. This frees up scarce Housing and Economic Development program resources to encourage other non-affordable (otherwise market rate developments) to provide an affordable element to their projects as well.


In summary, this project has passed all of the written TDHCA QAP requirements. It is financially feasible and has passed the market study analysis requirements. It has received TDHCA staff's recommendation to the Board to approve this project. The Applicant has received not one (1), but two (2) letters from the City stating that the project is consistent with the City's *Consolidated Plan*. We have demonstrated that it would not be prudent for the development to add market rate units, as it would make the project financially unfeasible. We have, as requested by the Board, engaged in educational discussions with the City, we have provided additional information to the City on The NuRock Companies' philosophies and services, and have determined that based upon our discussions, the City's first priorities are on property management practices and supportive services.

Based upon the above, we respectfully request that the Board favorably consider the June 9<sup>th</sup> request for issuance of Multi-Family Revenue Bonds for this development. The project's plat has been approved by the City and the City will be ready shortly to issue building permits for this development. In short, this Applicant has expended significant funds to make this much needed affordable housing development ready for immediate construction and has taken great care to fully and completely conform to all TDHCA written requirements.

Your kind consideration of this request is greatly appreciated.

Sincerely,

**Sunset Point Housing Partners, LP**  
**By: NDG Sunset Pointe, LLC its general partner**

  
\_\_\_\_\_  
**Robert Hoskins, its manager**

cc: Robbye Meyer, Acting Director of Multifamily Finance, TDHCA

Tab 1



## Ipser & Associates, Inc.

2616 Stadium Drive Fort Worth, Texas 76109-1371  
 817/927-2838 Fax 817/927-0032 Cell 817/946-8969  
 e-mail [ipser@ipserassoc.com](mailto:ipser@ipserassoc.com)

May 10, 2006

Mr. Daniel Allgeier, Vice President  
 NuRock Development  
 580 Decker Drive, Suite 208  
 Irving, Texas 75062

Reference: Market Study for The Residences at Sunset Pointe,  
 5500 Sycamore School Road, Fort Worth, Tarrant County, Texas  
 dated January 12, 2006 and modified per TDHCA instructions April 21, 2006

Subject: Option to add market rate units to the proposed project

Dear Mr. Allgeier:

In accordance with your request, we have reviewed the referenced market study regarding the prospective demand and the potential rental income for market rate units at the proposed apartment complex. As proposed, The Residences at Sunset Pointe offers affordable housing in Southwest Fort Worth, one of the city's strongest growth paths. The subject's location is within one to three miles of middle to upper income single family homes, high-end multi-family complexes, extensive retail, restaurant and service establishments, and employment centers at the nearby institutional and healthcare facilities. However, there are also some older multi-family complexes offering average to good quality housing at affordable rates.

Based on the market study of the existing housing in the area surrounding the subject, the estimated market rate rents for the proposed project are:

	<i>Income Limit</i>	<i>Unit Size</i>	<i>Indicated Market Rent</i>	<i>Proposed Rent</i>	<i>Difference</i>	<i>% of Market</i>
<i>1Bd-1b</i>	60%	850	\$615	\$650	(\$35)	105.7%
<i>2Bd-2b</i>	60%	1,029	\$760	\$777	(\$17)	102.2%
<i>3Bd-2b</i>	60%	1,150	\$920	\$897	\$23	97.5%
<i>4Bd-2b</i>	60%	1,300	\$1,010	\$1,002	\$8	99.2%

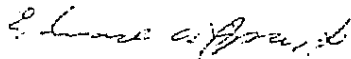
May 10, 2006  
Mr. Daniel Allgeier, Vice President  
NuRock Development  
Page 2

The subject, which is planned and designed as affordable housing, cannot command the same rental rates as the nearby complexes designed for the somewhat higher income segment of the rental market. It must be noted that although occupancy is above 90% in the conventional apartment complexes, this occupancy is being sustained by extensive concessions to the quoted rents. Furthermore, a complex planned and designed as affordable housing cannot be expected to attract and significantly draw higher income tenants willing to pay substantially higher rental rates. The market rate units at Sycamore Pointe, a Housing Tax Credit (HTC) complex that opened in May 2002, are an indicator of the limitations on unrestricted rental rates. The highest rent for a 1,438 Sq.Ft. four-bedroom unit at Sycamore Pointe is \$1,040, which includes, at no additional charge, a garage for every unit. As shown above, the proposed rents for The Residences at Sunset Ponte for income qualified tenants, i.e., the restricted rents, are essentially equal to the unrestricted market rate rents.

It must also be noted that two of the most recently built HTC complexes in the area, Parks at Sycamore School, built in 2004 and Sycamore Center Village, completed in 2005, do not include any market rate units. Furthermore, the restricted rents at 60% of the Area Median Income (AMI) are below the 2005 limits as established by HUD.

In our opinion, adding market rate units without income restrictions is not prudent. The units could be filled, but at essentially the same rents as the income restricted units. Thus, there would be no significant increase in the potential gross rental income.

Sincerely,



Edward A. Ipser, Sr.

# Tab 2

ATTORNEYS & COUNSELORS  
901 Main Street, Suite 6000  
Dallas, TX 75202  
(214) 953-6000, Fax (214) 953-5822  
www.jw.com



Susan Mead  
(214) 953-5926 (Direct Dial)  
smead@jw.com

May 26, 2006

Mr. Robert Hoskins  
Mr. Dan Allgeier  
The NuRock Companies  
580 Decker Drive  
Suite 208  
Irving, Texas 75062

Re: The Residences at Sunset Pointe; Fort Worth, Texas.

Dear Gentlemen:

You have posed several questions regarding your proposed development, The Residences at Sunset Pointe (the "Development"), located in the City of Fort Worth (the "City"). First, is the Project consistent with the City's *Consolidated Plan*? Second, how does City Council Resolution No. 3339-04-2006 passed on April 25, 2006 impact the *Comprehensive Plan* and to the Project. And, third, is the City allowed to modify existing ordinances and regulations to negatively impact the Project?

First, in regard to the *Consolidated Plan* you presented us with copies of three letters from the City dated March 10, March 23, and April 18, 2006, all of which are attached hereto. According to two of the three attached letters from the City, the City has affirmed that the Development is in fact consistent with the City's Consolidated Plan. In the letter dated March 10, 2006, the City states, "This letter serves as official confirmation that your proposed development, The Residences at Sunset Pointe Apartments, is consistent with the City's Consolidated Plan." And, in the letter dated April 18, 2006, the City reaffirms its conclusion, "Therefore, as previously indicated, this project is consistent with the City's Consolidated Plan."

As you are aware, the City did issue an interim letter on March 23, 2006 indicating that there were questions regarding the initial determination of consistency as stated in the March 10, 2006 letter; however, on April 18, 2006, a subsequent letter was issued which reaffirms the first letter. Based on the attached series of correspondences, the City has clearly taken the position that The Residences at Sunset Pointe is consistent with the City's *Consolidated Plan*.

Austin  
Dallas  
Fort Worth  
Houston  
San Angelo  
San Antonio

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4271349v.1 127140/00002

Second, with regard to Resolution No. 3339-04-2006 ("Resolution"), dated April 25, 2006, attached hereto, it appears that the City is merely expounding on its commitment to affordable housing. Specifically, the Resolution expresses that the following goals are important to the City:

The City Council hereby *encourages* the dispersion of quality, affordable housing into neighborhoods through the City of Fort Worth;

The City Council *encourages* a 5 – 20% quality, affordable housing component in all multi-family residential developments; and

The City Council hereby requests City staff to *encourage* developers of multi-family residential projects to incorporate percentage of quality affordable housing into their projects by making available to them suitable Housing and Economic Development programs, including incentives.

(emphasis added). In no instance does the Resolution require a certain mix of affordable housing but, rather it *encourages* certain actions such as dispersion by multi-family developers. When taken in context, the Resolution, appears to be aimed at encouraging an affordable housing component into market rate multi-family projects.

Third, Chapter 245 of the Texas Local Government Code, provides protection for certain property rights by allowing those rights to vest upon the filing of an application. In relevant part, Sec. 245.002 of the Texas Local Government Code states:

- (a) Each regulatory agency<sup>1</sup> shall consider the approval, disapproval, or conditional approval of an application for a permit solely on the basis of any orders, regulations, ordinances, rules, expiration dates, or other properly adopted requirements in effect at the time:
  - (1) the original application for the permit is filed for review for any purpose, including review for administrative completeness; or
  - (2) a plan for development of real property or plat application is filed with a regulatory agency.
- (a-1) Rights to which a permit application is entitled under this chapter accrue on the filing of an original application or plan for development or plat application that gives the regulatory agency fair notice of the project and

---

<sup>1</sup> "Regulatory agency" means the governing body of, or a bureau, department, division, board, commission, or other agency of, a political subdivision acting in its capacity of processing, approving, or issuing a permit.

the nature of the permit sought. An application or plan is considered filed on the date the applicant delivers the application or plan to the regulatory agency or deposits the application or plan to the regulatory agency....

- (b) If a series of permits is required for a project, the orders, regulations, ordinances, unless, expiration dates, or other properly adopted requirements in effect at the time the original application for the first permit in that series is filed shall be the sole basis for consideration of all subsequent permits required for the completion of the project. All permits required for the project are considered to be a single series of permits. Preliminary plans and related subdivision plats, site plans, and other development permits for land covered by the preliminary plans or subdivision plats are considered collectively to be one series of permits for a project.

With regard to the Development, it appears that you have taken several actions which support the vesting of the project under the Texas Local Government Code. You have worked simultaneously with two regulatory agencies, the Texas Department of Housing and Community Affairs ("TDHCA") and the City to advance the Development. Respecting the City, you have advised us that the following steps were taken:

- |                   |   |
|-------------------|---|
| June 25, 2003     | A Preliminary Plat application was filed for a larger tract which includes the Development area.  |
| January 2, 2006   | A Consolidated Plan Consistency Certification application was made with the City's Housing Department.  |
| February 27, 2006 | A Final Plat application for the Development area was submitted, reviewed by City Staff, and is in the final stages of being filed.                                     |
| March 6, 2006     | A Unified Residential Development Site Plan ("URD") application was filed and all applicant revisions were completed. The URD is pending final execution by City Staff. |

Respecting the TDHCA, you have advised us that the following steps were taken:

- |                   |  |
|-------------------|--|
| November 20, 2005 | Application to TDHCA for bond allocation and tax credits |
| January 18, 2006  | TDHCA issues the inducement resolution.                  |
| February 8, 2006  | Application to the Texas Bond Review Board ("TBRB").     |

Mr. Robert Hoskins  
Mr. Dan Allgeier  
May 26, 2006  
Page 4

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February 24, 2006 TBRB issues a bond reservation.

Without regard to earlier actions, it would seem implausible that the City could argue that URD application did not give fair notice to the City of the development for which the permit was sought. Accordingly, the City may not consider Resolution No. 3339-04-2006 with regard to any applications concerning the Development as Resolution No. 3339-04-2006 was adopted after the URD application (and other earlier applications made to the City). Similarly, application was first made to the TDHCA on March 30, 2005, applying the intent of Section 245 of the Texas Local Government Code, TDHCA, and regulatory agencies thereof, would be limited to considering only the ordinances, rules, and regulations in place as of the date of the first application made to the TDHCA.

With kindest regards,



Susan Mead

Enclosures

# Tab 3





March 10, 2006

Mr. Dan Allgeier  
Sunset Pointe Housing Partners, Ltd.  
580 Decker Drive, Suite 208  
Irving, Texas 75062

**SUBJECT: THE RESIDENCES AT SUNSET POINT APARTMENTS - CERTIFICATE OF  
CONSISTENCY WITH THE CITY OF FORT WORTH'S CONSOLIDATED  
PLAN**

Dear Mr. Allgeier:

This letter serves as official confirmation that your proposed development, The Residences at Sunset Pointe Apartments, is consistent with the City's Consolidated Plan. Attached is the City's *Determination of Consistency with the Consolidated Plan*. This letter should not be construed as a statement of support for The Residences at Sunset Pointe Apartments development. This letter acknowledges that the project complies with the City's general strategies contained in the HUD required Consolidated Plan.

Please inform us of the outcome of your application for Housing Tax Credits by calling John Cox at (817) 392-7319. The City is required by the U.S. Department of Housing and Urban Development to keep track of housing activities that would count towards meeting our Consolidated Plan goals.

Thank you.

Sincerely,

Dale A. Fisseler  
Assistant City Manager

Attachments (2)

DAF:jcc

cc: Honorable Mayor Mike Moncrief and Members of City Council  
Charles R. Boswell, City Manager  
Jerome C. Walker, Housing Director

**CITY MANAGER'S OFFICE**

THE CITY OF FORT WORTH \* 1000 THROCKMORTON STREET \* FORT WORTH, TEXAS 76102  
817-392-6111 \* FAX 817-392-6134



March 23, 2006

Mr. Dan Allgeier  
Sunset Pointe Housing Partners, Ltd.  
580 Decker Drive, Suite 208  
Irving, TX 75062

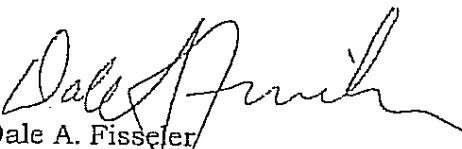
**SUBJECT: THE RESIDENCES AT SUNSET POINT APARTMENTS -  
CERTIFICATE OF CONSISTENCY WITH THE CITY OF  
FORT WORTH'S CONSOLIDATED PLAN**

Dear Mr. Allgeier:

By correspondence dated March 10, 2006 the City of Fort Worth notified you that your proposed development, The Residences at Sunset Pointe Apartments, was consistent with the City's Consolidated Plan. This determination was based on the project being in an area where no affordable housing is available. Questions regarding this determination have been raised and City staff will be re-evaluating the matter. If you have additional information you deem appropriate or have questions, you may contact me at 817-392-6266.

I sincerely apologize for any inconvenience this may cause.

Sincerely,



Dale A. Fissejer  
Assistant City Manager

DAF:alm

cc: Mike Moncrief, Mayor

---

Jungus Jordan, Council Member, District 6  
Charles R. Boswell, City Manager  
Jerome C. Walker, Housing Director

**CITY MANAGER'S OFFICE**

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THE CITY OF FORT WORTH \* 1000 THROCKMORTON STREET \* FORT WORTH, TEXAS 76102  
817-392-6111 \* FAX 817-392-6134



April 18, 2006

Fax Delivery 817-741-2330

Mr. Dan Allgeier  
Sunset Pointe Housing Partners, Ltd.  
Suite 208  
580 Decker Dr.  
Irving, TX 75062-3960

SUBJECT: The Residences at Sunset Pointe Apartments –  
Certificate of Consistency with the City of Fort Worth's Consolidation Plan

Thank you for your assistance in providing additional information regarding this project. Following my telephone conversation with Mr. Bob Sherman, I would like to clarify my original correspondence to you dated March 10, 2006. Please refer to the first item on page 3 of the City of Fort Worth Determination of Consistency with the Consolidated Plan:

As a result of additional field evaluations, we have determined that major employment centers are within a 2 mile radius of the proposed project.

Therefore, as previously indicated, this project is consistent with the City's Consolidation Plan. I would appreciate the opportunity to meet with you and/or Mr. Sherman to discuss this project in more detail. Please contact me at (817) 392-6140 to arrange this meeting at a time that is convenient for you. Thanks again for your assistance with this project.

Sincerely,

Dale A. Fisseler

DF:ab

cc: Mike Moncrief, Mayor  
Jungus Jordan, Council Member, District 6  
Charles R. Boswell, City Manager  
Jerome C. Walker, Housing Director

**CITY MANAGER'S OFFICE**

THE CITY OF FORT WORTH • 1000 THROCKMORTON STREET • FORT WORTH, TEXAS 76102  
817-392-6111 • FAX 817-392-6134

# Tab 4



May 2, 2006

Ms. Elizabeth Anderson  
Chair, TDHCA Governing Board

Dear Ms. Anderson:

This letter is submitted concerning the Residences of Sunset Pointe Apartments that are being proposed near the 5500 block of Sycamore School Road, Fort Worth, Tarrant County, Texas. This proposal being currently under review by your Board provides for 224 units of 100% low income housing of the proposed complex.

The City of Fort Worth has adopted a position and supports a policy of inclusive housing and quality affordable housing. The City's 2006 Comprehensive Plan states that the City will integrate and disperse affordable housing and low income housing into our diverse neighborhoods throughout our City. Through both experience and research we have seen that concentrations of low income housing has not proven successful for our residents and children. The enclosed resolution of the City of Fort Worth City Council demonstrates our support and endorsement of a policy of inclusionary and mixed income neighborhoods throughout our City.

Based upon the fact that the proposed Residences of Sunset Pointe represent a concentration of 100% low income housing in one area, that is inconsistent with our Comprehensive Plan and stated objective, I oppose this project as presented.

Sincerely,

Mike Moncrief  
Mayor

---

MIKE MONCRIEF, MAYOR

THE CITY OF FORT WORTH \* 1000 THROCKMORTON STREET \* FORT WORTH, TEXAS 76102  
817-392-6118 \* FAX 817-392-2400

# A Resolution

NO. 3339-04-2006

## To Affirm and Promote That the Dispersion of Quality, Affordable Housing Into Neighborhoods throughout the City of Fort Worth is Essential to a Well-Balanced Community

WHEREAS, the City supports development that enhances the opportunities for quality affordable housing;

WHEREAS, the City seeks to promote better understanding among citizens from diverse social and economic backgrounds in order to integrate quality, affordable housing more effectively into the mainstream of Fort Worth;

WHEREAS, the City's 2006 Comprehensive Plan states that the City will integrate and disperse affordable housing and low income housing into neighborhoods throughout the City; and

WHEREAS, a joint resolution promoting quality, affordable housing was presented to City Council from the Fort Worth/Tarrant County Region of the National Conference for Community and Justice, Fort Worth League of Neighborhood Associations and Fort Worth Human Relations Commission and included the following:

- a) People of all economic levels share similar hopes for the neighborhoods in which they live. They desire neighborhoods where there is pride and a sense of belonging; neighborhoods that are well maintained, clean and safe; and neighborhoods that are near schools and other services. They want their neighbors to be law abiding and respectful of each other;
- b) Quality affordable housing is the cornerstone of healthy, diverse neighborhoods. Therefore, quality, affordable housing should be available in neighborhoods across all the community for the continued livability and vitality of our city. All benefit from healthy, diverse neighborhoods that encourage people of different social and economic backgrounds to meet each other and interact, thus enriching our lives as individuals and strengthening the bonds that create vital caring communities.
- c) All of us should be proactive and intentional in our actions to create, maintain and nurture good neighborhoods with good neighbors. Decision makers, developers, and neighborhood leaders should ensure that quality, affordable housing is available in all areas of the city. Neighborhoods



**CITY OF FORT WORTH**

Resolution No. 3339-04-2006

should be designed to include quality, affordable housing units compatible with the rest of the neighborhood. When affordable housing is introduced into existing neighborhoods, the neighborhood residents should be involved from the beginnings in an open and inclusive process that fosters meaningful participation.

- d) People in Fort Worth care deeply about their neighborhoods. Mixed-income housing creates opportunities for people at all income levels to interact with each other on common ground, thus laying the foundation for a healthy city. We believe that quality affordable housing is therefore essential to a positive future for Fort Worth.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FORT WORTH, TEXAS:**

The City Council hereby encourages the dispersion of quality, affordable housing into neighborhoods throughout the City of Fort Worth;

The City Council encourages a 5 - 20% quality, affordable housing component in all multi-family residential developments; and

The City Council hereby requests City staff to encourage developers of multi-family residential projects to incorporate an appropriate percentage of quality affordable housing into their projects by making available to them suitable Housing and Economic Development programs, including incentives.

Adopted this 25th day of April 2006.

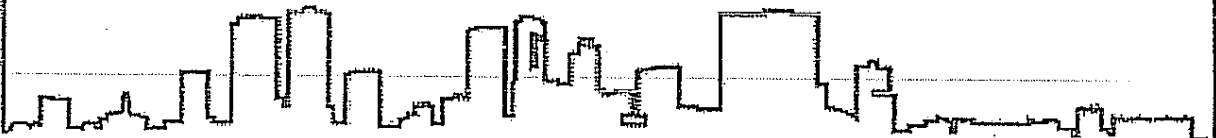
ATTEST:

By: Marty Hendrix  
Marty Hendrix, City Secretary

APPROVED  
CITY COUNCIL

APR 25 2006

Marty Hendrix  
City Secretary of the  
City of Fort Worth, Texas



**CITY OF FORT WORTH**

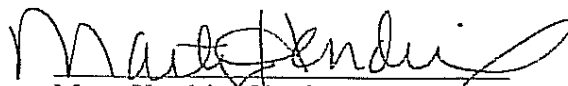


STATE OF TEXAS §

COUNTIES OF TARRANT, DENTON AND WISE §

I, MARTY HENDRIX, City Secretary of the City of Fort Worth, Texas do hereby certify that the above and foregoing is a true and correct copy of Resolution No. 3339-04-2006, duly presented and adopted by the City Council of the City of Fort Worth, Texas, at a regular session held on the 25<sup>th</sup> day of April, A. D. 2006, as same appears of record in the Office of the City Secretary.

WITNESS MY HAND and the Official Seal of the City of Fort Worth, Texas, this the 2<sup>nd</sup> day of May, A. D. 2006.

  
Marty Hendrix, City Secretary of the  
City of Fort Worth, Texas





March 23, 2006

Mr. Dan Allgeier  
Sunset Pointe Housing Partners, Ltd.  
580 Decker Drive, Suite 208  
Irving, TX 75062


**SUBJECT: THE RESIDENCES AT SUNSET POINT APARTMENTS -  
CERTIFICATE OF CONSISTENCY WITH THE CITY OF  
FORT WORTH'S CONSOLIDATED PLAN**

Dear Mr. Allgeier:

By correspondence dated March 10, 2006 the City of Fort Worth notified you that your proposed development, The Residences at Sunset Pointe Apartments, was consistent with the City's Consolidated Plan. This determination was based on the project being in an area where no affordable housing is available. Questions regarding this determination have been raised and City staff will be re-evaluating the matter. If you have additional information you deem appropriate or have questions, you may contact me at 817-392-6266.

I sincerely apologize for any inconvenience this may cause.

Sincerely,



Dale A. Fissejer  
Assistant City Manager

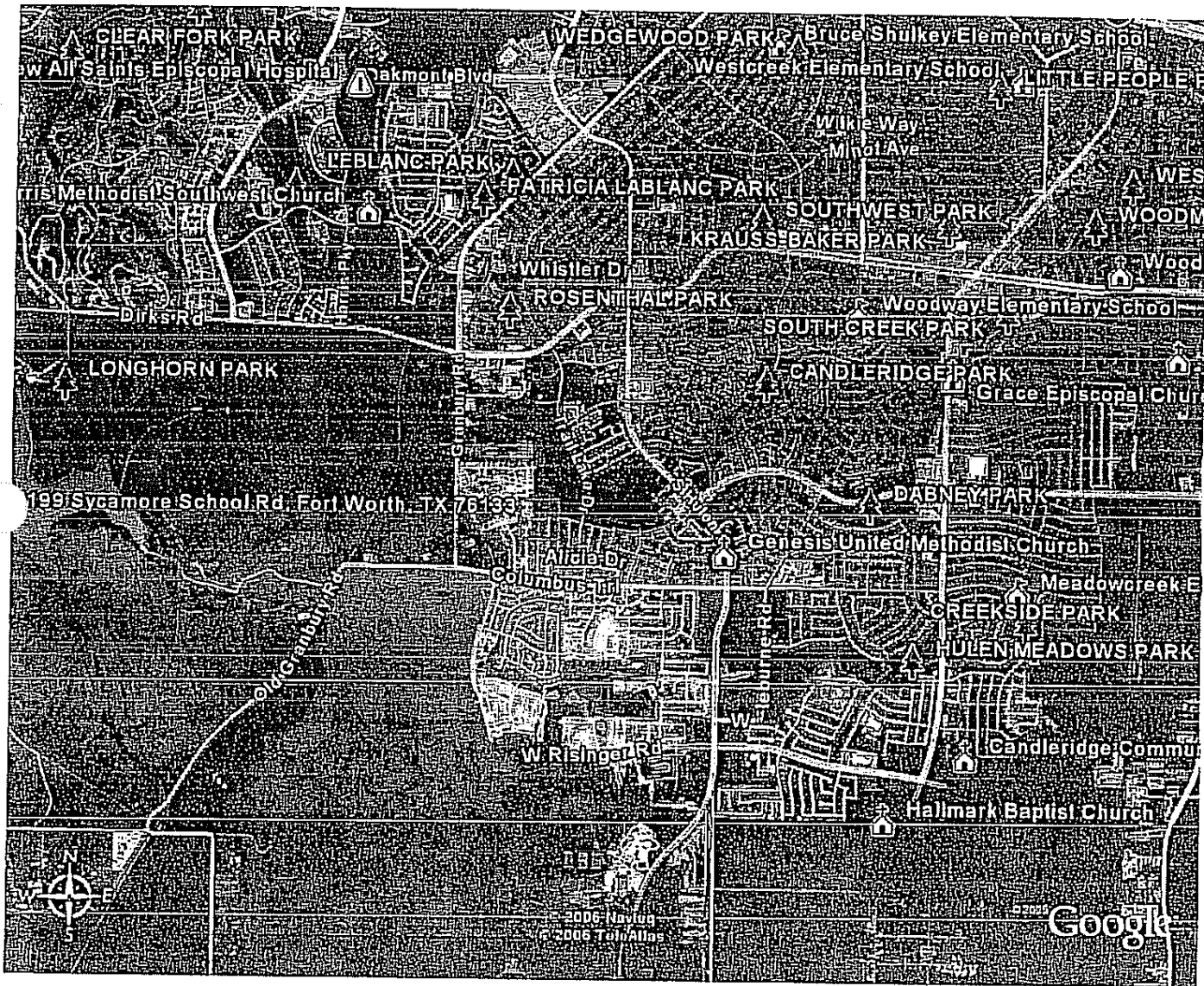
DAF:alm

cc: Mike Moncrief, Mayor

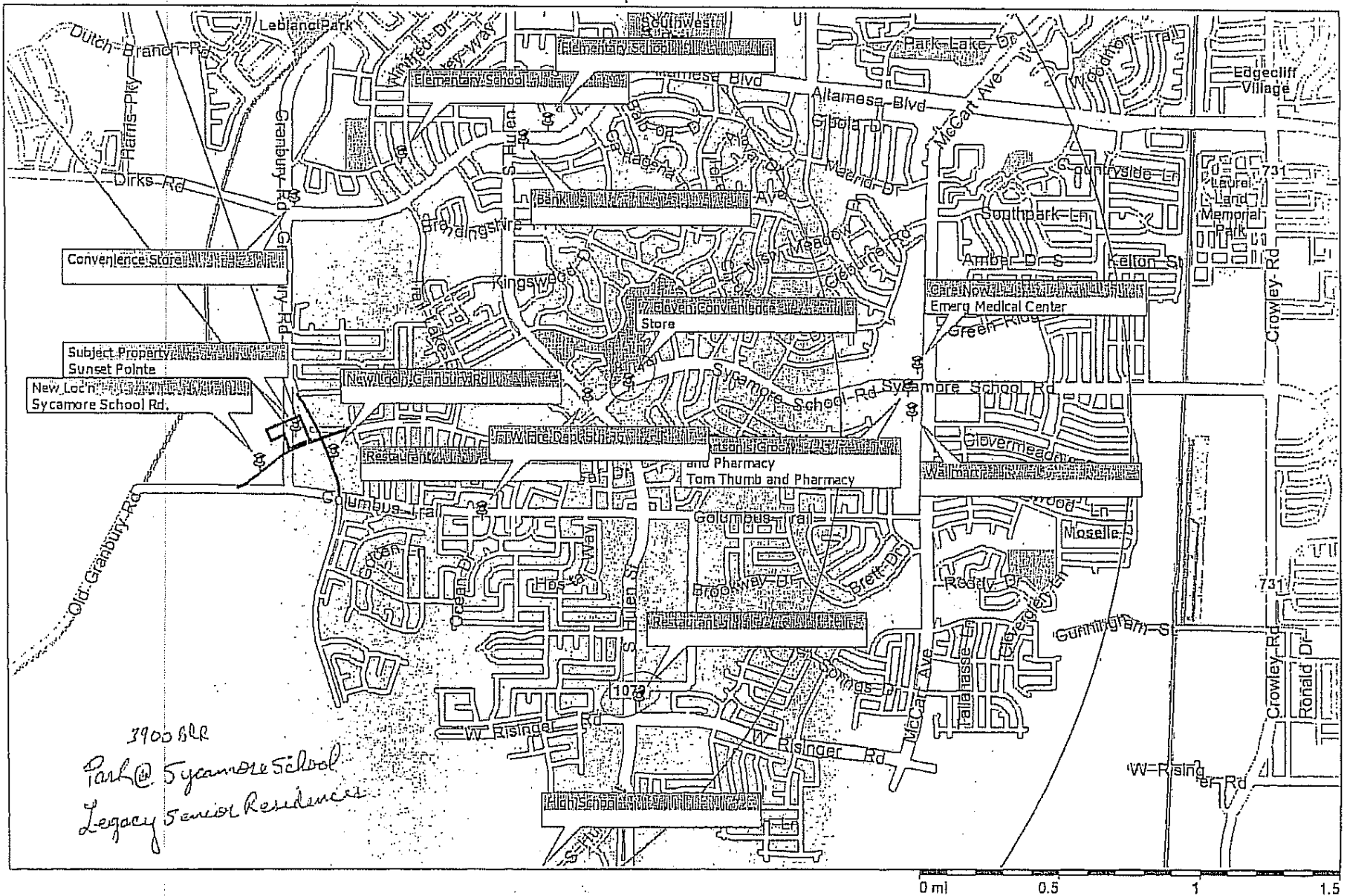
Jungus Jordan, Council Member, District 6  
Charles R. Boswell, City Manager  
Jerome C. Walker, Housing Director

**CITY MANAGER'S OFFICE**

THE CITY OF FORT WORTH \* 1000 THROCKMORTON STREET \* FORT WORTH, TEXAS 76102  
817-392-6111 \* FAX 817-392-6134



# Map Amenities



Convenience Store  
 Subject Property  
 Sunset Pointe  
 New Loc'n  
 Sycamore School Rd.

