

BOARD MEETING OF MARCH 3, 2011

C. Kent Conine, Chair



Gloria Ray, Vice-Chair

Leslie Bingham Escareño, Member

Tom Gann, Member

Lowell Keig, Member

Juan Muñoz, Member

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

A G E N D A

**9:00 am
March 3, 2011**

William B. Travis Building
1701 Congress, Room 1-111
Austin, TX

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

Kent Conine, Chairman

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.

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 under Chapter 551 of the Texas Government Code, Texas Open Meetings Act.

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

Executive

- a) Presentation, Discussion, and Possible Action regarding the Board Minute Summary for January 20, 2011
- b) Presentation, Discussion, and Possible Action on Notice to the Board regarding administrative penalties for Southmore Park Apartments (HTC 94004)

Brooke Boston
Board Secretary

Tim Irvine
Chief of Staff/General
Counsel

Legal

- c) Presentation, Discussion, and Possible Approval of contract award for Document Preparation Counsel

Tim Irvine
Chief of Staff/General
Counsel

Financial Administration

- d) Presentation, Discussion, and Possible Approval of the Department's Investment Policy, Resolution No. 11-021

David Cervantes
Dir. Financial Admin.

Community Affairs

- e) Presentation, Discussion, and Possible Action to Approve Staff Recommendations to Award Community Services Block Grant (CSBG) Discretionary Funds to Eligible Entities to Fund Special and Innovative Projects Previously Funded Through CSBG ARRA Funds
- f) Presentation, Discussion, and Possible Authorization to release a Request for Applications for provision of Weatherization Assistance Program (WAP) Services in Webb County
- g) Presentation, Discussion, and Possible Approval of the 2011 Department of Energy (DOE) Weatherization Assistance Program (WAP) State Plan
- h) Presentation, Discussion, and Possible Action regarding a proposed new rule, 10 TAC Chapter 5, Subchapter H §5.802 concerning Local Operators for the Section 8 Housing Choice Voucher Program for publication and public comment in the *Texas Register*

Brooke Boston
DED Community Based
Programs

Housing Resource Center

Elizabeth Yevich
Dir. HRC

- i) Presentation, Discussion, and Possible Action of the Final 2011 State of Texas Low Income Housing Plan and Annual Report

Multifamily Division Items - Housing Tax Credit Program

Robbye Meyer
Dir. Multifamily

- j) Presentation, Discussion, and Possible Action regarding of Housing Tax Credit Amendments

08403	The Villas at Lakewest I	Dallas
08404	The Villas at Lakewest II	Dallas
09712	CityWalk at Akard	Dallas
10239	Prince Hall Gardens	Fort Worth

- k) Presentation, Discussion, and Possible Action on Housing Tax Credit and Exchange Program Extensions

09019/09703	Timber Village Apartments II	Marshall
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HOME

Jeannie Arellano
Dir. HOME

- l) Presentation, Discussion, and Possible Action regarding the 2010 Single Family Homeowner Rehabilitation Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance Programs Award Recommendations

Homebuyer Assistance

2010-0046	Midland Habitat for Humanity	Midland
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Homeowner Rehabilitation Assistance

2010-0042	City of Boqata	Boqata
2010-0048	City of Wallis	Wallis
2010-0049	City of Coahoma	Coahoma
2010-0050	City of Stanton	Stanton
2010-0051	City of Eagle Lake	Eagle Lake
2010-0052	City of Spur	Spur
2010-0053	City of Gregory	Gregory

- m) Presentation, Discussion, and Possible Action to Ratify HOME Program Reservation System Participants approved by the Executive Director

Housing Trust Fund

Homero Cabello
Dir. OCI/HTF

- n) Presentation, Discussion, and Possible Action to Approve an Amendment to the 2010-2011 Housing Trust Fund Plan

Neighborhood Stabilization Program

Tom Gouris
DED Housing Programs

- o) Presentation, Discussion, and Possible Action to Ratify the Neighborhood Stabilization Program 3 (NSP3) Substantial Amendment

- p) Presentation, Discussion, and Possible Action to Approve the Neighborhood Stabilization Program – NSP3 Notice of Funding Availability

Disaster Recovery

Sara Newsom
DED Emergency
Housing & Disaster
Recovery

- q) Presentation, Discussion, and Possible Action regarding Request for Amendments to CDBG Disaster Recovery housing contracts administered by TDHCA for CDBG Hurricane Ike/Dolly Round I Funding

70090016	Houston-Galveston Area Council	Houston
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ACTION ITEMS

Item 2: Board:

Kent Conine
Chairman

- a) Designation of Assistant Presiding Officer, Secretary, Treasurer, and one or more Assistant Secretaries in accordance with Tex. Gov't. Code, Sec. 2306.030

Item 3: Internal Audit:

Sandy Donoho
Internal Auditor

- a) Update on Internal Audit Plan

Item 4: Compliance and Asset Oversight:

- a) Presentation, Discussion, and Possible Action to adopt a policy regarding the consideration of requests for material amendments to developments involving amendments to land use restriction agreements

Patricia Murphy
Chief Compliance and
Asset Oversight

Item 5: Multifamily Division Items - Housing Tax Credit Program:

- a) Presentation, Discussion, and Possible Action regarding of Housing Tax Credit Amendments

Robbye Meyer
Dir. Multifamily

95081 Parks at Wynnewood Dallas

Item 6: ARRA Accountability and Oversight:

- a) Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act)

Brooke Boston
DED Community Based
Programs

Item 7: Financial Administration:

- a) Presentation of Reports issued in connection with Fiscal Year 2010 Audit

Julia R. Petty
Deloitte & Touche LLP

Item 8: Bond Finance:

- a) Presentation, Discussion, and Possible Action on Resolution 11-023 authorizing the Department's Interest Rate Swap Policy
- b) Presentation, Discussion, and Possible Action on Resolution 11-024 authorizing the purchase of warehoused mortgage backed securities with proceeds of Residential Mortgage Revenue Bonds, Series 2011A (Program 77)

Tim Nelson
Dir. Bond Finance

Item 9: Rules:

- a) Presentation, Discussion, and Possible Action regarding a proposed repeal of 10 TAC Chapter 60, Subchapter C §§60.301 – 60.309 Administrative Penalties, and a proposed new 10 TAC Chapter 60, Subchapter C §§60.301 – 60.309 Administrative Penalties for publication and public comment in the *Texas Reaister*
- b) Presentation, Discussion, and Possible Action regarding proposed amendments to 10 TAC Chapter 60, Subchapter B §60.202(5) Accessibility Requirements, for public comment and publication in the *Texas Register*
- c) Presentation, Discussion, and Possible Action regarding proposed amendments to 10 TAC Chapter 53, Subchapter C, §53.31, HOME Program Rule, for publication and public comment in the *Texas Register*

Patricia Murphy
Chief Compliance and
Asset Oversight

Jeannie Arellano
Dir. HOME

Item 10: Appeals:

- a) Presentation, Discussion, and Possible Action on Multifamily Program Appeals:
Appeals Timely Filed
- b) Presentation, Discussion, and Possible Action on Tax Credit Assistance Program Appeals:
Appeals Filed Timely
- c) Presentation, Discussion and Possible Action on Neighborhood Stabilization Program Appeals:
Appeals Filed Timely
- d) Presentation, Discussion, and Possible Action on HOME Program Appeals:
Appeals Filed Timely
- e) Presentation, Discussion, and Possible Action on Underwriting Appeals:
Appeals Filed Timely

Robbye Meyer
Dir. Multifamily

Tom Gouris
DED Housing Programs

Tom Gouris
DED Housing Programs

Brent Stewart
Dir. REA

REPORT ITEMS

- 1. TDHCA Outreach Activities, January 2011

Kent Conine, Chairman

- 2. Marketing of the Texas Mortgage Credit and First Time Homebuyer Programs

Eric Pike
Dir. THI

- 3. Report on the Obligation of the Low Income Home Energy Assistance Program (LIHEAP) Weatherization Assistance Program (WAP) and Department of Energy (DOE) WAP contracts

Brooke Boston
DED Community Based
Programs

- 4. Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG Contracts Administered by TDHCA

Sara Newsom
DED Emergency
Housing & Disaster
Recovery

EXECUTIVE SESSION

The Board may go into Executive Session (close its meeting to the public):

Kent Conine, Chairman

- 1. 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;
- 2. Pursuant to Tex. Gov't. Code, §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer, including:
 - a) *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al filed in federal district court, Northern District of Texas*
 - b) *Claim of Gladys House filed with the EEOC;*
 - c) *Discrimination charge of Donald Willis to Health and Human Services regarding 2009 CSBG application*
- 3. Pursuant to Tex. Gov't. Code, §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this Tex. Gov't. Code, Chapter 551; or
- 4. Pursuant to Tex. Gov't. Code, §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person.

OPEN SESSION

If there is an Executive Session, the Board will reconvene in Open Session. Except as specifically authorized by applicable law, the Board may not take any actions in Executive Session

Kent Conine, Chairman

ADJOURN

To access this agenda & details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Nidia Hiroms, 512-475-3934; TDHCA, 221 East 11th Street, Austin, Texas 78701, 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.

BOARD SECRETARY
BOARD ACTION REQUEST
MARCH 3, 2011

Presentation, Discussion, and Possible Action regarding the Board Minute Summary for January 20, 2011.

Recommended Action

Approve Board Meeting Minute Summary for January 20, 2011.

RESOLVED, that the Board Meeting Minute Summary for January 20, 2011, as having been specifically approved, is hereby approved as presented.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

January 20, 2011; 9:30 a.m.

Dewitt C. Greer Building
Texas Department of Transportation
Ric Williamson Hearing Room
125 E. 11th Street, Austin, TX

SUMMARY OF MINUTES

CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of January 20, 2011 was called to order by Chair, Kent Conine, at 9:37 a.m. It was held at the Dewitt C. Greer Building at 125 E. 11th Street, Austin, Texas. Roll call certified a quorum was present. Dr. Muñoz arrived at 9:45 a.m.

Members Present:

Kent Conine, Chair
Gloria Ray, Vice Chair
Leslie Bingham-Escareño, Member
Tom H. Gann, Member
Lowell Keig, Member
Juan Muñoz, Member

The TDHCA Board recognized the Community Action Network for their exceptional work in reaching 100 percent expenditure of the Community Service Block Grant funds that were specially appropriated through the American Recovery and Reinvestment Act, the stimulus bill. Dr. Muñoz absent.

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.

Mike Sugrue, Stoneleigh Companies, provided testimony thanking Mr. Gann for attending their grand opening in Lufkin.
Craig Lintner, vice president of development for Pedcor Investments, provided testimony concerning NIMBY-ism and potential Fair Housing issues in the Houston ETJ in Fort Bend County.
Noor Jooma, provided testimony regarding his project in Mineral Wells, thanking the Department, and providing the framed newspaper article for the TDHCA lobby.

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 under Chapter 551 of the Texas Government Code, Texas Open Meetings Act.

AGENDA ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

Executive

- a) Presentation, Discussion, and Possible Action regarding the Board Minute Summary for December 17, 2010.
- b) Presentation, Discussion, and Possible Action on Notice to the Board regarding administrative penalties for
Campbell Road Apartments (HTC 70023)
Southmore Park Apartments (HTC 94004) – **WITHDRAWN from consideration.**

Parklane I Apartments (HTC 70020)
Parklane II Apartments (HTC 70022)
Arturo Figueroa Homes (HOME 532307)
Francisco Zarate Homes (HOME 532306)
Tomas Molina Homes (HOME 532329)

Internal Audit

- c) Presentation, Discussion, and Possible Action on the 2011 Audit Committee Charter and Board Resolution No. 11-017.

Financial Administration

- d) Presentation of the Department's 1st Quarter Investment Report.

Housing Resource Center

- e) Presentation, Discussion, and Possible Action to approve the submittal of an application to the U.S. Department of Housing and Urban Development (HUD) for the Rural Innovation Fund Program.
- f) Presentation, Discussion, and Possible Action to approve the submittal of an application to Centers for Medicare and Medicaid Services (CMS) via the Department of Aging and Disability Services to request administrative funding to support the housing efforts of Texas' Money Follows the Person Demonstration Program.

Multifamily Division Items - Housing Tax Credit Program

- g) Presentation, Discussion, and Possible Action regarding of Housing Tax Credit Amendments
 - 09993 Malibu Apartments Austin
 - 00132 Townhomes of Bay Forest Baytown
- h) Presentation, Discussion, and Possible Approval of Housing Tax Credit and Exchange Program Extensions
 - 09280 Mariposa at Ella Boulevard Houston
 - 09937 Cambridge Crossing Corsicana

Multifamily Division Items – Private Activity Bond Program:

- i) Presentation, Discussion, and Possible Action Regarding the Subordination of the LURA for Multifamily Housing Revenue Bond development Sphinx at Murdeaux, Resolution No. 11-018.

HOME

- j) Presentation, Discussion, and Possible Action to Ratify HOME Program Reservation System Participants approved by the Executive Director.
- k) Presentation Discussion, and Possible Action regarding the 2010 Single Family Owner-Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance Programs Award Recommendations
 - Homebuyer Assistance.
 - 2010-0035 City of McKinney McKinney
 - Homeowner Rehabilitation Assistance
 - 2010-0037 City of Clarksville Clarksville
 - Tenant Based Rental Assistance
 - 2010-0038 Affordable Caring Housing College Station

Neighborhood Stabilization Program:

- l) Presentation, Discussion, and Possible Action to Approve the draft Neighborhood Stabilization Program 3 (NSP3) Substantial Amendment.
- m) Presentation, Discussion, and Possible Action to Approve the Neighborhood Stabilization Program – Program Income (NSP-PI) Notice of Funding Availability.

Motion by Ms. Ray to approve Consent Agenda (with Item1 b) Southmore Park Withdrawn); duly seconded by Dr. Muñoz; passed unanimously.

ACTION ITEMS

AGENDA ITEM 2: INTERNAL AUDIT

- a) Report from the Audit Committee and Acceptance of the Report.
Motion by Mr. Keig to accept report; duly seconded by Mr. Gann; passed unanimously.

AGENDA ITEM 3: ARRA ACCOUNTABILITY AND OVERSIGHT:

- a) Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act).
Report item only. No action taken.

AGENDA ITEM 4: APPEALS:

- a) Presentation, Discussion, and Possible Action on Multifamily Program Appeals:
 - 08184 Washington Lofts Greenville
Bill Scantland, vice president, Landmark Asset Services, Winston-Salem, North Carolina, the applicant behind Washington Hotel Lofts, provided testimony.
Motion by Ms. Bingham-Escareño to approve staff recommendation to deny appeal; duly seconded by Mr. Gann; passed unanimously.
 - 10003 Champion Homes at Marina Landing Galveston
Withdrawn from consideration.
 - 10178 Cypress Creek at Fayridge Houston
Stuart Shaw, Bonner Carrington, provided testimony.
Barry Palmer, Coats Rose, provided testimony.
Motion by Dr. Muñoz to grant waiver for good cause; duly seconded by Ms. Ray; Motion by Mr. Conine to amend by ensuring that all Microwaves are installed; Dr. Muñoz accepted amendment; passed unanimously.
 - 10143 Oak Creek Townhomes Marble Falls
Dennis Hoover provided testimony.
Motion by Ms. Ray to approve staff recommendation; seconded by Mr. Keig; passed unanimously.
 - 09314 Taylor Farms Dallas
George Littlejohn, CPA, Novogradac & Company, provided testimony.
Brandon Bolin provided testimony.
Motion by Mr. Keig to impose a penalty of 2 points; duly seconded by Dr. Muñoz; motion failed. Motion by Mr. Gann to approve staff recommendation; duly seconded by Ms. Bingham-Escareño; opposed by Mr. Keig; motion carried.
 - 09913 Villas on Raiford Carrollton
Withdrawn from consideration.
- b) Presentation, Discussion, and Possible Action on Tax Credit Assistance Program Appeals:
None Filed.
- c) Presentation, Discussion, and Possible Action on HOME Program Appeals:
None Filed.
- d) Presentation, Discussion, and Possible Action on Underwriting Appeals:
None Filed.

AGENDA ITEM 5: MULTIFAMILY DIVISION ITEMS - HOUSING TAX CREDIT PROGRAM

- a) Presentation, Discussion, and Possible Action Regarding Waivers of Ineligibility for Applicants or Applications in the 2011 Competitive Housing Tax Credit Application Cycle.

La Hacienda Apartments Negative Site Feature
Withdrawn from consideration.

Alexander Place Apartments Reconstruction
Donna Rickenbacker, Marque Real Estate Consultants, provided testimony.
Michael Bowen, Center Point Regional Housing Development, provided testimony.
Motion by Mr. Keig to approve staff recommendation to deny appeal; duly seconded by Mr. Gann; passed unanimously.

Enclave on S. Main Apartments Negative Site Feature
Withdrawn from consideration.

E2 Flats Unit Percentage and Size
Carole Twitmyer, Merriman Associates/Architects, provided testimony.
Bill Newsome, Developer, provided testimony.
Sarah Andre, consultant, provided testimony.
Motion by Ms. Bingham –Escareño to approve staff recommendation to deny appeal; duly seconded by Ms. Ray; passed unanimously.

Preston Lofts Unit Percentage
Donna Rickenbacker, Marque Real Estate Consultants, provided testimony.
Pres Kavacoff provided testimony.
Motion by Mr. Keig to approve staff recommendation to deny waiver requests; duly seconded by Ms. Ray; passed unanimously.

The Works at Pleasant Valley Unit Percentage
Susan McDowell, executive director, LifeWorks, Austin, provided testimony.
Mitch Weynand, chief operating officer, LifeWorks, Austin, provided testimony.
David Wieland, board member, LifeWorks, Austin, provided testimony.
No Action Taken.

Brae Estates Experience
Kim McCaslin Schlieker, provided testimony.
Motion by Dr. Muñoz to approve waiver request; duly seconded by Ms. Ray; passed unanimously.

Merrill Square Experience
Motion by Dr. Muñoz to approve staff recommendation to deny waiver request; duly seconded by Ms. Ray; passed unanimously.

Magnolia Gardens II Experience
James Butcher, Magnolia Capital, provided testimony.
Joe Raitano, Ashbury Builders, provided testimony.
Terri Anderson, Anderson Capital, provided testimony.
Motion by Ms. Ray to approve waiver request; duly seconded by Dr. Muñoz; passed unanimously.

Noor Jooma Experience
Withdrawn from consideration.

Multi-Family Mission Ministries, Inc. Removal
Withdrawn from consideration.

Megan Childers Development, LLC Removal
Withdrawn from consideration.

- b) Executive Quarterly Report of Housing Tax Credit Program Amendments and Extensions.
Report Item only.
- c) Executive Report of the Status of Applications Awarded Housing Tax Credit Exchange Funds.
Report Item only.

AGENDA ITEM 6: BOND FINANCE:

- a) Report of TDHCA's Financial Advisor.
Gary Machak provided report.
Barton Withrow provided report.

- b) Presentation, Discussion, and Possible Action on Resolution 11-019 authorizing the purchase of warehoused mortgage backed securities with proceeds of Residential Mortgage Revenue Bonds, Series 2011A (Program 77) and reauthorization of the issuance of Residential Mortgage Revenue Bonds, Series 2011A and conversion of first tranche of 2009C (Program 77).

Motion by Ms. Bingham-Escareño to approve staff recommendation; duly seconded by Dr. Muñoz; passed unanimously.

The Board took a brief recess.

AGENDA ITEM 7: COMMUNITY AFFAIRS

- a) Presentation, Discussion, and Possible Action to Ratify and Approve the award made by the Executive Director to the Concho Valley Community Action Agency Comprehensive Energy Assistance Program for Tom Green County, the service area formerly served by the City of San Angelo.

Motion by Ms. Ray to approve staff recommendation; duly seconded by Mr. Gann; passed unanimously.

- b) Presentation, Discussion, and Possible Action to Ratify the award made by the Executive Director to West Texas Opportunities, Inc. of the CSBG program for Mitchell County, and Rolling Plains Management Corporation for Taylor, Stephens and Shackelford Counties, the service area formerly served by Community Action Partners, Inc.

Motion by Dr. Muñoz to approve staff recommendation; duly seconded by Ms. Bingham-Escareño; passed unanimously.

- c) Presentation, Discussion, and Possible Action regarding approval for publication in the *Texas Register* a final order adopting Amendments to 10 TAC Chapter 5 Subchapters A, B and C.

Motion by Mr. Keig to approve staff recommendation; duly seconded by Dr. Muñoz; passed unanimously.

AGENDA ITEM 8: DISASTER RECOVERY

- a) Presentation, Discussion, and Possible Action regarding Request for Amendments to CDBG Disaster Recovery housing contracts administered by TDHCA for CDBG Hurricane Ike/Dolly Round I Funding 70090011 Cameron County.

Motion by Ms. Bingham-Escareño to approve staff recommendation; duly seconded by Mr. Gann; passed unanimously.

AGENDA ITEM 9: COMPLIANCE AND ASSET OVERSIGHT

- a) Presentation, Discussion, and Possible Action regarding approval for publication in the *Texas Register* final orders repealing 10 TAC Chapter 60, Subchapter A, and adopting new 10 TAC Chapter 60, Subchapter A concerning Compliance Monitoring.

Motion by Mr. Gann to approve staff recommendation; duly seconded by Mr. Keig; passed unanimously.

- b) Presentation and Discussion of a policy regarding amendments to the number of units, tenant population or other significant amendments to the terms of a funding agreement or award of housing tax credits.

Barry Palmer, Coats Rose, provided testimony in support of this policy.

No Action Taken. Board members requested the policy be brought back to the Board in March 2011.

REPORT ITEMS

1. TDHCA Outreach Activities, December 2010
2. Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG Contracts Administered by TDHCA
3. Presentation and Discussion of Tax Credit Assistance Program (TCAP) Current Program Status and Progress Report on Meeting the Federal 75% Expenditure Deadline of February 16, 2011

EXECUTIVE SESSION

At 1:15 p.m. Mr. Conine convened the Executive Session.

1. 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;
2. Pursuant to Tex. Gov't. Code, §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer, including:
 - a) *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al* filed in federal district court, Northern District of Texas
 - b) *Claim of Gladys House filed with the EEOC*;
3. Pursuant to Tex. Gov't. Code, §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this Tex. Gov't. Code, Chapter 551; or
4. Pursuant to Tex. Gov't. Code, §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person.

OPEN SESSION

At 2:25 p.m. Mr. Conine reconvened the Open Session and announced that no action had been taken during the Executive Session and certified that the posted agenda had been followed.

ADJOURN

Since there was no other business to come before the Board, the meeting was adjourned at 2:33 p.m. on January 20, 2011.

Michele Atkins, Assistant Board Secretary

For a full transcript of this meeting, please visit the TDHCA website at www.tdhca.state.tx.us.

**EXECUTIVE
BOARD ACTION REQUEST
March 3, 2011**

Recommended Action

Approve the recommended administrative penalty amount of \$53,325.00 for Southmore Park Apartments, Ltd. owner of Southmore Park Apartments (HTC 94004) and authorize staff to proceed with the initiation of contested case hearings:

WHEREAS, Southmore Park Apartments, Ltd. has a documented record of significant and continuing uncorrected violations and

WHEREAS, staff has based its recommendations for the assessment of administrative penalties on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case

It is hereby

RESOLVED, that this Board accepts staff's recommendations regarding the assessment of administrative penalties, approves the issuance by the Executive Director of a Notice of Report to the Board to Southmore Park Apartments, Ltd. and authorizes and directs the Executive Director and his designees to do all things necessary to pursue the assessment of administrative penalties, including a contested case hearing before an administrative law judge with the State Office of Administrative Hearings.

Background

Southmore Park Apartments, Ltd. received an allocation totaling \$2,375,230 in low income housing tax credits in 1994. Southmore Park Apartments are in material noncompliance and have had consistent compliance problems for over ten years. While partial corrective action has been received, neither the Compliance and Asset Oversight Division nor the Department's Enforcement Committee has been able to bring the property into full compliance and the owner has missed corrective deadlines. Outstanding violations include the following:

File Monitoring Violations:

- a. Household Income Above Income Limit Upon Initial Occupancy: Units 107, 702, 703, 801, 804;
- b. Failure to affirmatively market the property.

Uniform Physical Condition Standards (“UPCS”) violations from 2006 inspection:

- a. Health and safety violation as a result of a blocked fire exit in unit 206;
- b. Holes, deteriorated paint and spalling on exteriors of Buildings 1, 2, 3, 4, 5, 6, 7 and 8;
- c. Damaged shower/tub in units 117, 119;
- d. Missing/inoperable refrigerators in units 420, 507;
- e. Leaking faucet and pipes in the bathroom of unit 507;
- f. Stains and peeling on exterior of Building 8;
- g. Missing and damaged components from gutter downspout.

UPCS violations from 2009 inspection: See Exhibit A attached hereto.

Consistent with direction from the Department’s Enforcement Committee, a penalty in the amount of \$53,325.00 is recommended.

Exhibit A - 2009 UPCS violations

Report Date:

Apr 14, 2009

CMTS 1204 - Southmorre Park Apartments
2401 E Southmore Ave Pasadena, Tx 77502

Location	L1	L2	L3	H&S	Deficiency Title	Notes
Grounds		X			Erosion/Rutting Areas	trees touching roof bldg 1
Parking/Drives	X				Potholes/Loose Material	
Building: 1						
Building Exterior						
Lighting			X		Broken Fixtures/Bulbs	fixtures broken
Roofs		X			Missing/Damaged Shingles	
Walls			X		Missing Pieces/Holes/Spalling	dry rot
		X			Stained/Peeling/Needs Paint	
Building Systems						
Domestic Water			X		Leaking Central Water Supply	water line broken east side of bldg
Electrical System			X		Evidence of Leaks/Corrosion	rust on interior of breaker boxes
			X		Missing Breakers/Fuses	open breaker ports
Sanitary System			X		Missing Drain/Cleanout/Manhole Covers	clean out cover missing
Unit: 102						
Bathroom			X		Plumbing - Leaking Faucet/Pipes	no water at taps
Hot Water Heater			X		Inoperable Unit/Components	no hot water to unit
Kitchen			X		Plumbing - Leaking Faucet/Pipes	no water at taps
Unit: 107						
Bathroom			X		Lavatory Sink - Damaged/Missing	no water at taps
			X		Shower/Tub - Damaged/Missing	no water at taps
Health & Safety				X	Hazards - Other	unit vacant - unit 101 flooded - moved that resident to here to fix water leak
Health & Safety				X	Infestation - Insects	roaches
Hot Water Heater			X		Inoperable Unit/Components	no water to unit
Kitchen			X		Plumbing - Leaking Faucet/Pipes	no water at taps
Unit: 113						
Bathroom	X				Plumbing - Leaking Faucet/Pipes	tub faucet leaks
Doors			X		Damaged Surface (Holes/Paint/Rusting)	bdrm doors not painted
			X		Deteriorated/Missing Seals (Entry Only)	entry door
	X				Missing Door	laundry door missing
Health & Safety				X	Infestation - Insects	roaches
			X		Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	2nd bdrm - furniture blocks egress
Kitchen		X			Countertops - Missing/Damaged	pulling away from wall
	X				Plumbing - Leaking Faucet/Pipes	faucet leaks
		X			Range/Stove - Missing/Damaged/Inoperable	1 burner missing
Walls		X			Damaged	2nd bdrm wall hole
Building: 2						
Building Exterior						
Roofs	X				Missing/Damaged Shingles	
Walls	X				Stained/Peeling/Needs Paint	
Unit: 205						
Bathroom	X				Plumbing - Leaking Faucet/Pipes	sink faucet leaks
Health & Safety				X	Infestation - Insects	kitchen roaches
			X		Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	2nd bdrm - furniture blocks egress
Smoke Detector			X		Missing/Inoperable	hall - missing
Building: 3						
Basement/Garage/Carport						
Stairs			X		Broken/Missing Hand Railing	south handrail missing
Building Exterior						
Health & Safety				X	Hazards - Sharp Edges	broken glass exterior window sill unit 305
Walls			X		Missing Pieces/Holes/Spalling	dry rot
		X			Stained/Peeling/Needs Paint	
Building Systems						
Electrical System			X		Evidence of Leaks/Corrosion	rust inside exterior breaker boxes
Fire Protection			X		Missing/Damaged/Expired Extinguishers	no tags - basement fire extinguisher
Pools and Related Structures						
Pools			X		Not Operational	no permit - not able to open

Exhibit A - 2009 UPCS violations

Location	L1	L2	L3	H&S	Deficiency Title	Notes
Unit: 306						
Bathroom	X				Lavatory Sink - Damaged/Missing	stopper missing
Health & Safety				X	Electrical Hazards - Exposed Wires/Open Panels	hvac cover missing - exposed wires
HVAC System			X		Convection/Radiant Heat System Covers Missing/Damaged	cover missing
Building: 4						
Building Exterior						
Lighting		X			Broken Fixtures/Bulbs	fixtures broken
Roofs		X			Missing/Damaged Shingles	
Walls			X		Missing Pieces/Holes/Spalling	dry rot
	X				Stained/Peeling/Needs Paint	
Windows		X			Damaged Sills/Frames/Lintels/Trim	behind 407
Building Systems						
Electrical System			X		Evidence of Leaks/Corrosion	rust inside breaker boxes
Fire Protection			X		Missing/Damaged/Expired Extinguishers	tag expired laundry/fitness center
Laundry Room						
Dryer Vent			X		Missing/Damaged/Inoperable	vent hose missing
Unit: 414						
Doors			X		Missing Door	bath door missing
Building: 5						
Building Exterior						
Roofs	X				Damaged Soffits/Fascia	
	X				Damaged Vents	soffit vents
		X			Missing/Damaged Components from Downspout/Gutter	down spouts
		X			Missing/Damaged Shingles	
Walls			X		Missing Pieces/Holes/Spalling	dry rot
	X				Stained/Peeling/Needs Paint	
Building Systems						
Electrical System			X		Evidence of Leaks/Corrosion	rust on interior of breaker boxes
			X		Missing Covers	house lights - breaker box inner cover missing
Unit: 504						
Electrical			X		Evidence of Leaks/Corrosion	rust inside exterior breaker box
Unit: 508						
Health & Safety			X		Hazards - Tripping	livg rm - hall cable trip hazards
Kitchen	X				Plumbing - Leaking Faucet/Pipes	sink faucet leaks
Smoke Detector			X		Missing/Inoperable	inop
Unit: 518						
Kitchen		X			Dishwasher/Garbage Disposal - Damaged/Inoperable	inop
Building: 6						
Building Exterior						
Roofs	X				Damaged Soffits/Fascia	
		X			Missing/Damaged Shingles	
Walls	X				Stained/Peeling/Needs Paint	
Building: 7						
Building Exterior						
Roofs		X			Missing/Damaged Shingles	
Walls	X				Stained/Peeling/Needs Paint	
Building Systems						
Electrical System			X		Evidence of Leaks/Corrosion	rust on interior of break box
Unit: 702						
Health & Safety				X	Electrical Hazards - Exposed Wires/Open Panels	lvrm - wall plug cover missing - exposed wires
			X		Infestation - Insects	kitchen - roaches
Kitchen	X				Plumbing - Leaking Faucet/Pipes	sink faucet
Outlets/Switches			X		Missing/Broken Cover Plates	liv room
Unit: 703						
Outlets/Switches	X				Missing/Broken Cover Plates	dining rm - light switch cover cracked

Exhibit A - 2009 UPCS violations

Location	L1	L2	L3	H&S	Deficiency Title	Notes
Building: 8						
Building Exterior						
Roofs	X				Damaged Soffits/Fascia	
		X			Missing/Damaged Components from Downspout/Gutter	down spouts
		X			Missing/Damaged Shingles	
Walls			X		Missing Pieces/Holes/Spalling	dry rot
	X				Stained/Peeling/Needs Paint	
Building Systems						
Electrical System			X		Evidence of Leaks/Corrosion	rust on interior of breaker boxes
Unit: 801						
Doors			X		Damaged Hardware/Locks	privacy lock missing - entry door
Unit: 804						
Bathroom	X				Plumbing - Leaking Faucet/Pipes	sink faucet
Unit: 806						
Electrical			X		GFI Inoperable	bath
Unit: 812						
Electrical			X		GFI Inoperable	bath
Health & Safety				X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	2nd bdrm - furniture blocks window egress
Kitchen	X				Refrigerator-Missing/Damaged/Inoperable	gasket torn
Unit: 813						
Electrical			X		GFI Inoperable	kitchen
Smoke Detector			X		Missing/Inoperable	missing

LEGAL SERVICES
BOARD ACTION REQUEST
March 3, 2011

Recommended Action

Approve contract award for Document Preparation Counsel.

RESOLVED, that Black, Mann & Graham, L.L.P., is hereby awarded the contract to serve as document preparation counsel during FY 2011, with a possible extension for FY 2012, and

FURTHER RESOLVED, that the Executive Director and his designees and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of this Department, to obtain the necessary approval(s) of the Office of the Attorney General and to negotiate, execute, deliver, and cause to be performed such documents, instruments, and writings as they or any of them may deem necessary or advisable to effectuate the foregoing.

Background

TDHCA and the Texas Department of Rural Affairs (“TDRA”) entered into an interagency memorandum of understanding whereby TDRA administers nineteen million dollars, or twenty percent, of the funds received by TDHCA under the Neighborhood Stabilization Program (“NSP”), a federally funded community development block grant (“CDBG”) program created under the Housing and Economic Recovery Act of 2008. TDRA has not historically been responsible for preparation of single family real estate documents and the volume of properties involved threatens to exceed TDHCA’s ability to handle document preparation on an acceptably prompt turnaround basis. The Office of the Attorney General has approved the use of outside counsel for this function. After receiving Board approval, the Department published a Request for Proposals (RFP) in the Texas State Business Daily and the January 14, 2011 issue of the Texas Register and made potential firms generally aware of its availability. Five responses were received and scored by a staff review committee made up of the Associate General Counsel of TDHCA, the General Counsel of TDRA, and the Document Preparation Team Leader of TDHCA. The responding firms were Black, Mann & Graham, L.L.P., the Law Offices of Jennine Hovell-Cox, Robertson Anschutz, Polunsky & Beitel LLP and Brown, Fowler & Alsup.

Based on their review, the staff review committee recommends Black, Mann & Graham, L.L.P. as document preparation counsel as set forth in the RFP. The contract will have a one-year term, with an option for a one-year extension. If the Board concurs with this recommendation, the selected firm will be submitted to the Attorney General for approval and a contract will be developed to begin services as soon as possible.

FINANCIAL ADMINISTRATION DIVISION

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Approve the Department's Investment Policy, though the adoption of Resolution No. 11-021.

RESOLUTION NO. 11-021

**RESOLUTION OF THE GOVERNING BOARD REVIEWING THE TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' INVESTMENT
POLICY**

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 (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, the Governing Board of the Department (the "Board") desires to review the Department's Investment Policy, and the Board has found the Investment Policy in the form presented to the Board to be satisfactory and in proper form and in compliance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Public Funds Investment Act"), and the Act;

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

Section -- 1 Review of the Department's Investment Policy. The Board has found the Investment Policy in the form presented to the Board to be satisfactory and in proper form and in compliance the Public Funds Investment Act and the Act.

Section -- 2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section -- 3 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 made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 3rd day of March, 2011.

Chairman, Governing Board

ATTEST:

Secretary to the Board

(SEAL)

Background

The Public Funds Investment Act (PFIA) requires annually State Agency Boards, with investments, to develop and maintain an Investment Policy that outlines the purpose of investments, the types of permissible investments, designation of an Investment Officer, selection of a reporting format and frequency, and required training for both Investment Officers and Board Members. It also sets out ethics and conflict of interest rules to which the Department would have to adhere. It requires the investment professionals to acknowledge their receipt of the policy in order to do business with the Department. TDHCA Investment Officers are David Cervantes, Director of Financial Administration and Tim Nelson, Director of Bond Finance. TDHCA Staff has reviewed the current investment policy that was approved March 11, 2010. There are no changes or amendments to this policy as it is the same as last year's Investment Policy.

The Department's investments are 96% the result of the use of Bond proceeds and the other 4% are Housing Trust Funds and other housing initiatives as of December 2010 Financial Statements.

**TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS**

INVESTMENT POLICY

As approved by the Board on March 3, 2011

2011

March 3, 2011

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INVESTMENT POLICY

I. POLICY

It is the policy of the Texas Department of Housing and Community Affairs (the “Department”) to invest public funds in a manner which will provide by priority the following objectives:

1. safety of principal;
2. sufficient liquidity to meet Department cash flow needs;
3. a market rate of return for the risk assumed; and
4. conformation to all applicable state statutes governing the investment of public funds including the Department’s enabling legislation, Texas Government Code, Section 2306, Texas Government Code, Section 2263, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers, and specifically Texas Government Code, Section 2256, the Public Funds Investment Act (the “Act”).

II. SCOPE

This investment policy applies to all investment assets of the Department. These funds are accounted for in the Department’s Comprehensive Annual Financial Report and include the General Fund, Special Revenue Fund, Trust and Agency Fund, and Enterprise Fund.

This investment policy does not apply to hedges, which include but are not limited to, interest rate swaps, caps, floors, futures contracts, forward contracts, etc., that satisfy the eligibility requirements of a “qualified hedge” as defined by Section 1.148-4(h)(2) of the Internal Revenue Code.

The Department has created and adopted a separate Interest Rate Swap Policy for guidance regarding the use and management of interest rate swaps and similar derivative transactions.

III. PRUDENCE

Investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion and intelligence would exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety and liquidity of their capital as well as the probable income to be derived.

The standard of prudence to be used by the investment officer named herein shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. An investment officer acting in accordance with the investment policy and written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. OBJECTIVES

The following are the primary objectives of investment activities in order of priority:

1. **Safety.** Preservation and safety of principal is the foremost objective of the investment program. Investments of the Department shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. In accordance with Section 2256.005(d) of the Act, the first priority is the suitability of the investment. The objective will be to mitigate credit risk and interest rate risk. To achieve this objective, diversification is required so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
 - A. Credit risk is the risk of loss due to the failure of the security issuer or backer, and may be mitigated by:
 - limiting investments to the safest types of securities;
 - pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Department will do business; and
 - diversifying the investment portfolio so that potential losses on individual securities will be minimized.
 - B. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, and may be mitigated by:
 - structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
 - investing operating funds primarily in shorter-term securities.
2. **Liquidity.** The Department's investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated cash flow needs. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.
3. **Yield.** The Department's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow needs of the Department. Return on investment for short-term operating funds is of less importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:
 - A declining credit security could be sold early to minimize loss of principal;
 - A security swap would improve the quality, yield, or target duration in the portfolio; or
 - Liquidity needs of the portfolio require that the security be sold.

V. DELEGATION OF AUTHORITY

The Board establishes investment policy and objectives, obtains expert advice and assistance with respect to its actions as is necessary to exercise its responsibilities prudently, and monitors the actions of staff and advisors to ensure compliance with its policy. It is the Board's intention that this policy be carried out by those persons who are qualified and competent in their area of expertise.

Authority to manage the Department's investment program is granted under the provisions of Texas Government Code, Section 2306.052(b) (4) and (5) to the Director of the Department, ("Executive Director"). Responsibility for the operation of the investment program is hereby delegated by the Executive Director to the Director of Bond Finance and the Director of Financial Administration acting in those capacities (collectively the "Investment Officer") who shall carry out established written procedures and internal controls for the operation of the investment program consistent with this investment policy. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Procedures should include reference to safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures may include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer.

VI. ETHICS AND CONFLICTS OF INTEREST

1. Department employees and Board members must comply with all applicable laws, and should specifically be aware of the following statutes:

- Texas Government Code, Section 825.211, *Certain Interests in Loans, Investments or Contracts Prohibited*
- Texas Government Code, Section 572.051, *Standards of Conduct for Public Servants*
- Texas Government Code, Sections 553.001-003, *Disclosure by Public Servants of Interest in Property Being Acquired by Government*
- Texas Government Code, Section 552.352, *Distribution of Confidential Information*
- Texas Government Code, Section 572.054, *Representation by Former Officer or Employee of Regulatory Agency Restricted*
- Texas Penal Code, Chapter 36, *Bribery, Corrupt Influence and Gifts to Public Servants*
- Texas Penal Code, Chapter 39, *Abuse of Office, Official Misconduct*.

The omission of any applicable statute from this list does not excuse violation of its provisions.

2. Department employees and Board members must be honest in the exercise of their duties and must not take actions which will discredit the Department.

3. Department employees and Board members should be loyal to the interest of the Department to the extent that such loyalty is not in conflict with other duties which legally have priority, and should avoid personal, employment or business relationships that create conflicts of interest.

- Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.
- Officers and employees shall disclose to the Executive Director any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the Department's investment portfolio.
- Officers and employees shall refrain from undertaking personal investment transactions with the same individuals with whom business is conducted on behalf of the Department. Specifically, no employee of the Department is to:
 - * Accept or solicit any gift, favor, or service that might reasonably tend to influence the employee in the discharge of the employee's official duties or that the employee knows or should know is being offered him/her with the intent to influence the employee's official conduct;
 - * Accept other employment or engage in any business or professional activity in which the employee might reasonably expect would require or induce him/her to disclose confidential information acquired by reason of his/her official position;
 - * Accept other employment or compensation which could reasonably be expected to impair the officer's or employee's judgment in the performance of his/her official duties;

(An employee whose employment is involved in a competitive program of the Department must immediately disclose the acceptance of another job in the same field. The disclosure must be made to either the employee's immediate supervisor or to the Executive Director. The Executive Director must be notified in all cases. Failure to make the required disclosure may result in the employee's immediate termination from the Department.)

- * Make personal investments which could reasonably be expected to create a substantial conflict between the officer's or employee's private interest and the public interest; and

(A Department employee may not purchase Department bonds in the open secondary market for municipal securities.)

- * Intentionally or knowingly solicit, accept or agree to accept any benefit for having exercised the employee's official powers or performed his/her official duties in favor of another.

4. Department employees and Board members may not use their relationship with the Department to seek or obtain personal gain beyond agreed compensation and/or any properly authorized expense reimbursement. This should not be interpreted to forbid the use of the Department as a reference or the communication to others of the fact that a relationship with the Department exists, provided that no misrepresentation is involved.
5. Department employees and Board members who have a personal business relationship with a business organization offering to engage in an investment transaction with the Department shall file a

statement disclosing that personal business interest. An individual who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Department shall file a statement disclosing that relationship. A statement required under this section must be filed with the Texas Ethics Commission and the Department's Board. For purposes of this policy, an individual has a personal business relationship with a business organization if:

- the individual owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- funds received by the Investment Officer from the business organization exceed 10 percent of the individual's gross income from the previous year; or
- the individual has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the individual.

VII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Department (in conjunction with the State Comptroller) will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness (\$10,000,000 minimum capital requirement and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state law.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following, as appropriate:

- audited financial statements;
- proof of National Association of Securities Dealers (NASD) certification;
- proof of state registration;
- completed broker/dealer questionnaire; and
- certification of having read the Department's investment policy and depository contracts.

An annual review of the financial condition and registration of qualified bidders will be conducted by the Investment Officer. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the Department invests.

With respect to investments provided in connection with the issuance of bonds, the above requirements will be deemed met if the investment provider is acceptable to minimum credit ratings by rating agencies and/or by the bond insurer/credit enhancer, if applicable, and if the investment meets the requirements of the applicable bond trust indenture. A broker, engaged solely to secure a qualified investment referred to in this paragraph on behalf of the Department, which will not be providing an investment instrument shall not be subject to the above requirements, and may only be engaged if approved by the Board.

VIII. ETHICS AND DISCLOSURE REQUIREMENTS FOR OUTSIDE FINANCIAL ADVISORS AND SERVICE PROVIDERS

During the 78th Legislature, Regular Session, the Texas Legislature passed *Chapter 2263., Ethics And Disclosure Requirements For Outside Financial Advisors And Service Providers* ("Chapter 2263"). Chapter 2263, under Senate Bill 1059, requires certain actions by governing boards of state entities

involved in the management and investment of state funds and adds disclosure requirements for outside financial advisors and service providers. Chapter 2263 became effective September 1, 2003. Each state governmental entity required to adopt rules under Chapter 2263, Government Code, as added by this Act, must have adopted its initial rules in time for the rules to take effect not later than January 1, 2004.

Applicability. Chapter 2263 applies in connection with the management or investment of any state funds managed or invested:

- (1) under the Texas Constitution or other law, including Chapter 404, State Treasury Operations of Comptroller, and Chapter 2256, Public Funds Investment; and
- (2) by or for:
 - (A) a public retirement system as defined by Section 802.001 that provides service retirement, disability retirement, or death benefits for officers or employees of the state;
 - (B) an institution of higher education as defined by Section 61.003, Education Code; or
 - (C) another entity that is part of state government and that manages or invests state funds or for which state funds are managed or invested.

Chapter 2263 applies in connection with the management or investment of state funds without regard to whether the funds are held in the state treasury.

Chapter 2263 does not apply to or in connection with a state governmental entity that does not manage or invest state funds and for which state funds are managed or invested only by the comptroller.

Definition. With respect to this Chapter 2263, "financial advisor or service provider" includes a person or business entity who acts as a financial advisor, financial consultant, money or investment manager, or broker.

Construction With Other Law. To the extent of a conflict between Chapter 2263 and another law, the law that imposes a stricter ethics or disclosure requirement controls.

Ethics Requirements For Outside Financial Advisors Or Service Providers. The governing body of a state governmental entity by rule shall adopt standards of conduct applicable to financial advisors or service providers who are not employees of the state governmental entity, who provide financial services to the state governmental entity or advise the state governmental entity or a member of the governing body of the state governmental entity in connection with the management or investment of state funds, and who:

- (1) may reasonably be expected to receive, directly or indirectly, more than \$10,000 in compensation from the entity during a fiscal year; or
- (2) render important investment or funds management advice to the entity or a member of the governing body of the entity, as determined by the governing body.

A contract under which a financial advisor or service provider renders financial services or advice to a state governmental entity or other person as described immediately above, in regard to compensation or

duties, is voidable by the state governmental entity if the financial advisor or service provider violates a standard of conduct adopted under this section.

In addition to the disclosures required by Chapter 2263 and described below, the Department will rely upon financial advisors and service providers' submission of an Acknowledgement of Receipt of Investment Policy and Certificate of Compliance with the Public Funds Investment Act forms to evidence compliance with the Department's code of conduct and procedures as related to investments.

Disclosure Requirements For Outside Financial Advisor Or Service Provider. A financial advisor or service provider described by Section 2263.004 shall disclose in writing to the administrative head of the applicable state governmental entity and to the state auditor:

- (1) any relationship the financial advisor or service provider has with any party to a transaction with the state governmental entity, other than a relationship necessary to the investment or funds management services that the financial advisor or service provider performs for the state governmental entity, if a reasonable person could expect the relationship to diminish the financial advisor's or service provider's independence of judgment in the performance of the person's responsibilities to the state governmental entity; and
- (2) all direct or indirect pecuniary interests the financial advisor or service provider has in any party to a transaction with the state governmental entity, if the transaction is connected with any financial advice or service the financial advisor or service provider provides to the state governmental entity or to a member of the governing body in connection with the management or investment of state funds.

The financial advisor or service provider shall disclose a relationship described by the immediately preceding subsections (1) or (2) without regard to whether the relationship is a direct, indirect, personal, private, commercial, or business relationship.

A financial advisor or service provider described by Section 2263.004 shall file annually a statement with the administrative head of the applicable state governmental entity and with the state auditor. The statement must disclose each relationship and pecuniary interest described by Subsection (a) or, if no relationship or pecuniary interest described by that subsection existed during the disclosure period, the statement must affirmatively state that fact.

The annual statement must be filed not later than April 15 on a form prescribed by the governmental entity, other than the state auditor, receiving the form. The statement must cover the reporting period of the previous calendar year. The state auditor shall develop and recommend a uniform form that other governmental entities receiving the form may prescribe. The Department's disclosure form is provided as Attachment E.

The financial advisor or service provider shall promptly file a new or amended statement with the administrative head of the applicable state governmental entity and with the state auditor whenever there is new information to report related to the immediately preceding subsections (1) or (2).

Public Information. Chapter 552, Government Code, controls the extent to which information contained in a statement filed under this chapter is subject to required public disclosure or excepted from required public disclosure.

IX. AUTHORIZED AND SUITABLE INVESTMENTS

General, Special Revenue and Trust and Agency Funds, all of which are on deposit with the State Treasury (specifically excluding Enterprise Funds), are invested by the Treasury pursuant to Texas Government Code, Section 404.024 and Article 5221(f), Subsection 13A(d) as amended relating to Manufactured Housing.

Enterprise Fund

1. Subject to a resolution authorizing issuance of its bonds, the Department is empowered by Texas Government Code, Section 2306.173 to invest its money in bonds, obligations or other securities: or place its money in demand or time deposits, whether or not evidenced by certificates of deposit. A guaranteed investment contract is an authorized investment for bond proceeds. All bond proceeds and revenues subject to the pledge of an Indenture shall be invested in accordance with the applicable law and the provisions of the applicable indenture including "Investment Securities" as listed in such Indenture and so defined.
2. All other enterprise funds (non-bond proceeds) shall be invested pursuant to state law. The following are permitted investments for those funds pursuant to the Act:
 - A. Obligations of, or guaranteed by governmental entities:
 - Obligations of the United States or its agencies and instrumentalities.
 - Direct obligations of this state or its agencies and instrumentalities.
 - Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, that have a market value of not less than the principal amount of the certificates.
 - Other obligations the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities.
 - Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.
 - B. A Certificate of Deposit is an authorized investment under this policy if the certificate of deposit is issued by a depository institution that has its main office or a branch office in this state and is:
 - guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor;
 - secured by obligations that are described in subsection 2A above, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates and secured by collateral as described in Section XII of this policy; and
 - secured in any other manner and amount provided by law for deposits of the Department.

In addition to the authority to invest funds in certificates of deposit noted above, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this policy:

- the funds are invested by an investing entity through a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;
- the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor as selected by the investing entity arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;
- the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States;
- the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor as selected by the investing entity acts as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity; and
- at the same time that the funds are deposited and the certificates of deposit are issued for the account of the investing entity, the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor as selected by the investing entity receives an amount of deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the amount of the funds invested by the investing entity through the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor.

C. A “repurchase agreement” is a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations of the United States or its agencies and instrumentalities at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement. A fully collateralized repurchase agreement is an authorized investment under this policy if the repurchase agreement:

- has a defined termination date;
- is secured by collateral described in Section XII of this policy;
- requires the securities being purchased by the Department to be pledged to the Department, held in the Department’s name, and deposited at the time the investment is made with the Department or with a third party selected and approved by the Department;
- is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state; and
- in the case of a reverse repurchase agreement, notwithstanding any other law other than the Act, the term of any such reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. In addition, money received by the Department under the terms of a reverse security repurchase agreement may be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

D. Commercial Paper is an authorized investment under this policy if the commercial paper:

- has a stated maturity of 270 days or fewer from the date of its issuance; and
- is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally-recognized credit rating agencies, or one nationally-recognized credit rating agency and is fully secured, and by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

3. The following are not authorized investments pursuant to the Act:

- Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

X. DIVERSIFICATION

The Department will diversify its investments by security type and institution. With the exception of U.S. Treasury securities, mortgage-backed certificates created as a result of the Department's bond programs, and authorized pools, no more than 50% of the Department's total investment portfolio will be invested in a single security type or with a single financial institution. For purposes of this section, a banking institution and its related investment broker-dealer shall be considered separate financial institutions.

XI. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and the cash flow needs. The basis used to determine whether market yields are being achieved shall be the three-month U.S. Treasury bill or other appropriate benchmark.

XII. EFFECT OF LOSS OF REQUIRED RATING

An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not meet or exceed the minimum rating. The Department shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not meet or exceed the minimum rating.

XIII. MAXIMUM MATURITIES

The Department shall limit its maximum final stated maturities to, in the case of bond proceeds, the maturity of the bonds, or for non-bond funds five (5) years unless specific authority is given to exceed that maturity by the Board. To the extent possible, the Department will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Department will not directly invest in securities maturing more than five years from the date of purchase. The Department

will periodically determine what the appropriate average weighted maturity of the portfolio should be based on anticipated cash flow requirements.

Reserve funds may be invested in securities exceeding five years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of funds.

XIV. COLLATERALIZATION

Collateralization will be required on certificates of deposit, repurchase and reverse repurchase agreements, and savings and demand deposits if not insured by FDIC. In order to anticipate market changes and provide a level of security for all funds, the collateralization level should be at least 101% of the market value of principal and accrued interest for repurchase and reverse repurchase agreements. Collateralization of 100% will be required for overnight repurchase agreements and bank deposits in excess of FDIC insurance.

The following obligations may be used as collateral under this policy:

1. obligations of the United States or its agencies and instrumentalities;
2. direct obligations of this state or its agencies and instrumentalities;
3. collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities; and
5. obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally-recognized investment rating firm not less than A or its equivalent.

Collateral will always be held by an independent third party with whom the Department has a current custodial agreement. A clearly marked evidence of ownership or a safekeeping receipt must be supplied to the Department and retained. The right of collateral substitution is granted subject to prior approval by the Investment Officer.

XV. SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the Department will be executed by Delivery vs. Payment (DVP). This ensures that securities are deposited in the eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

XVI. INTERNAL CONTROL

The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. the cost of a control should not exceed the benefits likely to be derived; and
2. the valuation of costs and benefits requires estimates and judgments by management.

Once every two years, the Department, in conjunction with its annual financial audit, shall have external/internal auditors perform a compliance audit of management controls on investments and adherence to the Department's established investment policies. The internal controls shall address the following points:

1. *Control of collusion.* Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. *Separation of transaction authority from accounting and record keeping.* By separating the person who authorizes or performs the transaction from the person who records or otherwise accounts for the transaction, a separation of duties is achieved.
3. *Custodial safekeeping.* Securities purchased from any bank or dealer including appropriate collateral as defined by state law shall be placed with an independent third party for custodial safekeeping.
4. *Avoidance of physical delivery securities.* Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. *Clear delegation of authority to subordinate staff members.* Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. *Written confirmation or telephone transactions for investments and wire transfers.* Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions must be supported by written communications and approved by the appropriate person, as defined by investment internal control procedures. Written communications may be via fax if on letterhead and the safekeeping institution has a list of authorized signatures.
7. *Development of a wire transfer agreement with the lead bank or third party custodian.* This agreement should outline the various controls, security provisions, and delineate responsibilities of each party making and receiving wire transfers.

The Department's external/internal auditors shall report the results of the audit performed under this section to the Office of the State Auditor not later than January 1 of each even-numbered year. The Office of the State Auditor compiles the results of reports received under this subsection and reports those results to the legislative audit committee once every two years.

XVII. REPORTING

1. Methods

Not less than quarterly, the Investment Officer shall prepare and submit to the Director and the Board of the Department a written report of investment transactions for all funds covered by this policy for the preceding reporting period; including a summary that provides a clear picture of the status of the current investment portfolio and transactions made over the previous reporting period. This report will be prepared in a manner which will allow the Department and the Board to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report must:

- A. describe in detail the investment position of the Department on the date of the report;
- B. be prepared jointly by each Investment Officer of the Department;
- C. be signed by each Investment Officer of the Department;
- D. contain a summary statement, prepared in compliance with generally accepted accounting principles for each fund that states the:
 - book value and market value of each separately invested asset at the beginning and end of the reporting period;
 - additions and changes to the market value during the period; and
 - fully accrued interest for the reporting period;
- E. state the maturity date of each separately invested asset that has a maturity date;
- F. state the fund in the Department for which each individual investment was acquired; and
- G. state the compliance of the investment portfolio of the Department as it relates to the investment strategy expressed in the Department's investment policy and relevant provisions of the policy.

The reports prepared by the Investment Officer under this policy shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Board by that auditor.

2. Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. Portfolio performance will be compared to appropriate benchmarks on a regular basis.

3. Marking to Market

A statement of the market value of the portfolio shall be issued at least quarterly. The Investment Officer will obtain market values from recognized published sources or from other qualified professionals as necessary. This will ensure that a review has been performed on the investment portfolio in terms of value and subsequent price volatility.

VIII. INVESTMENT POLICY ADOPTION

The Department's investment policy shall be adopted by resolution of the Board.

1. Exemptions

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Amendment

The policy shall be reviewed at least annually by the Board and any amendments made thereto must be approved by the Board. The Board shall adopt by written resolution a statement that it has reviewed the investment policies and strategies.

XIX. ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction related to Department funds. The qualified representative of the business organization shall execute a written instrument in a form acceptable to the Department and the business organization, substantially to the effect that the offering business organization has:

1. received and reviewed the investment policy of the Department; and
2. acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Department and the business organization that are not authorized by the Department's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Department's entire portfolio or requires an interpretation of subjective investment standards.

The Investment Officer of the Department may not buy any securities from a person who has not delivered to the Department an instrument complying with this investment policy. (See sample documents at Attachments C and D.)

XX. TRAINING

Each member of the Department's Board and the Investment Officer who are in office on September 1, 1996 or who assume such duties after September 1, 1996, shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties. Training under this section is provided by the Texas Higher Education Coordinating Board and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this policy. The Investment Officer shall attend a training session not less than once in a two-year period and may receive training from any independent source approved by the Department's Board. The Investment Officer shall prepare a report on the training and deliver the report to the Board not later than the 180th day after the last day of each regular session of the legislature.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment A

STRATEGY

SECTION 1

All of the Department's funds as listed below are program / operational in nature, excluding the bond funds which are listed separately in Section 2 below. The following funds are held in the State Treasury and the Department earns interest on those balances at the then applicable rate.

- General Fund
- Trust Funds
- Agency Funds
- Proprietary Funds (excluding Revenue Bond Funds)

SECTION 2

The Department's Revenue Bond Funds, including proceeds, are invested in various investments as stipulated by the controlling bond indenture. Certain investments, controlled by indentures prior to the latest revised Public Funds Investment Act, are properly grandfathered from its provisions. Typical investments include: guaranteed investment contracts; agency mortgage-backed securities resulting from the program's loan origination; in some cases, long-term Treasury notes; and bonds used as reserves with maturities that coincide with certain long-term bond maturities.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment B

POLICY STATEMENTS AND RECOMMENDED PRACTICE

Repurchase Agreements

1. Repurchase agreements (“repos”) are the sale by a bank or dealer of government securities with the simultaneous agreement to repurchase the securities on a later date. Repos are commonly used by public entities to secure money market rates of interest.
2. The Department affirms that repurchase agreements are an integral part of its investment program.
3. The Department and its designated Investment Officer should exercise special caution in selecting parties with whom they will conduct repurchase transactions, and be able to identify the parties acting as principals to the transaction.
4. Proper collateralization practices are necessary to protect the public funds invested in repurchase agreements. Risk is significantly reduced by delivery of underlying securities through physical delivery or safekeeping with the purchaser’s custodian. Over-collateralization, commonly called haircut, or marking-to-market practices should be mandatory procedures.
5. To protect public funds the Department should work with securities dealers, banks, and their respective associations to promote improved repurchase agreement procedures through master repurchase agreements that protect purchasers’ interests, universal standards for delivery procedures, and written risk disclosures.
6. Master repurchase agreements should generally be used subject to appropriate legal and technical review. If the prototype agreement developed by the Public Securities Association is used, appropriate supplemental provisions regarding delivery, substitution, margin maintenance, margin amounts, seller representations and governing law should be included.
7. Despite contractual agreements to the contrary, receivers, bankruptcy courts and federal agencies have interfered with the liquidation of repurchase agreement collateral. Therefore, the Department should encourage Congress to eliminate statutory and regulatory obstacles to perfected security interests and liquidation of repurchase collateral in the event of default.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment C

ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY

1. I am a qualified representative of _____ (the “Business Organization”).
2. The Business Organization proposes to engage in an investment transaction (the “Investments”) with the Texas Department of Housing and Community Affairs (the “Department”).
3. I acknowledge that I have received and reviewed the Department’s investment policy.
4. I acknowledge that the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the business organization and the Department that are not authorized by the Department’s investment policy.
5. The Business Organization makes no representation regarding authorization of the Investments to the extent such authorization is dependent on an analysis of the Department’s entire portfolio and which requires an interpretation of subjective investment standards.

Dated this _____ day of _____, _____.

Name: _____

Title: _____

Business Organization: _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment D

CERTIFICATE OF COMPLIANCE WITH PUBLIC FUNDS INVESTMENT ACT

I, _____, a qualified representative
of _____ (the “Business
Organization”)

hereby execute and deliver this certificate in conjunction with the proposed sale of investments to the Texas Department of Housing and Community Affairs (the “Department”). I hereby certify that:

1. I have received and thoroughly reviewed the Investment Policy of the Department, as established by the Department pursuant to Texas Government Code, Chapter 2256;
2. The Business Organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of or in any way relating to the sale of the investments to the Department by the Business Organization;
3. The Business Organization has reviewed the terms, conditions and characteristics of the investments and applicable law, and represents that the investments are authorized to be purchased with public funds under the terms of Texas Government Code, Chapter 2256; and
4. The investments comply, in all respects, with the investment policy of the Department.

Business Organization: _____

By: _____

Title: _____

Date: _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment E

Annual Disclosure Statement for Financial Advisors and Service Providers

2) Do you or does your business entity have any direct or indirect pecuniary interests in any party to a transaction with the state governmental entity if the transaction is connected with any financial advice or service that you or your business entity provides to the state governmental entity or to a member of the governing body in connection with the management or investment of state funds?

Yes _____ No _____

If yes, please explain in detail. (Attach additional sheets as needed.)

PART 3: SIGNATURE AND DATE

I hereby attest that all information provided above is complete and accurate. I acknowledge my or my firm's responsibility to submit promptly a new or amended disclosure statement to the parties listed in step 4 of the instructions if any of the above information changes.

Signature _____ Date _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment F

RESOLUTION NO. 11-021

**RESOLUTION OF THE GOVERNING BOARD REVIEWING THE TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS'
INVESTMENT POLICY**

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 (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, the Governing Board of the Department (the "Board") desires to review the Department's Investment Policy, and the Board has found the Investment Policy in the form presented to the Board to be satisfactory and in proper form and in compliance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Public Funds Investment Act"), and the Act;

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

Section -- 1 Review of the Department's Investment Policy. The Board has found the Investment Policy in the form presented to the Board to be satisfactory and in proper form and in compliance the Public Funds Investment Act and the Act.

Section -- 2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section -- 3 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 made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the

meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 3rd day of March, 2011.

Chairman, Governing Board

ATTEST:

Secretary to the Board

(SEAL)

**COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
March 3, 2011**

Recommended Action

Approve awards from the Notice of Funding Availability (NOFA) for the 2011 Community Services Block Grant (CSBG) Discretionary Funds to Eligible Entities to Fund Special and Innovative Projects Previously Funded through CSBG ARRA Funds. Based on the Department's scoring and ranking of the sixteen eligible applications received, staff recommends that the Board approve the staff recommendations. A total of eleven (11) applicants are recommended to receive funding totaling \$500,000. Eleven applicants are receiving awards in order to fund more projects and to provide a broader geographic and demographic dissemination of services across the state and consequently award amounts may be less than requested. The following eleven applicants are recommended to receive funding: Community Action Inc. of Hays, Caldwell, and Blanco Counties (\$50,000); Urban League of Greater Dallas & North Central Texas (\$50,000); Williamson Burnet County Opportunities, Inc. (\$50,000); Bee Community Action Agency (\$50,000); Community Action Corporation of South Texas (\$50,000); Nueces County Community Action Agency (\$50,000); South East Texas Regional Planning Commission (\$50,000); County of Hidalgo Community Services Agency (\$25,000); South Plains Community Action Association (\$50,000); Combined Community Action, Inc. (\$50,000); and Concho Valley Community Action Agency (\$25,000).

RESOLVED, that the staff funding award recommendations for 2011 Community Services Block Grant (CSBG) Discretionary Funds to Eligible Entities to Fund Special and Innovative Projects Previously Funded through CSBG ARRA Funds, be and they hereby are approved as presented to this meeting.

Background

The Department has set aside a total of \$500,000 in state CSBG discretionary funds to be awarded through a Request for Applications approved by the Board on November 10, 2010. A total of 16 eligible applications were received, requesting a total of \$1,425,794 in funds. Based on available funding, staff has recommended awarding a total of \$500,000 to eleven (11) applicants. The CSBG funds utilized to fund these projects are Fiscal Year 2009 unexpended CSBG Administrative Funds. These applicants were chosen based on a standardized scoring instrument that evaluated and scored each eligible proposal. The attached table reflects all applications, and denotes the recommended awardees, their award amount and a description of the recommended projects.

2011 RFA for CSBG ARRA Continuation Projects								Projected Persons Served*
Applicant Organization	Amount Requested	Application Score (Avg)	Past Performance Deductions	Financial Review	Total Score	Amount Awarded	Project Description	Projected Persons Served*
Community Action Inc., Hays, Caldwell, Blanco Counties	\$100,000	833	-51	40	822	\$50,000	Community Action Inc. of Hays, Caldwell and Blanco Counties plans to offer career counseling, education and training programs, support services, and incentives to a minimum of 70 eligible clients. The Career Pathways Program will provide case management and career counseling services to all clients enrolled in the program.	70
Urban League of Greater Dallas & North Central Texas	\$100,000	622	-31	40	631	\$50,000	Propose as a pilot community incubator project which targets low income clients, located in a food desert; with education, job training, and employment, and also addresses the nutritional needs of the community. The project will combine cutting-edge "aquaponics" farming techniques with traditional organic gardening concepts to grow food for the community in a sustainable highly productive manner and increase employment opportunities for its residents. At least 50 area residents and staff of the SE Community Oriented Primary Care Clinic will be trained on proper garden techniques, and 30% will initiate ground or aquaponics gardens at their residents; 30% will improve their health outcomes for weight reduction and medication compliance; 10% will show improvement in physical mobility and other well-being scales.	50
Williamson Burnet County Opportunities, Inc.	\$100,000	612	-18	20	614	\$50,000	Provide 50 participants with tuition assistance for short-term certification programs in fields such as phlebotomist, certified nursing assistant, pharmacy tech and other short term programs. Participants will be provided case management services and other services that are key to completing training. It is anticipated that 90% of participants will complete the program and obtain certification and a majority will find employment.	50

**Final contract based on clearance of internal Department Compliance Review.

*Projection based on requested funding.

CSBG Discretionary Funds to Eligible Entities to Fund Special Innovative Projects Previously Funded through CSBG ARRA

Bee Community Action Agency	\$100,000	563	-6	20	577	\$50,000	The Bee Community Action Agency proposes to provide financial aid for low-income households in Bee, Kenedy, Kleberg, Live Oak and Mc Mullen Counties to attend trade schools, colleges, or universities for post-secondary education and special training needs. In Aransas County a community garden for low-income households will be established to enhance food availability at low costs.	25
Community Action Corporation of South Texas	\$100,000	528	-9	40	559	\$50,000	The Community Action Corporation of South Texas proposes to provide tuition assistance for LVN course work at the Coastal Bend College for low-income project enrollees. Support services and assistance, depending on individual client needs, for the project enrollees will include state board examination fees, child care assistance, vehicle fuel stipends, nursing kits, etc. Additional support for gaining work experience while in the project will be through part-time employment opportunities in the organization's Head Start Program and in the organization's Human Resources Department.	7
Nueces County Community Action Agency**	\$100,000	441	-3	40	468	\$50,000	The Nueces County Community Action Agency (NCCAA), in cooperation with the Craft Training Center of the Coastal Bend, will identify low-income individuals residing in Nueces County who are interested in learning a skill-based trade. The NCCAA will offer the individuals financial assistance for tuition, books, lab fees, uniforms, license/certification fees, and other services deemed necessary. The individuals will be trained on a skill-based craft that is of high demand in the community. The overall goal will be to transition some of the enrolled individuals out of poverty and making them self-sufficient with the training.	20
South East Texas Regional Planning Commission**	\$100,000	453	-51	40	442	\$50,000	The Southeast Texas Regional Planning Commission (SETRPC) and the Workforce Solutions of Southeast Texas will enter a memorandum of understanding to design a project for 25 or so enrollees to receive training with good earnings potential in growing industries in the Golden Triangle Region. Ancillary services will include the provision of books, uniforms, tools, and equipment plus child care and transportation assistance as needed. The anticipated income is that 60% of the enrolled individuals will become employed in occupations that will lead them to financial independence.	25

**Final contract based on clearance of internal Department Compliance Review.

*Projection based on requested funding.

CSBG Discretionary Funds to Eligible Entities to Fund Special Innovative Projects Previously Funded through CSBG ARRA

County of Hidalgo Community Services Agency**	\$50,000	434	-12	40	462	\$25,000	The County of Hidalgo Community Services Agency will design a project to provide educational opportunities for 25 low-income enrollees through the provision of financial and other assistance associated with tuition, fees, books, and supplies to attend a participating trade school, college, or university. It is anticipated that 75% of the enrollees will earn a certificate of completion by project's end.	25
South Plains Community Action Association**	\$100,000	462	-45	40	457	\$50,000	The South Plains Community Action Association plans to use the funds to assist low-income enrollees with obtaining a General Equivalency Diploma (GED). Support assistance and services will include the cost of related transportation to testing site as well as child care. In addition, support will be provided to facilitate completion of short term courses and enrollees will also participate in case management to address barriers in attaining self-sufficiency.	60
Combined Community Action, Inc.**	\$100,000	418	-9	40	449	\$50,000	The Combined Community Action, Inc. will enroll a minimum of 15 individuals in the Empowering Clients to Help Oneself (ECHO) Program. Enrollees will participate in intense case management that will include information and referral as well as direct services to assist in obtaining job skills through education and/or job training that will lead to a living wage. Outcomes will include the receipt of certification or diploma as well as placement in a rewarding job by project's end.	15
Concho Valley Community Action Agency**	\$50,794	400	-9	40	431	\$25,000	To fund a Self Sufficiency Program Manager who will manage Individual Development Accounts and Volunteer Income Tax Assistance programs. Applicant targets the low-income sector of the 11 county Texas region called Concho Valley.	50
Economic Action Committee of the Gulf Coast	\$100,000	389	-6	40	423			
Community Services Inc.	\$100,000	435	-45	20	410			
Community Action Committee of Victoria Texas	\$50,000	353	-15	40	378			

**Final contract based on clearance of internal Department Compliance Review.

*Projection based on requested funding.

CSBG Discretionary Funds to Eligible Entities to Fund Special Innovative Projects Previously Funded through CSBG ARRA

Community Action Social Services & Education, Inc.	\$100,000	339	-18	40	361		
Northeast Texas Opportunities	\$75,000	335	-30	20	325		
TOTAL	\$1,425,794				Total Awarded:	\$500,000	

**Final contract based on clearance of internal Department Compliance Review.

*Projection based on requested funding.

**COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
March 3, 2011**

Requested Action

Staff requests authorization to release a Request for Applications (“RFA”) for Webb County, the area formerly served by the Webb County Community Action Agency (“WCCAA”). WCCAA had struggled to meet the requirements of the Weatherization Assistance program (“WAP”), in both the American Reinvestment and Recovery Act (“ARRA”) and regular Department of Energy (“DOE”) WAP, and at the direction of DOE, TDHCA has terminated those contracts with WCCAA. Staff requests approval for the release of the RFA and authorization of the Executive Director to make a commitment to any qualified respondent, to the extent needed, and to authorize submission to appropriate federal entities to obtain any required federal approvals for any selected respondent(s), with the condition that all commitments made are subsequently presented to the Board for ratification.

RESOLVED, that the Executive Director is authorized to release a Request for Applications and make future commitments of ARRA WAP, DOE WAP and LIHEAP WAP funds to any qualified respondent to the Request for Applications without specific prior Board approval and to authorize submission to appropriate federal entities of the selected respondent to obtain any required federal approvals, and with the requirement that all commitments made are subsequently presented to the Board for ratification.

Background

Webb County Community Action Agency (WCCAA) administers CSBG and operates the WAP and Comprehensive Energy Assistance Program (“CEAP”) in Webb County. On January 13, 2011, the Texas Department of Housing and Community Affairs (the “Department”) met with Webb County Judge Danny Valdez who agreed to the voluntary relinquishment of the balance of WAP ARRA funds. On January 26, 2011, the Department received a letter from the US Department of Energy instructing the Department to withdraw all Department of Energy funding immediately.

WCCAA will continue to administer the Community Services Block Grant (CSBG) and the Comprehensive Energy Assistance Program (CEAP) under the requirement that the county expend the funds from its own budget and submit invoices for approval prior to reimbursement by the Department.

In an effort to ensure that the low income households located in Webb County continue to benefit from the services provided by these programs, the Department requests authorization to release a Request for Applications to identify one or more alternative providers to receive and administer the WAP funds in Webb County.

Applicants responding to this RFA must meet the qualifications of the RFA and, as provided in ARRA, DOE, and LIHEAP regulations, must be a unit of government or non-profit organization. Upon identification of any eligible respondent(s), the Department must still obtain any required approvals from appropriate federal entities to provide funding to the respondent(s). In the interest of expediting submission to those federal entities, staff requests that the Executive Director have the authority to determine final eligibility and submit an entity for approval. All such submissions will be presented to the TDHCA Board for ratification.

**COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
March 3, 2011**

Recommended Action

Approve the 2011 U.S. Department of Energy Weatherization State Plan.

RESOLVED, that the 2011 U.S. Department of Energy Weatherization State Plan, in the form presented to this meeting, is hereby approved, and

FURTHER RESOLVED, that the Executive Director and his designees and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department to submit such plan, together with such grammatical and non-substantive technical corrections as they may deem necessary or advisable, together with a recitation of public comments and reasoned responses thereto, to the United States Department of Energy.

Background

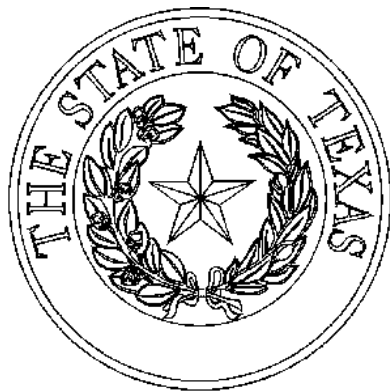
The Texas Department of Housing and Community Affairs (the "Department") develops and submits a State Plan to the Department of Energy ("DOE") each year. DOE provided grant guidance in December 2010 to provide the format and content for the state plan that the Department followed. After internal review and approval, and budget finalization, the draft of the 2011 DOE State Plan was posted on the Department's Internet website February 11, 2011 reflecting a 2011 statewide grant amount of approximately \$8 million. The *Texas Register* announcement of the public hearing and the availability of the draft plan was published February 11, 2011. The Department is conducting its public hearing for the plan Wednesday February 23, 2011, at 2:00 p.m. at the Departments headquarters. Per DOE regulations, a Weatherization Policy Advisory Council as designated in the Plan (in order to provide guidance and comment on the plan) is required to be established. The Policy Advisory Council is comprised of 6 individuals appointed by the TDHCA Executive Director. That Council meeting is scheduled to occur after the conclusion of the Public Hearing on February 24, 2011. Should the public comment necessitate a change in the plan, staff will provide a Board update at the May meeting. The comment period closes at 5:00 PM on Wednesday February 23, 2011.

The 2011 DOE weatherization budget is estimated at \$4,294,261. The funding provides for weatherization activities, state administration and state training and technical assistance. An additional \$4 million in 2010 carry forward is also reflected in the Plan. Additionally, the funds allow for subrecipients financial audits, household audits, and program administration. DOE allows a maximum of \$6,572 per unit for weatherization services.

(Funding allocation based on DOE's Weatherization Program Notice #11-1)

DRAFT – 2011 DOE WAP STATE PLAN

**TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS**



**PY 2011 STATE PLAN & APPLICATION
FOR
WEATHERIZATION ASSISTANCE PROGRAM
FOR LOW-INCOME PERSONS**

February 2011

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ANNUAL FILE

Grant Application for Federal Assistance Standard Form 424

Application for Federal Assistance SF-424

Version 02

*1. Type of Submission:		*2. Type of Application * If Revision, select appropriate letter(s)	
<input type="checkbox"/> Preapplication	<input checked="" type="checkbox"/> Application	<input checked="" type="checkbox"/> New	<input type="checkbox"/> Continuation
<input type="checkbox"/> Changed/Corrected Application		<input type="checkbox"/> Revision	*Other (Specify) _____

3. Date Received:	4. Applicant Identifier:
TBD	

5a. Federal Entity Identifier:	*5b. Federal Award Identifier:

State Use Only:

6. Date Received by State: 04/01/2011	7. State Application Identifier:
---------------------------------------	----------------------------------

8. APPLICANT INFORMATION:

*a. Legal Name: State of Texas	
*b. Employer/Taxpayer Identification Number (EIN/TIN): 742610542	*c. Organizational DUNS: 806781902

d. Address:

*Street 1:	<u>P.O. Box 13941</u>
Street 2:	_____
*City:	<u>Austin</u>
County:	<u>Travis</u>
*State:	<u>Texas</u>
Province:	_____
*Country:	<u>U.S.A.</u>
*Zip / Postal Code	<u>78711-3941</u>

e. Organizational Unit:

Department Name:	Division Name:
Texas Department of Housing and Community Affairs	Energy Assistance, Community Affairs Division

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: _____	*First Name: <u>Michael</u>
Middle Name: _____	
*Last Name: <u>De Young</u>	
Suffix: _____	

Title:	Community Affairs Division Director
--------	-------------------------------------

Organizational Affiliation:

*Telephone Number: (512) 475-2125	Fax Number: (512) 475-3935
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*Email: michael.deyoung@tdhca.state.tx.us

Application for Federal Assistance SF-424

Version 02

***9. Type of Applicant 1: Select Applicant Type:**

A.State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*Other (Specify)

***10 Name of Federal Agency:**

U.S. Department of Energy

11. Catalog of Federal Domestic Assistance Number:

81.042

CFDA Title: Weatherization Assistance For Low Income Persons

***12 Funding Opportunity Number:**

DE-FOA-0000446

*Title: Weatherizaion Formula Grants

13. Competition Identification Number:

Title: _____

14. Areas Affected by Project (Cities, Counties, States, etc.):

Statewide

***15. Descriptive Title of Applicant's Project:**

Statewide Weatherization Assistance Program

Application for Federal Assistance SF-424		Version 02
16. Congressional Districts Of:		
*a. Applicant: 10		*b. Program/Project: Statewide
17. Proposed Project:		
*a. Start Date: 04/01/2011		*b. End Date: 03/31/2012
18. Estimated Funding (\$):		
*a. Federal	\$4,294,261	
*b. Applicant		
*c. State		
*d. Local		
*e. Other		
*f. Program Income		
*g. TOTAL	\$4,294,261	
*19. Is Application Subject to Review By State Under Executive Order 12372 Process?		
<input type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on _____ <input checked="" type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review. <input type="checkbox"/> c. Program is not covered by E. O. 12372		
*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001) <input checked="" type="checkbox"/> ** I AGREE ** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions		
Authorized Representative:		
Prefix: <u>Mr.</u> *First Name: <u>Michael</u>		
Middle Name: _____		
*Last Name: <u>Gerber</u>		
Suffix: _____		
*Title: Executive Director		
*Telephone Number: (512) 475-3930		Fax Number: (512) 475-9606
* Email: michael.gerber@tdhca.state.tx.us		
*Signature of Authorized Representative:		*Date Signed:

Application for Federal Assistance SF-424

Version 02

***Applicant Federal Debt Delinquency Explanation**

The following should contain an explanation if the Applicant organization is delinquent of any Federal Debt.

Section 2: Budget

Budget Information – Non Construction Programs

OMB Approval No.0348-0044

Section A – Budget Summary						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-federal (f)	Total (g)
1. DOE	81.042			\$4,294,261		\$4,294,261
2. Carryover		\$4,000,000				\$4,000,000
3.						
4.						
5. Totals		\$4,000,000		\$4,294,261		\$8,294,261

Section B – Budget Categories					
6. Object Class Categories	Grant Program, Function or Activity				Total All Budget (5)
	(1) Grantee Administration	(2) Subgrantee Administration	(3) Grantee T&TA	(4) Subgrantee T&TA	
a. Personnel	\$105,600		\$189,350		\$294,950
b. Fringe Benefits	\$29,240		\$52,753		\$82,173
c. Travel	\$25,234		\$24,864		\$50,098
d. Equipment	0		0		0
e. Supplies	0		0		0
f. Contractual	0	\$616,086	0	\$46,500	\$7,714,293
g. Construction	0		0		0
h. Other	\$8,797		\$16,414		\$25,211
i. Total Direct Charges (sum of 6a-6h)	\$169,051	\$616,086	\$283,381	\$46,500	\$8,166,725
j. Indirect Charges	\$45,661		\$81,875		\$127,536
k. Totals (sum of 6i and 6j)	\$214,712	\$616,086	\$365,256	\$46,500	\$8,294,261
7. Program Income					

Budget Information – Non Construction Programs

OMB Approval No.0348-0044

Section A – Budget Summary						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. Totals						

Section B – Budget Categories						
6. Object Class Categories	Grant Program, Function or Activity				Total All Budget (5)	
	(1) Program Operations	(2) Health and Safety	(3) Financial Audits	(4) Liability Insurance/POI		
a. Personnel					\$294,950	
b. Fringe Benefits					\$82,173	
c. Travel					\$50,098	
d. Equipment					0	
e. Supplies					0	
f. Contractual	\$5,463,485	\$1,365,874	\$24,800	\$197,548	\$7,714,293	
g. Construction					0	
h. Other					\$25,211	
i. Total Direct Charges (sum of 6a-6h)	\$5,463,485	\$1,365,874	\$24,800	\$197,548	\$8,166,725	
j. Indirect Charges					\$127,536	
k. Totals (sum of 6i and 6j)	\$5,463,485	\$1,365,874	\$24,800	\$197,548	\$8,294,261	
7. Program Income						



BUDGET EXPLANATION FOR FORMULA GRANTS

Provide detailed information to support each Cost Category using this form. Cost breakdown estimates may be entered on this form or attach a breakdown of costs using your own format as Attachment A.

1. **PERSONNEL** – Prime Applicant only (all other participant costs must be listed on 6. below and form DOE F 4600.4, Section B. Line 6.f. Contracts and Sub Grants.
2. Identify, by title, each position to be supported under the proposed award.
 - a. Briefly specify the duties of professionals to be compensated under this project.

Administration Funds \$105,600
 Training and Technical Assistance Funds \$189,350
 Total Personnel Budget \$294,950

Manager of Energy Assistance (EA)	<i>Overall program management and staff supervision.</i>
Project Manager of EA	<i>Program management and staff supervision of program officers</i>
Project Manager of EA	<i>Program management of trainers.</i>
Project Manager of EA	<i>Program management and staff supervision of fiscal, contract specialists, and planners.</i>
Senior Planner	<i>Develop State Plan/Applications and reporting.</i>
Program Officers (7)	<i>Programmatic monitoring of WAP subrecipients and technical assistance.</i>
Contract Specialist	<i>Process payment requests and develop contracts.</i>

3. **FRINGE BENEFITS** –

- a. Are the fringe cost rates approved by a Federal Agency? If so, identify the agency and date of latest rate agreement or audit below, and include a copy of the rate agreement.

No
- b. If an above does not apply, indicate the basis for computation of rates, including the types of benefits to be provided, the rate(s) used, and the cost base for each rate. You may provide the information below or provide the calculations as an attachment.
 Fringe benefits rate = 27.86%

3. **TRAVEL** - Identify total Foreign and Domestic Travel as separate items.

- a. Indicate the purpose(s) of proposed travel.

 Foreign Travel \$-0-
 Domestic Travel \$50,098

Monitoring

Number of trips: 31
Point of origin: Austin
Destination: All areas of the State
Purpose: Monitoring of WAP subrecipients and training and technical assistance as needed during visit

T&TA

Number of trips: 25
Point of origin: Austin
Destination: All areas of the State
Purpose: Training and technical assistance for WAP subrecipients

Grant Guidance

Number of trips: 2 staff
Point of origin: Austin
Destination: Denver, CO
Purpose: Grant Guidance Meeting

National Association of State Community Service Programs Conference

Number of trips: 2 staff
Point of origin: Austin
Destination: Out-of-State, Location T.B.D.
Purpose: Conference Training and Technical Assistance

b. Specify the basis for computation of travel expenses (e.g., current airline ticket quotes, past trips of a similar nature, federal government or organization travel policy, etc.).

Cost of transportation is based on historical data and the State of Texas contracted travel providers. Subsistence (hotel and per diem) is based on the State of Texas travel policy which allows for up to \$121 maximum for in-state travel (hotel: \$85, meals: \$36) and \$85 to \$259 maximum for out-of-State travel. Average transportation cost based on historical average \$330.

Monitoring

Transportation @ 330 X 31 = \$10,230
Subsistence @ 121 X 31 X 4 days = \$15,004

T&TA

Transportation @ 330 X 25 = \$8,250
Subsistence @ 121 X 25 X 4 days = \$12,100

Grant Guidance

Transportation @ \$533 X 2 = \$1,066
Subsistence @ 168 X 3 days = \$1,008

National Association for State Community Service Programs Conference

Transportation @ \$500 X 2 = \$1,000
Subsistence @ Meals \$60 x 4 days/Hotel \$160 x 3 nights = \$1,440

4. **EQUIPMENT** – as defined in 10 CFR 600.202. Definitions can be found at http://www.access.gpo.gov/nara/cfr/waisidx_00/10cfr600_00.html.

- a. Provide the basis for the equipment cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).
- b. Briefly justify the need for items of equipment to be purchased.

5. **MATERIALS AND SUPPLIES – as defined** in 10 CFR 600.202. Definitions at http://www.access.gpo.gov/nara/cfr/waisidx_00/10cfr600_00.html.

- a. Provide the basis for the materials and supplies cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).
- b. Briefly justify the need for items of material to be purchased.

6. **CONTRACTS AND SUBGRANTS** – All other participant costs including subcontractor, sub-grants, and consultants.

Provide the information below for new proposed subrecipients and subcontractors. For ongoing subcontractors and subrecipients, if this information is provided elsewhere in the application, it does not have to be restated here, but please indicate the document and page numbers where it can be found. * For example—Competitive, Historical, Quote, Catalog.

<u>Name of Proposed Subrecipient</u>	<u>Basis of Cost</u>	<u>Total Cost</u>
--------------------------------------	----------------------	-------------------

Weatherization Subrecipients

Weatherization Subrecipients are listed in Section 3 of this Plan. The Department anticipates the program subrecipients will purchase 10 vehicles during PY 2011. Figures for these are not included in the Plan and will be submitted to DOE as the Department receives the requests from the Subrecipients.

Subrecipient Travel Allowance Pool (Subrecipients are listed in Section 3 of this Plan.)

31 Subrecipients –Cluster Workshops: Cost for each is based on the number of staff attending, their location, and estimated travel expenditures according to the allowable Texas travel rates. \$46,500

7. **OTHER DIRECT COSTS** - Include all direct costs not included in above categories.

- a. Provide the basis for the cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).

Miscellaneous/Other Direct Costs (estimated based prior purchases and historical data): \$25,211

These costs include off-site training facility rental, membership dues, subscriptions/publications, maintenance/repair, and delivery services.

- b. Briefly justify the need for items to be purchased.

OTHER DIRECT COSTS - Includes all direct costs and miscellaneous items not included in the other budget categories.

Off-site training facility rental

Facility space to conduct cluster workshops and other trainings or conferences in subrecipient service areas or State sponsored workshops or conferences. \$3,000

Membership Dues

Costs for membership dues for TDHCA staff for technical and professional organizations \$5,533

Registration Fees

Costs for staff registration fees to participate in staff development and program related conferences, trainings, and workshops. \$12,380

Maintenance/Repair

Maintenance and repair costs include minor maintenance/repair of office space, such as broken door locks, overhead light fixture, minor plumbing repair, heating/air conditioning repair, cost of utilities, janitorial services, elevator service, necessary maintenance, and normal repairs and alterations necessary. \$580

Printing

Costs for printing training materials, field guides, and other necessary program documents \$3,718

8. INDIRECT COSTS -

- a. Are the indirect cost rates approved by a Federal Agency? If so, identify the agency and date of latest rate agreement or audit below, and include a copy of the rate agreement.

This is based on the new approved indirect cost rate. A copy of the letter will be sent to DOE to be added to our file. We calculated the indirect rate at 43.24% of Personnel for this plan.

\$127,536 – Indirect costs are calculated at 43.24% of Personnel.

- b. If an above does not apply, indicate the basis for computation of rates, including the types of benefits to be provided, the rate(s) used, and the cost base for each rate. You may provide the information below or provide the calculations as an attachment.

Section 3: Subrecipients

	Organization/ Counties	Address	Type	Funding	Units	District
1.	<u>ALAMO AREA COUNCIL OF GOVERNMENTS</u> Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	8700 Tesoro Dr., Ste 700 San Antonio, TX 78217 (210) 362-5245 (210) 225-5937 – FAX	COG	614,759	70	11, 20, 21, 23, 25, 28
2.	<u>BEE COMMUNITY ACTION AGENCY</u> Bee, Live Oak, McMullen, Refugio	PO Box 1540 Beeville, TX 78104-1540 (361) 358-5530 (361) 358-6591 – FAX	CAA	44,669	5	15, 25, 28
3.	<u>BIG BEND CAC</u> Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	PO Box 265 Marfa, TX 79843 (432) 729-4908 (432) 729-3435 – FAX	CAA	97,480	10	11, 23
4.	<u>BRAZOS VALLEY CAA</u> Brazos, Burlson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	1500 University Dr E, Suite 100 College Station, TX 77840 (979) 846-1100 (979) 260-9390 – FAX	CAA	252,334	27	06, 08, 10, 17, 31
5.	<u>CAMERON-WILLACY COUNTIES COMMUNITY PROJECTS</u> Cameron, Willacy	3302 Boca Chica, Suite #209 Brownsville, TX 78521-5705 (956) 544-6411 (956) 544-6414 – FAX	CAA	220,018	24	15, 27
6.	<u>COMBINED CAA, Inc.</u> Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	165 W. Austin St. Giddings, TX 78942 (979) 540-2980 (979) 542-9565 – FAX	CAA	143,700	15	09, 10, 14, 15, 21, 22, 25, 28
7.	<u>CAC OF VICTORIA</u> Aransas, Brazoria, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	PO Box 3607 Victoria, TX 77903-3607 (361) 578-2989 (361) 578-0062 – FAX	CAA	199,286	21	14, 15, 22, 25
8.	<u>CA CORPORATION OF SOUTH TEXAS</u> Brooks, Duval, Hidalgo, Jim Wells, Kenedy, Kleberg, San Patricio	204 E. 1 st Street Alice, TX 78333-1820 (361) 664-0145 (361) 664-0120 – FAX	CAA	475,097	54	15, 25, 27
9.	<u>SOUTH TEXAS DEV. COUNCIL OF GOVERNMENT</u> Jim Hogg, Starr, Zapata	P.O. Box 2187 Laredo, TX 78044-2187 (956) 722-3995 (956) 722-2670 – FAX	COG	74,093	8	25, 28
10.	<u>CC REEVES COUNTY, INC.</u> Loving, Reeves, Ward, Winkler	700 Dagett St, Suite F Pecos, TX 79772-4524 (432) 447-4913 (432) 447-4914 – FAX	CAA	30,321	3	11, 23
11.	<u>CONCHO VALLEY CAA</u> Coke, Coleman, Concho, Crockett, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	PO Box 671 San Angelo, TX 76902 (325) 653-2411 (325) 658-3147 – FAX	CAA	150,445	16	11, 23
12.	<u>COMMUNITY SERVICES</u>	PO Box 488	CAA	153,221	16	23, 28

	Organization/ Counties	Address	Type	Funding	Units	District
	<u>AGENCY OF SOUTH TEXAS</u> Dimmit, Edwards, Kinney, LaSalle, Maverick, Real, Uvalde, Val Verde, Zavala	Carrizo Springs, TX 78834- 6488 (830) 876-5219 (830) 876-5280 – FAX				
13.	<u>COMMUNITY SERVICES, INC.</u> Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	PO Box 612 Corsicana, TX 75151-0612 (903) 872-2401 (903) 872-0254 – FAX	CAA	412,787	47	01, 03, 04, 05, 06, 12, 13, 17, 24, 26
14.	<u>DALLAS COUNTY HHS</u> Dallas	2377 N. Stemmons Fwy, Suite 600 Dallas, TX 75207-2710 (214) 819-1858 (214) 819-6022 – FAX	PPNP	570,297	65	03, 05, 24, 26, 30, 32
15.	<u>EOAC OF PLANNING REGION XI</u> Bosque, Falls, Freestone, Hill, Limestone, McLennan	500 Franklin Ave. Waco, TX 76701-2111 (254) 753-0331 (254) 754-0046 – FAX	CAA	158,138	17	06, 17, 31
16.	<u>EL PASO CAP – PROJECT BRAVO, INC.</u> El Paso	P.O. Box 3445 El Paso, TX 79923 (915) 562-4100 (915) 562-8952 – FAX	CAA	306,010	33	16, 23
17.	<u>CITY OF FORT WORTH, Dept of Housing</u> Tarrant	1000 Throckmorton Street Fort Worth, TX 76102 (817) 392-7540 (817) 392-7328 – FAX	PPNP	321,042	34	06, 12, 24, 26
18.	<u>GREATER EAST TEXAS COMMUNITY ACTION PROGRAM</u> Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	PO Drawer 631938 Nacogdoches, TX 75963 (936) 564-2491 (936) 564-0302 – FAX	CAA	245,370	26	01, 05, 06, 08
19.	<u>HILL COUNTRY CAA</u> Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	PO Box 846 San Saba, TX 76877 (325) 372-5167 (325) 372-3526 – FAX	CAA	185,090	20	11, 17, 31
20.	<u>LUBBOCK, CITY OF, COMMUNITY DEVELOPMENT DEPARTMENT</u> Lubbock	P.O. Box 2000 Lubbock, TX 79457 (806) 775-2301 (806) 775-3917 – FAX	PPNP	104,624	11	19
21.	<u>NUECES COUNTY CAA</u> Nueces	101 South Padre Island Dr. Corpus Christi, TX 78405 (361) 883-7201 (361) 883-9173 – FAX	CAA	131,229	14	27
22.	<u>PANHANDLE COMMUNITY SERVICES, INC.</u> Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley,	PO Box 32150 Amarillo, TX 79120-2150 (806) 372-2531 (806) 373-8143 – FAX	CAA	259,753	28	13, 19

	Organization/ Counties	Address	Type	Funding	Units	District
	Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler					
23.	<u>PROGRAMS FOR HUMAN SERVICES, Inc.</u> Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	PO Box 1607 Orange, TX 77631-1607 (409) 886-0125 toll-free: 1(866) 550-0282 (409) 886-2849 – FAX	CAA	268,764	29	02, 08, 14, 22
24.	<u>ROLLING PLAINS MGMT. CORP.</u> Archer, Baylor, Brown, Callahan, Clay, Comanche, Cottle, Eastland, Foard, Hardeman, Haskell, Jack, Jones, Kent, Knox, Montague, Shackelford, Stephens, Stonewall, Taylor, Throckmorton, Wichita, Wilbarger, Wise, Young	PO Box 490 Crowell, TX 79227 (940) 684-1571 (940) 684-1693 – FAX	CAA	307,619	33	11, 12, 13, 19
25.	<u>SHELTERING ARMS, INC.</u> Harris	3838 Aberdeen Way Houston, TX 77025 (713) 956-1888 (713) 956-2079 – FAX	PPNP	948,398	108	02, 07, 09, 10, 18, 22, 29
26.	<u>SOUTH PLAINS CAA</u> Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Motley Terry, Yoakum	PO Box 610 Levelland, TX 79336 (806) 894-6104 (806) 894-5349 – FAX	CAA	142,719	15	13,19
27.	<u>TEXOMA COUNCIL of GOVERNMENT</u> Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	1117 Gallagher DR, Ste. 300 Sherman, TX 75090 (903) 893-2161 (903) 813-3511 – FAX	COG	250,260	27	01, 04, 13, 26
28.	<u>TRAVIS COUNTY HEALTH & HUMAN SERVICES DEPT.</u> Travis	PO Box 1748 Austin, TX 78767 (512) 854-4100 (512) 854-4123 – FAX	PPNP	193,148	21	10, 21, 25
29.	<u>TRI-COUNTY CAA</u> Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	PO Drawer 1748 Center, TX 75935 (936) 598-6315 (936) 598-7272 – FAX	CAA	144,871	16	01, 08
30.	<u>WEBB COUNTY CAA</u> Webb	1110 Washington St, Ste 203 Laredo, TX 78040-4443 (956) 523-4182 (956) 523-5016 – FAX	CAA	99,571	11	23, 28
31.	<u>WEST TEXAS OPPORTUNITIES, INC.</u> Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland,	PO Box 1308 Lamesa, TX 79331 (806) 872-8354 (806)872-5816 – FAX	CAA	209,180	22	11, 19

	Organization/ Counties	Address	Type	Funding	Units	District
	Mitchell, Nolan, Scurry, Upton					
	TOTAL: 254 Counties			7,714,293	846	

Additional information regarding Section 3--Subrecipients:

Note: The Department allocates funds to subrecipients by formula based upon the DOE allocation for program year 2011. The allocation formulas reflect the 2000 Census data. If any carryover funds are available, they will be distributed by allocation formula and used to increase the number of units to be weatherized.

The adjusted average expenditure limit per unit for program year 2011 is \$6,572.

Texas limits reweatherization to 5% of all units weatherized if agencies need to exceed the 5% cap, the agency should send a written request for approval to the Department.

If the Department determines it is necessary to permanently reassign a service area to a new subrecipient, the subrecipient will be chosen in accordance with 10 CFR §440.15 and the Department's Texas Administrative Code.

The fund allocations for individual service areas are determined by a distribution formula with five (5) factors:

- (1) Number of non-elderly poverty households per county;
- (2) Number of elderly poverty households (65+) per county;
- (3) Median income variance per county;
- (4) Inverse poverty household density ratio per county; and
- (5) Heating/Cooling Degree days per county.

The Department may deobligate all or part of the funds provided under this contract, if subrecipient has not expended funds as specified in the contract of each subrecipient according to the expenditure rate and households served during the sixth month of the program year. Subrecipient's failure to expend the funds provided under this contract in a timely manner may also result in the subrecipient's ineligibility to receive additional funding during the program year.

Note: CFR: Code of Federal Regulation

Section 4: WAP Production Schedule

Unit Type	Annual Total
Weatherization Units (Total)	846
Reweatherization Units	

Vehicles and Equipment \$5,000 or more Average Cost per Dwelling Unit (DOE Rules)

- A. Total of Vehicles and Equipment Budget\$0
- B. Total Units to be Weatherized, from Production Schedule above846
- C. Units to be Reweatherized, from Production Schedule above0
- D. Total Units to be Weatherized, plus Planned Reweatherized
 Units from Production Schedule above (B plus C)846
- E. Average Vehicles and Equipment Cost per Dwelling Unit (A divided by D)\$0

Average Cost per Dwelling Unit (DOE Rules)

- F. Total of Funds for Program Operations\$5,463,485
- G. Total Units to be Weatherized, plus Planned Reweatherized
 Units from Production Schedule above (total from D above)846
- H. Average Cost per Dwelling Unit, less Vehicles and Equipment (F divided by G)\$6,458
- I. Average Cost per Dwelling Unit for Vehicles and Equipment (total from E)\$0
- J. Total Average Cost per Dwelling Unit (H plus I)\$6,458

Section 5: Energy Savings

DOE Program	Amount	Line
Total DOE State Weatherization Allocation	\$7,714,293	(a)
Total Cost associated with Administration, T&TA, Financial and Energy Audits or 15% of allocation.	\$2,250,807	(b)
Subtract the amount entered in line (b) from line (a), for a total Federal (DOE) funds available to weatherize homes	\$5,463,486	(c)
State Average Cost per Home or National WAP Program Year Average Cost per Home (i.e., PY 2008 \$2,966)	\$6,458	(d)
Divide the amount entered on line (c) by the amount entered on line (d), for Total Estimated Homes to be Weatherized	846 Homes	(e)
Multiply (e) by 30.5 MBTU for Total Annual Estimated Energy Savings resulting from DOE appropriated funds	25,803 MBTU	(f)
All Funding Sources		
Total funds (e.g., DOE WAP, State, Leveraged, LIHEAP, and other non-Federal sources of funds) used by State to weatherize homes	\$7,714,293	(g)
Total Cost associated with administration of Weatherization funds or 15% of total funds available to weatherize homes.	\$2,250,807	(h)
Subtract the amount entered in line (h) from line (g), for total funds available to weatherize homes	\$5,463,486	(i)
State Average Cost per Home or National WAP Program Year Average Cost per Home (i.e., PY 2008 \$2,966)	\$6,458	(j)
Divide the amount entered on line (i) by the amount entered on line (j), for Total Estimated Homes to be Weatherized	846 Homes	(k)
Multiply (k) by 30.5 MBTU for Total Annual Estimated Energy Savings resulting from all funding sources	25,803 MBTU	(l)

Method used to calculate energy savings: WAP Algorithm Other (describe below)

The PY 2011 energy saving calculations methodology was developed by the Department using the most recent Metaevaluation of the National Weatherization Assistance Program (ORNL/CON-493). This methodology estimates annual savings of 30.5 MBtu according to DOE’s PY 2005 Application Instructions and Forms for PY 2006. The same methodology will be used for PY 2011. The 2011 Plan is estimated according to funding allocation and adjusted average expenditure limit per unit allowed to weatherize a home. The total number of units projected to be weatherized in PY 2011 is 846 for a total of annual estimated energy savings of 25,803 MBtu.

Estimated energy savings: 25,803 (MBtu)

Estimated prior year savings: 82,228 (MBtu) Actual: Pending final report

If variance is large, explain: Estimated energy savings is significantly lower as a result of a decrease in funding that will directly impact the total number of units that can be weatherized.

Section 6: Training, Technical Assistance, and Monitoring Activities

The Texas Department of Housing and Community Affairs (the Department) plans to monitor the Weatherization Assistance Program (WAP) with the staff included in the budget. All 31 WAP subrecipients administer this DOE WAP Formula grant in conjunction with the ARRA WAP and will receive multiple visits throughout the program year (April 1 through March 31). Training and technical assistance shall be provided to the subrecipient, whenever necessary, by the Training Officer and/or the Training Academy.

Monitorings will be scheduled using a risk management-based assessment. Primary consideration will consist of amount of contract, previous findings, status of finding resolution, and submission and condition of annual independent audit. Periodic desk reviews of expenditures and production levels will be conducted during the program year. The scheduling of on-site monitoring will depend on availability of staff, minimum number of completed units, geographic and climatic considerations. The schedule may vary and dates will be confirmed with each subrecipient in advance. The purpose of the monitoring is to ensure that weatherization programs are managed within federal and state guidelines and that eligible low-income families are receiving quality and appropriate weatherization of their homes.

The Department has established a goal to monitor a minimum of 10% of the client files and 10% of the weatherized units at the time of the monitoring. Monitoring will include health and safety procedures, client eligibility, energy audit procedures, and client education procedures. In addition, Program Officers will monitor financial management control and ensure the quality of work via established monitoring procedures.

In 2011, the Department will utilize the Training and Technical Assistance Academy including classroom and on-site venues for classes in basic weatherization, advanced weatherization as well as financial management. Training will include manufactured housing, lead safe work practices and health and safety.

The Department will conduct training and technical assistance throughout the program year. A Program Officer may determine that additional training is needed for a particular subrecipient or the subrecipient may request it. The Trainer is actively conducting training and technical assistance and is working with program officers and subrecipients to determine additional training needs on an on-going basis.

The Department does not require licensing or certifications of subrecipient staff. Should a subrecipient hire a new weatherization coordinator, the subrecipient will be required to notify the Department in writing within 30 days of the date of hiring the coordinator and request training. The Department will contact subrecipients within 30 days of the date of notification to arrange for training. The Department will use in-house staff as well as other subrecipient staff to provide training. The Department will provide travel assistance to subrecipients that receive training.

The Department WAP program year is April 1 through March 31. Upon the Department's completion of the PY 2010 Monitoring process, the Department will review all monitoring findings in order to evaluate any improvements in the agencies' performances in May. The Department will submit to DOE a written summary of its monitoring findings.

The Department has scheduled the following training dates for WAP Network:

Texas Association of Community Action Agencies Annual Conference

May 2011

Energy Audit Procedures

The NEAT and MHEA Audits have been approved by DOE for use on single family dwellings, mobile homes, and multi-family buildings containing 24 or fewer units. EASY has not been approved for multi-family buildings containing 25 or more units. The Department will acquire a DOE approved energy audit, such as TREAT, for use in auditing multi-family buildings containing 25 or more units.

Energy Savings

The State will cooperate with the Department of Energy as they implement a national evaluation project.

Evaluation of Training Activities

In order to evaluate the efficiency of its training activities, the training staff will annually review its training activities and compare those to the subrecipient monitoring reports, and the annual analysis of an in-house evaluation study. Additionally, subrecipients will be given the opportunity to provide feedback through evaluation forms distributed at all training sessions.

Lead-Based Paint Safe Work Practices

The State of Texas provided Lead, Renovation, Repair, and Painting Program (LRRPP) training to all program monitors and subrecipients through the Training Academy during Program Year 2010. The State will provide LRRPP training to new subrecipient hires on an on-going basis.

Mold

The State of Texas provided the Mold Work Practices training methodology (developed by Montana State University) to all weatherization subrecipients during program year 2006. The subrecipients will be responsible for providing the training to their weatherization contractors. The State will provide Mold Work Practices to new subrecipient hires on an on-going basis.

The Texas Department of Health, beginning at Title 25, Texas Administrative Code, Section 295.301, has adopted procedures for addressing mold problems existing in residential dwellings that cover areas of 25 contiguous square feet or more by requiring the remediation to be addressed by a licensed mold remediation specialist.

If the energy auditor discovers a mold condition which the weatherization contractor cannot adequately address, then the unit should be referred to the appropriate public agency for remedial action. The applicant is to be provided written notification that their home cannot, at this time, be weatherized and why. They should also be informed which agency they should contact to report the mold condition. The applicant should be advised that when the mold issue is resolved they may reapply for weatherization.

If the energy auditor determines that the mold is treatable and covers less than the 25 contiguous square feet limit allowed to be addressed by the Texas Department of Health's guidelines, the applicant is to be provided written notification of the existence of the mold and potential health hazards, the proposed action to eliminate the mold, and that no guarantee is offered that the mold will be eliminated and that the mold may return. The auditor must obtain written approval from the applicant to proceed with the weatherization work.

Upon appropriate guidance from DOE, the Department will arrange to train all subrecipients to recognize mold problems and acceptable actions to resolve mold occurrences. The Department will also provide applicant notification and release forms to its subrecipients.

The limited cost incurred to remove the mold is to be charged to the health and safety portion of the subrecipient's budget.

Client Education

The Department will continue to require WAP subrecipients to provide client education to each WAP client. Subrecipients will be required to provide (at a minimum) state produced educational materials in verbal and written format. Client education will include temperature strips that indicate the temperature in the room and energy savings calendars.

Section 7: DOE-Funded Leveraging Activities

N/A

Section 8: Policy Advisory Council Members

Introduction: The Policy Advisory Council (PAC) is broadly representative of organizations and agencies and provides balance, background, and sensitivity with respect to solving the problems of low-income persons, including the weatherization and energy conservation problems.

Historically, the PAC has met annually after the public hearing for the DOE plan. One member of the PAC is from the Texas Department of Aging and Disability Services that is the state agency charged with providing a comprehensive array of aging and disability services, supports, and opportunities that are easily accessed in local communities.

Prior to the expenditure of any grant funds, the Department shall establish a policy advisory council which:

- (1) Has special qualifications and sensitivity with respect to solving the problems of low-income persons, including the weatherization and energy conservation problems of these persons;
- (2) Is broadly representative of organizations and agencies, including consumer groups that represent low-income persons, particularly elderly and disabled low-income persons and low-income Native Americans, in the State or geographical area in question; and
- (3) Has responsibility for advising the appropriate official or agency administering the allocation of financial assistance in the State or area with respect to the development and implementation of a weatherization assistance program.

Current Policy Advisory Council Members

Weatherization Providers	Energy Group	Consumer & Related Group
Johnette Hicks , Executive Director, Chairwoman Economic Opportunities Advancement Corporation – Planning Region XI	Heather Ball , Director Marketing & Public Education Railroad Commission of Texas Alternative Fuels Research and Education Division	Al Joseph , Director of Housing Ysleta del Sur Pueblo Housing Department
Karen Swenson , Executive Director Greater East Texas Community Action Program		Michael P. Wilson, PhD. Texas Department of Aging and Disability Services
Mark Bullard , WAP Coordinator Texoma Council of Governments		

Any additions to the Policy Advisory Council will be reviewed by the Department’s Governing Board. At the present time, the PAC consists of six members. The PAC meets annually. The Department seeks the PAC’s guidance and approval on WAP Plans each year, and hosts other meetings, as needed.

Section 9: State Plan Hearings

The PY 2011 WAP Public Hearing and WAP Policy Advisory Council Meeting will both be held in February 2011. The transcripts will be available upon request.

Section 10: Adjustments to On-File Information

No changes will be made to the On-File Information.

Section 11: Miscellaneous

Intergovernmental Review Data

To comply with the provisions of Executive Order 12372, the State of Texas established the Texas Review and Comment System (TRACS). TRACS is a statewide system that provides state and local officials opportunities to review and to comment upon State plans, applications for federal or state financial assistance, and environmental impact statements related to projects or programs that affect their jurisdictions before the proposals are approved or funded. Comments made during the process are for the applicant's use in improving the project, and if necessary, for the funding agency's use in deciding whether to approve the application.

Related state provisions designate the regional review agencies and the state Single Point of Contact; the programs for which reviews will be required; delineate the respective responsibilities of applicants, state agencies, and review agencies; establish uniform review procedures and criteria; and describe procedures for seeking accommodation of review comments. State provisions specifically incorporate by reference Executive Order 12372, as amended by Executive Order 12416, the Demonstration Cities and Metropolitan Development Act of 1966, §204 (42 United States Code §3334); the Intergovernmental Cooperation Act of 1968, §401(a) (United States Code §4231(a)); and the National Environmental Policy Act of 1969, §102(2C)(42 United States Code §4332(2C)).

The TRACS State Single Point of Contact is Denise S. Francis, Governor's Office of Budget, Planning, & Policy, P.O. Box 12428, Austin, Texas 78711. This plan application was provided in draft to the State Single Point of Contact, made accessible to all regional councils, available to all the Department's weatherization program subrecipients and other interested parties prior to the public hearing and as a part of the public comment process.

Liability Insurance

The liability insurance separate line item was increased to enable subrecipients to purchase pollution occurrence insurance in addition to the general liability insurance. Most regular liability insurance policies do not provide coverage for pollution occurrence. Subrecipients should review existing policies to ensure that lead paint measures are also covered and if not, secure adequate coverage for all units to be weatherized. If subrecipients require additional funding for liability insurance, they must first provide the Department with three price quotes. When approved, additional liability insurance costs may be paid from administrative or program support categories. The Department strongly recommends the subrecipients require their contractors to carry pollution occurrence insurance to avoid being liable for any mistakes the contractors may make. Each subrecipient should get a legal opinion regarding the best course to take for implementing the pollution occurrence insurance coverage.

Training & Technical Assistance Carryover Funds

Training and technical assistance funds will not be used to purchase vehicles or equipment for local agencies to perform weatherization services. The cost of these vehicles and equipment to support the program must be charged to program support and program operations categories. The Department acknowledges that, should unexpended training and technical assistance funds remain at the end of the Program Year, DOE requires these funds to be used to weatherize homes during the following year.

Formula Distribution

The Department updates the budget allocation proportion by county and subrecipient based on poverty income, elderly poverty, median household income (from the 2000 U.S. Census data), and climate data (from the Southern Regional Climate Center, Louisiana State University, June 2002).

Electric Base Load Measures (EBL)

DOE has approved the inclusion of selected Electric Base Load (EBL) measures as part of the weatherization of eligible residential units. Currently, the approved EBL measures include replacement of refrigerators, electric water heaters, and compact fluorescent lights. All EBL measures must be determined cost effective with an SIR of 1 or greater by either audit analysis or separate DOE approved analytical tools.

DOE has approved analytical tools to measure EBL. Instructions for incorporating EBL measures in to the WAP are detailed in the Texas Administrative Code. All dwelling units will be evaluated to determine the most cost effective measures to be installed in each unit weatherized and to determine the order in which measures will be installed. The evaluation of each unit must include building envelope measures, mechanical measures, and Electric Base Load measures.

Section 12: Assurances and Certifications

Forms have been filed separately in a Master Document File

**COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
March 3, 2011**

Recommended Action

Approve for publication in the *Texas Register* a notice proposing new §5.802 to the 10 TAC, Chapter 5, Subchapter H. Section 8 Housing Choice Voucher Program.

RESOLVED, that the Executive Director and his designees and each of them be and they hereby are authorized, empowered, and directed to cause to be published in the *Texas Register* for public comment a proposed new §5.802, Local Operators for the Section 8 Program in the form presented to this meeting, together with such grammatical and non-substantive technical corrections as they may deem necessary or advisable.

Background

On May 12, 2010, the Board authorized staff to identify an appropriate process for the selection, qualifications and renewal process related to Local Operators (LOs). Local Operators are the local administrators who perform unit inspections, provide client processing and perform other administrative duties on the Department's behalf as Housing Choice Vouchers are issued and maintained in the local communities served by the Department's Housing Choice Voucher Program.

The proposed new section incorporates program changes and preexisting guidance to affirm existing LOs and identify, when needed, replacement of local operators for the Section 8 program.

The proposed new section:

- clarifies the eligibility criteria and performance responsibilities of an LO
- outlines the procedures to renew existing LOs and to procure new LOs
- identifies the process by which the Department would make vouchers available to additional areas of the state.

Staff recommends the proposed new §5.802, Local Operators for the Section 8 Program be approved for submission to the *Texas Register* for publication and public comment. Upon approval by the Board, the proposed new section will be published in the *Texas Register* and released to the public for comment. The public comment period will extend from March 18, 2011 through April 18, 2011. A final recommendation for the adoption of the proposed rules will be presented to the Board on May 5, 2011.

The Texas Department of Housing and Community Affairs (the "Department") proposes new 10 TAC Chapter 5, Subchapter H, §5.802, Local Operators for the Section 8 Housing Choice Voucher Program. The new section is proposed to identify a process for potential expansion of the Department's Section 8 program to additional areas of the state and outlines procedures to renew existing Local Operators (LOs) and procure new LOs. In addition, the proposed new section clarifies the roles and duties of the LOs for the Section 8 program.

Mr. Michael Gerber, Executive Director, has determined that for the first five-year period the proposed new section is in effect there will be no fiscal implications for state or local governments as a result of enforcing or administering the section as proposed. There will be no effect on small businesses or persons. There is no anticipated economic cost to persons who are required to comply with the section as proposed. The proposed section will not impact local employment.

Mr. Gerber has also determined that for each year of the first five years the section is in effect the public benefit anticipated as a result of enforcing the section will be enhanced compliance with formalized policy, all contractual and statutory requirements.

The public comment period will be held from March 18, 2011 to April 18, 2011 to receive input on this proposed new section. Written comments may be submitted to Texas Department of Housing and Community Affairs, 2011 Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by e-mail to the following address: tdhcarulecomments@tdhca.state.tx.us, or by fax to (512) 475-1672. ALL COMMENTS MUST BE RECEIVED BY 5:00 PM MONDAY, APRIL 18, 2011.

The new section is proposed pursuant to the authority of the Texas Government Code, Chapter 2306, which provides the Department the authority to adopt rules governing the administration of the Department and its programs.

The proposed new section affects no other code, article or statute.

5.802. Local Operators for the Section 8 Housing Choice Voucher Program.

(a) Purpose

This chapter clarifies the roles and duties of the Local Operators for Housing Choice Vouchers (Section 8) administered by the Texas Department of Housing and Community Affairs (the Department); identifies a process for potential expansion of the Department's Housing Choice Voucher program to additional areas of the state; and outlines the procedures for the Department to procure new Local Operators and renew existing Local Operators.

(b) Definitions

- (1) Applicant--A Person who has submitted an Application for Department funds or other assistance.
- (2) Application--A request for funds submitted to the Department in a form prescribed by the Department, including any exhibits or other supporting material.

- (3) Application Acceptance Period--The period of time that Applications may be submitted to the Department as more fully described in the applicable Notice of Funding Availability (NOFA).
- (4) Application Deficiency--A deficiency or inconsistency, which in the Department's reasonable judgment, may be cured by supplemental information or explanation that will not necessitate a substantial reassessment or re-evaluation of the Application.
- (5) Board--The governing board of the Texas Department of Housing and Community Affairs.
- (6) Contract--The executed written agreement between the Department and an Administrator performing an activity related to a program that outlines performance requirements and responsibilities assigned by the document.
- (7) Department--The Texas Department of Housing and Community Affairs.
- (8) Effective Date--The date on which all applicable parties have signed a Contract.
- (9) Executive Director--Executive Director of the Texas Department of Housing and Community Affairs.
- (10) HUD--U.S. Department of Housing and Urban Development.
- (11) Local government--A county, municipality, special district, or any other political subdivision of the state, a public, nonprofit housing finance corporation created under Chapter 394 of the Texas Local Government Code, or a combination of those entities. (§2306.004).
- (12) Local Operators (LOs)--Local Operators are the local administrators who perform unit inspections, provide client processing and perform other administrative duties on the Department's behalf as Housing Choice Vouchers are issued and maintained in the local communities served by the Department's Housing Choice Voucher Program.
- (13) Material Deficiency--Any individual Deficiency or group of Deficiencies which, if addressed, would require, in the Department's reasonable judgment, a substantial reassessment or re-evaluation of a Local Operator Application or eligibility for Local Operator Renewal or which, are repeated and pervasive that they indicate a failure by the Local Operator to submit a substantively complete and accurate Application.
- (14) NOFA--Notice of Funding Availability, published in the Office of the Secretary of State's *Texas Register*.
- (15) Nonprofit Organization--A public or private organization that:
- (A) has evidence of a current tax exemption ruling from the Internal Revenue Service (IRS) under §501(c)(3) of the Internal Revenue Code of 1986, a charitable, nonprofit corporation, or §501(c)(4) of the Internal Revenue Code of 1986, a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the Application and must continue to be effective throughout the length of any contract agreements; or a current group exemption letter from the IRS that is dated 1986 or later, that reflects the Applicant classified as a subordinate of a central non-profit organization under the Internal Revenue Code. The group exemption letter must specifically list the Applicant; and

(B) a private nonprofit organization's pending Application for §501(c)(3) or (4) of the Internal Revenue Code of 1986, status cannot be used to comply with the tax status requirement.

(16) Open Application Cycle--A defined period during which Applications may be submitted according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed or until the NOFA is closed, whichever is earlier.

(17) Owner--the Person who owns a unit for which a Section 8 Housing Choice Voucher is being considered or being used.

(18) Program--the Section 8 Housing Choice Voucher Program operated by the Department.

(19) Program Noncompliance--Local Operators of the Department's Section 8 program will be in Program Noncompliance if they do not meet the performance requirements or the local operator eligibility requirements.

(c) Performance Requirements

(1) The duties and expectations of the Local Operator include the following and will be included in the Local Operator contract. Local Operators must:

(A) follow and comply with HUD's rules and regulations, including the U.S. Housing Act of 1937, the Annual Contributions Contract between the Department and HUD, the Housing Assistance Program contract between the Department and the owner of the unit occupied by an assisted family, as well as the Department's Administrative Plan and other applicable laws covering the Program;

(B) designate a specific contact to serve as a liaison with the Department;

(C) disseminate to Housing Choice Voucher recipients information concerning the availability and nature of housing assistance for lower-income families;

(D) Make public invitations to Owners to make dwelling units available for leasing to eligible families;

(E) Assist in receiving and reviewing applications from the public for participation in the program;

(F) Assist in verifying program eligibility and selecting eligible families for participation according to Departmental rules and policies;

(G) Assist in the issuance of Housing Choice Vouchers to selected eligible families and provide the family with necessary information regarding the program in accordance with 24 CFR §982.301;

(H) Determine each eligible family's unit size requirements in accordance with Subpart K of 24 CFR Part 982;

(I) Assist in determining the amount of total tenant payment and housing assistance payment, including calculation of allowances for utilities and other services under 24 CFR §982.505;

(J) Certify rent reasonableness under 24 CFR §982.507;

(K) Assist in facilitation of the owner's execution of the Housing Choice Voucher Contract in a form prescribed by HUD under 24 CFR §982.451;

- (L) Annually, assist in re-determination of families eligibility and amount of housing assistance payment in accordance with HUD established schedules and under 24 CFR §982.516 and submit redetermination information to the Department within 90 to 120 days of request;
- (M) Perform any necessary Housing Quality Standard inspections and notify Owners and families of property inspection determinations;
- (N) Perform any necessary Housing Quality Standard inspections for new admissions within 60 days, or within 120 days with Department approval of 60 day extension;
- (O) Assist in coordination of portability requests from housing choice voucher families in accordance with Department policies;
- (P) Assist in processing changes in income and changes in household requests in accordance with Department policies;
- (Q) Provide for prompt and timely lease up of vouchers when released by the Department or when existing vouchers become available through clients exiting the Program;
- (R) Maintain confidential client files in a manner that protects the privacy of each client and to maintain the same for future reference;
- (S) Store physical client files in a secure space in a manner that ensures confidentiality and in accordance with Local Operator policies and procedures;
- (T) Add, based on availability, housing choice vouchers to the Local Operator service area; and
- (U) Perform such other functions as directed by the Department.

(d) Eligibility of Local Operators

(1) Eligibility Criteria for Applicants and Contract Renewals

New applicants for LO designation and currently designated LOs wishing to renew their contract must meet the following eligibility criteria:

(A) Organizations or entities eligible to be a Local Operator of the Department's Housing Choice Voucher Program are:

- (i) Nonprofit organizations;
- (ii) Local Units of Government;
- (iii) For-profit organizations;
- (iv) Public Housing Authorities (PHA's); or
- (v) Other eligible entities.

(B) Eligible organizations must have a publicly accessible confidential meeting space available to meet with Housing Choice Voucher families.

(C) Eligible organizations must have access to the internet, electronic mail, and a telephone for communication with the Department.

(2) Ineligibility Criteria for Local Operators

The following conditions will cause a new Applicant for LO designation or a currently designated LO wishing to renew their contract, to be ineligible:

(A) Program Noncompliance - Each Application and Contract Renewal will be reviewed for Program Noncompliance. Applications and contract renewals found in Program Noncompliance or otherwise violating the Section 8 Local Operator rules of the Department at the time of Application and prior to Contract execution are ineligible for funding and will be terminated without being processed as a material deficiency.

(B) Failure to comply with federal and state law and/or failure to comply with the terms outlined in the LO contract; or refusal by the Local Operator to assist in issuing housing choice vouchers in a timely manner and/or unwillingness to add vouchers to the Local Operator service area may result in the termination of a Local Operator contract.

(C) The Applicant has failed to perform the performance requirements outlined in subsection (c) of this section.

(D) The Applicant is an Administrator of a previously funded Contract for which Department funds have been partially or fully de-obligated due to failure to meet contractual obligations during the 12 months prior to the Application submission date.

(E) The Applicant has failed to submit or is delinquent in a response to provide an explanation, or evidence of corrective action as a result of a technical assistance visit by the Department.

(F) The Applicant has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the "List of Parties Excluded from Procurement of Non-procurement Programs" or has otherwise been debarred by HUD or the Department.

(G) The Applicant has violated the state's revolving door policy.

(H) The Applicant has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within 15 years preceding the Application deadline.

(I) The Applicant at the time of Application submission is:

(i) subject to an enforcement or disciplinary action under state or federal securities law or by the Financial Industry Regulatory Authority (FINRA) is subject to a federal tax lien; or

(ii) is the subject of an enforcement proceeding with any governmental entity.

(e) Local Operator Contract Execution and Renewal

(1) Upon Board approval of a new Local Operator, the Department's Executive Director and the LO shall enter into and execute an agreement for the administration of the Housing Choice Voucher program. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications, amendments or extensions to the contract.

(2) Contracts will be for an initial one year period with an automatic renewal in one year increments for a period not to exceed four (4) additional years conditioned on maintaining compliance with the eligibility criteria in subsection (d) of this section related to Eligibility of Local Operators and having performed according to the performance requirements outlined in subsection (c) of this section. If the Local Operator meets these requirements and is not in Program Noncompliance with the Department, the contract with the Local Operator will be renewed.

(3) LOs in an existing contract will, upon expiration of the current contract, be eligible to execute a contract under paragraph (2) of this subsection so long as they are maintaining compliance with the eligibility criteria in subsection (d) of this section related to Eligibility of Local Operators and have performed according to the performance requirements outlined in subsection (c) of this section. If the Local Operator meets these requirements and is not in Program Noncompliance with the Department, the new contract described in paragraph (2) will be executed.

(f) New Local Operator Application Procedures and Requirements

- (1) If a Local Operator has terminated its contract with the Department or chosen not to renew a contract with the Department, and the Department chooses to find a replacement LO to continue providing services to existing clients in the geographic area served by the prior Local Operator, the Department will release a Notice of Funding Availability (NOFA) specifying the defined geographic area requiring continued service, information on the volume and geographic locations of the existing pool of voucher holders, and the LO requirements for operating the program if selected.
- (2) The Department will develop and publish the NOFA and Application materials on its website. Applicants must verify and ensure the accuracy, sufficiency and receipt of all submissions to the Department.
- (3) The Department reserves the right to request supplemental information or explanation from the Applicant in order to cure an Applicant deficiency.
- (4) Applications must be submitted within the Application Acceptance Period as detailed in the NOFA.
- (5) Evaluative criteria and any other Application or contractual requirements will be specified in the NOFA. Applications that do not meet minimum threshold criteria will not be considered for LO designation.

(g) Expansion of Section 8 service area

At least once each year, no later than March 31st, the Department will evaluate the availability of voucher funding and the current usage of existing vouchers, and determine whether an announcement of funding availability to expand vouchers outside of the current geographic areas served is appropriate. If deemed appropriate, a Notice of Funding Availability will be released specifying eligible geographic areas, evaluative criteria, any restrictions on voucher populations and Local Operator requirements for operating the program if selected.

Housing Resource Center
BOARD ACTION REQUEST
March 3, 2011

Recommended Action

Presentation, Discussion and Possible Action on the 2011 State of Texas Low Income Housing Plan and Annual Report.

RESOLVED, that the final 2011 State of Texas Low Income Housing Plan and Annual Report (SLIHP) is hereby adopted in the form presented to this meeting.

Background

The Texas Department of Housing and Community Affairs (TDHCA) is required to submit the State of Texas Low Income Housing Plan and Annual Report (SLIHP) annually to the governor, lieutenant governor, speaker of the house, and legislative oversight committee members not later than 30 days after the TDHCA Board receives the final SLIHP. The document offers a comprehensive reference on statewide housing needs, housing resources, and strategies for funding allocations. It reviews TDHCA's housing programs, current and future policies, resource allocation plans to meet state housing needs, and reports on 2010 performance during the preceding fiscal year (September 1st, 2009 through August 31st, 2010).

The SLIHP was made available for public comment January 10th through February 8th, 2011. There were no public comments received on the 2011 SLIHP (Draft for Public Comment).

The following attachments are provided:

- Attachment A - Summary of Substantive Changes from the 2010 SLIHP
- Attachment B - 2011 SLIHP

Attachment A

Summary of Substantial Changes from the 2010 SLIHP

- Housing Analysis chapter: added special need population estimates and more detail in the housing assessment on the state and regional level.
- Annual Report chapter: updated numbers to reflect FY 2010 program performance by households/individuals and income group for the state and each region. Updated performance measure information for goals and strategies reflecting FY 2010 performance, including updated targets for FY 2011. Added the Homeless Housing and Services Program to the reporting data.
- Action Plan: updated program descriptions to reflect programmatic changes. Some programs funded through the American Recovery and Reinvestment Act (ARRA) of 2009 were completed or are in the process of completion and were removed from the Action Plan, such as Community Service Block Grant ARRA and 90-Day Down Payment Assistance Program and Mortgage Advantage Program.
- Stimulus Programs chapter: changed the name from Recovery Act chapter to Stimulus Programs chapter to include all programs created to address housing issues arising from the current economy, such as the National Foreclosure Mitigation Counseling Program and the Neighborhood Stabilization Program. Added report data for stimulus programs based on their multiyear cycles instead of state fiscal year cycles.
- Disaster Recovery chapter: added new chapter for the Disaster Recovery division which focuses on its Community Development Block Grant Disaster Recovery fund allocation, activities and reporting on a multiyear cycle.
- Updated Regional Allocation Formula reflecting updated data and updated Colonia Action Plan.

Attachment B

2011 State of Texas Low Income Housing Plan and Annual Report

2011 State of Texas Low Income Housing Plan & Annual Report



Cover – (left to right): (1) A family participating in the Bootstrap Loan Program through the Lower Valley Housing Corporation at an early stage of building their home, (2) Habitat for Humanity of San Antonio volunteers setting up a house frame, (3) The completed home of John Casto and family, (4) The Casto family in their new home.

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SECTION 1: INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA, Department) is the State of Texas' lead agency responsible for affordable housing. TDHCA offers a Housing Support Continuum for low- to moderate-income Texans with services ranging from poverty and homelessness prevention to homeownership to disaster recovery.

INSTITUTIONAL STRUCTURE

In 1991, the 72nd Texas Legislature created the Department. The Department's enabling legislation, Texas Government Code Chapter 2306, combined programs from the Texas Housing Agency, the Texas Department of Community Affairs and the Community Development Block Grant 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 (ENTERP). Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, The Community Development Block Grant (CDBG) and Local Government Services programs were transferred to the newly-created Office of Rural Community Affairs, now called the Texas Department of Rural Affairs (TDRA). However, TDHCA, through an interagency contract with TDRA, administers 2.5 percent of the CDBG funds used for Self-Help Centers along the Texas-Mexico border and collaborates with TDRA on disaster recovery and Neighborhood Stabilization program administration. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

AGENCY MISSION AND CHARGE

TDHCA's mission is "to help Texans achieve an improved quality of life through the development of better communities."

TDHCA accomplishes this mission by administering a variety of housing and community affairs programs primarily for households whose incomes are low to moderate as determined by the Area Median Income (AMI) or the poverty level. A primary function of TDHCA is to act as a conduit for federal grant funds for housing and community services. Additionally, because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

More specific policy guidelines are provided in §2306.002 of TDHCA's enabling legislation:

(a) The legislature finds that:

- (1) every resident of this state should have a decent, safe and affordable living environment;*
- (2) government at all levels should be involved in assisting individuals and families of low income in obtaining a decent, safe and affordable living environment; and*
- (3) the development and diversification of the economy, the elimination of unemployment or underemployment and the development or expansion of commerce in this state should be encouraged.*

(b) The highest priority of the department is to provide assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the department.

Funding sources to meet the legislative goals include the U.S. Department of Housing and Urban Development, U.S. Treasury Department, U.S. Department of Health and Human Services, U.S. Department of Energy and State of Texas general revenue funds. With this funding, 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. Because of the great amount of need in proportion to the federal and state funding available, the Department strives to provide the most benefit by managing these limited resources to have the greatest impact.

TDHCA is one organization in a network of housing and community services providers located throughout the state. This document focuses on programs within TDHCA's jurisdiction, which are intended to either work in cooperation with or as complements to the services provided by other organizations.

HOUSING SUPPORT CONTINUUM ACTIVITIES CHART

TDHCA's Housing Support Continuum can be divided into six categories. It should be noted that, with the exception of the Section 8 Housing Choice Voucher Program, TDHCA administers its programs and services through a network of organizations across Texas and does not fund individuals directly.

The TDHCA Housing Support Continuum includes (1) Poverty and Homelessness Prevention, (2) Rental Assistance and Multifamily Development, (3) Homebuyer Assistance and Single-Family Development, (4) Rehabilitations and Weatherization, (5) Foreclosure Relief and (6) Disaster Recovery and Relief.

The following table outlines TDHCA's State Fiscal Year 2011 programs. When a program has "Stimulus Program" after its name, it has been created as a result of the Housing and Economic Recovery Act (HERA) of 2008, American Recovery and Reinvestment Act (ARRA) of 2009, or some other federal act or regulation establishing a temporary program meant to address current economic issues. For more detailed program information, please see "TDHCA Programs" in *Section 4: Action Plan* and *Section 5: Stimulus Programs*.

Continuum	Program/Activities	Description	Eligible Households
(1) Poverty and Homelessness Prevention	Community Services Block Grant	Funds local community action agencies to provide essential services and poverty programs	<125% poverty
	Comprehensive Energy Assistance Program	Funds local agencies to offer energy education, financial assistance and Heating, Ventilating and Air Conditioning (HVAC) replacement	<200% poverty
	Emergency Shelter Grant Program	Fund entities to provide shelter and related services to the homeless	<30% AMFI (Homeless)
	Homeless Housing and Services Program	Funds the eight largest Texas cities to provide services or facilities to homeless individuals and families	<50% AMFI (Homeless)
	Homeless Prevention and Rapid Re-Housing Program (Stimulus Program)	Funds qualifying entities to provide homelessness prevention assistance and rapidly re-house person who are homeless	<50% AMFI (Homeless)
(2) Rental Assistance and Multifamily Development	Section 8 Housing Choice Vouchers	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain rural areas	<50% AMFI
	Tenant-Based Rental Assistance (HOME Program)	Grants for entities to provide tenant-based rental assistance for up to two years	<80% AMFI
	TX Veterans Housing Support Program (Housing Trust Fund)	Provides rental subsidies for Veterans for a maximum of two years	<80% AMFI
	Affordable Housing Match Program (Housing Trust Fund)	Provides funding to Nonprofit Organization to attract or meet requirements for affordable housing grants or government programs	<80% AMFI
	Housing Tax Credit Program	Tax credits to developers for the creation or preservation of affordable rental housing	<60% AMFI
	Multifamily Bond Program	Loans to develop or preserve affordable rental housing	<60% AMFI
	Multifamily Rental Housing Development (HOME Program)	Loans or grants to develop or preserve affordable rental housing and are available to Community Housing Development Organization (CHDO)	<80 % AMFI
	Rural Housing Expansion Program (Housing Trust Fund)	Awards eligible applicants for enhancing capacity and preserving rural affordable housing	<80% AMFI
	Texas Tax Credit Exchange Program (Stimulus Program)	Allows developments affected by the housing tax credit devaluation to return their credits and potentially receive a cash grant in its place	<60% AMFI

Continuum	Program/Activities	Description	Eligible Households
(3) Homebuyer Education, Assistance and Single-Family Development	Colonia Self-Help Center Program	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)
	Contract For Deed Conversion Program (HOME Program)	Stabilizes home ownership for colonia residents by converting contract for deeds into traditional mortgages	<60% AMFI
	First Time Homebuyer Program - Non-targeted funds	Low-interest loans and/or down payment and closing costs for the first time homebuyers	<115% AMFI
	First Time Homebuyer Program - Targeted funds	Low-interest loans and/or down payment and closing costs for the first time homebuyers in areas of chronic economic distress	<140% AMFI
	Homebuyer Assistance Program (HOME Program)	Loans and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	Homeownership Program (Housing Trust Fund)	Loans and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	Mortgage Credit Certificate Program	Annual tax credit for qualified homebuyers based on the interest paid on the homebuyer's mortgage loan	<115% AMFI
	Rural Housing Expansion Program Neighborhood Stabilization Program (1) (Stimulus Program) (Housing Trust Fund)	Awards eligible applicants for enhancing capacity and preserving rural affordable housing. Allows homebuyers to qualify for 100% financing at 0% interest for 30 years	<8050% AMFI
	Rural Housing Expansion Program (Housing Trust Fund)	Awards eligible applicants to enhance capacity and preserving rural affordable housing	<80% AMFI
	Affordable Housing Match Program	Provides funding to nonprofit organizations to attract or meet requirements for affordable housing grants or government programs.	<80% AMFI
	Single Family Development (HOME Program)	Community Housing Development Organization (CHDOs) can apply for loans to acquire, rehabilitate, or reconstruct single family housing. CHDOs can also apply for homebuyer assistance if their organization is the owner or developer of the single family housing project	<60% AMFI
Texas Bootstrap Loan Program	Funds entities to offer owner-builder loans programs	<60% AMFI	

Continuum	Program/Activities	Description	Eligible Households
(4) Rehabilitation and Weatherization	Homeowner Rehabilitation Assistance Program (HOME Program)	Loans and grants for entities to provide home repair assistance	<80% AMFI
	Weatherization Assistance Program and Weatherization Assistance Program ARRA (Stimulus Program)	Funds local agencies to provide minor home repairs to increase energy efficiency	<200% poverty
	Amy Young Barrier Removal Program (Housing Trust Fund)	Grants for entities to provide home modifications needed for accessibility for person with disabilities	<80% AMFI
	National Foreclosure Mitigation Counseling (Stimulus Program)	Fund Foreclosure Counselors to assist households avoid foreclosure	No AMFI limits
(5) Foreclosure Relief	Neighborhood Stabilization Program 1 (Stimulus Program)	Purchase foreclosed properties to demolish or create affordable housing and stabilize existing neighborhoods	<120% AMFI
	Neighborhood Stabilization Program 3 (Stimulus Program)	Not yet awarded-application to second round of funding. Purchase foreclosed properties to demolish or create affordable housing and stabilize existing neighborhoods	<120% AMFI
	Community Development Block Grant Program – Hurricane Rita Round One	Targeted disaster recovery funding to provide home repair assistance and preserve affordable rental housing	<80% AMFI
(6) Disaster Recovery and Relief	Community Development Block Grant Program – Hurricane Rita Round Two	Targeted disaster recovery funding to provide home repair assistance and preserve affordable rental housing, provide infrastructure repairs and provide community services for areas with evacuees	<80-150% AMFI
	Community Development Block Grant Program – Hurricanes Dolly and Ike Round One	Targeted disaster recovery funding to provide home repair assistance and preserve affordable rental housing	50% of the funds used for <80% AMFI
	Community Development Block Grant Program – Hurricanes Dolly and Ike Round Two	Targeted disaster recovery funding to provide homeowner repair, rehabilitation and replacement; rental repair, rehabilitation and replacement; down payment assistance; relocation activities; activities to address blighted areas; and activities to address environmental hazards	55% of the funds used for <80% AMFI
	Disaster Recovery Gap Assistance Program (Housing Trust Fund)	Assists households who are lacking only a small portion of funds to fulfill their full cost of construction	<80% AMFI
	Disaster Relief (HOME Program)	Deobligated HOME funds may be used in non-Participant Jurisdiction to assist with home repair, rehabilitation, reconstruction, homebuyer assistance and tenant-based rental assistance of homes affected by a disaster	<80% AMFI

ADMINISTRATIVE STRUCTURE

Agency programs are grouped into the following divisions: Community Affairs, Disaster Recovery, HOME, Housing Trust Fund, Multifamily Finance, Neighborhood Stabilization Program, Office of Colonia Initiatives and Texas Homeownership. The Manufactured Housing Division is administratively attached to TDHCA, though it is an independent entity with its own governing board.

Additionally, there are several Divisions within TDHCA which are involved in the administration of the agency as a whole but do not administer specific programs. The Program Services Division is responsible for adherence, processing and completion of cross-cutting federal and departmental requirements for housing programs administered by the Department, including the processing and issuance of environmental clearances, labor standards requirements, loan closings and the commitment and disbursement of federal funds. The Office of Recovery Act Accountability and Oversight is responsible for identifying and mitigating risk in program development and operation and for issues that cut across all Recovery Act programs, such as reporting and federal guidance. The Department of Policy and Public Affairs disseminates information and is a liaison between TDHCA and industry stakeholders, advocacy groups and the executive and legislative branches of state and Federal government. The Housing Resource Center acts as a central clearinghouse for information and research regarding TDHCA programs and general housing-related issues. The Real Estate Analysis Division provides TDHCA with analytical reports necessary to make well-informed financial decisions about funding affordable housing developments. The Compliance and Asset Oversight Division ensures housing program and financial compliance with federal and state regulations by using various oversight measures including onsite monitoring visits and desk reviews. Other divisions that are involved in TDHCA's internal management include Administrative Support, Bond Finance, Financial Administration, Information Systems, Internal Audit and Legal Services.

2011 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

The *2011 State of Texas Low Income Housing Plan and Annual Report* (SLIHP, Plan) is prepared annually in accordance with §2306.072-2306.0724 of the Texas Government Code, which requires that TDHCA provide a comprehensive statement of activities in the preceding year, an overview of statewide housing needs and a resource allocation plan to meet the state's housing needs. It offers policy makers, affordable housing providers and local communities a comprehensive reference on statewide housing need, housing resources and performance-based funding allocations. The format is intended to help these entities measure housing needs, understand general housing issues, formulate policies and identify available resources. As such, the Plan is a working document and its annual changes reflect changes in programs or funding amounts, policy changes, statutory guidance and input received throughout the year.

The Plan is organized into nine sections:

- ***Section 1: Introduction*** - An overview of TDHCA and the Plan
- ***Section 2: Housing Analysis*** - An analysis of statewide and regional demographic information, housing characteristics and housing needs
- ***Section 3: Annual Report*** - A comprehensive statement of activities for 2010, including performance measures, actual numbers served and a discussion of TDHCA's Strategic Plan goals
- ***Section 4: Action Plan*** - A description of TDHCA's program descriptions, initiatives, resource allocation plans and goals
- ***Section 5: Stimulus Programs*** - A program description, implementation and allocation and additional resources for the programs offered through TDHCA created as a result of the

Housing and Economic Recovery Act (HERA) of 2008, American Recovery and Reinvestment Act of 2009 (ARRA) and other temporary programs created to address current economic issues.

- **Section 6: Disaster Recovery** - A program description and reporting of the multiyear Disaster Recovery efforts for Hurricanes Rita and Hurricanes Ike.
- **Section 7: Public Participation** - Information on the Plan preparation and a summary of public comment
- **Section 8: Colonia Action Plan** - A revised biennial plan for 2010-2011, which discusses housing and community development needs in the colonia, describes TDHCA's policy goals, summarizes the strategies and programs designed to meet these goals and describes projected outcomes to support the improvement of living conditions of colonia residents
- **Section 9: Texas State Affordable Housing Corporation (TSAHC) Plan** - This section outlines TSAHC's plans and programs for 2010 and is included in accordance with legislation
- **Appendix:** Includes TDHCA's enabling legislation

Because the Plan's legislative requirements are rather extensive, TDHCA has prepared a collection of publications in order to fulfill these requirements. TDHCA produces the following publication in compliance with §2306.072-2306.0724 of the Texas Government Code:

- **State of Texas Low Income Housing Plan and Annual Report** (this document)
- **Basic Financial Statements and Operating Budget:** Produced by TDHCA's Financial Administration Division, which fulfills §2306.072(c)(1)
- **TDHCA Program Guide:** A description of TDHCA's housing programs and other state and federal housing and housing-related programs, which fulfills §2306.0721(c)(4) and §2306.0721(c)(10)
- **TDHCA Housing Sponsor Report:** A report that provides property and occupant profiles of developments that have received assistance from TDHCA, which fulfills §2306.072(c)(6), §2306.072(c)(8), and §2306.0724.

SECTION 2: HOUSING ANALYSIS

This section of the Plan contains an overview of the affordable housing needs in the state and an estimate and analysis of the housing need in each region.

DATA SOURCES AND LIMITATIONS

The information provided in this section should be considered within the context of its limitations. The Department recognizes that the truest assessment of housing need can best be found only at the local level based on the direct experience of local households. Alternative methods, such as detailed on-location assessments by professionals skilled at reviewing such matters and local surveys might be utilized, but the Department lacks the resources to obtain such data through third parties or, confronted with a state covering over 268,000 square miles, to compile it directly. The following issues should be considered when reviewing the information contained in this report:

- Many nuances of housing need are lost when data is aggregated into regional, county and statewide totals. For example, housing needs in rural communities are often distorted when reported at the county level because housing needs are often very different in rural and urban areas. The large population of urban metropolitan areas can skew the data and mask the needs of the rural areas. Whenever possible, rural data is considered separately than urban data.
- Reliable data available on the condition of the housing stock, the homeless population and the housing needs of special needs populations is very limited.

Major data sources include the 2000 Census, 2000 Comprehensive Housing Affordability Strategy (CHAS), 2005-07 CHAS, American Community Survey data and the State of Texas Demographer. Other sources and studies were used to fill gaps in data availability.

Data presented for 2010 was calculated by applying the percentage population change from HISTA data to the 2000 CHAS data. HISTA data is a four-way cross tabulation of household data build by a demographic data provider and made available for purchase from Ribbon Demographics. The Department purchased 2010 population projections from Ribbon Demographics during the summer of 2010. The 2005-07 CHAS data was released in 2009 and is based on 2005-07 American Community Survey estimates. However, the 2005-07 CHAS data was released with only a statewide total and urban counties. Therefore, regional, rural and urban analysis of the 2005-07 CHAS data was not possible.

The content and format of the Census-based tables, graphs and maps provided in this section were derived, in part, from a methodology for housing needs assessment in the *National Analysis of Housing Affordability, Adequacy and Availability: A Framework for Local Housing Strategies*. The Urban Institute prepared this document for the U.S. Department of Housing and Urban Development (HUD). It provides a methodology with which to describe and analyze local housing markets in order to develop strategies for addressing housing problems and needs. The document served as a guide for the preparation of CHAS reports. As such, it provides a systematic framework for housing market analysis. HUD collaborated with the U.S. Census Bureau to develop special tabulations of the 2000 Census data.

The CHAS database classifies households into five relative income categories based on reported household income, the number of people in the household and geographic location. These income categories are used to reflect income limits that define eligibility for HUD's major assistance

programs, as well as for other housing programs such as the Housing Tax Credit Program. Households are classified into income groups by comparing reported household income to HUD-Adjusted Median Family Income (HAMFI). For the 2000 CHAS data, the income limits are calculated by household size for each metropolitan and non-metropolitan county in the United States and its territories. The 2005-07 CHAS was released only with the statewide total and metropolitan areas in the state. The 2005-07 non-metropolitan areas are estimated to be available in December of 2010 and were unavailable for this analysis.

The CHAS income limits are based on HUD estimates of median family income with several adjustments as required by statute. The income classifications are 0-30 percent of HAMFI (extremely low income), 31-50 percent of HAMFI (very low income), 51-80 percent (low income), 81-95 percent of HAMFI (moderate income) and about 95 percent of HAMFI. The income limits for metropolitan areas may not be less than limits based on the state non-metropolitan median family income level and must be adjusted accordingly. Income limits must also be adjusted for family size and may be adjusted for areas with unusually high or low family income or housing-cost-to-income relationships.

Unit affordability compares housing cost to local area HAMFI. Affordable units are defined as units for which a household would pay not more than 30 percent of its income for rent and no more than two and one-half times its annual income to purchase. Since HUD's adjusted median family incomes are estimated for a family of four, affordability levels are also adjusted to control for various-sized units based on the number of people that could occupy a unit without overcrowding. This adjustment is made by multiplying the threshold described about by 75 percent for a zero-to-one-bedroom unit, 90 percent for a two-bedroom unit and 104 percent for a three-or-more-bedroom unit.

Homeless figures were purchased from Ribbon Demographics and are projections of the 2000 Census group quarters population and type tables, contained in Census 2000 Summary File 1. Group quarters type designations include institutional quarters, such as correctional facilities, hospitals and juvenile institutions, as well as non-institutional quarters, such as military quarters, group homes, dormitories and other situations. Based on the Definitions of Subject Characteristics contained in the Technical Documentation for Summary file 1: 2000 Census of Population and Housing published by the U.S. Census Bureau, this report uses "other non-institutional group quarters" and "other non-household living situations" census figures to represent the homeless population in each region. "Other non-institutional group quarters" counts individuals in shelters for abused women, soup kitchen mobile food vans and other targeted non-shelter outdoor locations where there is evidence of human occupation. "Other non-household living situations" counts individuals with no usual home residing in hostels and YMCAs who were not counted in other tabulations. It must be emphasized that the regional estimates of the homeless populations are not comprehensive. The various definitions of homelessness and methods in counting the homeless make definitive tabulations difficult.

A "rural area" is defined in 2306.003 as "an area that is located:

- (A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;
- (B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area; or
- (C) in an area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an area that is located in a municipality with a population of more than 50,000."

However, for the purposes of this report, a rural area will be defined as not located within a Metropolitan Statistical Area. This definition allows analysis to occur at the county level. County-level analysis is necessary for several of the special needs population estimates, which do not include place-level estimates. In addition, county-level analysis allows the needs factors in the *Housing Analysis* chapter to be compared accurately to the *Annual Report* chapter analysis. The *Annual Report* chapter is based on county-level data because of the reporting requirements of the programs.

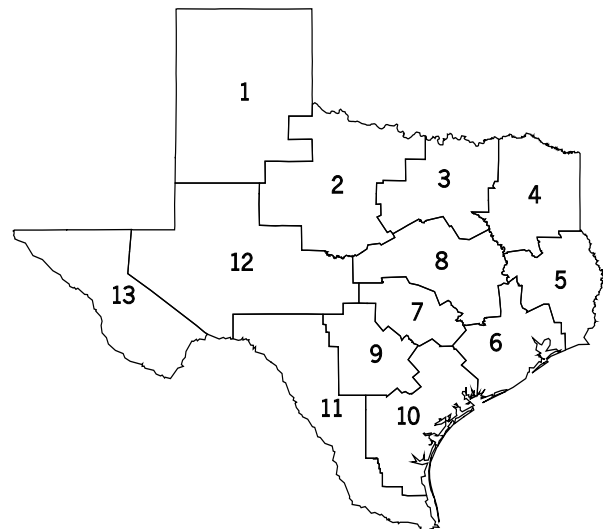
The U.S. Office of Management and Budget (OMB) determines which counties are within each MSA. For this document, the OMB MSAs from 2009 are used. Between the 2000 and 2009 MSA designations, 22 counties changed from not being in an MSA to being in an MSA and 3 counties (Harrison, Henderson and Hood) were changed from being in an MSA to not being in an MSA.

The needs assessment data is augmented with additional information from the perspective of local Texans, when available.

STATE OF TEXAS

The state-level housing analysis includes information on demographics, special-needs populations and affordable-housing need indicators. In order for the information to be more applicable on a local level, analysis is also conducted by region. The regions adopted by TDHCA mirror State Comptroller's regions, as depicted on the right.

The Department's plans reflect this statewide information as well as the consideration of affordable housing assistance from various sources.



State Service Regions

DEMOGRAPHIC CHARACTERISTICS

Texas has grown in population faster than the national average. Between 2002 and 2009, Texas' population increased approximately 16.8 percent, compared to 9.4 percent nationwide. Approximately 3,566,808 people were added to Texas during this time. More than one of every seven persons added to the population of the United States from 2002 to 2009 was added in Texas. This growth estimate is according to the American Community Survey 1-Year Estimate for 2002¹ (the first year nation-wide data was available) and 2009 (the most recent year for the survey). Total population estimate for 2009 according to American Community Survey is 24,782,302.²

PROJECTED POPULATION CHANGE AND IMPLICATIONS FOR HOUSING NEED*

- Demand for affordable and subsidized housing will increase in the coming years: Long-term demographic projections show growth in total population and minority and older populations, indicating an increase in total need.
- The state's total population will grow: State population is projected to increase to 35.7 million by 2040.
- The Anglo percentage of the total population will decrease: The Anglo population makes up approximately 47.4 percent of the total population in 2010 and is projected to make up 32.2 percent of the total population in 2040.
- The Anglo population will not increase as fast as other races or ethnicities: Anglo population is projected to decrease by 0.08 percent between 2010 and 2040, while Blacks are expected to increase by 23.5 percent and Hispanics will more than double (107.1 percent).
- The population is becoming older: the percentage of the population that was 65 or older was 10.6 percent in 2010 but will increase to 18.0 percent by 2040. In contrast, the percentage

¹U.S. Census Bureau, 2002 American Community Survey. (n.d.) Subject tables. Retrieved from <http://factfinder.census.gov>

²U.S. Census Bureau, 2009 American Community Survey. (n.d.) Subject tables. Retrieved from <http://factfinder.census.gov>

of the population that was 18 or younger was 27.0 percent in 2010 but will decrease to 22.0 percent by 2040.³

*These projections assume the One-Half 1990-2000 Migration (0.5) Scenario. According to the State Demographer:

This scenario has been prepared as an approximate average of the zero (0.0) and 1990-2000 (1.0) scenarios. It assumes rates of net migration one-half of those of the 1990s. The reason for including this scenario is that many counties in the State are unlikely to continue to experience the overall levels of relative extensive growth of the 1990s. A scenario which projects rates of population growth that are approximately an average of the zero and the 1990-2000 scenarios is one that suggest slower than 1990-2000 but steady growth. ⁴

Expected housing demand is directly linked to projected changes in population characteristics. The current racial and ethnic shift is significant because of the substantial differences between the race and ethnicities in terms of income level. According to American Community Survey 3-Year Estimates, the difference in median household income between Anglos and Blacks was \$17,621 during 2006 and 2008; and the Anglo-Hispanic difference was \$16,521 during 2006 and 2008. Generally Anglos made more than both these populations during this time period. Similarly, the poverty rates of 24.7 percent for Blacks and 21.2 percent for Hispanics was still more than two times as high as the 10.5 percent of persons in poverty among Anglos from 2006 to 2008. Because of these disparities, households in Texas will become poorer over the coming decades unless the relationship between ethnicity and income changes.⁵

The population on the table below shows that the rural population has been decreasing while the urban population has been increasing over the last ten years. In 2000, the rural population was approximately 15% of the total Texas population. In 2009, the census estimates that approximately 12% of the total Texas population is rural.

³ Texas State Data Center and Office of the State Demographer. (2009, November4). Texas Population Projections Program. Retrieved from <http://txsdc.utsa.edu/tpepp/2008projections/>

⁴ibid.

⁵Murdock, S.H. Et al., (2002, December), Texas challenge in the twenty-first century: Implications of population change for the future of Texas. Retrieved from <http://tsdc.utsa.edu/download/pdf/TxChall2002.pdf>.

Urban and Rural Population by Region

Region	Large City within Region for Geographic Reference	2000 Rural 196 Non-MSA Counties	2000 Urban 58 MSA counties	2000 Total	2009 Rural 177 Non-MSA Counties	2009 Urban 77 MSA counties	2009 Total
1	Lubbock	320,247	460,486	780,733	290,078	523,133	813,211
2	Abilene	282,194	267,073	549,267	227,318	307,491	534,809
3	Dallas/Fort Worth	228,358	5,259,119	5,487,477	244,333	6,562,235	6,806,568
4	Tyler	469,579	546,069	1,015,648	581,223	510,913	1,092,136
5	Beaumont	355,862	385,090	740,952	344,769	403,379	748,148
6	Houston	184,883	4,669,571	4,854,454	162,747	5,842,587	6,005,334
7	Austin/Round Rock	97,070	1,249,763	1,346,833	111,743	1,705,075	1,816,818
8	Waco	284,255	678,884	963,139	244,626	824,877	1,069,503
9	San Antonio	215,485	1,592,383	1,807,868	103,746	2,072,128	2,175,874
10	Corpus Christi	268,046	464,871	732,917	215,108	531,491	746,599
11	Brownsville/Harlingen	245,523	1,097,807	1,343,330	265,507	1,378,961	1,644,468
12	San Angelo	183,742	341,142	524,884	175,854	377,060	552,914
13	El Paso	24,696	679,622	704,318	24,624	751,296	775,920
State Total		3,159,940	17,691,880	20,851,820	2,991,676	21,790,626	24,782,302

Source: US Census 2000, US Census population estimates. Metropolitan Statistical areas defined by Office of Management and Budget.

SPECIAL NEEDS

Section 2306.0721 requires the Department to include the housing needs of individuals with special needs. The Department identifies special needs as homeless persons, persons with disabilities, elderly persons, persons with alcohol and drug abuse, public housing residents, colonia residents and migrant farmworkers. Additional discussion of how the Department meets these needs is located in the *Action Plan* chapter of this document.

Throughout the Housing Analysis chapter, each special need population in each region is broken down by the proportion of the population residing in urban areas, defined in this document as metropolitan statistical area (MSA) counties, and the population residing in rural areas, defined as non-MSA counties.

HOMELESS PERSONS

The National Alliance to End Homelessness estimates that for Texas in 2007, there were approximately 39,761 homeless people using a point-in-time estimate in January. The number of homeless in 2007 decreased from 2005 by 8.87 percent.⁶ However, estimates of homeless populations vary widely; the migratory nature of the homeless population, the stigma associated with homelessness and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Most homeless counts are “point in time” estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time. The Texas Interagency Council for the Homeless estimates that approximately 200,000 people in Texas, or about 1 percent of the population, are homeless, which is higher than the National Alliances to End Homelessness’ Point in Time estimate.⁷ Furthermore, the homeless population can be classified into three categories: literally homeless, which describes those who have no permanent residence and stay in shelters or public places; marginally homeless, which includes those who live temporarily with other people and have no prospects for housing; and people at risk of homelessness. People at risk of homelessness generally have incomes below the poverty level, rely on utility and rental assistance and may be unable to absorb unexpected events such as the loss of a job or serious illness.

The homeless population is not homogenous: there are homeless families with children, homeless youth, homeless minorities, homeless in rural areas, homeless victims of domestic violence, homeless persons with mental illness and disabilities, elderly persons, homeless veterans and chronically homeless people. Though these subpopulations may have different characteristics, the two main trends significant in the rise of homelessness can be connected to poverty (characterized by the decline in employment opportunities and public assistance programs) and a shortage of affordable housing.⁸

Given the great public costs associated with homelessness, a shift has occurred nationally to emphasize the re-housing of homeless individuals instead of experiencing waiting periods in temporary shelters. The American Recovery and Reinvestment Act of 2009 created the Homelessness Prevention and Rapid Re-housing Program which focuses on re-housing those in

⁶ National Alliance to End Homelessness, Homeless Research Institute. (2009, January). Homeless counts: Changes in homelessness from 2005 to 2007. Retrieved from <http://www.endhomelessness.org/content/article/detail/2158>.

⁷ Texas Interagency Council for the Homeless. (2000). Key facts. Retrieved from <http://www.tich.state.tx.us/facts.htm>

⁸ National Coalition for the Homeless. (2008, June). Why are people homeless? NCH Fact Sheet #1. Retrieved from <http://www.nationalhomeless.org/factsheets/who.html>

danger of homelessness. The Emergency Shelter Grant Program was renamed to Emergency Shelter Grant Program redesigned with an emphasis on re-housing persons that are homeless and preventing homelessness, while still providing a limited amount of funding for the support of homeless shelter operations.

According to the chart below, Regions 3 and 6, which represent Dallas-Fort Worth and Houston respectively, have the highest number of persons in group quarters, including shelters.

Homeless, Group Quarters Population by Region – Texas, 2010

Region	Large City within Region for Geographic Reference	Rural	Urban	Total
1	Lubbock	480	2,016	2,496
2	Abilene	375	1,837	2,212
3	Dallas/Fort Worth	930	12,763	13,693
4	Tyler	877	2,075	2,952
5	Beaumont	534	993	1,527
6	Houston	933	17,383	18,316
7	Austin/Round Rock	197	8,015	8,212
8	Waco	506	1,704	2,210
9	San Antonio	324	6,924	7,248
10	Corpus Christi	345	2,714	3,059
11	Brownsville/Harlingen	309	2,083	2,392
12	San Angelo	226	1,084	1,310
13	El Paso	15	2,056	2,071
State Total		6,051	61,647	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

PERSONS WITH DISABILITIES

In the past, public-program spending for long-term services and supports for persons with disabilities in Texas was allocated in large part to institutional facilities such as nursing homes. However, over the last two decades, with the advent of Medicaid waivers, home- and community-based service alternatives have become an increasingly significant option and choice, as witnessed through recent federal and state legislation. With these services and supports provided in a residential setting, Texas has witnessed a large drop in its institutionalized population, from over 12,000 in 1977 to 4,789 in 2008.⁹

A significant number of persons with disabilities face extreme housing needs. Research conducted by the national Housing Task Force of the Consortium for Citizens with Disabilities found that as many as 2.4 million households with disabilities have “worst-case housing needs,” defined by HUD as unassisted renters with income below 50% of their area’s median income who pay more than half of

⁹ Research and Training Center on Community Living, (2009) Residential Services for Persons with Developmental Disabilities: Status and Trends Through 2008: Profiles of Trends in State Residential Services by State, Retrieved from <http://rtc.umn.edu/docs/risp2008.pdf>

their income for housing or live in severely substandard housing, or both.¹⁰ This is in line with the finding that the incidence of poverty is much higher for persons ages 25 to 64 with a severe disability (27%) or non-severe disability (12%) as compared to no disability (9%).¹¹ In fact, HUD's Office of Policy Development and Research reported that almost two-thirds of unassisted very low-income renter households with disabilities have worst-case housing needs.¹²

According to the US Census 2009 population estimates, Texas has a slightly lower proportion of persons with disabilities (14.5 percent) compared to the national average of 16.2 percent of the total population. According to the chart below, of those Texans with disabilities, approximately 83.7 percent live in urban areas. Persons with disabilities are more likely to be living in urban areas due to the ability to access transportation and the close proximity to health related and other services and supports.¹³

Persons with Disabilities – Texas, 2000

Region	Large City within Region for Geographic Reference	Rural	Urban	Total
1	Lubbock	55,332	83,188	138,520
2	Abilene	50,225	55,100	105,325
3	Dallas/Fort Worth	43,659	844,558	888,217
4	Tyler	120,014	93,739	213,753
5	Beaumont	70,681	79,848	150,529
6	Houston	26,390	775,046	801,436
7	Austin/Round Rock	19,633	170,593	190,226
8	Waco	47,346	113,397	160,743
9	San Antonio	19,857	317,684	337,541
10	Corpus Christi	44,148	97,444	141,592
11	Brownsville/Harlingen	51,933	205,905	257,838
12	San Angelo	34,035	57,765	91,800
13	El Paso	5,455	122,545	128,000
State Total		588,708	3,016,812	3,605,520

Source: Census 2000.

ELDERLY PERSONS

A correlation also exists among age, income and home modifications. A 2008 survey of older Texans for Aging Texas Well, an advisory committee headed by the Texas Department of Aging and Disability Services, found that 56 percent of older Texas respondents spend more than 30 percent of their

¹⁰ Technical Assistance Collaborative Inc., Housing Task Force of the Consortium for Citizens with Disabilities, (2008) *The Hidden Housing Crisis: Worst Case Housing Needs Among Adults With Disabilities*, <http://www.tacinc.org/downloads/HiddenHousCrisis.pdf>

¹¹ National Council on Disability, (January 2010) *The State of Housing in America in the 21st Century: A Disability Perspective*

¹² US Department of Housing and Urban Development, Office of Policy Development and Research, (May 2010) *Worst Case Housing Needs 2007: A Report to Congress*

¹³ Housing & Health Services Coordination Council, Testimony of Theresa Cruz, Director of the State Office of Rural Health, Texas Department of Rural Affairs: HHSC Public Forums, 8 February 2010.

income on housing.¹⁴ Furthermore, disability rates are often related to age, necessitating home modifications. The 2005 to 2007 American Community Survey finds that 45.3 percent of the population 65 years and older had a disability during this time period. This is compared with 6.6 percent of the population aged 5 to 15 years and 11.8 percent of the population aged 16 to 64 years during the same time period.¹⁵ The survey for Aging Texas Well survey found that 14 percent of older Texans reported that their home's doorways, hallways, kitchen, bathroom and closets needed substantial accessibility modifications. In addition, 15 percent of older Texans reported that their home's structure, heating and cooling systems, or electricity or plumbing needed substantial repair.¹⁶ These needed accessibility modifications or repairs may prevent elderly households from aging in place, necessitating an earlier move to costly nursing homes or other supportive housing.

According to the chart below, of elderly Texans, approximately 77.1 percent live in urban areas. Persons who are elderly are more likely to be living in urban areas due to the close proximity to health related and other services and supports.¹⁷

Elderly Persons – Texas, 2000

Region	Large City within Region for Geographic Reference	Rural	Urban	Total
1	Lubbock	44,084	55,001	99,085
2	Abilene	44,437	40,531	84,968
3	Dallas/Fort Worth	34,043	477,876	511,919
4	Tyler	108,447	65,076	173,523
5	Beaumont	51,874	54,455	106,329
6	Houston	17,140	363,803	380,943
7	Austin/Round Rock	19,808	90,644	110,452
8	Waco	40,388	46,119	86,507
9	San Antonio	20,105	184,941	205,046
10	Corpus Christi	35,688	60,490	96,178
11	Brownsville/Harlingen	30,301	107,305	137,606
12	San Angelo	25,403	40,949	66,352
13	El Paso	3,338	10,286	13,624
State Total		475,056	1,597,476	2,072,532

Source: Census 2000.

¹⁴Texas Department of Aging and Disability Services. (2009, April). Aging Texas well: Indicators survey overview report 2009. Retrieved from http://www/dads/state/tx/us/news_info/publications/studies/ATWIndicators2009.pdf.

¹⁵U.S. Census bureau, 2005-2007 American Community Survey. (n.d.). Subject table. Retrieved from <http://factfinder.census.gov>.

¹⁶Texas Department of Aging and Disability Services. (2009, April). Aging Texas well: Indicators survey overview report 2009. Retrieved from http://www/dads/state/tx/us/news_info/publications/studies/ATWIndicators2009.pdf.

¹⁷ Housing & Health Services Coordination Council, Testimony of Theresa Cruz, Director of the State Office of Rural Health, Texas Department of Rural Affairs: HHSC Public Forums, 8 February 2010.

PERSONS WITH ALCOHOL AND SUBSTANCE ABUSE DISORDERS

Persons with alcohol and substance abuse issues face additional obstacles in securing housing. Currently, persons with substance abuse disorders are ineligible for many housing subsidies and supportive housing options. HUD's tenant criterion allows for the prohibition of individuals who have engaged in drug-related criminal behavior or individuals whose abuse pattern or abuse of alcohol "interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents."¹⁸ These prohibitions combined with restrictions from property owners make it difficult for persons with a criminal background, and thus some individuals with substance abuse disorders, to find public or private housing.

Estimates from the *2007-08 National Survey on Drug Use and Health* show slightly lower rates of illicit drug use and abuse in Texas than the nation as a whole with 2.71 percent of Texans as compared with 2.78 percent nationwide. This report estimates that in Texas from 2007-2008 514,000, approximately people were dependent or abusive of illicit drugs and 1,357,000 people were dependent or abusive on alcohol.¹⁹

PUBLIC HOUSING RESIDENTS

Beginning in the 1930s, local public housing authorities (PHA) built and managed properties for low-income residents primarily through funding provided by the U.S. Department of Housing and Community Affairs (HUD). Most of the public housing developments were completed in the 1970s. By 1993, HUD created HOPE VI to replace deteriorating public housing stock with mixed-income developments. Nationwide as assessed in the mid-1990s, 61 percent of public housing was located in the central city, 19 percent in the suburbs, and 20 percent in non-metropolitan areas. From 1999-2005, the median length of stay in public housing was 4.7 years and families with children stayed a median of 3.2 years.²⁰

A study entitled *Federal Programs for Addressing Low-Income Housing Needs: A Policy Primer* (2002) found that a majority of public housing residents were employed or searching for employment. However, most residents worked part-time, low-paying jobs offering no fringe benefits.²¹ Public housing residents may have educational barriers or transportation barriers that further challenge them from transitioning to market-rate housing.²²

According to HUD, there are 63,416 public housing units in Texas as of 2010. As the chart below describes, 53% of public housing units are found in rural areas of the state, with Regions 9 and 13 holding the highest number of rural public housing units.

¹⁸ HUD Occupancy Handbook (4350.3 REV-1), Chapter 4.

¹⁹ Maxwell, Jane C. Substance Abuse Trends in Texas. (2010, June). Retrieved from <http://www.utexas.edu/research/cswr/gcattc/documents/Texas2010TrendsReport.pdf>

²⁰ Turner, M. A. & Kingsley, G. T. (2008, December). Federal programs for addressing low-income housing needs: A policy primer. The Urban Institute. Retrieved from http://www.urban.org/uploadedPDF/411798_low-income_housing.pdf.

²¹ Martinez, J. M. (2002, September). The employment experiences of public housing residents: Findings from the jobs-plus baseline survey. Retrieved from <http://www.mdrc.org/publications/25/overview.html>.

²² Turner, M. A. & Kingsley, G. T. (2008, December). Federal programs for addressing low-income housing needs: A policy primer. The Urban Institute. Retrieved from http://www.urban.org/uploadedPDF/411798_low-income_housing.pdf.

PHA Units – Texas, 2010

Region	Large City within Region for Geographic Reference	Rural	Urban	Total PHA Units
1	Lubbock	304	1,270	1,574
2	Abilene	1,551	2,369	3,920
3	Dallas/Fort Worth	4,716	5,595	10,311
4	Tyler	1,061	2,324	3,385
5	Beaumont	705	2,546	3,251
6	Houston	1,465	4,297	5,762
7	Austin/Round Rock	1,158	2,366	3,524
8	Waco	3,264	924	4,188
9	San Antonio	7,953	268	8,221
10	Corpus Christi	1,389	3,188	4,577
11	Brownsville/Harlingen	3,548	3,867	7,415
12	San Angelo	580	673	1,253
13	El Paso	5,985	50	6,035
State Total		33,679	29,737	63,416

Source: US Department of Housing and Urban Development.

PERSONS LIVING WITH HIV/AIDS

According to the Texas Department of State Health Services' 2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning, HIV/AIDS cases are not evenly distributed across Texas. In 2008, Persons Living with HIV/AIDS (PLWHA) were concentrated in metropolitan areas, with over half residing in the Houston and Dallas metropolitan areas. In contrast, South and West Texas had the lowest rates of PLWHA in 2008. The highest rates of living cases were in the 45-54 age groups.²³

As seen in the chart below, Regions 3 and 6 have the highest number of PLWHA in the state. Over 95 percent of PLWHA live in urban areas. The reason behind such a large urban concentration, as found in the SCSN, is a lack of available health care choices in non-urban service areas and the effect on access to care, especially for specialty services and the availability of affordable housing.²⁴ See chart below for more details on persons living with HIV/AIDS in Texas.

²³ Texas Department of State Health Services, (April 2010) 2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning, <http://www.dshs.state.tx.us/hivstd/reports/HIVandAIDSinTexas.pdf>

²⁴ Texas Department of State Health Services, (June 2008), 2008 – 2010 Texas Statewide Coordinated Statement of Need, http://www.dshs.state.tx.us/hivstd/planning/docs/SCSN_2008-2010.pdf

Persons with HIV/AIDS – Texas, 2008

Region	Large City within Region for Geographic Reference	Rural	Urban	Total
1	Lubbock	435	643	1,078
2	Abilene	143	286	429
3	Dallas/Fort Worth	167	19,319	19,486
4	Tyler	564	823	1,387
5	Beaumont	438	896	1,334
6	Houston	186	20,732	20,918
7	Austin/Round Rock	68	4,296	4,361
8	Waco	209	962	1,171
9	San Antonio	45	4,451	4,496
10	Corpus Christi	112	665	777
11	Brownsville/Harlingen	164	1,685	1,849
12	San Angelo	111	351	462
13	El Paso	7	1,562	1,569
State Total		2,649	56,668	59,317

Source: Texas Department of State Health Services, 2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning

Note: Figures do not include those unaware of their HIV infection of those who tested HIV positive solely through an anonymous HIV test. Cases diagnosed at the Texas Department of Criminal Justice System are not attributed to a geographic area.

In looking at how client services funds were allocated by service category, the 2008-2010 Texas Statewide Coordinate Statement of Need (SCSN) found that housing was the second largest allocation category, with \$14,765,131 in Ryan White, HOPWA, and State Services and Medication funding provided to PLWHA in 2007.²⁵ However, SCSN also reported affordable housing as one of the two most frequent gaps in services identified by clients in six of the seven HIV Service Delivery Areas (HSDAs) assessed in Texas. For certain PLWHA, specifically for single women and single men without children, the availability of Ryan White & Housing Opportunities for Persons with AIDS (HOPWA) funded housing is a particular problem. Also, many HIV positive women with children who have had access to stable housing through Ryan White funds will lose this benefit once their children turn 18 and leave the home. Finally, through informant interviews, the SCSN found that reimbursement rates for housing are below fair market rates, which place clients into housing in high crime/low income areas which may lead to substance abuse issues, crime and other factors that are known to affect access and maintenance in care.

COLONIA RESIDENTS

According to Section 2306.581 of the Texas Government Code:

“Colonia” means a geographic area located in a country some part of which is within 150 miles of the international border of this state, consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood and

²⁵ Texas Department of State Health Services (June 2008), 2008 - 2010 Texas Statewide Coordinated Statement of Need, http://www.dshs.state.tx.us/hivstd/planning/docs/SCSN_2008-2010.pdf

- has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or
- has the physical and economic characteristics of a colonia, as determined by the department.

Major issues affecting colonias include high rates of unemployment, extremely low-incomes, lack of sufficient infrastructure for water and sewer service, higher rates of certain diseases, lack of educational resources, substandard housing and extensive use of contracts for deed. The latter two issues are directly related to housing. Housing in colonias is often constructed by residents using only available materials; professional builders are not often used.²⁶ According to 2000 Census data, colonias have a 75 percent homeownership rate. Despite this rate, colonia homes are inadequate: 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. It is estimated that 50 percent of colonia residents lack basic water and sewage systems: 51 percent use septic tanks, 36 percent use cesspools, 7 percent use outhouses and 6 percent use other wastewater systems.²⁷

Furthermore, properties in colonias are often purchased with contracts for deed, which are seller-financed transactions that do not transfer the title and ownership of the property to the buyer until the purchase price is paid in full. Contracts for deeds are often used in colonias because many residents do not have a credit history or qualification for a loan from a financial institution. Because of a lack of other options, contracts for deed often have high interest rates and are subject to abusive financial practices.²⁸

Colonia residents have several needs that include increased affordable housing opportunities, such as down payment assistance and low-interest-rate loans, homeowner education, construction education and assistance, owner-occupied home repair, access to adequate infrastructure and the conversion of remaining contracts for deed to conventional mortgages. According to the Office of Attorney General's colonia estimates accessed in 2010, the number of colonia residents for Texas is 418,406.

As seen in the charts below, colonias are only found in five of the state's 13 service regions, with Region 11 holding the largest portion of colonia residents (72.8%). Additionally, over 70% of colonia residents reside in urban areas.

Colonia Residents – Texas, estimated in 2010

Region	County	Rural	Urban	Total
9	Frio	2,212	-	2,212
Region 9 Total		2,212	-	2,212

²⁶ Federal Reserve Bank of Dallas. (n.d.). Texas colonias. Retrieved from <http://www.dallasfed.org/ca/pubs/colonias.html>.

²⁷ Moncada, N. (2001). A Colonias Primer. A briefing presented to the US Department of Housing and Urban Development. Retrieved from <http://www.nationalmortgagenews.com/nmn/plus93.htm>.

²⁸ Federal Reserve Bank of Dallas. (n.d.). Texas colonias. Retrieved from <http://www.dallasfed.org/ca/pubs/colonias.html>.

Region	County	Rural	Urban	Total
10	Brooks	1,610	-	1,610
10	Duval	2,621	-	2,621
10	Jim Wells	6,403	-	6,403
10	San Patricio	-	13,808	13,808
Region 10 Total		15,058	13,808	28,866

Region	County	Rural	Urban	Total
11	Cameron	-	46,869	46,869
11	Dimmit	3,720	-	3,720
11	Hidalgo	-	138,458	138,458
11	Jim Hogg	4,782	-	4,782
11	Kinney	1,942	-	1,942
11	La Salle	832	-	832
11	Maverick	22,320	-	22,320
11	Starr	34,458	-	34,458
11	Uvalde	3,964	-	3,964
11	Val Verde	7,603	-	7,603
11	Webb	-	19,916	19,916
11	Willacy	3,465	-	3,465
11	Zapata	13,814	-	13,814
11	Zavala	4,071	-	4,071
Region 11 Total		100,971	205,243	306,214

Region	County	Rural	Urban	Total
12	Pecos	3,495	-	3,495
12	Reeves	500	-	500
12	Terrell	1,135	-	1,135
Region 12 Total		5,130	-	5,130

Region	County	Rural	Urban	Total
13	Brewster	891	-	891
13	El Paso	-	77,169	77,169
13	Hudspeth	1,752	-	1,752
13	Jeff Davis	187	-	187
13	Presidio	409	-	409
Region 13 Total		3,239	77,169	80,408
State Total		124,398	296,220	420,618

Source: Texas Office of the Attorney General, Border Colonia Geographic Database.

Note: The database includes only border counties. In each region, counties without Colonia residents are not included in this chart

MIGRANT SEASONAL FARMWORKERS

Texas leads the nation in the quantity and size of farms and ranches with 247,500 properties covering 130.4 million acres. The economic impact of the food and fiber sector totals more than \$100 billion; cash receipts from the agriculture and ranching industries total \$19.8 billion.²⁹ One of every seven working Texans (14%) is in an agriculture-related job and many employed in this sector are migrant and seasonal farmworkers.

Migrant farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and the fact that they will reside in a given location only a short time. Many of the small, rural communities in which migrant workers may seek employment do not have the rental units available for the seasonal influx. While TDHCA-licensed facilities are inspected annually and are required to meet health and safety standards, they do not provide enough units to address the need. Substandard conditions and overcrowding are believed to be widespread in other migrant labor housing situations. In addition, migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases.³⁰

As seen in the chart below, Regions 1 and 11 have the highest number of migrant farmworkers, together accounting for over 56% of the state's total migrant farmworker population. Additionally, approximately 54.7% of migrant farmworkers reside in rural areas of the state.

Migrant Seasonal Farmworker Population Estimates – Texas, 2000

Region	Large City within Region for Geographic Reference	Rural	Urban	Total
1	Lubbock	65,767	14,695	80,462
2	Abilene	18,089	2,938	21,027
3	Dallas/Fort Worth	2,988	11,690	14,678
4	Tyler	8,011	2,419	10,430
5	Beaumont	2,738	321	3,059
6	Houston	3,239	6,357	9,596
7	Austin/Round Rock	928	3,418	4,346
8	Waco	3,817	2,241	6,058
9	San Antonio	7,395	11,562	18,957
10	Corpus Christi	10,435	11,474	21,909
11	Brownsville/Harlingen	35,022	87,925	122,947
12	San Angelo	32,958	4,041	36,999
13	El Paso	6,201	4,745	10,946
State Total		197,588	163,826	361,414

Source: MSFW Enumeration Profiles Study – TX, Larson, Alice, 2000.

²⁹ Texas Department of Agriculture, Texas Ag Stats, Retrieved from: http://www.agr.state.tx.us/agr/main_render/0,1968,1848_37142_0_0,00.html?channelId=37142

³⁰ Texas Department of Housing & Community Affairs, (September 2006), *Migrant Labor Housing Facilities in Texas: A Report on the Quantity, Availability, Need, and Quality of Migrant Labor Housing in the State*

POVERTY AND INCOME

According to Ribbon Demographics update on Census, approximately 789,021 families in Texas lived below the poverty line in 2010, with approximately 85 percent residing in urban areas.³¹ Poverty conditions along the Texas-Mexico border warrant special attention. Parts of the region, like McAllen-Edinburg-Mission, suffered from unemployment rates higher than the State's (12.3 percent vs. 8.2 percent in July 2010³²) and its residents made approximately 62 percent of the State's median income.³³ Conditions are particularly acute in the colonias, unincorporated areas along the

Families Below Poverty – Texas, 2010

	Total Families	Families below poverty	% Families below poverty
Rural	805,519	118,921	14.8%
Urban	5,466,222	670,100	12.3%
Texas	6,271,741	789,021	12.6%

Source: Nielsen Claritas, Ribbon Demographics, 2010.

The total number of families in poverty, elderly and non-elderly, is one of the need indicators for some of the Department's community service activities. According to Ribbon Demographics' update on Census data, 789,021 families are living below the poverty line and 646,038 of those families include children. Regions 3 and 6 have the highest numbers of families in poverty.

Families Below Poverty by Region – Texas, 2010

Region	Families at or above poverty	Families at or above poverty with children	Families below poverty	Families below poverty with children
1	187,643	93,176	26,464	21,455
2	127,667	57,533	16,772	13,195
3	1,657,013	898,475	208,654	174,972
4	300,289	138,969	41,815	33,478
5	172,224	76,510	30,061	23,736
6	1,326,999	714,149	164,065	136,420
7	398,072	209,963	36,386	29,496
8	185,311	91,430	26,405	21,387
9	491,102	246,759	66,868	54,513
10	177,372	86,813	33,012	26,104
11	288,934	160,439	116,756	93,612
12	127,632	63,974	16,959	13,572
13	42,462	22,555	4,804	4,098
Total	5,482,720	2,860,745	789,021	646,038

Source: Nielsen Claritas, Ribbon Demographics, 2010.

³¹ Nielsen Claritas, Ribbon Demographics (2010) Custom PopFacts Report – Selected Data Variables.

³² U.S. Bureau of Labor Statistics. (2010, September 27). Economy at a glance. Retrieved from <http://www.bls.gov/eag/eag.tx.htm>.

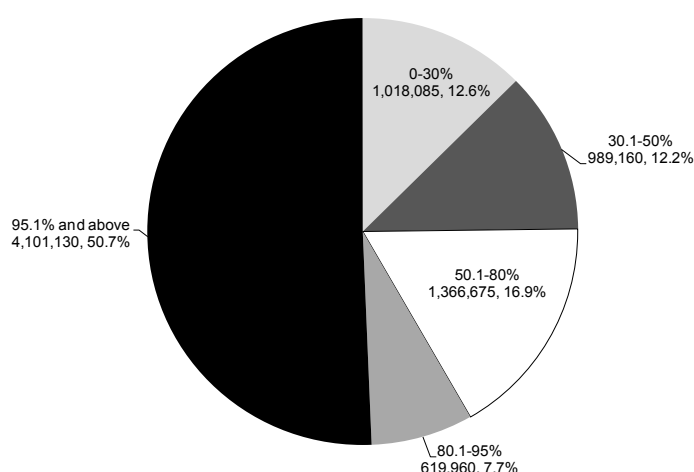
³³ U.S. Census Bureau, 2006-2008 American Community Survey. (n.d.). Subject tables. Retrieved from <http://factfinder.census.gov>.

Many families who rely on low-wage occupations for a living find it difficult to cover all essential expenses. According to a study by the Center for Public Policy Priorities, “a significant proportion of families throughout the state struggle paycheck-to-paycheck to make ends meet.” The study examined a typical family’s fundamental expenses, such as housing, food, child care, medical costs, transportation, taxes, etc. and compared the total bill to typical wages earned in the 27 Texas Metropolitan Statistical Areas. The study asserts that a family of four in Texas requires a household hourly income of \$18 to \$22 per hour (depending on the metro area in which the family lives) to simply meet its most basic needs. In a majority of Texas metro areas, however, half of the total employment is in occupations with a median wage under \$10 per hour.³⁴

In addition, expected economic growth will not necessarily positively impact the lowest-income groups. The Texas Comptroller’s Biennial Revenue Estimate predicts that the fastest growing sector of the state economy for 2010-2011 will be the professional and business services. This industry’s employment growth is expected to remain solid, averaging 3.1 percent per year in 2010 and 2011, with most of the job gains in fiscal 2011.³⁵ While this growth may buoy the state economy, it may not raise many low-income families, who may not have the necessary education or training, from their current positions.

To provide a more detailed breakdown of the population by income level, this report will use the five income groups designated by HUD. Households are classified into these groups by comparing reported households incomes to HUD-Adjusted Median Family Incomes (HAMFI). The income level definitions are as follows:

- Extremely Low Income: At or below 30 percent of HAMFI
- Very Low Income: Between 31 percent and 50 percent of HAMFI
- Low Income: between 51 percent and 80 percent of HAMFI
- Moderate Income: Between 81 percent and 95 percent of HAMFI
- Above 95 percent of HAMFI



Households by Income Group – Texas, 2005-2007

Income Group	Households	Percent
0-30%	1,018,085	12.6%
30.1-50%	989,160	12.2%
50.1-80%	1,366,675	16.9%
80.1-95%	619,960	7.7%
95.1% & above	4,101,130	50.7%

Source: CHAS 2005-07 statewide figures.

³⁴Center for Public Policy Priorities. (2002, September1). Making it: what it really takes to live in Texas. Retrieved from <http://cppp.org/research.php?aid=120>.

³⁵Texas Comptroller of Public Accounts. (2009, January). Biennial revenue estimate: 2010-2011. Retrieved from <http://www.window.state.tx.us/taxbud/bre2010/outlook.html>.

The pie chart above indicates the projected distribution of households by income group across Texas by number and percentage. A total of 41.7 percent of all households are in the low-income range (0 to 80 percent of HAMFI). Meeting the needs of this large portion of the State's households is TDHCA's primary focus.

The table below provides information on the income breakdowns of households in each region. Regions 3 and 6 had the highest number of people with incomes over 80% AMFI. Regions 12 and 13 had the lowest number of people with incomes over 80% AMFI.

Households and Income – Texas, 2000

Service Region	Total Households	Extremely Low Income (0% to 30% AMFI)	Very Low Income (31% to 50% AMFI)	Low Income (51% to 80% AMFI)	Moderate Income (81% to 95% AMFI)	Higher Income (over 95% AMFI)
1	288,273	36,433	34,684	53,087	20,604	143,475
2	206,459	23,690	26,096	37,041	15,491	104,169
3	1,988,135	216,675	207,946	361,581	165,946	1,043,156
4	380,765	47,359	45,345	64,823	28,943	194,299
5	274,543	38,575	32,704	45,851	19,222	138,364
6	1,691,811	209,127	186,994	284,820	131,907	881,944
7	509,798	60,766	54,465	92,250	44,650	257,667
8	343,856	46,423	39,537	59,780	26,911	171,721
9	635,280	73,161	69,347	109,133	49,283	334,532
10	255,493	33,862	30,725	42,309	16,854	131,811
11	377,276	73,326	62,736	71,481	199	169,566
12	188,921	22,798	23,084	33,409	13,680	95,995
13	216,861	29,207	28,546	38,430	7,373	114,009
State	7,357,471	911,402	842,209	1,293,995	541,063	3,780,708

Source: 2000 CHAS Database

AFFORDABLE HOUSING NEED

When analyzing local housing markets and developing strategies for meeting housing problems, HUD suggests the consideration of several factors. These factors include how much a household spends on housing costs (also called Housing Cost Burden), the physical condition of the housing and whether or not the unit is overcrowded. The following table reveals the number and percentage of households with at least one housing need by income category and household type.

Households with One or More Housing Problems – Texas, 2005-2007

	Renter At least one problem	Renter Total Households	Renter Percent with at least once problem	Owner At least one problem	Owner Total Households	Owner Percent with at least once problem	Total Households
0-30% AMI	510,775	645,370	79.1%	291,625	372,720	78.2%	1,018,090
31-50% AMI	419,550	515,885	81.3%	289,945	473,275	61.3%	989,160
51-80% AMI	282,865	603,425	46.9%	355,265	763,245	46.5%	1,366,670
81-95% AMI	48,395	230,325	21.0%	138,800	389,640	35.6%	619,965
More than 95% AMI	64,650	821,110	7.9%	373,475	3,280,040	11.4%	4,101,150
Total	1,326,235	2,816,115	47.1%	1,449,110	5,278,920	27.5%	8,095,035

Source: CHAS 2005-07 statewide figures.

Of renter households, those at 31-50% AMI are the most likely to have at least one housing problem. Of owner households, those at 0-30% AMI are the most likely to have at least one housing problem.

PHYSICAL INADEQUACY (LACK OF KITCHEN AND PLUMBING FACILITIES)

The measure of physical inadequacy available from the CHAS database tabulation is the number of units lacking complete kitchen and/or plumbing facilities. While this is not a complete measure of physical inadequacy, the lack of plumbing and/or kitchen facilities can serve as a strong indication of one type of housing inadequacy. The following table demonstrates that among the physically inadequate housing units, 29.3 percent are occupied by extremely low-income households.

Number of Units Lacking Kitchen and/or Plumbing by Affordability Category – Texas, 2005-2007

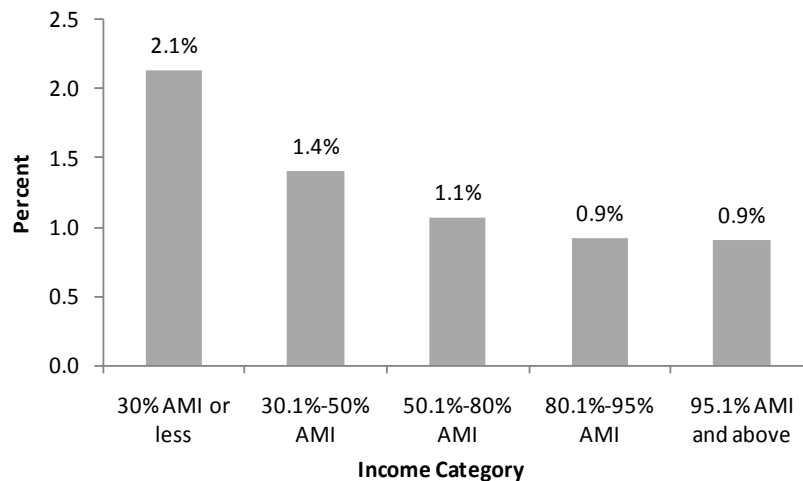
Income Group	Units	Percent
0% to 30%	20,635	29.3
31% to 50%	11,335	16.1
51% to 80%	13,195	18.8
80% to 95%	4,535	6.5
Over 95%	20,610	29.3
Total	70,310	

Source: CHAS 2005-07 statewide figures.

The state defines “standard condition” of housing as properties that meet the federal Housing Quality Standards, or the state Colonia Housing Standards, as applicable. “Substandard condition but suitable for rehabilitation” refers to properties that do not meet the above standards but are not sufficiently deteriorated to justify demolition or replacement. These definitions refer to the condition of properties prior to the receipt of assistance.

The following bar chart shows the distribution of substandard housing by income group. Households in the lowest income group earning 30 percent AMFI or less have the highest percentage of physically inadequate rental housing. The chart shows the percentage of households with housing problems in each income category compared to households in the corresponding income category.

Renter Households with Substandard Housing by Income Category – Texas, 2005-2007

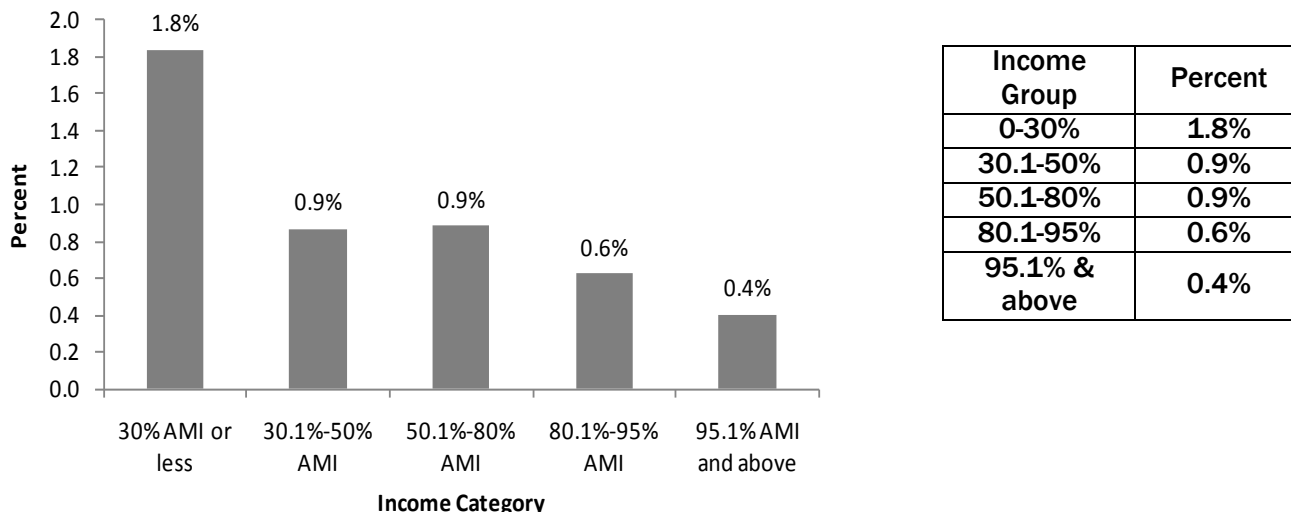


Income Group	Percent
0-30%	2.1%
30.1-50%	1.4%
50.1-80%	1.1%
80.1-95%	0.9%
95.1% & above	0.9%

Source: CHAS 2005-07 statewide figures.

The same trend holds true for owner households. The chart shows the percentage of households with housing problems in each income category compared to households in the corresponding income category.

Owner Households with Substandard Housing by Income Category – Texas, 2005-2007



Source: CHAS 2005-07 statewide figures.

As seen in the chart below, Regions 3, 6 and 11 have the highest number of units lacking facilities for households earning 0 to 80 percent AMFI. Regions 3 and 6 also have the highest number of units lacking facilities for households earning 80 percent AMFI and above. These are also the two regions with the highest numbers of households in poverty in the state. In contrast, Regions 1, 2, and 12 have the lowest number of units lacking facilities for households earning 0 to 80 percent AMFI.

Number of Units Lacking Kitchen and/or Plumbing by Affordability Category – Texas, 2009

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	3,211	898	558	604	199
2	2,161	670	367	459	151
3	18,571	4,988	3,378	3,940	1,336
4	5,578	1,724	994	1,002	370
5	3,836	1,270	633	733	191
6	18,712	5,594	3,306	3,787	1,037
7	5,598	1,938	981	1,125	339
8	4,173	1,240	805	789	235
9	7,521	2,128	1,319	1,581	607
10	3,763	1,266	737	771	147
11	14,614	6,312	3,577	2,527	0
12	2,577	713	547	538	101
13	4,076	950	1,093	938	124
State	94,391	29,690	18,293	18,792	4,838

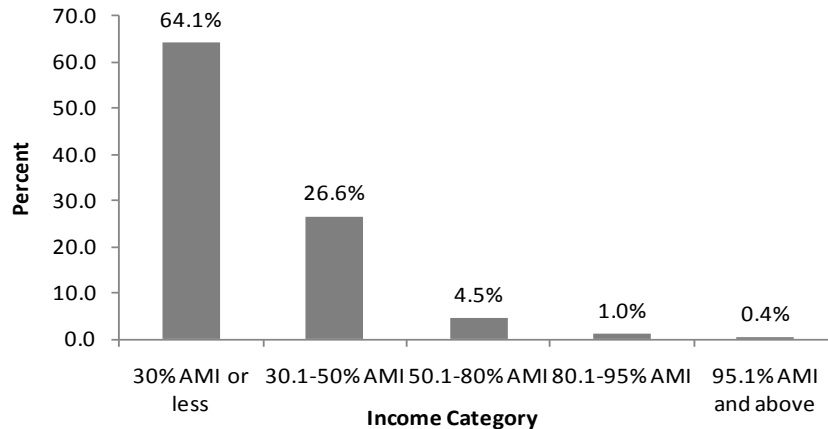
Source: 2000 CHAS Database with projections based on HISTA data

HOUSING COST BURDEN

A cost burden is identified when a household pays more than 30 percent of its gross income for housing costs. When so much is spent on housing, other basic household needs may suffer. As the following graph shows, a majority of renter households in the lowest two income categories, totaling more than 551,000 households, is burdened by paying an excess portion of income toward housing. This is much greater than in the highest income category, above 95 percent AMFI, where only 0.4

percent of households, or 3,480 households, experience the problem. The chart shows the percentage of households with cost burden in each income category compared to households in the corresponding income category.

Renter Households with Housing Cost Burden by Income Category – Texas, 2005-2007

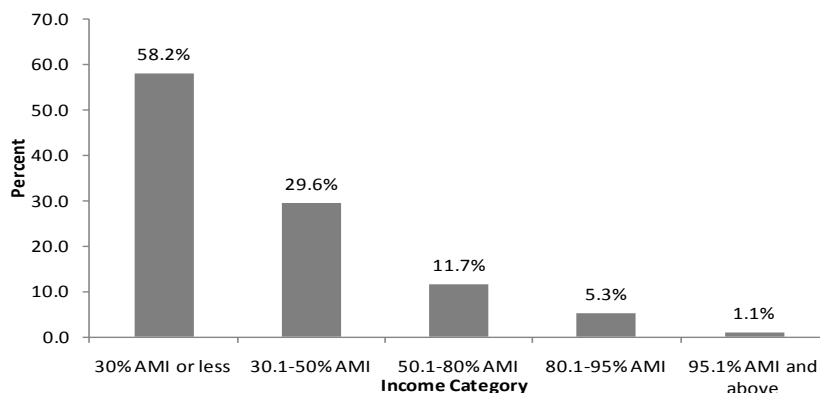


Income Group	Percent
0-30%	64.1%
30.1-50%	26.6%
50.1-80%	4.5%
80.1-95%	1.0%
95.1% & above	0.4%

Source: CHAS 2005-07 statewide figures.

As shown in the following graph, housing cost burden affects 217,070, or 58.2 percent of owner households in the lowest income category. This figure, representing a majority, is much higher than the 1.1 percent of households affected in the highest income category. The graph illustrates the direct correlation between an owner household's income category and an owner household's likelihood of experiencing this problem. The chart shows the percentage of households with cost burden in each income category compared to households in the corresponding income category.

Owner Households with Housing Cost Burden by Income Category – Texas 2005-2007

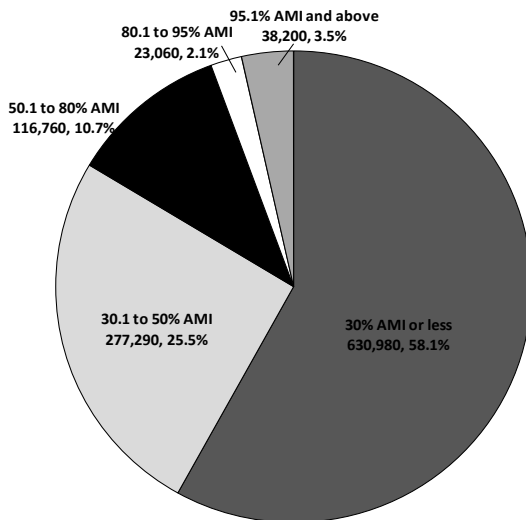


Income Group	Percent
0-30%	58.2%
30.1-50%	29.6%
50.1-80%	11.7%
80.1-95%	5.3%
95.1% & above	1.1%

Source: CHAS 2005-07 statewide figures.

Finally, the pie chart below shows the total number and percentage of all households with housing cost burden by income group.

Total Housing Cost Burden by Income Group – Texas, 2005-2007



Income Group	Households	Percent
0-30%	630,980	58.1%
30.1-50%	277,290	25.5%
50.1-80%	116,760	10.7%
80.1-95%	23,060	2.1%
95.1% & above	38,200	3.5%

Source: CHAS 2005-07 statewide figures.

The chart below shows the number of households with cost burden greater than 30 percent by income group. Regions 3 and 6 have the highest number of households experiencing extreme cost burden for all the income groups. In addition, Regions 7 and 9 have the third and fourth highest numbers of households experiencing extreme cost burden for all income groups. These regions represent the four largest Major Metropolitan Areas in Texas: Dallas-Fort Worth-Arlington, Houston-Sugar Land-Baytown, San Antonio and Austin-Round Rock.

Number of Households with Cost Burden by Income Group – Texas, 2009

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	67,156	25,939	18,689	13,818	2,730	5,982
2	44,820	16,401	13,389	8,732	2,075	4,223
3	483,443	148,173	124,704	118,320	29,094	63,152
4	87,846	31,977	23,560	18,322	4,865	9,123
5	62,016	25,949	16,662	11,413	2,581	5,412
6	392,181	133,623	104,552	83,584	20,976	49,445
7	143,360	44,925	36,217	36,747	8,972	16,499
8	90,612	34,211	23,462	19,895	4,810	8,233
9	153,507	47,556	38,733	36,371	9,494	21,352
10	59,191	20,620	15,872	12,697	2,988	7,014
11	78,562	33,079	20,702	14,090	72	10,619
12	40,053	14,994	11,375	7,894	1,849	3,942
13	55,856	17,463	14,981	13,699	1,587	8,126
State	1,758,605	594,909	462,899	395,582	92,093	213,123

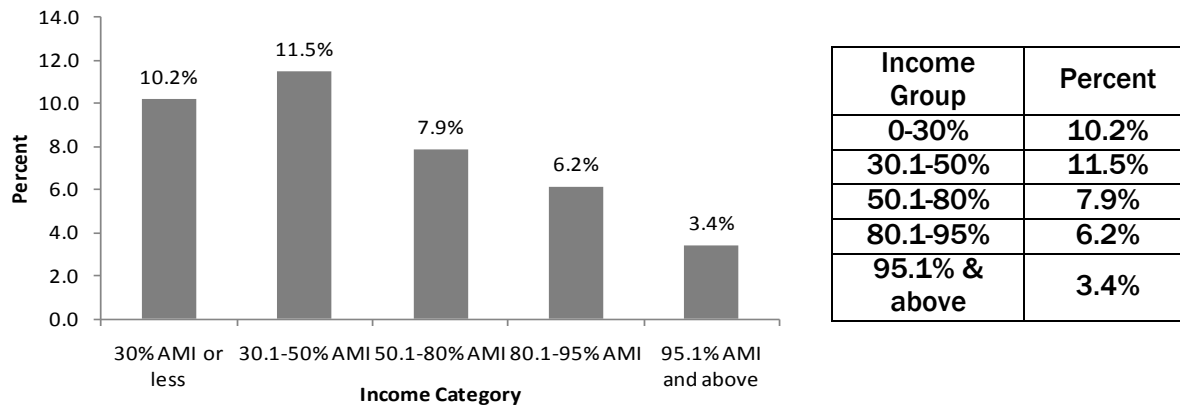
Source: 2000 CHAS Database with projections based on HISTA data

OVERCROWDING

Overcrowded housing conditions occur when a residence accommodates more than one person per each room in the dwelling. Overcrowding may indicate a general lack of affordable housing in a community where households have been forced to share space, either because other housing units are not available or because the units available are too expensive.

Lower income renter households experience overcrowded conditions more frequently than higher income households. Over 10.2 percent of renter households in the extremely low income category and 11.5 percent of renter households in the very low income category are afflicted by overcrowding. The chart shows the percentage of households experiencing overcrowding in each income category compared to households in the corresponding income category.

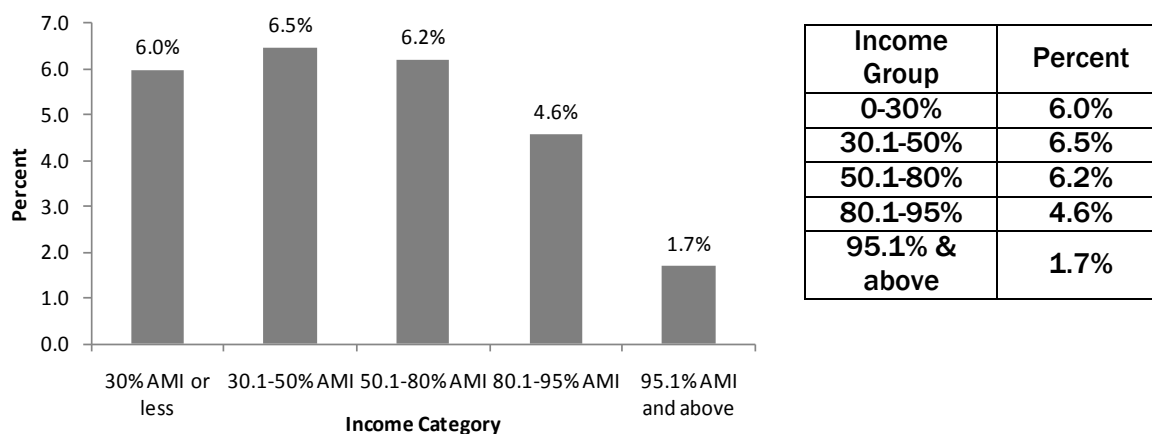
Renter Households with Incidence of Overcrowding by Income Group – Texas, 2005-2007



Source: CHAS 2005-07 statewide figures.

Lower income owner households also experience overcrowded conditions more frequently than higher income owner households. More than 6.5 percent of owner households earning less than 50 percent HAMFI live in overcrowded conditions compared to 4.6 percent of owner households over 80 percent HAMFI. The chart shows the percentage of households experiencing overcrowding in each income category compared to households in the corresponding income category.

Owner Households with Incidence of Overcrowding by Income Group – Texas, 2005-2007



Source: CHAS 2005-07 statewide figures.

The table below shows the number of overcrowded owner households by income group. Regions 3, 6, 11 and 9, in that order, have the highest number of overcrowded households for income levels 0 to 80 percent AMFI. With two exceptions, the most populous regions in the state have the highest number of overcrowded households. Those exceptions are Region 10, which is the seventh most

populated region, has the eighth highest number of overcrowded households and Region 8, which is the eighth most populated regions, has the seventh highest number of overcrowded households.

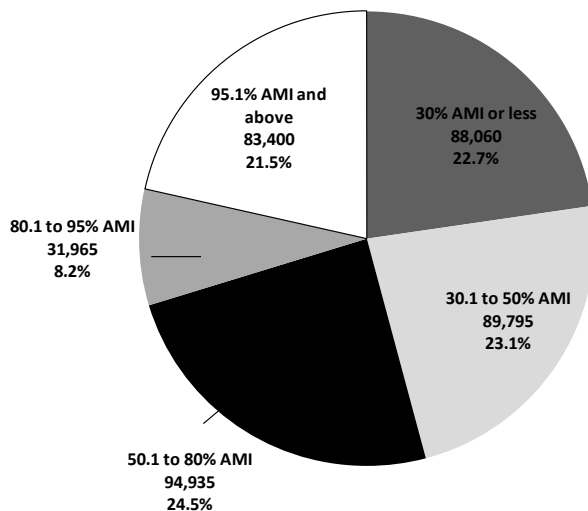
Number of Overcrowded Owner Household by Income Group – Texas, 2009

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	21,299	3,374	3,735	5,747	1,834	6,609
2	9,466	1,470	1,440	2,691	835	3,030
3	197,622	36,717	39,975	53,458	18,337	49,135
4	21,963	3,657	3,640	5,408	2,289	6,969
5	17,638	3,350	2,548	3,968	1,701	6,071
6	211,054	42,404	43,848	55,539	18,379	50,883
7	40,130	7,442	8,194	10,520	3,857	10,118
8	24,473	4,191	3,775	6,648	2,324	7,535
9	62,420	11,431	11,807	15,974	5,975	17,233
10	24,509	4,937	4,226	5,396	1,885	8,065
11	91,741	22,709	19,440	21,140	12	28,441
12	14,556	2,466	2,483	4,119	1,347	4,141
13	33,316	6,337	6,630	7,773	1,356	11,221
State	770,185	150,483	151,741	198,381	60,130	209,450

Source: 2000 CHAS Database with projections based on HISTA data

The pie chart below shows the total incidence of all overcrowded households by income group.

Overcrowded Household by Income Group – Texas, 2005-2007



Income Group	Households	Percent
0-30%	88,060	22.7%
30.1-50%	89,795	23.1%
50.1-80%	94,935	24.5%
80.1-95%	31,965	8.2%
95.1% & above	83,400	21.5%

Source: CHAS 2005-07 statewide figures.

HOUSING AVAILABILITY AND AFFORDABILITY

HOUSING SUPPLY

Ribbon Demographics reported that approximately 68.4 percent of units in Texas were single-family occupied. Approximately 23.9 percent of housing units were within multifamily structures: 2.1 percent were in developments up to 2 units; 3.2 percent were in developments with 3 or 4 units; 11.7 percent were within 5 to 19 units; and 6.7 percent were in developments of over 20 units. The remaining 7.7 percent of units were manufactured homes and other units such as boats. Additionally, over 86% of all occupied housing units in Texas are located in urban areas.

Physical Housing Characteristics for Occupied Units – Texas, 2010

	Rural Total Occupied Units	Urban Total Occupied Units	Total Occupied Units	Percent of Total
1, detached	987,335	5,457,046	6,444,381	65.8%
1, attached	16,509	235,695	252,204	2.6%
2 apartments	30,511	176,904	207,415	2.1%
3 or 4 apartments	32,538	282,068	314,606	3.2%
5 to 19 apartments	40,089	1,109,346	1,149,435	11.7%
20 to 49 apartments	8,857	294,955	303,812	3.1%
50 apartments or more	8,750	351,865	360,615	3.7%
Mobile home	227,991	516,187	744,178	7.6%
Other type of housing	3,032	12,803	15,835	0.2%
Totals	1,335,612	8,436,869	9,792,481	100.0%

Source: Nielsen Claritas, Ribbon Demographics, 2010.

Of the state's housing stock, those Regions with the highest proportion of one-unit homes are Regions 1 and 2 (75.2 percent and 78.2 percent respectively), while those Regions with the highest proportion of multifamily housing are Regions 3, 6 and 7 (32 percent, 33.3 percent and 34.9 percent). Additionally, those Regions with the highest proportion of manufactured homes are Regions 4 and 5 have (16.7% and 17.4% of housing units, respectively).

Housing Stock by Region, 2010

Service Region	Housing Units	One Unit	2 to 19 Units	Over 20 Units	Mobile Homes	Housing Units, Other*
1	364,013	273,806 75.2%	45,264 12.4%	15,626 4.3%	28,873 7.9%	444 0.1%
2	250,322	195,662 78.2%	25,307 10.1%	6,185 2.5%	22,652 9.0%	516 0.2%
3	2,641,833	1,777,240 67.3%	515,417 19.5%	221,824 8.4%	125,027 4.7%	2,325 0.1%
4	449,126	323,100 71.9%	39,838 8.9%	7,849 1.7%	77,315 17.2%	1,024 0.2%
5	340,876	240,884 70.7%	31,560 9.3%	8,325 2.4%	59,385 17.4%	722 0.2%
6	2,316,536	1,523,626 65.8%	456,449 19.7%	207,666 9.0%	126,595 5.5%	2,200 0.1%
7	732,684	472,984 64.6%	135,078 18.4%	78,011 10.6%	45,620 6.2%	991 0.1%

Service Region	Housing Units	One Unit	2 to 19 Units	Over 20 Units	Mobile Homes	Housing Units, Other*
8	439,300	296,111 67.4%	85,708 19.5%	13,030 3.0%	43,923 10.0%	528 0.1%
9	840,315	592,898 70.6%	141,026 16.8%	42,924 5.1%	62,437 7.4%	1,030 0.1%
10	320,071	229,566 71.7%	48,629 15.2%	11,356 3.5%	29,416 9.2%	1,104 0.3%
11	588,820	404,386 68.7%	80,984 13.8%	18,894 3.2%	80,257 13.6%	4,299 0.7%
12	235,268	172,578 73.4%	28,657 12.2%	9,066 3.9%	24,569 10.4%	398 0.2%
13	273,317	193,744 70.9%	37,539 13.7%	23,671 8.7%	18,109 6.6%	254 0.1%
State	9,792,481	6,696,585	1,671,456	644,427	744,178	15,835

Source: Nielsen Claritas, Ribbon Demographics, 2010.

*The "Housing Units, Other" category is for any living quarters occupied as a housing unit that do not fit in the other categories. Examples that fit in the "other" category are houseboats, railroad cars, campers and vans.

The chart below shows occupied and vacant housing by region. In all regions rural areas experienced higher levels of vacancy than urban areas. Regions 2, 5 and 11 experienced the highest overall vacancy rates, with total vacancy rates above 16 percent. Nationwide the vacancy rate was approximately 14.4% in the second quarter of 2010.³⁶ The regions with the largest MSAs have the lowest vacancy rates, possibly because of the large population and increased need for housing in the area.

³⁶ U.S. Census Bureau news. (2010, July 27). Residential vacancies and homeownership in the second quarter 2010. Retrieved from <http://www.census.gov/hhes/www/housing/hvs/qtr210/files/q210press.pdf>.

Housing Occupancy by Region

Region	Rural Occupied Housing Units	Rural Vacant Housing Units	Rural % of housing units Vacant	Urban Occupied Housing Units	Urban Vacant Housing Units	Urban % of housing units Vacant	Urban and Rural % of housing units vacant
1	105,096	22,281	17.5%	198,888	21,579	9.8%	12.6%
2	90,674	27,256	23.1%	116,938	15,454	11.7%	17.1%
3	94,365	13,037	12.1%	2,364,328	170,103	6.7%	6.9%
4	222,403	37,466	14.4%	191,945	17,122	8.2%	11.6%
5	131,454	34,740	20.9%	152,653	22,029	12.6%	16.7%
6	56,263	13,015	18.8%	2,031,277	215,981	9.6%	9.9%
7	45,845	13,107	22.2%	629,606	44,126	6.5%	7.8%
8	91,797	20,596	18.3%	294,617	34,950	10.6%	12.6%
9	40,152	5,466	12.0%	733,645	61,052	7.7%	7.9%
10	75,748	18,092	19.3%	194,209	32,022	14.2%	15.7%
11	82,242	16,597	16.8%	400,384	83,296	17.2%	17.1%
12	62,698	19,406	23.6%	138,601	14,563	9.5%	14.4%
13	9,790	3,366	25.6%	240,413	19,748	7.6%	8.5%
State Total	1,108,527	244,425	18.1%	7,687,504	752,025	8.9%	10.2%

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of multifamily units in the state financed through state and federal sources, including TDHCA, the U.S. Department of Housing and Urban Development (HUD), public housing authorities (PHAs), Section 8 Housing Choice Vouchers and the United States Department of Agriculture (USDA). The table also includes local housing finance corporations (HFCs), a category which encompasses the Texas State Affordable Housing Corporation (TSAHC). Please note that because some developments layer funding from multiple sources, there may be double counting.

Because this is a count of subsidized units, the unit total only includes those units that have income restrictions and does not include market-rate units that may have affordable rents available in some developments. TDHCA units represent the active multifamily units as taken from TDHCA's internal Central Database. Section 8 Housing Choice Vouchers and PHA data was obtained from HUD's Housing Authority website: <https://pic.hud.gov/pic/haprofiles/haprofilelist.asp>. HUD unit data was obtained from HUD's Multifamily Assistance and Section 8 Contracts database available at <http://www.hud.gov/offices/hsg/mfh/exp/mfhdiscl.cfm>. The USDA subsidized units was taken from its online database at http://rdmfhrentals.sc.egov.usda.gov/RDMFHRentals/select_state.jsp.

HFC data, including TSAHC data, was obtained from the Housing Finance Corporation Annual Report that HFCs are required to submit to TDHCA annually. The figure below describes the total units financed by the HFCs through June 2010 and does not specify assisted units, so these unit totals will also include market-rate units in the area. Because the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final state total.

Subsidized Multifamily Units, Texas 2010

	State Total	Percent of State Inventory
THDCA Units	201,167	42.3%
HUD Units	39,685	8.4%
PHA Units	63,416	13.4%
Section 8 Vouchers	155,770	32.8%
USDA Units	14,981	3.2%
HFC Units*	97,722	
Total	475,019	100.0%

*Because HFC developments report total units and do not specify assisted units and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

The following table shows the number of multifamily units in the state financed through state and federal sources according to region. Regions 3 and 6 have the largest number of subsidized multifamily units in the state, accounting for 47.4% of all assisted units.

Subsidized Multifamily Units by Region, Texas 2010

Region	TDHCA Units	HUD Units	PHA Units	Section 8 Vouchers	USDA Units	HFC Units*	Total Assisted Units
1	5,058	1,234	1,574	5,523	1,095	1,607	14,484
2	3,457	773	3,920	3,224	1,161	280	12,535
3	56,838	8,476	10,323	47,120	2,359	20,907	125,116
4	6,321	2,292	3,385	7,036	1,841	1,170	20,875
5	6,804	1,940	3,251	8,430	927	1,278	21,352
6	56,992	9,780	5,762	26,254	1,477	39,495	100,265
7	18,134	2,123	3,524	7,016	643	8,281	31,440
8	6,461	1,816	4,188	7,934	1,636	305	22,035
9	16,423	3,839	8,221	15,738	462	22,392	44,683
10	5,634	2,222	4,577	3,989	778	971	17,200
11	10,379	2,701	7,415	14,260	1,966	322	36,721
12	2,896	974	1,241	3,121	432	24	8,664
13	5,770	1,515	6,035	6,125	204	690	19,649
State	201,167	39,685	63,416	155,770	14,981	97,722	475,019

*Because HFC developments report total units and do not specify assisted units and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

HOUSING AFFORDABILITY

The following figures compare demand and supply of affordable housing by looking at the number of households and housing units in different affordability categories. Because higher income households often reside in units that could be affordable to the lowest income households, there are fewer units available at a cost that is affordable to lower income households. For example, 1.27 million households that have income greater than 80 percent AMFI occupy units that would be affordable to households at 0-50 percent AMFI (see table below). Households in this category can afford units in any of the defined affordability categories. Therefore, households that are not low-income often limit the supply of affordable housing units available to low-income households.

The table below describes the housing market interaction of various income groups and housing costs. The table shows the income classifications of the occupants of housing units. The table also illustrates the housing market mismatch between housing units and income groups. For example, very low-income owner households (0-50 percent of AMFI) account for only about 5.8 percent of all the owner occupants of housing that is affordable to them.

The table also illustrates an implicit excessive cost burden for those households that are residing in units beyond their affordability category. For example, over one-third of low-income renter households (0-80 percent AMFI) are residing in homes affordable to renter households that have income greater than 80 percent AMFI.

**Occupied Affordable Housing Units by Income Group of Occupant, 2005-07,
by percentage of HAMFI**

Renter Households	Total	50% or less	50.1-80%	Above 80%
Affordable 0-50% AMFI	980,915	573,060	198,215	209,640
Affordable to 51-80% AMFI	1,417,280	493,375	344,155	579,750
Affordable to > 80% AMFI	380,890	73,805	54,595	252,490
Total	2,779,085	1,140,240	596,965	1,041,880

Percent of Renter Households	Total	50% or less	50.1-80%	Above 80%
Affordable 0-50% AMFI	100.0%	58.4%	20.2%	21.4%
Affordable to 51-80% AMFI	100.0%	34.8%	24.3%	40.9%
Affordable to > 80% AMFI	100.0%	19.4%	14.3%	66.3%

Source: CHAS 2005-07, Table 15C.

Owner Households	Total	50% or less	50.1-80%	Above 80%
Affordable to 0-50% AMFI	2,090,080	567,775	459,015	1,063,290
Affordable to 51-80% AMFI	1,731,355	179,145	211,000	1,341,210
Affordable to > 80% AMFI	1,424,185	88,115	86,490	1,249,580
Total	5,245,620	835,035	756,505	3,654,080

Percent of Owner Households	Total	50% or less	50.1-80%	Above 80%
Affordable to 0-50% AMFI	100.0%	5.8%	5.5%	88.7%
Affordable to 51-80% AMFI	100.0%	7.0%	7.2%	85.8%
Affordable to > 80% AMFI	100.0%	6.2%	6.1%	87.7%

Number of Total Units	Total	50% or less	50.1-80%	Above 80%
Affordable to 0-50% AMFI	3,070,995	1,140,835	657,230	1,272,930
Affordable to 51-80% AMFI	3,148,635	672,520	555,155	1,920,960
Affordable to > 80% AMFI	1,805,075	161,920	141,085	1,502,070

Percent of Total Units	Total	50% or less	50.1-80%	Above 80%
Affordable to 0-50% AMFI	100.0%	37.1%	21.4%	41.5%
Affordable to 51-80% AMFI	100.0%	21.4%	17.6%	61.0%
Affordable to > 80% AMFI	100.0%	9.0%	7.8%	83.2%
	Total units:		8,024,705	

Source: CHAS 2005-07, Table 15 A, 15 B.

LOCAL ASSESSMENT OF NEED

TDHCA acknowledges that the greatest understanding of housing needs is found at the local level. TDHCA continuously strives to improve the methods used to identify regional affordable housing needs.

PUBLIC ASSISTANCE REQUEST INVENTORY

TDHCA compiled an annual Public Assistance Request Inventory, which consists of communication from public and private sector organizations and members of the general public using the following contact methods:

- calls made to TDHCA's Automated Call Distribution line (800-525-0657);
- website searches on TDHCA's Help for Texans (<http://www.tdhca.state.tx.us/texans.htm>);
- emails sent to TDHCA's general mailbox (info@tdhca.state.tx.us); and
- and letters mailed to the agency's mailing address (PO Box 13941, Austin, TX 78711).

If a geographic location was not specified by the individual seeking assistance, it could not be included in the Inventory. In state fiscal year (SFY) 2010, TDHCA received a total of 210,458 public assistance requests. As seen in the table below, Regions 3 and 6 were areas that most often requested assistance. These regions include the two of the State's most populated metropolitan areas: Dallas/Fort Worth and Houston/Galveston. Additionally, regions with higher urban concentrations were more likely to yield requests for emergency and utility assistance.

Public Assistance Request Inventory Table, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 1	661	346	1,349	1,206	699	3	-	-	2	4,266
Region 2	814	2,743	839	1,234	523	4	-	-	1	6,158
Region 3	10,381	11,459	22,852	9,758	9,616	17	8	-	1	64,092
Region 4	1,525	1,373	3,163	2,711	1,210	12	-	-	1	9,995
Region 5	956	826	2,168	1,779	1,130	2	1	16	2	6,880
Region 6	6,333	10,000	13,625	7,161	11,329	19	6	9	6	48,488
Region 7	2,602	1,288	6,083	2,096	3,771	14	3	-	4	15,861
Region 8	1,465	1,779	2,675	1,892	1,087	11	3	-	-	8,912
Region 9	1,693	1,304	3,118	2,495	2,189	3	6	-	1	10,809
Region 10	605	5,984	1,106	1,410	622	6	-	1	2	9,736
Region 11	888	13,192	1,453	2,152	1,131	3	1	1	-	18,821
Region 12	431	1,986	728	830	457	4	-	-	1	4,437
Region 13	227	207	552	460	555	1	1	-	-	2,003
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

Legal Assistance requests include questions about landlord/tenant issues, contract for deeds issuances and other legal matters. Other Housing-Related Assistance includes questions that reference realtors, sewers connections, homeowners associations and other general questions about housing.

RURAL HOUSING SURVEY

The Department requested data from TSAHC's Rural Housing Survey, conducted over the summer of 2010. The survey was sent to 1,400 city and county government officials. The response rate was approximately 9.5% with 133 respondents. The vast majority of respondents (77%) worked for cities with populations under 5,000 persons.

Single-family housing was the dominant existing housing type in the rural communities that responded; 91.5% of owner respondents lived in single-family homes and 74.6% of renter respondents lived in single-family homes. Furthermore, most respondents stated that the type of affordable housing most needed in their community is single-family homes. However, very few of the rural communities represented have a local housing finance corporation (7.7%), city or county housing department (6.9% and 3.8% respectively), or non-profit housing developers (6.2%). Additionally, almost one-third of respondents stated that no organizations in their community address or create affordable housing.

Of the state and federal affordable housing funding sources available in rural communities, respondents were most familiar with the Community Development Block Grant (CDBG) Program and the USDA Rural Development Programs. However, the obstacles which respondents felt their communities encountered the most when attempting to create affordable housing were a lack of funding available to rural Texas for this purpose (62.6%) and limited knowledge about available housing programs (50.7%).

Because the Rural Housing Survey's response rate was low in Regions 5, 6, 7, 10, 11 and 13, the sample would not accurately represent the region. Therefore regional analysis of the survey was not possible.

TSAHC's Rural Housing Survey Responses By Region, 2010

Region	Large City within Region for Geographic Reference	Survey Responses
1	Lubbock	24
2	Abilene	24
3	Dallas/Fort Worth	8
4	Tyler	21
5	Beaumont	3
6	Houston	5
8	Waco	13
9	San Antonio	9
10	Corpus Christi	6
11	Brownsville/Harlingen	2
12	San Angelo	12
13	El Paso	2
Total		129

COMMUNITY OUTLOOK SURVEY

The Federal Reserve Bank of Dallas launched a Community Outlook Survey in July 2010, to assess community and economic development in Texas, northern Louisiana and southern New Mexico.³⁷ Service providers reported that the availability of affordable housing from the first to second quarters of 2010 remained low, but had a positive outlook for the third quarter of 2010. Respondents found that the factors most affecting availability of affordable housing were lack of capital (25% of respondents), costs (20%) and competition for funding (18%). When providers were asked about the financial well-being and access to credit for low- and moderate-income households, most said these households' situations remained the same or worsened from the first to second quarter of 2010. Factors most affecting access to credit included the tightening of underwriting standards/credit ratings (34% of respondents) and a clients' lack of cash flow (31%).

³⁷ Federal Reserve Bank of Dallas, "Community Outlook Survey (COS)," July 2010. <http://www.dallasfed.org/ca/cos/>

REGION 1

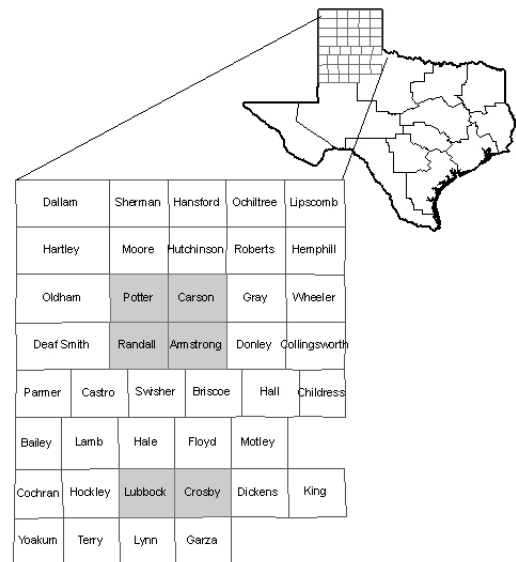
This 41-county region in the northwest corner of Texas encompasses over 39,500 square miles of the Panhandle. HISTA data projects that in 2009 the total population in Region 1 is 813,211, which represents approximately 3.3 percent of the state's total population.

Region 1 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	320,247	-10.4%	290,078
Urban	460,486	12.0%	523,133
Region 1 Total	780,733	4.0%	813,211

Source: 2000 Census, Census population estimates July 1, 2009.

Region 1



Approximately 64.3 percent of the Region 1 families live in the urban areas, including Amarillo and Lubbock, and the rest live in rural areas of the region. In the map of Region 1 (right), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 1. Of the 26,521 families living below poverty, approximately 57 percent are living in urban areas, with the remaining 43 percent in rural areas. However, the percentage of total rural families that are below poverty is higher than the percentage of total urban families. This may be due to the region's rural counties lagging behind the Amarillo and Lubbock MSAs in recent and expected job creation.³⁸

Region 1 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	67,144	85.5%	11,347	14.5%
Urban	118,205	88.6%	15,174	11.4%
Region 1 Total	185,349	87.5%	26,521	12.5%

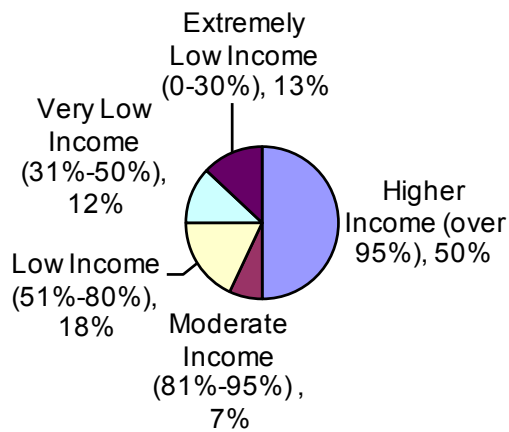
Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart below depicts the income breakdown of the households in the region. Approximately 43 percent of households are low income. The most recent Census poverty estimate data for 2009 shows that there are 141,440 individuals living in poverty in the region which makes up 16.0 percent of the regional population. According to the Texas Comptroller's *Texas In Focus* report, the majority of occupations with high job growth in Region 1 are low paying (regional average annual wage of \$32,740) and do not require a post-secondary education.³⁹

³⁸ Texas Comptroller of Public Accounts, "Texas in Focus: High Plains," April 2008. <http://www.window.state.tx.us/specialrpt/tif/highplains/> (accessed October 6, 2010).

³⁹ Texas Comptroller of Public Accounts, "Texas in Focus: High Plains," April 2008. <http://www.window.state.tx.us/specialrpt/tif/highplains/> (accessed October 6, 2010).

Region 1 Household Incomes



Income Group	Percent
0-30%	13%
31-50%	12%
51-80%	18%
81-95%	7%
95% & above	50%

REGION 1 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis. Finally, colonia residents are only included in Regions 9 to 13 because colonia residents only live in those areas.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 3.7% of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, Potter, and a sample rural county, Armstrong, there is an estimated 632 people and 0 people, respectively, in non-institutional group quarters.

Region 1 Persons In Other Group Quarters, 2010

	Homeless Persons	% of State Total	Statewide Homeless Population
Rural	480	7.9%	6,051
Urban	2,016	3.3%	61,647
Total	2,496	3.7%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

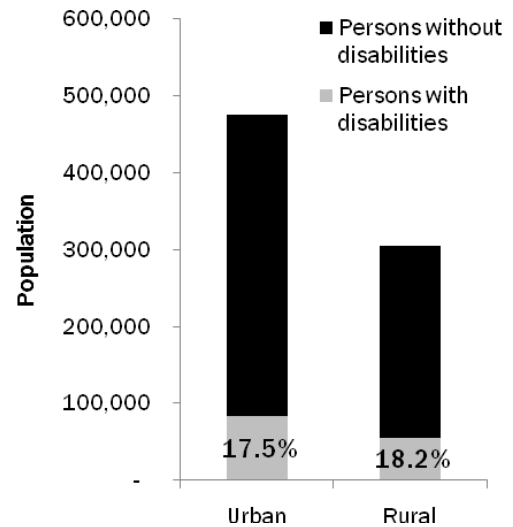
PERSONS WITH DISABILITIES

According to the most recent US Census, of the total population in Region 1, persons with disabilities account for approximately 18 percent of the population. Of this total, approximately 60 percent are residing in urban areas, with the remaining 40 percent in rural areas.

Region 1 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	55,332	249,179	304,511
Urban	83,188	393,034	476,222
Total	138,520	642,213	780,733

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 1 make up 4.8% of the statewide total elderly population.

Region 1 Elderly Persons – Texas 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	44,084	9.3%	475,056
Urban	55,001	3.4%	1,597,476
Total	99,085	4.8%	2,072,532

Source: 2000 Census.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 1,078 persons living with HIV/AIDS in Region 1. Approximately 60 percent of this population is living in urban areas, with the remaining 40 percent in rural areas. Region 1 has a fairly low rate of persons living with HIV/AIDS compared to the state as a whole, with the Panhandle accounting for just 1.3 percent of the total, and a rate of 96 persons per 100,000.

Region 1 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	435	289,125
Urban	643	515,264
Total	1,078	804,389

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 1 was found to have a high proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for over one-fifth of the 361,414 MSFWs in the state of Texas. The high farmworker population correlates with a dominant agriculture industry in Region 1, as the state's leading cattle

region and major producer of the nation's cotton, corn for grain and wheat. Furthermore, the crop and animal production sectors provided 28,000 jobs to Region 1 in 2006.⁴⁰

Region 1 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	65,767	33.3%	197,588
Urban	14,695	9.0%	163,827
Total	80,462	22.3%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Request Assistance Inventory for SFY2010, the agency received 4,266 public assistance requests from Region 1, which accounted for 2.0 percent of total annual requests. Of requests from Region 1, the three most requested categories of assistance were, in order: Rental Assistance, Repair and Weatherization and Homebuyer Assistance.

Region 1 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 1	661	346	1,349	1,206	699	3	-	-	2	4,266
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

REGION 1 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to 2010 projections, 87.6 percent of the housing units in the region are occupied. Of the total housing stock, approximately 75.2 percent are one unit; 3.2 percent are two units; 13.5 percent are three or more units; 7.9 percent are manufactured homes; and the rest are boats and RVs.

⁴⁰ Texas Comptroller of Public Accounts, "Texas in Focus: High Plains," April 2008.
<http://www.window.state.tx.us/specialrpt/tif/highplains/> (accessed October 6, 2010).

Region 1 Housing Supply - 2010

	Rural	Urban	Total
Total housing units	127,377	220,467	347,844
Vacant housing units	22,281	21,579	43,860
Housing units, 1 unit	104,262	157,253	261,515
Housing units, 2 units	2,915	8,380	11,295
Housing units, 3 to 4 units	3,051	6,864	9,915
Housing units, 5 to 19 units	3,981	18,040	22,021
Housing units, 20 to 49 units	500	6,912	7,412
Housing units, 50+ units	576	7,044	7,620
Housing units, mobile home	11,995	15,639	27,637
Housing units, other	97	335	432

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section.

Region 1 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,058	34.9%	2.5%
HUD Units	1,234	8.5%	3.1%
PHA Units	1,574	10.9%	2.5%
Section 8 Vouchers	5,523	38.1%	3.5%
USDA Units	1,095	7.6%	7.3%
HFC Units*	1,607		
Total	14,484	3.1%	3.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for August 2010, the median home prices for Amarillo and Lubbock are \$130,300 and \$111,700, respectively.⁴¹ In addition, the fair market rent for a two bedroom unit in Amarillo MSA is \$671, requiring an annual income of approximately \$26,840, and in Lubbock MSA is \$722, which requires an annual income of approximately \$28,880. In a sample rural county, Armstrong, fair market rent on a two-bedroom apartment is \$671, which requires an annual income of approximately \$26,840.⁴²

⁴¹ Real Estate Center at Texas A&M University, "MLS Residential Housing Activity," <http://recenter.tamu.edu/data/hs/hs120b.htm> (accessed September 24, 2010).

⁴² National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 91,669 owners and renters with housing problems in 2009.

Region 1 Households with Housing Problems, 2009

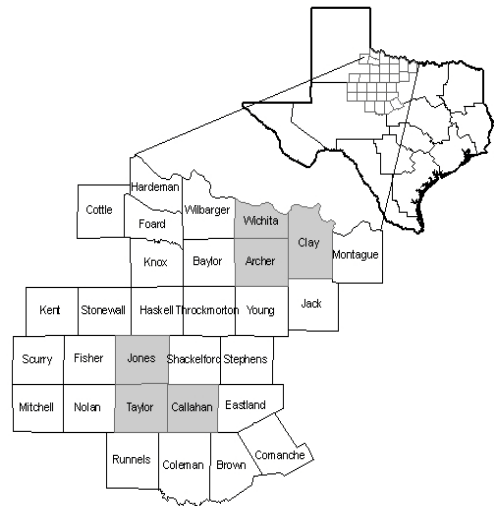
Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	67,159	25,939	18,689	13,818	8,712
Lacking Kitchen and/or Plumbing	3,211	898	558	604	1,151
Overcrowding	21,299	3,374	3,735	5,747	8,443
Total	91,669	30,211	22,982	20,169	18,306

Source: 2000 CHAS Database with projections based on HISTA data.

REGION 2

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene. HISTA data projects that in 2009 the total population in Region 2 is 534,809, which represents approximately 2.2 percent of the state's total population.

Region 2



Region 2 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	282,194	-24.1%	227,318
Urban	267,073	13.1%	307,491
Region 2 Total	549,267	-2.7%	534,809

Source: 2000 Census, Census population estimates July 1, 2009.

Approximately 57.5 percent of Region 2 families live in urban areas. In the map of Region 2 (right), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 2. Of the 16,772 families living below poverty, approximately 52.5 percent are living in urban areas, with the remaining 47.5 percent in rural areas. Additionally, the percentage of total rural families that are below poverty is slightly higher than the percentage of total urban families.

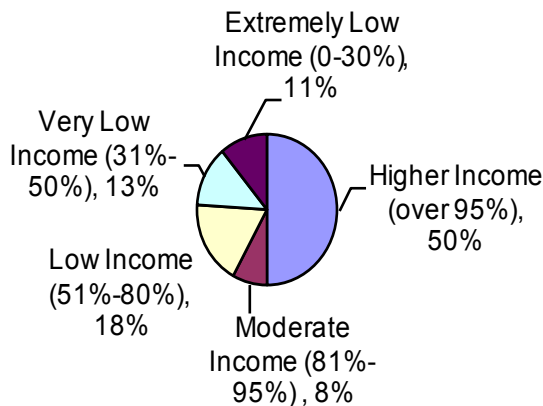
Region 2 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	55,472	87.4%	7,961	12.6%
Urban	72,195	89.1%	8,811	10.9%
Region 2 Total	127,667	88.4%	16,772	11.6%

Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart below depicts the income breakdown of the 206,459 households in the region. Approximately 42 percent of households are low income. There are 89,294 individuals living in poverty in the region which makes up 14.4 percent of the regional population.

Region 2 Household Incomes



Income Group	Percent
0-30%	11%
31-50%	13%
51-80%	18%
81-95%	8%
95% & above	50%

REGION 2 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis. Finally, colonia residents are only included in Regions 9-13 because colonia residents only live in those areas.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 3.3% of the statewide total of people in non-institutional group homes, including shelters. For a sample urban county, Taylor, and a sample rural county, Comanche, there is an estimated 1,387 people and 8 people, respectively, in non-institutional group quarters.

Region 2 Persons in Other Group Quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	375	6.2%	6,051
Urban	1,837	3.0%	61,647
Total	2,212	3.3%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

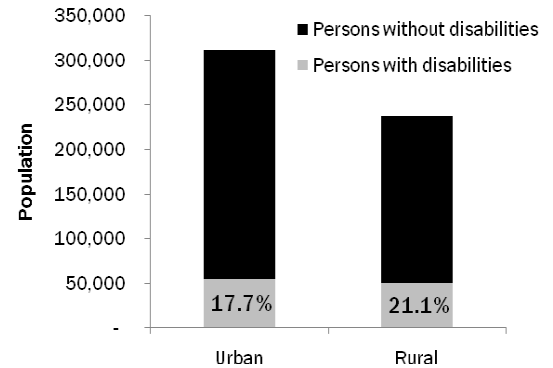
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 2, persons with disabilities account for approximately 19.2 percent of the population. Of this total, approximately 52.3 percent are residing in urban areas, with the remaining 47.7 percent in rural areas.

Region 2 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	50,225	187,273	237,498
Urban	55,100	256,669	311,769
Total	105,325	443,942	549,267

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 2 make up 4.1% of the statewide total elderly population.

Region 2 Elderly Persons, 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	44,437	9.4%	475,056
Urban	40,531	2.5%	1,579,476
Total	84,968	4.1%	2,072,532

Source: 2000 Census.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 429 persons living with HIV/AIDS in Region 2. Approximately 66.7 percent of this population is living in urban areas, with the remaining 33.3 percent in rural areas. Region 2 has a fairly low rate of persons living with HIV/AIDS compared to the state as a whole, with North & Central Texas accounting for just 3.1 percent of the total, and a rate of 91 persons per 100,000.

Region 2 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	143	227,436
Urban	286	306,666
Total	429	534,102

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 2 was found to have a low proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for just 5.8 percent of the 361,414 MSFWs in the state of Texas.

Region 2 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	18,089	9.2%	197,588
Urban	2,938	1.8%	163,826
Total	21,027	5.8%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Request Assistance Inventory for SFY2010, the agency received 6,158 public assistance requests from Region 2, which accounted for 2.9 percent of total annual requests. Of requests from Region 2, the three most requested categories of assistance were, in order: Utility Assistance, Repair and Weatherization and Rental Assistance.

Region 2 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 2	814	2,743	839	1,234	523	4	-	-	1	6,158
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

REGION 2 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to the 2010 projections, 82.9 percent of the housing units in the region are occupied. Of the total housing stock, approximately 78.2 percent are one unit; 2.7 percent are two units; 9.9 percent are three or more units; 9.0 percent are manufactured homes; and the rest are boats and RVs.

Region 2 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	117,930	132,392	250,322
Vacant housing units	27,256	15,454	42,710
Housing units, 1 unit	94,177	101,485	195,662
Housing units, 2 units	3,254	3,428	6,682
Housing units, 3 to 4 units	2,395	4,496	6,891
Housing units, 5 to 19 units	2,464	9,270	11,734
Housing units, 20 to 49 units	860	1,881	2,741
Housing units, 50+ units	707	2,737	3,444
Housing units, mobile home	13,868	8,784	22,652
Housing units, other	205	311	516

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section.

Region 2 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,457	27.6%	1.7%
HUD Units	773	6.2%	1.9%
PHA Units	3,920	31.3%	6.2%
Section 8 Vouchers	3,224	25.7%	2.1%
USDA Units	1,161	9.3%	7.7%
HFC Units*	280		
Total	12,535	100.0%	2.6%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing service records for August 2010, the median home prices for Wichita Falls and Abilene are \$96,000 and \$123,200, respectively.⁴³ In addition, the fair market rent for a two bedroom unit in Wichita Falls is \$667, requiring an annual income of approximately \$26,680, and in Abilene MSA is \$645, which requires an annual income of approximately \$25,800. In a sample rural county, Comanche, fair market rent on a two-bedroom apartment is \$607, which requires an annual income of approximately \$24,280.⁴⁴

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 56,447 owners and renters with housing problems in 2009.

Region 2 Households with Housing Problems, 2009

Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	44,820	16,401	13,389	8,732	6,298
Lacking Kitchen and/or Plumbing	2,161	607	367	459	665
Overcrowding	9,466	1,470	1,440	2,691	3,865
Total	56,447	18,541	15,196	11,882	10,828

Source: CHAS Database with projections based on HISTA data.

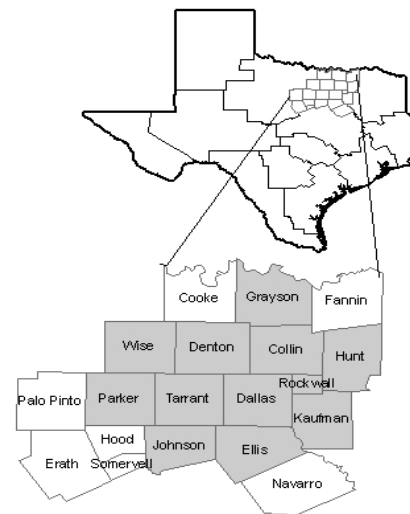
⁴³ Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/hs110b.htm> (accessed September 24, 2010).

⁴⁴ National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

REGION 3

Region 3, which encompasses the metropolitan areas of Dallas, Fort Worth, Arlington, Sherman and Denison, is the state's most populous region. HISTA data projects that in 2009 the total population in Region 3 is 6,806,568, which represents 27.5 percent of the state's total population.

Region 3



Region 3 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	228,358	6.5%	244,333
Urban	5,259,119	19.9%	6,562,235
Region 3 Total	5,487,477	19.4%	6,806,568

Source: 2000 Census, Census population estimates July 1, 2009.

Approximately 96 percent of Region 3 families reside in urban areas. In the map of Region 3 (right), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 3. Of the 168,039 families living below poverty, approximately 95 percent are living in urban areas, with the remaining 5 percent in rural areas. However, the percentage of total rural families that are below poverty is slightly higher than the percentage of total urban families.

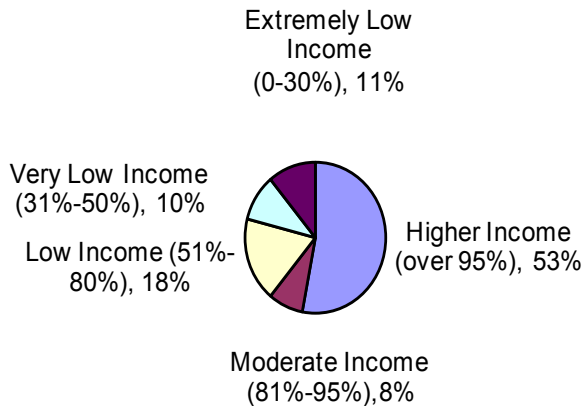
Region 3 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	59,763	88.4%	7,843	11.6%
Urban	1,488,761	90.3%	160,196	9.7%
Region 3 Total	1,548,524	90.2%	168,039	9.8%

Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart below depicts the income breakdown of the 1,988,135 households in the region. Approximately 39 percent of the households are low income. There are 676,991 individuals living in poverty in the region which makes up 18.9 percent of the regional population.

Region 3 Household Incomes, 2000



Income Group	Percent
0-30%	11%
31-50%	10%
51-80%	18%
81-95%	8%
95% & above	53%

REGION 3 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis. Finally, colonia residents are only included in Regions 9-13 because colonia residents only live in those areas.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 20.2% of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, Collin, and a sample rural county, Wise, there is an estimated 1,384 people and 55 people, respectively, in non-institutional group quarters.

Region 3 persons in group quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	930	15.4%	6,051
Urban	12,763	20.7%	61,647
Total	13,693	20.2%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

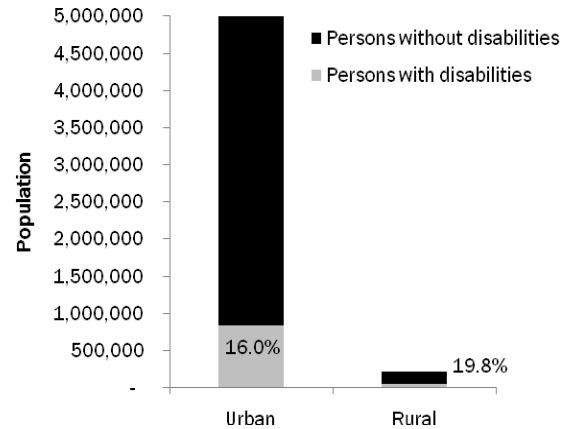
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 3, persons with disabilities account for approximately 16.2 percent of the population. Of this total, approximately 95 percent are residing in urban areas, with the remaining 5 percent in rural areas.

Region 3 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	43,659	177,006	220,665
Urban	844,558	4,422,254	5,266,812
Total	888,217	4,599,260	4,487,477

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 3 make up 24.7% of the statewide total elderly population.

Region 3 Elderly Persons, 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	34,043	7.2%	475,056
Urban	477,876	29.9%	1,597,476
Total	511,919	24.7%	2,072,532

Source: 2000 Census.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 19,486 persons living with HIV/AIDS in Region 3. Approximately 99 percent of this population is living in urban areas, with the remaining 1 percent in rural areas. Region 3 has a very high rate of persons living with HIV/AIDS compared to the state as a whole, with the Dallas and Fort Worth metropolitan areas accounting for 30.6 percent of the total. The Dallas metropolitan area has a rate of 358 persons per 100,000 and the Fort Worth metropolitan area has a rate of 192 persons per 100,000.

Region 3 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	167	242,437
Urban	19,319	6,414,416
Total	19,486	6,656,853

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 3 was found to have a low proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for just 4.1 percent of the 361,414 MSFWs in the state of Texas.

Region 3 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	2,988	1.5%	197,588
Urban	11,690	7.1%	163,826
Total	14,678	4.1%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Request Assistance Request Inventory for SFY2010, the agency received 64,092 public assistance requests from Region 3, which accounted for 30.5 percent of total annual requests. Of requests from Region 3, the three most requested categories of assistance were, in order: Rental Assistance, Utility Assistance and Emergency Assistance.

Region 3 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 3	10,381	11,459	22,852	9,758	9,616	17	8	-	1	64,092
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

REGION 3 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to the 2010 projections, 93.1 percent of the housing units in the region are occupied; this is the highest occupancy rate among all of the regions. Of the total housing stock, 67.3 percent are one unit; 1.5 percent are two units; 26.4 percent are three or more units; 4.7 are manufactured homes; and the rest are boats and RVs.

Region 3 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	107,402	2,534,431	2,641,833
Vacant housing units	13,037	170,103	183,140
Housing units, 1 unit	76,511	1,700,729	1,777,240
Housing units, 2 units	2,152	37,507	39,659
Housing units, 3 to 4 units	2,035	82,184	84,219
Housing units, 5 to 19 units	3,107	388,432	391,539
Housing units, 20 to 49 units	1,309	112,402	113,711
Housing units, 50+ units	1,196	106,917	108,113
Housing units, mobile home	20,812	104,215	125,027
Housing units, other	280	2,045	2,325

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section.

Region 3 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	56,838	45.4%	28.3%
HUD Units	8,476	6.8%	21.4%
PHA Units	10,323	8.3%	16.3%
Section 8 Vouchers	47,120	37.8%	30.2%
USDA Units	2,359	1.9%	15.7%
HFC Units**	20,907		
Total	125,116	100.0%	26.3%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for August 2010, the highest median home price is in Collin County at \$222,100, while the lowest is in Sherman-Denison at \$73,600.⁴⁵ In addition, the fair market rent for a two bedroom unit in Collin County is \$894, requiring an annual income of approximately \$35,760, and in Sherman-Denison MSA is \$738, which requires an annual income of approximately \$29,520. In a sample rural county, Wise fair market rent on a two-bedroom apartment is \$660, which requires an annual income of approximately \$26,400.⁴⁶

⁴⁵ Real Estate Center at Texas A&M University, “Texas Residential MLS Activity,” <http://recenter.tamu.edu/data/hs/hs480b.htm> (accessed September 24, 2010).

⁴⁶ National Low Income Housing Coalition. (2010). Out of Reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 699,636 owners and renters with housing problems in 2009.

Region 3 Households with Housing Problems, 2009

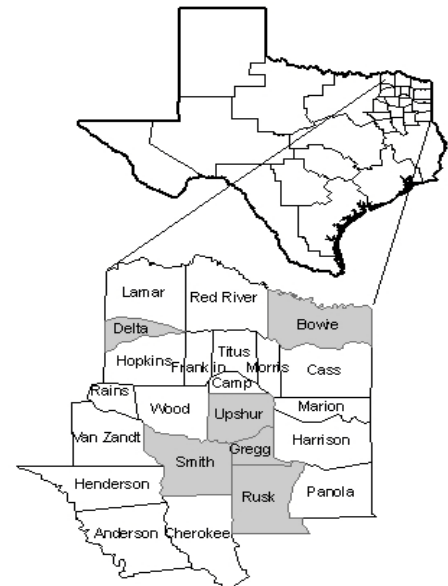
Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	483,443	148,173	124,704	118,320	92,246
Lacking Kitchen and/or Plumbing	18,571	4,988	3,378	3,940	6,266
Overcrowding	197,622	36,717	39,975	53,458	67,472
Total	699,636	189,878	168,057	175,718	165,984

Source: 2000 CHAS Database with projections based on HISTA data.

REGION 4

Region 4, located in the northeast corner of the state, surrounds the urban areas of Texarkana, Longview-Marshall and Tyler. HISTA data projects that in 2009 the total population in Region 4 is 1,092,136, which represents 4.4 percent of the state's total population.

Region 4



Region 4 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	469,579	19.2%	581,223
Urban	546,069	-6.9%	510,913
Region 4 Total	,015,648	7.0%	1,092,136

Source: 2000 Census, Census population estimates July 1, 2009.

Approximately 46.8 percent of Region 4 families live in urban areas. In the map of Region 4 (right), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 4. Of the 35,634 families living below poverty, approximately 43 percent are living in urban areas, with the remaining 57 percent in rural areas. Additionally, the percentage of total rural families that are below poverty is slightly higher than the percentage of total urban families. This may be due to the region's rural counties lagging behind the Longview and Tyler MSAs in recent and expected job creation.⁴⁷

Region 4 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	141,154	87.4%	20,316	12.6%
Urban	121,629	88.8%	15,318	11.2%
Region 4 Total	262,783	88.1%	35,634	11.9%

Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart to the left depicts the income breakdown of the 380,765 households in the region. Approximately 41 percent of households are low income. There are 174,841 individuals living in poverty in the region, which makes up 15.3 percent of the regional population. According to the Texas Comptroller's *Texas In Focus* report, Region 4 exceeds the state's per capita income level of \$37,187, with 171 occupations paying more than this amount.⁴⁸

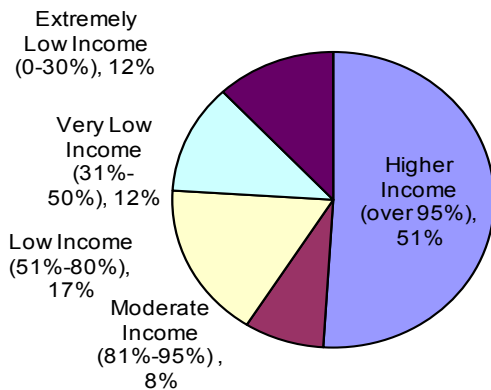
⁴⁷ Texas Comptroller of Public Accounts, "Texas in Focus: Upper East Texas," October 2008.

<http://www.window.state.tx.us/specialrpt/tif/uppereast/> (accessed October 6, 2010).

⁴⁸ Texas Comptroller of Public Accounts, "Texas in Focus: Upper East Texas," October 2008.

<http://www.window.state.tx.us/specialrpt/tif/uppereast/> (accessed October 6, 2010).

Region 4 Household Incomes



Income Group	Percent
0-30%	12%
31-50%	12%
51-80%	17%
81-95%	8%
95% & above	51%

REGION 4 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis. Finally, colonia residents are only included in Regions 9-13 because colonia residents only live in those areas.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 4.4 percent of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, Gregg, and a sample rural county, Hopkins, there is an estimated 296 people and 33 people, respectively, in non-institutional group quarters.

Region 4 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September 2005, and Hurricane Ike in September 2008. According to FEMA, \$1.04 billion worth of damage was reported after Hurricane Rita and \$29.4 billion after the 2008 hurricane season.

Region 4 Persons in Other Group Quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	877	14.5%	6,051
Urban	2,075	3.4%	61,647
Total	2,952	4.4%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

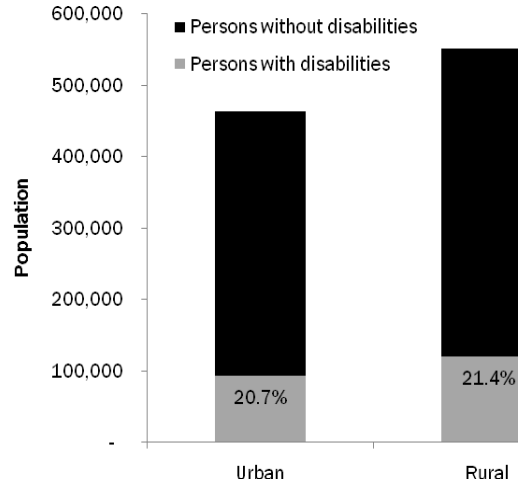
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 4, persons with disabilities account for approximately 21 percent of the population. Of this total, approximately 43.9 percent are residing in urban areas, with the remaining 56.1 percent in rural areas.

Region 4 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	120,014	432,253	552,267
Urban	93,739	369,642	463,381
Total	213,753	801,895	1,015,648

Source: Census 2000, Urban defined by presence of an MSA



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 4 make up 8.4% of the statewide total elderly population.

Region 4 Elderly Persons, 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	108,447	22.8%	475,056
Urban	65,076	4.1%	1,597,476
Total	173,523	8.4%	2,072,532

Source: 2000 Census.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 1,253 persons living with HIV/AIDS in Region 4. Approximately 59 percent of this population is living in urban areas, with the remaining 41 percent in rural areas. Region 4 has a low rate of persons living with HIV/AIDS compared to the state as a whole, with the East Texas area accounting for only 6 percent of the total. The East Texas area has a rate of 147 persons per 100,000.

Region 4 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	562	578,487
Urban	823	503,766
Total	1,387	1,082,253

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 4 was found to have a very low proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for just 2.9 percent of the 361,414 MSFWs in the state of Texas.

Region 4 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	8,011	4.1%	197,588
Urban	2,419	1.5%	163,826
Total	10,430	2.9%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Request Assistance Inventory for SFY2010, the agency received 9,995 public assistance requests from Region 4, which accounted for 4.7 percent of total annual requests. Of requests from Region 4, the three most requested categories of assistance were, in order: Rental Assistance, Repair and Weatherization and Emergency Assistance.

Region 4 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 4	1,525	1,373	3,163	2,711	1,210	12	-	-	1	9,995
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

REGION 4 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to the 2010 projections, 88.4 percent of the housing units in the region are occupied. Of the total housing stock, 72.3 percent are one unit; 2.2 percent are two units; 11 percent are three or more units; 16.7 are manufactured homes; and the rest are boats and RVs.

Region 4 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	259,869	209,067	468,936
Vacant housing units	37,466	17,122	54,588
Housing units, 1 unit	188,224	150,792	339,016
Housing units, 2 units	188,224	150,792	10,198
Housing units, 3 to 4 units	5,607	6,269	11,876
Housing units, 5 to 19 units	6,439	13,518	19,957

	Rural	Urban	Total
Housing units, 20 to 49 units	1,509	2,175	3,684
Housing units, 50+ units	998	3,778	4,776
Housing units, mobile home	51,857	26,539	78,396
Housing units, other	664	369	1,033

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section.

Region 4 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	6,321	30.3%	3.1%
HUD Units	2,292	11.0%	5.8%
PHA Units	3,385	16.2%	5.3%
Section 8 Vouchers	7,036	33.7%	4.5%
USDA Units	1,841	8.8%	12.3%
HFC Units*	1,170		
Total	20,875	100.0%	4.4%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for August 2010, the median home prices for Tyler and Longview-Marshall are \$143,100 and \$128,400, respectively.⁴⁹ In addition, the fair market rent for a two bedroom unit in Tyler MSA is \$716, requiring an annual income of approximately \$28,640, and in Longview-Marshall MSA is \$738, which requires an annual income of approximately \$29,520. In a sample rural county, Hopkins fair market rent on a two-bedroom apartment is \$621, which requires an annual income of approximately \$24,840.⁵⁰

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 115,387 owners and renters with housing problems in 2009.

⁴⁹ Real Estate Center at Texas A&M University, “Texas Residential MLS Activity,” <http://recenter.tamu.edu/data/hs/hs320b.htm> (accessed September 24, 2010).

⁵⁰ National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

Region 4 Households with Housing Problems, 2009

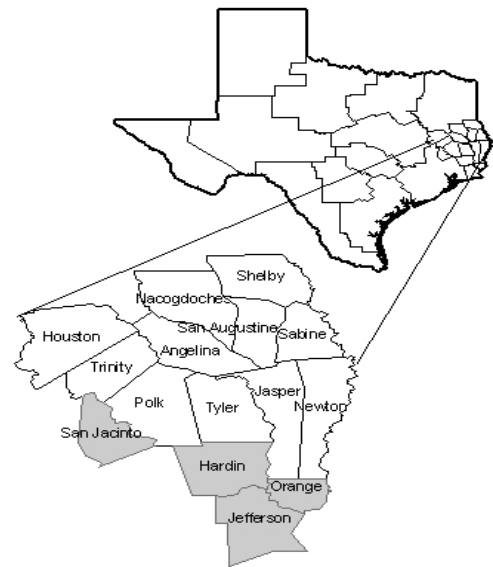
Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	87,846	31,977	23,560	18,322	13,988
Lacking Kitchen and/or Plumbing	5,578	1,724	994	1,002	1,858
Overcrowding	21,963	3,657	3,640	5,408	9,258
Total	115,387	37,357	28,194	24,732	25,104

Source: CHAS Database with projections based on HISTA data.

REGION 5

Region 5 encompasses a 15-county area in east Texas including the urban areas of Beaumont and Port Arthur. HISTA data projects that in 2009 the total population in Region 5 is 748,148, which represents 3.0 percent of the state's total population.

Region 5



Region 5 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	355,862	-3.2%	344,769
Urban	385,090	4.5%	403,379
Region 5 Total	740,952	1.0%	748,148

Source: 2000 Census, Census population estimates July 1, 2009.

Approximately 53.9 percent of Region 5 families live in urban areas. In the map of Region 5 (above), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 5. Of the 30,061 families living below poverty, approximately 48.1 percent are living in urban areas, with the remaining 51.9 percent in rural areas. Additionally, the percentage of total rural families that are below poverty is slightly higher than the percentage of total urban families.

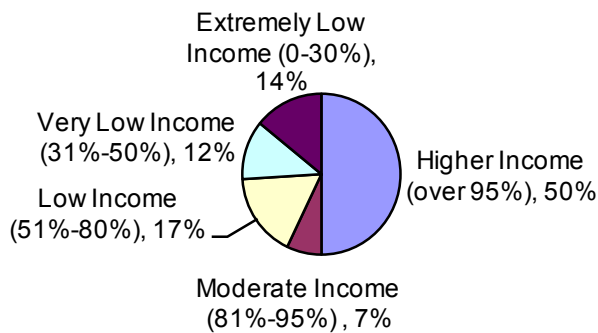
Region 5 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	77,665	83.3%	15,614	16.7%
Urban	94,559	86.7%	14,447	13.3%
Region 5 Total	172,224	85.1%	30,061	14.9%

Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart below depicts the income breakdown of the 274,543 households in the region. Approximately 43 percent of the households are low income. There are 138,673 individuals living in poverty in the region, which makes up 15.2 percent of the regional population.

Region 5 Household Incomes



Income Group	Percent
0-30%	14%
31-50%	12%
51-80%	17%
81-95%	7%
95% & above	50%

REGION 5 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis. Finally, colonia residents are only included in Regions 9-13 because colonia residents only live in those areas.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 2.3 percent of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, Jefferson, and a sample rural county, San Augustine, there is an estimated 845 people and 1 person, respectively, in non-institutional group quarters.

Region 5 also experienced significant damage from Hurricane Rita, which hit the southeast Texas area in September 2005 and Hurricane Ike in September 2008. According to FEMA, \$190 million worth of damage was reported after Hurricane Rita and \$29.4 billion after the 2008 hurricane season.

Region 5 Persons in Other Group Quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	534	8.8%	6,051
Urban	993	1.6%	61,647
Total	1,527	2.3%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

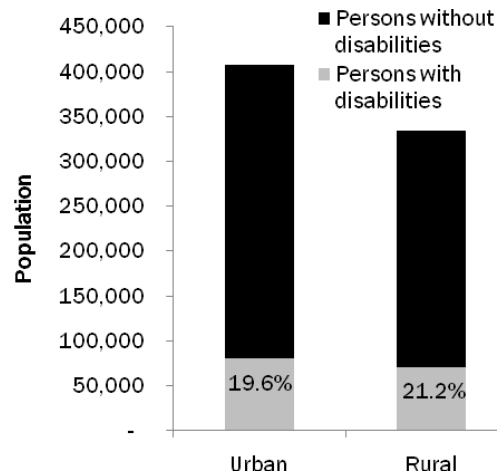
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 5, persons with disabilities account for approximately 20.3 percent of the population. Of this total, approximately 53 percent are residing in urban areas, with the remaining 47 percent in rural areas.

Region 5 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	70,681	262,935	333,616
Urban	79,848	327,488	407,336
Total	150,529	590,423	740,952

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 5 make up 5.1% of the statewide total elderly population.

Region 5 Elderly Persons, 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	51,874	10.9%	475,056
Urban	54,455	3.4%	1,597,476
Total	106,329	5.1%	2,072,532

Source: 2000 Census.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 1,334 persons living with HIV/AIDS in Region 5. Approximately 67.2 percent of this population is living in urban areas, with the remaining 32.8 percent in rural areas. Region 5 has a low rate of persons living with HIV/AIDS compared to the state as a whole, with the East Texas area accounting for only 6 percent of the total. The East Texas area has a rate of 147 persons per 100,000.

Region 5 Persons with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	438	342,998
Urban	896	402,313
Total	1,334	745,311

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 5 was found to have a very low proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for just 0.8 percent of the 361,414 MSFWs in the state of Texas.

Region 5 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	2,738	1.4%	197,588
Urban	321	0.2%	163,826
Total	3,059	0.8%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Request Assistance Inventory for SFY2010, the agency received 6,880 public assistance requests from Region 5, which accounted for 3.3 percent of total annual requests. Of requests from Region 5, the three most requested categories of assistance were, in order: Rental Assistance, Repair and Weatherization and Homebuyer Assistance.

Region 5 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 5	956	826	2,168	1,779	1,130	2	1	16	2	6,880
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

REGION 5 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to 2010 projections, 83.3 percent of the housing units in the region are occupied. Of the total housing stock, 70.7 percent are one unit; 2.0 percent are two units; 11 percent are three or more units; and 17.4 percent are manufactured homes. Boats and RVs make up the rest of the housing stock.

Region 5 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	166,194	174,682	340,876
Vacant housing units	34,740	22,029	56,769
Housing units, 1 unit	111,625	129,259	240,884
Housing units, 2 units	3,870	2,802	6,672
Housing units, 3 to 4 units	3,098	3,927	7,025
Housing units, 5 to 19 units	5,072	12,791	17,863
Housing units, 20 to 49 units	880	2,313	3,193
Housing units, 50+ units	1,790	3,342	5,132
Housing units, mobile home	39,521	19,864	59,385
Housing units, other	338	384	722

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section.

Region 5 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	6,804	31.9%	3.4%
HUD Units	1,940	9.1%	4.9%
PHA Units	3,251	15.2%	5.1%
Section 8 Vouchers	8,430	39.5%	5.4%
USDA Units	927	4.3%	6.2%
HFC Units*	1,278		
Total	21,352	100.0%	4.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for August 2010, the median home prices for Beaumont and Port Arthur are \$124,300 and \$110,000, respectively.⁵¹ In addition, the fair market rent for a two bedroom unit in Beaumont-Port Arthur MSA is \$692, requiring an annual income of approximately \$27,680.⁵² In a sample rural county, San Augustine, fair market rent on a two-bedroom apartment is \$588, which requires an annual income of approximately \$23,520.

⁵¹ Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/hs440b.htm> (accessed September 24, 2010).

⁵² National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 83,490 owners and renters with housing problems in 2009.

Region 5 Households with Housing Problems, 2009

Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	62,016	25,949	16,662	11,413	7,993
Lacking Kitchen and/or Plumbing	3,836	1,270	633	733	1,202
Overcrowding	17,638	3,350	2,548	3,968	7,772
Total	83,490	30,569	19,843	16,114	16,967

Source: CHAS Database with projections based on HISTA data.

REGION 6

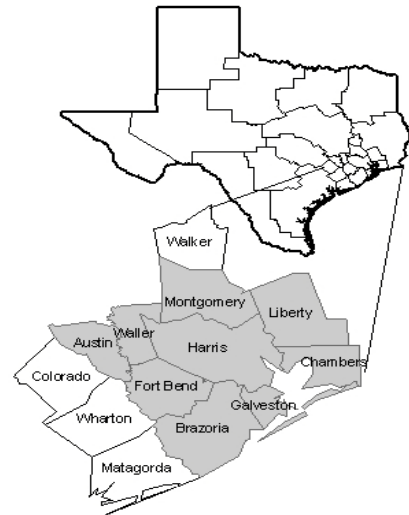
Region 6

Region 6 includes the urban area of Houston, Brazoria and Galveston. HISTA data projects that in 2009 the total population in Region 6 is 6,005,334, which represents 24.2 percent of the state's total population.

Region 6 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	184,883	-13.6%	162,747
Urban	4,669,571	20.1%	5,842,587
Region 6 Total	4,854,454	19.2%	6,005,334

Source: 2000 Census, Census population estimates July 1, 2009.



Approximately 97.3 percent of Region 6 families live in the urban areas. In the map of Region 6 (above), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 6. Of the 165,313 families living below poverty, approximately 96.7 percent are living in urban areas, with the remaining 3.3 percent in rural areas. However, the percentage of total rural families that are below poverty is slightly higher than the percentage of total urban families. This may be due to the region's rural counties lagging behind the Houston MSA in recent and expected job creation.⁵³

Region 6 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	33,071	85.8%	5,478	14.2%
Urban	1,299,512	89.0%	159,835	11.0%
Region 6 Total	1,332,583	89.0%	165,313	11.0%

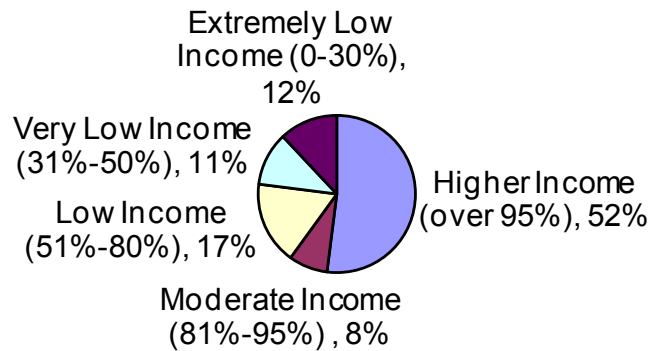
Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart below depicts the income breakdown of the 1,691,811 households in the region. Approximately 40 percent of households are low income. There are 754,675 individuals living in poverty in the region, which makes up 13.6 percent of the regional population. According to the Texas Comptroller's Texas In Focus report, many Region 6 jobs exceed the state's 2008 per capita income level of \$37,774, with 376 occupations paying more than this amount.⁵⁴

⁵³ Texas Comptroller of Public Accounts, "Texas in Focus: Gulf Coast Region," October 2008. <http://www.window.state.tx.us/specialrpt/tif/gulf/> (accessed October 6, 2010).

⁵⁴ Texas Comptroller of Public Accounts, "Texas in Focus: Gulf Coast Region," October 2008. <http://www.window.state.tx.us/specialrpt/tif/gulf/> (accessed October 6, 2010).

Region 6 Household Income



Income Group	Percent
0-30%	12%
31-50%	11%
51-80%	17%
81-95%	8%
95% & above	52%

REGION 6 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis. Finally, colonia residents are only included in Regions 9-13 because colonia residents only live in those areas.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 27.1 percent of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, Harris, and a sample rural county, Colorado, there is an estimated 14,378 people and 66 people, respectively, in non-institutional group quarters.

Region 6 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September 2005 and Hurricane Ike in September 2008. According to FEMA, \$28.3 million worth of damage was reported after Hurricane Rita and \$29.4 billion after the 2008 hurricane season.

Region 6 Persons in Other Group Quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	933	15.4%	6,051
Urban	17,383	28.2%	61,647
Total	18,316	27.1%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

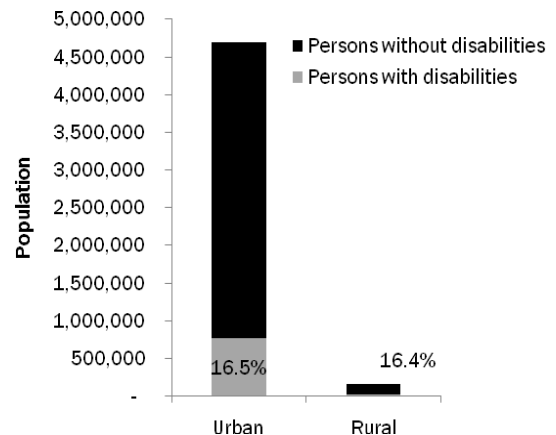
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 6, persons with disabilities account for approximately 16.5 percent of the population. Of this total, approximately 96.7 percent are residing in urban areas, with the remaining 3.3 percent in rural areas.

Region 6 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	26,390	134,903	161,293
Urban	775,046	3,918,115	4,693,161
Total	801,436	4,053,018	4,854,454

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 6 make up 18.4% of the statewide total elderly population.

Region 6 Elderly Persons, 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	17,140	3.6%	475,056
Urban	363,803	22.8%	1,597,476
Total	380,943	18.4%	2,072,532

Source: 2000 Census.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 20,918 persons living with HIV/AIDS in Region 6. Approximately 99 percent of this population is living in urban areas, with the remaining 1 percent in rural areas. Region 6 has a high rate of persons living with HIV/AIDS compared to the state as a whole, with the Houston metropolitan area accounting for 31.4 percent of the total. Additionally, the Houston metropolitan area has a rate of 392 persons per 100,000, which is the highest in the state.

Region 6 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	186	162,127
Urban	20,732	5,701,869
Total	20,918	5,863,996

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 6 was found to have a very low proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for just 2.7 percent of the 361,414 MSFWs in the state of Texas.

Region 6 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	3,239	1.6%	197,588
Urban	6,357	3.9%	163,826
Total	9,596	2.7%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Request Assistance Inventory for SFY2010, the agency received 48,488 public assistance requests from Region 6, which accounted for 23.0 percent of total annual requests. Of requests from Region 6, the three most requested categories of assistance were, in order: Rental Assistance; Homebuyer Assistance and Utility Assistance.

Region 6 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 6	6,333	10,000	13,625	7,161	11,329	19	6	9	6	48,488
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

REGION 6 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to the 2010 projections, 90.1 percent of the housing units in the region are occupied. Of the total housing stock, 65.8 percent are one unit; 1.3 percent are two units; 18 percent are three or more units; 5.5 percent are manufactured homes; and the rest are RVs and boats.

Region 6 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	69,278	2,247,258	2,316,536
Vacant housing units	13,015	215,981	228,996
Housing units, 1 unit	45,353	1,478,273	1,523,626
Housing units, 2 units	1,495	28,137	29,632
Housing units, 3 to 4 units	2,713	59,782	62,495
Housing units, 5 to 19 units	6,092	358,230	364,322
Housing units, 20 to 49 units	795	87,793	88,588
Housing units, 50+ units	1,460	117,618	119,078
Housing units, mobile home	11,276	115,319	126,595
Housing units, other	94	2,106	2,200

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section.

Region 6 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	56,992	56.8%	28.3%
HUD Units	9,780	9.8%	24.6%
PHA Units	5,762	5.7%	9.1%
Section 8 Vouchers	26,254	26.2%	16.9%
USDA Units	1,477	1.5%	9.9%
HFC Units*	39,495		
Total	100,265	100.0%	21.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for August 2010, the median home prices for Houston and Galveston are \$157,500 and \$180,000 respectively.⁵⁵ In addition, the fair market rent for a two bedroom unit in Houston/Baytown/Sugar Land HMFA and Galveston County is \$892, requiring an annual income of approximately \$35,680.⁵⁶ In a sample rural county, Colorado, fair market rent on a two-bedroom apartment is \$588, which requires an annual income of approximately \$23,520.

⁵⁵ Real Estate Center at Texas A&M University, “Texas Residential MLS Activity,” <http://recenter.tamu.edu/data/hs/hs250b.htm> (accessed September 24, 2010).

⁵⁶ National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database update with HISTA population projections. There were approximately 621,947 owners and renters with housing problems in 2009.

Region 6 Households with Housing Problems, 2009

Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	392,181	133,623	104,552	83,584	70,421
Lacking Kitchen and/or Plumbing	18,712	5,594	3,306	3,787	6,025
Overcrowding	211,054	42,404	43,848	55,539	69,262
Total	621,947	181,621	151,706	142,910	145,708

Source: CHAS Database with projections based on HISTA data.

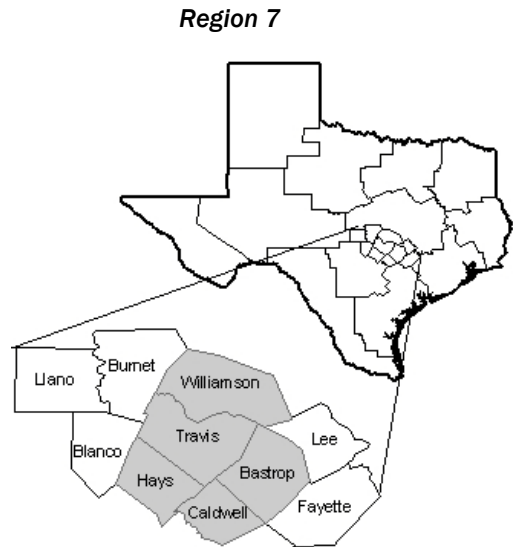
REGION 7

The urban area of Austin-San Marcos is at the center of Region 7. HISTA data projects that in 2009 the total population in Region 7 is 1,816,818, which represent 7.3 percent of the state's total population.

Region 7 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	97,070	13.1%	111,743
Urban	1,249,763	26.7%	1,705,075
Region 7 Total	1,346,833	25.9%	1,816,818

Source: 2000 Census, Census population estimates July 1, 2009.



Approximately 93.8 percent of Region 7 families live in urban areas. In the map of Region 7 (right), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 7. Of the 36,386 families living below poverty, approximately 92.8 percent are living in urban areas, with the remaining 7.2 percent in rural areas. Additionally, the percentage of total rural families that are below poverty is slightly lower than the percentage of total urban families.

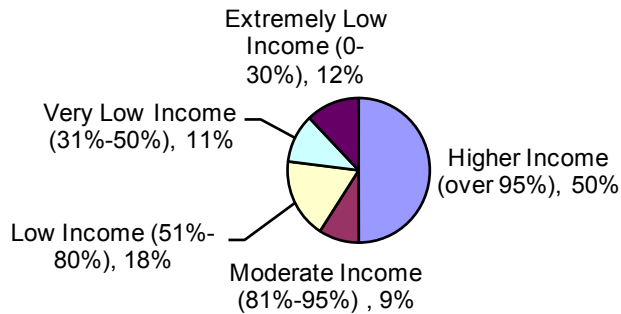
Region 7 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	30,153	92.0%	2,608	8.0%
Urban	367,919	91.6%	33,778	8.4%
Region 7 Total	398,072	91.6%	36,386	8.4%

Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart below depicts the income breakdown of the 509,798 households in the region. Approximately 41 percent of households are low income. There are 166,819 individuals living in poverty in the region, which makes up 10.9 percent of the regional population.

Region 7 Household Income



Income Group	Percent
0-30%	12%
31-50%	11%
51-80%	18%
81-95%	9%
95% & above	50%

REGION 7 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis. Finally, colonia residents are only included in Regions 9-13 because colonia residents only live in those areas.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 12.1 percent of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, Travis, and a sample rural county, Fayette, there is an estimated people 5,075 and 55 people, respectively, in non-institutional group quarters.

Region 7 Persons in Other Group Quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	197	3.1%	6,051
Urban	8,015	13.0%	61,647
Total	8,212	12.1%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

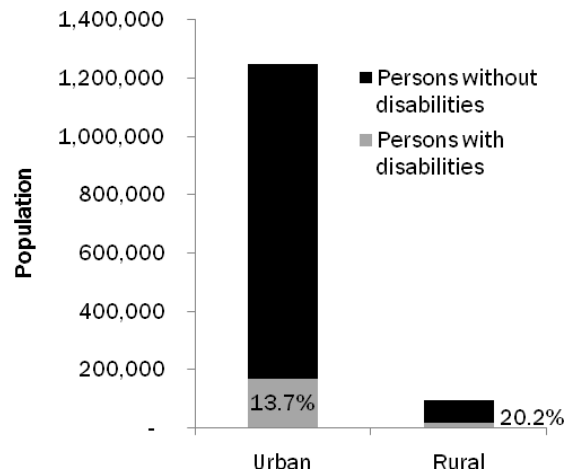
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 7, persons with disabilities account for approximately 14 percent of the population. Of this total, approximately 89.7 percent are residing in urban areas, with the remaining 10.3 percent in rural areas.

Region 7 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	19,633	77,437	97,070
Urban	170,593	1,079,170	1,249,763
Total	190,226	1,156,607	1,346,833

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 7 make up 5.3% of the statewide total elderly population.

Region 7 Elderly persons, 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	19,808	4.2%	475,056
Urban	90,644	5.7%	1,597,476
Total	110,452	5.3%	2,072,532

Source: 2000 Census and CHAS Database with projections based on HISTA data.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 4,361 persons living with HIV/AIDS in Region 7. Approximately 98.4 percent of this population is living in urban areas, with the remaining 1.6 percent in rural areas. Region 7 has a fairly low rate of persons living with HIV/AIDS compared to the state as a whole, with the Austin metropolitan area accounting for 6.8 percent of the total. Additionally, the Austin metropolitan area has a rate of 266 persons per 100,000.

Region 7 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	68	110,991
Urban	4,293	1,654,100
Total	4,361	1,765,091

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 7 was found to have a very low proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for just 1.2 percent of the 361,414 MSFWs in the state of Texas.

Region 7 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	928	0.5%	197,588
Urban	3,418	2.1%	163,837
Total	4,346	1.2%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study - TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Request Assistance Inventory for SFY2010, the agency received 15,861 public assistance requests from Region 7, which accounted for 7.5 percent of total annual requests. Of requests from Region 7, the three most requested categories were, in order: Rental Assistance, Homebuyer Assistance and Emergency Assistance.

Region 7 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 7	2,602	1,288	6,083	2,096	3,771	14	3	-	4	15,861
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

REGION 7 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to the 2010 projections, 92.2 percent of the housing units in the region are occupied. Of the total housing stock, 64.6 percent are one unit; 3.3 percent are two units; 25.8 percent are three or more units; 6.2 are manufactured homes; and the rest are boats and RVs.

Region 7 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	58,952	673,732	732,684
Vacant housing units	13,107	44,126	57,233
Housing units, 1 unit	44,364	428,620	472,984
Housing units, 2 units	1,085	23,310	24,395
Housing units, 3 to 4 units	1,044	22,465	23,509
Housing units, 5 to 19 units	1,281	85,893	87,174
Housing units, 20 to 49 units	291	39,038	39,329
Housing units, 50+ units	129	38,553	38,682
Housing units, mobile home	10,679	34,941	45,620
Housing units, other	79	912	991

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section.

Region 7 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	18,134	57.7%	9.0%
HUD Units	2,123	6.8%	5.3%
PHA Units	3,524	11.2%	5.6%
Section 8 Vouchers	7,016	22.3%	4.5%
USDA Units	643	2.0%	4.3%
HFC Units*	8,281		
Total	31,440	100.0%	6.6%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for August 2010, the median home price for Austin is \$196,500.⁵⁷ In addition, the fair market rent for a two bedroom unit in Austin/Round Rock MSA is \$954, requiring an annual income of approximately \$38,160.⁵⁸ In a sample rural county, Fayette, fair market rent on a two-bedroom apartment is \$670, which requires an annual income of approximately \$26,800.

⁵⁷ Real Estate Center at Texas A&M University, “Texas Residential MLS Activity,” <http://recenter.tamu.edu/data/hs/hs140b.htm> (accessed September 24, 2010).

⁵⁸ National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 189,088 owners and renters with housing problems in 2009.

Region 7 Households with Housing Problems, 2009

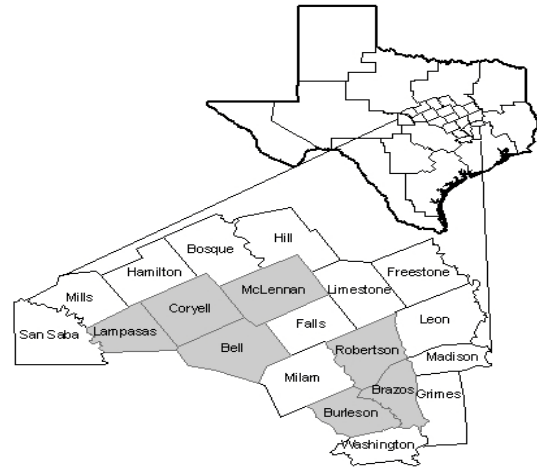
Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	143,360	44,925	36,217	36,747	25,471
Lacking Kitchen and/or Plumbing	5,598	1,938	981	1,125	1,555
Overcrowding	40,130	7,442	8,194	10,520	13,975
Total	189,088	54,305	45,392	48,392	41,001

Source: CHAS Database with projections based on HISTA data.

REGION 8

Region 8, located in the center of the state, surrounds the urban areas of Waco, Bryan, College Station, Killeen and Temple. HISTA data projects that in 2009 the total population in Region 8 is 1,069,503 and represents 4.3 percent of the state's total population.

Region 8



Region 8 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	284,255	-16.2%	244,626
Urban	678,884	17.7%	824,877
Region 8 Total	963,139	9.9%	1,069,503

Source: 2000 Census, Census population estimates July 1, 2009.

Approximately 77.1 percent of Region 8 families live in urban areas. In the map of Region 8 (above), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 8. Of the 32,631 families living below poverty, approximately 76.7 percent are living in urban areas, with the remaining 23.3 percent in rural areas. Additionally, the percentage of total rural families that are below poverty is slightly lower than the percentage of total urban families. However, the region's rural counties lag behind the Bryan-College Station and Killeen MSAs in recent and expected job creation, which may result in more families below poverty in the future.⁵⁹

Region 8 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	57,685	88.3%	7,619	11.7%
Urban	174,042	87.4%	25,012	12.6%
Region 8 Total	231,727	87.7%	32,631	12.3%

Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart below depicts the income breakdown of the 343,856 households in the region. Approximately 41 percent of the households are low income. There are 171,902 individuals living in poverty in the region, which makes up 15.8 percent of the regional population. According to the Texas Comptroller's *Texas In Focus* report, many Region 8 jobs exceed the state's 2007 per capita income level of \$37,187, with 265 occupations paying more than this amount.⁶⁰

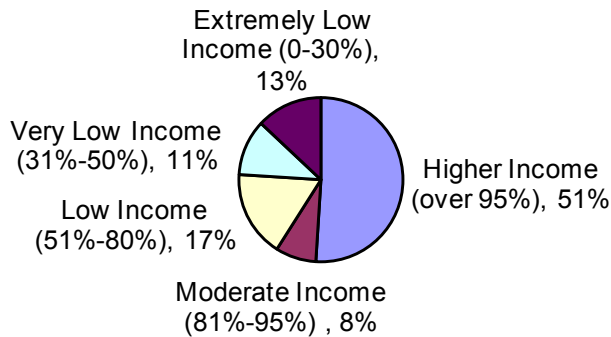
⁵⁹ Texas Comptroller of Public Accounts, "Texas in Focus: Central Texas," May 2009.

<http://www.window.state.tx.us/specialrpt/tif/central/> (accessed October 6, 2010).

⁶⁰ Texas Comptroller of Public Accounts, "Texas in Focus: Central Texas," May 2009.

<http://www.window.state.tx.us/specialrpt/tif/central/> (accessed October 6, 2010).

Region 8 Household Income



Income Group	Percent
0-30%	13%
31-50%	11%
51-80%	17%
81-95%	8%
95% & above	51%

REGION 8 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis. Finally, colonia residents are only included in Regions 9-13 because colonia residents only live in those areas.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 3.3 percent of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, Brazos, and a sample rural county, Hill, there is an estimated people 286 and 107 people, respectively, in non-institutional group quarters.

Region 8 Persons in Other Group Quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	506	8.4%	6,051
Urban	1,704	2.8%	61,647
Total	2,210	3.3%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

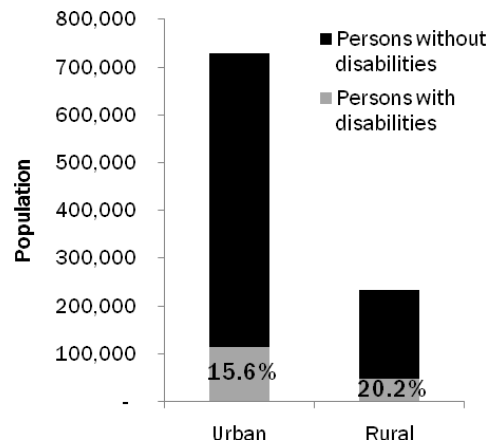
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 8, persons with disabilities account for approximately 16.7 percent of the population. Of this total, approximately 63.5 percent are residing in urban areas, with the remaining 36.5 percent in rural areas.

Region 8 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	47,346	186,677	234,023
Urban	113,397	615,719	729,116
Total	160,743	802,396	963,139

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 8 make up 4.2% of the statewide total elderly population.

Region 8 Elderly Persons, 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	40,388	8.5%	475,056
Urban	46,119	2.9%	1,597,476
Total	86,507	4.2%	2,072,532

Source: 2000 Census and CHAS Database with projections based on HISTA data.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 1,171 persons living with HIV/AIDS in Region 8. Approximately 81 percent of this population is living in urban areas, with the remaining 19 percent in rural areas. Region 8 has a fairly low rate of persons living with HIV/AIDS compared to the state as a whole, with the North & Central Texas area accounting for just 3.1 percent of the total, and a rate of 91 persons per 100,000.

Region 8 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Texas Population 2008
Rural	209	243,615
Urban	951	817,558
Total	1,171	1,061,173

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 8 was found to have a very low proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for just 1.7 percent of the 361,414 MSFWs in the state of Texas.

Region 8 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	3,817	1.9%	197,588
Urban	2,241	1.4%	163,815
Total	6,058	1.7%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Request Assistance Request Inventory for SFY2010, the agency received 8,912 public assistance requests from Region 8, which accounted for 4.2 percent of total annual requests. Of requests from Region 8, the most requested categories of assistance were, in order: Rental Assistance, Repair and Weatherization and Utility Assistance.

Region 8 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 8	1,465	1,779	2,675	1,892	1,087	11	3	-	-	8,912
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

REGION 8 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to the 2010 projections, 87.4 percent of the total housing units in the region are occupied. Of the total housing stock, 67.3 percent are one unit; 5.4 are two units; 17.0 percent are three or more units; 10.2 percent are manufactured homes; and the rest are boats and RVs.

Region 8 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	112,393	329,567	441,960
Vacant housing units	20,596	34,950	55,546
Housing units, 1 unit	85,506	211,713	297,219
Housing units, 2 units	2,555	21,202	23,757
Housing units, 3 to 4 units	2,050	19,629	21,679

	Rural	Urban	Total
Housing units, 5 to 19 units	2,557	37,862	40,419
Housing units, 20 to 49 units	338	6,199	6,537
Housing units, 50+ units	194	6,317	6,511
Housing units, mobile home	18,895	26,396	45,291
Housing units, other	298	249	547

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section.

Region 8 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	6,461	29.3%	3.2%
HUD Units	1,816	8.2%	4.6%
PHA Units	4,188	19.0%	6.6%
Section 8 Vouchers	7,934	36.0%	5.1%
USDA Units	1,636	7.4%	10.9%
HFC Units*	305		
Total	22,035	100.0%	4.6%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for August 2010, the median home price for Bryan-College Station is \$148,500.⁶¹ In addition, the fair market rent for a two bedroom unit in Bryan/College Station MSA is \$836, requiring an annual income of approximately \$33,440.⁶² In a sample rural county, Hill, fair market rent on a two-bedroom apartment is \$588, which requires an annual income of approximately \$23,520.

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 119,258 owners and renters with housing problems in 2009.

⁶¹ Real Estate Center at Texas A&M University, “Texas Residential MLS Activity,” <http://recenter.tamu.edu/data/hs/hs180b.htm> (accessed September 24, 2010).

⁶² National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

Region 8 Households with Housing Problems, 2009

Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	90,612	34,211	23,462	19,895	13,043
Lacking Kitchen and/or Plumbing	4,173	1,240	805	789	1,340
Overcrowding	24,473	4,191	3,775	6,648	9,859
Total	119,258	39,641	28,042	27,332	24,242

Source: 2000 CHAS Database with projections based on HISTA data.

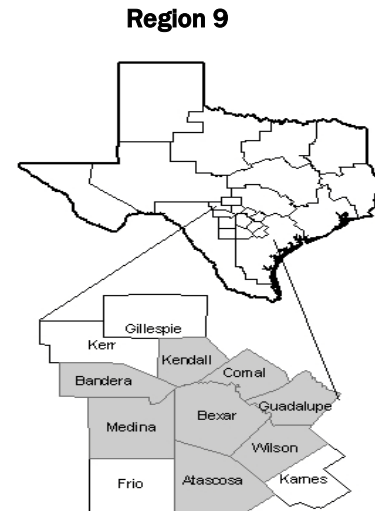
REGION 9

San Antonio is the main metropolitan area in Region 9. HISTA data projects that in 2009 the total population in Region 9 is 2,175,874, which represents 8.8 percent of the state's total population.

Region 9 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	215,485	107.7%	103,746
Urban	1,592,383	23.2%	2,072,128
Region 9 Total	1,807,868	16.9%	2,175,874

Source: 2000 Census, Census population estimates July 1, 2009.



Approximately 95 percent of Region 9 families live in urban areas. In the map of Region 9 (above), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 9. Of the 66,868 families living below poverty, approximately 94.6 percent are living in urban areas, with the remaining 5.4 percent in rural areas. Additionally, the percentage of total rural families that are below poverty is slightly lower than the percentage of total urban families. This may be due to findings revealing that the region's rural counties are projected to outpace job growth of the state and the region as a whole from 2003 to 2013.⁶³

Region 9 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	24,896	87.4%	3,598	12.6%
Urban	466,206	88.1%	63,270	11.9%
Region 9 Total	491,102	88.0%	66,868	12.0%

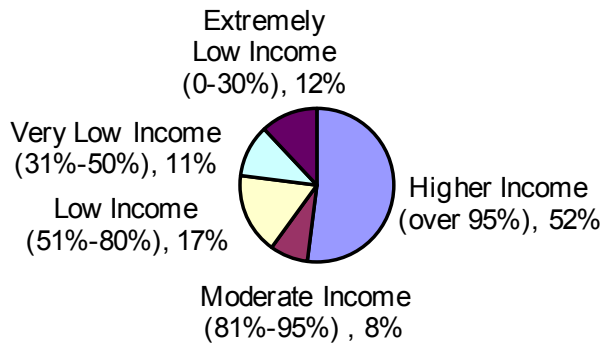
Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart to the left depicts the income breakdown of the 635,280 households in the region. Approximately 40 percent of households are low income. There are 307,186 individuals living in poverty in the region, which makes up 15.0 percent of the regional population. According to the Texas Comptroller's *Texas In Focus* report, many Region 9 jobs exceed the State's 2008 per capita income level of \$38,575, with 228 occupations paying more than this amount.⁶⁴

⁶³ Texas Comptroller of Public Accounts, "Texas in Focus: Alamo Region," October 2009. <http://www.window.state.tx.us/specialrpt/tif/alamo/> (accessed October 6, 2010).

⁶⁴ Texas Comptroller of Public Accounts, "Texas in Focus: Alamo Region," October 2009. <http://www.window.state.tx.us/specialrpt/tif/alamo/> (accessed October 6, 2010).

Region 9 Household Income



Income Group	Percent
0-30%	12%
31-50%	11%
51-80%	17%
81-95%	8%
95% & above	52%

REGION 9 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 10.7 percent of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, Bexar, and a sample rural county, Gillespie, there is an estimated people 5,923 and 58 people, respectively, in non-institutional group quarters.

Region 9 Persons in Other Group Quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	324	5.4%	6,051
Urban	6,924	11.2%	61,647
Total	7,248	10.7%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

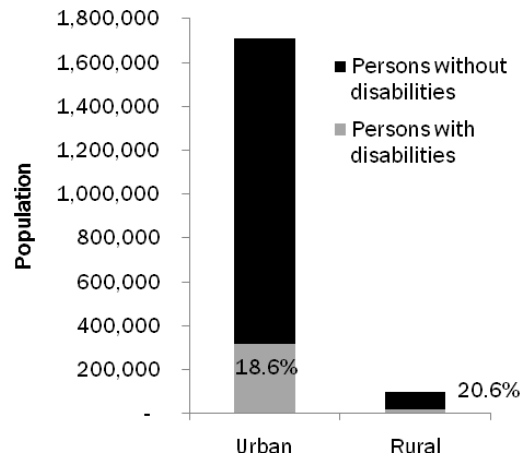
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 9, persons with disabilities account for approximately 18.7 percent of the population. Of this total, approximately 87.5 percent are residing in urban areas, with the remaining 12.5 percent in rural areas.

Region 9 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	19,857	76,308	96,165
Urban	317,684	1,394,019	1,711,703
Total	337,541	1,470,327	1,807,868

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 8 make up 9.9% of the statewide total elderly population.

Region 9 Elderly Persons, 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	20,105	4.2%	475,056
Urban	184,941	11.6%	1,597,476
Total	205,046	9.9%	2,072,532

Source: 2000 Census and CHAS Database with projections based on HISTA data.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 4,496 persons living with HIV/AIDS in Region 9. Approximately 99 percent of this population is living in urban areas, with the remaining 1 percent in rural areas. Region 9 has a fairly average rate of persons living with HIV/AIDS compared to the state as a whole, with the San Antonio metropolitan area accounting for about 7.0 percent of the total, and a rate of 235 persons per 100,000.

Region 9 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	45	103,014
Urban	4,451	2,030,691
Total	4,496	2,133,705

COLONIA RESIDENTS

The Office of the Attorney General maintains an extensive Colonia Geographic Database, accounting for over 1,800 colonia areas in 29 counties. Region 9 contains a very small portion of the state's colonia population, accounting for just 0.5 percent of the 418,406 residents.⁶⁵

Region 9 Colonia Population Estimate, Estimated 2010

	Colonia Population Estimate
Rural	2,212
Urban	-
Total	2,212
Statewide total	418,406

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 9 was found to have a low proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for just 5.2 percent of the 361,414 MSFWs in the state of Texas.

Region 9 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	7,395	3.7%	197,588
Urban	11,562	7.1%	163,826
Total	18,957	5.2%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Assistance Request Inventory for SFY2010, the agency received 10,809 public assistance requests from Region 9, which accounted for 5.1 percent of total annual requests. Of requests from Region 9, the most requested categories of assistance were, in order: Rental Assistance, Repair and Weatherization and Homebuyer Assistance.

Region 9 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 9	1,693	1,304	3,118	2,495	2,189	3	6	-	1	10,809
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

⁶⁵ Texas Office of the Attorney General, Border Colonia Geographic Database

REGION 9 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to the 2010 projections, 92.1 percent of the housing units in the region are occupied. Of the total housing stock, 70.6 percent are one unit; 1.8 percent are two units; 20.1 are three or more units; 7.4 percent are manufactured homes and the rest are boats and RVs.

Region 9 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	45,618	794,697	840,315
Vacant housing units	5,466	61,052	66,518
Housing units, 1 unit	33,494	559,404	592,898
Housing units, 2 units	781	14,630	15,411
Housing units, 3 to 4 units	1,922	28,919	30,841
Housing units, 5 to 19 units	1,373	93,401	94,774
Housing units, 20 to 49 units	429	17,749	18,178
Housing units, 50+ units	160	24,586	24,746
Housing units, mobile home	7,205	55,232	62,437
Housing units, other	254	776	1,030

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section.

Region 9 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	16,423	36.8%	8.2%
HUD Units	3,839	8.6%	9.7%
PHA Units	8,221	18.4%	13.0%
Section 8 Vouchers	15,738	35.2%	10.1%
USDA Units	462	1.0%	3.1%
HFC Units*	22,392		
Total	44,683	100.0%	9.4%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for August 2010, the median home price for San Antonio is \$157,800.⁶⁶ In addition, the fair market rent for a two bedroom unit in San Antonio HMFA is \$796, requiring an annual income of approximately \$31,840.⁶⁷ In a sample rural county, Gillespie, fair market rent on a two-bedroom apartment is \$766, which requires an annual income of approximately \$30,640.

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 223,448 owners and renters with housing problems in 2009.

Region 9 Households with Housing Problems, 2010

Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	153,507	47,556	38,733	36,371	30,846
Lacking Kitchen and/or Plumbing	7,521	2,128	1,319	1,581	2,493
Overcrowding	62,420	11,431	11,807	15,974	23,208
Total	223,448	61,115	51,859	53,926	56,547

Source: CHAS Database with projections based on HISTA data.

⁶⁶ Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/hs460b.htm> (accessed September 24, 2010).

⁶⁷ National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

REGION 10

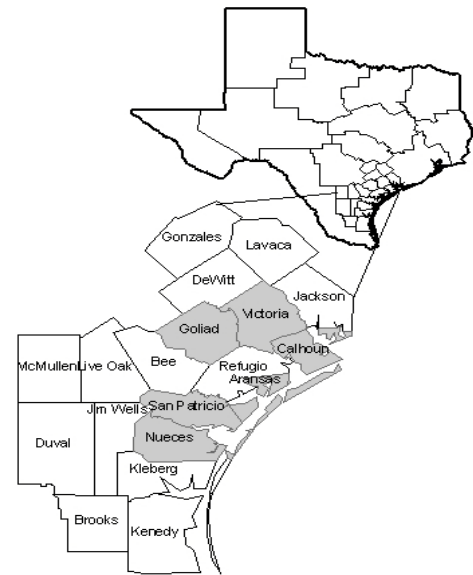
Region 10, including the urban areas of Corpus Christi and Victoria, is located in the south eastern part of the state on the Gulf of Mexico. HISTA data projects that in 2009 the total population in Region 10 is 746,599, which represents 3.0 percent of the state's total population.

Region 10 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	268,046	-24.6%	215,108
Urban	464,871	12.5%	531,491
Region 10 Total	732,917	1.8%	746,599

Source: 2000 Census, Census population estimates July 1, 2009.

Region 10



In Region 10, 71.2 percent of families live in urban areas. In the map of Region 10 (above), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 10. Of the 29,450 families living below poverty, approximately 67.8 percent are living in urban areas, with the remaining 32.2 percent in rural areas. However, the percentage of total rural families that are below poverty is slightly higher than the percentage of total urban families. Findings revealing that the region's rural counties are projected to outpace job growth of the state from 2002 to 2012, while the Corpus Christi MSA growing slower than the state and region as a whole.⁶⁸

Region 10 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	45,934	82.9%	9,471	17.1%
Urban	122,288	86.0%	19,979	14.0%
Region 10 Total	168,222	85.1%	29,450	14.9%

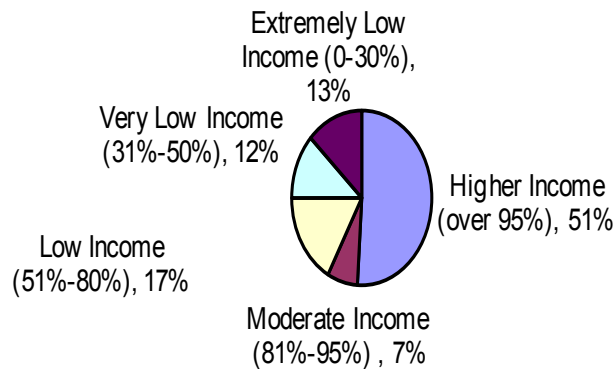
Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart to the left depicts the income breakdown of the 255,493 households in the region. Approximately 42 percent of household are low income. There are 152,046 individuals living in poverty in the region, which makes up 21.4 percent of the regional population. According to the Texas Comptroller's *Texas In Focus* report, the top five occupations with high projected job growth in Region 10 are low paying (average annual wage of \$16,103) and do not require a post-secondary education.⁶⁹

⁶⁸ Texas Comptroller of Public Accounts, "Texas in Focus: South Texas," August 2008. <http://www.window.state.tx.us/specialrpt/tif/southtexas/> (accessed October 6, 2010).

⁶⁹ Texas Comptroller of Public Accounts, "Texas in Focus: South Texas," April 2008. <http://www.window.state.tx.us/specialrpt/tif/southtexas/> (accessed October 6, 2010).

Region 10 Household Income



Income Group	Percent
0-30%	13%
31-50%	12%
51-80%	17%
81-95%	7%
95% & above	51%

REGION 10 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 4.5 percent of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, Nueces, and a sample rural county, Calhoun, there is an estimated 2,292 people and 34 people, respectively, in non-institutional group quarters.

Region 10 Persons in Other Group Quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	345	5.7%	6,051
Urban	2,714	4.4%	61,647
Total	3,059	4.5%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

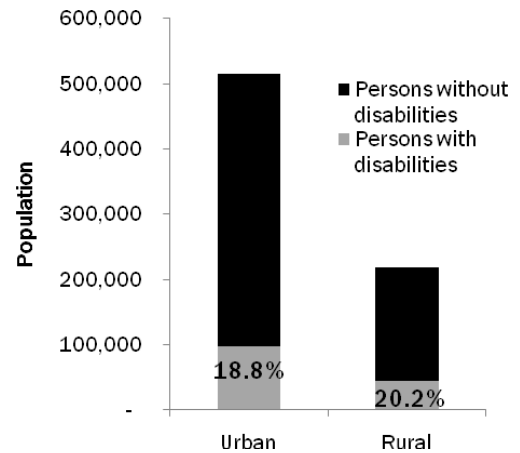
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 10, persons with disabilities account for approximately 19.3 percent of the population. Of this total, approximately 61.8 percent are residing in urban areas, with the remaining 38.2 percent in rural areas.

Region 10 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	44,148	173,826	217,974
Urban	97,444	417,499	514,943
Total	141,592	591,325	732,917

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 10 make up 4.6% of the statewide total elderly population.

Region 10 Elderly Persons, 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	35,688	7.5%	475,056
Urban	60,490	3.8%	1,597,476
Total	96,178	4.6%	2,072,532

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 777 persons living with HIV/AIDS in Region 10. Approximately 85.6 percent of this population is living in urban areas, with the remaining 14.4 percent in rural areas. Region 10 has a fairly low rate of persons living with HIV/AIDS compared to the state as a whole, with the South & West Texas area accounting for just 2.1 percent of the total, and a rate of 89 persons per 100,000.

Region 10 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	112	214,954
Urban	665	527,462
Total	777	742,416

COLONIA RESIDENTS

The Office of the Attorney General maintains an extensive Colonia Geographic Database, accounting for over 1,800 colonia areas in 29 counties. Region 10 contains a small portion of the state's colonia population, accounting for just 5.8 percent of the 418,406 residents, with the majority residing in San Patricio County.⁷⁰

⁷⁰ Texas Office of the Attorney General, Border Colonia Geographic Database

Region 10 Colonia Population, estimated 2010

	Colonia Population Estimate
Rural	10,634
Urban	13,808
Total	24,442
Statewide total	418,406

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 10 was found to have a low proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for just 6.1 percent of the 361,414 MSFWs in the state of Texas.

Region 10 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	10,435	5.3%	197,588
Urban	11,474	7.0%	163,826
Total	21,909	6.1%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Request Assistance Inventory for SFY2010, the agency received 9,736 public assistance requests from Region 10, which accounted for 4.6 percent of total annual requests. Of requests from Region 10, the three most requested categories of assistance were, in order: Utility Assistance, Repair and Weatherization and Rental Assistance.

Region 10 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 10	605	5,984	1,106	1,410	622	6	-	1	2	9,736
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

REGION 10 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to the 2010 projections, 84.3 percent of the housing units in the region are occupied. Of the total housing stock, 84.3 percent are one unit; 2.7 percent are two units; 16.1 percent are three or more units; 9.2 percent are manufactured homes; and the rest are boats and RVs.

Region 10 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	93,840	226,231	320,071
Vacant housing units	18,092	32,022	50,114
Housing units, 1 unit	70,086	159,480	229,566
Housing units, 2 units	2,702	5,869	8,571
Housing units, 3 to 4 units	3,121	10,994	14,115
Housing units, 5 to 19 units	3,358	22,585	25,943
Housing units, 20 to 49 units	723	3,747	4,470
Housing units, 50+ units	550	6,336	6,886
Housing units, mobile home	12,960	16,456	29,416
Housing units, other	340	764	1,104

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section.

Region 10 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,634	32.8%	2.8%
HUD Units	2,222	12.9%	5.6%
PHA Units	4,577	26.6%	7.2%
Section 8 Vouchers	3,989	23.2%	2.6%
USDA Units	778	4.5%	5.2%
HFC Units*	971		
Total	17,200	100.0%	3.6%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for August 2010, the median home price for Corpus Christi is \$148,500.⁷¹ In addition, the fair market rent for a two bedroom unit in Corpus Christi HMFA is \$816, requiring an annual income of approximately \$32,640. In a sample rural county, Calhoun, fair market rent on a two-bedroom apartment is \$637, which requires an annual income of approximately \$35,480.⁷²

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 87,463 owner and renters with housing problems in 2009.

Region 10 Households with Housing Problems, 2009

Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	59,191	20,620	15,872	12,697	10,002
Lacking Kitchen and/or Plumbing	3,763	1,266	737	771	989
Overcrowding	24,509	4,937	4,226	5,396	9,950
Total	87,463	26,823	20,835	18,864	20,941

Source: CHAS Database with projections based on HISTA data.

⁷¹ Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/hs190b.htm> (accessed September 24, 2010).

⁷² National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

REGION 11

Region 11 is a 16-county area along the border of Mexico. The main urban areas in the region are Brownsville-Harlingen, McAllen-Edinburg, Del Rio and Laredo. HISTA data projects that in 2009 the total population in Region 11 is 1,644,468 which represents 6.6 percent of the state's total population.

Region 11



Region 11 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	245,523	7.5%	265,507
Urban	1,097,807	20.4%	1,378,961
Region 11 Total	1,343,330	18.3%	1,644,468

Source: 2000 Census, Census population estimates July 1, 2009.

About 83.9 percent of Region 11 families live in urban areas. In the map of Region 11 (right), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 11. Of the 118,810 families living below poverty, approximately 84.6 percent are living in urban areas, with the remaining 15.4 percent in rural areas. Findings revealing that the McAllen and Laredo MSAs are projected to outpace job growth of the state from 2002 to 2012, while the Brownsville-Harlingen MSA is growing slower than the state and region as a whole.⁷³

Region 11 Poverty Figures, 2010

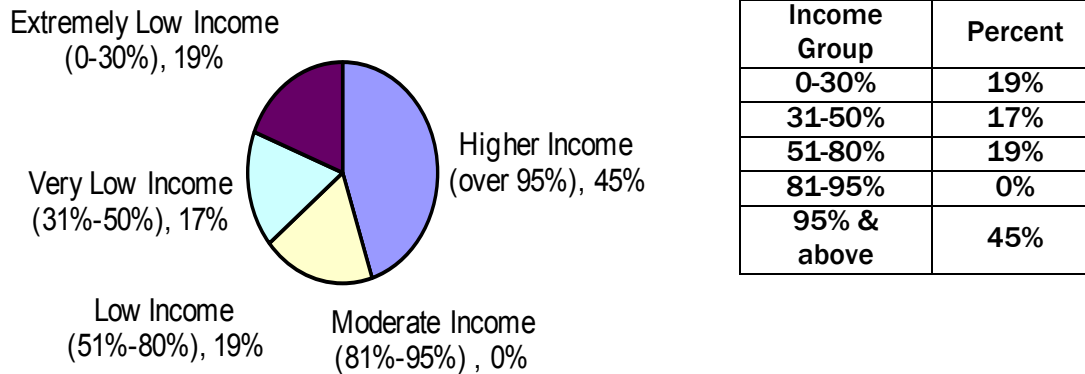
	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	49,279	72.9%	18,354	27.1%
Urban	236,523	70.2%	100,456	29.8%
Region 11 Total	285,802	70.6%	118,810	29.4%

Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart below depicts the income breakdown of the 377,276 households in the region. Approximately 55 percent of households are low income. The 2000 CHAS figures for moderate and higher income household in Region 11 indicate that there are only 199 persons with income between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because the majority of TDHCA programs serve persons below 80 percent AMFI.

⁷³ Texas Comptroller of Public Accounts, "Texas in Focus: South Texas," August 2008. <http://www.window.state.tx.us/specialrpt/tif/southtexas/> (accessed October 6, 2010).

Region 11 Household Income



There are 523,671 individuals living in poverty in the region, which makes up 33.3 percent of the regional population. According to the Texas Comptroller's *Texas In Focus* report, the top five occupations with high projected job growth in Region 11 are low paying (average annual wage of \$16,103) and do not require a post-secondary education.⁷⁴ Additionally, floodplains in the colonias in Webb and Hidalgo counties have discouraged investors and developers from investing in the region's rural areas.⁷⁵

REGION 11 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis. Finally, colonia residents are only included in Regions 9-13 because colonia residents only live in those areas.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 3.5 percent of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, Cameron, and a sample rural county, Zavala, there is an estimated 639 people and 27 people, respectively, in non-institutional group quarters. Region 11 also experienced damage from Hurricane Dolly, which hit the Lower Rio Grande area in July 2008.

Region 11 Persons in Other Group Quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	309	5.1%	6,051
Urban	2,083	3.4%	61,647
Total	2,392	3.5%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

⁷⁴ Texas Comptroller of Public Accounts, "Texas in Focus: South Texas," August 2008. <http://www.window.state.tx.us/specialrpt/tif/southtexas/> (accessed October 6, 2010).

⁷⁵ US Government Accountability Office, Report to Congressional Committees, Rural Homelessness: Better Collaboration by HHS and HUD Could Improve Delivery of Services in Rural Areas," July 2010. <http://www.gao.gov/new.items/d10724.pdf>

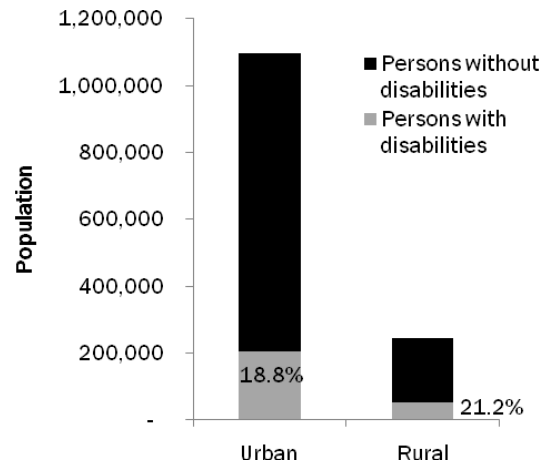
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 11, persons with disabilities account for approximately 19.2 percent of the population. Of this total, approximately 79.9 percent are residing in urban areas, with the remaining 20.1 percent in rural areas.

Region 11 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	51,933	193,590	245,523
Urban	205,905	891,902	1,097,807
Total	257,838	1,085,492	1,343,330

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 11 make up 6.6% of the statewide total elderly population.

Region 11 Elderly Persons, 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	30,301	6.4%	475,056
Urban	107,305	6.7%	1,597,476
Total	137,606	6.6%	2,072,532

Source: 2000 Census.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 1,849 persons living with HIV/AIDS in Region 11. Approximately 91.1 percent of this population is living in urban areas, with the remaining 8.9 percent in rural areas. Region 11 has a fairly low rate of persons living with HIV/AIDS compared to the state as a whole, with the US -Mexico Border area accounting for just 5.5 percent of the total, and a rate of 137 persons per 100,000. Note that Texas DSHS defines the border area as those 32 counties within 100 kilometers of the US-Mexico border, a standard definition in health and human services reports.

Region 11 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	164	262,270
Urban	1,685	1,346,376
Total	1,849	1,608,646

COLONIA RESIDENTS

The Office of the Attorney General maintains an extensive Colonia Geographic Database, accounting for over 1,800 colonia areas in 29 counties. The table to the left depicts the estimated colonia population in Region 11. The region contains a very large portion of the state's colonia population, accounting for over 73.2 percent of the 418,406 residents, with a large portion residing in Hidalgo County.⁷⁶

Region 11 Colonia Population, estimated 2010

	Colonia Population Estimate
Rural	100,971
Urban	205,243
Total	306,214
Statewide total	418,406

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 11 was found to have a very high proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for 34.0 percent of the 361,414 MSFWs in the state of Texas.⁷⁷ The high farmworker population correlates with a dominant agriculture industry in Region 11, an area which produces large amounts of the nation's sugarcane, sorghum for grain, cotton, citrus and onions. The crop and animal production sectors provided 20,000 jobs to Region 11 in 2007.⁷⁸

Region 11 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	35,022	17.7%	197,588
Urban	87,925	53.7%	163,826
Total	122,947	34.0%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Assistance Inventory for SFY2010, the agency received 18,821 public assistance requests from Region 11, which accounted for 8.9 percent of total annual requests. Of requests from Region 11, the three most requested categories of assistance were, in order: Utility Assistance, Repair and Weatherization and Rental Assistance.

⁷⁶ Texas Office of the Attorney General, Border Colonia Geographic Database

⁷⁷ Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

⁷⁸ Texas Comptroller of Public Accounts, "Texas in Focus: South Texas," August 2008.
<http://www.window.state.tx.us/specialrpt/tif/southtexas/> (accessed October 6, 2010).

Region 11 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 11	888	13,192	1,453	2,152	1,131	3	1	1	-	18,821
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

REGION 11 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to the 2010 projections, 82.9 percent of the housing units in the region are occupied. Of the total housing stock, 68.6 percent are one unit, 3.3 percent are two units, 13.7 percent are three or more units, 13.6 percent are manufactured homes and the rest are boats and RVs.

Region 11 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	98,839	483,680	582,519
Vacant housing units	16,597	83,296	99,893
Housing units, 1 unit	75,255	324,398	399,653
Housing units, 2 units	3,031	16,464	19,495
Housing units, 3 to 4 units	3,541	23,370	26,911
Housing units, 5 to 19 units	2,295	31,976	34,271
Housing units, 20 to 49 units	579	7,059	7,638
Housing units, 50+ units	184	11,037	11,221
Housing units, mobile home	13,794	65,253	79,047
Housing units, other	160	4,123	4,283

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section.