3900 BLR  
 Park @ Sycamore School  
 Legacy Senior Residences

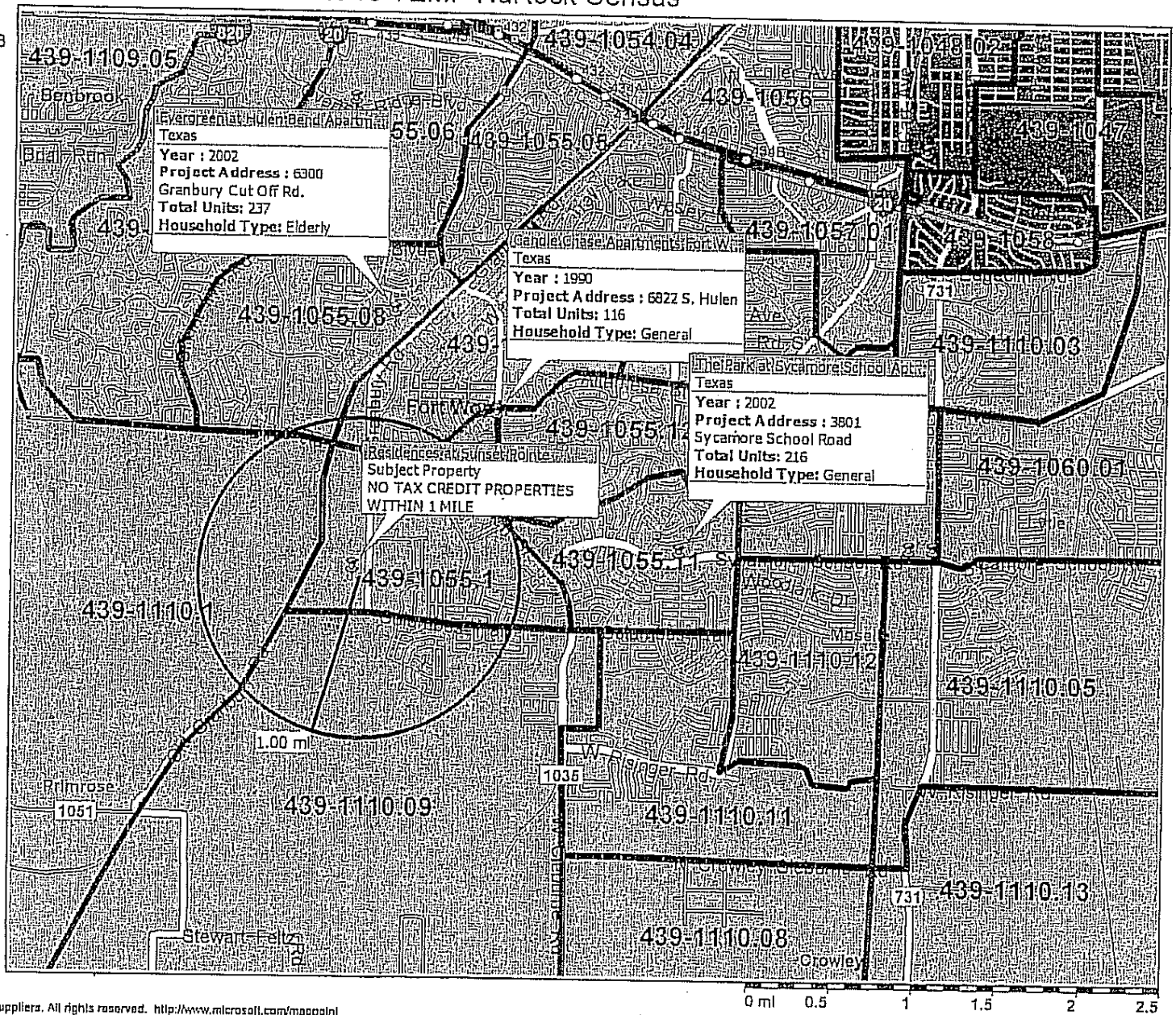
# 2005 Oct 13 TEMP NuRock Census

Pushpins

§ 05-PropertyInventory-050428

§ My Pushpins

QCT 0/1 by Territory





December 19, 2005

Ms. Teresa W. Morales  
Multifamily Bond Administrator  
Texas Department of Housing and Community Affairs:  
P.O. Box 13941  
Austin, Texas 78711-3941  
And  
By Fax: (512) 475-0764

Reference: Your letter of December 13, 2005  
Notice of Application  
The Residences at Sunset Pointe Apartments  
5500 block of Sycamore School Road  
Fort Worth, Tarrant County, Texas 76123

Dear Ms. Morales:

This letter concerns the pre-application made by Sunset Pointe Housing Partners, Ltd., The Residences at Sunset Pointe to your department for participation in the 2006 Tax-Exempt Multifamily Bond Program.

As the Councilmember representing the people of Fort Worth Council District 6, the location of the proposed project, I do NOT favor and will NOT support this development in the proposed location. I request that my opposition be reflected in the scoring of this pre-application.

There are numerous issues and concerns about this project to be built in this particular area.

- Presently, much of the surrounding area is undeveloped and bounded by single family housing on the east side with no suitable commercial infrastructure.
- There is an absence of appropriate public transportation.
- Basic retail and service related establishments are lacking in the vicinity.
- Due to the lack of commercial development, there are no real employment opportunities available.
- There are several apartment complexes with over 500 units currently available within a one mile radius of this proposed project offering many different levels of

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**JUNGUS JORDAN**  
CITY COUNCIL - DISTRICT 6

THE CITY OF FORT WORTH \* 1000 THROCKMORTON STREET \* FORT WORTH, TEXAS 76102  
817-392-8806 \* FAX 817-392-6187


affordability; the Park apartments, the Candletree apartments, the Valhalla and a senior citizens complex.

- Due to the rapid build out of single family homes, the school system is inadequate to handle additional children. ( Please see attached letter)
- Finally, as a member of the Fort Worth Housing Finance Corporation, I would not support the city's participation in the funding of this project given the limited fiscal resources of the organization and our desire to support projects that address the needs of quality affordable housing residents and our community as a whole. This lack of participation by the City would have an adverse affect on the scoring of the application and its competitiveness. I do support the development of quality affordable work force housing in our City, but will only do so for those projects that address all of the issues that must be met for our low and moderate income residents to succeed: chiefly education, transportation and employment.

While I oppose this specific project, I support the efforts for quality affordable housing to be made available to all citizens and I am proud that District 6 enjoys the privilege of offering many different housing opportunities on various economic levels.

Thank you for your consideration and professional courtesy in this matter.

Sincerely,

  
Angus Jordan  
Councilmember  
District 6  
City of Fort Worth

CC:

Honorable Kim Brimer  
Texas State Senate  
District 10  
1600 W. 7<sup>th</sup> St., Suite 650  
Fort Worth, Texas 76102

Honorable Anna Mowery  
Texas House of Representatives  
District 97  
6421 Camp Bowie Blvd. #310  
Fort Worth, Texas 76116

Honorable Roy Brooks  
Commissioner Precinct 1  
Tarrant County  
Southwest Sub-Courthouse  
6551 Granbury Road  
Fort Worth, Texas 76133

Mr. Greg Gibson  
Superintendent  
Crowley Independent School District  
1008 Highway 1187  
P.O. Box 688  
Crowley, Texas 76036



**ROY C. BROOKS**  
County Commissioner  
Precinct No. 1

November 30, 2005

Ms. Robbye G. Meyer  
Manager of Multifamily Finance  
Texas Department of Housing and Community Affairs  
507 Sabine - Suite 400  
P.O. Box 13941  
Austin, Texas 78711-3941

Re: The Residences at Sunset Pointe Apartments  
5500 Block of Sycamore School Road

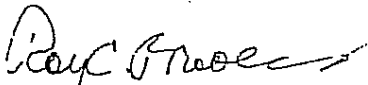
Dear Ms. Meyer:

I stand with the Crowley Independent School District in opposition to the above-captioned Residences at Sunset Pointe Apartments Project. This multifamily unit falls in the attendance boundary of Dallas Park Elementary School. Dallas Park Elementary, located at 8700 Viridian Lane, is currently 300 students over capacity. Nearby elementary schools, (Jackie Carden, Meadowcreek and Oakmont) are all over capacity as well. If additional single family or multi family growth occurs in this vicinity, CISD will need assistance in acquiring land for a new elementary school site.

While I oppose this specific project, I support the efforts for quality affordable housing to be made available to all citizens.

If you have any questions, I can be reached at (817)370-4500.

Sincerely,

  
Roy C. Brooks





State of Texas  
House of Representatives

ANNA MOWERY  
DISTRICT 97  
6421 CAMP BOWIE BLVD.  
SUITE 310  
FORT WORTH, TEXAS 76116  
817-732-1372

P.O. BOX 2910  
AUSTIN, TEXAS 78768-2910  
512-463-0608

November 28, 2005

Ms. Edwina Carrington  
Executive Director  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, TX 78711-3941

RE: Sunset Pointe, Fort Worth, Texas

Dear Ms. Carrington:

It is my understanding that Sunset Pointe Housing Partners, Ltd., has made an application for Housing Tax Credits with your agency regarding Sunset Pointe Apartments. It is my opinion, as well as that of my constituents, that this application should be denied. The lack of support by the community is based primarily on the unnecessary impact that the development will have on the local school districts, especially the elementary schools. In addition, the area where the development is proposed is already well saturated with such residences. For these reasons, I can not and will not support the approval by the Texas Department of Housing and Community Affairs of this project.

Sincerely,

A handwritten signature in cursive script that reads "Anna Mowery".

State Representative Anna Mowery

AM:tb

cc: Superintendent Greg Gibson, Crowley I.S.D.  
The Honorable Jungus Jordan, Fort Worth City Council

COMMITTEES:  
CHAIR, LAND & RESOURCE MANAGEMENT  
PUBLIC EDUCATION



November 21, 2005

Sunset Pointe Housing Partners, Ltd.  
580 Decker Dr. Suite 208  
Irving, TX 75062

Re: The Residences at Sunset Pointe Apartments  
5500 Block of Sycamore School Road  
Ft. Worth, Tarrant County, TX 76123

Dear Mr. Allgeier,

The following is a list of the Neighborhood Organizations that are in our district, District 6 of the city of Ft. Worth, TX:

- |                             |                                       |
|-----------------------------|---------------------------------------|
| Wedgwood Square N.A.        | Panther Heights N.A.                  |
| Wedgwood N.A.               | Far Southwest N.A.                    |
| Wedgwood East N.A.          | Hulen Springs Meadow N.A.             |
| Wedgwood South N.A.         | Meadowcreek N.A.                      |
| Woodway N.A.                | Greenridge Neighbors N.A.             |
| Candle Ridge HOA            | South Meadows Crossing N.A.           |
| Candle Ridge West HOA       | South Greenbriar N.A.                 |
| Meadows of Candleridge N.A. | Hallmark/Candleridge Highland Terrace |
| Summer Creek Meadows HOA    | Willow Creek N.A.                     |
| Kingswood Place             | The Parks of Deer HOA                 |
| Summer Creek N.A.           | Coventry HOA                          |
| Hulen Heights HOA           | Fox Run HOA                           |
| Stone Meadow HOA            |                                       |

The contacts and addresses are available on the city website and may be accessed at:  
<http://fortworthgov.com>

If you need any additional information, please feel free to contact me.

Sincerely,

Madelyn Gibbs  
District 6 Council Aide  
Councilman Jungus Jordan

**JUNGUS JORDAN**  
CITY COUNCIL - DISTRICT 6

THE CITY OF FORT WORTH • 1000 THROCKMORTON STREET • FORT WORTH, TEXAS 76102  
817-392-8805 • FAX 817-392-6187

Dated: 22 March 2006

Attn: Texas State Housing Authority

To Whom it may concern,

My name is Joe Fowler. I am currently the President of the Summer Creek Homeowners Association and a resident of the neighborhood.

I support affordable housing for low income families.

**I do not support affordable housing where adequate infrastructure does not exist to give these families the help that they deserve.**

Unfortunately as it regards this petition or request there are many infrastructure issues such as:

1. There is no public transportation in this area. Our District has already been struggling to get public transportation into some of the other neighborhoods and this would add one more competing priority.
2. There are no jobs in the area.
3. Without jobs and without Public transportation, many of the low income families will face hardships getting to and from work and even the grocery store.
4. The Crowley schools in this area are currently overcrowded and this would add to an already unmanageable problem.

I am opposed to this petition based on the inadequate infrastructure issues that are mentioned above.

Sincerely,

Joseph D. Fowler, President  
Summer Creek Homeowners Association

## Summer Creek Meadows Homeowners Association

March 1, 2006

Ms. Edwina Carrington  
Executive Director  
Attention: Neighborhood Input  
Texas Department of Housing and Community Affairs  
P.O. Box 13941 (MC 332-10)  
Austin, TX 78711-3941

Re: Quantifiable Community Participation  
Development: # 060609  
Development: The Residences at Sunset Pointe Apartments  
Development Location: 5500 block of Sycamore School Road

As the president of Summer Creek Meadows Homeowners Association, I am writing to provide the organization's opposition for the above-referenced development which is located at 5500 block of Sycamore School Road, Fort Worth, Tarrant County. Summer Creek Meadows Homeowners Association is a qualified Neighborhood Organization as further described below.

As the signer of this letter, I am providing the following required information:  
5175 Brook Meadow Lane  
Fort Worth, TX 76133  
817-263-0009

I am also providing the following information for one additional contact, Scott Galbraith, for our organization:  
5224 Meadowland Lane  
Fort Worth, TX 76133  
817-294-8799

The following is a list of the names and positions for each of the organization's officers:

President, Benny Araujo  
Vice-President, Scott Galbraith  
Secretary, Christine McCall  
Treasurer, Herbert Bogart

The boundaries of this organization are:  
North: Both sides of Summer Meadows Drive and Meadowland Lane  
South: North side of Columbus Trail

---

East: Both sides of Brook Meadow Lane and Sweet Meadows Drive  
West: East side of Granbury Road

Enclosed is documentation that establishes the organization's boundaries. The proposed development is near the boundaries (within a ½ mile radius). Enclosed is a map with the geographic boundaries for the organization and the development. This organization is an organization of persons living near one another within the organization's defined boundaries and has a primary purpose of working to maintain or improve the general welfare of the neighborhood. Attached are our bylaws created on or before March 1, 2006, that, at a minimum, identify the boundaries of the organization, identify the officers of the organization and clearly indicate the purpose of the organization. The organization represents 298 member homes and has five officers/board members. The organization reached its decision to oppose the proposed development by a unanimous vote of the board members at a meeting on February 9, 2006.

This organization is:

On record, as of March 1, 2006 with The Texas Department of Housing and Community Affairs as permitted by the Qualified Allocation Plan and Rules.

This organization was not formed by any Applicant, Developer or any employee or agent of any Applicant in the 2006 Housing Tax Credit application round. The organization, and any members, did not accept money or a gift to cause the neighborhood organization to take its position of support or opposition. The Applicant has not provided any assistance, other than education and information sharing, to the neighborhood organization for any application in the Application Round (i.e. hosting a public meeting, providing the "TDHCA Information Packet for Neighborhoods" to the neighborhood organization or referring the neighborhood organization to TDHCA staff for guidance are acceptable forms of assistance). The Applicant has not provided any "production" assistance for any application in the Application Round (i.e. use of fax machines owned by the Applicant, use of legal counsel related to the Applicant, or assistance drafting a letter).

The organization opposes the proposed development for the following reasons:

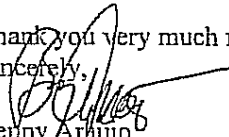
- The surrounding area is undeveloped and bounded by single family housing on the east side with no sustainable commercial development in place.
- There is no public transportation service.
- There is no retail or service related businesses within walking distance of the proposed project.
- There are no employment opportunities due to the lack of commercial development.

- There are many apartment complexes with over 500 units readily available at any time within a one mile radius of this proposed project that offer many levels of affordability: ( i.e. The Park , The Candletree, The Valhalla and a senior citizens complex)
- The school system is inadequate to handle the influx of children due to the rapid build out of single family housing.

Although we oppose this particular project at this location, we do support the availability of quality affordable housing to all citizens in our area. We are very proud that our entire community offers many different types of housing opportunities at all economic levels.

Thank you very much for your time and consideration.

Sincerely,

  
Benny Aráujo  
President

Attachments:

*Map of Organization's Boundaries*

*Bylaws*







WOC - WOLC - GELC - H

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment; notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that Members representing at least ten percent (10%) of the total votes of the Association remain in attendance and provided further that any action taken is approved by at least a majority of the votes required to constitute a quorum.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, dated and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of such Member's Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 10. Majority. As used in these Bylaws, the term "majority" shall mean those votes, owners or other group, as the context may indicate, totaling more than fifty percent (50%) of the total number.

Section 11. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of Members representing twenty-five percent (25%) of the total votes in the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 13. Action Without a Meeting. Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if written consent setting forth the action so taken is signed by a sufficient number of Members as would be necessary to take that action at a meeting at which all of the Members were present and voted, and any such consent shall have the same force and effect as a unanimous vote of the Members. Each written consent shall bear the date of the signature of each Member who signs the consent.



the vote of Members holding a majority of the votes entitled to be cast for the election of such director. Directors appointed by the Declarant during the Class "B" Control Period shall not be subject to removal by the Class "A" Members. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall then and there be elected by the Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Association for more than thirty (30) days, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

In the event of the death, disability or resignation of a director prior to the first annual meeting of the Members, a vacancy may be declared by the Board, and it may appoint a successor; provided, however, upon written petition of the Declarant or Class "A" Members entitled to cast at least ten percent (10%) of the total Class "A" votes in the Association, the Board shall call a special meeting for the purpose of electing a successor to fill any vacancies on the Board. In such case, only the Members entitled to elect or appoint the director who vacated the position shall be entitled to vote for or appoint a successor. Vacancies occurring on the Board after the first annual meeting of the Members caused by any reason, excluding the removal of a director by the vote of the Members, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board. Each person so elected shall serve the unexpired portion of the term.

B. Meetings.

Section 8. Organizational Meetings. The first meeting of the Board of Directors following each annual meeting of the Membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to directors no less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 14. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 15. Open Meetings. Subject to the provisions of Section 16 of this Article, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

Section 16. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a sufficient number of directors as would be necessary to take that action at a meeting at which all of the directors were present and voted, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 17. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are not by the Declaration, Articles or these Bylaws directed to be done and exercised exclusively by the Members or the membership generally.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to establish policies relating to, and shall be responsible for, performing or causing to be performed, the following, in way of explanation, but not limitation:

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) making available to any prospective purchaser of a Lot, any Owner of a Lot, any First Mortgagee, and the holders, insurers and guarantors of a First Mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the Bylaws, rules governing the Lot and all other books, records and financial statements of the Association; and

(n) permitting utility suppliers to use portions of the Common Property reasonably necessary to the ongoing development or operation of the Community.

Section 18. Management. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than policy-making authority or the duties set forth in Subparagraphs (a) and (i) of Section 17 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager. The Association shall not be bound by, either directly or indirectly, any management contract executed during the Class "B" Control Period unless such contract provides a right of termination exercisable by the Association, with or without cause and without penalty, at any time after termination of the Class "B" Control Period upon not more than ninety (90) days' written notice.

Section 19. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; anything of value received shall benefit the Association;

total amount of such borrowing exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. Notwithstanding anything to the contrary contained in the Declaration, these Bylaws or the Articles of Incorporation, during the Class "B" Control Period, no mortgage lien shall be placed on any portion of the Common Property without the affirmative vote or written consent, or any combination thereof, of Members representing at least fifty-one percent (51%) of the Members other than the Declarant and the Declarant's nominees.

Section 21. Rights of the Association. With respect to the Common Property, and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational or other agreements with trusts, condominiums, cooperatives and other owners or residents associations, both within and without the Community. Such agreements shall require the consent of a majority of the total number of directors of the Association.

#### Article IV

##### Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer, to be elected from among the members of the Board. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as set forth in Article III.

Section 3. Removal and Vacancies. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or

shall be set by resolution of the Board of Directors. In the absence of a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration or these Bylaws.

Section 3. Conflicts. If there are conflicts between the provisions of Texas law, the Articles of Incorporation, the Declaration and these Bylaws, the provisions of Texas law, the Declaration, the Articles of Incorporation and the Bylaws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration, Bylaws and Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board and committees shall be made available for inspection and copying by any holder, insurer or guarantor of a First Mortgage on a Lot, Member of the Association, or by the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the Lot at the office of the Association or at such other place within the Community as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical Community owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be

AMERICAN CUSTOMERS

or these Bylaws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

F:\RDWP\G\BYLAWS\SUHMERCREEK



## Wedgwood Neighborhood Association

March 1, 2006

Ms. Edwina Carrington  
Executive Director  
Attention: Neighborhood Input  
Texas Department of Housing and Community Affairs  
P.O. Box 13941 (MC 332-10)  
Austin, TX 78711-3941

Re: Quantifiable Community Participation  
Development: # 060609  
Development: The Residences at Sunset Pointe Apartments  
Development Location: 5500 block of Sycamore School Road

As the president of Wedgwood Neighborhood Association, I am writing to provide the organization's opposition for the above-referenced development which is located at 5500 block of Sycamore School Road, Fort Worth, Tarrant County. Wedgwood Neighborhood Association is a qualified Neighborhood Organization as further described below.

As the signer of this letter, I am providing the following required information:  
5116 Whistler Drive  
Fort Worth, TX 76133  
817-886-3941

I am also providing the following information for one additional contact, Cora Mosley, for our organization:  
5112 Winesanker Way  
Fort Worth, TX 76133  
817-292-1482

The following is a list of the names and positions for each of the organization's officers:

President, Bryan Jennings  
Vice-President, Cora Mosley  
Secretary, Chris Holtz  
Treasurer, Bernie Millet

The boundaries of this organization are:  
North: Hulen Street/Granbury Road  
South: Alta Mesa

East: Hulen Street  
West: Granbury Road

Enclosed is documentation that establishes the organization's boundaries. The proposed development is near the boundaries (within a 1 mile radius). Enclosed is a map with the geographic boundaries for the organization and the development. This organization is an organization of persons living near one another within the organization's defined boundaries and has a primary purpose of working to maintain or improve the general welfare of the neighborhood. Attached are our bylaws created on or before March 1, 2006, that, at a minimum, identify the boundaries of the organization, identify the officers of the organization and clearly indicate the purpose of the organization. The organization represents 420 homes and has four officers/board members. The organization reached its decision to oppose the proposed development by a unanimous vote of the members at a general meeting on January 26, 2006.

This organization is:

On record, as of March 1, 2006 with The Texas Department of Housing and Community Affairs as permitted by the Qualified Allocation Plan and Rules.

This organization was not formed by any Applicant, Developer or any employee or agent of any Applicant in the 2006 Housing Tax Credit application round. The organization, and any members, did not accept money or a gift to cause the neighborhood organization to take its position of support or opposition. The Applicant has not provided any assistance, other than education and information sharing, to the neighborhood organization for any application in the Application Round (i.e. hosting a public meeting, providing the "TDHCA Information Packet for Neighborhoods" to the neighborhood organization or referring the neighborhood organization to TDHCA staff for guidance are acceptable forms of assistance). The Applicant has not provided any "production" assistance for any application in the Application Round (i.e. use of fax machines owned by the Applicant, use of legal counsel related to the Applicant, or assistance drafting a letter).

The organization opposes the proposed development for the following reasons:

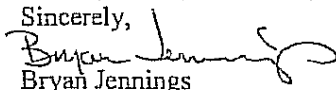
- The surrounding area is undeveloped and bounded by single family housing on the east side with no sustainable commercial development in place.
- There is no public transportation service.
- There is no retail or service related businesses within walking distance of the proposed project.
- There are no employment opportunities due to the lack of commercial development.

- There are many apartment complexes with over 500 units readily available at any time within a one mile radius of this proposed project that offer many levels of affordability: ( i.e. The Park , The Candletree, The Valhalla and a senior citizens complex)
- The school system is inadequate to handle the influx of children due to the rapid build out of single family housing.

Although we oppose this particular project at this location, we do support the availability of quality affordable housing to all citizens in our area. We are very proud that our entire community offers many different types of housing opportunities at all economic levels.

Thank you very much for your time and consideration.

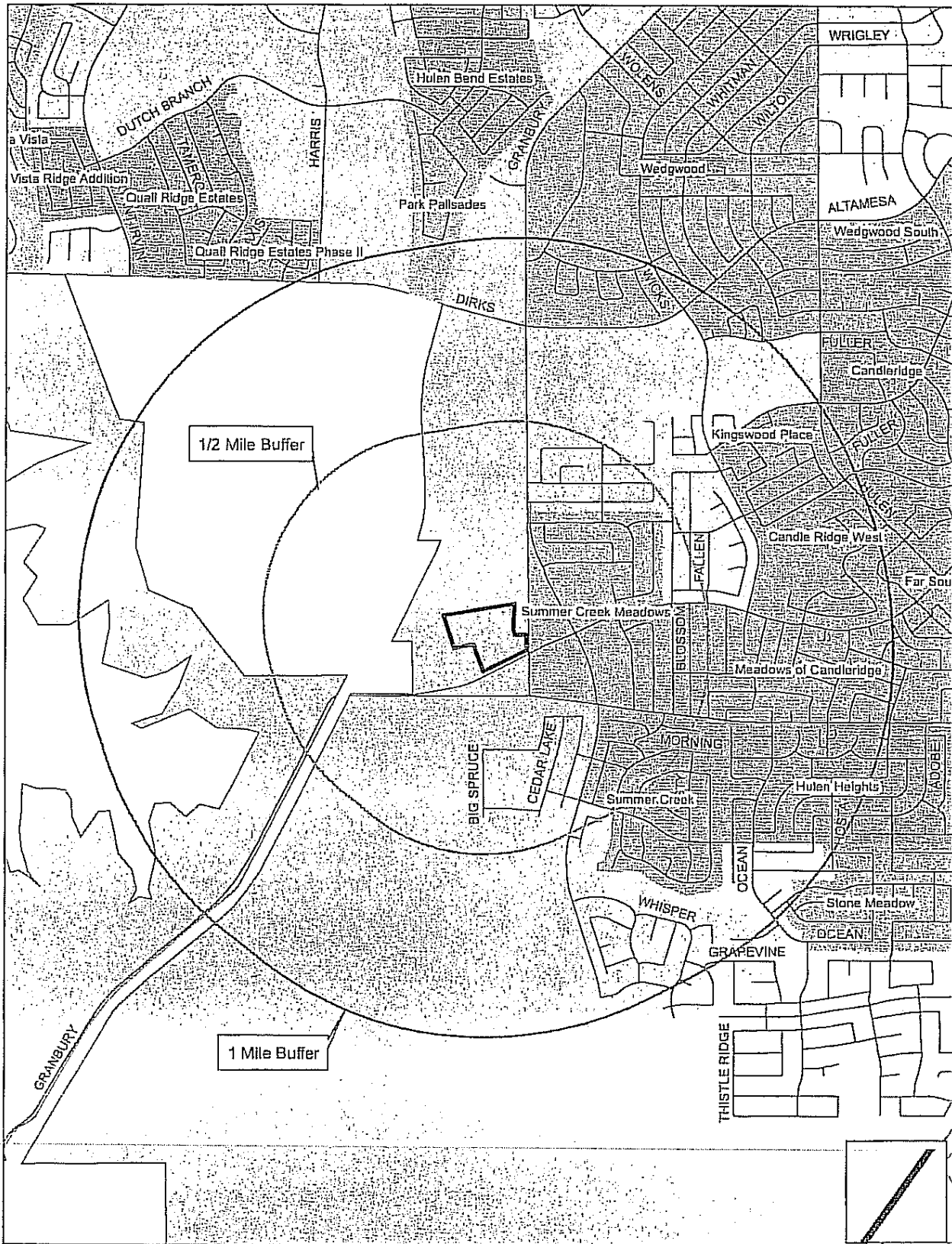
Sincerely,



Bryan Jennings  
President

Attachments:

*Map of Organization's Boundaries*  
*Bylaws*



WEDGWOOD  
NEIGHBORHOOD ASSOCIATION

BYLAWS

ARTICLE I -NAME

The name of this organization shall be the WEDGWOOD Neighborhood Association.

ARTICLE II -OFFICE

The association's principal office shall be the residence of the Associations President. The Executive Committee may designate another location at its discretion.

ARTICLE III - BOUNDARIES

The boundaries of the Association are

<u>HULEN</u>	_____	to the north
<u>HULEN</u>	_____	to the east
<u>ALTAMESA</u>	_____	to the south
<u>GRANBURY</u>	_____	to the west.