Region 11 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	10,379	28.3%	5.2%
HUD Units	2,701	7.4%	6.8%
PHA Units	7,415	20.2%	11.7%
Section 8 Vouchers	14,260	38.8%	9.2%
USDA Units	1,966	5.4%	13.1%
HFC Units*	322		
Total	36,721	100.0%	7.7%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for August 2010, the median home price for Brownsville is \$113,800 and McAllen is \$116,400.⁷⁹ In addition, the fair market rent for a two bedroom unit in Brownsville/Harlingen MSA is \$600, requiring an annual income of approximately \$24,000, and in McAllen/Edinburg/Mission MSA is \$655, which requires an annual income of approximately \$26,200. In a sample rural county, Zavala, fair market rent on a two-bedroom apartment is \$588, which requires an annual income of approximately \$23,520.⁸⁰

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 184,917 owners and renters with housing problems in 2009.

Region 11 Households with Housing Problems, 2009

Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	78,562	33,079	20,702	14,090	10,691
Lacking Kitchen and/or Plumbing	14,614	6,312	3,577	2,527	2,199
Overcrowding	91,741	22,709	19,440	21,140	28,453
Total	184,917	62,100	43,719	37,757	41,343

Source: CHAS Database with projections based on HISTA data.

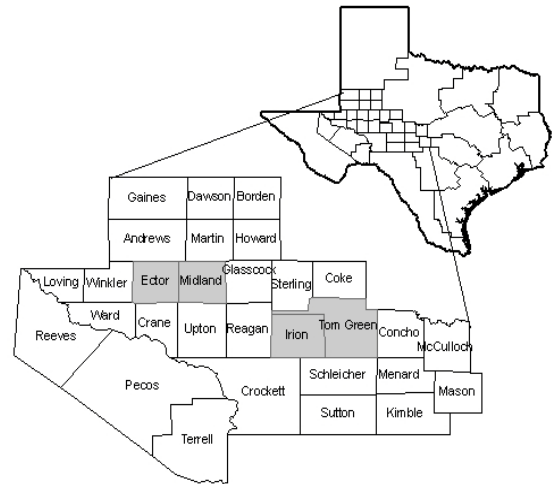
⁷⁹ Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/hs350b.htm> (accessed September 24, 2010).

⁸⁰ National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

REGION 12

Region 12 in west Texas surrounds the urban areas of Odessa-Midland and San Angelo. HISTA data projects that in 2009 the total population in Region 12 is 552,914, which represents 2.2 percent of the state's total population.

Region 12



Region 12 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	183,742	-4.5%	175,854
Urban	341,142	9.5%	377,060
Region 12 Total	524,884	5.1%	552,914

Source: 2000 Census, Census population estimates July 1, 2009.

Approximately 68.2 percent of Region 12 families live in urban areas. In the map of Region 12 (right), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 12. Of the 17,117 families living below poverty, approximately 57.4 percent are living in urban areas, with the remaining 42.6 percent in rural areas. However, the percentage of total rural families that are below poverty is slightly higher than the percentage of total urban families.

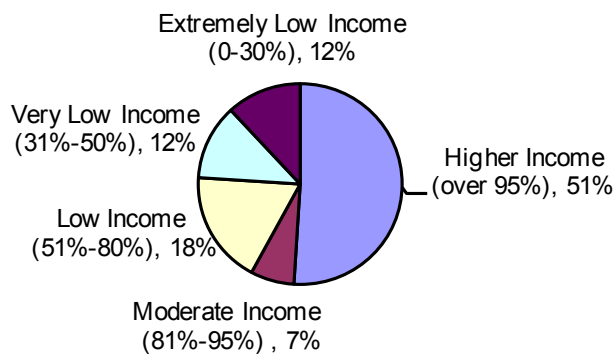
Region 12 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	39,095	84.3%	7,295	15.7%
Urban	88,619	90.0%	9,822	10.0%
Region 12 Total	127,714	88.2%	17,117	11.8%

Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart below depicts the income breakdown of the 188,921 household in the region. Approximately 42 percent of households are low income. There are 97,823 individuals living in poverty in the region, which makes up 16.4 percent of the regional population.

Region 12 Household Income



Income Group	Percent
0-30%	12%
31-50%	12%
51-80%	18%
81-95%	7%
95% & above	51%

REGION 12 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis. Finally, colonia residents are only included in Regions 9-13 because colonia residents only live in those areas.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 1.9 percent of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, Ector, and a sample rural county, Andrews, there is an estimated 169 people and 0 people, respectively, in non-institutional group quarters.

Region 12 Persons in Other Group Quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	226	3.7%	6,051
Urban	1,084	1.8%	61,647
Total	1,310	1.9%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

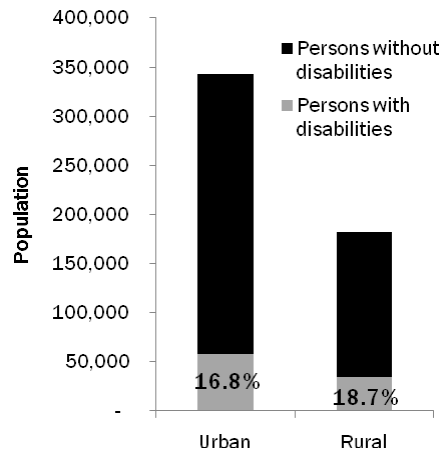
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 12, persons with disabilities account for approximately 17.5 percent of the population. Of this total, approximately 62.5 percent are residing in urban areas, with the remaining 37.5 percent in rural areas.

Region 12 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	34,035	147,936	181,971
Urban	57,765	285,148	342,913
Total	91,800	433,084	524,884

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 12 make up 3.2% of the statewide total elderly population.

Region 12 Elderly Persons – Texas 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	25,403	5.3%	475,056
Urban	40,949	2.6%	1,597,476
Total	66,352	3.2%	2,072,532

Source: 2000 Census.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 596 persons living with HIV/AIDS in Region 12. Approximately 76 percent of this population is living in urban areas, with the remaining 24 percent in rural areas. Region 12 has a fairly low rate of persons living with HIV/AIDS compared to the state as a whole, with the South & West Texas area accounting for just 2.1 percent of the total, and a rate of 89 persons per 100,000.

Region 12 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	111	173,833
Urban	351	369,491
Total	462	543,324

COLONIA RESIDENTS

The Office of the Attorney General maintains an extensive Colonia Geographic Database, accounting for over 1,800 colonia areas in 29 counties. The table to the right depicts the estimated colonia population in Region 12. The region contains a very small portion of the state's colonia population, accounting for over 1.2 percent of the 418,406 residents, with a large portion residing in Pecos County.⁸¹

Region 12 Colonia Population, estimated 2010

	Colonia Population Estimate
Rural	5,130
Urban	-
Total	5,130
Statewide total	418,406

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 12 was found to have a higher proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for 10.2 percent of the 361,414 MSFWs in the state of Texas.

Region 12 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	32,958	16.7%	197,577
Urban	4,041	2.5%	163,826
Total	36,999	10.2%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study – TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Request Assistance Inventory for SFY2010, the agency received 4,437 public assistance requests from Region 12, which accounted for 2.1 percent of total annual requests. Of requests from Region 12, the three most requested categories of assistance were, in order: Utility Assistance, Repair and Weatherization and Rental Assistance.

⁸¹ Texas Office of the Attorney General, Border Colonia Geographic Database

Region 12 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 12	431	1,986	728	830	457	4	-	-	1	4,437
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

REGION 12 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to the 2010 projections, 85.6 percent of the housing units in the region are occupied. Of the total housing stock, 73.4 percent are one unit, 1.8 percent are two units, 14.3 percent are three or more units, 10.4 percent are manufactured homes and the rest are boats and RVs.

Region 12 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	82,104	153,164	235,268
Vacant housing units	19,406	14,563	33,969
Housing units, 1 unit	64,899	107,679	172,578
Housing units, 2 units	1,654	2,496	4,150
Housing units, 3 to 4 units	1,608	3,702	5,310
Housing units, 5 to 19 units	1,696	17,501	19,197
Housing units, 20 to 49 units	512	2,461	2,973
Housing units, 50+ units	648	5,445	6,093
Housing units, mobile home	10,927	13,642	24,569
Housing units, other	160	238	398

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section.

Region 12 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	2,896	33.4%	1.4%
HUD Units	974	11.2%	2.5%
PHA Units	1,241	14.3%	2.0%
Section 8 Vouchers	3,121	36.0%	2.0%
USDA Units	432	5.0%	2.9%
HFC Units*	24		
Total	8,664	100.0%	1.8%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for September 2009, the median home prices for Odessa and Midland are \$131,800 and \$164,800 respectively.⁸² In addition, the fair market rent for a two bedroom unit in Odessa MSA is \$736, requiring an annual income of approximately \$29,400, and in Midland MSA is \$831, which requires an annual income of approximately \$33,240. In a sample rural county, Andrews, fair market rent on a two-bedroom apartment is \$588, which requires an annual income of approximately \$23,520.⁸³

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 57,186 owners and renters with housing problems in 2009.

Region 12 Households with Housing Problems, 2009

Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	40,053	14,994	11,375	7,894	5,791
Lacking Kitchen and/or Plumbing	2,577	713	547	538	778
Overcrowding	14,556	2,466	2,483	4,119	5,488
Total	57,186	18,173	14,405	12,551	12,057

Source: CHAS Database with projections based on HISTA data.

⁸² Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed November 6, 2009).

⁸³ National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

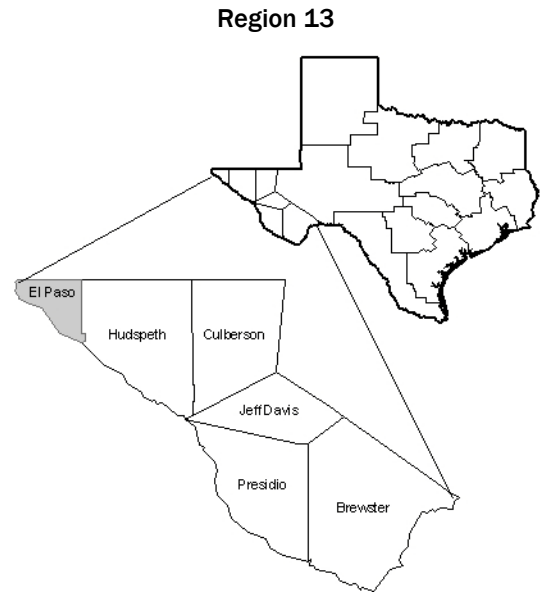
REGION 13

El Paso is the main urban area in Region 13. The region spreads along the Texas-Mexico border in the southwestern tip of the state. HISTA data projects that in 2009 the total population in Region 13 is 775,920, which represents 3.1 percent of the state's total population.

Region 13 Population Figures

	2000 Population	% Change	2009 Population Estimate
Rural	24,696	-0.3%	24,624
Urban	679,622	9.5%	751,296
Region 13 Total	704,318	9.2%	775,920

Source: 2000 Census, Census population estimates July 1, 2009.



Approximately 96.8 percent of Region 13 families live in the urban area of El Paso. In the map of Region 13 (right), the shaded counties are MSAs as defined by the U.S. Census. The table below depicts the number of families living below the poverty line in Region 13. Of the 45,419 families living below poverty, approximately 97 percent are living in urban areas, with the remaining 3 percent in rural areas. Additionally, the percentage of total rural families that are below poverty is slightly lower than the percentage of total urban families. Findings revealing that the region's rural counties are projected to outpace job growth of the El Paso MSA, the region and the state from 2009 to 2013.⁸⁴

Region 13 Poverty Figures, 2010

	At or above poverty Families	At or above poverty Percent	Below poverty Families	Below poverty Percent
Rural	5,287	78.9%	1,417	21.1%
Urban	145,664	76.8%	44,002	23.2%
Region 13 Total	150,951	76.9%	45,419	23.1%

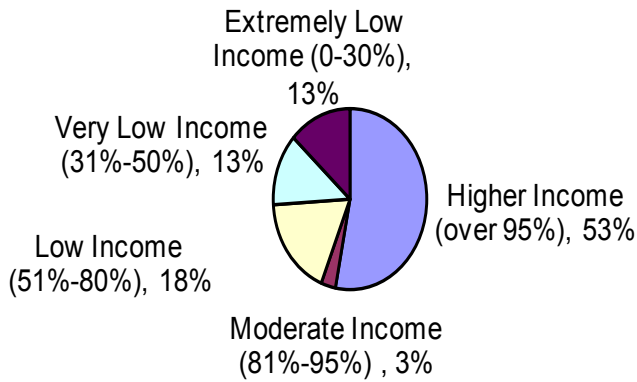
Source: Nielsen Claritas, Ribbon Demographics, 2010.

The pie chart to the left depicts the income breakdown of the 216,861 households in the region. Approximately 44 percent of households are low income. There are 189,890 individuals living in poverty in the region, which makes up 23.7 percent of the regional population. According to the Texas Comptroller's *Texas In Focus* report, the top ten occupations with high projected job growth in Region 13 are low paying (median annual wage of \$16,769) and eight of the ten do not require a post-secondary education.⁸⁵

⁸⁴ Texas Comptroller of Public Accounts, "Texas in Focus: Upper Rio Grande," June 2009. <http://www.window.state.tx.us/specialrpt/tif/urgrande/> (accessed October 6, 2010).

⁸⁵ Texas Comptroller of Public Accounts, "Texas in Focus: Upper Rio Grande," June 2009. <http://www.window.state.tx.us/specialrpt/tif/urgrande/> (accessed October 6, 2010).

Region 13 Household Income



Income Group	Percent
0-30%	13%
31-50%	13%
51-80%	18%
81-95%	3%
95% & above	53%

REGION 13 SPECIAL NEEDS POPULATIONS

Some data for persons with special needs is only available at the state level. For example, numbers of persons with alcohol and substance abuse is not available at the county level, so analysis could only be done at the state level. In addition, the regional number of public housing units, in which public housing residents live, is not included in the Special Needs Population section of each regional analysis because it is included in the Assisted Housing Inventory at the end of each regional analysis.

HOMELESS PERSONS

According to 2010 population projections by Ribbon Demographics, this region has approximately 3.1 percent of the statewide total of people in non-institutional group quarters, including shelters. For a sample urban county, El Paso, and a sample rural county, Presidio, there is an estimated 2,056 people and 8 people, respectively, in non-institutional group quarters.

Region 13 Persons in Other Group Quarters, 2010

	Homeless persons	% of State Total	Statewide Homeless Population
Rural	15	0.2%	6,051
Urban	2,056	3.3%	61,647
Total	2,071	3.1%	67,698

Source: Nielsen Claritas, Ribbon Demographics, 2010.

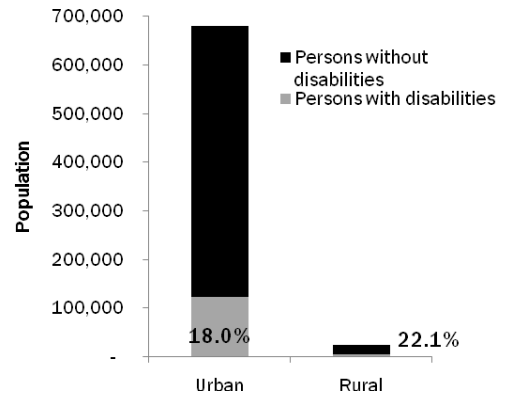
PERSONS WITH DISABILITIES

According to the US Census, of the total population in Region 13, persons with disabilities account for approximately 18.2 percent of the population. Of this total, approximately 95.7 percent are residing in urban areas, with the remaining 4.3 percent in rural areas.

Region 13 Persons With and Without Disabilities, 2000

	Persons with disabilities	Persons without disabilities	Total
Rural	5,455	19,241	24,696
Urban	122,545	557,077	679,622
Total	128,000	576,318	704,318

Source: Census 2000, Urban defined by presence of an MSA.



ELDERLY PERSONS

According to the most recent US Census, elderly persons in Region 13 make up .7% of the statewide total elderly population.

Region 13 Elderly Persons, 2000

	Elderly Persons	Percent of State Total	Statewide Elderly Persons
Rural	3,338	0.7%	475,056
Urban	10,286	0.6%	1,597,476
Total	13,624	0.7%	2,072,532

Source: 2000 Census and CHAS Database with projections based on HISTA data.

PERSONS WITH HIV/AIDS

According to the Texas Department of State Health Services' *2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning*, there are 1,569 persons living with HIV/AIDS in Region 13. Approximately 99.6 percent of this population is living in urban areas, with the remaining 0.4 percent in rural areas. Region 13 has a fairly low rate of persons living with HIV/AIDS compared to the state as a whole, the US -Mexico Border area accounting for just 5.5 percent of the total, and a rate of 137 persons per 100,000. Note that Texas DSHS defines the border area as those 32 counties within 100 kilometers of the US-Mexico border, a standard definition in health and human services reports.

Region 13 Persons Living with HIV/AIDS, 2008

	Persons with HIV/AIDS, 2008	Population 2008
Rural	7	24,575
Urban	1,562	738,416
Total	1,569	762,991

COLONIA RESIDENTS

The Office of the Attorney General maintains an extensive Colonia Geographic Database, accounting for over 1,800 colonia areas in 29 counties. The table to the right depicts the estimated colonia population in Region 13. The region contains a large portion of the state's colonia population, accounting for over 19.2 percent of the 418,406 residents, with the vast majority residing in El Paso County.⁸⁶

Region 13 Colonia Population, Estimated 2010

	Colonia Population Estimate
Rural	3,239
Urban	77,169
Total	80,408
Statewide total	418,406

MIGRANT FARMWORKERS

In a study prepared for the US Health Resources and Services Administration, Region 13 was found to have a low proportion of the state's Migrant and Seasonal Farmworker (MSFW) population, accounting for just 3.0 percent of the 361,414 MSFWs in the state of Texas.

Region 13 Migrant and Seasonal Farmworker Population, 2000

	MSFW Estimate	Percent of statewide MSFW population	MSFW Statewide Estimate
Rural	6,201	3.1%	197,588
Urban	4,745	2.9%	163,826
Total	10,946	3.0%	361,414

Source: Migrant and Seasonal Farmworker Enumeration Profiles Study - TX, Larson, Alice, 2000.

LOCAL INPUT ON HOUSING ASSISTANCE

According to the TDHCA Public Request Assistance Inventory for SFY2010, the agency received 2,003 public assistance requests from Region 13, which accounted for 1.0 percent of total annual requests. Of requests from Region 13, the three most requested categories of assistance were, in order: Homebuyer Assistance, Rental Assistance and Repair and Weatherization.

Region 13 Public Assistance Request Inventory, SFY 2010

	Emergency Assistance	Utility Assistance	Rental Assistance	Repair & Weatherization	Homebuyer Assistance	Legal Assistance	Foreclosure	Disaster Assistance	Other Housing-Related Assistance	Total
Region 13	227	207	552	460	555	1	1	-	-	2,003
Total	28,581	52,487	59,711	35,184	34,319	99	29	27	21	210,458

⁸⁶ Texas Office of the Attorney General, Border Colonia Geographic Database

REGION 13 HOUSING ASSESSMENT

A housing assessment includes the current housing supply, a sample of market-rate housing costs, the housing needs and the availability of subsidized housing.

HOUSING SUPPLY

According to the 2010 projections, 91.5 percent of the housing units in the region are occupied. Of the total housing stock, 70.9 percent are one unit, 2.7 percent are two units, 19.7 percent are three or more units, 6.6 percent are manufactured homes and the rest are boats and RVs.

Region 13 Housing Supply, 2010

	Rural	Urban	Total
Total housing units	13,156	260,161	273,317
Vacant housing units	3,366	19,748	23,114
Housing units, 1 unit	8,980	184,764	193,744
Housing units, 2 units	487	7,011	7,498
Housing units, 3 to 4 units	315	9,505	9,820
Housing units, 5 to 19 units	224	19,997	20,221
Housing units, 20 to 49 units	126	5,232	5,358
Housing units, 50+ units	146	18,167	18,313
Housing units, mobile home	2,834	15,275	18,109
Housing units, other	44	210	254

Source: Nielsen Claritas, Ribbon Demographics, 2010.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local. The following table shows the number of total multifamily units in the region financed through state and federal sources. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section.

Region 13 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,770	29.4%	2.9%
HUD Units	1,515	7.7%	3.8%
PHA Units	6,035	30.7%	9.5%
Section 8 Vouchers	6,125	31.2%	3.9%
USDA Units	204	1.0%	1.4%
HFC Units*	690		
Total	19,649	100.0%	4.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

SAMPLE OF MARKET HOUSING COSTS

According to the Multiple Listing Service records for August 2010, the median home price for El Paso is \$137,300.⁸⁷ In addition, the fair market rent for a two bedroom unit in El Paso MSA is \$598, requiring an annual income of approximately \$23,920. In a sample rural county, Presidio, fair market rent on a two-bedroom apartment is \$588, which requires an annual income of approximately \$23,520.⁸⁸

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database updated with HISTA population projections. There were approximately 93,248 owners and renters with housing problems in 2009.

Region 13 Households with Housing Problems, 2009

Households	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Extreme Cost Burden	55,856	17,463	14,981	13,699	9,713
Lacking Kitchen and/or Plumbing	4,076	950	1,093	938	1,095
Overcrowding	33,316	6,337	6,630	7,773	12,577
Total	93,248	24,750	22,704	22,410	23,385

Source: CHAS Database with projections based on HISTA data.

⁸⁷ Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/hs220b.htm> (accessed September 24, 2010).

⁸⁸ National Low Income Housing Coalition. (2010). Out of reach 2010. Retrieved from <http://www.nlihc.org/oor/oor2010/>

SECTION 3: ANNUAL LOW-INCOME HOUSING REPORT

The Annual Report required by §2306.072 of the Texas Government Code includes the following sections:

- **TDHCA's Operating and Financial Statements**
- ***Statement of Activities***: Describes TDHCA activities during the preceding year that worked to address housing and community service needs
- ***Statement of Activities by Region***: Describes TDHCA activities by region
- ***Housing Sponsor Report***: Describes fair housing opportunities offered by TDHCA's multifamily development inventory
- ***Analysis of the Distribution of Tax Credits***: Provides an analysis of the sources, uses and geographic distribution of housing tax credits
- ***Average Rents Reported by County***: Provides a summary of the average rent reported by the TDHCA multifamily inventory

OPERATING AND FINANCIAL STATEMENTS

TDHCA's Operating Budgets and Basic Financial Statements are prepared and maintained by the Financial Administration Division. For copies of these reports, visit <http://www.tdhca.state.tx.us/finan.htm>.

STATEMENT OF ACTIVITIES

The Department has many programs that provide an array of services. This section of the Plan highlights TDHCA's activities and achievements during the preceding fiscal year through a detailed analysis of the following:

- TDHCA's performance in addressing the housing needs of low-, very low- and extremely low-income households
- TDHCA's progress in meeting its housing and community service goals

This analysis is provided at the State level and within each of the 13 service regions TDHCA uses for planning purposes (see Figure 2.1). For general information about each region, including housing needs and housing supply, please see the *Housing Analysis* chapter of this document.

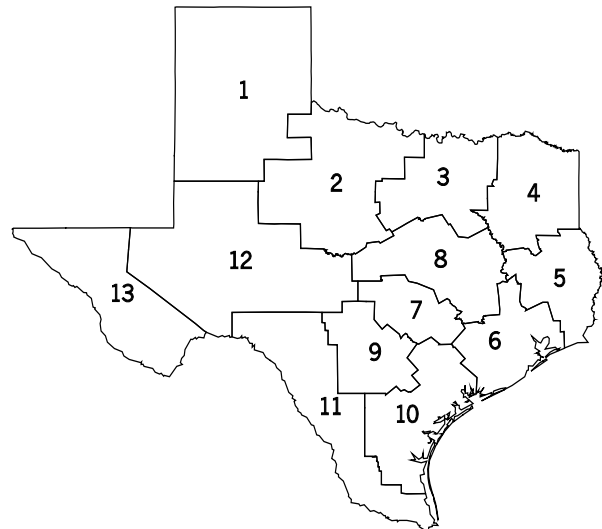


Figure 2.1 State Service Regions

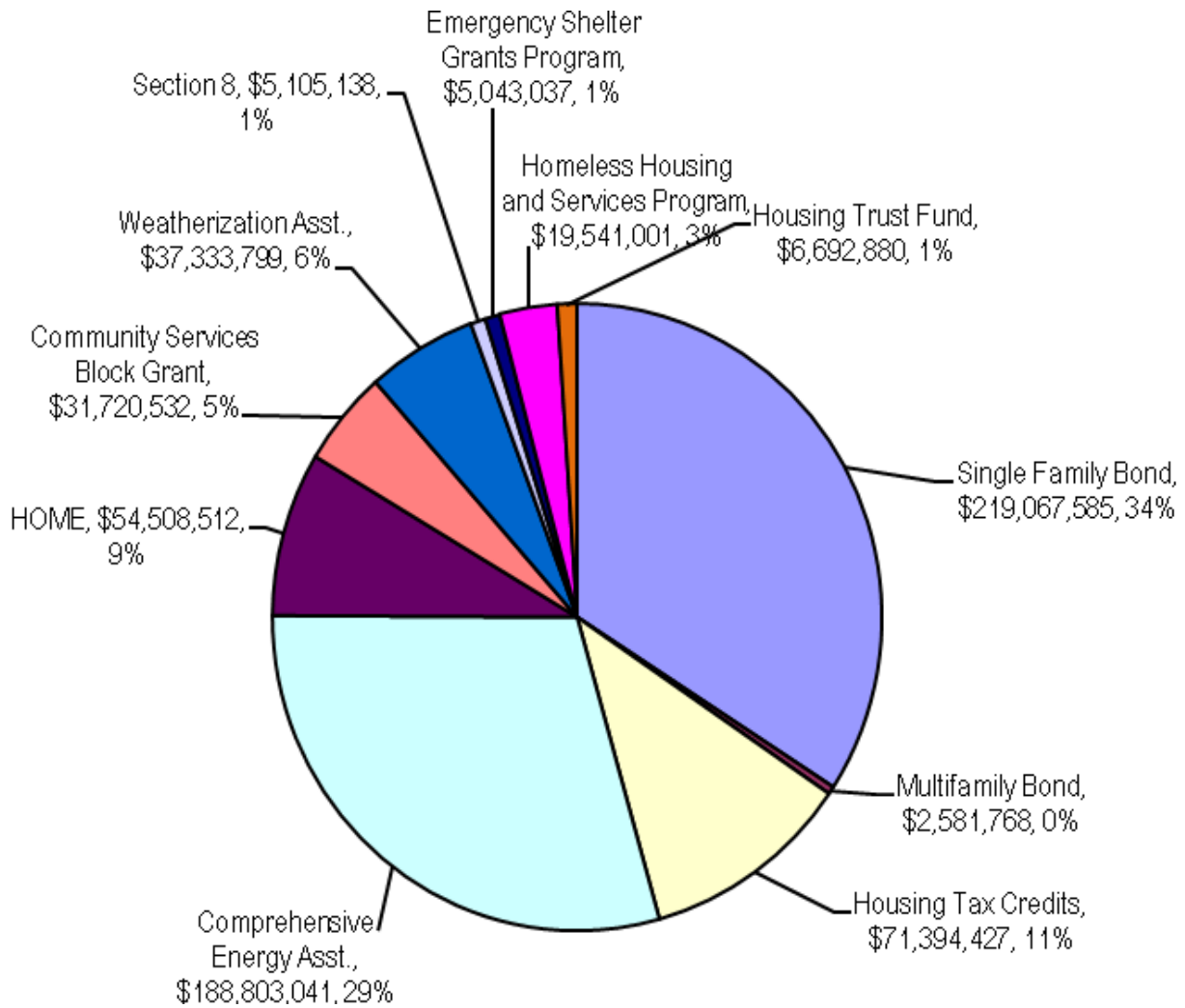
FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY ACTIVITY AND PROGRAM

For the state and each region, a description of funding allocations, amounts committed, target numbers and actual number of persons or households served for each program is provided. Along with the summary performance information, data on the following activity subcategories is provided.

- Renter
 - New Construction activities support multifamily development, such as the funding of developments and predevelopment funding.
 - Rehabilitation Construction activities support the acquisition, rehabilitation and preservation of multifamily units.
 - Tenant-Based Assistance supports low-income Texans through direct rental payment assistance.
- Owner
 - Single-family development includes funding for housing developers, nonprofits, or other housing organizations to support the development of single-family housing.
 - Single-family financing and homebuyer assistance helps households purchase a home through such activities as mortgage financing and down payment assistance.
 - Single-family owner-occupied assistance helps existing homeowners who need home rehabilitation and reconstruction assistance.
 - Community services include supportive services, energy assistance and homeless assistance activities.

In FY 2010, TDHCA committed \$641,791,270 in total funds. Almost all of this funding, approximately 96 percent of the total came from federal sources. TDHCA committed funding for activities that predominantly benefited extremely low-, very low- and low-income individuals. The chart below displays the distribution of this funding by program activity.

Total Funding By Program FY 2010
Total Funds Committed: \$641,791,720



Program	Amount	Percent
Single Family Bond	\$219,067,585	34%
Multifamily Bond	\$2,581,768	0%
Housing Tax Credits	\$71,394,427	11%
Comprehensive Energy Asst.	\$188,803,041	29%
HOME	\$54,508,512	8%
Community Services Block Grant	\$31,720,532	5%
Weatherization Asst.	\$37,333,799	6%
Section 8	\$5,105,138	1%
Emergency Shelter Grants Program	\$5,043,037	1%
Homeless Housing and Services Program	\$19,541,001	3%
Housing Trust Fund	\$6,692,880	1%
Total	\$641,791,720	100%

Funding and Households/Persons Served by Activity, FY 2010, All Activities

Household Type	Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Renter	Rental Assistance	\$7,650,420	1,097	1.2%	0.2%
	New Construction	\$70,354,354	5,067	11.0%	0.8%
	Rehab Construction	\$32,439,265	2,478	5.1%	0.4%
Owner	Financing & Down Payment	\$228,713,871	2,139	35.6%	0.3%
	Rehabilitation Assistance	\$20,192,400	387	3.1%	0.1%
	Homeless Services	\$24,584,038	83,727	3.8%	13.3%
	Energy Related	\$226,136,840	202,607	35.2%	32.2%
	Supportive Services	\$31,720,532	332,247	4.9%	52.8%
Total		\$641,791,720	629,431	100.0%	100.0%

Funding and Households/Persons Served by Housing Program, FY 2010

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH
Rental Assistance	\$0	-	\$2,545,282	199	\$0	-	\$0	-	\$0	-	\$5,105,138	898
Rental New Construction	\$0	-	\$16,446,856	211	\$500,000	36	\$51,122,643	4,379	\$2,284,855	441	\$0	-
Rental Rehabilitation	\$0	-	\$11,870,568	358	\$0	-	\$20,271,784	1,990	\$296,913	130	\$0	-
Owner Financing & Down Pmt.	\$219,067,585	1,739	\$5,603,406	225	\$4,042,880	175	\$0	-	\$0	-	\$0	-
Owner Rehab. Asst	\$0	-	\$18,042,400	225	\$2,150,000	162	\$0	-	\$0	-	\$0	-
Total	\$219,067,585	1,739	\$54,508,512	1,218	\$6,692,880	373	\$71,394,427	6,369	\$2,581,768	571	\$5,105,138	898

Funding and Households/Persons Served by Community Affairs Programs, FY 2010

	ESGP^ Funds	ESGP^ Ind	CSBG^^ Funds	CSBG^^ Ind	HHSP^ Funds	HHSP^ Ind	CEAP Funds	CEAP HH	WAP* Funds	WAP* HH
Homeless Services	\$5,043,037	69,564	\$0	0	\$19,541,001	14,163	\$0	0	\$0	0
Energy Related	\$0	0	\$0	0	0	0	\$188,803,041	193,636	\$37,333,799	8,971
Supportive Services	\$0	0	\$31,720,532	332,247	0	0	\$0	0	\$0	0
Total	\$5,043,037	69,564	\$31,720,532	332,247	\$19,541,001	14,163	\$188,803,041	193,636	\$37,333,799	8,971

*For these programs, funds and households served reflect different 12 month periods.

^ESGP, CSBG and HHSP programs represent individuals served, not households.

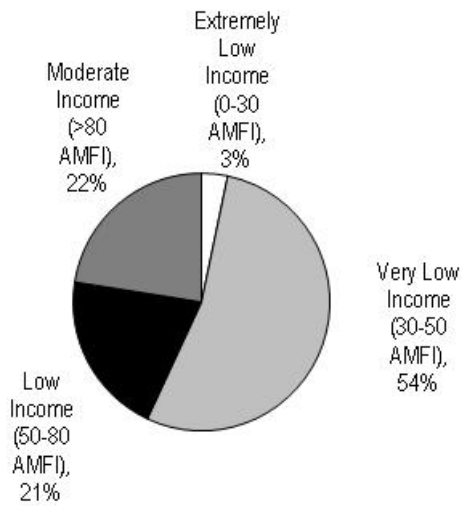
FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY INCOME GROUP

The SLIHP uses the following subcategories to refer to the needs of households or persons within specific income groups.

- Extremely Low Income (ELI): 0% to 30% Area median Family Income (AMFI)
- Very Low Income (VLI): 31% to 50% (AMFI)
- Low Income (LI): 51% to 80% (AMFI)
- Moderate Income and Up (MI): >80% (AMFI)

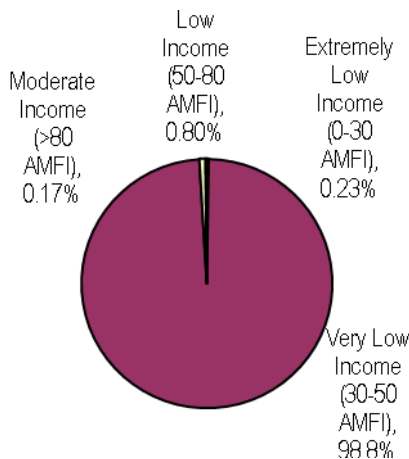
The vast majority of households and individuals served through CEAP, WAP, HHSP and ESGP earn less than 30 percent of the AMFI. However, federal tracking of assistance from these programs is based on poverty guidelines, which do not translate easily to an AMFI equivalent. For conservative reporting purposes, assistance in these programs is reported in the VLI category.

Total Funding by Income Level, FY 2010



Type	Percent
Extremely Low Income (0-30 AMFI)	3%
Very Low Income (30-50 AMFI)	54%
Low Income (50-80 AMFI)	21%
Moderate Income (>80 AMFI)	22%

Total Households and Individuals Served by Income Level, FY 2010



Type	Percent
Extremely Low Income (0-30 AMFI)	0.23%
Very Low Income (30-50 AMFI)	98.8%
Low Income (50-80 AMFI)	0.80%
Moderate Income (>80 AMFI)	0.17%

Funding and Households/Persons Service by Income Category, FY 2010

All Activities

Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Extremely Low Income (0-30 AMFI)	\$20,869,312	1,453	3%	0.23%
Very Low Income (30-50 AMFI)	\$344,128,866	622,200	54%	98.80%
Low Income (50-80 AMFI)	\$133,212,486	5,015	21%	0.80%
Moderate Income (>80 AMFI)	\$143,581,058	1,081	22%	0.17%
Total	\$641,791,722	629,741	100%	100.00%

Housing Activities

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH
Extremely Low Income (0-30 AMFI)	\$293,245	2	\$10,621,658	277	\$1,884,778	115	4,127,175	385	\$188,777	32	\$3,753,680	642
Very Low Income (30-50 AMFI)	\$9,469,186	91	\$14,242,221	258	\$4,242,234	208	32,342,188	2,787	\$388,858	86	\$1,002,769	189
Low Income (50-80 AMFI)	\$65,748,529	571	\$29,644,633	683	\$565,869	50	34,925,065	3,197	\$2,004,133	453	\$324,257	61
Moderate Income (>80 AMFI)	\$143,556,626	1,075	\$0	-	\$0	-	-	0	\$0	-	\$24,432	6
Total	\$219,067,586	1,739	\$54,508,512	1,218	\$6,692,881	373	\$71,394,427	6,369	\$2,581,768	571	\$5,105,138	898

Community Affairs Activities

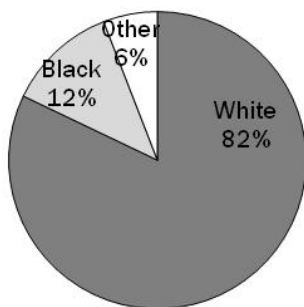
	ESGP* Funds	ESGP* Ind	CSBG* Funds	CSBG* Ind	HHSP* Funds	HHSP* Ind	CEAP Funds	CEAP HH	WAP Funds	WAP HH
Extremely Low Income (0-30 AMFI)	\$0	-	\$0	-			\$0	-	\$0	-
Very Low Income (30-50 AMFI)	\$5,043,037	69,564	\$31,720,532	332,247	\$19,541,001	14,163	\$188,803,041	193,636	\$37,333,799	8,971
Low Income (50-80 AMFI)	\$0	-	\$0	-			\$0	-	\$0	-
Moderate Income (>80 AMFI)	\$0	-	\$0	-			\$0	-	\$0	-
Total	\$5,043,037	69,564	\$31,720,532	332,247	\$19,541,001	14,163	\$188,803,041	193,636	\$37,333,799	8,971

*These programs report by individuals served rather than households served.

RACIAL AND ETHNIC COMPOSITION OF HOUSEHOLDS RECEIVING ASSISTANCE

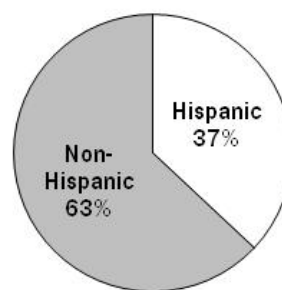
As required by legislation, TDHCA reports on the racial and ethnic composition of individuals and families receiving assistance. These demographic categories are delineated according to the standards set by the U.S. Census. Accordingly, “race” is broken down into three sub-classifications: White, Black and Other. “Other” includes races other than White and Black as well as individuals with two or more races. As ethnic origin is considered to be a separate concept from racial identity, the Hispanic population is represented in a separate chart. Persons of Hispanic origin may fall under any of the racial classification. Households assisted through each of TDHCA program or activity have been delineated according to these categories. Regional analyses of this racial data are included in the Statement of Activities by Uniform State Service Region section that follows. Note that the state population racial composition charts examine individuals, while the many program racial composition charts examine households.

Racial Composition of the State of Texas



Race	Percent
Other	6%
Black	12%
White	82%

Ethnic Composition of the State of Texas



Ethnicity	Percent
Hispanic	37%
Non-Hispanic	63%

24,782,302 INDIVIDUALS IN TEXAS IN 2009⁸⁹

HOUSING PROGRAMS

Racial and ethnic data on housing programs is presented below using two general categories: Renter Programs and Homeowner Programs.

RENTER PROGRAMS

The following charts depict the racial and ethnic composition of households receiving assistance from all TDHCA renter programs. Included in this category are households participating in TDHCA’s Tenant-Based Rental Assistance (TBRA) Program and Section 8 Housing Choice Voucher Program, as well as households residing in TDHCA-funded multifamily properties.

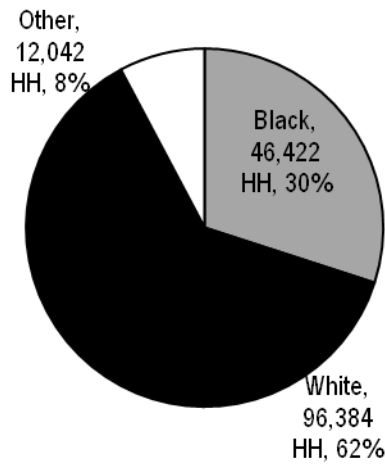
Multifamily properties receive funding through one or more of the following TDHCA programs: the Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnership Program and Multifamily Bond Program. Data for these programs is collected from the Housing Sponsor Report, which is gathered each year from TDHCA-funded housing developments. The report includes

⁸⁹ Census 2009 population estimates.

information about each property, including the racial composition of the tenant population as of December 31 of the given year. Accordingly, the 2010 report is a snapshot of property characteristics on December 31, 2009.

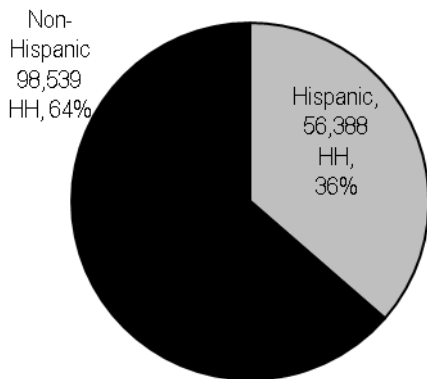
It should be noted that the Housing Sponsor Report does not report on or represent all units financed by TDHCA. Some submitted reports describe properties under construction, which do not yet have occupied units. Some properties did not submit a report and still others did not fill out the report accurately. Therefore, TDHCA is left with usable data for only a portion of existing multifamily units. As a result, the following charts present a picture of race and ethnicity based on samples and may not represent actual percentages.

Racial Composition of TDHCA-Assisted Renter Households



Race	Households	Percent
Other	12,042	8%
Black	46,422	30%
White	96,384	62%

Assisted Renter Households Ethnic Composition of TDHCA-

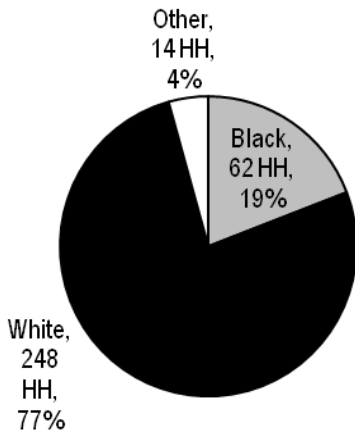


Ethnicity	Households	Percent
Hispanic	56,388	36%
Non-Hispanic	98,539	64%

HOMEOWNER PROGRAMS

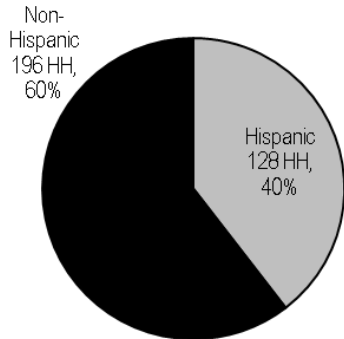
The following charts depict the racial and ethnic composition of households receiving assistance from all TDHCA homeowner programs. TDHCA homeowner assistance comes in the form of three programs: the Single Family Bond Program, HOME Homeowner Rehabilitation Program and HOME Homebuyer Assistance Program. Office of Colonia Initiatives programs are reported in the Homeowner Programs category under the following funding sources: HOME Program for Contract for Deed Loans, Single Family Bond for some Contract for Deed loans and some Texas Bootstrap Program loans and the Housing Trust Fund for some Texas Bootstrap loans. Due to the data reporting techniques of the Single Family Bond Program, race and ethnicity are combined into one category.

Racial Composition of HOME Program Owner Households



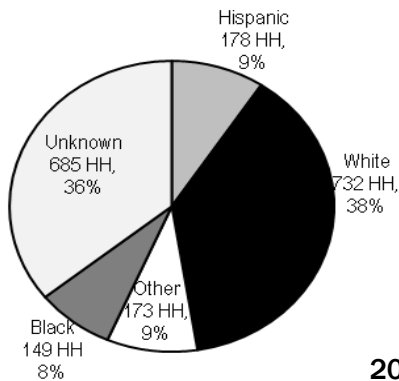
Race	Households	Percent
Other	14	4%
Black	62	19%
White	248	77%

Ethnic Composition of HOME Program Owner Households



Ethnicity	Households	Percent
Hispanic	128	40%
Non-Hispanic	196	60%

Racial & Ethnic Composition of SF Bond Program Owner Households



Ethnicity	Race	Households	Percent
Hispanic		178	9%
	Black	149	8%
	White	732	38%
	Other	173	9%
	Unknown	685	36%

The available data demonstrates that TDHCA serves higher percentages of minority populations compared to the general racial and ethnic composition of the State of Texas. This is accurate even though the State of Texas population racial composition charts report by individuals and TDHCA's programs report by household. TDHCA programs that serve renters and HOME homeowner programs for instance, serve higher percentages of Black and Hispanic households than the percentage of those populations in the State of Texas.

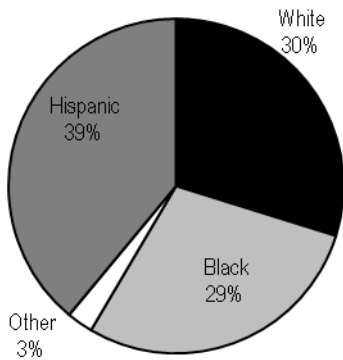
COMMUNITY AFFAIRS PROGRAMS

The Community Affairs programs allocate funding to subrecipient entities with service areas that span across two or more uniform state service regions, so racial data for these programs is reported by entity rather than region. Due to the data reporting techniques of the Weatherization Assistance Program (WAP), Comprehensive Energy Assistance Program (CEAP) and Community Service Block Grant (CSBG) Program race and ethnicity are combined into one category. The Emergency Shelter Grant Program (ESGP) reports race and ethnicity as two separate categories.

WEATHERIZATION ASSISTANCE PROGRAM

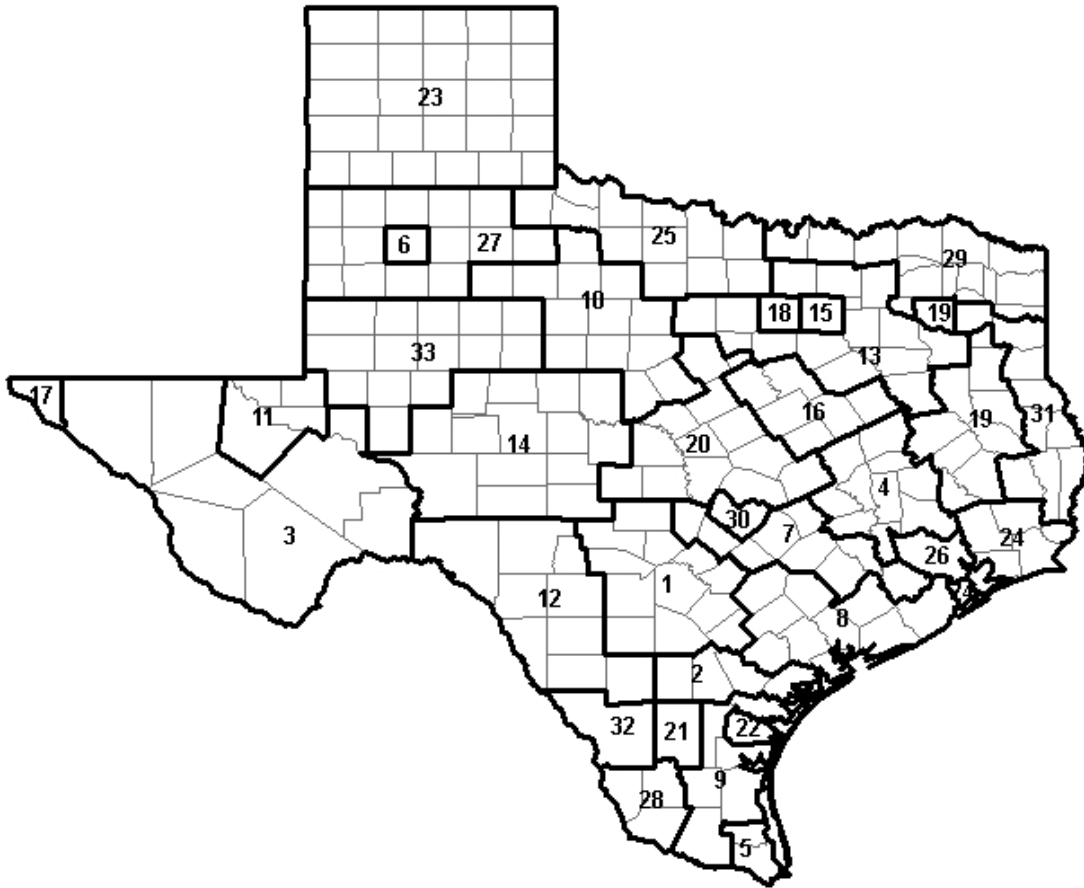
The Weatherization Assistance Program (WAP) funds a network of subrecipient organizations, some of which have a service area that spans across two or more regions. Because of this, WAP racial composition data for FY 2010 is listed according to subcontractor. A map is provided in order to locate subrecipient service areas. Racial and ethnic composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of WAP Assisted Households, Statewide, 2010



Ethnicity	Race	Percent
Hispanic		39%
	Other	3%
	White	30%
	Black	29%

WAP Subrecipient Service Areas, 2010



**Racial and Ethnic Composition of Households Receiving WAP Assistance
by Subrecipient, Statewide, PY 2010**

# on Map	Contractor	WAP Counties Served	PY 2010 Allocations	Households Served	White	Black	Hispanic	Other
1	Alamo Area Council of Governments	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	\$ 2,979,340	1,282	438	141	675	28
2	Bee Community Action Agency	Bee, Live Oak, McMullen, Refugio	\$ 213,443	23	2	2	19	-
3	Big Bend Community Action Committee, Inc.	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	\$ 469,667	73	3	-	67	3
4	Brazos Valley Community Action Agency, Inc.	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	\$ 1,220,970	291	109	137	43	2
5	Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	\$ 1,064,181	225	-	-	224	1
6	City of Lubbock	Lubbock	\$ 504,324	97	8	32	57	-
7	Combined Community Action, Inc.	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	\$ 693,910	139	44	55	39	1
8	Community Action Committee of Victoria	Aransas, Brazoria, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	\$ 963,596	425	155	114	146	10
9	Community Action Corp. of South Texas	Brooks, Hidalgo, Jim Wells, Kenedy, Kleberg, San Patricio	\$ 2,234,040	505	28	1	475	1
10	Community Action Program, Inc.	Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton	\$ 828,442	92	56	13	21	2
11	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	\$ 143,828	19	5	-	14	-

Statement of Activities

# on Map	Contractor	WAP Counties Served	PY 2010 Allocations	Households Served	White	Black	Hispanic	Other
12	Community Services Agency of South Texas, Inc.	Dimmit, Edwards, Kinney, La Salle, Maverick, Real, Uvalde, Val Verde, Zavala	\$ 740,105	75	2	-	73	-
13	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	\$ 1,999,440	408	243	124	30	11
14	Concho Valley Community Action Agency	Coke, Coleman, Concho, Crocket, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	\$ 726,634	87	40	6	41	-
15	Dallas County Department of Health and Human Services	Dallas	\$ 2,763,632	682	105	191	348	38
16	Economic Opportunities Advancement Corporation of PR XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	\$ 763,959	100	47	44	8	1
17	El Paso Community Action Program, Project Bravo, Inc.	El Paso	\$ 1,481,392	320	12	1	307	-
18	Fort Worth, City of, Department of Housing	Tarrant	\$ 1,554,321	181	41	95	43	2
19	Greater East Texas Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	\$ 1,187,182	327	195	115	10	7
20	Hill Country Community Action Association, Inc.	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	\$ 894,724	361	247	31	78	5
21	Institute of Rural Development, Inc.	Duval	\$ 71,710	28	-	-	28	-
22	Nueces County Community Action Agency	Nueces	\$ 633,404	58	3	13	42	-

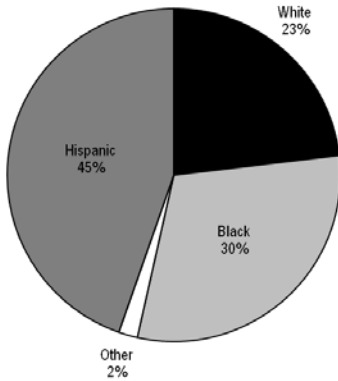
Statement of Activities

# on Map	Contractor	WAP Counties Served	PY 2010 Allocations	Households Served	White	Black	Hispanic	Other
23	Panhandle Community Services	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	\$ 1,256,966	205	107	30	63	5
24	Programs for Human Services, Inc.	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	\$ 1,300,686	482	125	309	14	34
25	Rolling Plains Management Corporation	Archer, Baylor, Cottle, Clay, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young	\$ 664,755	185	118	29	33	5
26	Sheltering Arms, Inc.	Harris	\$ 4,598,062	1,147	108	909	65	65
27	South Plains Community Action Association	Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Motley, Terry, Yoakum	\$ 689,150	262	72	10	180	-
28	South Texas Development Council	Jim Hogg, Starr, Zapata	\$ 356,200	81	-	-	81	-
29	Texoma Council of Governments	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	\$ 1,210,911	386	278	99	4	5
30	Travis County	Travis	\$ 933,816	138	35	46	56	1
31	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	\$ 699,595	21	9	12	-	-
32	Webb County Community Action Agency	Webb	\$ 479,812	92	-	-	92	-
33	West Texas Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	\$ 1,011,602	200	47	20	131	2
	TOTAL		\$37,333,799	8,997	2,682	2,579	3,507	229

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

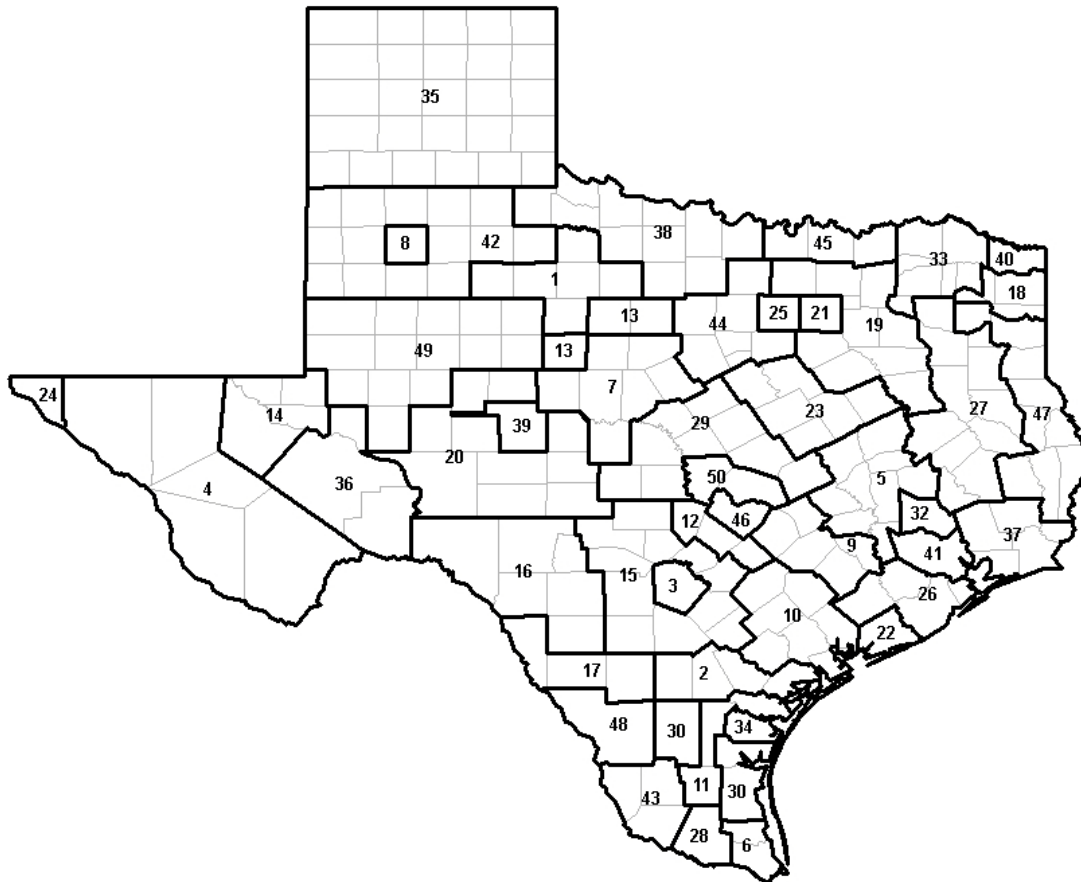
The Comprehensive Energy Assistance Program (CEAP) funds a network of subrecipient organizations, some of which have a service area that spans across two or more regions. Because of this, CEAP racial composition data for FY 2010 is listed according to subcontractor. A map is provided in order to locate subcontractor service area. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of CEAP Assisted Households, Statewide, FY 2010



Ethnicity	Race	Percent
Hispanic		45%
	Other	2%
	White	23%
	Black	30%

CEAP Subrecipient Service Areas, FY 2010



**Racial and Ethnic Composition of Households Receiving CEAP Assistance
By Subrecipient, Statewide, FY 2010**

# on Map	Subrecipient	Counties Served	Allocation	Beneficiaries	White	Black	Hispanic	Other
1	Aspermont Small Business Development Center, Inc.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	\$ 1,421,113	851	441	105	292	13
2	Bee Community Action Agency	Bee, Live Oak, McMullen, Refugio	\$ 1,063,810	984	130	57	795	2
3	Bexar County Dept. of Community Investment	Bexar	\$ 11,362,514	12,395	1,032	1,636	9,365	362
4	Big Bend Community Action Committee, Inc.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	\$ 1,556,076	1,695	192	6	1,478	19
5	Brazos Valley Community Action Agency, Inc.	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Walker, Waller, Washington	\$ 4,586,042	4,757	1,327	3,049	265	116
6	Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	\$ 5,380,016	8,451	126	16	8,309	-
7	Central Texas Opportunities, Inc.	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels	\$ 2,144,220	1,893	1,385	97	397	14
8	City of Lubbock	Lubbock	\$ 2,539,591	2,161	594	612	943	12
9	Combined Community Action, Inc.	Austin, Bastrop, Colorado, Fayette, Lee	\$ 1,506,183	1,338	451	705	182	-
10	Community Action Committee of Victoria	Aransas, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Victoria	\$ 2,624,721	3,036	774	740	1,514	8
11	Community Action Corp. of South Texas	Brooks, Jim Wells, San Patricio	\$ 1,613,105	1,645	112	20	1,509	4
12	Community Action Inc., of Hays, Caldwell and Blanco Counties	Blanco, Caldwell, Hays	\$ 1,037,386	1,241	436	197	582	26
13	Community Action Program, Inc.	Shackelford, Stephens, Taylor	\$ 1,419,339	704	334	123	241	6
14	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	\$ 710,619	1,048	165	67	812	4

Statement of Activities

# on Map	Subrecipient	Counties Served	Allocation	Beneficiaries	White	Black	Hispanic	Other
15	Community Council of South Central Texas	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	\$ 3,735,254	5,600	1,748	261	3,560	31
16	Community Council of Southwest Texas	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	\$ 2,177,421	1,606	92	11	1,481	22
17	Community Services Agency of South Texas, Inc.	Dimmit, LaSalle, Maverick	\$ 1,559,602	1,257	4	5	1,245	3
18	Community Services of Northeast Texas, Inc.	Camp, Cass, Marion, Morris	\$ 1,242,984	1,237	475	711	40	11
19	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	\$ 6,714,964	5,080	2,467	1,775	659	179
20	Concho Valley Community Action Agency	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton	\$ 1,828,298	855	282	23	540	10
21	Dallas County Department of Health and Human Services	Dallas	\$ 14,002,172	5,431	583	4,238	541	69
22	Economic Action Committee of the Gulf Coast	Matagorda	\$ 478,650	605	166	287	147	5
23	Economic Opportunities Advancement Corporation of PR XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	\$ 3,856,846	4,645	1,405	2,429	771	40
24	El Paso Community Action Program, Project Bravo, Inc.	El Paso	\$ 7,496,732	13,332	441	287	12,462	142
25	Fort Worth, City of, Department of Housing	Tarrant	\$ 7,866,742	9,350	2,360	5,099	1,766	125
26	Galveston County Community Action Council, Inc.	Brazoria, Fort Bend, Galveston, Wharton	\$ 4,647,784	4,626	781	2,692	1,103	50

Statement of Activities

# on Map	Subrecipient	Counties Served	Allocation	Beneficiaries	White	Black	Hispanic	Other
27	Greater East Texas Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	\$ 7,554,385	7,326	2,743	4,069	491	23
28	Hidalgo County Community Services Agency	Hidalgo	\$ 8,147,605	7,624	82	6	7,525	11
29	Hill Country Community Action Association, Inc.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	\$ 3,260,378	4,508	2,552	992	897	67
30	Institute of Rural Development, Inc.	Duval	\$ 344,723	334	3	3	327	1
31	Kleberg County Human Services	Kenedy, Kleberg	\$ 1,556,982	1,160	57	72	1,024	7
32	Montgomery County Emergency Assistance	Montgomery	\$ 1,590,652	3,196	2,144	768	176	108
33	Northeast Texas Opportunities, Inc.	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	\$ 2,135,480	1,235	648	464	118	5
34	Nueces County Community Action Agency	Nueces	\$ 3,194,474	2,415	158	386	1,864	7
35	Panhandle Community Services	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	\$ 6,358,107	11,070	4,559	1,326	5,178	7
36	Pecos County Community Action Agency	Crane, Pecos, Terrell	\$ 808,883	1,061	97	8	945	11
37	Programs for Human Services, Inc.	Chambers, Hardin, Jefferson, Liberty, Orange	\$ 4,659,971	3,275	1,012	2,085	69	109
38	Rolling Plains Management Corporation	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	\$ 3,053,026	2,601	1,523	562	412	104

Statement of Activities

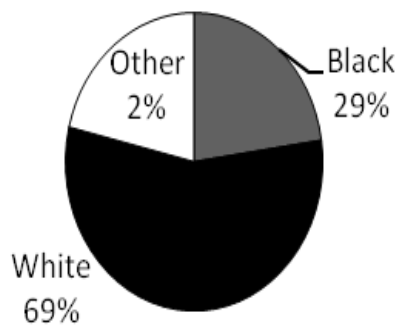
# on Map	Subrecipient	Counties Served	Allocation	Beneficiaries	White	Black	Hispanic	Other
39	San Angelo-Tom Green County Health Department	Tom Green	\$ 1,042,112	707	250	55	387	15
40	Senior Citizens Services of Texarkana, Inc.	Bowie	\$ 1,003,518	941	219	710	7	5
41	Sheltering Arms, Inc.	Harris	\$ 23,309,123	22,431	1,938	15,748	3,191	1,554
42	South Plains Community Action Association	Bailey, Cochran, Crosby, Dickens, Garza, Floyd, Hale, Hockley, King, Lamb, Lynn, Motley, Terry, Yoakum	\$ 3,477,303	4,884	878	507	3,469	30
43	South Texas Development Council	Jim Hogg, Starr, Zapata	\$ 1,788,087	1,403	8	73	1,321	1
44	Texas Neighborhood Services	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	\$ 2,592,441	2,429	2,071	99	222	37
45	Texoma Council of Governments	Cooke, Fannin, Grayson	\$ 1,746,060	1,676	1,106	349	200	21
46	Travis County	Travis	\$ 4,718,617	5,558	1,000	2,165	2,270	123
47	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	\$ 3,530,298	3,768	1,507	2,210	47	4
48	Webb County Community Action Agency	Webb	\$ 2,415,226	2,053	-	-	2,053	-
49	West Texas Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	\$ 5,113,265	5,277	1,444	774	3,030	29
50	Williamson-Burnet County Opportunities, Inc.	Burnet, Williamson	\$ 830,141	881	471	186	222	2
	TOTAL		\$188,803,041	193,636	44,773	58,865	86,444	3,554

COMMUNITY SERVICES BLOCK GRANT PROGRAM

The Community Services Block Grant Program (CSBG) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. In addition, some CSBG subcontractors have been awarded funding for special projects that overlap existing service areas. Because of this, CSBG racial composition data for FY 2010 is listed according to subcontractor. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

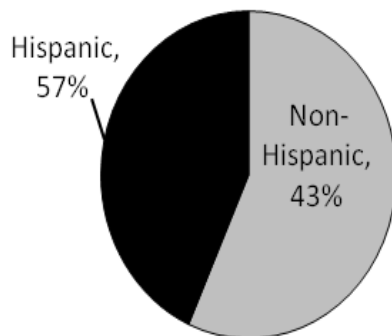
Racial and Ethnic Composition of Individuals Receiving CSBG Assistance, Statewide, FY 2010

Racial Composition



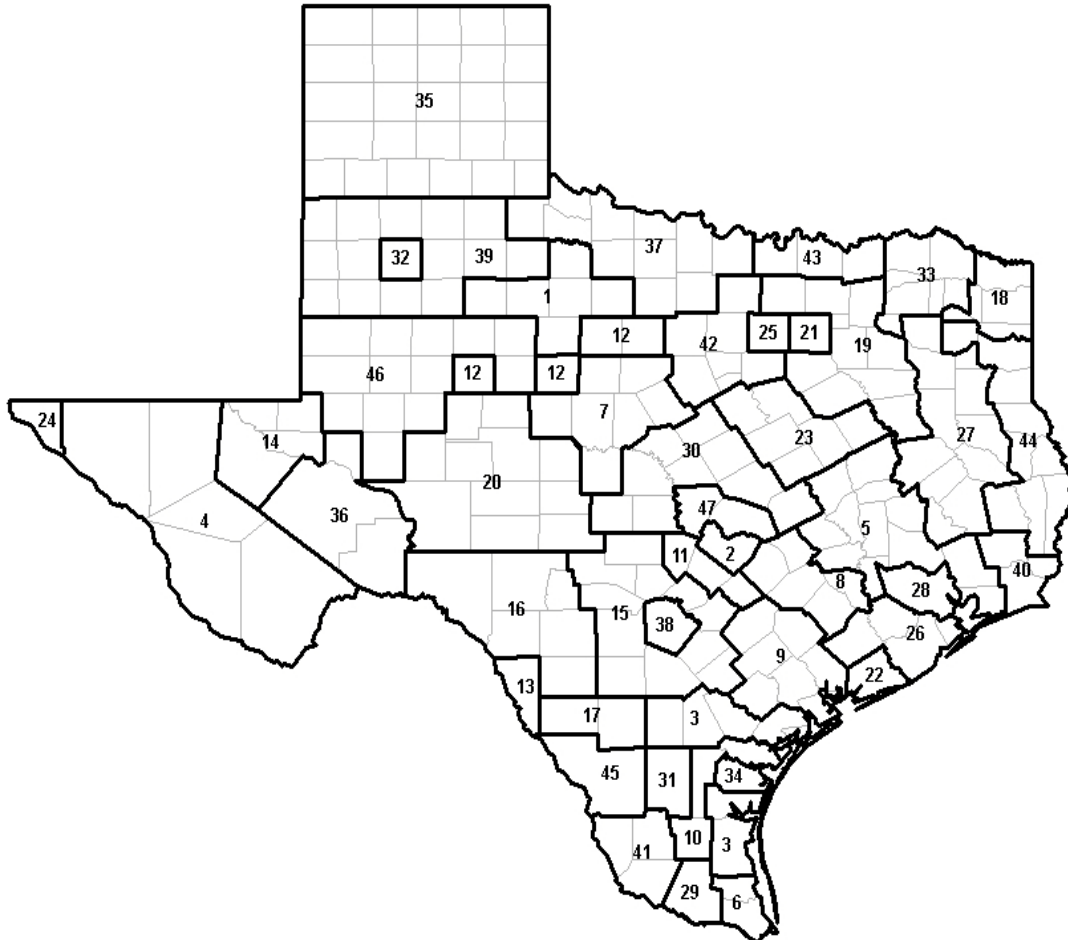
Race	Percent
Other	2%
White	69%
Black	29%

Ethnic Composition



Ethnicity	Percent
Hispanic	57%
Non-Hispanic	43%

CSBG Subrecipient Service Areas, FY 2010



**Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor,
Statewide, FY 2010**

# on Map	Contractor	Counties Served	FY 2010 CSBG Allocation	Individuals Served	Black	White	Other	Hispanic	Non-Hispanic
1	Aspermont Small Business Development Center	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	\$ 150,000	2,169	241	1,361	567	930	1,239
2	Austin, City of	Travis	\$ 892,679	8,423	2,799	4,149	1,475	4,720	3,703
3	Bee Community Action Agency	Aransas, Bee, Kenedy, Kleberg, Live Oak, McMullen, Refugio	\$ 288,045	4,949	234	3,776	939	3,733	1,216
4	Big Bend Community Action Committee	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	\$ 156,344	3,668	14	2,842	812	3,308	360
5	Brazos Valley Community Action Agency	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington	\$ 957,988	28,097	14,415	11,008	2,674	7,776	20,321
6	Cameron & Willacy Counties Community Projects, Inc.	Cameron, Willacy	\$ 996,300	14,908	29	11,915	2,964	13,327	1,581
7	Central Texas Opportunities, Inc.	Brown, Callaghan, Coleman, Comanche, Eastland, McCullough, Runnels	\$ 222,642	4,703	227	3,945	531	1,400	3,303
8	Fort Worth, City of	Tarrant	\$ 1,371,360	30,862	10,068	5,420	15,374	16,676	14,186
9	Lubbock, City of	Lubbock	\$ 401,833	4,498	1,273	3,015	210	2,068	2,430
10	San Antonio, City of	Bexar	\$ 1,926,262	63,123	7,416	35,556	20,151	50,655	12,468
11	Combined Community Action Agency	Austin, Bastrop, Colorado, Fayette, Lee	\$ 202,968	2,595	1,134	1,360	101	577	2,018
12	Community Action Committee of Victoria	Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Victoria	\$ 297,131	8,454	1,743	5,520	1,191	5,015	3,439
13	Community Action Corporation of South Texas	Brooks, Jim Wells, San Patricio	\$ 253,188	4,263	50	3,301	912	3,915	348

Annual Housing Report

Statement of Activities

# on Map	Contractor	Counties Served	FY 2010 CSBG Allocation	Individuals Served	Black	White	Other	Hispanic	Non-Hispanic
14	Community Action Inc. of Hays, Caldwell and Blanco Counties	Blanco, Caldwell, Hays	\$ 202,903	3,143	387	2,112	644	1,927	1,216
15	Community Action Program, Inc.	Mitchell, Shackelford, Stephens, Taylor	\$ 242,422	1,814	334	1,203	277	739	1,075
16	*Community Action Social Services And Education (CASSE)	Maverick	\$ 295,388	1,460	0	1,089	371	1,458	2
17	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	\$ 215,972	2,237	109	1,735	393	1,790	447
18	*Community Council of South Central Texas	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	\$ 648,003	16,636	641	12,367	3,628	11,408	5,228
19	Community Council of Southwest Texas	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	\$ 271,754	1,030	4	60	966	944	86
20	Community Services Agency of South Texas	Dimmit, La Salle	\$ 150,000	2,581	11	2,149	421	2,545	36
21	Community Services of Northeast Texas	Bowie, Camp, Cass, Marion, Morris	\$ 279,664	2,809	1,375	1,231	203	201	2,608
22	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	\$ 1,048,427	14,313	4,859	7,970	1,484	2,564	11,749
23	Concho Valley Community Action Agency	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green	\$ 278,710	1,492	30	1,175	287	1,053	439
24	Economic Action Committee of the Gulf Coast	Matagorda	\$ 150,000	1,405	557	642	206	556	849
25	Economic Opportunities Advancement Corporation of Planning Region XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	\$ 509,926	13,249	6,571	5,528	1,150	2,849	10,400
26	El Paso Community Action Program	El Paso	\$ 1,417,351	36,875	639	27,421	8,815	35,026	1,849
27	Galveston County	Brazoria, Fort Bend,	\$ 824,300	10,524	5,602	3,378	1,544	3,261	7,263

Annual Housing Report

Statement of Activities

# on Map	Contractor	Counties Served	FY 2010 CSBG Allocation	Individuals Served	Black	White	Other	Hispanic	Non-Hispanic
	Community Action Council	Galveston, Wharton							
28	Greater East Texas Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	\$ 940,236	21,701	10,837	9,709	1,155	2,470	19,231
29	Gulf Coast Community Services Association	Harris	\$ 4,419,357	15,481	7,711	4,568	3,202	6,806	8,675
30	*Hidalgo County Community Services Agency	Hidalgo	\$ 1,782,521	24,488	21	14,013	10,454	24,265	223
31	Hill Country Community Action Association	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	\$ 472,747	6,779	1,596	4,477	706	1,586	5,193
32	Institute of Rural Development	Duval	\$ 150,000	778	3	521	254	773	5
33	Northeast Texas Opportunities, Inc.	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	\$ 260,770	4,584	1,842	2,250	492	433	4,151
34	Nueces County Community Action Agency	Nueces	\$ 528,243	4,362	566	2,843	953	3,446	916
35	Panhandle Community Services	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	\$ 612,957	21,752	2,610	16,226	2,916	10,868	10,884
36	Pecos County Community Action Agency	Crane, Pecos, Terrell	\$ 150,000	1,944	15	1,650	279	1,733	211
37	Rolling Plains Management Corp.	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita,	\$ 324,563	4,749	778	3,043	928	1,195	3,554

Annual Housing Report

Statement of Activities

# on Map	Contractor	Counties Served	FY 2010 CSBG Allocation	Individuals Served	Black	White	Other	Hispanic	Non-Hispanic
		Wilbarger, Young							
38	Southeast Texas Regional Planning Commission	Hardin, Jefferson, Orange	\$ 540,970	3,676	1,815	1,627	234	349	3,327
39	*South Plains Community Action Association	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum, Crosby, Dickens, Floyd, Hale, King, Motley	\$ 455,446	12,168	994	8,175	2,999	9,325	2,843
40	South Texas Development Council	Jim Hogg, Starr, Zapata	\$ 303,716	2,514	6	2,339	169	2,469	45
41	Texas Neighborhood Services	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	\$ 379,259	6,903	274	5,965	664	1,221	5,682
42	Texoma Council of Governments	Cooke, Fanin, Grayson	\$ 235,730	3,638	1,021	2,510	107	180	3,458
43	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upsher	\$ 391,974	9,195	4,868	4,093	234	290	8,905
44	Urban League of Greater Dallas	Dallas	\$ 2,635,072	16,663	11,067	4,268	1,328	3,554	13,109
45	Webb County Community Action Agency	Webb	\$ 550,379	10,999	8	7,668	3,323	10,967	32
46	West Texas Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Gaines, Glasscock, Howard, Martin, Midland, Fisher, Nolan, Scurry, Upton	\$ 609,462	15,276	2,102	10,207	2,967	9,549	5,727
47	Williamson-Burnet County Opportunities, Inc.	Burnet, Williamson	\$ 191,499	4,586	826	3,232	528	1,604	2,982
48	*Alabama-Coushatta Tribe of Texas	Polk, Tyler	\$ 100,000	188	0	3	185	0	188
49	*Beaumont Housing Authority	Jefferson	\$ 110,406	0	0	0	0	0	0
50	*Dallas Inter-Tribal Center	Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, Tarrant,	\$ 125,000	315	5	14	296	39	276

Annual Housing Report

Statement of Activities

# on Map	Contractor	Counties Served	FY 2010 CSBG Allocation	Individuals Served	Black	White	Other	Hispanic	Non-Hispanic
		Wise							
51	*DePelchin Children's Center	Harris	\$ 123,410	5	3	1	1	1	4
52	*Project Arriba	El Paso	\$ 125,000	119	2	106	11	113	6
53	*Project Quest, Inc.	Bexar, Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	\$ 125,000	70	18	42	10	49	21
54	*Seton Home	Bexar	\$ 125,000	67	10	32	25	55	12
55	*Sin Fronteras Organizing Project	Hudspeth, El Paso	\$ 125,000	322	0	322	0	322	0
56	*Texas Council on Family Violence	Bexar, El Paso, Travis	\$ 125,000	92	0	91	1	66	26
57	*Travis County Domestic Violence and Sexual Assault, DBA SafePlace	Travis	\$ 50,255	263	55	45	163	129	134
	TOTAL		\$31,720,532	483,957	109,815	271,268	102,874	274,278	209,679

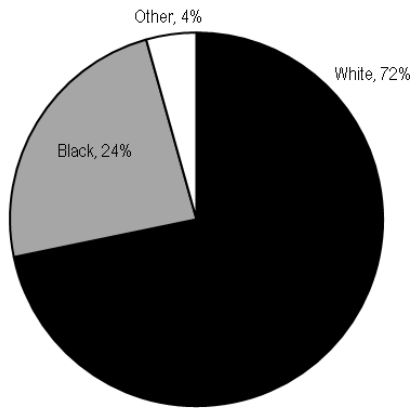
* These contractors receive some additional funding to fund specialized activities for a few counties that fall outside their service area.

NOTE: South Plains Community Action Association, Inc. received an additional \$50,000 of State Discretionary funds for a total allocation amount of \$380,446.

EMERGENCY SHELTER GRANTS PROGRAM

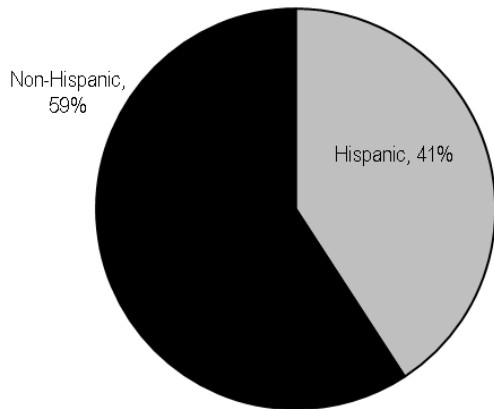
The Emergency Shelter Grants Program (ESGP) funds a network of subrecipient organizations, some of which have a service area that spans across two or more regions or multiple sub-recipients serve the same area. Because of this, ESGP racial composition data for FY 2010 is listed according to subrecipient. Racial composition for the state is available, but unavailable at the regional level.

Racial Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2010



Race	Percent
Other	4%
White	72%
Black	24%

Ethnic Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2010



Ethnicity	Percent
Hispanic	41%
Non-Hispanic	59%

**Racial and Ethnic Composition of Individuals Receiving ESGP Assistance
By Subrecipient, Statewide, FY 2010**

Contractor	County Service Area	Award	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Abilene Hope Haven Inc.	Taylor	\$ 75,000	140	126	14	-	6	134
Advocacy Outreach	Bastrop, Southeastern Travis (Manor area)	\$ 75,000	1,185	917	268	-	643	542
Bastrop County Women's Shelter	Bastrop, Fayette, Lee	\$ 60,000	479	325	66	88	148	331
Bridge Over Troubled Waters, Inc.	Harris	\$ 56,250	341	245	88	8	155	186
Child Crisis Center of El Paso	El Paso	\$ 51,026	502	448	33	21	403	99
City of Amarillo	Potter	\$ 165,205	3,111	2,232	632	247	572	2,539
City of Denton	Denton	\$ 162,710	659	410	158	91	198	461
City of Irving	Dallas	\$ 78,000	51	42	5	4	20	31
Comal county Family Violence Shelter, Inc.	Comal	\$ 39,750	1,158	1,062	30	66	507	651
Compassion Ministries of Waco, inc.	McLennan	\$ 30,000	144	100	17	27	50	94
Connections Individual & Family Services	Comal and San Patricio and surrounding cities of Aransas, Atascosa, Bastrop, Bee Caldwell, Frio Goliad, Gonzales, Guadalupe, Karnes, Lee, Live Oak, McMullen, Refugio, Wilson, Zavala	\$ 75,000	369	331	36	2	219	150
Corpus Christi Hope House, Inc.	Nueces	\$ 61,994	804	755	49	-	436	368
Covenant House Texas	Harris	\$ 75,000	1,284	415	815	54	165	1,119
Crisis Center of the Plains	Briscoe, Castro, Floyd, Hale, Hall, Motley, Swisher, Lamb	\$ 75,000	622	477	36	109	226	396
Daniel's Den, Inc.	Ellis	\$ 30,000	74	46	24	4	6	68
El Paso Villa Maria	El Paso	\$ 30,750	80	70	6	4	58	22
Ellis Community Resources, Inc.	Comal	\$ 41,250	136	130	6	-	75	61
Faith Mission and Help Center, Inc.	Washington	\$ 74,984	373	161	212	-	42	331

Statement of Activities

Contractor	County Service Area	Award	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Families in Crisis, Inc.	Bell, Coryell and Hamilton	\$ 51,836	954	415	430	109	155	799
Family Abuse Center, Inc.	McLennan, Falls, Bosque, Freestone, Limestone, Hill	\$ 44,728	330	222	92	16	47	283
Family Crisis Center, Inc.	Cameron and Willacy Counties	\$ 200,000	3,833	3,741	70	22	3,281	552
Family Place, The	Dallas	\$ 53,250	577	246	241	90	172	405
Family Violence Prevention Services, Inc.	Bexar	\$ 75,000	1,591	1,305	222	64	1,008	583
First Step Of Wichita Falls, Inc.	Archer, Baylor, Childress, Clay, Cottle, Hardeman, Foard, Jack, Montague, Young, Wilbarger, Wichita	\$ 30,000	761	565	139	57	129	632
Four Rivers Outreach, Inc.	Grayson	\$ 75,000	1,071	876	96	99	66	1,005
Friendship of Women, Inc.	Cameron	\$ 200,000	1,645	1,635	5	5	1,633	12
Grayson County Juvenile Alternatives, Inc.	Grayson, Fannin, Cooke	\$ 66,545	61	45	13	3	7	54
Grayson County Shelter, Inc.	Grayson	\$ 71,292	546	425	94	27	35	511
Harmony House, Inc.	Houston	\$ 75,000	104	42	61	1	9	95
Harris County	Harris	\$ 78,000	195	25	165	5	21	174
Hays County Women's Center	Hays and Caldwell	\$ 78,780	515	442	40	33	316	199
Houston Area Women's Center	Harris	\$ 74,913	4,992	3,816	971	205	3,122	1,870
Institute of Cognitive Development	Tom Green	\$ 30,000	642	531	59	52	355	287
International AIDS Empowerment	El Paso	\$ 40,934	330	284	42	4	244	86
Johnson County Family Crisis Center	Johnson	\$ 75,000	365	313	32	20	73	292
Just Out - Fresh Start, Inc.	Jefferson	\$ 73,880	22	16	6	-	-	22
La Posada Home, Inc.	El Paso	\$ 51,649	734	716	10	8	699	35

Statement of Activities

Contractor	County Service Area	Award	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Love I.N.C. of Nacogdoches	Nacogdoches	\$ 48,566	232	69	149	14	24	208
Memorial Assistance Ministries	Harris	\$ 58,631	498	386	112	-	352	146
Mid-Coast Family Services, Inc.	Calhoun, Dewitt, Goliad, Gonzales, Jackson, Lavaca and Victoria	\$ 44,319	415	316	58	41	191	224
Midland Fair Havens, Inc.	Midland	\$ 68,250	1,309	931	372	6	533	776
Mission Granbury, Inc.	Hood	\$ 61,058	402	367	10	25	59	343
Missions of Yahweh, Inc., The	Harris	\$ 75,000	366	95	252	19	28	338
New Beginning Center	Dallas	\$ 75,000	836	584	219	33	383	453
Opportunity Center for the Homeless	El Paso	\$ 75,000	2,064	1,792	216	56	1,200	864
Panhandle Crisis Center, Inc.	Ochiltree, Hansford, Lipscomb	\$ 35,729	525	512	3	10	309	216
Pecan Valley Regional Domestic Violence Shelter	Brown, Coleman, Comanche	\$ 30,000	346	287	34	25	87	259
Promise House, Inc.	Dallas	\$ 75,000	175	78	95	2	46	129
Providence Ministry Corporation	Cameron, Willacy	\$ 71,614	196	168	23	5	163	33
Randy Sams' Outreach Shelter, Inc.	Bowie	\$ 72,573	905	616	263	26	25	880
Sabine Valley Regional MHMR Center	Bowie, Cass, Gregg, Harrison, Marion, Panola, Red River, Rusk, Upshur	\$ 40,971	27	17	10	-	-	27
Safe Haven of Tarrant County	Tarrant	\$ 75,000	6,139	4,045	1442	652	2,332	3,807
Salvation Army Denton Corps	Denton	\$ 50,000	1,002	859	121	22	79	923
Salvation Army for Family Life Center	Tarrant	\$ 75,000	163	72	77	14	38	125
Salvation Army of Corpus Christi	Nueces	\$ 75,000	1,341	1,134	201	6	428	913
Salvation Army of Galveston	Galveston	\$ 73,530	2,279	1,611	623	45	427	1,852

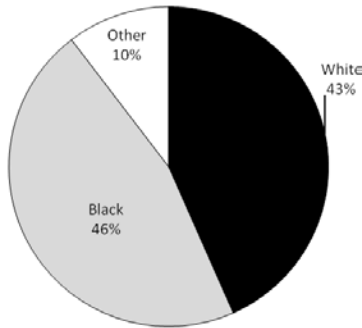
Statement of Activities

Contractor	County Service Area	Award	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Salvation Army of Kerrville	Kerr	\$ 74,420	532	490	38	4	74	458
Salvation Army of Lufkin	Angelina	\$ 37,500	225	178	44	3	8	217
Salvation Army of Odessa	Ector	\$ 37,110	342	294	48	-	114	228
Salvation Army of San Antonio	Bexar	\$ 75,000	614	453	121	40	370	244
Salvation Army of Tyler	Smith	\$ 75,000	3,440	2,271	1151	18	1,001	2,439
Salvation Army of Waco	McLennan	\$ 44,250	773	410	362	1	150	623
Santa Maria Hostel, Inc.	Harris	\$ 74,609	222	84	118	20	-	222
Search	Harris	\$122,139	4,483	1,592	2807	84	371	4,112
Seton Home	Bexar	\$ 69,650	144	105	39	-	88	56
Shelter Agencies Families in East Texas	Titus, Camp, Delta, Franklin, Morris, Hopkins, Lamar, Red River, Wood	\$ 30,638	1,174	842	239	93	13	1,161
Star of Hope Mission	Harris	\$ 75,000	2,221	633	1579	9	308	1,913
The Women's Home	Harris and surrounding counties	\$ 69,125	87	68	16	3	6	81
Wesley Community Center	Harris	\$ 48,750	280	81	199	-	64	216
Westside Homeless Partnership	Harris	\$ 48,750	272	223	49	-	212	60
Wintergarden Women's Shelter, Inc.	Dimmit, Maverick, Zavala and La Salle	\$ 68,770	715	675	1	39	635	80
Women Together Foundation, Inc.	Hidalgo	\$ 100,000	557	551	1	5	534	23
Women's Shelter of East Texas, Inc.	Angelina, Nacogdoches, Polk, Houston, San Augustine, San Jacinto, Shelby, Sabine, Trinity	\$ 34,414	456	294	137	25	94	362
Women's Shelter of South Texas	Aransas, Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, Live Oak, McMullen, Nueces, Refugio, San Patricio	\$ 74,945	3,027	2,784	106	137	2,340	687
TOTALS		\$ 5,043,037	69,564	49,919	16,618	3,027	28,387	41,177

HOMELESS HOUSING AND SERVICES PROGRAM

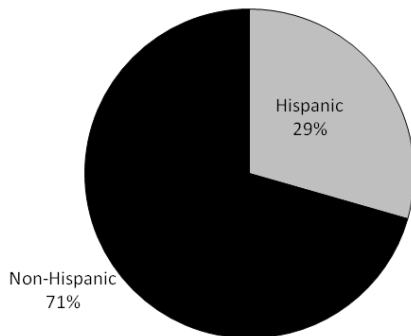
The Homeless Housing and Services Program (HHSP) assists large metropolitan areas to provide services to homeless individuals and families, including services such as case management, housing placement and retention, as well as construction. Beginning in 2010, funding for this program was awarded by TDHCA through a competitive matching grant process. The agency distributed these funds to the eight largest cities with populations larger than 285,500 persons, per the latest U.S. Census figures. Cities may either use these funds themselves or may elect to subcontract some or all of the funds to one or more organizations serving their community whose mission includes serving homeless individuals and families with appropriate services targeted towards eliminating or preventing the condition of homelessness. HHSP racial and ethnic composition data for FY 2010 is listed according to subrecipient. Racial and ethnic composition of those assisted by the program areas are provided below.

Racial Composition of Individuals Receiving HHSP Assistance, Statewide, FY 2010



Race	Percent
Other	10%
White	43%
Black	46%

Ethnic Composition of Individuals Receiving HHSP Assistance, Statewide, FY 2010



Ethnicity	Percent
Hispanic	29%
Non-Hispanic	71%

**Racial and Ethnic Composition of Individuals Receiving HHSP Assistance
By Subrecipient, Statewide, FY 2010**

Contractor	County Service Area	Award	Ind Served	White	Black	Other	Hispanic	Non-Hispanic
City of Arlington	Tarrant	\$976,295	159	86	42	31	124	35
City of Austin, Health and Human Services Dept.	Travis	\$1,922,498	732	449	221	62	124	608
City of Dallas	Dallas	\$3,361,364	2,598	853	1,661	84	118	2,480
City of El Paso	El Paso	\$1,667,459	3,800	3,212	226	362	3,800	0
City of Houston	Harris	\$5,756,053	5,187	747	3,628	812	0	5,187
Haven for Hope of Bexar County	Bexar	\$3,410,574	0	0	0	0	0	0
Mother Teresa Shelter, Inc.	Nueces	\$779,446	0	0	0	0	0	0
United Way of Tarrant County	Tarrant	\$1,667,312	1,675	791	764	120	0	1,675
TOTAL		19,541,001	14,151	6,138	6,542	1,471	4,166	9,985

PROGRESS IN MEETING TDHCA HOUSING AND COMMUNITY SERVICE GOALS

The goals established in the Department's Legislative Appropriations Request, the Riders from the Legislative Appropriations Act and Texas state statute collectively guide TDHCA's annual activities, either through the establishment of objective performance measures or reporting requirements.

The following five goals are established by the Department's performance measures:

1. Increase and preserve the availability of safe, decent and affordable housing for very low-, low- and moderate-income persons and families.
2. Promote improved housing conditions for extremely low-, very low- and low-income households by providing information and technical assistance.
3. Improve living conditions for the poor and homeless and reduce the cost of home energy for very low-income Texans.
4. Ensure compliance with the TDHCA's federal and state program mandates.
5. Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

The following four goals are established by the Department's Riders and statutory obligations:

Rider 5: Target TDHCA's housing finance programs resources for assistance to extremely low-income households.

Rider 5: Target TDHCA's housing finance resources for assistance to very low-income households.

Rider 6: 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.

HOME Statute: Work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs through funding opportunities.

Progress made towards meeting the goals listed above, the upcoming year's goals, and information on TDHCA's actual performance in satisfying FY 2010 goals and objectives is provided in *Section 4: Action Plan on page 216*.

Beyond these established reporting goals, the Department has set policy priorities, also described in the *Action Plan on page 228*.

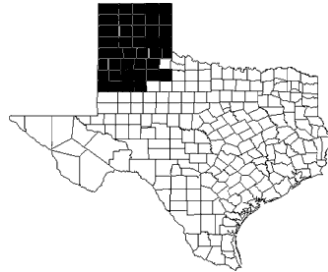
STATEMENT OF ACTIVITIES BY UNIFORM STATE SERVICE REGION

This section describes TDHCA's FY 2010 activities by Uniform State Service region. The regional tables do not include information for WAP, CEAP, ESGP, CSBG and HHSP because figures are not available for these programs at the regional level. Additionally, for purposes of reporting, Office of Colonia Initiatives figures do not appear as an independent category, but rather the figures are grouped under their respective funding sources. For example, most Contracts for Deed Conversion are reported under HOME's Homebuyer Assistance Program.

As required by law, TDHCA reports on the racial composition of individuals and families receiving assistance. The racial and ethnic composition reflects actual households served in FY 2010. Single Family Bond and Section 8 program awards are the same as the actual households served in the same fiscal year. HOME, Housing Tax Credit, Housing Trust Fund and Multifamily Bond program awards represent a commitment made in FY 2010 to serve households. Racial and ethnic data for the latter programs represent households served in FY 2010 with previous years' awards. Therefore, the racial and ethnic pie charts will not correlate with the tables on subsequent pages for the HOME, Housing Tax Credit, Housing Trust Fund and Multifamily Bond programs.

Regional information has been organized into two generalized categories of housing activity type: Renter Programs and Homeowner Programs. For more information on the housing activity types and racial reporting categories, please see "Racial Composition of Households Receiving Assistance" under the Statement of Activities section on page 125.

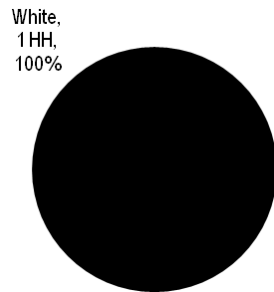
REGION 1



The pie charts represent the racial and ethnic composition served in FY 2010.

Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

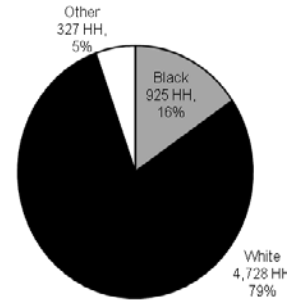
**SINGLE FAMILY BOND PROGRAM
PERCENT OF COMMITTED FUNDS BY
RACE AND ETHNICITY**



Race	Households	Percent
White	1	100%

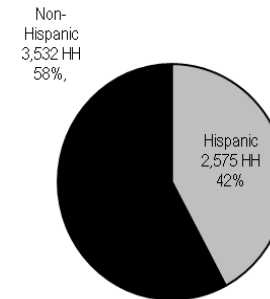
RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



Race	Households	Percent
Other	327	5%
White	4,728	79%
Black	925	16%

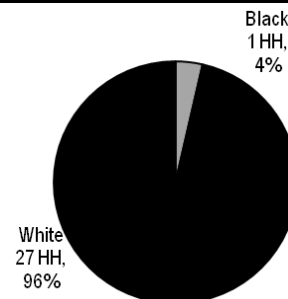
PERCENT OF COMMITTED FUNDS BY ETHNICITY



Ethnicity	Households	Percent
Hispanic	2,575	42%
Non-Hispanic	3,532	58%

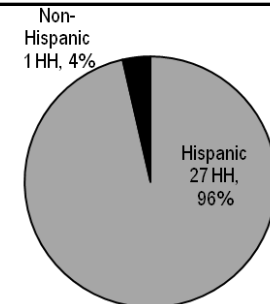
HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



Race	Households	Percent
White	27	96%
Black	1	4%

PERCENT OF COMMITTED FUNDS BY ETHNICITY



Ethnicity	Households	Percent
Hispanic	27	96%
Non-Hispanic	1	4%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 1

Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$107,057	1	\$2,967,120	35	\$0	0	\$0	0	\$0	0	\$0	0	\$3,074,177	36
Renter Programs	\$0	0	\$0	0	\$0	0	\$2,000,000	178	\$0	0	\$0	0	\$2,000,000	178
Total	\$107,057	1	\$2,967,120	35	\$0	0	\$2,000,000	178	\$0	0	\$0	0	\$5,074,177	214

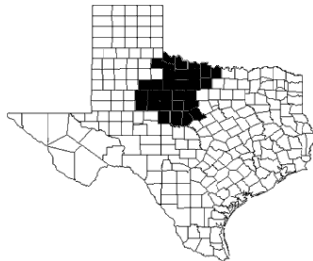
FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 1

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$0	0	\$468,000	6	\$0	0	\$112,930	10	\$0	0	\$0	0	\$580,930	16
Very Low Income (30-50 AMFI)	\$0	0	\$0	0	\$0	0	\$898,680	80	\$0	0	\$0	0	\$898,680	80
Low Income (50-80 AMFI)	\$0	0	\$2,499,120	29	\$0	0	\$988,389	88	\$0	0	\$0	0	\$3,487,509	117
Moderate Income (>80 AMFI)	\$107,057	1	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$107,057	1
Total	\$107,057	1	\$2,967,120	35	\$0	0	\$2,000,000	178	\$0	0	\$0	0	\$5,074,177	214

TDHCA allocated \$5,074,177 in Region 1 during FY 2010. Homeowner programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

Statement of Activities by Region

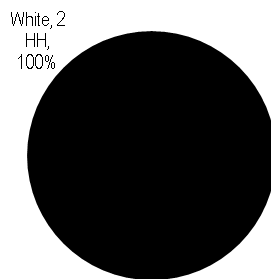
REGION 2



The pie charts represent the racial and ethnic composition of households served in FY 2010.

Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combine chart.

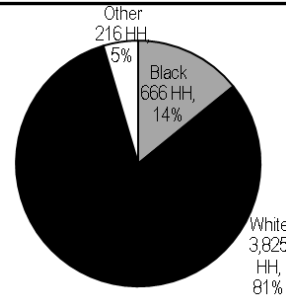
SINGLE FAMILY BOND PROGRAM
PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY



Race	Households	Percent
White	2	100%

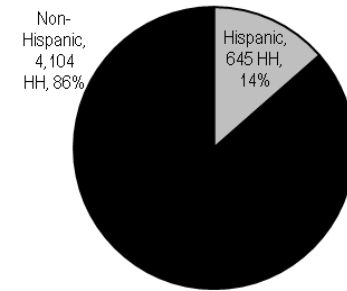
RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



Race	Households	Percent
Other	216	5%
White	3,825	81%
Black	666	14%

PERCENT OF COMMITTED FUNDS BY ETHNICITY



Ethnicity	Households	Percent
Hispanic	645	14%
Non-Hispanic	4,104	88%

HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

PERCENT OF COMMITTED FUNDS BY ETHNICITY

These pie charts represent households served in FY2010, based on previous years' awards. Region 2 did not serve households with HOME ownership program funding in FY 2010.

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 2

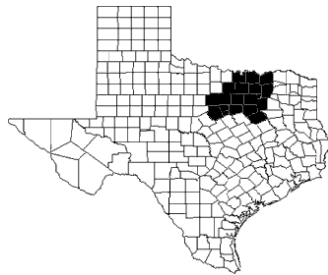
Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$133,928	2	\$1,834,560	25	\$0	0	\$0	0	\$0	0	\$0	0	\$1,968,488	27
Renter Programs	\$0	0	\$1,100,000	52	\$0	0	\$1,388,447	116	\$0	0	\$126,375	23	\$2,614,822	191
Total	\$133,928	2	\$2,934,560	77	\$0	0	\$1,388,447	116	\$0	0	\$126,375	23	\$4,583,310	218

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 2

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$0	0	\$0	0	\$0	0	\$119,358	10	\$0	0	\$82,728	14	\$202,086	24
Very Low Income (30-50 AMFI)	\$0	0	\$627,660	15	\$0	0	\$207,044	17	\$0	0	\$25,659	6	\$860,363	38
Low Income (50-80 AMFI)	\$54,887	1	\$2,306,900	62	\$0	0	\$1,062,044	89	\$0	0	\$17,988	3	\$3,441,819	155
Moderate Income (>80 AMFI)	\$79,041	1	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$79,041	1
Total	\$133,928	2	\$2,934,560	77	\$0	0	\$1,388,447	116	\$0	0	\$126,375	23	\$4,583,310	218

TDHCA allocated \$4,583,310 in Region 2 during FY 2010. Renter programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

REGION 3



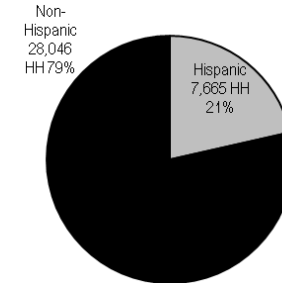
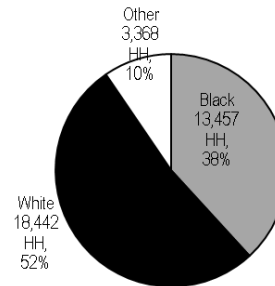
The pie charts represent the racial and ethnic composition of households served in FY 2010.

Note: because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

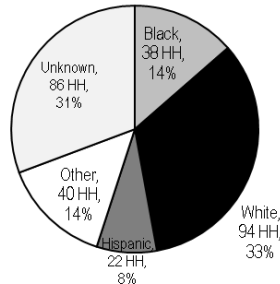
PERCENT OF COMMITTED FUNDS BY ETHNICITY



Race	Households	Percent
Other	3,368	10%
White	18,442	52%
Black	13,457	38%

Ethnicity	Households	Percent
Hispanic	7,665	21%
Non-Hispanic	28,046	79%

SINGLE FAMILY BOND PROGRAM
PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

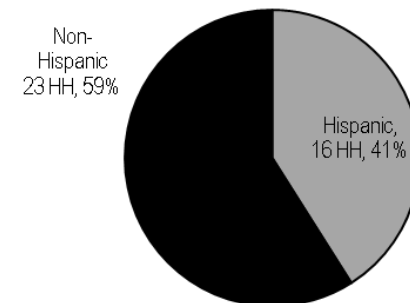
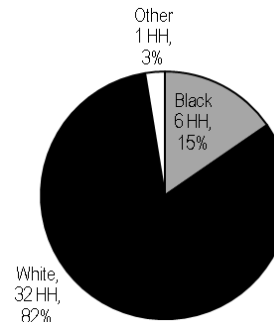


Race	Ethnicity	Households	Percent
White		94	33%
Black		38	14%
Other		40	14%
Unknown		86	31%
	Hispanic	22	8%

HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

PERCENT OF COMMITTED FUNDS BY ETHNICITY



Race	Households	Percent
White	32	82%
Black	6	15%
Other	1	3%

Ethnicity	Households	Percent
Hispanic	16	41%
Non-Hispanic	23	59%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 3

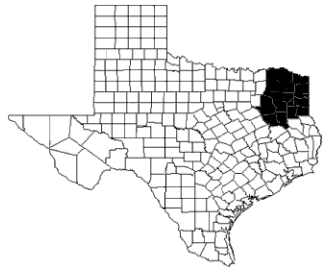
Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$31,508,297	258	\$2,137,760	52	\$1,248,139	71	\$0	0	\$0	0	\$0	0	\$34,894,196	381
Renter Programs	\$0	0	\$4,036,000	179	\$0	0	\$11,977,669	1,076	\$1,224,504	206	\$1,680,596	305	\$18,918,769	1,766
Total	\$31,508,297	258	\$6,173,760	231	\$1,248,139	0	\$11,977,669	1076	\$1,224,504	206	\$1,680,596	305	\$53,812,965	2,147

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 3

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$146,013	1	\$1,237,647	23	\$184,671	6	\$840,706	80	\$184,270	31	\$1,269,824	221	\$3,863,131	362
Very Low Income (30-50 AMFI)	\$1,792,649	19	\$2,442,353	69	\$768,468	40	\$5,574,065	496	\$0	0	\$348,010	69	\$10,925,545	693
Low Income (50-80 AMFI)	\$9,716,396	89	\$2,493,760	139	\$295,000	25	\$5,562,898	500	\$1,040,234	175	\$62,762	14	\$19,171,050	942
Moderate Income (>80 AMFI)	\$19,853,239	149	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$19,853,239	150
Total	\$31,508,297	258	\$6,173,760	231	\$1,248,139	71	\$11,977,669	1,076	\$1,224,504	206	\$1,680,596	305	\$53,812,965	2,147

TDHCA allocated \$53,812,965 in Region 3 during FY 2010. Homeowner programs accounted for the largest segment of this total and the moderate income households group (> 80% AMFI) was the most served income group.

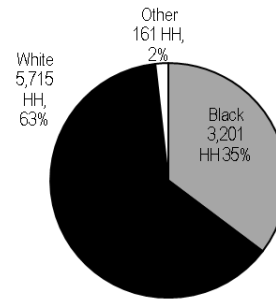
REGION 4



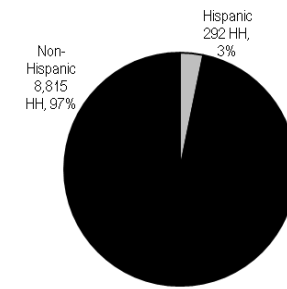
The pie charts represent the racial and ethnic composition of households served in FY 2010.

Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is present in one combined chart.

RENTER PROGRAMS
 PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY

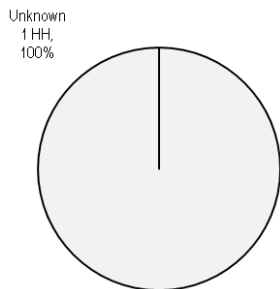


Race	Households	Percent
Other	161	2%
White	5,715	63%
Black	3,201	35%



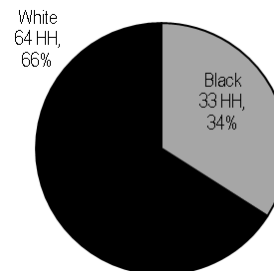
Ethnicity	Households	Percent
Hispanic	292	3%
Non-Hispanic	8,815	97%

SINGLE FAMILY BOND PROGRAM
 PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

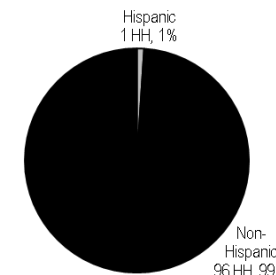


Race	Households	Percent
Unknown	1	100%

HOME PROGRAM OWNER PROGRAMS
 PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY



Race	Households	Percent
White	64	66%
Black	33	34%



Ethnicity	Households	Percent
Hispanic	1	1%
Non-Hispanic	96	99%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 4

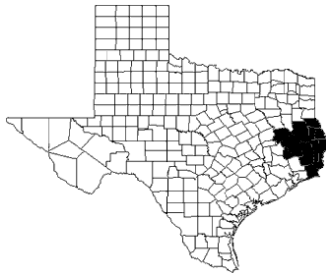
Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$81,987	1	\$3,629,680	57	\$872,740	70	\$0	\$0	\$0	0	\$0	0	\$4,584,407	128
Renter Programs	\$0	0	\$1,539,272	15	\$0	0	\$4,131,720	\$315	\$0	0	\$7,092	1	\$5,678,084	331
Total	\$81,987	1	\$5,168,952	72	\$872,740	70	\$4,131,720	315	\$0	0	\$7,092	1	\$10,262,491	459

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 4

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$0	0	\$1,532,334	17	\$530,572	41	\$234,028	18	\$0	0	\$0	0	\$2,296,934	76
Very Low Income (30-50 AMFI)	\$0	0	\$975,709	10	\$312,655	27	\$1,856,562	141	\$0	0	\$7,092	1	\$3,152,018	179
Low Income (50-80 AMFI)	\$0	0	\$2,660,909	45	\$29,513	2	\$2,041,129	156	\$0	0	\$0	0	\$4,731,551	203
Moderate Income (>80 AMFI)	\$81,987	1	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$81,987	1
Total	\$81,987	1	\$5,168,952	72	\$872,740	70	\$4,131,720	315	\$0	0	\$7,092	1	\$10,262,491	459

TDHCA allocated \$10,262,491 in Region 4 during FY 2010. Renter programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

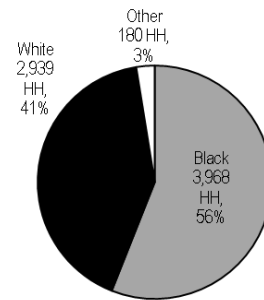
REGION 5



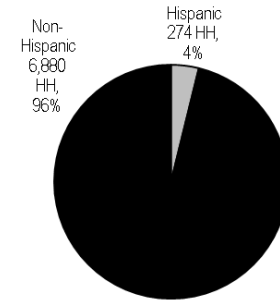
The pie charts represent the racial and ethnic composition of households served in FY 2010.

Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is present in one combined chart.

RENTER PROGRAMS
 PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY

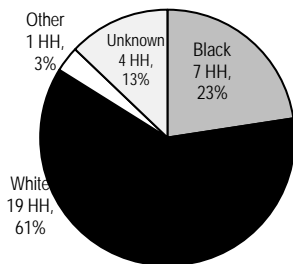


Race	Households	Percent
Other	180	3%
White	2,939	41%
Black	3,968	56%



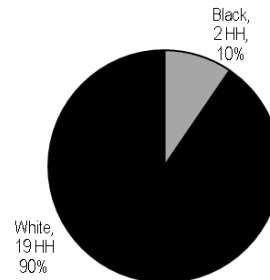
Ethnicity	Households	Percent
Hispanic	274	4%
Non-Hispanic	6,880	96%

SINGLE FAMILY BOND PROGRAM
 PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY



Race	Ethnicity	Households	Percent
White		19	61%
Black		7	23%
Other		1	3%
Unknown		4	13%
	Hispanic		8

HOME PROGRAM OWNER PROGRAMS
 PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY



Race	Households	Percent
White	19	90%
Black	2	10%



Ethnicity	Households	Percent
Hispanic		
Non-Hispanic	21	100%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 5

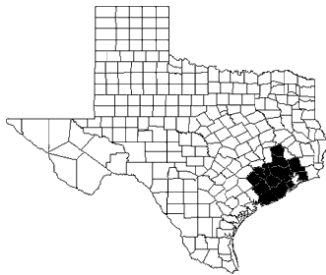
Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$3,156,835	31	\$520,000	6	\$275,200	36	\$0	0	\$0	0	\$0	0	\$3,952,035	73
Renter Programs	\$0	0	\$6,598,337	130	\$0	0	\$5,468,736	470	\$0	0	\$0	0	\$12,067,073	600
Total	\$3,156,835	31	\$7,118,337	136	\$275,200	36	\$5,468,736	470	\$0	0	\$0	0	\$16,019,108	673

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 5

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$0	0	\$1,482,801	72	\$128,788	18	\$448,064	40	\$0	0	\$0	0	\$2,059,653	130
Very Low Income (30-50 AMFI)	\$61,669	1	\$589,683	9	\$25,200	1	\$2,286,304	195	\$0	0	\$0	0	\$2,962,856	206
Low Income (50-80 AMFI)	\$412,847	6	\$5,045,853	55	\$121,212	17	\$2,734,368	235	\$0	0	\$0	0	\$8,314,280	313
Moderate Income (>80 AMFI)	\$2,682,319	24	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$2,682,319	24
Total	\$3,156,835	31	\$7,118,337	136	\$275,200	36	\$5,468,736	470	\$0	0	\$0	0	\$16,019,108	673

TDHCA allocated \$16,019,108 in Region 5 during FY 2010. Renter programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

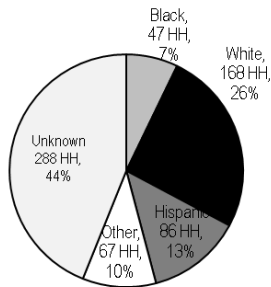
REGION 6



The pie charts represent the racial and ethnic compositions of households served in FY 2010.

Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

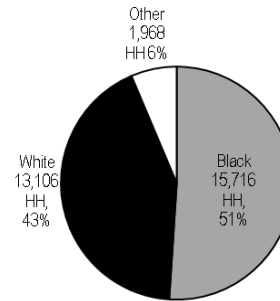
SINGLE FAMILY BOND PROGRAM
PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY



Race	Ethnicity	Households	Percent
White		168	26%
Black		47	7%
Other		67	10%
Unknown		288	44%
	Hispanic	86	13

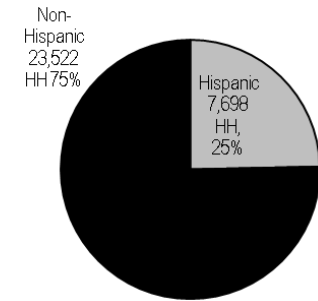
RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



Race	Households	Percent
Other	1,968	6%
White	13,106	43%
Black	15,716	51%

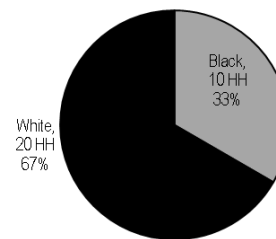
PERCENT OF COMMITTED FUNDS BY ETHNICITY



Ethnicity	Households	Percent
Hispanic	7,698	25%
Non-Hispanic	23,522	75%

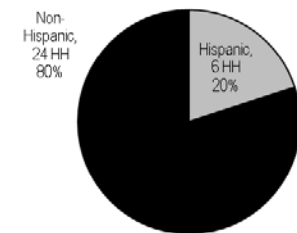
HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



Race	Households	Percent
White	20	67%
Black	10	33%

PERCENT OF COMMITTED FUNDS BY ETHNICITY



Ethnicity	Households	Percent
Hispanic	6	20%
Non-Hispanic	24	80%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 6

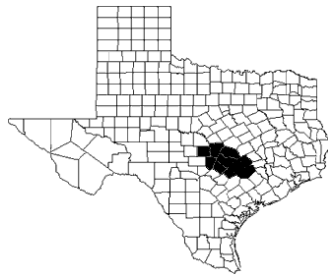
Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$72,822,162	570	\$987,600	18	\$86,899	3	\$0	0	\$0	0	\$0	0	\$73,896,661	591
Renter Programs	\$0	0	\$430,000	34	\$0	0	\$23,346,093	2,162	\$0	0	\$2,344,141	392	\$26,120,234	2,588
Total	\$72,822,162	570	\$1,417,600	52	\$86,899	3	\$23,346,093	2,162	\$0	0	\$2,344,141	392	\$100,016,895	3,179

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 6

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$0	0	\$785,733	38	\$26,900	1	\$1,066,056	107	\$0	0	\$1,799,127	296	\$3,677,816	442
Very Low Income (30-50 AMFI)	\$1,695,183	18	\$168,427	3	\$59,999	2	\$10,332,613	902	\$0	0	\$405,554	69	\$10,863,772	850
Low Income (50-80 AMFI)	\$19,146,052	172	\$463,440	11	\$0	0	\$11,947,424	1,153	\$0	0	\$135,476	25	\$29,519,804	1,187
Moderate Income (>80 AMFI)	\$51,980,927	380	\$0	0	\$0	0	\$0	0	\$0	0	\$3,984	2	\$51,984,911	382
Total	\$72,822,162	570	\$1,417,600	52	\$86,899	3	\$23,346,093	2,162	\$0	0	\$2,344,141	392	\$100,016,894	3,179

TDHCA allocated \$100,016,894 in Region 6 during FY 2010. Homeowner programs accounted for the largest segment of this total and the moderate income households group (> 80% AMFI) was the most served income group.

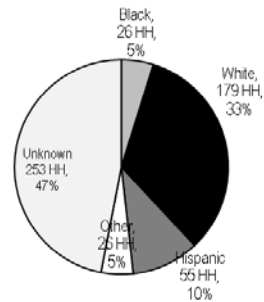
REGION 7



The pie charts represent the racial and ethnic composition of households served in FY 2010.

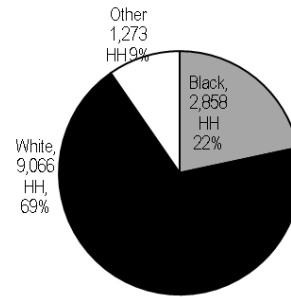
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

**SINGLE FAMILY BOND PROGRAM
PERCENT OF COMMITTED FUNDS BY
RACE AND ETHNICITY**

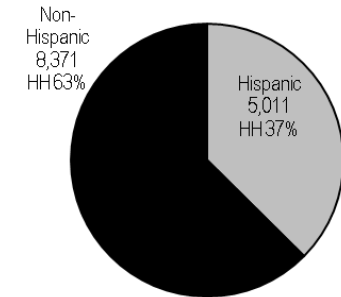


Race	Ethnicity	Households	Percent
White		179	33%
Black		26	5%
Other		26	5%
Unknown		253	47%
	Hispanic	55	10

**RENTER PROGRAMS
PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY**

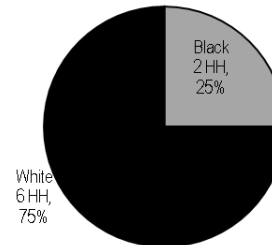


Race	Households	Percent
Other	1,273	9%
White	9,066	69%
Black	2,858	22%

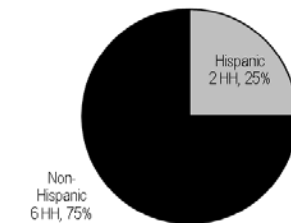


Ethnicity	Households	Percent
Hispanic	5,011	37%
Non-Hispanic	8,371	63%

**HOME PROGRAM OWNER PROGRAMS
PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY**



Race	Households	Percent
White	6	75%
Black	2	25%



Ethnicity	Households	Percent
Hispanic	2	25%
Non-Hispanic	6	75%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 7

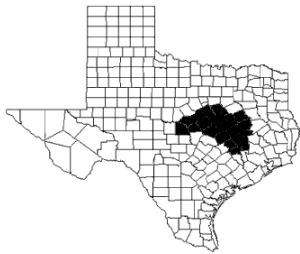
Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$67,805,984	484	\$657,040	16	\$896,749	52	\$0	0	\$0	0	\$0	0	\$69,359,773	552
Renter Programs	\$0	0	\$7,866,529	116	\$500,000	36	\$2,987,677	251	\$296,913	130	\$386,980	73	\$12,038,099	606
Total	\$67,805,984	484	\$8,523,569	132	\$1,396,749	88	\$2,987,677	251	\$296,913	130	\$386,980	73	\$81,397,872	1,158

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 7

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$147,232	1	\$2,197,131	35	\$329,861	22	\$352,533	30	\$0	0	\$280,578	51	\$3,307,335	139
Very Low Income (30-50 AMFI)	\$5,046,375	42	\$3,292,746	49	\$1,015,846	62	\$1,147,126	96	\$0	0	\$71,410	15	\$10,573,503	264
Low Income (50-80 AMFI)	\$25,371,634	192	\$3,033,692	48	\$51,042	4	\$1,488,018	125	\$296,913	130	\$34,992	7	\$30,276,290	506
Moderate Income (>80 AMFI)	\$37,240,743	249	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$37,240,743	249
Total	\$67,805,984	484	\$8,523,569	132	\$1,396,749	88	\$2,987,677	251	\$296,913	130	\$386,980	73	\$81,397,872	1,158

TDHCA allocated \$81,397,872 in Region 7 during FY 2010. Homeowner programs accounted for the largest segment of this total and the moderate income households group (> 80% AMFI) was the most served income group.

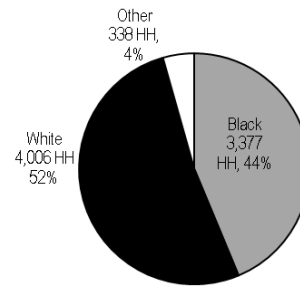
REGION 8



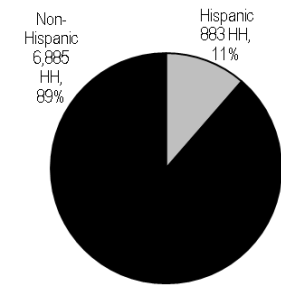
The pie charts represent the racial and ethnic composition of households served in FY 2010.

Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is present in one combined chart.

RENTER PROGRAMS
 PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY

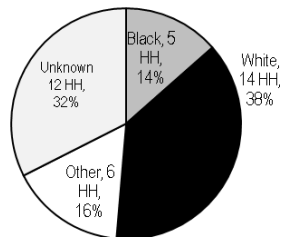


Race	Households	Percent
Other	338	4%
White	4006	52%
Black	3,377	44%



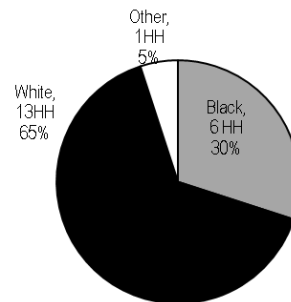
Ethnicity	Households	Percent
Hispanic	883	11%
Non-Hispanic	6,885	89%

SINGLE FAMILY BOND PROGRAM
 PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

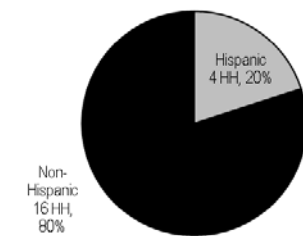


Race	Ethnicity	Households	Percent
White		14	38%
Black		5	14%
Other		6	16%
Unknown		12	32%
	Hispanic		

HOME PROGRAM OWNER PROGRAMS
 PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY



Race	Households	Percent
White	13	65%
Black	6	30%
Other	1	5%



Ethnicity	Households	Percent
Hispanic	4	20%
Non-Hispanic	16	80%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 8

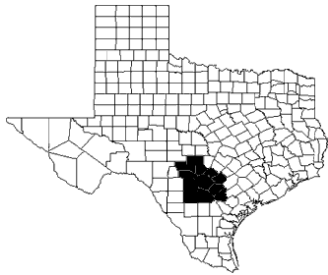
Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$3,736,049	37	\$1,812,320	56	\$562,519	22	\$0	0	\$0	\$0	\$0	0	\$6,110,888	115
Renter Programs	\$0	0	\$2,557,447	119	\$0	0	\$2,635,793	260	\$0	\$0	\$372,018	67	\$5,565,258	446
Total	\$3,736,049	37	\$4,369,767	175	\$562,519	22	\$2,635,793	260	\$0	0	\$372,018	67	\$11,676,146	561

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 8

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$0	0	\$413,463	9	\$148,250	4	\$181,021	18	\$0	\$0	\$194,647	36	\$937,381	67
Very Low Income (30-50 AMFI)	\$0	0	\$1,175,345	43	\$390,029	17	\$852,601	84	\$0	\$0	\$115,512	21	\$2,533,487	165
Low Income (50-80 AMFI)	\$1,078,894	12	\$2,780,959	123	\$24,240	1	\$1,602,171	158	\$0	\$0	\$41,411	7	\$5,527,675	301
Moderate Income (>80 AMFI)	\$2,657,155	25	\$0	0	\$0	0	\$0	0	\$0	\$0	\$20,448	3	\$2,677,603	28
Total	\$3,736,049	37	\$4,369,767	175	\$562,519	22	\$2,635,793	260	\$0	0	\$372,018	67	\$11,676,146	561

TDHCA allocated \$11,676,146 in Region 8 during FY 2010. Homeowner programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

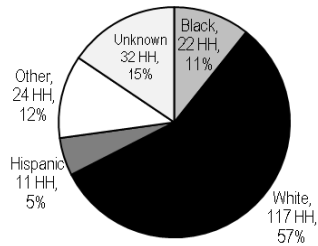
REGION 9



The pie charts represent the racial and ethnic composition of households served in FY 2010.

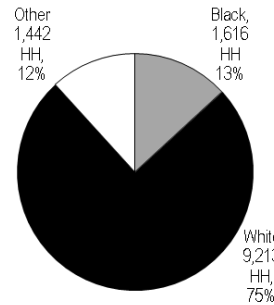
Note: Because loan servicers do not record race and ethnicity data separately, data for the In one combined chart.

SINGLE FAMILY BOND PROGRAM
PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

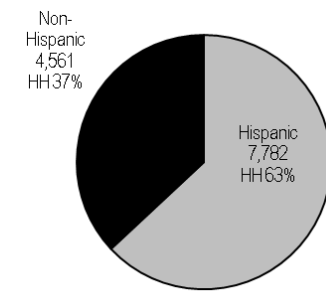


Race	Ethnicity	Households	Percent
White		117	57%
Black		22	11%
Other		24	12%
Unknown		32	15%
	Hispanic	11	5%

RENTER PROGRAMS
PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY

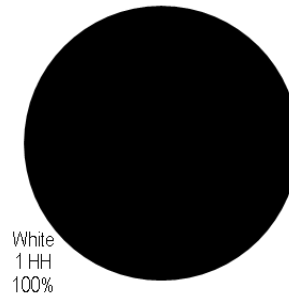


Race	Households	Percent
Other	1,142	12%
White	9,213	75%
Black	1,616	13%

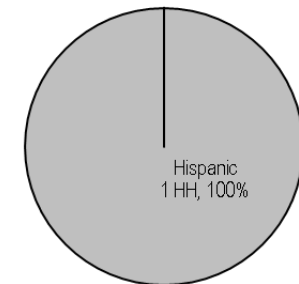


Ethnicity	Households	Percent
Hispanic	7,782	63%
Non-Hispanic	4,561	37%

HOME PROGRAM OWNER PROGRAMS
PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY



Race	Households	Percent
White	1	100%



Ethnicity	Households	Percent
Hispanic	1	100%
Non-Hispanic	0	0%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 9

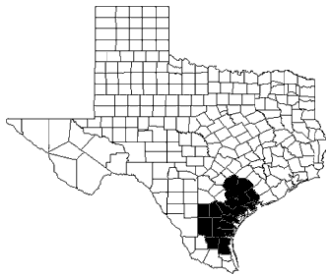
Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$23,425,358	195	\$249,600	3	\$970,189	34	\$0	0	\$0	0	\$0	0	\$24,645,147	232
Renter Programs	\$0	0	\$672,000	54	\$0	0	\$7,315,340	764	\$1,060,351	235	\$150,052	32	\$9,197,743	1,085
Total	\$23,425,358	195	\$921,600	57	\$970,189	34	\$7,315,340	764	\$1,060,351	235	\$150,052	32	\$33,842,890	1,317

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 9

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$0	0	\$672,000	54	\$213,620	7	\$334,149	36	\$4,507	1	\$92,780	20	\$1,317,056	118
Very Low Income (30-50 AMFI)	\$574,395	7	\$0	0	\$731,369	26	\$3,694,210	376	\$388,858	86	\$25,644	7	\$5,414,476	502
Low Income (50-80 AMFI)	\$6,516,414	59	\$249,600	3	\$25,200	1	\$3,286,982	352	\$666,986	148	\$31,628	5	\$10,776,810	568
Moderate Income (>80 AMFI)	\$16,334,549	129	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$16,334,549	129
Total	\$23,425,358	195	\$921,600	57	\$970,189	34	\$7,315,340	764	\$1,060,351	235	\$150,052	32	\$33,842,890	1,317

TDHCA allocated \$33,842,890 in Region 9 during FY 2010. Homeowner programs accounted for the largest segment of this total and the moderate-income households group (>80% AMFI) was the most served income group.

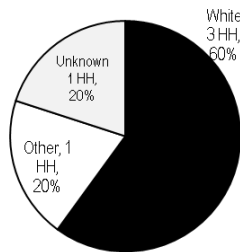
REGION 10



The pie charts represent the racial and ethnic composition of households served in FY 2010.

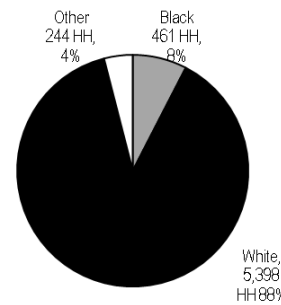
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

SINGLE FAMILY BOND PROGRAM
PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

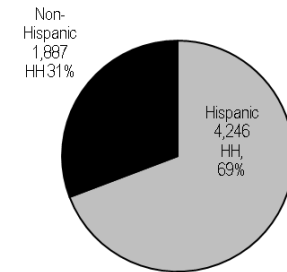


Race	Ethnicity	Households	Percent
White		3	60%
Other		1	20%
Unknown		1	20%

RENTER PROGRAMS
PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY

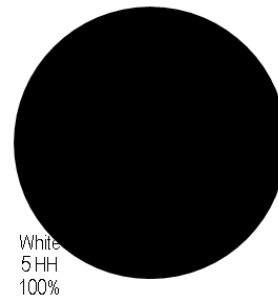


Race	Households	Percent
Other	244	4%
White	5,398	88%
Black	461	8%

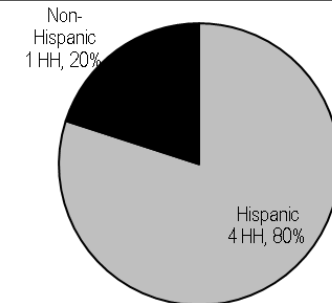


Ethnicity	Households	Percent
Hispanic	4,246	69%
Non-Hispanic	1,887	31%

HOME PROGRAM OWNER PROGRAMS
PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY



Race	Households	Percent
White	5	100%



Ethnicity	Households	Percent
Hispanic	4	80%
Non-Hispanic	1	20%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 10

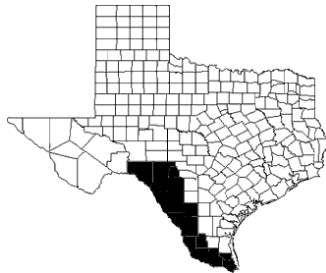
Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$515,690	5	\$2,080,000	25	\$343,750	18	\$0	0	\$0	0	\$0	0	\$2,939,440	48
Renter Programs	\$0	0	\$4,063,121	52	\$0	0	\$2,254,684	192	\$0	0	\$0	0	\$6,317,805	244
Total	\$515,690	5	\$6,143,121	77	\$343,750	18	\$2,254,684	192	\$0	0	\$0	0	\$9,257,245	292

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 10

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$0	0	\$858,334	12	\$208,333	12	\$117,016	10	\$0	0	\$0	0	\$1,183,683	34
Very Low Income (30-50 AMFI)	\$0	0	\$2,908,407	36	\$135,417	6	\$1,024,216	87	\$0	0	\$0	0	\$4,068,040	129
Low Income (50-80 AMFI)	\$0	0	\$2,376,380	29	\$0	0	\$1,113,452	95	\$0	0	\$0	0	\$3,489,832	124
Moderate Income (>80 AMFI)	\$515,690	5	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$515,690	5
Total	\$515,690	5	\$6,143,121	77	\$343,750	18	\$2,254,684	192	\$0	0	\$0	0	\$9,257,245	292

TDHCA allocated \$9,257,245 in Region 10 during FY 2010. Renter programs accounted for the largest segment of this total and the very low-income households group (30-50% AMFI) was the most served income group.

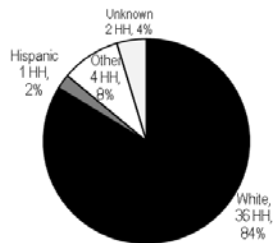
REGION 11



The pie charts represent the racial and ethnic composition of households served in FY 2010.

Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

**SINGLE FAMILY BOND PROGRAM
PERCENT OF COMMITTED FUNDS BY
RACE AND ETHNICITY**

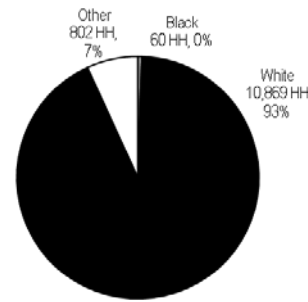


Race	Ethnicity	Households	Percent
White		36	84%
Other		4	8%
Unknown		2	4%
	Hispanic	1	2%

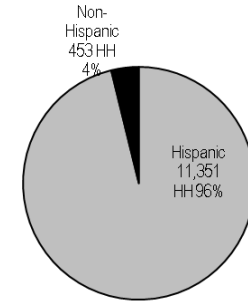
RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

PERCENT OF COMMITTED FUNDS BY ETHNICITY



Race	Households	Percent
Other	802	7%
White	10,869	93%
Black	60	0%

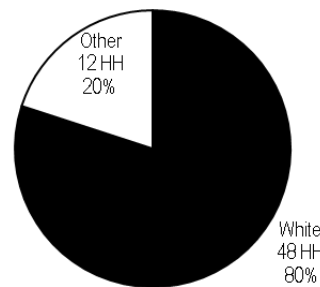


Ethnicity	Households	Percent
Hispanic	11,351	96%
Non-Hispanic	453	4%

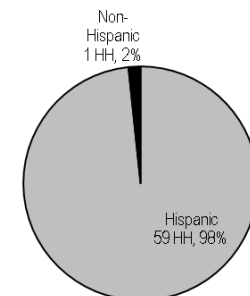
HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

PERCENT OF COMMITTED FUNDS BY ETHNICITY



Race	Households	Percent
White	48	80%
Other	12	20%



Ethnicity	Households	Percent
Hispanic	59	98%
Non-Hispanic	1	2%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 11

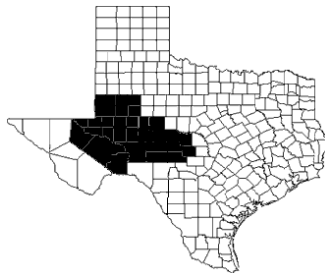
Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$3,770,220	42	\$4,439,560	119	\$739,146	24	\$0	0	\$0	0	\$0	0	\$8,948,926	185
Renter Programs	\$0	0	\$2,000,000	17	\$0	0	\$4,813,587	350	\$0	0	\$3,888	1	\$6,817,475	368
Total	\$3,770,220	42	\$6,439,560	136	\$739,146	24	\$4,813,587	350	\$0	0	\$3,888	1	\$15,766,401	553

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 11

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$0	0	\$684,135	7	\$107,000	3	\$190,028	15	\$0	0	\$0	0	\$981,163	25
Very Low Income (30-50 AMFI)	\$179,215	3	\$1,978,692	23	\$632,146	21	\$2,751,035	190	\$0	0	\$3,888	1	\$5,544,976	238
Low Income (50-80 AMFI)	\$1,501,943	18	\$3,776,733	106	\$0	0	\$1,872,525	145	\$0	0	\$0	0	\$7,151,201	269
Moderate Income (>80 AMFI)	\$2,089,062	21	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$2,089,062	21
Total	\$3,770,220	42	\$6,439,560	136	\$739,146	24	\$4,813,587	350	\$0	0	\$3,888	1	\$15,766,401	553

TDHCA allocated \$15,766,401 in Region 11 during FY 2010. Homeowner programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

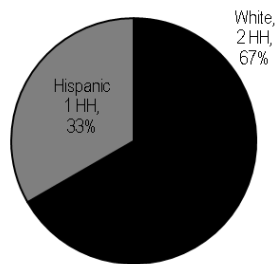
REGION 12



The pie charts represent the racial and ethnic composition of households served in FY 2010.

Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

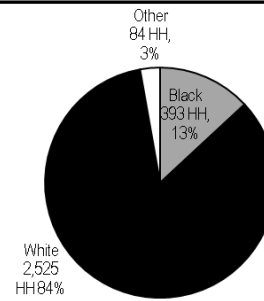
SINGLE FAMILY BOND PROGRAM
PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY



Race	Ethnicity	Households	Percent
White		2	67%
	Hispanic	1	33%

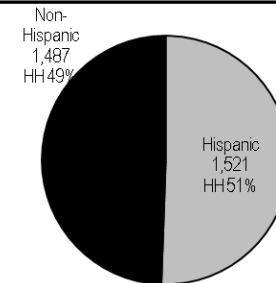
RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



Race	Households	Percent
Other	84	3%
White	2,525	84%
Black	393	13%

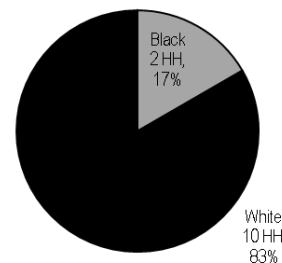
PERCENT OF COMMITTED FUNDS BY ETHNICITY



Ethnicity	Households	Percent
Hispanic	1,521	51%
Non-Hispanic	1,487	49%

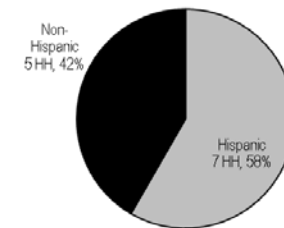
HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



Race	Households	Percent
White	10	83%
Black	2	17%

PERCENT OF COMMITTED FUNDS BY ETHNICITY



Ethnicity	Households	Percent
Hispanic	7	58%
Non-Hispanic	5	42%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 12

Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$169,866	2	\$1,346,091	24	\$29,500	1	\$0	0	\$0	0	\$0	0	\$1,545,457	27
Renter Programs	\$0	0	\$0	0	\$0	0	\$1,077,000	95	\$0	0	\$33,996	4	\$1,110,546	99
Total	\$169,866	2	\$1,346,091	24	\$29,500	1	\$1,077,000	95	\$0	0	\$33,996	4	\$2,656,453	126

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 12

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$0	0	\$0	0	\$0	0	\$56,684	5	\$0	0	\$33,996	4	\$90,680	9
Very Low Income (30-50 AMFI)	\$0	0	\$0	0	\$29,500	1	\$487,484	43	\$0	0	\$0	0	\$516,984	44
Low Income (50-80 AMFI)	\$85,424	1	\$1,346,091	24	\$0	0	\$532,382	47	\$0	0	\$0	0	\$1,963,897	72
Moderate Income (>80 AMFI)	\$84,442	1	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$84,442	1
Total	\$169,866	2	\$1,346,091	24	\$29,500	1	\$1,077,000	95	\$0	0	\$33,996	4	\$2,656,453	126

TDHCA allocated \$2,656,003 in Region 12 during FY 2010. Homeowner programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

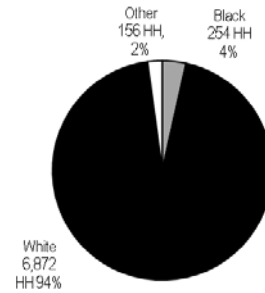
REGION 13



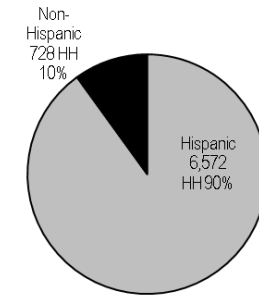
The pie charts represent the racial and ethnic composition of households served in FY 2010.

Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS
 PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY

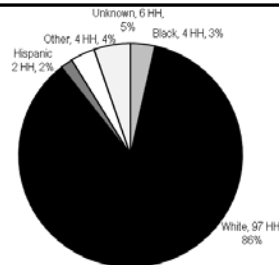


Race	Households	Percent
Other	156	2%
White	6,872	94%
Black	254	4%



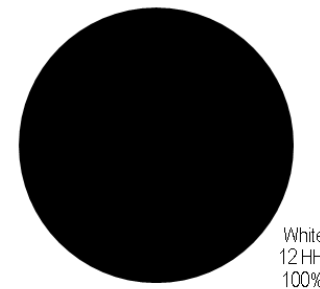
Ethnicity	Households	Percent
Hispanic	6,572	90%
Non-Hispanic	728	10%

SINGLE FAMILY BOND PROGRAM
 PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

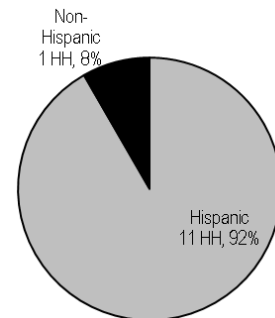


Race	Ethnicity	Households	Percent
White		97	86%
Black		4	3%
Other		4	4%
Unknown		6	5%
	Hispanic	2	2%

HOME PROGRAM OWNER PROGRAMS
 PERCENT OF COMMITTED FUNDS BY RACE PERCENT OF COMMITTED FUNDS BY ETHNICITY



Race	Households	Percent
White	12	100%



Ethnicity	Households	Percent
Hispanic	11	92%
Non-Hispanic	1	8%

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 13

Activity	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Homeowner Programs	\$11,834,153	111	\$984,475	14	\$168,050	6	\$0	0	\$0	0	\$0	0	\$12,986,678	131
Renter Programs	\$0	0	\$0	0	\$0	0	\$1,997,681	140	\$0	0	\$0	0	\$1,997,681	140
Total	\$11,834,153	111	\$984,475	14	\$168,050	6	\$1,997,681	140	\$0	0	\$0	0	\$14,984,359	271

FUNDING AND HOUSEHOLDS SERVED/TO BE SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 13

	SF Bond Funds	SF Bond HH	HOME Funds	HOME HH	HTF Funds	HTF HH	HTC Funds	HTC HH	MF Bond Funds	MF Bond HH	Section 8 Funds	Section 8 HH	All Activities Funds	All Activities HH
Extremely Low Income (0-30 AMFI)	\$0	0	\$290,079	4	\$25,750	1	\$74,602	6	\$0	0	\$0	0	\$390,431	11
Very Low Income (30-50 AMFI)	\$119,700	1	\$83,200	1	\$142,300	5	\$1,230,246	80	\$0	0	\$0	0	\$1,575,446	87
Low Income (50-80 AMFI)	\$1,864,038	21	\$611,196	9	\$0	0	\$692,833	54	\$0	0	\$0	0	\$3,168,067	84
Moderate Income (>80 AMFI)	\$9,850,415	89	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$9,850,415	89
Total	\$11,834,153	111	\$984,475	14	\$168,050	6	\$1,997,681	140	\$0	0	\$0	0	\$14,984,359	271

TDHCA allocated in Region 13 during FY 2010. Homeowner programs accounted for the largest segment of this total and the moderate income households group (>80% AMFI) was the most served income group.

HOUSING SPONSOR REPORT ANALYSIS

TDHCA requires that housing developments of 20 units or more which receive financial assistance from TDHCA submit an annual housing sponsor report. This report includes the contact information for each property, the total number of units, the number of accessible units, the rents for units by type, the racial composition information for the property, the number of units occupied by individuals receiving supported housing assistance, the number of units occupied delineated by income group and a statement as to whether there have been fair housing violations at the property. This information depicts the property data as of December 31 of each year.

Because of the extensive nature of the information, TDHCA has elected to provide this report under a separate publication: the TDHCA Housing Sponsor Report (HSR). The HSR includes an analysis of the collected information, as well as the information submitted by each property. In addition, in fulfillment of §2306.072(c)(8), the HSR contains a list of average rents sorted by Texas county based on housing sponsor report responses from TDHCA-funded properties.

For more information and a copy of this report, please contact the TDHCA Housing Resource Center at (512) 936-7803 or visit <http://www.tdhca.state.tx.us/housing-center/pubs.htm>.

GEOGRAPHIC DISTRIBUTION OF HOUSING TAX CREDITS

Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its 9% Housing Tax Credits (HTCs) to the Uniform State Service Regions it uses for planning purposes. Because of the level of funding and the impact of this program in financing the multifamily development of affordable housing, this section of the Plan discusses the geographical distribution of HTCs.

The Department allocated \$70,005,604 in HTCs through the Competitive Housing Tax Credit application process from the 2010 ceiling and Hurricane Ike credits. Information on these awards, as well as the entire HTC inventory, can be found on the HTC Program's webpage at <http://www.tdhca.state.tx.us/multifamily/htc/>. The map on the following page displays the geographic distribution of the FY 2010 9% and 4% awards.

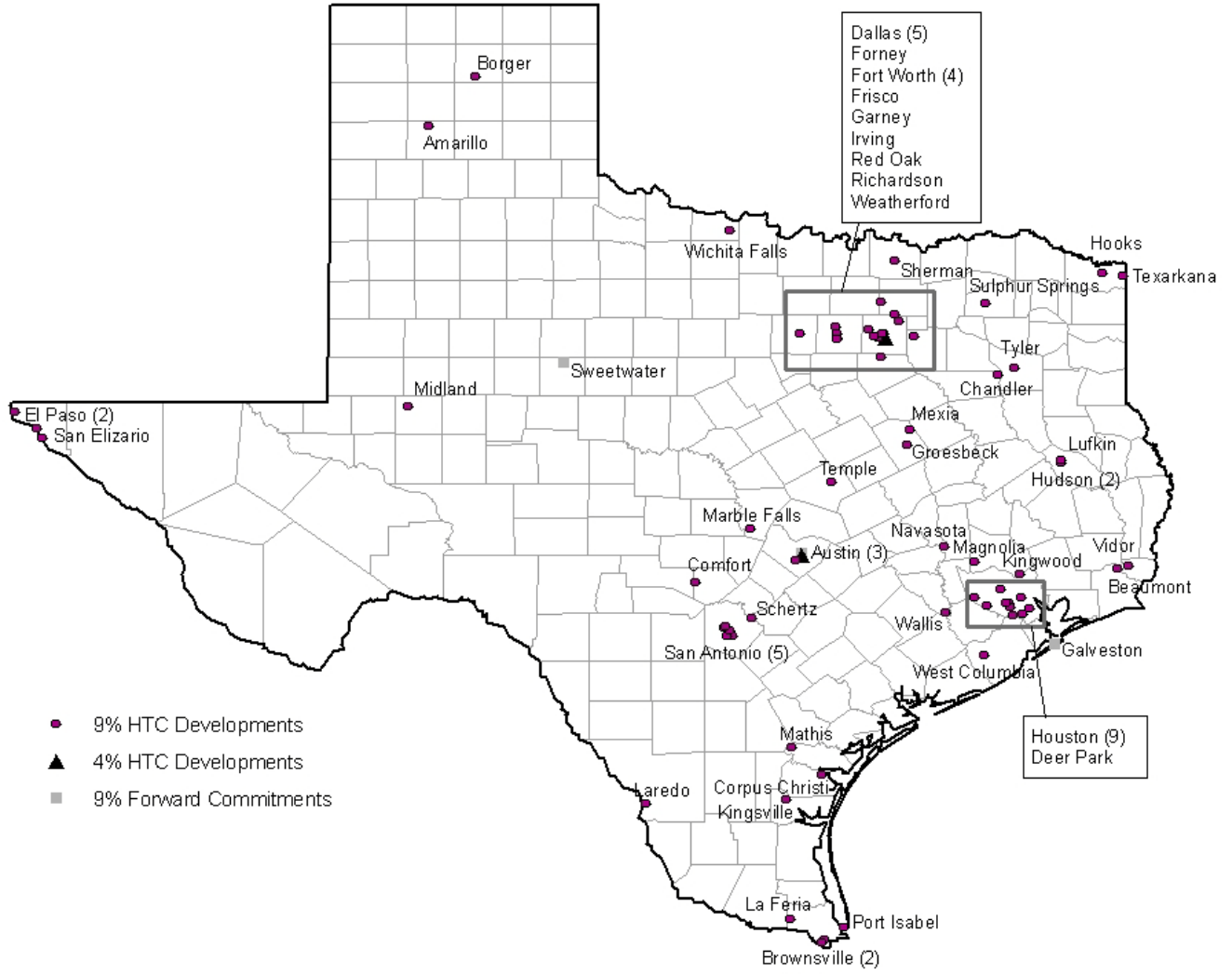
REGIONAL ALLOCATION FORMULA

The table below shows the funding distribution of FY 2010 awards by region and includes the variations between the actual distribution and the 9% HTC RAF targets. The Department plans the credit distributions to match the HTC RAF targets as closely as possible; the RAF targets apply to the 9% HTC program. To that end, as many whole awards as possible are made in each Uniform State Service Region's urban and rural sub-regions based on the RAF target for each. The total remainder in each region is then collapsed into 13 regional pools. The sub-region with the highest original target percentage is determined within each region and, if possible, additional awards are made in these sub-regions out of the region's pool. If a region does not have enough qualified applications to meet its regional credit distribution target, then those credits will be apportioned to the other regions from a statewide pool of remaining credits.

Region	All HTCs	% of all HTCs	4% HTCs	% of all 4% HTCs	9% HTCs	% of all 9% HTCs	Targeted 9% dist. under RAF	Diff. between actual & targeted
1	\$ 2,000,000	2.9%	\$ -	0.0%	\$ 2,000,000	3.0%	4.4%	-1.5%
2	\$ 1,388,447	2.0%	\$ -	0.0%	\$ 1,388,447	2.1%	2.7%	-0.7%
3	\$ 13,202,173	18.9%	\$ 1,224,504	47.4%	\$ 11,977,669	17.8%	21.8%	-4.1%
4	\$ 4,131,720	5.9%	\$ -	0.0%	\$ 4,131,720	6.1%	4.5%	1.6%
5	\$ 5,468,736	7.8%	\$ -	0.0%	\$ 5,468,736	8.1%	3.4%	4.7%
6	\$ 19,375,502	27.7%		0.0%	\$ 19,375,502	28.7%	24.0%	4.8%
7	\$ 3,284,590	4.7%	\$ 296,913	11.5%	\$ 2,987,677	4.4%	5.6%	-1.1%
8	\$ 2,635,793	3.8%	\$ -	0.0%	\$ 2,635,793	3.9%	5.6%	-1.7%
9	\$ 8,375,691	12.0%	\$ 1,060,351	41.1%	\$ 7,315,340	10.8%	7.8%	3.0%
10	\$ 2,254,684	3.2%	\$ -	0.0%	\$ 2,254,684	3.3%	4.2%	-0.9%
11	\$ 4,813,587	6.9%	\$ -	0.0%	\$ 4,813,587	7.1%	8.9%	-1.7%
12	\$ 1,077,000	1.5%	\$ -	0.0%	\$ 1,077,000	1.6%	2.8%	-1.2%
13	\$ 1,997,681	2.9%	\$ -	0.0%	\$ 1,997,681	3.0%	4.2%	-1.3%
Total	\$ 70,005,604	100.0%	\$ 2,581,768	100.0%	\$ 67,423,836	100.0%	100.0%	0.0%

9% and 4% HTC Distribution by Place, Awarded in FY 2010*

*Numbers after the name of awarded place indicate the number of HTC awards in that place.



SECTION 4: ACTION PLAN

In response to the needs identified in the previous section, this plan outlines TDHCA's course of action designed to meet those underserved needs. This section discusses the following:

- **TDHCA Programs**
 - Description of TDHCA program, including funding source, administrator, purpose, targeted population, budget and contact information
- **Housing Support Continuum**
 - Activities undertaken by each TDHCA program that address the different phases in a low-income household's life
- **Goals and Objectives**
 - Program performance based upon measures developed with the State's Legislative Budget Board and the Governor's Office of Budget and Planning
- **Regional Allocation Plans**
 - Distribution of TDHCA's resources across the 13 State Service Regions
- **Policy Priorities**
 - Overarching Department-wide policies and policy-driven actions

TDHCA PROGRAMS

TDHCA's programs govern the use of available resources in meeting the housing needs of low-income Texans. Program descriptions include information on the funding source, recipients, targeted beneficiaries, set-asides and special initiatives. Details of each program's activities are located in the Housing Support Continuum in the following segment.

Additional funding for some programs was provided by the Housing and Economic Recovery Act of 2008 (HERA), American Recovery and Reinvestment Act of 2009 (ARRA) and other federal funds provided to stimulate the economy. When a program was funded or created as a result of these sources, the words "Stimulus Program" will appear in the title. Additional detail on programs provided by federal economic stimulus funds will be provided in *Section 5: Stimulus Programs*.

Similar to the Stimulus Programs, Disaster Recovery programs are temporary programs targeted to certain areas to address specific issues arising from events in time. Because of the large amount of funds the Disaster Recovery division administers and because Disaster Recovery is based on a multi-year schedule and not a state fiscal year schedule, the Disaster Recovery Division has its own chapter.

A list of TDHCA programs, organized by their Division, follows:

Community Affairs Division

- Community Service Block Grant Program
- Comprehensive Energy Assistance Program
- Emergency Shelter Grants Program
- Homelessness Prevention and Rapid Re-housing Program (Stimulus Program)
- Homeless Housing and Services Program
- Section 8 Housing Choice Voucher Program
- Weatherization Assistance Program
- Weatherization Assistance Program ARRA (Stimulus Program)

Disaster Recovery Division (see Disaster Recovery Chapter)

- Community Development Block Grant Program– Hurricane Rita Round One
- Community Development Block Grant Program– Hurricane Rita Round Two
- Community Development Block Grant Program–Hurricanes Dolly and Ike Round One
- Community Development Block Grant Program– Hurricanes Dolly and Ike Round Two

HOME Investment Partnership Program Division

- Contract for Deed Conversion Program
- Homebuyer Assistance Program
- Homeowner Rehabilitation Assistance Program
- Multifamily Rental Housing Development
- Single Family Development
- Tenant-Based Rental Assistance

Housing Trust Fund Division

- Affordable Housing Match Program
- Amy Young Barrier Removal and Rehabilitation Program
- Disaster Recovery Gap Assistance
- Homeownership Program
- Rural Housing Expansion Program
- Texas Veterans Housing Support Program

Manufactured Housing Division**Multifamily Finance Division**

- Housing Tax Credit Program
- Housing Tax Credit Exchange (Stimulus Program)
- Multifamily Bond Program

Office of Colonia Initiatives

- Colonia Self-Help Center Program
- Texas Bootstrap Loan Program

Neighborhood Stabilization Program Division

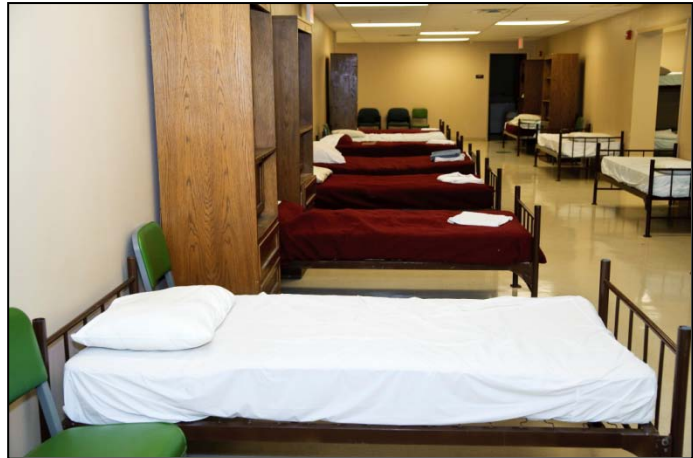
- Neighborhood Stabilization Program 1 (Stimulus Program)
- Neighborhood Stabilization Program 3 (Stimulus Program)

Texas Homeownership Division

- First Time Homebuyer Program
- Mortgage Credit Certificate Program
- National Foreclosure Mitigation Counseling Program (Stimulus Program)
- Texas Statewide Homebuyer Education Program

COMMUNITY AFFAIRS DIVISION

The Community Affairs Division offers the Community Services Block Grant Program, Comprehensive Energy Assistance Program, Emergency Shelter Grants Program, Homelessness Prevention and Rapid Rehousing (Stimulus Program), Homeless Housing and Services Program, Section 8 Housing Choice Voucher Program, Weatherization Assistance Program and Weatherization Assistance Program ARRA (Stimulus Program).



Beds at Mobile Loaves and Fishes homeless shelter in Harlingen, funded through TDHCA's Emergency Shelter Grant Program.

COMMUNITY SERVICES BLOCK GRANT PROGRAM

The Community Services Block Grant Program (CSBG), received from the U.S. Department of Health and Human Services (USHHS), funds CSBG-eligible entities and activities that support the intent of the CSBG Act. TDHCA provides administrative support funds to Community Action Agencies (CAAs) and other human service delivery organizations that offer emergency and poverty-related programs to lower-income persons.

Ninety-percent of the funds must be provided to eligible entities defined under Section 673 of the CSBG Act to provide services to low-income individuals. These agencies must be private nonprofit entities or units of local government and are designated by the Governor as an eligible entity. Persons with incomes at or below 125 percent of the current federal income poverty guidelines issued by USHHS are eligible for the program.

CSBG provides administrative support to 47 CSBG-eligible entities. Five percent of the State's CSBG allocation is used to fund innovative projects that address the causes of poverty, promote client self-sufficiency or promote community revitalization; provide emergency disaster relief assistance to persons impacted by a natural or man-made disaster; provide funding to organizations serving Native Americans and migrant or seasonal farm workers and provide funding for other eligible discretionary activities as authorized by the Department's Board. No more than five percent of the CSBG allocation may be used for administrative purposes by the state.

Allocations to the CSBG-eligible entities are based on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of population density. Poverty population is given 98 percent weight and the ration of inverse population density is given 2 percent weight.

Community Services Block Grant funding for FY 2011: \$33,551,992.

Additional documentation, including the CSBG Plan, may be accessed at the TDHCA website at <http://www.tdhca.state.tx.us/pubs.htm#cs>. For more information, contact the Community Services Section at (512) 475-3905.

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

The Comprehensive Energy Assistance Program (CEAP) is funded by the USHHS' Low Income Home Energy Assistance Program (LIHEAP). The purpose of CEAP is to provide energy assistance to eligible households. TDHCA administers the program through a network of 47 CEAP Subrecipients. The Subrecipients consist of CAAs, nonprofit entities and units of local government. The targeted beneficiaries of CEAP in Texas are households with an income at or below 200 percent of federal poverty guidelines, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption.

The allocation formula for CEAP uses the following five factors and corresponding weights to distribute its funds by county; non-elderly poverty household factor (40 percent); elderly poverty household factor (40 percent); inverse poverty household density factor (5 percent); median income variance factor (5 percent); and weather factor (10 percent).

Comprehensive Energy Assistance Program funding for FY 2011: \$188,803,041.

The Energy Assistance Plans and Rules may be accessed online at <http://www.tdhca.state.tx.us/ea> on the TDHCA website. For more information, contact the Energy Assistance Section at (512) 475-3951. To apply for CEAP, call toll free 1-877-399-8939, using a land line phone.

EMERGENCY SHELTER GRANTS PROGRAM

The Emergency Shelter Grants Program (ESGP) receives funding from the U.S. Department of Housing and Urban Development (HUD) and awards grants to units of local government and private nonprofit entities that provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. ESGP funds may also be used for renovation and rehabilitation of existing shelters.

ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 Uniform State Service Regions and funds are dispersed according to a Regional Allocation Formula. The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region. Demonstrating the need for homeless shelter and services, for the 2008 ESGP application cycle, the Department received 120 applications and was able to fund only 76 entities.

Emergency Shelter Grants Program funding for the State of Texas for FY 2011: \$5,236,361.

See the *State of Texas Consolidated Plan: One Year Action Plan* at <http://www.tdhca.state.tx.us/housing-center/pubs.htm#consolidated> for further details on ESGP. For more information, contact the Community Service Section at (512) 475-3905.

HOMELESSNESS PREVENTION AND RAPID RE-HOUSING PROGRAM (STIMULUS PROGRAM)

Through ARRA, TDHCA is administering over \$41,472,772 in Homelessness Prevention and Rapid Re-housing Program (HPRP) funds made available through HUD. These funds are awarded to local units of government and qualifying nonprofit organizations to provide homelessness prevention assistance and assistance to rapidly re-house persons who are homeless. HPRP is not intended to provide long-term support for program participants, nor will it be able to address all of the

households' financial and supportive service needs that affect housing stability. HPRP funds awarded under this plan are distributed on a regional basis according to the Regional Allocation Formula (RAF).

See the *Stimulus Programs* chapter in this document for more details on HPRP.

HOMELESS HOUSING AND SERVICES PROGRAM

During the 81st Legislative Session, the Legislature appropriated \$20 million in general revenue funds over the biennium for the Homeless Housing and Services Program (HHSP) for the purposes of assisting regional urban areas in providing services to homeless individuals and families.

Homeless Housing and Service Program funding for FY 2011: \$10,000,000.

More Homeless Housing and Services Program information may be accessed online at www.tdhca.state.tx.us. For more information, contact the Community Services Section at (512) 475-3905.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

TDHCA received funding for the Section 8 Housing Choice Voucher (Section 8) Program from HUD for counties included in TDHCA's Public Housing Authority's allocation. The Section 8 Program provides rental assistance payments on behalf of low-income individuals and families, including the elderly and persons with disabilities. The Section 8 Program currently contracts with units of local governments, community action agencies and public housing authorities to assist with the administration of approximately 1,000 housing choice vouchers. The Department administers vouchers in 29 counties.