ARTICLE IV -PURPOSE

1. The purpose of the WEDGWOOD Neighborhood Association are as follows:

2. To promote, preserve and enhance the quality of life in our community.
3. To provide a safer environment to live in, by promoting stronger crime-prevention, and a greater awareness of safety issues within our community.
4. To create a close-knit community, in which we care about our neighbors, and work together toward a better community.
5. To work closely with the City, to identify problems in our area, and develop solutions to them.
6. To encourage the residents of the area to become more involved in community affairs.
7. To establish a direct line of communication with the neighborhood Police Officer and other City service providers for this area.
8. To work with the administrators of the residential shelters in the area to support economic enterprises that improve the surrounding community while at the same time providing employment opportunities for association members.

ARTICLE V - POLICIES

Section 1. The WEDGWOOD Neighborhood Association shall be a nonpartisan organization and shall not support candidates for public office. The Association may take positions on issues. All action appropriate to sustain an approved WEDGWOOD NA position must be authorized by Executive Committee before the President or the President's representative may so act.

Section 2. The Association shall never be operated for the primary purpose of profit and no part of its earnings or membership fees shall be used to the benefit of private individuals.

#### ARTICLE VI - MEMBERSHIP

Section 1. There shall be three categories of membership in the Association: regular, business, and associate.

Section 2. A regular member of WEDGWOOD NA shall be any person over the age of eighteen residing and/or owning residential property within the Association boundaries. A person must have attended three regular meetings of the association before they may become a regular member entitled to vote. All those who sign the roster of membership at the first regular meeting of the association shall be members.

Section 3. A business member of WEDGWOOD NA shall be any person, firm or corporation operating a place of business within the Association's boundaries: provided however, that each such business shall be entitled to one membership only in the Association.

Section 4. An associate member of WEDGWOOD NA shall be any person, firm, or corporation who neither resides, owns property, nor does business within the neighborhood, but nevertheless, maintains an interest in the Association and its purposes. Associate members shall have the privilege of the floor but no vote.

#### ARTICLE VII - SOURCES OF REVENUE

Section 1. Members shall be asked to pay annual dues as they are able for each category of membership.

Section 2. WEDGWOOD NA may engage in fundraising activities related to its purposes. The Executive Committee may accept on behalf of the Association any contribution, gift bequest, or device for the general purpose or for any special purpose of the Association.

#### ARTICLE VIII - MEETINGS

Section 1. Regular meetings of WEDGWOOD NA shall be held at least quarterly and more often as determined by the Executive Committee. Special meetings may be called by the President or any five (5) members. Written notification of meetings shall be provided to all members at least five (5) days in advance.

Section 2. The members present at a meeting shall constitute a quorum.

Section 3. The Executive Committee shall meet as required, usually on a monthly basis. These meetings shall be open to interested members of the Association.

#### ARTICLE IX - EXECUTIVE COMMITTEE

Section 1. The six (6) elected officers and the immediate Past President shall constitute the Executive Committee of the Association.

Section 2. The Executive Committee shall supervise the affairs of the Association in accordance with its stated purposes and policies; set the agendas for the regular meetings; transact any business between meetings of the Association and report thereon at the next meeting; and make recommendations to the general membership on matters before the Association.

#### ARTICLE X - OFFICERS

Section 1. The officers of WEDGWOOD NA shall be the President, Vice President, Secretary, and Treasurer.

Section 2. At the establishment of our association all officers shall serve as interim officers for a period of six months. After the initial six-month period elections will be held.

Section 3. Officers shall assume their duties in March and shall serve for (1) year until their successors are duly elected. Officers shall not serve in the same office for more than two (2) consecutive terms.

Section 3. Any regular or business member of WEDGWOOD NA is eligible for election to office.

Section 4. Officers shall be elected at the September meeting by a simple majority vote of regular and business members present.

Section 5. At the June meeting, the President shall appoint a nominating committee of at least three (3) members. The nominating committee shall present a slate of one or more nominees for each office at the September meeting. Nominations from the floor shall be allowed at this time also.

Section 6. Vacancies in office shall be handled as follows:

A. In the event the President is unable to complete his/her term the Vice President shall become the President for the unexpired portion of the term.

B. Vacancies in offices other than the President shall be filled for the unexpired term by the Executive Committee.

C. Unexcused absences as determined by the Executive Committee from three (3) consecutive meetings shall constitute a vacancy of office.

#### ARTICLE XI - DUTIES OF OFFICERS

Section 1. The President shall be the principal officer of the Association and shall:

A. Preside at all meetings of the Association.

B. Be the sole spokesperson for WEDGWOOD NA, except that the Executive Committee may designate another member to serve in this capacity as necessary.

C. Appoint committee members and chairmen with the approval of the Executive Committee.

D. Sign with the Secretary or any other proper officer of WEDGWOOD NA authorized by the Executive Committee, all contracts and other legal documents.

E. Serve as the Association's primary representative to the Fort Worth League of Neighborhoods.

F. Shall be empowered to vote in meetings of the general membership and the Executive Board only when necessary to break a tie vote.

Section 2. The Vice President shall:

A. Act as special assistant to the President and represent the President whenever so designated.

B. Be empowered to sign any documents as authorized by the Executive Committee. This may be done in the event of an emergency during the absence of the president or due to the President's inability or refusal to act.

C. Be responsible for preparing and distributing the Association's newsletter.

D. Perform all such duties as requested by the President or Executive Committee.

Section 3. The Secretary shall:

A. Keep minutes of the proceedings of all meetings of the association.

B. Preserve in file all records of value to the Association.

C. Sign with the President all contracts and legal documents.

D. Maintain a current roster of membership indicating the name, address, and telephone number of each member as well as his/her classification of membership.

E. Conduct the correspondence of the Association.

F. Perform such other duties as requested by the President or Executive Committee.

Section 4. The Treasurer shall:

- A. Have charge of all funds of WEDGWOOD NA and their deposit in a financial institution in NA's name as approved by the Executive Committee.
- B. Pay all bills and distribute funds as authorized by the Executive Committee.
- C. Present financial status reports at each meeting.
- D. Keep itemized and complete records of all receipts and expenditures in a permanent file.
- E. Perform such other duties as requested by the President or Executive Committee.

Section 5. Directors at large shall:

- A. Serve as chairs of standing committees as appointed by the President.
- B. Provide advice and assistance in carrying out WEDGWOOD NA activities.
- C. Perform such other duties as requested by the President or Executive Committee.

Section 6. Each officer shall deliver to his/her successor within fifteen (15) days after retiring from office, all records, papers, and other property belonging to the Association.

ARTICLE XII - PARLIAMENTARY AUTHORITY

The rules contained in the edition of Robert's Rules of Order Newly Revised shall govern proceedings of the Association.

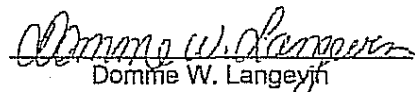
ARTICLE XIII - AMENDMENTS

These bylaws may be amended by a two-thirds (2/3) affirmative vote of the regular and business members present and voting at a regular meeting, provided that notice of such an amendment has been given to the membership at a previous regular meeting. A full text of such an amendment shall be mailed to all members at least ten (10) days prior to the date the amendment will be considered.

ARTICLE XIV - DISSOLUTION

WEDGWOOD NA may be dissolved in the same manner as the procedures outlined in ARTICLE XIII, provided that the disbursement of all monies and properties be acted upon prior to dissolution, and in accordance with the requirements of the Texas Non-Profit Corporation Act then in existence.

ADOPTED by a majority vote of the membership at the regular scheduled meeting held on the 20<sup>TH</sup> day of March, 2001.

  
Domine W. Langeyin  
President



## Meadows of CandleRidge Neighborhood Association

March 1, 2006

Ms. Edwina Carrington  
Executive Director  
Attention: Neighborhood Input  
Texas Department of Housing and Community Affairs  
P.O. Box 13941 (MC 332-10)  
Austin, TX 78711-3941

Re: Quantifiable Community Participation  
Development: # 060609  
Development: The Residences at Sunset Pointe Apartments  
Development Location: 5500 block of Sycamore School Road

As the president of Meadows of CandleRidge Neighborhood Association, I am writing to provide the organization's opposition for the above-referenced development which is located at 5500 block of Sycamore School Road, Fort Worth, Tarrant County. Meadows of CandleRidge Neighborhood Association is a qualified Neighborhood Organization as further described below.

As the signer of this letter, I am providing the following required information:  
4813 Barberry Drive  
Fort Worth, TX 76133  
817-233-7151

I am also providing the following information for one additional contact, Paula Wilhelm, for our organization:  
7705 Pampas Drive  
Fort Worth, TX 76133  
817-346-8956

The following is a list of the names and positions for each of the organization's officers:

President, Marty Bitter  
Vice-President, Paula Wilhelm  
Secretary, Ana deSousa  
Treasurer, Cliff Laechelin

The boundaries of this organization are:  
North: Sycamore School Road  
South: Columbus Trail

---

East: Hulen  
West: Grassland

Enclosed is documentation that establishes the organization's boundaries. The proposed development is near the boundaries (within a ½ mile radius). Enclosed is a map with the geographic boundaries for the organization and the development. This organization is an organization of persons living near one another within the organization's defined boundaries and has a primary purpose of working to maintain or improve the general welfare of the neighborhood. Attached are our bylaws created on or before March 1, 2006, that, at a minimum, identify the boundaries of the organization, identify the officers of the organization and clearly indicate the purpose of the organization. The organization represents 750 homes and has 4 board members. The organization reached its decision to oppose the proposed development by a unanimous vote of the board members at a meeting on February 6, 2006.

This organization is:

On record, as of March 1, 2006 with The Texas Department of Housing and Community Affairs as permitted by the Qualified Allocation Plan and Rules.

This organization was not formed by any Applicant, Developer or any employee or agent of any Applicant in the 2006 Housing Tax Credit application round. The organization, and any members, did not accept money or a gift to cause the neighborhood organization to take its position of support or opposition. The Applicant has not provided any assistance, other than education and information sharing, to the neighborhood organization for any application in the Application Round (i.e. hosting a public meeting, providing the "TDHCA Information Packet for Neighborhoods" to the neighborhood organization or referring the neighborhood organization to TDHCA staff for guidance are acceptable forms of assistance). The Applicant has not provided any "production" assistance for any application in the Application Round (i.e. use of fax machines owned by the Applicant, use of legal counsel related to the Applicant, or assistance drafting a letter).

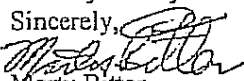
The organization opposes the proposed development for the following reasons:

- The surrounding area is undeveloped and bounded by single family housing on the east side with no sustainable commercial development in place.
  - There is no public transportation service.
  - There is no retail or service related businesses within walking distance of the proposed project.
  - There are no employment opportunities due to the lack of commercial development.
-

- There are many apartment complexes with over 500 units readily available at any time within a one mile radius of this proposed project that offer many levels of affordability: ( i.e. The Park , The Candletree, The Valhalla and a senior citizens complex)
- The school system is inadequate to handle the influx of children due to the rapid build out of single family housing.

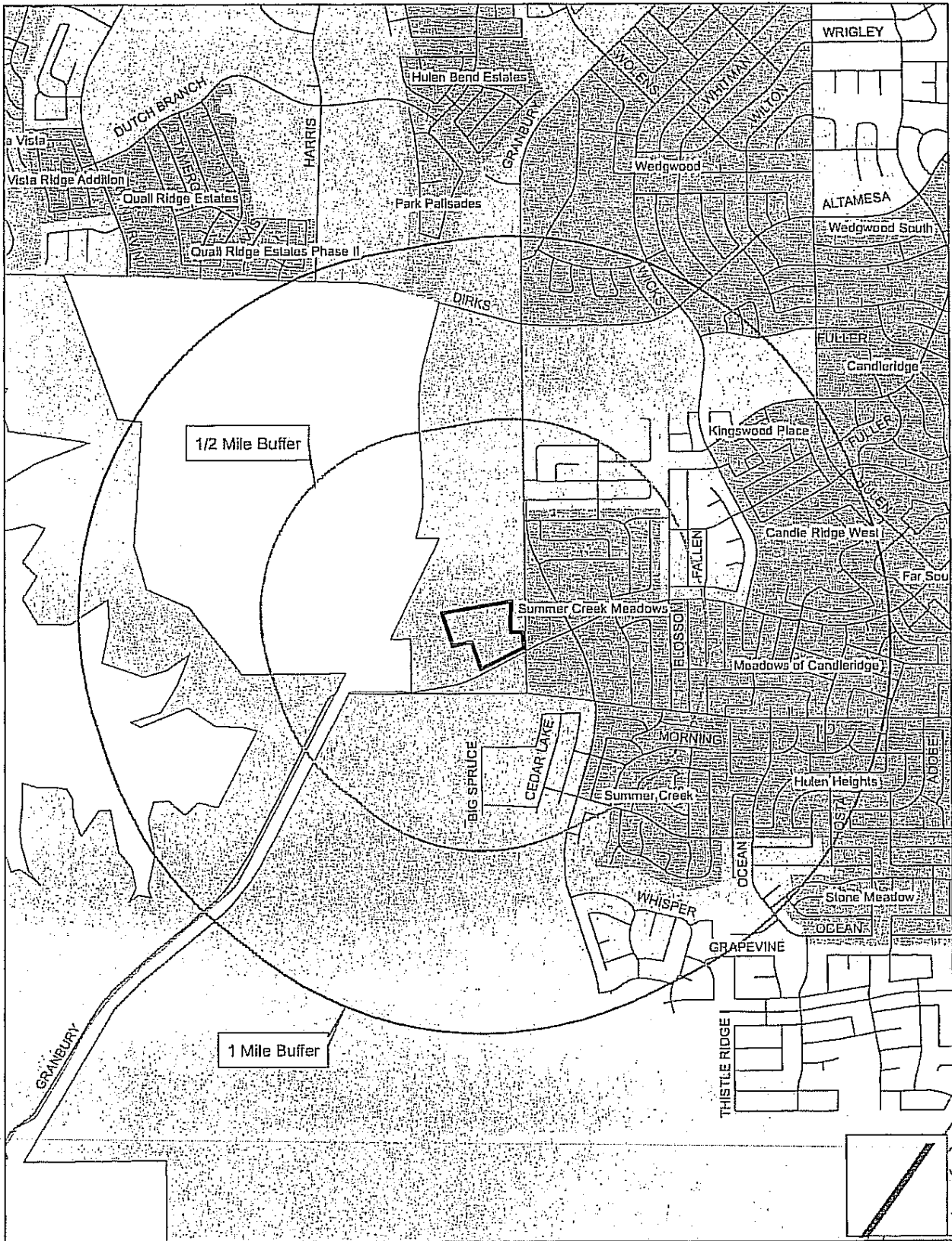
Although we oppose this particular project at this location, we do support the availability of quality affordable housing to all citizens in our area. We are very proud that our entire community offers many different types of housing opportunities at all economic levels.

Thank you very much for your time and consideration.

Sincerely,  
  
Marty Bitter  
President

Attachments:

*Map of Organization's Boundaries*  
*Bylaws*



# The Meadows of CandleRidge Neighborhood Association

## BYLAWS

### Article I

#### NAME AND PURPOSES

Section 1. The name of the organization shall be the The Meadows of CandleRidge Neighborhood Association. A registered office shall be established and maintained in Fort Worth, Texas, 76133, in the county of Tarrant in the state of Texas. The Association shall maintain a Post Office Box at the closest United States Post Office.

Section 2. The Association began on April 17, 1989.

Section 3. The purposes for the Association shall be ~~to preserve, protect, beautify and improve~~ The Meadows (to include both Phases I and II) of CandleRidge Subdivision of Fort Worth, Texas, bounded on the West by Granbury Road, on the North by Kingswood Drive, on the East by Hulen Street and on the South by Columbus Trail (Map attached), and shall be non-profit.

*charitable, educational*

Section 4. The Association shall actively promote awareness among members of issues that potentially affect the quality of life within the Association boundaries. The Officers of the Association may seek to inform members by inviting qualified speakers, such as Fort Worth city officials and employees to inform member gatherings about matters that are of interest to members.

Section 5. The Association during political campaigns may invite speakers who are seeking local city office or other relevant political offices if an invitation is extended to all major candidates for the same office to speak at the same gathering. The purposes of the invitation will be to allow a Public Forum where Association members may meet candidates and form individual opinions for themselves. Under no circumstances, will the Association endorse any candidate for public office, either at a public forum nor in any written information published by the Association.

Section 6. The Association may join and pay the annual dues from Association funds for organizations, i.e., The Fort Worth League of Neighborhoods, if approved by the Board of Directors. Approval from the Board of Directors shall not be required on an annual basis unless membership in any of the organizations is challenged in any manner by an Association member. If challenged, the Board of Directors must approve the joining of a particular organization before the Treasurer will pay the required dues for membership.

Article II  
MEMBERSHIP

The Association shall have two classes of membership:

Class A Membership. Each residential homestead within The Meadows of CandleRidge subdivision shall have the right to acquire a Class A Membership. Only one vote shall be allowed per member. *may be elected to*

Class B Membership. All other persons, corporations or partnerships other than those eligible to acquire a Class A Membership in the The Meadows of CandleRidge Neighborhood Association shall be eligible for a Class B Membership. Such Class B Membership shall be subject to approval by the Board of Directors. Only two memberships per business shall be allowed, therefore, two votes.

Article III  
OFFICERS

Section 1. The Officers of the Association shall be a President, Vice-President, Secretary and Treasurer. They are also known as the Executive Board of Directors.

Section 2. Nominations for Officers shall be made by a Nominating Committee. Additional nominations may be made from the floor. A member may only run for one office at a time.

Section 3. The Officers of this Association shall be dues-paying members elected for a term of two (2) years by ballot or show of hands by a majority of the membership present.

Section 4. Officers shall be elected by July 31 and serve a term beginning on September 1. They may not hold more than one office at a time and may not hold the same office more than two (2) consecutive years. ?

Section 5. All vacancies in office, except that of the President, shall be filled by the Board of Directors for the unexpired term. Upon the resignation of the President, a Nominating Committee shall be elected by the Board of Directors to select a nominee to fill the unexpired term. The election of the President shall take place at the next regular meeting of the Membership.

Section 6. Directors, Officers or any member serving as a member of a committee or association member shall not be compensated for services to or for the Association. The Association shall not have any paid employees and shall not act as the employer of any person or persons.

Article IV  
DUTIES OF OFFICERS

Section 1. The President shall preside at all meetings of the Association, call special meetings, appoint Committee Chairpersons, appoint special committees as necessity arises and be member ex-officio of all committees. The President shall preserve all records and papers for the Association and pass these records to the next President.

Section 2. The Vice-President shall perform the duties of the President in his/her absence and shall be in charge of programs for the meetings. Should the Office of the President become vacant, the Vice-President shall become President for the remainder of the said term until the vacancy is filled or New President is elected.

Section 3. The Secretary shall care for all correspondence of the Association, send out notices of Board meetings, keep a record of all meetings and assist the President in preserving all records and papers for the Association.

Section 4. The Treasurer shall receive and disburse all monies of the Association; shall issue receipts and deposit at once all monies received in a bank designated by the Board of Directors; shall report to the Association at General meetings the receipts and disbursements; shall issue an annual financial statement, prepare an annual budget to be presented to the Executive Board at the end of the year and shall submit the books of the record for examination by an Auditing Committee.

Section 5. Elected officers and other Association members may sign specific contractual documents as authorized by the Board of Directors if the authorization is documented in a Board of Director's or a General Meeting's minutes. If requested, the Association's Secretary shall provide the individual authorized to obligate the Association with a signed, authenticated copy of the minutes authorizing the Association's obligation. The signature of the Association's Secretary shall be sufficient for authentication; no notary or corporate seal will be required.

Section 6. Contractual signatures for less than five hundred dollars (\$500.00) - The Association's elected officers are authorized to sign (obligate the Association) business or contractual documents to carry out normal Association business.

Section 7. Contractual obligations for five hundred dollars (\$500.00) or more - Without exception, for any Association contractual obligation or singular expenditure of five hundred dollars (\$500.00) or more, an Association (Board of Directors) resolution will be required.

Section 8. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by an officer or officers, agent or agents of the Association, and in such manner as shall be determined by resolution of the Board of Directors.

Article V  
BOARD OF DIRECTORS

Section 1. The Board of Directors shall consist of the Officers and the Chairpersons of Committees. The Immediate Past President shall be a member without voting privileges for two consecutive years following active status.

Section 2. The Board of Directors shall serve as the policy-making body of The Meadows of CandleRidge Neighborhood Association; shall meet at least quarterly per year and shall report to the members at General Meetings.

Section 3. Meetings for the Board of Directors may be called by the President or upon request to the President by three Board members. Notice shall be given to the Board members not less than two days prior to said meeting.

Section 4. A majority of the members present shall constitute a quorum.

Section 5. The Board of Directors shall create additional committees as necessary.

Section 6. Any Board of Director may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein. If no time is specified, the resignation shall take effect at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

Section 7. Any Board of Director may be removed from office either for or without cause at any time by the affirmative vote of the members at a Special or General Meeting.

Article VI

STANDING COMMITTEES

*Sect. 1 Educational Scholarship*

Chairpersons of committees shall be appointed by the President of the Association with the consensus of the Executive Board and should present a written report of each committee meeting to the Board of Directors.

Section 1. The Membership Committee shall conduct an annual membership drive, contact new and existing members, supervise the telephone committee, promote good publicity and other duties assigned by the Board of Directors. The Chairperson shall prepare a complete alphabetical list of the members entitled to vote at ensuing meetings. Said list shall be open to the examination of any member, for any purpose germane to the General Meeting. The list shall be available for inspection at the General Meeting.

Section 2. The Nominating Committee shall provide a list of willing candidates to serve in the positions of the Executive Board and Board of Directors. Additional nominations from the floor shall be permitted.



Section 3. The Publications Committee shall publish a newsletter and/or flyers reporting activities of the Association. The publication dates of the newsletter shall be determined by the Board of Directors.

Section 4. The Publications Distribution Committee shall distribute the newsletter to all homeowners in The Meadows of CandleRidge Subdivision.

Section 5. The Greenbelt Committee shall oversee the development and maintenance of the neighborhood, parks and other areas such as medians. This committee will investigate the possibility of obtaining a park for the neighborhood.

Section 6. The Hospitality and Recreation Committee shall serve as greeters for visitors to General Meetings and shall coordinate recreational activities in the neighborhood that the Association promotes or sponsors. Such activities shall be a Walking Club, Block Parties, Spring or other Seasonal Flings, Halloween parties and other activities which promote the education and neighborliness within the Association's boundaries.

Section 7. The Crime Resistance Committee shall investigate and recommend ways on crime prevention or resident security to reduce crime; and, shall report information on criminal activity to the Board of Directors and the neighborhood newsletter. The committee shall solicit Block Captains for the neighborhood and work in harmony with the Fort Worth Police Department.

Section 8. The Zoning and Code Enforcement Committee shall be informed of all applications for zoning changes in the area, furnish such information to the Membership, arrange for a representation of the Association at any Planning Commission, Zoning Commission or City Council meetings hearing relevant cases. It shall poll the Membership's opinion on relevant cases and upon recommendation of the Board, present or employ Counsel to present such opinion to the Commissions and/or City Council. The Committee Chairperson shall attend or provide a representative to meetings regarding any zoning changes that affect the neighborhood.

Section 9. The Public Service Committee <sup>advisable</sup> shall serve as liaison between the Membership and the public utilities and city services. The committee should monitor such things as fire hazards, non-functioning street lights, water leaks, inadequate police patrols, abandoned vehicles and other such matters detrimental to the residents of The Meadows of CandleRidge Subdivision, receive reports of deed restriction violations, present them to the Board and upon recommendation of the Board, send letters to the violators asking for remedial action.

Section 10. The Auditing/Financial Committee composed of at least three (3) dues paying members shall be appointed by the President with the consensus of the Executive Board. It shall be the duty of this committee to audit the Treasurer's accounts at the close of the year and to present a written report at the following regular meeting.

Article VII  
MEETINGS

Section 1. There shall be at least two meetings per year of the general membership. The time and place of these meetings shall be determined by the Board of Directors and notice shall be given to the members as soon as possible. In the event the Board of Directors fails to determine the time, date, place of at least one General Meeting for one year, an annual meeting of members will be held at the registered office of the Association on October 12 at 6:00 p.m. If the date of the annual meeting falls upon a legal holiday, the meeting shall be held on the next succeeding business day.

Section 2. Special meetings or social events may be called by the President. The Membership will be notified of these meetings in advance by mail. When time is inadequate, an attempt shall be made to notify the Membership by phone.

Section 3. A majority of those members attending shall constitute a quorum.

Section 4. Notice of meetings shall be given as soon as possible, but notification must occur a minimum of two days prior to the meeting. Notification shall be by announcing the meeting in the Association's newsletter which is to be distributed to each residential homestead within the boundaries of the Association less the apartments and condominiums located within these same boundaries.

Article VIII  
DUES

Section 1. Annual dues of ~~\$20.00~~ <sup>6</sup> per ~~person~~ <sup>homestead</sup> are payable to The Meadows of CandleRidge Neighborhood Association on the first day of September.

Section 2. Dues are not refundable.

Section 3. The fiscal year of the Association shall be from September 1st of one year through August 31st of the following year, or shall be determined by resolution of the Board of Directors.

- b. With respect to activities expected to be assisted with CDBG disaster recovery funds, the action plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income families.
  - c. The aggregate use of CDBG disaster recovery funds shall principally benefit low- and moderate-income families in a manner that ensures that at least 50 percent of the amount is expended for activities that benefit such persons during the designated period.
  - d. The state will not attempt to recover any capital costs of public improvements assisted with CDBG disaster recovery grant funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless
    - i) disaster recovery grant funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or
    - ii) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient CDBG funds (in any form) to comply with the requirements of clause (A).
10. The state certifies that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601–3619) and implementing regulations.
11. The state certifies that it has and that it will require units of general local government that receive grant funds to certify that they have adopted and are enforcing:
- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
  - b. A policy of enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.
12. The state certifies that each state grant recipient or administering entity has the capacity to carry out disaster recovery activities in a timely manner, or the state has a plan to increase the capacity of any state grant recipient or administering entity who lacks such capacity.
13. The state certifies that it will not use CDBG disaster recovery funds for any activity in an area delineated as a special flood hazard area in FEMA's most current flood advisory maps unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain in accordance with Executive Order 11988 and 24 CFR Part 55.
14. The state certifies that it will comply with applicable laws.

Article IX  
PARLIAMENTARY AUTHORITY

On all points not covered by these Bylaws, Roberts Rules of Order, shall be the Parliamentary Authority for the Association.

Article X  
AMENDMENTS

Proposed changes in the Bylaws shall first be approved by the Board of Directors; they shall then be approved at any meeting of the Membership by a two-third's vote of the Membership present.

*Amended Bylaws approved by the Board of Directors on April 11, 1996, and submitted to a General Meeting by Eva Bonilla on April 15, 1996.*

*On April 15, 1996, these Bylaws were approved unanimously at a General Meeting.*



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**REQUEST FOR BOARD ACTION  
Multifamily Finance Production**

**Private Activity Bond Program – Waiting List**

**1 Priority 1C Application for 2006 Waiting List**

**TABLE OF EXHIBITS**

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**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**June 9, 2006**

**Action Item**

Presentation, Discussion and Possible Approval of an Inducement Resolution for Multifamily Housing Revenue Bonds and Authorization for Filing Applications for Private Activity Bond Authority – 2006 Waiting List.

**Requested Action**

Approve, Deny or Approve with Amendments the Inducement Resolution to proceed with application submission to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority from the 2006 Private Activity Bond Program for one (1) application.

**Background**

Each year, the State of Texas is notified of the cap on the amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately \$402.3 million is set aside for multifamily until August 15<sup>th</sup> for the 2006 bond program year. TDHCA has a set aside of approximately \$80.5 million and approximately \$39.4 million of 2005 Non-traditional CarryForward for a total of \$120 million available for new 2006 applications. If the Board approves this one application the remaining unreserved allocation will be \$27.6 million.

Inducement Resolution 06-018 includes one (1) application that was received on or before May 12, 2006. This application will reserve approximately \$15 million in 2006 state volume cap. Upon Board approval to proceed, the applications will be submitted to the Texas Bond Review Board for placement on the 2006 Waiting List. The Board currently has approved seventeen (17) applications for the 2006 program year. Seven have been submitted to the Bond Review Board.

Rolling Creek Apartments – The proposed development will be located at approximately 8038 Gatehouse Drive, Houston, Harris County. Demographics for the census tract (5325.00) include AMFI of \$60,469; the total population is 12,145; the percent of the population that is minority is 66.79%; the number of owner occupied units is 2,928; number of renter occupied units is 606; and the number of vacant units is 74. (Census Information from FFIEC Geocoding for 2005)

The Department has received letters of opposition from Representative Gary Elkins and Senator John Whitmire. The Rolling Creek application has previously been withdrawn twice, however it has never been presented to the Board as a full application. This development was initially submitted under the 2004 program. The applicant withdrew that application due to an error in posting the signage by the required date. The second application was received on August 18, 2005 and was terminated on December 12, 2005 because threshold requirements were not met in that the City of Houston rescinded the consistency with the consolidated plan letter. The City of Houston later reinstated the letter, however the application had already been terminated and the bond reservation had expired. There has been substantial opposition from the community regarding this application.