Eligible households have a gross income that does not exceed 50% of HUD's median income guidelines. HUD requires 75% of all new households admitted to the program be at or below 30% of the area median income. Eligibility is based on several factors, including the household's income, size and composition, citizenship status, assets and medical and childcare expenses.

Projected Section 8 Housing Choice Voucher Program funding for FY 2011: \$5,833,128. Projected funding may vary depending on action taken by HUD.

Additional documentation, including the Section 8 Plan, may be accessed at the TDHCA website at <http://www.tdhca.state.tx.us/pubs.htm#sec8>. For more information, contact the Section 8 Program at (512) 475-3892.

WEATHERIZATION ASSISTANCE PROGRAM

The Weatherization Assistance Program (WAP) is funded by the U.S. Department of Energy (DOE) and U.S. Health and Human Services (USHHS) Low Income Home Energy Assistance Program (LIHEAP). The Weatherization Assistance Program allocates funding regionally to help households in each region control energy costs through the installation on weatherization measures and energy conservation education. The Department administers WAP through a network of 31 WAP Subrecipients. The Subrecipients consist of CAA's, nonprofit entities and units of local government. The targeted beneficiaries of WAP in Texas are households with an income at or below 200 percent of federal poverty with priority given to the elderly; persons with disabilities; families with young

children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption.

Partnerships between the Department and El Paso Electric provide additional weatherization measure to low-income utility customers in some regulated electric market areas. This partnership increases the total number of low-income households that receive weatherization services and allow the Department to leverage the federal weatherization funds with the energy company funds.

The allocation formula for WAP uses the following five factors and corresponding weights to distribute its funds by county; non-elderly poverty household factor (40 percent); elderly poverty household factor (40 percent); inverse poverty household density factor (5 percent)' median income variance factor (5 percent); and weather factor (10 percent).

Projected Weatherization Assistance Program funding for FY 2011: will be updated in final version of this document.

The Energy Assistance Plans and Rules may be accessed from the TDHCA website at <http://www.tdhca.state.tx.us/ea>. For more information, contact the Energy Assistance Section at (512) 475-3951. To apply for weatherization, call toll free 1-888-606-8889, using a land line phone.

WEATHERIZATION ASSISTANCE PROGRAM ARRA (STIMULUS PROGRAM)

Through ARRA, TDHCA received over \$326,975,732 in additional funding for WAP.

See the *Stimulus Programs* chapter in this document for more details on Weatherization Assistance Program funded through the ARRA.

NOTE: The Community Service Block Grants (CSBG) funding through ARRA was administered by the Community Affairs Division; this program expended 99.6% of the funds and will conclude before the date of the publication of this document. Therefore, information about CSBG ARRA is only included in the *Stimulus Programs* chapter and not in the Action Plan's Community Affairs' section.

HOME INVESTMENT PARTNERSHIPS PROGRAM DIVISION

The HOME Investment Partnership Program Division offers Contract for Deed Conversion, Homebuyer Assistance, Homeowner Rehabilitation Assistance, Multifamily Rental Housing Development, Single Family Development, Tenant-Based Rental Assistance and other specialty programs within these activities, including Community Housing Development Organization (CHDO) Set-Aside funds.

The HOME Investment Partnerships (HOME) Program is authorized under the Cranston-Gonzalez National Affordable Housing Act (42 USC Section 12701 et. seq.) and receives funding from HUD.

The purposed of the HOME Program is to expand the supply of decent, safe and affordable housing for extremely low-, very low- and low-income households and to alleviate the problems of excessive rent burdens, homelessness and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations in order to strengthen their capacity to meet the housing needs of lower income Texans. To achieve this purpose, the HOME Program provides loans and grants to units of general local government, Public Housing Authorities (PHAs), Community Housing Development Organizations (CHDOs), nonprofit organizations and for-profit entities. HOME funds awarded under this plan are distributed on a regional basis according to the Regional Allocation Formula (RAF). The HOME RAF can be found in the TDHCA Allocation Plan section in this *Action Plan*. TDHCA provides technical assistance to all recipients of the HOME Program to ensure that all participants meet and follow state implementation guidelines and federal regulations.



Many Texans have benefited from the HOME Tenant Based Rental Assistance voucher program, such as Clarence Hoodye from Corpus Christi, TX.

According to §2306.111, Texas Government Code, in administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (Act), the Department shall expend 95 percent of these funds for the benefit of non-participating jurisdictions that do not qualify to receive funds under the Act directly from HUD. This directs HOME funds into rural Texas. As established in Section 2306.111(c) of the Texas Government Code and subject to the submission of qualified applications, 5 percent of the annual HOME Program allocation shall be allocated for applications serving persons with disabilities living in any part of the state. Federal regulations require a minimum of 15 percent of the annual HOME allocation is reserved for Community Housing Development Organizations (CHDOs). CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or single-family homeownership.

CONTRACT FOR DEED CONVERSION PROGRAM

Contract for Deed Conversions Program provides funds to convert an eligible contract for deed to a warranty deed. These funds are awarded as specified in the published Notices of Funding Availability.

HOMEBUYER ASSISTANCE PROGRAM

Homebuyer Assistance Program includes down payment and closing cost assistance and is provided to homebuyers for the acquisition of affordable single-family housing, including new manufactured housing. Funds may also be made available to perform accessibility modifications. This program can also be used to address housing issues arising from state- or federally-declared disasters. These funds are awarded as specified in the published Notice of Funding Availability.

HOMEOWNER REHABILITATION ASSISTANCE PROGRAM

HOME's Homeowner Rehabilitation Assistance offers rehabilitation or reconstruction cost assistance to homeowners for the repair or reconstruction of their existing home, which must be the principal residence of the homeowner. Funds may also be made available to refinance existing mortgage debt to increase affordability if the refinance takes place in conjunction with substantial rehabilitation. This program can also be used to address housing issues arising from state- or federally-declared disasters. These funds are awarded as specified in the published Notices of Funding Availability.

MULTIFAMILY RENTAL HOUSING DEVELOPMENT

HOME Multifamily Development funds are awarded to eligible applicants for the development of affordable rental housing. Owners are required to make the units available to extremely low-, very low- and low-income families and must meet long-term rent restrictions as defined by HUD. These funds are awarded as specified in the published Notices of Funding Availability and are available to CHDOs.

SINGLE FAMILY DEVELOPMENT

Single Family Development is a Community Housing Development Organization (CHDO) set-aside activity. CHDOs may acquire, rehabilitate, or reconstruct single family housing which must be sold to households at or below 60% AMFI. CHDOs can also apply for homebuyer assistance if their organization is the owner or developer of the single family housing project. These funds are awarded as specified in the published Notice of Funding Availability.

TENANT-BASED RENTAL ASSISTANCE

Tenant-Based Rental Assistance provides rental subsidy, security and utility deposit assistance. TBRA allows the assisted tenant to move and to live in any dwelling unit with a right to continued assistance, in accordance with written tenant selection policies, for a period not to exceed 24 months, except for special circumstances for which 36 months may be allowed. The tenant must also participate in a self-sufficiency program. This program can also be used to address housing issues arising from state- or federally-declared disasters. These funds are awarded as specified in the published Notices of Funding Availability.

SUMMARY OF HOME PROGRAM FUNDING FOR FISCAL YEAR 2011

HOME Program funding for FY 2011 estimated at: \$40,000,000.

See the *State of Texas Consolidated Plan: One Year Action Plan* at <http://www.tdhca.state.tx.us/housing-center/pubs.htm> for further details on the HOME Program. The HOME Program Rule may be access from the TDHCA website at <http://www.tdhca.state.tx.us/home->

division/. For more information regarding the HOME Program, contact the HOME Division directly at (512) 463-8921.

NOTE: The Tax Credit Assistance Program (TCAP) is administered by the HOME Division; this program stop receiving applications by the publication of this document. Therefore, information about TCAP is only included in the *Stimulus Programs* chapter and not in the HOME Division section of the Action Plan.

HOUSING TRUST FUND DIVISION

For the 2010-2011 biennium, the Housing Trust Fund offers the Affordable Housing Match Program, the Amy Young Barrier Removal Program, Disaster Recovery Gap Assistance, the Housing Trust Fund Homeownership Program, Rural Housing Expansion Program and the Texas Veterans Housing Support Program.

The Housing Trust Fund Program receives several sources of funding from the State of Texas including general appropriations, multifamily bond issuance fees, loan repayments and other funds that are received and appropriated by the Department or Legislature. The Housing Trust Fund is the only State-authorized affordable-housing program. Funding is awarded as loans or grants to nonprofits, units of local government, public housing agencies and for-profit entities. The targeted beneficiaries of the program are low-, very low- and extremely low-income households. Housing Trust Fund monies awarded under this plan are released on a regional basis according to the Regional Allocation Formula (RAF) in accordance with the Texas Government Code. The Housing Trust Fund RAF can be found in the TDHCA Allocation Plan section in the *Action Plan*.



At their May 2010 meeting, the TDHCA Governing Board honored the late disability advocate Amy Young by renaming a housing program in her memory. The Amy Young Barrier Removal Program funds home modifications to improve housing accessibility for low income persons with disabilities.

AFFORDABLE HOUSING MATCH PROGRAM

The Affordable Housing Match Program provided to Nonprofit Organizations for the purpose of leveraging these funds as match for the production and/or provision of affordable housing and promotes greater access to federal and private funds for low-income housing.

AMY YOUNG BARRIER REMOVAL PROGRAM

The Amy Young Barrier Removal Program provided funding to eligible entities for accessibility improvements to homes of low-income Persons with Disabilities. These grant funds allow for reasonable accommodation or modification for rental tenants, homeowners or household members with disabilities who need assistance to fully access their home.

DISASTER RECOVERY GAP ASSISTANCE

The Disaster Recovery Gap Assistance provides gap financing for home repair to homeowners affected by disasters who have been awarded disaster recover funds from other programs in the Department. The previous awards may have been Community Development Block Grant (CDBG) funds through the Disaster Recovery Division or Homeownership Rehabilitation funds through the HOME Investment Partnership Program Division. In order to be eligible for gap financing, the previous awards must have been limited by federal restrictions so that full housing recovery was not possible. The program is administered through Disaster Recovery or HOME Sub-recipients.

HOMEOWNERSHIP PROGRAM

The Homeownership Program provides funding for down payment and closing cost assistance to first-time homebuyers, or Texas veterans. Funds are provided in the form of no-interest, deferred, forgivable loans and may only serve households at or below 80% of AMFI.

RURAL HOUSING EXPANSION PROGRAM

The Rural Housing Expansion Program provides funding to develop affordable housing in rural Texas while building capacity. The program includes two components for each recipient: (1) a capacity building component to provide an intensive capacity assessment as well as funds for necessary training and capacity building needs and (2) funds for direct housing delivery provided as no-interest loans or grants. This model, generated from significant public input and discussion, provides rural communities the capacity they need, while also ensuring funds to create affordable housing in their communities.

Additionally, as a separate activity, a portion of these funds are set aside to be awarded as grants to rural municipalities, counties and Nonprofit Organizations packaging and submitting Section 502 Rural Housing Direct Loan Applications through USDA. This set aside is intended to provide the means to secure Section 502 funding for Texas that, without these funds, may otherwise not be accessed. Finally, capacity building funds are made available to fund the training and technical assistance needs of applicants of this activity.

TEXAS VETERANS HOUSING SUPPORT PROGRAM

The Texas Veterans Housing Support Program provides rental and utility subsidies to low-income veterans through the Veterans Rental Assistance (VRA) Program. Rental assistance may be provided for a maximum of two years, allowing veterans to live in any rental unit in the service area. Funds may only serve households at or below 80% of AMFI and are provided in the form of grants.

SUMMARY OF HOUSING TRUST FUND PROGRAM FUNDING FOR FISCAL YEARS 2010-2011

The Housing Trust Fund program funding of \$19,977,750 for FYs 2010-2011 was programmed with a Biennial Plan and NOFAs were released in accordance with the Plan. The Housing Trust Fund Rule and Funding Plan may be accessed from the TDHCA website at <http://www.tdhca.state.tx.us/htf>. For more information about the Housing Trust Fund Program, contact the Housing Trust Fund Division at HTF@tdhca.state.tx.us.

MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division regulates the manufactured housing industry in Texas by ensuring that manufactured homes are well constructed, safe and correctly installed; by providing consumers with fair and effective remedies; and by providing economic stability to manufacturers, retailers, installers and brokers. The Manufactured Housing Division licenses manufactured housing professionals and maintains records of the ownership, location, real or personal property states and lien state (on personal property homes) on manufactured homes. It also records tax liens on manufactured homes. Because of its regulatory nature, the Manufactured Housing Division has its own governing board and executive director.



The Manufactured Housing Division licenses manufactured housing developers, maintains ownership records, and inspects manufactured properties throughout the state, such as this one.

Relying on a team of trained inspectors operating from eight locations around the state, the Division inspects manufactured homes throughout Texas. Additionally, the Manufactured Housing Division works collectively with TDHCA by inspecting properties for the Portfolio Management and Compliant Division and by inspecting and licensing Migrant Labor Facilities. The Manufacture Housing Division also handles approximately 800 consumer complaints a year, many of those requiring investigation and enforcement action.

For more information, contact the Manufactured Housing Division at 1-800-500-7074.

MULTIFAMILY FINANCE DIVISION

The Multifamily Finance Division offers the Housing Tax Credit Program, the Housing Tax Credit Exchange Program (Recovery Act) and the Multifamily Bond Program.

HOUSING TAX CREDIT PROGRAM

The Housing Tax Credit (HTC) Program receives authority from the U.S. Treasury Department to provide tax credits to nonprofits organizations or for-profit developers. The program supports the development of rental housing that includes reduced rents for low-income Texans. The targeted beneficiaries of the program are very low-income and extremely low-income families at or below 60 percent of Area Median Family Income.



Country Lane Senior Community, funded through the Housing Tax Credit Program, is an affordable rental property for seniors in Waxahachie, TX.

The HTC Program was created by the Tax Reform Act of 1986 and is governed by the Internal Revenue Code of 1986 (Code), as amended, 26 USC Section 42. The Code authorizes tax credits in the amount of \$2.10 per capita of the state population, excluding additional temporary HTC authority received under the Housing and Economic Recovery Act of 2008 (HERA) and funds allocated under Public Law 110-343 for disaster recovery. Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the state annual tax credit allocation. TDHCA is the only entity in the state with the authority to allocate HTCs under this program. The State's distribution of the credits is administered by TDHCA's *2011 Housing Tax Credit Program Qualified Allocation Plan and Rules (QAP)*, as required by the Code. Pursuant to Section 2306.6724(c), the Governor shall approve, reject, or modify and approve the Board-approved QAP not later than December 1 of each year. HTC funds awarded under this plan are distributed on a regional basis according to the Regional Allocation Formula (RAF). The HTC RAF can be found in the TDHCA Allocation Plan section in this *Action Plan*.

To qualify for tax credits, the proposed development must involve new construction or undergo substantial rehabilitation of residential units, which is generally defined as at least \$15,000 per rental unit of construction hard costs. The credit amount for which a development may be eligible depends on the total amount of depreciable capital improvements, the percentage of units set aside for qualified tenants and the funding sources available to finance the total development cost. Typically, 60 to 100 percent of a development's units will be set aside for qualified tenants in order to maximize the amount of tax credits the development may claim.

Credits from the state annual tax credit allocation are awarded regionally through a competitive application process. Each application must satisfy a set of threshold criteria and is scored based on selection criteria. The selection criteria referenced in the QAP is approved by the TDHCA Board each year. The Board considers the recommendations of TDHCA staff and determines a final award list. Tax credits to developments with tax-exempt bond financing are awarded through a similar application review process, but because these credits are not awarded from a limited credit pool, the process is noncompetitive and the selection criteria are not part of the application.

Projected Housing Tax Credit Program Funding for FY 2011 is \$52,000,000 which represents the estimated HTC ceiling amount.

The *2011 Housing Tax Credit Program QAP* may be accessed from the TDHCA website at <http://www.tdhca.state.tx.us/multifamily/htc>. For more information, contact the Multifamily Finance Division at (512) 475-3340.

HOUSING TAX CREDIT EXCHANGE (STIMULUS PROGRAM)

The Texas Housing Tax Credit Exchange Program, a program created by ARRA, allows developments who have been allocated Housing Tax Credits in 2007, 2008, 2009 and 2010 to return their credits and potentially receive a cash grant in exchange for the credits. The proposed Job Creation and Tax Cuts Act of 2010, contains one-year extensions of several expiring tax provisions, including the Housing Tax Credit Exchange Program. Consideration of this Act will occur in November 2010.

See the *Stimulus Programs* chapter in this document for more details on the Housing Tax Credit Exchange.

MULTIFAMILY BOND PROGRAM

The Multifamily Bond Program issues tax-exempt and taxable housing Mortgage Revenue Bonds (MRBs) under the Private Activity Bond Program (PAB) to fund loans to nonprofit and for-profit developers who assist very low- to moderate-income Texans. Owners elect to set aside units in each development according to §1372, Texas Government Code. Rental developments must comply with Section 504 unit standards.

TDHCA issues tax-exempt, multifamily MRBs through two different authorities defined by the Internal Revenue Code. Under one authority, tax-exempt bonds used to create housing developments are subject to the State's private activity volume cap. Under MRBs issued for private activities, funding priorities are as follows:

- **Priority 1:**
 - (a) Set aside 50% of units rent capped at 30% of 50% of AMFI and the remaining 50% of units rents capped at 30% of 60% of AMFI; or
 - (b) Set aside 15% of units rent capped at 30% of 30% of AMFI and the remaining 85% of units rent capped at 30% of 60% of AMFI; or
 - (c) Set aside 100% of units rent capped at 30% of 60% of AMFI for developments located in a census tract with median income that is higher than the median income of the county, MSA or PMSA in which the census tract is located.
- **Priority 2:**
 - Set aside 100% of units rent capped at 30% of 60% of AMFI
 - Up to 20% of the units can be market rate
- **Priority 3:**
 - (a) Any qualified residential rental development

The state will set aside 22 percent of the annual private activity volume cap for multifamily developments. Approximately \$491 million in issuance authority will be made available to various issuers to finance multifamily developments, of which 20 percent, or approximately \$98 million, will be made available exclusively to TDHCA. On August 15 of each year, any allocations in the subcategories of the bond program that have not been reserved pool into one allocation fund. This is

an opportunity for TDHCA to apply for additional allocation and which allows TDHCA to issue more bonds than the set-aside of \$98 million.

PAB Issuance authority per individual development is allocated and administered by the Texas Bond Review Board (BRB). Initially, applications submitted to the BRB are allocated by a lottery. TDHCA, local issuers, local housing authorities and other eligible bond issuers submit applications for specific developments on behalf of development owners. Applications submitted to TDHCA for the private activity bond program will be scored and ranked by priority and highest score. TDHCA will be accepting applications throughout the 2011 program year. Developments that receive 50 percent or more of their funding from the proceeds of tax-exempt bonds under the private activity volume cap are also eligible to apply for HTCs.

Under the second authority, TDHCA may issue tax-exempt MRBs to finance property that are owned entirely by nonprofit organizations. Bonds issued under this authority are exempt from the private activity volume cap. This is a noncompetitive application process and applications may be received at any time throughout the year. In addition to the set-asides above, 75 percent of the development units financed under the 501(c)(3) authority must be occupied by households earning 80 percent or less of the AMFI.

Anticipated available Multifamily Bond Program Funding for FY 2011, including additional disaster recovery and economic stimulus authority: \$98,000,000.

The Multifamily Housing Revenue Bond Rules may be accessed from the TDHCA website at <http://www.tdhca.state.tx.us/multifamily/bond>. For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

NEIGHBORHOOD STABILIZATION PROGRAM DIVISION

The Neighborhood Stabilization Program Division administers the Texas Neighborhood Stabilization Program. TDHCA received NSP 1 funding and is eligible to receive funds under NSP 3.

Neighborhood Stabilization Program, Round 1 and Round 3

The purpose of the program is to redevelop abandoned, foreclosed and vacant properties into affordable housing and remove blight in areas that are documented to have the greatest potential for declining property values as a result of foreclosures. Units of local governments and nonprofit entities with the consent of the local governments were eligible to apply for these funds. Homes will be sold or rented to eligible low-to-moderate income households.



The Neighborhood Stabilization Program redevelops into affordable housing or acquires and holds abandoned and foreclosed properties in areas that have the greatest potential for declining property values as a result of excessive foreclosures.

For more information on NSP Round 1 and Round 3, see the *Stimulus Programs* chapter.

OFFICE OF COLONIA INITIATIVES

The Office of Colonia Initiatives Division offers two programs: the Colonia Self-Help Center Program and the Texas Bootstrap Loan Program.

COLONIA SELF-HELP CENTER PROGRAM

In 1995, the 74th Legislature passed Senate Bill 1509, a legislative directive to establish Colonia Self-Help Centers (SHCs) in Cameron/Willacy, Hidalgo, Starr, Webb and El Paso counties. Funded through the Community Development Block Grant Program, this program also allows the Department to establish a Colonia SHC in any other county if the county is designated as an economically distressed area. Operation of the Colonia SHCs is managed by local nonprofit organizations, CAAs or local housing authorities that have demonstrated the capacity to operate a Colonia SHC.



Margarita Juregui borrows some tools at the tool library of the El Paso-Agua Dulce Self Help Center, funded by the Community Development Block Grant Program.

These Colonia SHCs provide concentrated on-site technical assistance to low- and very low-income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach and education.

Colonia Self-Help Center Program funding for FY 2011: \$1,800,000.

Colonia Self-Help Center Program funding for FY 2012: \$1,800,000.

More detail can be found in *Section 6: Colonia Action Plan*. Additional information may be access at the TDHCA website at <http://www.tdhca.state.tx.us/oci/centers>. For more information, contact Will Gudeman at (512) 475-4828 or will.gudeman@tdhca.state.tx.us.

TEXAS BOOTSTRAP LOAN PROGRAM (OWNER-BUILDER)

The Texas Bootstrap Loan Program provides loans through certified nonprofit organizations for self-help housing initiatives. Identified as the Owner-Builder Loan Program in Texas Government Code 2306.751, the Texas Bootstrap Loan Program promotes and enhances homeownership for very low-income Texans by providing funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing throughout Texas. This program is funded through the Housing Trust Fund.

Texas Bootstrap Loan Program funding for FY 2011: \$5,500,000.

Texas Bootstrap Loan Program funding for FY 2012: \$3,000,000.

More detail can be found in *Section 6: Colonia Action Plan*. Additional information may be accessed at the TDHCA website at <http://www.tdhca.state.tx.us/oci/bootstrap.jsp>. For more information, contact Raul Gonzales at (512) 475-1473 or raul.gonzales@tdhca.state.tx.us.

TEXAS HOMEOWNERSHIP DIVISION

The Homeownership Division offers the First Time Homebuyer Program, Mortgage Credit Certificate Program, the National Foreclosure Mitigation Counseling Program and the Texas Statewide Homebuyer Education Program.

FIRST TIME HOMEBUYER PROGRAM

The program is offered through a network of participating lenders. The program provides homeownership opportunities by offering competitive interest rate mortgage loans and/or down payment assistance for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted income limits, or 140 percent of AMFI limitations if in a targeted area. The purchase price of the home must not exceed stipulated maximum purchase price limits. A minimum of 30 percent of program funds are made available to assist Texans earning 80 percent or less of program income limits.



First Time Homebuyer Andrea Palladino took advantage of TDHCA's Mortgage Credit Certificate Program to purchase her first home in Leander.

Income limits for the program are set by the IRS Tax Code (1980) based on income figures determined by HUD. The first-time homebuyer restriction is established by federal Internal Revenue Service regulations, which also require that program recipients may be subject to a recapture tax on any capital gains realized from a sale of the home during the first nine years of ownership. Certain exceptions to the first-time homebuyer restriction, income ceiling and maximum purchase price limitation apply in targeted areas. Such targeted areas are qualified census tracts in which 70 percent or more of the families have an income of 80 percent or less of the statewide median income and/or are areas of chronic economic distress as designated by the state and approved by the Secretaries of Treasury and HUD, respectively.

Projected Texas First Time Homebuyer Program funding for FY 2011: \$500,000,000.

The Texas First Time Homebuyer Program Rules may be accessed from the TDHCA website at <http://www.tdhca.state.tx.us/homeownership>. For more information, contact Eric Pike, Texas Homeownership Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

MORTGAGE CREDIT CERTIFICATE PROGRAM

TDHCA has the ability to issue Mortgage Credit Certificates (MCCs) through its bond authority. The program is offered through a network of approved lenders. An MCC provides a tax credit up to \$2,000 annually that reduces the borrower's federal income tax liability. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower's current year tax liability may, however, be carried forward for use during the subsequent three years.

The MCC Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted income limits, or 140 percent of AMFI limitations if in a targeted area. In order to

participate in the MCC Program, homebuyers must meet certain eligibility requirements and obtain a mortgage loan through a participating lender. The mortgage loan must be financed from sources other than tax-exempt revenue bonds. The mortgage may be a conventional, FHA, VA, or RHS loan at prevailing market rates.

Projected Mortgage Credit Certificate funding for FY 2011: \$180,000,000.

The Texas First Time Homebuyer Program Rules may be accessed from the TDHCA website at <http://www.tdhca.state.tx.us/homeownership>. For more information, contact Eric Pike, Texas Homeownership Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us.

NATIONAL FORECLOSURE MITIGATION COUNSELING PROGRAM (STIMULUS PROGRAM)

NFMC funds are federal funds available through NeighborWorks America for foreclosure intervention counseling, training and administration. The purpose of the program is to expand and supplement foreclosure counseling. TDHCA applied for and received NFMC Round 2, Round 3 and Round 4. TDHCA is in the process of applying for NFMC Round 5.

For more information on NFMC, see the *Stimulus Programs* chapter.

TEXAS STATEWIDE HOMEBUYER EDUCATION PROGRAM

TDHCA funds the Texas Statewide Homebuyer Education Program (TSHEP) and contracts with training professionals to offer provider-certification training to nonprofit organizations including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations, community-based organizations and other organizations with a proven interest in community building. The classes are conducted by NeighborWorks America. In addition, a referral service for individuals interested in taking a homebuyer education class is available through TDHCA.

Projected Texas Statewide Homebuyer Education Program funding for FY 2011: \$90,000.

For more information, contact Dina Gonzalez, Texas Homeownership Division at (512) 475-3993 or dina.gonzalez@tdhca.state.tx.us.

NOTE: The Homebuyer Tax Credit Programs (90-Day Down Payment Assistance and Mortgage Assistance Program) were administered by the Texas Homeownership Division; these programs ended before the publication of this document. Therefore, information about the Homebuyer Tax Credit Programs is only included in the *Stimulus Programs* chapter and not in the Texas Homeownership Division section of the Action Plan.

HOUSING SUPPORT CONTINUUM

The Housing Support Continuum consists of a series of phases that low-income households may experience at different times of their lives and the assistance provided through the network of TDHCA-funded service providers in regard to each phase. The Housing Support Continuum has six phases: (1) Poverty and Homelessness Prevention, (2) Rental Assistance and Multifamily Development, (3) Homebuyer Assistance and Single-Family Development, (4) Rehabilitation and Weatherization, (5) Foreclosure Relief and (6) Disaster Recovery and Relief.

(1) POVERTY AND HOMELESSNESS PREVENTION

For Texans who struggle with poverty or are currently homeless, TDHCA offers several programs that provide essential services to assist with basic necessities.

A. POVERTY PREVENTION

COMMUNITY SERVICES BLOCK GRANT PROGRAM

Community Service Block Grant (CSBG) activities can be instrumental in preventing homelessness in the lowest-income populations. Activities for CSBG program including access to child care; health and human services; nutrition; transportation; job training and employment services; education services; activities designed to make better use of available income; housing services; emergency assistance; activities to achieve greater participation in the affairs of the community; youth development programs; information and referral services; activities to promote self-sufficiency; and other related services.

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

For those low-income Texans who have housing, subsidizing or reducing the energy costs may help keep that housing affordable and prevent homelessness. An applicant seeking energy assistance applies to the local Comprehensive Energy Assistance Program (CEAP) Subrecipient for assistance. The Subrecipient determines income eligibility, prioritized status (this includes a review of billing history to determine energy burden and consumption) and determines which CEAP component is most appropriate for the eligible applicant. If the CEAP applicant is eligible and meets program priorities, the CEAP Subrecipient makes an energy payment to an energy company through a vendor agreement with energy providers. Additionally, some households qualify for repair, replacement or retrofit of inefficient heating and cooling appliances.

There are four CEAP components:

- The Elderly and/or Disabled Component is designed to assist households with at least one member who is elderly and/or disable. Households can receive up to four energy payments in a program year. Assistance is based on energy consumption in the previous 12 months, energy burden (percentage of income used for energy) and the income category for which the household qualifies.
- The Co-Payment Component is designed to assist households by providing client education, budget counseling and assisting households with energy payments for six to twelve months.

- The Heating and Cooling Component is designed to address inefficient heating and cooling appliances through repair, replacement, or retrofit for households that have high energy consumption.
- The Energy Crisis Component is designed to provide one-time energy assistance to households during a period of extreme temperatures or an energy supply shortage. In some instances, Energy Crisis funds can be used to address natural disasters.

B. HOMELESSNESS PREVENTION

EMERGENCY SHELTER GRANT PROGRAM

Emergency Shelter Grant Program (ESGP) is the primary program used specifically to provide shelter to homeless Texans or those faced with homelessness. Activities eligible for ESGP funding include the rehabilitation or conversion of buildings for use as emergency shelters for the homes; the provision of essential services to the homeless; costs related to the development and implementation of homeless prevention activities; medical and psychological counseling; assistance with obtaining permanent housing; and costs related to maintenance, operation administration, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings.

HOMELESS HOUSING AND SERVICES PROGRAM

Homeless Housing and Services Program (HHSP) will be used for the purposes of assisting regional urban area in providing services to homeless individuals and families, including the construction of facilities, direct services, case management, homeless prevention, housing retention and rental assistance.

HOMELESSNESS PREVENTION AND RAPID RE-HOUSING (STIMULUS PROGRAM)

Homelessness Prevention and Rapid Re-housing (HPRP) can provide the following types of assistance: (1) financial assistance including short-term (up to 3 months) and medium-term (up to 18 months) rental assistance, security deposits, utility deposits and payments, moving cost assistance and motel and hotel vouchers; (2) housing relocation and stabilization services including case management (e.g. arrangement, coordination, monitoring and delivery of services related to meeting housing needs), outreach and engagement, housing search and placement, legal services (e.g. legal advice and representation in administrative or court proceedings related to tenant/landlord matters or housing issues, excluding mortgage legal services) and credit repair.

(2) RENTAL ASSISTANCE AND MULTIFAMILY DEVELOPMENT

For low-income Texans who have difficulty affording rent, TDHCA offers two main types of support; rental subsidies for low-income Texans and rental development subsidies for developers who, in turn, produce housing with reduced rents for low-income Texans.

A. RENTAL ASSISTANCE

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

The Section 8 Housing Choice Voucher Program provides rental subsidies for decent, safe and sanitary housing to eligible households. TDHCA pays approved rent amounts directly to property

owners. Qualified households may select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs.

TENANT-BASED RENTAL ASSISTANCE PROGRAM

The HOME program's Tenant-Based Rental Assistance (TBRA) provides rental subsidy, security and utility deposit assistance. TBRA allows the assisted tenant to move and to live in any dwelling unit with a right to continued assistance, in accordance with written tenant selection policies, for a period not to exceed 24 months, except for certain circumstances which allow for 36 months of assistance. The tenant must also participate in a self-sufficiency program.

TEXAS VETERANS HOUSING ASSISTANCE PROGRAM

The Housing Trust Funds' Texas Veterans Housing Assistance Program provides rental subsidies for a maximum of two years, allowing assisted households to live in any rental unit in the service area.

B. MULTIFAMILY DEVELOPMENT

AFFORDABLE HOUSING MATCH PROGRAM

The Housing Trust Funds' Affordable Housing Match Program provides funding to Nonprofit Organizations to attract or meet requirements for affordable housing grants or government programs. An example of an eligible use includes direct match for state, federal or private grants or loans for rental development.

HOUSING TAX CREDIT EXCHANGE (STIMULUS PROGRAM)

Through ARRA, the Texas Tax Credit Exchange (HTC Exchange) Program allows developments who have been allocated tax credits in 2007, 2008, 2009 and 2010 to return their credits and potentially receive a cash grant in exchange for the credits. This program will allow developers to build additional housing for low-income Texans.

HOUSING TAX CREDIT PROGRAM

The purpose of the Housing Tax Credit (HTC) Program is to encourage the development and preservation of affordable rental housing for low-income families, provide for the participation of for-profit and nonprofit organizations in the program, maximize the number of units added to the state's housing supply and prevent losses in the state's supply of affordable housing.

MULTIFAMILY BOND PROGRAM

The proceeds of the bonds issued by TDHCA are used to finance the construction, acquisition, or rehabilitation of multifamily properties with the targeted beneficiaries being very low-, low- and moderate-income households. Property owners are also required to offer a variety of services to benefit the residents of the development. Specific tenant programs must be designed to meet the needs of the current tenant profile and must be approved annually by TDHCA.

MULTIFAMILY RENTAL HOUSING DEVELOPMENT

HOME Multifamily Development funds are awarded to eligible applicants for the development of affordable rental housing. Owners are required to make the units available to extremely low-, very low- and low-income families and must meet long-term rent restrictions as defined by HUD.

RURAL HOUSING EXPANSION PROGRAM

The Housing Trust Funds' Rural Housing Expansion Program will be awarded to eligible applicants for the production or provision of affordable rental housing and capacity building to the eligible applicant, increasing the capability of rural organizations.

(3) HOMEBUYER EDUCATION, ASSISTANCE AND SINGLE-FAMILY DEVELOPMENT

After a low-income household has become self-sufficient, the household may be ready for homeownership. Homeownership may help a low-income household to build equity, raise the household out of the low-income financial category and promote self-sufficiency. An asset-development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments rather than incremental increases in income. TDHCA works to ensure that potential homeowners understand the responsibilities of homeownership by offering homeownership education courses as well as providing financial tools to make homeownership more attainable.

A. HOMEBUYER EDUCATION

COLONIA SELF-HELP CENTER PROGRAM

The Colonia Self-help Center (SHC) Program provides outreach, education and technical assistance to colonia residents. Colonia SHCs provide technical assistance in credit and debt counseling, housing finance, contract for deed conversions, capital access for mortgages, as well as in grant writing, housing rehabilitation, new construction, surveying and platting, construction skills training, solid waste removal, tool library access for self-help construction and infrastructure construction and access.

TEXAS STATEWIDE HOMEBUYER EDUCATION PROGRAM

To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracts with training professionals to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education. The training professionals and TDHCA also certify the participants as homebuyer education providers.

B. HOMEBUYER ASSISTANCE

AFFORDABLE HOUSING MATCH PROGRAM

The Housing Trust Funds' Affordable Housing Match Program provides funding to nonprofit organizations to attract or meet requirements for affordable housing grants or government programs. An example of an eligible use includes direct match for state, federal or private grants or loans for homebuyer assistance programs.

FIRST TIME HOMEBUYER PROGRAM – NON-TARGETED FUNDS

The Texas Homeownership Division's First Time Homebuyer Program non-targeted funds may offer eligible homebuyers below-market interest rate loans and/or down payment assistance through a network of participating lenders. The program is available on a first-come, first-served basis to individuals or families up to 115% of the AMFI who meet income and home purchase requirements and have not owned a home as their primary residence in the past three (3) years.

FIRST TIME HOMEBUYER PROGRAM – TARGETED FUNDS

The Texas Homeownership Division's First Time Homebuyer Program targeted funds may offer eligible homebuyers below-market interest rate loans and/or down payment assistance through a network of participating lenders in areas of chronic economic distress. The program is available on a first-come, first-served basis to individuals or families up to 140% of the AMFI who meet income and home purchase requirements. The first time homebuyer requirement is waived for borrower's purchasing properties located in targeted areas.

HOMEBUYER ASSISTANCE PROGRAM

HOME's Homebuyer Assistance includes down payment and closing cost assistance and is provided to homebuyers for the acquisition for affordable single-family housing, including manufactured housing. Homebuyer Assistance with Rehabilitation offers down payment and closing cost assistance and also includes construction costs associated with architectural barrier removal for homebuyers with disabilities.

CONTRACT FOR DEED CONVERSION PROGRAM

Contract for Deed Conversion Program provides fund to convert an eligible contract for deed into a traditional mortgage. This is achieved by offering assistance to eligible homebuyers for the acquisition or the acquisition and rehabilitation, new construction or reconstruction of properties. All conversions must be used for families that reside in a colonia and earn sixty percent (60%) or less of the Area Median Family Income.

HOMEOWNERSHIP PROGRAM

The Housing Trust Funds' Homeownership Program provides zero percent interest or down payment and closing cost assistance for first-time homebuyers and Texas Veterans.

MORTGAGE CREDIT CERTIFICATE PROGRAM

The Texas Homeownership Division's Mortgage Credit Certificate (MCC) provides a tax credit that effectively reduces the borrower's federal income tax liability. The amount of the annual tax credit may equal 30 percent of the annual interest paid on a mortgage loan; however, the maximum amount of the credit cannot exceed \$2,000 per year. This tax savings may also provide a family with more available income to qualify for a loan and meet mortgage payment requirements.

NEIGHBORHOOD STABILIZATION PROGRAM 1 (STIMULUS PROGRAM)

Financing mechanisms will allow homebuyers who earn 50% or less of Area Median Family Income (AMFI) to qualify for 100% financing through the Department at 0% interest for 30 years and will also allow homebuyers who earn 120% or less of AMFI to qualify for up to \$30,000 in homebuyer assistance in the form of a deferred, forgivable loan.

C. SINGLE-FAMILY DEVELOPMENT

AFFORDABLE HOUSING MATCH PROGRAM

The Housing Trust Funds' Affordable Housing Match Program provides funding to nonprofit organizations to attract or meet requirements for affordable housing grants or government programs. An example of an eligible use includes direct match for state, federal or private grants or loans for single-family development.

SINGLE FAMILY DEVELOPMENT

The HOME Programs' Single Family Development provides funding to Community Housing Development Organizations (CHDOs) that can apply for loans to acquire, rehabilitate, or reconstruct single family housing. CHDOs can also apply for homebuyer assistance if their organization is the owner or developer of the single family housing project.

RURAL HOUSING EXPANSION PROGRAM

The Housing Trust Funds' Rural Housing Expansion Program provided Direct Housing Delivery awards to eligible applicants for the development of affordable rental housing. This program will also provide capacity building to the awarded organization, increasing the capability of rural organizations.

TEXAS BOOTSTRAP LOAN PROGRAM

The Office of Colonia Initiative's Texas Bootstrap Loan Program provides funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing. For more detailed information, see *Section 6: Colonia Action Plan*.

(4) REHABILITATION AND WEATHERIZATION

In the course of homeownership, there may come a time when substantial rehabilitation or reconstruction needs to take place. In addition, by providing minor repairs and weatherization to owned or rental housing, the energy costs associated with housing will be reduced. TDHCA offers both these services.

A. REHABILITATION

AMY YOUNG BARRIER REMOVAL PROGRAM

The Housing Trust Fund's Amy Young Barrier Removal Program is designed to provide a one-time grant up to \$15,000 for home modifications specifically needed for accessibility and up to an additional \$5,000 in other rehabilitation costs correlated with the barrier removal project. Home modifications may include installing handrails; ramps, bussing or flashing devices; accessible door and faucet handles; shower grab bars and shower wands; and accessible showers, toilets and sinks. Home modifications may also include door widening and counter adjustments.

HOMEOWNER REHABILITATION ASSISTANCE PROGRAM

HOME's Homeowner Rehabilitation Assistance program provides rehabilitation or reconstruction cost assistance to homeowners for the repair or reconstruction of their existing home, which must be their principal residence. At the completion of the assistance, all properties must meet, as applicable, the Texas Minimum Construction Standards, the International Residential Code (IRC) and local building codes. If a home is reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.512, Texas Government Code.

B. WEATHERIZATION

WEATHERIZATION ASSISTANCE PROGRAM AND WEATHERIZATION ASSISTANCE PROGRAM ARRA (STIMULUS PROGRAM)

The purpose of Community Affairs' Weatherization Assistance Program (WAP) is to provide cost-effective weatherization measures to improve the energy efficiency of eligible client households. In order to provide weatherization measures for a dwelling, the household must meet income-eligibility criteria and the measures must meet specific energy-savings goals. Typical weatherization measures include attic and wall insulation, weather-stripping and air sealing measures, heating and cooling unit repair and/or replacement, energy efficient appliances such as refrigerator replacement, caulking and replacement of inefficient heating and cooling units and minor roof repair. WAP also provides energy conservation education. Community Affairs' Weatherization Assistance Program (WAP) offered through the Recovery Act provides similar assistance as WAP not offered through the Recovery Act. The main differences are in eligibility requirements for households and an increase in the amount of fund allowed for weatherization on each housing unit.

(5) FORECLOSURE RELIEF

In a proactive response to the national foreclosure crisis, TDHCA has undertaken several programs to mitigate foreclosures.

A. FORECLOSURE PREVENTION

NATIONAL FORECLOSURE MITIGATION COUNSELING (STIMULUS PROGRAM)

The purpose of the Texas Homeownership Division's National Foreclosure Mitigation Counseling (NFMC) Program is to reimburse HUD-Approved foreclosure counseling agencies for foreclosure mitigation counseling. Foreclosure mitigation counseling includes, but is not limited to, financial analysis of the client's situation, research to determine the current value of the home and a review of options available to the client, such as financial restructuring. While the most desirable outcome is to help homeowners obtain a mortgage they can afford, the purpose of the programs is to prevent foreclosure and, in some instances, the only way to successfully cure a default may be to sell the home.

B. POST-FORECLOSURE MITIGATION

NEIGHBORHOOD STABILIZATION PROGRAM 1 (STIMULUS PROGRAM)

The Neighborhood Stabilization Program (NSP) 1 will provide funds to local units of government and nonprofit entities to provide clearance, financing mechanisms, acquisition of real property, rehabilitation, creation of land banks and redevelopment of foreclosed properties.

Clearance will allow a grantee to remove dangerous structures that pose a threat to human health, safety and public welfare and allow for the future private redevelopment of the property. Financing mechanisms will allow homebuyers who earn 50% or less of Area Median Family Income (AMFI) to qualify for 100% financing through the Department at 0% interest for 30 years and will also allow homebuyers who earn 120% or less of AMFI to qualify for up to \$30,000 in homebuyer assistance. The acquisition of real property will allow Subrecipients to acquire foreclosed and/or abandoned homes if the acquisition reflects a minimum discount from the appraised fair market value at the time of contract. The home will be considered to be abandoned if tax or mortgage payments are 90 days delinquent; a code enforcement action has determined the property is uninhabitable and no corrective action is taken within 90 days; or the property is subject to court-ordered nuisance abatement. Properties will be considered foreclosed if mortgage payments are 60 days delinquent and the owner has been notified of this delinquency; the property owner is 90 days or more delinquent on tax payments; foreclosure proceedings have been initiated or completed; or, foreclosure proceedings have been completed and title has been transferred. Acquisition of real property allows a grantee to purchase the abandoned or foreclosed properties to rehabilitate and sell to households earning 120% AMFI or below. Rehabilitation will allow rehabilitation and/or improvement of existing structures to a condition that brings the structure into compliance with Texas Minimum Construction Standards. Redevelopment will address areas of greatest need throughout the state through construction of new affordable housing wherever demolished or vacant properties are contributing to declining land values. Land banking activities will allow foreclosed properties to be temporarily removed from the real estate market in order to allow stabilize values in areas that are experiencing downward pressure on neighborhoods experiencing declining property values.

NEIGHBORHOOD STABILIZATION PROGRAM 3 (STIMULUS PROGRAM)

Not yet awarded-application to second round of funding Purchase foreclosed properties to demolish or create affordable housing and stabilize existing neighborhoods.

(6) DISASTER RECOVERY AND RELIEF

When natural and man-made disasters strike, low-income households are often the most dramatically affected. In an effort to reduce the recovery time, almost every department in TDHCA offers some sort of disaster assistance. TDHCA is committed to quickly, efficiently and responsibly locating funds and developing programs and initiatives to assist the affected households and communities.

CDBG DISASTER RECOVERY PROGRAMS – HURRICANE RITA ROUND ONE

See *Disaster Recovery* chapter.

CDBG DISASTER RECOVERY PROGRAMS – HURRICANE RITA ROUND TWO

See *Disaster Recovery* chapter.

CDBG DISASTER RECOVER PROGRAMS – HURRICANES DOLLY AND IKE ROUND ONE

See *Disaster Recovery* chapter.

CDBG DISASTER RECOVER PROGRAMS – HURRICANES DOLLY AND IKE ROUND TWO

See *Disaster Recovery* chapter.

DISASTER RECOVERY GAP ASSISTANCE PROGRAM

Although federal assistance is often available after a natural disaster, some homeowners will still need gap financing. Housing Trust Fund monies have been committed through Disaster Recovery Gap Assistance Program to assist qualified households, who are lacking only a small portion of funds, fulfill their full cost of construction.

HOME PROGRAM – DISASTER RELIEF

In accordance with the Texas Administrative Code, Title 10, part 1 Chapter 1, subchapter A §1.19 and TAC Section 2306.111, the HOME Program utilizes deobligated funds for disaster relief through Homeowner Rehabilitation Assistance, Homebuyer Assistance and Tenant-Based Rental Assistance programs in communities that are not designated as a Participating Jurisdiction. HOME disaster funds are designed specifically to assist eligible homeowners who are affected by the natural disaster, with emphasis on assisting those who have no other means or assistance, or as gap financing after any federal assistance. Assisted homeowners must have an income that is below 80% AMFI, as defined by HUD.

TDHCA GOALS AND OBJECTIVES

The Strategic Plan goals reflect program performance based upon measures developed with the State's Legislative Budget Board and Governor's Office of Budget and Planning. The goals are also based upon Riders attached to the Department's Appropriations. The Department believes that the goals and objectives for the various TDHCA programs should be consistent with its mandated performance requirements.

The State's Strategic Planning and Performance Budgeting System (SPPB) is a goal-driven, results-oriented system. The system has three major components including strategic planning, performance budgeting and performance monitoring. As an essential part of the system, performance measures are part of TDHCA's strategic plan, are used by decision makers in allocating resources, are intended to focus the Department's efforts on achieving goals and objectives and are used as monitoring tools providing information on accountability. Performance measures are reported quarterly to the Legislative Budget Board.

The State's Strategic Planning and Performance Budgeting System is based on a two-year cycle: goals and targets are revisited each biennium. The targets reflected in this document are based on the Department's requests for 2009-2010.

Because all applicants for funding are encouraged to apply for and leverage funds from multiple agency programs, HUD funds are frequently leveraged along with funds from other federal and State sources. TDHCA HOME Program funds may be used in conjunction with other TDHCA programs, however, each program area reports its performance separately.

AFFORDABLE HOUSING GOALS AND OBJECTIVES

The following goals address performance measures established by the 81st Legislature. Refer to program-specific statements outlined in the *Action Plan* portion of this document for strategies that will be used to accomplish the goals and objectives listed below. Included for each strategy are the target numbers of the 2010 goal, the 2010 actual performance and the goal for 2011. Targets for 2011 were updated through the FY2012-2013 Legislative Appropriations Request (LAR) unless otherwise noted.

Goals one through five are established through interactions between TDHCA, the Legislative Budget Board and the Legislature. They are referenced in the General Appropriations Act enacted during the most recent legislative session.

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.

Strategy 1.1

Provide mortgage financing and homebuyer assistance through the Single-Family Mortgage Revenue Bond Program

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011 Target
Number of single-family households assisted through the First Time Homebuyer Program	2,000	1,739	86.95%	1,583

Explanation of Variance: None needed.

Strategy 1.2

Provide funding through the HOME Program for affordable single family housing

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011 Target
Number of single-family households assisted with HOME Funds	952	654	68.70%	580

Explanation of Variance: Due to under subscription in funding requests for the single family activities Notice of Funding Availability (NOFA), the Department has not met its annual target for this strategy. Funds have been reprogrammed to housing activities experiencing greater demand. Additionally, programmatic changes were made in order to stimulate interest in and more flexible access to funding for single family activities.

Strategy 1.3

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011 Target
Number of single-family households assisted through the Housing Trust Fund	344	386	112.21%	458

Explanation of Variance: None needed.

Strategy 1.4

Provide tenant-based rental assistance through Section 8 certificates

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011 Target
Number of households assisted through Statewide Housing Assistance Payments Program	1,100	868	78.91%	1,050

Explanation of Variance: None needed.

Strategy 1.5

Provide federal tax credits to develop rental housing

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011 Target
Number of multifamily households assisted with Housing Tax Credits	10,928	7,875	72.06%	5,436

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% (competitive application cycle) rental development funding awards. The overall economy and financial market has limited private investment in the tax credit industry. The decrease in equity pricing has increased the amount of credit needed per unit, therefore reducing the number of units produced through the tax credit program.

Strategy 1.6

Provide funding through the HOME Program for affordable multifamily housing

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011 Target*
Number of multifamily households assisted with HOME funds	262	509	194.27%	262

*This strategy has been removed from the performance measures requested by the Legislative Budget Board for 2012 and 2013 and not included in the FY2012-2013 LAR. Therefore, the 2011 target for Strategy 1.6 was taken from the FY2010-2011 LAR.

Explanation of Variance: Increased households served reflects heightened demand for the program. The Department was able to reprogram additional HOME funds, consisting primarily of funds deobligated from non-performing contracts, to meet this demand and exceed its 2010 target.

Strategy 1.7

Provide funding through Housing Trust Fund for affordable multifamily housing

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011* Target
Number of multifamily households assisted through the Housing Trust Fund	38	16	42.10%	23

*This strategy has been removed from the performance measures requested by the Legislative Budget Board for 2012 and 2013 and not included in the FY2012-2013 LAR. Therefore, the 2011 target for Strategy 1.6 was taken from the FY2010-2011 LAR.

Explanation of Variance: The Housing Trust Fund's only multifamily program, the Rental Housing Development Fund for Unique Needs, was defunded due to the 5% General Revenue reduction that was requested for 2010-2011. The Rural Housing Expansion Program, which could serve both single and multifamily projects, provided three awards. Of the three awards, one was awarded for the purpose of constructing 16 multifamily units.

Strategy 1.8

Provide funding through the Mortgage Revenue Bond Program for affordable multifamily housing

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011 Target
Number of households assisted through the Mortgage Revenue Bond Program	1,627	0	0.00%	500

Explanation of Variance: This measure is tied to the bond market which is experiencing a dramatic slowdown. Economic conditions in the equity markets have made it very difficult for developers to present financially feasible applications for private activity bonds for 2011.

GOAL 2: TDHCA will promote improved housing conditions for extremely low-, very low- and low-income households by providing information and technical assistance.

Strategy 2.1

Provide information and technical assistance to the public through the Public Affairs Division and the Housing Resource Center

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011 Target
Number of information and technical assistance requests completed	5,000	5,607	112.14%	5,000

Explanation of Variance: None needed.

Strategy 2.2

To provide technical assistance to colonias through field offices

Strategy Measure (A)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of on-site technical assistance visits conducted annually from the field offices	900	1,071	119.00%	900

Explanation of Variance: None needed.

Strategy Measure (B)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of colonia residents receiving assistance	12,000	14,039	116.99%	15,000

Explanation of Variance: None needed.

Strategy Measure (C)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of entities and/or individuals receiving informational resources	1,000	1,204	120.40%	1,000

Explanation of Variance: None needed.

GOAL 3: TDHCA will improve living conditions for the poor and homeless and reduce the cost of home energy for very low-income Texans.

Strategy 3.1

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.

Strategy Measure (A)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of persons assisted through homeless and poverty related funds	531,498	908,992	171.02%	584,921

Explanation of Variance: This measure is impacted by the number of person assisted through the CSBG and ESGP. However, two new programs were funded through the American Recovery and Reinvestment Act (ARRA), the CSBG ARRA program and the Homelessness Prevention and Rapid Re-Housing Program (HPRP). Additionally, CSBG-funded organizations also received other ARRA funding which enabled them to serve many more persons and those numbers are reflected in the number of persons served through CSBG.

Strategy Measure (B)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of persons assisted that achieve incomes above poverty level.	2,800	2,058	73.50%	1,200

Explanation of Variance: During 2010 it was more difficult to transition persons out of poverty due to the economic downturn and high levels of unemployment. Those additional persons served through all ARRA programs administered by CSBG subrecipients are reflected in the number of persons served through CSBG.

Strategy Measure (C)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of shelters assisted through the Emergency Shelter Grant Program	76	75	98.68%	77

Explanation of Variance: None needed.

Strategy 3.2

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.

Strategy Measure (A)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of Households Receiving Energy Assistance	66,050	200,956	304.25%	48,152

Explanation of Variance: Federal LIHEAP funding increased, allowing assistance to more households than expected. As the program year progressed, more households received cooling assistance in the warmer months.

Strategy Measure (B)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of dwelling units weatherized through Weatherization Assistance Program	3,809	21,856	573.80%	19,127

Explanation of Variance: Figures reflect the impact of \$327 million in DOE Weatherization Assistance funds made available through the Recovery Act (ARRA). Also allowed under ARRA, the eligible income for both CEAP and WAP were temporarily increased from 125% to 200% of poverty for 2010-2012. These changes allowed assistance to more households than expected.

GOAL 4: TDHCA will ensure compliance with the Texas Department of Housing and Community Affairs' federal and state program mandates.

Strategy 4.1

The Compliance and Asset Oversight Division will monitor and inspect for Federal and State housing program requirements.

Strategy Measure (A)	2010 Target	2010 Actual	% of Goal	2011 Target
Total number of onsite reviews conducted.	864	908	105.09%	858

Explanation of Variance: None needed.

Strategy 4.2

The Compliance and Asset Oversight Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

Strategy Measure (A)	2010 Target	2010 Actual	% of Goal	2011 Target
Total number of contract monitoring reviews conducted.	258	176	68.22%	208

Explanation of Variance: Existing contracts and new program contracts progressed slower than anticipated. Monitoring reviews will be conducted on existing contracts as they become active and expend funds.

Strategy Measure (B)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of single audit reviews conducted.	224	218	97.32%	194

Explanation of Variance: None needed.

GOAL 5: To protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Strategy 5.1

Provide titling and licensing services in a timely and efficient manner.

Strategy Measure (A)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of manufactured housing statements of ownership and location issued	80,000	57,240	71.55%	65,000

Explanation of Variance: This measure is under the targeted amount due to the excessive number of applications which were submitted incomplete. Approximately 37% of the applications received were rejected, but will ultimately be resubmitted for issuance. A large number of these applications were rejected based on a law change that went into effect in January 2008, which required a tax statement from the tax assessor-collector stating that there are no personal property taxes due on the manufactured home that may have accrued on each January 1, that falls within 18 months before the date of sale.

Strategy Measure (B)	2010 Target	2010 Actual	% of Goal	2011 Target
Total number of licenses issued	3,100	2,703	87.19%	2,100

Explanation of Variance: None needed.

Strategy 5.2

Conduct inspection of manufactured homes in a timely manner.

Strategy Measure (A)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of routine installation inspections conducted	5,000	5,703	114.06%	4,600

Explanation of Variance: None needed.

Strategy Measure (B)	2010 Target	2010 Actual	% of Goal	2011 Target
Number of non-routine installation inspections conducted	2,300	2,230	96.96%	2,300

Explanation of Variance: None needed.

Strategy 5.3

To process consumer complaints, conduct investigations and take administrative actions to protect the general public and consumers.

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011 Target
Number of complaints resolved	850	587	69.06%	550

Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints needing resolution.

Riders 5 & 6 are established in legislation, as found in the General Appropriations Act.

Rider 5 (a): TDHCA will target its housing finance programs resources for assistance to extremely low-income households.*

The housing finance divisions shall adopt an annual goal to apply \$30,000,000 of the divisions' total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.

Rider 5 (a)	2010 Target	2010 Actual	% of Goal	2011 Target
Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income	\$30,000,000	\$50,058,301	166.86%	\$30,000,000

Explanation of Variance: The performance is higher than expected because the Rider 5 report now captures actual incomes of households served by TDHCA and not projected income groups.

Note: For more information, see Rider 5 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 81st Legislature, Regular Session.

Rider 5 (b): TDHCA will target its housing finance resources for assistance to very low-income households.

The housing finance divisions shall adopt an annual goal to apply no less than 20% of the division's total housing funds toward housing assistance for individuals and families earning between 31% and 60% of median family income.

Rider 5 (b)	2010 Target	2010 Actual	% of Goal	2011 Target
Percent of housing finance division funds applied towards housing assistance for individuals and families earning less than 31% and 60% of median family income	20%	51.87%	259.35%	20%

Explanation of Variance: The majority of TDHCA housing programs serve households under 60% of median family income. The Rider 5 Report includes Section 8, HOME Single Family, HOME Multifamily, Housing Trust Fund Single Family, Housing Trust Fund Multifamily and Housing Tax Credit Programs.

Note: For more information, see Rider 5 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 81st Legislature, Regular Session.

Rider 6: 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. Help colonia residents become property owners by converting their contracts for deed into traditional mortgages.

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011 Target
Amount of TDHCA funds applied toward contract for deed conversions for colonia families earning less than 60% of median family income.	100	0	0%	100

Explanation of Variance: Rider 6 of the Department's appropriations act requires that the Department direct \$2,000,000 a year towards completing 100 contract for deed conversions. The decline in the number of contract for deed requests has inhibited the ability of the Department to attain the target.

Note: For more information, see Rider 6 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 81st Legislature, Regular Session.

The following TDHCA-designated goal addresses the housing needs of person with special needs.

HOME PROGRAM STATUTE REQUIREMENT: TDHCA will work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs.

Dedicate five percent (5%) of the HOME project allocation for benefits of persons with disabilities who live in any area of this state.*

Strategy Measure	2010 Target	2010 Actual	% of Goal	2011 Target
Amount of HOME project allocation awarded to applicants that target persons with disabilities.	\$2,179,691	\$2,445,796	112%	\$2,000,000

Explanation of Variance: These include funds from the Persons with Disabilities Set-Aside and HOME general funds that were used to assist households with person with disabilities. It is important to note that while funds from the set-aside may be used anywhere in the state, HOME general funds may only be utilized in non-participating jurisdictions, those communities that do not receive funds directly from HUD.

TDHCA ALLOCATION PLANS

The Department has developed allocation formulas for many TDHCA programs in order to target available housing resources to the neediest households in each uniform state service region. These formulas are based on objective measures of need in order to ensure an equitable distribution of funding.

2011 REGIONAL ALLOCATION FORMULA

Sections 2306.111(d) and 2306.1115 of the Government Code require that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, HTC and housing Trust Fund 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 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 an available resources. The RAF is submitted annually for public comment.

Slightly modified versions of the RAF are used for HOME, HTC and Housing Trust Fund because the programs have different eligible activities, households and geographical service areas. For example, because 95 percent of HOME funding must be set aside for non-Participating jurisdictions, the HOME RAF only uses need and available resources data for non-Participating jurisdictions.

The RAF used the following 2000 U.S. 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 other 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. Resources from the following sources were used in the RAF: HTC, Housing Trust Fund, HUD (HOME, HOPWA, PHA capital funding and Section 8 funding), Bond Financing and United States Department of Agriculture (USDA) housing programs.

HOME PROGRAM REGIONAL ALLOCATION FORMULA

According to §2306.111, Texas Government Code, in administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (Act), the Department shall expend 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Act directly from HUD. The remaining 5 percent of HOME funds may be expended in any area of the state, but only if the funding services persons with disabilities. Additionally, HOME funds awarded under this plan are subject to Texas Government Code §2306.111 and as such will be distributed according to the established Regional Allocation Formula (RAF). The 2011 RAF distributes funding for all HOME-funded activities with some exceptions for federal and state mandated set-asides including Community Housing Development Organizations (CHDO) Operating Expenses, Housing Programs for Persons with Disabilities and the Contract for Deed Conversion Program. The following table demonstrates the combined regional funding distribution for all of the HOME activities distributed under the RAF.

HOME Program 2011 RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	\$3,530,341	8.1%	\$3,530,060	100.0%	\$281	0.0%
2	Abilene	\$2,756,847	6.3%	\$2,696,904	97.8%	\$59,943	2.2%
3	Dallas/Fort Worth	\$4,796,235	11.0%	\$1,828,176	38.1%	\$2,968,059	61.9%
4	Tyler	\$5,492,308	12.6%	\$4,815,513	87.7%	\$676,795	12.3%
5	Beaumont	\$1,911,131	4.4%	\$1,612,736	84.4%	\$298,395	15.6%
6	Houston	\$4,021,293	9.2%	\$1,228,971	30.6%	\$2,792,321	69.4%
7	Austin/Round Rock	\$1,388,114	3.2%	\$445,822	32.1%	\$942,292	67.9%
8	Waco	\$2,247,257	5.2%	\$1,233,147	54.9%	\$1,014,110	45.1%
9	San Antonio	\$2,338,354	5.4%	\$1,713,952	73.3%	\$624,403	26.7%
10	Corpus Christi	\$3,975,070	9.1%	\$2,581,266	64.9%	\$1,393,805	35.1%
11	Brownsville/Harlingen	\$6,992,865	16.0%	\$2,897,267	41.4%	\$4,095,599	58.6%
12	San Angelo	\$3,130,453	7.2%	\$2,363,012	75.5%	\$767,441	24.5%
13	El Paso	\$1,013,556	2.3%	\$657,508	64.9%	\$356,048	35.1%
	Total	\$43,593,825	100.0%	\$27,604,333	63.3%	\$15,989,492	36.7%

For more information on the RAF and further description of the formula, please contact the Housing Resource Center at (512) 475-3976.

HOUSING TRUST FUND PROGRAM REGIONAL ALLOCATION FORMULA

Pursuant to §2306.111(d-1) of the Texas Government Code, housing Trust Fund programs will be regionally allocated unless the funding allocation for that program is mandated by state statute and the program's allocation represents less than 10 percent of the annual allocation for Housing Trust Fund; or service people with disabilities; or do not exceed \$3 million.

Housing Trust Fund Program 2011 RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount*	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	\$115,293	5.8%	\$49,166	42.6%	\$66,127	57.4%
2	Abilene	\$72,096	3.6%	\$32,875	45.6%	\$39,221	54.4%
3	Dallas/Fort Worth	\$404,122	20.2%	\$30,727	7.6%	\$373,395	92.4%
4	Tyler	\$115,735	5.8%	\$81,477	70.4%	\$34,258	29.6%
5	Beaumont	\$61,677	3.1%	\$28,986	47.0%	\$32,691	53.0%
6	Houston	\$384,237	19.2%	\$23,794	6.2%	\$360,442	93.8%
7	Austin/Round Rock	\$83,085	4.2%	\$6,921	8.3%	\$76,163	91.7%
8	Waco	\$129,383	6.5%	\$20,793	16.1%	\$108,590	83.9%
9	San Antonio	\$129,124	6.5%	\$20,401	15.8%	\$108,723	84.2%
10	Corpus Christi	\$105,436	5.3%	\$35,118	33.3%	\$70,317	66.7%
11	Brownsville/Harlingen	\$228,283	11.4%	\$76,876	33.7%	\$151,407	66.3%
12	San Angelo	\$80,141	4.0%	\$34,579	43.1%	\$45,562	56.9%
13	El Paso	\$91,389	4.6%	\$12,967	14.2%	\$78,421	85.8%
	Total	\$2,000,000	100.0%	\$454,681	22.7%	\$1,545,319	77.3%

*This table is a depiction of the amounts available in each region if the required RAF amount was \$2,000,000; it is not an accurate depiction of the allocation for the total Housing Trust Fund funding available in each region. Every Housing Trust Fund program listed in a separate Notice of Funding Availability (NOFA) will be subject to its own RAF. In FY 2011, each NOFA for the Housing Trust Fund programs will make available approximately \$2,000,000, which will be run through its own RAF.

HOUSING TAX CREDIT REGIONAL ALLOCATION FORMULA

In accordance with Senate Bill 264, TDHCA allocates Housing Tax Credit (HTC) Program funds to each region using a need-based formula developed by the Department. Using the Regional Allocation Formula, each region will receive the following amount of funding for use with activities subject to the formula. Funding figures will be included in the final document.

HTC Program 2011 RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount*	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	\$1,923,703	4.4%	\$809,558	42.1%	\$1,114,146	57.9%
2	Abilene	\$1,188,198	2.7%	\$529,117	44.5%	\$659,081	55.5%
3	Dallas/Fort Worth	\$9,474,539	21.8%	\$1,095,748	11.6%	\$8,378,791	88.4%
4	Tyler	\$1,950,829	4.5%	\$1,205,946	61.8%	\$744,883	38.2%
5	Beaumont	\$1,490,636	3.4%	\$780,304	52.3%	\$710,331	47.7%
6	Houston	\$10,410,306	24.0%	\$908,649	8.7%	\$9,501,657	91.3%
7	Austin/Round Rock	\$2,410,963	5.6%	\$557,625	23.1%	\$1,853,339	76.9%
8	Waco	\$2,422,914	5.6%	\$557,910	23.0%	\$1,865,004	77.0%
9	San Antonio	\$3,392,677	7.8%	\$614,367	18.1%	\$2,778,310	81.9%
10	Corpus Christi	\$1,844,502	4.2%	\$717,931	38.9%	\$1,126,571	61.1%
11	Brownsville/Harlingen	\$3,853,440	8.9%	\$1,367,015	35.5%	\$2,486,425	64.5%
12	San Angelo	\$1,220,721	2.8%	\$529,177	43.3%	\$691,545	56.7%
13	El Paso	\$1,840,221	4.2%	\$543,983	29.6%	\$1,296,237	70.4%
	Total	\$43,423,648	100.0%	\$10,217,329	23.5%	\$33,206,319	76.5%

As required by state statute, 15% of that ceiling is deducted for the At-Risk Set-Aside, which is not awarded regionally. The balance of the estimated ceiling is regionally allocated using this formula.

Allocation and distribution for Stimulus Programs can be found in the Stimulus Programs chapter.

POLICY PRIORITIES

TDHCA's mission is to help Texans achieve an improved quality of life through the development of better communities. In addition to the goals established by the Legislative Appropriations Request, the Riders in the Legislative Appropriations Act and Texas state statute, TDHCA continues to search for new ways to meet its mission. The following are policy priorities of TDHCA.

The TDHCA statute, 2306.0721, requires the Action Plan to analyze the following:

- **Rural Needs**
 - Meeting the housing needs of the less-populous areas of the state
- **Energy Efficiency**
 - Encouraging energy efficiency in housing and appliances
- **Underused Federal Resources**
 - Monitor and analyze federal resources of other state agencies

Policy Priorities of TDHCA include:

- **Fair Housing**
 - Providing assistance without regard to race, color, religion, sex, disability, familial status or national origin and affirmatively furthering fair housing
- **Extremely Low-Income Households and Households Living in Poverty**
 - Addressing the underserved needs of extremely low-income households
- **Housing Needs And Resources Available To Persons With Special Needs**
 - Addressing and tracking the housing needs and resources available to special needs populations
- **Housing With Services For Special Needs Populations**
 - Coordination of housing resources and service providers that serve the needs of the populations with special needs
- **Desegregation Of Person With Special Needs**
 - Addressing the reintegration of people with special needs who live in institutions

HUD identified five special needs populations and TDHCA works to support these HUD-designated populations. To tailor its programs to meet Texas' particular needs, TDHCA has also included colonia residents and migrant farm workers as special needs populations.

A list of TDHCA special needs populations follows:

- Homeless Populations
- Persons with Disabilities
- Elderly Populations
- Persons with Alcohol and Substance Abuse Issues
- Persons with HIV/AIDS
- Public Housing Residents
- Colonia Residents
- Migrant Farm workers

A short description of each priority set by 2306 is below. Following the descriptions are policy-driven actions undertaken by TDHCA.

RURAL NEEDS

As the migration of populations and industries continues to urban and suburban areas, the less-populous areas of the state are left with a deteriorating housing stock and households with lower incomes than their urban or suburban counterparts. According to HUD, for 2010 the median income for Texas metropolitan statistical areas is \$61,000 compared to \$46,500 for non-metro area households.⁹⁰

Policy-Driven Action: Combined with a strategy of interagency collaboration, TDHCA's HOME, Housing Trust Fund, Housing Tax Credits and Section 8 Housing Choice Voucher programs all have specific measures to address rural populations. In addition, TDHCA created the Rural Housing Workgroup in 2010 to address issues specific to rural areas.

The Department works closely with several rural-based affordable housing organizations, private lenders, nonprofits and units of local government in order to give funding priority to rural areas. Affordable housing development in rural areas requires more effort because there are significantly fewer organizations available to assist with these activities. With this in mind, the Department has developed specific strategies to address the needs of the rural populations of the state, which include rural allocations for housing program funds, prioritizations of activities that are more needed in rural areas, willingness to expand capacity and increasing awareness of TDHCA programs in rural areas.

Section 2306.111(d) of the Texas Government Code requires that the TDHCA Regional Allocation Formula (RAF) consider rural and urban areas in its distribution of program funding. Because of this, allocations for the HOME, Housing Trust Fund and Housing Tax Credit programs are allocated by rural and urban areas within each region.

Specifically for Housing Tax Credits, the Housing Tax Credit RAF provides for a minimum of \$500,000 rural allocation in each uniform state service region and reserves a minimum of 20 percent of the state's tax credit amount for rural areas. Furthermore, TDHCA and the Texas Department of Rural Affairs (TDRA) administer the Housing Tax Credit Program's rural regional allocation. TDRA assists in developing criteria for rural regional allocation. TDRA also participates in the evaluation and site inspection of rural developments proposed under the rural allocation.

As established in Section 2306.111(c) of the Texas Government Code, 95 percent of the Department's HOME funds are required to serve households in non-participating jurisdictions, which are primarily rural areas of the state. Non-participating jurisdictions are those areas of the State that do not receive HOME funds directly from HUD. The remaining five percent of the annual HOME Program allocation is set aside for applicants servicing persons with disabilities regardless of their location in the state.

The Housing Trust Fund has programmed \$2,000,000 for a Rural Housing Expansion Program, which will build capacity in tandem with actual production of affordable housing in rural Texas. In addition, the Housing Trust Fund's Affordable Housing Match Program provides funds to nonprofit organizations to attract or meet requirements for affordable housing grants or government programs. An example of eligible use includes direct match for state, federal or private grants or loans for affordable housing in rural Texas.

⁹⁰HUD. (2010, May 14) Estimated median family incomes for fiscal year 2010. Retrieved from <http://www.huduser.org/portal/datasets/il/il10/Medians2010.pdf>.

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.

Rural Housing Workgroup

The Rural Housing Workgroup provides a forum for feedback to TDHCA management and staff as they develop policies, programs and rules for the federal and state programs administered by TDHCA. TDHCA programs serve urban and rural areas of the state. However, providing services and housing in rural areas presents unique challenges and opportunities. In order to address those challenges and make sure that rural input and concerns are adequately considered across all aspects of TDHCA's program development, design and implementation, TDHCA established the Rural Housing Workgroup in 2010. The Rural Housing Workgroup includes representatives from a spectrum of rural housing interests. The group includes for- and non-profit rural housing providers, rural policy advocates, farmworker housing policy advocates, legislative staff and affordable housing membership organizations.

ENERGY EFFICIENCY

Energy and water costs are often the largest single housing expense after food and shelter for lower-income families. Utility expenses can absorb approximately 25 percent of the income for a household that receives Social Security Insurance and no other forms of income, whereas utility costs comprise only 4 percent of the income for households that make the median income in the United States.⁹¹ Proper use of existing technologies and management practices can reduce these utility costs significantly at a relatively low initial cost, thereby greatly increasing housing affordability for low- and moderate-income families.

Policy-Driven Action: TDHCA offers training, workshops and conferences to encourage energy efficiency as well as requiring specific measures in its Comprehensive Energy Assistance program, Weatherization Assistance Program, HOME Programs, Housing Tax Credit Program, Multifamily Bond Program and Neighborhood Stabilization Program that address energy efficiency.

The Department encourages energy efficiency in the construction of affordable housing by offering training, workshops, conferences and other opportunities to learn about energy efficiency construction and by encouraging applicants for Department programs to consider energy efficiency in their developments.

Comprehensive Energy Assistance Program and the Weatherization Assistance Program allocate funding to help households control energy costs through utility payment assistance, the installation of weatherization measures and energy conservation education. Weatherization services include the installation of storm windows, repair and/or replacement of heating and cooling appliances, attic and wall insulation and weather-stripping and sealing.

The HOME, Housing Tax Credit, Multifamily Bond and Neighborhood Stabilization programs require applicants for multifamily developments to adhere to the statewide energy code and provide Energy Star Rated appliances. The Housing Tax Credit Program also gives additional application points for the use of energy-efficient alternative construction materials including R-15 wall and R-

⁹¹ HUD. (2009, June 15). Utility bills burden the poor and can cause homelessness. Retrieved from <http://www.hud.gov/offices/cpd/library/energy/homelessness.cfm>.

30 ceiling insulation, structurally insulated panels, 14 SEER (seasonal energy efficiency ratio) cooling units and numerous green building initiatives.

UNDERUSED FEDERAL RESOURCES

TDHCA regularly analyzes the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and ensures that all available federal resources are used for affordable housing across Texas. TDHCA does this by participation in numerous committees, workgroups and councils that, among other things, allow the Department to stay apprised of other state agency resources for affordable housing. Relationships with other departments are vital to ensure that Texas agencies coordinate housing and services to most efficiently and effectively serve Texans. In addition to this collaboration, TDHCA closely monitors and proactively pursues available federal funding opportunities to ensure that Texas can access additional affordable housing funds.

TDHCA has staff committed to several external state advisory workgroups and statutory commissions. Many of these commissions have members from the public and private sectors. These external groups include, but are not limited to:

Workgroup/Commission	Lead agency
Aging Texas Well Advisory Committee (ATWAC)	Department of Aging and Disability Services
Community Reinvestment Workgroup	Texas Comptroller
Community Resource Coordination Groups (CRCG)	Health and Human Services Commission
Faith and Community Based Initiative	One Star Foundation
Governor's Commission for Women	Governor's Office
Mental Health Planning Advisory Commission (MHPAC)	Department of State Health Services
Money Follows the Person Demonstration Project (MFTP)	Department of Aging and Disability Services
Promoting Independence Advisory Committee (PIAC)	Department of Aging and Disability Services
Reentry Task Force	Department of Criminal Justice
Interagency Coordinating Commission for Building Healthy Families (ICC)	Department of Family Protective Services
Transformation Workgroup (TWG)	Department of State Health Services

In addition to the external workgroups and commissions, TDHCA is the lead agency for two groups that also provide opportunities for state agency coordination, the Texas Interagency Council on the Homeless (TICH) which is discussed under Homeless Populations (Special Needs) below and the Housing and Health Services Coordination Council (HHSCC), which is discussed under Housing with Services for Special Needs Populations below.

A short description of other priorities set by TDHCA is below. Following the descriptions are policy-driven actions undertaken by TDHCA.

FAIR HOUSING

Through program requirements and compliance monitoring, TDHCA works to ensure that housing programs benefit individuals without regard to race, color, religion, sex, disability, familial status or national origin. Complaints involving all forms of housing discrimination are also referred to the Texas Workforce Commission Human Rights Division, which oversees the Texas Fair Housing Act.

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The Act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial state and physical or mental handicaps.

Policy-Driven Action: The Department is in the process of updating its 2003 Analysis of Impediments to Fair Housing (AI). The AI is being completed in two parts: (1) the counties affected by Hurricanes Rita and Ike and (2) the balance of the State. Internal preparations have begun.

State activities and current ongoing objectives relating to fair housing are discussed below:

- Comply with the Texas Fair Housing Act in TDHCA-administered programs.
- Coordinate fair housing efforts with the Human Rights Division of the Texas Workforce Commission which was created under the Texas Fair housing Act to directly address public grievances related to fair housing.
- Additionally, consistent with federal law and guidance from HUD and the Department of Justice, it is the policy of TDHCA to not require its nonprofit recipients of funds to verify, as a condition of receiving federal funds, the citizenship or immigration status of applicants for funds, with the exceptions of the Section 8 voucher programs administered by the state. The overall policy of legal residency verification is subject to revision and will be made to conform to the HUD rule currently under review when it is adopted in a final form, or state statutory changes if enacted.

The Section 8 Admittance Policy has been adopted by the TDHCA Board and is as follows:

- Managers and owners of Housing Tax Credit (HTC) properties are prohibited from having policies, practices, procedures and/or screening criteria that have the effect of excluding applicants because they have a Section 8 voucher or certificate.
- The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
- Any violation of program requirements relative to this policy will also impact the Owner's ability to participate in future TDHCA programs.

EXTREMELY LOW-INCOME HOUSEHOLDS AND HOUSEHOLDS LIVING IN POVERTY

The U.S. Department of Health and Human Services defines the 2010 poverty guideline as \$22,050 in income for a family of four,⁹² and many poor families make substantially less than this. Poverty can be self-perpetuating, creating barriers to education, health care and the financial stability provided by homeownership.

The data presented in the *Housing Analysis* chapter of this report shows that households with lower incomes have higher incidences of housing problems. There is a minimal difference between the incidences of housing problems between the two lowest income groups (0-30 percent and 31-50 percent of median income). While incidences of housing problems for these two groups are significantly higher than those of the other low-income group, households with incomes at 51-80 percent of median income have significant needs as well.

Policy-Driven Action: The Department has an important role in addressing poverty in Texas; the Department seeks to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means (1) trying to provide long-term solutions to the problems facing people in poverty and (2) targeting resources to those with the greatest need.

Households at or under 80 percent AMFI have been given higher priority than households above 80 percent AMFI. This prioritization allows TDHCA to target resources to those households most in need, regardless of household type.

In the Neighborhood Stabilization Program Round 1, a minimum of \$25,499,212 will be dedicated to serve households at 50% AMFI or below through the acquisition and rehabilitation or redevelopment of residential properties that will result in permanent housing.

While one of the Department's charges is to serve the State's populations from extremely low income to moderate income, funding priority is given to those populations that are most in need of services; low-, very low- and extremely low-income individuals and households. Additionally, the Texas Legislature, through Rider 5 in the 2010-2011 Appropriations Act, specifically calls upon TDHCA to prioritize funding toward individuals and families that earn less than 60 percent AMFI. This rider directs TDHCA to apply \$30,000,000 annually towards assisting extremely low-income households and no less than 20 percent of the Department's total housing funds towards assisting very low-income households. TDHCA works to meet these goals by providing incentives for applicants to set aside units for very low- and extremely low-income households.

The Department provides low-income persons with energy, emergency and housing assistance to meet the basic necessities, as described in the Housing Support Continuum above. Almost all programs and divisions, with the exception of the Manufactured Housing Division, have income guidelines that target low- to moderate-income Texans and households in need.

HOUSING NEEDS AND RESOURCES AVAILABLE TO PERSONS WITH SPECIAL NEEDS

Serving persons with special needs is a priority for TDHCA. To accomplish this priority, TDHCA first has to identify the housing needs of and resources available to people with special needs. To identify the needs of persons with special needs, the Department uses research and public input.

⁹²U.S. Department of Health and Human Services, (2010, August 3). Annual Update of the HHS Poverty Guidelines. Retrieved from <http://aspe.hhs.gov/poverty/10poverty.shtml>.

To identify the resources available to people with special needs, the Department collaborates with other State, Federal and local entities to create a statewide database of resources, which is then made available to the public.

Research of the needs of people with special needs is accomplished in the *Housing Analysis* chapter above. The *Housing Analysis* chapter analyzes the housing need of each special needs category and provides estimates for the populations within each region for many different data sources and studies.

The Department gathers and responds to public input on the needs of people with special needs from several work groups for which TDHCA leads or participates, such as the Disability Advisory Workgroup (discussed under Persons with Disabilities (Special Needs) below), the Housing and Health Services Coordination Council (discussed under Housing with Services for Special Needs Populations below) and the Promoting Independence Advisory Committee (Discussed under Desegregation of Persons with Special Needs below).

The Department identifies resources available to people with special needs by working with State, Federal and local providers to compile a statewide database of available affordable and accessible housing. From online sources listed in the *Housing Analysis* chapter, TDHCA compiles the number of affordable housing units from HUD, USDA, and PHAs, as well as the number of Section 8 vouchers. In addition, the Housing Resource Center within TDHCA annually updates the *Program Guide*, which provides a list of affordable housing providers with contact information. Furthermore, TDHCA has set up a referral service to provide this information at no cost to the consumer. The referral service is within the Housing Resource Center and can be accessed by phone (800-525-0657), email (info@tdhca.state.tx.us) or physical mail (PO Box 13941, Austin, TX 78711). TDHCA promotes awareness of the statewide database to providers and potential clients throughout the State through public hearings, the TDHCA website and local informational workshops.

HOUSING WITH SERVICES FOR SPECIAL NEEDS POPULATIONS

TDHCA works to promote the coordination of housing resources available among State and Federal agencies and consumer groups that serve the needs of the populations with special needs. TDHCA also continues to work with agencies, advocates and other interested parties in the development of programs that will address the needs of persons with special needs. Finally, TDHCA strives to increase the awareness of potential funding sources for organizations to access and to serve populations with special needs through the use of TDHCA planning documents, website and the Housing and Health Services Coordination Council, as described below.

Housing and Health Services Coordination Council

The 81st Legislature created the Housing and Health Services Coordination Council (Council) through SB 1878. The Council's purpose is to increase the amount of service-enriched housing for seniors and people with disabilities; improve interagency understanding of housing and services and increase the number of staff in state housing and state health services agencies that are conversant in both housing and health care policies; offer a continuum of home and community-based services that is affordable to the state and the target population. The Council includes 16 members including the Executive Director of TDHCA, eight members appointed by the Governor and seven members appointed by State Agencies. The Council and its two committees (the Policy & Barriers Committee and the Cross-Agency Education & Training Committee) meets quarterly and TDHCA staff provide clerical and advisory support.

On September 1, 2010 the Council submitted the *2010-2011 Biennial Plan* to the Governor and Legislative Budget Board. The Plan provides policy and programmatic recommendations for meeting statutory directives and increasing service-enriched housing. The Plan can be found on the Council's webpage at: <http://www.tdhca.state.tx.us/hhsc/index.htm>. In the Plan, the Council offered eleven housing policy and ten service policy recommendations for increasing and promoting production of service-enriched housing. On the housing side, the Council first sought to promote the use of multifamily rental housing funding sources for the set-aside of housing units for very low-income persons with disabilities and persons who are elderly and establishing a targeting plan for connecting these individuals with off-site services and supports. In regards to health and human services policy recommendations, the Council sought to support the expansion and increased funding of those programs and services that have proven successful at assisting persons with disabilities and persons who are elderly to remain living independently in community-based settings. These include Medicaid 1915(c) waiver programs, nursing facility diversion programs, Aging and Disability Resource Centers and nursing home relocation activities.

DESEGREGATION OF PERSONS WITH SPECIAL NEEDS

In the past, public program spending for long-term services and supports for persons who are elderly and persons with disabilities in Texas was allocated in large part to institutional facilities, such as nursing homes. However, over the last two decades, the advent of Medicaid waivers, home and community-based service alternatives have become an increasingly significant option and choice, as witnessed through recent federal and state legislation.

TDHCA works to increase the awareness of the availability of conventional housing programs for persons with special needs. TDHCA also supports the development of housing options and programs, which enable persons with special needs to reside in noninstitutional settings. The Department works to accomplish these priorities through the Housing and Health Services Coordination Council, described above, and the Promoting Independence Advisory Committee, described below. Furthermore, TDHCA contributes to promoting independence through the Project Access program.

Promoting Independence Advisory Committee

With the advent of the Olmstead decision, the Health and Human Services Commission (HHSC) initiated the Promoting Independence Initiative and appointed the Promoting Independence Advisory Board, as directed by then-Governor George Bush's Executive Order GWB 99-2. Governor Rick Perry's Executive Order RP 13 complements GWB 99-1. Now known as the Promoting Independence Advisory Committee (PIAC), the PIAC assists the Health and Human Services Commission in creating the State's response to the Olmstead decision through the biannual Promoting Independence Plan. This plan highlights the State's efforts to assist those individuals desirous of community placement, appropriate for community placement as determined by the state's treatment professionals and who do not constitute a fundamental alteration in the state's services, to live in the community. TDHCA participates in PIAC meetings.

TDHCA's Section 8 Housing Choice Vouchers Program administers the Project Access program to assist low-income persons with disabilities in transitioning from institutions into the community by providing access to affordable housing. TDHCA's Project Access partners with the Department of Aging and Disability Services (DADS) to coordinate with the Money Follows the Person Program, which provides community-based alternatives to individuals living in institutions.

A short description of each special needs population is below. Following the descriptions are policy-driven actions undertaken by TDHCA.

HOMELESS POPULATION (SPECIAL NEEDS)

On May 20, 2009 President Obama signed into law a bill to reauthorized HUD's McKinney-Vento Homeless Assistance programs. The bill was included as part of the Helping Families Save Their Homes Act. The new Act, called the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act), updated the McKinney Vento definition of homelessness. The new definition of homelessness is as follows:

- 1) *An individual or family who lacks a fixed, regular, and adequate nighttime residence;*
- 2) *An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;*
- 3) *An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangement (including hotels and motels paid for by Federal, State, or local government programs for low-income individuals or by charitable organizations, congregated shelters, and transitional housing);*
- 4) *An individual who resided in a shelter or place not meant for human habitation and who is exiting an institution where he or she temporarily resided;*
- 5) *An individual or family who—*
 - a. *Will imminently lose their housing, including housing they own, rent, or live in without paying rent, are sharing with others, and rooms in hotels or motels not paid for by Federal, State, or local government programs for low-income individuals or by charitable organizations...*
 - b. *Has no subsequent residence identified; and*
 - c. *Lacks the resource or support networks needed to obtain other permanent housing; and*
- 6) *Unaccompanied youth and homeless families with children and youth defined as homeless under other Federal Statutes who—*
 - a. *Have experience a long term period without living independently in permanent housing,*
 - b. *Have experienced persistent instability as measured by frequent moves over such period, and*
 - c. *can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or youth with a disability, or multiple barriers to employment.*

Estimates of homeless populations vary widely. The migratory nature of the homeless population, the stigma associated with homelessness and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Most homeless surveys are "point-in-time" estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time. Furthermore, the homeless population can be classified into three categories: (1) literally homeless, which describes people who have no permanent residence and stay in shelters or public places; (2) marginally homeless, which describes people who live temporarily with other people and have no prospects for housing; and (3) people-at-risk-of-homelessness, which describes people who have incomes below the poverty level, rely on utility

and rental assistance and may be unable to absorb unexpected events such as the loss of a job or serious illness.

Policy-Driven Action: The first phase of the Housing Support Continuum is “(1) Poverty and Homelessness Prevention” and includes the Community Service Block Grant, Comprehensive Energy Assistance, Emergency Shelter Grant, Homelessness Prevention and Rapid Re-Housing, and Homeless Housing and Services programs. In addition, other programs not specifically created for homelessness prevention nevertheless include several activities to address this population’s special needs. For instance, the Housing Tax Credit and the Housing Trust Fund programs both can be used for homeless populations. In addition, TDHCA coordinates with the Texas Interagency Council for the Homeless.

While the Housing Tax Credit Program is well-known and primarily used for the construction, acquisition and/or rehabilitation of new, existing, at-risk and rural housing, the Housing Tax Credit Program can also be used to develop transitional housing and permanent supportive housing for homeless populations. Furthermore, according to the 2011 Housing Tax Credit Program Rule, the Housing Tax Credit Program offers additional points during the award process for developments that propose to set aside 5 percent of the units for persons with special needs, including homeless populations, persons with alcohol and/or drug addictions, Colonia residents, person with disabilities, victims of domestic violence, persons with HIV/AIDS, and migrant farmworkers.

The Housing Trust Funds’ Affordable Housing Match Program provides funding to nonprofit organizations to attract or meet requirements for affordable housing grants or government programs. An example of an eligible use includes direct match for state, federal or private grants or loans for homeless populations.

Texas Interagency Council for the Homeless

The Texas Interagency Council for the Homeless (TICH) was created in 1989 to coordinate the State’s homeless resources and services. TICH consists of representatives from all state agencies that serve persons experiencing or at risk of homelessness. The council receives no funding and has no full-time staff, but receives facilitation and advisory support from TDHCA. The council holds public hearings in various parts of the state to gather information useful to its members in administering programs. The Council’s major mandates include:

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among service providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission, a strategic plan to address the needs of the homeless; and
- maintaining a central resource and information center for the homeless.

TICH is currently developing a *Strategic Plan to End Homelessness (Plan)* that will address collaboration among federal, state and local organizations to better address the needs of homeless persons and to prevent homelessness. Four committees met in 2010 to expand on sections of the Plan. Also, a Volunteers in Service to America (VISTA) member for the TICH began his placement with TDHCA in November of 2010. With this full-time position, the TICH hopes to function at fuller capacity and complete the development of the Plan by October 2011. The creation and implementation of the Plan will inventory existing State agency services, compare Texas’ efforts to recommendations for states made by the United States Interagency Council for the Homeless (USICH) and set a course for preventing and ending homelessness in Texas.

PERSONS WITH DISABILITIES (SPECIAL NEEDS)

Federal laws define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment." According to the 2005 and 2007 American Community Survey, approximately 6.6 percent, or 1,383,728 Texans over the age of 5 had one disability, and 7.8 percent, or 1,635,313 of Texans over the age of 5 had two or more disabilities. Of the people with disabilities aged 16 to 64, approximately 3.1 percent had a sensory disability (severe vision or hearing impairment), 7.1% had a physical disability (condition that substantially limits a physical activity such as walking or carrying), 4.4% had a mental disability (learning or remembering impairment), 2.1 percent had a self-care disability (dressing, bathing, or getting around inside the home), 3.1 percent had a go-outside-home disability, and 6.2 percent had an employment disability.⁹³

Housing opportunities for people with disabilities may be complicated by low incomes. The 2005 to 2007 American Community Survey estimates that 38.6 percent of persons with any disability were employed during that time period. In addition, 23.4 percent were below the poverty level.⁹⁴ Many people with disabilities may be unable to work, and receive social security income (SSI) or social security disability insurance (SSDI) benefits as their principal source of income. In nationwide study *Priced Out In 2008: The Housing Crisis for People with Disabilities*, a person receiving SSI as their sole source of income would need to pay 112.1 percent of their income to rent a one-bedroom unit or 99.3 percent of their income to rent a studio/efficiency.⁹⁵

The Olmstead Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the Americans with Disabilities Act (ADA). Furthermore, the Fair Housing Act, Section 504 of the Rehabilitation Act, ADA and Section 2306.514 of the Texas Government Code all provide mandates for accessible residential housing for persons with disabilities. Housing developers may also choose to provide "adaptive design" or "universal access" housing, which promotes basic, uniform standards in the design, construction and alteration of structures that include accessibility or simple modification for individuals with a disability. While an "adaptable" unit may not be fully accessible at time of occupancy, it can easily and inexpensively be modified to meet the needs of any resident. Another option is to equip homes with special features designed for persons with disabilities, including ramps, extra-wide doors and hallways, hand rails and grab bars, raised toilets and special door levers.

Advocates for the elderly and persons with disabilities continue to stress that the primary goal of these populations is to live independently and remain in their own homes and communities. Advocates considered access to rehabilitation funds for single-family housing a priority. The rehabilitation funds would perform minor physical modifications such as extra handrails, grab bars, wheelchair-accessible bathrooms and ramps, thus making existing units livable and providing a cost-effective and consumer-driven alternative to institutionalization. Likewise, the availability of rental vouchers that provide options beyond institutional settings is a high priority. Another recognized need for people with disabilities is deeply affordable rents.

⁹³U.S. Census Bureau, 2005-2007 American Community Survey. (n.d.). Subject tables. Retrieved from <http://factfinder.census.gov/>.

⁹⁴ Ibid.

⁹⁵Cooper, E. Koman, H., O'Hara, A., & Zovistoski, A. (2009, April). Priced out in 2008. The housing crisis for people with disabilities. Retrieved from <http://www.endlongtermhomelessness.org/downloads/news/Priced%20Out%202008.pdf>.

Policy-Driven Action: The Comprehensive Energy Assistance, Weatherization Assistance, HOME, Housing Trust Fund, housing Tax Credit, Multifamily Bond, Section 8, Neighborhood Stabilization, and Community Development Block Grant Disaster Recovery programs all have specific measures to address the needs of people with disabilities. Furthermore, the Integrated housing Rule, as implemented by TDHCA, works to meet the needs of people with disabilities. In addition, TDHCA plays an active role in the Housing and Health Services Coordination Council (described in Housing with Services for Special Needs Population above), Promoting Independence Advisory Committee (described in “Desegregation of Persons with Special Needs above), and the Disability Advisory Workgroup which all collaborate with groups representing people with disabilities.

Priority for energy assistance through Comprehensive Energy Assistance and Weatherization Assistance Programs are given to the person with disabilities as well as other special needs and prioritized groups. Local providers must implement special outreach efforts for these special needs populations.

As established in Section 2306.111(c) of the Texas Government Code and subject to the submission of qualified applications, five percent of the annual HOME Program allocation shall be allocated for applications serving person with disabilities living in any part of the state. Furthermore, the HOME Homeownership with Rehabilitation activity provides down payment and closing cost assistance as well as construction costs associated with architectural barrier removal to assist homebuyers with disabilities.

HOME, Housing Trust Fund, Housing Tax Credit, Multifamily Bond and Neighborhood Stabilization Program’s developments that are new construction must conform to Section 504 standards, which require that at least five percent of the development’s units be accessible for person with physical disabilities and at least two percent of the units be accessible for person with hearing and visual impairments.

According to the 2011 Housing Tax Credit Program QAP, the Housing Tax Credit Program offers additional application points during the award process for developments that propose to set aside 5 percent of the units for persons with special needs, including persons with disabilities, persons with alcohol and /or drug addictions, Colonia residents, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers.

The Housing Trust Fund’s Amy Young Barrier Removal Program is designed to provide a one-time grant up to \$15,000 for home modifications specifically needed for accessibility, and up to an additional \$5,000 in other rehabilitation costs correlated with the barrier removal project. Home modifications may include installing handrails; ramps, bussing or flashing devices; accessible door and faucet handles; shower grab bars and shower wands; and accessible showers, toilets and sinks. Home modifications may also include door widening and counter adjustments. In addition, the Housing Trust Funds’ Affordable Housing Match Program provides funding to nonprofit organizations to attract or meet requirements for affordable housing grants or government programs. An example of an eligible use includes direct match for state, federal or private grants or loans for Persons with Disabilities.

TDHCA’s Section 8 Housing Choice Vouchers Program administers the Project Access program to assist low-income persons with disabilities in transitioning from institutions into the community by providing access to affordable housing. Eligible households are those that meet the Section 8 criteria, have a disability and are either an At-Risk Applicant and a previous resident, or a current resident of nursing facility, intermediate care facility, or board and care facility at the time of voucher issuance. The 2011 Annual Public Housing Agency (PHA) Plan increases the number of

Project Access vouchers from 60 to 100 vouchers. In tandem with the increase in vouchers from 60 to 100, the Department instituted a change that 20 percent of Project Access vouchers will be reserved for persons at or over the age of 62, due to the great need for affordable housing among this aging population transitioning out of institutions. Previously, Project Access voucher recipients had to be under the age of 62 to qualify for the program.

The Community Development Block Grant Disaster Recovery Program Round Two's Sabine Pass Restoration Program allows homeowners with a disability or elderly households the opportunity to apply for an additional \$15,000 in assistance for accessibility-related costs associated with elevating the dwelling.

Integrated Housing Rule

An issue of particular concern for advocates for persons with disabilities involved the Department's policies related to integrated housing. Integrated housing, as defined by SB 367 and passed by the 77th Texas Legislature, is "housing in which a person with a disability resides or may reside that is found in the community but that is not exclusively occupied by persons with disabilities and their care providers." The Department, with the assistance of the TDHCA Disability Advisory Workgroup, developed an integrated housing rule to address this concern. The Integrated Housing Rule, for use by all Department housing programs, is found at 10 TAC 1.15 and is summarized as follows:

A housing development may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations.

- Large housing developments (50 units or more) shall provide no more than 18 percent of the units of the development set aside exclusively for people with disabilities. The units must be dispersed throughout the development.
- Small housing developments (less than 50 units) shall provide no more than 36 percent of the units of the development set aside exclusively for people with disabilities. These units must be dispersed throughout the development.
- Set-aside percentages outlined above refer only to the units that are to be solely restricted for persons with disabilities. This section does not prohibit a property from having a higher percentage of occupants that are disabled.
- Property owners may not market a housing development entirely, nor limit occupancy to, persons with disabilities.

Exceptions to the above rule include (1) scattered site development and tenant-based rental assistance; (2) transitional housing that is time limited with a clear and convincing plan for permanent integrated housing upon exit from the transitional situation; (3) housing developments designed exclusively for the elderly; (4) housing developments designed for other special needs populations; and (5) TDHCA Board waivers of this rule to further the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause.

Disability Advisory Workgroup

TDHCA has found that directly involving program beneficiary representatives, community advocates and potential applicants for funding in the process of crafting its policies, programs and rules is extremely helpful. This process is often done through a working group format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process. TDHCA has actively

maintained a Disability Advisory Workgroup which provides ongoing guidance to the Executive Director on how TDHCA's programs can most effectively serve persons with disabilities.

ELDERLY POPULATIONS (SPECIAL NEEDS)

According to the 2006 to 2008 American Community Survey, there were approximately 2,396,684 Texans aged 65 and over during that time period. This made up approximately 10 percent of the Texas population. The *State of Texas Senior Housing Assessment* found that 91 percent of survey respondents expressed a desire to stay in their own homes as long as possible and two-thirds believed that they would always live in their homes.⁹⁶ Of all elderly households nationwide, 68 percent owned their own homes free and clear. However, elderly homeowners generally live in older homes than the majority of the population; the median year of construction for homes owned by elderly households was 1969 and 4.4 percent of the homes had physical problems.⁹⁷ Due to their age, homes owned by the elderly are often in need of weatherization and repair.

Policy-Driven Action: The Community Service Block Grant, CDBG Disaster Recovery, Comprehensive Energy Assistance, Weatherization Assistance, HOME, Housing Trust Fund, Housing Tax Credit and Multifamily Bond programs have specific activities that service elderly Texans. In addition, TDHCA plays an active role in the Housing and Health Service Coordination Council, which works to increase the amount of service-enriched housing for seniors and people with disabilities. A description of this Council is included under the Persons with Disabilities special needs category above.

Community Service Block Grant eligible entities operate programs targeting the elderly. Such programs include Meals-on-Wheels, congregate meal programs, senior activity centers and home care services.

The CDBG Disaster Recovery Program Round Two's Sabine Pass Restoration Program allows homeowners with a disability or elderly households the opportunity to apply for an additional \$15,000 in assistance for accessibility-related costs associated with elevating the dwelling.

The Department's Comprehensive Energy Assistance and Weatherization Assistance Programs give preference to the elderly as well as other special needs and priority populations. Subrecipients must conduct outreach activities for these special needs populations.

Homeowner Rehabilitation Assistance, offered through the HOME Program provides funds for the repair and rehabilitation of homes owned by very low-income households and many of the assisted households are elderly.

The Housing Trust Funds' Affordable Housing Match Program provides funding to Nonprofit Organization to attract or meet requirements for affordable housing grants or government programs. An example of an eligible use includes direct match for state, federal or private grants or loans for elderly populations.

⁹⁶Texas Department of Aging and Disability Services (2005). *The State of Our State on Aging*. 27. Retrieved from http://www.dads.state.tx.us/news_info/publications/studies/2005_sos_exec_summary.pdf.

⁹⁷U.S. Department of Health and Human Services. (2009). *A Profile on Older Americans: 2009*. Retrieved from http://www.aoa.gov/AoAroot/Aging_Statistics/Profile/2009/docs/2009profile_508.pdf

A Qualified Elderly Development is a development type that is eligible for funding through the Housing Tax Credit and Multifamily Bond programs. A Qualified Elderly Development is a development in which elderly residents occupy 80 to 100 percent of the units.

PERSONS WITH ALCOHOL AND SUBSTANCE ABUSE ISSUES (SPECIAL NEEDS)

The national Surveys on Drug Use and Health found that from 2006 to 2007 approximately 6.4 percent of Texans aged 12 or older had used an illicit drug in the past month. The Texas rate is lower than the national average of 8 percent. Also, 2.7 percent of Texans aged 12 or older were dependent on or abused an illicit drug in the past year, compared to 2.8 percent nationwide.⁹⁸ In 2006, the Texas Department of State Health Services (DSHS) admitted 14,488 adult clients with alcohol problems and 40,667 adult clients with other drug addictions to state-funded treatment programs. The average age of adult clients was 34 and approximately 21 percent of adult clients were employed. The same year DSHS admitted 566 youth clients with alcohol problems and 7,013 youth clients with other drug problems to State-funded treatment programs.⁹⁹ The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally disabled or homeless populations.

Supportive housing programs needed for persons with alcohol and/or other substance abuse issues range from short-term, in-patient services to long-term, drug-free residential housing environments for recovering addicts. Better recovery results may be obtained by placing individuals in stable living environments.

Policy-Drive Action: The Housing Tax Credit and Housing Trust Fund programs address the needs of people with alcohol and substance abuse issues.

According to the *2011 Housing Tax Credit Program QAP*, the Housing Tax Credit Program offers additional points during the award process for developments that propose to set aside 5 percent of the units for persons with special needs, including persons with alcohol and/or drug addictions, Colonia residents, persons with disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farmworkers.

The Housing Trust Funds' Affordable Housing Match Program provides funding to nonprofit organizations to attract or meet requirements for affordable housing grants or government programs. An example of an eligible use includes direct match for state, federal or private grants or loans to address the needs of people with alcohol and substance abuse issues.

PERSONS WITH HIV/AIDS (SPECIAL NEEDS)

Human Immunodeficiency Virus (HIV) is the virus that causes Acquired Immunodeficiency Syndrome (AIDS). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. According to the Texas Department of State Health Services (DSHS), as of December 2007, there were 62,714 reported

⁹⁸Maxwell, J.C. (2009, June). Substance abuse trends in Texas: June 2009. Retrieved from http://www.utexas.edu/research/cswe/gcattc/documents/Texas2009_002.pdf.

⁹⁹Texas Department of State Health Services. (2007, December 12). Substance abuse statistics: Texas statewide totals. Retrieved from <http://www.dshs.state.tx.us/sa/researcyh/statewide-totals/>

persons living with HIV/AIDS in Texas.¹⁰⁰ Because of increased medical costs or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

DSHS addresses the housing needs of AIDS patients through the Housing Opportunities for Persons with AIDS Program (HOPWA), which is a federal program funded by HUD. In Texas, HOPWA funds provide emergency housing assistance, which funds short-term rent, mortgage and utility payments to prevent homelessness; and tenant-based rental assistance, which enables low-income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing. In addition to the DSHS statewide program, the cities of Austin, Dallas, Fort Worth, Houston, San Antonio and El Paso receive HOPWA funds directly from HUD.

Policy-Driven Action: The Housing Tax Credit and Housing Trust Fund programs address the needs of people with HIV/AIDS.

According to the *2011 Housing Tax Credit Program QAP*, the HTC program offers additional points during the award process for developments that propose to set aside 5 percent of the units for persons with special needs, including persons with HIV/AIDS, persons with alcohol/or drug addictions, Colonia residents, persons with disabilities, victims of domestic violence, homeless populations and migrant farm workers.

The Housing Trust Funds' Affordable Housing Match Program provides funding to nonprofit organizations to attract or meet requirements for affordable housing grants or government programs. An example of an eligible use includes direct match for state, federal or private grants or loans to address the needs of persons with Human Immunodeficiency Virus (HIV) is the virus that causes Acquired Immunodeficiency Syndrome (AIDS).

PUBLIC HOUSING RESIDENTS (SPECIAL NEEDS)

According to HUD data, there are 63,416 units of public housing and 155,770 Section 8 Housing Choice Vouchers in Texas.¹⁰¹ TDHCA believes that the future success of Public Housing Authorities (PHAs) will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of public housing authorities, it is important to maintain a relationship with these service providers.

Policy-Driven Action: TDHCA has developed a strong relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials, which represent the public housing authorities of Texas. TDHCA has worked to promote programs that will repair substandard housing and develop additional affordable housing units. In addition, the Housing Tax Credit Program may also be used for the redevelopment of public housing authority property.

¹⁰⁰Texas Department of Health, HIV/STD Epidemiology Division, Surveillance Branch, Texas HIV/STD surveillance report: 2007 Annual Report, Austin, TX: 1. Retrieved from Texas HIV/STD Annual Report 2007; <http://www.dshs.state.tx.us/hivstd/info/annual/2007.pdf>

¹⁰¹ HUD. (2010, November 11). Housing authority profiles. Retrieved from <https://pic.hud.gov/pic/haprofiles/haprofilelist.asp>.

COLONIA RESIDENTS (SPECIAL NEEDS)

Major issues affecting colonias include high rates of unemployment, extremely low incomes, lack of sufficient infrastructure for water and sewer service, higher rates of certain diseases, lack of educational resources, substandard housing and use of contract for deed. The latter two issues are directly related to housing. Housing in colonias is often constructed by residents using only available materials; professional builders are not often used.¹⁰² According to 2000 Census data, colonias have a 75 percent homeownership rate. Despite this rate, colonia homes are inadequate: 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. It is estimated that 50 percent of colonia residents lack basic water and sewage systems: 51 percent use septic tanks, 36 percent use cesspools, 7 percent use outhouses and 6 percent use other wastewater systems.¹⁰³

Policy-Driven Action: The Office of Colonia Initiatives (OCI), HOME and Housing Tax Credit programs all address the special needs of colonia residents.

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) at TDCHA was created and charged with the responsibility of coordinating all Departments and legislative initiatives involving border and colonia issues and managing a portion of the Department's existing programs targeted at colonias. The fundamental goal of the OCI is to improve the living conditions and lives of border and colonia residents and to educate the public regarding the services that the Department has to offer.

As part of its plan to improve the living conditions in colonias, OCI offers OCI Border Field Offices. The three OCI border field offices provide technical assistance to the counties and Colonia Self-Help Centers.

The HOME Program also administers the Contract for Deed Conversion Program to assist households in the colonias. Contract for Deed Conversion facilitates homeownership by converting contracts for deed into traditional mortgages.

According to the 2011 Housing Tax Credit Program QAP, the HTC program offers additional points during the award process for developments that propose to set aside 5 percent of the units for persons with special needs, including Colonia residents, persons with alcohol and/or drug addictions, persons with disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers.

MIGRANT FARM WORKERS (SPECIAL NEEDS)

According to the U.S. Department of Health and Human Service Migrant and Seasonal Farm worker Enumeration Profiles Study in 2000, a seasonal farm worker describes an individual whose principal employment (at least 51 percent of time) is in agriculture on a seasonal basis and who has been so employed within the preceding twenty-four months; a migrant farm worker meets the same definition, but establishes temporary housing for purposes of employment. As of 2000, the U.S. Department of Health and Human Services estimated that there are 361,414 migrant and

¹⁰²Federal Reserve Bank of Dallas. (n.d.). Texas colonias. Retrieved from <http://www.dallasfed.org/ca/pubs/colonias.html>

¹⁰³Moncada, N. (2001). A Colonias Primer. A briefing presented to the U.S. Department of Housing and Urban Development. Retrieved from <http://www.nationalmortgagenews.com/nmn/plus93.htm>.

seasonal farm workers and families residing in Texas. Of this population, 26 percent reside in Cameron, Hidalgo and Starr Counties.¹⁰⁴

Farm workers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and mobility. Many of the small, rural communities where migrant workers may seek employment do not have the rental units available for the seasonal influx. Overcrowding and substandard housing are significant housing problems for farm workers.¹⁰⁵ In addition, migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases.

Policy-Driven Action: TDHCA addresses farm worker issues by licensing and inspecting migrant farm worker housing and conducting periodic studies on farm worker needs. In addition, the Community Service Block Grant and Housing Tax Credit programs serve seasonal farm workers. In HB1099, the 79th Texas Legislative Session transferred the license and inspection migrant farm worker housing facilities from the Texas health and Human Service Commission to TDHCA.

Additionally, the bill directed TDHCA to complete a study on quantity, availability, need and quality of migrant farm labor housing facilities in Texas. See <http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#reports> for a copy of the report.

During the 2010 Community Service Block Grant State Discretionary Funds Notice of Fund Availability cycle, TDHCA awarded \$214,594 of Community Service Block Grant State discretionary funds to fund two organizations serving migrant seasonal farm workers: the County of Hidalgo Community Services Agency and to Community Council of South Central Texas. The Department also awarded \$225,000 to two Native American tribes, Urban Inter-Tribal Center of Texas and Alabama-Coushatta Tribe of Texas. The Department's Community Service Block Grant State Plan approved by U.S. Department of Health and Human Services includes Native Americans and migrant farm worker populations as special populations category eligible for Community Service Block Grant State discretionary funds.

According to the *2011 Housing Tax Credit Program QAP*, the Housing Tax Credit Program offers additional points during the award process for developments that propose to set aside 5 percent of the units for persons with special needs, including migrant farm workers, person with alcohol and/or drug addictions, Colonia residents, persons with disabilities, victims of domestic violence, persons with HIV/AIDS and homeless populations.

The Housing Trust Fund has programmed \$2,000,000 in funds to Rural Housing Expansion Program, which may be used to develop or rehabilitate housing for persons with special needs including, but not limited to, migrant farm workers. Additionally, the Housing Trust Funds' Affordable Housing Match Program provides funding to Nonprofit Organization to attract or meet requirements for affordable housing grants or government programs. An example of an eligible use includes direct match for state, federal or private grants or loans to help meet the housing needs of migrant farm workers.

¹⁰⁴Larson, A. (2000, September). Migrant and seasonal farm worker enumeration profiles study: Texas. *US Department of Health and Human Services, health Resources and Services Administration, Bureau of Primary Health Care*. Retrieved from [http://www.ncfh.org/enumeration/PDF10 Texas.pdf](http://www.ncfh.org/enumeration/PDF10%20Texas.pdf).

¹⁰⁵Holden, C. (2001, October). Monograph no. 8: housing. Buda, TX: national center for farm worker health inc. *Migrant Health Issues*: 40. Retrieved from <http://www.ncfh.org/docs/08%20-%20housing.pdf>

SECTION 5: STIMULUS PROGRAMS

According to the National Bureau of Economic Research, the United States experienced a severe recession from December 2007 to June of 2010,¹⁰⁶ dubbed the Great Recession. While the Great Recession has officially ended, the effects of the decrease in income and job losses are still being felt throughout Texas.

As a reaction to the recession, the federal government created programs to alleviate the stress of the economic downturn. Beginning with the Housing and Economic Recovery Act (HERA) of 2008, the federal government began to address the high rates of foreclosures. The American Recovery and Reinvestment Act (ARRA) of 2009 followed and the federal government set a goal of creating new jobs as well as saving existing ones; spurring economic activity and investing in long-term economic growth; and fostering unprecedented levels of accountability and transparency in government spending. Additionally, some temporary programs were not created through either of the recovery acts, but were created to address the recession. Programs created to stem the economic downturn, regardless of funding source, are included in this chapter.

TDHCA administers several programs created by the funds meant to stimulate the economy. These programs are grouped and discussed in their own chapter rather than the Annual Report and Action Plan because of their temporary nature; most of them will conclude in two to three years. In addition, these programs are based on a multiyear model, not a fiscal year model. The reporting for these programs is from the beginning of each program to the fall of 2010. However, temporary programs are mentioned in the Action Plan's Housing Support Continuum for clarity because of their administration through the Department and their creation to serve the needs of low- to moderate-income Texans.

The following table provides summary information about each of the Department's programs funded through the stimulus.

¹⁰⁶ The National Bureau of Economic Research. 2010, September 30. The national bureau of economic research. Retrieved from <http://www.nber.org/>.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS STIMULUS PROGRAMS

Program	Funding
Community Services Block Grant Program ARRA	\$48,148,071
Homebuyer Tax Credit Programs: <ul style="list-style-type: none"> 90-Day Down Payment Assistance Program (DPAP) Mortgage Advantage Program (MAP) 	DPAP: \$4,043,738 MAP: \$531,445
Homelessness Prevention and Rapid Re-Housing Program	\$41,472,772
Housing Tax Credit Recovery Act Programs : <ul style="list-style-type: none"> Housing Tax Credit Exchange Program (HTC Exchange) Tax Credit Assistance Program (TCAP) 	HTC Exchange: \$594,091,928 TCAP: \$148,354,769
National Foreclosure Mitigation Counseling Program (NFMC): <ul style="list-style-type: none"> NFMC Round 2 NFMC Round 3 NFMC Round 4 NFMC Round 5 	NFMC Round 2: \$491,490 NFMC Round 3: \$449,960 NFMC Round 4: \$58,293 NFMC Round 5: Application due 1/6/2010
Neighborhood Stabilization Program (NSP): <ul style="list-style-type: none"> NSP 1 NSP 3 	NSP 1: \$101,996,848 NSP 3: \$7,284,978
Weatherization Assistance Program ARRA	\$326,975,732
Total	\$1,273,900,024

COMMUNITY SERVICES BLOCK GRANT

PROGRAM DESCRIPTION

ARRA expanded the funds available for the Department's existing Community Services Block Grant (CSBG) Program. The CSBG funds are distributed through the U.S. Department of Health and Human Services (USHHS). TDHCA received \$48,148,071 in CSBG ARRA funds. CSBG is administered through the Community Affairs Division.

The CSBG Program funds eligible entities and activities that support the intent of the CSBG Act. CSBG ARRA subrecipients were highly encouraged to utilize funds to implement employment and education projects which would have a long term impact on assisting low-income individuals. The funds could also be utilized to provide administrative support for other anti-poverty programs, such as head Start and Meals on Wheels and to provide direct services such as short-term rental assistance and transportation. For non-ARRA CSBG, individuals who received assistance needed to have income at or below 125 percent of the federal poverty guidelines; CSBG ARRA assistance raised the income limit to 200 percent of the federal poverty guidelines. This income limit increase resulted in the eligibility of more households in Texas.

Ninety-nine percent of the new funding available through ARRA was made available to the CSBG-eligible entities. One percent of funding was used to promote the enrollment of low-income persons in federal, state and local benefits programs. This one percent is being utilized to support the purchase of a uniform database management software for the Texas 211 Information and Referral Service which informs Texans of services and benefits available.

IMPLEMENTATION AND ALLOCATION

The Department submitted the CSBG ARRA plan to USHHS on May 28, 2009 and received notice of approval on July 24, 2009. The Department applied the Existing CSBG allocation formula to the ARRA funds available for the CSBG-eligible entities. Allocations were based on two factors: (1) the number of persons living in poverty within the designated service-delivery area for each organization and (2) a calculation of population density. Poverty population was given 98 percent weight and the ratio of inverse population density was given two percent weight. The formula also included a base award for each organization before the factors were applied, as well as a minimum award, also known as a floor.

Sub-recipient contracts began August 1, 2009 and ended on September 30, 2010.

STATUS OF FUNDS

This program has been successfully completed within the timeframe allowed. ARRA required that all CSBG ARRA funds be fully obligated by September 30, 2010 and fully expended by December 29, 2010. Based on projections provided by CSBG ARRA subrecipients, the Department anticipates an expenditure rate of 99.6% by the conclusion of the close-out period on December 29, 2010.

Of the total award of \$48,148,071, one percent (\$481,480) was used for benefits coordination, as referenced in Program Description above. There were no administrative funds for CSBG ARRA. Therefore, \$47,666,590 was allocated to subrecipients, as shown in the chart below. The table below shows the status of the CSBG ARRA program as of September 2010.

Community Service Block Grant ARRA Funding and Persons Served, as of September 2010

Agency	County Served	Allocation	Persons Served	Black	White	Other	Hispanic	Non-Hispanic
Aspermont Small Business Development Center, Inc.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	\$173,304	111	0	65	46	44	67
Bee Community Action Agency	Aransas, Bee, Kenedy, Kleberg, Live Oak, McMullen, Refugio	\$1,430,692	2,445	1,112	763	570	1,082	1,363
Big Bend Community Action Committee, Inc.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	\$ 440,027	1,228	84	534	610	625	603
Brazos Valley Community Action Agency, Inc.	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington	\$224,240	216	2	43	171	169	47
Cameron And Willacy Counties Community Projects, Inc.	Cameron, Willacy	\$1,537,698	911	390	385	136	87	824
Central Texas Opportunities, Inc.	Brown, Callaghan, Coleman, Comanche, Eastland, McCullough, Runnels	\$265,575	636	43	100	493	489	147
City Of Austin, Health And Human Services Dept	Travis	\$332,866	506	35	297	174	182	324
City Of Fort Worth Parks & Community Services Department	Tarrant	\$300,631	44	13	23	8	7	37
City Of Lubbock	Lubbock	\$382,915	117	0	13	104	102	15

Agency	County Served	Allocation	Persons Served	Black	White	Other	Hispanic	Non-Hispanic
City Of San Antonio, Department Of Community Initiatives	Bexar	\$454,914	2,336	786	338	1,212	1,172	1,164
Combined Community Action, Inc.	Austin, Bastrop, Colorado, Fayette, Lee	\$300,525	729	37	640	52	587	142
Community Action Committee Of Victoria	Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Victoria	\$365,276	764	130	267	367	357	407
Community Action Corp. Of South Texas	Brooks, Jim Wells, San Patricio	\$288,213	873	0	0	873	872	1
Community Action Inc., Of Hays, Caldwell And Blanco Counties	Blanco, Caldwell, Hays	\$321,938	643	24	40	579	579	64
Community Action Program, Inc.	Mitchell, Shackelford, Stephens, Taylor	\$824,995	1,276	61	365	850	838	438
Community Action Social Services & Education, Inc.	Maverick	\$413,334	101	0	8	93	93	8
Community Council Of Reeves County	Loving, Reeves, Ward, Winkler	\$150,000	81	0	0	81	79	2
Community Council Of South Central Texas	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	\$426,295	279	142	122	15	17	262
Community Council Of Southwest Texas	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	\$1,685,879	1,544	614	582	348	268	1,276
Community Services Agency Of South Texas, Inc.	Dimmit, La Salle	\$424,732	1,255	162	342	751	631	624
Community Services Of Northeast Texas, Inc.	Bowie, Camp, Cass, Marion, Morris	\$4,285,529	5,962	4,413	542	1,007	921	5,041
Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	\$150,000	192	88	17	87	87	105
Concho Valley Community Action Agency	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green	\$803,569	1,059	523	328	208	229	830

Agency	County Served	Allocation	Persons Served	Black	White	Other	Hispanic	Non-Hispanic
Economic Action Committee Of The Gulf Coast	Matagorda	\$2,290,345	6,723	106	86	6,531	6,467	256
Economic Opportunities Advancement Corporation Of Pr Xi	Bosque, Falls, Freestone, Hill, Limestone, McLennan	\$2,214,992	562	295	65	202	109	453
El Paso Community Action Program, Project Bravo, Inc.	El Paso	\$1,318,657	1,797	999	228	570	538	1,259
Galveston County Community Action Council, Inc.	Brazoria, Fort Bend, Galveston, Wharton	\$1,508,614	1,136	601	412	123	102	1,034
Greater East Texas Community Action Program (Getcap)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	\$7,209,002	15,073	8,210	1,037	5,826	4,865	10,208
Gulf Coast Community Services Association	Harris	\$2,757,585	2,539	2	148	2,389	2,490	49
Hidalgo County Community Services Agency	Hidalgo	\$742,653	579	147	248	184	144	435
Hill Country Community Action Association, Inc.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	\$150,000	625	2	11	612	611	14
Institute Of Rural Development, Inc.	Duval	\$626,462	807	191	174	442	433	374
Northeast Texas Opportunities, Inc	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	\$395,338	1,334	492	705	137	102	1,232
Nueces County Community Action Agency	Nueces	\$833,581	843	27	129	687	659	184
Panhandle Community Services	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	\$972,381	4,202	579	1,354	2,269	2,168	2,034

Agency	County Served	Allocation	Persons Served	Black	White	Other	Hispanic	Non-Hispanic
Pecos County Community Action Agency	Crane, Pecos, Terrell	\$152,828	221	0	15	206	196	25
Rolling Plains Management Corporation	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	\$499,859	595	125	276	194	178	417
South East Texas Regional Planning Commission	Hardin, Jefferson, Orange	\$3,124,174	5,698	878	584	4,236	4,297	1,401
South Plains Community Action Association	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum, Crosby, Dickens, Floyd, Hale, King, Motley	\$1,894,395	2,557	27	2,165	365	2,424	133
South Texas Development Council	Jim Hogg, Starr, Zapata	\$465,702	540	0	0	540	540	-
Texas Neighborhood Services	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	\$854,434	1,492	488	860	144	133	1,359
Texoma Council Of Governments	Cooke, Fanin, Grayson	\$589,476	1,639	97	444	1,098	922	717
Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upsher	\$354,311	673	249	403	21	17	656
Urban League Of Greater Dallas	Dallas	\$ 610,310	1,245	725	435	85	31	1,214
Webb County Community Action Agency	Webb	\$869,850	871	0	6	865	858	13
West Texas Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Gaines, Glasscock, Howard, Martin, Midland, Fisher, Nolan, Scurry, Upton	\$966,654	1,405	239	311	855	846	559
Williamson-Burnet County Opportunities, Inc.	Burnet, Williamson	\$281,840	667	153	166	348	331	336
Total		\$47,666,590	77,131	23,291	16,076	37,764	38,978	38,153

HOMEBUYER TAX CREDIT PROGRAMS

ARRA created a tax credit program for qualifying taxpayers who bought a home before December 1, 2009. The Department created two programs in late Spring 2009 to help Texas families take advantage of the ARRA tax credit program for first-time homebuyers. The 90-day Down Payment Assistance Program (DPAP) and Mortgage Advantage Program (MAP) both provided short-term loans at 0 percent interest to eligible families in exchange for them filing for and receiving the federal first-time homebuyer tax credit. Upon receipt, borrowers were required to either repay the 2nd lien in full or make monthly payments for the duration of the term of the loan. Due to the overwhelming popularity of the program and limited availability of funds, applications were only accepted through September 23, 2009.

The ARRA homebuyer tax credit program allowed homebuyers to claim a tax credit on either their 2008 or 2009 tax return. Homebuyers do not have to repay the credit to the IRS if the home remains their main residence for 36 months after the purchase date. Homebuyers can claim 10 percent of the purchase price up to \$8,000 for individuals or married couples, or \$4,000 for married couples filing separately. Taxpayers whose adjusted gross income is less than \$75,000 for individual filers or \$150,000 for joint filers were eligible to claim the credit. A first-time homebuyer is an individual or a married couple who has not owned a principal residence during the three-year period ending on the date of the purchase. Homebuyers applying for the Department's DPAP or MAP needed to complete a homebuyer education course, be eligible to claim the federal tax credit and file the appropriate IRS forms to receive the credit.

90-DAY DOWN PAYMENT ASSISTANCE PROGRAM

PROGRAM DESCRIPTION

The Department's Board gave staff the authority to utilize up to \$5 million in Supplemental Bond Contingency Reserve Funds for down payment and closing cost assistance. The 90-day DPAP allowed a maximum of \$7,000 for this purpose. DPAP offered 90 days interest-free for the homebuyer to access the tax credit and repay the loan. If the homeowner did not repay the loan within the specified period, the homeowners were responsible for repayment of a second lien note with a two year term and an interest rate of 10 percent.

MORTGAGE ADVANTAGE PROGRAM

PROGRAM DESCRIPTION

The Department's Board gave staff the authority to utilize up to \$2.5 million from funds within the Mortgage Credit Certificate (MCC) Program and Mortgage Revenue Bond (MRB) Program 70. Like DPAP, MAP provided short-term loans at 0 percent interest to eligible families in exchange for them filing for and receiving the federal first-time homebuyer program tax credit. MAP funds were only available in conjunction with the Department's First Time Homebuyer Program or the Mortgage Credit Certificate Program. MAP allowed a maximum of \$6,000 for down payment and/or closing cost assistance interest-free for 120 days for the homebuyer to access their tax credit and repay the loan. If the homeowner did not repay the loan within the specified period, the homeowners were responsible for repayment of a second lien note with a five year term and an interest rate of 7 percent.

IMPLEMENTATION AND ALLOCATION FOR DPAP AND MAP

The TDHCA Board approved the use of funds for the Mortgage Advantage Program on April 23, 2009. On May 21, 2009 the TDHCA Board approved the use of Supplemental Bond Contingency Funds for the 90-day Down Payment Assistance Program.

First-time homebuyers accessed this program through a participating lender. The second lien for qualified borrowers was processed by TDHCA's Texas Homeownership Division. Although applications were accepted through September 23, 2009, loans were allowed to close up to December 1, 2009.

STATUS OF FUNDS

DPAP and MAP have been successfully completed within the timeframe allowed. A total of 756 households received DPAP and 98 households received MAP. A total of \$4,043,738 was loaned as a result of DPAP and a total of \$531,445 was loaned as a result of MAP. As of the end of state fiscal year 2010 (August 31, 2010), \$3,318,853 in principal and interest were repaid to the Department.

90-Day Down Payment Assistance Funds

County	Region	Allocation	Households Served
ATASCOSA	9	\$ 3,373	1
BASTROP	7	\$ 4,000	1
BELL	8	\$ 47,124	9
BEXAR	9	\$ 458,753	89
BRAZORIA	6	\$ 51,886	8
CAMERON	11	\$ 17,153	4
COLLIN	3	\$ 170,964	28
COMAL	9	\$ 6,900	1
CORYELL	8	\$ 8,749	2
DALLAS	3	\$ 314,871	61
DEAF SMITH	1	\$ 6,100	2
DENTON	3	\$ 148,327	24
ECTOR	12	\$ 20,329	4
EL PASO	13	\$ 87,342	18
ELLIS	3	\$ 40,495	8
FORT BEND	6	\$ 145,869	24
GAINES	12	\$ 7,000	1
GALVESTON	6	\$ 64,771	12
GRAYSON	3	\$ 3,233	1
GUADALUPE	9	\$ 25,251	5
HARDIN	5	\$ 4,551	1
HARRIS	6	\$ 905,127	164
HAYS	7	\$ 12,879	2
HENDERSON	4	\$ 7,470	2
HIDALGO	11	\$ 3,815	1
HOOD	3	\$ 10,682	2
HUNT	3	\$ 7,312	2
JEFFERSON	5	\$ 21,670	5
JOHNSON	3	\$ 39,350	8

County	Region	Allocation	Households Served
KAUFMAN	3	\$ 25,895	5
KERR	9	\$ 6,382	1
LIBERTY	6	\$ 3,741	1
LUBBOCK	1	\$ 25,292	5
MATAGORDA	6	\$ 4,516	1
MCLENNAN	8	\$ 8,131	2
MEDINA	9	\$ 7,000	1
MIDLAND	12	\$ 10,623	2
MONTGOMERY	6	\$ 72,022	14
NUECES	10	\$ 77,928	17
PARKER	3	\$ 23,095	5
POTTER	1	\$ 19,819	5
RAINS	4	\$ 4,000	1
RANDALL	1	\$ 69,613	13
ROCKWALL	3	\$ 18,732	3
RUSK	4	\$ 11,154	2
SAN PATRICIO	5	\$ 5,935	1
SMITH	4	\$ 23,657	5
TARRANT	3	\$ 527,418	102
TOM GREEN	12	\$ 32,580	7
TRAVIS	7	\$ 185,710	30
UPSHUR	4	\$ 4,173	1
VAN ZANDT	4	\$ 4,418	1
WALLER	6	\$ 7,000	1
WEBB	11	\$ 41,502	8
WILLIAMSON	7	\$ 178,056	32
Total		\$ 4,043,738	756

Mortgage Assistance Program Funds

County	Region	Allocation	Households Served
BASTROP	7	\$ 3,150	1
BELL	8	\$ 5,619	1
BEXAR	9	\$ 87,032	16
BRAZORIA	6	\$ 19,000	3
DALLAS	3	\$ 37,442	7
DENTON	3	\$ 17,000	3
FORT BEND	6	\$ 12,000	2
GALVESTON	6	\$ 4,000	1
GUADALUPE	9	\$ 6,000	1
HARRIS	6	\$ 225,489	42
JOHNSON	3	\$ 5,640	1
MONTGOMERY	6	\$ 4,909	1
TARRANT	3	\$ 28,551	5
TRAVIS	7	\$ 49,458	9
WILLIAMSON	7	\$ 26,155	5
Total		\$ 531,445	98

HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM

PROGRAM DESCRIPTION

ARRA created the Homelessness Prevention and Rapid Re-Housing Program (HPRP) to enable person who are homeless or at risk of homelessness to maintain housing. The HPRP funds are administered through the U.S. Department of Housing and Urban Development (HUD). The Department received \$41,472,772 in HPRP funds. HPRP is administered through the Community Affairs Division.

The intent of HPRP is to transition program participants to stability, either through their own means or with public assistance, as appropriate. HPRP is not intended to provide long-term support for program participants (assistance in limited to 18 months). This program was created in response to the financial stress on individuals and households due to the impact of the current economic downturn. HPRP funds homeless prevention assistance to individuals and households who would otherwise become homes and assists in re-housing persons rapidly who are homeless, as defined by Section 103 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11303). To be eligible, households must have income at or below 50 percent of the area median income.

Two target populations facing housing instability are eligible to receive funding under HPRP. The first target population eligible for homeless prevention assistance includes individuals and families who are currently housed but are at risk of becoming homeless; they may need temporary rent or utility assistance to prevent them from becoming homeless or assistance to move to another unit. The second target population eligible for rapid re-housing assistance includes individuals and families who are experiencing homelessness (e.g. residing in emergency or transitional shelters or places not intended for habitation) and need temporary assistance in order to obtain and retain housing.

Homelessness Prevention services to at-risk populations include:

- Assistance to locate, secure, and/or maintain housing, including mediation or outreach to property owner to help avoid eviction;
- Assistance for certain financial needs, such as utility payment, utility security deposit assistance, housing search and moving costs;
- Counseling and other activities to help repair credit ratings; and
- Case management to ensure that appropriate programs are accessed to help achieve and maintain self-sufficiency.

The Department set aside \$2,073,639 of HPRP funds for a Pilot Program targeted to applicants interested in providing homelessness prevention services and case management to one or more targeted subpopulations. Five agencies were awarded funds under the Pilot Program. The targeted subpopulations are:

- persons with a history of past institutionalization (including prisons, mental health institutions and hospitals);
- persons with mental health and substance abuse issues;
- persons with physical disabilities and other chronic health issues, including HIV/AIDS;
- and youth aging out of the foster care system.

The individuals must be at risk of homelessness and meet the HPRP Eligible Program Participant guidelines.

IMPLEMENTATION AND ALLOCATION

The Department submitted a substantial amendment to its Consolidated Plan 2008 Action Plan that also served as the Department's application for HPRP funds to HUD in May 2009 and HUD approved the Department's substantial amendment on June 26, 2009.

TDHCA released a Notice of Funding Availability (NOFA) for the HPRP funds, authorized by its Governing Board based on public input for both competitive portions of the HPRP funds. Applications were due May 29, 2009. Eligible applicants included units of general local government and private nonprofit organizations with an exemption under Section 501(c)(3) of the Internal Revenue Code exemption and whose professional activities included the promotion of social welfare and the prevention or elimination of homelessness.

To allocate funds regionally across the State, the Department used a regional allocation based on the 13 Uniform State Service Regions. Calculation of regional allocations utilized U.S. Census data for individuals in poverty as well as unemployment figures for December 2008, January and February 2009 provided by the Texas Workforce Commission.

STATUS OF FUNDS

The Department awarded HPRP funds to 58 eligible applicants. The contracts start date was September 1, 2009 and will end August 31, 2011. As required by ARRA, 60 percent of the HPRP funds must be expended within two years and 100 percent within three years or no later than July 16, 2012. The Department is on target to meet this deadline.

The following table shows the amount of funds awarded to HPRP subrecipients and the expended amounts from the beginning of the HPRP program to the end of the 2010 state fiscal year (August 31, 2010). Expenditures by subrecipients are \$19,757,245. Of the total award of \$41,472,772, 2.5% (\$1,036,819) was for administration for TDHCA. The total amount allocated to subrecipients was \$40,435,953.

Homelessness Prevention and Rapid Re-Housing Expenditures, as of August 2010

No.	Agency	County Served	Award Amount	2009/2010 EXPENDITURES as of 9/2010	Persons Served	HH Served	White	Black	Other	Hispanic	Non-Hispanic
1	Abilene Regional MHMR Center	Taylor, Jones, Callahan, Shackelford, Stephens	\$84,297	\$50,466	188	79	136	44	8	32	156
2	*Any Baby Can Of Austin, Inc.	Travis	\$341,507	\$135,942	287	67	248	35	4	237	50
3	*Caritas Of Austin	Travis	\$600,000	\$249,893	222	218	101	119	2	39	183
4	Caritas Of Austin	Travis	\$1,000,000	\$611,140	669	371	423	225	21	147	522
5	Catholic Charities Diocese Of Fort Worth, Inc.	Cooke, Wise, Denton, Palo Pinto, Parker, Erath, Hood, Johnson, Somervell	\$500,000	\$176,998	265	104	242	10	13	45	220
6	Catholic Charities Diocese Of Fort Worth, Inc.	Cooke, Wise, Denton, Palo Pinto, Parker, Erath, Hood, Johnson, Somervell	\$1,000,000	\$435,111	289	139	255	32	2	27	262
7	Catholic Charities Of Central Texas	Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano, Travis, Williamson	\$651,717	\$334,575	410	130	225	112	73	127	283
8	Catholic Charities Of Dallas, Inc.	Dallas, Collin, Grayson, Fannin, Rockwall, Hunt, Kaufman, Ellis, Navarro	\$1,000,000	\$585,357	536	200	279	246	11	110	426
9	Christian Community Action	Denton	\$1,000,000	\$529,070	460	174	261	183	16	109	351
10	City Of Brownsville	Cameron	\$1,000,000	\$199,535	299	118	297	2	0	299	0
11	City Of Dallas	Dallas	\$790,316	\$583,935	1,677	759	391	1,279	7	242	1,435
12	City Of Denton	Denton	\$826,697	\$267,587	715	210	474	150	91	116	599
13	City Of Irving	Dallas	\$1,000,000	\$283,384	214	100	145	66	3	87	127
14	City Of San Antonio, Department Of Community Initiatives	Bexar	\$1,000,000	\$493,459	502	149	352	60	90	333	169
15	Community Storehouse	Denton, Tarrant, Wise	\$999,955	\$484,828	481	136	330	91	60	95	386
16	Corpus Christi Metro Ministries, Inc.	Nueces	\$624,500	\$397,832	1,002	366	909	79	14	757	245

Stimulus Programs

No.	Agency	County Served	Award Amount	2009/2010 EXPENDITURES as of 9/2010	Persons Served	HH Served	White	Black	Other	Hispanic	Non-Hispanic
17	Crisis Center Of The Plains	Bailey, Briscoe, Castro, Crosby, Floyd, Hale, Hall, Lamb, Motley, Parmer, Swisher	\$308,500	\$189,894	1,163	285	1,060	100	3	645	518
18	*Dallas County Mental Health Mental Retardation Center	Dallas	\$320,905	\$133,592	266	154	105	136	25	41	225
19	East Texas Crisis Center, Inc.	Smith, Henderson, Van Zandt, Wood, Rains	\$201,679	\$80,123	509	206	408	96	5	107	402
20	El Paso Center For Children	El Paso	\$438,818	\$209,564	71	47	65	1	5	69	2
21	*El Paso Coalition For The Homeless	El Paso	\$414,489	\$134,674	90	65	83	7	0	78	12
22	El Paso County	El Paso	\$955,351	\$276,188	155	105	139	16	0	123	32
23	Families In Crisis, Inc.	Bell, Coryell	\$400,437	\$349,632	353	139	162	180	11	49	304
24	Family Place, The	Dallas	\$998,843	\$606,636	969	341	349	469	151	294	675
25	Family Violence Prevention Services, Inc.	Bexar	\$167,827	\$86,088	66	26	57	1	8	30	36
26	Grayson County Juvenile Alternatives Inc	Grayson, Fannin, Cooke	\$669,133	\$317,410	417	171	282	122	13	36	381
27	Houston Area Urban League	Fort Bend, Harris	\$644,727	\$312,218	186	112	39	147	0	30	156
28	Houston Area Women's Center	Harris	\$599,749	\$312,264	114	45	47	61	6	38	76
29	Loaves And Fishes Of The Rio Grande Valley, Inc.	Cameron, Willacy	\$937,120	\$171,584	197	57	196	1	0	184	13
30	Love I.N.C. Of Nacogdoches	Nacogdoches, Angelina, San Augustine, Shelby, Sabine	\$998,401	\$368,676	715	254	348	359	8	67	648
31	Memorial Assistance Ministries	Harris	\$1,000,000	\$548,905	481	143	275	189	17	280	201
32	Mid-Coast Family Services, Inc.	Calhoun, Dewitt, Goliad, Gonzales, Jackson, Lavaca, Victoria	\$495,513	\$290,794	833	301	684	126	23	527	306
33	Montgomery County Women's Center	Montgomery	\$1,000,000	\$448,958	399	132	245	128	26	61	338

Stimulus Programs

No.	Agency	County Served	Award Amount	2009/2010 EXPENDITURES as of 9/2010	Persons Served	HH Served	White	Black	Other	Hispanic	Non-Hispanic
34	New Hope Counseling Center, Inc.	Harris, Fort Bend	\$522,522	\$286,011	354	144	82	259	13	82	272
35	New Life Housing Foundation-Erath County	Erath	\$468,999	\$159,464	136	47	134	0	2	18	118
36	New Life Housing Foundation-Medina County	Medina	\$453,765	\$187,079	181	63	178	1	2	173	8
37	New Life Housing Foundation-Walker County	Walker	\$750,878	\$782,807	420	172	110	307	3	39	381
38	Northwest Assistance Ministries	Harris	\$1,000,000	\$653,818	463	169	88	372	3	37	426
39	Randy Sams' Outreach Shelter, Inc.	Bowie	\$511,892	\$186,913	723	383	289	420	14	15	708
40	Rockwell Fund, Inc.	Fort Bend, Galveston, Harris, Montgomery	\$998,000	\$432,930	503	151	243	246	14	125	378
41	Salvation Army For The DFW Metroplex Command	Dallas, Collin, Denton, Ellis, Tarrant	\$880,103	\$261,561	225	94	18	206	1	17	208
42	Salvation Army Of Abilene	Taylor, Jones, Callahan, Runnels, Nolan	\$400,000	\$181,269	272	109	184	86	2	112	160
43	Salvation Army Of Corpus Christi	Nueces	\$447,912	\$200,288	462	149	410	38	14	363	99
44	Salvation Army Of Galveston	Galveston	\$387,500	\$127,450	187	93	98	89	0	39	148
45	Salvation Army Of Houston	Harris	\$999,118	\$699,216	705	271	111	466	128	198	507
46	Salvation Army Of Kerrville	Kerr, Bandera, Edwards, Gillespie, Kendall, Kimble, Real	\$999,849	\$594,099	1,079	402	874	56	149	369	710
47	Salvation Army Of McAllen	Hidalgo	\$250,330	\$7,501	3	3	3	0	0	3	0
48	Salvation Army Of Midland	Midland	\$402,338	\$399,109	974	354	762	212	0	491	483
49	Salvation Army Of Tyler	Smith	\$810,255	\$313,380	1,033	525	387	635	11	146	887
50	Salvation Army Of Waco	McLennan, Falls, Bosque, Hill, Limestone, Freestone	\$999,980	\$429,207	1,241	475	600	630	11	279	962

Stimulus Programs

No.	Agency	County Served	Award Amount	2009/2010 EXPENDITURES as of 9/2010	Persons Served	HH Served	White	Black	Other	Hispanic	Non-Hispanic
51	San Antonio Metropolitan Ministry, Inc.	Bexar	\$1,000,000	\$769,247	2,003	734	1,486	462	55	1214	789
52	SEARCH	Harris	\$1,000,000	\$388,737	115	82	18	97	0	6	109
53	*SEARCH	Harris	\$396,738	\$188,173	60	50	19	41	0	13	47
54	Shelter Agencies Families In East Texas	Titus, Camp, Morris, Franklin, Hopkins, Lamar, Red River, Delta	\$538,350	\$261,705	322	125	175	146	1	59	263
55	Texas Rio Grande Legal Aid, Inc.	El Paso	\$251,023	\$132,515	399	120	372	26	1	352	47
56	Urban League Of Greater Dallas	Dallas	\$1,000,000	\$496,853	489	225	112	377	0	43	446
57	Wesley Community Center	Harris	\$995,920	\$313,731	288	120	62	194	32	53	235
58	Youth And Family Alliance DBA Lifeworks	Travis	\$1,000,000	\$647,874	448	160	321	110	17	268	180
	Total		\$40,435,953	\$19,757,245	28,285	11,123	16,748	10,348	1,189	9,975	18,310

* These subrecipients were awarded funds for pilot projects.

ADDITIONAL RESOURCES

See the substantial Amendment to the Consolidated Plan 2008 Action plan for the Homelessness Prevention and Rapid Re-Housing Program (HPRP) as approved by HUD posted on the TDHCA website at <http://www.tdhca.state.tx.us/recovery/detail-homelessness.htm>.

HOUSING TAX CREDIT RECOVERY ACT PROGRAMS

Two ARRA programs are administered by the Department to assist with the existing Low Income Housing Tax Credit (HTC) Program, the Tax Credit Assistance Program and the Housing Tax Credit Exchange Program. The HTC Program is an existing Department program and is the primary program used to develop affordable rental housing for working families. Through the HTC Program, the federal government encourages private investment in affordable rental housing by providing investors a dollar-for-dollar reduction on their federal tax liability for every dollar of eligible construction expenses. The current economic crisis has decreased demand for tax credits by investors. As a result, the pricing of tax credits has plummeted and many approved developments now lack the total funding needed for completion. This devaluation undermines the ability to develop housing with recently awarded tax credits.

HOUSING TAX CREDIT EXCHANGE PROGRAM

PROGRAM DESCRIPTION

Through ARRA, the Housing Tax Credit Exchange Program (HTC Exchange) administered through the U.S. Department of Treasury (Treasury) allows developments allocated HTCs in 2007, 2008, 2009 and 2010 to return their tax credits by December 31, 2010. The Department can exchange the returned credits with the Treasury for cash at a rate of \$0.85 for each dollar in credit returned. The total amount of national funding is estimated at \$3 billion and the Department received \$594,091,929. Administration of the program is led by the HTC Exchange Administrator and shared by several Department divisions, including the HOME and Multifamily Finance Production divisions with support from the Real Estate Analysis and Program Services divisions.

The HTC program can only be used for the new construction or rehabilitation/reconstruction of rental properties affordable to households earning up to 60 percent of the Area Median Family Income (AMFI), as determined by HUD.

IMPLEMENTATION AND ALLOCATION

The Department submitted two applications for HTC Exchange funds to Treasury in 2009. The first application was submitted on November 24, 2009 for \$333,226,792 and was subsequently granted on December 10, 2009. The second application was submitted on December 30, 2010 for \$260,865,137 and was subsequently granted on January 13, 2010. The total HTC Exchange grant funds provided by the Treasury is \$594,091,928.

As of this writing, 85 applicants have closed/executed the Exchange Subaward agreements. The 85 developments represent \$577,750,427. Of the remaining \$16,341,501, \$15,646,100 has been conditionally awarded to 5 additional applicants that are expected to close on or before December 1, 2010. The remaining HTC Exchange funds of approximately \$695,000 may be disbursed to an applicant. The amount of remaining HTC Exchange funds is subject to change since the 5 remaining transactions may close with slightly different final Exchange award amounts, depending on final underwriting and review process. If it is not allocated, the funds will be returned to Treasury on January 1, 2011.

Eligible applicants include HTC applicants that:

- received an allocation of HTC for award years 2007, 2008, 2009, and/or 2010;
- have paid all required tax credit commitment fees; and

- intend to return 100 percent of their HTC allocation.

The 2007 and 2008 HTC developments with a legally binding tax credit carryover will have priority for the allocation of HTC Exchange funds. Requests for HTC Exchange funds will be distributed based on each applicant's original selection score and the application of a modified Regional Allocation Formula. Changes to the Regional Allocation Formula emphasize at-risk and rural developments. At-risk funding targets will increase to 20 percent from 15 percent and the funding targets for rural developments will increase to 40 percent from 20 percent.

STATUS OF FUNDS

HTC Exchange Funding, as of November 8, 2010

FUNDING	Amount	Percent
Exchange funds committed to date (Executed Subawards)	\$ 577,750,427	97.25%
Exchange funds remaining (Per final REA/Subawards)	\$16,341,501	2.75%
Total Exchange dollars allocated to TDHCA from the Treasury Department	\$594,091,928	

There have been 7,795 units closed to date. The following table shows the allocated amounts and the awarded amounts from the beginning of HTC EX program to November 8, 2010.

HTC Exchange Subaward Recipients, as of November 8, 2010

Deal Name	City	Closing Date	Low-Income Units	Total Units	Subaward Amount
377 Villas	Brownwood	12/31/2009	73	76	\$5,955,888
Abilene Seniors Apartments	Abilene	8/25/2010	92	92	\$8,668,329
Anson Park Seniors	Abilene	2/22/2010	80	80	\$7,518,709
Arbor Pines	Orange	7/20/2010	76	76	\$6,725,114
Arrowsmith	Corpus Christi	6/29/2010	70	70	\$3,755,601
Aurora Meadows	Eagle Pass	6/29/2010	76	76	\$9,642,000
Autumn Villas	Lorena	9/29/2010	16	16	\$903,082
Brazos Bend Villas	Fort Bend	7/7/2010	120	120	\$11,555,478
Buena Vida Apartments	Corpus Christi	7/13/2010	100	100	\$7,532,749
Cambridge Crossing	Corsicana	2/12/2010	58	60	\$5,010,115
Canyons Retirement Community	Amarillo	10/27/2010	106	111	\$7,899,892
Carpenter's Point	Dallas	3/15/2010	150	150	\$11,321,332

Stimulus Programs

Deal Name	City	Closing Date	Low-Income Units	Total Units	Subaward Amount
Casa Brazoria	Clute	5/27/2010	36	36	\$7,448,709
Cedar Street Apartments	Browfield	5/7/2010	48	48	\$3,883,800
Champion Homes at Bay Walk	Galveston	9/28/2010	192	192	\$10,987,246
Chelsea Senior Community	Houston	5/19/2010	150	150	\$15,066,382
Cherrywood Apartments	West	9/30/2010	44	44	\$2,458,658
Constitution Court	Copperas Cove	5/27/2010	108	108	\$8,838,615
Courtwood Apts	Eagle Lake	9/30/2010	50	50	\$2,052,965
Creekside Villas Senior Village	Buda	2/3/2010	144	144	\$12,055,533
Crestmoor Apartments	Burleson	6/24/2010	68	68	\$3,041,202
Crowley Fountainhead St. Charles	Crowley	6/29/2010	52	52	\$2,096,644
Floral Gardens	Houston	7/28/2010	100	100	\$11,786,975
Gardens at Clearwater	Kerrville	1/29/2010	80	80	\$6,989,490
Gholson Hotel	Ranger	6/29/2010	50	50	\$3,028,922
Greenhouse	Houston	6/30/2010	140	140	\$12,426,601
Hacienda Del Sol	Dallas	6/22/2010	55	55	\$8,643,534
Hampton Villages	Pampa	3/4/2010	76	76	\$10,001,457
Harris Manor	Pasadena	6/21/2010	193	201	\$6,414,471
Heights at Coral	Kingsville	7/2/2010	80	80	\$5,755,096
Heritage Park Vista	Ft. Worth	3/26/2010	135	140	\$10,707,151
Heritage Square	Texas City	5/20/2010	50	50	\$3,058,062
Highland Manor	LaMarque	2/23/2010	134	141	\$11,138,884
Holland House	Holland	6/21/2010	68	68	\$3,622,969
HVM Alta Vista Apartments	Marble Falls	7/14/2010	64	64	\$2,936,283
HVM Mid-Town Apartments	Tomball	7/14/2010	54	54	\$2,549,514
Hyatt Manor I and II Apartments	Gonzales	9/28/10 - Escrow	65	65	\$2,551,331
Jackson Village	Lake Jackson	4/26/2010	92	96	\$8,009,337
Lakeview Apartments	Tyler	7/21/2010	134	140	\$12,169,238

Stimulus Programs

Deal Name	City	Closing Date	Low-Income Units	Total Units	Subaward Amount
Las Palmas Gardens Apartments	San Antonio	9/30/2010	100	100	\$6,223,846
Legacy Villas	Eagle Pass	7/23/2010	64	64	\$8,100,000
Leona Apartments	Uvalde	5/20/2010	40	40	\$1,148,900
Lexington Apartments	Angelton	7/9/2010	80	80	\$2,997,690
Lincoln Terrace	Fort Worth	6/15/2010	72	72	\$7,894,851
Lufkin Apartments	Lufkin	7/22/2010	80	80	\$6,094,394
Malibu Apartments	Austin	6/10/2010	428	476	\$15,400,000
Meaghan Point	Elsa	5/26/2010	80	80	\$10,164,292
Melbourn Apartments	Alvin	4/29/2010	110	110	\$12,250,999
Millie Street Apartments	Longview	5/3/2010	59	60	\$4,800,000
Mineral Wells Pioneer Crossing	Mineral Wells	2/15/2010	80	80	\$5,300,934
Montgomery Meadows	Huntsville	3/19/2010	48	48	\$4,519,862
Northgate Apts and Rhomberg Apts	Burnet	9/28/10 - Escrow	60	60	\$2,712,282
Oak Manor/Oak Village	San Antonio	4/7/2010	229	229	\$12,171,481
Oak Tree Village	Dickinson	3/19/2010	36	36	\$3,197,117
Oakwood Apartments	Brownwood	9/29/2010	47	48	\$2,123,128
Park Place Apartments	Cleveland	5/20/2010	60	60	\$4,301,518
Park Ridge	Llano	6/28/2010	62	64	\$5,645,838
Park View Terrace	Pharr	6/11/2010	100	100	\$9,498,011
Peachtree Seniors	Balch Springs	9/22/2010	144	144	\$14,834,619
Prairie Village Apartments	Rogers	9/30/10 - Escrow	24	24	\$1,279,003
Premier on Woodfair	Houston	7/9/2010	390	408	\$10,781,101
Residences at Stalcup	Fort Worth	5/4/2010	92	92	\$7,279,740
San Gabriel	Liberty Hill	6/2/2010	71	76	\$6,028,000
Sante Fe Seth Heritage Crossing	Santa Fe	7/9/2010	68	72	\$6,051,451
Senior Villages at Huntsville	Huntsville	5/21/2010	36	36	\$4,023,653

Stimulus Programs

Deal Name	City	Closing Date	Low-Income Units	Total Units	Subaward Amount
Sierra Meadows	Houston	6/30/2010	85	90	\$9,104,580
Southern View Apartments	Ft. Stockton	2/4/2010	47	48	\$3,807,300
Stone Hearst Seniors	Beaumont	6/10/2010	36	36	\$4,176,653
Stoneleaf at Dalhart	Dalhart	3/26/2010	76	76	\$6,150,599
Suncrest	El Paso	6/15/2010	100	100	\$3,362,746
Tierra Point	Karnes City	6/11/2010	76	80	\$8,597,850
Trebah Vilalges	Katy	3/5/2010	121	129	\$9,392,459
Tremont Apartments	Killeen	7/22/2010	112	112	\$10,224,660
Trinity Gardens	Liberty	7/7/2010	76	76	\$6,943,395
Turner Street	Palestine	6/16/2010	59	60	\$4,840,000
Village Place Apartments	Lorena	9/30/2010	32	32	\$ 1,747,030
Villages at Snyder	Snyder	3/12/2010	80	80	\$9,277,302
Villas at Beaumont	McAllen	5/7/2010	36	36	\$3,367,917
Villas on Raiford	Carrollton	8/19/2010	172	180	\$10,542,031
Vista Bonita Apartments	Houston	5/19/2010	118	118	\$10,822,758
Wentworth Apartments	Atascocita	4/28/2010	90	90	\$9,757,269
Weslaco Apartments	Weslaco	7/13/2010	120	120	\$10,021,149
West End Baptist Manor Apartments	San Antonio	9/30/2010	50	50	\$3,198,456
Whispering Oaks	Goldthwaite	8/27/2010	24	24	\$1,386,205
TOTAL AWARDED			7,649	7,795	\$577,750,427
REMAINING TO BE AWARDED					\$16,341,501
TOTAL					\$ 594,091,928

ADDITIONAL RESOURCES

For more information, see the Department's website at <http://www.tdhca.state.tx.us/recovery/detail-htc-exchange.htm>.

TAX CREDIT ASSISTANCE PROGRAM

PROGRAM DESCRIPTION

The Tax Credit Assistance Program (TCAP) provides funding through HUD to compensate for the current state of the investor market for Housing Tax Credits (HTCs). TDHCA received \$148,354,769 in TCAP funding. TCAP is administered through TDHCA's HOME division.

TCAP is modeled after the HOME Program which is also funded through HUD. ARRA seeks to address the loss in value of HTCs by allowing the Department to award TCAP funds to HTC developments adversely affected by current HTC market conditions. Eligible recipients for this funding are 2007, 2008 and 2009 HTC awardees. The HTC Program can only be used for the new construction or rehabilitation/reconstruction of housing units or adaptive reuse of commercial properties to provide housing units affordable to households earning up to 60 percent of the Area Median Family Income (AMFI), as determined by HUD.

IMPLEMENTATION AND ALLOCATION

The TCAP Plan was submitted to HUD by June 3, 2009 after a five-day public comment period. The Department revised the TCAP Plan on July 16, 2009 and HUD approved the Plan on July 23, 2009.

The Department released TCAP funds through a competitive process open to eligible entities. TDHCA held four application rounds with applications for the fourth round accepted until December 31, 2010. TCAP funds were allocated according to the HTC Regional Allocation Formula distributing funds to 13 state regions, and within those regions, to urban and rural areas. The HTC Regional Allocation Formula is based on regional need for affordable housing and includes an at-risk set-aside of 15 percent and rural set-aside of 20 percent. TCAP funds must be expended by February 16, 2012.

STATUS OF FUNDS

TCAP is currently over-subscribed based on the funding requests at application and the number of active applications. All (100%) of the funds have been conditionally awarded. The conditions to final award are: 1) Application Review; 2) Underwriting Review; and 3) Previous Participation Review.

A conditional award becomes an award when a TCAP Written Agreement has been fully executed. The award amount is shown in the first table below. The conditional award amount is shown in the second table below.