## **Recommendation**

Approve the Inducement Resolution as presented by staff. Staff will present all appropriate information to the Board for a final determination for the issuance of the bonds and housing tax credits during the full application process for the bond issuance.





**Texas Department of Housing and Community Affairs**

2006 Multifamily Private Activity Bond Program - Waiting List

<b>Application #</b>	<b>Development Information</b>	<b>Units</b>	<b>Bond Amount</b>	<b>Developer Information</b>	<b>Comments</b>
060619	Rolling Creek Apartments 8038 Gatehouse Dr.	248	\$ 15,000,000	Rolling Creek Apartments, L.P. Mark Bower	Recommend
Priority 1C	City: Houston County: Harris <i>New Construction</i>	General	Score - 62	802 N. Carancahua, Suite 1650 Corpus Christi, Texas 78470 361-980-1220	
<b>Totals for Recommended Applications</b>		<b>248</b>	<b>\$ 15,000,000</b>		

## RESOLUTION NO. 06-020

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; AUTHORIZING THE FILING OF APPLICATIONS FOR ALLOCATIONS OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended, (the "Act") for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, it is proposed that the Department issue its revenue bonds for the purpose of providing financing for multifamily residential rental developments (each a "Development" and collectively, the "Developments") as more fully described in Exhibit A attached hereto. The ownership of each Development as more fully described in Exhibit A will consist of the ownership entity and its principals or a related person (each an "Owner" and collectively, the "Owners") within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, each Owner has made not more than 60 days prior to the date hereof, payments with respect to its respective Development and expects to make additional payments in the future and desires that it be reimbursed for such payments and other costs associated with each respective Development from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, each Owner has indicated its willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that 100 percent of the units of its Development will be occupied at all times by eligible tenants, as determined by the Governing Board of the Department (the "Board") pursuant to the Act ("Eligible Tenants"), that the other requirements of the Act and the Department will be satisfied and that its Development will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse each Owner for the costs associated with its Development listed on Exhibit A attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of each Owner, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of each respective Development described on Exhibit A attached hereto; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for each Development an Application for Allocation of Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the state to issue private activity bonds; and

WHEREAS, the Board intends that the issuance of Bonds for any particular Development is not dependent or related to the issuance of Bonds (as defined below) for any other Development and that a separate Application shall be filed with respect to each Development; and

WHEREAS, the Board has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to each Owner to finance its Development on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD THAT:

Section 1--Certain Findings. The Board finds that:

- (a) each Development is necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) each Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the financing of each Development is a public purpose and will provide a public benefit;
- (d) each Owner is financially responsible; and
- (e) each Development will be undertaken within the authority granted by the Act to the Department and each Owner.

Section 2--Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in amounts estimated to be sufficient to (a) fund a loan or loans to each Owner to provide financing for its Development in an aggregate principal amount not to exceed those amounts, corresponding to each respective Development, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and state law requirements regarding tenancy in each Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that each Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and state laws applicable to the issuance of such Bonds.

Section 3--Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 4--Reimbursement. The Department reasonably expects to reimburse each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Development and listed on Exhibit A attached hereto (“Costs of each respective Development”) from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction or rehabilitation of its Development; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 5--Principal Amount. Based on representations of each Owner, the Department reasonably expects that the maximum principal amount of debt issued to reimburse each Owner for the costs of its respective Development will not exceed the amount set forth in Exhibit A which corresponds to its Development.

Section 6--Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of its Development, which Development will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement on an installment payment basis with the Department under which the Department will make a loan to the Owner for the purpose of reimbursing each Owner for the costs of its Development and each Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to each Owner to provide financing for the Owner’s Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 7--The Development. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, each of which is to be occupied entirely by Eligible Tenants, as determined by the Department, and each of which is to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 8--Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse each Owner for costs of its Development.

Section 9--Costs of Development. The Costs of each respective Development may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of each respective Development shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other

expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 10--No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owners nor any one claiming by, through or under each Owner shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 11--No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds.

Section 12--Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by each Owner and the Department of contractual arrangements providing assurance satisfactory to the Department that 100 percent of the units for each Development will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Vinson & Elkins L.L.P. or other nationally recognized bond counsel acceptable to the Department, substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 13--Certain Findings. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for each Development will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

Section 14--Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of each Development's necessary review and legal documentation for the filing of an Application for the 2006 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

Section 15--Related Persons. The Department acknowledges that financing of all or any part of each Development may be undertaken by any company or partnership that is a "related person" to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the respective Owner.

Section 16--Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of each respective Development which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of each respective Development may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 17--Authorization of Certain Actions. The Department hereby authorizes the filing of and directs the filing of each Application in such form presented to the Board with the Bond Review Board and each director of the Board are hereby severally authorized and directed to execute each Application on behalf of the Department and to cause the same to be filed with the Bond Review Board.

Section 18--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 19--Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 20--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and, of the subject of this Resolution was furnished to the Secretary of State of the State of Texas (the "Secretary of State") and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 9th day of June, 2006.

[SEAL]

By: /s/ Elizabeth Anderson  
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby  
Kevin Hamby, Secretary

EXHIBIT "A"

Description of each Owner and its Development

Project Name	Owner	Principals	Amount Not to Exceed
Rolling Creek Apartments	Rolling Creek Apartments, LP, or other entity	Rolling Creek Apartments Group, LLC, the General Partner, or other entity, the Sole Member of which will be Cynosure Properties, L.P., or other entity, the General Partner of which is Cynosure Partners, LLC, or other entity, the principals of which are Mark T. Bower and/or Daniel T. Serini, or other entity	\$15,000,000
Costs: (i) acquisition of real property located at approximately 8038 Gatehouse Drive, Houston, Harris County, Texas; and (ii) the construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			





**Disaster Relief Planning**

**BOARD ACTION REQUEST**

**June 9, 2006**

**Action Item**

The State of Texas Action Plan (Action Plan) for Community Development Block Grant (CDBG) Disaster Recovery Grantees under the Department of Defense Appropriations Act, 2006 makes available \$74,523,000 through the U. S. Department of Housing and Urban Development (HUD) for housing, infrastructure, public service, public facility, and business needs in a 29-county area directly impacted by Hurricane Rita.

**Required Action**

Presentation, discussion and possible approval of HUD approved Action Plan.

**Background**

This Action Plan will be used by TDHCA, the agency designated by the Governor to administer these funds, and by ORCA to provide \$74,523,000 in CDBG funding for housing, infrastructure, public service, public facility, and business needs in a 29-county area directly impacted by Hurricane Rita. These funds will help address a small portion of the needs identified in the State's official disaster request document *Texas Rebounds: Helping Our Communities and Neighbors Recover from Hurricanes Rita and Katrina*. According to this report, more than \$2 billion in funds are required to sufficiently meet the existing need. This figure includes \$322 million in CDBG eligible need for housing related activities alone. More specifically, as a result of Hurricane Rita, more than 75,000 homes in the area suffered major damage or were destroyed. Of these, approximately 40,000 homeowners were uninsured. These homeowners are likely to face average damage repair costs in excess of \$8,000 that will not be reimbursed through the Federal Emergency Management Agency or insurance claims. This figure also includes \$498.3 million in CDBG eligible, un-reimbursed critical infrastructure needs caused by Hurricane Rita.

In developing the plan, TDHCA consulted with local government leaders, state and federal legislators, regional councils of governments, and community action and social services agencies that were hit hardest by the storms. TDHCA's Board Chair also worked directly with the Governor's Office and TDHCA's Executive Director to work out the final details of the plan before sending the document for the U. S. Department of Housing and Urban Development's (HUD) review and approval.

The following timeline describes significant elements of the Action Plan development process.

2/13/2006	HUD published its notice of allocations, waivers, and alternative requirements in the Federal Register. Beginning of the 60-day Action Plan development period.
3/14/2006	Beginning of a 15-day public comment period on the Action Plan. Hearings were held in Houston, Beaumont, Nacogdoches, Livingston and Austin to invite comment on the Action Plan. Comment period ended March 30, 2006.
4/14/2006	Action Plan submitted to HUD for preliminary review pending additional comment from persons with limited English proficiency. <sup>1</sup> While awaiting approval of the Action Plan, TDHCA and ORCA worked cooperatively to develop an application guide for both housing and non-housing activities.
4/21/2006	Beginning of a 17-day extension of the public comment period to solicit comments on Spanish and Vietnamese versions of the Action Plan. Extended comment period ended May 8, 2006.
5/8/2006	Final Action Plan was submitted to HUD.
5/17/2006	Application workshops were held in Houston, Beaumont, Kilgore and Jasper during the week of May 15, 2006
5/22/2006	<b>HUD approved the Action Plan.</b> HUD's review of additional required waivers is pending.
6/23/2006	CDBG Disaster Recovery application deadline.

A copy of the Action Plan is provided as an attachment.

The following documents are also provided for the Board's information:

- Overview of Implementation of CDBG Disaster Recovery Program;
- Disaster Recovery CDBG Timeline; and
- HUD's May 22, 2006 press release

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<sup>1</sup> Prior to the close of the Action Plan development period HUD requested that TDHCA make the plan available to populations with limited English proficiency.

# State of Texas Action Plan for CDBG Disaster Recovery Grantees under the Department of Defense Appropriations Act, 2006

Disaster Recovery Initiative

U.S. Department of Housing and Urban Development (HUD)

Docket No. FR-5051-N-01]

[Federal Register: February 13, 2006 (Volume 71, Number 29)]

May 9, 2006

**Rick Perry, Governor**



Prepared jointly by the



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## EXECUTIVE SUMMARY

The Texas Department of Housing and Community Affairs (TDHCA) and the Office of Rural Community Affairs (ORCA), in conjunction with the Office of the Governor, have prepared this *State of Texas Action Plan for CDBG Disaster Recovery Grantees under the Department of Defense Appropriations Act, 2006 (Action Plan)*.

This Action Plan will be used by TDHCA, the agency designated by the Governor to administer these funds, and ORCA to provide \$74,523,000 in federal Community Development Block Grant (CDBG) funding for housing, infrastructure, public service, public facility, and business needs in the 29-county area directly impacted by Hurricane Rita. Throughout this document these funds will be referred to as "CDBG Disaster Recovery Funding." These funds will assist with long term recovery efforts and infrastructure restoration. The State recognizes that these funds – while beneficial to affected areas – will meet only a small fraction of the enormous needs of Texas citizens in the region. In fact, as documented in the State's official disaster request document *Texas Rebounds: Helping Our Communities and Neighbors Recover from Hurricanes Rita and Katrina*, more than \$2 billion in funds are required to sufficiently meet the existing need. This figure includes \$322 million in CDBG eligible need for housing related activities alone. More specifically, as a result of Hurricane Rita, more than 75,000 homes in the area suffered major damage or were destroyed. Of these, approximately 40,000 homeowners were uninsured. These homeowners are likely to face average damage repair costs in excess of \$8,000 that will not be reimbursed through FEMA or insurance claims. This figure also includes \$498.3 million in CDBG eligible, unreimbursed critical infrastructure needs caused by Hurricane Rita.

Under this Action Plan, four of the state's Councils of Governments (COGs), will serve as applicants for the CDBG Disaster Recovery funding. Throughout the document, the eligible COGs will be referred to as "Applicants." The document they prepare for the purpose of allocating the CDBG Disaster Recovery funding shall be the "Application." Applicants representing the affected counties will apply on behalf of the entitlement communities, non-entitlement communities, and federally recognized Indian Tribes within their region. The use of COGs as Applicants is intended to quickly make these funds available in the areas identified with the greatest unmet needs.

- § For unmet housing needs funding, three COGs, whose service areas contain the 22 counties eligible for FEMA Individual Assistance, will be the only Applicants. The counties served by the Applicants are: Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, and Walker.
- § For non-housing related activities, four COGs, whose service areas contain the 29 counties eligible for FEMA Public Assistance, will be the only Applicants. The counties served by the Applicants are the

same counties eligible for unmet housing needs funding plus the following counties: Cherokee, Gregg, Harrison, Houston, Marion, Panola, and Rusk. Individual contracts will be prepared between the State and each entity (cities, counties, and federally recognized Indian Tribes) that receives grant awards (Subgrantee) as part of the Application. A Subgrantee may also have the COG arrange for local grant administration.

As designated by the U.S. Department of Housing and Urban Development (HUD), no less than 55 percent of the total CDBG Disaster Recovery allocation will be directed towards unmet housing needs and that percentage may be increased based on local decisions regarding the priority of needs. Because the majority of the CDBG Disaster Recovery funding will be dedicated to housing activities, the Governor has designated the TDHCA Board to make all awards, including awards for critical infrastructure, associated with this Action Plan.

Public comment was accepted at five public hearings held throughout the affected region as well as Austin. Hearings were held in Nacogdoches (March 20), Beaumont (March 21), Livingston (March 22), Austin (March 22), and Houston (March 28). Public comment was also accepted in writing to TDHCA. Mailed comment was sent to the Division of Policy and Public Affairs, TDHCA, PO Box 13941, Austin, Texas 78711-3941. Comment was also submitted via e-mail to info@tdhca.state.tx.us. The public comment period closed on March 30, 2006.

In addition to the public comment period held March 14, 2006, through March 30, 2006, the Departments extended the public comment period to solicit comments on Spanish and Vietnamese versions of the Action Plan. The additional Plans were made available so that households of limited English proficiency could participate in the public comment process and shape the development of the CDBG Disaster Recovery Program in their area. This comment period will start April 21, 2006, and last through Monday, May 8, 2006.

On Thursday, April 13, 2006, notices of the extended public comment period in Spanish and Vietnamese languages were posted on TDHCA's and ORCA's websites. On Friday, April 14, 2006, the Spanish version of the Action Plan was posted on the Departments' websites. On Tuesday, April 18, 2006, the Vietnamese version of the Action Plan will be posted. On April 21, 2006, notice of the public comment period for both the Spanish and Vietnamese versions of the document will be published in the *Texas Register*.

In addition to *Texas Register* and website postings, the Departments carried out additional outreach to distribute the Spanish and Vietnamese versions of the Action Plan. TDHCA sent Spanish- and Vietnamese-language notices to everyone on the Department's email list. TDHCA also contacted each



COG serving the impacted area for a list of advocacy organizations serving Spanish and Vietnamese communities, and the notice was distributed to each organization on the list.

Upon HUD approval of the Action Plan, TDHCA, in conjunction with ORCA, will release a uniform Application. It is anticipated that technical assistance workshops will begin on May 15, 2006. The Application acceptance period is projected to run May 22, 2006, through June 23, 2006. It is anticipated that the TDHCA Board will determine the Applications to fund as soon as possible following the close of the Application period. If necessary to expedite the award of funds, additional TDHCA Board meetings may be added to the regularly scheduled meetings. The award schedule is subject to change depending on the approval date by HUD of the Action Plan.

## **INTRODUCTION**

The State of Texas is required to publish an Action Plan for Disaster Recovery (Action Plan) that describes the proposed use of U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding associated with the Department of Defense Appropriations Act, 2006 (Public Law 109-148, approved December 30, 2005) for disaster relief of unmet housing and infrastructure needs resulting from Hurricane Rita in the most impacted and distressed areas of Texas.

This document will specifically describe the:

- § citizen participation process used to develop the Action Plan;
- § eligible affected areas and applicants, and the methodology used to distribute funds to those applicants;
- § activities for which funding may be used; and
- § grant administration standards and procedures that will ensure program requirements, including non-duplication of benefits, are met through continuous quality assurance and internal audit functions.

This Action Plan will be used by the Texas Department of Housing and Community Affairs (TDHCA) and the Texas Office of Rural Community Affairs (ORCA) to provide \$74,523,000 in CDBG Disaster Recovery Funding to be used toward meeting unmet housing, infrastructure, public service, public facility, and business needs in areas of concentrated distress as intended by Public Law 109-148 and HUD. Throughout this document, activities involving these two organizations will be referred to as those of the "Departments."

It should be noted from the outset that this Action Plan, with its extremely limited funds, does not begin to cover the \$2 billion in unmet needs of Texas related to Hurricanes Rita and Katrina as more specifically reported in *Texas Rebounds* (<http://www.osfr.state.tx.us/WRfiles/Texas%20Rebounds%2003-01-06.pdf>)

which was prepared by the Office of the Governor in consultation with local governments, state agencies, housing authorities and social services organizations. Unmet critical local government housing and infrastructure needs, all eligible for CDBG funding, were estimated in the *Texas Rebounds* report to be \$1.274 billion at a minimum.

## **FEDERAL APPROPRIATIONS**

Public Law 109-148 (effective December 30, 2005) provided \$11.5 billion of supplemental appropriation for the CDBG program for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of Hurricanes Rita, Katrina and Wilma. Of this amount, \$74,523,000 was specifically allocated to Texas by the Secretary of HUD to address the consequences of Hurricane Rita. The funds are intended by HUD to be used toward meeting unmet housing, infrastructure, public service, public facility, and business needs in areas of concentrated distress. The Federal Register (Volume 71, Number 29) includes a definition of “unmet housing needs” as including, but not being limited to, those of uninsured homeowners whose homes had major or severe damage. As provided for in Public Law 109-148, the funds may not be used for activities reimbursable by or for which funds are made available by FEMA or the Army Corps of Engineers. The availability of funding was formally announced in the Federal Register (Volume 71, Number 29) on February 13, 2006.

## **THE IMPACT OF THE STORMS AND TEXAS’ RECOVERY NEEDS**

The 2005 Atlantic hurricane season was one of the most extreme in recorded history. The Central and Western Gulf Coast were hit by several large storms, including Hurricanes Katrina and Rita, which had a dramatic impact on the state of Texas.

The Governor of Texas declared a State of Emergency on August 29, 2005, relative to Hurricane Katrina’s imminent landfall on the Gulf Coast. Hurricane Katrina made landfall that same day in Louisiana.

The President issued an Emergency Declaration on September 2, 2005, for all 254 counties in Texas for emergency protective measures due to the huge influx of evacuees from Louisiana, Alabama, and Mississippi. As a result of massive evacuations, Texas absorbed more than 400,000 evacuees from the Central Gulf Coast – mostly from Louisiana.

While Texas’ long-term sheltering operation was in its infancy, dangerous Hurricane Rita entered the Gulf of Mexico. On September 21, 2005, due to the impending threat of Rita, the President issued another Emergency Declaration for all 254 Texas counties. On September 24, 2005, only 26 days after Katrina devastated the Gulf Coast, this Category Three made landfall. While the eye of the storm made landfall near Sabine Pass, Texas, the core of the hurricane’s most extreme destruction hit the heavily populated

and industrialized areas of Port Arthur, Orange, and Beaumont. Communities in the path of the hurricane sustained enormous physical damage from excessive winds and rain. In some heavily wooded areas, an estimated 25 percent of the trees were lost. High winds and falling trees caused extensive damage to homes and businesses. The same day of the storm, Texas received a FEMA Major Disaster Declaration for all 254 counties for debris operations and emergency protective measures for Rita. Multiple amendments have since been added to the Major Disaster Declaration to expand the list of eligible counties for FEMA Individual Assistance Program (IAP) and Public Assistance Program (PAP) funding to 29 designated counties.

The Governor's Division of Emergency Management (GDEM) and FEMA reported the receipt of 479,199 registrations for the Individual Assistance Program as a result of Hurricane Rita in the 29-county area. As a result of Hurricane Rita, more than 75,000 homes in the area suffered major damage or were destroyed. Of these, approximately 40,000 homeowners were uninsured. Furthermore, a substantial percentage of the damaged households are located in areas predominantly occupied by individuals meeting the definition of low to moderate income (LMI). There were 44 recovery centers set up in disaster impacted counties and throughout the state so that residents could apply for immediate assistance, meet with Small Business Administration loan specialists, and get information about available federal and state assistance. Additionally, 4,249 travel trailers were issued to displaced individuals and families.

The current (as of March 9, 2006) combined FEMA and GDEM estimate of damage caused to Texas infrastructure by Hurricane Rita is \$239,146,582. (This estimate will continue to increase until all applications and site visits can be completed.) Schools, hospitals, critical private nonprofit organizations, local jurisdictions, and utilities are among those that sustained financially crippling damages.

According to FEMA, 640,968 Katrina and Rita applicants for assistance are residing in Texas as of February 1, 2006. Most of these families are living in Southeast Texas. Second only to Louisiana, Texas hosts the most people impacted by the devastating hurricanes of 2005. The overall impact of Hurricanes Katrina and Rita in Texas is widespread and extremely apparent.

#### **FEDERAL AND STATE RESPONSES TO DATE**

TDHCA and ORCA both served as part of the GDEM Team. TDHCA staff also served in disaster assistance centers in Austin, Dallas, Houston, San Antonio, and Tyler working directly with evacuees to help direct them to vacant units and out of city shelters. The Departments' staff also participated in several workshops in Southeast Texas to discuss how their various funding sources could be used in the disaster recovery effort.

In the wake of Hurricane Katrina, TDHCA initiated a major effort to update its online multifamily property inventory to provide real time vacancy information. This allowed potential residents to more easily identify which developments actually had vacant affordable units available. TDHCA continues to provide contact information for vacant units through this online database. The database contains addresses, phone numbers, and property contact information on thousands of available rental units in Texas funded by TDHCA, HUD, the U.S. Department of Agriculture, and other financing sources. TDHCA created this searchable database to aid evacuees from Hurricanes Katrina and Rita in finding a long-term solution to their housing needs in the city of their choice.

TDHCA played a key role in the State's efforts to respond to Hurricanes Katrina and Rita. Its network of Community Services Block Grant contract agencies, for example, assisted more than 80,000 people with housing, food, transportation, and a wide variety of other essential emergency services.

In the wake of Hurricane Rita, TDHCA immediately requested from the Internal Revenue Service that relief be granted similar to Notice 2005-69, 2005-69-40 IRB 622 (applying to Hurricane Katrina which temporarily suspended certain requirements under section 42 of the Internal Revenue Code). This allowed owners of low income housing tax credit projects throughout the state to provide temporary housing in vacant units to individuals who resided in jurisdictions designated for Individual Assistance who have been displaced because their residences were destroyed or damaged as a result of the devastation caused by both Hurricane Katrina and Hurricane Rita. This action allowed thousands of displaced persons to gain access to affordable housing that they otherwise would not have been able to utilize.

Below is a summary of resources TDHCA and ORCA, immediately called upon after Hurricane Rita. In general, these funds, which were fully subscribed or well oversubscribed, have been or soon will be awarded.

#### Funds Provided for Housing Related Activities

š On December 30, 2005, TDHCA, through its Office of Colonia Initiatives (OCI), released a Notice of Funding Availability (NOFA) for approximately \$1,800,000 of State of Texas Housing Trust Funds to organizations assisting individuals or families that were victims of Hurricane Rita to purchase or refinance real property on which to build new residential or improve existing residential housing through self-help construction for very low and extremely low income individuals and/or families (owner-builders), including persons with special needs. This NOFA reflected the TDHCA Board's decision to redirect a substantial portion of the housing funds the Department receives from the State's treasury towards Hurricane Rita recovery efforts. Eligible applicants were nonprofit organizations certified by TDHCA as Nonprofit Owner-Builder Housing Programs (NOHP) as described

in Subchapter FF, Section 2306.755 of the Texas Government Code. To date, three applications requesting \$1.87 million were received. Two of these applications were approved by the TDHCA Board on March 20, 2006. The remaining application, for \$600,000 is being evaluated at this time and pending confirmation of eligibility will be presented to the Department's Board for ratification on May 4, 2006.

- § On January 27, 2006, TDHCA, released a NOFA for \$8.3 million in federal HOME Investment Partnerships Program funds for the repair or reconstruction of homes damaged by Hurricane Rita. These funds were obtained through a HUD waiver that allows the use of Program Year (PY) 2005 and PY 2006 Community Housing Development Organizations (CHDO) set-aside funds for disaster relief efforts. TDHCA provided funds to affected counties using a tier-system that gives priority to those with the greatest damage. Twelve applications requesting all of the available funding were received and were funded in March 2006. On December 21, 2005, TDHCA submitted a request to HUD for additional waivers to also use unobligated CHDO funds from PYs prior to 2005 for disaster recovery. This request would provide for approximately \$4.7 million of additional funding.
- § On January 30, 2006, TDHCA issued a NOFA related to Housing Tax Credits authorized through HR 4440, also known as the Gulf Opportunity Zone Act of 2005. This act amended the Internal Revenue Code of 1986 to provide tax benefits for certain areas affected by Hurricane Rita. The Act provided for an increase of \$3,500,000 in the 2006 Housing Tax Credit Ceiling for the State of Texas. TDHCA determined that it would allocate that \$3,500,000 solely in 21 of the 22 impacted counties for rehabilitation, reconstruction, or replacement new construction of rental units. TDHCA also separated those credits from the rest of the 2006 Housing Tax Credit Ceiling to respond to the emergency nature of the necessary assistance. There were 14 total applications totaling \$9.4 million in credits (an over subscription of over 250 percent). These award recommendations will be reviewed by the TDHCA Board in May 2006.
- § On February 15, 2006, TDHCA announced the release of \$16 million in home loans that will be made available to qualified homebuyers wishing to purchase a home within targeted areas including the 22 East Texas counties designated under the Gulf Opportunity Zone Act of 2005. Provisions under the act made it possible for TDHCA to offer the financing to qualified borrowers at a 4.99 percent interest rate through a network of participating lenders. Under the resulting "Rita GO Zone" program, eligible borrowers can qualify with higher family incomes and can purchase homes that exceed an area's average purchase price by more than allowed by other state programs. An eligible borrower's income can be up to 140 percent of the median income, and the home purchase price limit is 110 percent of the area's median home value. As of April 6, 2006, \$14.5 million in loans had been applied for by home owners.

### Funds Provided for Non-Housing Activities

- § In the days immediately following Hurricane Katrina, ORCA set aside \$1 million from its disaster relief fund to assist communities to improve, expand, and equip temporary shelters to house evacuees resulting from Hurricane Katrina. ORCA has provided daily technical assistance to applicants as well as the consultants who work with the smaller communities both from the Austin office and the South East Texas field office. As a result of the disaster relief fund, eight communities now have emergency shelters to incorporate into their emergency management plans for future Texas disasters.
- § To offset the huge medical need created by both the Hurricane Katrina evacuees and then of those directly impacted by Hurricane Rita, the ORCA Rural Health division created a capital improvement disaster grant program for rural hospitals and clinics. The program was funded at \$420,000 from both interest accrued on tobacco endowment funds and the State Office of Rural Health Grant. ORCA received more than \$870,000 in application requests. In total, 20 rural hospitals and clinics benefited from the program.

### **CITIZEN PARTICIPATION AND PUBLIC COMMENT**

Since Hurricanes Katrina and Rita made landfall, federal, state, and local governments and agencies have worked continuously with citizens regarding damage and loss in local communities. Applications for FEMA assistance; homeowner insurance claims; visits to local disaster recovery centers; and requests for emergency shelter, food, and financial assistance confirm that the public has played a role in communicating needs to federal, state, and local agencies. Examples of such meetings include extensive participation by TDHCA directors and staff at the following disaster recovery meetings:

- § A Texas Senate Finance Hearing on disaster recovery held in Beaumont on November 17, 2005.
- § HUD Hurricane Rita disaster recovery summit held in Beaumont on December 14, 2005.
- § TDHCA disaster recovery funding availability workshops held in Beaumont and Nacogdoches on January 19 and 20, 2006.
- § The Port Arthur Recovery Conference held on February 23 and 24, 2006.

Further, as the Departments' staff visited and consulted with local government leaders, state and federal legislators, and community action and social services agencies that were hit hardest by the storms, various forums were provided for the sharing of information concerning financial assistance that was needed. Many of the visits were followed up by telephone calls to the Departments with questions about possible funding sources that could be used to address unmet needs.

The public comment period on the Action Plan ran from March 14, 2006, to March 30, 2006. To discuss and gather direct public comment on the proposed Action Plan, five public hearings were held at the following times and locations.

Location:	Nacogdoches	Beaumont	Livingston	Austin	Houston
Address:	C.L. Simon Recreation Center  1112 North Street, Room 2 Nacogdoches, TX 75961	South East Texas Regional Planning Commission 2210 Eastex Freeway Beaumont, TX 77703	Livingston Municipal Complex 200 W. Church Street Livingston, TX 77351	Stephen F. Austin Building  1700 N. Congress Avenue, Rm. 170 Austin, TX 78701	Harris County Jury Assembly Room,  1019 Congress, 1st floor Houston, TX 77002
Date & Time:	March 20, 2006, 6:00 pm	March 21, 2006, 10:00 am	March 22, 2006, 10:00 am	March 22, 2006, 6:00 pm	March 28, 2006, 6:00 pm

The Departments' notice of the public comment period and associated public hearings was published in the Texas Register on March 10, 2006. Similar notice was simultaneously provided on the Departments' websites in English and Spanish. On March 1, 2006, an announcement in English and Spanish that described the public comment period and public hearings schedule for the first four hearings was mailed to over 2,500 addresses on ORCA's typical CDBG notification list, which includes all of the State's mayors and county judges. Texas Indian Tribes were also included in this mailing. On March 10, 2006, a follow up notice announcing an additional hearing in Houston was distributed using the same contact lists.

The Departments called all counties and cities in the affected counties prior to the public hearings and faxed and mailed a public hearing notification letter to all entitlement and non-entitlement cities and counties in the affected region prior to the public hearings. Additionally, a wide variety of interested parties were notified electronically about the public hearings through TDHCA's "interested contact" databases. This database includes 2,855 emails of public officials, for-profit and non-profit developers, community housing development organizations, advocacy groups, and supportive service providers that have expressed an interest in being notified about upcoming TDHCA activities.

The locations of the hearings were fully accessible. Staff at the hearings were able to dialogue in both Spanish and English, and the hearing announcement had opportunities for persons with hearing disabilities to request an interpreter for the hearing and opportunities for persons requiring auxiliary aids or services to request that arrangements be made.

In addition to the public comment period held March 14, 2006 through March 30, 2006, the Departments extended the public comment period to solicit comments on Spanish and Vietnamese versions of the Action Plan. The translated versions of the Plans were made available so that households of limited English proficiency could participate in the public comment process and shape the development of the CDBG Disaster Recovery Program in their area. This comment period started April 21, 2006 and lasted through Monday, May 8, 2006.

On Thursday, April 13, 2006, notices of the extended public comment period in Spanish and Vietnamese languages were posted on TDHCA's and ORCA's websites. On Friday, April 14, 2006, a Spanish version of the Action Plan was posted on the Departments' websites. On Tuesday, April 18, 2006, a Vietnamese version of the Action Plan was posted. On April 21, 2006, notice of the public comment period for both the Spanish and Vietnamese versions of the document was published in the Texas Register.

In addition to Texas Register and website postings, the Departments carried out additional outreach to distribute the Spanish and Vietnamese versions of the Action Plan. TDHCA sent Spanish- and Vietnamese-language notices to everyone on the Department's email list. TDHCA also contacted each COG serving the impacted area for a list of advocacy organizations serving Spanish and Vietnamese communities in their region. Notices in both languages were distributed to the organizations identified in the resulting lists.

Other direct efforts to encourage participation in the public comment process included the following:

- § The Departments consulted county judges, CDBG entitlement communities, and Indian Tribes in the eligible counties to discuss the Action Plan details.
- § The Departments consulted State officials, including State Legislators, in the impacted areas.
- § Emails announcing the hearings, providing the Action Plan and asking for feedback were sent to the COGs and followed-up by consultations with the COGs.
- § Letters summarizing the Action Plan were also sent to
  - each of the cities within the eligible counties,
  - entitlement communities across the state, and
  - TDHCA's list of affordable housing development partners.

Public comment was accepted directly at the public hearings, by mail, or via email to the address below.

Mail:	TDHCA Division of Policy and Public Affairs P.O. Box 13941 Austin, TX 78711-3941
Fax:	(512) 469-9606
Email:	info@tdhca.state.tx.us

One area of particular interest to the Departments was comment on issues that require requesting additional CDBG Disaster Recovery Funding waivers from HUD to address specific needs related to regional and local recovery activities. Such waiver requests collected through this process or otherwise identified in the preparation of the Action Plan are included in Appendix A of this document.



A summary of the comments received during the public comment period and the Departments' reasoned responses and actions is provided in Appendix B of this document.

To expedite the distribution of funds, Applicants will not be required to conduct public hearings or meetings to receive comments from residents of the community. Rather, Applicants will be required to post a public notice in a newspaper of general circulation that states the type of activities to be undertaken, the amount of funding available for the activities, the portion of the funds that will be used for administrative purposes, the method used to allocate the funds within the region, and a date by which public comments must be made. In areas where there are large populations of non-English speaking citizens, such notices must be provided in the predominant languages of the region.

To encourage the receipt of comment on the need for a wide variety of activities, the Applicant shall send letters to local community organizations that work to:

- š help low income families avoid becoming homeless;
- š reach out to homeless persons and assess their individual needs;
- š address the emergency shelter and transitional housing needs of homeless persons;
- š help homeless persons make the transition to permanent housing and independent living;
- š provide supportive housing assistance to groups with special needs including the elderly, frail elderly, persons with disabilities (mental, physical, developmental), persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents;
- š provide for planning within the affected areas (i.e., local and county officials); and
- š address community and small business development needs on local and regional levels.

Any recipient of public funds in Texas may be subject to Texas Government Code Chapter 552, commonly called the Public Information Act. Records retention policies must meet federal Office of Management and Budget guidelines and/or other applicable state or local statute with regards to record retention.

The Departments are operating under the Consolidated Plan that covers federal fiscal years 2005-2009. After careful review, it was determined by the Departments that the Consolidated Plan does not need to be amended to implement this Action Plan. Subsequent Consolidated Action Plans and Consolidated Annual Performance Reports will discuss continuing activities and results associated with this disaster recovery effort.

## **ELIGIBLE AREAS**

Counties where the CDBG Disaster Recovery Funds may be used were determined by the FEMA Emergency Declaration and Major Disaster Declaration issued by FEMA in response to Hurricane Rita.



#### FEMA-3261-EM-TX

- § Initial Incident Date: 9/24/2005
- § Emergency Declaration Date: September 21, 2005
- § FEMA provided 100 percent Federal funding for all 254 counties in Texas for emergency protective measures for the first 72 hours of the incident period. Thereafter, the Federal funding was reduced to 75 percent.

#### FEMA-1606-DR-TX

- § Initial Incident Date: 9/24/2005
- § Major Disaster Declaration Date: September 24, 2005
- § FEMA provided 100 percent Federal funding for all 254 counties in Texas for debris removal and emergency protective measures for the first 72 hours of the incident period. Thereafter, the Federal funding was reduced to 75 percent.

Table 1 and Figure 1 on the next page show the counties that were eligible under the FEMA Individual Assistance Program (IAP) and Public Assistance Program (PAP). IAP funds are direct payments to individuals or households for housing assistance (lodging, rental assistance, home repair, home replacement, or housing construction) or other needs assistance (medical, dental, funeral costs, transportation costs, etc.). Although this program may include cash grants up to \$26,200 per individual or household, most assistance is in the form of low interest loans to cover expenses not covered by state or local programs or private insurance. PAP funding provides supplemental disaster grant assistance to State, local governments, and certain private nonprofit entities for the debris removal, emergency protective measures, and repair, replacement, or restoration of disaster-damaged publicly owned infrastructure or facilities. The CDBG Disaster Recovery Funding may be used in the 29 eligible counties that were eligible for assistance under those two FEMA programs.

#### **ELIGIBLE APPLICANTS**

Eligible Applicants include four COGs whose service areas contain the 29 eligible counties for the CDBG Disaster Recovery Funding (Deep East Texas COG, East Texas COG, Houston-Galveston Area Council, and the South East Regional Planning Commission). Figure 1 shows the distribution of the eligible counties amongst the four Applicants.

The COGs were designated as the eligible Applicants for the following reasons:

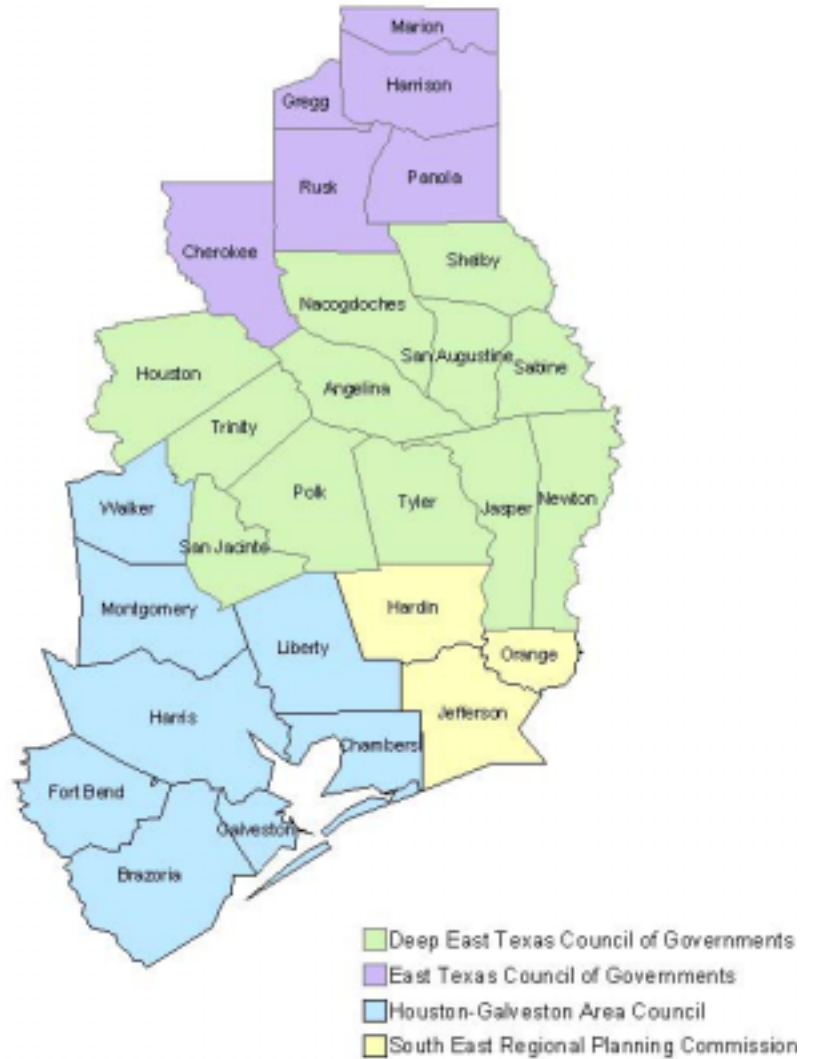
- § Having the COGs prepare the Applications should allow for better prioritization of local needs within the region. Given the very limited amount of CDBG Disaster Recovery Funding available and the widespread need, utilizing the COGs helps ensure funds go to the most impacted and distressed areas that have the greatest housing and infrastructure needs consistent with the *Texas Rebounds* report.
- § COGs have a long history of working with the CDBG program and the affected cities and counties. As a result, COG staff has a very good understanding of both the CDBG program and regional needs.

- § COGs have a regional planning focus that includes, but is not limited to, state and federal programs in their area. Their role as subrecipients will promote coordination with those existing regional plans.
- § For the purpose of expediting the distribution of funds to the areas in need, reducing the number of Applicants helps fast track the application process. Having only four Applicants reduces administrative time and application production costs for the Departments as well as city and county governments and federally recognized Indian Tribes.

**Table 1. Eligible Counties**

	County	Individual Assistance Program (IAP)	Public Assistance Program (PAP)
1	Angelina	¿	¿
2	Brazoria	¿	¿
3	Chambers	¿	¿
4	Cherokee	¿	¿
5	Fort Bend	¿	
6	Galveston	¿	¿
7	Gregg		¿
8	Hardin	¿	¿
9	Harris	¿	
10	Harrison		¿
11	Houston		¿
12	Jasper	¿	¿
13	Jefferson	¿	¿
14	Liberty	¿	¿
15	Marion		¿
16	Montgomery	¿	¿
17	Nacogdoches	¿	¿
18	Newton	¿	¿
19	Orange	¿	¿
20	Panola		¿
21	Polk	¿	¿
22	Rusk		¿
23	Sabine	¿	¿
24	San Augustine	¿	¿
25	San Jacinto	¿	¿
26	Shelby	¿	¿
27	Trinity	¿	¿
28	Tyler	¿	¿
29	Walker	¿	¿
Total Counties by FEMA Category		22	27

**Figure 1. Eligible Counties and Applicants**



For unmet housing needs, the Applicants representing the affected regions will apply on behalf of their respective regions. Individual contracts will be prepared between TDHCA and each Applicant who will be the region's Subgrantee for unmet housing need activities. Each Subgrantee will administer an amount, based on need, for their region, and will be required to work with the affected counties to ensure that their most severe unmet housing needs are addressed and that all state and federal requirements of the CDBG Program are met. Because the COGs that represent the affected regions are already working aggressively to address the housing needs of their respective communities by leveraging funding, TDHCA believes that better consistency and controls can occur if these entities account for the funding that is being utilized within their regions, and thus TDHCA will have better controls to prevent duplication of benefits.

For non-housing needs, the Applicants will apply on behalf of the counties and city jurisdictions and federally recognized Indian Tribes within their region. Individual contracts will be prepared, under TDHCA Board authority, between ORCA and each Subgrantee (county, city, and federally recognized Indian Tribe that receives a grant award). A Subgrantee may have the COG arrange for local grant administration.

With regard to their eligibility to apply for CDBG Disaster Recovery funds, each Applicant's performance status was thoroughly reviewed to ensure they were in compliance with both of the following sections of the Texas Administrative Code (TAC).

- § As more thoroughly described in 10 TAC Sec. 1.3, "Delinquent Audits and Other Issues," applicants are ineligible to apply for CDBG Disaster Recovery funds if they have any audits past due to TDHCA and are ineligible to receive funds until any unresolved TDHCA audit findings or questioned or disallowed costs are resolved.
- § As more thoroughly described in 10 TAC Sec. 255.1(h)(6), an applicant that has one year's delinquent audit may apply for disaster funding but must satisfy all outstanding ORCA audits prior to award. A community with two years of delinquent audits may not apply for additional funding and may not receive a funding recommendation.

All Applicants are expected to follow local, state, and federal laws pertaining to the use of public funds unless a waiver is granted prior to the obligation of funds.

## Contact Information and Links to COGs

### **Deep East Texas COG**

<http://www.detcog.org/>  
Walter G. Diggles, Executive Director  
wdiggles@detcog.org

Comments on programs or suggestions:  
info@detcog.org

DETCOG (JASPER OFFICE)  
210 Premier Dr.  
Jasper, TX 75951  
Phone: 409.384.5704  
Toll Free: 1.800.256.6848  
TDD: 409.384.5975  
Fax: 409.384.5390

DETCOG (LUFKIN OFFICE)  
118 S First St.  
Lufkin, TX 75901  
Phone: 936.634.8653  
Toll Free: 1.800.256.7696

### **East Texas COG**

<http://www.etcog.org/>  
Glynn Knight, Executive Director  
glynn.knight@etcog.org  
3800 Stone Road  
Kilgore, Texas 75662  
Phone: 903/984-8641/Fax 903/983-1440

### **Houston/Galveston AC**

<http://www.h-gac.com>  
Jack Steele, Executive Director  
Jack.Steele@h-gac.com  
P.O. Box 22777  
Houston, TX 77227-2777  
Phone: 713-627-3200

### **South East Texas RPC**

<http://www.setrpc.org/>  
Chester R. Jourdan, Jr., Executive Director  
setrpc@setrpc.org  
2210 Eastex Freeway  
Beaumont, Texas 77703  
Phone: 409.899.8444 /Fax: 409.347.0138

## **PROPOSED USE OF TEXAS DISASTER RECOVERY FUNDS**

### How Funds Will Address Texas' Greatest Unmet Needs

Federal requirements clearly state that the funds can be used only for disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of Hurricane Rita. Requirements provide that the funds be directed to the most impacted and distressed areas within the state. As provided for in Public Law 109-148, the funds may not be used for activities reimbursable by or for which funds are made available by FEMA or the Army Corps of Engineers. The Departments anticipate requesting waivers to tailor the program to best meet the unique disaster recovery needs of Texans as issues arise and are brought forward by the participants.

### Eligible Activities

This Action Plan outlines the Departments' framework for allocating funding. However, Applicants are being provided, and are also encouraged to read, the requirements set out in the Federal Register (7666 Federal Register/Vol. 71, No. 29, Feb. 13, 2006). Unless otherwise stated in the Federal Register, statutory and regulatory provisions governing the CDBG program for states, specifically 24 CFR Part 570 Subpart I, apply to the use of these funds.

All proposed activities must be eligible CDBG activities according to 24 CFR Part 570 Subpart I, except as waived by HUD, must meet requirements for disaster recovery funding cited throughout this document,

and must meet at least one of the three national CDBG objectives. All housing, public service, public facility, infrastructure, and business development activities allowable under 24 CFR Part 570 are eligible Application activities.

- § Housing activities will include but not be limited to single and multifamily acquisition, demolition, repair, rehabilitation, reconstruction, and new construction as appropriate for the specific local needs to address damage as a result of Hurricane Rita. Flood buyouts of homes damaged by Hurricane Rita in which the owner will repurchase a home are considered housing activities. Funding provided for these housing activities will be in the form of a grant.
- § Non-Housing activities will include but not be limited to FEMA Infrastructure Grant Program match, FEMA Hazard Mitigation Grant Program match (including drainage projects, flood buyouts in which the property is converted into open, undeveloped land, and safe-room and community storm shelters), Natural Resource and Conservation Service (NRCS-USDA) flood and drainage projects, roads and bridges, water control facilities, water and waste water facilities, buildings and equipment, hospitals and other medical facilities, utilities, parks and recreational facilities, debris removal, public/community shelters, and loan funds for businesses. All of these activities must be related to addressing damages created by Hurricane Rita.

#### Anticipated Accomplishments

Given the very limited amount of available CDBG Disaster Recovery Funding as compared to the tremendous need, the Departments expect to make focused efforts to restore housing units lost or severely damaged by the storm and to make repairs to public infrastructure damaged by Hurricane Rita. The Departments anticipate that low to moderate income (LMI) residents will be the primary beneficiaries of the program. Under HUD program guidelines, "low to moderate income" individuals reside in households that earn less than 80 percent of the area median family income. Applicants for the funds will be required to specify activities, proposed units of accomplishment, and proposed beneficiaries in the Application. These anticipated accomplishments will be reported by the Departments to HUD during the first quarter of reporting using the online Disaster Recovery Grant Reporting System.

#### National Objective

All activities must meet one of the three national objectives set out in the Housing and Community Development Act (address slum and blight, urgent need, primarily benefit LMI persons). Pursuant to explicit authority in the Department of Defense Appropriations Act, 2006 (Public Law 109-148, approved December 30, 2005), HUD is granting an overall benefit waiver that allows for up to 50 percent of the grant to assist activities under the urgent need or prevention or elimination of slums and blight national objectives, rather than the 30 percent allowed in the annual State CDBG program. The primary objective of Title I of the Housing and Community Development Act and of the funding program of each grantee is

the "development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income." The statute goes on to set the standard of performance for this primary objective at 70 percent of the aggregate of the funds used for support of activities producing benefit to low and moderate income persons. Since extensive damage to community development and housing affected those with varying incomes, and income-producing jobs are often lost for a period of time following a disaster, HUD is waiving the 70 percent overall benefit requirement, leaving a 50 percent requirement, to give grantees even greater flexibility to carry out recovery activities within the confines of the CDBG program national objectives. The Application must clearly document for the TDHCA Board that at least the 50 percent requirement is met. TDHCA strongly encourages applicants to assist those lower income households with the greatest need in all of their activities.

## **METHOD OF ALLOCATION**

### General Information

The Departments will administer the \$74,523,000 HUD allocation. The state may use up to 5 percent of the funding (\$3,726,150) for the Departments' administrative expenses, including contract administration, compliance monitoring, and the provision of technical assistance to Applicants and Subgrantees. The remaining funding is being made available directly to Subgrantees for eligible projects.

The Secretary of HUD's January 25, 2006, News Release (No. 06-011) provided that "Fifty-five percent of the funds are allocated toward unmet housing needs. The remaining funds are allocated toward concentrated distress, as these communities will have not only the greatest damage and destruction to their housing stock, but also the most intensive infrastructure and business damage not otherwise accounted for in our data, and the least locally available resources to address that damage." With the caveat that no less than 55 percent of the funding must go towards meeting unmet housing needs, the Departments are leaving decisions related to the use of funding for specific activities to those at the local level. Therefore, the amount associated with housing related activities could increase depending on the needs identified by the Applicants. At a minimum \$38,938,268 (55%) of the available \$70,796,850 in non-administrative funding will be set aside for unmet housing needs. The statute requires that funds can be used only for disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of Hurricane Rita.



Allocation of Funds to Areas of Greatest Need

FUNDING ALLOCATION

FEMA data was used to determine the distribution of housing and non-housing related damage across the eligible counties. The State of Texas and local governments have repeatedly voiced concerns over the accuracy and completeness of this data. While this is of great concern, the FEMA data nevertheless remains the most detailed and comprehensive source of information that is available. Table 2 shows each applicant’s allocation amount based on the Departments’ distribution methodologies.

**Table 2. Funding Allocation by Applicant**

<b>Applicant and Eligible Counties</b>	<b>Minimum Housing Need Allocation*</b>	<b>Non-Housing Need Allocation</b>	<b>Total Allocation</b>	<b>% of Total Allocation</b>
Deep East Texas Council of Governments Angelina, Houston, Jasper, Nacogdoches, Newton, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, and Tyler Counties	\$5,745,034	\$13,278,209	\$19,023,244	27%
East Texas Council of Governments Cherokee, Gregg, Harrison, Marion, Panola, and Rusk Counties	\$-	\$2,099,997	\$2,099,997	3%
Houston-Galveston Area Council Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Walker Counties	\$6,694,697	\$4,011,720	\$10,706,418	15%
South East TX Regional Planning Commission Hardin, Jefferson, and Orange Counties	\$26,498,536	\$12,468,656	\$38,967,192	55%
<b>Total</b>	<b>\$38,938,268</b>	<b>\$31,858,583</b>	<b>\$70,796,850</b>	<b>100%</b>

\*As discussed in the “General Information” section above, the actual Housing Need Allocation could increase and the Non-Housing Need Allocation could decrease based on the actual Application requests. Allocations will ultimately be determined based on Applicant consultations with cities, counties, and federally recognized Indian Tribes in the impacted areas.

Consistent with the charge to serve areas in concentrated distress, it should be noted that more than half the funds go to the three counties (Jefferson, Orange, and Hardin) that had the most storm damage. The map of the storm path shown in Appendix C shows these counties were located in the area of greatest storm strength.

In the event that each of the eligible Applicants does not submit an Application or does not request the total eligible funding amount, any remaining funds will be allocated amongst the remaining Applicants on a prorated basis tied to need.

Housing Activity Need Allocation Methodology

After intensive review of data from FEMA, the Texas Department of Insurance, and self reported damage reports from local governments provided by the GDEM, it was determined that FEMA Individuals and Households Program payment information provided an accurate comparison of county-by-county storm damage within the eligible counties. The actual FEMA data is provided as Appendix D. This objective data

was also evaluated to see how it was supported by first hand observations of need that were developed from many TDHCA staff trips to the affected areas and ongoing discussions with local officials.

Seven of the eligible counties for the CDBG Disaster Recovery Funds were ineligible for FEMA IHP assistance. After reviewing insurance claim data for these counties as reported by the Texas Governor's Office, it appears that these areas experienced comparatively low levels of housing damage as compared to the other affected counties. As a result, housing activity need assistance was not associated with these seven counties.

2000 U.S. Census poverty and very low income household data within the affected counties was also evaluated to see if the effects of the damage would be greatly distorted by subregional income differences. While there were slight differences observed between the counties, these differences were not deemed significant enough to warrant altering the distribution from that indicated by the regional information on disaster damage.

To determine the portion of each Applicant's funding allocation specifically related to unmet housing needs, the total county level housing need data within each COG was calculated. A funding distribution based on each COG's resulting percentage of total payments made under the FEMA IHP program was then generated.

#### Non-Housing Activity Need Allocation Methodology

For all non-housing activities, FEMA data detailing total infrastructure losses of the affected counties was considered for allocation purposes. This data is shown in Appendix E. Based on this data, with confirmation from first-hand accounts from ORCA staff and local communities and data supplied by regional COGs, ORCA allocated the non-housing portion of the disaster funding by county. Each affected county was allocated a minimum of \$350,000 for non-housing activities. The remainder of the funding available for non-housing activities was then divided on a prorated basis to counties with the greatest damage. The allocations by county were summed to determine the total non-housing need allocation for each COG region.

### **APPLICATION AND AWARD PROCESS**

#### Award Authority

Because a minimum of 55% of the CDBG Disaster Recovery funding is required to be dedicated to housing activities, the Governor designated the TDHCA Board to make all awards associated with this Action Plan. Because of the critical need for quick delivery and anticipated use of the funds awarded, changes to the awarded Application will require TDHCA Board approval if they exceed a 5% variance in funds or deliverables.

### Application Process and Award Timeline

Upon HUD approval of the Action Plan, the Department will release the Application and anticipates beginning technical assistance workshops on May 15, 2006. The Application acceptance period is projected to run May 22, 2006, through June 23, 2006, or for a period of 30 days after the Action Plan is approved by HUD if later than the above dates. The Departments will jointly review all submissions for completeness, eligibility, and to ensure that the Application helps address the area's greatest unmet needs. To the extent necessary, deficiencies may be issued and corrections on ineligible activities requested. It is anticipated that the TDHCA Board will determine the Applications to fund as soon as possible following the close of the Application period. If necessary to expedite the award of funds, an additional TDHCA Board meeting may be added to the regularly scheduled meetings.

### Technical Assistance

The state will provide technical assistance to Applicants requesting assistance in applying for funding under the Action Plan. At a minimum, this technical assistance will provide information on the eligible uses of funds, the Application, method of fund distribution, and an explanation of rules and regulations governing the grants funded under the Disaster Recovery Initiative. Technical assistance may take the form of workshops, telecommunication, on-site assistance, written correspondence, or manuals and guidebooks.

### Application Requirements

The Departments will utilize a uniform Application that allows Applicants to submit multifaceted (housing, public service, public facility, infrastructure, and business development) requests. All Applications must satisfy the following set of threshold criteria.

1. Each Applicant must provide a detailed description of the methodology used to allocate and prioritize funds within their region along with any supporting data used in methodology. This description must provide full explanation of how the specific proposed activities will be used only for disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to Hurricane Rita. This description must establish timelines and anticipated delivery dates.
2. If an Applicant chooses to utilize a competitive awards process, the Application must reflect exactly what that competitive process includes and state its scoring and prioritization criteria based on the most impacted and distressed areas.
3. Each Applicant is required to place funding limits for housing activities on their recipients, households and/or activities. Each Applicant must identify in its Application the limits to be used and the methodology utilized for establishing those limits. For non-housing activities, the Applicant may use a

scoring priority based on activities in combination with limits or may use an allocation, or a combination of both, that is based on the most impacted and distressed areas.

4. A fully executed and complete Certification and Application for Assistance. This certification will clearly establish that the proposed activities are eligible and satisfy national objectives. It will also establish that the beneficiaries will satisfy the household income targeting requirements established in the Federal Register notice. The Certification and Application for Assistance shall include the percentage of funds to be used to meeting housing needs as identified by HUD for these funds.
5. For each city, county or federally recognized Indian Tribe covered by the Application, a resolution of support of the appropriate governing body authorizing the submission of the Application and authorizing its chief executive officer as the authorized representative in all matters pertaining to the participation in the program. For housing activities, this means the Applicant must provide signatures from all county judges within their region affirming their agreement that the COGs take responsibility for CDBG funding and addressing their county's unmet housing needs.
6. Evidence of the Applicant's public notification and a summary of resulting public comment received on the proposed use of funds as a result of publishing the notice and sending correspondence on the plans to the appropriate parties. This evidence must also provide evidence of outreach in public notice to non-English speaking citizens in predominant languages of the region. Additionally, copies of correspondence sent to local community organizations that work to address the needs of the homeless and other groups with special needs as more thoroughly described in the Citizen Participation and Public Comment section of this Plan.
7. Evidence of good standing with regard to 10 TAC Sec. 1.3, "Delinquent Audits and Other Issues" (TDHCA) and 10 TAC Sec. 255.1(h)(6) (ORCA).
8. Evidence of sufficient financial oversight as established by an "Independent Auditor's Report" from 2004, or if available, 2005, audited financial statements for each Subgrantee represented by the Application.
9. Evidence of sufficient local need to utilize requested funds. Such need may be described using FEMA, State, or local damage reports, or Citizen's Survey Forms as provided in the Application. If the Citizen's Survey Form is utilized, the form:
  - a. may be used as a tool to perform preliminary marketing and outreach to potential consumers,
  - b. should be completed by potential individuals seeking CDBG assistance, and
  - c. must be signed and dated.

Evidence of need must support the requested level of assistance requested in the Application. The Applicant must also provide evidence of outreach to non-English speaking citizens in predominant languages of the region.

10. Evidence, in the form of a narrative, as to how the Applicant will:

- a. prevent low income individuals and families with children from becoming homeless;
- b. address the emergency shelter and transitional housing needs of homeless persons;
- c. help homeless persons make the transition to permanent housing and independent living;
- d. provide supportive housing assistance to groups with special needs including the elderly, frail elderly, persons with disabilities (mental, physical, developmental), persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents;

11. Evidence, in the form of a brief narrative, as to how the applicant currently promotes or will promote the following requirements:

- a. land use decisions that reflect responsible flood plain management and removal of regulatory barriers to reconstruction;
- b. construction methods that emphasize high quality, durability, energy efficiency, and mold resistance;
- c. enactment and enforcement of modern building codes;
- d. mitigation of flood risk where appropriate; and
- e. adequate, flood-resistant housing for all income groups that lived in the disaster impacted areas.

All non-housing activity Subgrantees must further demonstrate the ability to manage and administer the proposed project, demonstrate the financial management capacity to operate and maintain any improvements resulting from the project, levy a local property tax or local sales tax option, demonstrate satisfactory performance on previously funded CDBG contracts, and have resolved any outstanding compliance or audit findings. More detail on these requirements can be found at 10 TAC 255.1 (ORCA).

#### Match Requirement

The provisions at 42 USC 5306(d) and 24 CFR 570.489(a)(1)(i) and (iii) will not apply to the extent that they cap State administration expenditures and require a dollar for dollar match of State funds for administrative costs exceeding \$100,000.