Tax Credit Assistance Program Funding, as of November 18, 2010

FUNDING	Amount	Percent
TCAP Funds Awarded	\$134,167,200.00	90%
TCAP Funds Conditionally Awarded	\$20,592,168.00	14%
Amount Over-Subscribed	(\$6,404,599.00)	
Total TDHCA TCAP Funds	\$148,354,769.00	

Contractor Allocation and Awards for Tax Credit Assistance Program,
as of November 18, 2010

Applicant Name	Project City	Total TCAP Award*	TCAP Loan Closed	Total Amount Drawn	Low-Income Units	Total Units
Akard Walk Residential, LLC	Dallas	\$4,028,185.00			200	200
Beaumont Grace Lake Townhomes, L.P.	Beaumont	\$2,200,000.00	9/30/2010		112	128
Beaumont Leased Housing Associates I, LP	Beaumont	\$3,409,016.00	7/19/2010	\$2,556,762	150	150
Beaumont Leased Housing Associates II, LP	Beaumont	\$2,261,410.00	7/19/2010	\$1,696,058	90	90
Beechnut Oaks LP	Houston	\$1,684,640.00	7/2/2010	\$421,160	144	144
Boerne Terraces at Cibolo Apartments, LP	Boerne	\$514,854.00	3/4/2010	\$514,854	150	150
Bowie Garden Apartments, LP	Brownsville	\$2,827,801.00	6/29/2010		86	86
Brownstone Pearland Senior Village, Ltd.	Pearland	\$1,800,000.00	4/20/2010	\$900,000	126	126
Buda Huntington Partners, Ltd.	Buda	\$1,593,040.00	2/11/2010	\$1,194,780	116	120
Cevallos Lofts, Ltd.	San Antonio	\$7,000,000.00	4/6/2010		63	252

Stimulus Programs

Applicant Name	Project City	Total TCAP Award*	TCAP Loan Closed	Total Amount Drawn	Low-Income Units	Total Units
Chicory Court VI, LP	Brownsville	\$2,950,000.00	11/1/2010	\$2,950,000	132	132
Corban Townhomes, L.P.	Corpus Christi	\$1,600,000.00	11/15/2010		128	128
Costa Esmeralda, Ltd.	Waco	\$5,200,000.00	5/17/2010	\$1,300,000	112	112
Costa Ibiza , Ltd.	Houston	\$1,500,000.00			216	216
Costa Mariposa, Ltd.	Texas City	\$2,500,000.00	8/9/2010	\$1,875,000	252	252
Costa Rialto, Ltd.	Houston	\$1,500,000.00			216	216
Costa Vizcaya II, Ltd.	Houston	\$1,025,000.00	10/29/2010		116	116
Costa Vizcaya, Ltd.	Houston	\$1,500,000.00			252	252
Crestshire Village, Ltd.	Dallas	\$3,350,000.00	8/3/2010		74	74
DDC Belmont, Ltd.	Leander	\$3,900,000.00	8/17/2010		168	192
Desert Villas, Ltd.	El Paso	\$3,100,000.00	5/12/2010	\$1,550,000	94	94
Encino Pointe, Ltd.	San Marcos	\$2,500,000.00	9/8/2010	\$1,875,000	252	252
Fairway Townhomes Housing, L.P.	Dallas	\$1,352,350.00	4/14/2010	\$1,352,350	297	302
Four Seasons at Clear Creek, Ltd.	Fort Worth	\$5,365,000.00	7/21/2010		92	96
Glenwood Trails LP	Deer Park	\$1,200,000.00			114	114
Horizon Meadows Apartments, Ltd.	La Marque	\$2,490,000.00	5/26/2010	\$562,901	96	96
Jason Avenue Residential LP	Amarillo	\$2,200,000.00	3/31/2010	\$1,650,000	252	252
Kerrville Clearwater Paseo Apartments, LP	Kerrville	\$2,440,146.00	12/31/2009	\$2,440,146	73	76
Lexington Court Phase II, LTD	Kilgore	\$1,296,300.00	2/12/2010	\$972,225	76	76
Mariposa Ella Blvd. LP	Houston	\$3,556,213.00	9/14/2010		180	180
Mesquite Terrace, Ltd.	Pharr	\$2,736,597.00	9/23/2010	\$2,736,597	106	106

Stimulus Programs

Applicant Name	Project City	Total TCAP Award*	TCAP Loan Closed	Total Amount Drawn	Low-Income Units	Total Units
Montabella Pointe, Ltd.	San Antonio	\$1,755,000.00	10/20/2010		144	144
Onion Creek Housing Partners, Ltd.	Fort Worth	\$1,500,000.00	5/5/2010	\$1,500,000	224	224
Palmas Apartments, Ltd.	El Paso	\$7,533,861.00	5/4/2010	\$5,650,396	172	172
PK Hillwood Apartments, LP	Weimar	\$994,497.00	10/4/2010		24	24
San Angelo River Place Apartments, LP	Tom Green	\$980,345.00	5/12/2010	\$735,259	120	120
San Elizario Palms, Ltd.	San Elizario	\$680,000.00			80	80
SDC Fiji Senior, LP	Dallas	\$5,550,000.00	5/19/2010	\$4,162,500	130	130
Senior Living at Emory, LP	Lubbock	\$2,746,454.00			102	102
Silsbee Oakleaf Estates, LP	Silsbee	\$529,396.00	9/20/2010	\$529,396	80	80
South Acres Ranch II, Ltd.	Houston	\$690,000.00	7/12/2010		48	49
South Acres Ranch, Ltd.	Houston	\$750,000.00			77	80
TF Development, LP	Dallas	\$1,412,476.00	11/9/2010		144	160
The Grand Reserve-Waxahachie, Ltd.	Waxahachie	\$3,420,000.00	1/13/2010	\$2,565,000	80	80
The Mirabella, Ltd.	San Antonio	\$6,175,000.00	4/14/2010		172	172
Timber Village Apartments II, Ltd.	Marshall	\$1,259,000.00	9/29/2010		72	72
Trinity Quality Housing, LP	Fort Worth	\$4,950,523.00	5/14/2010	\$3,712,893	168	168
UHF Magnolia Trace LP	Dallas	\$2,488,000.00	10/13/2010		112	112
UHF Tuscany Villas Housing, LP	Plano	\$1,855,000.00	9/16/2010		90	90
Vista Ridge Senior Community, L.P.	Lewisville	\$3,408,272.00	2/3/2010	\$2,556,204	120	120
Woodmont Apartments, Ltd.	Fort Worth	\$2,500,000.00	8/17/2010	\$1,875,000	252	252
WOV Apartments, LP	Houston	\$2,408,824.00	6/25/2010	\$1,806,618	232	232
TOTAL		\$134,167,200	n/a	\$93,331,480	7,178	7,443

* Based on the date TCAP Written Agreement was fully executed by all parties

Conditional Awards for Tax Credit Assistance Program, as of November 18, 2010

Applicant Name	Project City	Low-Income Units	Total Units	Total TCAP requested
ARDC San Marcos, Ltd.	San Antonio	252	252	\$2,000,000.00
ARDC Sutton, Ltd.	San Antonio	186	194	\$750,000.00
Beaumont Leased Housing Associates I, LP	Beaumont	150	150	\$618,990.00
Beaumont Leased Housing Associates II, LP	Beaumont	90	90	\$328,565.00
BETCO-Bowie Housing, L.P.	Bowie	42	48	\$2,000,000.00
Boerne Terraces at Cibolo Apartments, LP	Boerne	150	150	\$3,000,000.00
Boerne Terraces at Cibolo Apartments, LP	Boerne	150	150	\$5,000,000.00
HFI Wyndham Park Apartments, L.P.	Baytown	184	184	\$1,489,613.00
Presidio Palms, Ltd.	San Elizario	80	80	\$450,000.00
San Angelo River Place Apartments, LP	Tom Green	120	120	\$2,005,000.00
Senior Living at Emory, LP	Lubbock	102	102	\$450,000.00
The Colony Senior Community, L.P.	The Colony	145	145	\$1,500,000.00
The Gibraltar Senior, Ltd.	Clute	48	48	\$1,000,000.00
TOTAL		1,699	1,713	\$20,592,168

ADDITIONAL RESOURCES

For more information regarding TCAP funds, see the Department's TCAP website at <http://www.tdhca.state.tx.us/recovery/detail-tcap.htm>.

NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

The Neighborhood Stabilization Program (NSP) is a HUD-funded program. TDHCA received NSP 1 funding and is eligible to receive funds under NSP 3.

NSP 1

PROGRAM DESCRIPTION

The purpose of the program is to redevelop into affordable housing or acquire and hold abandoned and foreclosed properties in areas that are documented to have the greatest potential for declining property values as a result of excessive foreclosures. Units of local governments and nonprofit affordable housing providers are eligible to apply for these funds.

NSP 1 was authorized by HERA as a supplemental allocation to the Community Development Block Grant Program through an amendment to the existing *2008 State of Texas Consolidated Plan One-Year Action Plan*.

According to the NSP 1 Action Plan Substantial Amendment, each subrecipient will be required to set aside at least 35% of their non-administrative allocation to benefit households with incomes less than or equal to 50% of area median family income (AMFI). The balance of the subrecipient award will be used by the subrecipient to purchase the abandoned or foreclosed properties to rehabilitate and sell to households earning 120% AMFI or below.

IMPLEMENTATION AND ALLOCATION

TDHCA and the Texas Department of Rural Affairs TDRA have worked work together to administer the \$102 million in funds received from HUD. TDHCA is taking the lead role in this partnership.

- Direct Awards \$61 million (more urban areas)
- Select Pool \$19 million (more rural/smaller communities)
- Land Bank \$11 million
- Administration \$10 million

STATUS OF FUNDS

Because NSP is a multi-year program, most funds have not yet reached households; information on households served will be included in the 2012 State Low Income Housing Plan and Annual Report. The following tables show the allocated amounts per region and the awarded amounts from the beginning of the NSP program to the obligation date of October 2010.

NSP 1 Obligations, as of October 2010

Subrecipient	Total Subrecipient Obligations
Abilene Neighborhoods in Progress	\$5,000.00
Affordable Homes of South Texas, Inc.	\$3,638,760.10
Austin Habitat for Humanity, Inc.	\$1,209,600.00
Brownsville Housing Authority	\$2,934,248.95
Bryan-College Station Habitat for Humanity	\$94,500.00
Builders of Hope CDC	\$2,123,898.00
Central Dallas Community Development Corporation	\$1,159,375.00

Subrecipient	Total Subrecipient Obligations
City of Austin	\$1,796,876.75
City of Beaumont	\$1,121,413.00
City of Bryan	\$220,731.00
City of El Paso	\$354,375.00
City of Galveston	\$1,053,258.90
City of Garland	\$1,505,659.02
City of Harlingen	\$762,816.56
City of Houston	\$3,353,519.00
City of Huntsville	\$1,533,609.00
City of Irving	\$2,940,540.00
City of Laredo	\$1,807,441.51
City of Lubbock	\$716,874.70
City of Odessa	\$1,493,126.34
City of Port Arthur	\$1,418,352.53
City of San Angelo	\$525,000.00
City of San Marcos	\$365,701.29
City of Seguin	\$1,193,690.76
City of Terrell	\$49,554.35
City of Waelder	\$800,886.80
Community Development Corporation of Brownsville	\$3,868,571.00
Covenant Community Capital Corporation	\$5,796,000.00
Enterprise Community Partners, Inc.	\$6,009,618.42
FC Austin One Housing Corporation	\$4,682,918.74
Fort Worth Affordability, Inc.	\$4,724,901.00
Fort Worth Affordability, Inc.	\$6,863,850.00
Frazier Revitalization, Inc.	\$960,787.24
Housing Authority of the City of San Benito	\$525,000.00
Housing Authority of the County of Hidalgo	\$1,228,634.36
Inclusive Communities Project	\$1,868,139.11
Midland County Housing Authority	\$1,061,949.00
Neighborhood Housing Services of Waco, Inc.	\$1,036,186.20
Plano Housing Corporation	\$5,828.94
San Antonio Alternative Housing Corporation	\$3,307,928.00
Tarrant County Housing Partnership	\$5,630,397.05
Texas State Affordable Housing Corporation	\$6,068,750.00
Texoma Housing Finance Corporation	\$8,651,259.38
Travis County Housing Finance Corporation	\$427,479.00

NSP 1 Activity Funding, as of October 2010

Activities	Total Funds
Homebuyer Financing	\$1,019,320.00
Homebuyer Financing Setaside (benefits households at 50% AMFI)	\$1,166,193.52
Purchase and Rehabilitation	\$9,196,317.60
Purchase and Rehabilitation Setaside (benefits households at 50% AMFI)	\$37,370,884.75
Land Bank	\$11,284,087.64
Clearance and Demolition	\$2,610,250.21
Redevelopment	\$4,688,799.40
Redevelopment Setaside (benefits households at 50% AMFI)	\$24,723,872.97
Administration	\$4,837,279.91

ADDITIONAL RESOURCES

The NSP 1 Substantial Amendment and the Notice of Funding Availability (NOFA) may be accessed from the TDHCA website at <http://www.tdhca.state.tx.us/nsp/index.htm>. For more information, contact Marni Holloway, NSP Manager, at (512) 475-3726.

NSP 3**PROGRAM DESCRIPTION**

The purpose and eligible uses of funds under NSP3 duplicate those of NSP1, with an additional requirement to focus on rental housing.

IMPLEMENTATION AND ALLOCATION

A Roundtable will be held on December 3, 2010 to gather public input on the plan for use of NSP3 funds and the draft Substantial Amendment required by HUD will be presented to the TDHCA Governing Board at their January meeting. After a public comment period, the Amendment must be submitted to HUD by March 1, 2011. Funds will be available in the second quarter of 2011.

STATUS OF FUNDS

NSP3 was created by the Dodd-Frank Wall Street Reform Act on July 21, 2010. The allocation formula provides \$18,038,242 of Neighborhood Stabilization funds to the State of Texas. An amount of \$10,753,264 will be granted directly to communities impacted by the foreclosure crisis and TDHCA will receive \$7,284,978 to be distributed statewide.

ADDITIONAL RESOURCES

The NSP 3 information may be accessed on the TDHCA website at <http://www.tdhca.state.tx.us/nsp/index.htm>. For more information, contact Marni Holloway, NSP Manager, at (512) 475-3726.

NATIONAL FORECLOSURE MITIGATION COUNSELING PROGRAM (NFMC)

The Department applied for and received NFMC Round 2, NFMC Round 3 and NFMC Round 4. The Department is in the process of applying for NFMC Round 5.

NFMC ROUND 2

PROGRAM DESCRIPTION

HERA gave authority to NeighborWorks America to continue the National Foreclosure Mitigation Counseling (NFMC) Program, originally authorized by the FY 2008 Consolidated Appropriations Act. NFMC funds are federal funds available for foreclosure intervention counseling, training and administration expenses. The purpose of the program is to expand and supplement foreclosure counseling. All funds are targeted to “areas of greatest need” which are defined as areas experiencing a high rate of subprime lending, delinquent loans and foreclosure starts.

The three NFMC funding categories are Counseling Funds, Program-Related Support and Operational Oversight. Counseling funds are used to provide financial counseling to homeowners in danger of foreclosure. As described by NeighborWorks America, “Many clients in the early stages of delinquency may benefit from brief counseling sessions that result in an Action Plan they can follow to get back on track and prevent foreclosure. More complex workouts, sometimes involving negotiations with mortgage lenders or servicers, require staff with additional expertise and will take longer to resolve.”¹⁰⁷ Program-Related Support are funds used to support the direct costs associated with increasing effectiveness and efficiency of the foreclosure programs, such as funding outreach to delinquent clients, collecting data and uploading quarterly reports. Operational Oversight is only available for intermediaries and state housing finance agencies and is for the administration of the program.

The HUD-approved housing counseling agencies have written plans for providing counseling to homeowners in danger of foreclosure. Eligible recipients of foreclosure intervention counseling must be owner-occupants of single-family (one-to-four unit) properties with mortgages in default or danger of default. Many of the partner organizations work with toll-free foreclosure prevention hotlines.

IMPLEMENTATION AND ALLOCATION

In October 2008, TDHCA partnered with six HUD-approved foreclosure mitigation counseling organizations that met the NeighborWorks’ experience threshold in order to create an application for funding for NFMC Round 2. In December 2008, TDHCA was awarded \$491,490 for NFMC Round 2. At the September 4, 2008 TDHCA Board meeting, staff received approval to use up to \$250,000 in deobligated Housing Trust Fund funds for match to secure foreclosure mitigation assistance. To receive NFMC funds, the grantee must provide a 20 percent match for the first \$500,000 in funding it receives. Of the \$250,000 in Housing Trust Fund matching funds approved by TDHCA’s Board, \$98,298 was provided as match by TDHCA.

Of the NFMC amount, \$27,090 was allocated by NeighborWorks America for Operational Oversight of the grant. TDHCA jointly administered the program with the Texas State Affordable Housing Corporation (TSAHC).

¹⁰⁷ NeighborWorks America. (2010, January 19) National foreclosure mitigation counseling program funding announcement for round 4 funds. Retrieved from <http://www.nw.org/network/nfmcpc/documents/Round4FundingAnnouncementRedlinedFINAL.pdf>.

Funding was awarded to the partner nonprofit organization and local units of government included in the application submitted to NeighborWorks America. NFMC Round 2 reimbursed for counseling performed between January 1, 2009 and December 31, 2009. For NFMC Round 2, 30 percent of the funds were targeted to low-income or minority homeowners and low-income and minority neighborhoods.

Matching funding categories were designed similarly to NFMC funds. Counseling Match reimbursed Sub-grantees for counseling sessions if the Sub-grantee had exceeded Round 2 production goals or if the Sub-grantee had re-counseling a household that had received sub-standard counseling from a non-TDHCA-funded agency. Because Counseling Match was provided with funds from the Housing Trust Fund, the households served with Counseling Match had to be in the 0-80 percent area median family income category. Capacity-Building Match was modeled after NFMC's Program-Related Support. Capacity-Building Match was awarded based on a percentage of the counseling funds allocated by NeighborWorks America. Operational Oversight Match was allocated to TSAHC for program set up, sub-grantee technical assistance and auditing.

STATUS OF FUNDS

The final counseling sessions were uploaded in June 2010. NFMC Round 2 is in program review by NeighborWorks America. After review, NeighborWorks America will release the final draw.

NFMC Round 2 Households served by MSA

MSA/Location	Households (HH) Served	Counseling Ending in Foreclosure	HHs <50% AMFI	HHs 50-79% AMFI	HHs 80-100% AMFI	HHs >100% AMFI	White	Black	Other	Hispanic
Austin/Round Rock	393	1	147	138	66	42	328	51	14	201
Dallas/Fort Worth/Arlington	265	12	102	87	63	13	109	134	22	63
El Paso	65	0	61	4	0	0	3	3	59	58
Houston/Sugar Land/Baytown	281	2	112	44	42	83	113	162	6	80
San Antonio	125	0	16	29	27	53	113	12	0	98
Rural - Texas	7	1	3	2	2	0	6	1	0	0
Total	1,136	16	441	304	200	191	672	363	101	500

The foreclosure rate for households that received counseling was 1.4 percent compared to the Texas foreclosure rate of about 2 percent at the end of 2009.¹⁰⁸ Sixty-five percent of households served had incomes under 80 percent AMFI. Forty-one percent of households served were racial minorities and 44 percent were ethnic minorities.

The most successful tool used by counseling agencies in NFMC Round 2 was bringing the mortgage current, which was successful for 167 households. Other tools commonly used included initiating a forbearance agreement or initiating a repayment plan (137 households) and negotiation of mortgage modifications (127 households). Due to the nature of the counseling process, counseling may continue for many months while the counselors and homeowners negotiate with the servicer. The outcomes of the counseling sessions are illustrated in the table below.

¹⁰⁸ Houston Business Journal. (2010, February 19). Texas foreclosure rate hits 2%. Retrieved from <http://www.bizjournals.com/houston/stories/2010/02/15/daily45.html>.

NFMC Round 2 Counseling Outcomes by Households Served

Counseling Outcomes	Households
Bankruptcy	12
Brought mortgage current (with or without rescue funds)	167
Counseled and referred to another organization for assistance (e.g. legal, social service, emergency)	8
Counseled on debt management or referred to debt management agency	2
Currently in negotiation with servicer; outcome unknown	382
Currently Receiving Foreclosure Prevention/Budget Counseling	158
Foreclosure put on hold or in moratorium; final outcome unknown	7
Homeowner(s) sold property (not short sale)	10
Initiated Forbearance Agreement/Repayment Plan	137
Mortgage foreclosed	16
Mortgage modified	127
Mortgage refinanced	5
Obtained partial claim loan from FHA lender	5
Other	19
Pre-foreclosure sale/short sale	8
Withdrew from counseling	74
Total	1,137

NFMC Round 2 Funding by Organization

Counseling Agency	Metropolitan Statistical Areas Served	NFMC Funds Allocated	NFMC Funding Drawn	% NFMC Funds Drawn	Matching Funds Allocated/Expended	% Match Funds Drawn
City of San Antonio	San Antonio	\$65,880.00	\$64,507.50	97.9%*	\$9,783.00	100%
Credit Coalition	Beaumont/Port Arthur, Houston/Sugar Land/Baytown	\$11,160.00	11,160.00	100%	\$2,397.00	100%
El Paso Community Action Agency, Project Bravo	El Paso	\$16,740.00	\$16,740.00	100%	\$3,595.50	100%
Frameworks Community Development Corporation	Austin/Round Rock	\$128,700.00	\$128,700.00	100%	\$18,532.50	100%
Gulf Coast Community Services Association	Houston/Sugar Land/Baytown	\$104,040.00	\$101,872.50	97.9%*	\$16,263.00	100%
North Texas Housing Coalition	Dallas/Fort Worth/Arlington	\$137,880.00	\$135,007.50	97.9%*	\$22,083.00	100%
Texas Department of Housing and Community Affairs	N/A - Grantee	\$5,000.00	\$4,322.75	86.5%*	\$0.00	100%
Texas State Affordable Housing Corporation	N/A - Administrator	\$22,090.00	\$18,827.50	85.2%*	\$25,644.00**	100%
Total		\$491,490.00	\$481,137.75	97.8%	\$98,298.00	100%

*Does not include final draw; NeighborWorks America will release final draw after it approves the final review.

**TSAHC was allocated matching funds to establish the program oversight and fiscal process.

NFMC ROUND 3

PROGRAM DESCRIPTION

The Omnibus Appropriations Act of 2009 (Public law 111-8) continued the NFMC Program, Round 3. The purpose of NFMC Round 3 is the same as prior NFMC Rounds.

IMPLEMENTATION AND ALLOCATION

In August 2009, TDHCA partnered with nine HUD-approved foreclosure mitigation counseling organizations to submit an application for NFMC Round 3 to NeighborWorks America. In October 2009, TDHCA was awarded \$449,960 for NFMC Round 3. To receive NFMC funds, the grantee must provide a 20 percent match for the first \$500,000 in funding it receives. For matching funds, \$89,992 was made available by combined funds from TDHCA and TSAHC.

Of the NFMC amount, \$24,800 was allocated by NeighborWorks America for administration of the grant. TDHCA jointly administered the program with the Texas State Affordable Housing Corporation (TSAHC).

Funding was awarded to the partner nonprofit organization and local units of government included in the application submitted to NeighborWorks America. NFMC Round 3 reimburses for counseling performed between July 1, 2009 and June 30, 2010. Due to an adjustment to the allocation of counseling sessions between Metropolitan Statistical Areas, an extension was requested and received to extend the counseling performance period to December 31, 2010. For NFMC Round 3, 50 percent of the funds will be targeted to low-income or minority homeowners and 15 percent of the funds will be targeted to low-income and minority neighborhoods.

Counseling Match reimbursed Sub-grantees for counseling sessions if the Sub-grantee had exceeded Round 3 production goals. Because half of the Counseling Match was provided with funds from the Housing Trust Fund, half of the households served with Counseling Match had to be in the 0-80 percent area median family income category. Capacity-Building Match was modeled after NFMC's Program-Related Support. Capacity-Building Match was available up to \$2,000 for each Sub-grantee. Because NFMC was running efficiently, there was no need to allocate TSAHC Operational Oversight Match for Round 3.

STATUS OF FUNDS

The final counseling sessions were uploaded in August 2010. NFMC Round 3 is in its final reporting stage; once this is complete, the final draw will be released from NeighborWorks America. All counseling sessions were completed before NeighborWorks America's deadline.

NFMC Round 3 Households served by MSA

	Households (HH) Served	Counseling Ending in Foreclosure	HHs <50% AMFI	HHs 50-79% AMFI	HHs 80-100% AMFI	HHs >100% AMFI	White	Black	Other	Hispanic
Austin/Round Rock	418	19	178	125	54	61	325	77	16	177
Beaumont/Port Arthur	5	1	3	2	0	0	3	2	0	0
Brownsville/Harlingen	86	2	35	23	10	18	86	0	0	79
Corpus Christi	145	3	42	39	16	48	134	11	0	95
Dallas/Fort Worth/Arlington	182	3	60	63	45	14	114	53	15	67
El Paso	115	2	115	0	0	0	8	0	107	105
Houston/SugarLand/Baytown	118	1	37	27	20	34	46	64	8	32
McAllen/Edinburg/Mission	206	3	67	62	28	49	201	2	3	193
San Antonio	149	1	26	58	37	28	133	8	8	117
Rural - Texas	22	1	6	5	4	7	22	0	0	12
Total	1,446	36	569	404	214	259	1,072	217	157	877

The foreclosure rate for households that received counseling was 2.4 percent compared to the Texas foreclosure rate of about 2 percent 2009.¹⁰⁹ This percentage is slightly higher than the statewide average foreclosure rate, probably because these borrowers were already in financial distress and at risk of foreclosure when they sought help from the NFMC program. Sixty-seven percent of households served had incomes under 80 percent AMFI. Twenty-six percent of households served were racial minorities and 61 percent of households served were ethnic minorities.

The most successful tool used by counseling agencies was initiating a forbearance agreement or initiating a repayment plan, which was successful for 210 households. Other tools commonly used included negotiation of mortgage modifications (164 households) and bringing the mortgage current (89 households). Due to the nature of the counseling process, counseling may continue for many months while the counselors and homeowners negotiate with the servicer. The outcomes of the counseling sessions are illustrated in the table below.

¹⁰⁹ Ibid, 3.

NFMC Round 3 Counseling Outcomes by Households Served

Counseling Outcome	Households
Bankruptcy	84
Brought mortgage current (with or without rescue funds)	89
Counseled and referred to another organization for assistance (e.g. legal, social service, emergency)	37
Counseled on debt management or referred to debt management agency	4
Currently in negotiation with servicer; outcome unknown	588
Executed a Deed-in-Lieu	4
Foreclosure put on hold or in moratorium; final outcome unknown	8
Home lost due to tax sale or condemnation	1
Homeowner(s) sold property (not short sale)	12
Initiated forbearance agreement/repayment plan	210
Mortgage foreclosed	36
Mortgage modified	164
Mortgage refinanced	7
Obtained partial claim loan from FHA lender	5
Other	7
Pre-foreclosure sale/short sale	28
Withdrew from counseling	162
Total	1,446

NFMC Round 3 Funding by Organization

Counseling Agency	Metropolitan Statistical Areas Served	NFMC Funding Allocated	NFMC Funding Drawn	% NFMC Funds Drawn	Matching Funds Allocated/ Expended	% Match Drawn
Consumer Credit Counseling Service (CCCS) of South Texas	Brownsville/Harlingen, McAllen/Edinburg/Mission, Corpus Christi	\$91,800.00	\$89,805.00	97.8%*	\$51,192.00	100%
CCCS of Greater San Antonio	San Antonio	\$25,650.00	\$24,753.75	96.5%*	\$2,000.00	100%
Credit Coalition	Beaumont/Port Arthur, Houston/Sugar Land/Baytown	\$14,160.00	\$13,852.50	97.8%*	\$3,950.00	100%
El Paso Community Action Agency, Project Bravo	El Paso	\$26,100.00	\$25,533.75	97.8%*	\$6,200.00	100%
Frameworks Community Development Corporation	Austin/Round Rock	\$137,700.00	\$134,831.25	97.9%*	\$7,400.00	100%

Counseling Agency	Metropolitan Statistical Areas Served	NFMC Funding Allocated	NFMC Funding Drawn	% NFMC Funds Drawn	Matching Funds Allocated/ Expended	% Match Drawn
Gulf Coast Community Services Association	Houston/Sugar Land/Baytown	\$17,430.00	\$17,051.25	97.8%*	\$2,000.00	100%
North Texas Housing Coalition	Dallas/Fort Worth/Arlington	\$81,570.00	\$79,800.00	97.8%*	\$11,000.00	100%
New Vision Housing Alliance	Houston/Sugar Land/Baytown	\$3,600.00	\$3,525.00	97.9%*	\$2,000.00	100%
Our Casas Residents Council	San Antonio	\$19,167.00	\$19,167.00	100%	\$4,250.00	100%
Texas Department of Housing and Community Affairs	N/A - Grantee	\$7,983.00	\$7,983.00	100%	\$0.00	100%
Texas State Affordable Housing Corporation	N/A - Administrator	\$24,800.00**	\$24,180.00	95%*	\$0.00	100%
Total		\$449,940.00	\$440,482.5	97.9%*	\$89,992.00	100%

*Does not include final draw; requirements to receive the final draw have not been released from NeighborWorks America.

**TSAHC was allocated \$16,817 in Operational Oversight and \$7,983 in Program-Related Support funds to facilitate data collection and submission of quarterly reports.

NFMC ROUND 4

PROGRAM DESCRIPTION

The Consolidated Appropriations Act of 2010 (Public Law 111-117) appropriated \$65 million to NeighborWorks America for the continuation of NFMC. The purpose of NFMC Round 4 is the same as previous NFMC funds.

IMPLEMENTATION AND ALLOCATION

In February 2010, TDHCA partnered with twelve HUD-approved foreclosure mitigation counseling organizations to submit an application for NFMC Round 4 to NeighborWorks America. In April 2010, TDHCA was awarded \$58,293 for NFMC Round 4. Because of the small size of the award, only seven Sub-grantees were funded. For matching funds, \$11,658.60 was made available by combined funds from TDHCA and TSAHC.

Of the NFMC amount, \$3,213 was allocated for administration of the grant. TDHCA jointly administers the program with the TSAHC. An additional \$4,486.50 in Program-Related Support is allocated to TSAHC for data collection and submission of quarterly reports.

Based on the Metropolitan Statistical Area allocation awarded by NeighborWorks America and the capacity of the counseling agencies, seven of the twelve counseling agencies included in the original application were funded. For NFMC Round 4, 50 percent of the funds will be targeted to low-income or minority homeowners and 15 percent of the funds will be targeted to low-income and minority neighborhoods. NFMC Round 4 reimburses for counseling performed between December 1, 2009 and December 31, 2010.

Only Counseling Match was used as an expense category for matching funds. Because Counseling Match was provided with funds from the Housing Trust Fund, half of the households served with Counseling Match have to be in the 0-80 percent area median family income category. Counseling Match will reimburse Sub-grantees for counseling sessions if the Sub-grantee had exceeded Round

4 production goals. Counseling match was awarded up to \$5,829.30 on a first-come, first-served basis.

STATUS OF FUNDS

Round 4 began during the week of October 25, 2010 and is on schedule to finish by December 31, 2010. As of this writing, Draw 1, out of five draws, has been received. Matching funds were available for counseling agencies that performed over and above what was in their contract, up to \$5,829.30. In the first draw request from Sub-grantees, all the matching funds were allocated.

NFMC Round 4 Funding by Organization, as of November 2010

Counseling Agency	Metropolitan Statistical Areas Served	NFMC Funding Allocated	NFMC Funding Drawn	% NFMC Funding Drawn	Matching Funds Allocated	% Match Drawn
Consumer Credit Counseling Service (CCCS) of Greater Dallas	Amarillo, Tyler	\$999.00	\$0	0%	0	0%
CCCS of South Texas	Brownsville/Harlingen, McAllen/Edinburg/Mission, Corpus Christi, Victoria	\$7,492.50	\$1,800	24%	0	0%
Credit Coalition	Beaumont/Port Arthur, Houston/Sugar Land/Baytown, Rural	\$4,536.00	\$1,050	23.1%	0	0%
El Paso Community Action Agency, Project Bravo	El Paso	\$1,332.00	\$420	31.5%	\$5,829.30	0%
Frameworks Community Development Corporation	Austin/Round Rock	\$14,319.00	\$3,150	30%	\$5,829.30	0%
North Texas Housing Coalition	Dallas/Fort Worth/Arlington	\$18,315.00	\$4,350	23.8%	0	0%
Our Casas Residents Council	San Antonio	\$3,600.00	\$750	20.1%	0	0%
Texas Department of Housing and Community Affairs	N/A - Grantee	\$2,000.00	\$700	35%	0	0%
Texas State Affordable Housing Corporation	N/A - Administrator	\$5,699.50*	\$2,157.05	37.8%	0	0%
Total		\$58,293.00	\$14,377.05	24.7%	\$11,658.60	0%

*TSAHC was allocated \$1,213.00 in Operational Oversight and \$4,486.50 in Program-Related Support funds to facilitate data collection and submission of quarterly reports.

ADDITIONAL RESOURCES

Homeowners in danger of foreclosure can find a HUD-approved foreclosure counselor at <http://www.findaforeclosurecounselor.org>. For additional information on the NFMC program, see the NeighborWorks America website at <http://www.nw.org/network/nfmcp/>.

NFMC ROUND 5

PROGRAM DESCRIPTION

The federal FY 2011 budget will continue the NFMC Program, Round 5. The purpose of NFMC Round 5 is the same as previous NFMC Rounds.

IMPLEMENTATION AND ALLOCATION

In December 2010, TDHCA sent out an invitation to all HUD-approved housing counselors, with contact information found on HUD's website at <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>. TDHCA will partner with interested HUD-approved Housing counselors to submit an application to Neighborworks America by January 6, 2011. To receive NFMC funds, the grantee must provide a 20 percent match for the first \$500,000 in funding it receives and 10 percent match for any amount in excess of \$500,000.

ADDITIONAL RESOURCES

Homeowners in danger of foreclosure can find a HUD-approved foreclosure counselor at <http://www.findaforeclosurecounselor.org>. For additional information on the NFMC program, see the NeighborWorks America website at <http://www.nw.org/network/nfmc/>.

WEATHERIZATION ASSISTANCE PROGRAM

DESCRIPTION OF PROGRAM

The Weatherization Assistance Program (WAP) is funded through the U.S. Department of Energy (DOE). ARRA expands the Department's existing Weatherization Assistance Program, which was previously funded approximately \$13,000,000 per year through the DOE and the U.S. Health and Human Services' Low Income Home Energy Program (LIHEAP). The Department received \$326,975,727 in WAP Recovery Funds. WAP is administered through the Community Affairs Division.

The Weatherization Assistance Program allocates funding to help households control energy costs through the installation of weatherization measures and through energy conservation education. Activities include measures to reduce air infiltration, such as replacement of doors and windows, repairing of holes and caulking; installation of ceiling, wall and floor insulation; replacement of energy inefficient appliances and heating and cooling units; and energy education to help families reduce their energy consumption.

The ARRA WAP program is able to benefit from the success of the pre-existing program. The Recovery Act allowed the increase of the income limit for households served from 125 percent to 200 percent of federal poverty guidelines and the Department has increased the income limits to 200 percent. This income limit increase will result in the eligibility of more households in Texas. The Recovery Act increased the maximum percentage of funds that can be used for training and technical assistance from 10 to 20 percent of the total award amount. ARRA also raised the monetary cap (WAP funds only) that may be spent on each household from \$3,044 in 2009 to \$6,500. Priority households include the elderly, persons with disabilities, families with young children, households with the highest energy costs or needs in relation to income (highest home energy burden) and households with high energy consumption.

IMPLEMENTATION AND ALLOCATION

The Department submitted a Plan for WAP ARRA funds to DOE on March 23, 2009. The DOE approved the Department's WAP Plan and the release of half the total funds on July 10, 2009.

The allocation formula for WAP uses the following five factors and corresponding weights to distribute funds to all 254 counties in Texas through the existing network of providers: non-elderly poverty household factor (40 percent); elderly poverty household factor (40 percent); inverse poverty household density factor (5 percent); median income variance factor (5 percent); and weather factor (10 percent).

The pre-existing Weatherization Assistance Program is administered by an existing subrecipient network comprised of 32 agencies that provide weatherization services to all 254 counties in Texas. Moreover, 11 cities were temporarily added to the existing network because of the significant increase in Recovery Act WAP funding compared to the historical WAP funding and the short timeframe for expenditure.

The projections for Recovery Act WAP awarded in 2009 with performance period lasting until March 2012: \$326,975,732 funding allocated to weatherize 33,908 units. Note that ARRA WAP is a one-time multiyear funding award.

The TDHCA Weatherization Training Academy is an educational service of TDHCA which manages WAP. The TDHCA Weatherization Training Academy is funded by the U.S. Department of Energy and ARRA. TDHCA established the Training Academy with the purpose of providing quality training and technical assistance to the members of the WAP subrecipient network. To be eligible to attend and receive training and technical assistance, individuals must be members of the TDHCA subrecipient network or an authorized subcontractor of the TDHCA WAP subrecipient network. The Training Academy is not available to the general public. Training Academy courses include Basic and Advanced Weatherization, Weatherization Program Management, Lead Safe Renovator, Multifamily Weatherization, NEAT/MHEA Weatherization Audit, Mobile Home Weatherization, and HVAC Weatherization.

STATUS OF FUNDS

The following tables show the allocated amounts per region and the awarded amounts from the beginning of ARRA WAP program to October 31, 2010.

As of November 2010, the WAP Training Academy had provided 145 classes, trained a total of 1,928 students and provided a total of 62 days of technical assistance. The Training Academy timeline is from October 2009 through March 2012

WAP ARRA Funding for Sub-recipients

Funding Category	Amount
Sub-recipients Program	\$291,372,343
Sub-recipients Training and Technical Assistance	\$5,571,225
Subs. Total	\$296,943,567 *

WAP ARRA Funding for TDHCA

Funding Category	Amount
State Administrative funds	\$14,349,967
State Training and Technical Assistance	\$15,682,198 (\$4,767,170 used for training academy)
State Total	\$30,032,165

WAP ARRA Funding, Total

Funding Category	Amount
Grand Total	\$326,975,732

*The total distributed to Sub-recipients differs between this chart and the spreadsheet below due to funds held by TDHCA that were received from Sub-recipients that were terminated from the program.

WAP ARRA Expenditures, as of October 31, 2010

#	Subrecipient	Counties Served	Allocation	Expenditures	HH Served	White	Black	Hispanic
1	Alamo Area Council of Governments	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	\$ 14,519,919	\$ 4,469,194	994	199	177	578
2	Alamo Area Council of Governments for Community Council of South Central TX	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	\$ 1,000,000	\$ 80,764	17	6	1	10
3	Bee Community Action Agency	Bee, Live Oak, McMullen, Refugio	\$ 1,137,192	\$ 301,977	49	2	15	32
4	Big Bend Community Action Committee, Inc.	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	\$ 2,376,922	\$ 911,728	120	9	-	111
5	Brazos Valley Community Action Agency, Inc.	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	\$ 6,012,088	\$ 1,676,445	291	139	102	47
6	Brazos Valley Community Action Agency, Inc. for City of Huntsville	Walker	\$ 500,000	\$ 105,265	7	1	5	1
7	Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	\$ 5,253,463	\$ 2,440,786	410	8	-	402
8	Cameron and Willacy Counties Community Projects, Inc. for Community Devl. Corp. of Brownsville	Cameron	\$ 500,000	\$ -	-	-	-	-
9	City of Arlington	Tarrant	\$ 2,188,456	\$ 840,490	166	82	43	32
10	City of Austin - Austin Energy	Travis	\$ 5,969,774	\$ 1,285,665	230	68	66	86
11	City of Beaumont	Jefferson	\$ 1,506,338	\$ 470,045	111	13	94	4

#	Subrecipient	Counties Served	Allocation	Expenditures	HH Served	White	Black	Hispanic
12	City of Brownsville	Cameron	\$ 3,281,585	\$ 1,801,759	184	2	-	182
13	City of Corpus Christi	Nueces	\$ 3,163,472	\$ 1,028,427	372	24	21	327
14	City of Dallas Department of Housing	Dallas	\$ 13,306,985	\$ 3,224,364	438	27	332	78
15	City of El Paso	El Paso	\$ 8,020,066	\$ 2,175,797	442	42	181	215
16	City of Fort Worth	Tarrant	\$ 5,270,464	\$ 1,938,303	317	66	212	29
17	City of Houston	Harris	\$ 23,571,279	\$ 3,093,264	683	81	343	226
18	City of Laredo	Webb	\$ 3,395,441	\$ 279,950	38	-	-	38
19	City of Lubbock	Lubbock	\$ 2,544,609	\$ 840,216	145	48	34	63
20	City of Lubbock	Lubbock	\$ 2,234,926	\$ 1,038,483	153	85	18	50
22	City of Odessa	Ector	\$ 1,175,064	\$ 651,937	108	28	16	63
23	City of San Antonio	Bexar	\$ 12,432,609	\$ 5,199,426	996	180	123	689
24	Combined Community Action, Inc.	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	\$ 3,461,915	\$ 1,926,371	290	168	54	68
25	Combined Community Action, Inc. for Fort Bend Community Revitalization Projects	Fort Bend	\$ 1,000,000	\$ 126,602	13	2	8	2
26	Community Action Committee of Victoria	Aransas, Brazoria, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	\$ 4,766,792	\$ 2,279,553	483	203	88	190
27	Community Action Corp. of South Texas	Brooks, Hidalgo, Jim Wells, Kenedy, Kleberg, San Patricio	\$ 10,913,796	\$ 5,029,494	879	88	8	783
28	Community Action Corp. of South Texas for the City of McAllen	Hidalgo	\$ 1,580,866	\$ 409,131	95	4	-	90
29	Community Action Program, Inc.	Brown, Callahan, Comanche, Eastland,	\$ 329,424	\$ 276,923	43	33	4	6

#	Subrecipient	Counties Served	Allocation	Expenditures	HH Served	White	Black	Hispanic
		Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton						
30	Community Action Program, Inc. - For City OF Abilene	Taylor	\$ 116,053	\$ 116,052	13	5	2	5
31	Community Action Program, Inc. for Abilene Neighborhoods in Progress	Taylor	\$ 7,333	\$ 7,333	1	-	1	-
32	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	\$ 800,361	\$ 367,483	50	2	3	45
33	Community Services Agency of South Texas, Inc.	Dimmit, Edwards, Kinney, La Salle, Maverick, Real, Uvalde, Val Verde, Zavala	\$ 3,685,430	\$ 853,691	135	9	1	125
34	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	\$ 9,778,693	\$ 2,599,653	430	288	97	40
35	Community Services, Inc. - For City of Denton	Denton	\$ 748,195	\$ 69,698	15	11	1	2
36	Community Services, Inc. - For City of Lewisville	Denton	\$ 294,106	\$ 22,548	3	2	-	1
37	Community Services, Inc. - For City of Tyler	Smith	\$ 869,039	\$ 93,824	13	1	11	1
38	Community Services, Inc.- For City of Plano	Collin	\$ 603,588	\$ 39,101	10	6	3	1
39	Community Services, Inc. for Greenville Electric Utility System	Hunt	\$ 500,000	\$ 95,917	16	9	7	-
40	Community Services, Inc. for Life Rebuilders Inc.	Ellis, Kaufman	\$ 1,000,000	\$ 9,459	-	-	-	-

#	Subrecipient	Counties Served	Allocation	Expenditures	HH Served	White	Black	Hispanic
41	Concho Valley CAA - For City of San Angelo	Tom Green	\$ 843,434	\$ 396,775	54	19	3	32
42	Concho Valley Community Action Agency	Coke, Coleman, Concho, Crocket, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	\$ 1,000,000	\$ 225,706	100	7	11	82
43	Concho Valley Community Action Agency for Rebuilding Together (San Angelo)	Tom Green	\$ 3,620,250	\$ 768,572	31	1	3	26
44	Dallas County - DCHHS - For City of Carrollton	Dallas	\$ 384,835	\$ 322,101	47	1	2	44
45	Dallas County- DCHHS - For City of Garland	Dallas	\$ 1,208,954	\$ 703,430	109	27	26	35
46	Dallas County - DCHHS - For City of Grand Prairie	Dallas	\$ 890,641	\$ 738,555	111	14	15	62
47	Dallas County - DCHHS - For City of Irving	Dallas	\$ 1,285,388	\$ 764,842	135	26	5	104
48	Dallas County- DCHHS - For City of Mesquite	Dallas	\$ 532,174	\$ 225,873	33	16	9	7
49	Dallas County - DCHHS - For City of Richardson	Dallas	\$ 361,390	\$ 232,896	70	8	3	57
50	Dallas County Department of Health and Human Services	Dallas	\$ 13,476,216	\$ 6,080,607	856	85	452	299
51	Dallas County Department of Health and Human Services for Rebuilding Together (Greater Dallas)	Dallas	\$ 1,000,000	\$ 490,054	77	38	16	23
52	Economic Opportunities Advancement Corporation of PR XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	\$ 3,800,849	\$1,683,115	226	101	107	7
53	El Paso Community Action Program, Project Bravo, Inc.	El Paso	\$ 7,272,128	\$ 2,927,433	500	8	2	490

#	Subrecipient	Counties Served	Allocation	Expenditures	HH Served	White	Black	Hispanic
54	El Paso Community Action Program, Project Bravo, Inc. For El Paso Collaborative for Comm/Econ Development	El Paso	\$ 998,820	\$ 162,926	34	-	-	34
55	El Paso Community Action Program, Project Bravo, Inc. for City of Socorro	El Paso	\$ 500,000	\$ 140,685	24	-	-	24
56	EOAC of Planning Region XI - For City of Waco	McLennan	\$ 1,769,084	\$ 915,965	131	13	102	15
57	Fort Worth, City of, Department of Housing	Tarrant	\$ 7,624,994	\$ 2,856,670	498	164	110	41
58	Greater East Texas Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	\$ 5,848,602	\$ 1,638,857	258	128	121	9
59	Hill Country CAA- For City of Killeen	Bell	\$ 707,722	\$ 135,476	20	8	10	1
60	Hill Country Community Action Association, Inc.	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	\$ 4,433,555	\$ 1,545,187	200	146	4	49
61	Hill Country Community Action Association, Inc. for City of Georgetown	Williamson	\$ 500,000	\$ 49,069	7	6	-	1
62	Hill Country Community Action Association, Inc. for Williamson Burnet County Opportunities	Burnet, Williamson	\$ 500,000	\$ 172,202	23	19	3	1
63	Institute of Rural Development, Inc.	Duval	\$ 451,415	\$ 105,050	27	-	-	27
64	Nueces County Community Action Agency	Nueces	\$ 3,169,161	\$ 1,914,988	292	34	53	205
65	Panhandle Community	Armstrong, Briscoe,	\$ 6,186,247	\$ 858,847	306	228	14	62

#	Subrecipient	Counties Served	Allocation	Expenditures	HH Served	White	Black	Hispanic
	Services	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						
66	Panhandle Community Services - For City of Amarillo	Randall	\$ 1,581,844	\$ 593,590	99	30	40	19
67	Programs for Human Services, Inc.	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	\$ 6,397,787	\$ 3,300,756	525	222	243	30
68	Rolling Plains - For City of Wichita Falls	Wichita	\$ 821,832	\$ 497,921	114	56	39	19
69	Rolling Plains Management Corporation	Archer, Baylor, Cottle, Clay, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young	\$ 8,435,638	\$ 1,092,994	225	171	16	30
70	Sheltering Arms Sr Svcs for City of Pasadena*	Harris	\$ 1,431,646	\$ -	-	-	-	-
71	Sheltering Arms, Inc.	Harris	\$ 22,352,062	\$ 9,067,206	2,374	225	1,780	308
72	South Plains Community Action Association	Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Motley, Terry, Yoakum	\$ 1,643,044	\$ 777,472	129	33	6	90
73	South Plains Community Action Association	Jim Hogg, Starr, Zapata	\$ 1,795,845	\$ 634,051	106	44	5	57
74	South Texas Development Council		\$ 1,827,920	\$ 343,373	85	-	-	85

#	Subrecipient	Counties Served	Allocation	Expenditures	HH Served	White	Black	Hispanic
75	Texoma Council of Governments	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	\$ 5,963,409	\$ 2,931,665	519	369	133	14
76	Travis County	Travis	\$ 4,622,699	\$ 549,333	196	5	36	153
77	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	\$ 3,489,424	\$ 211,064	15	6	9	-
78	Webb County Community Action Agency	Webb	\$ 2,426,009	\$ 599,128	91	-	-	91
79	West Texas Opp. - For City of Midland	Midland	\$ 766,683	\$ 237,425	48	8	14	26
80	West Texas Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	\$ 4,999,064	\$ 2,264,369	449	181	60	207
			\$ 296,737,008	\$ 97,333,345	17,904	4,388	5,523	7,488

****Allocation made in SFY 2010, reporting to begin in SFY 2011.**

Some Subrecipients were awarded multiple ARRA WAP contracts on behalf of cities that opted to not participate in the program.

ADDITIONAL RESOURCES

See the Department plan approved by DOE; U. S. Department of Energy State Plan, ARRA; and Weatherization Assistance Program for Low-Income Persons posted on the TDHCA website at <http://www.tdhca.state.tx.us/recovery/detail-wap.htm>

SECTION 6: DISASTER RECOVERY

Similar to the Stimulus Programs, Disaster Recovery programs are temporary programs targeted to certain areas to address specific issues arising from events in time. Because of the large amount of funds the Disaster Recovery division administers and because Disaster Recovery is based on a multi-year schedule and not a state fiscal year schedule, the Disaster Recovery Division has its own chapter in the State Low Income Housing Plan and Annual Report (this document). The Disaster Recovery Division primarily administers Community Development Block Grant Disaster Recovery Programs.



Eduardo and Ana Cardenas receiving the keys to their home, the 1,500th home rebuilt after Hurricane Rita under the Community Development Block Grant Disaster Recovery Program.

CDBG DISASTER RECOVERY PROGRAMS RITA ROUND 1 AND ROUND 2 OVERVIEW

The 2005 hurricane season was one of the most extreme in recorded history. The gulf coast of Texas was hit by several huge storms that caused tremendous destruction. In August, Hurricane Katrina made landfall in Louisiana and then in September, 2005, Hurricane Rita made landfall near Sabine Pass on the southeast Texas Gulf Coast. The rages of Hurricane Rita left over 75,000 homes in southeast Texas severely damaged or destroyed. Of these homes, approximately 40,000 homeowners were uninsured. As a result of Hurricane Katrina, Texas experienced an influx of evacuees from Louisiana. It is estimated that Texas absorbed more than 400,000 evacuees shortly after the storms. The overall impact of Hurricanes Katrina and Rita in Texas was widespread and evident. According to the Federal Emergency Management Agency (FEMA), 640,968 Katrina and Rita applicants for assistance were residing in Texas as of February 1, 2006.

The State of Texas prepared the *Texas Rebounds* report to estimate the financial impact of Hurricanes Rita and Katrina. The report indicates a total of \$2.017 billion is needed to meet the needs presented by Hurricanes Rita and Katrina. ¹¹⁰

Texas Rebounds Summary of Recovery Needs – Rita & Katrina

Housing Assistance	\$367 million
Public Safety	\$18.7 million
Community & Economic Development	\$71.1 million
Critical Infrastructure	\$498.3 million
Agriculture, Forestry and Rural Assistance	\$170.0 million
Social Services and Emergency Assistance	\$125.1 million
Transportation Infrastructure	\$54.4 million
Workforce Services	\$115 million
Educational Services	\$412.6 million
Navigation and Waterway Repairs	\$59.0 million
Health Care and Mental Health Services	\$126.2 million
TOTAL	\$2.017 billion

¹¹⁰ Office of the Governor. (2006, February) *Texas Rebounds: Helping our Communities and Neighbors Recover from Hurricanes Rita and Katrina*. Retrieved from <http://www.governor.state.tx.us/files/press-office/Texas-Rebounds.pdf>.

However, to date, the State of Texas has been allocated only \$503.19 million in Community Development Block Grant (CDBG) disaster recovery funds. The CDBG disaster recovery funds in combination with FEMA funds, Small Business Administration (SBA) efforts and other assistance, do not fulfill the financial needs to achieve long-term sustainable and resilient recovery.

In an effort to help states recover from these devastating storms, Congress appropriated funds through the U.S. Department of Housing and Urban Development (HUD)'s CDBG program. Texas received an initial allocation from HUD of \$74,523,000 in February 2006 (Public Law 109-148). Recognizing the ongoing need, Congress made a second appropriation in June 2006 (Public Law 109-234) resulting in \$428,671,849 to the State of Texas. The Texas Department of Housing & Community Affairs (TDHCA) was designated as the lead agency for these two disaster recovery CDBG allocations. The Texas Department of Rural Affairs (TDRA) administered the non-housing funds in agreement with TDHCA. The funds must meet one of HUD's national objectives of urgent need, removal of slum or blight, or households with incomes not exceeding 80 percent Area Median Family Income (AMFI).

RITA ROUND 1 ACTIVITIES AND ALLOCATION

Hurricane Rita First Supplemental (\$74.5 million), Public Law 109-148

The first round of funding (Rita Round 1) of \$74.5 million was administered by the three Councils of Governments (COGs) in the affected areas. Over fifty-six percent of the Rita Round 1 funding was dedicated to housing activities to help the residents of southeast Texas recover. The Houston-Galveston Area Council (HGAC), the South East Texas Regional Planning Commission (SETRPC) and Deep East Texas Council of Governments (DETCOG) utilized their CDBG allocation to provide assistance to households in their local counties and cities with the greatest need. The CDBG disaster recovery program operated under a reimbursement program, meaning that funds were reimbursed to the COG once program expenditures were made.

Housing activities under Rita Round 1 included single-family demolition, repair, rehabilitation, reconstruction and new construction as appropriate for the specific local needs.

RITA ROUND 1 REPORTING

Rita Round 1 represents the first of two awards to help restore and rebuild in areas of the State most directly impacted by Hurricane Rita. As of October 2010 all construction activities were complete for Rita Round 1 funding. COGs continue to draw funds for reimbursement, even though construction is complete. Also, approximately \$218,000 in unobligated funds has been transferred to Rita Round 2 to assist the same population under the Texas Homeowner Assistance Program.

Construction Activities Complete as of September 30, 2010

- 531 single family homes rehabilitated or reconstructed

Financial Summary

COGs	Current Budget	Admin \$ Drawn To Date	Project \$ Drawn To Date	Total Drawn	% of Funds Drawn
DETCOG	\$6,674,546.00	\$674,361.00	\$6,000,185.00	\$6,674,546.00	100.00%
H-GAC	\$6,657,096.00	\$928,253.75	\$5,314,868.64	\$6,243,122.39	93.78%
SETRPC	\$27,421,536.00	\$3,182,367.87	\$22,584,778.33	\$25,767,146.20	93.97%
Totals	\$40,753,178.00	\$4,784,982.62	\$33,899,831.97	\$38,684,814.59	94.92%

The following counties were included in the COG housing programs:

DETCOG: Angelina, Jasper, Nacogdoches, Newton, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity and Tyler

H-GAC: Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Walker

SETRPC: Hardin, Jefferson and Orange

RITA ROUND 2 ACTIVITIES AND ALLOCATION

Hurricanes Rita and Katrina 2nd Supplemental (\$428.6 million), Public Law 109-234

Texas received a second round of funding of \$428.6 million in August 2006 for long-term recovery assistance. The 2nd Supplemental is referred to as Rita Round 2 and is the second allocation of CDBG funding to help restore and rebuild in areas of the State most directly impacted by Hurricane Rita. These funds also address needs of Katrina evacuees in Houston and Harris County.

The action plan for the second round of CDBG funding for disaster recovery was approved by HUD in April 2007. The housing funds are divided among a Homeowners Assistance Program, the Sabine Pass Restoration Program, the Multifamily Rental Housing Stock Preservation Program, the Restoration of Critical Infrastructure Program and the City of Houston and Harris County Public Service and Community Development Program, which are described below. The City of Houston and Harris County received assistance to address increased demands in public services, law enforcement, judicial services and community development in areas that have experienced a dramatic population increase due to an influx of Hurricane Katrina evacuees.

The Homeowner Assistance Program is available for homeowners with incomes up to 80 percent of AMFI whose homes were damaged by Hurricane Rita. All grant amounts or deferred forgivable loans are based on damage to the dwelling and used for rehabilitation and new construction. The goal of the state-administered Housing Assistance Program (HAP) under Rita Round 2 is to replace or rehabilitate approximately 2,500 homes. Unlike the application process for Rita Round 1 in which the homeowners applied to COGs, for Rita Round 2 homeowners who experienced damage during Hurricane Rita were able to apply directly to the State-run Texas Homeowner Assistance Program and Sabine Pass Restoration Program. The HAP program is no longer accepting homeowner applications because the program was oversubscribed and the congressional appropriation did not provide enough funding for all homeowners.

The Sabine Pass Restoration Program provides three types of assistance to residents in the area. The first type, home rehabilitation and reconstruction assistance, was available for homeowners with income up to 150 percent of AMFI. The second type of assistance was for homeowners needing elevation assistance to defray the costs of elevating rehabilitated or reconstructed homes that increases a home's ability to survive another storm event. The last type of assistance for Sabine Pass residents was grants to eligible homeowners with more than 50 percent damage of their home's market value to purchase a new home in the Rita Gulf Opportunity Zone.

Federal rules require at least 10.6% of the disaster assistance to be used for rental housing. TDHCA Multifamily Rental Housing Stock Preservation Program is made available in the form of a grant or loan to the owners of affordable rental properties that were damaged by Hurricane Rita to rehabilitate the properties or build units to replace those damaged by the storm. Property owners applied directly to the State-administered program.

RITA ROUND 2 REPORTING

Rita Round 2 represents the second of two awards to help restore and rebuild in areas of the State most directly impacted by Hurricane Rita.

Construction Activities as of September 30, 2010:**Homeowner Assistance Program (HAP)**

As of October 2010 Rita Round 2 CDBG disaster recovery funds have assisted over 2,200 homes. The program is on target to close out at the end of 2010.

- 2,073 homes rehabilitated or reconstructed
- 191 homes currently under construction

Multifamily Rental Programs

Texas utilized over \$82 million in a state-administered affordable rental program to replace or rehabilitate seven rental developments in the affected areas. The State also allocated \$26 million to the City of Houston and Harris County to rehabilitate 3 rental developments.

- 1,083 rental units have been rehabilitated or reconstructed
- 794 rental units are currently under construction

Financial Summary

Activity	Current Budget	Cumulative Expenditures	Balance Remaining	Percentage Expended
Homeowner Assistance Program (HAP)*	\$210,371,273.00	\$171,535,715.26	\$38,835,557.74	81.54%
Sabine Pass Restoration Program (SPRP)	\$12,000,000.00	\$8,816,643.21	\$3,183,356.79	73.47%
Rental Housing Stock Restoration Program (RHSRP)**	\$82,779,333.00	\$76,169,743.53	\$6,609,589.47	92.02%
City of Houston's Community Development Program	\$41,500,000.00	\$32,134,398.28	\$9,365,601.72	77.43%
Harris County's Public Service Program	\$20,000,000.00	\$11,845,703.24	\$8,154,296.76	59.23%
Restoration of Critical Infrastructure Program (TDRA)	\$42,000,000.00	\$33,376,329.13	\$8,623,670.87	79.47%
State Administrative Funds (Admin Funds)	\$19,933,592.00	\$11,701,441.89	\$8,232,150.11	58.70%
Grand Total	\$428,584,198.00	\$345,579,974.54	\$83,004,223.46	80.63%

*The following counties were included in HAP:

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

**The following counties were served with the RHSRP:

Jefferson and Orange

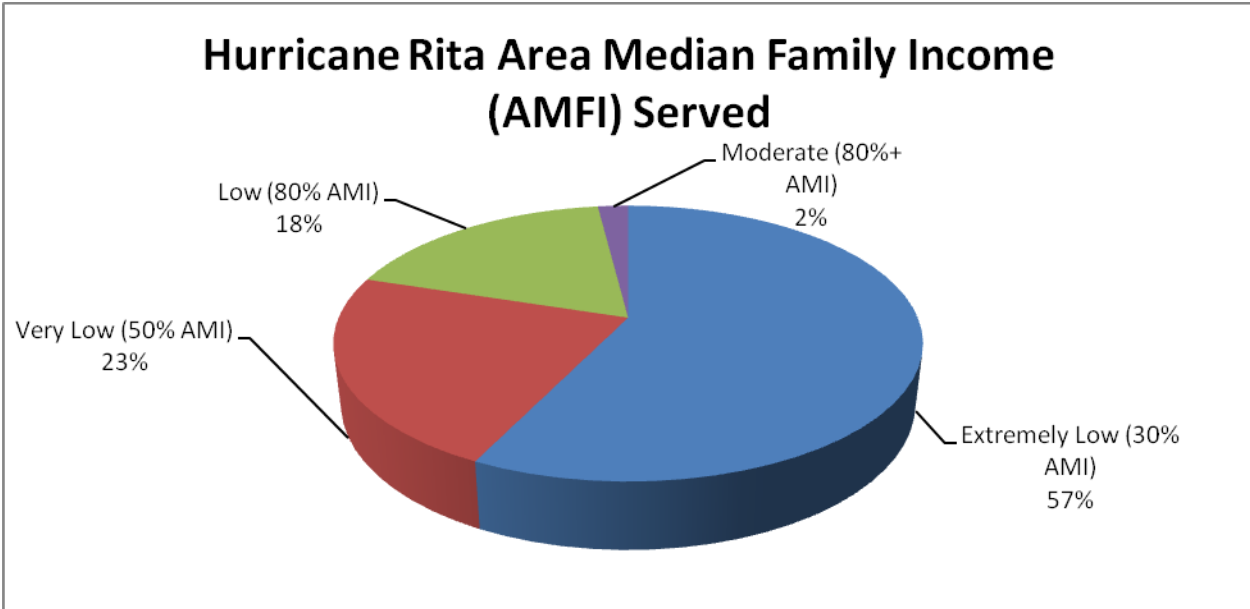
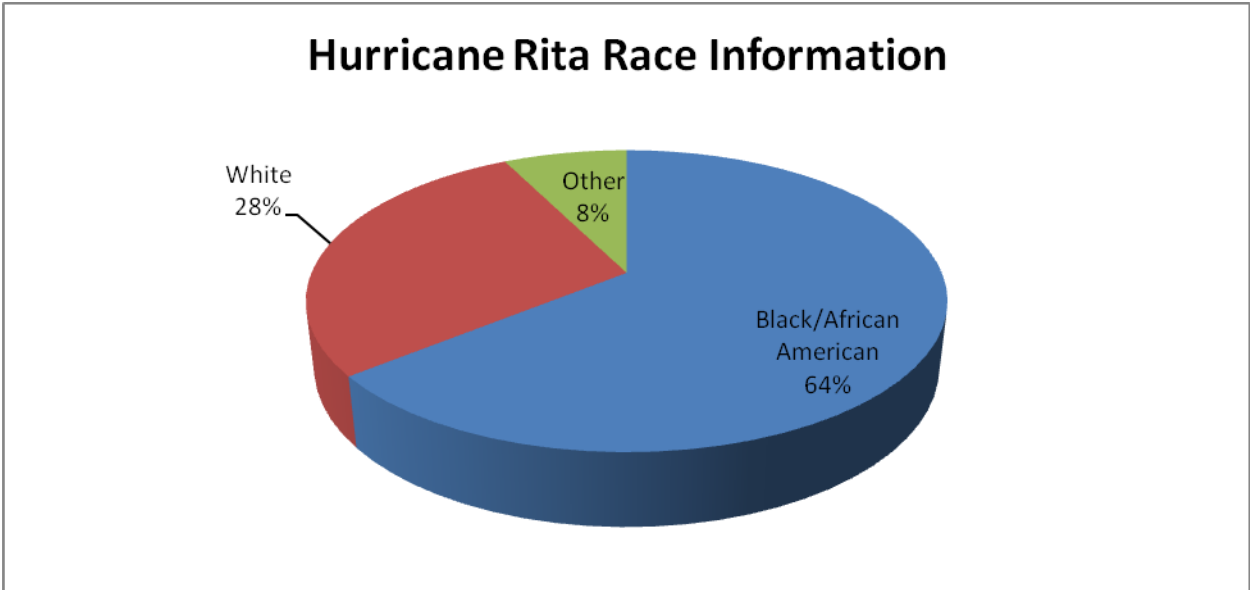
Rita Multifamily Rental Properties

Project Name	Applicant Name	Project County	Project City	Low Income Units	Total Units	Award Amount
Cypresswood Estates	Harris County / Harris County Housing Authority	Harris	Houston	45	88	\$5,574,826.00
Fondren Court	City of Houston / 10700, LLC	Harris	Houston	177	345	\$9,850,000.00
Regency Walk	City of Houston / Regency Walk, LLC	Harris	Houston	309	606	\$10,150,000.00
Pointe North	158 Pointe North, LLC	Jefferson	Beaumont	158	158	\$13,778,332.00
Orange Navy Homes	Orange Navy, L.P.	Orange	Orange	140	140	\$15,821,439.00
Virginia Estates Apartments	Virginia Estates, L.P.	Jefferson	Beaumont	110	110	\$6,707,534.00
Brittany Place II	Chicory Court-Brittany Place II, L.P.	Jefferson	Port Arthur	100	100	\$13,077,366.00
Brittany Place I	Chicory Court-Brittany Place II, L.P.	Jefferson	Port Arthur	96	96	\$11,046,835.00
Gulfbreeze Plaza I	The Housing Authority of the City of Port Arthur	Jefferson	Port Arthur	86	86	\$ 9,067,577.00
Gulfbreeze Plaza II	The Housing Authority of the City of Port Arthur	Jefferson	Port Arthur	148	148	\$13,280,250.00

RITA ROUNDS 1 AND 2 REPORTING

Households Served by Type of Activity for the Homeowner Assistance Program and Sabine Pass Restoration Program

County	Replacement of Manufactured Housing Unit	Rehabilitation of stick-built home	Reconstruction of stick-built home
Jefferson	45	229	1,185
Tyler	50	5	34
Jasper	143	20	129
Newton	105	10	89
Orange	47	10	161
Angelina	9	0	11
Polk	15	0	11
Sabine	26	1	12
San Augustine	8	0	4
San Jacinto	7	0	3
Hardin	35	3	77
Shelby	2	0	1
Nacogdoches	4	0	4
Liberty	68	3	32
Chambers	34	1	11
Galveston	3	0	7
Harris	1	0	3
Montgomery	1	0	0
Trinity	2	0	0
Walker	5	0	0
Total	610	282	1,774



CDBG DISASTER RECOVERY PROGRAMS IKE ROUND 1 AND ROUND 2 OVERVIEW

In 2008, within a 52-day time frame Hurricanes Ike, Gustav and Dolly impacted eastern Texas. Hurricane Ike was the largest and most damaging at a Category 4 and caused great damage to Galveston and other Texas coastal areas. Hurricane Ike was enormous at 900 miles wide and comparable to the size of West Virginia. Hurricane Dolly, a Category 2 storm, overwhelmed the south Texas coast including the Rio Grande Valley. Hurricane Dolly was the most destructive storm to hit the Rio Grande Valley in over four decades. Hurricane Gustav, while noteworthy, did not result in significant damage.

The State of Texas prepared the *Texas Rebounds* report to estimate the financial impact of Hurricanes Dolly and Ike. The report indicates a total of \$29.4 billion is needed to meet the needs presented by Hurricanes Dolly and Ike.¹¹¹

Texas Rebounds Summary of Recovery Needs– Dolly & Ike

Housing Assistance	\$3.4 billion
Critical Infrastructure	\$1.9 billion
Economic Development	\$.05 billion
Economic Development – Gulf Opportunity Zone	\$14.3 billion
Forestry, Agriculture and Fisheries	\$1.1 billion
Social Services & Facilities	\$1.4 billion
Transportation Facilities	\$0.5 billion
Workforce Services & Facilities	\$0.6 billion
Educational Services & Facilities	\$0.7 billion
Navigation & Waterway Facilities	\$3.2 billion
Health Care & Mental Health Services & Facilities	\$0.2 billion
Utility Infrastructure	\$1.6 billion
TOTAL	\$29.4 billion

However, to date, the State of Texas has been allocated only \$3.1 billion in CDBG disaster recovery funds. In combination with FEMA funds, SBA efforts and other assistance, the CDBG disaster recovery funds still do not fulfill the financial needs to achieve long-term sustainable and resilient recovery.

IKE AND DOLLY ROUND 1 ACTIVITIES AND ALLOCATION

Hurricane Ike and Dolly First Supplemental Appropriation (\$1.3 billion) Public Law 110-329

To assist the recovery efforts of the areas across the United States declared major disasters in 2008, HUD provided \$1,315,990,193 to Texas in CDBG funds for public infrastructure, economic development and housing under Public Law 110-329. The Office of the Governor designated TDRA the lead agency for Hurricane Ike and Dolly funding. TDHCA is partnered with TDRA for disaster recovery and will administer the housing portion of the funding.

Of the disaster recovery CDBG funding granted in 2008, 50 percent of the funds had to be used to support activities benefiting low- and moderate-income persons and up to 50 percent of the funds

¹¹¹ Texas Department of Rural Affairs & Texas Department of Housing & Community Affairs. (2010, May 25), State of Texas Plan for Disaster Recovery – Revised Amendment No. 1, Consolidated Security, Disaster Assistance and Continuing Appropriations Act, Public Law 110-329.

may be used for activities of urgent need or the elimination of slums and blight. According to the federal register notice regarding the allocations of these funds, at least 10.6 percent or \$139,743,911, of the funding amount must be used for affordable rental housing. Of this amount, 4.47 percent, or \$58,834,914 has been set aside for TDHCA affordable rental housing stock restoration; the remaining required 6.13 percent, or \$80,908,997 will be met or exceeded through rental activities administered by the Subrecipients of these funds. The *State of Texas Plan for Disaster Recovery* prepared by TDRA was approved by HUD in March 2009.

Awardees of CDBG Hurricanes Dolly and Ike Recovery funding primarily include city and county governments and Councils of Government. Under the Ike Round 1 housing program, 18 Subrecipients administer the CDBG disaster recovery funds. The Subrecipients service areas included in the federally-declared disaster counties after Hurricanes Ike and Dolly. Housing programs offered by these Subrecipients include programs to assist homeowners with damaged or destroyed homes, down payment assistance, repair or replacement assistance for rental housing and other activities designed to address disaster-related needs. Storm hardening, demolition and elevation of structures out of flood prone areas are also recovery eligible activities. Subrecipients chose which activities they want to administer based on local need assessments. TDHCA closed applications and awarded contracts with all Subrecipients in December 2009.

TDHCA reestablished the application process of Rita Round 1: households apply to the Subrecipients and not to the State directly. Housing programs offered by the 18 Subrecipients are oversubscribed; to date approximately 12,000 applications have been accepted for homeowner assistance in programs expected to assist no more than 5,000 applicants. Although, some Subrecipients are still taking Ike Round 1 individual homeowner applications based on their program capacity. Homeowners who do not receive assistance under Round 1 could be eligible to receive assistance under the Ike and Dolly Round 2 program.

IKE AND DOLLY ROUND 1 REPORTING

TDHCA awarded \$621,448,377 for housing activities related to CDBG Disaster Recovery Funding in the hurricane impacted areas with reported housing damage. This funding is comprised of \$562,613,464 that has been awarded to 18 Subrecipients and \$59,926,832 for rental set-aside.

Summary of Activities as of September 30, 2010

Rental Program

The State awarded rental assistance under the TDHCA affordable rental program to 13 rental developments.

- Over \$59 million has been awarded to 13 multifamily developments in the hurricane impacted area.
- 1,981 rental units are anticipated to be rehabilitated or reconstructed by the Ike and Dolly awardees.

Financial Summary

Subrecipient Awards	Current Budget	Cumulative Expenditures	Balance Remaining	Percentage Expended
City of Galveston	\$160,432,233.00	\$2,417,982.42	\$158,014,250.58	1.51%
Galveston County	\$99,503,498.00	\$3,135,206.99	\$96,368,291.01	3.15%
South East Texas Regional Planning Commission	\$95,000,000.00	\$864,895.31	\$94,135,104.69	0.91%
City of Houston	\$87,256,565.00	\$14,875,328.88	\$72,381,236.12	17.05%
Harris County	\$56,277,229.00	\$4,174,159.36	\$52,103,069.64	7.42%
Houston-Galveston Area Council of Governments	\$11,076,980.00	\$0.00	\$11,076,980.00	0.00%
Liberty County	\$8,878,923.00	\$0.00	\$8,878,923.00	0.00%
Montgomery County	\$6,909,237.00	\$185,344.38	\$6,723,892.62	2.68%
Deep East Texas Council of Governments	\$5,931,070.00	\$187,317.73	\$5,743,752.27	3.16%
Cameron County	\$3,093,750.00	\$0.00	\$3,450,000.00	0.00%
Hidalgo County	\$2,000,000.00	\$80,584.98	\$1,919,415.02	4.03%
City of Brownsville	\$1,635,318.00	\$0.00	\$1,635,318.00	0.00%
Fort Bend County	\$1,582,107.00	\$19,479.00	\$1,562,628.00	1.23%
Brazos Valley Affordable Housing Corporation	\$948,930.00	\$0.00	\$1,425,868.00	0.00%
Willacy County	\$541,287.00	\$0.00	\$948,930.00	0.00%
East Texas Council of Governments (ETCOG)	\$415,117.00	\$19,055.55	\$396,061.45	4.59%
City of Mission	\$209,638.00	\$2,746.04	\$206,891.96	1.31%
Chambers County	\$20,921,582.00	\$0.00	\$277,676.00	0.00%
Total:	\$562,613,464.00	\$25,962,100.64	\$536,651,363.36	4.61%

Multifamily Rental Properties

Project Name	Project County	Project City	Applicant Name	LI Units	Total Units	Award Amount
Orange Navy II	Orange	Orange	Orange Navy II, LP	36	36	\$ 3,450,000.00
Tidwell Estates	Harris	Houston	Tidwell Estates, Ltd.	99	132	\$ 277,676.00
Beacon Bay Townhomes	Cameron	Port Isabel	Housing Associates of Port Isabel, Ltd.	76	76	\$ 816,898.00
2101 Church Street	Galveston	Galveston	2101 Church Street, LLC	46	83	\$ 5,000,000.00
Fountains Of Westchase	Harris	Houston	ELP Simon, LP	147	288	\$ 2,390,000.00
Towers at Clear Lake	Harris	Houston	Towers CL, Ltd.	108	196	\$ 5,000,000.00
Union Acres Apartments	Shelby	Center	Union Acres Trust	100	100	\$ 3,003,389.00
Champion Homes at Bay Walk	Galveston	Galveston	Chicory Court VII, L.P.	192	192	\$ 5,000,000.00
Champion Homes at Marina Landing	Galveston	Galveston	Chicory Court I, L.P.	256	256	\$ 10,000,000.00
Lexington Square Apartments	Brazoria	Angleton	NHDC Lexington Square, LLC	80	80	\$ 1,425,868.00
Colony of Humble	Harris	Humble	NHDC Colony, LLC	175	200	\$ 6,296,670.00
Arthur Robinson Apartments	Orange	Orange	Housing Authority of the City of Orange	112	160	\$ 10,000,000.00
Countryside Village Apartments	Harris	Humble	NHDC Countryside Village, LLC	182	182	\$ 7,266,331.00

Because Disaster Recovery is a multi-year program, information on households served will be included in the 2012 State Low Income Housing Plan and Annual Report.

IKE AND DOLLY ROUND 2 ACTIVITIES AND ALLOCATION

Hurricane Ike and Dolly Second Supplemental Appropriation (\$1.7 billion) Public Law 110-329

The State of Texas received a second allocation in spring 2009 for \$1,743,001,247. To incorporate rules governing the receipt and use of the second allocation of funds, the First Amendment to the *State of Texas Plan for Disaster Recovery* was prepared by TDRA and approved by HUD in June 2010. The State is working with its Subrecipients under Ike and Dolly Round 1 to administer the second round of funding. Over \$1 billion will be used for housing specific activities. TDHCA anticipated that it will award \$805,195,286 to its Subrecipients and will oversee over \$174 million in affordable rental assistance. Similar to Ike Round 1, households affected by Hurricane Ike may apply to the Subrecipient and not to the State directly.

As a condition of HUD's June 2010 approval, the State of Texas entered into a Conciliation Agreement with two housing advocacy groups to address fair housing concerns under Round 2 funding. As a requirement of the Conciliation Agreement, TDHCA must complete an Analysis of Impediments (AI) before the majority of funds may be released. TDHCA anticipates the completion of the AI and release of funding at the beginning of 2011. The Conciliation Agreement requires the State and its Subrecipients to include outreach, assistance and activities not previously included in disaster recovery funding. In addition, according to the Conciliation Agreement, 55 percent of the funds must benefit households of low to moderate income (80% AMFI). For more information on the Conciliation Agreement and ongoing activity under Ike Round 2 please visit our website at www.tdhca.state.tx.us/cdbg.

Subrecipient jurisdictions will develop housing programs under Ike/Dolly Round 2 that have the same basic program elements as offered under Ike/Dolly Round 1. The combined Ike/Dolly Round 1 and 2 housing programs must appropriately and proportionally address the following housing needs of owners and renters and lower-income households:

- Homeowner repair, rehabilitation and replacement;
- Rental repairs, rehabilitation and replacement, including new construction to replace damaged or destroyed multifamily housing stock;
- Down payment assistance;
- Activities designed to relocate families outside of floodplains;
- Activities that address slum and blighted areas designated as such by the local jurisdiction; and
- Activities designed to address environmental hazards including local code compliance, storm mitigation activities and elevation assistance.

In addition to funding awarded to Subrecipients, TDHCA will administer several targeted programs, which exceed established minimum requirements set forth by HUD, including:

Ike Round 2 Activities Administered by TDHCA¹¹²

Program	Summary	Funding Amount
Affordable Rental Housing Recovery Program*	Addresses restoration of single-family rental housing stock; restoration of projects with project-based rental assistance including public housing rental stock; restoration of multifamily rental stock; one for one replacement of all family and elderly public housing units in the City of Galveston damaged or destroyed by Hurricane Ike; and construction, reconstruction, replacement or rehabilitation of family and elderly public housing units damaged or destroyed by the hurricanes	\$174,000,000
Texas Title Clearance & Legal Assistance Program	Program will help low-income Texans overcome title clearance and legal obstacles and fully realize the benefits of hurricane recovery programs and homeownership.	\$500,000
Texas Housing Reconstruction Demonstration Pilot Program	This statutorily-required pilot program will identify and demonstrate alternative approaches to rebuilding housing following a natural disaster. The pilot is projected to build 60 homes. Funds will be offered on a competitive basis in Harris and Galveston Counties and the Lower Rio Grande Valley Development Council (LRGVDC) region.	\$6,000,000
Subsidized Housing Rebuilding Program	This program, to be administered by the appropriate COG, for the sole benefit of low- and moderate-income persons with unmet housing needs resulting from the hurricanes, with priority given to addressing issued identified with public housing and affordable rental housing damaged or destroyed by the hurricanes.	\$100,000,000
Impacted Area Buyout Program	TDHCA shall fund relocation and buyout assistance for low and moderate income victims of the hurricanes living in FEMA designated "High Risk Areas" and areas of high minority and poverty concentration as approved by TDHCA.	\$18,000,000
Moving-to-Opportunity Program	TDHCA will work with stakeholders to prepare a request to HUD for an allocation of additional Housing Choice Vouchers, or assistance in developing alternative tenant-based rental assistance for eligible households. Contingent on federal appropriations, TDHCA shall propose to establish a Moving-to-Opportunity Program, operating by Public Housing Authorities, to permit renter households in areas affected by the hurricanes to locate alternative rental housing in higher opportunity areas.	Contingent on securing federal funds

* - Allocated to H-GAC, SETRPC and LRGVDC

IKE AND DOLLY ROUND 2 REPORTING

TDHCA awarded \$ 979,495,139 for housing activities related to CDBG Disaster Recovery Funding in the hurricane impacted areas. This funding includes \$174,299,853 for affordable rental housing.

Amount Allocated for Round 2

COGs	General Housing	Program Specific Activities: Affordable Rental Program*	Total Housing
Houston-Galveston Area Council**	\$521,261,621	\$126,095,018	\$384,970,743
South East Texas Regional Planning Commission**	\$157,007,878	\$33,096,235	\$190,104,113
Lower Rio Grande Valley Development Council	\$106,925,787	\$15,108,600	\$122,034,387

¹¹² Ibid, 2.

COGs	General Housing	Program Specific Activities: Affordable Rental Program*	Total Housing
Deep East Texas Council of Governments	\$20,000,000	-	\$20,000,000
TOTAL	\$805,195,286	\$174,299,853	\$979,495,139

*Administered through a competition by the State.

**H-GAC and SETRPC have HUD-required set-aside allocation amounts to Harris, Galveston and Orange Counties over and above the allocations established through the regional MODs.

Additional information about CDBG Disaster Recovery for Hurricanes Dolly and Ike can be found online at www.TDRA.state.tx.us or www.TDHCA.state.tx.us for housing activities. For more information, contact TDRA at (512) 936-9701.

SECTION 7: PUBLIC PARTICIPATION

TDHCA strives to include the public in policy, program and resource allocation decisions that concern the Department. This section outlines how the public is involved with the preparation of the plan and includes a summary of public comment.

- *Participation in TDHCA Programs:* Discusses efforts to ensure that individuals of low income and their community-based institutions participate in TDHCA programs
- *Citizen Participation in Program Planning:* Discusses affirmative efforts to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process

PARTICIPATION IN TDHCA PROGRAMS

Texas is an economically, regionally and demographically diverse state. The Department recognizes this by establishing criteria to distribute funds based on the priorities established in TDHCA's governing statute. It is incumbent upon TDHCA to increase the public's awareness of available funding opportunities so that its funds will reach those in need across the state.

Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year, the TDHCA staff reaches out to interested parties at informational workshops, roundtables and conferences across the state to share information about TDHCA programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact TDHCA for further technical assistance in accessing TDHCA programs.
- The Department's Division of Public Affairs is responsible for media releases, attends conferences and maintains conference information booths on behalf of TDHCA, as well as coordinates media interviews and speaking events.
- The *TDHCA Program Guide* provides a comprehensive, statewide housing resource guide for both individuals and organizations across the state. The *Program Guide* provides a list of housing and housing-related programs operated by TDHCA, HUD and other federal and state agencies.
- The TDHCA website, through its provision of timely information to consumers, is one of TDHCA's most successful marketing tools and affordable housing resources.
- TDHCA also operates a listserv e-mail service, where subscribed individuals and entities can receive email updates on TDHCA information, announcements and trainings.
- TDHCA is involved with a wide variety of committees and workgroups, which serve as valuable resources to gather input from people working at the local level. These groups share information on affordable housing needs and available resources and help TDHCA to prioritize these needs.

CITIZEN PARTICIPATION IN PROGRAM PLANNING

The Department values and relies on community input to direct resources to meet its goal and objectives. In an effort to provide the public with an opportunity to more effectively give input on the Department's policies, rules, planning documents and programs, the Department has consolidated its public hearings into six hearings for program area Rules. In addition to these annual public hearings, individual program sections hold various hearing and program workshops

throughout the year. Furthermore, the TDHCA Board accepts extensive public comment on programmatic and related policy agenda items at monthly board meetings.

The Department ensures that all programs allow the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. The Department maintains a voluntary membership e-mail list which it uses to notify all interested parties of public hearing and public comment periods. Additionally, pertinent information is posted as an announcement in the *Texas Register* and on TDHCA's website. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, or email.

PREPARATION OF THE PLAN

Section 2306.0722 of the Texas Government Code mandates that the Department meet with various organizations concerning the prioritization and allocation of the Department's housing resources prior to preparation of the Plan. As this is a working document, there is no time at which the Plan is static. Throughout the year, research was performed to analyze housing needs across the state, focus meetings were held to discuss ways to prioritize funds to meet specific needs and public comment was received at program-level public hearing as well as at every Governing Board meeting.

The Department met with various organizations concerning the prioritization and allocation of the Department's resources and all forms of public input were taken into account in its preparation. Several program areas conducted workgroups and public hearing in order to receive input that impacted policy and shaped the direction of TDHCA programs.

PUBLIC HEARING

The draft version of the *2011 State of Texas Low Income Housing Plan and Annual Report* was submitted to the TDHCA Board of Directors for approval at the December 2010 Board meeting and was released for public comment in accordance with §2306.0732 and §2306.0661.

During the comment period from January 10 to February 8, 2011, the public was encouraged to submit input toward the Plan in writing via mail, fax, or e-mail. A public hearing was held on January 27, 2011 at the Stephen F. Austin Building, Room 170, 1700 N. Congress Avenue, Austin, Texas at 10:30am. Notice of the public comment period and public hearing was published in the *Texas Register* and was sent via a listserv announcement.

PUBLIC COMMENT

No public comments were received.

SECTION 8: 2011-2012 COLONIA ACTION PLAN

POLICY GOALS

In 1996, TDHCA established the Office of Colonia Initiatives (OCI) to administer and coordinate efforts to enhance living conditions in colonias along the 150 mile Texas-Mexico border region. OCI's fundamental goal is to improve the living conditions of colonia residents and to educate the public regarding the services offered by the Department.

The OCI Division was created to do the following:

- Expand housing opportunities to colonia residents living along the Texas-Mexico border.
- Increase knowledge and awareness of programs and services available through the Department.
- Implement initiatives that promote improving the quality of life of colonia residents and border communities.
- Train and increase the capacity of organizations that serve the targeted colonia population.
- Provide consumer education to colonia and border residents.
- Develop cooperative working relationships between other state, federal and local organizations to leverage resources and exchange information.
- Promote comprehensive planning of communities along the Texas-Mexico border to meet current and future community needs.
- Solicit input from colonia residents on major funding decisions that will affect border communities.

OVERVIEW

The US-Mexico border region is dotted with hundreds of rural subdivisions called colonias, which are characterized by high levels of poverty and substandard living conditions. Several different definitions of colonias are used by various funding sources and agencies due to differing mandates. Generally, these definitions include the concepts that colonias are rural and lacking services such as public water and wastewater systems, paved streets, drainage and safe and sanitary housing. Colonias are mostly unincorporated communities located along the US-Mexico border in the states of California, Arizona, New Mexico and Texas, with the vast majority located in Texas.

While new colonias continue to develop, many have been in existence for over 50 years. A few colonia developments began as small communities of farm laborers employed by a single rancher or farmer while others originated as town sites established by land speculators as early as the 1900s. A majority of the colonias, however, emerged in the 1950s as developers discovered a large market of aspiring homebuyers who could not afford to purchase in cities or who did not have access to conventional financing mechanisms.

POPULATION AND POVERTY

Data updated in 2006 by the Texas Office of the Attorney General recorded 2,060 colonias in 30 counties within 150 miles of the Texas-Mexico border. However, approximately 1,700 of those colonias are concentrated in just seven counties directly abutting the US-Mexico border. It should be noted that these figures represent only the documented colonias. There may be many small, rural colonias that have not yet been recorded. Currently, Hidalgo County has the largest number of colonias, with 847 counted in 2006. The 13 counties running along the Texas-Mexico have an

average Hispanic or Latino population of 74.2 percent, as compared to the statewide average of 34.6 percent.

Between 2000 and 2005 many Texas border counties experienced rapid population growth. El Paso, Maverick, Webb, Zapata, Starr, Hidalgo and Cameron counties have shown an average increase in population of 12.3 percent, surpassing the state average increase of 9.6 percent. Simultaneously, a 5.4 percent average decrease in population has actually occurred in several counties that are adjacent to the border counties over the same time period. Counties experiencing large decreased include Hudspeth, Reeves, Pecos, Terrell, Edwards, Kinney, Duval, Jim Hogg and Brooks.

2003 U. S. Census data placed the median household income for Texas at \$39,967, while the median household income for the Texas-Mexico border counties averages a much lower \$26,606. Zavala County, near the border, posted the lowest median household income at \$18,553. In the larger border-region cities El Paso, McAllen, Brownsville, Corpus Christi and Laredo, the average median values of owner-occupied housing units in 2000 was \$69,640. Laredo had the highest home values at \$77,900.¹¹³

The particular need for affordable housing in the border region can be largely attributed to the poverty level of the rapidly growing population. Counties along the Texas-Mexico border shoulder some of the highest poverty rates in the state. According to 2003 U.S. Census data, the poverty level in the state of Texas stood at 16.2 percent, while the average poverty level of counties along the Texas-Mexico border was 25.3 percent. Furthermore, the four counties with the greatest number of colonias (Hidalgo, El Paso, Starr and Cameron), had an average poverty level of 31.5 percent, nearly double the state rate. Counties like Dimmit and Starr at 32.7 percent and 36.2 percent respectively, were even higher.

HOUSING

According to a review completed by the Texas Comptroller's Office, most homebuilders would have a difficult time constructing houses for a sale price of less than \$60,000 to \$70,000. Housing in this price range would typically be affordable to workers earning \$12 to \$14 an hour (assuming a housing debt to income ratio of 33 percent with no additional debts). Some builders indicate that it is difficult to build lower-priced homes because many of the construction costs, including the cost of acquisition and site development, are fixed, regardless of the size of the home.¹¹⁴ Land acquisition and development can add \$10,000 to \$20,000 to the cost of a house.

Owner-builder construction in colonias can face additional significant obstacles. First, federal rules, such as those that govern the HOME Program, prohibit the use of affordable housing funds to acquire land unless the affordable structure is built within 12 months. Second, lenders are typically reluctant to lend funds for owner-builder construction because these borrowers may have little or no collateral. Third, owner-builders may not be sufficiently skilled and may end up building substandard housing without appropriate supervision or guidance.

¹¹³ U.S. Census Bureau: State and County Quickfacts. <http://quickfacts.census.gov/qfd/states/48000.html> (Viewed July 27, 2006).

¹¹⁴ *Bordering the Future: Homes of Our Own. Windows on State Government.* Texas Comptroller of Public Accounts. July 1998. Interview with Clark Wilson Homebuilders, November 20, 1997.

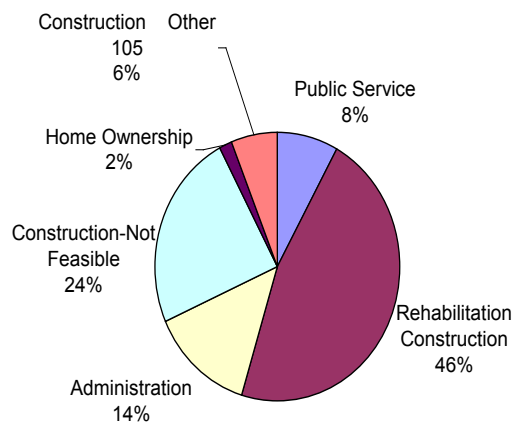
COLONIA Beneficiaries

The following table displays the total number of beneficiaries served by the Department’s Colonia Self-Help Center Program. This data is reported by the participating counties as part of their colonia needs assessments and provides a representation of the acute need for housing-related assistance in these communities. Each county conducts its own needs assessments, holds a public hearing and establishes the activities to be performed under the Colonia Self-Help Center program. Approximately 94% beneficiaries are of low to moderate income.

County	Total Population Beneficiaries	Total Low to Moderate Beneficiaries
Cameron/Willacy	7,723	6,258
El Paso	8,982	8,533
Hidalgo	3,573	3,215
Maverick	5,184	5,184
Starr	8,024	8,024
Val Verde	5,923	5,923
Webb	1,212	1,151
Total	40,621	38,288

The activities to be performed under the Colonia Self Help Center contracts include, homeownership classes, operating a tool lending library, construction skills classes, solid waste cleanup campaign, technology access, house to line connections, utility connections, rehabilitation, self-help small repair, reconstruction, new construction and down payment assistance.

COLONIA SELF-HELP CENTERS



Activity	Percentage
Public Service	8%
Rehabilitation Construction	46%
Administration	14%
Construction-Not Feasible	24%
Home Ownership	2%
Construction Other	6%



PROGRAM PLAN

TDHCA, through its Office of Colonia Initiatives, administers various programs designed to improve the lives of colonia residents. This action plan outlines how various initiatives and programs will be implemented for 2011 and 2012.

FY 2011 and 2012 Office of Colonia Initiatives Funding

Programs	Estimated Available Funding for FY 2011	Estimated Available Funding for FY 2012
Texas Bootstrap Loan Program	\$5,500,000.00	\$3,000,000.00
Colonia Self-Help Centers	\$1,800,000.00	\$1,800,000.00
TOTAL	\$7,300,000.00	\$4,800,000.00

COLONIA SELF-HELP CENTERS

In 1995, the 74th Legislature passed Senate Bill 1509 (Texas Government Code Subchapter §2306.581 - §2306.591), a legislative directive to establish colonia self-help centers (SHCs) in Cameron/Willacy, Hidalgo, Starr, Webb and El Paso counties. This program also allows the Department to establish a colonia SHC in a county designated as an economically distressed area. Maverick and Val Verde County have been so designated and now operate a colonia self-help center. Each county identifies five colonias to receive concentrated assistance. The operation of the colonia SHCs may be managed by a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the capacity to operate a center.

These colonia SHCs provide concentrated on-site technical assistance to low and very low-income individuals and families. Assistance includes housing, community development, infrastructure improvements, outreach and education housing rehabilitation; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; infrastructure constructions and access; contract for deed conversions; and capital access for mortgages to improve the quality of life for colonia residents. The OCI provides technical assistance to the counties and SHCs through the three border field offices.

The colonia SHC program serves 35 colonias. The total number of beneficiaries for all SHCs is approximately 40,600 residents. The Department contracts with the counties, who subcontract with nonprofit organizations to administer the colonia SHC program or specific activities offered under the program. The counties oversee the implementation of contractual responsibilities and ensure accountability. County officials conduct a needs assessment to prioritize needed services within the colonias and then publish a Request for Proposal (RFP) to provide these services.

The Department designates a geographic area to receive the services provided by the colonia SHCs based upon funding proposals submitted by each county. In consultation with the Colonia Residents Advisory Committee (C-RAC) and the appropriate unit of local government, the Department designates up to five colonias in each service area to receive concentrated attention from the colonia SHCs. The C-RAC is a committee of colonia residents appointed by the TDHCA Governing Board which advises the Department regarding the needs of colonia residents and the types of programs and activities which should be undertaken by the colonia SHCs. Each county nominates two colonia residents to serve on the committee. The Department's Board of Directors appointed the C-RAC members. The C-RAC meets thirty days before a contract is scheduled to be

considered for award by the Board. During this meeting, members of the C-RAC review the proposal and may make recommendations for the Board's consideration.

The operations of the colonia SHCs are funded by HUD through the Texas Community Development Block Grant Program (CDBG) 2.5 percent set-aside, which is approximately \$1.8 million per year. The CDBG funds are transferred to the Department through a memorandum of understanding with the Texas Department of Rural Affairs. CDBG funds can only be provided to eligible units of general local governments. Therefore, the Department must enter into a contract with each participating county government. The Department provides administrative and general oversight to ensure programmatic and contract compliance. In addition, colonia SHCs are encouraged to seek funding from other sources to help them achieve their goals and performance measures.

BORDER FIELD OFFICES

OCI manages three border field offices located in Edinburg, El Paso and Laredo. These border field offices act as a liaison between nonprofit organizations and units of local government and administer, at the local level, various OCI programs and services, provide technical assistance to nonprofits, for profits, units of general local government, community organizations and colonia residents along the 150 mile Texas-Mexico border region. The border field offices are partially funded from General Revue, Bond Funds and CDBG programs. OCI will continue to maintain these three border field offices.

The Border Field Officers anticipated approximately 900 technical assistance outreach efforts to nonprofit organizations and units of local government in 2011 and 2012 if funding remains consistent. The technical assistance may include providing guidance on program rules, reviewing financial draw submittals, testing policies and procedures, conducting workshops and trainings, inspections, draw processing, loan application reviews, file testing, monitoring and general compliance. In addition, The Border Field Officers anticipate approximately 1,000 technical assistance informational efforts to colonia residents and may include referrals to housing programs, social services, manufactured housing, debt and financial counseling, legal, homeownership and directory assistance to other local, state and national programs. It is projected that the Border Field Officers and the Self Help Center programs will provide 12,000 targeted technical assistance to individual colonia residents through the Self Help Centers.

TEXAS BOOTSTRAP LOAN PROGRAM

The Texas Bootstrap Loan Program is a statewide program that funds certified non-profit organizations and enables owner-builders to purchase real estate and construct or renovate a home. In 2009 the 81st Legislature amended this program under Senate Bill 679 with a legislative directive requiring continuation of an Owner Builder Loan Program through 2020. TDHCA is required under Section 2306.753(d) of the Texas Government Code, to set aside two-thirds of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, of the Water Code (called the 2/3 set aside). A county is only eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code, if: 1) the county contains an area that meets the criteria for an economically distressed area under Section 17.92(1), Water Code; and 2) the county has adopted and enforces the model subdivision rules under Section 16,343, Water Code. The remaining one-third is available for the balance of the state (called the 1/3 set aside).

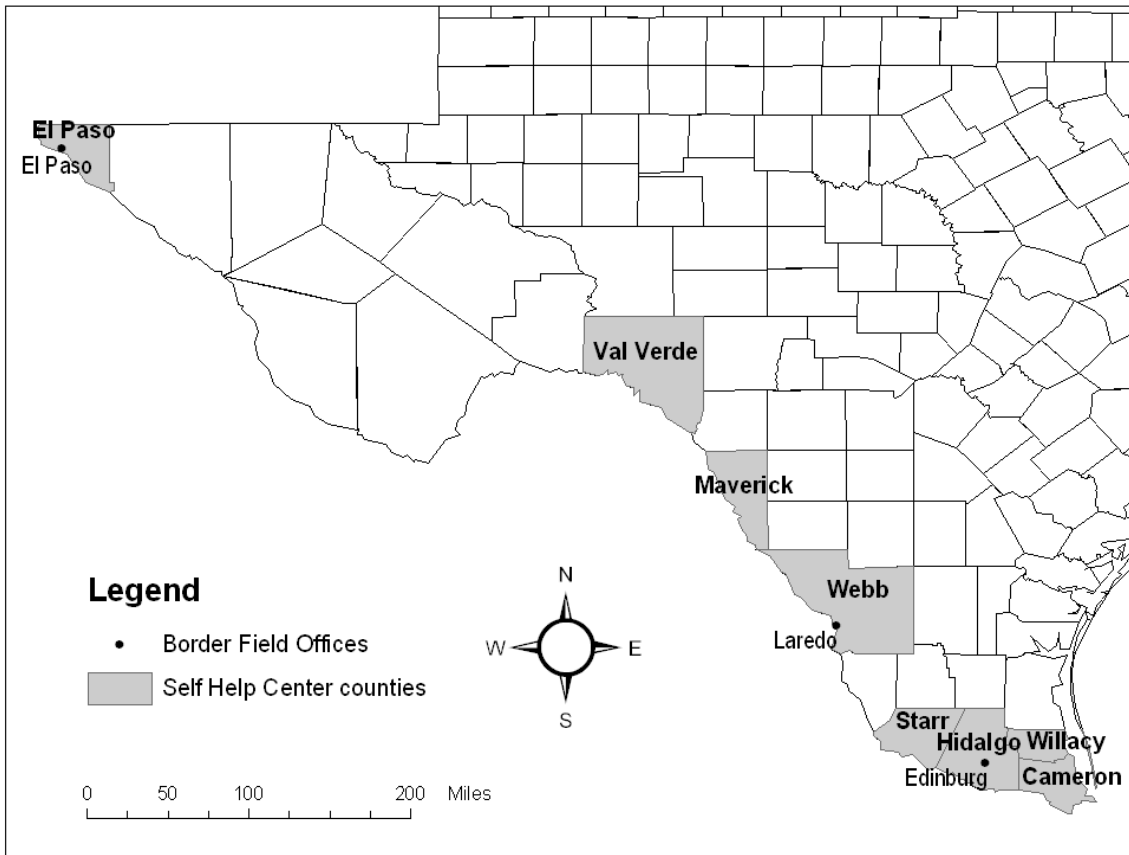
The Texas Bootstrap program promotes and enhances homeownership for very low-income Texans by providing funds to purchase or refinance real property on which to build new residential housing,

construct new residential housing or improve existing residential housing throughout Texas. Participating owner-builders must provide a minimum of sixty-five percent (65%) of the labor required to build or rehabilitate the home. Section 2306.753(a) of the Texas Government Code directs TDHCA to establish a priority in directing funds to Owner-Builders with an annual income of less than \$17,500. The maximum loan amount using TDHCA funds may not exceed \$45,000 per Owner-Builder. The total amount of loans made with TDHCA and any other funding source may not exceed a combined \$90,000 per household. The Department committed \$12 million in Fiscal Year 2009 to implement this initiative from the Housing Trust Fund.

TDHCA is required under Section 2306.7581 (a-1) of the Texas Government Code, to make available at least \$3,000,000 each state fiscal year for mortgage loans to very low-income families (60% Area Median Family Income) not to exceed \$45,000 per unit. In addition to the 2010 & 2011 Fiscal year allocation of \$3,000,000 per year, TDHCA's Governing Board set-aside an additional \$3,500,000 for this program under the 2010/2011 Housing Trust Fund Plan. The remaining funds from FY 2009 in the amount of \$2,125,883 were re-allocated with the 2010/2011 allocation for a total of \$11,625,883.

In an effort to disseminate Texas Bootstrap funds across a broader network of providers and increase the Department's ability to efficiently assist households and expend funds, the OCI implemented a reservation system. The reservation system is a "ready to proceed" model that allows program funds to be expended rapidly and efficiently. Under the reservation system, participating nonprofit organization must be certified by TDHCA as a Nonprofit Owner-Builder Housing Program (NOHP) in accordance with Section 2306.755 of the Texas Government Code and must execute a Loan Origination Agreement with the Department in order to assure full compliance with program rules and guidelines. After being certified as an NOHP, the NOHP will then be able to submit individual loan applications to TDHCA on behalf of the owner-builder applicant on a first-come, first-served basis. A nonprofit is allowed to reserve up to \$900,000 at any given time under the 2/3 set-aside allocation. Nonprofits operating under the 1/3 set aside may reserve up to \$450,000. The reservations are for twelve months and nonprofits are required to meet specific performance benchmarks within that time period in order to retain the funding.

Border Field Office and Colonia Self Help Centers



SECTION 9: TEXAS STATE AFFORDABLE HOUSING CORPORATION ANNUAL ACTION PLAN

INTRODUCTION

This plan is prepared in accordance with Texas Government Code, Section 2306.566, which requires the Texas State Affordable Housing Corporation (“Corporation”) to develop a plan to address the state’s housing needs. According to Section 2306.0721(g), the Corporation’s Annual Action Plan must be included in the 2011 State Low Income Housing Plan (“SLIHP”) prepared by the Texas Department of Housing and Community Affairs (“TDHCA”).

In accordance with Section 2306.0722(b), TDHCA will provide the needs assessment information compiled for the SLIHP report to the Corporation. In addition to addressing the needs in general, the Corporation's plan must include specific proposals to help serve rural and other underserved areas of the state.

CORPORATION OVERVIEW

The Texas State Affordable Housing Corporation, created in 1994 by the Texas State Legislature, is a self-sustaining non-profit entity whose mission is to serve the housing needs of low, very low and extremely low-income Texans and other underserved populations who do not have comparable housing options through conventional financial channels. The Corporation’s enabling legislation can be found in the Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq. The Corporation’s only office is located in Austin, Texas. A five-member Board of Directors appointed by the Governor, with the advice and consent of the Senate, oversees the business of the Corporation. In addition, the Corporation has a four-member Advisory Council appointed by the Board of Directors. The Advisory Council assists with fundraising activities and reviews and recommends to the Board the funding of grant applications under the Texas Foundations Fund program. None of the Corporation’s programs and operations are funded through the State’s appropriations process.

The Corporation is statutorily authorized to issue mortgage revenue bonds and other private activity bonds to finance the purchase and creation of affordable housing. Over the course of its history, the Corporation has utilized over \$600 million in single family and approximately \$540 million in multifamily bonding authority. Bond issuances are used to finance the creation and preservation of affordable multifamily housing and the following first-time homebuyer programs:

- Professional Educators Home Loan Program
- Homes for Texas Heroes Program
- Home Sweet Texas Loan Program
- Mortgage Credit Certificate Program

Using its mission as guidance, the Corporation has developed the following additional programs and activities to help meet the needs for affordable housing in Texas:

- Direct Lending
- Affordable Communities of Texas
- Asset Oversight and Compliance

- Texas Foundations Fund
- Foreclosure Prevention Program
- Development

As a 501(c)(3) nonprofit, the Corporation accesses private sources of funding to help accomplish its mission. The Corporation is also an approved originating seller/servicer for single family loans with Fannie Mae, Freddie Mac, Ginnie Mae, U.S. Rural Development, FHA and VA. The Corporation has conduit sales agreements with Bank of America Home Loans and Wells Fargo Funding and with the Community Development Trust, Inc., for multifamily mortgage loans. The Corporation is also an associate member borrower of the Federal Home Loan Bank of Dallas.

CORPORATION OBJECTIVE

In conjunction with the Association of Rural Communities in Texas (ARCIT), the Corporation conducted a Rural Housing Survey of 1,400 rural government officials in 2010. Although the response rate was just under 10%, the respondents provided insight on housing challenges in their communities, such as the need for affordable single family homes.

A review of the housing analysis included in the annual State Low Income Housing Plan and other published studies on housing needs provides a picture of the critical need for affordable housing throughout Texas. The housing analysis provides statistical information on the housing challenges faced by special needs and underserved populations.

The Texas State Affordable Housing Corporation's mission has been to serve the housing needs of low, very low and extremely low-income Texans and other underserved populations. However, given its relatively small size and limited funding sources, the Corporation determined in 2010 it could be more effective in meeting its mission if it defined the underserved populations it will strive to serve. Using feedback from its Board, stakeholders, funders, and staff, the Corporation developed a strategic plan that identifies people with disabilities and people living in rural areas of the state as the populations it will aim to serve.

The Corporation's next objective is to explore ways it can modify current programs to help serve more people with disabilities and those living in rural areas.

PROGRAM DESCRIPTIONS AND IMPLEMENTATION PLANS

FIRST-TIME HOMEBUYER PROGRAMS

The Corporation administers the Professional Educators, Homes for Texas Heroes, and Home Sweet Texas Loan Programs. These programs are the Corporation's Single Family Mortgage Revenue Private Activity Bond Programs. The first two programs were established by the Legislature in 2001 and 2003, respectively, and are allocated 10 percent of the State's Private Activity Bond Cap for the exclusive purpose of making single family mortgage loans to Texas professional educators and fire fighters, EMS personnel, law enforcement officers, corrections officers and public security officers who are first-time home buyers.

In 2006 the Corporation created the Home Sweet Texas Loan Program which is funded by applying for mortgage revenue bonding authority not used by other bond issuers after a specified date. The

Home Sweet Texas Loan Program is available statewide to those at or below 80 percent of the area median family income.

The programs are available statewide on a first come, first-served basis to first-time homebuyers who wish to purchase a newly constructed or existing home. Borrowers must meet income and purchase price limits set by federal guidelines, while meeting standard mortgage underwriting requirements and demonstrating credit worthiness. The borrower must also occupy the purchased home as his or her primary residence.

Through each program, eligible borrowers are able to apply for a 30-year fixed-rate mortgage loan and may receive down payment assistance in the form of a grant. The programs are accessible to eligible borrowers by directly contacting a participating mortgage lender.

Since the inception of the Professional Educator Home Loan Program in 2001, the Homes for Texas Heroes Home Loan Program in 2003, and the Home Sweet Texas Loan Program in 2006, the Corporation has seen the demand for these programs steadily increase. Over 3500 individuals and families have become homeowners by utilizing these programs.

Given the volatility of the bond market in 2008 and 2009, the Corporation was not able to issue mortgage revenue bonds for its first-time homebuyer programs. In an effort to continue serving homebuyers, the Corporation established the Mortgage Credit Certificate (MCC) Program by converting its bonding authority into mortgage credit certificates. The Corporation's MCC Program serves the same populations as the three home loan programs described above.

Under the MCC Program, the qualified homebuyer is eligible to take a portion of the annual interest paid on the mortgage as a special tax credit, up to \$2,000 each year that they occupy the home as their principal residence. An MCC has the potential of saving the homebuyer thousands of dollars over the life of the loan. And although the MCC Program is not a home loan program, the homebuyer is required to have a fixed rate mortgage. To date, the Corporation has served 980 first-time homebuyers under the MCC Program.¹¹⁵

Every homebuyer who utilizes one of the Corporation's first-time homebuyer programs must complete a homebuyer education course prior to closing on the purchase of their home.

2011 IMPLEMENTATION PLAN

In 2011 the Corporation plans to continue to offer its programs for first-time homebuyers, which entails developing a bond financing structure that is appealing to bond investors but also minimizes the programs' mortgage interest rates and offers the best possible down payment assistance to the borrowers. Although conventional mortgage rates have reached historic lows, we find that down payment assistance is still especially critical to the demographic we serve.

If, due to market conditions, the Corporation is unable to issue bonds for the home loan programs in 2011, then other avenues to assist first-time homebuyers will be explored. Given the success and demand for the Mortgage Credit Certificate Program, the Corporation will continue to provide this program as another alternative for homebuyers.

Above and beyond the statutory requirements of the programs, the Corporation plans to explore ways to increase homeownership for households in which one or more members have a disability

¹¹⁵ As of December 10, 2010.

and for those households in rural areas of the state. Discussions are planned with different stakeholders, such as lenders and nonprofits who work with underserved populations, as to how best to increase homeownership in those two demographics.

The Corporation also will work to broaden the reach of the programs through the recruitment of additional lenders, especially in areas of the state with low utilization of the programs.

Given the widespread demand for first-time homebuyer programs, the Corporation will continue to submit applications to the Texas Bond Review Board requesting additional mortgage revenue bonding authority.

DIRECT LENDING PROGRAMS

The Corporation operates two lending programs that provide financing to developers for the construction or redevelopment of housing that serves the needs of low-, very low- and extremely low-income Texans in rural and underserved communities. All homes or apartments built using the Corporation's funding must be affordable to households earning 80% or less of the area median income and must be constructed to meet the Corporation's housing construction standards.

Since 2003 the Corporation has approved more than \$9.9 million in loans for rental home development, and more than \$1.4 million for development of single-family homes. In 2007, the Corporation committed \$2 million for a revolving loan fund and has since focused its efforts on providing loans leveraging additional funds from the Federal Home Loan Bank of Dallas (\$2.1 million), Wells Fargo Bank (\$1.9 million), the Meadows Foundation (\$500,000) and the Community Development Trust (\$4.1 million).

Loan Production	FY 2010	Total
Loans in Portfolio	3	15
# of Single Family Homes	11	72
# of Rental Units	103	1,906
Total Amount of Loan Funds Approved	\$1,913,125	\$9,933,865
Total Value of Constructed Properties	\$9,568,000	\$139,532,000
Estimated Jobs Created ¹¹⁶	102	1,484

2011 IMPLEMENTATION PLAN

The Corporation's direct lending programs have experienced steady growth over the past three years. With its current sources of funding, the Corporation has kept up with demand from developers seeking short-term loans. The Corporation is expecting loan repayments in 2011 which will be redeployed to provide additional direct lending loans. However, a rise in lending activity is expected in 2011, so the Corporation will be working to secure additional program related investments to expand the size of its loan fund.

Several developments receiving assistance from the Corporation's direct lending programs are in rural areas or provide housing for people with disabilities. However, the Corporation will investigate how it can encourage even more housing activity that assists those underserved populations.

¹¹⁶ Using estimate of \$94,000 per job created, the mid-point of the federal range formula for calculating job creation (\$92,000 - \$96,000)

AFFORDABLE COMMUNITIES OF TEXAS PROGRAM

The Affordable Communities of Texas (“ACT”) program works to stabilize communities experiencing high levels of foreclosures by working with nonprofit and government agencies in Texas to acquire and redevelop foreclosed homes, vacant land and tax foreclosed properties. The Corporation has created a network of local nonprofit partners which grew from three in 2009 to 16 in 2010. These local partners identify available foreclosed properties in their communities, complete due diligence, and, using funds from the Corporation, facilitate the purchase of the target properties. The Corporation becomes the owner of the properties and works with the local partners to complete redevelopment or construction of homes which will be sold to low and very-income households.

The ACT program was launched with \$100,000 committed by the Corporation’s Board in December 2008. The Corporation has received a \$25,000 grant for program operations from the F.B. Heron Foundation, and more than \$6.2 million through the federally-funded Neighborhood Stabilization Program (NSP) administered by TDHCA in Texas.

The Corporation has purchased more than 100 homes and vacant lots thus far in 2010 and has an additional 200 homes and vacant lots under contract.

The ACT program also operates a Buyer’s Agent initiative, wherein the Corporation provides to local partners foreclosed property listings available through our participation in the National Community Stabilization Trust (NCST). The Corporation is the only statewide coordinating agency in Texas for NCST.

2011 IMPLEMENTATION PLAN

The ACT program has far exceeded its original program targets for funding utilization and unit acquisitions, but continual changes to federal and state NSP program guidelines have slowed the process of property acquisitions significantly. The Corporation expects to continue to work with the local partners to conclude the purchase of the 200 homes currently under contract.

Despite its challenges, the ACT program is a good model for creating affordable housing for low and very-income families, strengthening the capacity of nonprofit local partners and providing a viable alternative to traditional property acquisition strategies. Several local partners are in rural areas of the state or provide housing for people with disabilities, and the Corporation will work to encourage even more housing activity that assists those two underserved populations through the ACT program.

MULTIFAMILY BOND PROGRAMS

The Corporation’s Multifamily Bond program encourages private investment in the construction or rehabilitation of affordable rental housing through the issuance of tax exempt private activity bonds (“PAB”). As a conduit issuer (i.e., the Corporation does not invest its or the State’s funds in developments) it receives 10 percent of the State’s multifamily PAB allocation each year (approximately \$49 million in 2010).

The Corporation also has the ability to issue 501(c)(3) bonds for the construction or rehabilitation of multifamily rental housing; however, the Corporation has not issued this type of bond since 2002. The primary reasons for inactivity include statutory limits on available property tax exemptions for

nonprofit developments, lack of alternative equity sources and a history of financial failures of 501(c)(3) bond financed properties in Texas and nationally.

2011 IMPLEMENTATION PLAN

Over the last two years there has been limited new activity in the Corporation's multifamily bond programs. Nationally, bond market conditions, tax credit equity pricing and the overall health of the housing market have reduced investor demand for housing bonds.

Still, the Corporation released an RFP for the 2011 PAB program in late 2010 with the following target areas of housing need identified by the Corporation's board

- Preservation of Existing Affordable Rental Housing
- Housing in Rural Communities
- Senior and Assisted Living Developments
- Rental Housing in Communities Affected by a Federally-declared Disaster

In 2010, the Corporation received an application to issue new bonds to acquire and rehabilitate more than 1,700 units of affordable housing using private activity bonds. The Corporation's board has approved an inducement resolution and staff is working with the developer to finalize details for a reservation application to the Texas Bond Review Board. If final approval is granted, the Corporation expects to close on this private activity bond transaction in 2011.

ASSET OVERSIGHT AND COMPLIANCE

Asset oversight and compliance monitoring of properties financed through tax-exempt bonds is required by many bond issuers, including the Corporation. We believe these important reviews are one of the best ways to ensure properties are providing safe and decent affordable housing to their residents.

Through the activity of asset oversight, the Corporation monitors the financial and physical health of a property and provides suggestions to property owners and managers for improvement. Asset oversight staff conducts an annual on-site inspection of each property and issues an annual report on each property. Reports are submitted to property owners, managers, and other stakeholders and are available online at www.tsahc.org.

Compliance monitoring ensures that property owners and managers are providing the required number of affordable units to income-eligible households and that quality resident services are being provided to all residents of the property. The Corporation has an online reporting system that allows each property manager to complete the Certificate of Continuing Program Compliance and report resident services activities monthly. Annual on-site inspections and resident file reviews of affordable units ensure that federal requirements relating to the tax-exempt status of the bonds are followed.

In 2010, the Corporation provided asset oversight and compliance reviews for 38 bond-financed properties totaling 6,766 units.¹¹⁷

¹¹⁷ As of December 10, 2010

2011 IMPLEMENTATION PLAN

The Corporation will continue to provide asset oversight and compliance monitoring services to the properties in its current portfolio. The Corporation's compliance policy was updated in late 2010, and the Corporation will continue to regularly review its programs and policies to identify ways increase the performance of the properties under review.

The Corporation plans to continue to market its asset oversight and compliance capabilities to other organizations and public agencies.

TEXAS FOUNDATION FUND

The Corporation created the Texas Foundations Fund (TFF) in early 2008 to make grants aimed at improving the living standards of Texas residents of very low income and extremely low income, specifically those at 50 percent or below of the area median family income. Funding for the TFF comes from the Corporation's own income and private funds raised.

TFF provides grants of up to \$50,000 to nonprofit organizations and rural governmental entities (or their instrumentalities) for (i) the construction, rehabilitation, and/or critical repair of single family homes for Texas homeowners, with a particular emphasis on serving people with disabilities and rural Texans and (ii) the provision of supportive housing services for residents of multifamily rental units.

The Corporation accepts and evaluates eligible project proposals through a competitive process. A notice of funding availability is published on an annual basis provided the Board of Directors determines that sufficient funds exist to award grants. Proposals are first considered by the Corporation's Advisory Council, whose members are appointed by the Corporation's Board of Directors, with final approval provided by the Board of Directors.

The Corporation has completed three award cycles of the Texas Foundations Fund. Fourteen applicants have been awarded \$50,000 each to carry out eligible activities, totaling \$700,000. Four of the fourteen awards were given to entities specifically for the purpose of assisting individuals who experienced damage due to Hurricanes Ike and Dolly.

2011 IMPLEMENTATION PLAN

Prior to a funding round, the Corporation's Board of Directors determines the amount available for grants based on income and private funding received. The Corporation anticipates conducting a funding round in 2011. A notice of funding availability likely will be released in the first or second quarter of 2011.

FORECLOSURE PREVENTION

The Corporation is a founding member of the Texas Foreclosure Prevention Task Force ("Task Force") and supports the efforts of the Task Force by providing such services as fundraising and program administration. Since 2008, the Corporation has raised approximately \$925,000 to support foreclosure prevention counseling sessions for delinquent borrowers, foreclosure counseling training for HUD-approved housing counselors, and other Task Force initiatives. These initiatives include producing and distributing the Texas Foreclosure Intervention Resource Guide, implementing an application process to provide funding support to local foreclosure prevention

initiatives, hosting foreclosure prevention outreach events, and creating a loan modification scam alert initiative to help homeowners avoid mortgage loan modification scams.

The Corporation also administers the National Foreclosure Mitigation Counseling (“NFMC”) Program for TDHCA. The NFMC Program is a federal program that provides funding for foreclosure counseling services.

In 2010, the Corporation raised and administered funds to local HUD-approved housing counseling agencies to support approximately 2,600¹¹⁸ foreclosure prevention counseling sessions for Texas homeowners struggling to make their mortgage payments.

2011 IMPLEMENTATION PLAN

The Corporation will continue to provide fundraising and administrative support for the Task Force’s foreclosure prevention initiatives. This support includes fundraising to support foreclosure prevention counseling sessions and administering these funds to participating HUD-approved counseling agencies. The Corporation will also continue to administer the Task Force’s loan scam mitigation outreach initiative to help vulnerable homeowners identify, avoid, and report loan modification and foreclosure rescue scams. Finally, the Corporation will support new initiatives adopted by the Task Force’s leadership committee in 2011.

The Corporation is also assisting TDHCA in preparing an application to NeighborWorks America for NFMC Round 5 funding. The Corporation will administer these funds to local HUD-approved housing counseling agencies partnering with TDHCA.

DEVELOPMENT

As a 501(c)(3) nonprofit entity, the Texas State Affordable Housing Corporation actively pursues grants and other investments from corporations, private foundations and government entities. The Corporation’s development program, which was established in 2006, works to fundraise for programs such as the Texas Foundations Fund, direct lending, and Affordable Communities of Texas. In addition, the Corporation actively fundraises for other initiatives, such as the Texas Foreclosure Prevention Task Force and the Texas Statewide Homebuyer Education Program administered by TDHCA.

In December 2010, the Corporation reached an important fundraising milestone of over \$1 million in grants received from corporations, individuals and foundations.

In addition to grants, the Corporation actively pursues program-related investments (PRIs), which are low-cost loans and equity investments provided at below-market rates by foundations and financial institutions to support charitable activities. The Corporation has received PRIs totaling over \$1.5 million in support of our direct lending programs from Wells Fargo and the Meadows Foundation.

¹¹⁸ As of December 13, 2010

2011 IMPLEMENTATION PLAN

The Corporation will continue to apply for grants and program-related investments from existing supporters, as well as investigate potential new funding sources that can further its ability to assist underserved populations in attaining affordable housing. And with the assistance of its Advisory Council, the Corporation may explore the possibility of fundraising from individuals.

APPENDIX A

LEGISLATIVE REQUIREMENTS FOR THE STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

SEC. 2306.072. ANNUAL LOW INCOME HOUSING REPORT

- (a) Not later than March 18 of each year, the director shall prepare and submit to the board an annual report of the department's housing activities for the preceding year.
- (b) Not later than the 30th day after the date the board receives and approves the report, the board shall submit the report to the governor, lieutenant governor, speaker of the house of representatives, and member of any legislative oversight committee.
- (c) The report must include:
 - (1) a complete operating and financial statement of the department;
 - (2) a comprehensive statement of the activities of the department during the preceding year to address the needs identified in the state low income housing plan prepared as required by Section 2306.0721, including:
 - (A) a statistical and narrative analysis of the department's performance in addressing the housing needs of individuals and families of low and very low income;
 - (B) the ethnic and racial composition of individuals and families applying for and receiving assistance from each housing-related program operated by the department; and
 - (C) the department's progress in meeting the goals established in the previous housing plan;
 - (3) an explanation of the efforts made by the department to ensure the participation of individuals of low income and their community-based institutions in department programs that affect them;
 - (4) a statement of the evidence that the department has made an affirmative effort to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process;
 - (5) a statistical analysis, delineated according to each ethnic and racial group served by the department, that indicates the progress made by the department in implementing the state low income housing plan in each of the uniform state service regions;
 - (6) an analysis, based on information provided by the fair housing sponsor reports required under Section 2306.0724 and other available data, of fair housing opportunities in each housing development that receives financial assistance from the department that includes the following information for each housing development that contains 20 or more living units:
 - (A) the street address and municipality or county in which the property is located;
 - (B) the telephone number of the property management or leasing agent
 - (C) the total number of units, reported by bedroom size;
 - (D) the total number of units, reported by bedroom size, designed for individuals who are physically challenged or who have special needs and the number of these individuals served annually;
 - (E) the rent for each type of rental unit, reported by bedroom size;
 - (F) the race or ethnic makeup of each project;

- (G) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;
 - (H) the number of units occupied by individuals and families of extremely low income, very low income, low income, moderate income, and other levels of income;
 - (I) a statement as to whether the department has been notified of a violation of the fair housing law that has been filed with the United States Department of Housing and Urban Development, the Commission on Human Rights, or the United States Department of Justice; and
 - (J) a statement as to whether the development has any instances of material noncompliance with bond indentures or deed restrictions discovered through the normal monitoring activities and procedures that include meeting occupancy requirement or rent restrictions imposed by deed restriction or financing agreements;
- (7) a report on the geographic distribution of low income housing tax credits, the amount of unused low income housing tax credits, and the amount of low income housing tax credits received from the federal pool of unused funds from other states; and
- (8) a statistical analysis, based on information provided by the fair housing sponsor reports required by Section 2306.0724 and other available data, of average rents reported by county.

SEC. 2306.0721. LOW INCOME HOUSING PLAN

- (a) Not later than March 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.
- (b) Not later than the 30th day after the date the board receives and approves the plan, the board shall submit the plan to the governor, lieutenant governor, and the speaker of the house of representatives.
- (c) The plan must include:
 - (1) an estimate and analysis of the housing needs of the following populations in each uniform state service region:
 - (A) individuals and families of moderate, low, very low, and extremely low income;
 - (B) individuals with special needs; and
 - (C) homeless individuals;
 - (2) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;
 - (3) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;
 - (4) a description of state programs that govern the use of all available housing resources;
 - (5) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;
 - (6) a description of the department's efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department's recommendations to ensure the full use by the state of all available federal resources for those services in each uniform state service region;

- (7) strategies to provide housing for individuals and families with special needs in each uniform state service region;
 - (8) a description of the department's efforts to encourage in each uniform state service region the construction of housing units that incorporate energy efficient construction and appliances;
 - (9) an estimate and analysis of the housing supply in each uniform state service region
 - (10) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies;
 - (11) strategies for meeting rural housing needs;
 - (12) a biennial action plan for colonias that:
 - (A) addresses current policy goals for colonia programs, strategies to meet the policy goals, and the projected outcomes with respect to the policy goals; and
 - (B) includes information on the demand for contract-for-deed conversions, services from self-help centers, consumer education, and other colonia resident services in counties some part of which is within 150 miles of the international boarder of the state;
 - (13) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); and
 - (14) any other housing-related information that the state is required to include in the one-year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development.
- (d) The priorities and policies in another plan adopted by the department must be consistent to the extent practical with the priorities and policies established in the state low income housing plan.
 - (e) To the extent consistent with federal law, the preparation and publication of the state low income housing plan shall be consistent with the filing and publication deadlines required of the department for the consolidated plan.
 - (f) The director may subdivide the uniform state serve regions as necessary for purposes of the state low income housing plan.
 - (g) The department shall include the plan developed by the Texas State Affordable Housing Corporation under Section 2306.566 in the department's resource allocation plan under Subsection (c)(5).

SEC. 2306.0722. PREPARATION OF PLAN AND REPORT

- (a) Before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the department shall meet with regional planning commissions created under Chapter 391, Local Government Code, representatives of groups with an interest in low income housing, nonprofit housing organizations, managers, owners, and developers of affordable housing, local government officials, residents of low income housing, and members of the Colonia Resident Advisory Committee. The department shall obtain the comments and suggestions of the representatives, officials, residents, and members about the prioritization and allocation of the department's resources in regard to housing.
- (b) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:

- (1) coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;
- (2) set priorities for the available housing resources to help the neediest individuals;
- (3) evaluate the success of publicly supported housing programs\
- (4) survey and identify the unmet housing needs of individuals the department is required to assist;
- (5) ensure that housing programs benefit an individual without regard to the individual's race, ethnicity, sex, or national origin;
- (6) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;
- (7) develop housing programs through an open, fair, and public process;
- (8) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);
- (9) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;
- (10) identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate;
- (11) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;
- (12) use the following standardized categories to describe the income of program applicants and beneficiaries:
 - i. 0 to 30 percent of area median income adjust for family size;
 - ii. more than 30 to 60 percent of area median income adjusted for family size;
 - iii. more than 60 to 80 percent of area median income adjusted for family size;
 - iv. more than 80 to 115 percent of area median income adjusted for family size; or
 - v. more than 115 percent of area median income adjusted for family size;
- (13) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies; and
- (14) provide the needs assessment information compiled for report and plan to the Texas State Affordable Housing Corporation.

SEC. 2306.0723. PUBLIC PARTICIPATION REQUIREMENTS

The Department shall consider the annual low income housing report to be a rule and in developing the report shall follow rulemaking procedures required by Chapter 2001.

SEC. 2306.0724. FAIR HOUSING SPONSOR REPORT

- (a) The Department shall require the owner of each housing development that receives financial assistance from the Department and that contains 20 or more living units to submit an annual fair housing sponsor report. The report must include the relevant information necessary for the analysis required by Section 2306.072(c)(6). In compiling the information for the report, the owner of each housing development shall use data current as of January 1 of the reporting year.

- (b) The Department shall adopt rules regarding the procedure for filing the report.
- (c) The Department shall maintain the reports in electronic and hard-copy formats readily available to the public at no cost.
- (d) A housing sponsor who fails to file a report in a timely manner is subject to the following sanctions, as determined by the Department:
 - (1) denial of a request for additional funding; or
 - (2) an administrative penalty in an amount not to exceed \$1,000, assess in the manner provided for an administrative penalty under Section 2306.6023.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Presentation, Discussion, and Possible Action regarding Housing Tax Credit Amendments.

WHEREAS, the tax credit award relating to Tax Exempt Bond Application 08403, The Villas at Lakewest I was awarded by the Board based on certain premises, including the construction of 180 elderly units on 8.546 acres,

WHEREAS, the owner is requesting approval to reduce the development site by 1.387 acres,

WHEREAS, the site reduction will not negatively impact the existing tenants, will not result in further concentration of affordable housing, but will expand the City's ability to provide a continuum of care in the area, therefore be it

RESOLVED, that staff's recommendations regarding the approval of amendment relating to Application #08403, The Villas at Lakewest I be and hereby are approved as presented to this meeting

Background

§2306.6712, Texas Government Code, indicates that the Board should determine the disposition of a requested amendment if the amendment is a "material alteration," would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round. The statute identifies certain changes as material alterations and the requests presented below include material alterations.

Summary of Request: Villages of Lakewest I is a 180 unit, elderly, new construction development in Dallas. The owner is requesting approval to reduce the development site from 8.546 acres originally proposed to 7.159 acres. The reduction of land equates to a 16.22% reduction of land, and consequently would increase site density by the same percent. The general partner of the development partnership is an affiliate of the Housing Authority of the City of Dallas ("HACD"). HACD ground-leased the site to the partnership, and the loss of land will not affect the terms of the lease.

Staff researched the owner's request to move the southern boundary of the development site North 117 feet, and discovered HACD has plans to construct an assisted living facility adjacent to the tax credit property. The 1.387 acres in question was not committed for tenant use, and loss of the land would not directly affect tenants. The Villas at Lakewest I, along with the proposed assisted living facility are part of a larger initiative by HACD to develop a Continuum Care Retirement Community (CCRC). The CCRC is also part of a city sponsored effort to redevelop the Lakewest area of Dallas. Underwriting staff confirmed the loss of land has no impact on the feasibility of the development or the credit award.

Pursuant to §49.13(b) of the Qualified Allocation Plan "If a proposed modification would materially alter a Development approved for an allocation of a Housing Tax Credit, or if the Applicant has altered any selection criteria item for which it received points, the Department shall require the Applicant to file a formal, written request for an amendment to the Application... The Board must vote on whether to approve an amendment. The Board by vote may reject an amendment and, if appropriate, rescind a Commitment Notice or terminate the allocation of Housing Tax Credits and reallocate the credits to other Applicants on the Waiting List if the Board determines that the modification proposed in the amendment...would materially alter the Development in a negative manner...Material alteration of a Development includes, but is not limited to...A modification of the residential density of the Development of at least 5%..." Therefore, an amendment to the application is necessary.

Owner:	Lakewest Senior Housing I, L.P.
General Partner:	DHA Lakewest I, LLC
Developers:	SG Development, LLC
Principals/Interested Parties:	Dallas Housing Authority, SG Development Derek Weiner
Syndicator:	Apollo Equity Partners
Interim Bond Financing:	Housing Options, Inc.
Permanent Bond Financing:	Housing Options, Inc.
Other Funding:	N/A
City/County:	Dallas/Dallas
Set-Aside:	N/A
Type of Area:	Urban
Region:	3
Type of Development:	New Construction
Population Served:	Elderly
Units:	180 units
2008 Allocation:	\$596,028
Allocation per HTC Unit:	\$3,311
Prior Board Actions:	July 2008 – Approved award of tax exempt bond
REA Findings:	The original tax credit determination amounts are not affected.

RECEIVED
By pclloyd at 3:37 pm, Jan 14, 2011



January 12, 2011

Mr. Valentin DeLeon
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78711-3941

Ref: The Villages at Lakewest I (Development), Dallas, Dallas County
HTC Development No. 08403

Item: Application Amendment for Acreage Revision

Dear Mr. DeLeon:

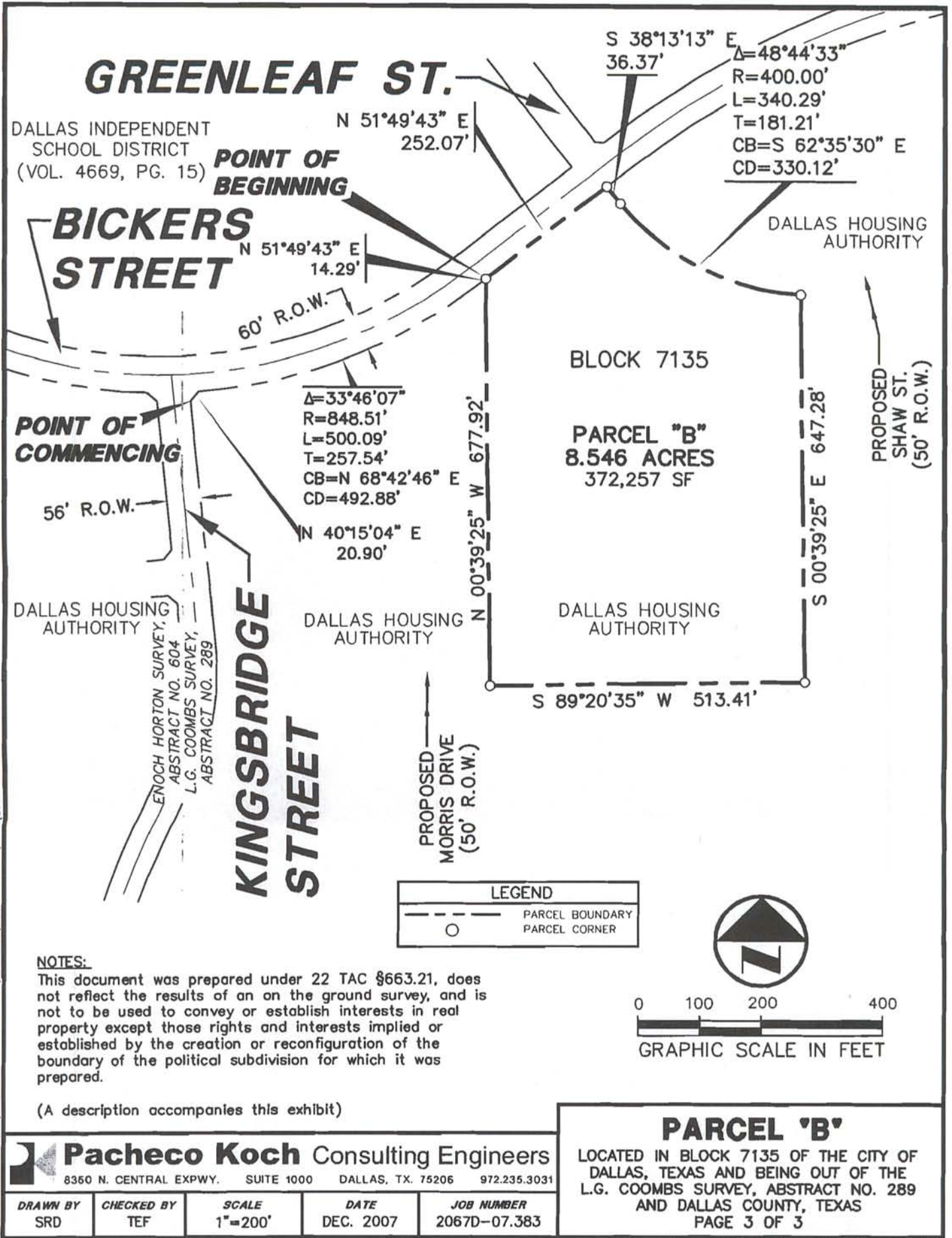
Originally the application stated that the tract acreage for The Villages at Lakewest I would be 8.546 acres. It was determined that the southern boundary line of the subject tract could move north approximately 117 feet without changing the configuration of the planned development or exceeding density requirements. In shifting the southern boundary line north to approximately 10 feet south of the back of curb of the development's fire lane, the acreage needed was decreased to 7.159 acres.

I am respectfully requesting to amend the application to reflect the revised acreage of 7.159 acres for subject development. Feel free to give me a call should you have any questions regarding the amendment.

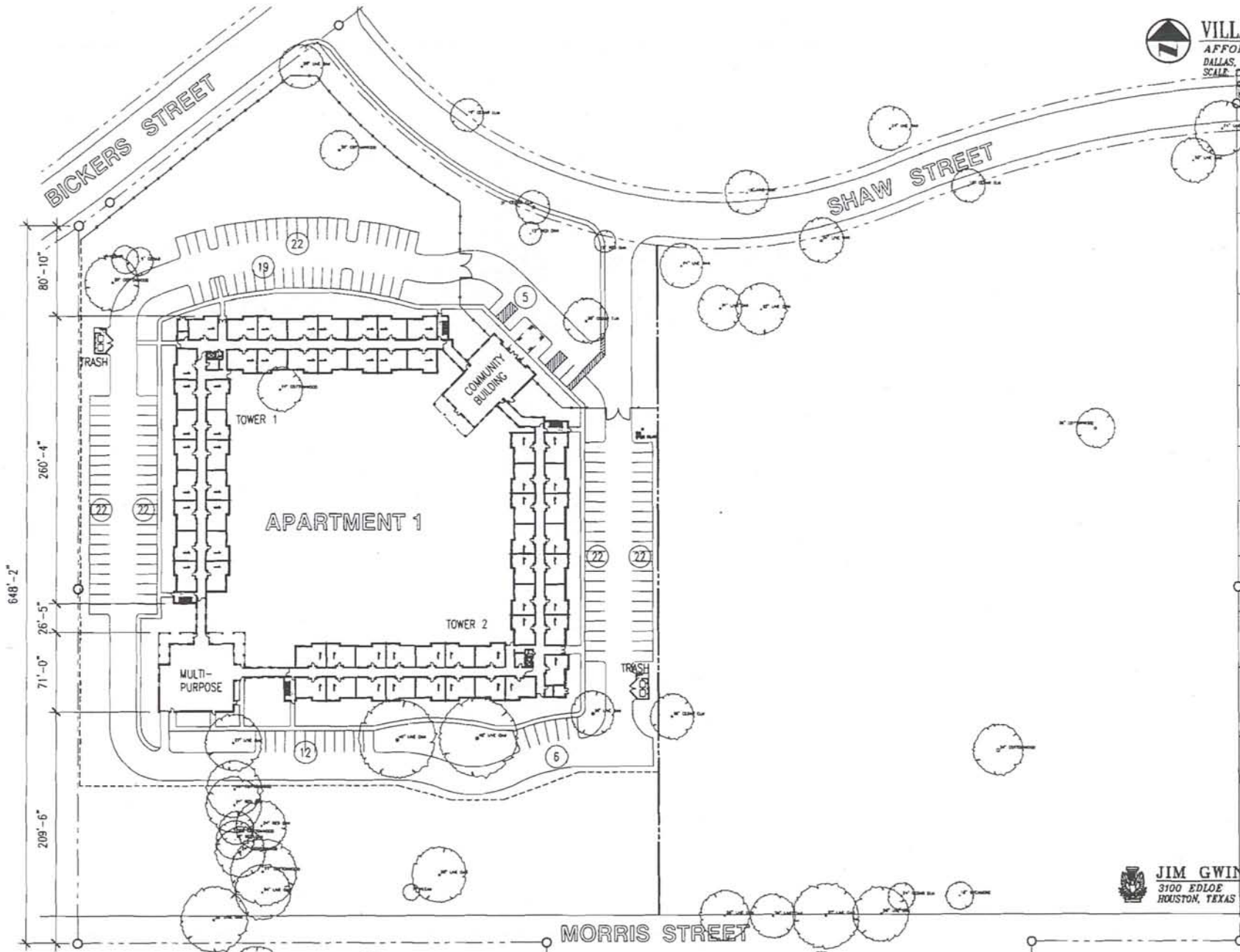
Best regards,

A handwritten signature in blue ink, appearing to read 'Derek Weiner', followed by a horizontal line.

Derek Weiner, P.E.
SG Development, LLC



11:08AM M:\DWG-20\2067-05.448\DWG\2067-05.448EX.DWG
 12/21/2007 - 11:08AM M:\DWG-20\2067-05.448\DWG\2067-05.448EX.DWG
 SDJUNN



VILLAGE AT LAKEWEST
 AFFORDABLE SENIOR HOUSING
 DALLAS, TEXAS
 SCALE: 1" = 80'-0"
 DEC. 19, 2007

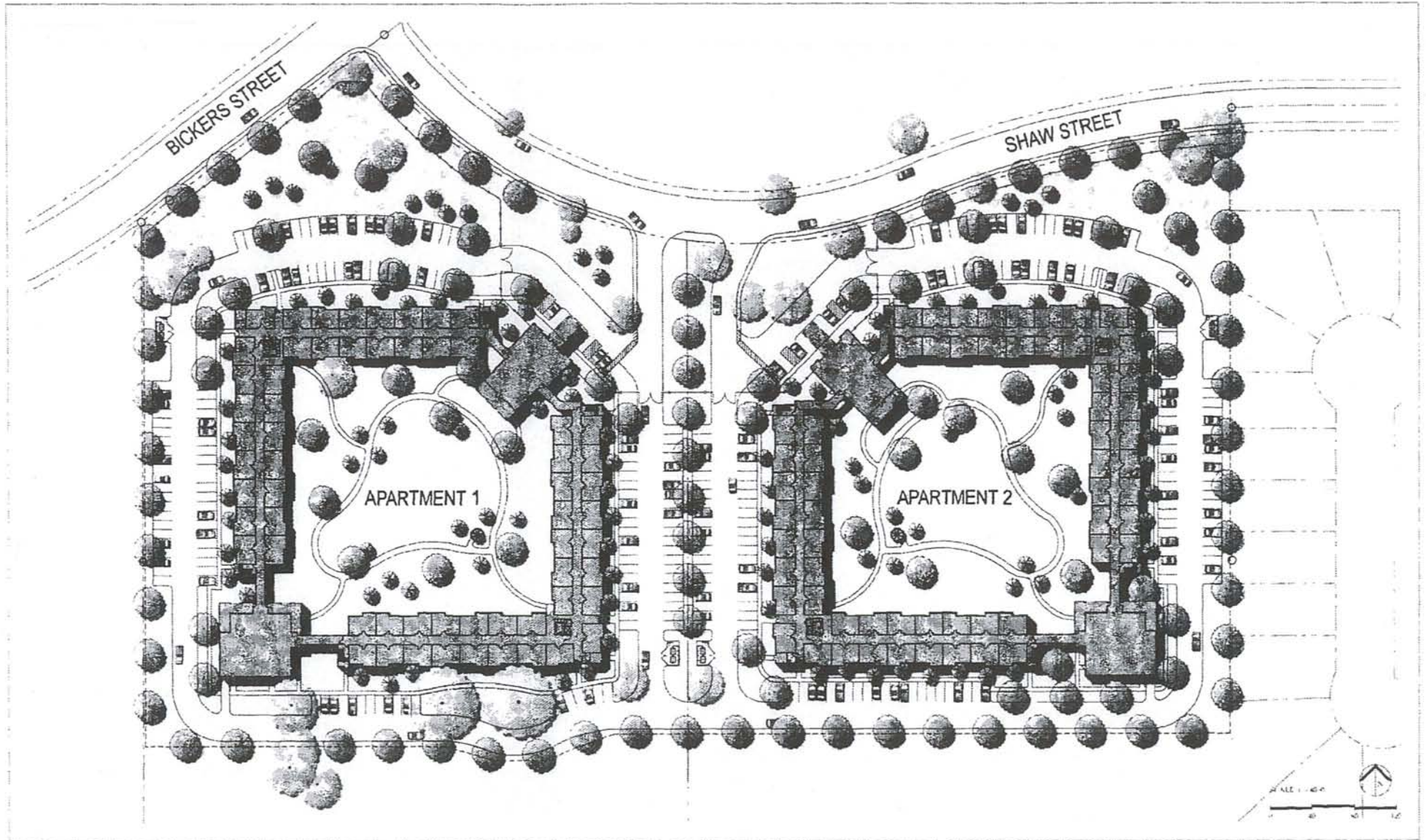
APARTMENT 1 AREA SYNOPSIS:

6.93 ACRES (302,000 SF)
TOWER 1: 64,340 SF
TOWER 2: 64,340 SF
COMMUNITY: 3,390 SF
MULTI-PURPOSE: 4,285 SF
CONNECTORS: 1,325 SF
TOTAL: 137,680 SF

180 RESIDENT UNITS PROVIDED
 152 PARKINGS PROPOSED
 126-135 PARKINGS REQUIRED

JIM GWIN ARCHITECTS, INC.
 3100 EDLOE SUITE 320
 HOUSTON, TEXAS 77027
 (713) 529-6262

08403



JIM GWIN ARCHITECTS, INC.
 3100 EDLOE HOUSTON, TEXAS 77027
 SUITE 320
 (713) 529-6262

VITRO DESIGN STUDIO
 LANDSCAPE ARCHITECTURE
 2827 KUNSK PLACE WEST HOUSTON, TEXAS 77058
 (832) 627-6475 (713) 412-8446
 www.vitrodesignstudio.com

This drawing is conceptual in nature and is subject to change. No warranties or representations, expressed or implied, concerning the actual design, location or character of the plan are intended. This plan is not for permit or construction purposes.
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VILLAGE AT LAKEWEST
 AFFORDABLE SENIOR HOUSING DALLAS, TEXAS

08403



January 25, 2011

Mr. David Burrell
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78711-3941

Ref: The Villages at Lakewest I (Development), Dallas, Dallas County
HTC Development No. 08403

Item: Further Explanation of Application Amendment for Acreage Revision

Dear Mr. Burrell:

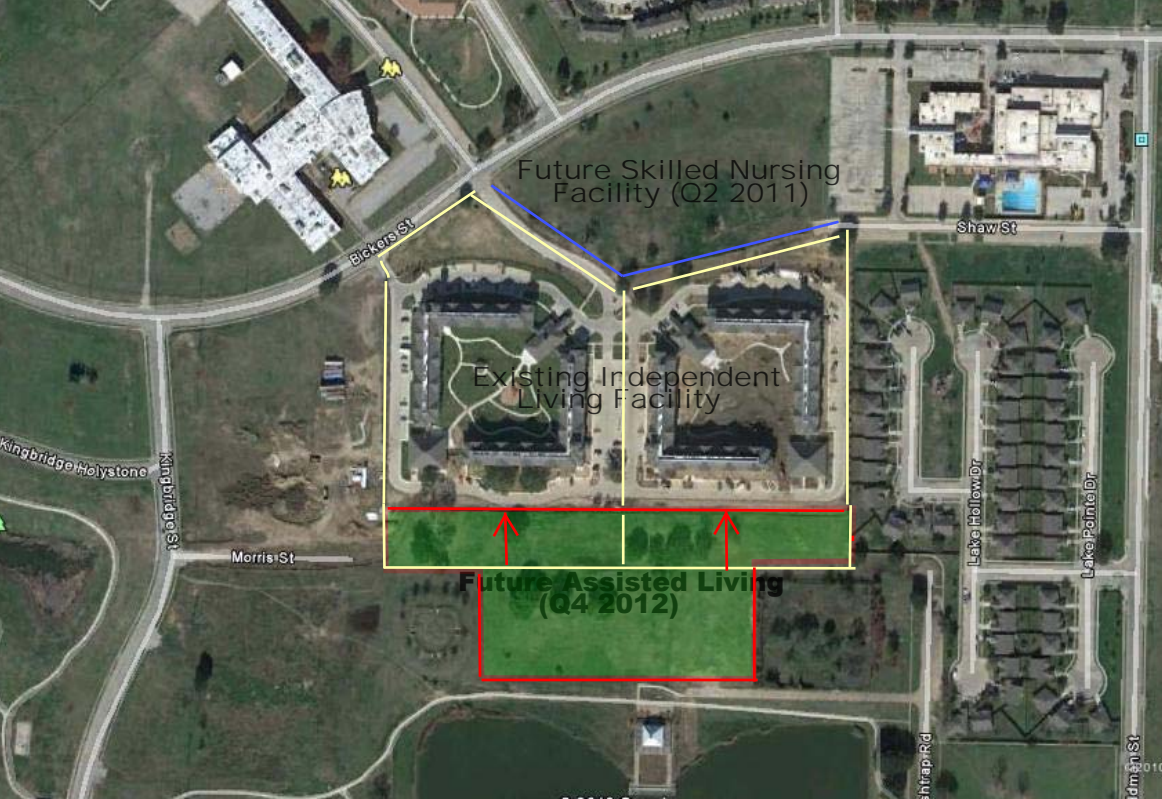
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The shifting of the property line to the north allows for the future development of an Assisted Living facility that will consist of approximately 130-beds. The Assisted Living component is the third and final component of a planned Continuum Care Retirement Community, a partnership with the Dallas Housing Authority, in west Dallas and is scheduled to be completed by the 4th quarter of 2012. The first phase consisted of The Villages at Lakewest 1 and 2, altogether 360-units of Independent Living. The second phase of the CCRC consists of a 118-bed Rehabilitation and Skilled Care Facility and is currently under construction and scheduled for completion during the 2nd quarter of 2011 (see attached exhibit for the location of the three phases). Please note that the acreage decrease did not affect the economics of the The Villages at Lakewest 1. The land is currently being leased from the Dallas Housing Authority at the same costs as if the tracts remained the same size as they were at the time of application.

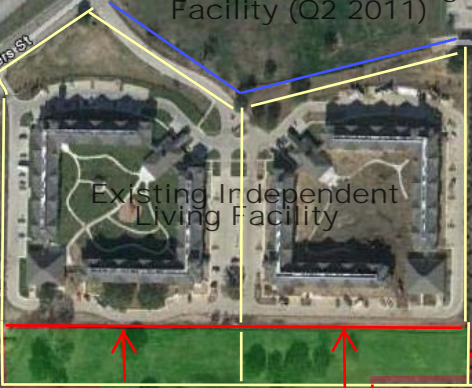
I am respectfully requesting to amend the application to reflect the revised acreage of 7.159 acres for subject development. Feel free to give me a call should you have any questions regarding the amendment.

Best regards,

Derek Weiner, P.E.
SG Development, LLC
(972) 793-4954



Future Skilled Nursing Facility (Q2 2011)



Existing Independent Living Facility



Future Assisted Living (Q4 2012)

Bickers St

Shaw St

Kingbridge Holystone

Kingbridge St

Morris St

Lake Hollow Dr

Lake Pointe Dr

Whitrap Rd

Edman St



Memorandum

To: File

From: David Burrell, Real Estate Analysis

cc: Valentin Deleon, Multifamily Finance Production

Date: February 7, 2011

Re: Amendment Requests for Village at Lakewest I, TDHCA #08403 (“Lakewest I”) and Village at Lakewest II, TDHCA #08404 (“Lakewest II”)

Background

Lakewest I and Lakewest II each received an allocation of annual 4% tax credits in 2008 (\$596,028 each). Tax-exempt bonds of \$9.8M combined with the tax credit equity capitalized construction and permanent financing for each property. The general partners of the separate LIHTC partnerships are affiliates of the Housing Authority of the City of Dallas (“HACD”). HACD ground-leased the sites to the partnerships.

The Village at Lakewest I & II are affordable independent-living senior apartments (360 total units) representing the first phase of a Continuum Care Retirement Community (CCRC). The second phase is a 118-bed Rehabilitation and Skilled Care facility that is currently under construction and scheduled to be completed during the 2nd quarter of this year. The third phase of the CCRC, the Assisted Living facility (138 beds) is scheduled to be completed by the 4th quarter of 2012.

HCAD acquired all the acreage for the CCRC through eminent domain over 40 years ago. A public housing facility was previously located on the CCRC site.

In August 2010, HCAD was granted an amendment on Lakewest II to reduce the number of uncovered parking spaces from 155 to 135 based on final site planning and City of Dallas development requirements.

The subject amendment request is to reduce the site acreage for each property (Lakewest I from 8.546 acres to 7.159 acres and Lakewest II from 8.277 acres to 6.889 acres) and release the tax credit LURAs on the released acreage.

Analysis

The Owner intends to use the release acreage along with adjacent acreage for construction of the assisted-living facility to the south. The Owner indicates that tax credits will not be used to finance the assisted-living facility.

As shown on the aerial, the release acreage is not utilized by either of the existing LIHTC developments. There are no improvements to the land. The release would move the southern boundary line of each LIHTC tract approximately 117 feet to the north. The release does not change the building or driveway configuration of the existing developments. The site plan for the assisted-living project shows secondary access through the LIHTC tracts which provides additional access to the LIHTC deals from Morris Road (to the east of the sites).

From a feasibility standpoint, the release of the acreage has no operational or functional impact to the LIHTC deals. The sites are leased to the partnerships by HCAD under fifty-five (55) year ground leases with nominal lease payments of \$100 annually. Those payments will remain unchanged. Continuation of the CCRC development should assist with marketing efforts of the LIHTC deals.

The original underwriting reports in 2008 reflected minimal acquisition cost for each property (\$7,500) related to the execution of the ground leases. No land basis was passed through to the partnerships. A reduction to the size of the tracts would not have had any impact at original underwriting.

Release of the acreage allows HCAD to build a larger assisted-living project (138-beds) than would otherwise be doable on the adjacent acreage, provides more logical and direct access to the assisted-living site (and indirectly to the LIHTC deals) and makes use of what would be an undevelopable strip of land between the LIHTC deals and the assisted-living site.

The sites are subject to additional restrictions imposed by the bond issuer and holder with respect to the tax-exempt bonds. Release of the acreage from the regulatory agreement is also subject to their approval.

Conclusion & Recommendation

The amendment requests do not impact the feasibility conclusions in the original underwriting for either development. The original tax credit determination amounts are not affected. As 4% tax credit developments, final eligible costs will be determined at Cost Certification and a final allocation of tax credits will be made at that time.

Prior to execution of the LURA amendments, the Owners must provide TDHCA with evidence of the issuer and/or bond holder consent and partial release of the regulatory agreement.





TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Addendum

REPORT DATE: 07/22/08 PROGRAM: 4% HTC

FILE NUMBER: 08403

DEVELOPMENT

Village at Lakewest I

Location: Southwest Corner of Bickers and Greenland Streets Region: 3
 City: Dallas County: Dallas Zip: 75212 QCT DDA
 Key Attributes: Multifamily, New Construction, Elderly, Urban

ALLOCATION

	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$665,111			\$596,028		

CONDITIONS

- 1 Receipt, review, and acceptance, by cost certification, of HUD approval of project-based Section 8 vouchers for 100% (180) of the units and contract rents of at least \$613 per unit in order to maintain financial viability.
- 2 Receipt, review, and acceptance, prior to execution of determination notice, that the Housing Authority has a sufficient amount of Section 8 Housing Choice Voucher program assistance to "project base" at least 510 vouchers to serve the subject (180 vouchers), phase II of the subject (180 vouchers), and the other 9% transaction (#08207) proposed to use 150 program based vouchers from the Housing Authority.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA (AMENDED*)		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	90
60% of AMI	60% of AMI	90

* All units are characterized as one bedroom units and should be restricted as such.

PROS

- The subject proposes 180 units supported with rental assistance through the use of project-based Section 8 vouchers.

CONS

- The Applicant's direct construction cost estimate is \$937K or 13% higher than the Underwriter's estimate.
- The Applicant's lender and syndicator have changed several times during the review and underwriting process.
- The capture rates determined by the Underwriter and Market Analyst are both well above 50%, but remain under the 75% maximum for elderly properties.

ADDENDUM

The subject application was underwritten and approved at the July 21, 2008 TDHCA Board meeting. Subsequent to this meeting the Applicant submitted an appeal of the Underwriter's conclusion that the proposed 555 square foot units constituted efficiency units under the 2008 QAP Section 50.3(95), which defines a unit that is 649 square feet or less as an efficiency unit. The Applicant appealed on the basis that the QAP is inconsistent in its definition of a unit and that the definition applied by the Underwriter only applies to studio and loft style units for which the subject units are not.

The TDHCA Board did not explicitly make a determination regarding whether the rule applied but voted to approve a waiver to allow the subject units to be considered one bedroom units and to be restricted as such. Additionally, the TDHCA Board waived the Department's limit on the number of units a development may have due to the unique circumstances of the subject development which is proposed as one phase of a two phase development that have 360 units combined. It should be noted that the Applicant also received a resolution from the City recognizing the need for the proposed units.

As reflected in the original underwriting report dated July 10, 2008, whether the units are considered efficiency units or one bedroom units has no impact on the underwritten rents due to the proposed HAP contract that will subsidize 100% of the units. As such, the projected financial viability as reflected in the original report remains unchanged. However, the Applicant may be in a better position to market the proposed development to tax credit investors and lenders because if the HAP contract expires or fails to receive the anticipated level of funding at a future date, the higher one bedroom rent levels will allow the development to receive more income than if restricted at efficiency levels.

The original underwriting report also included a condition that a revised market study be submitted which contemplates the demand if the units were characterized as efficiencies. This condition is no longer applicable, as the Board has determined that the subject units are one bedroom units. It should be stated, however, that the Underwriter continues to have some concern regarding two person household demand, although the Housing Authority provided testimony that a significant number of elderly public housing units may be vacated in the near future and that the subject units will serve these households.

This report provides the amended numerical analysis with the one bedroom gross rent levels reflected. As discussed, no other material changes are reflected. No change to the originally recommended and approved tax credit award is recommended at this time. This addendum should be read in conjunction with the original underwriting report, which contains a complete evaluation of the application.

BUILDING CONFIGURATION PHASE I ONLY

Building Type	A											Total Buildings
Floors/Stories	3											
Number	2											2

BR/BA	SF	Units										Total Units	Total SF
1/1	555	90										180	99,900
Units per Building	90											180	99,900

Underwriter: _____ Date: July 22, 2008
Cameron Dorsey

Director of Real Estate Analysis: _____ Date: July 22, 2008
Tom Gouris

MULTIFAMILY COMPARATIVE ANALYSIS

Village at Lakewest I, Dallas, 4% HTC #08403 -- ADDENDUM

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Elec / Gas	WS&T
TC50%	90	0	1	555	\$623	\$718	\$64,620	\$1.29	\$96.00	\$46.00
TC60%	90	0	1	555	\$748	718	64,620	1.29	96.00	46.00
TOTAL:	180		AVERAGE:	555		\$718	\$129,240	\$1.29	\$96.00	\$46.00

INCOME

Total Net Rentable Sq Ft: 99,900

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$13.43

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

EXPENSES

% OF EGI PER UNIT PER SQ FT

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	3.86%	\$314	0.57
Management	5.00%	406	0.73
Payroll & Payroll Tax	9.84%	799	1.44
Repairs & Maintenance	5.02%	408	0.73
Utilities	13.68%	1,111	2.00
Water, Sewer, & Trash	3.91%	317	0.57
Property Insurance	2.39%	194	0.35
Property Tax 2.514757	0.00%	0	0.00
Reserve for Replacements	3.08%	250	0.45
TDHCA Compliance Fees	0.49%	40	0.07
Other:	1.05%	85	0.15
TOTAL EXPENSES	48.32%	\$3,923	\$7.07
NET OPERATING INC	51.68%	\$4,196	\$7.56

DEBT SERVICE

	%	PER UNIT	PER SQ FT
Capitol One Mortgage Rev Bonds	41.85%	\$3,398	\$6.12
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
NET CASH FLOW	9.83%	\$798	\$1.44

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		0.05%	\$42	\$0.08
Off-Sites		0.00%	0	0.00
Sitework		5.23%	4,333	7.81
Direct Construction		47.29%	39,155	70.55
Contingency 5.00%		2.63%	2,174	3.92
Contractor's Fees 14.00%		7.35%	6,088	10.97
Indirect Construction		6.49%	5,374	9.68
Ineligible Costs		11.39%	9,430	16.99
Developer's Fees 15.00%		11.18%	9,254	16.67
Interim Financing		5.52%	4,571	8.24
Reserves		2.86%	2,372	4.27
TOTAL COST		100.00%	\$82,794	\$149.18
Construction Cost Recap		62.51%	\$51,751	\$93.24

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT
Capitol One Mortgage Rev Bonds	64.47%	\$53,378	\$96.18
Additional Financing	0.00%	\$0	\$0.00
Apollo HTC Proceeds	34.86%	\$28,861	\$52.00
Deferred Developer Fees	9.29%	\$7,691	\$13.86
Additional (Excess) Funds Req'd	-8.62%	(\$7,136)	(\$12.86)
TOTAL SOURCES			

TDHCA	APPLICANT
\$1,550,880	\$1,480,680
29,004	29,004
0	
\$1,579,884	\$1,509,684
(118,491)	(113,232)
0	
\$1,461,393	\$1,396,452
\$56,474	\$39,650
73,070	69,823
143,797	190,507
73,371	65,440
199,896	175,500
57,087	67,500
34,965	45,000
0	0
45,000	45,000
7,200	7,200
15,300	15,300
\$706,159	\$720,920
\$755,233	\$675,532
\$611,624	\$586,603
0	
0	
\$143,610	\$88,929
1.23	1.15
1.23	

COUNTY	IREM REGION	COMPT. REGION
Dallas	Dallas	3
\$13.43	Per Unit Per Month	
\$0.00	Per Unit Per Month	
-7.50%	of Potential Gross Income	
PER SQ FT	PER UNIT	% OF EGI
\$0.40	\$220	2.84%
0.70	388	5.00%
1.91	1,058	13.64%
0.66	364	4.69%
1.76	975	12.57%
0.68	375	4.83%
0.45	250	3.22%
0.00	0	0.00%
0.45	250	3.22%
0.07	40	0.52%
0.15	85	1.10%
\$7.22	\$4,005	51.63%
\$6.76	\$3,753	48.37%
\$5.87	\$3,259	42.01%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.89	\$494	6.37%

TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
\$7,500	\$7,500	\$0.08	\$42	0.05%
0	0	0.00	0	0.00%
780,001	780,001	7.81	4,333	4.82%
7,047,832	7,985,001	79.93	44,361	49.33%
391,392	449,750	4.50	2,499	2.78%
1,095,897	1,217,300	12.19	6,763	7.52%
967,350	967,350	9.68	5,374	5.98%
1,697,393	1,697,393	16.99	9,430	10.49%
1,665,799	1,833,338	18.35	10,185	11.33%
822,853	822,853	8.24	4,571	5.08%
426,881	426,881	4.27	2,372	2.64%
\$14,902,897	\$16,187,367	\$162.04	\$89,930	100.00%
\$9,315,121	\$10,432,052	\$104.42	\$57,956	64.45%

RECOMMENDED

	RECOMMENDED	
\$9,608,000	\$9,608,000	\$9,608,000
0	0	0
5,194,900	5,194,900	5,065,733
1,384,464	1,384,464	229,164
(1,284,467)	3	0
\$14,902,897	\$16,187,367	\$14,902,897
		Developer Fee Available
		\$1,831,613
		% of Dev. Fee Deferred
		13%
		15-Yr Cumulative Cash Flow
		\$3,826,804

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Village at Lakewest I, Dallas, 4% HTC #08403 -- ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$59.82	\$5,976,213
Adjustments				
Exterior Wall Finish	2.40%		\$1.44	\$143,429
Elderly	3.00%		1.79	179,286
9-Ft. Ceilings	3.30%		1.97	197,215
Roofing			0.00	0
Subfloor			(0.82)	(82,251)
Floor Cover			2.43	242,757
Breezeways/Balconies	\$24.79	1,325	0.33	32,847
Plumbing Fixtures	\$805	0	0.00	0
Rough-ins	\$400	0	0.00	0
Built-In Appliances	\$1,850	180	3.33	333,000
Interior Stairs	\$2,275	12	0.27	27,300
Enclosed Corridors	\$49.90	28776	14.37	1,435,979
Heating/Cooling			2.24	223,776
Elevators	\$35,400	3	1.06	106,200
Comm &/or Aux Bldgs	\$74.84	7,675	5.75	574,359
Other: fire sprinkler	\$1.95	128,676	2.51	250,918
SUBTOTAL			96.51	9,641,027
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(9.65)	(964,103)
TOTAL DIRECT CONSTRUCTION COSTS			\$86.86	\$8,676,925
Plans, specs, survy, bld prm	3.90%		(\$3.39)	(\$338,400)
Interim Construction Interest	3.38%		(2.93)	(292,846)
Contractor's OH & Profit	11.50%		(9.99)	(997,846)
NET DIRECT CONSTRUCTION COSTS			\$70.55	\$7,047,832

PAYMENT COMPUTATION

Primary	\$9,608,000	Amort	420
Int Rate	5.40%	DCR	1.23

Secondary	\$0	Amort	
Int Rate		Subtotal DCR	1.23

Additional	\$5,194,900	Amort	
Int Rate		Aggregate DCR	1.23

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$615,386
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$139,847

Primary	\$9,608,000	Amort	420
Int Rate	5.45%	DCR	1.23

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.23

Additional	\$5,194,900	Amort	0
Int Rate	0.00%	Aggregate DCR	1.23

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	\$1,550,880	\$1,597,406	\$1,645,329	\$1,694,688	\$1,745,529	\$2,023,547	\$2,345,845	\$2,719,477	\$3,654,750
Secondary Income	29,004	29,874	30,770	31,693	32,644	37,844	43,871	50,859	68,350
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,579,884	1,627,281	1,676,099	1,726,382	1,778,173	2,061,390	2,389,716	2,770,336	3,723,100
Vacancy & Collection Loss	(118,491)	(122,046)	(125,707)	(129,479)	(133,363)	(154,604)	(179,229)	(207,775)	(279,233)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,461,393	\$1,505,234	\$1,550,392	\$1,596,903	\$1,644,810	\$1,906,786	\$2,210,488	\$2,562,561	\$3,443,868
EXPENSES at 4.00%									
General & Administrative	\$56,474	\$58,733	\$61,082	\$63,525	\$66,066	\$80,380	\$97,794	\$118,982	\$176,122
Management	73,070	75,262	77,520	79,845	82,241	95,339	110,524	128,128	172,193
Payroll & Payroll Tax	143,797	149,549	155,531	161,752	168,222	204,668	249,010	302,959	448,453
Repairs & Maintenance	73,371	76,305	79,358	82,532	85,833	104,429	127,054	154,581	228,817
Utilities	199,896	207,892	216,208	224,856	233,850	284,515	346,155	421,151	623,406
Water, Sewer & Trash	57,087	59,370	61,745	64,215	66,784	81,253	98,856	120,274	178,034
Insurance	34,965	36,364	37,818	39,331	40,904	49,766	60,548	73,666	109,044
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	45,000	46,800	48,672	50,619	52,644	64,049	77,925	94,808	140,339
Other	22,500	23,400	24,336	25,309	26,322	32,025	38,963	47,404	70,170
TOTAL EXPENSES	\$706,159	\$733,675	\$762,269	\$791,985	\$822,866	\$996,423	\$1,206,831	\$1,461,952	\$2,146,579
NET OPERATING INCOME	\$755,233	\$771,560	\$788,122	\$804,918	\$821,945	\$910,363	\$1,003,657	\$1,100,609	\$1,297,288
DEBT SERVICE									
First Lien Financing	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$139,847	\$156,173	\$172,736	\$189,532	\$206,558	\$294,977	\$388,271	\$485,222	\$681,902
DEBT COVERAGE RATIO	1.23	1.25	1.28	1.31	1.34	1.48	1.63	1.79	2.11

HTC ALLOCATION ANALYSIS -Village at Lakewest I, Dallas, 4% HTC #08403 -- ADDENDUM

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	\$7,500	\$7,500		
Purchase of buildings				
Off-Site Improvements				
Sitework	\$780,001	\$780,001	\$780,001	\$780,001
Construction Hard Costs	\$7,985,001	\$7,047,832	\$7,985,001	\$7,047,832
Contractor Fees	\$1,217,300	\$1,095,897	\$1,217,300	\$1,095,897
Contingencies	\$449,750	\$391,392	\$438,250	\$391,392
Eligible Indirect Fees	\$967,350	\$967,350	\$967,350	\$967,350
Eligible Financing Fees	\$822,853	\$822,853	\$822,853	\$822,853
All Ineligible Costs	\$1,697,393	\$1,697,393		
Developer Fees			\$1,831,613	
Developer Fees	\$1,833,338	\$1,665,799		\$1,665,799
Development Reserves	\$426,881	\$426,881		
TOTAL DEVELOPMENT COSTS	\$16,187,367	\$14,902,897	\$14,042,368	\$12,771,123

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		\$14,042,368	\$12,771,123
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$18,255,079	\$16,602,460
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$18,255,079	\$16,602,460
Applicable Percentage		3.59%	3.59%
TOTAL AMOUNT OF TAX CREDITS		\$655,357	\$596,028

Syndication Proceeds	0.8499	\$5,569,979	\$5,065,733
Total Tax Credits (Eligible Basis Method)		\$655,357	\$596,028
Syndication Proceeds		\$5,569,979	\$5,065,733
Requested Tax Credits		\$665,111	
Syndication Proceeds		\$5,652,877	
Gap of Syndication Proceeds Needed			\$5,294,897
Total Tax Credits (Gap Method)			\$622,992
Board Approved Award			\$596,028
Syndication Proceeds			\$5,065,733



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 Real Estate Analysis Division
 Underwriting Report

REPORT DATE: 07/10/08 PROGRAM: 4% HTC FILE NUMBER: 08403

DEVELOPMENT

Village at Lakewest I

Location: Southwest Corner of Bickers and Greenland Streets Region: 3
 City: Dallas County: Dallas Zip: 75212 QCT DDA
 Key Attributes: Multifamily, New Construction, Elderly, Urban

ALLOCATION

	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$665,111			\$596,028		

CONDITIONS

- 1 Receipt, review, and acceptance, by cost certification, of HUD approval of project-based Section 8 vouchers for 100% (180) of the units and contract rents of at least \$613 per unit in order to maintain financial viability.
- 2 Receipt, review, and acceptance, prior to execution of determination notice, that the Housing Authority has a sufficient amount of Section 8 Housing Choice Voucher program assistance to "project base" at least 510 vouchers to serve the subject (180 vouchers), phase II of the subject (180 vouchers), and the other 9% transaction (#08207) proposed to use 150 program based vouchers from the Housing Authority.
- 3 Receipt, review, and acceptance, prior to execution of determination notice, of a revised rent schedule reflecting all of the units as efficiency units per the QAP §50.3 (95).
- 4 Receipt, review, and acceptance, prior to execution of determination notice, of a revised market study fully contemplating the demand and inclusive capture rate for the subject units as efficiency units and documenting support for any conclusions that are not impacted by the recharacterization of the units as efficiency units.
- 5 Board waiver of the 60 day rule for the submission of the final corrected resolution from the City of Dallas which provided all of the required certifications of support for the development.
- 6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	90
60% of AMI	60% of AMI	90

* All units are characterized as efficiency units and should be restricted as such.

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PROS

- The subject proposes 180 units supported with rental assistance through the use of project-based Section 8 vouchers.

CONS

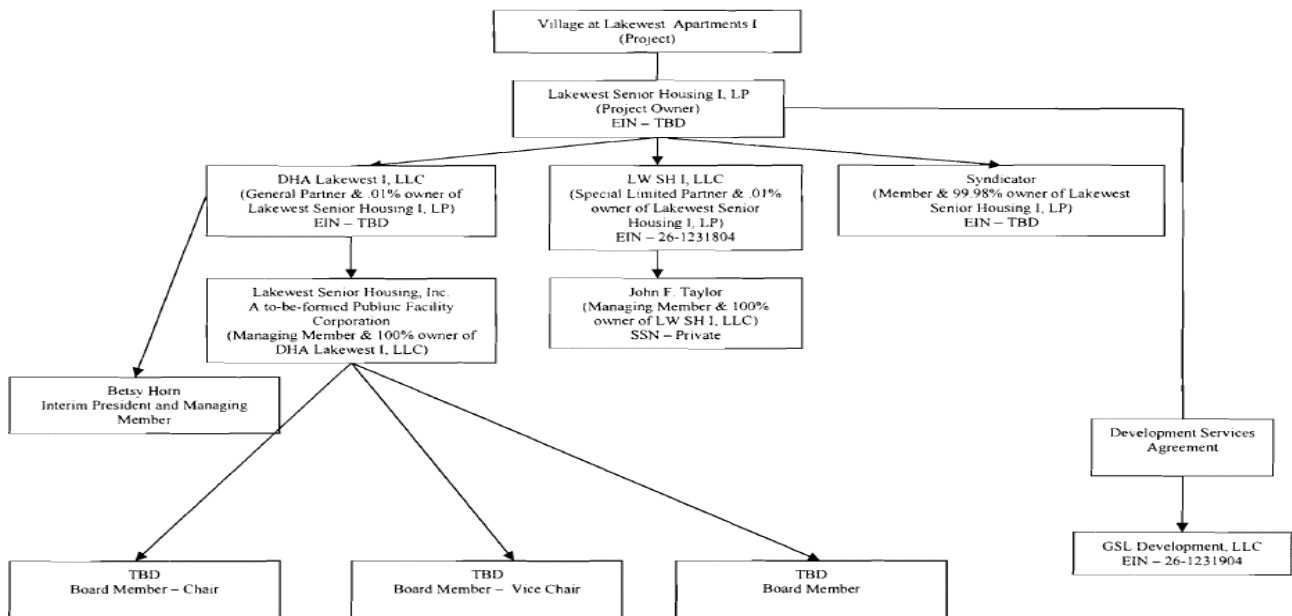
- The Applicant's direct construction cost estimate is \$937K or 13% higher than the Underwriter's estimate.
- The Applicant's lender and syndicator have changed several times during the review and underwriting process.
- The subject efficiency units combined with the Phase II units represents an increase in the number of efficiency units of 91% in the primary market area.
- The capture rates determined by the Underwriter and Market Analyst are both well above 50%, but remain under the 75% maximum for elderly properties.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Tim Lott Phone: (214) 951-8300 Fax: (214) 951-8800
 Email: tlott@dhadal.com

KEY PARTICIPANTS

Name	Financial Notes	# Completed Developments
Dallas Housing Authority	N/A	3+
John Taylor	N/A	0
Betsy Horn	N/A	0

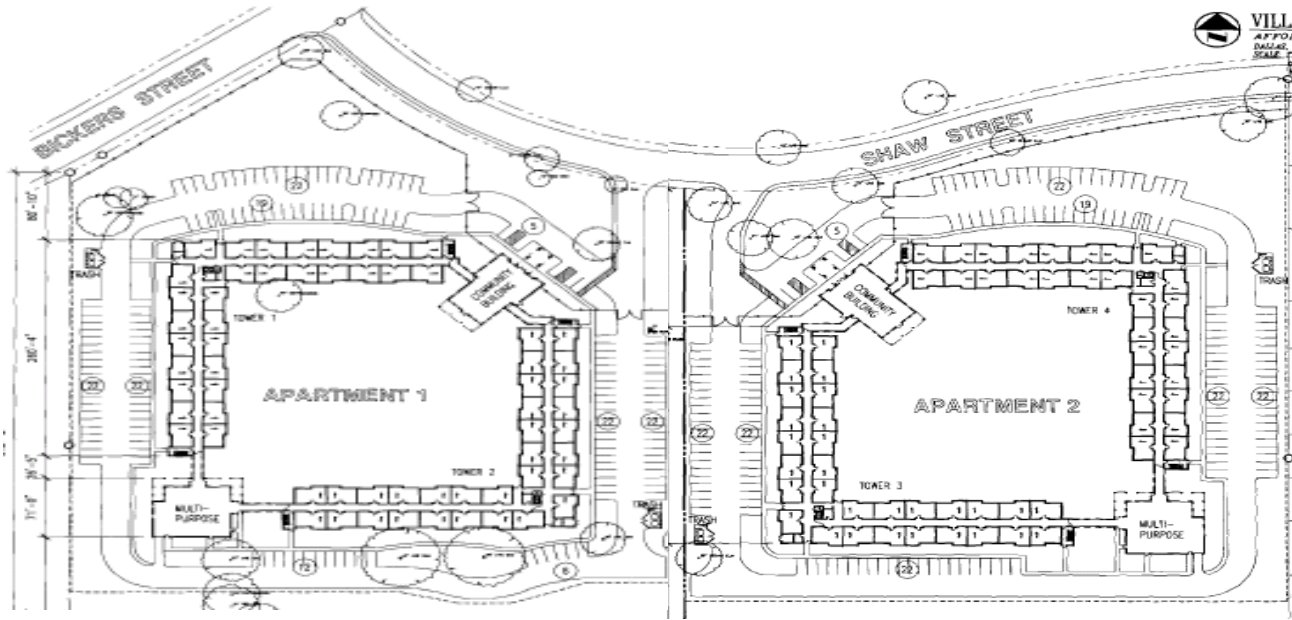
¹ Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

The Lessor, Housing Authority of Dallas, is regarded as a related party due to their ownership interest in the subject development and their continued long-term interest through the 55-year ground lease. However, the site will be ground leased to the partnership for a nominal annual fee as described in the acquisition section below.

PROPOSED SITE

SITE PLAN (PHASES I & II)



BUILDING CONFIGURATION PHASE I ONLY

Building Type	A									Total Buildings
Floors/Stories	3									
Number	2									2

BR/BA	SF	Units								Total Units	Total SF
0/1	555	90								180	99,900
Units per Building		90								180	99,900

Comments:

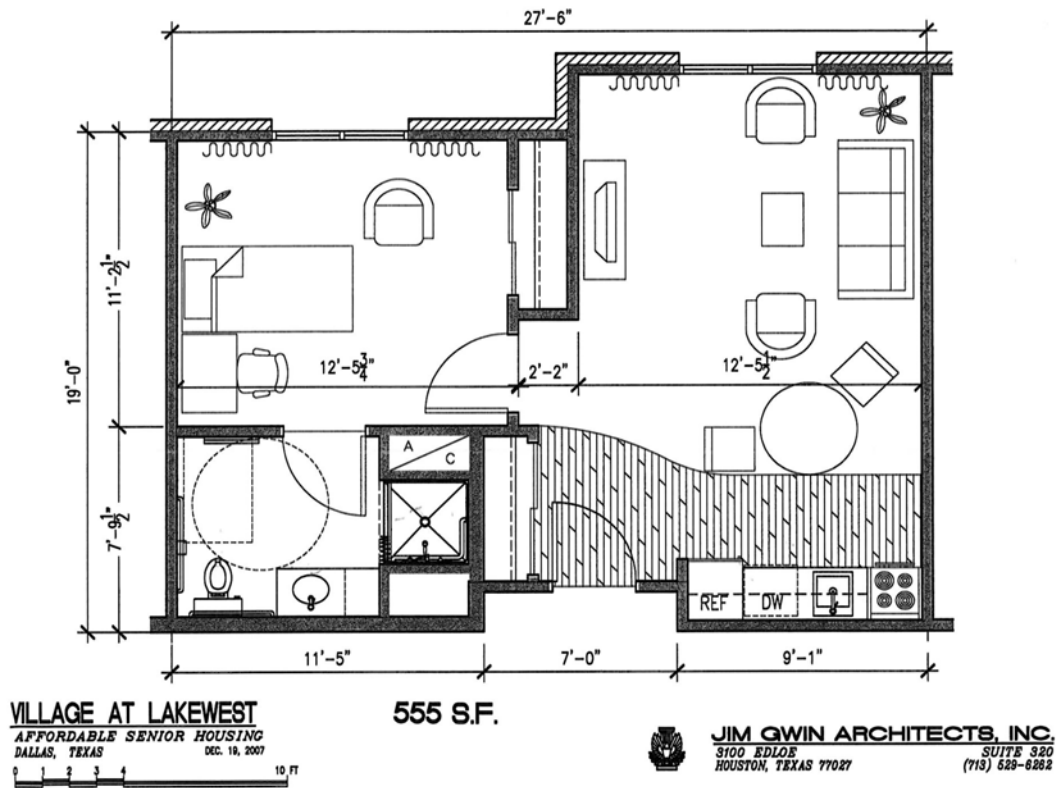
The architectural plans and rent schedule provided reflect that the proposed units will have one bedroom. However, just before completing this analysis it was recognized that the square footage of the proposed unit is 555 SF, which is less than that required in the QAP. According to the QAP Section 50.3(95) a unit that is 649 square feet or less is considered an efficiency unit. While there is another section of the QAP that allows for a smaller unit to be considered a one-bedroom unit, that section is in the selection portion for 9% credits and is not applicable to the 4% credits with tax exempt bonds such as the subject. As a result, it appears that the Applicant has inappropriately categorized the proposed units as one bedroom units based on the QAP definition of a Unit.

This section intentionally left blank.

HUD's rent limits for efficiency units are lower than the rent limits for one bedroom units and generally, characterization of the units as efficiency units would decrease the potential gross income of a proposed development. The subject development proposes project-based Section 8 vouchers on 100% of the units, however, and Section 8 voucher rents can exceed the maximum tax credit rents so long as the tenants pay no more than the tax credit rents. As such, the subject development's projected rents and income are not affected by the characterization of the units as efficiency units. Additionally, this report has been conditioned upon HUD approval of the proposed vouchers for all units and rent levels that will be sufficient to maintain financial viability. Of note, if HUD characterizes the subject units as efficiency units, the maximum project based voucher rent would decrease to \$645, but the property would remain viable at this rent level.

The characterization of the subject units as efficiency units also potentially impacts the inclusive capture rate. The Underwriter's and Market Analyst's inclusive capture rates are based on households of one and two persons and an income band stretching up to the two person household 60% maximum. Generally, however, only one person households are considered in the demand calculations for efficiency units. The Market Analyst has evaluated the subject transaction presuming that two person households should be included in the demand and that the units would be attractive for two person households. At this point, it is not entirely clear what the impact the said recharacterization could have upon demand, and whether both the subject phase I and phase II (also being considered by the Board) would be viable and continue to meet the Department's inclusive capture rate requirements.

At this time, the Market Analyst and Underwriter have not fully contemplated the impact on demand. Therefore, receipt, review, and acceptance, prior to execution of determination notice, of a revised market study fully contemplating the demand and inclusive capture rate for the subject units as efficiency units and documenting support for any conclusions that are not impacted by the recharacterization of the units as efficiency units is a condition of this report. If the Market Analyst and/or Underwriter determine that the revised inclusive capture rate exceeds 75%, the transaction is not recommended. It is conceivable, and perhaps likely, that only one of the two phases of this development can be supported by the market and as such, only the subject transaction (phase I) would be recommended.



SITE ISSUES

Total Size:	<u>8.546</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Flood Zone:	<u>X</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Zoning:	<u>PDD/MF-2(A)</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/> N/A

TDHCA SITE INSPECTION & OTHER INFORMATION

Inspector: TDHCA Manufactured Housing Staff Date: 1/23/2008

Overall Assessment:

Excellent Acceptable Questionable Poor Unacceptable

Surrounding Uses:

North: Apartments East: Vacant, with park & apts. beyond
 South: Vacant, with vacant apts. beyond West: School and major street beyond

Comments:

The Applicant is proposing to construct two phases of this development simultaneously. Both phases, submitted under different applications, are being presented to the TDHCA Board for simultaneous approval. Each of the proposed phases is to consist of 180 units with identical floor plans, and is to serve the same elderly population and income levels. Section 50.6(e)(3) of the 2008 QAP limits tax-exempt bond developments to 252 restricted and total units unless the development is acquisition/rehabilitation or rehabilitation. Further, for applications that are proposing an additional phase to an existing tax credit development or that is adjacent to an existing tax credit development, the combined unit total for both may not exceed 252 total units unless one of the following two exceptions applies:

(a) the first phase of the development has been completed and has attained sustaining occupancy for at least six months; or (b) a resolution from the governing body of the city or county in which the proposed development is located, dated on or before the date of Application is submitted, is submitted with the Application. Such resolution must state that there is a need for additional units and that the governing body has reviewed a market study concluding that there is a need for additional units.

The Applicant provided resolutions dated June 11, 2008 from the City of Dallas to resolve the issue of the simultaneous construction of the Village of Lakewest I & II with resolution #081683 providing documentation that the City of Dallas approves and supports the construction of both developments based upon a market study that shows a need for the additional units in accordance with Section 50.6(e)(3). However the Board must still waive the 60 day deadline for submission of all materials prior to the Board meeting at which an allocation or determination will be made.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Afram International Consultants, Inc. Date: 12/21/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- "No evidence of recognized environmental conditions or potential environmental concerns were identified on the subject property during the site visit, historical information review, environmental regulatory database report review, or interview process." (p. 10)

MARKET HIGHLIGHTS

Provider: Integra Realty Resources Date: 12/20/2007
 Contact: Charles Bissell Phone: 972-960-1222 Fax: 972-960-2922
 Number of Revisions: 1 Date of Last Applicant Revision: 4/25/2008

Primary Market Area (PMA): 54.71 square miles (6.06 mile radius)

The subject's primary market area (PMA) boundaries are as follows:

- * Loop 12 and Lemmon Avenue to the north (5 miles north);
- * Interstate Highway 35 and Dallas North Tollway to the east (3.1 miles east);
- * Illinois Avenue to the south (4.5 miles south); and
- * Loop 12 to the west (3 miles west).

Secondary Market Area (SMA):

The Market Analyst did not indicate a Secondary Market Area (SMA).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Village at Lakewest II	08404	180	180	N/A			
Providence Mockingbird	05613	251	155				

INCOME LIMITS						
Dallas						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
50	\$23,300	\$26,600	\$29,950	\$33,250	\$35,900	\$38,550
60	\$27,960	\$31,920	\$35,940	\$39,900	\$43,080	\$46,260

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR/ 50% Rent Limit	320	11	0	331	90	141	69.8%
1BR/ 60% Rent Limit	388	14	0	402	90	140	57.2%

OVERALL DEMAND										
PMA DEMAND from TURNOVER 50% & 60% AMI										
		Elderly Apartment Households	Household Size	Income Eligible	Tenure	Demand				
Market Analyst	50%	26% 7,244	70% 5,064	13% 638	100% 638	50% 319				
Market Analyst	60%	26% 7,244	70% 5,064	15% 775	100% 775	50% 387				
		Elderly Households	Household Size	Income Eligible	Tenure	Demand				
Underwriter		26% 13,424	70% 9,383	44% 4,163	55% 2,286	34% 779				
PMA DEMAND from HOUSEHOLD GROWTH										
		Annual Elderly HH Growth	Household Size	Income Eligible	Tenure	Demand				
Market Analyst	50%	236	70% 165	13% 21	55% 11	100% 11				
Market Analyst	60%	236	70% 165	15% 25	55% 14	100% 14				
Underwriter		245	70% 171	44% 76	55% 42	100% 42				

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 57	180	335	0	515	733	70.26%
Underwriter	180	335	0	515	821	62.72%

Comments:

The Market Analyst calculated turnover demand by each unit type starting with the number of apartment units rather than total existing households thereby potentially underestimating the number of elderly households.

The Analyst also summed the individual unit type (50% and 60%) demand figures for turnover and growth before calculating the inclusive capture rate. The Market Analyst's methodology results in an overlap and therefore potential overstatement of demand, because the income bands for the 50% and 60% units overlap significantly and the Market Analyst did not account for this overlap when calculating total demand. This overlap effectively double counts some households potentially offsetting the use of apartments rather than households and generally results in an inflated total demand number and lower inclusive capture rate.

However, the Market Analyst did not account for the Project Based Section 8 Vouchers (PBVs) that will cover all 180 units thereby understating demand. These vouchers will provide a subsidy for households at income levels that would generally not be able to afford the tax credit rent levels. As such, the Underwriter has expanded the income banding to account for these households earning below the typical eligible incomes.

The Market Analyst deviated in several important ways from the guidelines provided in the Department's rules on market studies. The net result is that the Analyst understated demand resulting in an overstated capture rate. The Underwriter's recalculation results in an inclusive capture rate of 62.72% which meets the Department's guidelines.

Without the vouchers, the Underwriter's inclusive capture rate, which significantly limits the pool of income eligible households, would be 145.49% which is significantly higher than the 75% limit for elderly properties. As a result, receipt, review, and acceptance, by cost certification, that the Applicant's has received HUD approval for the proposed project-based Section 8 vouchers on 100% of the units is a condition of this report.

Moreover, as indicated above, the Market Analyst has completed the market study based on the subject units being considered one bedroom units. The characterization of the units as efficiency units could potentially have a significant impact on the demand and inclusive capture rate conclusions, particularly if only one person households are included in the demand and the income band is compressed to exclude two person households up to 60% of AMI. This issue demands additional consideration by the Market Analyst and review by the Underwriter. Therefore, this report has been conditioned upon a revised market study and the Underwriter will work with the Analyst to reach a resolution.

Primary Market Occupancy Rates:

Average occupancy rates for all multifamily properties within the PMA is 93%. The simple average occupancy rate for LIHTC properties within the PMA is 94%. (p. 41 & 44)

Absorption Projections:

Based upon historical data from other properties in the area it is anticipated that there will be a lease-up period of 12 months for the subject; equating to an absorption pace of approximately 14 units per month. (p. 75)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent*	Underwriting Rent	Savings Over Market
O BR 555 SF 50%	\$623	\$582	\$750	\$718	\$32
O BR 555 SF 60%	\$748	\$699	\$750	\$718	\$32

* assumes that the subject units are comparable to one bedroom units in the PMA.

Market Impact:

We conclude there to be sufficient unmet demand to support the development of the subject. (p. 77)

This section intentionally left blank.

Comments:

The Market Analyst has deviated from the Department's rules in several important ways; moreover, as a result of the categorization of the subject units as efficiency units, this report has been conditioned upon a revised market study contemplating demand and the inclusive capture rate for efficiency units.

The subject tract is located in a county that has more than twice the state average of units per capita supported by Housing Tax Credits and Private Activity Bonds. The Applicant has proposed to resolve this issue by providing a resolution from the City of Dallas stating that there is sufficient demand for affordable seniors housing and that the City supports the construction of these units. The Applicant has provided a resolution from the City of Dallas dated June 11, 2008 which addresses and resolves this issue in accordance with Section 50.5(7)(A-C) of the QAP.

Additionally, this development could potentially be ineligible under the one-mile three-year rule of the construction of new units in a given area because the Applicant is proposing to construct a second development on the adjacent tract simultaneously with the same number of units as the subject property. As with the issue immediately above, the Applicant has also proposed to resolve this issue by providing a resolution from the City of Dallas. They provided a resolution dated June 11, 2008 from the City of Dallas which addresses and resolves this issue in accordance with Section 50.5(8)(A-D)(iv) of the QAP.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: none Date of Last Applicant Revision: N/A

The Applicant's projected rents are based upon maximum 2008 tax credit rents for one bedroom units, with no tenant paid utilities. As reflected above, the units are actually efficiency units according to the QAP, but the Applicant plans to have HUD project-based Section 8 vouchers for all of the subject units and generally the HAP rents can exceed the maximum tax credit rents so long as the tenants do not pay more than the tax credit maximum. As a result, if HUD approves the vouchers, the projected income may not be impacted. HUD has not yet approved the project based vouchers or contract rents.

Moreover, HUD's Project Based Voucher Program allows a housing authority to use up to 20% of their Section 8 choice voucher budget authority for the purpose of project based assistance as has been proposed in this case [24 CFR Section 983.6]. The Applicant has indicated that 180 vouchers will be project based for the subject, another 180 will be project based for phase II, and the Housing Authority has provided a letter for another 9% transaction, Carpenter's Point (08207), indicating that it is anticipated that up to 150 project based vouchers will be available. This totals 510 vouchers that presumably would be available to project base under HUD's Project Based Voucher Program. Moreover, this would require at least 2,550 total Section 8 Choice vouchers available to the Housing Authority (assuming that the proposed vouchers use approximately the average amount of budget authority) since only 20% of their voucher pool can be committed under the PBV Program.

Therefore, receipt, review, and acceptance, prior to execution of determination notice, that the Housing Authority has a sufficient amount of Section 8 Housing Choice Voucher program assistance to "project base" at least 510 vouchers to serve the subject (180 vouchers), phase II of the subject (180 vouchers), and the other 9% transaction, Carpenter's Point (150 vouchers) is a condition of this report.

The Underwriter requested additional information regarding the anticipated rent level, but the Applicant suggested that they were only able to provide the maximum rent that could potentially be approved for the subject (\$718 per month), which is equal to the 2008 HUD Fair Market Rent for the Dallas MSA for 1 bedroom units.

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Due to the lack of information provided, the Underwriter has underwritten the maximum \$718 but has performed a sensitivity test to determine the minimum rent necessary to maintain financial feasibility. HUD must approve a contract rent level of at least \$613 in order to maintain the minimum DCR of 1.15 and repay deferred developer fee within 15 years according to the Underwriter's proforma. Therefore, receipt, review, and acceptance, by cost certification, of HUD approval of contract rents of at least \$613 per unit in order to maintain financial viability is a condition of this report. Additionally, receipt, review, and acceptance, prior to execution of determination notice, of a revised rent schedule reflecting all of the units as efficiency units is a condition of this report. Of note, the vouchers are contemplated to have initial terms of ten years with a renewal option of an additional 10 years.

Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines and the Applicant's effective gross income estimate is within 5% of the Underwriter's.

Expense: Number of Revisions: none Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$4,005 per unit is within 5% of the Underwriter's estimate of \$3,923 per unit derived from the TDHCA database, other third party sources and historical operations from the developer's other properties. However, several of the Applicant's expenses deviate significantly from the Underwriter's, including: general and administrative (\$17K lower); payroll and payroll taxes (\$46K higher); insurance (\$12K higher); and property insurance (\$10K higher).

The Applicant anticipates a 100% property tax exemption due to 100% GP control by the Housing Authority and a ground lease of the property from the Housing Authority to the partnership. This is a common ownership structure used to achieve a full exemption and has also been assumed by the Underwriter.

Conclusion:

The Applicant's net operating income (NOI) is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's Year One proforma will be used to evaluate debt capacity and the debt coverage ratio (DCR). The proforma and estimated debt service result in a debt coverage ratio within the Department's guideline of 1.15 to 1.35. Of note, the Applicant did not revise the debt service reflected in the proforma provided after the lender and debt structure was modified. Therefore, the Applicant's debt service is understated, which is corrected in the recommended financing structure.

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 1.15 and continued positive cashflow for the first 15 years. Therefore, the development can be characterized as feasible.

ACQUISITION INFORMATION

EVIDENCE of PROPERTY CONTROL

Type: Contract For Lease Acreage: 8.546

Contract Expiration: 8/1/2008 Valid Through Board Date? Yes No

Lease Price: \$100 annually Other: 55 year lease

Lessor: Housing Authority of the City of Dallas Related to Development Team? Yes No

Comments:

The Housing Authority of the City of Dallas is to lease the subject property to the Lakewest Senior Housing I, LP. DHA Lakewest I, LLC an affiliate of the Housing Authority of the City of Dallas is to serve as general partner.

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CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 2 Date of Last Applicant Revision: _____

Acquisition Value:

The Dallas Housing Authority currently owns the subject site and has submitted a Contract for Lease indicating that the subject property will be ground leased from the Housing Authority to the partnership under a fifty-five (55) year ground lease for a nominal annual fee. As a result an appraisal of the site is not required. The Applicant has reflected closing costs of \$7,500 in the acquisition portion of the development cost schedule.

Sitework Cost:

The Applicant's claimed sitework cost of \$6,000 per unit (including ineligible sitework) are within the Department's guidelines. Therefore, no third party substantiation is required at this time.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$937K or 13% higher than the Underwriter's estimate derived from the Marshall & Swift Residential Cost Handbook.

The Applicant's direct construction costs are \$44,361 per unit or \$79.93 per net rentable square foot compared to the Underwriter's estimate of \$39,155 per unit or \$70.55 per net rentable square foot (not including sitework, contingency, or contractor fees).

In correspondence with the Underwriter, the Applicant asserted that the Underwriter's costing does not properly account for the smaller than average size of the proposed units. However, the Underwriter's base square foot figure was interpolated based on the actual size of the proposed units using Marshall and Swift data specifically for multifamily buildings similar in size and number of units to those proposed. Moreover, the Real Estate Analysis division has completed the underwriting for 5 similar elderly transactions in the Dallas/Fort Worth metro area within the last three weeks and the Underwriter was able to verify with a reasonable overall tolerance, the costs submitted by the applicant in each case using the same Marshall and Swift costing mechanism. The Applicant has provided no compelling evidence to support the proposed higher costs.

Contingency & Fees:

The Applicant's eligible contingency exceeds the Department's maximum of 5% by \$11,500 and eligible developer fees exceed the 15% maximum by \$1,725. The Underwriter has effectively shifted the overstated portions to ineligible costs.

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 \$12,771,123 supports annual tax credits of \$596,028. 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

SOURCES & USES Number of Revisions: 3 Date of Last Applicant Revision: 7/2/2008

Issuer: Housing Options, Inc

Source: Capital One N.A.

Type: Interim to Permanent Bond Financing

Permanent: \$9,608,000 Interest Rate: 5.4% Fixed Amort: 420 months

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Comments:

The Applicant has a reservation of tax exempt private activity mortgage revenue bonds with Housing Options, Inc for \$10,000,000. The Applicant modified the financing structure and changed lenders on three occasions subsequent to submission of the application. The latest letter of interest provided (Capital One) is vague regarding the ultimate structure of the bonds but reflects a bond amount of \$9,608,000 with a variable rate structure during construction converting to a fixed rate structure during permanent. The lender indicates a fixed rate equal to the "17-year interpolated Treasury yield" plus 100 basis points estimated by the Underwriter to be 5.45% as of July 1, 2008 (Applicant estimated 5.4%). The Applicant's consultant indicated that the bonds would be privately placed tax exempt securities.

The lender's letter provides for a 24-month construction and lease-up period with one 6-month extension available. In conversation with the Applicant's consultant, it was communicated that the bonds may ultimately be structured with a variable underlying rate and a floating-to-fixed rate swap. Based on current market conditions, this structure could potentially offer the benefit of a lower synthetically fixed rate. Based on the current structure, the all-in interest rate could decrease to 4.5% before the deferred developer fee would be eliminated and a reduction to the credit could be necessary. It is unlikely that this level of savings can be achieved.

Source:	<u>Apollo Equity Partners</u>	Type:	<u>Syndication</u>
Proceeds:	<u>\$5,194,900</u>	Syndication Rate:	<u>85%</u>
		Anticipated HTC:	<u>\$ 611,226</u>

Comments:

The committed credit price appears to be slightly high based on recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that should the credit price decline to less than \$0.58, the amount of needed deferred developer fee would exceed the amount available and financial viability of the transaction may be jeopardized. Although, deferral of contractor fees could be explored as a viable option. Alternatively, should the final credit price increase to more than \$0.888, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount:	<u>\$1,384,464</u>	Type:	<u>Deferred Developer Fees</u>
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Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

Due to the uncertainty in the market and the potential for such movement in both equity pricing and interest rates, this report is conditioned upon updated loan and equity commitments at the submission of carryover. Should the revised commitments reflect changes in the anticipated permanent interest rate(s) and equity price, a re-evaluation of the financial feasibility of the transaction should be conducted.

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the permanent loan of \$9,608,000 indicates the need for \$5,294,897 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$622,992 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$665,111), the gap-driven amount (\$622,992), and eligible basis-derived estimate (\$596,028) the eligible basis-derived estimate of \$596,028 is recommended resulting in proceeds of \$5,065,733 based on a syndication rate of 85%.

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It should be noted that the syndicator's tax credit purchase commitment is very close to the amount recommended by the Underwriter. It is unclear exactly how the syndicator arrived at their estimate for the credits; however, their commitment to purchase the credits anticipates the housing tax credits of \$611,226 annually. This amount is much closer to the Underwriter's recommendation of \$596,028 than the Applicant's request of \$665,111.

The Underwriter's recommended financing structure indicates the need for \$229,164 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 2 years of stabilized operation.

Underwriter:

*D. Burrell*Date:

July 10, 2008

Underwriter:

*Cameron Dorsey*Date:

July 10, 2008

Director of Real Estate Analysis:

*Tom Gouris*Date:

July 10, 2008

MULTIFAMILY COMPARATIVE ANALYSIS

Village at Lakewest I, Dallas, 4% HTC #08403

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Elec / Gas	WS&T
TC50%	90	0	1	555	\$582	\$718	\$64,620	\$1.29	\$96.00	\$46.00
TC60%	90	0	1	555	\$699	718	64,620	1.29	96.00	46.00
TOTAL:	180		AVERAGE:	555		\$718	\$129,240	\$1.29	\$96.00	\$46.00

INCOME

Total Net Rentable Sq Ft: 99,900

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$13.43

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

EXPENSES

% OF EGI PER UNIT PER SQ FT

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	3.86%	\$314	0.57
Management	5.00%	406	0.73
Payroll & Payroll Tax	9.84%	799	1.44
Repairs & Maintenance	5.02%	408	0.73
Utilities	13.68%	1,111	2.00
Water, Sewer, & Trash	3.91%	317	0.57
Property Insurance	2.39%	194	0.35
Property Tax 2.514757	0.00%	0	0.00
Reserve for Replacements	3.08%	250	0.45
TDHCA Compliance Fees	0.49%	40	0.07
Other:	1.05%	85	0.15
TOTAL EXPENSES	48.32%	\$3,923	\$7.07
NET OPERATING INC	51.68%	\$4,196	\$7.56

DEBT SERVICE

	% OF EGI	PER UNIT	PER SQ FT
Capitol One Mortgage Rev Bonds	41.85%	\$3,398	\$6.12
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
NET CASH FLOW	9.83%	\$798	\$1.44

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		0.05%	\$42	\$0.08
Off-Sites		0.00%	0	0.00
Sitework		5.23%	4,333	7.81
Direct Construction		47.29%	39,155	70.55
Contingency 5.00%		2.63%	2,174	3.92
Contractor's Fees 14.00%		7.35%	6,088	10.97
Indirect Construction		6.49%	5,374	9.68
Ineligible Costs		11.39%	9,430	16.99
Developer's Fees 15.00%		11.18%	9,254	16.67
Interim Financing		5.52%	4,571	8.24
Reserves		2.86%	2,372	4.27
TOTAL COST		100.00%	\$82,794	\$149.18
Construction Cost Recap		62.51%	\$51,751	\$93.24

SOURCES OF FUNDS

	% OF TOTAL	PER UNIT	PER SQ FT
Capitol One Mortgage Rev Bonds	64.47%	\$53,378	\$96.18
Additional Financing	0.00%	\$0	\$0.00
Apollo HTC Proceeds	34.86%	\$28,861	\$52.00
Deferred Developer Fees	9.29%	\$7,691	\$13.86
Additional (Excess) Funds Req'd	-8.62%	(\$7,136)	(\$12.86)
TOTAL SOURCES			

	TDHCA	APPLICANT
POTENTIAL GROSS RENT	\$1,550,880	\$1,480,680
Secondary Income	29,004	29,004
Other Support Income:	0	0
POTENTIAL GROSS INCOME	\$1,579,884	\$1,509,684
Vacancy & Collection Loss	(118,491)	(113,232)
Employee or Other Non-Rental Units or Concessions	0	0
EFFECTIVE GROSS INCOME	\$1,461,393	\$1,396,452
General & Administrative	\$56,474	\$39,650
Management	73,070	69,823
Payroll & Payroll Tax	143,797	190,507
Repairs & Maintenance	73,371	65,440
Utilities	199,896	175,500
Water, Sewer, & Trash	57,087	67,500
Property Insurance	34,965	45,000
Property Tax	0	0
Reserve for Replacements	45,000	45,000
TDHCA Compliance Fees	7,200	7,200
Other:	15,300	15,300
TOTAL EXPENSES	\$706,159	\$720,920
NET OPERATING INC	\$755,233	\$675,532
Capitol One Mortgage Rev Bonds	\$611,624	\$586,603
Additional Financing	0	0
Additional Financing	0	0
NET CASH FLOW	\$143,610	\$88,929
AGGREGATE DEBT COVERAGE RATIO	1.23	1.15
RECOMMENDED DEBT COVERAGE RATIO	1.23	

COUNTY	IREM REGION	COMPT. REGION
Dallas	Dallas	3
\$13.43	Per Unit Per Month	
\$0.00	Per Unit Per Month	
-7.50%	of Potential Gross Income	
PER SQ FT	PER UNIT	% OF EGI
\$0.40	\$220	2.84%
0.70	388	5.00%
1.91	1,058	13.64%
0.66	364	4.69%
1.76	975	12.57%
0.68	375	4.83%
0.45	250	3.22%
0.00	0	0.00%
0.45	250	3.22%
0.07	40	0.52%
0.15	85	1.10%
\$7.22	\$4,005	51.63%
\$6.76	\$3,753	48.37%
\$5.87	\$3,259	42.01%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.89	\$494	6.37%

	TDHCA	APPLICANT
Acquisition Cost (site or bldg)	\$7,500	\$7,500
Off-Sites	0	0
Sitework	780,001	780,001
Direct Construction	7,047,832	7,985,001
Contingency	391,392	449,750
Contractor's Fees	1,095,897	1,217,300
Indirect Construction	967,350	967,350
Ineligible Costs	1,697,393	1,697,393
Developer's Fees	1,665,799	1,833,338
Interim Financing	822,853	822,853
Reserves	426,881	426,881
TOTAL COST	\$14,902,897	\$16,187,367
Construction Cost Recap	\$9,315,121	\$10,432,052

RECOMMENDED

\$9,608,000	Developer Fee Available
0	\$1,831,613
5,194,900	% of Dev. Fee Deferred
1,384,464	13%
(1,284,467)	0
\$14,902,897	\$3,826,804

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Village at Lakewest I, Dallas, 4% HTC #08403

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$59.82	\$5,976,213
Adjustments				
Exterior Wall Finish	2.40%		\$1.44	\$143,429
Elderly	3.00%		1.79	179,286
9-Ft. Ceilings	3.30%		1.97	197,215
Roofing			0.00	0
Subfloor			(0.82)	(82,251)
Floor Cover			2.43	242,757
Breezeways/Balconies	\$24.79	1,325	0.33	32,847
Plumbing Fixtures	\$805	0	0.00	0
Rough-ins	\$400	0	0.00	0
Built-In Appliances	\$1,850	180	3.33	333,000
Interior Stairs	\$2,275	12	0.27	27,300
Enclosed Corridors	\$49.90	28776	14.37	1,435,979
Heating/Cooling			2.24	223,776
Elevators	\$35,400	3	1.06	106,200
Comm &/or Aux Bldgs	\$74.84	7,675	5.75	574,359
Other: fire sprinkler	\$1.95	128,676	2.51	250,918
SUBTOTAL			96.51	9,641,027
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(9.65)	(964,103)
TOTAL DIRECT CONSTRUCTION COSTS			\$86.86	\$8,676,925
Plans, specs, survy, bld prm	3.90%		(\$3.39)	(\$338,400)
Interim Construction Interest	3.38%		(2.93)	(292,846)
Contractor's OH & Profit	11.50%		(9.99)	(997,846)
NET DIRECT CONSTRUCTION COSTS			\$70.55	\$7,047,832

PAYMENT COMPUTATION

Primary	\$9,608,000	Amort	420
Int Rate	5.40%	DCR	1.23

Secondary	\$0	Amort	
Int Rate		Subtotal DCR	1.23

Additional	\$5,194,900	Amort	
Int Rate		Aggregate DCR	1.23

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$615,386
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$139,847

Primary	\$9,608,000	Amort	420
Int Rate	5.45%	DCR	1.23

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.23

Additional	\$5,194,900	Amort	0
Int Rate	0.00%	Aggregate DCR	1.23

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	\$1,550,880	\$1,597,406	\$1,645,329	\$1,694,688	\$1,745,529	\$2,023,547	\$2,345,845	\$2,719,477	\$3,654,750
Secondary Income	29,004	29,874	30,770	31,693	32,644	37,844	43,871	50,859	68,350
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,579,884	1,627,281	1,676,099	1,726,382	1,778,173	2,061,390	2,389,716	2,770,336	3,723,100
Vacancy & Collection Loss	(118,491)	(122,046)	(125,707)	(129,479)	(133,363)	(154,604)	(179,229)	(207,775)	(279,233)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,461,393	\$1,505,234	\$1,550,392	\$1,596,903	\$1,644,810	\$1,906,786	\$2,210,488	\$2,562,561	\$3,443,868
EXPENSES at 4.00%									
General & Administrative	\$56,474	\$58,733	\$61,082	\$63,525	\$66,066	\$80,380	\$97,794	\$118,982	\$176,122
Management	73,070	75,262	77,520	79,845	82,241	95,339	110,524	128,128	172,193
Payroll & Payroll Tax	143,797	149,549	155,531	161,752	168,222	204,668	249,010	302,959	448,453
Repairs & Maintenance	73,371	76,305	79,358	82,532	85,833	104,429	127,054	154,581	228,817
Utilities	199,896	207,892	216,208	224,856	233,850	284,515	346,155	421,151	623,406
Water, Sewer & Trash	57,087	59,370	61,745	64,215	66,784	81,253	98,856	120,274	178,034
Insurance	34,965	36,364	37,818	39,331	40,904	49,766	60,548	73,666	109,044
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	45,000	46,800	48,672	50,619	52,644	64,049	77,925	94,808	140,339
Other	22,500	23,400	24,336	25,309	26,322	32,025	38,963	47,404	70,170
TOTAL EXPENSES	\$706,159	\$733,675	\$762,269	\$791,985	\$822,866	\$996,423	\$1,206,831	\$1,461,952	\$2,146,579
NET OPERATING INCOME	\$755,233	\$771,560	\$788,122	\$804,918	\$821,945	\$910,363	\$1,003,657	\$1,100,609	\$1,297,288
DEBT SERVICE									
First Lien Financing	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$139,847	\$156,173	\$172,736	\$189,532	\$206,558	\$294,977	\$388,271	\$485,222	\$681,902
DEBT COVERAGE RATIO	1.23	1.25	1.28	1.31	1.34	1.48	1.63	1.79	2.11

HTC ALLOCATION ANALYSIS -Village at Lakewest I, Dallas, 4% HTC #08403

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	\$7,500	\$7,500		
Purchase of buildings				
Off-Site Improvements				
Sitework	\$780,001	\$780,001	\$780,001	\$780,001
Construction Hard Costs	\$7,985,001	\$7,047,832	\$7,985,001	\$7,047,832
Contractor Fees	\$1,217,300	\$1,095,897	\$1,217,300	\$1,095,897
Contingencies	\$449,750	\$391,392	\$438,250	\$391,392
Eligible Indirect Fees	\$967,350	\$967,350	\$967,350	\$967,350
Eligible Financing Fees	\$822,853	\$822,853	\$822,853	\$822,853
All Ineligible Costs	\$1,697,393	\$1,697,393		
Developer Fees			\$1,831,613	
Developer Fees	\$1,833,338	\$1,665,799		\$1,665,799
Development Reserves	\$426,881	\$426,881		
TOTAL DEVELOPMENT COSTS	\$16,187,367	\$14,902,897	\$14,042,368	\$12,771,123

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		\$14,042,368	\$12,771,123
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$18,255,079	\$16,602,460
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$18,255,079	\$16,602,460
Applicable Percentage		3.59%	3.59%
TOTAL AMOUNT OF TAX CREDITS		\$655,357	\$596,028

Syndication Proceeds	0.8499	\$5,569,979	\$5,065,733
Total Tax Credits (Eligible Basis Method)		\$655,357	\$596,028
Syndication Proceeds		\$5,569,979	\$5,065,733
Requested Tax Credits		\$665,111	
Syndication Proceeds		\$5,652,877	
Gap of Syndication Proceeds Needed			\$5,294,897
Total Tax Credits (Gap Method)			\$622,992

Village at Lakewest I

Primary Market Area
54.71 square miles

05613 Providence at Mockingbird

08403 Village at Lakewest I

08404 Village at Lakewest II

07091 City Walk at Akard

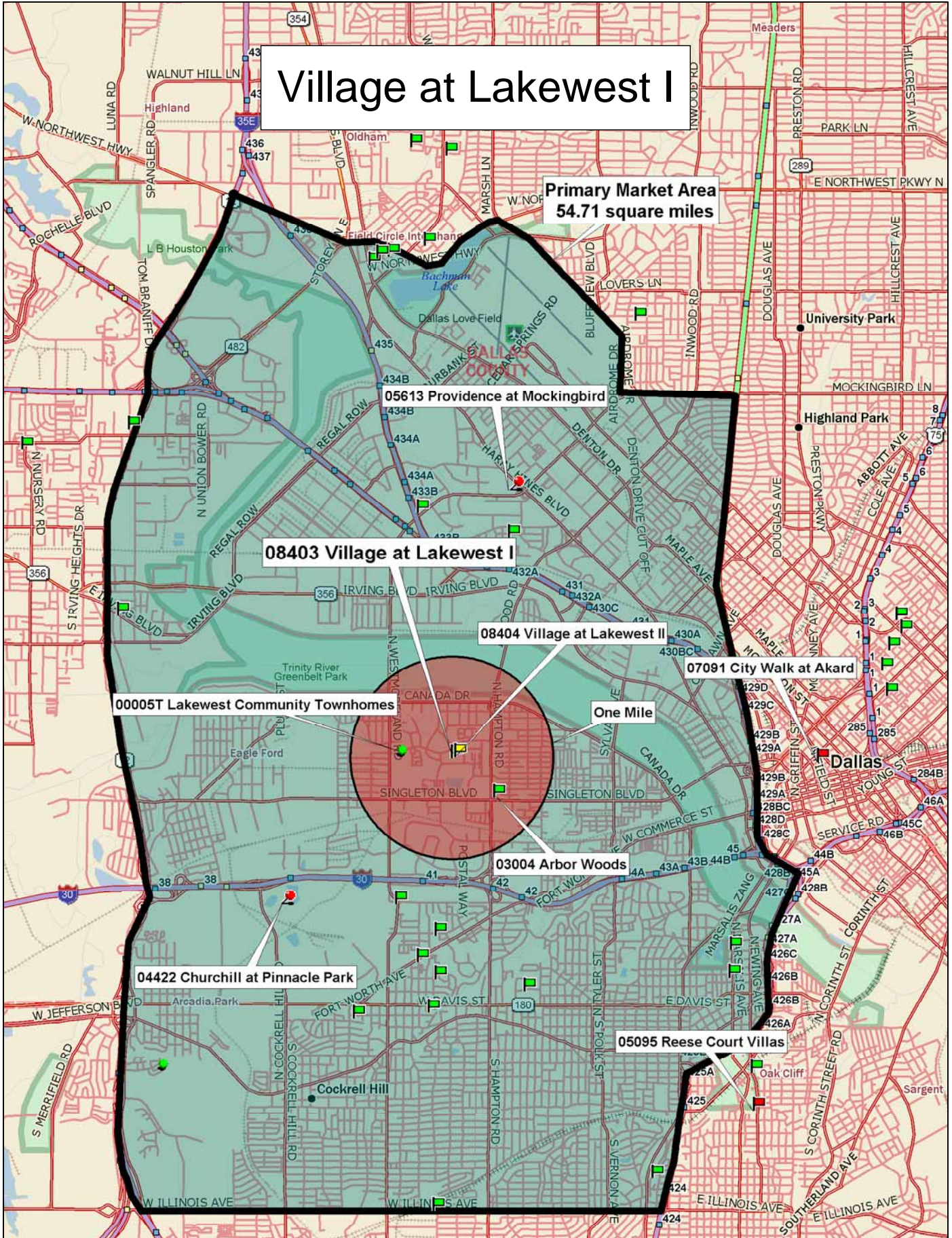
00005T Lakewest Community Townhomes

One Mile

03004 Arbor Woods

04422 Churchill at Pinnacle Park

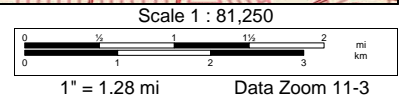
05095 Reese Court Villas



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MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Presentation, Discussion, and Possible Action regarding Housing Tax Credit Amendments.

WHEREAS, the tax credit award relating to Tax Credit Application 08404, The Villas at Lakewest II was awarded by the Board based on certain premises, including the construction of 180 elderly units on 8.277 acres,

WHEREAS, the owner is requesting approval to reduce the development site by 1.388 acres,

WHEREAS, the site reduction will not negatively impact the existing tenants, will not result in further concentration of affordable housing, but will expand the City's ability to provide a continuum of care in the area, therefore be it

RESOLVED, that staff's recommendations regarding the approval of amendment relating to Application #08404, The Villas at Lakewest II be and hereby are approved as presented to this meeting

Background

§2306.6712, Texas Government Code, indicates that the Board should determine the disposition of a requested amendment if the amendment is a "material alteration," would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round. The statute identifies certain changes as material alterations and the requests presented below include material alterations.

Summary of Request: Villages of Lakewest II is a Phase II, 180 unit, elderly, new construction development in Dallas. The owner is requesting approval to reduce the development site from 8.277 acres originally proposed to 6.889 acres. The reduction of land equates to a 16.77% reduction of land, and consequently would increase site density by the same percent. The general partner of the development partnership is an affiliate of the Housing Authority of the City of Dallas ("HACD"). HACD ground-leased the site to the partnership, and the loss of land will not affect the terms of the lease.

Staff researched the owner's request to move the southern boundary of the development site North 117 feet, and discovered HACD has plans to construct an assisted living facility adjacent to the tax credit property. The 1.387 acres in question was not committed for tenant use, and loss of the land would not directly affect tenants. The Villas at Lakewest II, along with the proposed assisted living facility are part of a larger initiative by HACD to develop a Continuum Care Retirement Community (CCRC). The CCRC is also part of a city sponsored effort to redevelop the Lakewest area of Dallas. Underwriting staff confirmed the loss of land has no impact on the feasibility of the development or the credit award.

Pursuant to §49.13(b) of the Qualified Allocation Plan "If a proposed modification would materially alter a Development approved for an allocation of a Housing Tax Credit, or if the Applicant has altered any selection criteria item for which it received points, the Department shall require the Applicant to file a formal, written request for an amendment to the Application... The Board must vote on whether to approve an amendment. The Board by vote may reject an amendment and, if appropriate, rescind a Commitment Notice or terminate the allocation of Housing Tax Credits and reallocate the credits to other Applicants on the Waiting List if the Board determines that the modification proposed in the amendment...would materially alter the Development in a negative manner...Material alteration of a Development includes, but is not limited to...A modification of the residential density of the Development of at least 5%..." Therefore, an amendment to the application is necessary.

Owner:	Lakewest Senior Housing II, L.P.
General Partner:	DHA Lakewest I, LLC
Developers:	SG Development, LLC
Principals/Interested Parties:	Dallas Housing Authority, SG Development Derek Weiner
Syndicator:	Apollo Equity Partners
Interim Bond Financing:	Housing Options, Inc.
Permanent Bond Financing:	Housing Options, Inc.
Other Funding:	N/A
City/County:	Dallas/Dallas
Set-Aside:	N/A
Type of Area:	Urban
Region:	3
Type of Development:	New Construction
Population Served:	Elderly
Units:	180 units
2008 Allocation:	\$596,028
Allocation per HTC Unit:	\$3,311
Prior Board Actions:	July 2008 – Approved award of tax exempt bond
REA Findings:	The original tax credit determination amounts are not affected.

RECEIVED

By pcloyde at 3:43 pm, Jan 14, 2011



January 12, 2011

Mr. Valentin DeLeon
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78711-3941

Ref: **The Villages at Lakewest II** (Development), Dallas, Dallas County
HTC Development No. 08404

Item: Application Amendment for Acreage Revision

Dear Mr. Deleon:

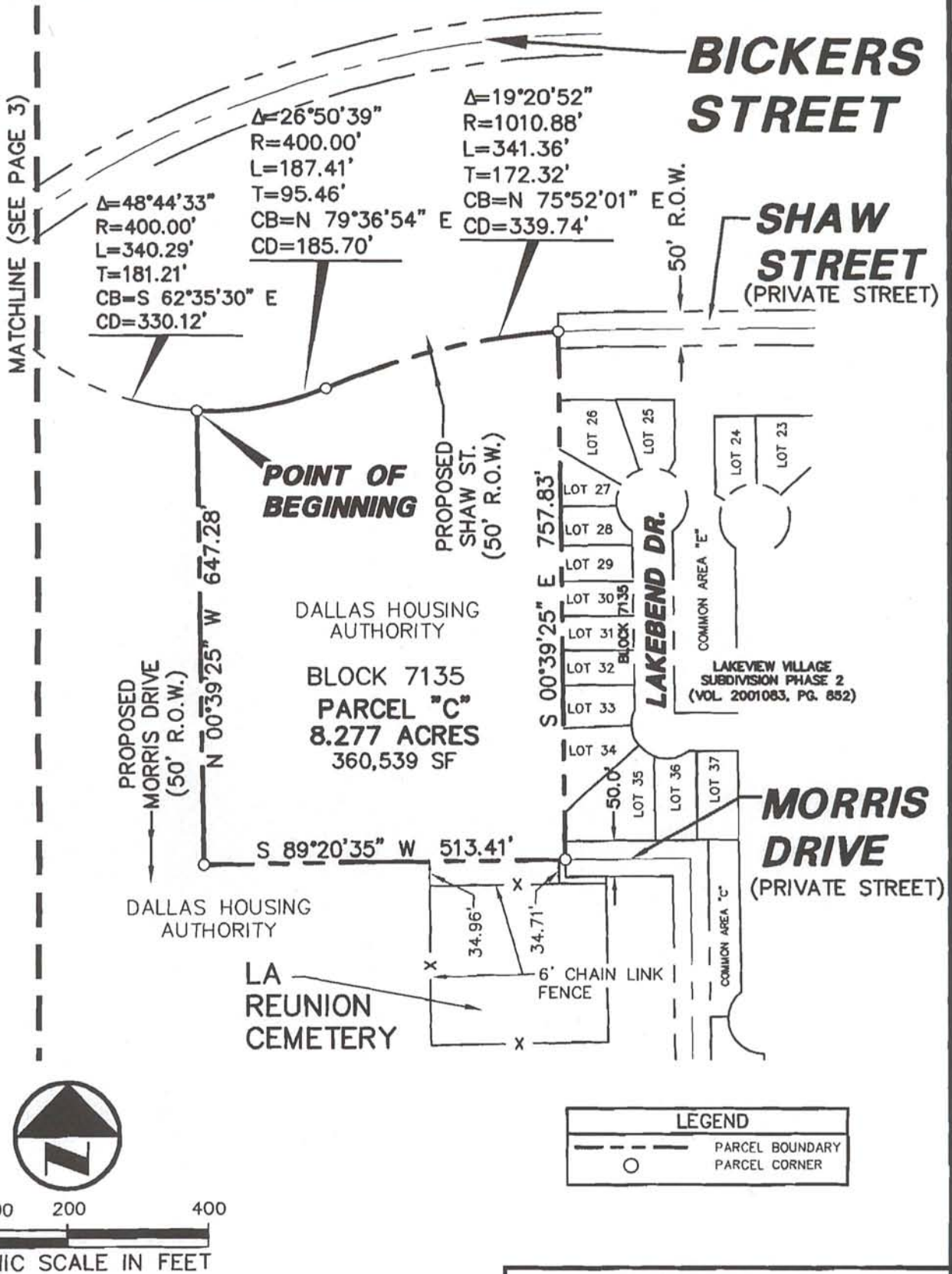
Originally the application stated that the tract acreage for The Villages at Lakewest I would be 8.277 acres. It was determined that the southern boundary line of the subject tract could move north approximately 117 feet without changing the configuration of the planned development or exceeding density requirements. In shifting the southern boundary line north to approximately 10 feet south of the back of curb of the development's fire lane, the acreage needed was decreased to 6.889 acres.

I am respectfully requesting to amend the application to reflect the revised acreage of 6.889 acres for subject development. Feel free to give me a call should you have any questions regarding the amendment.

Best regards,

A handwritten signature in blue ink that reads 'Derek Weiner' followed by a horizontal line.

Derek Weiner, P.E.
SG Development, LLC



MATCHLINE (SEE PAGE 3)

$\Delta=48^{\circ}44'33''$
 $R=400.00'$
 $L=340.29'$
 $T=181.21'$
 $CB=S\ 62^{\circ}35'30''\ E$
 $CD=330.12'$

$\Delta=26^{\circ}50'39''$
 $R=400.00'$
 $L=187.41'$
 $T=95.46'$
 $CB=N\ 79^{\circ}36'54''\ E$
 $CD=185.70'$

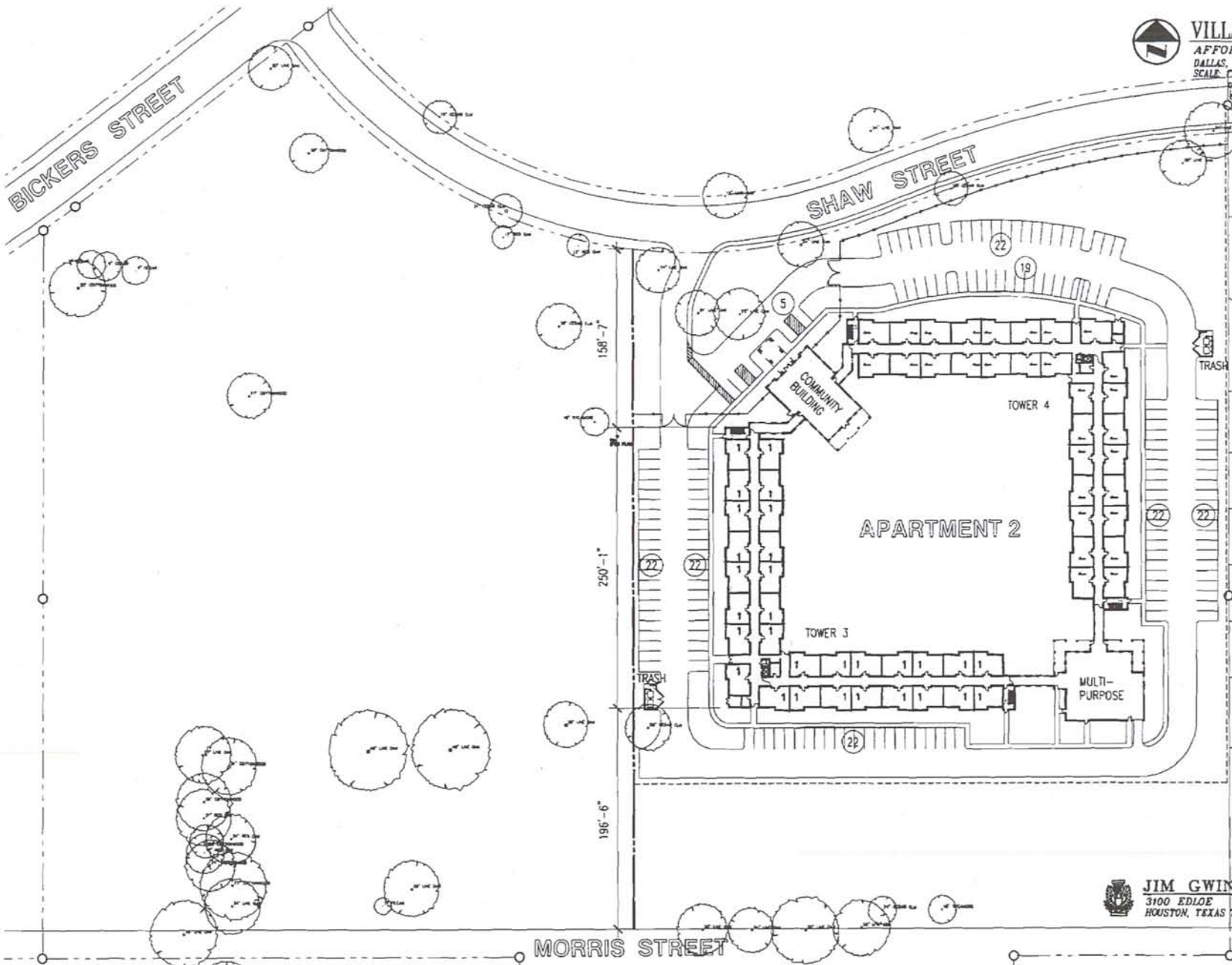
$\Delta=19^{\circ}20'52''$
 $R=1010.88'$
 $L=341.36'$
 $T=172.32'$
 $CB=N\ 75^{\circ}52'01''\ E$
 $CD=339.74'$

/21/2007 - 11:07AM M:\DWG-20\2067-05.448\DWG\2067-05.448EX.DWG
 SOUNN

Pacheco Koch Consulting Engineers
 8350 N. CENTRAL EXPWY. SUITE 1000 DALLAS, TX. 75206 972.235.3031

DRAWN BY SRD	CHECKED BY TEF	SCALE 1"=200'	DATE DEC. 2007	JOB NUMBER 2067D-07.383
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PARCEL 'C'
 LOCATED IN BLOCK 7135 OF THE CITY OF DALLAS, TEXAS AND BEING OUT OF THE L.G. COOMBS SURVEY, ABSTRACT NO. 289 AND DALLAS COUNTY, TEXAS
 PAGE 4 OF 4



VILLAGE AT LAKEWEST
 AFFORDABLE SENIOR HOUSING
 DALLAS, TEXAS
 SCALE: 1"=80'-0"
 DEC. 19, 2007
 160 FT

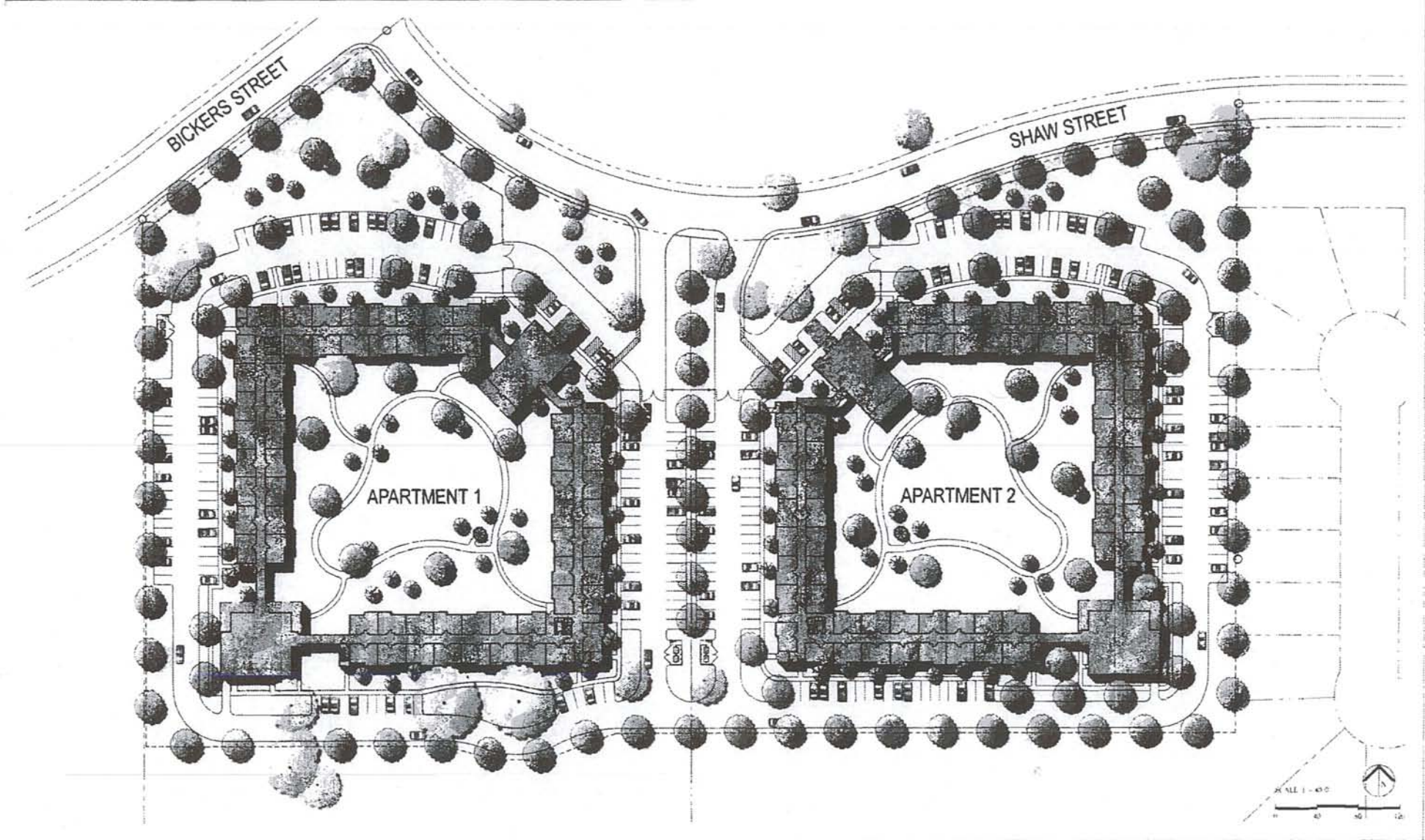
APARTMENT 2 AREA SYNOPSIS:
 6.38 ACRES (277,962 SF)

TOWER 3:	64,340 SF
TOWER 4:	64,340 SF
COMMUNITY:	3,390 SF
MULTI-PURPOSE:	4,285 SF
CONNECTORS:	1,385 SF
TOTAL:	137,740 SF

180 RESIDENT UNITS PROVIDED
 156 PARKINGS PORPOSED
 126-135 PARKINGS REQUIRED

JIM GWIN ARCHITECTS, INC.
 3100 EDLGE SUITE 320
 HOUSTON, TEXAS 77027
 (713) 529-6262

08404



JIM GWIN ARCHITECTS, INC.
 3100 EDLÖE SUITE 320
 HOUSTON, TEXAS 77027 (713) 529-6262

VITRO DESIGN STUDIO
 LANDSCAPE ARCHITECTURE
 3823 Sunset Park West 832-621-9475 • 281-432-4466
 Houston, Texas 77046 www.vitrodesignstudio.com

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VILLAGE AT LAKEWEST
 AFFORDABLE SENIOR HOUSING DALLAS, TEXAS

08404



Memorandum

To: File

From: David Burrell, Real Estate Analysis

cc: Valentin Deleon, Multifamily Finance Production

Date: February 7, 2011

Re: Amendment Requests for Village at Lakewest I, TDHCA #08403 (“Lakewest I”) and Village at Lakewest II, TDHCA #08404 (“Lakewest II”)

Background

Lakewest I and Lakewest II each received an allocation of annual 4% tax credits in 2008 (\$596,028 each). Tax-exempt bonds of \$9.8M combined with the tax credit equity capitalized construction and permanent financing for each property. The general partners of the separate LIHTC partnerships are affiliates of the Housing Authority of the City of Dallas (“HACD”). HACD ground-leased the sites to the partnerships.

The Village at Lakewest I & II are affordable independent-living senior apartments (360 total units) representing the first phase of a Continuum Care Retirement Community (CCRC). The second phase is a 118-bed Rehabilitation and Skilled Care facility that is currently under construction and scheduled to be completed during the 2nd quarter of this year. The third phase of the CCRC, the Assisted Living facility (138 beds) is scheduled to be completed by the 4th quarter of 2012.

HCAD acquired all the acreage for the CCRC through eminent domain over 40 years ago. A public housing facility was previously located on the CCRC site.

In August 2010, HCAD was granted an amendment on Lakewest II to reduce the number of uncovered parking spaces from 155 to 135 based on final site planning and City of Dallas development requirements.

The subject amendment request is to reduce the site acreage for each property (Lakewest I from 8.546 acres to 7.159 acres and Lakewest II from 8.277 acres to 6.889 acres) and release the tax credit LURAs on the released acreage.

Analysis

The Owner intends to use the release acreage along with adjacent acreage for construction of the assisted-living facility to the south. The Owner indicates that tax credits will not be used to finance the assisted-living facility.

As shown on the aerial, the release acreage is not utilized by either of the existing LIHTC developments. There are no improvements to the land. The release would move the southern boundary line of each LIHTC tract approximately 117 feet to the north. The release does not change the building or driveway configuration of the existing developments. The site plan for the assisted-living project shows secondary access through the LIHTC tracts which provides additional access to the LIHTC deals from Morris Road (to the east of the sites).

From a feasibility standpoint, the release of the acreage has no operational or functional impact to the LIHTC deals. The sites are leased to the partnerships by HCAD under fifty-five (55) year ground leases with nominal lease payments of \$100 annually. Those payments will remain unchanged. Continuation of the CCRC development should assist with marketing efforts of the LIHTC deals.

The original underwriting reports in 2008 reflected minimal acquisition cost for each property (\$7,500) related to the execution of the ground leases. No land basis was passed through to the partnerships. A reduction to the size of the tracts would not have had any impact at original underwriting.

Release of the acreage allows HCAD to build a larger assisted-living project (138-beds) than would otherwise be doable on the adjacent acreage, provides more logical and direct access to the assisted-living site (and indirectly to the LIHTC deals) and makes use of what would be an undevelopable strip of land between the LIHTC deals and the assisted-living site.

The sites are subject to additional restrictions imposed by the bond issuer and holder with respect to the tax-exempt bonds. Release of the acreage from the regulatory agreement is also subject to their approval.

Conclusion & Recommendation

The amendment requests do not impact the feasibility conclusions in the original underwriting for either development. The original tax credit determination amounts are not affected. As 4% tax credit developments, final eligible costs will be determined at Cost Certification and a final allocation of tax credits will be made at that time.

Prior to execution of the LURA amendments, the Owners must provide TDHCA with evidence of the issuer and/or bond holder consent and partial release of the regulatory agreement.





Memorandum

To: File

From: Colton Sanders, Real Estate Analysis

cc: Ben Sheppard, Multifamily Finance Production

Date: August 31, 2010

Re: Amendment Request for The Village at Lakewest Apartments II, TDHCA #08404

Background

The subject development was awarded an annual allocation of \$596,028 funded by 4% housing tax credits during the 2008.

Amendment Request

On June 24, 2010 TDHCA received an amendment request from the Applicant.

Reduction in the number of uncovered parking spaces from 155 to 135: The reduction in parking spaces was a result of design phase revisions to the development site. The Applicant reports that the City of Dallas requires at least 126 parking spaces for a development of this size. Moreover the Applicant states that based on the size of the development, the community layout, and the typical parking demands for a seniors development that 135 parking spaces is sufficient. The Applicant supplied an "as-built" site plan showing Phase I and II of the overall development.

Conclusion

The aforementioned changes do not materially affect the underwriting report's recommendation. As this is a 4% HTC development the final eligible costs will be determined at Cost Certification; therefore, there is no change recommended to the 4% allocation at this time.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Addendum

REPORT DATE: 07/22/08

PROGRAM: 4% HTC

FILE NUMBER: 08404

DEVELOPMENT

Village at Lakewest II

Location: Approximately 120 ft. west of the corner of Morris Dr. & Fishtrap Street Region: 3
 City: Dallas County: Dallas Zip: 75212 QCT DDA
 Key Attributes: Multifamily, New Construction, Elderly, Urban

ALLOCATION

	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$665,111			\$596,028		

CONDITIONS

- 1 Receipt, review, and acceptance, by cost certification, of HUD approval of project-based Section 8 vouchers for 100% (180) of the units and contract rents of at least \$613 per unit in order to maintain financial viability.
- 2 Receipt, review, and acceptance, prior to execution of determination notice, that the Housing Authority has a sufficient amount of Section 8 Housing Choice Voucher program assistance to "project base" at least 510 vouchers to serve the subject (180 vouchers), phase I of the subject (180 vouchers), and the other 9% transaction (#08207) proposed to use 150 program based vouchers from the Housing Authority.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA (AMENDED*)		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	90
60% of AMI	60% of AMI	90

* All units are characterized as one bedroom units and should be restricted as such.

PROS

- The subject proposes 180 units supported with rental assistance through the use of project-based Section 8 vouchers.

CONS

- The Applicant's direct construction cost estimate is \$937K or 13% higher than the Underwriter's estimate.
- The Applicant's lender and syndicator have changed several times during the review and underwriting process.
- The capture rates determined by the Underwriter and Market Analyst are both well above 50%, but remain under the 75% maximum for elderly properties.

ADDENDUM

The subject application was underwritten and approved at the July 21, 2008 TDHCA Board meeting. Subsequent to this meeting the Applicant submitted an appeal of the Underwriter's conclusion that the proposed 555 square foot units constituted efficiency units under the 2008 QAP Section 50.3(95), which defines a unit that is 649 square feet or less as an efficiency unit. The Applicant appealed on the basis that the QAP is inconsistent in its definition of a unit and that the definition applied by the Underwriter only applies to studio and loft style units for which the subject units are not.

The TDHCA Board did not explicitly make a determination regarding whether the rule applied but voted to approve a waiver to allow the subject units to be considered one bedroom units and to be restricted as such. Additionally, the TDHCA Board waived the Department's limit on the number of units a development may have due to the unique circumstances of the subject development which is proposed as one phase of a two phase development that have 360 units combined. It should be noted that the Applicant also received a resolution from the City recognizing the need for the proposed units.

As reflected in the original underwriting report dated July 10, 2008, whether the units are considered efficiency units or one bedroom units has no impact on the underwritten rents due to the proposed HAP contract that will subsidize 100% of the units. As such, the projected financial viability as reflected in the original report remains unchanged. However, the Applicant may be in a better position to market the proposed development to tax credit investors and lenders because if the HAP contract expires or fails to receive the anticipated level of funding at a future date, the higher one bedroom rent levels will allow the development to receive more income than if restricted at efficiency levels.

The original underwriting report also included a condition that a revised market study be submitted which contemplates the demand if the units were characterized as efficiencies. This condition is no longer applicable, as the Board has determined that the subject units are one bedroom units. It should be stated, however, that the Underwriter continues to have some concern regarding two person household demand, although the Housing Authority provided testimony that a significant number of elderly public housing units may be vacated in the near future and that the subject units will serve these households.

This report provides the amended numerical analysis with the one bedroom gross rent levels reflected. As discussed, no other material changes are reflected. No change to the originally recommended and approved tax credit award is recommended at this time. This addendum should be read in conjunction with the original underwriting report, which contains a complete evaluation of the application.

BUILDING CONFIGURATION PHASE I ONLY

Building Type	A										Total Buildings
Floors/Stories	3										
Number	2										2

BR/BA	SF	Units									Total Units	Total SF
1/1	555	90									180	99,900
Units per Building	90										180	99,900

Underwriter: _____ Date: July 22, 2008
Cameron Dorsey

Director of Real Estate Analysis: _____ Date: July 22, 2008
Tom Gouris

MULTIFAMILY COMPARATIVE ANALYSIS

Village at Lakewest II, Dallas, 4% HTC #08404 -- ADDENDUM

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Elec / Gas	WS&T
TC50%	90	0	1	555	\$623	\$718	\$64,620	\$1.29	\$96.00	\$46.00
TC60%	90	0	1	555	\$748	718	64,620	1.29	96.00	46.00
TOTAL:	180		AVERAGE:	555		\$718	\$129,240	\$1.29	\$96.00	\$46.00

INCOME

Total Net Rentable Sq Ft: 99,900

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$13.43

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

EXPENSES

% OF EGI PER UNIT PER SQ FT

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	3.86%	\$314	0.57
Management	5.00%	406	0.73
Payroll & Payroll Tax	9.84%	799	1.44
Repairs & Maintenance	5.02%	408	0.73
Utilities	13.68%	1,111	2.00
Water, Sewer, & Trash	3.91%	317	0.57
Property Insurance	2.39%	194	0.35
Property Tax 2.514757	0.00%	0	0.00
Reserve for Replacements	3.08%	250	0.45
TDHCA Compliance Fees	0.49%	40	0.07
Other:	1.05%	85	0.15
TOTAL EXPENSES	48.32%	\$3,923	\$7.07
NET OPERATING INC	51.68%	\$4,196	\$7.56

DEBT SERVICE

	% OF EGI	PER UNIT	PER SQ FT
Capitol One Mortgage Rev Bonds	41.85%	\$3,398	\$6.12
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
NET CASH FLOW	9.83%	\$798	\$1.44

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		0.05%	\$42	\$0.08
Off-Sites		0.00%	0	0.00
Sitework		5.23%	4,333	7.81
Direct Construction		47.29%	39,155	70.55
Contingency 5.00%		2.63%	2,174	3.92
Contractor's Fees 14.00%		7.35%	6,088	10.97
Indirect Construction		6.49%	5,374	9.68
Ineligible Costs		11.39%	9,430	16.99
Developer's Fees 15.00%		11.18%	9,254	16.67
Interim Financing		5.52%	4,571	8.24
Reserves		2.86%	2,372	4.27
TOTAL COST		100.00%	\$82,794	\$149.18
Construction Cost Recap		62.51%	\$51,751	\$93.24

SOURCES OF FUNDS

	% OF TOTAL	PER UNIT	PER SQ FT
Capitol One Mortgage Rev Bonds	64.47%	\$53,378	\$96.18
Additional Financing	0.00%	\$0	\$0.00
Apollo HTC Proceeds	34.86%	\$28,861	\$52.00
Deferred Developer Fees	9.29%	\$7,691	\$13.86
Additional (Excess) Funds Req'd	-8.62%	(\$7,136)	(\$12.86)
TOTAL SOURCES			

TDHCA	APPLICANT
\$1,550,880	\$1,480,680
29,004	29,004
0	
\$1,579,884	\$1,509,684
(118,491)	(113,232)
0	
\$1,461,393	\$1,396,452
\$56,474	\$39,650
73,070	69,823
143,797	190,507
73,371	65,440
199,896	175,500
57,087	67,500
34,965	45,000
0	0
45,000	45,000
7,200	7,200
15,300	15,300
\$706,159	\$720,920
\$755,233	\$675,532
\$611,624	\$586,603
0	
0	
\$143,610	\$88,929
1.23	1.15
1.23	

COUNTY	IREM REGION	COMPT. REGION
Dallas	Dallas	3
\$13.43	Per Unit Per Month	
\$0.00	Per Unit Per Month	
-7.50%	of Potential Gross Income	
PER SQ FT	PER UNIT	% OF EGI
\$0.40	\$220	2.84%
0.70	388	5.00%
1.91	1,058	13.64%
0.66	364	4.69%
1.76	975	12.57%
0.68	375	4.83%
0.45	250	3.22%
0.00	0	0.00%
0.45	250	3.22%
0.07	40	0.52%
0.15	85	1.10%
\$7.22	\$4,005	51.63%
\$6.76	\$3,753	48.37%
\$5.87	\$3,259	42.01%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.89	\$494	6.37%

TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF TOTAL
\$7,500	\$7,500	\$0.08	\$42	0.05%
0	0	0.00	0	0.00%
780,001	780,001	7.81	4,333	4.82%
7,047,832	7,985,001	79.93	44,361	49.33%
391,392	449,750	4.50	2,499	2.78%
1,095,897	1,217,300	12.19	6,763	7.52%
967,350	967,350	9.68	5,374	5.98%
1,697,393	1,697,393	16.99	9,430	10.49%
1,665,799	1,833,338	18.35	10,185	11.33%
822,853	822,853	8.24	4,571	5.08%
426,881	426,881	4.27	2,372	2.64%
\$14,902,897	\$16,187,367	\$162.04	\$89,930	100.00%
\$9,315,121	\$10,432,052	\$104.42	\$57,956	64.45%

RECOMMENDED

	RECOMMENDED	
\$9,608,000	\$9,608,000	\$9,608,000
0	0	0
5,194,900	5,194,900	5,065,733
1,384,464	1,384,464	229,164
(1,284,467)	3	0
\$14,902,897	\$16,187,367	\$14,902,897
		Developer Fee Available
		\$1,831,613
		% of Dev. Fee Deferred
		13%
		15-Yr Cumulative Cash Flow
		\$3,826,804

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Village at Lakewest II, Dallas, 4% HTC #08404 -- ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$59.82	\$5,976,213
Adjustments				
Exterior Wall Finish	2.40%		\$1.44	\$143,429
Elderly	3.00%		1.79	179,286
9-Ft. Ceilings	3.30%		1.97	197,215
Roofing			0.00	0
Subfloor			(0.82)	(82,251)
Floor Cover			2.43	242,757
Breezeways/Balconies	\$24.79	1,325	0.33	32,847
Plumbing Fixtures	\$805	0	0.00	0
Rough-ins	\$400	0	0.00	0
Built-In Appliances	\$1,850	180	3.33	333,000
Interior Stairs	\$2,275	12	0.27	27,300
Enclosed Corridors	\$49.90	28776	14.37	1,435,979
Heating/Cooling			2.24	223,776
Elevators	\$35,400	3	1.06	106,200
Comm &/or Aux Bldgs	\$74.84	7,675	5.75	574,359
Other: fire sprinkler	\$1.95	128,676	2.51	250,918
SUBTOTAL			96.51	9,641,027
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(9.65)	(964,103)
TOTAL DIRECT CONSTRUCTION COSTS			\$86.86	\$8,676,925
Plans, specs, survy, bld prm	3.90%		(\$3.39)	(\$338,400)
Interim Construction Interest	3.38%		(2.93)	(292,846)
Contractor's OH & Profit	11.50%		(9.99)	(997,846)
NET DIRECT CONSTRUCTION COSTS			\$70.55	\$7,047,832

PAYMENT COMPUTATION

Primary	\$9,608,000	Amort	420
Int Rate	5.40%	DCR	1.23

Secondary	\$0	Amort	
Int Rate		Subtotal DCR	1.23

Additional	\$5,194,900	Amort	
Int Rate		Aggregate DCR	1.23

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$615,386
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$139,847

Primary	\$9,608,000	Amort	420
Int Rate	5.45%	DCR	1.23

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.23

Additional	\$5,194,900	Amort	0
Int Rate	0.00%	Aggregate DCR	1.23

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	\$1,550,880	\$1,597,406	\$1,645,329	\$1,694,688	\$1,745,529	\$2,023,547	\$2,345,845	\$2,719,477	\$3,654,750
Secondary Income	29,004	29,874	30,770	31,693	32,644	37,844	43,871	50,859	68,350
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,579,884	1,627,281	1,676,099	1,726,382	1,778,173	2,061,390	2,389,716	2,770,336	3,723,100
Vacancy & Collection Loss	(118,491)	(122,046)	(125,707)	(129,479)	(133,363)	(154,604)	(179,229)	(207,775)	(279,233)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,461,393	\$1,505,234	\$1,550,392	\$1,596,903	\$1,644,810	\$1,906,786	\$2,210,488	\$2,562,561	\$3,443,868
EXPENSES at 4.00%									
General & Administrative	\$56,474	\$58,733	\$61,082	\$63,525	\$66,066	\$80,380	\$97,794	\$118,982	\$176,122
Management	73,070	75,262	77,520	79,845	82,241	95,339	110,524	128,128	172,193
Payroll & Payroll Tax	143,797	149,549	155,531	161,752	168,222	204,668	249,010	302,959	448,453
Repairs & Maintenance	73,371	76,305	79,358	82,532	85,833	104,429	127,054	154,581	228,817
Utilities	199,896	207,892	216,208	224,856	233,850	284,515	346,155	421,151	623,406
Water, Sewer & Trash	57,087	59,370	61,745	64,215	66,784	81,253	98,856	120,274	178,034
Insurance	34,965	36,364	37,818	39,331	40,904	49,766	60,548	73,666	109,044
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	45,000	46,800	48,672	50,619	52,644	64,049	77,925	94,808	140,339
Other	22,500	23,400	24,336	25,309	26,322	32,025	38,963	47,404	70,170
TOTAL EXPENSES	\$706,159	\$733,675	\$762,269	\$791,985	\$822,866	\$996,423	\$1,206,831	\$1,461,952	\$2,146,579
NET OPERATING INCOME	\$755,233	\$771,560	\$788,122	\$804,918	\$821,945	\$910,363	\$1,003,657	\$1,100,609	\$1,297,288
DEBT SERVICE									
First Lien Financing	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$139,847	\$156,173	\$172,736	\$189,532	\$206,558	\$294,977	\$388,271	\$485,222	\$681,902
DEBT COVERAGE RATIO	1.23	1.25	1.28	1.31	1.34	1.48	1.63	1.79	2.11

HTC ALLOCATION ANALYSIS -Village at Lakewest II, Dallas, 4% HTC #08404 -- ADDENDUM

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	\$7,500	\$7,500		
Purchase of buildings				
Off-Site Improvements				
Sitework	\$780,001	\$780,001	\$780,001	\$780,001
Construction Hard Costs	\$7,985,001	\$7,047,832	\$7,985,001	\$7,047,832
Contractor Fees	\$1,217,300	\$1,095,897	\$1,217,300	\$1,095,897
Contingencies	\$449,750	\$391,392	\$438,250	\$391,392
Eligible Indirect Fees	\$967,350	\$967,350	\$967,350	\$967,350
Eligible Financing Fees	\$822,853	\$822,853	\$822,853	\$822,853
All Ineligible Costs	\$1,697,393	\$1,697,393		
Developer Fees			\$1,831,613	
Developer Fees	\$1,833,338	\$1,665,799		\$1,665,799
Development Reserves				
	\$426,881	\$426,881		
TOTAL DEVELOPMENT COSTS	\$16,187,367	\$14,902,897	\$14,042,368	\$12,771,123

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		\$14,042,368	\$12,771,123
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$18,255,079	\$16,602,460
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$18,255,079	\$16,602,460
Applicable Percentage		3.59%	3.59%
TOTAL AMOUNT OF TAX CREDITS		\$655,357	\$596,028

Syndication Proceeds	0.8499	\$5,569,979	\$5,065,733
Total Tax Credits (Eligible Basis Method)		\$655,357	\$596,028
Syndication Proceeds		\$5,569,979	\$5,065,733
Requested Tax Credits		\$665,111	
Syndication Proceeds		\$5,652,877	
Gap of Syndication Proceeds Needed			\$5,294,897
Total Tax Credits (Gap Method)			\$622,992
Board Approved Award			\$596,028
Syndication Proceeds			\$5,065,733



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 07/10/08 PROGRAM: 4% HTC

FILE NUMBER: 08404

DEVELOPMENT

Village at Lakewest II

Location: Approximately 120 ft. west of the corner of Morris Dr. & Fishtrap Street Region: 3
 City: Dallas County: Dallas Zip: 75212 QCT DDA
 Key Attributes: Multifamily, New Construction, Elderly, Urban

ALLOCATION

	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$665,111			\$596,028		

CONDITIONS

- 1 Receipt, review, and acceptance, by cost certification, of HUD approval of project-based Section 8 vouchers for 100% (180) of the units and contract rents of at least \$613 per unit in order to maintain financial viability.
- 2 Receipt, review, and acceptance, prior to execution of determination notice, that the Housing Authority has a sufficient amount of Section 8 Housing Choice Voucher program assistance to "project base" at least 510 vouchers to serve the subject (180 vouchers), phase I of the subject (180 vouchers), and a 9% transaction, Carpenter's Point (#08207), proposed to use 150 program based vouchers from the Housing Authority.
- 3 Receipt, review, and acceptance, prior to execution of determination notice, of a revised rent schedule reflecting all of the units as efficiency units per the QAP §50.3 (95).
- 4 Receipt, review, and acceptance, prior to execution of determination notice, of a revised market study fully contemplating the demand and inclusive capture rate for the subject units as efficiency units and documenting support for any conclusions that are not impacted by the recharacterization of the units as efficiency units.
- 5 Board waiver of the 60 day rule for the submission of the final corrected resolution from the City of Dallas which provided all of the required certifications of support for the development.
- 6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	90
60% of AMI	60% of AMI	90

* All units are characterized as efficiency units and should be restricted as such.

PROS

- The subject proposes 180 units supported with rental assistance through the use of project-based Section 8 vouchers.

CONS

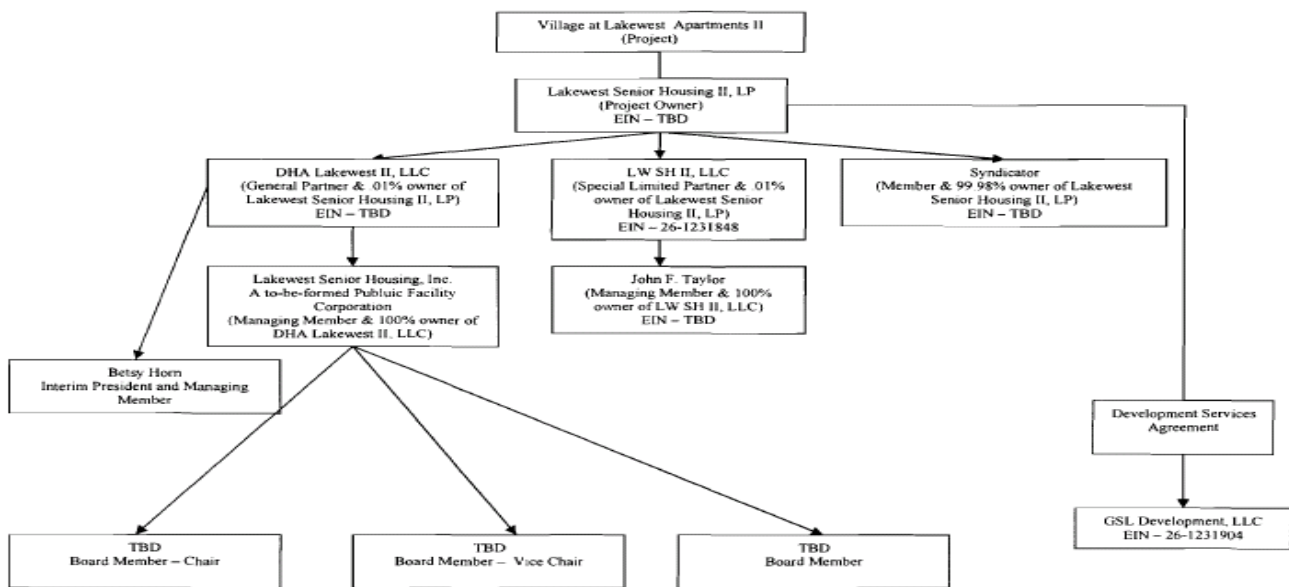
- The Applicant's direct construction cost estimate is \$937K or 13% higher than the Underwriter's estimate.
- The Applicant's lender and syndicator have changed several times during the review and underwriting process.
- The subject efficiency units combined with the Phase I units represents an increase in the number of efficiency units of 91% in the primary market area.
- The capture rates determined by the Underwriter and Market Analyst are both well above 50%, but remain under the 75% maximum for elderly properties.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Tim Lott Phone: (214) 951-8300 Fax: (214) 951-8800
 Email: tlott@dhadal.com

KEY PARTICIPANTS

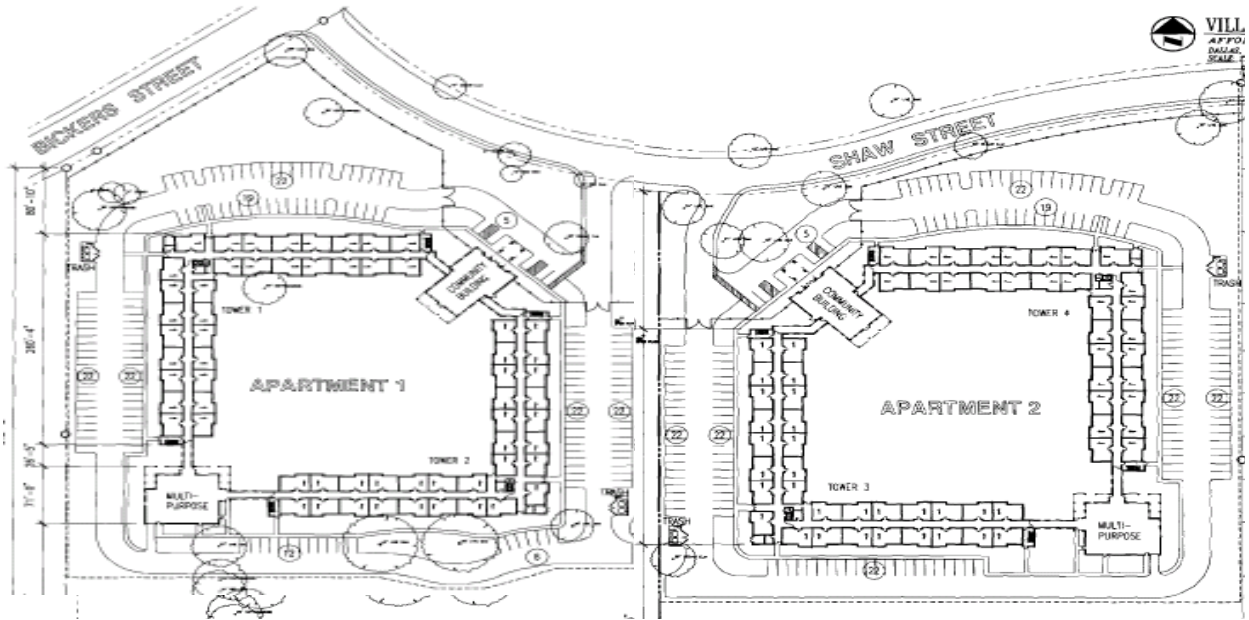
Name	Financial Notes	# Completed Developments
Dallas Housing Authority	N/A	3+
John Taylor	N/A	0
Betsy Horn	N/A	0

IDENTITIES of INTEREST

The Lessor, Housing Authority of Dallas, is regarded as a related party due to their ownership interest in the subject development and their continued long-term interest through the 55-year ground lease. However, the site will be ground leased to the partnership for a nominal annual fee as described in the acquisition section below.

PROPOSED SITE

SITE PLAN (PHASES I & II)



BUILDING CONFIGURATION PHASE II ONLY

Building Type	A									Total Buildings
Floors/Stories	3									
Number	2									2

BR/BA	SF	Units								Total Units	Total SF
0/1	555	90								180	99,900
Units per Building		90								180	99,900

Comments:

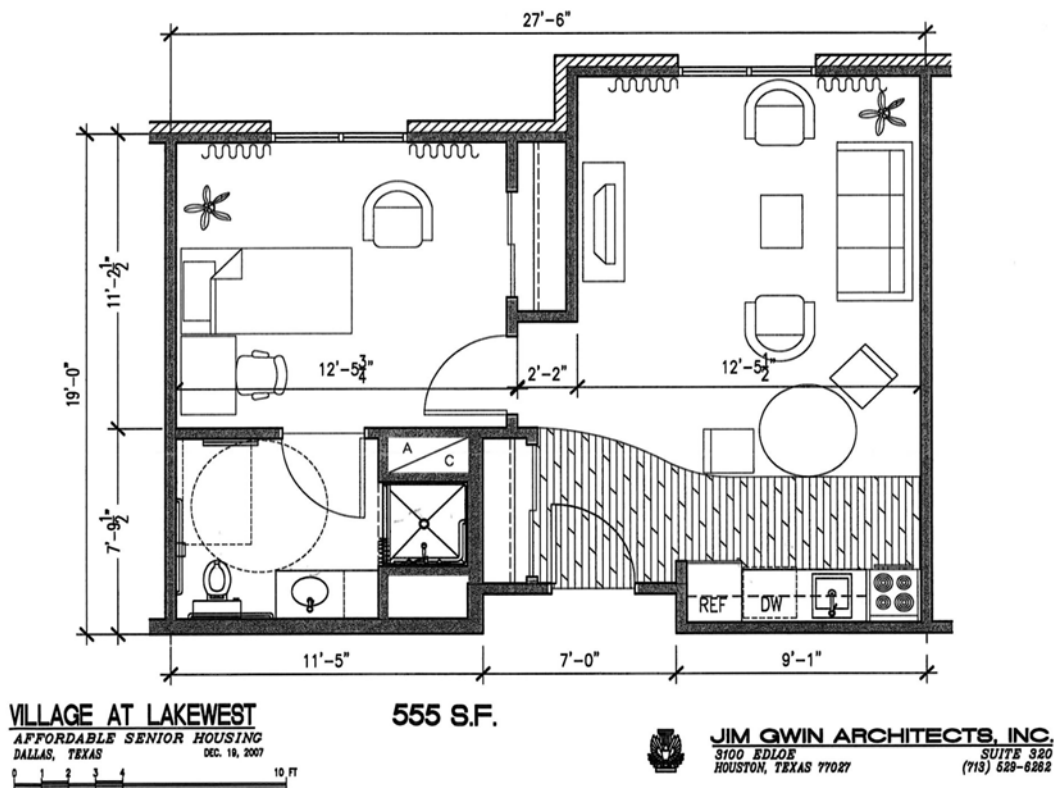
The architectural plans and rent schedule provided reflect that the proposed units will have one bedroom. However, just before completing this analysis it was recognized that the square footage of the proposed unit is 555 SF, which is less than that required in the QAP. According to the QAP Section 50.3(95) a unit that is 649 square feet or less is considered an efficiency unit. While there is another section of the QAP that allows for a smaller unit to be considered a one-bedroom unit, that section is in the selection portion for 9% applications and is not applicable to the 4% credits with tax exempt bonds such as the subject. As a result, it appears that the Applicant has inappropriately categorized the proposed units as one bedroom units based on the QAP definition of a Unit.

This section intentionally left blank.

HUD's rent limits for efficiency units are lower than the rent limits for one bedroom units and generally, characterization of the units as efficiency units would decrease the potential gross income of a proposed development. The subject development proposes project-based Section 8 vouchers on 100% of the units, however, and Section 8 voucher rents can exceed the maximum tax credit rents so long as the tenants pay no more than the tax credit rents. As such, the subject development's projected rents and income are not affected by the characterization of the units as efficiency units. Additionally, this report has been conditioned upon HUD approval of the proposed vouchers for all units and rent levels that will be sufficient to maintain financial viability. Of note, if HUD characterizes the subject units as efficiency units, the maximum project based voucher rent would decrease to \$645, but the property would remain viable at this rent level.

The characterization of the subject units as efficiency units also potentially impacts the inclusive capture rate. The Underwriter's and Market Analyst's inclusive capture rates are based on households of one and two persons and an income band stretching up to the two person household 60% maximum. Generally, however, only one person households are considered in the demand calculations for efficiency units. The Market Analyst has evaluated the subject transaction presuming that two person households should be included in the demand and that the units would be attractive for two person households. At this point, it is not entirely clear what the impact the said recharacterization could have upon demand, and whether both the subject phase II and phase I (also being considered by the Board) would be viable and continue to meet the Department's inclusive capture rate requirements.

At this time, the Market Analyst and Underwriter have not fully contemplated the impact on demand. Therefore, receipt, review, and acceptance, prior to execution of determination notice, of a revised market study fully contemplating the demand and inclusive capture rate for the subject units as efficiency units and documenting support for any conclusions that are not impacted by the recharacterization of the units as efficiency units is a condition of this report. If the Market Analyst and/or Underwriter determine that the revised inclusive capture rate exceeds 75%, the transaction is not recommended. It is conceivable, and perhaps likely, that only one of the two phases of this development can be supported by the market and as such, the subject transaction would not be recommended.



SITE ISSUES

Total Size:	<u>9.68</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Flood Zone:	<u>X</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Zoning:	<u>PDD/MF-2(A)</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/> N/A

TDHCA SITE INSPECTION & OTHER INFORMATION

Inspector: TDHCA Manufactured Housing Staff Date: 1/23/2008

Overall Assessment:

Excellent Acceptable Questionable Poor Unacceptable

Surrounding Uses:

North: Vacant, with apartments beyond East: Vacant, with school beyond
 South: Vacant, with vacant apts. beyond West: Vacant, with park beyond

Comments:

The Applicant is proposing to construct two phases of this development simultaneously. Both phases, submitted under different applications, are being presented to the TDHCA Board for simultaneous approval. Each of the proposed phases is to consist of 180 units with identical floor plans, and is to serve the same senior population and income levels. Section 50.6(e)(3) of the 2008 QAP limits tax-exempt bond developments to 252 restricted and total units unless the development is to consist solely of acquisition/rehabilitation or rehabilitation. Further, for applications that are proposing an additional phase to an existing tax credit development or that is adjacent to an existing tax credit development, the combined unit total for both may not exceed 252 total units unless one of the following two exceptions applies:

(a) the first phase of the development has been completed and has attained sustaining occupancy for at least six months; or (b) a resolution from the governing body of the city or county in which the proposed development is located, dated on or before the date of Application is submitted, is submitted with the Application. Such resolution must state that there is a need for additional units and that the governing body has reviewed a market study concluding that there is a need for additional units, and the resolution must be dated on or before the date the Application is submitted, and it must be submitted with the Application.

The Applicant provided a resolution dated June 11, 2008 to the Department on June 12, 2008 from the City of Dallas which stated that it is providing its approval and support of the two developments under Section 50.6(e)(3) relating to the limitations on the size of developments; however, the resolution was not submitted at the time of submission of the Application on December 28, 2007. As such, the Board must still waive the 60 day deadline for submission of all materials prior to the Board meeting at which an allocation or determination will be made.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Afram International Consultants, Inc. Date: 12/21/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- "No evidence of recognized environmental conditions or potential environmental concerns were identified on the subject property during the site visit, historical information review, environmental regulatory database report review, or interview process." (p. 10)

MARKET HIGHLIGHTS

Provider: Integra Realty Resources Date: 12/20/2007
 Contact: Charles Bissell Phone: 972-960-1222 Fax: 972-960-2922
 Number of Revisions: 1 Date of Last Applicant Revision: 4/25/2008

Primary Market Area (PMA): 54.71 square miles (6.06 mile radius)

The subject's primary market area (PMA) boundaries are as follows:

- * Loop 12 and Lemmon Avenue to the north (5 miles north);
- * Interstate Highway 35 and Dallas North Tollway to the east (3.1 miles east);
- * Illinois Avenue to the south (4.5 miles south); and
- * Loop 12 to the west (3 miles west).

Secondary Market Area (SMA):

The Market Analyst did not indicate a Secondary Market Area (SMA).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Village at Lakewest I	08404	180	180	N/A			
Providence Mockingbird	05613	251	155				

INCOME LIMITS						
Dallas						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
50	\$23,300	\$26,600	\$29,950	\$33,250	\$35,900	\$38,550
60	\$27,960	\$31,920	\$35,940	\$39,900	\$43,080	\$46,260

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR/ 50% Rent Limit	320	11	0	331	90	141	69.8%
1BR/ 60% Rent Limit	388	14	0	402	90	140	57.2%

OVERALL DEMAND										
PMA DEMAND from TURNOVER 50% & 60% AMI										
		Elderly Apartment Households		Household Size		Income Eligible		Tenure		Demand
Market Analyst	50%	26%	7,244	70%	5,064	13%	638	100%	638	50% 319
Market Analyst	60%	26%	7,244	70%	5,064	15%	775	100%	775	50% 387
		Elderly Households		Household Size		Income Eligible		Tenure		Demand
Underwriter		26%	13,424	70%	9,383	44%	4,163	55%	2,286	34% 779
PMA DEMAND from HOUSEHOLD GROWTH										
		Annual Elderly HH Growth		Household Size		Income Eligible		Tenure		Demand
Market Analyst	50%		236	70%	165	13%	21	55%	11	100% 11
Market Analyst	60%		236	70%	165	15%	25	55%	14	100% 14
Underwriter			245	70%	171	44%	76	55%	42	100% 42

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p.	57	180	335	0	515	733 70.26%
Underwriter		180	335	0	515	821 62.72%

Comments:

The Market Analyst calculated turnover demand by each unit type starting with the number of apartment units rather than total existing households thereby potentially underestimating the number of elderly households.

The Analyst also summed the individual unit type (50% and 60%) demand figures for turnover and growth before calculating the inclusive capture rate. The Market Analyst's methodology results in an overlap and therefore potential overstatement of demand, because the income bands for the 50% and 60% units overlap significantly and the Market Analyst did not account for this overlap when calculating total demand. This overlap effectively double counts some households potentially offsetting the use of apartments rather than households and generally results in an inflated total demand number and lower inclusive capture rate.

However, the Market Analyst did not account for the Project Based Section 8 Vouchers (PBVs) that will cover all 180 units thereby understating demand. These vouchers will provide a subsidy for households at income levels that would generally not be able to afford the tax credit rent levels. As such, the Underwriter has expanded the income banding to account for these households earning below the typical eligible incomes.

The Market Analyst deviated in several important ways from the guidelines provided in the Department's rules on market studies. The net result is that the Analyst understated demand resulting in an overstated capture rate. The Underwriter's recalculation results in an inclusive capture rate of 62.72% which meets the Department's guidelines.

Without the vouchers, the Underwriter's inclusive capture rate, which significantly limits the pool of income eligible households, would be 145.49% which is significantly higher than the 75% limit for elderly properties. As a result, receipt, review, and acceptance, by cost certification, that the Applicant's has received HUD approval for the proposed project-based Section 8 vouchers on 100% of the units is a condition of this report.

Moreover, as indicated above, the Market Analyst has completed the market study based on the subject units being considered one bedroom units. The characterization of the units as efficiency units could potentially have a significant impact on the demand and inclusive capture rate conclusions, particularly if only one person households are included in the demand and the income band is compressed to exclude two person households up to 60% of AMI. This issue demands additional consideration by the Market Analyst and review by the Underwriter. Therefore, this report has been conditioned upon a revised market study and the Underwriter will work with the Analyst to reach a resolution.

Primary Market Occupancy Rates:

Average occupancy rates for all multifamily properties within the PMA is 93%. The simple average occupancy rate for LIHTC properties within the PMA is 94%. (p. 41 & 44)

Absorption Projections:

Based upon historical data from other properties in the area it is anticipated that there will be a lease-up period of 12 months for the subject; equating to an absorption pace of approximately 14 units per month. (p. 75)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent*	Underwriting Rent	Savings Over Market
O BR 555 SF 50%	\$623	\$582	\$750	\$718	\$32
O BR 555 SF 60%	\$748	\$699	\$750	\$718	\$32

* assumes that the subject units are comparable to one bedroom units in the PMA.

Market Impact:

We conclude there to be sufficient unmet demand to support the development of the subject. (p. 77)

Comments:

The Market Analyst has deviated from the Department's rules in several important ways; moreover, as a result of the categorization of the subject units as efficiency units, this report has been conditioned upon a revised market study contemplating demand and the inclusive capture rate for efficiency units.

The subject tract is located in a county that has more than twice the state average of units per capita supported by Housing Tax Credits and Private Activity Bonds. The Applicant has proposed to resolve this issue by providing a resolution from the City of Dallas stating that there is sufficient demand for affordable seniors housing and that the City supports the construction of these units. The Applicant has provided a resolution from the City of Dallas dated June 11, 2008 which addresses and resolves this issue in accordance with Section 50.5(7)(A-C) of the QAP.

Additionally, this development could potentially be ineligible under the one-mile three-year rule of the construction of new units in a given area because the Applicant is proposing to construct a second development on the adjacent tract simultaneously with the same number of units as the subject property. As with the issue immediately above, the Applicant has also proposed to resolve this issue by providing a resolution from the City of Dallas. They provided a resolution dated June 11, 2008 from the City of Dallas which addresses and resolves this issue in accordance with Section 50.5(8)(A-D)(iv) of the QAP.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: none Date of Last Applicant Revision: N/A

The Applicant's projected rents are based upon maximum 2008 tax credit rents for one bedroom units, with no tenant paid utilities. As reflected above, the units are actually efficiency units according to the QAP, but the Applicant plans to have HUD project-based Section 8 vouchers for all of the subject units and generally the HAP rents can exceed the maximum tax credit rents so long as the tenants do not pay more than the tax credit maximum. As a result, if HUD approves the vouchers, the projected income may not be impacted. HUD has not yet approved the project based vouchers or contract rents.

Moreover, HUD's Project Based Voucher Program allows a housing authority to use up to 20% of their Section 8 choice voucher budget authority for the purpose of project based assistance as has been proposed in this case [24 CFR Section 983.6]. The Applicant has indicated that 180 vouchers will be project based for the subject, another 180 will be project based for phase I, and the Housing Authority has provided a letter for another 9% transaction, Carpenter's Point (08207), indicating that it is anticipated that up to 150 project based vouchers will be available. This totals 510 vouchers that presumably would be available to project base under HUD's Project Based Voucher Program. Moreover, this would require at least 2,550 total Section 8 Choice vouchers available to the Housing Authority (assuming that the proposed vouchers use approximately the average amount of budget authority) since only 20% of their voucher pool can be committed under the PBV Program.

Therefore, receipt, review, and acceptance, prior to execution of determination notice, that the Housing Authority has a sufficient amount of Section 8 Housing Choice Voucher program assistance to "project base" at least 510 vouchers to serve the subject (180 vouchers), phase I of the subject (180 vouchers), and the other 9% transaction, Carpenter's Point (150 vouchers) is a condition of this report.

The Underwriter requested additional information regarding the anticipated rent level, but the Applicant suggested that they were only able to provide the maximum rent that could potentially be approved for the subject (\$718 per month), which is equal to the 2008 HUD Fair Market Rent for the Dallas MSA for 1 bedroom units.

This section intentionally left blank.

Due to the lack of information provided, the Underwriter has underwritten the maximum \$718 but has performed a sensitivity test to determine the minimum rent necessary to maintain financial feasibility. HUD must approve a contract rent level of at least \$613 in order to maintain the minimum DCR of 1.15 and repay deferred developer fee within 15 years according to the Underwriter's proforma. Therefore, receipt, review, and acceptance, by cost certification, of HUD approval of contract rents of at least \$613 per unit in order to maintain financial viability is a condition of this report. Additionally, receipt, review, and acceptance, prior to execution of determination notice, of a revised rent schedule reflecting all of the units as efficiency units is a condition of this report. Of note, the vouchers are contemplated to have initial terms of ten years with a renewal option of an additional 10 years.

Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines and the Applicant's effective gross income estimate is within 5% of the Underwriter's.

Expense: Number of Revisions: none Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$4,005 per unit is within 5% of the Underwriter's estimate of \$3,923 per unit derived from the TDHCA database, other third party sources and historical operations from the developer's other properties. However, several of the Applicant's expenses deviate significantly from the Underwriter's, including: general and administrative (\$17K lower); payroll and payroll taxes (\$46K higher); insurance (\$12K higher); and property insurance (\$10K higher).

The Applicant anticipates a 100% property tax exemption due to 100% GP control by the Housing Authority and a ground lease of the property from the Housing Authority to the partnership. This is a common ownership structure used to achieve a full exemption and has also been assumed by the Underwriter.

Conclusion:

The Applicant's net operating income (NOI) is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's Year One proforma will be used to evaluate debt capacity and the debt coverage ratio (DCR). The proforma and estimated debt service result in a debt coverage ratio within the Department's guideline of 1.15 to 1.35. Of note, the Applicant did not revise the debt service reflected in the proforma provided after the lender and debt structure was modified. Therefore, the Applicant's debt service is understated, which is corrected in the recommended financing structure.

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 1.15 and continued positive cashflow for the first 15 years. Therefore, the development can be characterized as feasible.

ACQUISITION INFORMATION

EVIDENCE of PROPERTY CONTROL

Type: Contract For Lease Acreage: 8.546
 Contract Expiration: 8/1/2008 Valid Through Board Date? Yes No
 Lease Price: \$100 annually Other: 55 year lease
 Lessor: Housing Authority of the City of Dallas Related to Development Team? Yes No

Comments:

The Housing Authority of the City of Dallas is to lease the subject property to the Lakewest Senior Housing II, LP. DHA Lakewest II, LLC an affiliate of the Housing Authority of the City of Dallas is to serve as general partner.

This section intentionally left blank.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 2 Date of Last Applicant Revision: _____

Acquisition Value:

The Dallas Housing Authority currently owns the subject site and has submitted a Contract for Lease indicating that the subject property will be ground leased from the Housing Authority to the partnership under a fifty-five (55) year ground lease for a nominal annual fee. As a result an appraisal of the site is not required. The Applicant has reflected closing costs of \$7,500 in the acquisition portion of the development cost schedule.

Sitework Cost:

The Applicant's claimed sitework cost of \$6,000 per unit (including ineligible sitework) are within the Department's guidelines. Therefore, no third party substantiation is required at this time.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$937K or 13% higher than the Underwriter's estimate derived from the Marshall & Swift Residential Cost Handbook.

The Applicant's direct construction costs are \$44,361 per unit or \$79.93 per net rentable square foot compared to the Underwriter's estimate of \$39,155 per unit or \$70.55 per net rentable square foot (not including sitework, contingency, or contractor fees).

In correspondence with the Underwriter, the Applicant asserted that the Underwriter's costing does not properly account for the smaller than average size of the proposed units. However, the Underwriter's base square foot figure was interpolated based on the actual size of the proposed units using Marshall and Swift data specifically for multifamily buildings similar in size and number of units to those proposed. Moreover, the Real Estate Analysis division has completed the underwriting for 5 similar elderly transactions in the Dallas/Fort Worth metro area within the last three weeks and the Underwriter was able to verify with a reasonable overall tolerance, the costs submitted by the applicant in each case using the same Marshall and Swift costing mechanism. The Applicant has provided no compelling evidence to support the proposed higher costs.

Contingency & Fees:

The Applicant's eligible contingency exceeds the Department's maximum of 5% by \$11,500 and eligible developer fees exceed the 15% maximum by \$1,725. The Underwriter has effectively shifted the overstated portions to ineligible costs.

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 \$12,771,123 supports annual tax credits of \$596,028. 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

SOURCES & USES Number of Revisions: 3 Date of Last Applicant Revision: 7/2/2008

Issuer: Housing Options, Inc

Source: Capital One N.A.

Type: Interim to Permanent Bond Financing

Permanent: \$9,608,000 Interest Rate: 5.4% Fixed Amort: 420 months

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Comments:

The Applicant has a reservation of tax exempt private activity mortgage revenue bonds with Housing Options, Inc for \$10,000,000. The Applicant modified the financing structure and changed lenders on three occasions subsequent to submission of the application. The latest letter of interest provided (Capital One) is vague regarding the ultimate structure of the bonds but reflects a bond amount of \$9,608,000 with a variable rate structure during construction converting to a fixed rate structure during permanent. The lender indicates a fixed rate equal to the "17-year interpolated Treasury yield" plus 100 basis points estimated by the Underwriter to be 5.45% as of July 1, 2008 (Applicant estimated 5.4%). The Applicant's consultant indicated that the bonds would be privately placed tax exempt securities.

The lender's letter provides for a 24-month construction and lease-up period with one 6-month extension available. In conversation with the Applicant's consultant, it was communicated that the bonds may ultimately be structured with a variable underlying rate and a floating-to-fixed rate swap. Based on current market conditions, this structure could potentially offer the benefit of a lower synthetically fixed rate. Based on the current structure, the all-in interest rate could decrease to 4.5% before the deferred developer fee would be eliminated and a reduction to the credit could be necessary. It is unlikely that this level of savings can be achieved.

Source:	<u>Apollo Equity Partners</u>	Type:	<u>Syndication</u>
Proceeds:	<u>\$5,194,900</u>	Syndication Rate:	<u>85%</u>
		Anticipated HTC:	<u>\$ 611,226</u>
Comments:			

The committed credit price appears to be slightly high based on recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that should the credit price decline to less than \$0.58, the amount of needed deferred developer fee would exceed the amount available and financial viability of the transaction may be jeopardized. Although, deferral of contractor fees could be explored as a viable option. Alternatively, should the final credit price increase to more than \$0.888, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount:	<u>\$1,384,464</u>	Type:	<u>Deferred Developer Fees</u>
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Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

Due to the uncertainty in the market and the potential for such movement in both equity pricing and interest rates, this report is conditioned upon updated loan and equity commitments at the submission of carryover. Should the revised commitments reflect changes in the anticipated permanent interest rate(s) and equity price, a re-evaluation of the financial feasibility of the transaction should be conducted.

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the permanent loan of \$9,608,000 indicates the need for \$5,294,897 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$622,992 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$665,111), the gap-driven amount (\$622,992), and eligible basis-derived estimate (\$596,028) the eligible basis-derived estimate of \$596,028 is recommended resulting in proceeds of \$5,065,733 based on a syndication rate of 85%.

It should be noted that the syndicator's tax credit purchase commitment is very close to the amount recommended by the Underwriter. It is unclear exactly how the syndicator arrived at their estimate for the credits; however, their commitment to purchase the credits anticipates the housing tax credits of \$611,226 annually. This amount is much closer to the Underwriter's recommendation of \$596,028 than the Applicant's request of \$665,111.

The Underwriter's recommended financing structure indicates the need for \$229,164 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 2 years of stabilized operation.

Underwriter:

*D. Burrell*Date:

July 10, 2008

Underwriter:

*Cameron Dorsey*Date:

July 10, 2008

Director of Real Estate Analysis:

*Tom Gouris*Date:

July 10, 2008

MULTIFAMILY COMPARATIVE ANALYSIS

Village at Lakewest II, Dallas, 4% HTC #08404

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Elec / Gas	WS&T
TC50%	90	0	1	555	\$582	\$718	\$64,620	\$1.29	\$96.00	\$46.00
TC60%	90	0	1	555	\$699	718	64,620	1.29	96.00	46.00
TOTAL:	180		AVERAGE:	555		\$718	\$129,240	\$1.29	\$96.00	\$46.00

INCOME

	Total Net Rentable Sq Ft:	99,900	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT			\$1,550,880	\$1,480,680	Dallas	Dallas	3
Secondary Income	Per Unit Per Month:	\$13.43	29,004	29,004	\$13.43	Per Unit Per Month	
Other Support Income:			0		\$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			\$1,579,884	\$1,509,684			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(118,491)	(113,232)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0				
EFFECTIVE GROSS INCOME			\$1,461,393	\$1,396,452			

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.86%	\$314	0.57	\$56,474	\$39,650	\$0.40	\$220	2.84%
Management	5.00%	406	0.73	73,070	69,823	0.70	388	5.00%
Payroll & Payroll Tax	9.84%	799	1.44	143,797	190,507	1.91	1,058	13.64%
Repairs & Maintenance	5.02%	408	0.73	73,371	65,440	0.66	364	4.69%
Utilities	13.68%	1,111	2.00	199,896	175,500	1.76	975	12.57%
Water, Sewer, & Trash	3.91%	317	0.57	57,087	67,500	0.68	375	4.83%
Property Insurance	2.39%	194	0.35	34,965	45,000	0.45	250	3.22%
Property Tax	2.514757	0.00%	0	0	0	0.00	0	0.00%
Reserve for Replacements	3.08%	250	0.45	45,000	45,000	0.45	250	3.22%
TDHCA Compliance Fees	0.49%	40	0.07	7,200	7,200	0.07	40	0.52%
Other:	1.05%	85	0.15	15,300	15,300	0.15	85	1.10%
TOTAL EXPENSES	48.32%	\$3,923	\$7.07	\$706,159	\$720,920	\$7.22	\$4,005	51.63%
NET OPERATING INC	51.68%	\$4,196	\$7.56	\$755,233	\$675,532	\$6.76	\$3,753	48.37%

DEBT SERVICE

Capitol One Mortgage Rev Bonds	41.85%	\$3,398	\$6.12	\$611,624	\$586,603	\$5.87	\$3,259	42.01%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
NET CASH FLOW	9.83%	\$798	\$1.44	\$143,610	\$88,929	\$0.89	\$494	6.37%

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.05%	\$42	\$0.08	\$7,500	\$7,500	\$0.08	\$42	0.05%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		5.23%	4,333	7.81	780,001	780,001	7.81	4,333	4.82%
Direct Construction		47.29%	39,155	70.55	7,047,832	7,985,001	79.93	44,361	49.33%
Contingency	5.00%	2.63%	2,174	3.92	391,392	449,750	4.50	2,499	2.78%
Contractor's Fees	14.00%	7.35%	6,088	10.97	1,095,897	1,217,300	12.19	6,763	7.52%
Indirect Construction		6.49%	5,374	9.68	967,350	967,350	9.68	5,374	5.98%
Ineligible Costs		11.39%	9,430	16.99	1,697,393	1,697,393	16.99	9,430	10.49%
Developer's Fees	15.00%	11.18%	9,254	16.67	1,665,799	1,833,338	18.35	10,185	11.33%
Interim Financing		5.52%	4,571	8.24	822,853	822,853	8.24	4,571	5.08%
Reserves		2.86%	2,372	4.27	426,881	426,881	4.27	2,372	2.64%
TOTAL COST		100.00%	\$82,794	\$149.18	\$14,902,897	\$16,187,367	\$162.04	\$89,930	100.00%
Construction Cost Recap		62.51%	\$51,751	\$93.24	\$9,315,121	\$10,432,052	\$104.42	\$57,956	64.45%

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
Capitol One Mortgage Rev Bonds	64.47%	\$53,378	\$96.18	\$9,608,000	\$9,608,000	\$9,608,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$1,831,613
Apollo HTC Proceeds	34.86%	\$28,861	\$52.00	5,194,900	5,194,900	5,065,733	% of Dev. Fee Deferred
Deferred Developer Fees	9.29%	\$7,691	\$13.86	1,384,464	1,384,464	229,164	13%
Additional (Excess) Funds Req'd	-8.62%	(\$7,136)	(\$12.86)	(1,284,467)	3	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$14,902,897	\$16,187,367	\$14,902,897	\$3,826,804

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Village at Lakewest II, Dallas, 4% HTC #08404

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$59.82	\$5,976,213
Adjustments				
Exterior Wall Finish	2.40%		\$1.44	\$143,429
Elderly	3.00%		1.79	179,286
9-Ft. Ceilings	3.30%		1.97	197,215
Roofing			0.00	0
Subfloor			(0.82)	(82,251)
Floor Cover			2.43	242,757
Breezeways/Balconies	\$24.79	1,325	0.33	32,847
Plumbing Fixtures	\$805	0	0.00	0
Rough-ins	\$400	0	0.00	0
Built-In Appliances	\$1,850	180	3.33	333,000
Interior Stairs	\$2,275	12	0.27	27,300
Enclosed Corridors	\$49.90	28776	14.37	1,435,979
Heating/Cooling			2.24	223,776
Elevators	\$35,400	3	1.06	106,200
Comm &/or Aux Bldgs	\$74.84	7,675	5.75	574,359
Other: fire sprinkler	\$1.95	128,676	2.51	250,918
SUBTOTAL			96.51	9,641,027
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(9.65)	(964,103)
TOTAL DIRECT CONSTRUCTION COSTS			\$86.86	\$8,676,925
Plans, specs, survy, bld prn	3.90%		(\$3.39)	(\$338,400)
Interim Construction Interes	3.38%		(2.93)	(292,846)
Contractor's OH & Profit	11.50%		(9.99)	(997,846)
NET DIRECT CONSTRUCTION COSTS			\$70.55	\$7,047,832

PAYMENT COMPUTATION

Primary	Amount	Amort	DCR
Primary	\$9,608,000	Amort	420
Int Rate	5.40%	DCR	1.23
Secondary	\$0	Amort	
Int Rate		Subtotal DCR	1.23
Additional	\$5,194,900	Amort	
Int Rate		Aggregate DCR	1.23

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$615,386
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$139,847

Primary	Amount	Amort	DCR
Primary	\$9,608,000	Amort	420
Int Rate	5.45%	DCR	1.23
Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.23
Additional	\$5,194,900	Amort	0
Int Rate	0.00%	Aggregate DCR	1.23

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	\$1,550,880	\$1,597,406	\$1,645,329	\$1,694,688	\$1,745,529	\$2,023,547	\$2,345,845	\$2,719,477	\$3,654,750
Secondary Income	29,004	29,874	30,770	31,693	32,644	37,844	43,871	50,859	68,350
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,579,884	1,627,281	1,676,099	1,726,382	1,778,173	2,061,390	2,389,716	2,770,336	3,723,100
Vacancy & Collection Loss	(118,491)	(122,046)	(125,707)	(129,479)	(133,363)	(154,604)	(179,229)	(207,775)	(279,233)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,461,393	\$1,505,234	\$1,550,392	\$1,596,903	\$1,644,810	\$1,906,786	\$2,210,488	\$2,562,561	\$3,443,868
EXPENSES at 4.00%									
General & Administrative	\$56,474	\$58,733	\$61,082	\$63,525	\$66,066	\$80,380	\$97,794	\$118,982	\$176,122
Management	73,070	75,262	77,520	79,845	82,241	95,339	110,524	128,128	172,193
Payroll & Payroll Tax	143,797	149,549	155,531	161,752	168,222	204,668	249,010	302,959	448,453
Repairs & Maintenance	73,371	76,305	79,358	82,532	85,833	104,429	127,054	154,581	228,817
Utilities	199,896	207,892	216,208	224,856	233,850	284,515	346,155	421,151	623,406
Water, Sewer & Trash	57,087	59,370	61,745	64,215	66,784	81,253	98,856	120,274	178,034
Insurance	34,965	36,364	37,818	39,331	40,904	49,766	60,548	73,666	109,044
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	45,000	46,800	48,672	50,619	52,644	64,049	77,925	94,808	140,339
Other	22,500	23,400	24,336	25,309	26,322	32,025	38,963	47,404	70,170
TOTAL EXPENSES	\$706,159	\$733,675	\$762,269	\$791,985	\$822,866	\$996,423	\$1,206,831	\$1,461,952	\$2,146,579
NET OPERATING INCOME	\$755,233	\$771,560	\$788,122	\$804,918	\$821,945	\$910,363	\$1,003,657	\$1,100,609	\$1,297,288
DEBT SERVICE									
First Lien Financing	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386	\$615,386
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$139,847	\$156,173	\$172,736	\$189,532	\$206,558	\$294,977	\$388,271	\$485,222	\$681,902
DEBT COVERAGE RATIO	1.23	1.25	1.28	1.31	1.34	1.48	1.63	1.79	2.11

HTC ALLOCATION ANALYSIS -Village at Lakewest II, Dallas, 4% HTC #08404				
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	\$7,500	\$7,500		
Purchase of buildings				
Off-Site Improvements				
Sitework	\$780,001	\$780,001	\$780,001	\$780,001
Construction Hard Costs	\$7,985,001	\$7,047,832	\$7,985,001	\$7,047,832
Contractor Fees	\$1,217,300	\$1,095,897	\$1,217,300	\$1,095,897
Contingencies	\$449,750	\$391,392	\$438,250	\$391,392
Eligible Indirect Fees	\$967,350	\$967,350	\$967,350	\$967,350
Eligible Financing Fees	\$822,853	\$822,853	\$822,853	\$822,853
All Ineligible Costs	\$1,697,393	\$1,697,393		
Developer Fees			\$1,831,613	
Developer Fees	\$1,833,338	\$1,665,799		\$1,665,799
Development Reserves	\$426,881	\$426,881		
TOTAL DEVELOPMENT COSTS	\$16,187,367	\$14,902,897	\$14,042,368	\$12,771,123

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		\$14,042,368	\$12,771,123
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$18,255,079	\$16,602,460
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$18,255,079	\$16,602,460
Applicable Percentage		3.59%	3.59%
TOTAL AMOUNT OF TAX CREDITS		\$655,357	\$596,028

Syndication Proceeds	0.8499	\$5,569,979	\$5,065,733
Total Tax Credits (Eligible Basis Method)		\$655,357	\$596,028
Syndication Proceeds		\$5,569,979	\$5,065,733
Requested Tax Credits		\$665,111	
Syndication Proceeds		\$5,652,877	
Gap of Syndication Proceeds Needed			\$5,294,897
Total Tax Credits (Gap Method)			\$622,992

Village at Lakewest II

Primary Market Area
54.71 square miles

05613 Providence at Mockingbird

08404 Village at Lakewest II

08403 Village at Lakewest I

00005T Lakewest Community Townhomes

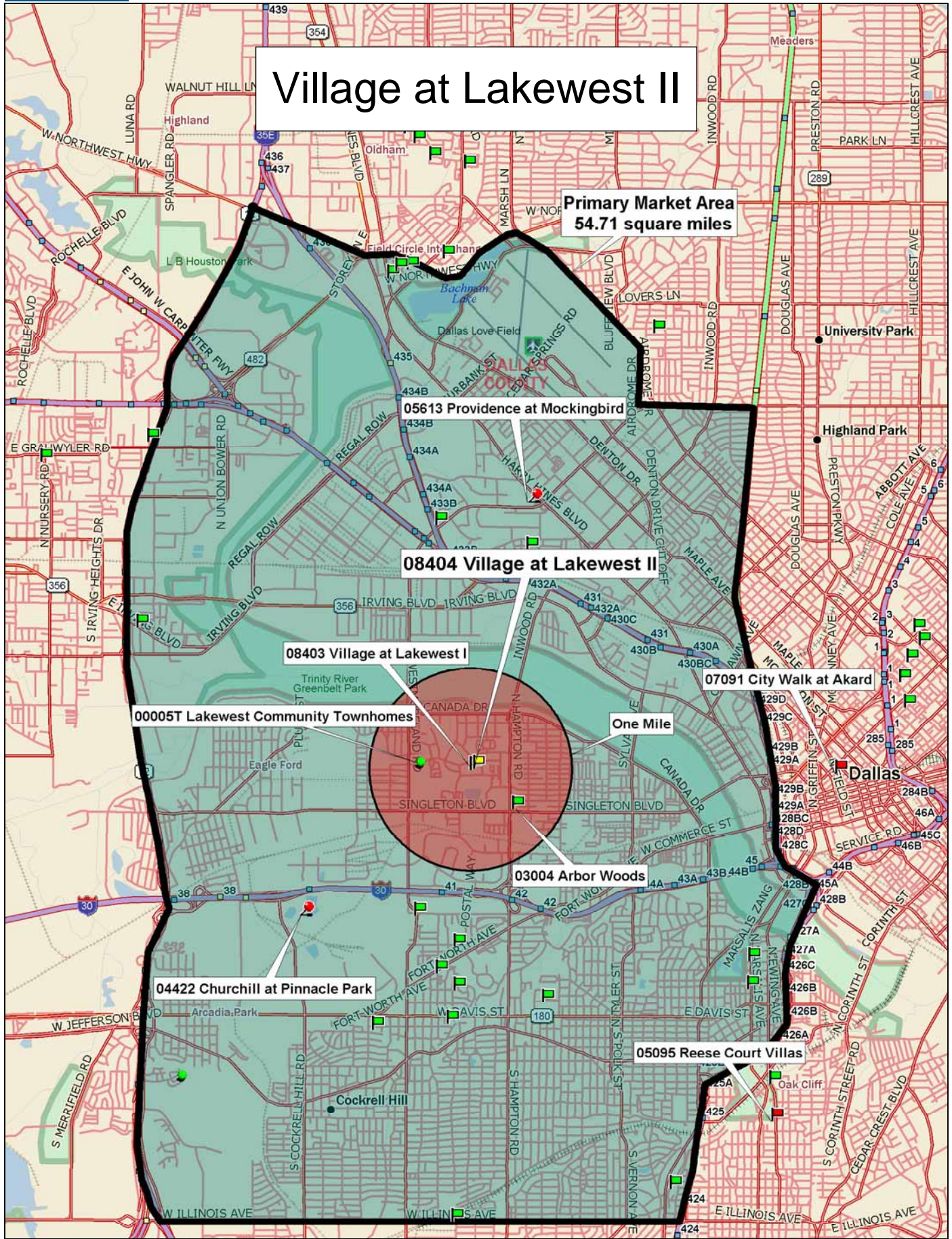
One Mile

07091 City Walk at Akard

03004 Arbor Woods

04422 Churchill at Pinnacle Park

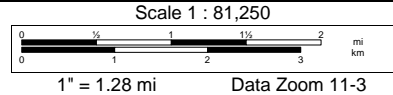
05095 Reese Court Villas



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MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Presentation, Discussion, and Possible Action regarding Housing Tax Credit Amendments.

WHEREAS, the Application award relating to Tax Credit Assistance Program, 09712 City Walk at Akard was awarded by the Board based on certain premises, including the adaptive reuse of 200 units with certain threshold amenities,

WHEREAS, the owner is requesting approval to forgo installation of certain threshold amenities agreed to at application,

WHEREAS, the owner has not provided good cause of satisfactory alternatives for not meeting the Threshold requirements upon completion of the development, therefore be it

RESOLVED, that amendments relating to Application #09712, City Walk at Akard, as presented to this meeting, be and, they hereby are denied

Background

§2306.6712, Texas Government Code, indicates that the Board should determine the disposition of a requested amendment if the amendment is a “material alteration,” would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round. The statute identifies certain changes as material alterations and the requests presented below include material alterations.

Summary of Request: City Walk at Akard received an allocation of tax credits in 2006 and a subsequent award of TCAP funds in 2009. The development consists of 33 one bedroom units, 22 two bedroom units, and 145 single room occupancy (SRO) units. The award of tax credits and subsequent award of TCAP funds were made on the condition that certain threshold amenities would be provided to the non-SRO units. The amenities include dishwashers, garbage disposals, and ceiling fans in living areas and bedrooms. (2006 QAP §50.9(h)(4)(b))

The applicant submitted an amendment of application in December 2007, in which TDHCA Board approved changes to the unit mix, and a reduction of units from 209 to 200. The applicant has indicated in the current amendment request that the unit plans provided in 2007 did not show ceiling fans, disposals, and dishwashers in any unit. Staff reviewed the original amendment request, and confirmed the unit floor plans did not show the aforementioned amenities, however these types of amenities are not typically reflected in the limited detail unit floor plans provided with applications. Furthermore, at that time the Applicant made no mention of the exclusion of these threshold amenities.

The Development owner has indicated that ceiling fans are not an essential amenity for tenants because the utilities are paid by the landlord. The owner also feels that tenants have no use for garbage disposals because a “trash chute” is provided on every floor for garbage disposal. The request states that additional amenities have been provided which were not originally proposed, including a chapel and children’s room. The owner also stated that the 145 SRO units were furnished at no cost to residents. Staff does not agree that furnishing the SRO units is an acceptable replacement for amenities guaranteed for the non-SRO units. Moreover, the Development Owner certified it had read and was familiar with the QAP. The ceiling fans and garbage disposal were express threshold requirements. The ability to walk to a central trash chute in lieu of using a disposal in your unit is not an acceptable substitute. The ability to turn up the A/C even if someone else is paying for it is not an acceptable substitute.

§49.12 of the 2011 QAP states “The Development owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components...” Should the Board members choose to approve the amendment, QAP rules, §49.12(a)(2)(A) allow members to “Reduce the score for Applications for Competitive Housing Tax Credits that are submitted by an Applicant of Affiliate related to the Development Owner of the non-conforming Development by up to ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board.”

Pursuant to §49.13(b) of the Qualified Allocation Plan “If a proposed modification would materially alter a Development approved for an allocation of a Housing Tax Credit, or if the Applicant has altered any selection criteria item for which it received points, the Department shall require the Applicant to file a formal, written request for an amendment to the Application... The Board must vote on whether to approve an amendment. The Board by vote may reject an amendment and, if appropriate, rescind a Commitment Notice or terminate the allocation of Housing Tax Credits and reallocate the credits to other Applicants on the Waiting List if the Board determines that the modification proposed in the amendment...would materially alter the Development in a negative manner...Material alteration of a Development includes, but is not limited to...A substantive modification of the scope of tenant services....”

Therefore, an amendment to the application is necessary.

Owner: Akard Walk L.P.
General Partner: Central Dallas CDC
Developers: Central Dallas CDC & McCaslin Development Company
Principals/Interested Parties: John P. Greenan
Syndicator: Alliant Capital
Construction Lender: JP Morgan Chase/Central Dallas Ministries
Permanent Lender: Central Dallas Ministries, TCAP Permanent Loan Replacement, City of Dallas Homeless Bond Funds
Other Funding: Several Grants ranging from \$5,000 to \$750,000 from City of Dallas CDBG
City/County: Dallas/Dallas
Set-Aside: N/A
Type of Area: Urban
Region: 3
Type of Development: Adaptive Reuse
Population Served: General Population
Units: 200 HTC units
2006 Allocation: \$1,200,000
Allocation per HTC Unit: \$6,000
Prior Board Actions: July 2006 – Approved award of tax credits/March 2008 – Approved Amendment/November 2009 Approved award of TCAP funds.
REA Findings: The unit amenities have no impact to the financial feasibility of the development.



RECEIVED
By pcoloye at 3:21 pm, Jan 25, 2011

Central Dallas Community Development Corporation

January 17, 2011

Valentin DeLeon
Multifamily Housing Specialist
Texas Department of Housing and Community Affairs
221 East 11th • P.O. Box 13941
Austin, TX 78711-3941

Re: Amendment Request
CityWalk at Akard – HTC#07091, TCAP #09712 – CMTS: 4445

Dear Mr. DeLeon:

Akard Walk Residential, LLC (the “**Applicant**”) respectfully request permission to amend certain aspects of its low-income housing tax credit, as further set forth below:

Amendment Request

1. *Distribution of UFAS Units*

In order to comply with the Department’s Compliance Administration Rule 60.203(b) of the Texas Administrative Code, Applicant request approval to provide one accessible 2-bedroom unit, if feasible, and make a permanent arrangement whereby SRO qualified tenants who need an accessible unit can lease an accessible 1-bedroom unit at the same rental rate as an SRO unit. The arrangement would address the lack of accessible SRO units by replacing them with accessible 1-bedroom units.

This arrangement was contemplated in the original design of the project because of the difficulty of creating fully accessible units in the very small SRO units that constitute the majority of the apartments at CityWalk@Akard. Under this arrangement, tenants who need accessible SRO units are provided with larger one-bedroom units at the same rent that would be charged for smaller SRO units.

While the number of accessible units exceeds the required five percent, and the units are larger than the average unit size in the project (all are one-bedroom units while the average number of bedrooms in the project is only .385), Applicant understands the need to provide diverse unit types to residents who need accessible units. At this time Applicant’s architect is attempting to determine whether it is possible to convert a two-bedroom unit to become an accessible unit, but has not reached a final resolution of this question. Applicant will either furnish the Architect’s opinion that it is not possible to provide an accessible two-bedroom unit or a plan to convert a two-bedroom unit to accessibility as soon as the Architect concludes its work.

2. *Revisions to 1-Bedroom and 2 Bedroom Unit Amenities*

On December 18, 2007, the Applicant submitted a request to TDHCA to amend the LIHTC application for CityWalk@Akard. As you will note on the attached request, the new unit plans did not include placement for a

dishwasher, garbage disposal or ceiling fan. The Applicant inadvertently did not specifically indicate that these amenities were not to be included in the updated unit plans but relied on the drawings to show what appliances would be included in the unit. Also, the portion of the application labeled Part. B Specifications and Amenities, Interior, neither the selection for a ceiling fan in each room nor the garbage disposal option was selected as an amenity on the revised application.

While it would have been preferable for Applicant to specify the changes to the amenities more clearly in its request for an amendment, the cover letter for the amendment did refer the agency to the drawings supplied with the amendment for information on the changes in amenities. Further, the changes in amenities had little or no deleterious effect on the building's residents. CityWalk@Akard is a unique project—the adaptive reuse of a fifteen-story office building. Heating and cooling for the building is supplied by a two-pipe system and all utility costs are paid by the landlord. Therefore, there would be no possibility of cost savings by the use of a ceiling fan by tenants. Similarly, trash disposal is handled in a different fashion than typical for apartment projects. There is a trash chute available on every floor to dispose of garbage rendering garbage disposals of little additional value.

CityWalk@Akard also provides significant additional amenities that were not scored in the application such as the mini blinds in all units, covered community patio, storage rooms' located onsite, controlled gate access (which is actually a 24-hour security covered entrance with a desk clerk or security guard always present), furnished fitness center, chapel, health screening room with a doctor on site weekly, a children's room, meeting room and library. The number of elevators serving the residents was increased from two to three elevators and all of the efficiency units in the project were furnished. The cost of providing furniture to 145 of the units was, by itself, more than ten times what the cost would have been of installing dishwashers, garbage disposals and ceiling fans to just the larger units in the project.

In addition, three full time employees work with the residents to help serve their needs, doing everything from bringing dance classes to the children living in the building to arranging medical services. A 7-11 Convenience Store is also located inside of the building, which we believe brings value to the building and service to our tenants.

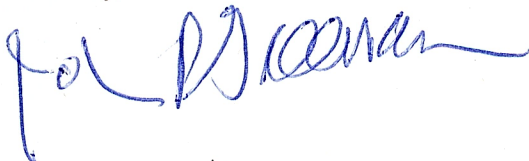
Finally, Applicant believes it is important to understand that the entire project is a supportive housing project. Formally homeless persons live in one- and two-bedroom units as well as in the SRO units, depending on their specific needs and the unit designs and amenities are tailored to this population. While Applicant apologizes again to the Board for its lack of clarity in explaining its choices of amenities, Applicant believes that those choices were made in every case in the best interests of its residents.

As required by TDHCA amendment procedures, a check in the amount of \$2,500 will be included in the copy of this request for amendment that is being sent by overnight delivery.

This project is complete and the final inspection has been performed with the exception of the some minor deficiencies to be corrected. There is no adverse impact to the project's operational or financial details from our last documentation submittal.

We appreciate the Board's consideration of this amendment at its next scheduled board meeting in March.

Sincerely,



John P. Greenan
Executive Director
Central Dallas Community Development Corporation



Texas Department of Housing and Community Affairs

Housing Tax Credit Program

U.S. Mailing Address: P.O. Box 13941, Austin, Texas 78711-3941

Private Carrier Delivery: 507 Sabine, Suite 400 Austin, TX 78701

Telephone: (512) 475-3340 Telecopier: (512) 475-0764

To: Sarah Andre

NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST HEARD 3/13/08

HTC No. 07091, City Walk at Akard (forward commitment, formerly 060086)

Summary of Request: The owner requested approval to change the tax credit development from a total of 209 units with 200 tax credit units and nine (9) market rate units to a total of 200 units, all to be tax credit units. Although the amended building plan would contain six market rate units, the market rate units would be distinct from the tax credit units by being sold as individual condo units, the only units on the top (fifteenth) floor of the building, and served by a private elevator for the exclusive use of market rate tenants. Only the tax credit units and the associated common areas on floors four through fourteen of the fifteen story building would be a part of the tax credit development.

The unit mix of the tax credit units is also proposed to change from 132 efficiencies and 68 one bedroom units to 145 efficiencies, 33 one bedroom units and 22 two bedroom units. The rents of the tax credit units would change from 179 units at 60% of AMGI and 21 units at 30% of AMGI rents to 180 units at 60% of AMGI and 20 units at 30% of AMGI. All 30% units were, and still would be, efficiencies. The net rentable area of the tax credit units would change from 87,369 square feet to 82,039 square feet. The common area of the tax credit development would be approximately 25,072 square feet.

Redesigning the units and reconfiguring the floor layouts of the building were required as a condition of financing, partly to separate the market rate units from the tax credit units and partly to eliminate units with no windows that existed in the original design. A plan to add windows to the building was prohibited by the State Historical Preservation Office. Similarly, the plan to mix market rate units with the tax credit units was unacceptable to the syndicator due to concerns about marketability. The syndicator wanted the market rate units to be physically separated from the low income units.

In contrast to the two new elevators originally proposed, all four of the existing elevators were found to be repairable and are now proposed to be rehabilitated, with one for the exclusive use of the market rate units.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification considered significant by the board.
Owner:	Akard Walk, L.P.
General Partner:	Central Dallas CDC
Developers:	Central Dallas CDC; McCaslin Development Company
Principals/Interested Parties:	Central Dallas CDC; J.D. McCaslin; Carl McCaslin
Syndicator:	Enterprise Community Investments
Construction Lender:	JP Morgan Chase
Permanent Lender:	City of Dallas
Other Funding:	TDHCA HTF; Corporation for Supportive Housing (grant)
City/County:	Dallas/Dallas
Set-Aside:	General Population
Type of Area:	Urban
Type of Development:	Acquisition/Rehabilitation (adaptive reuse)
Population Served:	General Population
Units:	200 HTC units and 9 market rate units
2006 Allocation:	\$1,242,595
Allocation per HTC Unit:	\$6,213
Prior Board Actions:	7/06 – Approved award of tax credits as a forward commitment
Underwriting Reevaluation:	The amount of the original tax credit recommendation remains unchanged subject to the conditions and concerns stated in the underwriting addendum of February 21, 2008.
Staff Recommendation:	Staff recommends the approval of the amendments. The changes would not negatively impact the development and would not have adversely affected the selection of the application.
Penalty Assessment:	No penalty assessment is recommended because the change request is made prior to their implementation.

THE REQUEST ABOVE WAS APPROVED, WITH PENALTIES WAIVED, AT THE BOARD MEETING OF MARCH 13, 2008. THE APPROVAL WILL BE CONFIRMED BY THE MINUTES AS APPROVED AND RECORDED IN A SUBSEQUENT BOARD MEETING. THIS NOTIFICATION MUST BE INCLUDED IN YOUR COST CERTIFICATION.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production

December 18, 2007

Mr. Ben Sheppard
Multifamily Finance Production Division
Texas Department of Housing and Community Affairs
211 East 11th Street
Austin, TX 78701

RE: Amendment to TDHCA Application #07091 (060086) CityWalk@Akard

Dear Mr. Sheppard:

Please accept our amendment request for HTC application #07091 (2007 forward commitment of application #060086), CityWalk@Akard in Dallas. Because of requirements of the syndicator and State Historic Preservation Office (SHPO), we have had to revise to the total number of units and the unit mix. In addition, we are requesting a few minor adjustments to the floor plans as originally submitted with the application.

In the original application to TDHCA, 209 total units were planned on floors 4-15 of the building, 9 of which were market rate. At the request of our syndicator, the following changes are being requested by the applicant. An explanation of the specific changes follows.

Market Rate Unit Requested Changes

In the original application, the market rate units were distributed among the affordable units, but were to be primarily on the 15th floor of the building. The development's investors expressed concerns regarding the marketability of the units as proposed (adjacent to lower income tenants and physically accessible to formerly homeless individuals). Specifically they were concerned that the proposed market rate rents would be hard to achieve without a physical separation and additional amenities for those units.

In order to comply with the syndicator's requests to offer separate amenities and access for the market rate units and conform with Sec. 42 requirements regarding parity between market rate and tax credit units, we are proposing to "condo off"/separate the 15th floor (all the market rate units) similar to the retail/commercial space in the building. This removes the 9 market rate units from the tax credit finance structure, but will still allow the development to retain a mixed income use.

To meet market demands regarding unit size, the space has been redesigned from 9 units to 6 individual condominiums.

Elevators

The original review of the mechanics of the existing four elevators indicated that they would not be able to be repaired. The plans submitted to TDHCA proposed moving the elevators and only supplying two. Subsequent analysis has shown that the original elevators can be repaired, thus the new floor plans reflect this change.

Also, per the syndicator's request, one of the elevators will be for the exclusive use of tenants on floor 15.

Misc. Configuration Changes

Because this is a rehabilitation/adaptive re-use project, some of the units located on floors 4-6 were placed in areas of the building that do not currently have windows. Original plans called for adding windows during the rehabilitation process. However, the State Historic Preservation Office did not approve changes that would have allowed for these new windows, resulting in windowless units. While this may have met local standards, the investors did not feel that the market would tolerate windowless units and requested, *as a condition of financing*, that we remove any windowless units. Complying with this request resulted in new floor plans and new unit plans.

In addition, please note that laundry and management space was originally to be on the 3rd floor of the building but has been moved to the 4th floor requiring re-configuration of those floors.

In summation we are requesting the following: (1) a separation of the market rate units from the tax credit structure, and (2) minor changes to the original floor plans/configurations as submitted with the application. The revised rent schedule and architectural plans reflect these changes. The separation of the market rate units results in no change in the number of low-income units, which remains at 200.

We understand that these revisions, if approved, will result in changes to the financial projections for the project and we will provide the new financials for Underwriting to review. In addition, we have enclosed the appropriate revised forms from the Uniform Application and submitted revised architectural renderings.

Please contact me directly if you have any follow up questions regarding this amendment request. I can be reached at 512/495-6516, via cell phone at 512/698-3369, or at sarah@salvagevanguard.org.

Sincerely,



Sarah H. Andre
Consultant, CityWalk@Akard

Volume 1, Tab 2. Populations Served

Part B. Rent Schedule (Required for All Rental Developments)

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "unit Size" from lowest to highest "Rental Income/Unit".

Type of Unit designation should be one or more of the following based on the unit's rent restrictions:

Tax Credit: (TC30%), (TC40%), (TC50%), (TC60%), Employee Occupied (EO), Market Rate (MR), as allowed by Sec. 42.

501(c)(3) Mortgage Revenue Bond: (MRB), (MRB30%), (MRB40%), (MRB50%), (MRB60%), Market Rate(MRBMR).

HOME: High (HH), Low (LH), Employee Occupied non LI unit (MREO), Market Rate (MR)

Other: describe any "Other" rental assistance or rent restrictions in the space provided; documentation supporting the rent assistance or restrictions must be provided

Housing Trust Fund: (HTF30%), (HTF40%), (HTF50%), (HTF60%), (HTF80%), Market Rate (MR)

Units funded under more than one program, the "Program Rent Limit" should be the most restrictive - for example, a LH and TC60% unit would use the "LH" Program rent limit.

The rent and utility limits available at the time the Application Packet is submitted should be used to complete this form. Gross Rent cannot exceed the HUD maximum rent limits unless documentation of project-based rental assistance is provided. The unit mix and net rentable square footages must be consistent with the site plan and architectural drawings.

HTC Unit Designation	HOME Unit Designation	HTF Unit Designation	MRB Unit Designation	Other	# of Units (A)	# of Bedrooms	# of Baths	Unit Size (Net Rentable Sq Ft) (B)	Total Net Rentable Sq. Ft. (A) x (B)	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit (E)	Total Monthly Rent (A) x (E)
TC30%				Studio 2A	10	0	1.00	343	3,430	349	NA-ABP	348	3,480
TC30%				Studio 2C	10	0	1.00	351	3,510	349	NA-ABP	348	3,480
TC60%				Studio2D-WS	11	0	1.00	312	3,432	699	NA-ABP	490	5,390
TC60%				Studio2D-WN	11	0	1.00	325	3,575	699	NA-ABP	490	5,390
TC60%				Studio2D-E	11	0	1.00	326	3,586	699	NA-ABP	490	5,390
TC60%				Studio2E	11	0	1.00	333	3,663	699	NA-ABP	490	5,390
TC60%				Studio 2A	8	0	1.00	343	2,744	699	NA-ABP	490	3,920
TC60%				Studio 2B	18	0	1.00	343	6,174	699	NA-ABP	490	8,820
TC60%				Studio 2C	8	0	1.00	351	2,808	699	NA-ABP	490	3,920
TC60%				Studio 3B	11	0	1.00	350	3,850	699	NA-ABP	575	6,325
TC60%				Studio 3C	11	0	1.00	363	3,993	699	NA-ABP	575	6,325
TC60%				Studio 1D-W	11	0	1.00	375	4,125	699	NA-ABP	600	6,600
TC60%				Studio 1 D-E	11	0	1.00	393	4,323	699	NA-ABP	600	6,600
TC60%				1BR AE	11	1	1.00	423	4,653	748	NA-ABP	700	7,700
TC60%				1BR BE	11	1	1.00	426	4,686	748	NA-ABP	702	7,722
TC60%				1BR CE	11	1	1.00	548	6,028	748	NA-ABP	748	8,228
TC60%				2 BR A	11	2	1.00	587	6,457	898	NA-ABP	800	8,800
TC60%				2 BR B Alt	1	2	1.00	729	729	898	NA-ABP	898	898
TC60%				2 BR B	10	2	1.00	821	8,210	898	NA-ABP	898	8,980
TC60%				L1	1	0	1.00	681	681	748	NA-ABP	662	662
TC60%				L2	2	0	1.00	691	1,382	748	NA-ABP	662	1,324
									0				-
									0				-

TOTAL	200								82,039				115,344
Non Rental Income		\$5.00	per unit/month for:	laundry									12,000
Non Rental Income		0.00	per unit/month for:	describe source here									
Non Rental Income		0.00	per unit/month for:	describe source here									
+ TOTAL NONRENTAL INCOME		\$5.00	per unit/month										12,000
= POTENTIAL GROSS MONTHLY INCOME													127,344
- Provision for Vacancy & Collection Loss			% of Potential Gross Income:	5.00%									6,367
- Rental Concessions													
= EFFECTIVE GROSS MONTHLY INCOME													120,977
x 12 = EFFECTIVE GROSS ANNUAL INCOME													1,451,722

Volume 1, Tab 2. Populations Served

Part B. Rent Schedule (Cont.)