#### **GRANT ADMINISTRATION**

##### Administration and Staffing

The Departments' staff will be provided with all training necessary to ensure the proper administration of the grants. To increase oversight at the local level, Subgrantee staff will be provided with all additional training necessary to ensure proper administration. The Departments also anticipate establishing at least one additional field office within the affected area to provide direct disaster technical assistance where needed.

### Administrative Costs

Subgrantees are strongly encouraged to minimize their administrative costs so that the amount available for program activities will be maximized. To ensure that this is the case, the amount of allowable Subgrantee administrative costs is capped at 10 percent of the grant award. In those instances where the Subgrantee deems that this amount is not sufficient for their activities, they may petition the TDHCA Board for administrative costs in an amount up to 15 percent of the grant. If milestones and delivery dates are not met, the Board may review the administrative fees as penalties for failure to meet the program deadlines. Subgrantees who have compliance issues or have not met substantial deadlines will not have their petition considered for increased administrative costs.

### State Action Plan Amendments

The following events would require a substantial amendment to the Action Plan:

- § addition or deletion of any allowable activity described in the plan;
- § change in the allowable beneficiaries; or
- § a change of more than five percent in the funding allocation between the activity categories described in the Action Plan (unless sufficient Applications are not received to meet the targeted percentages for each activity).

If a substantial amendment to the Action Plan is needed, then reasonable notice will be given to citizens and units of general local government to comment on the proposed changes. This notice must be provided to citizens in predominant languages of the region. Consistent with the desire to allocate these funds as quickly as possible, the public comment period will be the same as that utilized for the Action Plan. The Departments' public comment notification, receipt, and response processes will also follow those used to develop the Action Plan.

### Contract Amendments

The Departments encourage all Subgrantees to carefully plan projects that meet the stated requirements and to specify activities, associated costs, milestones/delivery dates, and proposed accomplishments and beneficiaries in order to reduce the need for amending contracts. The Departments will award two-year contracts. Contract amendments that vary more than 5% must be approved by the TDHCA Board.

The Departments will follow an established, unified process for amendments. Subgrantees should contact the Departments prior to requesting an amendment or contract modification that affects the budget, activities, beneficiaries or timeframe for accomplishing the work. Should a proposed amendment result in the need for modification of this Action Plan, the state will follow the process required by HUD for this disaster recovery funding.

Substantial amendments may be cause to review the entire Application submitted to determine if the project is meeting its stated goals and its timelines.

#### Documentation

Each Subgrantee must submit or maintain documentation that fully supports the Application that was submitted to the Departments. Requirements relating to documentation are set out in the Application Guide.

#### Reporting

Each Subgrantee must report on a quarterly basis (on a form provided by the Departments) on the status of the activities undertaken and the funds drawn. Quarterly status reports will be due to the Departments within 15 calendar days following the end of the quarter. The Departments will then report to HUD using the online Disaster Recovery Grant Reporting system.

More frequent reports may be required if Subgrantee has missed milestones/or has not met substantial elements of the Application/plan.

#### Anti-Displacement and Relocation

The State requires that each Subgrantee must certify that they will minimize displacement of persons or entities and assist any persons or entities displaced in accordance with the Uniform Anti-Displacement and Relocation Act and local policy.

#### Citizen Complaints

All Subgrantees must have adopted procedures for responding to citizens' complaints as is required under the Texas Small Cities Nonentitlement CDBG Program or Entitlement programs. Citizens must be provided with the address, phone numbers, and times for submitting such complaints or grievances. Subgrantees must provide a written response to every citizen complaint within 15 working days of the complaint, if practicable.

#### Definitions

All regulations associated with the CDBG program apply to this funding unless specifically detailed as a waiver in the Department of Defense Appropriations Act, 2006 (Public Law 109-148, approved December 30, 2005 or as specified in the Feb. 13, 2006 Federal Register notice) or subsequently waived by HUD as documented in this Action Plan. In addition, definitions and descriptions contained in the Federal Register are applicable to this funding.

## Regulatory Requirements

- § Subgrantees must comply with fair housing, nondiscrimination, labor standards, and environmental requirements applicable to the CDBG Program.
- § Fair Housing: Each Subgrantee will be required to take steps to affirmatively further fair housing; and when gathering public input, planning, and implementing housing related activities, will include participation by neighborhood organizations, community development organizations, social service organizations, community housing development organizations, and members of each distinct affected community or neighborhood which might fall into the assistance category of low and moderate income communities. The Departments will require that special emphasis be placed on those communities who both geographically and categorically consist of individuals who comprise “protected classes” under the Civil Rights Act of 1964 and the Fair Housing Act of 1978 as amended. The efforts will be recorded in an “Affirmative Marketing Plan”. At all times, “Housing Choice” will be an emphasis of program implementation and outreach will be conducted in the predominate language of the region where funds will be spent.
- § Nondiscrimination: Each Subgrantee will be required to adhere to the Departments’ established policies which ensure that no person be excluded, denied benefits or subjected to discrimination on the basis race, color, national origin, religion, sex, familial status, and/or physical and mental handicap under any program funded in whole or in part by Federal CDBG funds. Subgrantees will be required to document compliance with all nondiscrimination laws, executive orders, and regulations.
- § Labor Standards: Each Subgrantee will be required to oversee compliance with Davis-Bacon Labor Standards and related laws and regulations. Regulations require all laborers and mechanics employed by contractors or subcontractors on CDBG funded or CDBG assisted public works construction contracts in excess of \$2,000, or residential construction or rehabilitation projects involving eight or more units be paid wages no less than those prescribed by the Department of Labor and in accordance with Davis Bacon Related Acts.
- § Environmental: Specific instructions concerning environmental requirements at 24 CFR Part 58 will be made available to all Subgrantees. Some projects will be exempt from the environmental assessment process, but all Subgrantees will be required to submit the Request for Release of Funds and Certification (HUD Form 7015.15). Funds will not be released for expenditure until the Departments are satisfied that the appropriate environmental review has been conducted. Subgrantees will not use CDBG disaster recovery funds for any activity in an area delineated as a special flood hazard area in FEMA’s most current flood advisory maps unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain in accordance with Executive Order 11988 and 24 CFR Part 55.



### Flood Buyouts

Disaster recovery Subgrantees have the discretion to pay pre-flood or post-flood values for the acquisition of properties located in a flood way or floodplain. In using CDBG disaster recovery funds for such acquisitions, the Subgrantee must uniformly apply the valuation method it chooses.

Any property acquired with disaster recovery grants being used to match FEMA Section 404 Hazard Mitigation Grant Program funds is subject to Section 404(b)(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, which requires that such property be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or wetlands management practices. In addition, with minor exceptions, no new structure may be erected on the property and no subsequent application for federal disaster assistance may be made for any purpose.

A deed restriction or covenant must require that the property be dedicated and maintained for compatible uses in perpetuity.

Flood insurance is mandated for any assistance provided within a floodplain. The federal requirements set out for this funding provide further guidance on activities that are to be conducted in a flood plain. The Departments will provide further guidance regarding work in the floodplain upon request.

### Housing Assistance Beneficiaries

For Subgrantees undertaking housing assistance activities, a Housing Assistance Plan for selecting beneficiaries and housing units for housing assistance must be adopted and followed. Subgrantees are encouraged to use their existing Housing Assistance Plan if one is available. Modifications to the plan can only be made through the TDHCA contract amendment process. The contract will set out the specific requirements for the Housing Assistance Plan.

### Monitoring

The Departments will monitor all contract expenditures for quality assurance and to prevent, detect, and eliminate fraud, waste and abuse as mandated by Executive Order RP 36, signed July 12, 2004, by the Governor. The Departments will particularly emphasize mitigation of fraud, abuse and mismanagement related to accounting, procurement, and accountability which may also be investigated by the State Auditor's Office. In addition, the Departments and the Subgrantees are subject to the Single Audit Act. A "Single Audit" encompasses the review of compliance with program requirements and the proper expenditure of funds by an independent Certified Public Accountant or by the State Auditors Office. Reports from the State Auditors Office will be sent to the Office of the Governor, the Legislative Audit Committee and to the respective boards of the Departments.

The Departments have Internal Audit staff that perform independent internal audits of programs and can perform such audits on these programs and Subgrantees. The TDHCA Internal Auditor reports directly to the TDHCA Board of Directors. Similarly, the ORCA Internal Auditor reports directly to the ORCA Executive Committee.

The Departments will use an established, unified monitoring process. The Departments are currently in the process of modifying current monitoring procedures to specifically address the requirements of the CDBG Disaster Recovery Program and to ensure that all contracts funded under this disaster recovery allocation are carried out in accordance with federal and state laws, rules, and regulations, and the requirements set out in the Federal Register notice. The procedures will ensure that there is no duplication of benefits that have otherwise been covered by FEMA, private insurance, or any other federal assistance or any other funding source. The Departments will monitor the compliance of Subgrantees, and HUD will monitor the Departments' compliance with this requirement. Expenditures may be disallowed if the use of the funds is not an eligible CDBG activity, does not address disaster-related needs directly related to Hurricane Rita, or does not meet at least one of the three national CDBG objectives. In such case, the Subgrantee would be required to refund the amount of the grant that was disallowed. In addition and in order to ensure that funds are spent promptly, contracts will be terminated if identified timetables/milestones are not met. If it becomes necessary to terminate a contract with a Subgrantee, TDHCA will assume responsibility for the contract.

Monitoring efforts will provide quality assurance and will be guided by both responsibilities under the CDBG Program and responsibilities to low income Texans. These monitoring efforts include:

- § Identifying and tracking program and project activities and ensure the activities were as the result of damage from Hurricane Rita;
- § Identifying technical assistance needs of Subgrantees;
- § Ensuring timely expenditure of CDBG funds;
- § Documenting compliance with Program rules;
- § Preventing fraud and abuse;
- § Identifying innovative tools and techniques that help satisfy established goals; and
- § Ensuring quality workmanship in CDBG funded projects

In determining appropriate monitoring of the grant, the Departments will consider prior CDBG grant administration, audit findings, as well as factors such as complexity of the project. The Departments will determine the areas to be monitored, the number of monitoring visits, and their frequency. All grants will be monitored not less than once during the contract period. The monitoring will address program compliance with contract provisions, including national objectives, financial management, and the

requirements of 24 CFR Part 58 (“Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities”) or 50 (“Protection and Enforcement of Environmental Quality.”) The Departments will utilize the checklists similar to those used in monitoring regular CDBG program activities.

The Departments will contract with the Subgrantee as independent contractors who will be required to hold the Departments harmless and indemnify them from any acts of omissions of the contractor.

#### Investigation

Section 321.022(a) of the Texas Government Code requires that If the administrative head of a department or entity that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the department or entity or by a client or contractor of the department or entity may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the department or entity, the administrative head shall report the reason and basis for the belief to the state auditor. The Departments are responsible for referring suspected fraudulent activities to the state auditor’s office as soon as is administratively feasible. The State Auditor reports directly to the Texas Legislature.

#### Program Income

Any program income earned as a result of activities funded under this grant will be subject to 24 CFR 570.489(e), which defines program income and provides when such income must be paid to the state. For non-housing activities, program income generated under individual contracts with the Subgrantees will be returned to ORCA.

#### Timeframe for Completion

Availability of funds provisions in 31 USC 1551-1557, added by section 1405 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510), limit the availability of certain appropriations for expenditure. This limitation may not be waived. However, the Appropriations Act for these grants directs that these funds be available until expended unless, in accordance with 31 USC 1555, the Departments determine that the purposes for which the appropriation has been made have been carried out and no disbursement has been made against the appropriation for two consecutive fiscal years. In such case, the Departments shall close out the grant prior to expenditure of all funds. All grants will be in the form of a contract between the Subgrantee and the Departments that adheres to the federal time limitation.

## **REQUIRED CERTIFICATIONS**

The use of the disaster funding is contingent upon certain requirements, and both the Departments and Subgrantees will be expected to certify that these requirements will be met or carried out. Applicable federal and state laws, rules and regulations are listed in the Application Guide, and the designee authorized by the Subgrantee will be required to certify in writing that the grant will be carried out in accordance with the stated requirements. The Departments have provided a fully executed copy of HUD Required Certifications for State Governments, Waiver and Alternative Requirement as in Appendix F.

## APPENDIX A. REQUESTED WAIVERS

During the development of the Action Plan and the public comment period, particular attention was paid to identifying issues that require additional waivers from HUD to address specific regional and local recovery needs. The following list describes regulations for which a waiver is requested to allow for the full utilization of the CDBG Disaster Recovery funding.

1. Restrictions on the repair or reconstruction of buildings used for the general conduct of government at 42 USC 5305(a)(2) and (a)(14) and 24 CFR 570.207(a)(1).
2. The 50% of down payment limitation on direct homeownership assistance for low or moderate-income homebuyers at 42 USC 5305(a)(25)(D).
3. The requirement that 70% of funds are for activities that benefit low and moderate income persons at 42 USC 5304(b)(3)(A) and 24 CFR 570.484.
4. The provision at 24 CFR 570.483(b)(4)(ii) that requires units of general local governments, for job creation activities, to document that either or both of the following conditions apply to at least 51% of the jobs at the time CDBG assistance is provided: 1) the jobs are known to be held by low or moderate income persons, or 2) the jobs can be expected to turn over within two years and be filled by or made available to low or moderate income persons upon turn over. Instead, units of local government in the hurricane impacted areas will be able to presume that all jobs retained as a result of the CDBG funds meet one or both of these conditions.
5. The one-for one replacement requirements at 42 USC 5304(d)(2) and 24 CFR 570.488 for low and moderate income dwelling units (1) damaged by the disaster, (2) for which CDBG funds are used for demolition and (3) which are not suitable for demolition requires that all occupied and vacant occupiable low/moderate income dwelling units that are demolished or converted to use other than low/moderate income dwelling units in connection with a CDBG activity must be replaced with low/moderate income dwelling units.
6. Requirements that state grantee must match the amount of CDBG funds used for administration and limits administration and technical assistance to three percent and limits the state and its grantees to 20% of the aggregate amount received of the state CDBG program at 42 USC 5306(d)(3)(A), and 24 CFR 570.489(a)(1)(3).
7. The provisions at 42 USC 5304(j) and 24 CFR 570.489(e) that permit states to allow units of general local government to retain program income. For purposes of the supplemental funds, all program income will be returned to the state and will become program income to the most recent regular CDBG program year.
8. Requirements at 42 USC 12706 and 24 CFR 91.325(a)(6), that housing activities undertaken with CDBG funds be consistent with the strategic plan and 24 CFR 570.903, which requires HUD to annually review grantee performance under the consistency criteria.

9. The requirement at 42 USC 5306(d)(1) and 24 CFR 570.480 (a) that states electing to receive CDBG funds must distribute the funds to units of general local government in the state's nonentitlement areas.
10. The requirements at 24 CFR 570.207 (b)(3) relative to new construction of housing.

## APPENDIX B. DEPARTMENTS' RESPONSE TO PUBLIC COMMENT

The *Action Plan* was released on March 14, 2006. The public comment period for the document ran from March 14, 2006, through March 30, 2006. Announcement of the public comment period was printed in the *Texas Register* on March 10, 2006, and also on March 24, 2006.

During the period, the Department held five public hearings to accept comment. Hearing notices, in both English and Spanish, were posted on the Departments' websites. On March 1, 2006, an announcement in English and Spanish that described the public comment period and public hearings schedule for the first four hearings was mailed to over 2,500 addresses on ORCA's CDBG notification list, which includes all of the State's mayors and county judges as well as Texas Indian Tribes. On March 10, 2006, a follow up notice announcing an additional hearing in Houston was distributed using the same contact lists. Additionally, 2,855 entities were notified electronically about the public hearings through TDHCA's email notification lists.

The location, address, dates, and number of attendees are listed below:

Location:	Nacogdoches	Beaumont	Livingston	Austin	Houston
Address:	C.L. Simon Recreation Center  1112 North Street, Room 2 Nacogdoches, TX 75961	South East Texas Regional Planning Commission 2210 Eastex Freeway Beaumont, TX 77703	Livingston Municipal Complex 200 W. Church Street Livingston, TX 77351	Stephen F. Austin Building  1700 N. Congress Avenue, Rm. 170 Austin, TX 78701	Harris County Jury Assembly Room, 1019 Congress, 1st floor Houston, TX 77002
Date & Time:	March 20, 2006, 6:00 pm	March 21, 2006, 10:00 am	March 22, 2006, 10:00 am	March 22, 2006, 6:00 pm	March 28, 2006, 6:00 pm
Number of Attendees	22	40	20	8	24

All hearing locations were fully accessible to persons with disabilities. The hearing announcements included information on accessibility requests for individuals requiring an interpreter, auxiliary aids, or other services. Additionally, Department staff attending the hearings spoke both English and Spanish.

The following comments were received on the Plan. A brief summary of the comment as well as the Departments' response is included. Comments are arranged and answered by subject, and each comment is individually numbered. At the end of this section, there is a table that includes information for each individual making comment and lists which comments, by number, the individual made. In general, housing-related comments were answered by TDHCA and non-housing comments were answered by ORCA. The answering Department is also listed with the comment responses.

For more information on the public comment received on this document, or for copies of the original comment, please contact the TDHCA Division of Policy and Public Affairs at (512) 475-3976.

### **Comment #1: Use of CDBG Disaster Funds by DETCOG**

A few comments were made that outlined how the Deep East Texas Council of Governments intends to use the CDBG Disaster Funds.

For community development and infrastructure, these uses include for following: (1) pay the 25 percent of costs for debris removal that was incurred by the counties and cannot be reimbursed by FEMA, (2) emergency preparedness, (3) loans to small businesses with a maximum of \$150,000 per loan, (4) fund existing unfunded water and sewer FY2006 TCDP projects, (5) infrastructure "overrun" 0 percent loans for existing CDBG projects whose costs are now higher than anticipated because of elevated material costs, (6) streets damaged by the hurricane or those streets related to evacuation that need improvement, and (7) USDA drainage projects. For housing projects, these uses include the following: (1) forgivable loans for very low income persons, (2) interest-free loans for moderate income persons, and (3) rental rehab for subsidized rental properties. Repayments on the loans would be used to establish a revolving loan fund.

#### **Staff Response:**

##### ***TDHCA***

TDHCA will structure the CDBG Disaster Recovery Program for housing activities for eligible beneficiaries in the form of grants. Because housing activities will be in the form of grants, there will be no program income. The reconstruction or rehabilitation of privately owned properties, primarily for the purpose of benefiting low to moderate income persons, is an eligible activity under the CDBG program, including rehabilitating rental properties.

##### ***ORCA***

Providing for the 25 percent match associated with FEMA awards, emergency preparedness, loans to small businesses impacted by the hurricane, streets damaged by the hurricane, and USDA drainage project match are all eligible uses under the CDBG regulations. Unfunded water and sewer FY2006 TCDP projects or any existing projects with cost overruns will not be funded because they did not result from damages incurred by Hurricane Rita. Any program income generated by non-housing activities will be returned to the State.

### **Comment #2: Process for use of CDBG Disaster Funds by the ETCOG**

A comment was made that outlined how the East Texas Council of Governments (ETCOG) intends to process and use the CDBG disaster funds.



ETCOG's preliminary strategy includes the following: (1) create an inventory of public facility and infrastructure needs, (2) meet with local government officials to discuss the program and proposed evaluation criteria, (3) establish a timeframe for submitting applications to ETCOG, and (4) have ETCOG staff review and score applications. Applications receiving the highest scores will be included in the ETCOG application to ORCA.

**Staff Response:**

***TDHCA***

Applications for assistance under the CDBG Disaster Recovery Program will be made jointly to TDHCA and ORCA. Successful applicants will be required to ensure that funds are equitably distributed throughout the region to the most impacted and distressed areas. ETCOG is encouraged to solicit input from the community on unmet housing needs and provide the information to TDHCA. The Secretary of HUD's January 25, 2006, News Release (No. 06-011) provided that 55 percent of the funds be allocated toward unmet housing needs.

***ORCA***

FEMA numbers showed no housing damage in ETCOG. The 55 percent mentioned in the Secretary's News Release was of the total \$74 million awarded and was not applied per COG in the Action Plan. The FEMA numbers demonstrate that the greatest impact in ETCOG is infrastructure and public facilities. Projects should be prioritized based on these numbers. The strategy submitted by ETCOG is a very good plan that will need to be developed more fully to include more detail on method of distribution and priorities for inclusion in the Application.

**Comment #3: Use of CDBG disaster funds for transitional housing**

A comment was made that asked the program to consider using some of the CDBG disaster funds for transitional housing for the homeless.

**Staff Response:**

***TDHCA***

Funds under the CDBG Disaster Recovery Program will be awarded to COGs in the affected regions who will undertake activities based on prioritization of local needs. COGs are required to establish local needs through their citizen participation process. Activities must be eligible under 24 CFR Part 570, which allows for transitional housing for the homeless under public services as a limited clientele activity.

***ORCA***

In addition to TDHCA's response, funding will only be available to Hurricane Rita victims.

#### **Comment #4: Awarding CDBG Disaster Funds Directly to Councils of Governments**

Several comments were made that supported the decision to award the CDBG disaster funds to the local councils of governments (COGS).

##### **Staff Response:**

*TDHCA and ORCA*

The use of COGS has been proposed in the plan. No response necessary.

#### **Comment #5: Income Restriction Waivers**

A comment was made regarding income eligibility requirements. The commenter mentioned that many residents have had their incomes greatly reduced since the hurricane, and that recorded income from the previous year does not reflect the current financial conditions of these residents.

##### **Staff Response:**

*ORCA*

The Federal Regulations allow the State to assume low to moderate income based on the census tract the individual resides in and for job creation/retention activities the census tract the individual works in. Should the individual not meet the assumptions allowed under the regulations the State will also consider self certifications where the individual's circumstances have changed as a result of the hurricane.

#### **Comment #6: Consideration of Unfunded CDBG Applications from Previous Program Cycle**

A few comments were made regarding the possibility of funding those applications that did not receive awards in the previous regular CDBG cycle with this CDBG disaster funding.

##### **Staff Response:**

*ORCA*

Projects will only be considered that resulted from damage directly associated with damage caused by Hurricane Rita in the most impacted and distressed areas. No other projects will be eligible for funding under the Action Plan.

#### **Comment #7: Use of CDBG Disaster Funds for Reimbursement of Previous Expenses not Reimbursed by FEMA**

A few comments were made regarding the use of CDBG disaster funds to reimburse costs already incurred by the cities and counties but not covered by FEMA or insurance companies, such as infrastructure repairs and debris removal.

**Staff Response:**

*ORCA*

Funds that have already been expended by cities and counties to secure FEMA awards and for other eligible activities can be reimbursed under the Action Plan.

**Comment #8: Use of CDBG Disaster Funds to Reimburse Local Governments for Costs Incurred Due to the Hurricane that were Originally Intended to be Spent on Other Activities**

A comment was made regarding the use of CDBG disaster funds to reimburse counties for costs incurred due to the hurricane that were originally intended to be spent on other activities. For example, one county has committed significant funding for a fish hatchery, but was forced to spend some of those funds on hurricane costs.

**Staff Response:**

*ORCA*

Funds that have already been expended by cities and counties to secure FEMA awards and for other eligible activities can be reimbursed under the Action Plan.

**Comment #9: Prioritization of Local Projects**

One comment was made by a council of governments that thought that the local counties should be allowed to develop their own county plans and then submit them to the COG based on a priority system.

**Staff Response:**

*TDHCA and ORCA*

Under the Action Plan, the Applicants will be required to adopt and follow a policy for selecting beneficiaries and housing units for housing assistance. Applicants will develop a method of distribution based on needs identified in the plan, and submit the methodology to the Department as part of their Application. Development of this plan will require a high level of public participation. The distribution of funds must be directed to the most impacted and distressed areas as a direct result of Hurricane Rita.

**Comment #10: Consideration of Private Funding Resources**

One comment was received that asked for special consideration for local projects that have already received some private funding.

**Staff Response:**

***TDHCA***

Funds under the CDBG Disaster Recovery Program will be awarded to COGs in the affected regions who will undertake activities based on prioritization of local needs. COGs are required to establish local needs through their citizen participation process. Activities must be eligible under 24 CFR Part 570. The COGs may consider as part of their selection criteria other committed private funding for most impacted and unmet needs.

***ORCA***

The allocation of funding is being set at the COG (regional) level. How the priorities will be established is at the discretion of the COG with a high level of public participation and well documented methods of distribution.

**Comment #11: Errors in FEMA Damage Estimations by County**

A few comments were made about possible errors in the FEMA damage estimations by county and FEMA public assistance numbers by county, which were used by TDHCA and ORCA to make regional funding allocations.

**Staff Response:**

***TDHCA and ORCA***

The Departments acknowledge that the FEMA data is an estimate and may not accurately reflect actual need; however, the data is the most detailed and comprehensive source of information available for the entire area to ensure funding to the most impacted and distressed areas resulting from Hurricane Rita.

**Comment #12: Allocation of CDBG Funds**

A comment asked for clarification on how the CDBG disaster funds were being allocated by ORCA and TDHCA; specifically, whether the funds were going to be allocated to each county or to the whole region and whether each county was entitled to a certain amount of funds.

**Staff Response:**

***ORCA***

Funding is being allocated by the COG region. No specific amounts have been set aside by county. COGs, with considerable public participation and defined methods of distribution, will be determining the allocation of funding within each region.

### **Comment #13: Use of CDBG Disaster Funds for Cost Overrun Loans**

A few comments were made with regard to using CDBG disaster funds for infrastructure “overrun” 0 percent loans for existing CDBG projects whose costs are now higher than anticipated because of elevated material costs due to the hurricane.

#### **Staff Response:**

Any existing projects with cost overruns will not be funded because they did not result from damages by Hurricane Rita.

### **Comment #14: HUD Waivers in Louisiana**

One comment was made concerning waivers granted by the U.S. Department of Housing and Urban Development for the state of Louisiana. Comment encouraged that the State look to Louisiana for information on their waivers, including the waiver that enabled 50 percent down payment assistance.

#### **Staff Response:**

##### ***TDHCA***

The Departments are considering submitting waiver requests to HUD, including a request to waive the 50 percent down payment assistance requirement. A complete list of waiver requests and HUD’s response will be made available to the public once complete.

##### ***ORCA***

HUD has encouraged the State to request any needed waivers to expedite the use of the funding or to meet the areas of greatest unmet need with the exception of fair housing, nondiscrimination, labor standards, and environmental assessments.

### **Comment #15: CDBG Disaster Funds for Rental Purposes**

A few comments were made regarding the use of CDBG disaster funds for rental rehabilitation loans, particularly where subsidized rents are being paid to the owners, as well as for the expansion of the local rental assistance programs.

#### **Staff Response:**

##### ***TDHCA***

Rental rehabilitation loans, primarily for the purpose of benefiting low to moderate income persons, is an eligible activity under the CDBG program. Activities will be proposed by COGs based on prioritization of local needs.

***ORCA***

ORCA would prefer that any loans be repaid to the State versus creating multiple local revolving loan funds that will have to be monitored.

**Comment #16: Allocation of Other Funding to These Areas**

A comment was made regarding the existing CDBG disaster fund administered by ORCA. The comment asked whether these regions would still be eligible to apply for that funding, even though they are receiving this special CDBG disaster fund allocation.

**Staff Response:**

***ORCA***

Communities are encouraged to apply for the funding available under the Action Plan for all disaster projects directly related to Hurricane Rita. Applying this funding will not prevent any city or county from applying to any of ORCA's other programs.

ORCA anticipates that cities and counties in the affected regions would initially seek funding for the Rita disaster through the non-housing supplemental amount allocated to the region. ORCA recognizes that all cities and counties that submit projects to the COG for consideration would be funded through the allocation. ORCA would prioritize those that submitted applications to the COG for the non-housing allocation in the region and any ranking in the COG review when determining the use of its limited regular Disaster assistance.

**Comment #17: Disbursement of CDBG Disaster Funds to Cities and Counties**

One comment was made regarding the disbursement of CDBG disaster funds. The commenter would prefer that the CDBG funds be allocated and disbursed prior to their starting work, rather than the cities and counties having to pay for the work, and then afterwards receiving the CDBG funds as reimbursement.

**Staff Response:**

***ORCA***

For cases where reimbursement is not an option due to financial limitations of the Subgrantee, advances can be considered on a case-by-case basis. ORCA will not reimburse for work not completed and a service must be provided.

**Comment #18: Use of CDBG Disaster Funds for Electricity Needs**

One comment concerned the use of funds for electric companies and electric co-ops for repairs.

**Staff Response:**

***ORCA***

Funding electric companies and electric co-ops affected by the hurricane are eligible under the Action Plan provided the activities are eligible under 24 CFR 570 and based on the priorities set by the COG.

**Comment #19: Flexibility in Reimbursing Expenses Already Incurred by the Counties**

One comment was made that addressed the need for local officials to make “decisions outside of a little box” to meet the needs of their communities after the hurricane. The commenter asks that the program be flexible in reimbursing the local governments for some of their creative ways in responding to local needs.

**Staff Response:**

***TDHCA***

The Departments will work with Subgrantees to be as flexible as possible and to expedite the funding process. Any CDBG-eligible activity may be considered by the COG when prioritizing unmet needs,

***ORCA***

The CDBG program is one of the most flexible federal programs in operation. Any project eligible under the federal regulation resulting from damages incurred as a result of Hurricane Rita will be considered according to the priorities set by the COGs and the need to address the most impacted and distressed areas.