HOUSING	TC30%	20
	TC40%	0
	TC50%	0
	TC60%	180
	HTC LI Total	200
TAX	TCEO	0
	MR	0
CREDITS	MR Total	0
	TC Total	200
	MORTGAGE	MRB30%
REVENUE	MRB40%	0
	MRB50%	0
	MRB60%	0
	MRB LI Total	0
BOND	MRBMR	0
	MRBMR Total	0
	MRB Total	0

HOUSING	HTF30%	0
	HTF40%	0
	HTF50%	0
	HTF60%	0
	HTF80%	0
TRUST	HTF LI Total	0
	MR	0
FUND	MR Total	0
	HTF Total	0
	HOME	HOME HH
HOME LH		0
HOME LI Total		0
MR/EO		0
MR		0
MR Total		0
HOME Total		0
OTHER	Total OT Units	200

Volume 1, Tab 2. ACTIVITY OVERVIEW			
Part D. Annual Operating Expenses		NEED TO CHANGE, HAS NOT BEEN AMENDED YET	
General & Administrative Expenses			
Accounting	\$		
Advertising	\$	14,177.52	
Legal fees	\$	4,641.00	
Leased equipment	\$		
Postage & office supplies	\$		
Telephone	\$		
Other <u>General Admin excluding legal and advertising</u>	\$	10,631.00	
Total General & Administrative Expenses:			\$ 29,449.52
Management Fee:	Percent of Effective Gross Income:	3.55%	\$ 51,543.00
Payroll, Payroll Tax & Employee Benefits			
Management	\$		
Maintenance	\$		
Other <u>Staff, includes 24/7 doorman and security</u>	\$	229,080.00	
Total Payroll, Payroll Tax & Employee Benefits:			\$ 229,080.00
Repairs & Maintenance			
Elevator	\$		
Exterminating	\$		
Grounds	\$	18,563.86	
Make-ready	\$		
Repairs	\$		
Pool	\$		
Other <u>All other repairs and maintenance besides grounds</u>	\$	49,615.73	
Total Repairs & Maintenance:			\$ 68,179.59
Utilities (Enter development owner expense)			
Electric	\$		
Natural gas	\$		
Trash	\$	65,950.72	
Water & sewer	\$		
Other <u>All utilities besides trash, paid by landlord</u>	\$	177,199.04	
Total Utilities:			\$ 243,149.76
Annual Property Insurance:	Rate per net rentable square foot:	\$ 0.65	\$ 53,160.00
Property Taxes:			
Published Capitalization Rate:	8.50%	Source:	<u>www.dallascad.org</u>
Annual Property Taxes:	\$	87,810.00	
Payments in Lieu of Taxes:	\$		
Other Taxes <u>Describe</u>	\$		
Total Property Taxes:			\$ 87,810.00
Reserve for Replacements:	Annual reserves per unit:	\$ 300	\$ 60,000.00
Other Expenses			
Cable TV	\$		
Supportive service contract fees	\$		
Compliance fees	\$	8,000.00	
Security	\$		
Other <u>Describe</u>	\$		
Total Other Expenses:			\$ 8,000.00
TOTAL ANNUAL EXPENSES	Expense per unit:	\$ 4151.85935	\$ 830,371.87
NET OPERATING INCOME (before debt service)			\$ 489,349.73
ANNUAL DEBT SERVICE	Debt Coverage Ratio:	1.19	\$ 412,764.00
NET CASH FLOW			\$ 76,585.73

Volume 1, Tab 2. ACTIVITY OVERVIEW

Part E. 30 Year Rental Housing Operating Proforma

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 3% for income and 4% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

NEED TO CHANGE, HAS NOT BEEN AMENDED YET

INCOME	LEASE-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30
POTENTIAL GROSS ANNUAL RENTAL INCOME		\$1,384,128	\$1,425,652	\$1,468,421	\$1,512,474	\$1,557,848	\$1,805,973	\$2,093,618	\$2,427,077	\$2,813,647	\$3,261,788
Secondary Income		12,000	12,360	12,731	13,113	13,506	\$15,657	18,151	21,042	24,394	28,279
POTENTIAL GROSS ANNUAL INCOME		\$1,396,128	\$1,438,012	\$1,481,152	\$1,525,587	\$1,571,354	\$1,821,630	\$2,111,769	\$2,448,119	\$2,838,041	\$3,290,067
Provision for Vacancy & Collection Loss		76,406	78,699	81,060	83,491	85,996	99,693	115,572	133,979	155,318	180,057
Rental Concessions											
EFFECTIVE GROSS ANNUAL INCOME		\$1,319,722	\$1,359,313	\$1,400,093	\$1,442,095	\$1,485,358	\$1,721,937	\$1,996,197	\$2,314,140	\$2,682,722	\$3,110,010
EXPENSES											
General & Administrative Expenses		\$ 29,449.52	\$30,628	\$31,853	\$33,127	\$34,452	\$41,916	\$50,997	\$62,046	\$75,488	\$91,843
Management Fee		51,543	53,605	55,749	57,979	60,298	73,362	89,256	108,593	132,120	160,745
Payroll, Payroll Tax & Employee Benefits		229,080	238,243	247,773	257,684	267,991	326,052	396,692	482,637	587,202	714,421
Repairs & Maintenance		68,180	70,907	73,743	76,693	79,760	97,041	118,065	143,644	174,765	212,628
Electric & Gas Utilities		177,199	184,287	191,658	199,325	207,298	252,209	306,851	373,332	454,215	552,622
Water, Sewer & Trash Utilities		65,951	68,589	71,332	74,186	77,153	93,868	114,205	138,948	169,052	205,677
Annual Property Insurance Premiums		53,160	55,286	57,498	59,798	62,190	75,663	92,056	112,000	136,265	165,788
Property Tax		87,810	91,322	94,975	98,774	102,725	124,981	152,059	185,002	225,084	273,849
Reserve for Replacements		60,000	62,400	64,896	67,492	70,192	85,399	103,901	126,411	153,798	187,119
Other Expenses:		8,000	8,320	8,653	8,999	9,359	11,386	13,853	16,855	20,506	24,949
TOTAL ANNUAL EXPENSES		\$830,372	\$863,587	\$898,130	\$934,055	\$971,418	\$1,181,878	\$1,437,935	\$1,749,468	\$2,128,496	\$2,589,640
NET OPERATING INCOME		\$489,350	\$495,727	\$501,962	\$508,040	\$513,941	\$540,059	\$558,262	\$564,672	\$554,227	\$520,370
DEBT SERVICE											
First Deed of Trust Annual Loan Payment		\$412,764	\$412,764	\$412,764	\$412,764	\$412,764	\$412,764	\$412,764	\$412,764	\$412,764	\$412,764
Second Deed of Trust Annual Loan Payment											
Third Deed of Trust Annual Loan Payment											
Other Annual Required Payment.											
NET CASH FLOW		\$76,586	\$82,963	\$89,198	\$95,276	\$101,177	\$127,295	\$145,498	\$151,908	\$141,463	\$107,606
Debt Coverage Ratio	#DIV/0!	1.19	1.20	1.22	1.23	1.25	1.31	1.35	1.37	1.34	1.26

Volume 1, Tab 2. ACTIVITY OVERVIEW

Part F. Building/Unit Type Configuration (Required for All Rental Developments)

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un hiding the columns between J and Z in Excel.

Unit Type				Building Configuration					Total # of Buildings	
				Building Label	1					
Unit Label				Number of Buildings					1	
Unit Type				Number of Units Per Building					Total # of Units	Total Sq Ft for Unit Type
Unit Label	# of Bedrooms	# of Baths	Sq. Ft. Per Unit							
Studio 2A	-	1	343	18					18	6,174
Studio 2C	-	1	351	18					18	6,318
Studio 2D-WS	-	1	312	11					11	3,432
Studio 2D-WN	-	1	325	11					11	3,575
Studio 2D-E	-	1	326	11					11	3,586
Studio 2E	-	1	333	11					11	3,663
Studio 2B	-	1	343	18					18	6,174
Studio 3B	-	1	350	11					11	3,850
Studio 3C	-	1	363	11					11	3,993
Studio 1D-W	-	1	375	11					11	4,125
Studio 1D-E	-	1	393	11					11	4,323
1 BR AE	1	1	423	11					11	4,653
1 BR BE	1	1	426	11					11	4,686
1 BR CE	1	1	548	11					11	6,028
2 BR A	2	1	587	11					11	6,457
2 BR B Alt	2	1	729	1					1	729
2 BR B	2	1	821	10					10	8,210
L1	-	1	681	1					1	681
L2	-	1	691	2					2	1,382
Totals				200	-	-	-	-	200	82,039

Volume 1, Tab 3. ACTIVITY OVERVIEW

Part A. Development Cost Schedule

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the eligible basis columns and the Requested Credit calculation below.

DEVELOPMENT NAME:

CityWalk@Akard - LIHTC Floors 4-14

TOTAL DEVELOPMENT SUMMARY		
Total Cost	Eligible Basis (If Applicable)	
	Acquisition	New/Rehab.

Expected Payee Taxpayer Identification Number (TIN)¹
(and % of cost if item involves multiple payees)

ACQUISITION

Site acquisition cost
Existing building acquisition cost
Closing costs & acq. legal fees
Other² (specify)
Subtotal Acquisition Cost

1,136,734		
3,411,150	3,411,150	
\$4,547,884	\$3,411,150	\$0

Unknown
Unknown

OFF-SITES³

Off-site concrete
Storm drains & devices
Water & fire hydrants
Off-site utilities
Sewer lateral(s)
Off-site paving
Off-site electrical
Other² (specify)
Subtotal Off-Sites Cost

0		
0		
0		
0		
0		
0		
0		
0		
\$0	\$0	\$0

SITE WORK⁴

Demolition
Rough grading
Fine grading
On-site concrete
On-site electrical
On-site paving
On-site utilities
Decorative masonry
Bumper stops, striping & signs
Landscaping
Pool and decking
Athletic court(s), playground(s)
Fencing
Other² (specify)
Subtotal Site Work Cost

5,172		
29,094		29,094
27,154		27,154
\$61,420	\$0	\$56,248

DIRECT CONSTRUCTION COSTS⁵:

HARD COSTS

Concrete
Light weight concrete
Masonry
Metals
Carpentry
Waterproofing
Insulation
Roofing
Sheet metal
Electrical

25,110		25,110
68,750		68,750
1,340,644		1,340,644
103,414		103,414
34,266		34,266
214,646		214,646
2,094,425		2,094,425

TOTAL DEVELOPMENT SUMMARY		
Total Cost	Eligible Basis (If Applicable)	
	Acquisition	New/Rehab.

Expected Payee Taxpayer Identification Number (TIN) ¹ (and % of cost if item involves multiple payees)

DIRECT CONSTRUCTION COSTS (Continued):

Plumbing	1,969,100		1,969,100
HVAC	1,259,086		1,259,086
Doors	214,646		214,646
Windows	21,868		21,868
Glass	771,375		771,375
Lath & plaster			
Drywall	562,960		562,960
Tile work	453,960		453,960
Acoustical			
Resilient or other flooring	156,170		156,170
Carpeting	120,571		120,571
Painting & decorating	410,293		410,293
Specialties	172,227		172,227
Cabinets	175,376		175,376
Appliances	582,359		582,359
Fireplaces			
Carports or garages			
Accessory buildings			
Elevator	309,000		309,000
Lead-Based Paint Abatement			
Asbestos Abatement	746,584		746,584
Other: Fire proofing, fire alarm, fire system	402,811		402,811
Subtotal Hard Costs	\$12,209,641	\$0	\$12,209,641

OTHER CONSTRUCTION COSTS

General requirements (<6%)	5.06%	621,170		621,170
Field supervision (within GR limit)				
Contractor overhead (<2%)	1.24%	152,218		152,218
G & A Field (within overhead limit)				
Contractor profit (<6%)	4.08%	500,472		500,472
Contingency	8.53%	1,043,639		1,043,639
Subtotal Direct Const. Costs		\$2,317,499	\$0	\$2,317,499

INDIRECT CONSTRUCTION COSTS⁴

Architectural - Design fees	465,783		465,783
Architectural - Supervision fees			
Engineering fees			
Real estate attorney/other legal fees	88,000		88,000
Accounting fees	15,000		15,000
Impact Fees			
Building permits & related costs	29,093		29,093
Appraisal	15,193		15,193
Market analysis	12,500		12,500
Environmental assessment	13,577		13,577
Soils report			
Survey	5,172		5,172
Marketing	16,163		16,163
Course of construction insurance	26,138		26,138

TOTAL DEVELOPMENT SUMMARY		
Total Cost	Eligible Basis (If Applicable)	
	Acquisition	New/Rehab.
Hazard & liability insurance	179,154	179,154
Real property taxes	68,333	68,333
Personal property taxes		
Tenant relocation expenses		
Other ^c contingency	91,248	91,248
Subtotal Indirect Const. Cost	\$1,025,354	\$0

Expected Payee Taxpayer Identification Number (TIN) ¹ (and % of cost if item involves multiple payees)

INDIRECT CONSTRUCTION COSTS (Continued)

Hazard & liability insurance
 Real property taxes
 Personal property taxes
 Tenant relocation expenses
 Other^c contingency
Subtotal Indirect Const. Cost

DEVELOPER FEES⁴

Housing consultant fees⁵
 General & administrative
 Profit or fee
Subtotal Developer's Fees

11.26%

Housing consultant fees ⁵	200,000	200,000
General & administrative		
Profit or fee	2,000,000	2,000,000
Subtotal Developer's Fees	\$2,200,000	\$0

FINANCING:

CONSTRUCTION LOAN(S)⁴

Interest
 Loan origination fees
 Title & recording fees
 Closing costs & legal fees
 Inspection fees
 Credit Report
 Discount Points
 Other² (specify)

Interest	412,500	412,500
Loan origination fees	55,000	55,000
Title & recording fees	25,000	25,000
Closing costs & legal fees	15,000	15,000
Inspection fees	5,000	5,000
Credit Report		
Discount Points		
Other ² (specify)		

PERMANENT LOAN(S)

Loan origination fees
 Title & recording fees
 Closing costs & legal
 Bond premium
 Credit report
 Discount points
 Credit enhancement fees
 Prepaid MIP
 Other² (specify)

Loan origination fees	47,500	
Title & recording fees	25,000	
Closing costs & legal	20,000	
Bond premium		
Credit report		
Discount points		
Credit enhancement fees		
Prepaid MIP		
Other ² (specify)		

BRIDGE LOAN(S)

Interest
 Loan origination fees
 Title & recording fees
 Closing costs & legal fees
 Other² (specify)

Interest		
Loan origination fees		
Title & recording fees		
Closing costs & legal fees		
Other ² (specify)		

OTHER FINANCING COSTS⁴

Tax credit fees
 Tax and/or bond counsel
 Payment bonds
 Performance bonds
 Credit enhancement fees
 Mortgage insurance premiums
 Cost of underwriting & issuance
 Syndication organizational cost
 Tax opinion
 Other^c (specify)
Subtotal Financing Cost

Tax credit fees	7,454	
Tax and/or bond counsel		
Payment bonds		
Performance bonds		
Credit enhancement fees		
Mortgage insurance premiums		
Cost of underwriting & issuance		
Syndication organizational cost	20,000	
Tax opinion		
Other ^c (specify)		
Subtotal Financing Cost	\$632,454	\$0

Amendment Submitted 12/18/07 09712

TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) ¹ (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
	Acquisition	New/Rehab.	
RESERVES			
Rent-up	375,000		
Operating	375,000		
Replacement			
Escrows			
Subtotal Reserves	\$750,000	\$0	\$0
TOTAL DEVELOPMENT COSTS*	\$23,744,252	\$3,411,150	\$18,321,242
- Commercial Space Costs ¹			
TOTAL RESIDENTIAL COSTS	\$23,744,252		
If the contractor is guaranteeing financing for the transaction for a fee, such fees are:			\$ -

The following calculations are for HTC Applications only.

Deduct From Basis:

Fed. grant proceeds used to finance costs in eligible basis			0
Fed. B.M.R. loans used to finance costs in eligible basis			0
Non-qualified non-recourse financing			0
Non-qualified portion of higher quality units (42.(d)(5))			0
Historic Credits (residential portion only)			3,256,638
Total Eligible Basis	\$3,411,150		\$15,064,604
High Cost Area Adjustment (100% or 130%)			130%
Total Adjusted Basis	\$3,411,150		\$19,583,985
Applicable Fraction ²	100%		100%
Total Qualified Basis	\$22,995,135	\$3,411,150	\$19,583,985
Applicable Percentage ³		3.44%	8.03%
Owner's Requested Credits		\$117,344	\$1,572,594

Applicant and contractor certify that, to the best of their knowledge, the provided costs and supporting information represent an accurate, uninflated estimate of the costs associated with this development. They also certify that no fees, other than for activities identified in this form, will be paid to the contractor.

Akard Walk L.P.

Development Owner Name

Contractor Name

By: *John P. Sreano*
Signature

By: _____
Signature


Its: Executive Director
Date: Central Dallas Community Development Corporation,
sole member of Akard Walk GP LLC, general partner
12/20/2007

Its: _____
Date

Volume 1, Tab 4. Funding Request

PART A. Summary Sources and Uses of Funds

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Participants and Development Cost Schedule forms). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

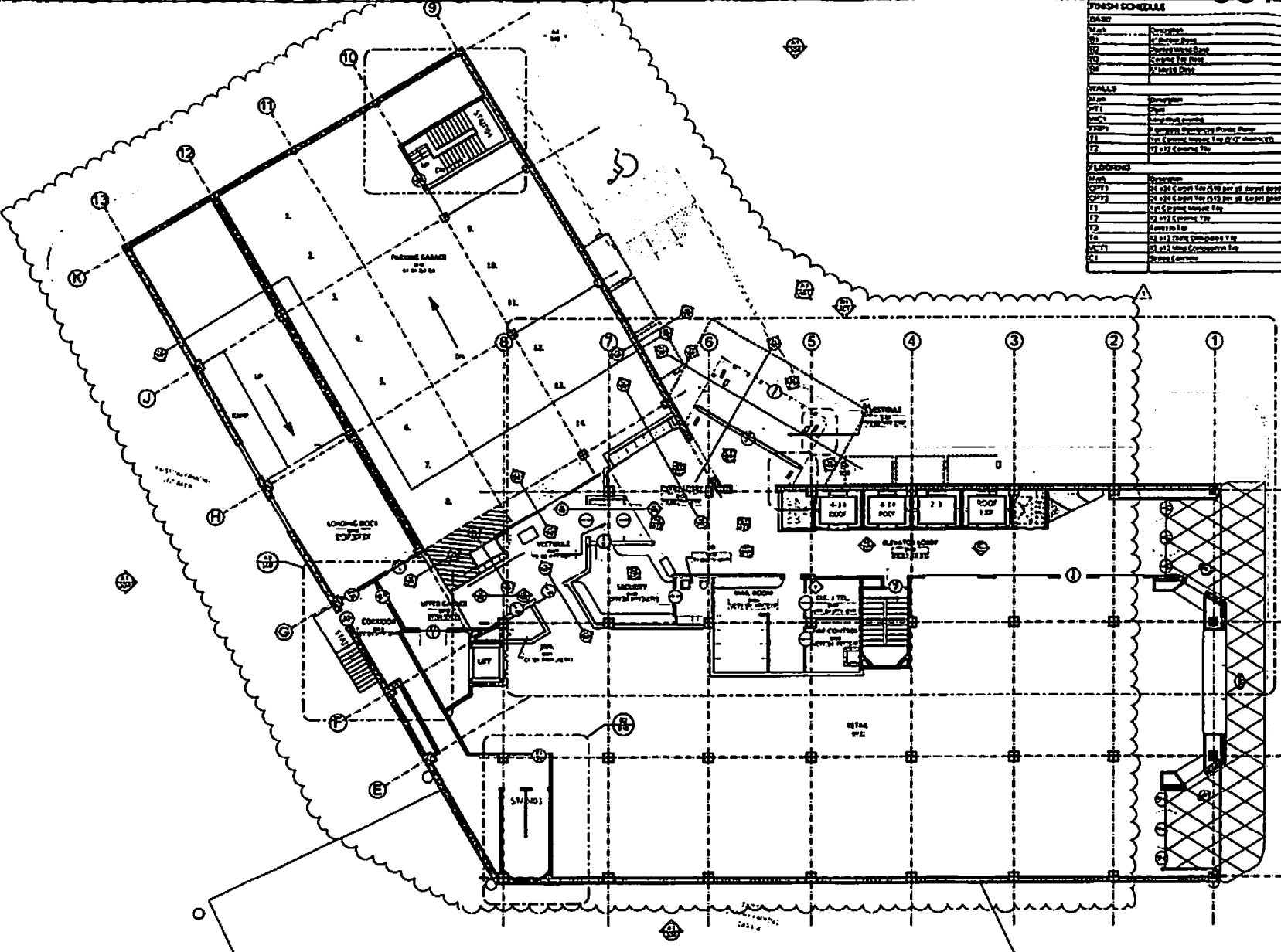
 Applicants must attach a written narrative to this form that describes the financing plan for the Development. The narrative shall include: (a) any non-traditional financing arrangements; (b) the use of funds with respect to the Development; (c) the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and (d) the commitment status of the funding sources.

NOT ready yet

Source #	Funding Description	Priority of Lien	Construction or Rehab Loan Stage Aml.	Permanent Loan Stage Amount	Financing Participants
1	Conventional Loan	1	\$ 5,500,000	\$ 5,500,000	EF&A/CDM
2	Conventional Loan/FHA				
3	Conventional Loan/Letter of Credit				
4	HOME				
5	Housing Trust Fund		\$ 37,500	\$ 37,500	TDHCA
6	CDBG				
7	Mortgage Revenue Bonds				
8	HTC Syndication Proceeds		\$ 9,243,982	\$ 11,554,978	Alliant
9	Historic Tax Credit Syndication Proceeds			\$ 3,256,638	Alliant
10	USDA/ TXRD Loan(s)				
11	Other Federal Loan or Grant				
12	Other State Loan or Grant				
13	Local Government Loan or Grant	2	\$ 1,750,000	\$ 1,750,000	City of Dallas
14	Private Loan or Grant	3	\$ 765,000	\$ 765,000	Private Foundations
15	Cash Equity				
16	In-Kind Equity/Deferred Developer Fee			\$ 880,136	Deferred Dev Fee
TOTAL SOURCES OF FUNDS			\$ 17,296,482	\$ 23,744,252	
TOTAL USES OF FUNDS				\$ 23,744,252	

⁽¹⁾ Indicate Exclusive Use Financing Participant only where funds from that source are dedicated only for a specific purpose, i.e. CDBG infrastructure funds used only for off-site construction

FINISH SCHEDULE	
CEILING	
01	Acoustic Tile
02	Acoustic Panel
03	Acoustic Panel Board
04	Acoustic Panel Board
05	Acoustic Panel
WALLS	
01	Paint
02	Acoustic Panel
03	Acoustic Panel Board
04	Acoustic Panel Board
05	Acoustic Panel
06	Acoustic Panel Board
07	Acoustic Panel Board
08	Acoustic Panel
FLOORING	
01	Acoustic Tile
02	Acoustic Panel
03	Acoustic Panel Board
04	Acoustic Panel Board
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100	Acoustic Panel Board



1	1/4" = 1'-0"
2	1/8" = 1'-0"
3	1/16" = 1'-0"
4	1/32" = 1'-0"
5	1/64" = 1'-0"

A1 LEVEL ONE PLAN
SCALE: 1/8" = 1'-0"



W.K.M.C.

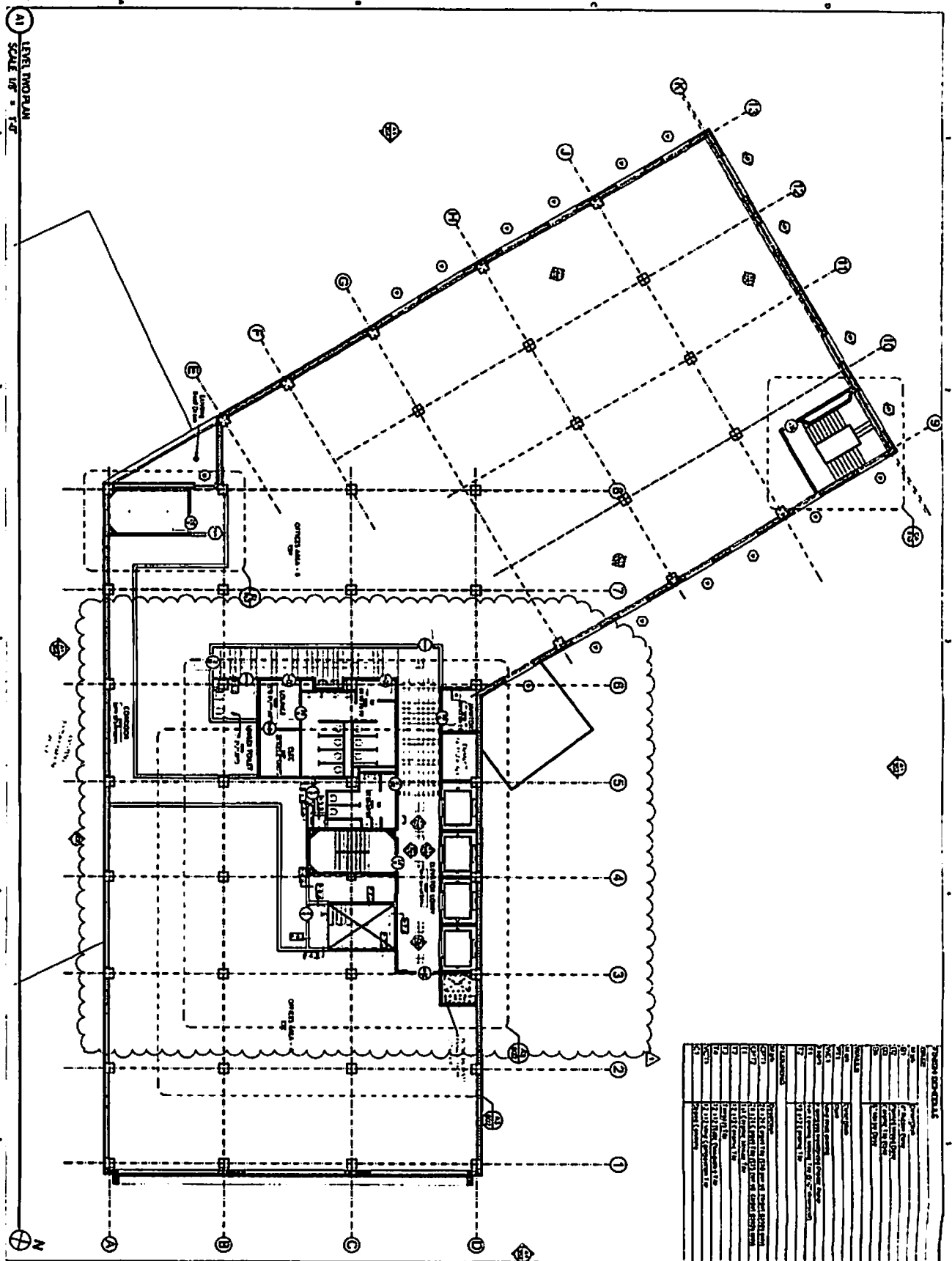
Project Name: Church of Christ
Project Address: 511 N. Main St., Dallas, TX 75201
Date: 01/18/08
Scale: 1/8" = 1'-0"

LEVEL ONE PLAN



5
3
2
1

A1 LEVEL TWO PLAN
SCALE 1/8" = 1'-0"



NO.	REVISION	DATE	BY	CHKD.
1	ISSUED FOR PERMIT	6/18/07	JK	JK
2	REVISION TO PERMIT	6/18/07	JK	JK
3	REVISION TO PERMIT	6/18/07	JK	JK
4	REVISION TO PERMIT	6/18/07	JK	JK
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50	REVISION TO PERMIT	6/18/07	JK	JK



LEVEL TWO PLAN

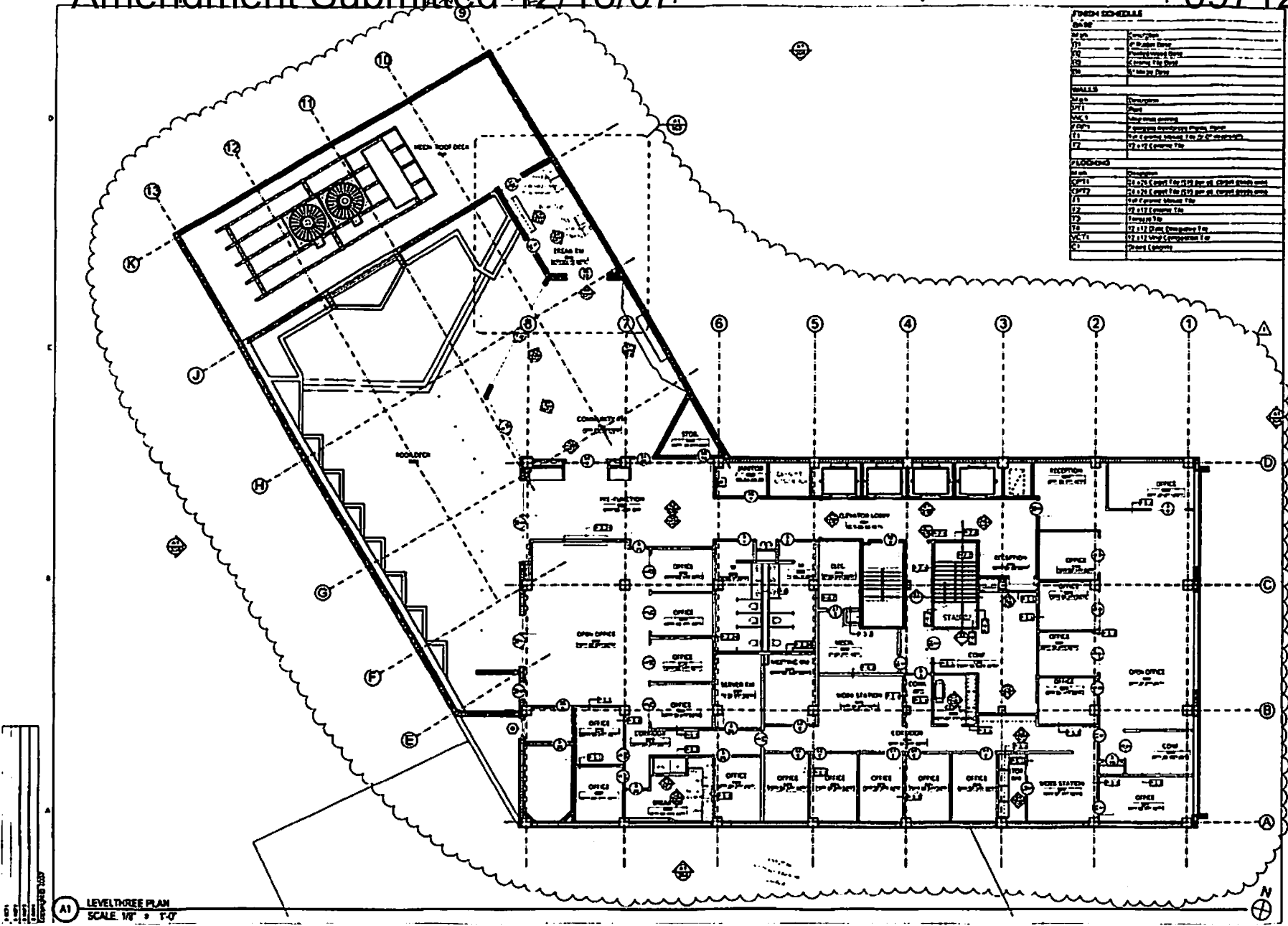
Project Name: Cityways at Alamo
Project Address: 515 N. Alamo St. Dallas, TX 75201

Project No: 01000
Date: 6/18/2007

6/18/2007 Revision to CD

WKMC

FORM 4 SCHEDULE	
01	Plumbing
02	Electrical
03	Mechanical
04	Structural
05	Interior
06	Exterior
07	Site Work
08	Other
09	General
10	Specialty
11	Other
12	Other
13	Other
14	Other
15	Other
16	Other
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WKMC

Project Name: **Citywide at Alamo**
 Project Address: **111 N. Alamo St. Dallas, TX 75201**

Drawn by: **010003**
 Date: **01/15/03**

LEVEL THREE PLAN



A1 LEVEL THREE PLAN
 SCALE: 1/8" = 1'-0"

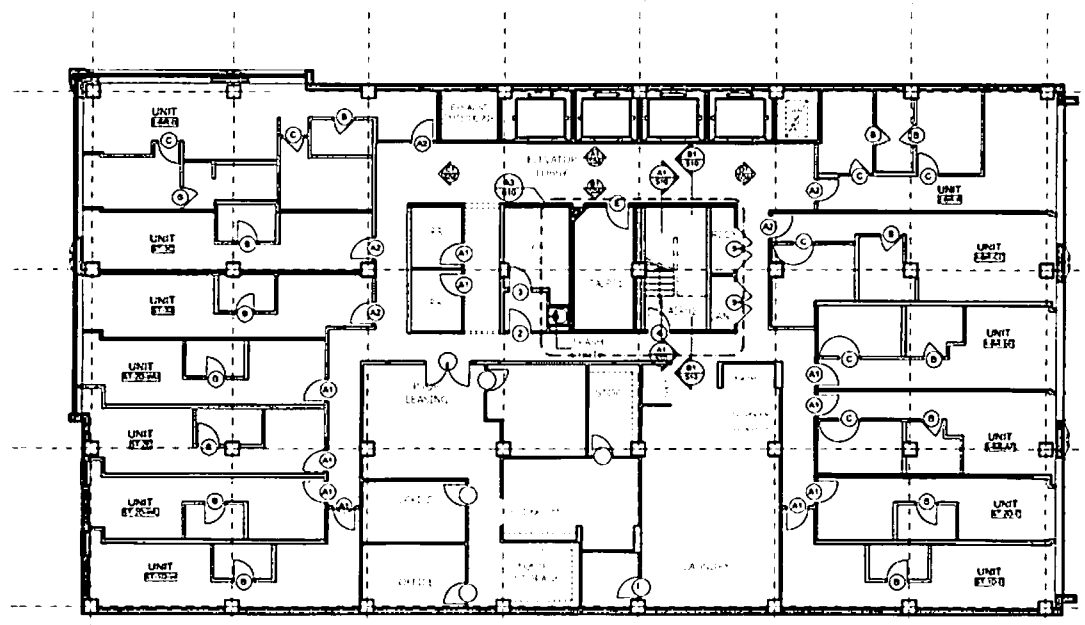
09712

Amendment Submitted 12/18/07

DATE: 12/18/07
BY: [Signature]
CHECKED: [Signature]
APPROVED: [Signature]

A1 LEVEL FOUR
SCALE: 1/8" = 1'-0"

ZONE LEGEND	
	DEMOLITION/ RENOVATION
	NEW/ ADDITION
	EXISTING/ REHABILITATION
	EXISTING/ REHABILITATION WALL
	NEW/ ADDITION WALL



WKMC

Project Name: Chynash at Alamo
Project Address: 511 N. Alamo St., Dallas, TX 75201

Date: 4/10/2007

Project No: 05003

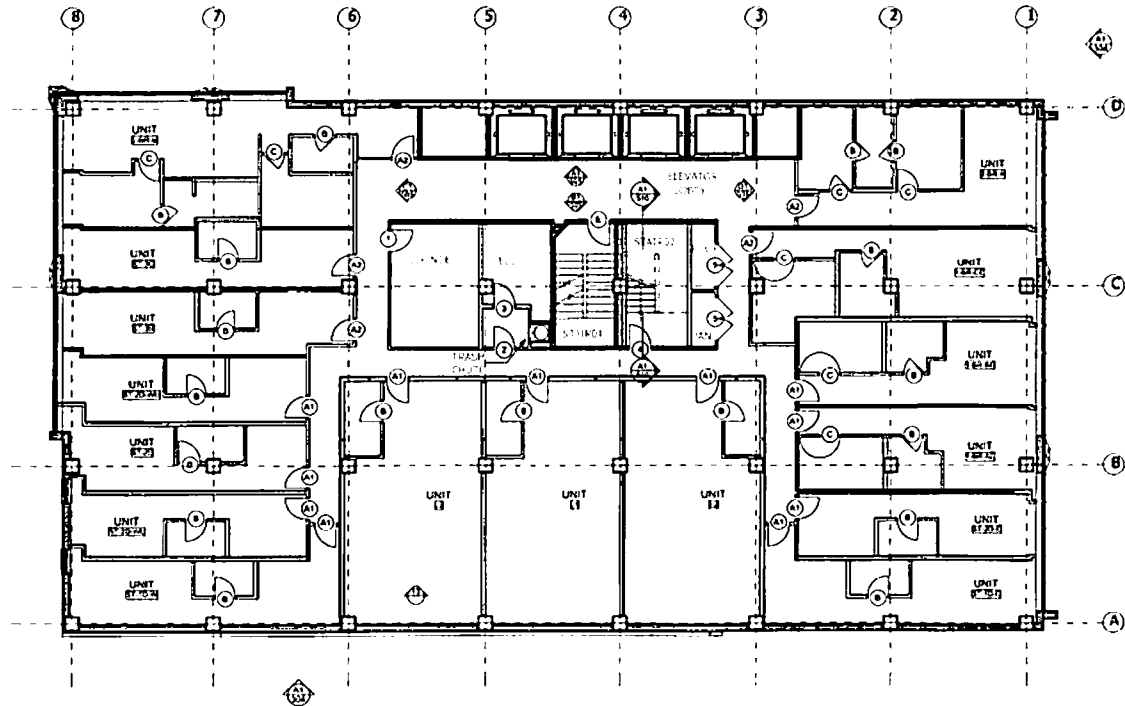
FLOOR PLAN

204



WKMC

ZONE LEGEND	
	DEMOLITION/ RENOVATION
	NEW/ ADDITION
	EXISTING/ REHABILITATION
	EXISTING/ REHABILITATION WALL
	NEW/ ADDITION WALL



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A1 LEVEL FIVE
 SCALE: 1/8" = 1'-0"

Project Address
 511 N. Alford St.
 Dallas, TX 75201

Date
 4/10/2007

Project Name
 Citywalk at Alford

Project No.
 05008

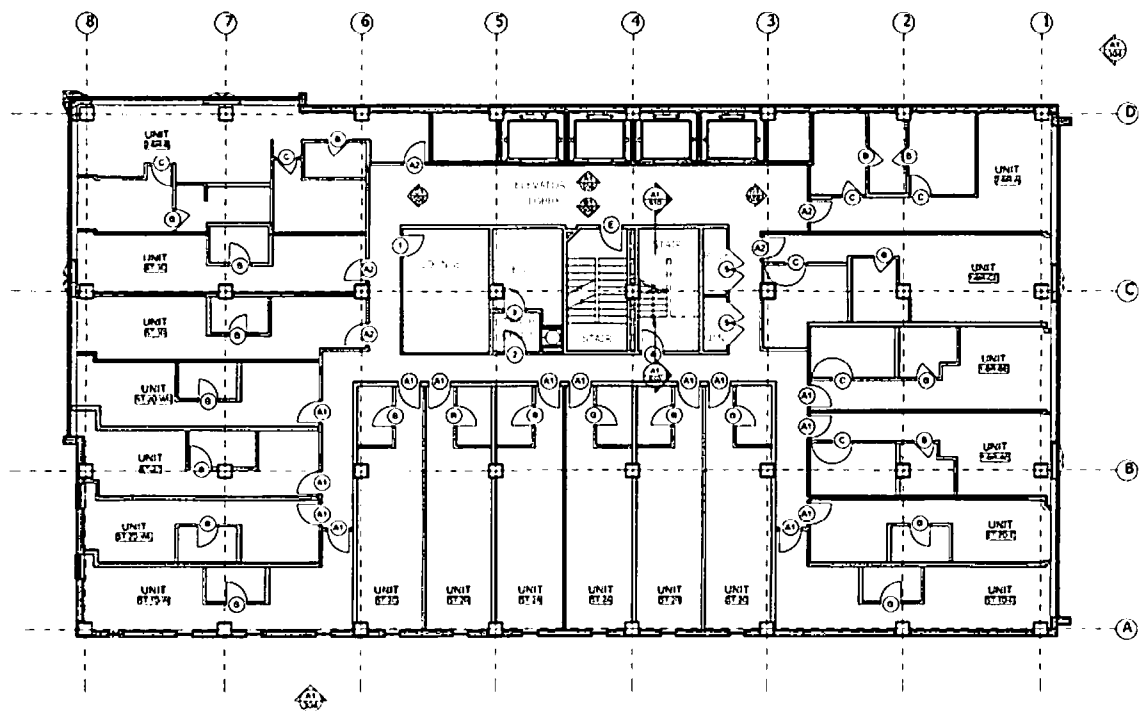
FLOOR PLAN

09712

Amendment Submitted 12/18/07

DATE: 12/18/07
BY: [Signature]
CHECKED: [Signature]
DATE: 12/18/07

A1 LEVEL SIX THRU LEVEL FOURTEEN
SCALE: 1/8" = 1'-0"



ZONE LEGEND	
	DEMOLITION/ RENOVATION
	NEW/ ADDITION
	EXISTING/ REHABILITATION
	EXISTING/ REHABILITATION WALL
	NEW/ ADDITION WALL

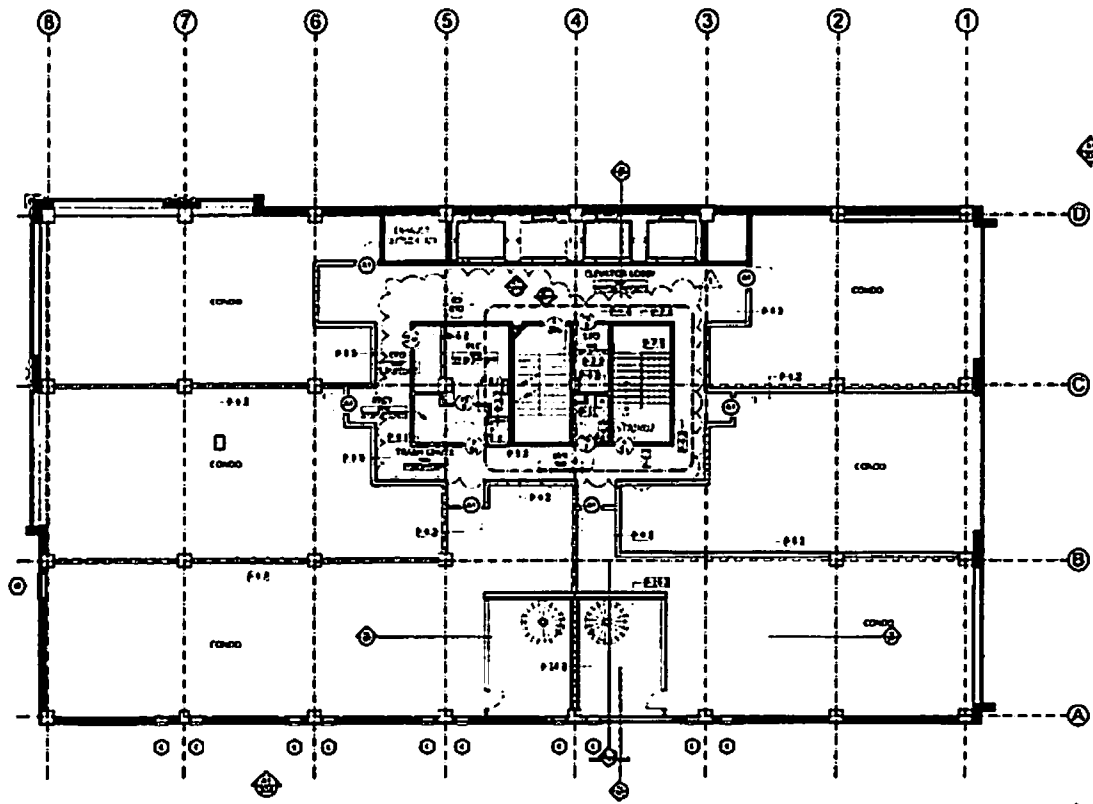


WKMC

Project Name: Citywalk at Alford
Project Address: 511 N. Alford St., Dallas, TX 75201
Date: 4/10/2007
Project No: 05003

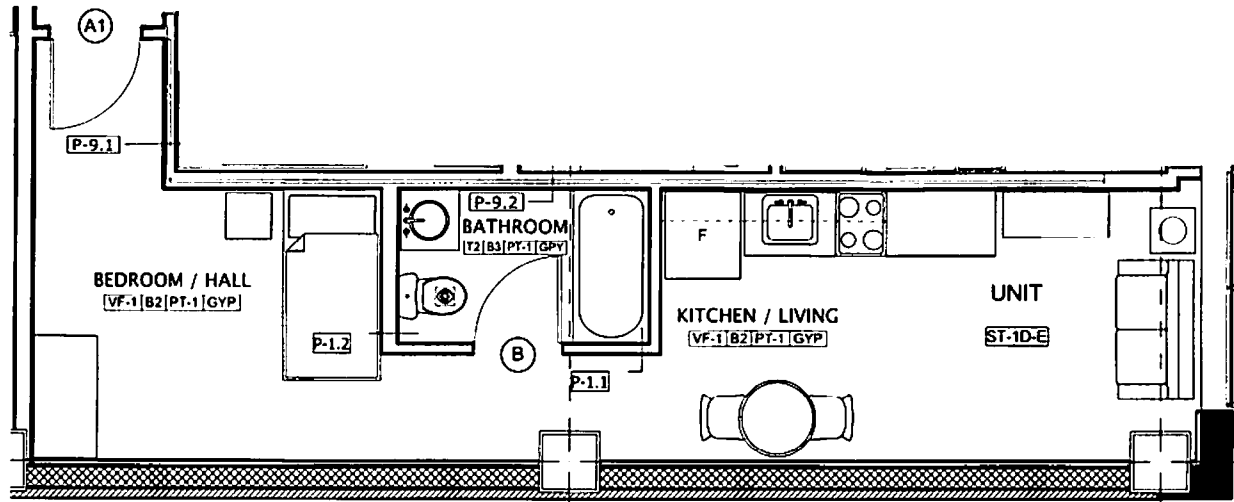
FLOOR PLAN

206

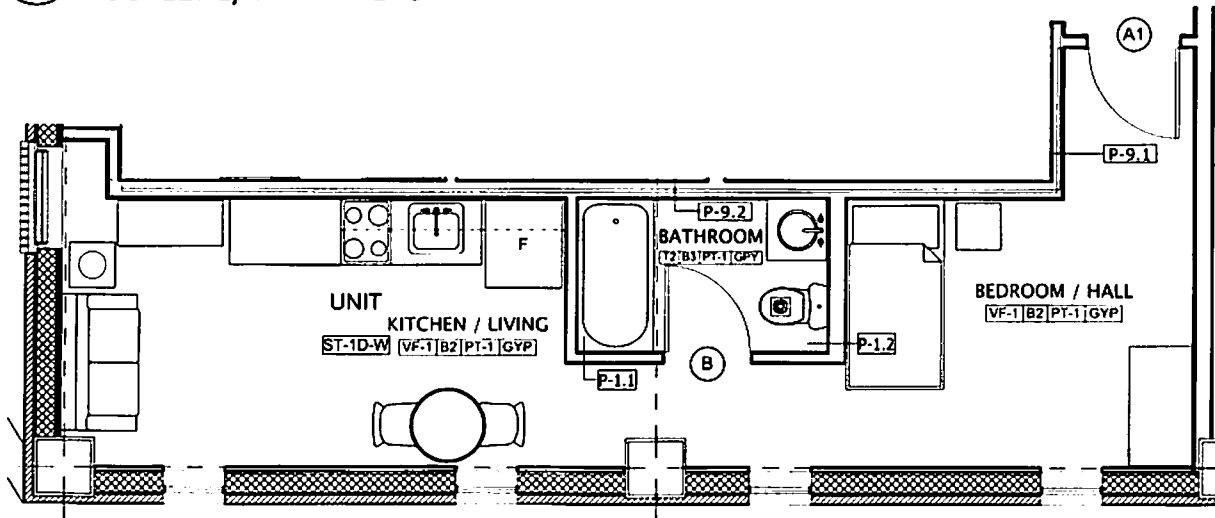


A1 LEVEL FIFTEEN PLAN
SCALE: 1/8" = 1'-0"

DATE: 11/18/07
BY: CWC
CHECKED BY: CWC



1 ST-1D-E (Net Rentable = 393SF)
SCALE: 1/4" = 1'-0"

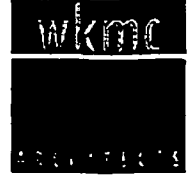
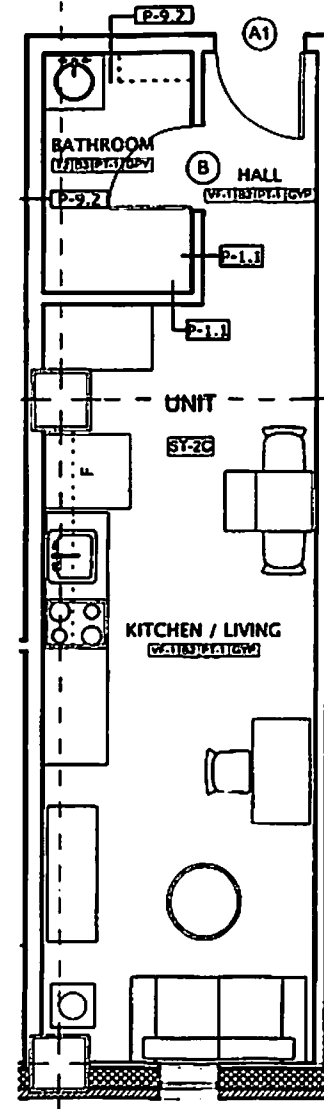
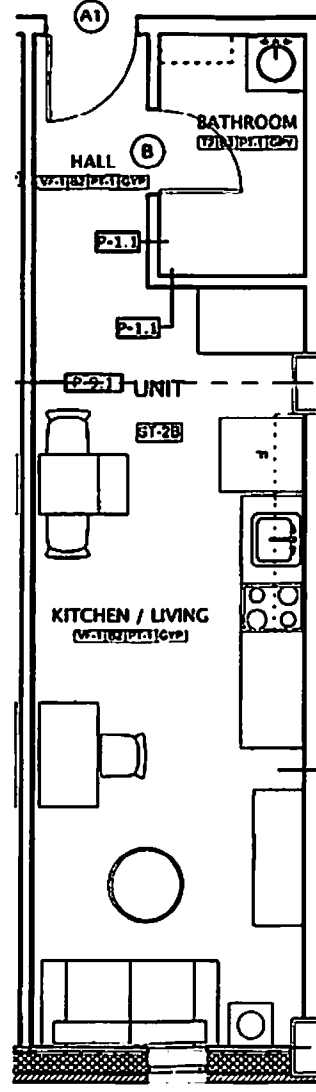
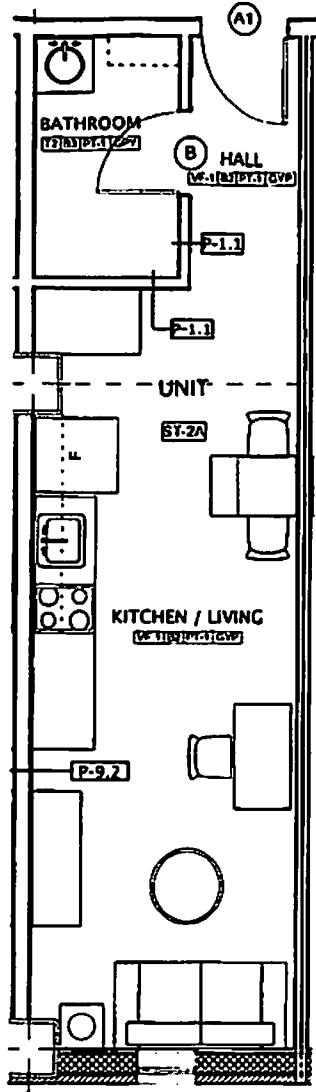


2 ST-1D-W (Net Rentable = 375SF)
SCALE: 1/4" = 1'-0"

ST-1D-E &
ST-1D-W

Sheet No.

UP-5



ST-2A/2B/2C

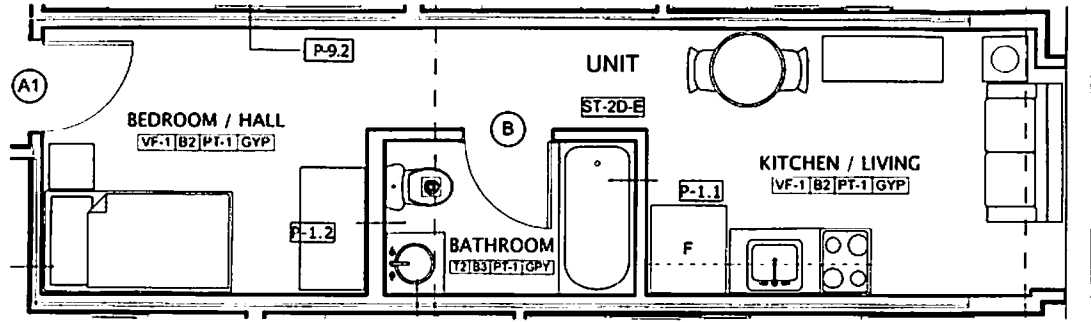
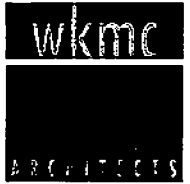
Sheet No.

UP-2

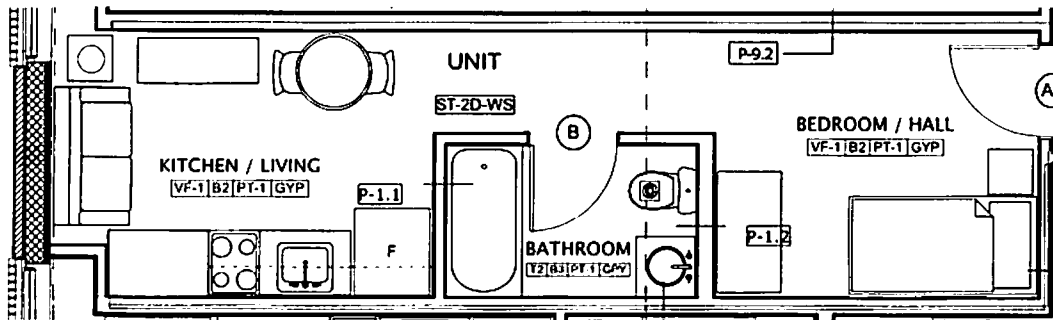
1 ST-2A (Net Rentable = 343SF)
SCALE: 1/4" = 1'-0"

2 ST-2B (Net Rentable = 343SF)
SCALE: 1/4" = 1'-0"

3 ST-2C (Net Rentable = 351SF)
SCALE: 1/4" = 1'-0"



1 ST-2D-E (Net Rentable 326SF)
SCALE: 1/4" = 1'-0"

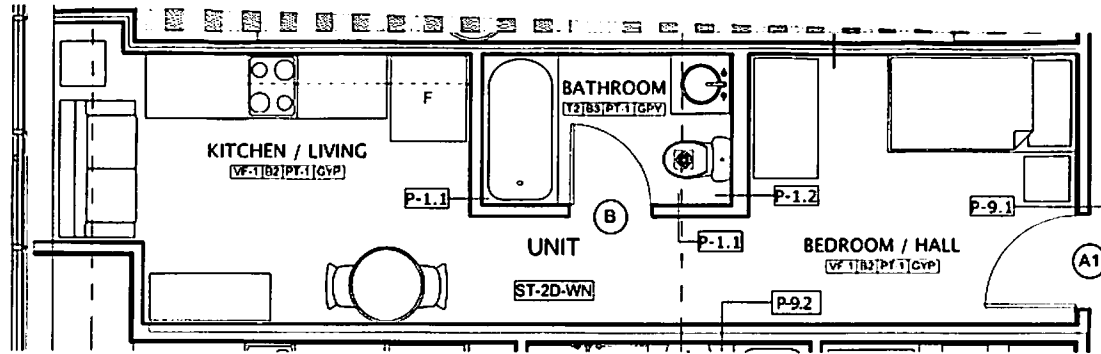
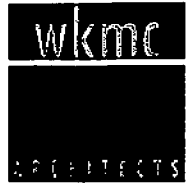


2 ST-2D-WS (Net Rentable = 312SF)
SCALE: 1/4" = 1'-0"

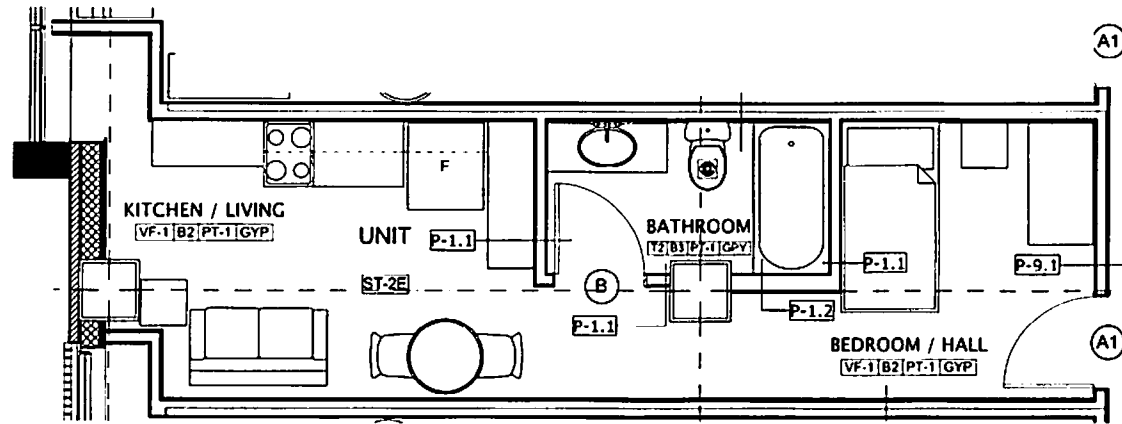
ST-2D-E &
ST-2D-WS

Sheet No.

UP-3



1 ST-2D-WN (Net Rentable = 325SF)
SCALE: 1/4" = 1'-0"

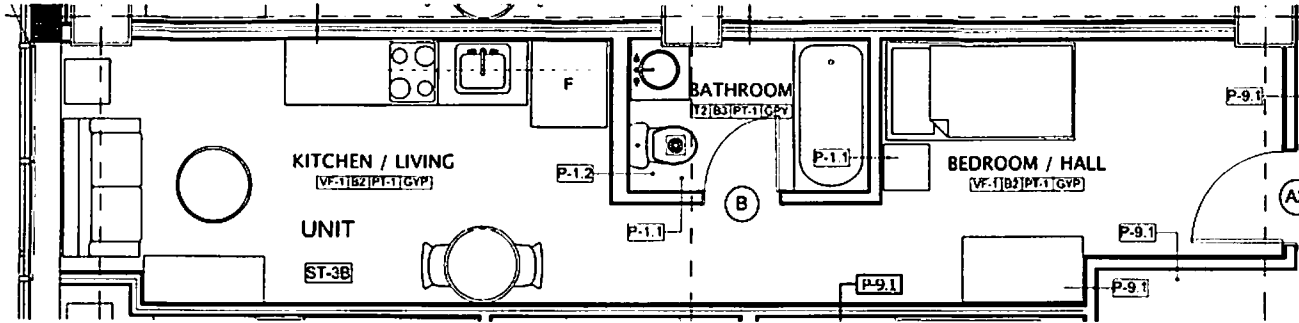
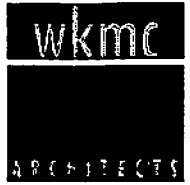


2 ST-2E (Net Rentable = 333SF)
SCALE: 1/4" = 1'-0"

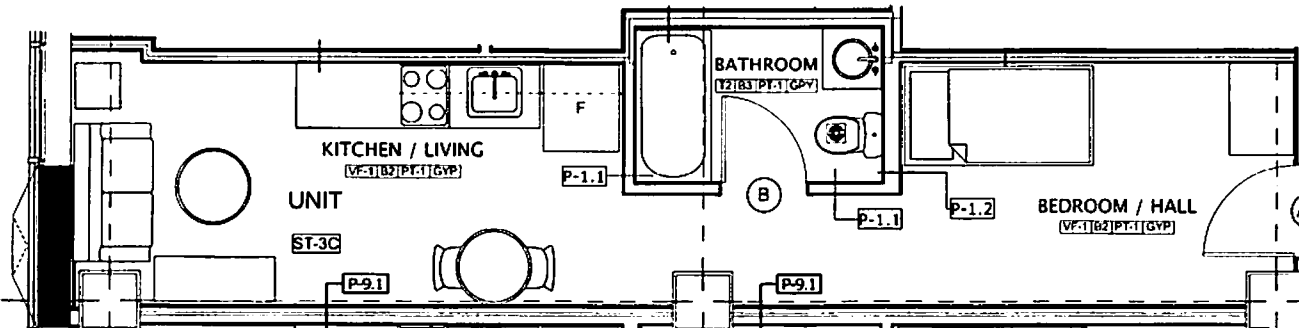
ST-2D-WN &
ST-2E

Sheet No.

UP-4



1 ST-3B (Net Rentable = 350SF)
SCALE: 1/4" = 1'-0"

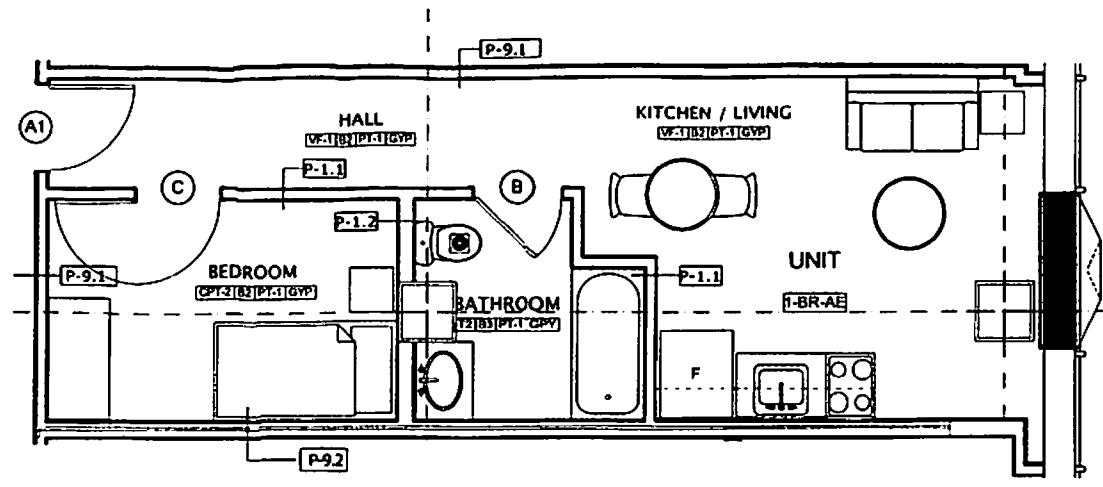


2 ST-3C (Net Rentable = 363SF)
SCALE: 1/4" = 1'-0"

ST-3B & ST-3C

Sheet No.

UP-6

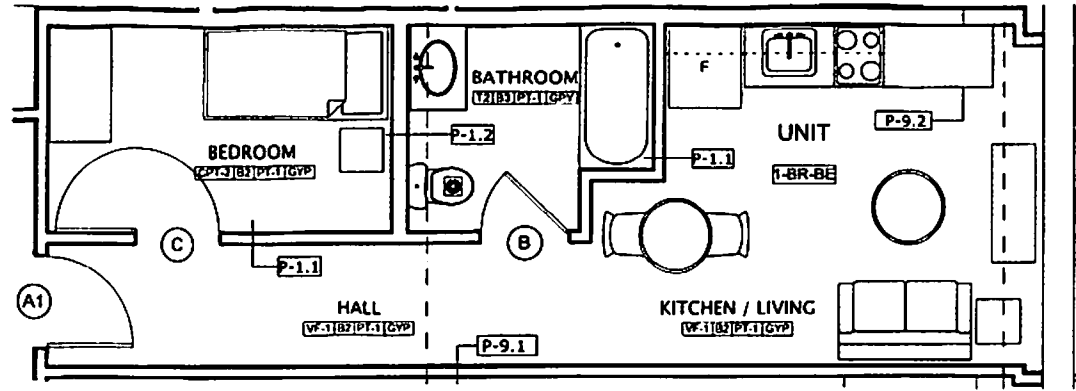


1 1-BR-AE (Net Rentable = 423SF)
SCALE: 1/4" = 1'-0"

1-BR-AE

Sheet No.

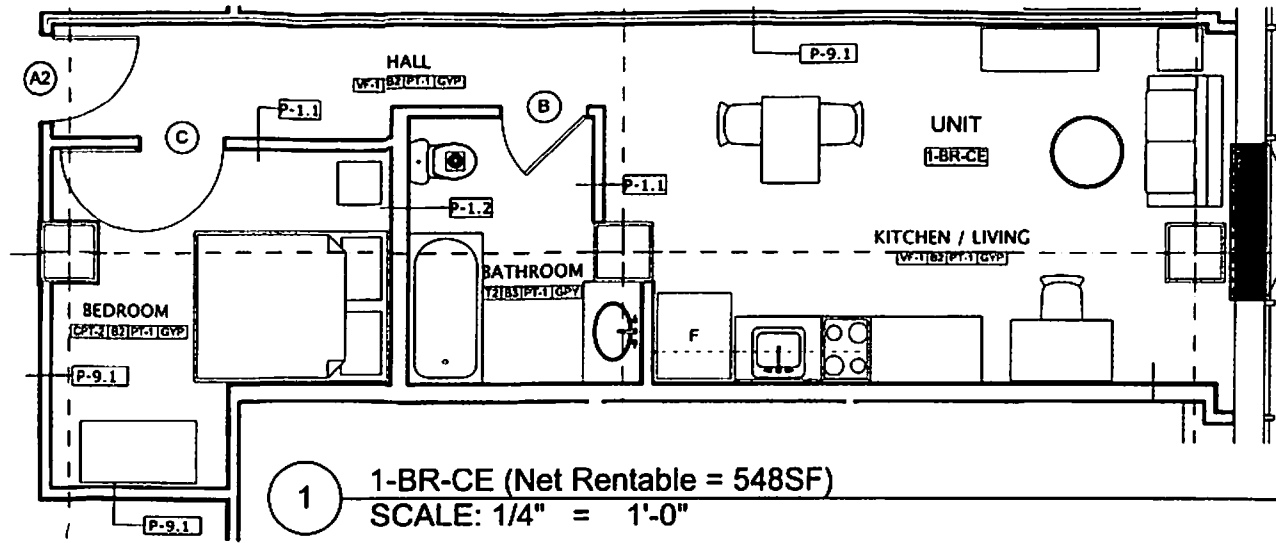
UP-7



1 1-BR-BE (Net Rentable = 426SF)
SCALE: 1/4" = 1'-0"

1-BR-BE

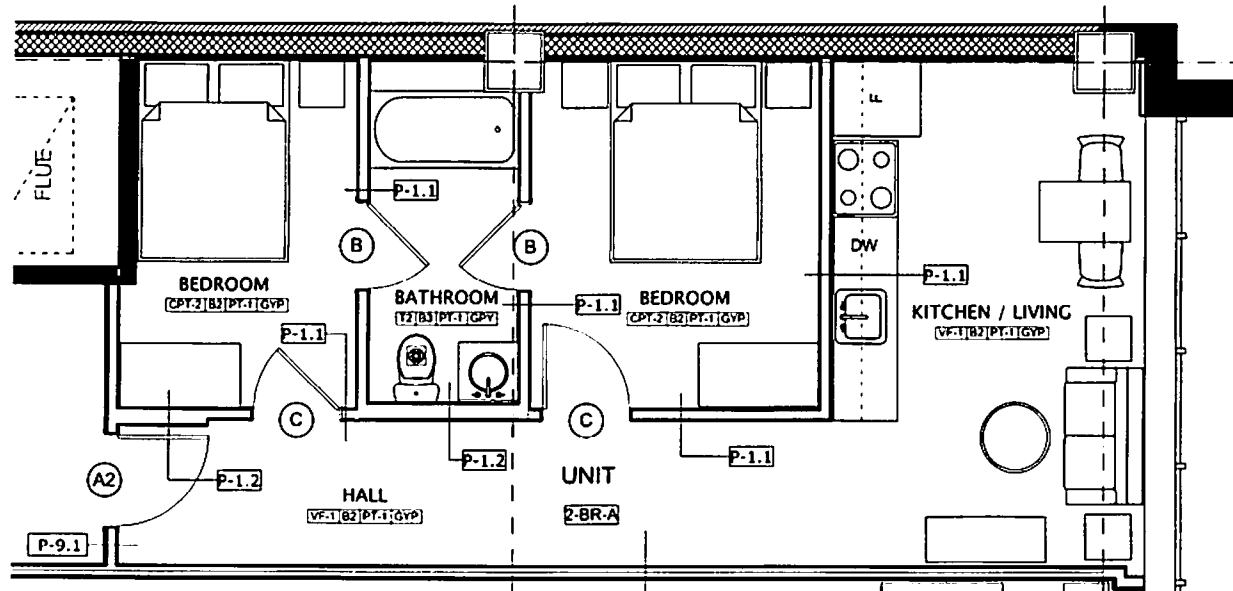
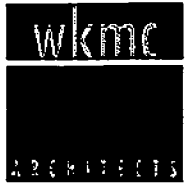
Sheet No.
UP-8



1-BR-CE

Sheet No.

UP-9

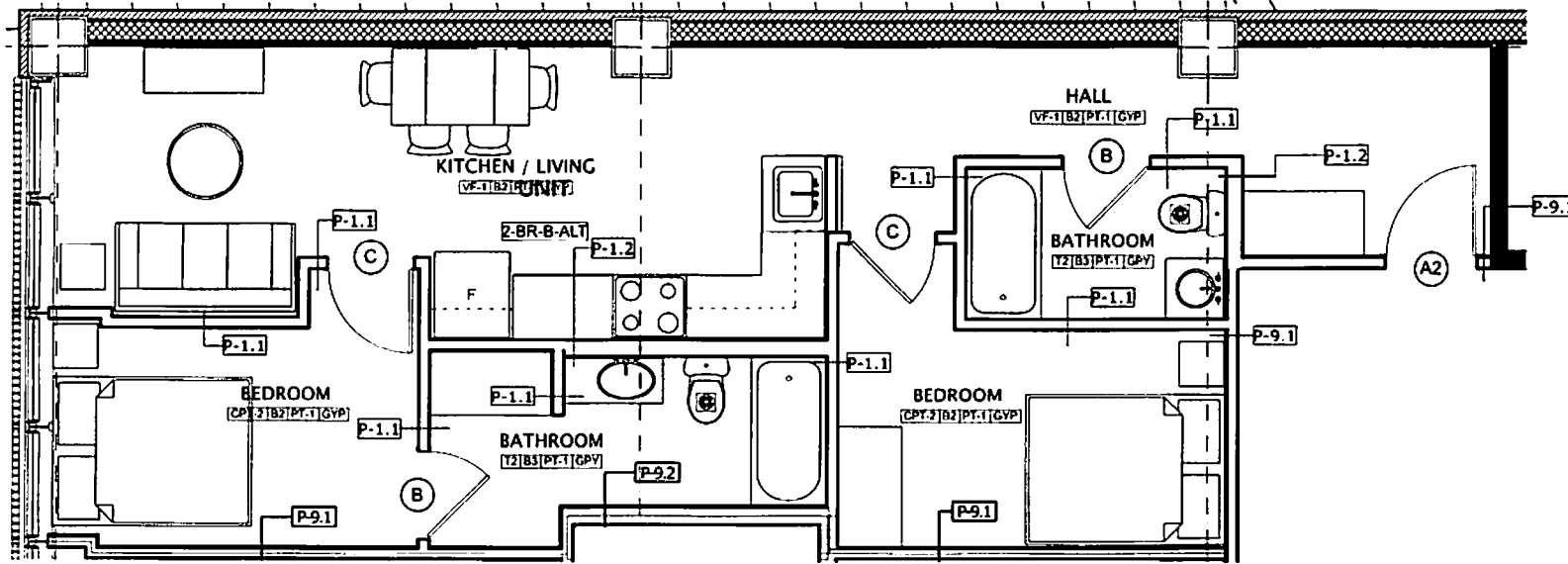
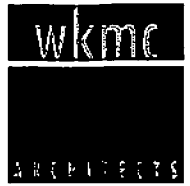


1 2-BR-A (Net Rentable = 587SF)
SCALE: 1/4" = 1'-0"

2-BR-A

Sheet No.

UP-10



1 2-BR-B (Net Rentable = 821SF)
SCALE: 1/4" = 1'-0"

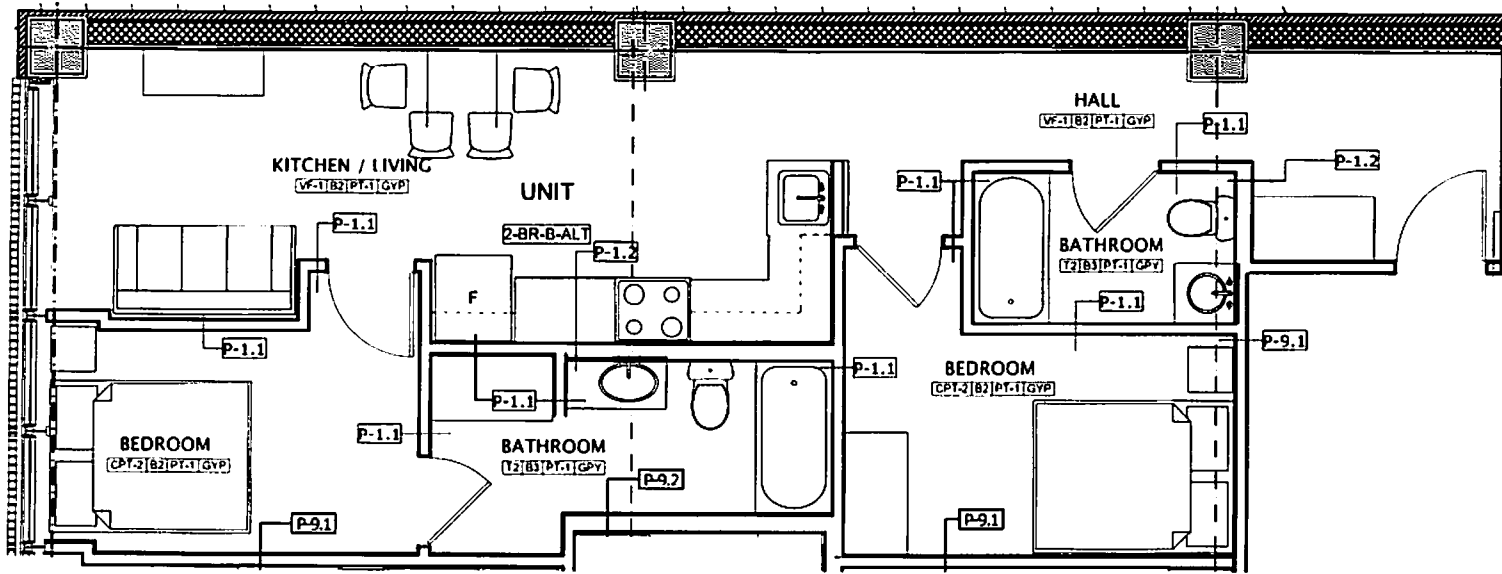
2-BR-B

Sheet No.

UP-11



WKMC ARCHITECTS



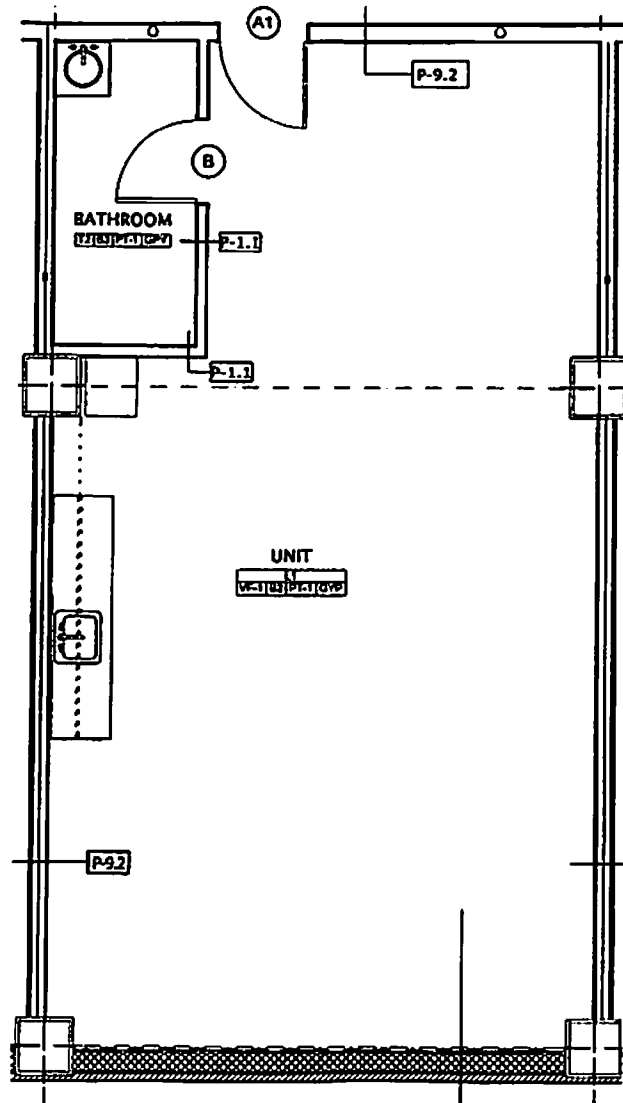
1

2-BR-B-ALT (Net Rentable = 729SF)
SCALE: 1/4" = 1'-0"

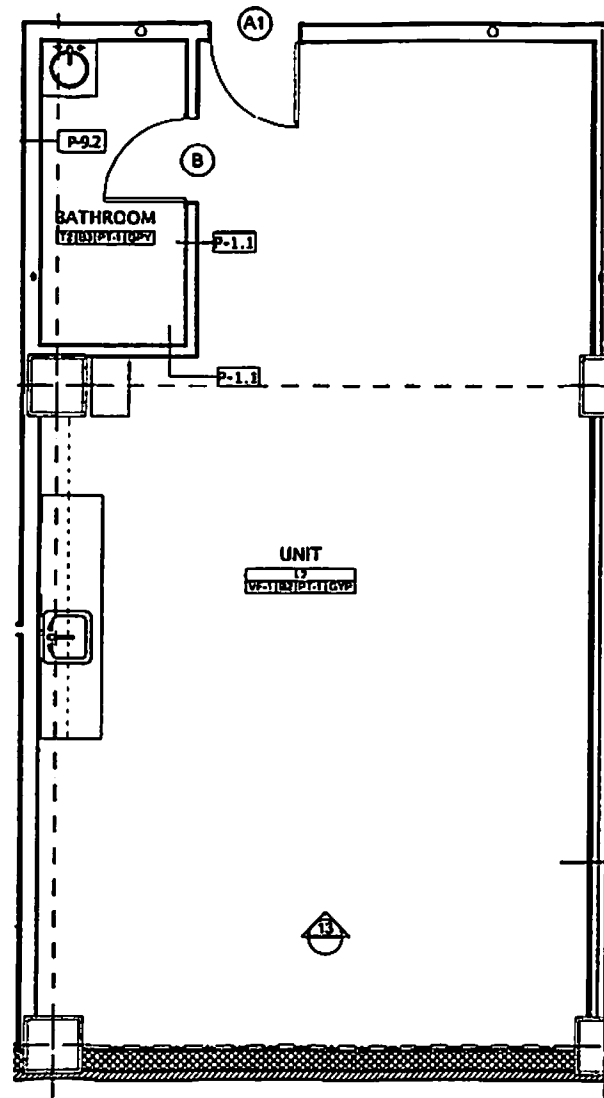
2-BR-B-ALT

Sheet No.

UP-13



1 Loft 1 - (Net Rentable = 681SF)
SCALE: 1/4" = 1'-0"



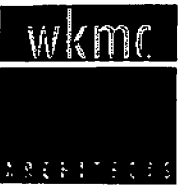
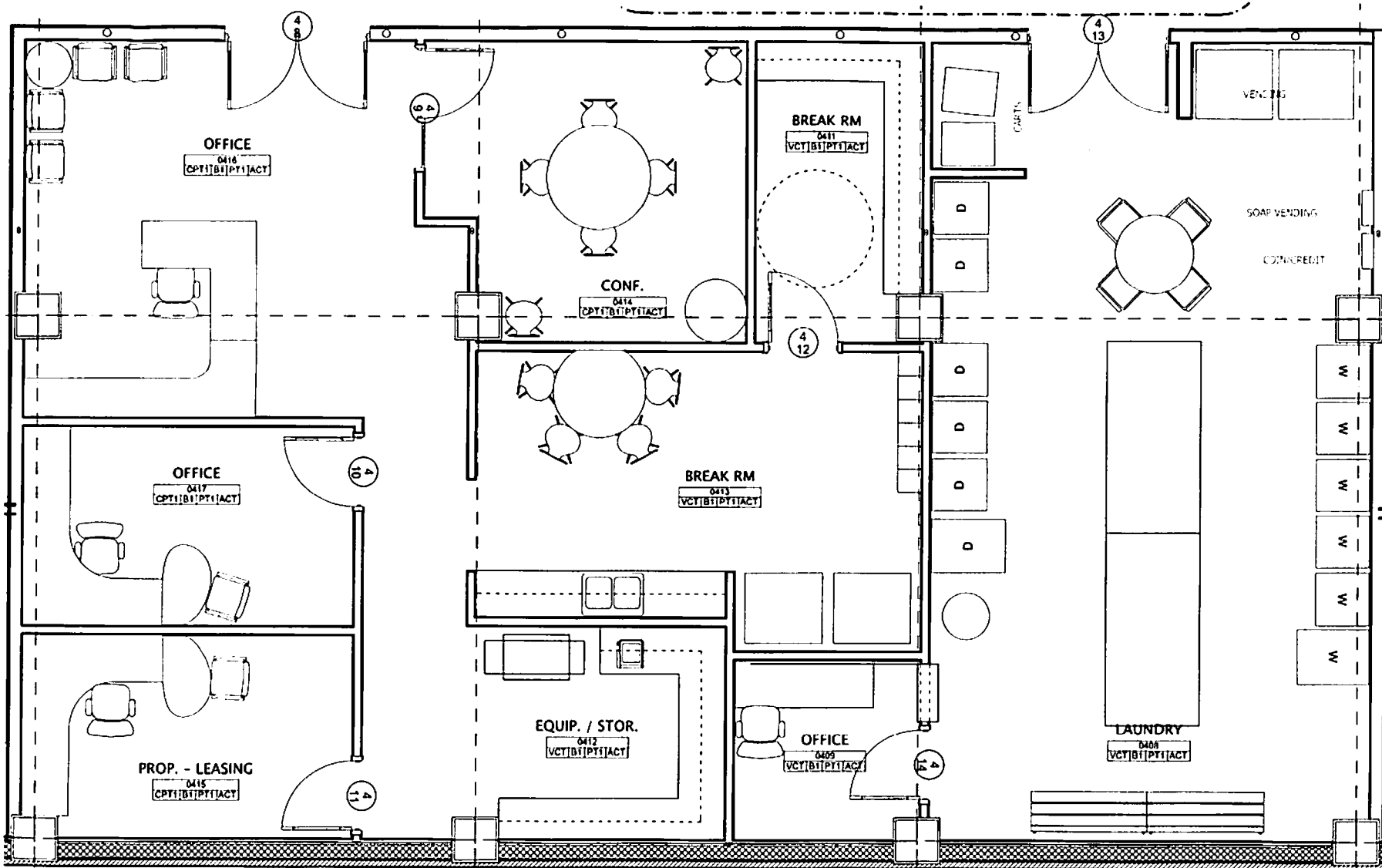
2 Loft 2 - (Net Rentable = 691SF)
SCALE: 1/4" = 1'-0"



Lofts-1 & 2

Sheet No.

UP-1



**Prop. Mgmt. &
Laundry Suite**

Sheet No.

1 Property Management & Laundry Suite (Prop. Mgmt. Net Rentable = 1698SF) (Laundry Net Rentable = 841SF)
SCALE: 1/4" = 1'-0"

UP-13



Memorandum

To: File

From: Brent Stewart, Real Estate Analysis

cc: Valentin DeLeon, Multifamily Finance Production

Date: January 27, 2011

Re: Amendment Request for City Walk at Akard, TDHCA LIHTC #060085 and TCAP #09712

Background

The Owner applied for an allocation of 9% tax credits during the 2006 9% HTC cycle and received a 2007 forward commitment. An amendment to the original application was approved in 2008. The owner was subsequently awarded \$1,242,595 of TCAP funds under both the Permanent Loan replacement and the Tax Credit replacement initiatives.

While the development is complete, the Cost Certification has not been submitted.

Amendment Request

On January 17, 2011, the Owner requested approval for certain changes to the development:

Unit Amenities: To eliminate the dishwasher, garbage disposal and ceiling fan requirements. The Owner indicates that other amenities, services and features (although not point items) are provided on-site.

UFAS Unit Distribution: The Owner has put forth various options under consideration to be compliant with accessibility requirements and unit distribution.

Analysis & Conclusion

Based on the information provided, REA cannot determine the financial impact of the UFAS Unit Distribution issue as described in the attached amendment request. The request letter only suggests possible solutions that are not conclusive or resolved by the architect. It is likely that the possible solution(s), as described, would not have a material impact on costs or operations.

Amendment Request
City Walk at Akard (#09712/#060085)
January 27, 2011
Page 2

The exclusion of the unit amenities (dishwashers, garbage disposals and ceiling fans) has no discernable impact to the financial feasibility of the development. Incremental costs, if any, for additional amenities not previously considered by REA in prior analyses would have been paid through contingency already considered in the development's hard cost budget.

Based on the above and if the amendment is approved, REA recommends that any additional costs associated with the accessibility or distribution issues be evaluated through the cost certification review. No change to the credit recommendation is recommended prior to the finalization of the cost certification review process.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: File
From: Diamond Unique Thompson, Real Estate Analysis
Date: December 11, 2009
Re: Revision to Underwriting of City Walk at Akard, TDHCA #09712

Revised Analysis

The underwriting analysis has been revised to reflect a correction to the recommended interest rate on the TCAP loan. The Underwriter used an initial rate equal to the permanent loan interest rate (7.74%), adjusted downward based on the Department's policy for the TCAP Permanent Loan Replacement Initiative, resulting in a recommended interest rate of 7.5%.

Conclusion

The Underwriter recommends a TCAP loan not to exceed \$691,170 structured as a fully amortizing loan 30 years at a 7.5% interest rate.

MULTIFAMILY COMPARATIVE ANALYSIS

City Walk at Akard, Dallas, R1 TCAP / 9% HTC #09712/060086

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	WST
TC 60%	11	0	1	312	\$709	640	\$7,040	\$2.05	\$78.00	\$37.00
TC 60%	11	0	1	325	\$709	640	\$7,040	\$1.97	\$78.00	\$37.00
TC 60%	11	0	1	326	\$709	640	\$7,040	\$1.96	\$78.00	\$37.00
TC 60%	11	0	1	333	\$709	709	\$7,799	\$2.13	\$78.00	\$37.00
TC 30%	10	0	1	343	\$355	355	\$3,550	\$1.03	\$78.00	\$37.00
TC 60%	8	0	1	343	\$709	640	\$5,120	\$1.87	\$78.00	\$37.00
TC 60%	18	0	1	343	\$709	640	\$11,520	\$1.87	\$78.00	\$37.00
TC 60%	11	0	1	350	\$709	709	\$7,799	\$2.03	\$78.00	\$37.00
TC 30%	10	0	1	351	\$355	355	\$3,550	\$1.01	\$78.00	\$37.00
TC 60%	2	0	1	351	\$709	709	\$1,418	\$2.02	\$78.00	\$37.00
TC 60%	6	0	1	351	\$709	709	\$4,254	\$2.02	\$78.00	\$37.00
TC 60%	11	0	1	363	\$709	709	\$7,799	\$1.95	\$78.00	\$37.00
TC 60%	11	0	1	375	\$709	709	\$7,799	\$1.89	\$78.00	\$37.00
TC 60%	11	0	1	393	\$709	709	\$7,799	\$1.80	\$78.00	\$37.00
TC 60%	1	0	1	681	\$709	709	\$709	\$1.04	\$78.00	\$37.00
TC 60%	2	0	1	691	\$709	709	\$1,418	\$1.03	\$78.00	\$37.00
TC 60%	11	1	1	423	\$760	760	\$8,360	\$1.80	\$98.00	\$46.00
TC 60%	11	1	1	426	\$760	760	\$8,360	\$1.78	\$98.00	\$46.00
TC 60%	11	1	1	548	\$760	760	\$8,360	\$1.39	\$98.00	\$46.00
TC 60%	11	2	1	587	\$912	800	\$8,800	\$1.36	\$123.00	\$54.00
TC 60%	1	2	1	729	\$912	912	\$912	\$1.25	\$123.00	\$54.00
TC 60%	10	2	1	821	\$912	912	\$9,120	\$1.11	\$123.00	\$54.00
TOTAL:	200		AVERAGE:	410		\$678	\$135,566	\$1.65	\$86.25	\$40.36

INCOME				Total Net Rentable Sq Ft: 82,039				COUNTRY				ISEM REGION				COMPT. REGION			
POTENTIAL GROSS RENT				\$1,626,792				Dallas				Dallas				3			
Secondary Income				24,000				\$10.00				Per Unit Per Month							
Other Support Income:				0				\$0.00				Per Unit Per Month							
POTENTIAL GROSS INCOME				\$1,650,792				\$1,539,348				\$1,539,348				\$1,634,112			
Vacancy & Collection Loss				(123,809)				(115,451)				(76,968)				(130,728)			
Employee or Other Non-Rental Units or Concessions				0				0				0				0			
EFFECTIVE GROSS INCOME				\$1,526,983				\$1,423,897				\$1,462,380				\$1,503,384			
EXPENSES				% OF EGI				PER UNIT				PER SQ FT				% OF EGI			
General & Administrative				1.90%				\$145				0.35				\$29,068			
Management				4.12%				314				0.77				62,865			
Payroll & Payroll Tax				12.90%				985				2.40				196,971			
Repairs & Maintenance				5.03%				384				0.94				76,781			
Utilities				15.59%				1,190				2.90				238,050			
Water, Sewer, & Trash				6.34%				484				1.18				96,852			
Property Insurance				2.27%				174				0.42				34,707			
Property Tax				2.50473				984%				751				1,83			
Reserve for Replacements				3.93%				300				0.73				60,000			
TDHCA Compliance Fees				0.52%				40				0.10				8,000			
TCAP Asset Oversight Fees				0.00%				0				0.00				0			
Other:				0.00%				0				0.00				0			
TOTAL EXPENSES				63.10%				\$4,818				\$11.75				\$963,578			
NET OPERATING INC				36.90%				\$2,817				\$6.87				\$563,405			
DEBT SERVICE				EF&A/Alliant Capital				23.90%				\$1,825				\$4.45			
TCAP Permanent Loan Replacemr				0.00%				\$0				\$0.00				0			
Additional Financing				0.00%				\$0				\$0.00				0			
NET CASH FLOW				12.99%				\$992				\$2.42				\$198,387			
AGGREGATE DEBT COVERAGE RATIO				1.54				1.16				1.16				1.42			
RECOMMENDED DEBT COVERAGE RATIO				1.20				1.23											

CONSTRUCTION COST					COUNTRY				ISEM REGION				COMPT. REGION			
Acquisition Cost (site or bldg)					\$4,575,000				\$6,315,000				\$6,315,000			
Off-Sites					0				60,000				60,000			
Sitework					61,420				179,102				179,102			
Direct Construction					12,919,044				7,224,524				7,237,628			
Contingency					961,106				740,363				933,881			
Contractor's Fees					1,349,316				1,006,213				1,006,213			
Indirect Construction					1,321,933				967,201				1,321,933			
Ineligible Costs					1,638,655				2,251,574				2,251,574			
Developer's Fees					2,200,000				2,200,000				2,200,000			
Interim Financing					436,962				923,631				923,631			
Reserves					1,443,865				566,408				566,408			
TOTAL COST					\$26,907,301				\$22,434,015				\$22,640,638			
+ 10% Increase					\$740,363											
Total Cost					\$27,647,664				\$23,174,378				\$22,640,638			
Construction Cost Recap					56.83%				\$76,454				\$186.39			
SOURCES OF FUNDS					RECOMMENDED											
EF&A/Alliant Capital					15.79%				\$21,250				\$51.80			
TDHCA HTF					0.14%				\$188				\$0.46			
City of Dallas CDBG Grant					2.79%				\$3,750				\$9.14			
City of Dallas Homeless Bond Funds					5.57%				\$7,500				\$18.28			
Central Dallas Ministries					0.93%				\$1,250				\$3.05			
Federal Home Loan Bank of Chicago					1.86%				\$2,500				\$6.09			
Exxon Mobil					0.37%				\$500				\$1.22			
King Foundation					0.19%				\$250				\$0.61			
Enterprise Community Partners					0.19%				\$250				\$0.61			
Baron and Blue Foundation					0.06%				\$75				\$0.18			
Comerica Charitable Foundation					0.04%				\$50				\$0.12			
TREC Foundation					0.19%				\$250				\$0.61			
Hoblitzelle					1.86%				\$2,500				\$6.09			
Fannie Mae					0.02%				\$25				\$0.06			
TCAP Permanent Loan Replacemr					2.79%				\$3,750				\$9.14			
TCAP Tax Credit Rplcmnt Loan (fi					12.40%				\$16,685				\$40.68			
Alliant Capital					42.94%				\$57,775				\$140.85			
Alliant Capital Historic Tax Credits					12.10%				\$16,283				\$39.70			
Deferred Developer Fees					4.22%				\$5,671				\$13.83			
Additional (Excess) Funds Req'd					-4.43%				(\$5,965)				(\$14.54)			
TOTAL SOURCES					\$26,907,301				\$23,174,378				\$22,640,638			

CONSTRUCTION COST					COUNTRY				ISEM REGION				COMPT. REGION			
Acquisition Cost (site or bldg)					\$4,575,000				\$6,315,000				\$6,315,000			
Off-Sites					0				60,000				60,000			
Sitework					61,420				179,102				179,102			
Direct Construction					12,919,044				7,224,524				7,237,628			
Contingency					961,106				740,363				933,881			
Contractor's Fees					1,349,316				1,006,213				1,006,213			
Indirect Construction					1,321,933				967,201				1,321,933			
Ineligible Costs					1,638,655				2,251,574				2,251,574			
Developer's Fees					2,200,000				2,200,000				2,200,000			
Interim Financing					436,962				923,631				923,631			
Reserves					1,443,865				566,408				566,408			
TOTAL COST					\$26,907,301				\$22,434,015				\$22,640,638			
+ 10% Increase					\$740,363											
Total Cost					\$27,647,664				\$23,174,378				\$22,640,638			
Construction Cost Recap					56.83%				\$76,454				\$186.39			
SOURCES OF FUNDS					RECOMMENDED											
EF&A/Alliant Capital					15.79%				\$21,250				\$51.80			
TDHCA HTF					0.14%				\$188				\$0.46			
City of Dallas CDBG Grant					2.79%				\$3,750				\$9.14			
City of Dallas Homeless Bond Funds					5.57%				\$7,500				\$18.28			
Central Dallas Ministries					0.93%				\$1,250				\$3.05			
Federal Home Loan Bank of Chicago					1.86%				\$2,500				\$6.09			
Exxon Mobil					0.37%				\$500				\$1.22			
King Foundation					0.19%				\$250				\$0.61			
Enterprise Community Partners					0.19%				\$250				\$0.61			
Baron and Blue Foundation					0.06%				\$75				\$0.18			
Comerica Charitable Foundation					0.04%				\$50				\$0.12			
TREC Foundation					0.19%				\$250				\$0.61			
Hoblitzelle					1.86%				\$2,500				\$6.09			
Fannie Mae					0.02%				\$25				\$0.06			
TCAP Permanent Loan Replacemr					2.79%				\$3,750				\$9.14			
TCAP Tax Credit Rplcmnt Loan (fi					12.40%				\$16,685				\$40.68			
Alliant Capital					42.94%				\$57,775				\$140.85			
Alliant Capital Historic Tax Credits					12.10%				\$16,283				\$39.70			
Deferred Developer Fees					4.22%				\$5,671				\$13.83			
Additional (Excess) Funds Req'd					-4.43%				(\$5,965)				(\$14.54)			
TOTAL SOURCES					\$26,907,301				\$23,174,378				\$22,640,638			

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
City Walk at Akard, Dallas, R1 TCAP / 9% HTC #09712/060086

DIRECT CONSTRUCTION COST ESTIMATE
Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost				\$0
Adjustments				
Exterior Wall Finish			\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.42)	(198,534)
Floor Cover			2.38	195,253
Breezeways/Balconies	\$22.95		0.00	0
Plumbing Fixtures	\$835		0.00	0
Rough-ins	\$410		0.00	0
Built-In Appliances	\$1,800	200	4.39	360,000
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	(\$9.92)		0.00	0
Heating/Cooling			1.83	150,131
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	\$2.15	82,039	2.15	176,384
SUBTOTAL			8.33	683,234
Current Cost Multiplier	1.01		0.08	6,832
Local Multiplier			(8.33)	(683,234)
TOTAL DIRECT CONSTRUCTION COSTS			\$0.08	\$6,832
Plans, specs, survy, bld prm	3.90%		(\$0.00)	(\$266)
Interim Construction Interest	3.38%		(0.00)	(231)
Contractor's OH & Profit	11.50%		(0.01)	(786)
NET DIRECT CONSTRUCTION COSTS			\$0.07	\$5,550

PAYMENT COMPUTATION

Primary	\$4,250,000	Amort	360
Int Rate	7.74%	DCR	1.54

Secondary	\$750,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.54

Additional	\$1,500,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.54

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	\$365,018
Secondary Debt Service	57,993
Additional Debt Service	50,000
NET CASH FLOW	\$106,566

Primary	\$4,250,000	Amort	360
Int Rate	7.74%	DCR	1.59

Secondary	\$691,170	Amort	360
Int Rate	7.50%	Subtotal DCR	1.37

Additional	\$1,500,000	Amort	360
Int Rate	0.00%	Aggregate DCR	1.23

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS RENT	\$1,610,112	\$1,642,314	\$1,675,161	\$1,708,664	\$1,742,837
Secondary Income	24,000	24,480	24,970	25,469	25,978
Other Support Income:	0	0	0	0	0
POTENTIAL GROSS INCOME	1,634,112	1,666,794	1,700,130	1,734,133	1,768,815
Vacancy & Collection Loss	(130,728)	(125,010)	(127,510)	(130,060)	(132,661)
Employee or Other Non-Rental	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,503,384	\$1,541,785	\$1,572,620	\$1,604,073	\$1,636,154
EXPENSES at 3.00%					
General & Administrative	\$29,445	\$30,328	\$31,238	\$32,175	\$33,141
Management	59,334	60,850	62,067	63,308	64,574
Payroll & Payroll Tax	268,710	276,771	285,074	293,627	302,435
Repairs & Maintenance	70,278	72,386	74,558	76,794	79,098
Utilities	177,199	182,515	187,990	193,630	199,439
Water, Sewer & Trash	70,842	72,967	75,156	77,411	79,733
Insurance	40,000	41,200	42,436	43,709	45,020
Property Tax	130,000	133,900	137,917	142,055	146,316
Reserve for Replacements	60,000	61,800	63,654	65,564	67,531
Other	18,000	18,540	19,096	19,669	20,259
TOTAL EXPENSES	\$923,807	\$951,257	\$979,186	\$1,007,941	\$1,037,547
NET OPERATING INCOME	\$579,577	\$590,527	\$593,434	\$596,131	\$598,608
DEBT SERVICE					
First Lien Financing	\$365,018	\$365,018	\$365,018	\$365,018	\$365,018
Second Lien	57,993	57,993	57,993	57,993	57,993
Other Financing	50,000	50,000	50,000	50,000	50,000
NET CASH FLOW	\$106,566	\$117,516	\$120,423	\$123,120	\$125,597
DEBT COVERAGE RATIO	1.23	1.25	1.25	1.26	1.27

YEAR 10	YEAR 15	YEAR 20	YEAR 30
\$1,924,233	\$2,124,509	\$2,345,629	\$2,859,309
28,682	31,667	34,963	42,620
0	0	0	0
1,952,915	2,156,176	2,380,593	2,901,929
(146,469)	(161,713)	(178,544)	(217,645)
0	0	0	0
\$1,806,446	\$1,994,463	\$2,202,048	\$2,684,284
\$38,419	\$44,538	\$51,632	\$69,389
71,295	78,715	86,908	105,941
350,606	406,448	471,185	633,233
91,696	106,301	123,232	165,614
231,205	268,029	310,720	417,581
92,432	107,154	124,221	166,943
52,191	60,504	70,140	94,263
169,621	196,637	227,956	306,354
78,286	90,755	105,210	141,394
23,486	27,227	31,563	42,418
\$1,199,237	\$1,386,309	\$1,602,768	\$2,143,129
\$607,210	\$608,154	\$599,281	\$541,156
\$365,018	\$365,018	\$365,018	\$365,018
57,993	57,993	57,993	57,993
50,000	50,000	50,000	50,000
\$134,199	\$135,143	\$126,270	\$68,145
1.28	1.29	1.27	1.14

HTC ALLOCATION ANALYSIS -City Walk at Akard, Dallas, R1 TCAP / 9% HTC #09712/060086

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
Acquisition Cost						
Purchase of land	\$1,162,232	\$2,500,000				
Purchase of buildings	\$3,511,150	\$2,075,000	\$3,511,150	\$2,075,000		
Off-Site Improvements						
Sitework	\$56,248	\$61,420			\$56,248	\$61,420
Construction Hard Costs	\$13,531,828	\$12,919,044			\$13,531,828	\$12,919,044
Contractor Fees	\$1,349,316	\$1,349,316			\$1,349,316	\$1,349,316
Contingencies	\$961,106	\$961,106			\$961,106	\$961,106
Eligible Indirect Fees	\$1,321,933	\$1,321,933			\$1,321,933	\$1,321,933
Eligible Financing Fees	\$436,962	\$436,962			\$436,962	\$436,962
All Ineligible Costs	\$1,638,655	\$1,638,655				
Developer Fees						
Developer Fees	\$2,200,000	\$2,200,000	\$364,906	\$238,696	\$1,835,094	\$1,961,304
Development Reserves	\$1,680,940	\$1,443,865				
TOTAL DEVELOPMENT COSTS	\$27,850,370	\$26,907,301	\$3,876,056	\$2,313,696	\$19,492,487	\$19,011,086

Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis					\$800,000	\$800,000
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)					\$3,316,453	\$3,316,453
TOTAL ELIGIBLE BASIS			\$3,876,056	\$2,313,696	\$15,376,034	\$14,894,633
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			\$3,876,056	\$2,313,696	\$19,988,844	\$19,363,022
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			\$3,876,056	\$2,313,696	\$19,988,844	\$19,363,022
Applicable Percentage			3.56%	3.56%	9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS			\$137,988	\$82,368	\$1,798,996	\$1,742,672

Syndication Proceeds	0.9299	\$1,283,156	\$765,942	\$16,728,990	\$16,205,229
Total Tax Credits (Eligible Basis Method)				\$1,936,984	\$1,825,040
Syndication Proceeds				\$18,012,146	\$16,971,171
Originally Awarded Tax Credits				\$1,242,595	
Syndication Proceeds				\$11,554,978	
Additional Tax Credits				\$392,590	
Syndication Proceeds				\$3,650,722	
Total Awarded Tax Credits				\$1,635,185	
Syndication Proceeds				\$15,205,700	
Gap of Syndication Proceeds Needed				\$15,835,062	\$14,891,993
Total Tax Credits (Gap Method)				\$1,702,865	\$1,601,450



REPORT DATE: 11/13/09 PROGRAM: R1 TCAP / 9% HTC FILE NUMBER: 09712/060086

DEVELOPMENT

City Walk at Akard

Location: 3902 Elm Region: 3
 City: Dallas County: Dallas Zip: 75201 OCT DDA
 Key Attributes: Family, Acquisition/Rehabilitation, Urban, Supportive Housing

ALLOCATION

TDHCA Program	PREVIOUS REQUEST			PREVIOUS RECOMMENDATION*		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,200,000			\$1,635,185		

* The recommended tax credit allocation incorporates the November 13, 2008 TDHCA Board approval to use the 9% credit rate and a 10% increase in direct and sitework construction costs for all competitive 2007 and 2008 transactions as well as all applications on the 2008 waiting list to be considered for a forward commitment.

TDHCA Program	CURRENT REQUEST			CURRENT RECOMMENDATION*			
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term	Lien Position
TCAP INITIATIVES:							
#2 Permanent Loan Replacement	\$750,000	0.00%	N/A	\$691,170	7.74%	30/18	3rd
#3 Tax Credit Replacement	\$3,337,015	0.00%	0/15 Deferred, Forgivable	\$3,337,015	0.00%	0/15 Deferred, Forgivable	4th
(Annual)	\$1,242,595			\$1,242,595			

CONDITIONS

- 1 Receipt, review and acceptance, by cost certification, of documentation that the recommendations of the Phase I ESA have been addressed in particular with regard to asbestos remediation prior to demolition and construction, an asbestos O & M plan after the construction has been completed if any asbestos is believed to remain and resolution to the removal and proper disposal of the drums and containers of chemicals found at the site.
- 2 Receipt, review, and acceptance, by cost certification, of a fully-executed and current Housing Assistance Payments (HAP) Contract, clearly identifying the contract units and the proposed contract rent levels for these units.
- 3 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	20
60% of AMI	60% of AMI	180

ADDENDUM

City Walk at Akard was originally underwritten during the 2006 9% HTC cycle and was approved for an annual tax credit allocation of \$1,242,595, subject to conditions. During the November 13, 2008 TDHCA Board meeting, the Subject application was one of seven 2006 Applications funded out of the 2007 credit ceiling to receive additional tax credits based on the 10% increase policy. As a result, the subject development was approved for a total annual tax credit allocation of \$1,635,185.

The Applicant is now requesting TCAP funds. The Applicant has requested \$750K under the Permanent Loan Replacement Initiative and \$3,337,015 under the Tax Credit Replacement Initiative to replace \$2M of the \$6.2M first lien permanent loan and fund a gap in financing due to substantially higher total development costs.

In the TCAP application, the Applicant provided an updated rent schedule, expenses, sources and uses, and executed LP Agreement. The Underwriter has evaluated the impact of these changes on the financial viability of the transaction and the tax credit award based on the revised documentation provided.

The syndication rate has remained stable at \$0.93, effectively preserving the existing equity investment. However, the Applicant's total development costs have increased significantly since original underwriting at approximately 23%. The Applicant's increase in costs are offset by the replacement of a portion of the first lien debt with the requested TCAP funds and an increase in deferred developer fee from \$0 to \$1.1M.

Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report for a full evaluation of the originally proposed development plan and structure.

PROPOSED SITE

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: <u>EcoSystems Environmental, Inc. (original ESA)</u>	Date: <u>6/5/2008</u>
Provider: <u>Russ Gout (Environmental Assessment Checklist)</u>	Date: <u>7/24/2009</u>

Recognized Environmental Concerns (RECs) and Other Concerns:

The ESA submitted with the original application found known or suspect environmental conditions associated with the subject property and was conditioned upon the following:

"Receipt, review and acceptance of documentation that the recommendations of the Phase I ESA have been addressed in particular with regard to asbestos remediation prior to demolition and construction, an asbestos O & M plan after the construction has been completed if any asbestos is believed to remain and resolution to the removal and proper disposal of the drums and containers of chemicals found at the site."

Comments:

The current TCAP application includes an environmental supplement that will be considered by the Department's HOME Division in conjunction with the U.S. Department of HUD as part of the environmental review under 24 CFR Parts 50 and 58.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 10/23/2009

The Applicant originally planned to use all or part of \$982,458 in federal grant funds to be awarded to Central Dallas Ministries in the form of rental subsidy vouchers to be made available to qualified tenants who will pay 30% of income and the subsidy will pay the rest up to the HUD program limit of \$490/month. However, this source was not obtained.

The Applicant is now proposing in the Rent Schedule that approximately 59 of the units will operate under a Rental Assistance agreement with the US Department of Housing and Urban Development. While a HAP contract was provided, the terms of the agreement are not explicitly defined. However, a letter dated May 21, 2008 from the Dallas Housing Authority calculates gross rent estimates of \$640 for approximately 110 of the efficiency units. The information submitted from DHA is inconsistent with the proposed rent structure reflected in the Rent Schedule; therefore, receipt, review, and acceptance, by cost certification, of a fully-executed and current Housing Assistance Payments (HAP) Contract, clearly identifying the contract units and the proposed contract rent levels for these units is a condition of this report.

For the remainder of the units, the Underwriter utilized the lesser of the maximum restricted all bills paid rent or the Market Analysts' concluded market rent. The rents used by the Applicant are slightly lower for some units, which accounts for the difference between the Applicant's and Underwriter's potential gross rent.

Although the Applicant's secondary income assumptions are in line with current TDHCA underwriting guidelines, vacancy and collection loss assumptions at 8% are slightly higher than the Department's Standard of 7.5%. Despite this difference, the Applicant's effective gross rent is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$4,569 per unit is within 5% of the Underwriter's estimate of \$4,818, derived from the TDHCA database, and third-party data sources. Both the Underwriter's and the Applicant's estimate include a TCAP Asset Oversight Fee of \$50/unit/year. Not including the fee in the Applicant's proforma causes total expenses to fall outside of 5% of the Underwriter's estimates. However, the inclusion of the fee allows the Underwriter to continue to utilize the Applicant's proforma and causes the Applicant's DCR to fall to 1.21, which is still within the Department's guidelines.

Conclusion:

The Applicant's effective gross income, operating expenses, and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's year one pro forma will be used to determine the development's debt capacity. The pro forma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35. Therefore, the recommended financing structure reflects an increase in the TCAP interest rate based on the 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).

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% 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 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION**ASSESSED VALUE**

Land Only: 0.89 acres	\$1,570,430	Tax Year:	2009
Existing Buildings:	\$3,304,180	Valuation by:	Dallas CAD
Total Assessed Value:	\$4,874,610	Tax Rate:	2.50473

EVIDENCE of PROPERTY CONTROL

Type: <u>Special Warranty Deed</u>	Acreage: <u>0.8969</u>
Contract Expiration: <u>N/A</u>	Valid Through Board Date? <u>N/A</u>
Acquisition Cost: <u>\$4,575,000</u>	Other: <u>The Applicant is the Current Owner</u>
Seller: <u>Akard Development, LP</u>	

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The cost schedule included with the TCAP application indicates an approximately \$1.6M decrease in the acquisition price. This is consistent with the Special Warranty Deed provided.

The Applicant appears to have utilized a somewhat arbitrary 76% building to acquisition cost ratio to determine an acquisition eligible basis for the buildings of \$3,511,150. The Underwriter utilized the land value identified in the appraisal to establish a maximum acquisition eligible basis of \$2,075,000.

Moreover the development appears to have sufficient rehabilitation eligible basis to meet the maximum credit allocation without the use of any acquisition basis.

Construction Cost:

In conjunction with the TCAP application the Applicant provided a revised total development cost schedule reflecting an overall increase in costs of \$5.2M or 23% from the most recent underwriting. Direct construction costs have also increased by \$6.3M or 87%, while certain other eligible and ineligible costs have also shifted slightly according to the new cost schedule.

The Applicant submitted a revised PCA dated July 23, 2009 which reflects, "changes in scope of work and renovation budgets, as identified in documentation provided by the developer." Most notably, these changes include replacement in lieu of repair for the roof & plumbing, an electrical change order which necessitated a redesign to allow the necessary volt service to the building, the addition of a fourth elevator, and additional sprinklers for floors 4 through 14.

The Applicant's direct construction cost estimate is \$613K or 7% higher than the estimate provided in the revised Property Condition Assessment (PCA) dated July 23, 2009. The underwriting analysis will reflect the revised PCA value.

Reserves:

The Applicant included initial reserve requirements of \$1.6M, significantly larger than the norm. After correspondence, it was determined that these were additional reserves required by the lender, JP Morgan. The Applicant provided lender confirmation that reserves will include: a \$100K 'parking reserve' and a \$750K 'liquidity reserve loan.' The Underwriter's estimate includes these reserves in addition to the standard operating reserve allowed under the REA guidelines.

Interim Interest Expense:

The Underwriter reduced the Applicant's eligible interim financing fees by \$722K 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.

Conclusion:

The Underwriter's cost schedule was derived from information presented in the Application materials submitted by the Applicant and particularly the revised PCA. Any deviations from the Applicant's or PCA estimates are due to program and underwriting guidelines. Therefore, the Underwriter's PCA derived development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis.

REQUESTED FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 9/24/2009

Source: JP Morgan Chase Type: Interim Financing

Principal: \$13,125,768 Interest Rate: 2.5% Fixed Term: 24 months

Comments:

Rate Index: LIBOR + 2.25%. This source is closed.

Source: Central Dallas Ministries Type: Interim Financing

Principal: \$750,000 Interest Rate: 5.0% Fixed Term: 24 months

Comments:

The Applicant plans to swap \$750K of the loan from CDM with the requested \$750K in TCAP funds. The intention is to use a portion of the loan from CDM in the interim only and the requested TCAP funds will be permanent.

Source: EF&A/Alliant Capital Type: Permanent Financing

Principal: \$4,250,000 Interest Rate: 7.74% Fixed Amort: 360 months

Source: TDHCA HTF Type: Grant

Principal: \$37,500

Comments:

The Applicant has closed on this source of financing.

Source: City of Dallas CDBG Grant Type: Grant

Principal: \$750,000

Comments:

The Applicant has closed on this source of financing. Per the Applicant, the source of funds is not federal and as a result is not required to be deducted from eligible basis. However, pursuant to the Non-Negotiable Promissory Note, this is a CDBG deferred forgivable loan that will be forgiven unless there is an event of default. Because there is no reasonable expectation of repayment, the Underwriter has classified this as a federal grant, and as such has deducted the amount of this grant from eligible basis. This does not result in a reduction in the recommended tax credit allocation or TCAP award.

Source: Federal Home Loan Bank of Chicago Type: Grant

Principal: \$500,000

Comments:

The Applicant has closed on this source of financing.

Source: Exxon Mobil Type: Grant

Principal: \$100,000

Comments:

The Applicant has closed on this source of financing.

Source: King Foundation Type: Grant

Principal: \$50,000

Comments:

The Applicant has closed on this source of financing.

Source: Enterprise Community Partners Type: Grant

Principal: \$50,000

Comments:

The Applicant has closed on this source of financing. The source of financing is federal; therefore, the Underwriter has deducted the amount of this grant from eligible basis.

Source: Baron and Blue Foundation Type: Grant

Principal: \$15,000

Comments:

The Applicant has closed on this source of financing.

Source: Comerica Charitable Foundation Type: Grant

Principal: \$10,000

Comments:

The Applicant has closed on this source of financing.

Source: TREC Foundation Type: Grant

Principal: \$50,000

Comments:

The Applicant has closed on this source of financing.

Source: Hoblitzelle Type: Grant

Principal: \$500,000

Comments:

The Applicant has closed on this source of financing.

Source: Fannie Mae Type: Grant

Principal: \$5,000

Comments:

The Applicant has closed on this source of financing.

Source: Central Dallas Ministries Type: Permanent Financing

Principal: \$250,000 Interest Rate: 0.0% Fixed Amort: 360 months

Comments:

Documentation provided by the Applicant indicates this is a 30 year forgivable loan at 0% interest. However, the Applicant has not included these funds as a permanent source of funding in the submitted sources and uses. The Applicant claims that the \$250K loan was a last minute requirement imposed by JPMorgan Chase for additional equity. The original source of the loan was CDM, and was made out of their operating reserve. The Underwriter's analysis and recommended financing structure reflect this as a source of funds.

Source: TCAP Permanent Loan Replacement Type: Permanent Financing

Principal: \$750,000 Interest Rate: 0.0% Fixed Amort: N/A months

Lien Position: 3rd

Source: TCAP Tax Credit Rplcmnt Loan (forgivable) Type: Permanent Financing

Proceeds: \$3,337,015 Syndication Rate: 85% Anticipated HTC: \$ 392,590

Comments:

The Applicant's request is based on the return of tax credits at a rate of \$0.85. However, per the TCAP policy, because only a partial return is being contemplated, the credits could have been returned at the rate on the remaining credits, or \$0.93. Although the Applicant would have been eligible for a larger request, the recommended award will not exceed the Applicant's request.

Source: City of Dallas Homeless Bond Funds Type: Interim to Permanent Financing

Proceeds: \$1,500,000 Interest Rate: 0.00% Fixed Amort: 360 months

Comments:

The Applicant's pro forma has not included debt service on this loan. The recommended financing structure has included debt service for this loan, however.

Source: Alliant Capital Type: Historic Credit Proceeds

Proceeds: \$3,256,638 Syndication Rate: 88% Anticipated HTC: N/A

Source: Alliant Capital Type: Syndication

Proceeds: \$11,554,978 Syndication Rate: 93% Anticipated HTC: \$ 1,242,595

Amount: \$1,134,239 Type: Deferred Developer Fees

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The Department's policy for the TCAP Permanent Loan Replacement Initiative states that "the interest rate shall be based on a rate required to yield a Debt Coverage Ratio within a range of 1.15 to 1.35 but shall not exceed the interest rate on the permanent first lien debt or 5%, whichever is higher." The Underwriter used a rate equal to the permanent loan interest rate (7.74%), as this resulted in a DCR within a range of 1.15 to 1.35.

The Underwriter's total development cost estimate less the permanent loan of \$4,250,000, \$1.28M in grant funds, \$2.25M in permanent loans from the City of Dallas, \$3.3M in historic credit proceeds, and the TCAP Permanent Loan request, indicates the need for \$14,891,993 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,601,450 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's previously awarded credits (\$1,635,185), the gap-driven amount (\$1,601,450), and eligible basis-derived estimate (\$1,825,040) which reflects the return of \$392,590 in previously awarded tax credits, the Applicant's previously approved credits no longer appear to be supported.

However, although the previously awarded amount of \$1,635,185 is not currently supported by the updated information presented, staff does not recommend a reduction to the tax credit allocation prior to the completion of construction, and review of the final certified costs at the time of cost certification. This recommendation is intended to preserve the additional tax credits in the event that the cost increases that the Board anticipated do in fact occur. To the extent that the DCR remains above the Department's guidelines at the time of cost certification, a reduction to the tax credit allocation may be recommended. Because recommended credits will not decrease at this time, the TCAP award recommendation must be reduced slightly to ensure that the development is not over subsidized.

The Underwriter recommends a TCAP Permanent Loan Replacement Initiative loan not to exceed \$691,170 structured as a fully amortizing loan over 30 years at 7.74% interest rate. It is also recommended that the TCAP Permanent Loan Replacement Initiative loan remain in a third lien position throughout the permanent loan repayment period. The Underwriter also recommends a TCAP Tax Credit Replacement loan in the amount of \$3,337,015, structured as a deferred, forgivable loan with a 15 year loan term. It is recommended that the TCAP Tax Credit Replacement Initiative loan remain in a fourth lien position throughout the permanent loan repayment period.

The Underwriter's recommended financing structure indicates no need for deferred developer fees.

Underwriter:	_____	Date:	13-Nov-09
	<i>Diamond Unique Thompson</i>		
Manager of Real Estate Analysis:	_____	Date:	13-Nov-09
	<i>Audrey Martin</i>		
Director of Real Estate Analysis:	_____	Date:	13-Nov-09
	<i>Brent Stewart</i>		

MULTIFAMILY COMPARATIVE ANALYSIS

City Walk at Akard, Dallas, R1 TCAP / 9% HTC #09712/060086

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	WST
TC 60%	11	0	1	312	\$709	640	\$7,040	\$2.05	\$78.00	\$37.00
TC 60%	11	0	1	325	\$709	640	\$7,040	\$1.97	\$78.00	\$37.00
TC 60%	11	0	1	326	\$709	640	\$7,040	\$1.96	\$78.00	\$37.00
TC 60%	11	0	1	333	\$709	709	\$7,799	\$2.13	\$78.00	\$37.00
TC 30%	10	0	1	343	\$355	355	\$3,550	\$1.03	\$78.00	\$37.00
TC 60%	8	0	1	343	\$709	640	\$5,120	\$1.87	\$78.00	\$37.00
TC 60%	18	0	1	343	\$709	640	\$11,520	\$1.87	\$78.00	\$37.00
TC 60%	11	0	1	350	\$709	709	\$7,799	\$2.03	\$78.00	\$37.00
TC 30%	10	0	1	351	\$355	355	\$3,550	\$1.01	\$78.00	\$37.00
TC 60%	2	0	1	351	\$709	709	\$1,418	\$2.02	\$78.00	\$37.00
TC 60%	6	0	1	351	\$709	709	\$4,254	\$2.02	\$78.00	\$37.00
TC 60%	11	0	1	363	\$709	709	\$7,799	\$1.95	\$78.00	\$37.00
TC 60%	11	0	1	375	\$709	709	\$7,799	\$1.89	\$78.00	\$37.00
TC 60%	11	0	1	393	\$709	709	\$7,799	\$1.80	\$78.00	\$37.00
TC 60%	1	0	1	681	\$709	709	\$709	\$1.04	\$78.00	\$37.00
TC 60%	2	0	1	691	\$709	709	\$1,418	\$1.03	\$78.00	\$37.00
TC 60%	11	1	1	423	\$760	760	\$8,360	\$1.80	\$98.00	\$46.00
TC 60%	11	1	1	426	\$760	760	\$8,360	\$1.78	\$98.00	\$46.00
TC 60%	11	1	1	548	\$760	760	\$8,360	\$1.39	\$98.00	\$46.00
TC 60%	11	2	1	587	\$912	800	\$8,800	\$1.36	\$123.00	\$54.00
TC 60%	1	2	1	729	\$912	912	\$912	\$1.25	\$123.00	\$54.00
TC 60%	10	2	1	821	\$912	912	\$9,120	\$1.11	\$123.00	\$54.00
TOTAL:	200	2	AVERAGE:	410		\$678	\$135,566	\$1.65	\$86.25	\$40.36

INCOME				TOTAL Net Rentable Sq Ft: 82,039				COUNTY				IREM REGION				COMPT. REGION			
POTENTIAL GROSS RENT				\$1,626,792				Dallas				Dallas				3			
Secondary Income				24,000				Per Unit Per Month: \$10.00				Per Unit Per Month: \$10.00				Per Unit Per Month: \$10.00			
Other Support Income:				0															
POTENTIAL GROSS INCOME				\$1,650,792				\$1,539,348				\$1,539,348				\$1,634,112			
Vacancy & Collection Loss				-(123,809)				-(115,451)				-(76,968)				-(130,728)			
Employee or Other Non-Rental Units or Concessions				0				0				0				0			
EFFECTIVE GROSS INCOME				\$1,526,983				\$1,423,897				\$1,462,380				\$1,503,384			
EXPENSES				% OF EGI				PER UNIT				PER SQ FT				PER SQ FT			
General & Administrative				1.90%				\$145				0.35				\$29,068			
Management				4.12%				314				0.77				62,865			
Payroll & Payroll Tax				12.90%				985				2.40				196,971			
Repairs & Maintenance				5.03%				384				0.94				76,781			
Utilities				15.59%				1,190				2.90				238,050			
Water, Sewer, & Trash				6.34%				484				1.18				96,852			
Property Insurance				2.27%				174				0.42				34,707			
Property Tax				2.50473%				751				1.83				150,284			
Reserve for Replacements				3.93%				300				0.73				60,000			
TDHCA Compliance Fees				0.52%				40				0.10				8,000			
TCAP Asset Oversight Fees				0.00%				0				0.00				0			
TOTAL EXPENSES				63.10%				\$4,818				\$11.75				\$963,578			
NET OPERATING INC				36.90%				\$2,817				\$6.87				\$563,405			
DEBT SERVICE				23.90%				\$1,825				\$4.45				\$365,018			
EF&A/Alliant Capital				0.00%				\$0				\$0.00				0			
TCAP Permanent Loan Replacemr				0.00%				\$0				\$0.00				0			
Additional Financing				12.99%				\$992				\$2.42				\$198,387			
NET CASH FLOW				1.54				\$119				\$0.29				\$23,000			
AGGREGATE DEBT COVERAGE RATIO				1.54				1.16				1.16				1.42			
RECOMMENDED DEBT COVERAGE RATIO				1.20				1.20				1.20				1.22			

CONSTRUCTION COST				TDHCA				TDHCA - UW				APPLICATION				APPLICANT			
Acquisition Cost (site or bid)				17.00%				\$22,875				\$55.77				\$4,575,000			
Off-Sites				0.00%				0				0.00				0			
Sitework				0.23%				307				0.75				61,420			
Direct Construction				48.01%				64,595				157.47				12,919,044			
Contingency				7.40%				4,806				11.72				961,106			
Contractor's Fees				10.39%				6,747				16.45				1,349,316			
Indirect Construction				4.91%				6,610				16.11				1,321,933			
Ineligible Costs				6.09%				8,193				19.97				1,638,655			
Developer's Fees				11.50%				11,000				26.82				2,200,000			
Interim Financing				1.62%				2,185				5.33				436,962			
Reserves				5.37%				7,219				17.60				1,443,865			
TOTAL COST				100.00%				\$134,537				\$327.98				\$26,907,301			
+ 10% Increase																			
Total Cost				56.63%				\$76,454				\$186.39				\$15,290,886			
Construction Cost Recap																			

SOURCES OF FUNDS				RECOMMENDED				Developer Fee Available							
EF&A/Alliant Capital				15.79%				\$21,250				\$51.80			
TDHCA HTF				0.14%				\$188				\$0.46			
City of Dallas CDBG Grant				2.79%				\$3,750				\$9.14			
City of Dallas Homeless Bond Funds				5.57%				\$7,500				\$18.28			
Central Dallas Ministries				0.93%				\$1,250				\$3.05			
Federal Home Loan Bank of Chicago				1.86%				\$2,500				\$6.09			
Exxon Mobil				0.37%				\$500				\$1.22			
King Foundation				0.19%				\$250				\$0.61			
Enterprise Community Partners				0.19%				\$250				\$0.61			
Baron and Blue Foundation				0.06%				\$75				\$0.18			
Comerica Charitable Foundation				0.04%				\$50				\$0.12			
TREC Foundation				0.19%				\$250				\$0.61			
Hobitzelle				1.86%				\$2,500				\$6.09			
Fannie Mae				0.02%				\$25				\$0.06			
TCAP Permanent Loan Replacemr				2.79%				\$3,750				\$9.14			
TCAP Tax Credit Rplcmt Loan (fr				12.40%				\$16,685				\$40.68			
Alliant Capital				42.94%				\$57,775				\$140.85			
Alliant Capital Historic Tax Credits				12.10%				\$16,283				\$39.70			
Deferred Developer Fees				4.22%				\$5,671				\$13.83			
Additional (Excess) Funds Req'd				-4.43%				(\$5,965)				(\$14.54)			
TOTAL SOURCES															

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
 City Walk at Akard, Dallas, R1 TCAP / 9% HTC #09712/060086

DIRECT CONSTRUCTION COST ESTIMATE
 Marshall & Swift Residential Cost Handbook
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost				\$0
Adjustments				
Exterior Wall Finish			\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.42)	(198,534)
Floor Cover			2.38	195,253
Breezeways/Balconies	\$22.95		0.00	0
Plumbing Fixtures	\$835		0.00	0
Rough-ins	\$410		0.00	0
Built-In Appliances	\$1,800	200	4.39	360,000
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	(\$9.92)		0.00	0
Heating/Cooling			1.83	150,131
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	\$2.15	82,039	2.15	176,384
SUBTOTAL			8.33	683,234
Current Cost Multiplier	1.01		0.08	6,832
Local Multiplier			(8.33)	(683,234)
TOTAL DIRECT CONSTRUCTION COSTS			\$0.08	\$6,832
Plans, specs, survy, bid prm	3.90%		(\$0.00)	(\$266)
Interim Construction Interest	3.38%		(0.00)	(231)
Contractor's OH & Profit	11.50%		(0.01)	(786)
NET DIRECT CONSTRUCTION COSTS			\$0.07	\$5,550

PAYMENT COMPUTATION

Primary	\$4,250,000	Amort	360
Int Rate	7.74%	DCR	1.54

Secondary	\$750,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.54

Additional	\$1,500,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.54

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	\$365,018
Secondary Debt Service	59,362
Additional Debt Service	50,000
NET CASH FLOW	\$105,196

Primary	\$4,250,000	Amort	360
Int Rate	7.74%	DCR	1.59

Secondary	\$691,170	Amort	360
Int Rate	7.74%	Subtotal DCR	1.37

Additional	\$1,500,000	Amort	360
Int Rate	0.00%	Aggregate DCR	1.22

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS RENT	\$1,610,112	\$1,642,314	\$1,675,161	\$1,708,664	\$1,742,837
Secondary Income	24,000	24,480	24,970	25,469	25,978
Other Support Income:	0	0	0	0	0
POTENTIAL GROSS INCOME	1,634,112	1,666,794	1,700,130	1,734,133	1,768,815
Vacancy & Collection Loss	(130,728)	(125,010)	(127,510)	(130,060)	(132,661)
Employee or Other Non-Rental	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,503,384	\$1,541,785	\$1,572,620	\$1,604,073	\$1,636,154
EXPENSES at 3.00%					
General & Administrative	\$29,445	\$30,328	\$31,238	\$32,175	\$33,141
Management	59,334	60,850	62,067	63,308	64,574
Payroll & Payroll Tax	268,710	276,771	285,074	293,627	302,435
Repairs & Maintenance	70,278	72,386	74,558	76,794	79,098
Utilities	177,199	182,515	187,990	193,630	199,439
Water, Sewer & Trash	70,842	72,967	75,156	77,411	79,733
Insurance	40,000	41,200	42,436	43,709	45,020
Property Tax	130,000	133,900	137,917	142,055	146,316
Reserve for Replacements	60,000	61,800	63,654	65,564	67,531
Other	18,000	18,540	19,096	19,669	20,259
TOTAL EXPENSES	\$923,807	\$951,257	\$979,188	\$1,007,941	\$1,037,547
NET OPERATING INCOME	\$579,577	\$590,527	\$593,434	\$596,131	\$598,608
DEBT SERVICE					
First Lien Financing	\$365,018	\$365,018	\$365,018	\$365,018	\$365,018
Second Lien	59,362	59,362	59,362	59,362	59,362
Other Financing	50,000	50,000	50,000	50,000	50,000
NET CASH FLOW	\$105,196	\$116,147	\$119,054	\$121,751	\$124,228
DEBT COVERAGE RATIO	1.22	1.24	1.25	1.26	1.26

YEAR 10	YEAR 15	YEAR 20	YEAR 30
\$1,924,233	\$2,124,509	\$2,345,629	\$2,859,309
28,682	31,667	34,963	42,620
0	0	0	0
1,952,915	2,156,176	2,380,593	2,901,929
(146,469)	(161,713)	(178,544)	(217,645)
0	0	0	0
\$1,806,446	\$1,994,463	\$2,202,048	\$2,684,284
\$38,419	\$44,538	\$51,632	\$69,389
71,295	78,715	86,908	105,941
350,606	406,448	471,185	633,233
91,696	106,301	123,232	165,614
231,205	268,029	310,720	417,581
92,432	107,154	124,221	166,943
52,191	60,504	70,140	94,263
169,621	196,637	227,956	306,354
78,286	90,755	105,210	141,394
23,486	27,227	31,563	42,418
\$1,199,237	\$1,386,309	\$1,602,768	\$2,143,129
\$607,210	\$608,154	\$599,281	\$541,156
\$365,018	\$365,018	\$365,018	\$365,018
59,362	59,362	59,362	59,362
50,000	50,000	50,000	50,000
\$132,830	\$133,774	\$124,900	\$66,775
1.28	1.28	1.26	1.14

HTC ALLOCATION ANALYSIS -City Walk at Akard, Dallas, R1 TCAP / 9% HTC #09712/060086

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
Acquisition Cost						
Purchase of land	\$1,162,232	\$2,500,000				
Purchase of buildings	\$3,511,150	\$2,075,000	\$3,511,150	\$2,075,000		
Off-Site Improvements						
Sitework	\$56,248	\$61,420			\$56,248	\$61,420
Construction Hard Costs	\$13,531,828	\$12,919,044			\$13,531,828	\$12,919,044
Contractor Fees	\$1,349,316	\$1,349,316			\$1,349,316	\$1,349,316
Contingencies	\$961,106	\$961,106			\$961,106	\$961,106
Eligible Indirect Fees	\$1,321,933	\$1,321,933			\$1,321,933	\$1,321,933
Eligible Financing Fees	\$436,962	\$436,962			\$436,962	\$436,962
All Ineligible Costs	\$1,638,655	\$1,638,655				
Developer Fees						
Developer Fees	\$2,200,000	\$2,200,000	\$364,906	\$238,696	\$1,835,094	\$1,961,304
Development Reserves	\$1,680,940	\$1,443,865				
TOTAL DEVELOPMENT COSTS	\$27,850,370	\$26,907,301	\$3,876,056	\$2,313,696	\$19,492,487	\$19,011,086

Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis					\$800,000	\$800,000
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)					\$3,316,453	\$3,316,453
TOTAL ELIGIBLE BASIS			\$3,876,056	\$2,313,696	\$15,376,034	\$14,894,633
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			\$3,876,056	\$2,313,696	\$19,988,844	\$19,363,022
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			\$3,876,056	\$2,313,696	\$19,988,844	\$19,363,022
Applicable Percentage			3.56%	3.56%	9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS			\$137,988	\$82,368	\$1,798,996	\$1,742,672

Syndication Proceeds	0.9299	\$1,283,156	\$765,942	\$16,728,990	\$16,205,229
Total Tax Credits (Eligible Basis Method)				\$1,936,984	\$1,825,040
Syndication Proceeds				\$18,012,146	\$16,971,171
Originally Awarded Tax Credits				\$1,242,595	
Syndication Proceeds				\$11,554,978	
Additional Tax Credits				\$392,590	
Syndication Proceeds				\$3,650,722	
Total Awarded Tax Credits				\$1,635,185	
Syndication Proceeds				\$15,205,700	
Gap of Syndication Proceeds Needed				\$15,835,062	\$14,891,993
Total Tax Credits (Gap Method)				\$1,702,865	\$1,601,450

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

DATE: October 25, 2006

PROGRAM: 9% HTC

FILE NUMBER: 060086

DEVELOPMENT NAME

City Walk at Akard

APPLICANT

Name: Akard Walk, L.P. **Contact:** John P. Greenan
Address: 3902 Elm
City: Dallas **State:** TX **Zip:** 75226
Phone: (214) 827-1000 x21 **Fax:** (214) 827-1340 **Email:** jgreenan@cdm-hope.org

KEY PARTICIPANTS

Name: Central Dallas CDC **Title:** 1% Managing General Partner/Co-Developer
Name: McCaslin Development Company **Title:** Co-Developer
Name: J.D. McCaslin **Title:** 50% Owner of McCaslin Development Company
Name: Carl G. "Butch" McCaslin **Title:** 50% Owner of McCaslin Development Company
Name: S. Anderson Consulting (Sarah Anderson) **Title:** Consultant

PROPERTY LOCATION

Location: 511 North Akard
City: Dallas **Zip:** 75201
County: Dallas **Region:** 3 QCT DDA

REQUEST

<u>Program</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
HTC	\$1,200,000	N/A	N/A	10
Proposed Use of Funds:	Acquisition/rehab	Type:	Multifamily/Supportive Housing	
Target Population:	Family	Other:	Urban/Exurban, Nonprofit	

RECOMMENDATION

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$1,242,595¹ ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance of firm commitment for the operating subsidy grant(s) specifically addressing/outlining terms and future renewal options, and documentation of a dedicated source official HUD contract(s) or contract(s) from the DHA by carryover;

¹ The recommended tax credit allocation incorporates the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively. In addition the Board approved a waiver to the \$1.2M per property credit limit at the August 30, 2006 Board meeting to allow a proportionate increase based on the increase in the applicable percentage i.e. \$1,242,595

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

2. Receipt review and acceptance of revised floor plans and/or rent schedule that are consistent with each other by carryover;
3. Receipt review and acceptance of confirmation from the City that the development will meet parking requirements by carryover;
4. Receipt, review and acceptance of documentation that the recommendations of the Phase I ESA have been addressed in particular with regard to asbestos remediation prior to demolition and construction, an asbestos O & M plan after the construction has been completed if any asbestos is believed to remain and resolution to the removal and proper disposal of the drums and containers of chemicals found at the site by cost certification;
5. Receipt, review and acceptance of the confirmation of dedicated Continuum of Care Permanent Housing Program vouchers and documentation of the ability of such vouchers to pay all operating expenses plus debt service by carryover;
6. Receipt, review and acceptance by 10% test of evidence that the development qualifies for Historic Tax Credits and application has been made to the Secretary of the Interior. In addition, documentation of the commitment for syndication proceeds of at least \$3,200,425 and a letter from the syndicator's attorney indicating the effect on the housing tax credit eligible basis is also required by carryover;
7. Receipt, review and acceptance of a revised development cost schedule that does not include total costs for particular line items that are less than the projected eligible costs and that correctly re-evaluates the line items with costs in the acquisition basis column and recalculates the total acquisition eligible basis cost correctly by carryover;
8. Receipt, review and acceptance of firm commitments for the proposed grant financing; and,
9. 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

The Applicant identified as a source of funds a Central Dallas CDC application (#05804) in September 2005 for a HTF Capacity Building Grant. The TDHCA Board approved a grant commitment for \$37,500 in November of 2005 and the Department entered into a contract with Central Dallas CDC effective as of January 16, 2006 and to end on January 16, 2007. These funds were intended as grant funds to support emerging and established nonprofit housing organizations in identifying, planning and undertaking new affordable housing developments. Specifically this grant was requested to pay for staff salaries (Executive Director), associated costs for program oversight, and for a part-time consultant to complete the planning phase of a 450 unit multifamily development. The Board write-up reflects that "At a minimum, all Awardees must produce the following reports to fulfill their grant commitment:

- Housing needs study, or market study that confirms the demand for the proposed affordable housing in the target community. Reports should focus on the target population and the specific type of housing (rental, homeownership, etc...) identified in the application.
- Site feasibility study that confirms probable housing sites within the target community and provides basic information regarding estimated development costs, operating expenses and feasibility, from both a physical and financial perspective.
- Property tax report that details all communications with local taxing entities and any preliminary or final decisions on available tax abatements."

The Application indicates that these funds are a source of funds for the development with no expected repayment to the Department.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 209	# Buildings: 1	# of Floors: 15	Age: 48 yrs	Vacant: 100%
Net Rentable SF: 95,052*	Av Un SF: 455	Common Area SF: ≈72,087*	Gross Bldg SF: ≈167,139	

*Based upon the rent schedule. The exact square footage could not be confirmed as the last set of floor plans reflect a slightly different set of unit sizes but total to a remarkably close 95,017 square feet.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other SRO properties. They appear to provide acceptable access but limited storage. The pictures of the building reflect a modest urban mid-rise building.

STRUCTURAL MATERIALS

The structures are constructed on a concrete slab subfloor. According to the plans provided in the application the exterior is masonry veneer and curtain wall. The interior wall surfaces will be drywall and the flat roof will be finished with built-up rock.

UNIT FEATURES

The interior flooring is 100% resilient floor 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. In addition, each unit will include: a microwave, a phone jack and high speed connection in each room, pipe and fan coil air system, and eleven-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 200 or more, the Applicant has elected to provide a community laundry room, an equipped business center or computer learning center, a furnished community room, a furnished fitness center, a health screening room, a library separate from the community room, public telephone(s) available to tenants 24 hours a day, secured entry to the residential buildings, and a service coordinators office in addition to the leasing offices.

Uncovered Parking: 37 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The subject is a high density acquisition and rehabilitation of an existing mid-rise office building located in Dallas. The development was built in 1958 and is currently vacant. The Applicant proposes a conversion to a 209-unit special needs housing facility. The Applicant estimates that the development will contain approximately 72,087 square feet of combined community areas including hallways, laundry facilities, counseling offices, a fitness center, a library and retail areas. The first floor of the building will house an auditorium, counseling offices, a fitness center and some retail space. The second floor & third floors will primarily be office areas and a community room and roof deck. (The square footage for this common area could not be confirmed.)

<u>Floor Numbers</u>	<u>Eff/ SRO/ Studio</u>	<u>1BR</u>	<u>2BR</u>
1-3	All	Common	Area
4-13	12	6	
14	12	6	
15		9	2

As noted above, the square footages on the revised floor plans provided by the Applicant do not match those provided in the revised rent schedule on a unit by unit basis. Receipt review and acceptance of revised floor plans and/or rent schedule that are consistent are a condition of this report.

It should also be noted that the subject will have a very limited amount of parking available for residents and staff, but this may be expected in a downtown development especially targeting homeless persons. Moreover as an existing structure it is likely that the limited parking already meets existing code requirements. Given however that the proposed development consists of a change in use for the building, receipt review and acceptance of confirmation from the city that the development will meet parking requirements is a condition of this report.

Existing Subsidies: The Applicant initially indicated the use of \$982,458 in federal grant funds to be awarded to Central Dallas Ministries in the form of rental subsidy vouchers from Continuum of Care Permanent Housing Program. These funds will be made available to qualified tenants who will pay 30% of income and the subsidy will pay the rest up to the HUD program limit of \$490/ month. The Continuum of Care grant is proposed as a two year project that will be renewable thereafter. Also, according to a letter dated June 26, 2006, the Applicant is in the process of entering into a contract with the Dallas Housing Authority for Project Based Assistance. The Applicant anticipates that the property will operate under the DHA HAP

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contract providing project-based rental assistance for up to 100 units and is anticipated to last for five years and be renewable thereafter.

In response to a request for documentation of these subsidies the Applicant provided a letter dated August 16, 2006 which indicated the following:

“Central Dallas Community Development Corporation (CDCDC) and its founding organization, Central Dallas Ministries (CDM) have received commitments of funding from two sources that could be used to subsidize rents for low-income people residing in the City Walk @ Akard project. These include 100 site-based Housing Choice Vouchers from the Dallas Housing Authority (DHA) and a Continuum of Care grant that will pay up to \$343,000 for 91 residential units from HUD...The DHA vouchers are for those who are homeless or at risk of homelessness. The Continuum of Care grant funds contain a requirement that 67 of the 91 funded units be for the chronically homeless. At the same time, the City of Dallas has placed a limit of 50 on the number homeless persons residing at City Walk @ Akard at one time. Taking these various requirements and sources into account, rent subsidies could be provided for as many as 150 units at City Walk @ Akard at one time...After analyzing the costs and benefits associated with using the available rent subsidies, and taking into account our estimate of the demand for residential units at City Walk @ Akard at tax credit rents as well as the price of our units compared to other downtown residences and the desired social make-up of the project, Central Dallas CDC expects to use only about sixty percent (60%) of the rental subsidies available for this project, or roughly 90 units. The current estimate of 88 units is based on the assumption that the 30% tax credit units can be rented without the need for subsidies, and that the DHA Vouchers will be used to provide rent subsidies on the 88 SRO-style units that are restricted to renting at 60% or less of AMI...all of the rent subsidies will still be available for use if needed.”

While the Applicant has provided a variety of anticipated sources for operating funds, it is still not clear which specific subsidies will be dedicated to the development. Receipt, review and acceptance of firm commitment for the operating subsidy grant(s) specifically addressing/outlining terms and future renewal options, and documentation of a dedicated source official HUD contract(s) or contract(s) from the DHA are conditions of this report.

Development Plan: The buildings are currently 100% vacant and in fair condition. The property condition assessment prepared by AESTIMO, Inc. and dated March 30, 2006 indicates:

It is our understanding that a renovation is planned for the property, and at this time, the scope of work associated with the renovation is in the preliminary development stages, but is planned to include the following:

- Demolition of all interior finishes exposing building structure similar to Level 14.
- Construct 209 studio, one-bedroom and two-bedroom apartment units between Level 4 and Level 15.
- Renovate existing auditorium on the first floor.
- Provide counseling offices, fitness center, library and retail area on the first floor of the building.
- Provide offices on the second floor.
- Provide offices and a Community Room on the third floor of the building.
- Remove existing elevators and relocate elevators to south wall of the building.
- Abandon existing stair towers and install two new stair towers along south wall of the building.
- Provide new primary building entrance on north side of building
- Install approximately 150 new punched window units on the north and west building elevations.
- Recondition existing window units.
- Replace all roofs.
- Refurbish/replace existing HVAC equipment.
- Overlay asphalt pavements.

As the subject is currently a vacant office building, a tenant relocation plan is not necessary.

SITE ISSUES			
SITE DESCRIPTION			
Total Size:	0.9 acres	Scattered sites?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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Flood Zone: None **Within 100-year floodplain?** Yes No
Current Zoning: CA-1(A) Central Area **Needs to be re-zoned?** Yes No N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located at 511 North Akard, Dallas in Dallas County. Dallas is approximately 35 miles east of downtown Fort Worth and approximately 196 miles northeast of Austin in Dallas County.

Adjacent Land Uses:

- **North:** North Akard Street immediately adjacent and Lincoln Plaza Building beyond;
- **South:** Surface parking lots immediately adjacent and Field Street beyond;
- **East:** Eight-story parking garage immediately adjacent and Patterson Street beyond; and
- **West:** Parking lot immediately adjacent and San Jacinto Street and a YMCA building beyond.

Site Access: According to the Market Analyst, "Access to the site is provided by San Jacinto Street and N. Akard Street. N. Akard Street in a one-way four-lane street permitting traffic flow west to east through the downtown area. San Jacinto Street is a one-way three-lane street permitting traffic flow south to north. Access and traffic flow to the Subject property are considered good" (p.6).

Public Transportation: According to the Market Analyst, "...Public transportation in the City of Dallas is provided by the Dallas Area Rapid Transit (DART) organization. Currently, DART serves Dallas and 12 surrounding cities with approximately 130 bus routes, 44 miles of light rail transit, 31 freeway miles of high occupancy vehicle lanes, and paratransit service for the mobility impaired. DART and the Fort Worth Transportation Authority jointly operate 35 miles of commuter rail transit (the Trinity Railway Expressway or TRE), which links downtown Dallas and Fort Worth with stops in the mid-cities and the Dallas Fort Worth International Airport. The Subject will be located within two blocks of the closest DART light rail station, which is located at the corner of N. Akard Street and Pacific Avenue" (p.22).

Shopping & Services: The Subject's location also offers good access to healthcare, public transportation, recreation, and educational opportunities. Also, the site is proximal to several major grocery/pharmacies, shopping centers, and a variety of other retail establishments and restaurants.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 5/10/2006
Overall Assessment: Excellent Acceptable Questionable Poor Unacceptable
Comments: _____

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 10, 2006 was prepared by EcoSystems Environmental, Inc and contained the following findings and recommendations:

Findings:

- **Noise:** Per a letter dated August 7, 2006 from ESEI, "Based on the proximity of the Site to known industrial zones, major highways and interchanges, active rail lines, civil and military airfields, or other potential sources of excessive noise, ESEI does not believe that a noise study is warranted. The Site is located in a downtown business district with no known sources of excessive noise in the surrounding area. The DART light rail system is located approximately two blocks south of the Site but is not considered a source of excessive noise."
- **Floodplain:** "In an effort to determine the Site's position within known flood zones, ESEI retained American Flood Research (AFR) to review the FEMA Flood Insurance Rate Map (FIRM). According to the map, the Site is located on the Dallas County, Texas Community Panel No. 48113C-0345J revised August 23, 2001. The Site is not located within the boundaries of the flood hazard area" (p.22).
- **Asbestos-Containing Materials (ACM):** "ESEI conducted a limited sampling and analysis of suspect asbestos-containing material (ACM) in readily accessible portions of the building at the Site (Photograph Nos. 15-26). The sampling program was a preliminary identification of potential ACM and should not be interpreted as an asbestos survey. Twenty-six samples of building material samples were collected at the Site. ... Analysis of the samples collected indicated that eleven of the twenty-six samples contained regulated amounts of ACM. ESEI identified ACM consisted of fireproofing, plaster wall-finish coat, floor

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tile, floor tile mastic, duct insulation, pipe insulation, pipe fitting insulation, perimeter wall mastic, boiler insulation, tank insulation, and exterior wall/window caulking. In the event renovation or demolition activities are contemplated for the Site, sampling for ACM is required by the Texas Asbestos Health Protection Rules (TAHPR). Specifically, TAHPR requires an inspection to determine the presence or location, or assess the condition of, friable or non-friable, asbestos-containing building material (ACBM) or suspect ACBM. ... ESEI does not warrant that all materials at the Site that may contain asbestos were identified. Furthermore, the sampling program was not intended to meet the requirements of the aforementioned state and federal regulatory requirements for sampling building materials prior to renovation or demolition activities”(p.27).

- **Lead-Based Paint (LBP):** “A total of 37 assay points, including calibration samples, were selected throughout the Site and analyzed for determination of lead content using a NITON hand-held X-Ray Fluorescence (XRF) Analyzer. ...ESEI did not identify any LBP during this screening. Results of all LBP assay points are located in Appendix F of this report” (p.28).
- **Lead in Drinking Water:** Per a letter dated August 7, 2006 from ESEI, “The Safe Drinking Water Act (SDWA) of 1974 established a Maximum Contaminant Level (MCL) goal of zero for lead in drinking water and the regulatory MCL for public water systems was set at 50 micrograms per liter ($\mu\text{g}/\text{l}$ -parts per billion) by the EPA. Under the Lead and Copper Rule, established in 1991, the EPA subsequently replaced this MCL with an action level of $15\mu\text{g}/\text{l}$. If a public water system (PWS) exceeds the action level in more than ten percent of samples collected, the provider is required to implement a corrosion control program and provide public education on lead in drinking water. ESEI contacted the Dallas Water Department regarding water supply and department records pertaining to the Site. ESEI was informed that the water to the Site is provided by the City of Dallas. The City of Dallas derives their public water supply from local surface reservoirs, (i.e. Lake Ray Hubbard) near the city. According to the department, the Site has had no reported problems regarding the water supply to the Site. There is no regulatory requirement mandating that the water at the Site be tested for lead content. Based on the planned renovation activities scheduled for the Site, which includes the redevelopment of the plumbing systems (i.e., fixtures and faucets) ESEI does not believe that testing the water at the Site is warranted at this time.
- **Radon:** “According to information received in the database report, radon information was not available for this area. Based on the subsurface geologic formations and stratigraphy underlying the Site, it is unlikely that radon levels greater than $4.0\text{ pCi}/\text{L}$ will accumulate at the Site” (p.28).

Recommendations: “Based upon the above-listed Findings and Conclusions, ESEI offers the following Recommendation(s):

- Based on the limited asbestos sampling performed during this assessment, ESEI offers the recommendations presented below. Such recommendations should be implemented prior to the commencement of any renovation or demolition activities or other activities that would potentially disturb the identified ACM or RACM at the site.
 - In the event renovation or demolition activities are scheduled, further asbestos testing must be performed in the areas of renovation or demolition to comply with applicable federal and state regulations.
 - Identified ACM, including nonfriable ACM, *that will be disturbed by renovation or demolition activities* should be removed prior to their disturbance by appropriately licensed personnel and in accordance with applicable laws and regulations.
- ESEI recommends that the drums and containers of chemicals observed at the Site be inventoried, packed, characterized, and disposed of by qualified personnel as hazardous waste and any stained concrete associated with these containers be properly decontaminated” (p.30).

Receipt, review and acceptance of documentation that the recommendations of the Phase I ESA have been addressed in particular with regard to asbestos remediation prior to demolition and construction, an asbestos O & M plan after the construction has been completed if any asbestos is believed to remain and resolution to the removal and proper disposal of the drums and containers of chemicals found at the site are conditions of this report.

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INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Two hundred of the units (96% of the total) will be reserved for low-income tenants. Twenty-one of the units (10%) will be reserved for households earning 30% or less of AMI, 179 units (86%) will be reserved for households earning 60% or less of AMI, and the remaining 9 units will be offered at market rents. A variety of rent subsidies are also anticipated to be used at the property and to the extent that they are they rent charged to the tenants must remain at or below the rent restrictions proposed by the Applicant but actual total rent collected from all sources could exceed the HTC restricted rent.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$27,960	\$31,920	\$35,940	\$39,900	\$43,080	\$46,260

MARKET HIGHLIGHTS

A market feasibility study dated March 30, 2006 was prepared by Novogradac & Company ("Market Analyst") and included the following findings:

Secondary Market Information: "The Subject's Secondary Market Area (SMA) is defined as the Dallas-Fort Worth-Arlington, Texas MSA." (p. 12).

Definition of Primary Market Area (PMA): "For the purpose of this Study, the Subject's Primary Market Area (PMA) is the area bounded by the Trinity River, Woodall Rogers Freeway, and North Henderson Avenue to the North, Interstate 30, Martin Luther King Boulevard and Interstate 45 to the east. The southern boundaries are State Road 180 and East 8th Street and the western boundary is Hampton Road" (p. 12). This area encompasses approximately 17.63 square miles and is equivalent to a circle with a radius of 2 miles.

Population: The estimated 2005 population of the PMA was 87,961 and is expected to increase by 8% to approximately 95,224 by 2010. Within the primary market area there were estimated to be 26,239 households in 2005.

Total Market Demand: The Market Analyst utilized a target household adjustment rate of 100% and a household size-appropriate adjustment rate of 24%. The Analyst's income band of \$11,931 to \$31,920 (p. 67) results in an income eligible adjustment rate of 24% (p. 68). The tenure appropriate adjustment rate of 72% is specific to the target population (p. 71). The Market Analyst indicates a turnover rate of 26% applies based on surveys of comparable properties. (p. 40)

MARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	83	7%	73	6%
Resident Turnover	1,206	93%	1,062	94%
TOTAL DEMAND	1,289	100%	1,135	100%

p. 71

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 15.5% based upon 1,289 units of demand and 200 unstabilized affordable housing in the PMA (including the subject) (p. 71). The Underwriter calculated an inclusive capture rate of 18% based upon a revised demand estimate for 1,135 affordable units.

Unit Mix Conclusion: "Relative to the comparable properties, the Subject offers a much higher percentage of studio units: 63 percent relative to only eight percent at the comparables. However, as previously discussed, the Subject's primary target population for these units is transitional homeless, which typically are only one-person households. In addition, the Subject will target a number of other groups that are typically smaller-sized households including artists, students, the disabled, and seniors. Thus, the Subject's unit mix appears consistent with the target population. Moreover, the vacancy by unit type analysis presented later indicates very strong demand for studio units. Therefore, the proposed unit mix should be well received in

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this market” (p. 39).

Market Rent Comparables: The Market Analyst surveyed 10 comparable apartment projects totaling 1,558 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
Efficiency (30%)	\$348	\$285	\$63	\$725	-\$377
Efficiency (30%)	\$348	\$285	\$63	\$750	-\$402
Efficiency (60%)	\$490	\$636	-\$146	\$725	-\$235
Efficiency (60%)	\$699	\$636	\$63	\$750	-\$51
Efficiency (60%)	\$699	\$636	\$63	\$800	-\$101
1-Bedroom (60%)	\$748	\$671	\$77	\$800	-\$52
1-Bedroom (60%)	\$748	\$671	\$77	\$1,200	-\$452
1-Bedroom (60%)	\$748	\$671	\$77	\$1,250	-\$502
1-Bedroom (MR)	\$1,050	N/A	N/A	\$1,250	-\$200
2-Bedroom (MR)	\$1,250	N/A	N/A	\$1,650	-\$400
2-Bedroom (MR)	\$1,265	N/A	N/A	\$1,650	-\$385

(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)

Given that there are no developments in this market with the diversity of unit mix it is questionable as to whether the unrestricted market units can achieve the Market Analyst’s estimate of market rent.

Primary Market Occupancy Rates: The Market Analyst does not explicitly comment on the occupancy rates of the PMA.

Absorption Projections: “Unfortunately, none of the comparable LIHTC properties were able to furnish recent absorption data due to the lack of new affordable development in the PMA. However, two of the recent downtown market rate redevelopment projects were able to furnish such data. The agent at the Davis Building, which was renovated in 2003, reported an absorption rate of approximately 45 units per month. More recently, Interurban Lofts reported an absorption rate of 19 units per month in 2005. These properties would generally be considered superior to the newly-renovated Subject, but the Subject would have a significant competitive advantage based on the restricted rental rates that are well below the market rents at both of these properties. Therefore, we would anticipate the Subject would experience an absorption rate that is toward the high end of the range, or approximately 35 units per month. This would equate to an absorption period of approximately six months. However, as previously noted, at least 50 of the Subject’s units may be pre-leased due to the commitment by the City of Dallas to subsidize at least 50 households with Section 8 Housing Choice Vouchers. Thus, the Subject’s effective absorption period may be substantially less than our projections” (p. 41).

Unstabilized, Under Construction, and Planned Development: “...there are no proposed LIHTC projects in the PMA that are anticipated to compete with the Subject property” (p. 71).

Market Impact: “...there currently are no existing LIHTC properties in the CBD. The four comparable LIHTC properties located outside the CBD, but in the PMA, are reporting an average vacancy of 5.8 percent. However, most of the vacancies at these mixed-income properties are located in the market rate units. Based on conversations with the developer and various local public housing officials, a significant portion of the Subject’s tenant base will likely originate directly from the downtown area, which won’t impact properties located outside the CBD. Thus, the potential impact on the existing affordable housing stock is anticipated to be minimal” (p. 64).