**Comment #20: Timeliness of Fund Disbursement and Use of FY 2006 Funds**

A comment was made inquiring about how quickly ORCA and TDHCA will receive the CDBG disaster allocation. Specifically, the commenter suggested the ORCA and TDHCA use the FY 2006 allocation to fund the disaster activities now and then when the CDBG disaster allocation comes in, ORCA could reimburse themselves for FY 2006.

**Staff Response:**

***ORCA***

Due to the limited funding available under the annual CDBG allocation, the upcoming application rounds, commitments made in the 2006 Action Plan developed with public hearings and the ORCA Executive Committee, and because using funds from the current CDBG allocation would require an amendment to the existing CDBG action plan, ORCA will not be using the FY 2006 allocation to fund disaster activities for later reimbursement. In addition, HUD has committed to expedite review of the State Action Plan and the State has set a very aggressive application roll out and funding processes.

### **Comment #21: Use of Funds for Part of a Project**

A few comments were made regarding the use of CDBG disaster funds to fund part of a project.

#### **Staff Response:**

##### ***ORCA***

Partial funding or phased projects will be eligible under the Action Plan as long as beneficiaries can be identified at the conclusion of the project and the project can have a definitive end.

### **Comment #22: Time Extensions for Existing CDBG Projects**

A comment was made regarding the timely completion of existing CDBG projects. The commenter urged that communities with existing projects not be penalized for requiring time extensions because of disaster activities to complete their projects.

#### **Staff Response:**

##### ***ORCA***

ORCA has discussed the possibility of reviewing requirements for the communities that have spent time on disaster recovery versus proceeding with projects, but that mechanism has not yet been completed.

### **Comment #23: Use of CDBG Disaster Funds for Public Buildings**

One comment stressed the need for funding for public buildings, including city halls and buildings that serve as local command centers during times of disasters.

#### **Staff Response:**

##### ***ORCA***

The federal regulations governing CDBG do not allow CDBG funds to be used for buildings solely used for the general purpose of government. Buildings damaged by Hurricane Rita that serve dual purposes such as public safety or emergency services may be eligible for repair costs on a pro-rata basis.

### **Comment #24: Disaster Impacts on Regional Allocations for Other Programs**

A comment was made regarding how the regional allocations through other programs would be impacted because of the disaster. The commenter asked whether (1) extra points or preference would be given to the disaster-impacted areas when deciding funding allocations statewide and (2) whether the supplemental CDBG disaster allocation would affect their ability to apply for other programs and/or the amount of funding that the region will receive from other programs.



**Staff Response:**

***TDHCA***

This issue must be addressed before the Regional Allocation Formula and Affordable Housing Need Scores for the HOME, Housing Tax Credit, and Housing Trust Fund Programs can be developed for the next funding cycle. If accurate demographic data on changes to regional and local affordable housing need caused by Hurricanes Rita and Katrina becomes available, then this data and associated available funding to address it might be considered as part of the formulas and scores TDHCA uses to distribute its funding. It should be noted that if need associated with these disasters is considered, then it might be argued that other general statewide demographic changes since the 2000 Census should be considered. However, given the ongoing debate over the accuracy of the disaster impact data and the likelihood that data will not be available at the geographical areas needed for the various formulas and scores, a definitive answer cannot be provided at this time. In any case, the formula and scores will be submitted for public comment as is the standard operating procedure for these activities.

***ORCA***

The Regional Review Committees set the priorities for their prospective regions and can set up scoring in a way that ensures that disaster projects will be awarded above all else. The State's annual CDBG allocation for CD and CDS will remain the same as originally proposed.

**Comment #25: Role of Entitlement Areas in Process**

A comment was made regarding how entitlement areas would be involved in the process. The comment made a few different points: (1) for entitlement areas to participate, they must pass an ordinance to do so, which is a taxing process; (2) even though the entitlement area actually does the project and is responsible for audits and paperwork, it does not look like they get administration dollars; and (3) the COGS should include the entitlement areas in implementation and Application scoring.

**Staff Response:**

***TDHCA***

COGs are required to work with cities, counties, and federally recognized Indian tribes, through their citizen participation process, to administer the program according to jointly established priorities.

Under the CDBG Disaster Recovery program, COGs can subcontract with other entities to administer the program.

***ORCA***

For non-housing activities, each city or county (entitlement or nonentitlement) will have an individual contract with its associated administration funding.

**Comment #26: Use of Funds for Reimbursement of Police and Fire Stations**

A commenter asked whether funds could be used to reimburse areas for the repair of police and fire stations damaged in the hurricane.

**Staff Response:**

*ORCA*

The federal law governing CDBG do not allow CDBG funds to be used for buildings solely used for the general purpose of government. Buildings damaged by Hurricane Rita that serve dual purposes such as public safety or emergency services may be eligible for repair costs on a pro-rata basis for the portion of the building used for emergency services.

**Comment #27: Use of Funds for Education Activities**

A commenter asked whether CDBG disaster funds could be used for education facilities, including buildings and equipment.

**Staff Response:**

*ORCA*

State CDBG funds have not historically been used for educational facilities because other sources have existed to fund these types of activities.

**Comment #28: Use of Funds for Hospital Facilities**

A commenter asked whether CDBG disaster funds could be used for hospital facilities.

**Staff Response:**

*ORCA*

Funding damages caused by Hurricane Rita to hospitals would be an eligible use under the Action Plan.

**Comment #29: Need for Down Payment Assistance Funds in Area**

A comment was made regarding the need for down payment assistance funds for the area, and how current programs can address this need.

**Staff Response:**

***TDHCA***

TDHCA will continue exploring ways to address housing needs in disaster areas and to identify sources of funding that could be used to compliment existing revenue sources.

Through TDHCA's First Time Homebuyer Program, funds are available for grant down payment assistance up to 5 percent of the mortgage amount in conjunction with a low interest rate first-lien mortgage. Approximately \$121 million will be available beginning June 1, 2006. In accordance with the Gulf Opportunity Zone Act, which covers a 22-county area impacted by Hurricane Rita, the first time homebuyer program requirement is being waived, and increased income and purchase price limits will be offered.

**Comment #30: Need for a General State Disaster Plan**

A comment was made regarding the need for a general disaster plan that covers Texas so that the State can respond to disasters in a more timely manner.

**Staff Response:**

***TDHCA***

The current TDHCA deobligation policy allows for deobligated HOME funds to be used for disaster relief as one of the top priorities.

The Governor's Division of Emergency Management team, of which TDHCA and ORCA are a part, have participated in planning for future disasters.

***ORCA***

The Governor's Office is currently working on plans for disaster responses statewide.

**Comment #31: Need of Funds for Other Disasters**

A comment was made regarding the need for funding that will arise due to other disasters. The commenter wanted to emphasize that there are other disasters, and that money should not be wholly spent on one cause.

**Staff Response:**

***TDHCA***

The Department regularly has funding available to address disasters in Texas that have been designated by the Governor.

***ORCA***

The Action Plan will cover damage caused by Hurricane Rita. ORCA's regular disaster fund is available for other disasters.

### **Comment #32: Waive Application Requirements for Regular Funding Cycles**

One commenter suggested that the Departments waive certain application requirements for the regular funding cycles. Specifically, the commenter referred to the HOME Program requirement where an area included in a consortium apply for funding through the consortium and not through the State.

#### **Staff Response:**

##### ***TDHCA***

The State's 2006 Single Family HOME Program funding cycle is specifically designed to serve non-participating jurisdictions, primarily rural Texas, pursuant to Section 2306.111 of the Texas Government Code. The next scheduled Single Family HOME Program funding cycle is scheduled for 2008. Public comment during the rule-making process is encouraged should a waiver if this requirement be requested.

### **Comment #33: Waivers for Davis-Bacon and Environmental Requirements**

A comment asked for waivers regarding Davis-Bacon and environmental requirements.

#### **Staff Response:**

##### ***TDHCA and ORCA***

The Federal Register announcing the funding available under this Action Plan specifically eliminates the possibility of requesting waivers for labor standards and the environment.

### **Comment #34: Leverage Requirements for Funds**

One comment stressed the need for leveraging with these CDBG disaster funds and other programs.

#### **Staff Response:**

##### ***TDHCA and ORCA***

Staff agrees that leveraging of the funding available under this Action Plan should be encouraged wherever possible.

### **Comment #35: Funds for Emergency Facilities**

One comment addressed the use of funds for facilities that relate to emergency management operations and emergency shelters.

#### **Staff Response:**

##### ***ORCA***

Both emergency management operations and emergency shelters are eligible under the Action Plan.

### **Comment #36: County Allocations and Grant Limits**

One comment asked whether each county would receive an allocation. Specifically, the commenter was concerned that one county or area would receive all or a majority of the funding. The commenter suggested that the program have grant limits to prevent this scenario.

#### **Staff Response:**

##### ***TDHCA***

For unmet housing needs, the COGs representing the affected regions will apply on behalf of their respective regions. Individual contracts will be prepared between TDHCA and each COG. Each COG will administer an amount, based on need, for their region, and will be required to work with the affected counties and federally recognized Indian tribes to ensure that their unmet housing needs are addressed and that all state and federal requirements of the CDBG Program are met. A method of distribution and how funds were prioritized will be required to be submitted as part of the CDBG Application.

##### ***ORCA***

All decisions regarding allocations and grant limits will be set at the local level by the COGs from a method of distribution made available to the public. For non-housing needs, the COGs will apply on behalf of the counties, cities, and federally recognized Indian tribes within their respective regions. Counties, cities, and federally recognized Indian tribes will be the actual grant recipients. Individual contracts will be prepared between ORCA and each grant recipient.

### **Comment #37: Reallocation of Funds**

A comment was made regarding the reallocation of any funds not spent by the councils of governments.

#### **Staff Response:**

##### ***TDHCA***

The Departments will reallocate any remaining funds amongst remaining awardees on a prorated basis tied to need.

##### ***ORCA***

While not expected to be an issue, the Action Plan states that in the event each eligible applicant does not submit or does not request the total eligible funding amount, any remaining funds will be allocated amongst the remaining applicants on a prorated basis.

### **Comment #38: Priority for Areas Receiving Hazard Mitigation Grant Program funding**

A commenter requested that priority be given to areas receiving Hazard Mitigation Grant Program funding. HMGP requires a 25 percent match and an extensive environmental assessment, and because many of these projects are multimillion-dollar projects, many projects would need match assistance.

**Staff Response:**

*ORCA*

The match required for the Hazard Mitigation Grant Program is an eligible use of the non housing allocation.

**Comment #39: Buyouts**

A comment was made regarding whether buyouts would be funded from the infrastructure side or the housing side. The commenter's concern is that, while buyouts are typically funded from the infrastructure side, most areas will have more to spend on infrastructure, and that more money might be available for housing.

**Staff Response:**

*ORCA*

Buyouts are considered to be an option for non housing activities under the Action Plan.

**Comment #40: Consolidation of Applications**

A commenter asked about the consolidation of Applications. For example, if an area has multiple facilities that need repair, would the areas need to submit separate Applications, or could they submit one Application for all facilities?

**Staff Response:**

*TDHCA*

This portion of the program design will be proposed by the applicants (COGs) under the program to the Departments. Applications will be submitted by local entities to the COGs who in turn will compile and submit a single Application to the State.

*ORCA*

Cities and counties will be submitting Applications to the COGs that have been developed by the COGs. The COGs will then be submitting one Application for the region for the projects meeting the priorities that were set for the region.

**Comment #41: Red Cross Shelter Requirements**

One comment was made regarding the apprehension of some communities in being required to use the Red Cross to run shelters funded through CDBG.

**Staff Response:**

*ORCA*

The intent of the idea of using the Red Cross Shelter criteria was to set a standard for the shelters being funded, not to force affiliation with the Red Cross.

**Comment #42: Match for Non-FEMA Projects**

One comment asked whether the CDBG disaster funding could be used to fund match requirements on infrastructure projects made by a city or county without FEMA assistance.

**Staff Response:**

*ORCA*

Projects directly attributable to damage caused by Hurricane Rita that a city or county has already paid for would be eligible for reimbursement if the project was not reimbursable elsewhere and was eligible under the CDBG regulations.

**Comment #43: Program Communication**

One comment requested information on how the counties were informed of the public hearings and how the counties can communicate with and provide input to the council of governments.

**Staff Response:**

*TDHCA*

The Departments' notice of the public comment period and associated public hearings was published in the *Texas Register*, an announcement was mailed in English and Spanish that described the public comment period, and public hearings schedule for the first four hearings to all of the State's mayors and county judges. Additionally, a wide variety of interested parties were notified electronically about the public hearings through TDHCA's "interested contact" databases.

Prior to applying to the Departments for the CDBG Disaster Relief funding program, COGs will be required to follow their local citizen participation requirements to ensure that all effected entities have an opportunity to comment.

*ORCA*

The notification of the public hearings was on both the ORCA and TDHCA websites, two separate post cards announcing the public hearings were mailed to cities and counties throughout the state, letters

of invitation were faxed to all cities in the affected area, and each city and county received a personal phone call from ORCA or TDHCA staff inviting them to the public hearings.

**Comment #44: Involvement of Indian Tribes**

A comment was made regarding the involvement of Indian tribes in the planning process for the program, as well as funding allocation.

**Staff Response:**

*TDHCA*

The COGs representing the affected COG regions will apply for funding on behalf of entitlement communities, non-entitlement communities, and federally recognized Indian Tribes within their region. COGs are required to solicit input on their proposed program and Application from all affected entities in their regions. In addition, COGs will be required to conduct extensive outreach to all affected citizens in their regions.

**Comment #45: City Input**

A comment was made emphasizing that input should be collected from cities in the process as well as prioritization of non-housing needs.

**Staff Response:**

*TDHCA*

Prior to applying to the Departments for the CDBG Disaster Relief funding program, COGs will be required to follow their local citizen participation requirements to ensure that all effected entities have an opportunity to comment on the development of programs to address housing and non-housing needs as a result of Hurricane Rita.

*ORCA*

The COGs will be soliciting input from all affected cities and counties with in their respective regions.

**Comment #46: Penalization for 100 Percent FEMA Reimbursement**

One comment was made regarding the reimbursement of projects funded by FEMA. The comment asked that areas receiving 100 percent reimbursement not be financially penalized because many other areas did not act quickly enough to receive the 100 percent, and thus only received 75 percent reimbursement.

**Staff Response:**

*ORCA*



The funding available under the Action Plan cannot be used for projects reimbursed or reimbursable by other sources.

**Comment #47: Reimbursement for Services Provided to Hurricane Evacuees**

One comment was made asking for reimbursement of services provided to hurricane evacuees that migrated to the Houston area.

**Staff Response:**

***TDHCA and ORCA***

Due to the limited amount of funding available, all eligible activities under this Action Plan must specifically fund damages directly related to Hurricane Rita.

**Comment #48: Housing Allocation**

One comment suggested that the whole CDBG Disaster Allocation be spent on housing, rather than just 55 percent.

**Staff Response:**

***TDHCA***

COGs will prepare Applications based on prioritization of local needs within the region as established through their Citizen Participation process.

***ORCA***

The 55 percent allowed for housing is a minimum and the actual allocations will be set at the COG (regional) level.

**Comment #49: Direct Allocation**

One comment suggested that TDHCA allocate funds directly to individuals, rather than suballocating funding to the councils of governments.

**Staff Response:**

***TDHCA***

The current structure of the Departments does not allow for the direct funding of individuals.

**Comment #50: Low Income Targeting**

One comment was made that stressed that low income households should be the sole beneficiaries of the funds, and that waivers to enable assistance to higher incomes should not be sought.

**Staff Response:**

*TDHCA*

The Department will seek waivers that allow for the maximum flexibility in program administration to allow for greater local decision-making ability on how to best meet the most impacted area with unmet housing needs

**Comment #51: Use of Regional Review Committees**

A couple comments questioned the use of existing CDBG Regional Review Committees to score the Applications at the local level.

**Staff Response:**

*ORCA*

The scoring/funding allocation decision will be made at the COG (regional) level.

**Comment #52: Fair Housing**

One comment stressed that fair housing needed to be addressed in the plan.

**Staff Response:**

*TDHCA*

Fair housing requirements are addressed in the Action Plan.

**Comment #53: Public Housing Units**

One comment suggested that CDBG funds be used to repair public housing damaged by the hurricane.

**Staff Response:**

*TDHCA*

Priorities will be set at the regional level; repair of public housing is an eligible activity.

**Comment #54: Administration Costs**

A comment was made regarding the amount of funding that can be used for administration costs. The commenter stressed that the majority of funds should be spent on assistance, and administration costs should be minimized.

**Staff Response:**

*TDHCA and ORCA*

Grantees will be strongly encouraged to minimize their administrative costs so that the amount available for program activities will be maximized. To ensure that this is the case, the amount of allowable Subgrantee administrative costs is capped at 10 percent of the grant award. In those instances where the Subgrantee deems that this amount is not sufficient for their activities, they may petition the TDHCA Board for administrative costs in an amount up to 15 percent of the grant.

#### **Comment #55: State Priority System**

One comment was made concerning the priority system for receiving assistance. The commenter suggested that the State develop the priority system that would pertain to the whole area, rather than the local councils of governments deciding the programs in their area. The commenter said that the need should be equalized across the whole area, rather than one household receiving assistance in a region that might not in another.

##### **Staff Response:**

###### ***TDHCA***

Priorities will be set in each region based on consultation with the local communities in the affected area.

###### ***ORCA***

The State has determined that by using the COGs with considerable input from the communities they represent will allow local control of the funding decisions.

#### **Comment #56: Funds for Existing Revolving Loan Funds for Health Facilities**

One comment was made regarding local health facilities that provided services to hurricane victims. The commenter suggested that a portion of the CDBG disaster funds be allocated to existing revolving loan funds that are made available to community clinics, community hospitals, and local health providers.

##### **Staff Response:**

###### ***ORCA***

Repair of damage to community clinics, community hospitals, and local health providers with revolving loan funds is eligible under the CDBG regulations.

#### **Comment #57: Requested Waivers**

A comment from the South East Texas Regional Planning Commission requested that the departments seek the following waivers:

- 1: "Restrictions on the repair or reconstruction of buildings used for the general conduct of government at 42 USC 5305(a)(2) and (a)(14) and 24 CFR 570.207(a)(1)."

2: "The 50% of down payment limitation on direct homeownership assistance for low or moderate-income homebuyers at 42 USC 5305(a)(25)(D)."

3: "The requirement that 70% of funds are for activities that benefit low and moderate income persons at 42 USC 5304(b)(3)(A) and 24 CFR 570.484."

4: "The provision at 24 CFR 570.483(b)(4)(ii) that requires units of general local governments, for job creation activities, to document that either or both of the following conditions apply to at least 51% of the jobs at the time CDBG assistance is provided: 1) the jobs are known to be held by low or moderate income persons, or 2) the jobs can be expected to turn over within two years and be filled by or made available to low or moderate income persons upon turn over. Instead, units of local government in the hurricane impacted areas will be able to presume that all jobs retained as a result of the CDBG funds meet one or both of these conditions."

5: "The one-for one replacement requirements at 42 USC 5304(d)(2) and 24 CFR 570.488 for low and moderate income dwelling units (1) damaged by the disaster, (2) for which CDBG funds are used for demolition and (3) which are not suitable for demolition requires that all occupied and vacant occupiable low/moderate income dwelling units that are demolished or converted to use other than low/moderate income dwelling units in connection with a CDBG activity must be replaced with low/moderate income dwelling units."

6: "Requirements that state grantee must match the amount of CDBG funds used for administration and limits administration and technical assistance to three percent and limits the state and its grantees to 20% of the aggregate amount received of the state CDBG program at 42 USC 5306(d)(3)(A), and 24 CFR 570.489(a)(1)(3)."

7: "The provisions at 42 USC 5304(j) and 24 CFR 570.489(e) that permit states to allow units of general local government to retain program income. For purposes of the supplemental funds, all program income will be returned to the state and will become program income to the most recent regular CDBG program year."

8: "Requirements at 42 USC 12706 and 24 CFR 91.325(a)(6), that housing activities undertaken with CDBG funds be consistent with the strategic plan and 24 CFR 570.903, which requires HUD to annually review grantee performance under the consistency criteria."

9: "The requirement at 42 USC 5306(d)(1) and 24 CFR 570.480 (a) that states electing to receive CDBG funds must distribute the funds to units of general local government in the state's nonentitlement areas."

10: "The requirements at 24 CFR 570.207 (b)(3) relative to new construction of housing."

**Staff Response:**

***TDHCA and ORCA***

The State is submitting a request for waivers as part of the final Action Plan.

### **Comment #58: Reconstructing Lives**

One comment emphasized that that the goal here should be to reconstruct the lives of the Rita evacuees, not just reconstruct buildings. The commenter specifically mentioned offering \$20,000 in down payment assistance, so that households could choose where they would like to live and work, and also establish roots and build equity by purchasing a home.

#### **Staff Response:**

##### ***TDHCA***

Assistance provided through the CDBG Disaster Recovery Program is intended to afford individuals the opportunities to rebuild their lives. The COGs will set priorities for the use of funds through their citizen participation process, and that may include down payment assistance, which is an eligible CDBG activity.

### **Comment #59: Job Training**

One of the comments concerned the need for job training for the evacuees.

#### **Staff Response:**

##### ***TDHCA***

The COGs will set priorities for the use of funds through their citizen participation process, and that may include job training assistance, which is an eligible CDBG activity.

##### ***ORCA***

Job training activities are eligible as public services benefiting low to moderate income individuals and can be funded under the Action Plan subject to prioritization at the regional level. Business loans that lead to job creation or retention are also eligible activities.

### **Comment #60: Portability of Assistance**

A commenter suggested that assistance be standard and portable across the region, so that if a household receiving assistance moved within the region, they could still receive assistance.

#### **Staff Response:**

##### ***TDHCA***

The COGs will set priorities for the use of funds through their citizen participation process; they may allow the portability of assistance within the region.

### **Comment #61: Consideration for Areas Not Receiving Assistance**

One commenter asked for special consideration for areas that did not receive assistance from FEMA or the Red Cross, but have damages.

**Staff Response:**

***TDHCA***

Funding for unmet housing needs under this program will be awarded to COGs and prioritized based on their citizen participation process. COGs will apply on behalf of cities, counties, and federally recognized Indian tribes for non-housing needs. Each awardee must ensure that duplication of benefits does not occur.

***ORCA***

Any eligible activity in the 29 affected counties will be eligible under the Action Plan subject to the priorities set in each region.

**Comment #62: Use of Funds for Repair of Well**

One commenter asked if funds could be used to repair a well that became inoperable after the hurricane, but may not have become inoperable because of the hurricane.

**Staff Response:**

***ORCA***

Only activities resulting directly from damage caused by Hurricane Rita will be able to receive funding under the Action Plan. Applicant would need to demonstrate this first at the COG level and then at the State review level.

**Comment #63: Consideration for Areas Not Eligible for FEMA Assistance**

A comment was made regarding areas that were not eligible for certain categories of FEMA assistance. Specifically, the comment concerned Harris County, which was eligible for FEMA categories A and B, but nothing else. The commenter asked that consideration be given to these areas for funds for which they were not eligible, such as infrastructure, because other areas that are eligible can apply for them through FEMA.

**Staff Response:**

***ORCA***

Any activities eligible under the CDBG regulations, in the effected counties, for damage resulting from Hurricane Rita are eligible for funding under the Action Plan.

## Public Comment by Commenter

Commenter	Commenter Info	Source	Comments Made by #
Joe Folk	County Judge, Jasper County	Written comment given to presenters (also read statement at Nacogdoches hearing)	1
Glynn Knight	ED, ETCOG	Written comment given to presenters (also read by Walter Diggles at Nacogdoches hearing)	2
Jimmie Cooley	Mayor, City of Woodville	Written comment given to presenters (also read statement at Livingston hearing)	1
Ken Martin	ED, Texas Homeless Network	Written Comment by Email	3
Carl Thibodeaux	County Judge, Orange County	Written Comment	4
Billy Caraway	County Judge, Hardin County	Written Comment	4
Walter Diggles	ED, DETCOG	Nacogdoches Hearing Testimony	5,6,7,8,9,10,11
David Waxman	Consultant	Nacogdoches Hearing Testimony	4,6,9,12,13,14,15,16
Joe Folk	County Judge, Jasper County	Nacogdoches Hearing Testimony	1
Truman Dougharty	County Judge, Newton County	Nacogdoches Hearing Testimony	11,17
Floyd "Doc" Watson	County Judge, Shelby County	Nacogdoches Hearing Testimony	11,18
Sue Kennedy	County Judge, Nacogdoches County	Nacogdoches Hearing Testimony	19
David Waxman	Consultant	Beaumont Hearing Testimony	4,20,21,22
Suzie Simmons	Councilwoman, City of Sour Lake	Beaumont Hearing Testimony	4,23,24
Guy Goodson	Mayor, City of Beaumont	Beaumont Hearing Testimony	25
Chris Boone	Public Works, City of West Orange	Beaumont Hearing Testimony	26
Sam Lucia	Disaster Recovery Liaison, Beaumont	Beaumont Hearing Testimony	27
Linda Gaudio	Memorial Hermann Baptist Hospital	Beaumont Hearing Testimony	28
Jeanie Turk	Realtor speaking for Hardin County WCID 1	Beaumont Hearing Testimony	6
Ruby Martin	Mortgage Lender	Beaumont Hearing Testimony	29
Michael Hunter	Consultant	Beaumont Hearing Testimony	30,31,32,33,34
Mark Viator	Chairman, SETX Recovery Coalition	Beaumont Hearing Testimony	4,18
Jimmie Cooley	Mayor, City of Woodville	Livingston Hearing Testimony	1
Walter Diggles	ED, DETCOG	Livingston Hearing Testimony	5,6,11,35
David Waxman	Consultant	Livingston Hearing Testimony	4,20
Jay Rice	Consultant	Livingston Hearing Testimony	36,37,38,39,40
Ray Vann	Consultant	Livingston Hearing Testimony	41
Steve Kerbow	Consultant	Livingston Hearing Testimony	42,43
Carlos Bullock	Council Member, Alabama-Coushatta Indian Tribe	Livingston Hearing Testimony	44
Carl Griffith	County Judge, Jefferson County	Written Comment by Email	4
Troy Jones	Mayor, City of Groveton	Written Comment by Mail	7
Bob Dunn	Mayor, City of Nacogdoches	Written Comment by Mail	36,38,45,46
JA Johnson	Caldwell Leadership Institute	Written Comment by Fax	47
Jack Steele	HGAC	Written Comment by Fax	4
John Henneberger	Texas Low Income Housing Service	Written Comment by Email	48,49,51,52,53,54
John Henneberger	Texas Low Income Housing Service	Austin Hearing Testimony	48,49,50,51,52,53,55
Steve Shelton	UT Medical Branch	Austin Hearing Testimony	49,50,52,55,56
Chester Jourdan	ED, SETRPC	Written Comment by Email and Mail	4,20,57
Bill White	Mayor, City of Houston	Houston Hearing Testimony	58,59,60
Lynn Wells	Mayor, City of Daisetta	Houston Hearing Testimony	61
Brenda Kirk	Consultant	Houston Hearing Testimony	27
Phil Patchett	City Manager, City of Trinity	Houston Hearing Testimony	62

Commenter	Commenter Info	Source	Comments Made by #
Rob Wroblewski	Chief of Police, City of Nassau Bay	Houston Hearing Testimony	63



### APPENDIX C. MAP OF HURRICANE RITA TRACK AND ASSOCIATED WIND SPEEDS

Source: U.S. Fish and Wildlife Service website March 2, 2006 (<http://www.fws.gov/southwest/HurricaneRita/Images/RitaMap1.pdf>)



**APPENDIX D. FEMA HOUSING ASSISTANCE NEED DATA (By COG and County)**

Source: FEMA Individuals and Households Program (IHP) Hurricane Rita Data for Eligible Counties as of 2/3/2006.

COG	County	Applications	IHP Referrals	IHP Eligible	IHP Amount	Housing Assistance Referrals	Housing Assistance Eligible	Housing Assistance Amount	Other Need Referrals	Other Need Eligible	Other Need Amount
	Angelina	9,632	7,113	3,335	\$5,538,337	5,253	1,914	\$4,040,640	4,692	1,791	\$1,497,697
	Houston	104	0	0	\$ -	0	0	\$ -	0	0	\$ -
	Jasper	17,382	15,779	12,456	\$30,788,550	14,254	10,540	\$25,384,771	10,285	5,436	\$5,403,779
	Nacogdoches	5,944	4,484	1,980	\$2,956,349	3,041	974	\$2,024,934	3,259	1,156	\$931,415
	Newton	6,346	5,715	4,495	\$12,150,693	5,208	3,862	\$10,164,520	3,768	1,953	\$1,986,173
	Polk	11,459	9,083	4,943	\$9,555,577	7,174	3,533	\$7,736,985	6,055	2,137	\$1,818,592
	Sabine	3,914	3,142	1,714	\$3,059,873	2,425	1,115	\$2,390,738	2,078	806	\$669,135
	San Augustine	2,205	1,741	996	\$1,822,598	1,391	658	\$1,371,711	1,162	529	\$450,887
	San Jacinto	5,906	4,790	2,788	\$5,722,435	3,753	1,904	\$4,435,673	3,256	1,349	\$1,286,762
	Shelby	2,185	1,642	618	\$930,652	1,271	361	\$679,606	1,021	297	\$251,047
	Trinity	2,425	1,808	943	\$1,469,188	1,319	535	\$1,064,401	1,209	507	\$404,788
	Tyler	9,123	8,072	6,300	\$16,999,259	7,092	5,125	\$13,599,143	5,539	3,113	\$3,400,115
<b>DETCOG Total</b>		<b>76,625</b>	<b>63,369</b>	<b>40,568</b>	<b>\$90,993,511</b>	<b>52,181</b>	<b>30,521</b>	<b>\$72,893,122</b>	<b>42,324</b>	<b>19,074</b>	<b>\$18,100,390</b>
	Cherokee	79	0	0	\$ -	0	0	\$ -	0	0	\$ -
	Gregg	27	0	0	\$ -	0	0	\$ -	0	0	\$ -
	Harrison	34	0	0	\$ -	0	0	\$ -	0	0	\$ -
	Marion	5	0	0	\$ -	0	0	\$ -	0	0	\$ -
	Panola	40	0	0	\$ -	0	0	\$ -	0	0	\$ -
	Rusk	39	0	0	\$ -	0	0	\$ -	0	0	\$ -
<b>ETCOG Total</b>		<b>224</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Brazoria	9,914	5,384	1,172	\$2,270,269	3,845	1,072	\$2,104,700	3,158	127	\$165,569
	Chambers	9,078	7,469	4,840	\$10,586,720	6,266	3,904	\$8,782,799	4,636	1,896	\$1,803,921
	Fort Bend	3,761	2,160	576	\$1,117,274	1,598	530	\$1,056,431	1,216	57	\$60,844
	Galveston	42,337	27,545	9,737	\$19,671,690	21,842	8,807	\$17,952,050	16,282	1,626	\$1,719,640
	Harris	89,032	54,298	15,414	\$27,835,508	40,071	13,331	\$25,510,559	32,984	2,647	\$2,324,949
	Liberty	27,417	22,567	13,876	\$28,292,469	18,028	10,641	\$23,491,774	14,729	5,530	\$4,800,694
	Montgomery	11,504	8,523	3,814	\$6,456,511	5,861	2,303	\$4,823,907	5,949	1,890	\$1,632,605
	Walker	2,448	1,792	808	\$1,492,337	1,375	566	\$1,220,242	1,180	311	\$272,095
<b>HGAC Total</b>		<b>195,491</b>	<b>129,738</b>	<b>50,237</b>	<b>\$97,722,778</b>	<b>98,886</b>	<b>41,154</b>	<b>\$84,942,462</b>	<b>80,134</b>	<b>14,084</b>	<b>\$12,780,317</b>
	Hardin	24,615	22,596	18,386	\$45,606,168	20,945	16,397	\$38,566,023	13,263	7,081	\$7,040,145
	Jefferson	134,824	125,399	103,957	\$246,481,295	121,776	101,082	\$220,692,269	59,762	20,561	\$25,789,026
	Orange	44,420	41,855	35,317	\$90,062,411	40,166	33,240	\$76,955,705	24,225	12,401	\$13,106,706
<b>STRPC Total</b>		<b>203,859</b>	<b>189,850</b>	<b>157,660</b>	<b>\$382,149,874</b>	<b>182,887</b>	<b>150,719</b>	<b>\$336,213,997</b>	<b>97,250</b>	<b>40,043</b>	<b>\$45,935,877</b>
<b>Grand Total</b>		<b>476,199</b>	<b>382,957</b>	<b>248,465</b>	<b>\$570,866,163</b>	<b>333,954</b>	<b>222,394</b>	<b>\$494,049,581</b>	<b>219,708</b>	<b>73,201</b>	<b>\$76,816,584</b>

**APPENDIX E. FEMA PUBLIC ASSISTANCE PROGRAM REPORTED DAMAGE BY COUNTY**

County	Reported Damage
Nacogdoches	\$9,169,743.44
Angelina	\$1,776,366.70
Houston	\$266,685.47
Jasper	\$38,101,568.43
Newton	\$2,521,555.65
Polk	\$1,156,307.82
Sabine	\$674,436.12
San Augustine	\$7,486,361.32
San Jacinto	\$125,305.43
Shelby	\$379,100.05
Trinity	\$909,295.66
Tyler	\$28,550,757.54
Deep East Texas Council of Governments – Region Total	\$91,117,483.63
Cherokee	\$201,742.56
Gregg	\$64,795.50
Harrison	\$114,674.64
Marion **	N/A
Panola	\$131,035.20
Rusk	\$525,170.32
East Texas Council of Governments – Region Total	\$1,037,418.22
Brazoria	\$1,984,997.86
Chambers	\$1,972,305.97
Fort Bend	\$453,626.63
Galveston	\$6,638,771.39
Harris	\$2,534,873.63
Liberty	\$3,029,508.62
Montgomery	\$3,150,923.59
Walker	\$8,560,640.29
Houston-Galveston Area Council - Region Total	\$28,325,647.98
Hardin	\$24,001,733.09
Jefferson	\$70,667,214.40
Orange	\$4,464,763.10
Southeast TX Regional Planning Commission - Region Total	\$99,133,710.59
<b>Total</b>	<b>\$219,614,260.42</b>

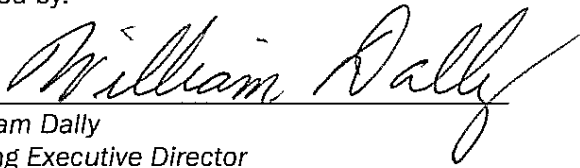
\*\* Not Available

## APPENDIX F. CERTIFICATIONS FOR STATE GOVERNMENTS, WAIVER AND ALTERNATIVE REQUIREMENT

In accordance with applicable statutes, regulations, and notices the State of Texas makes the following certifications:

1. The state certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard. (See 24 CFR 570.487(b)(2)(ii).)
2. The state certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG program.
3. The state certifies its compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms, if required by that part.
4. The state certifies that the Action Plan for Disaster Recovery is authorized under state law and that the state, and any entity or entities designated by the State, possesses the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and this Notice.
5. The state certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR Part 24, except where waivers or alternative requirements are provided for this grant.
6. The state certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR Part 135.
7. The state certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.115 (except as provided for in notices providing waivers and alternative requirements for this grant), and that each unit of general local government that is receiving assistance from the state is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486 (except as provided for in notices providing waivers and alternative requirements for this grant).
8. The state certifies that it has consulted with affected units of local government in counties designated in covered major disaster declarations in the nonentitlement, entitlement and tribal areas of the state in determining the method of distribution of funding;
9. The state certifies that it is complying with each of the following criteria:
  - a. Funds will be used solely for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of Hurricane Rita in communities included in Presidential disaster declarations.

Signed by:



William Dally  
Acting Executive Director  
Texas Department of Housing and Community Affairs

5-12-2006  
Date

**APPLICATION FOR FEDERAL ASSISTANCE**

Version 7/03

		<b>2. DATE SUBMITTED</b>	Applicant Identifier
<b>1. TYPE OF SUBMISSION:</b> Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction	Pre-application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction	<b>3. DATE RECEIVED BY STATE</b>	State Application Identifier
		<b>4. DATE RECEIVED BY FEDERAL AGENCY</b>	Federal Identifier
<b>5. APPLICANT INFORMATION</b>			
Legal Name: State of Texas		Organizational Unit: Department: Texas Department of Housing and Community Affairs	
Organizational DUNS: 806781902		Division:	
<b>Address:</b> Street: 221 East 11th Street		<b>Name and telephone number of person to be contacted on matters involving this application (give area code)</b>	
City: Austin		Prefix: Mr.	First Name: William
County: Travis		Middle Name	
State: TX		Last Name Dally	
Zip Code 78701	Suffix:		
Country: United States		Email: william.dally@tdhca.state.tx.us	
<b>6. EMPLOYER IDENTIFICATION NUMBER (EIN):</b> 74-2610542		Phone Number (give area code) (512) 475-3801	Fax Number (give area code) (512) 477-3096
<b>8. TYPE OF APPLICATION:</b> <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify)		<b>7. TYPE OF APPLICANT:</b> (See back of form for Application Types) A Other (specify)	
<b>10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:</b> TITLE (Name of Program): Community Development Block Grant		<b>9. NAME OF FEDERAL AGENCY:</b> U.S. Department of Housing and Urban Development	
<b>12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.):</b> 27 Counties impacted by Hurricane Rita		<b>11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:</b> State of Texas CDBG Disaster Recovery under the Department of Defense Appropriations Act, 2006 [Docket No. FR-5051-N-01] [Federal Register: February 13, 2006 (Volume 71, Number 29)]	
<b>13. PROPOSED PROJECT</b> Start Date: May 9, 2006		<b>14. CONGRESSIONAL DISTRICTS OF:</b> a. Applicant Statewide	
Ending Date: N/A		b. Project 1,2,5,6,7,8,9,10,14,18,22,29	
<b>15. ESTIMATED FUNDING:</b>		<b>16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?</b>	
a. Federal	\$ 74,523,000 <sup>00</sup>	a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE:	
b. Applicant	\$ <sup>00</sup>	b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372	
c. State	\$ <sup>00</sup>	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
d. Local	\$ <sup>00</sup>	<b>17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?</b>	
e. Other	\$ <sup>00</sup>	<input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No	
f. Program Income	\$ <sup>00</sup>	<b>18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.</b>	
g. TOTAL	\$ 74,523,000 <sup>00</sup>	a. Authorized Representative	
		Prefix Mr.	First Name William
		Middle Name	
		Last Name Dally	
		Suffix	
		b. Title Acting Executive Director	
		c. Telephone Number (give area code) (512) 475-3801	
		d. Signature of Authorized Representative <i>William Dally</i>	
		e. Date Signed 05/12/2006	

**Objective**  
**Sponsor**  
**Overall Timeline**  
**Assumptions**  
**Contingencies**

**Overview of Implementation of CDBG Disaster Relief Program**

TDHCA/ORCA

January 2006 – August 2009

The success of the project is heavily reliant on coordination with ORCA and internally amongst TDHCA divisions throughout the entire implementation of the award.

Steps must be completed timely to meet the aggressive timeline established for implementation.

	Step	Who	Timeline & Status Notes	%
	CDBG Action Plan	HUD	<ul style="list-style-type: none"> <li>❖ Action Plan was developed and submitted to HUD for review April 14<sup>th</sup>.</li> <li>❖ Approval pending, but anticipated by no later than the end of May. Comment period was extended to allow for comment on Spanish and Vietnamese version of the plan.</li> </ul>	100%
	Memorandum of Understanding	TDHCA/ORCA	<ul style="list-style-type: none"> <li>❖ MOU is being routed internally. Anticipated to be sent to ORCA by month's end for their review and approval.</li> </ul>	75%
	CDBG Application	TDHCA/ORCA	<ul style="list-style-type: none"> <li>❖ TDHCA and ORCA developed a joint application in mid May 2006.</li> <li>❖ TDHCA and ORCA will set a meeting for mid June to discuss process for conducting a joint review of the COG applications.</li> <li>❖ It is anticipated that collaboration that began during development of the application will help expedite the joint application review process scheduled for June 26-29.</li> <li>❖ The applications are planned to be presented to the board on July 13.</li> </ul>	50%
	Application Workshops	TDHCA/ORCA	<ul style="list-style-type: none"> <li>❖ Application workshops were held at the COGs the week of May 15, 2006.</li> </ul>	100%

**Objective****Overview of Implementation of CDBG Disaster Relief Program****Sponsor**

TDHCA/ORCA

**Overall Timeline**

January 2006 – August 2009

**Assumptions**

The success of the project is heavily reliant on coordination with ORCA and internally amongst TDHCA divisions throughout the entire implementation of the award.

**Contingencies**

Steps must be completed timely to meet the aggressive timeline established for implementation.

	CDBG Program guidelines (implementation manuals, forms, etc.)	TDHCA/ORCA	<ul style="list-style-type: none"> <li>❖ Staff is developing a joint implementation manual, similar to the application guide, that will include sections specific to housing and non-housing activities. The manual is scheduled for print on 7/12/2006.</li> <li>❖ TDHCA anticipates using existing CDBG disaster forms to develop TDHCA forms for the program.</li> </ul>	0%
	Implementation Workshops	TDHCA/ORCA	<ul style="list-style-type: none"> <li>❖ Staff are currently preparing for the implementation workshops scheduled to be held July 18, 19, and 20, 2006 in Houston, Beaumont, and Jasper.</li> </ul>	50%
	Staffing	TDHCA	<ul style="list-style-type: none"> <li>❖ PMC anticipates that the equivalent of approximately 7 full-time positions will be needed. PMC has budgeted a percentage of existing staff's time to satisfy a portion of the FTE need (1.55) and has requested 5.5 additional FTEs that do not currently exist.</li> <li>❖ There are plans for the establishment of a TA office. The office may be in Kountze staffed by both TDHCA and ORCA, or TDHCA may identify available space in COG offices.</li> </ul>	25%*
	CDBG administration SOPs	TDHCA	<ul style="list-style-type: none"> <li>❖ Staff are beginning to draft SOPs for administering the CDBG program in PMC.</li> </ul>	25%
	Continued overall agency discussions on administering the Program	TDHCA/	<ul style="list-style-type: none"> <li>❖ TDHCA and ORCA will discuss information systems functionality, specifically, how contracts will be tracked for expenditures and contract performance. TDHCA may be able to interface with ORCA's contract system.</li> </ul>	0%

\* Once the budget is approved, staff will be hired as appropriate.



**Objective**                      **Overview of Implementation of CDBG Disaster Relief Program**

**Sponsor**                        TDHCA/ORCA

**Overall Timeline**            January 2006 – August 2009

**Assumptions**                The success of the project is heavily reliant on coordination with ORCA and internally amongst TDHCA divisions throughout the entire implementation of the award.

**Contingencies**                Steps must be completed timely to meet the aggressive timeline established for implementation.

**Pending Items for Discussion**

TDHCA and ORCA should discuss how the contracts will be written with the COGs in the near future. The current recommendation from ORCA is that at least 3 contracts be written to the COGs: one for administration, one for planning, and one for housing activities (non-housing activities will have separate contracts with each approved city, county, or Indian tribe). This system would ensure that HUD caps are not exceeded and will simplify related record keeping requirements.

**CDBG DISASTER RECOVERY PROGRAM  
TIME LINE  
2006**

**May 15<sup>th</sup> through 17<sup>th</sup>**

CDBG Disaster Recovery Program Application Workshops

**June 23<sup>rd</sup>**

COG Application Deadline

**June 26<sup>th</sup> through 29<sup>th</sup>**

ORCA/TDHCA Joint Application Review

**June 30<sup>th</sup>**

Application Deficiency Notification

**July 3<sup>rd</sup>**

Board Write-up to ORCA with TDHCA's Comments  
Draft Board Write-up due for Application Recommendations

**July 5<sup>th</sup>**

Draft CDBG Implementation Manual  
Feedback from ORCA on Board Write-up/Finalization of Reports, Attachments

**July 6<sup>th</sup>**

Board Book Posted

**July 12<sup>th</sup>**

Implementation Manual to Print

**July 13<sup>th</sup>**

Board Meeting Date

**July 18<sup>th</sup> through 20<sup>th</sup>**

Implementation Workshop – Houston  
Implementation Workshop - Beaumont  
Implementation Workshop - Jasper

**Disaster Relief Planning**

**BOARD ACTION REQUEST**

**June 9, 2006**

**Action Item**

The Memorandum of Understanding between TDHCA and the Office of Rural Community Affairs (ORCA) for the administration of the Community Development Block Grant (CDBG) Disaster Recovery funding and associated CDBG Administrative Operating Budgets for TDHCA and ORCA.

**Required Action**

Discussion of budget policies and potential MOUs between ORCA and TDHCA to provide staff direction on items for approval at a later Board meeting.

**Background**

One or more Memorandums of Understanding between TDHCA and ORCA will define the roles and responsibilities of the two agencies as they relate to the administration of the CDBG Disaster Recovery funds made available to Texas for assistance to the Gulf Coast area impacted by Hurricane Rita. The relationship will likely have both administrative reporting functions and oversight provisions for administration of critical infrastructure contracts.

TDHCA has been designated the lead agency by the Governor's Office and therefore, the TDHCA Board will review and approve all funding recommendations to ensure that unmet housing and non-housing needs as indicated in *Texas Rebounds: Helping Our Communities and Neighbors Recover from Hurricanes Rita and Katrina* are met. Any amendments to contracts awarded by either agency, including housing and non-housing, must also be approved by the TDHCA Board.

Part of the policy decision necessary is the development of budgets and how best to provide guidance to the sub-recipients on processes for requesting variances as provided for in the Action Plan.

In addition to the policy function, TDHCA will provide direct oversight of the funds received under this Memorandum to each of the councils of governments in which a grant is awarded under the Disaster Recovery Program. TDHCA will ensure that all activities are carried out in accordance with the federal law and regulations at 42 USC Sec. 5301 et. Seq. and 24 CFR Part 570, Subpart I, except as modified or waived in accordance with Public Law 109-148.

Once approved by TDHCA, ORCA will manage the oversight of the non-housing funds allocated under the Action Plan through the councils of governments using individual contracts with each city or county in which a grant is awarded under the Disaster Recovery Program. ORCA will ensure that all activities are carried out in accordance with the federal law and regulations at 42 USC Sec. 5301 et seq. and 24 CFR Part 570, Subpart I, except as modified or waived in accordance with Public Law 109-148.

## TDHCA Outreach Activities, May 2006

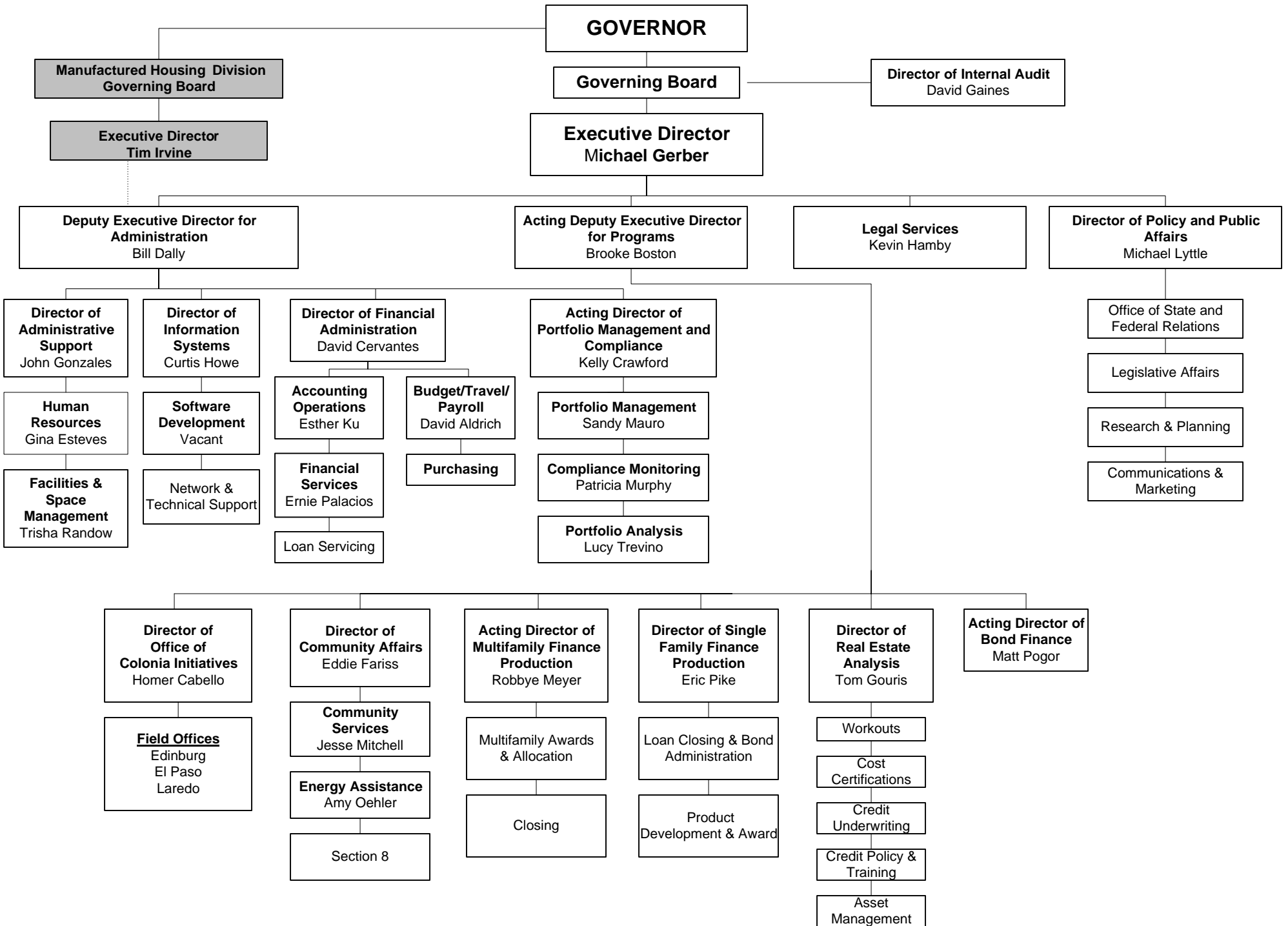
*A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public*

<b>Event</b>	<b>Location</b>	<b>Date</b>	<b>Division</b>	<b>Purpose</b>
Institute of Internal Auditors 2006 Leadership Conference	Austin	April 30-May 3	Internal Audit	Panelist
House Committee on Financial Institutions	Austin	May 1	Policy & Public Affairs	Monitoring
HOME/OCC Compliance Training Workshop	Austin	May 3	Portfolio Management & Compliance	Training
Single Family Mortgage Revenue/Refunding Bond Public Hearing	Austin	May 3	Bond Finance	Public Hearing
First Thursday Income Eligibility Training	Austin	May 4	Portfolio Management & Compliance	Training
Legislative Meeting with staff of the Speaker's Office	Austin	May 8	Bond Finance, Policy and Public Affairs	Briefing
NCSHA Spring Conference	Indianapolis	May 8-9	Single Family, Bond Finance, Policy and Public Affairs	Panelist, Participant
Bond Review Board planning meeting	Austin	May 9	Policy and Public Affairs	Monitoring
State Tax Assessors and Collectors Association Conference	Corpus Christi	May 9	Manufactured Housing	Presentation
Texas Association of Realtors Continuing Education	Brownwood	May 9	Single Family	Training
Maximizing Leveraging for PHAs	Dallas	May 10	Bond Finance	Presentation
House Committee on Urban Affairs hearing	Austin	May 11	Executive, Policy and Public Affairs	Testimony
Southwest Mortgagee Advisory Council Conference	San Antonio	May 12	Real Estate Analysis	Panelist
Legislative Meeting with Senator Hinojosa	Austin	May 15	Executive, Policy and Public Affairs	Briefing
Villas on Sixth Grand Opening	Austin	May 16	Policy and Public Affairs	Participant
Texas Bond Review Board meeting	Austin	May 18	Policy and Public Affairs	Monitoring
Legislative Budget Board meeting	Austin	May 18	Policy and Public Affairs	Monitoring
TWG Transformation Work Group meeting	Austin	May 19	Policy and Public Affairs	Participant
Interview with KTLM-TV, (Telemundo) McAllen	McAllen	May 22	Policy and Public Affairs	Interview
Texas Association of Realtors Continuing Education	Collin Co.	May 22	Single Family	Training
Texas Association of Realtors Continuing Education	Fort Worth	May 23	Single Family	Training

Interview with KCMT-AM Dallas	Austin	May 23	Policy and Public Affairs	Interview
Colonia Resident Advisory Council meeting	Hidalgo County	May 23	Office of Colonia Initiatives	Hearing
House Committee on Urban Affairs hearing	Austin	May 24	Executive, Multifamily, Legal, Policy and Public Affairs	Monitoring
Enterprise Risk Management Continuing education	Orlando	May 25	Internal Audit	Presentation, Participant
House Committee on General Government	Austin	May 26	Policy and Public Affairs	Monitoring
Shiloh Village Grand Opening	Dallas	May 30	Policy and Public Affairs	Presentation, Participant

# TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

(298)



**\$282,430,000**

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**Single Family Mortgage Revenue Refunding Bonds 2006 Series A**

**Single Family Mortgage Revenue Refunding Bonds 2006 Series B**

**Single Family Mortgage Revenue Bonds 2006 Series C**

**Single Family Mortgage Revenue Refunding Bonds 2006 Series D**

**Single Family Mortgage Revenue Refunding Bonds 2006 Series E**

**Bond Structure Highlights**

- 2006 Series A and 2006 Series B will refund a portion of the Department's outstanding Single Family Mortgage Revenue Tax-Exempt Commercial Paper Notes and will provide funds to purchase mortgage certificates statewide.
- 2006 Series C is new money and will provide funds to purchase mortgage certificates in the Hurricane Rita GO Zone.
- 2006 Series D is an economic refunding of all outstanding Single Family Mortgage Revenue Bonds 1996 Series A and 1996 Series D.
- 2006 Series E is an economic refunding of all outstanding Single Family Mortgage Revenue Refunding Bonds 1996 Series E.

**Bond Pricing and Yields: 4.65%**

- The Series A and B bonds were sold to Freddie at rates through market levels on May 23, 2006. (bond yield 4.82% and 4.80 respectively)
- The Series C Bonds were sold to Freddie at more than 25 bps through the Series A and B bonds. (bond yield 4.52%)
- The Department saved over \$600,000 with takedowns on the Series A, B and C bonds which was significantly below standard market takedowns. This equates to roughly 5 basis points of savings on yield on these bonds.
- The Series D and E bonds were sold to the general market on Tuesday, May 23, 2006 consisting of a retail order period in the morning and institutional pricing in the afternoon. The institutional pricing was actually accelerated by a day due to erosion in interest rates on Tuesday following a rally on Monday. Accelerating the pricing proved to be quite successful. The PAC bonds were sold to several institutional buyers at a yield of 4.40%, which was less than 80 bps over comparable rates. In the end, Citigroup took down a balance of \$8.965 million, Goldman \$1.890 million, A.G. Edwards \$0.690 million, First Southwest \$1.970 million and Ramirez \$0.950 million. (bond yield 4.95%)



**Program Highlights (\$246 million was made available for low interest loans on May 26 through the First-time Homebuyer Program)**

- \$72.3 million will be reserved for one year for borrowers with income not exceeding 60% AMFI.

**Statewide:**

- \$134 million statewide for assisted and unassisted mortgage loans for borrowers with incomes up to 115% AMFI. Income limits are 140% AMFI in targeted areas.
- Mortgage rates are 5.625% unassisted and 6.125% with 5% assistance.

**Hurricane Rita GO Zone:**

- \$112 million reserved for 22 county regions of the state impacted by Hurricane Rita for borrowers with incomes up to 140% AMFI.
- Mortgage rate is 5.875% with 5% assistance.
- First-time homebuyer requirement has been waived.

## **SINGLE FAMILY FINANCE PRODUCTION DIVISION**

### **REPORT ITEM HOMEOWNERSHIP ACTIVITIES June 9, 2006**

June is homeownership month and TDHCA will participate in a number of activities to raise awareness of homeownership opportunities and TDHCA's single family programs. (Note that this item is updated from the May 4<sup>th</sup> Board book.) These activities include:

- Proclamation from Governor Perry declaring June as Homeownership Month.
  - Brownsville Homeownership Fair – June 3<sup>rd</sup> (Tradeshow Booth Exhibit)
  - Texas Association of Real Estate Brokers Convention – Dallas – June 9<sup>th</sup> (speaking engagement)
  - McAllen Homebuyer Fair – June 10<sup>th</sup> – a media advisory will be sent to local media alerting them of our participation in the event and our availability for interview purposes. Spanish language speaking staff from TDHCA will also be available for interviews.
  - Third Annual Housing Summit sponsored by the U.S. Department of Housing and Urban Development, City of Fort Worth Housing Department, Fannie Mae and the Fort Worth Housing Authority. – Ft. Worth – June 15<sup>th</sup> (speaking engagement)
  - Texas Association of Realtors Continuing Education Class – Williamson County, June 15<sup>th</sup>
  - El Paso Habitat For Humanity Ribbon Cutting Ceremony – June 16<sup>th</sup> (tentative date). Habitat is the recipient of Bootstrap funds and they have suggested the First Time Homebuyer Program be promoted at the same event. Local media and elected officials will be invited.
  - HOME Ownership – a Multicultural Event, Houston, June 17<sup>th</sup> (Tradeshow Booth Exhibit)
  - Announcement of the Lender of the Year Awards – TDHCA Board Meeting, June 26<sup>th</sup>
  - San Antonio – Staff is in the process of coordinating a press event in conjunction with a lender training for the week of June 19<sup>th</sup>. The proposed event will promote a partnership between TDHCA, Fannie Mae and the local lender community.
  
- Volunteer Day at Habitat for Humanity of Austin. Staff is in the process of coordinating a volunteer date for TDHCA employees. If the date occurs during regular business hours, employees will take personal leave time to perform the volunteer function. The event will be chronicled in the Breaking Ground Newsletter and featured on the agency's website. Local media will be invited to do a feature story focused on homeownership and film the TDHCA volunteers performing the volunteer work.
  
- State of Texas Payroll Stuffer – A payroll insert will be included in over 15,000 state agency workers pay envelopes for the month of June. The stuffer will

promote the Texas First Time Homebuyer Program and the Texas Loan Star Program.

- We are currently working with Countrywide Home Loans, Inc. (our Master Servicer) to conduct a radio campaign targeted to the Dallas/Ft. Worth area in June. The radio spots have been produced and recorded. TKO Advertising, Inc., TDHCA's contracted marketing firm will assist Countrywide in identifying stations that target consumers we are trying to reach. They will also assist with the media buy.