OPERATING PROFORMA ANALYSIS

Income: The Applicant plans to use all or part of \$982,458 in federal grant funds to be awarded to Central Dallas Ministries in the form of rental subsidy vouchers from FY 2005 Supportive Housing Program (SHP) These funds are referred to in other areas of the application as Continuum of Care Permanent Housing Program funds. These funds will be made available to qualified tenants who will pay 30% of income and the subsidy will pay the rest up to the HUD program limit of \$490/ month (which is still less than the 60% HTC rent limit). It is not clear if these units can be responsible for servicing any debt as the Department’s prior

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experience with such funding was based upon a debt free development. Moreover the documentation provided as evidence of the \$982,458 award reflect that “No SHP operating grant funds will be used for payment of utilities, maintenance and repairs or management fees associated with the site(s).” Receipt, review and acceptance of the confirmation of dedicated Continuum of Care Permanent Housing Program vouchers and documentation of the ability of such vouchers to pay all operating expenses plus debt service is a condition of this report. For the remainder of the restricted units, both the Applicant and the Underwriter used the maximum restricted all bills paid rent as the Market Analysts believes much higher rents could be achieved in this market.

For the non-restricted units, the Underwriter utilized the Applicant’s estimates even though the Market Analyst’s market rent conclusions were much higher. The Department does not generally increase the rent levels anticipated for unrestricted units except to make sure they are not less than the restricted unit rents and that they are achievable in the market.

Although the Applicant’s secondary income assumptions are in line with current TDHCA underwriting guidelines, vacancy and collection loss assumptions at 5% are slightly lower than the Department’s Standard of 7.5%. Despite this difference, the Applicant’s effective gross rent is within 5% of the Underwriter’s estimate.

Expenses: The Applicant’s total annual operating expense projection at \$4,065 per unit is within 5% of the Underwriter’s estimate of \$4,014, derived from the TDHCA database, and third-party data sources. The Applicant’s budget shows several line item estimates that deviate significantly when compared to the database averages, particularly: general and administrative (\$26K lower), management fee (\$20K lower), payroll and payroll tax (\$36K higher), and property insurance (\$12K higher). It should be noted the adjustments were made to the Underwriter’s expense estimates based on actual operating history of other Central Dallas CDC developments, the TDHCA database, and to reflect an all bills paid utility structure. It also appears that the Applicant has assumed a 50 % property tax exception and the Underwriter has adopted a similar assumption based upon the non-profit status of the general partner. Finally, it appears that the Applicant has understated TDHCA compliance fees by \$2 per unit per year.

Conclusion: Because the Applicant’s gross income, total annual operating expense, net operating income are each within 5% of the Underwriter’s estimates, the Applicant’s proforma is used to determine the development’s debt capacity. The Applicant appears to have overstated the anticipated debt service payment by roughly \$17K per year resulting in a 1.16 debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year’s DCR of 1.20, which is within the Department’s DCR guideline of 1.10 to 1.30.

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 Applicant’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: 0.89 acres	\$2,500,000	Date of Valuation:	3/23/2006
Existing Building(s): “as is”	\$3,600,000	Date of Valuation:	3/23/2006
Total Development: “as is”	\$6,100,000	Date of Valuation:	3/23/2006
Appraiser: John Cole	Firm: Novogradac and Company	City:	Austin

APPRAISAL ANALYSIS/CONCLUSIONS

An appraisal, provided by the purchaser, was performed by Novogradac and Company and dated March 30, 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 approach used was the sales comparison approach. Three land sales dating from 2004 to 2005 for 0.9 to 1.61 were used to determine the underlying value of the land. As a result, the value attributed to the existing buildings is

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\$3,600,000 or 59% of the total appraised value of the property.

ASSESSED VALUE

Land: .897 acres	\$1,015,900	Assessment for the Year of:	2006
Building:	\$984,100	Valuation by:	Dallas County Appraisal District
Total Assessed Value:	\$2,000,000	Tax Rate:	2.98486

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Purchase and sale agreement (0.8969 acres)		
Contract Expiration:	9/29/2006	Valid through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	\$6,315,000	Other:	
Seller:	Akard Development, LP	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of \$6,315,000 is slightly higher than the appraised value but is assumed to be reasonable since the acquisition is an arm's-length transaction. The Applicant appears to have utilized a somewhat arbitrary 70% building to acquisition cost ratio to determine an acquisition eligible basis for the buildings of \$4,401,824. The Underwriter utilized the same proportionate value as identified in the appraisal (59%) to establish a maximum acquisition eligible basis of \$3,726,885. Moreover the development appears to have sufficient rehabilitation eligible basis to meet the maximum credit allocation without the use of any acquisition basis.

Off-Site Costs: The Applicant claimed off-site costs of \$60,000 for offsite concrete, utilities, paving and electrical and provided sufficient third party certification through a registered architect to justify these costs.

Sitework Cost: The Applicant's sitework cost estimate is equal to the estimate provided in the Property Condition Assessment (PCA). The underwriting analysis will reflect the PCA value.

Direct Construction Cost: The Applicant's direct construction cost estimate of \$34,630 per unit is \$13K higher than the estimate provided in the Property Condition Assessment (PCA). The underwriting analysis will reflect the slightly lower PCA value. It should be noted that the Applicant has included as eligible rehabilitation costs \$50,400 in costs but included a lesser amount of \$37,296 in total costs. This is but the first of a number of inconsistencies in the development cost budget that need to be clarified as a condition of this report.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by \$364,741 to bring the eligible interest expense down to one year of fully drawn interest expense. In addition, the Applicant claimed \$123,885 in loan origination fees. However, the submitted letter of interest to provide financing indicates origination fees will equal 1% of the loan amount, or \$102,463. Therefore, the eligible portion of the Applicant's claimed origination fee was reduced to \$102,463.

Fees: The Applicant's eligible contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines, however the Applicant included substantially higher total fees in the development cost budget. In addition the Applicant included \$933,881 in eligible contingency which reflects roughly 12.6% of eligible construction costs and therefore was reduced \$740,363 in the Underwriter's eligible basis calculation. Of even more concern is that the figure brought over by the Applicant as the total contingency is less at just \$615,887.

Ineligible Costs: The Applicant's ineligible cost appear to be incorrectly calculated as some of the eligible costs are greater than the total cost provided and those that remain reflect a total of roughly \$400K more than the Underwriter actually calculated.

Conclusion: The Underwriter's cost schedule was derived from information generally presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines and inconsistencies in the Applicant's revised development cost schedule. Therefore, Underwriter's development cost schedule will be used to determine the development's

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need for permanent funds and to calculate eligible basis. An eligible basis of \$16,967,918 and the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006 support annual tax credits of \$1,485,725. This exceeds the \$1.2M credit per development limit in the QAP, however the TDHCA Board effectively raised this limit at the August 2006 Board meeting to \$1,242,595 based on the proportionate increase in the applicable percentage approved in the prior month. The Development therefore is limited to \$1,242,595. 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.

Also as discussed above a large number of inconsistencies in the development cost schedule were evident. The Applicant submitted a revised costs schedule as part of a deficiency request regarding other issues but the inconsistencies identified in this section were not discovered until late in the underwriting process and therefore additional clarification requests were not made. Receipt, review and acceptance of a revised development cost schedule that does not include total costs for particular line items that are less than the projected eligible costs and that correctly re-evaluates the line items with costs in the acquisition basis column and recalculates the total acquisition eligible basis cost correctly is a condition of this report.

FINANCING STRUCTURE			
INTERIM TO PERMANENT FINANCING			
Source:	JP Morgan Chase	Contact:	Gilbert Gerst
Interim:	\$10,246,294	Interest Rate:	7.62%, fixed, lender's estimate
Permanent:	\$6,276,394	Interest Rate:	7.18%, fixed, lender's estimate
Documentation:	<input checked="" type="checkbox"/> Signed <input checked="" type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
Comments:	Interim Rate Index: 30 day LIBOR + 225 bps; Permanent Rate Index: 10 year Treasury + 225 bps		
PERMANENT FINANCING			
Source:	City of Dallas	Contact:	
Principal:	\$1,750,000	Interest Rate:	0%, fixed, lender's estimate
Documentation:	<input type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input checked="" type="checkbox"/> Application		
Comments:	An intent to apply was submitted in the application		
GRANT			
Source:	Corporation for Supportive Housing/Private / FHLB	Contact:	To be determined
Principal:	\$714,082	Conditions:	
Documentation:	<input type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
Comments:			
GRANT			
Source:	TDHCA HTF via Central Dallas Community Development Corp	Contact:	David Danenfelzer
Principal:	\$37,500	Conditions:	
Documentation:	<input 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		
Comments:			
TAX CREDIT SYNDICATION			
Source:	Enterprise Community Investments	Contact:	Tobias Washington
Proceeds:	\$11,048,400	Net Syndication Rate:	92%
Documentation:	<input type="checkbox"/> Signed <input checked="" type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
Comments:	In addition the application indicates an additional \$3,200,425 in historic tax credits however the commitment does not reflect the syndication of these credits.		

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Financing: The letter of interest signed by a representative of JP Morgan Chase is generally consistent with terms indicated in the Applicant's sources and uses. As discussed briefly above, the Applicant utilized a slightly higher debt service estimate based on a 7.5% interest rate rather than the lenders estimated in the commitment.

Funding by Local Political Subdivision: A certificate of intent to apply signed and dated February 2, 2006 by the Applicant proposes HOME, City Housing funds or bond financing to be provided by the City of Dallas as a grant, zero interest, or cash flow loan in the amount of \$1,750,000. In addition the Applicant proposes to receive \$714,082 in additional funds from the Corporation for Supportive Housing, Private fundraising and/or the Federal Home Loan Bank (FHLB) though no commitments for any of these funds have yet been provided.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

None of the other financial commitments reflect the expectation of syndication of historic tax credits, however the Applicant's sources and uses reflects a significant \$3,200,425. Moreover the financial viability of the development is in jeopardy if this historic tax credit syndication or some substitute does not materialize as proposed. In order to qualify for Historic Tax Credits the qualified historic structure must be either listed in the National Register of Historic Places or be determined to contribute to a Registered Historic District. Rehabilitation must be done in conformance with the Secretary of the Interior's rehabilitation standards.

No documentation of the Historic Tax Credits was evident in the application and due to time constraints and staffs late recognition of this significant omission no additional request has yet been made of the Applicant to provide proof of such credits. In addition to being a financial necessity for feasibility the historic credits themselves may affect the eligible basis for calculation of 9% Housing Tax Credits. Receipt, review and acceptance by 10% test of evidence that the development qualifies for Historic Tax Credits and application has been made to the Secretary of the Interior is a condition of this report. In addition, documentation of the commitment for syndication and effect on the housing tax credit eligible basis is also required. This underwriting analysis will assume that the development will qualify for total projected Historic Tax Credits of \$ 3,200,425.

Deferred Developer's Fees: The Applicant does not anticipate a need to defer fees.

Financing Conclusions: As stated above, a significant portion of the anticipated financing (\$5.6M) has not as of the date of this report been satisfactorily documented. In fact, the transaction would generally be considered to be infeasible as presented due to the lack of such documented financing. However, given the Boards' approval of a forward commitment of 2007 tax credits for the subject, additional time to prove up the availability proposed permanent funding is available to the Development. Receipt, review and acceptance of firm commitments for the proposed grant financing is a condition of this report.

The primary financing structure results in an initial year's debt coverage ratio (DCR) of 1.20, which is within the Department's DCR guideline of 1.10 to 1.30.

The Applicant's total development cost estimate less the permanent loan of \$6,276,394 indicates the need for \$16,157,621 in gap funds based upon the Underwriter's recalculated cost estimate. This is reduced by the anticipated but undocumented historic tax credit syndication of \$3,200,435 to \$12,957,196. Based on the submitted syndication terms, a tax credit allocation of \$1,754,991 annually would be required to fill the gap excluding any historic tax credits and \$1,407,371 in credit to fill the gap if the historic tax credits materialize. Of course the maximum allowable tax credit allocation as amended by the Board provides a still lower recommended allocation of \$1,242,595. If the historic tax credits materialize but no other permanent sources of grant funds are ultimately confirmed the anticipated deferred developer fee would be \$1,517,038 and would be repayable out of available cash flow within 15 years. Should more than \$1,517,038 in combined City of Dallas, CSH, private grants or FHLB sources materialize and no additional adjustments to development costs are made an excess of funds might exist and a reduction in credits would be required. Similarly, the tax syndication rate is at the low to middle of current syndication rates and should a higher rate be ultimately achieved the amount of needed other sources would decline or the need for tax credits could

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

decline.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, 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 is a single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The General Partner, Central Dallas CDC, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of \$2.9M and consisting of \$4K in cash, \$2.4M in land and improvements, machinery, equipment, and fixtures, and \$517K in other assets. Liabilities totaled \$2.5, resulting in a net worth of \$447K.
- The Co-Developer, McCaslin Development, submitted an unaudited financial statement as of January 31, 2006 reporting total assets of \$2.1M and consisting of \$143K in cash, \$11.6K in receivables, \$982K in business interests, and \$963K in other assets. Liabilities totaled \$261K, resulting in a net worth of \$1.8M.

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

- Significant inconsistencies in the application could affect the financial feasibility of the development.
- Significant environmental risks exist regarding asbestos and chemical containers found on the site.
- The principals of the Applicant may not appear to have the development experience/financial capacity to support the project if needed.
- The property's project-based rent subsidy is subject to Federal funding and may not be provided as anticipated.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, 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: _____ **Date:** October 25, 2006

Diamond Thompson

Director of Real Estate Analysis: _____ **Date:** October 25, 2006

Tom Gouris

MULTIFAMILY COMPARATIVE ANALYSIS

City Walk at Akard, Dallas, 9% HTC #060086

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Int-Pd Util	Wtr. Swr, Trsh
TC 60%	22	0	1	272	\$699	\$490	10,780	1.80	\$63.00	\$28.00
TC 60%	66	0	1	299	\$699	\$490	32,340	1.64	\$63.00	\$28.00
TC 30%	8	0	1	342	\$348	\$348	\$2,784	\$1.02	\$63.00	\$28.00
TC 60%	3	0	1	342	\$699	\$699	2,097	2.04	\$63.00	\$28.00
TC 30%	11	0	1	362	\$348	\$348	3,828	0.96	\$63.00	\$28.00
TC 30%	2	0	1	478	\$348	\$348	696	0.73	\$63.00	\$28.00
TC 60%	9	0	1	478	\$699	\$699	6,291	1.46	\$63.00	\$28.00
TC 60%	11	0	1	487	\$699	\$699	7,689	1.44	\$63.00	\$28.00
TC 60%	12	1	1	559	\$748	\$748	8,976	1.34	\$77.00	\$33.00
TC 60%	12	1	1	568	\$748	\$748	8,976	1.32	\$77.00	\$33.00
TC 60%	3	1	1	598	\$748	\$748	2,244	1.25	\$77.00	\$33.00
TC 60%	1	1	1	614	\$748	\$748	748	1.22	\$77.00	\$33.00
TC 60%	11	1	1	618	\$748	\$748	8,228	1.21	\$77.00	\$33.00
TC 60%	11	1	1	626	\$748	\$748	8,228	1.19	\$77.00	\$33.00
TC 60%	1	1	1	634	\$748	\$748	748	1.18	\$77.00	\$33.00
TC 60%	12	1	1	761	\$748	\$748	8,976	0.98	\$77.00	\$33.00
TC 60%	5	1	1	782	\$748	\$748	3,740	0.96	\$77.00	\$33.00
MR	7	1	1	782		\$1,050	7,350	1.34	\$77.00	\$33.00
MR	1	2	1	1,096		\$1,250	1,250	1.14	\$97.00	\$38.00
MR	1	2	1	1,113		\$1,265	1,265	1.14	\$97.00	\$38.00
TOTAL:	209		AVERAGE:	455	\$650	\$609	\$127,234	\$1.34	\$68.35	\$29.89

INCOME				Total Net Rentable Sq Ft: 95,052		TDHCA	APPLICANT	Comptroller's Region 3			
POTENTIAL GROSS RENT						\$1,526,808	\$1,526,808	IREM Region Dallas			
Secondary Income	Per Unit Per Month:	\$5.00		12,540	12,540	\$5.00	Per Unit Per Month				
Other Support Income: (describe)				0	0	\$0.00	Per Unit Per Month				
POTENTIAL GROSS INCOME						\$1,539,348	\$1,539,348				
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(115,451)	(76,968)	-5.00%	of Potential Gross Income				
Employee or Other Non-Rental Units or Concessions				0	0						
EFFECTIVE GROSS INCOME						\$1,423,897	\$1,462,380				
EXPENSES				% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.05%	\$276	0.61	\$57,597	\$31,727	\$0.33	\$152	2.17%			
Management	3.90%	266	0.58	55,550	35,889	0.38	172	2.45%			
Payroll & Payroll Tax	13.55%	923	2.03	192,985	229,080	2.41	1,096	15.66%			
Repairs & Maintenance	4.76%	324	0.71	67,787	73,452	0.77	351	5.02%			
Utilities	13.84%	943	2.07	197,133	190,900	2.01	913	13.05%			
Water, Sewer, & Trash	4.32%	294	0.65	61,467	71,050	0.75	340	4.86%			
Property Insurance	3.16%	215	0.47	44,924	57,270	0.60	274	3.92%			
Property Tax	2.98486	6.35%	433	0.95	90,456	89,546	0.94	428	6.12%		
Reserve for Replacements	4.40%	300	0.66	62,700	62,700	0.66	300	4.29%			
sec, compl fees	0.59%	40	0.09	8,360	8,000	0.08	38	0.55%			
TOTAL EXPENSES				58.92%	\$4,014	\$8.83	\$838,960	\$849,614	\$8.94	\$4,065	58.10%
NET OPERATING INC				41.08%	\$2,799	\$6.15	\$584,937	\$612,766	\$6.45	\$2,932	41.90%
DEBT SERVICE						TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI	
CHASE	35.83%	\$2,441	\$5.37	\$510,222	\$526,625	\$5.54	\$2,520	36.01%			
TDHCA HTF	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%			
NET CASH FLOW				5.25%	\$357	\$0.79	\$74,715	\$86,141	\$0.91	\$412	5.89%
AGGREGATE DEBT COVERAGE RATIO						1.15	1.16				
RECOMMENDED DEBT COVERAGE RATIO							1.20				

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)		28.15%	\$30,215	\$66.44	\$6,315,000	\$6,315,000	\$66.44	\$30,215	27.89%		
Off-Sites		0.27%	287	0.63	60,000	60,000	0.63	287	0.27%		
Sitework		0.80%	857	1.88	179,102	179,102	1.88	857	0.79%		
Direct Construction		32.20%	34,567	76.01	7,224,524	7,237,628	76.14	34,630	31.97%		
Contingency	10.00%	3.30%	3,542	7.79	740,363	933,881	9.82	4,468	4.12%		
General Req'ts	5.82%	1.92%	2,063	4.54	431,234	431,234	4.54	2,063	1.90%		
Contractor's G & A	1.94%	0.64%	688	1.51	143,745	143,745	1.51	688	0.63%		
Contractor's Profit	5.82%	1.92%	2,063	4.54	431,234	431,234	4.54	2,063	1.90%		
Indirect Construction		4.31%	4,628	10.18	967,201	967,201	10.18	4,628	4.27%		
Ineligible Costs		10.04%	10,773	23.69	2,251,574	2,251,574	23.69	10,773	9.94%		
Developer's G & A	1.90%	1.25%	1,341	2.95	280,171	200,000	2.10	957	0.88%		
Developer's Profit	13.00%	8.56%	9,186	20.20	1,919,829	2,000,000	21.04	9,569	8.83%		
Interim Financing		4.12%	4,419	9.72	923,631	923,631	9.72	4,419	4.08%		
Reserves		2.52%	2,710	5.96	566,408	566,408	5.96	2,710	2.50%		
TOTAL COST				100.00%	\$107,340	\$236.02	\$22,434,015	\$22,640,638	\$238.19	\$108,328	100.00%
Construction Cost Recap				40.79%	\$43,781	\$96.27	\$9,150,202	\$9,356,824	\$98.44	\$44,769	41.33%
2006 QAP \$50.9(i)(8) points awarded for costs less than \$80.00 per square foot											

SOURCES OF FUNDS						RECOMMENDED	
CHASE	27.98%	\$30,031	\$66.03	\$6,276,394	\$6,276,394	\$6,276,394	Developer Fee Available
TDHCA HTF	0.17%	\$179	\$0.39	37,500	37,500	0	\$2,200,000
City of Dallas/ Potential Def Dev Fee	7.80%	\$8,373	\$18.41	1,750,000	1,750,000	1,517,038	Potential% of Dev. Fee Deferred
CSHF/HLB	3.18%	\$3,417	\$7.51	714,082	714,082	0	69%
HTC Syndication Proceeds	49.25%	\$52,863	\$116.24	11,048,400	11,048,400	11,440,158	Likely % of Dev. Fee Deferred
Historic Tax Credit Synd Proceeds	14.27%	\$15,313	\$33.67	3,200,425	3,200,425	3,200,425	0%
Additional (Excess) Funds Req'd	-2.64%	(\$2,836)	(\$6.24)	(592,786)	(386,163)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$22,434,015	\$22,640,638	\$22,434,015	\$1,879,223

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

City Walk at Akard, Dallas, 9% HTC #060086

PAYMENT COMPUTATION

Primary	\$6,276,394	Amort	360
Int Rate	7.18%	DCR	1.15

Secondary		Amort	
Int Rate	0.00%	Subtotal DCR	1.15

Additional		Amort	
Int Rate		Aggregate DCR	1.15

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	\$510,222
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$102,544

Primary	\$6,276,394	Amort	360
Int Rate	7.18%	DCR	1.20

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20

Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

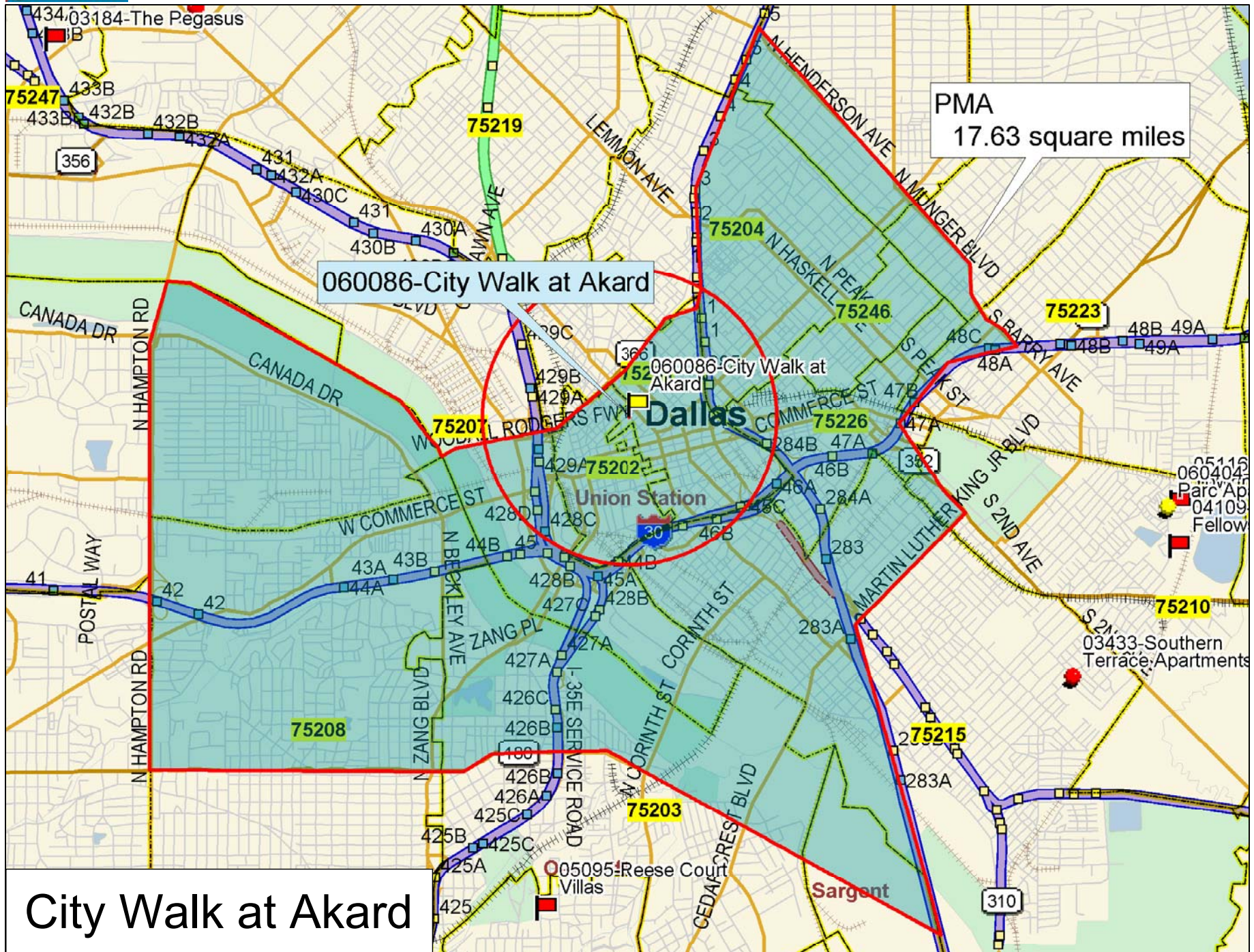
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,526,808	\$1,572,612	\$1,619,791	\$1,668,384	\$1,718,436	\$1,992,138	\$2,309,434	\$2,677,267	\$3,598,023
Secondary Income	12,540	12,916	13,304	13,703	14,114	16,362	18,968	21,989	29,551
Other Support Income: (descri:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,539,348	1,585,528	1,633,094	1,682,087	1,732,550	2,008,500	2,328,402	2,699,256	3,627,574
Vacancy & Collection Loss	(76,968)	(118,915)	(122,482)	(126,157)	(129,941)	(150,637)	(174,630)	(202,444)	(272,068)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,462,380	\$1,466,614	\$1,510,612	\$1,555,931	\$1,602,609	\$1,857,862	\$2,153,772	\$2,496,812	\$3,355,506
EXPENSES at 4.00%									
General & Administrative	\$31,727	\$32,996	\$34,316	\$35,689	\$37,116	\$45,157	\$54,941	\$66,844	\$98,945
Management	35,889	35992.904	37072.6911	38184.87183	39330.41799	45594.7339	52856.79294	61275.5097	82349.16114
Payroll & Payroll Tax	229,080	238,243	247,773	257,684	267,991	326,052	396,692	482,637	714,421
Repairs & Maintenance	73,452	76,390	79,446	82,624	85,928	104,545	127,195	154,752	229,071
Utilities	190,900	198,536	206,477	214,737	223,326	271,710	330,577	402,198	595,351
Water, Sewer & Trash	71,050	73,892	76,848	79,922	83,118	101,126	123,036	149,692	221,580
Insurance	57,270	59,561	61,943	64,421	66,998	81,513	99,173	120,659	178,605
Property Tax	89,546	93,128	96,853	100,727	104,756	127,452	155,065	188,660	279,263
Reserve for Replacements	62,700	65,208	67,816	70,529	73,350	89,242	108,576	132,099	195,539
Other	8,000	8,320	8,653	8,999	9,359	11,386	13,853	16,855	24,949
TOTAL EXPENSES	\$849,614	\$882,267	\$917,198	\$953,515	\$991,274	\$1,203,779	\$1,461,965	\$1,775,671	\$2,620,074
NET OPERATING INCOME	\$612,766	\$584,347	\$593,415	\$602,416	\$611,335	\$654,083	\$691,807	\$721,140	\$735,433
DEBT SERVICE									
First Lien Financing	\$510,222	\$510,222	\$510,222	\$510,222	\$510,222	\$510,222	\$510,222	\$510,222	\$510,222
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$102,544	\$74,125	\$83,193	\$92,194	\$101,113	\$143,862	\$181,585	\$210,919	\$225,211
DEBT COVERAGE RATIO	1.20	1.15	1.16	1.18	1.20	1.28	1.36	1.41	1.44

HTC ALLOCATION ANALYSIS -City Walk at Akard, Dallas, 9% HTC #060086

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
(1) Acquisition Cost						
Purchase of land	\$1,913,176	\$2,588,115				
Purchase of buildings	\$4,401,824	\$3,726,885	\$4,401,824	\$3,726,885		
(2) Rehabilitation/New Construction Cost						
On-site work	\$179,102	\$179,102			\$179,102	\$179,102
Off-site improvements	\$60,000	\$60,000				
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	\$7,237,628	\$7,224,524			\$7,237,628	\$7,224,524
(4) Contractor Fees & General Requirements						
Contractor overhead	\$143,745	\$143,745			\$143,745	\$143,745
Contractor profit	\$431,234	\$431,234			\$431,234	\$431,234
General requirements	\$431,234	\$431,234			\$431,234	\$431,234
(5) Contingencies	\$933,881	\$740,363			\$741,673	\$740,363
(6) Eligible Indirect Fees	\$967,201	\$967,201			\$967,201	\$967,201
(7) Eligible Financing Fees	\$923,631	\$923,631			\$923,631	\$923,631
(8) All Ineligible Costs	\$2,251,574	\$2,251,574				
(9) Developer Fees						
Developer overhead	\$200,000	\$280,171	\$56,955	\$70,705	\$143,045	\$209,466
Developer fee	\$2,000,000	\$1,919,829	\$569,547	\$484,495	\$1,430,453	\$1,435,334
(10) Development Reserves	\$566,408	\$566,408				
TOTAL DEVELOPMENT COSTS	\$22,640,638	\$22,434,015	\$5,028,326	\$4,282,085	\$12,628,945	\$12,685,833

Deduct from Basis:						
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)						
TOTAL ELIGIBLE BASIS			\$5,028,326	\$4,282,085	\$12,628,945	\$12,685,833
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			\$5,028,326	\$4,282,085	\$16,417,629	\$16,491,583
Applicable Fraction			96%	96%	96%	96%
TOTAL QUALIFIED BASIS			\$4,827,193	\$4,110,802	\$15,760,924	\$15,831,920
Applicable Percentage			3.56%	3.56%	8.46%	8.46%
TOTAL AMOUNT OF TAX CREDITS			\$171,848	\$146,345	\$1,333,374	\$1,339,380

Syndication Proceeds	0.9207	\$1,582,148	\$1,347,345	\$12,275,931	\$12,331,229
Total Tax Credits (Eligible Basis Method)				\$1,505,222	\$1,485,725
Syndication Proceeds				\$13,858,079	\$13,678,574
Requested Tax Credits				\$1,200,000	
Syndication Proceeds				\$11,048,000	
Gap of Syndication Proceeds Needed				\$16,364,244	\$16,157,621
Total Tax Credits (Gap Method)				\$1,777,434	\$1,754,991
Adjusted Tax Credit Limit				\$1,242,595	



PMA
17.63 square miles

060086-City Walk at Akard

060086-City Walk at Akard

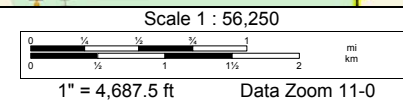
Dallas

Union Station

03433-Southern Terrace Apartments

05095-Reese Court Villas

City Walk at Akard



MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Presentation, Discussion, and Possible Action regarding Housing Tax Credit Amendments.

WHEREAS, the tax credit award relating to Tax Credit Application 10239, Prince Hall Gardens was awarded by the Board based on certain premises, including the rehabilitation of 100 units and 24 residential buildings,

WHEREAS, the owner is requesting approval to demolish 8 residential buildings, and reconstruct 2 buildings providing the same number of units to comply with the City of Fort Worth's floodplain requirements, therefore be it

RESOLVED, that staff's recommendations regarding the approval of amendments relating to Application #10239, Prince Hall Gardens be and hereby are approved as presented to this meeting

Background

§2306.6712, Texas Government Code, indicates that the Board should determine the disposition of a requested amendment if the amendment is a "material alteration," would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round. The statute identifies certain changes as material alterations and the requests presented below include material alterations.

Summary of Request: The owner is requesting approval to demolish eight residential buildings containing thirty-two units. The City of Fort Worth has reclassified the South-Eastern portion of the development site Zone as AE, which now lies within the 100 year floodplain. The South Eastern portion of the development site includes the aforementioned eight residential buildings. The owner has provided documentation from the City verifying the floodplain status which also states that all buildings within the 100-year floodplain must be built with a finished floor at least two feet above the base floodplain elevation. Staff followed up with the City of Fort Worth Floodplain administrator Mr. Clair C. Davis, and Mr. Davis indicated that the development site has been in the floodplain since floodplain maps have been published. Further review of the tax credit application (Volume 3, Tab 3 Site Information) shows the applicant certified that the entire site was outside the 100 year floodplain. It appears the Applicant was aware that several buildings were below the 100 year floodplain base when the tax credit application was submitted.

The owner is proposing to construct two new buildings in place of the eight buildings being demolished. Each new building will include 16 units, thereby replacing the 32 demolished units. Staff reviewed the updated floor plans and determined the new units will meet minimum size requirements as determined by the 2010 QAP. The new buildings will also comply with City floodplain requirements. Underwriting staff reviewed the updated budget and exhibits provided by the applicant. Underwriting staff agreed the proposed changes would not significantly impact the original award of tax credits, and the project remains financially feasible.

Pursuant to §49.13(b) of the Qualified Allocation Plan “If a proposed modification would materially alter a Development approved for an allocation of a Housing Tax Credit, or if the Applicant has altered any selection criteria item for which it received points, the Department shall require the Applicant to file a formal, written request for an amendment to the Application... The Board must vote on whether to approve an amendment. The Board by vote may reject an amendment and, if appropriate, rescind a Commitment Notice or terminate the allocation of Housing Tax Credits and reallocate the credits to other Applicants on the Waiting List if the Board determines that the modification proposed in the amendment...would materially alter the Development in a negative manner...Material alteration of a Development includes, but is not limited to...A significant modification of the site plan....”

Therefore, an amendment to the application is necessary.

Owner:	Prince Hall Gardens Associates, LP
General Partner:	Prince Hall Gardens GP, LLC
Developers:	Prince Hall Gardens Developers JV
Principals/Interested Parties:	Nautical Affordable Housing, Inc. & Itex Apartment Preservation LLC
Syndicator:	Wells Fargo
Construction Lender:	Wachovia Bank
Permanent Lender:	Davis Penn Mtg.
Other Funding:	City of Fort Worth/HUD Flex Subsidy Loan
City/County:	Fort Worth/Tarrant
Set-Aside:	QCT
Type of Area:	Urban
Region:	3
Type of Development:	Rehabilitation
Population Served:	General Population
Units:	100 HTC units
2010 Allocation:	\$1,064,555
Allocation per HTC Unit:	\$10,645
Prior Board Actions:	July 2010 – Approved award of tax credits
REA Findings:	The amendment does not negatively impact the feasibility of the transaction or the previously awarded Housing Tax Credits.

December 16, 2010

Robbye Meyer
Director of Multifamily
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

RE: Prince Hall Gardens – Fort Worth, TX
Demolition of Buildings for Floodplain Mitigation

Ms. Meyer,

We were given notice by the City of Fort Worth on October 22, 2010 by Clair Davis that some of the improvements located at 1800 E Robert, Fort Worth, Texas are located within Zone AE and the 100 year floodplain. In the notice provided it was stated that all new construction and substantial improvements of residential structures within this zone are required to be built with a finished floor at 2 feet above the base floodplain elevation. We also had a survey performed by CBG Surveying, Inc which included the building elevation certificates. Find enclosed a copy of the spreadsheet that has the current building elevations and the base flood plan elevations. Based on the data that we have accumulated from the survey and our engineering & architectural work, we have decided to take the following course of action.

We respectfully request the approval from the Texas Department of Housing and Community Affairs (TDHCA) to amend our application to demolish buildings 10, 11, 12, 13, 14, 15, 16, and 17 (hereafter referred to as "Demo Buildings"). Enclosed please find a copy of the Current Site Plan. Each of these buildings' finished floors are below +1 foot above the finished floor. The Demo Buildings will have their asbestos abated and will be fully removed. In the place of the Demo Buildings we will construct two new buildings (hereafter referred to as "New Buildings"). The New Buildings will be constructed at +2 feet above the base floodplain elevation as required by the City of Fort Worth. These New Buildings will provide 16 units each and be comprised of 2 bedroom/2 bath flat-style units that are 987 square feet and 3 bedroom/2 bath flat-style units that are 1083 square feet.

We also propose to demolish the paving and sidewalks within this Zone AE and raise the entire site as designed by a qualified engineer so that we can provide an accessible route to each of the buildings. In addition, we will modify the current drainage plan to install HDPE storm pipe and precast storm basins to remove the storm water from the new parking facilities. We also propose to request that the city of Fort Worth donate an area of land north east of the property to create a new detention area for the storm drainage. This will provide the project with a facility to assist in the storm drainage and the necessary fill dirt to raise the site. On the East and Southeast sides of the buildings we will build an engineered retaining wall to assist with substantial change in elevations between the existing natural ground the ground elevation. Find enclosed a layout of the New Site Plan.

After reviewing the original project development costs and the modified development costs due to the proposed plan of floodplain mitigation, we have determined that the project will remain feasible if the City of Fort Worth will approve for the amount of the HOME funds to become a permanent subordinate loan. The project will have a senior HUD FHA-insured 221(d)4 mortgage. HUD requires that any junior liens execute a subordination agreement and are determined to be paid from cash flows. In addition, the project will remain feasible if the City will either donate the land for the Detention Area or allow the project to purchase it for a nominal fee.

The proposed modification to this development are in our opinion is the best and most cost effective method to mitigate the floodplain issues. With a coordinated effort from HUD, TDHCA, and the City of Fort Worth, we can preserve the affordable housing within the Southeast Kingdom neighborhood of Fort Worth. We look forward to working with you and your staff on this. Should you have any further questions regarding this matter, please contact me directly at 409-719-5780 or via email at [@itexmgt.com](mailto:).

Sincerely,



Christopher A. Akbari
Vice President

Cc: Tracy Watson, Medina Consulting
Fabiola Suarez, City of Fort Worth
Angela Bell, HUD
Ben Sheppard, TDHCA

Enc.: Elevations Spreadsheet
New Site Plan
Old Site vs New Site
Unit Drawings

Prince Hall Gardens I
Base Floodplain Elevation

Bldg	base	Cur. Elv	Var.	Zone	+ 1 FT	Slab SF
Off	559.5	566.8	7.30	X		
1	559.5	566.46	6.96	X		
2	559.5	565.47	5.97	X		
3	559.5	564.33	4.83	X		
4	559.5	563.34	3.84	X		
5	559.5	564.11	4.61	X		
6	559.5	565.12	5.62	X		
7	560.4	563.36	2.96	X & AE		
8	560.4	562.63	2.23	X & X(SHADED)		
9	560.3	562.11	1.81	X(SHADED)		
10	560.3	561.05	0.75	X(SHADED) & AE	0.25	1,869.60
11	560.3	559.82	(0.48)	AE	1.48	1,869.60
12	560.3	558.85	(1.45)	AE	2.45	1,869.60
13	560.3	558.06	(2.24)	AE	3.24	1,869.60
14	560.2	557.41	(2.79)	AE	3.79	1,869.60
15	559.9	557.41	(2.49)	AE	3.49	1,869.60
16	559.8	558.36	(1.44)	AE	2.44	1,869.60
17	559.7	559.35	(0.35)	AE	1.35	1,869.60
18	559.7	560.75	1.05	X(SHADED)&AE		
19	559.6	561.39	1.79	X(SHADED)&AE		
20	559.8	562.75	2.95	X&X(SHADED)		
21	559.5	563.36	3.86	X		
22	559.5	564.79	5.29	X		
23	559.5	565.36	5.86	X		
24	559.5	565.9	6.40	X		

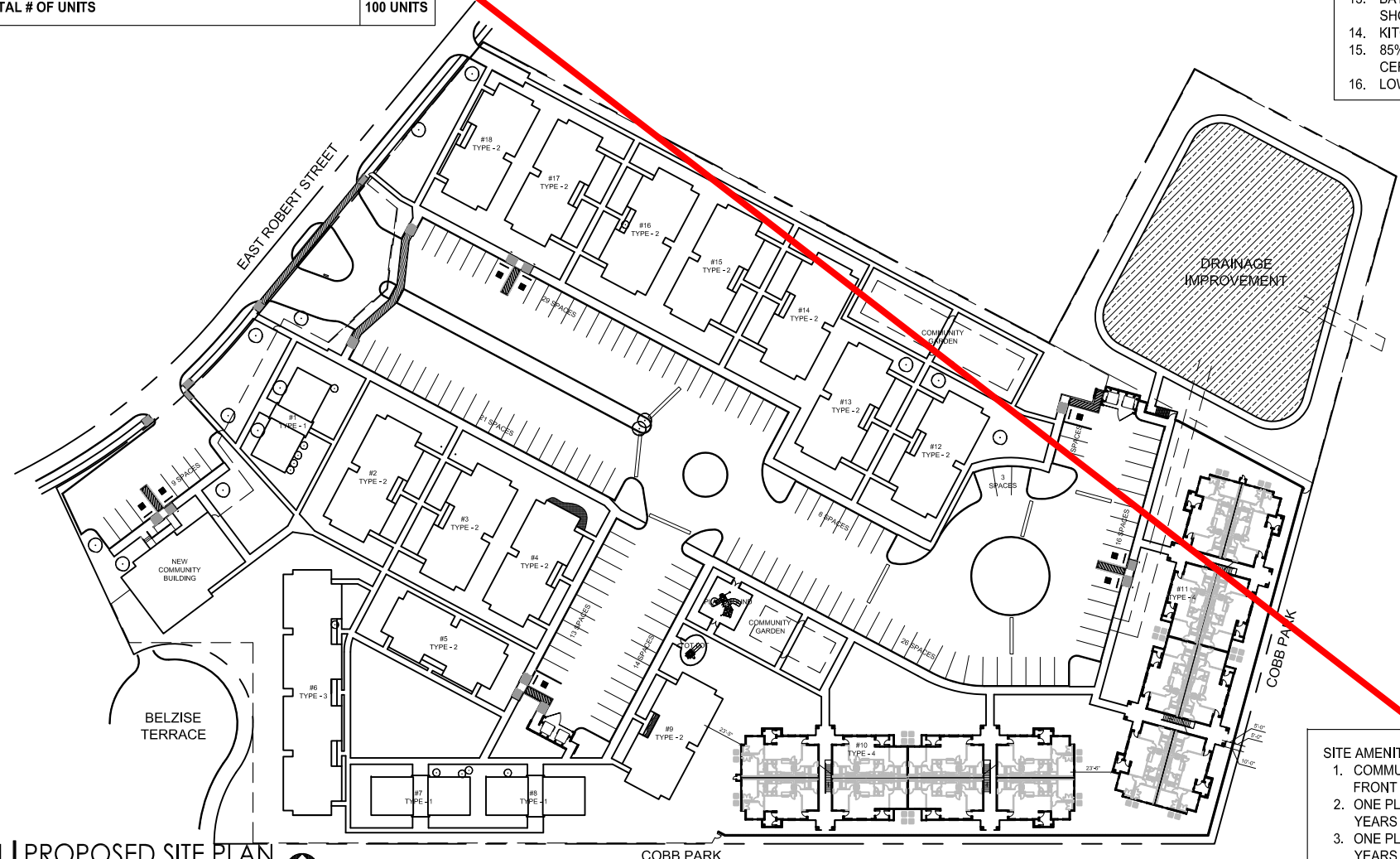
PRINCE HALL GARDENS APARTMENTS

FORT WORTH, TX

UNIT MIX			
UNIT TYPE	ROOM CONFIGURATION (FLAT = 1-LEVEL APARTMENT UNIT) (TWNHM = TOWN HOME UNIT)	RENTABLE SQUARE FOOTAGE	QUANTITY
A	1-BEDROOM / 1-BATHROOM (FLAT)	576 S.F.	11 UNITS
A-H	1-BEDROOM / 1-BATHROOM (FLAT)	576 S.F.	1 UNITS
B	2-BEDROOM / 1.5-BATHROOM (TWNHM)	804 S.F.	28 UNITS
C	2-BEDROOM / 2-BATHROOM (FLAT)	987 S.F.	28 UNITS
C-H	2-BEDROOM / 2-BATHROOM (FLAT)	987 S.F.	2 UNITS
D	3-BEDROOM / 1.5-BATHROOM (TWNHM)	949 S.F.	14 UNITS
E	3-BEDROOM / 2-BATHROOM (FLAT)	1080 S.F.	14 UNITS
E-H	3-BEDROOM / 2-BATHROOM (FLAT)	1080 S.F.	2 UNITS
TOTAL # OF UNITS			100 UNITS

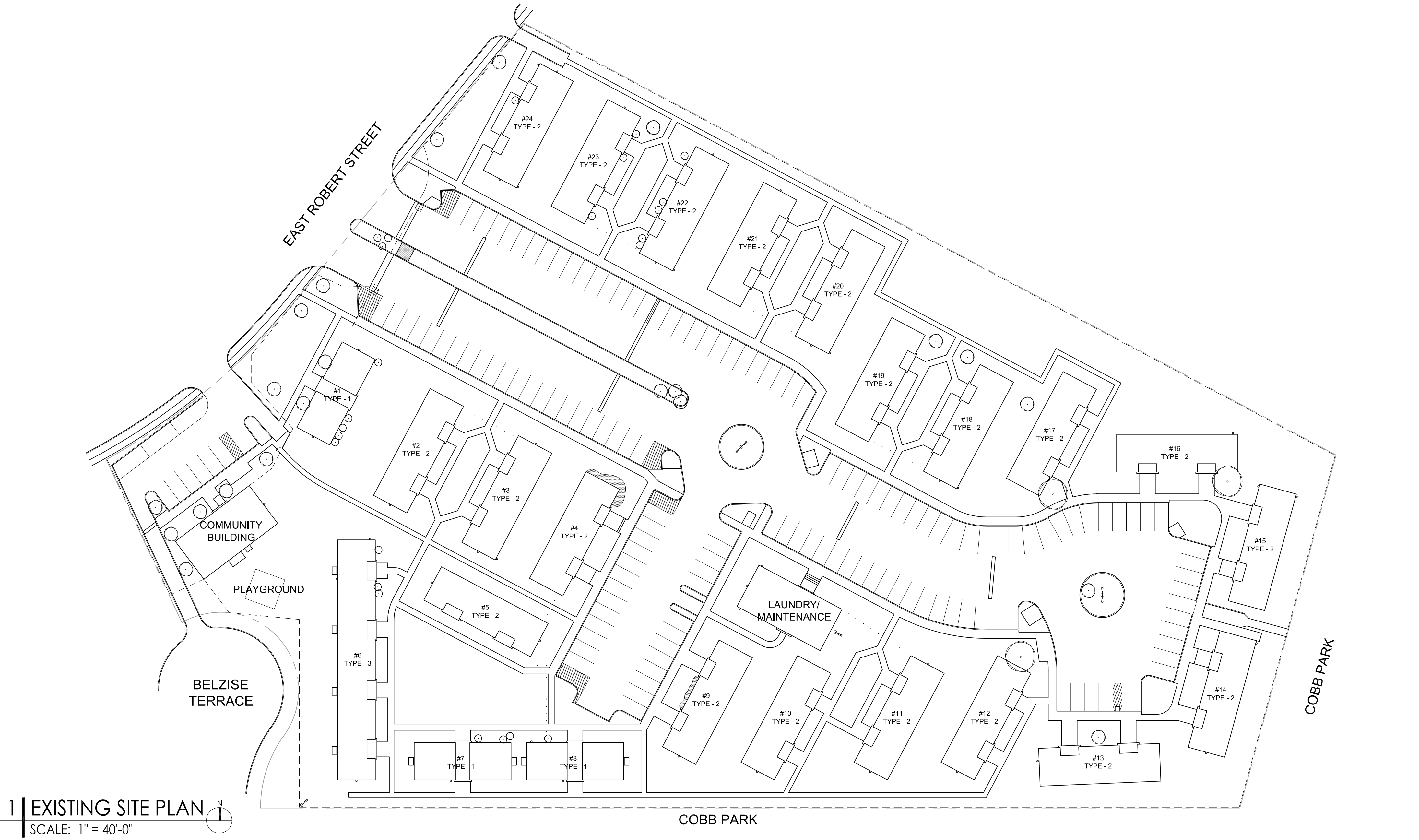
UNCOVERED PARKING SPACES IN COMPLEX = 134 SPACES (6 HANDICAP)
 PARKING SPACES AT COMMUNITY BUILDING = 9 SPACES (2 HANDICAP)
 TOTAL PARKING SPACES AT COMPLEX = 143 SPACES (8 HANDICAP)

- UNIT AMENITIES
1. RG-6 COAX & CAT-5E IN ALL BEDROOMS, LIVING ROOMS AND DINING ROOMS
 2. BLINDS IN ALL WINDOWS
 3. DISPOSAL
 4. ENERGY STAR DISHWASHER
 5. ENERGY STAR REFRIGERATOR
 6. OVEN/RANGE
 7. EXHAUST FANS IN BATHROOMS
 8. ENERGY STAR CEILING FANS IN LIVING ROOM & EACH BEDROOM
 9. ENERGY STAR LIGHT FIXTURES THROUGHOUT
 10. R-15/WALLS/R-30 CEILING INSULATION
 11. 14-SEER HVAC UNIT
 12. HIGH EFFICIENCY TOILETS (1.28 GAL/FLUSH OR WATERSENSE CERTIFIED)
 13. BATHROOM LAVATORY FAUCETS & SHOWERHEADS <2.0 GAL/MINUTE
 14. KITCHEN FAUCETS <=1.5 GAL/MINUTE
 15. 85% WOOD PLANK VINYL TILE/15% CERAMIC TILE FLOORING
 16. LOW-E GLASS IN ALL WINDOWS



1 | PROPOSED SITE PLAN
 SCALE: 1" = 100'-0"

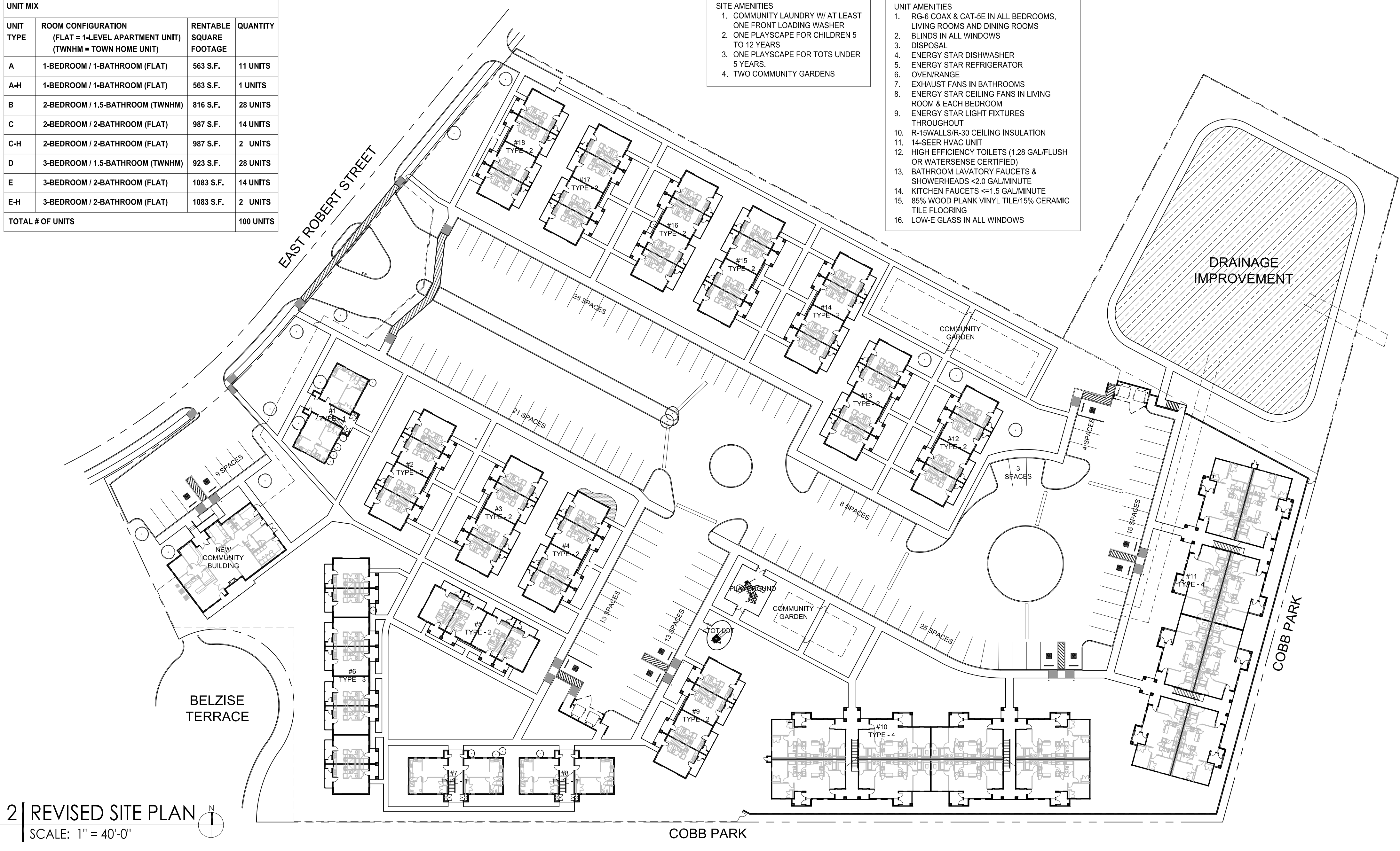
- SITE AMENITIES
1. COMMUNITY LAUNDRY W/ AT LEAST ONE FRONT LOADING WASHER
 2. ONE PLAYSCAPE FOR CHILDREN 5 TO 12 YEARS
 3. ONE PLAYSCAPE FOR TOTS UNDER 5 YEARS.
 4. TWO COMMUNITY GARDENS



1 | EXISTING SITE PLAN
SCALE: 1" = 40'-0"

UNIT MIX			
UNIT TYPE	ROOM CONFIGURATION (FLAT = 1-LEVEL APARTMENT UNIT) (TWNHM = TOWN HOME UNIT)	RENTABLE SQUARE FOOTAGE	QUANTITY
A	1-BEDROOM / 1-BATHROOM (FLAT)	563 S.F.	11 UNITS
A-H	1-BEDROOM / 1-BATHROOM (FLAT)	563 S.F.	1 UNITS
B	2-BEDROOM / 1.5-BATHROOM (TWNHM)	816 S.F.	28 UNITS
C	2-BEDROOM / 2-BATHROOM (FLAT)	987 S.F.	14 UNITS
C-H	2-BEDROOM / 2-BATHROOM (FLAT)	987 S.F.	2 UNITS
D	3-BEDROOM / 1.5-BATHROOM (TWNHM)	923 S.F.	28 UNITS
E	3-BEDROOM / 2-BATHROOM (FLAT)	1083 S.F.	14 UNITS
E-H	3-BEDROOM / 2-BATHROOM (FLAT)	1083 S.F.	2 UNITS
TOTAL # OF UNITS			100 UNITS

- SITE AMENITIES**
1. COMMUNITY LAUNDRY W/ AT LEAST ONE FRONT LOADING WASHER
 2. ONE PLAYSCAPE FOR CHILDREN 5 TO 12 YEARS
 3. ONE PLAYSCAPE FOR TOTS UNDER 5 YEARS
 4. TWO COMMUNITY GARDENS
- UNIT AMENITIES**
1. RG-6 COAX & CAT-5E IN ALL BEDROOMS, LIVING ROOMS AND DINING ROOMS
 2. BLINDS IN ALL WINDOWS
 3. DISPOSAL
 4. ENERGY STAR DISHWASHER
 5. ENERGY STAR REFRIGERATOR
 6. OVEN/RANGE
 7. EXHAUST FANS IN BATHROOMS
 8. ENERGY STAR CEILING FANS IN LIVING ROOM & EACH BEDROOM
 9. ENERGY STAR LIGHT FIXTURES THROUGHOUT
 10. R-15 WALLS/R-30 CEILING INSULATION
 11. 14-SEER HVAC UNIT
 12. HIGH EFFICIENCY TOILETS (1.28 GAL/FLUSH OR WATERSENSE CERTIFIED)
 13. BATHROOM LAVATORY FAUCETS & SHOWERHEADS <2.0 GAL/MINUTE
 14. KITCHEN FAUCETS <=1.5 GAL/MINUTE
 15. 85% WOOD PLANK VINYL TILE/15% CERAMIC TILE FLOORING
 16. LOW-E GLASS IN ALL WINDOWS



2 | REVISED SITE PLAN
SCALE: 1" = 40'-0"

DWELLING UNIT DISTRIBUTION - BUILDING TYPE 1 (3 TOTAL BUILDINGS)			
BUILDING TYPE 1	GROSS BLDG. SQUARE FEET	HUD NET BLDG. SQUARE FEET	UNIT A/A-H 563 S.F.
1ST FLOOR	1,346	1,126	2
SECOND FLOOR	1,346	1,126	2
TOTAL SQUARE FOOTAGE BUILDING TYPE 1	2,692	2,252	(UNIT COLUMNS PROVIDE HUD NET S.F. PER UNIT.)

DWELLING UNIT DISTRIBUTION - BUILDING TYPE 3 (1 TOTAL BUILDINGS)				
BUILDING TYPE 3	GROSS BLDG. SQUARE FEET	HUD NET BLDG. SQUARE FEET	UNIT B 804 S.F.	UNIT D 949 S.F.
1ST FLOOR	3,870	3,416	4 (432)	4 (422)
SECOND FLOOR	4,185	3,540	4 (384)	4 (501)
TOTAL SQUARE FOOTAGE BUILDING TYPE 3	8,035	6,956	(UNIT COLUMNS PROVIDE HUD NET SQUARE FEET PER UNIT.)	

TOTAL HUD NET SQUARE FEET FOR PROJECT			
BUILDING TYPE	BUILDING QUANTITY	HUD NET S.F. PER BLDG.	TOT. HUD NET S.F. PER TYPE
TYPE 1	3	2,304 S.F.	6,912 S.F.
TYPE 2	12	3,506 S.F.	42,072 S.F.
TYPE 3	1	7,012 S.F.	7,012 S.F.
TYPE 4	2	16,560 S.F.	33,120 S.F.
COM. BLD.	1	2,520 S.F.	2,520 S.F.
TOTAL HUD NET SQUARE FEET FOR PROJECT			91,636 S.F.

TOTAL GROSS SQUARE FEET FOR PROJECT			
BUILDING TYPE	BUILDING QUANTITY	GROSS S.F. PER BLDG.	TOTAL GROSS S.F. PER TYPE
TYPE 1	3	2,890 S.F.	8,670 S.F.
TYPE 2	12	4,449 S.F.	53,388 S.F.
TYPE 3	1	8,866 S.F.	8,866 S.F.
TYPE 4	2	17,576 S.F.	35,152 S.F.
COM. BLD.	1	2,979 S.F.	2,979 S.F.
TOTAL GROSS SQUARE FEET FOR PROJECT			109,055 S.F.

UNCOVERED PARKING SPACES IN COMPLEX = 133 SPACES (8 HANDICAP)
 PARKING SPACES AT COMMUNITY BUILDING = 9 SPACES (2 HANDICAP)
 TOTAL PARKING SPACES AT COMPLEX = 142 SPACES (10 HANDICAP)

DWELLING UNIT DISTRIBUTION - BUILDING TYPE 2 (12 TOTAL BUILDINGS)			
BUILDING TYPE 2	GROSS BLDG. SQUARE FEET	HUD NET BLDG. SQUARE FEET	UNIT B 816 S.F.
1ST FLOOR	1,946	1,708	2 (432)
SECOND FLOOR	2,093	1,770	2 (384)
TOTAL SQUARE FOOTAGE BUILDING TYPE 2	4,039	3,478	(UNIT COLUMNS PROVIDE HUD NET SQUARE FEET PER UNIT.)

DWELLING UNIT DISTRIBUTION - BUILDING TYPE 4 (2 TOTAL BUILDINGS)				
BUILDING TYPE 4	GROSS BLDG. SQUARE FEET	HUD NET BLDG. SQUARE FEET	UNIT C/C-H 987 S.F.	UNIT E/E-H 1083 S.F.
1ST FLOOR	8,788	8,280	4	4
SECOND FLOOR	8,788	8,280	4	4
TOTAL SQUARE FOOTAGE BUILDING TYPE 4	17,576	16,560	(UNIT COLUMNS PROVIDE HUD NET SQUARE FEET PER UNIT.)	

PREPARED BY: EWC/CIS

A1

SITE PLAN & PROJECT INFORMATION

ISSUE DATES:
 HUD REVIEW: DECEMBER 13, 2010

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SUBSTANTIAL REHABILITATION OF PRINCE HALL GARDENS I FOR ITEX DEVELOPERS

1800 E. ROBERT STREET | FORT WORTH, TEXAS

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SUBSTANTIAL REHABILITATION OF PRINCE HALL GARDENS I
 FOR ITEX DEVELOPERS
 1800 E. ROBERT STREET | FORT WORTH, TEXAS

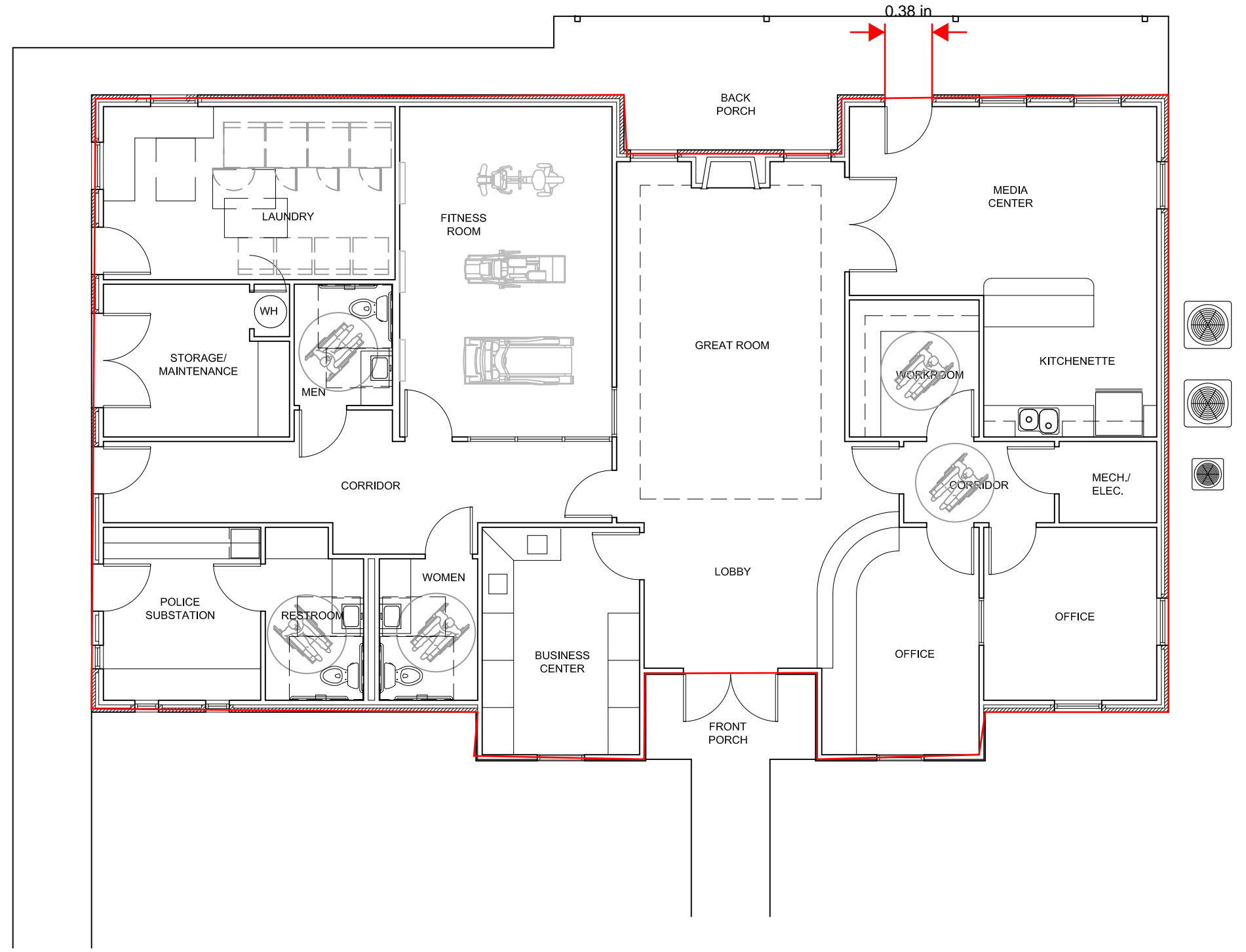
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ISSUE DATES:
 HUD REVIEW
 DECEMBER 15, 2010

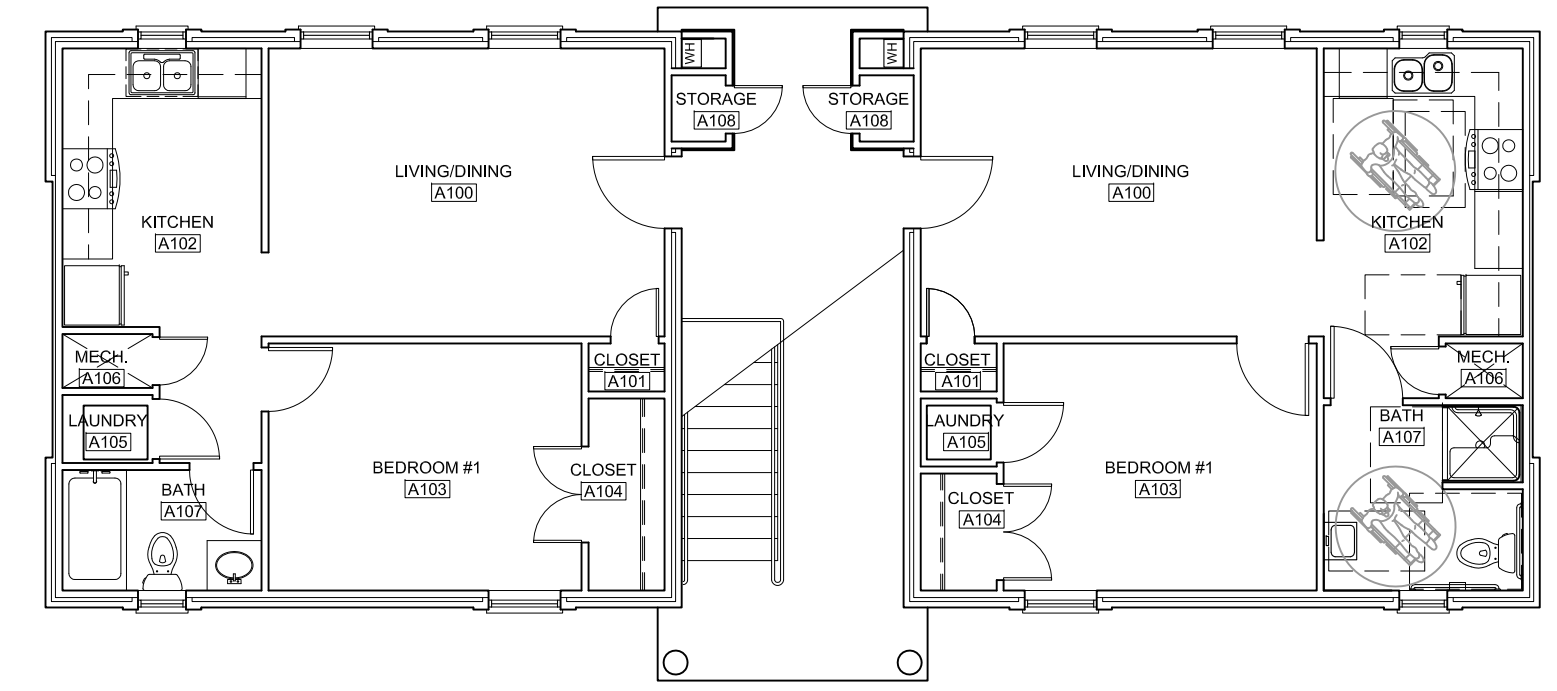
PREPARED BY: EMK/CJS

A2
 SHEET NO.
 1009_A2

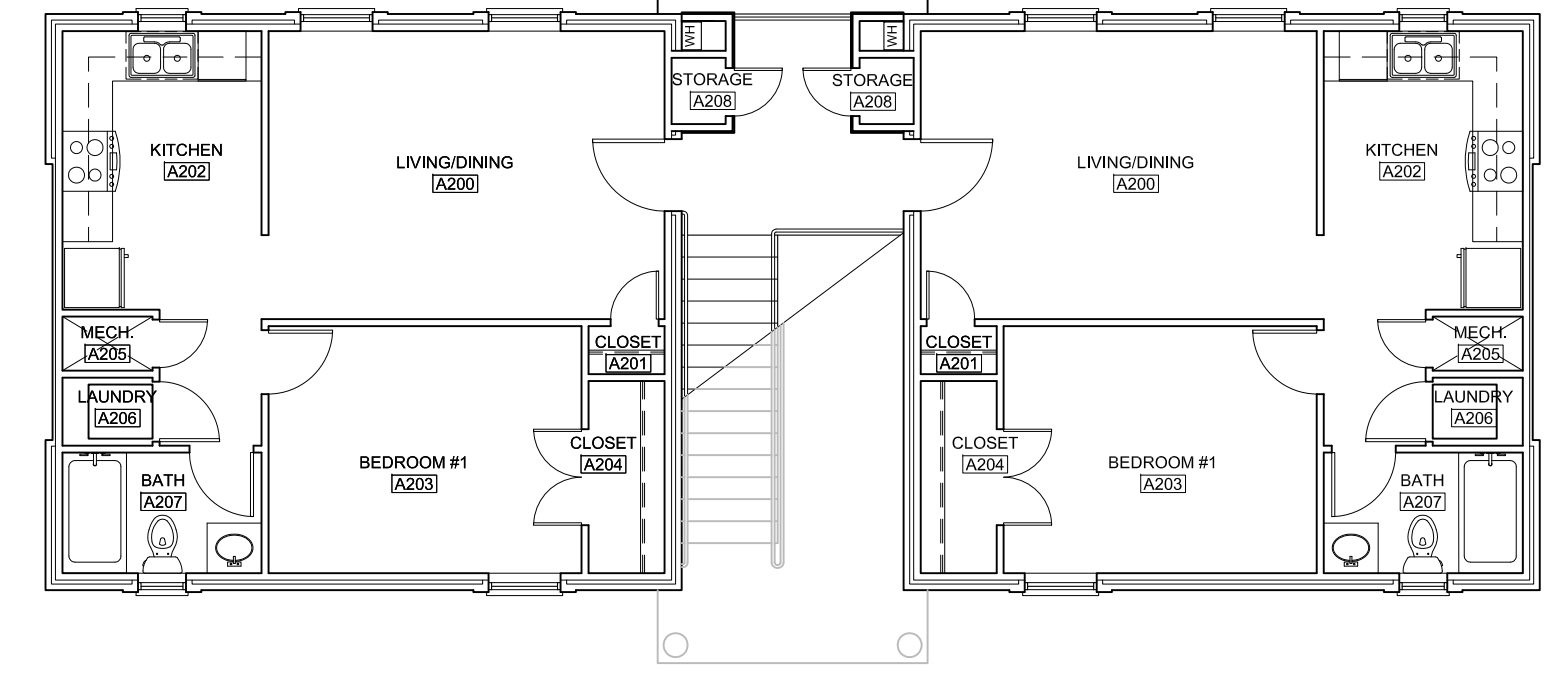
BUILDING TYPE '1'
 & COMMUNITY BUILDING



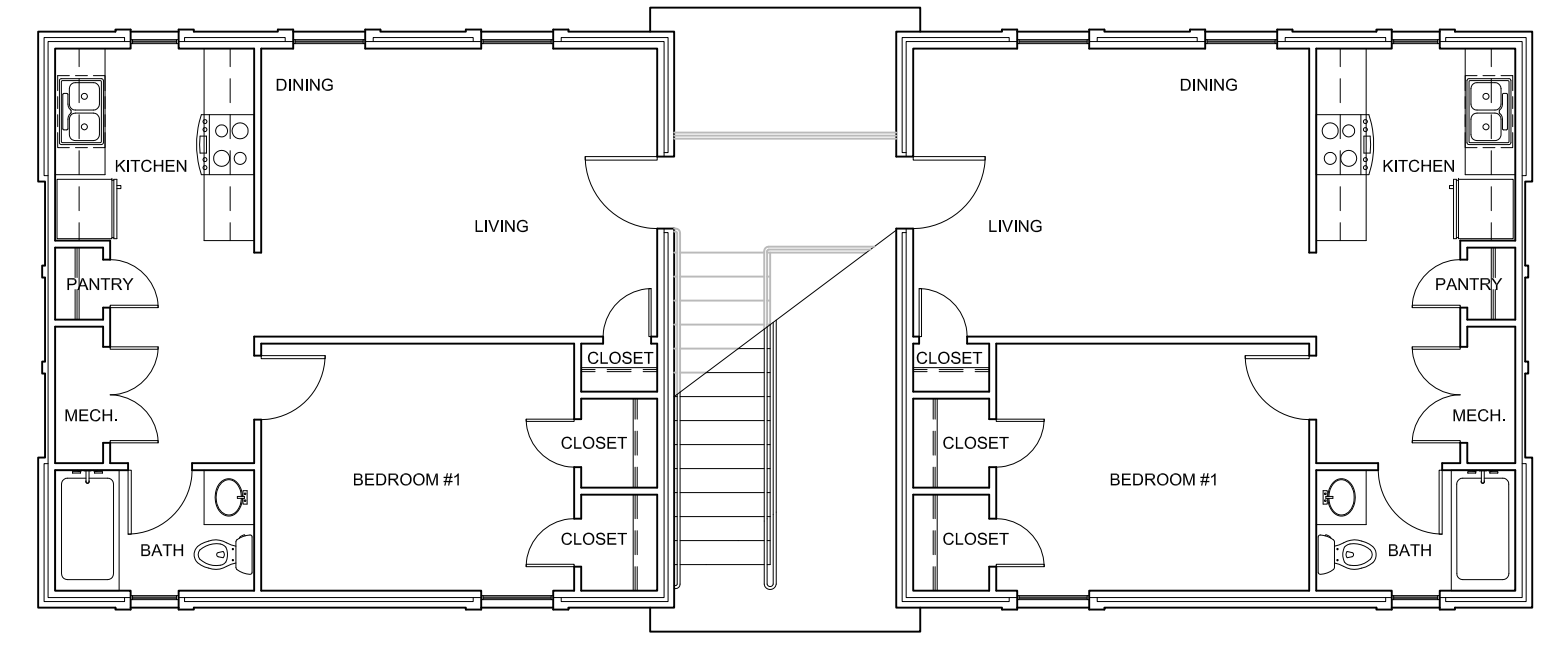
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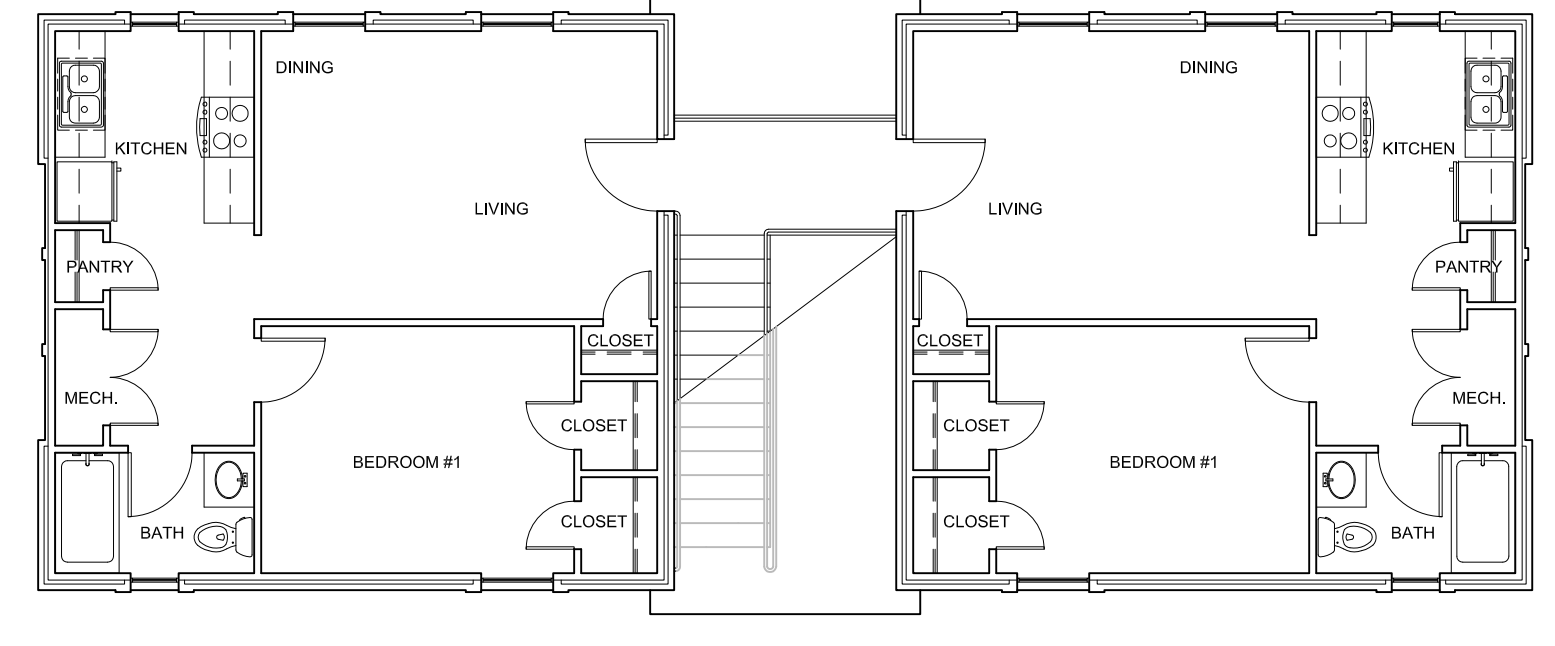
4 | BUILDING TYPE 1 : FIRST FLOOR (REMODELED)
 SCALE: 1/8" = 1'-0"



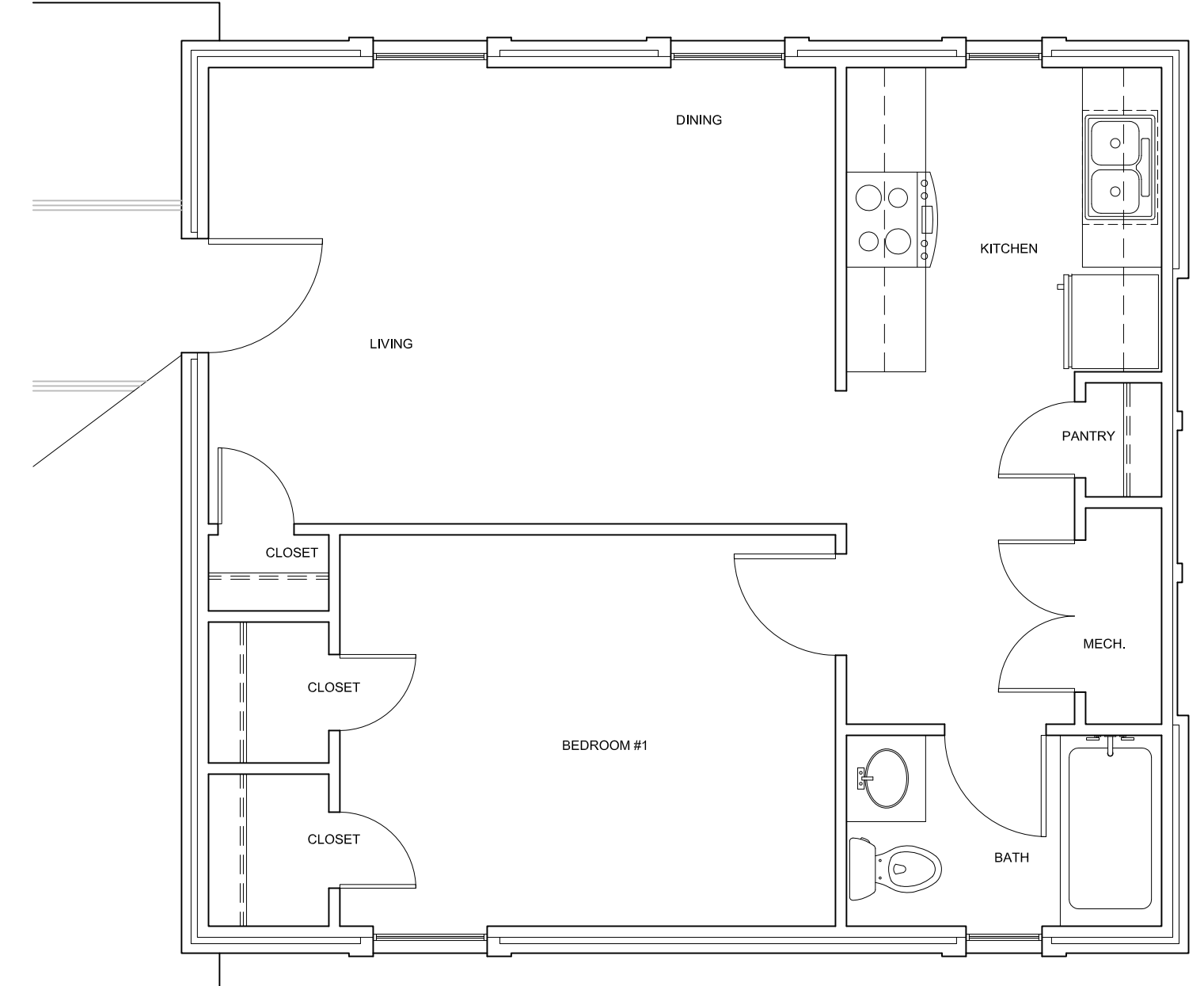
5 | BUILDING TYPE 1 : SECOND FLOOR (REMODELED)
 SCALE: 1/8" = 1'-0"



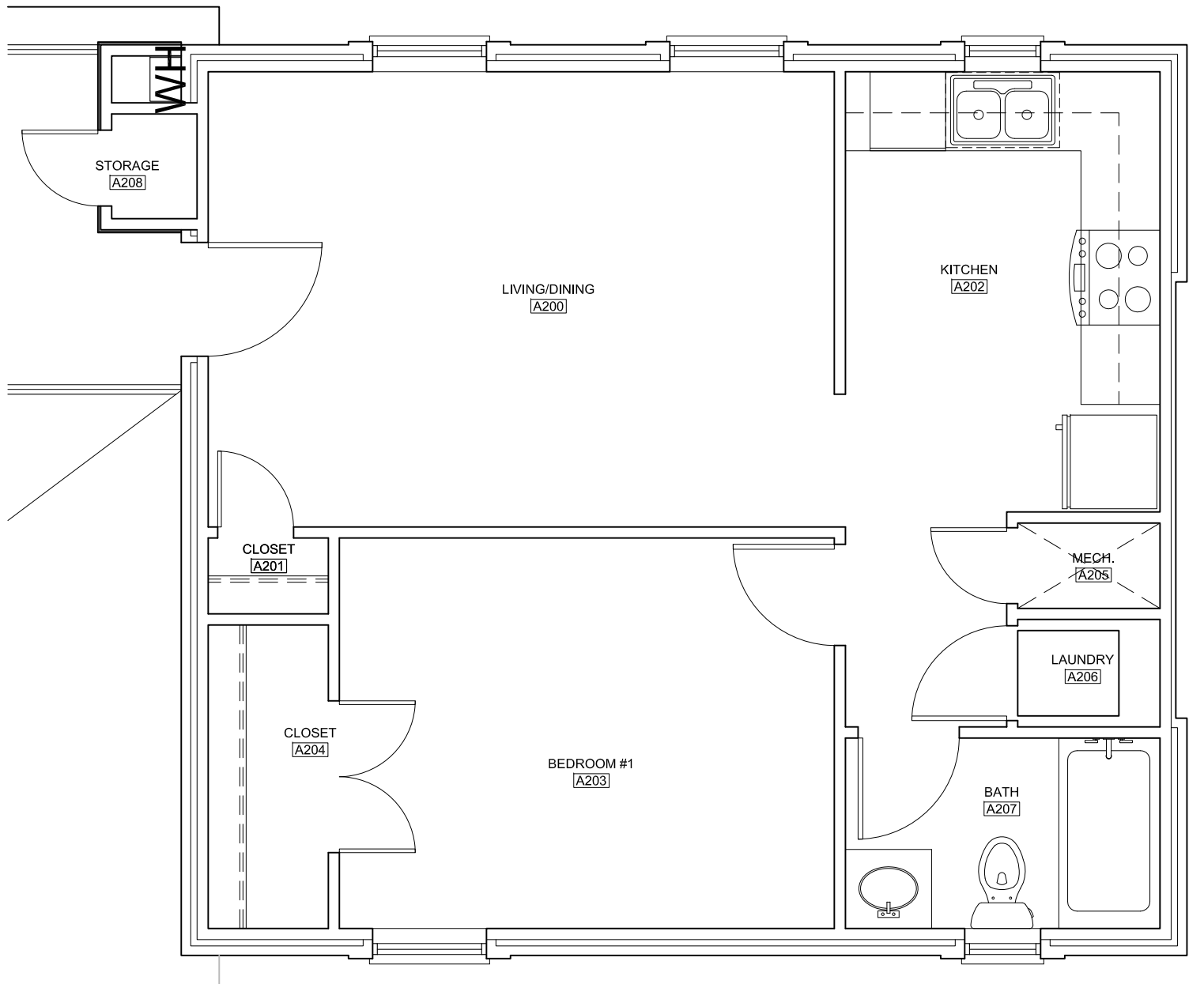
1 | BUILDING TYPE 1 : FIRST FLOOR (EXISTING)
 SCALE: 1/8" = 1'-0"



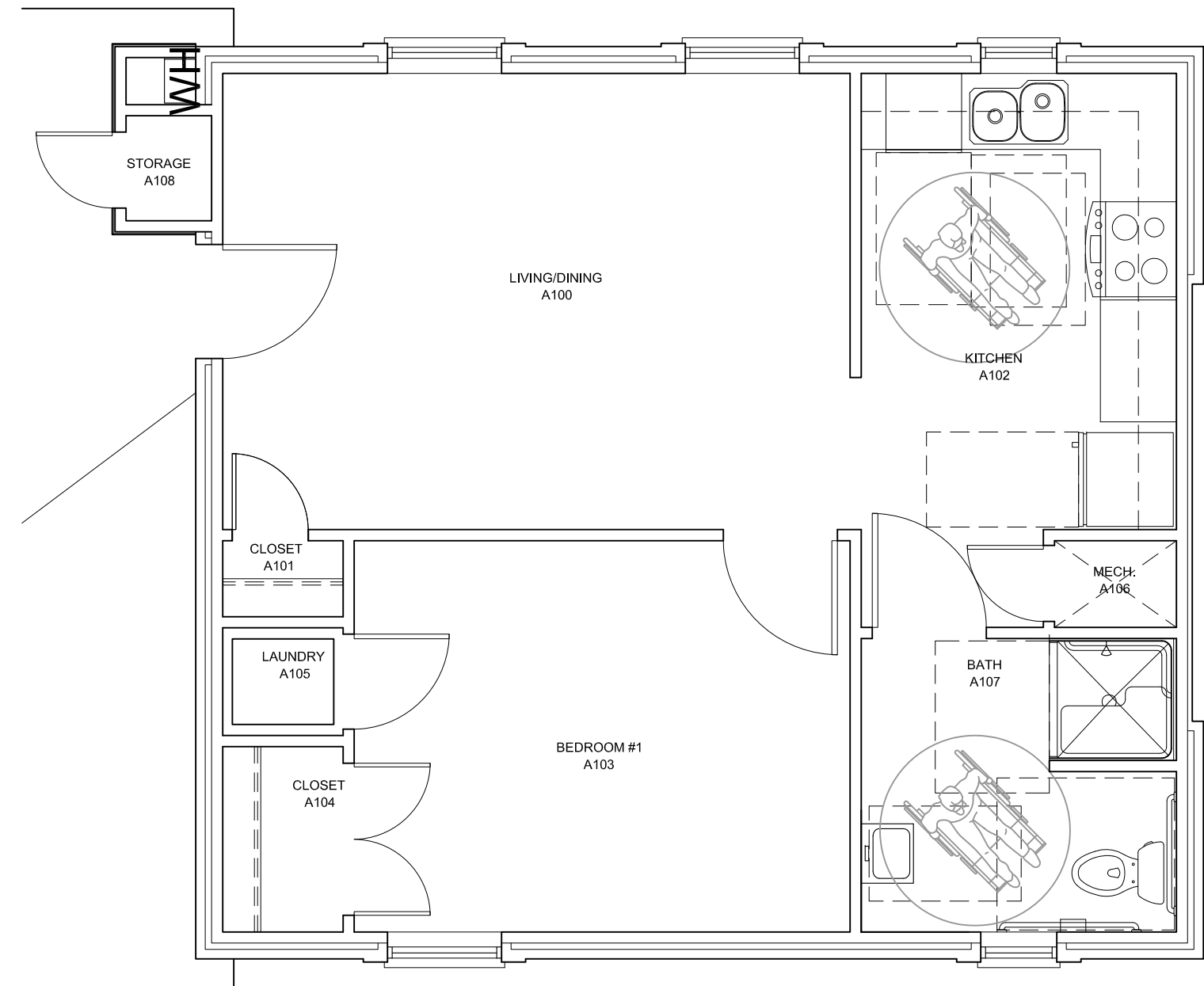
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 SCALE: 1/8" = 1'-0"



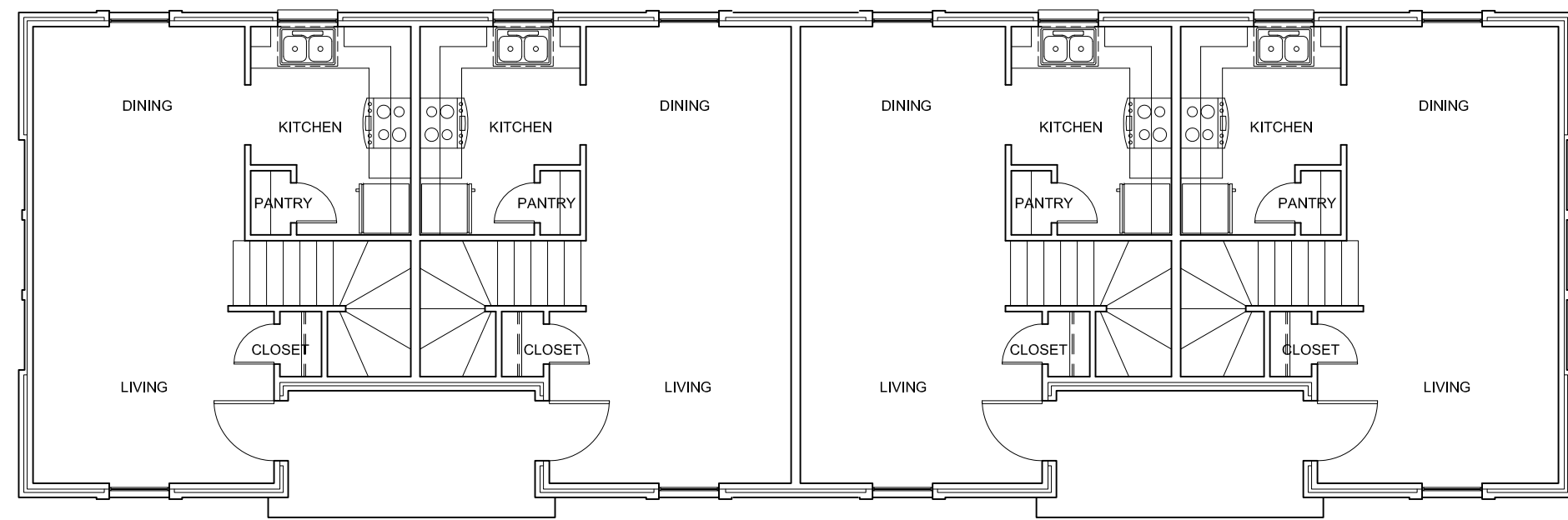
3 | UNIT TYPE A (EXISTING)
 SCALE: 1/4" = 1'-0"



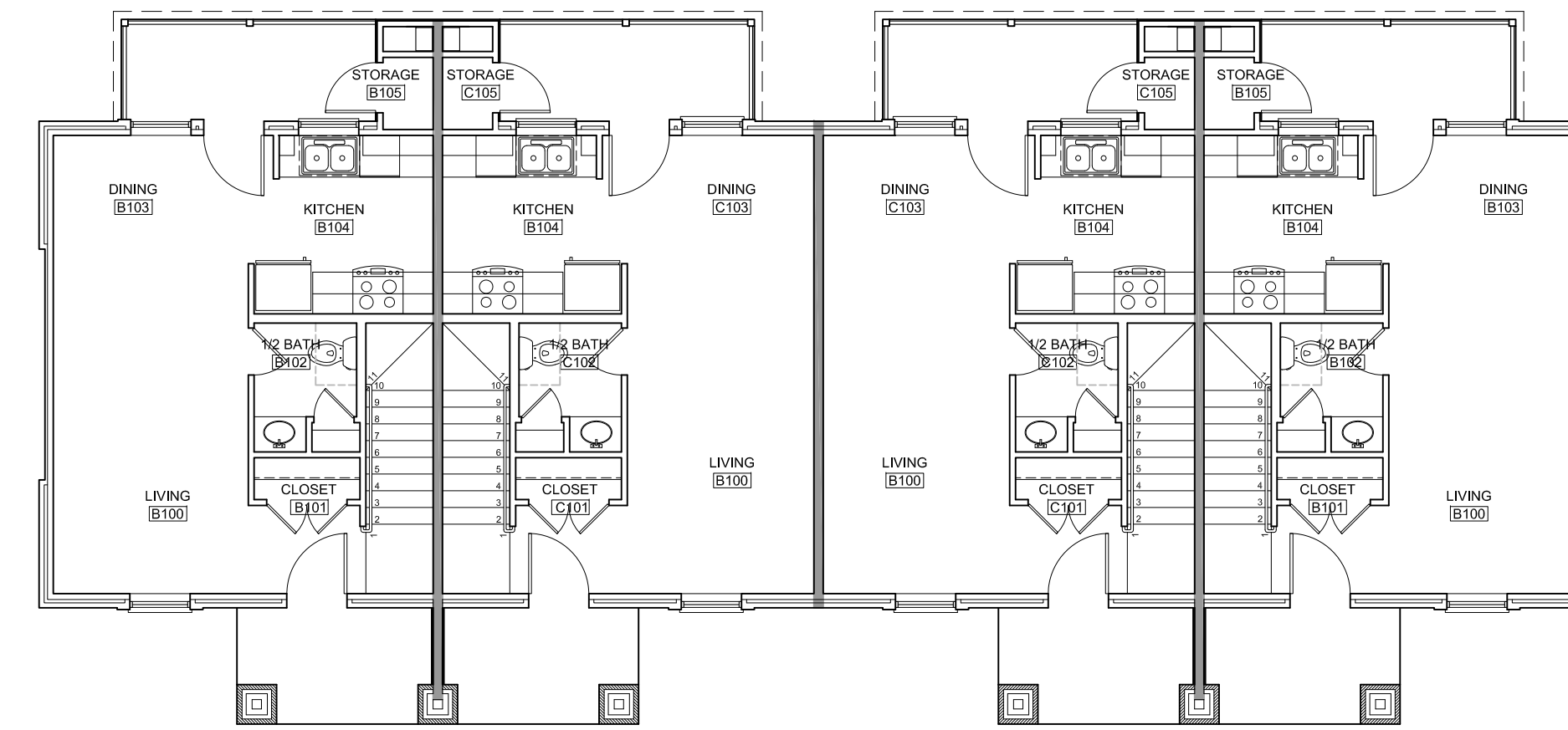
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 SCALE: 1/4" = 1'-0"



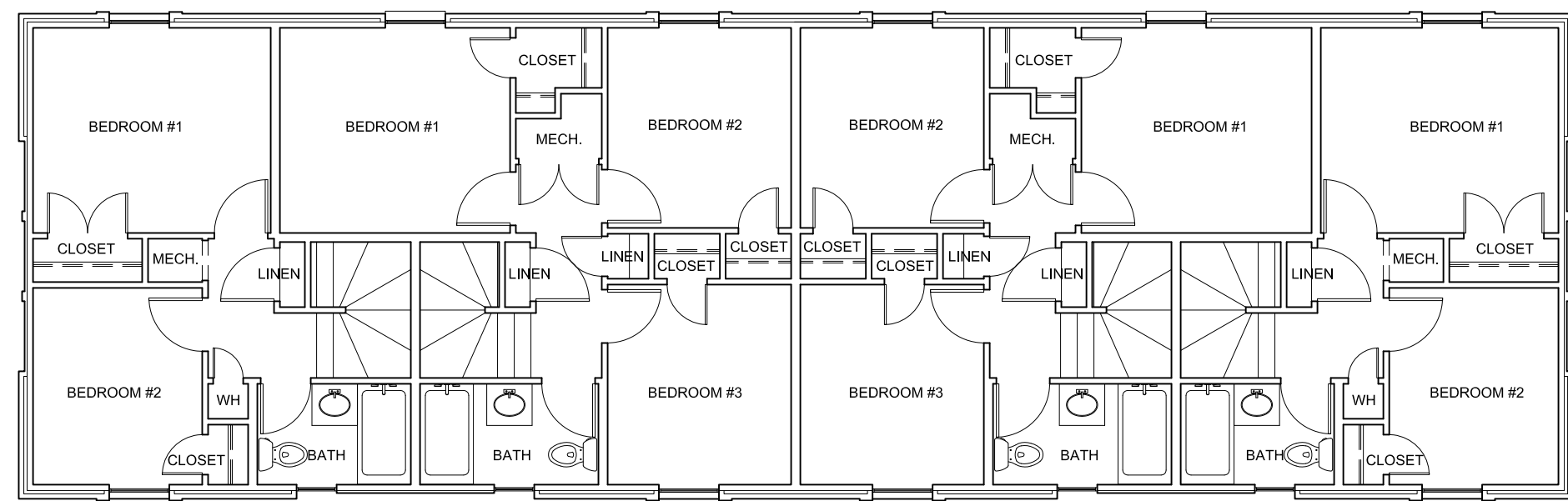
8 | UNIT TYPE A-H (REMODELED): 1BED/1BATH ACCESSIBLE UNIT
 SCALE: 1/4" = 1'-0"



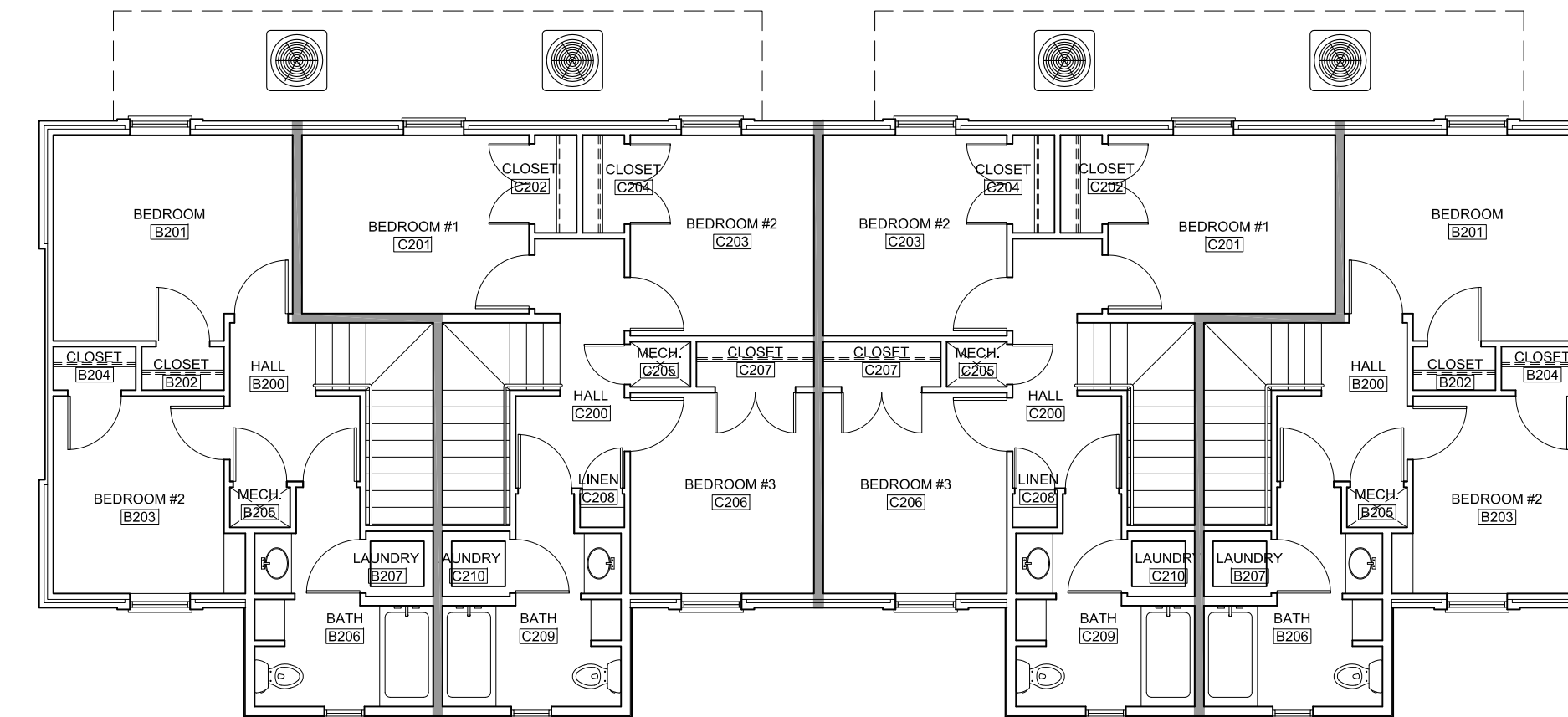
1 | BUILDING TYPE 2 : FIRST FLOOR (EXISTING)
SCALE: 1/8" = 1'-0"



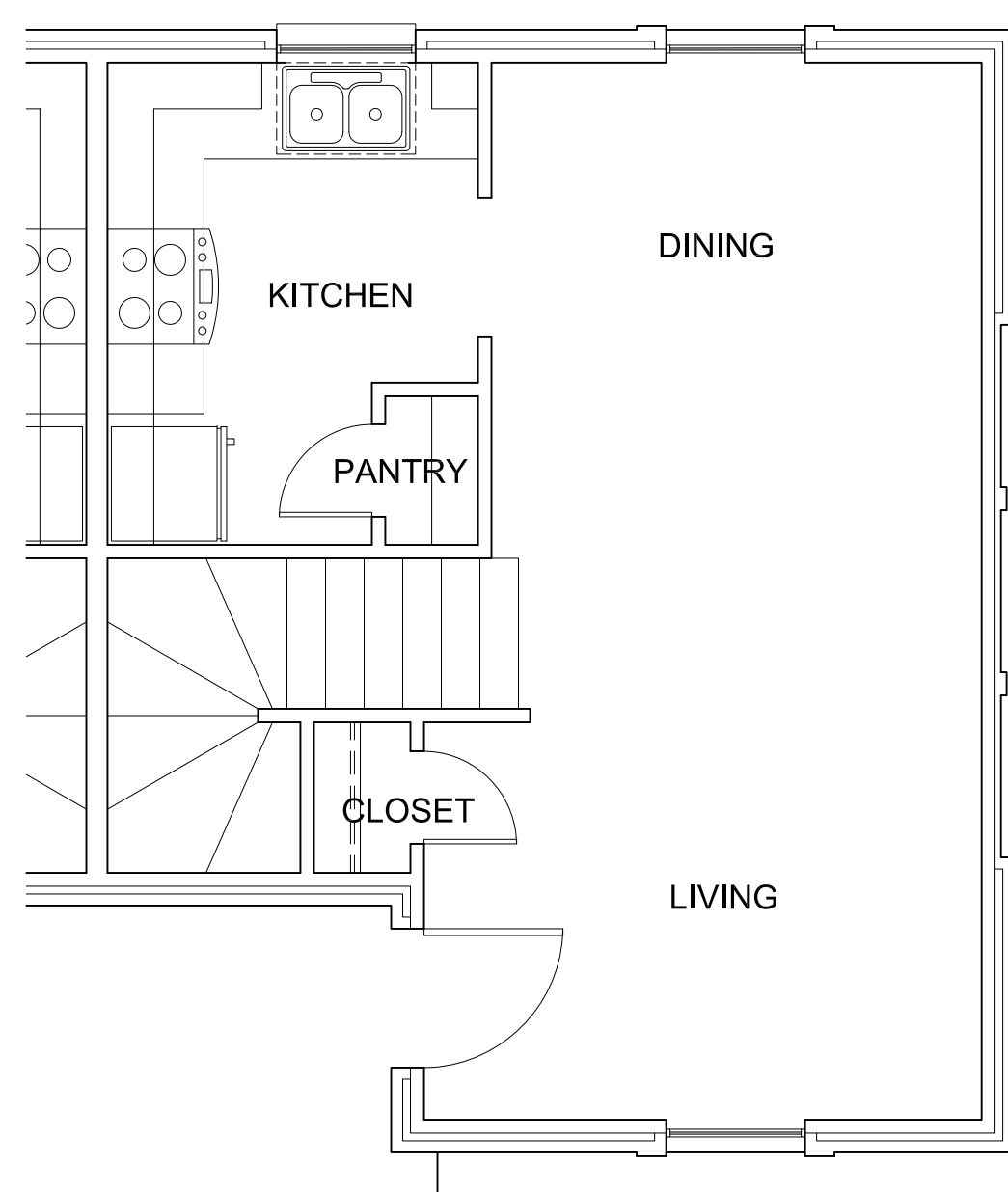
5 | BUILDING TYPE 2 : FIRST FLOOR (REMODELED)
SCALE: 1/8" = 1'-0"



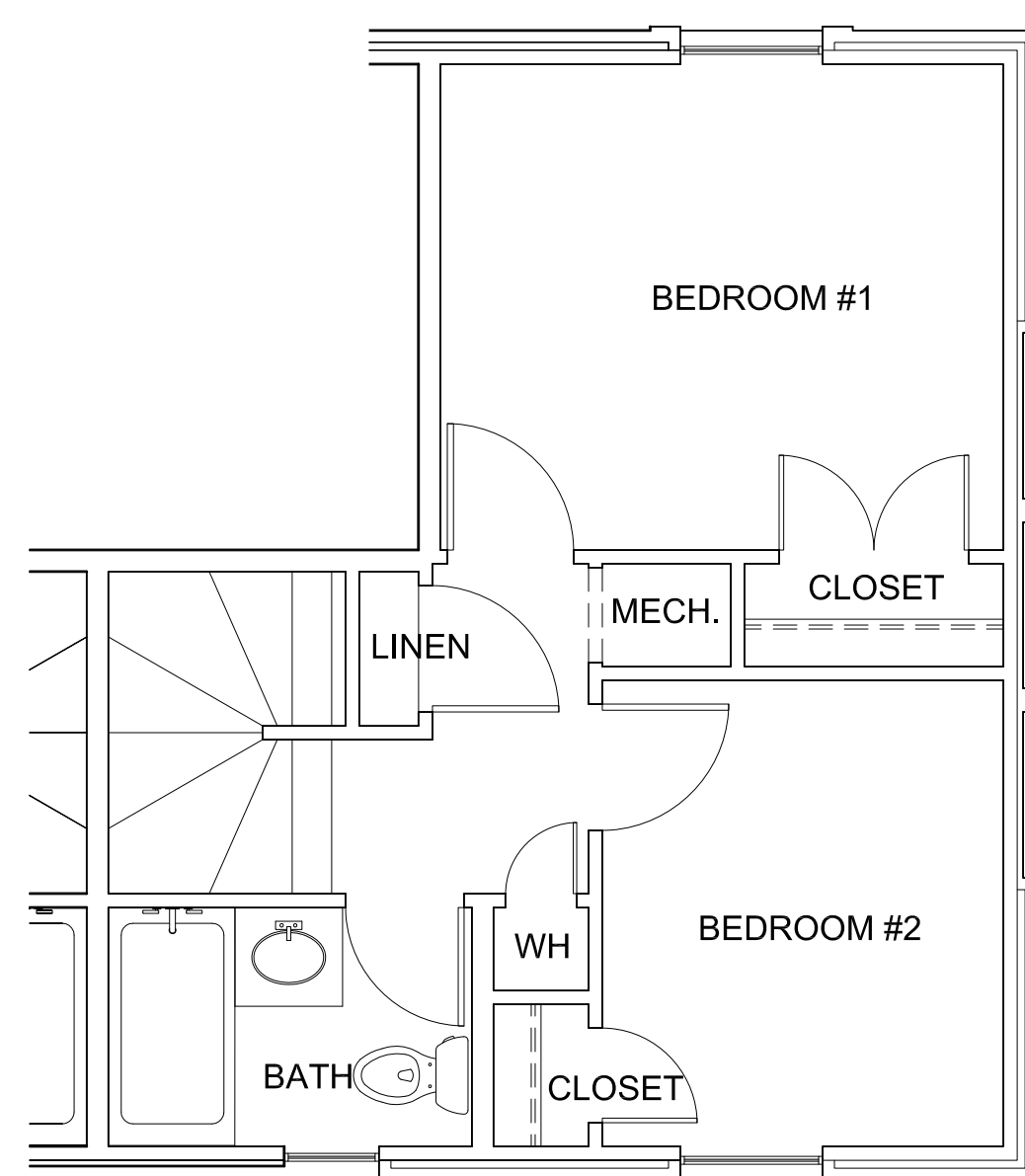
2 | BUILDING TYPE 2 : SECOND FLOOR (EXISTING)
SCALE: 1/8" = 1'-0"



6 | BUILDING TYPE 2 : SECOND FLOOR (REMODELED)
SCALE: 1/8" = 1'-0"

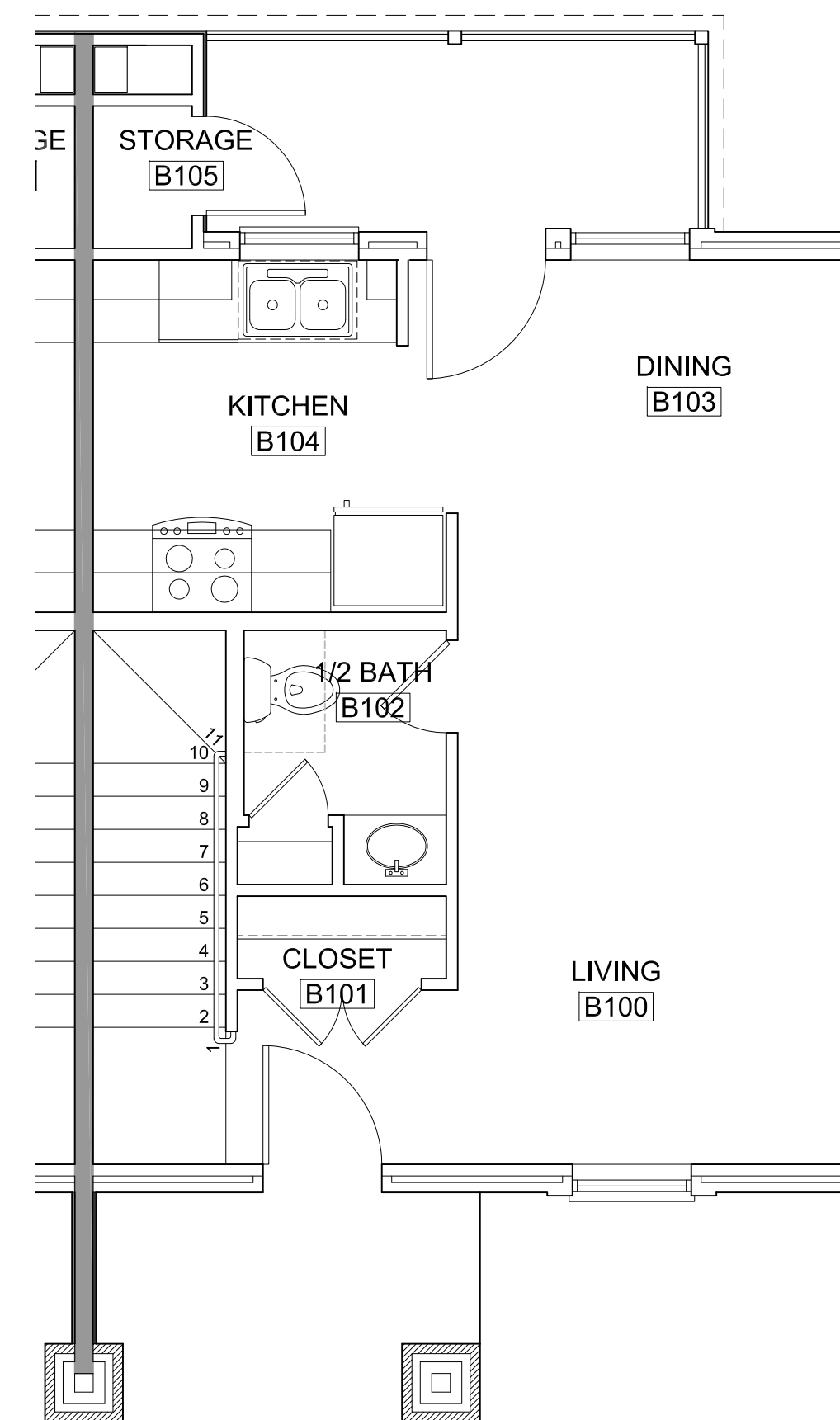


3 | UNIT TYPE B & C SIMILAR (1st FLOOR EXISTING)
SCALE: 1/4" = 1'-0"

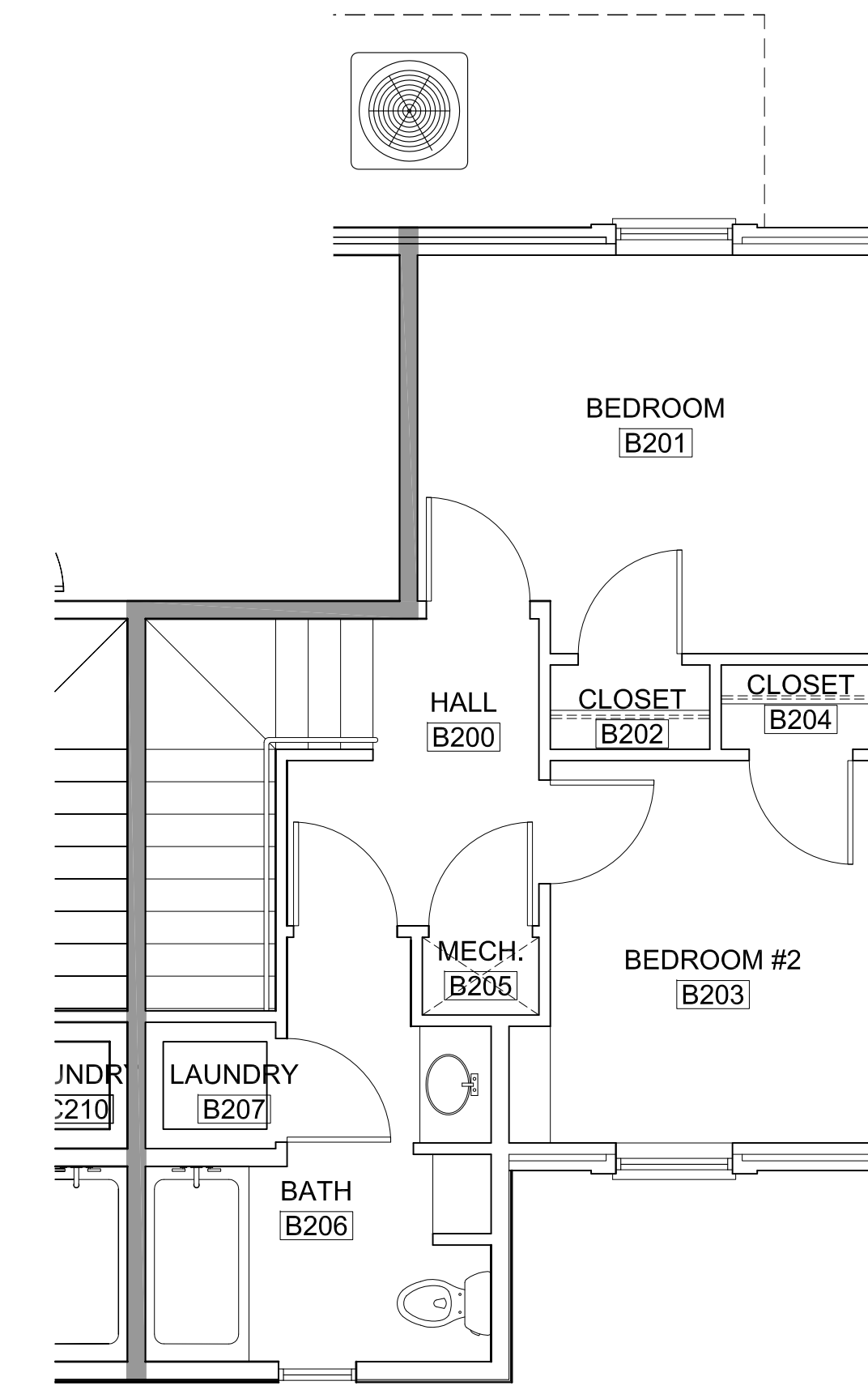


4 | UNIT TYPE B (2nd FLOOR EXISTING)
SCALE: 1/4" = 1'-0"

*REF. 3/A-4 FOR EXISTING UNIT TYPE C 2nd FLOOR



7 | UNIT TYPE B & C SIMILAR (1st FLOOR REMODELED)
SCALE: 1/4" = 1'-0"



8 | UNIT TYPE B (2nd FLOOR REMODELED)
SCALE: 1/4" = 1'-0" *REF. 6/A-4 FOR REMODELED UNIT TYPE C 2nd FLOOR

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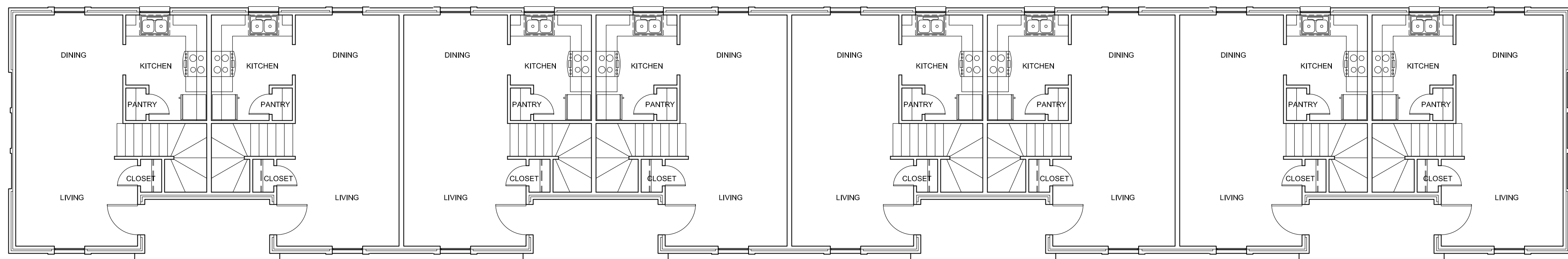
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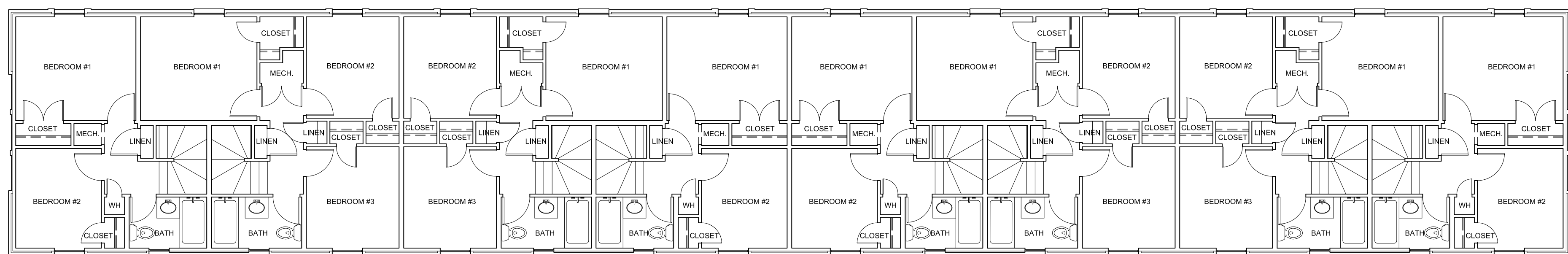
PREPARED BY: EMK/CLS

A3
SHEET NO.
1009_A3

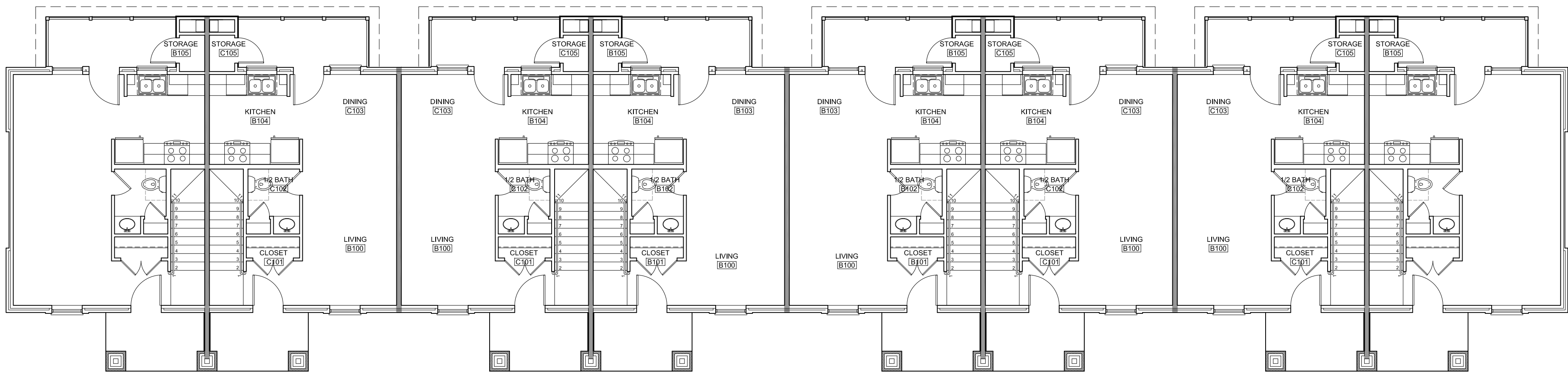
BUILDING TYPE '2'



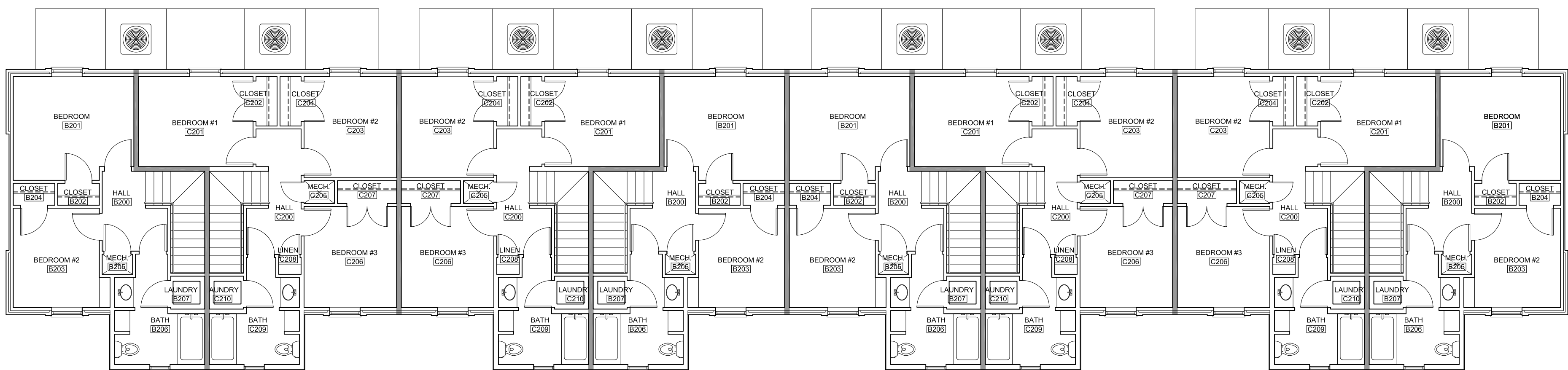
1 | BUILDING TYPE 3 : FIRST FLOOR (EXISTING)
SCALE: 1/8" = 1'-0"



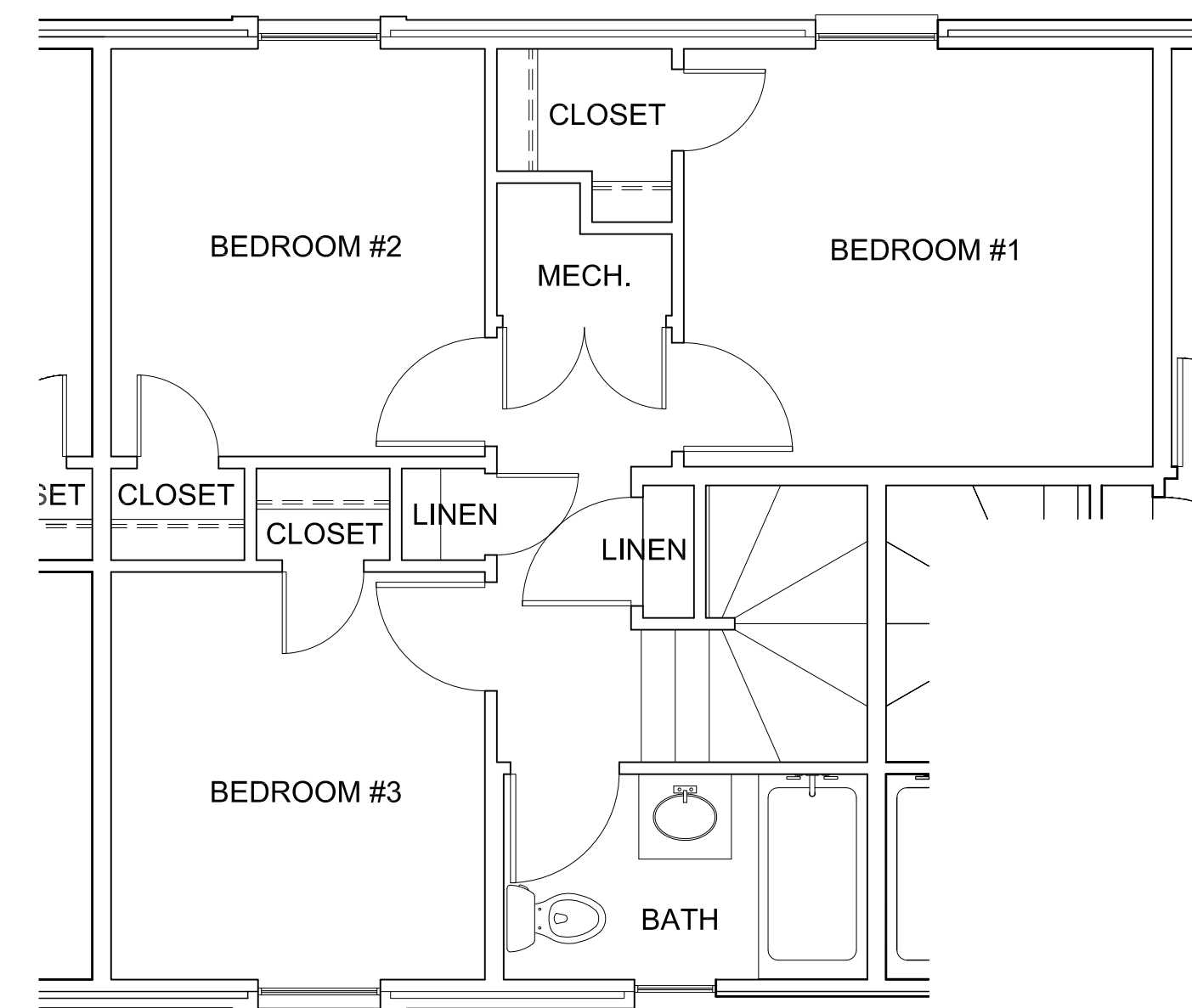
2 | BUILDING TYPE 3 : SECOND FLOOR (EXISTING)
SCALE: 1/8" = 1'-0"



4 | BUILDING TYPE 3 : FIRST FLOOR (REMODELED)
SCALE: 1/8" = 1'-0"

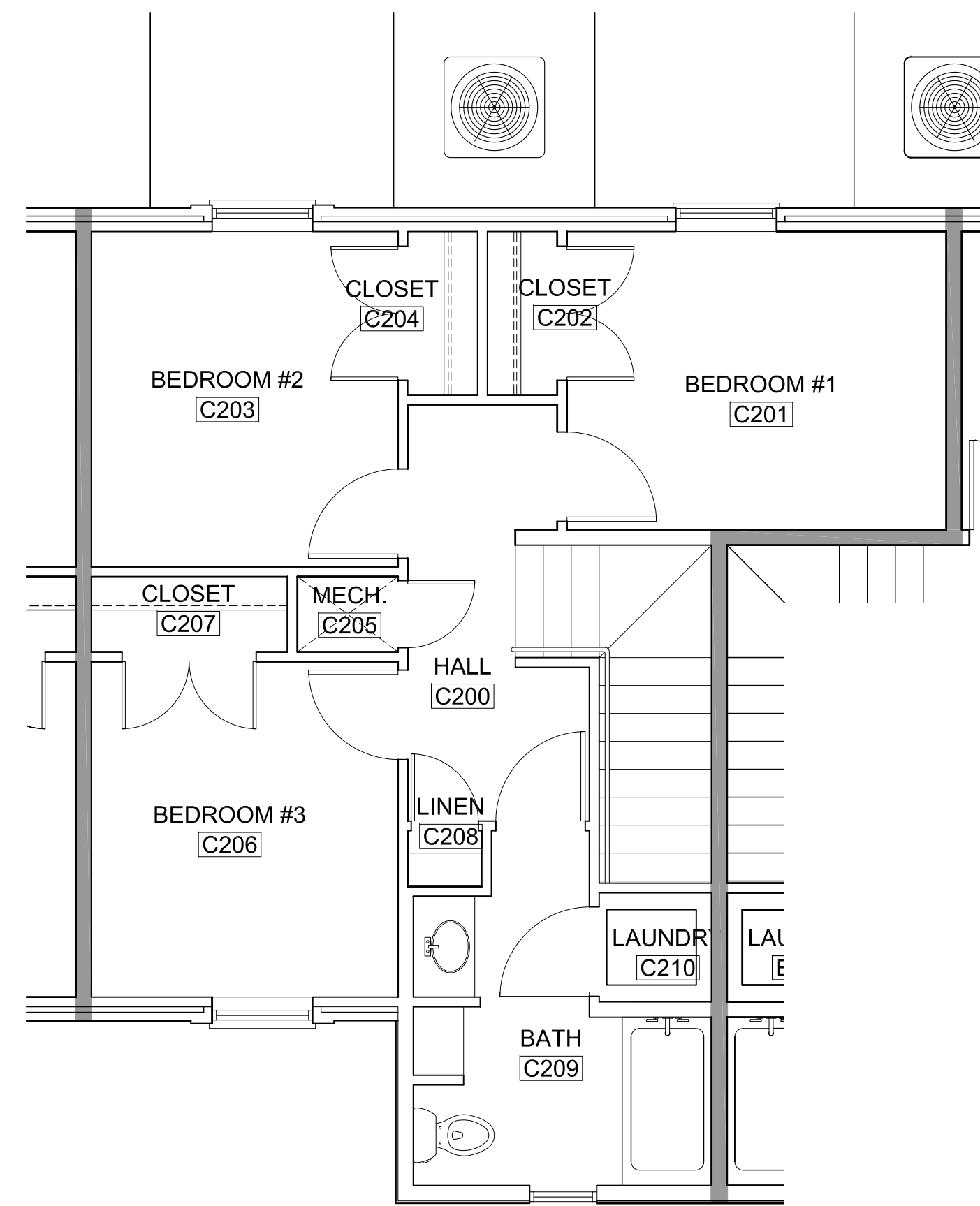


5 | BUILDING TYPE 3 : SECOND FLOOR (REMODELED)
SCALE: 1/8" = 1'-0"



3 | UNIT TYPE C (2nd FLOOR EXISTING)
SCALE: 1/4" = 1'-0"

*REF. 3/A-3 FOR EXISTING SIMILAR UNIT TYPE C 1st FLOOR



6 | UNIT TYPE C (2nd FLOOR REMODELED)
SCALE: 1/4" = 1'-0"

*REF. 7/A-3 FOR REMODELED SIMILAR UNIT TYPE C 1st FLOOR

LONG architects, inc.
 6445 Collier Suite 206 | Beaumont, TX 77706 | Office: 409.866.3443 | Fax: 409.866.3603
 HGE CONSULTING INC.
 15903 Glen Chase Dr. | Houston, Texas 77055
 Phone: 281-558-1882 | Fax: 281-558-2438
 SOUTEX SURVEYORS
 11100 West Loop, Suite 3000
 Dallas, Texas 75240

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SUBSTANTIAL REHABILITATION OF PRINCE HALL GARDENS I
FOR ITEX DEVELOPERS
1800 E. ROBERT STREET | FORT WORTH, TEXAS

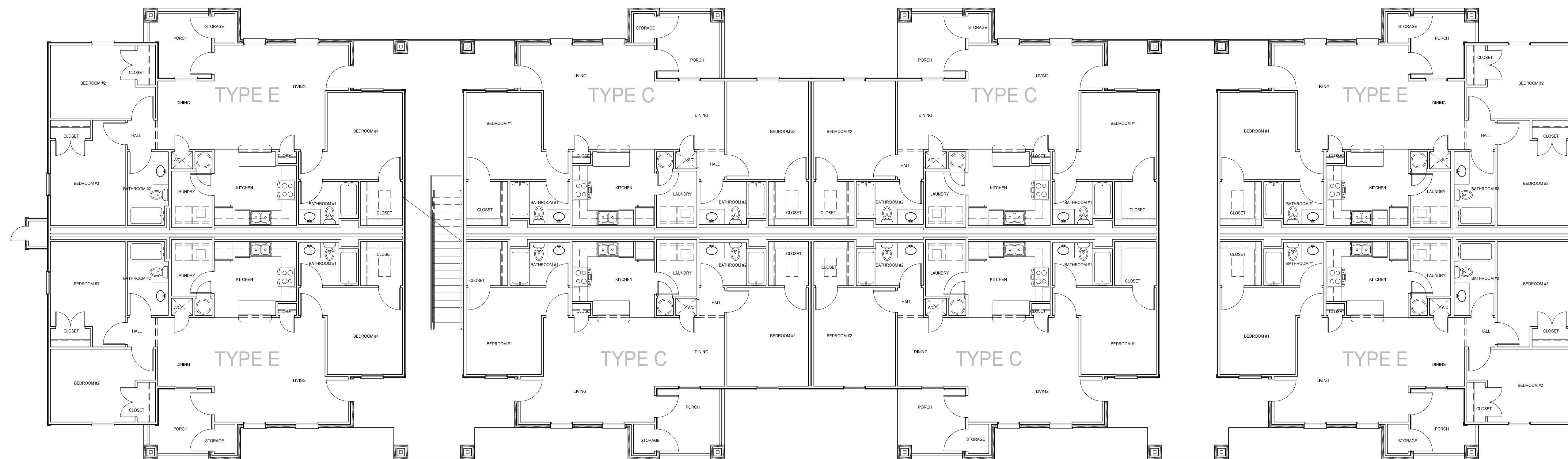
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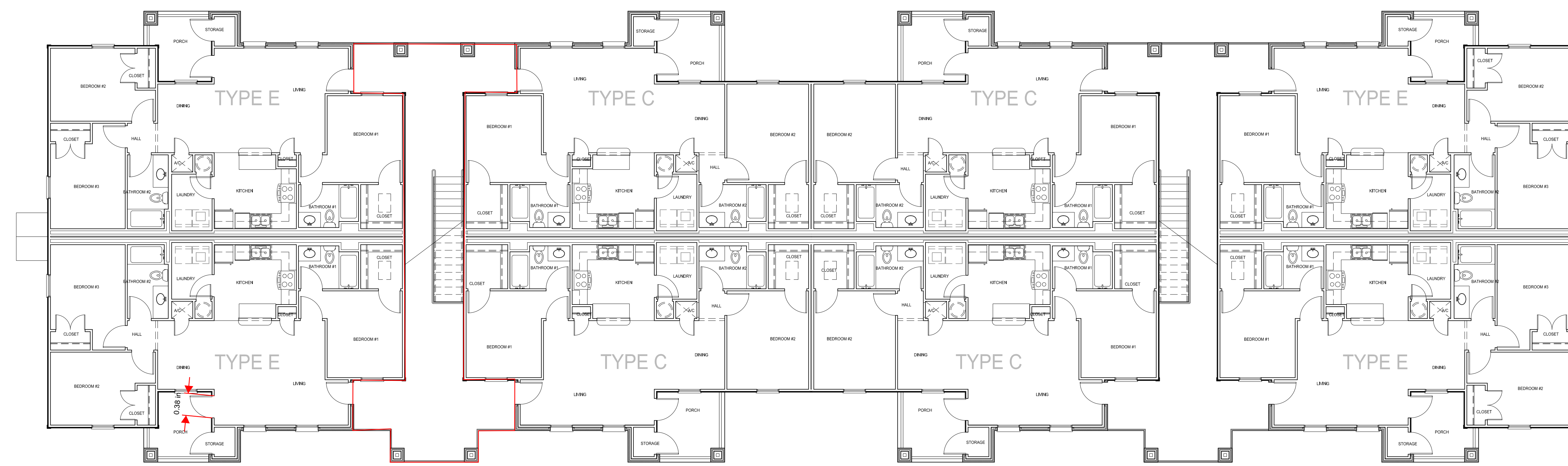
PREPARED BY: EMK/CLS

A4
SHEET NO.
1009_A4

BUILDING TYPE '3'



1 | APARTMENT BUILDING TYPE '4' FIRST FLOOR PLAN
SCALE: 1/8" = 1'-0"



2 | APARTMENT BUILDING TYPE '4' SECOND FLOOR PLAN
SCALE: 1/8" = 1'-0"

LONG architects, inc.
6465 colder suite 206 | beaumont, TX 77706 | office: 409.866.3443 | fax: 409.866.3403
HBE CONSULTING INC.
1563 Glen Chase Dr. | Houston, Texas 77056
713.865.1100
SOUTHEAST TEXAS ARCHITECTS
15000 West Loop South, Suite 2000
Houston, Texas 77040
713.865.4200

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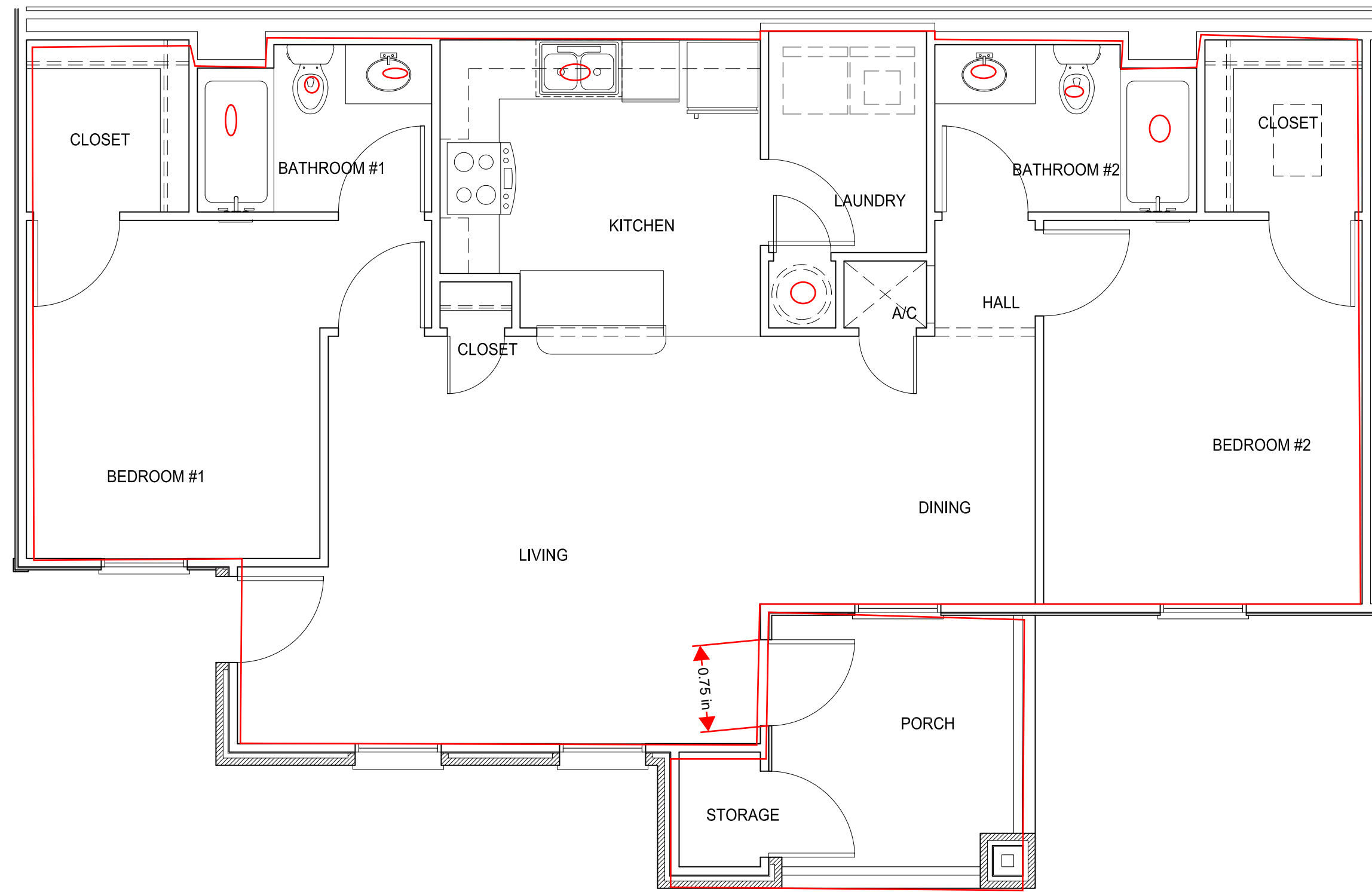
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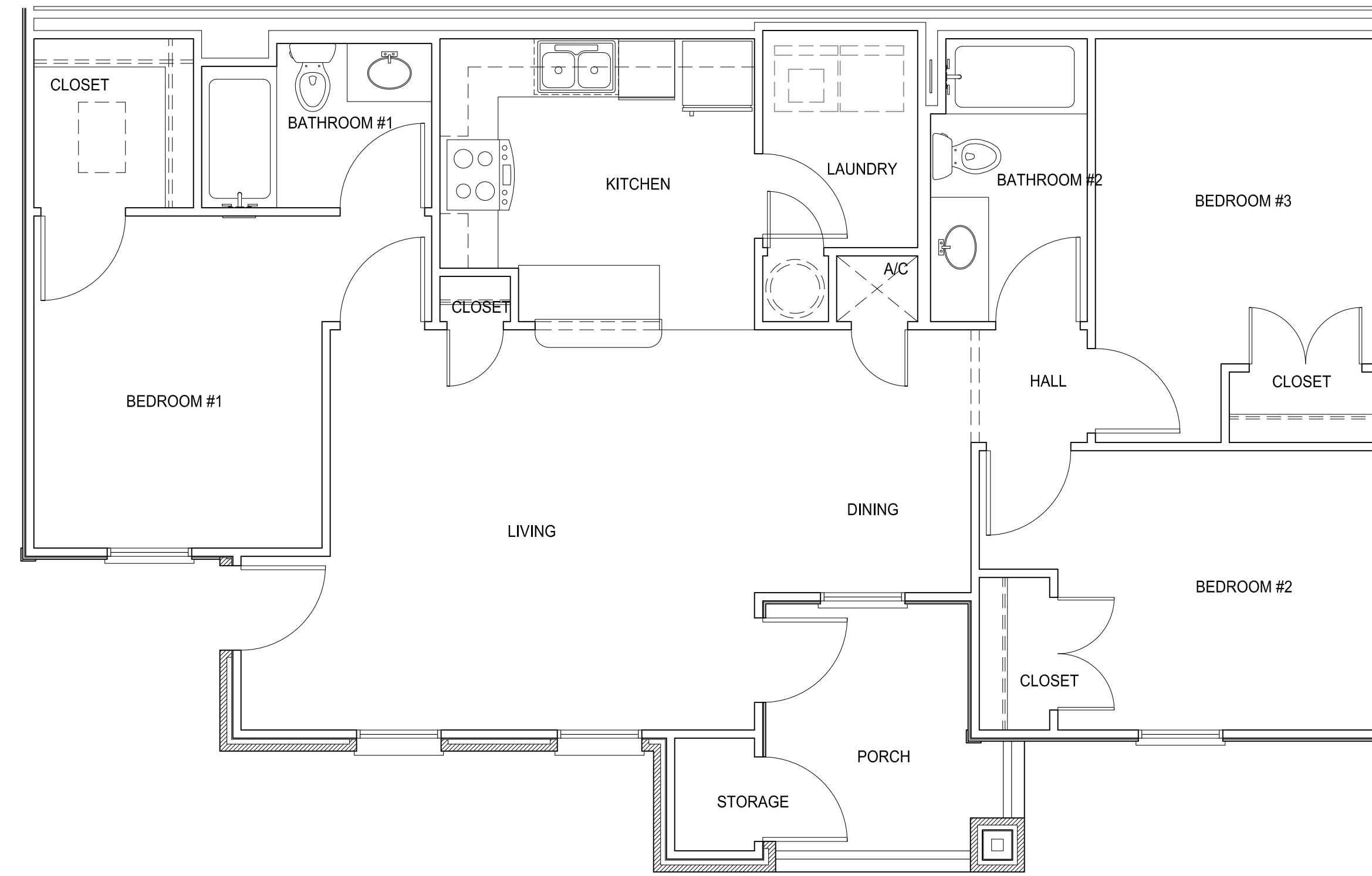
PREPARED BY: EMK/CLS

A5
SHEET NO.
1009_A215

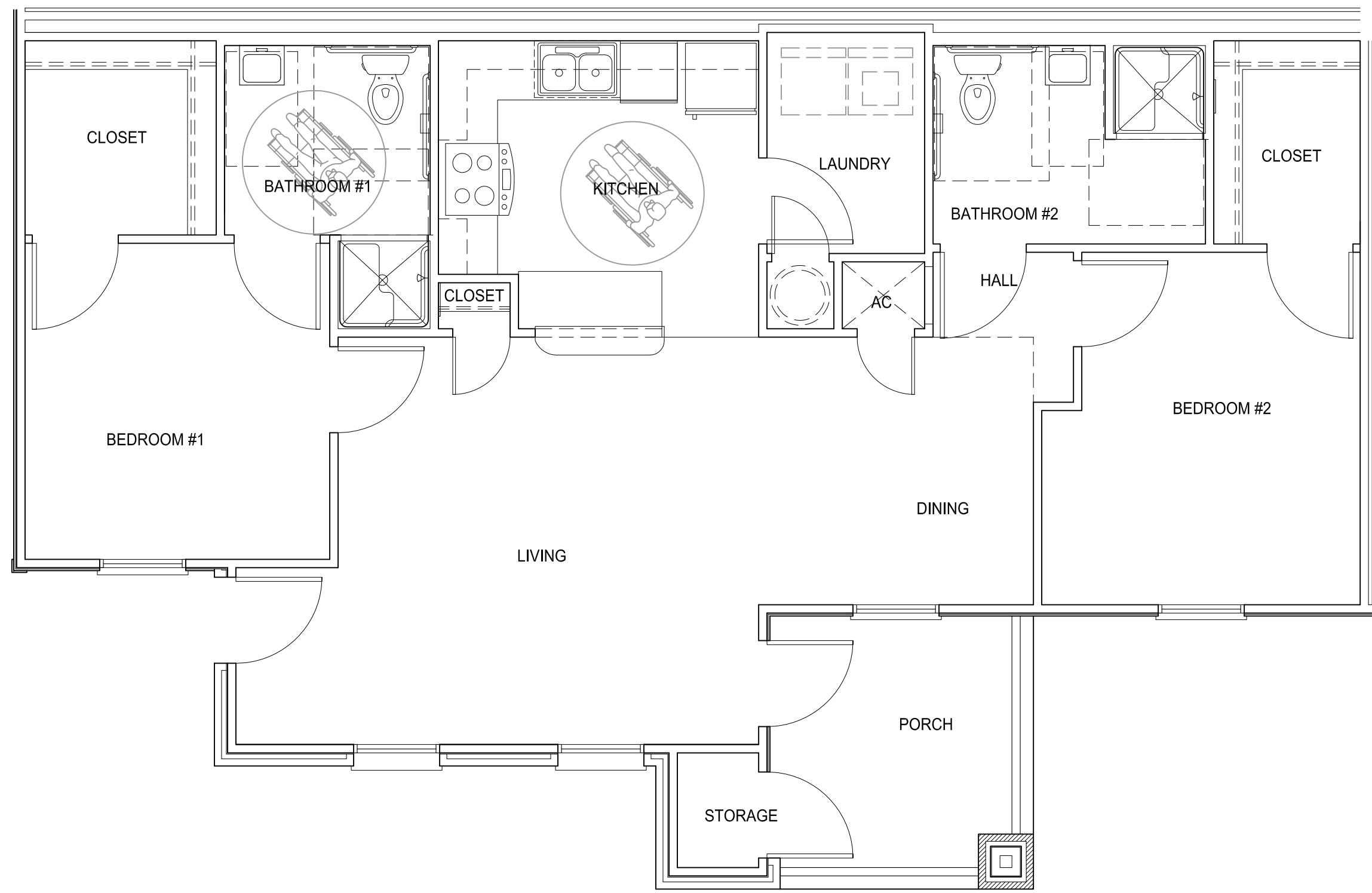
BUILDING TYPE "4"



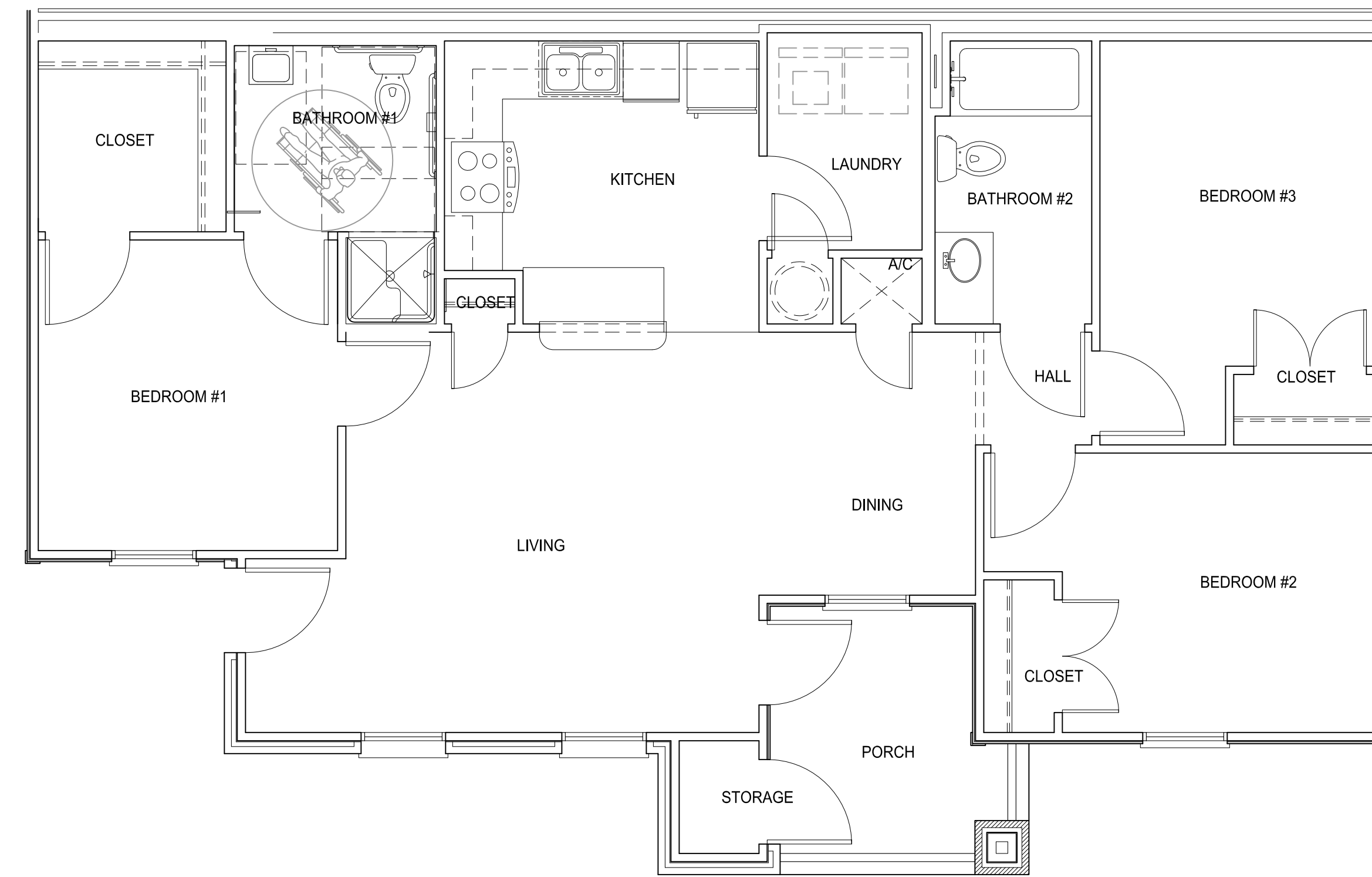
1 | UNIT TYPE 'C' (TYPICAL)
SCALE: 1/4" = 1'-0"



3 | UNIT TYPE 'E' (TYPICAL)
SCALE: 1/4" = 1'-0"



2 | UNIT TYPE 'C-H': 2BED/2BATH ACCESSIBLE UNIT (FIRST FLOOR)
SCALE: 1/4" = 1'-0"



4 | UNIT TYPE 'E-H': 3BED/2BATH ACCESSIBLE UNIT (FIRST FLOOR)
SCALE: 1/4" = 1'-0"

LONG architects, inc.

6465 colder suite 206 | beaumont, TX 77706 | office: 409.866.3443 | fax: 409.866.3403

SOUTEX CONSULTING INC.

15603 Glen Chase Dr. | Houston, Texas 77065
77065 | Phone: 281.655.9400 | Fax: 281.655.9406

SEAL: Philip B. Long, P.E., P.L.L.C. No. 100,000,000
Professional Engineer in the State of Texas

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SUBSTANTIAL REHABILITATION OF PRINCE HALL GARDENS I
FOR ITEX DEVELOPERS
1800 E. ROBERT STREET | FORT WORTH, TEXAS

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ISSUE DATES:
HUD REVIEW
DECEMBER 15, 2010

PREPARED BY: EMK/CLS

A6
SHEET NO.
1009_A6

UNIT TYPES
"C/C-H" & "E/E-H"



October 22, 2010

Mr. Chris Akbari
 Prince Hall Gardens Associates, LP
 3735 Honeywood Court
 Port Arthur, TX 77642

**RE: PRINCE HALL GARDENS APARTMENTS REDEVELOPMENT PROJECT
 CITY FILE # FP-10-091-FL**

Dear Mr. Akbari,

This letter is in response to the "Notice for Early Public Review of a Proposal to Support Activity in a 100-Year Floodplain and Wetland" received by our office on October 15, 2010, regarding redevelopment of the Prince Hall Gardens Apartments. As you are aware, approximately half of the property is within the 1.0% chance (100-year) floodplain as shown on the effective FEMA Flood Insurance Rate Map Panel 48439C0310K, dated September 25, 2009. An overlay of these floodplain limits on 2009 aerial photos shows that 12 of the existing apartment structures are within the floodplain, some as much as 6 feet below the base flood elevation. I have attached an exhibit that I prepared showing this information.

Affordable, federally-backed flood insurance is available to residents of the City of Fort Worth because we participate in the National Flood Insurance Program (NFIP). A condition of our participation in the NFIP is that we regulate all development activities in the floodplain, including new development and substantial improvements to existing structures. This project appears to be a substantial improvement to the apartment complex, and as such must meet current City of Fort Worth floodplain development standards that meet or exceed NFIP minimum standards. Specifically, the structures within or adjacent to the floodplain must be elevated to meet our minimum finish floor requirements, or be removed from the floodplain. The basis for this requirement, reflected in our Floodplain Provisions ordinance, is 44CFR 60.3 "Flood Plain Management Criteria for Flood-Prone Areas":

44CFR 60.3(c)(2) Require that all new construction and substantial improvements of residential structures within Zones AI-30, AE and AH zones on the community's FIRM have the lowest floor (including basement) elevated to or above the base flood level, unless the community is granted an exception by the Administrator for the allowance of basements in accordance with Sec. 60.6 (b) or (c);

Finish floor requirements in Fort Worth exceed NFIP minimum standards, and must be 2.0 feet above the fully-developed conditions 100-year flood elevation. I assume that your proposed improvement project addresses this issue and includes a plan to relocate structures out of the floodplain in compliance with Federal regulations and our Floodplain Provisions ordinance. If so, we would like to work with you however we can to help this project succeed in providing affordable housing in a way that is safe from flooding. However, if the project does not consider the necessary mitigation measures, we need to meet as soon as possible to resolve these issues. The potential costs of mitigating the flood hazard on this property will likely have significant impacts on the feasibility of this project.

Please feel free to contact me at your earliest convenience if you should have any questions.

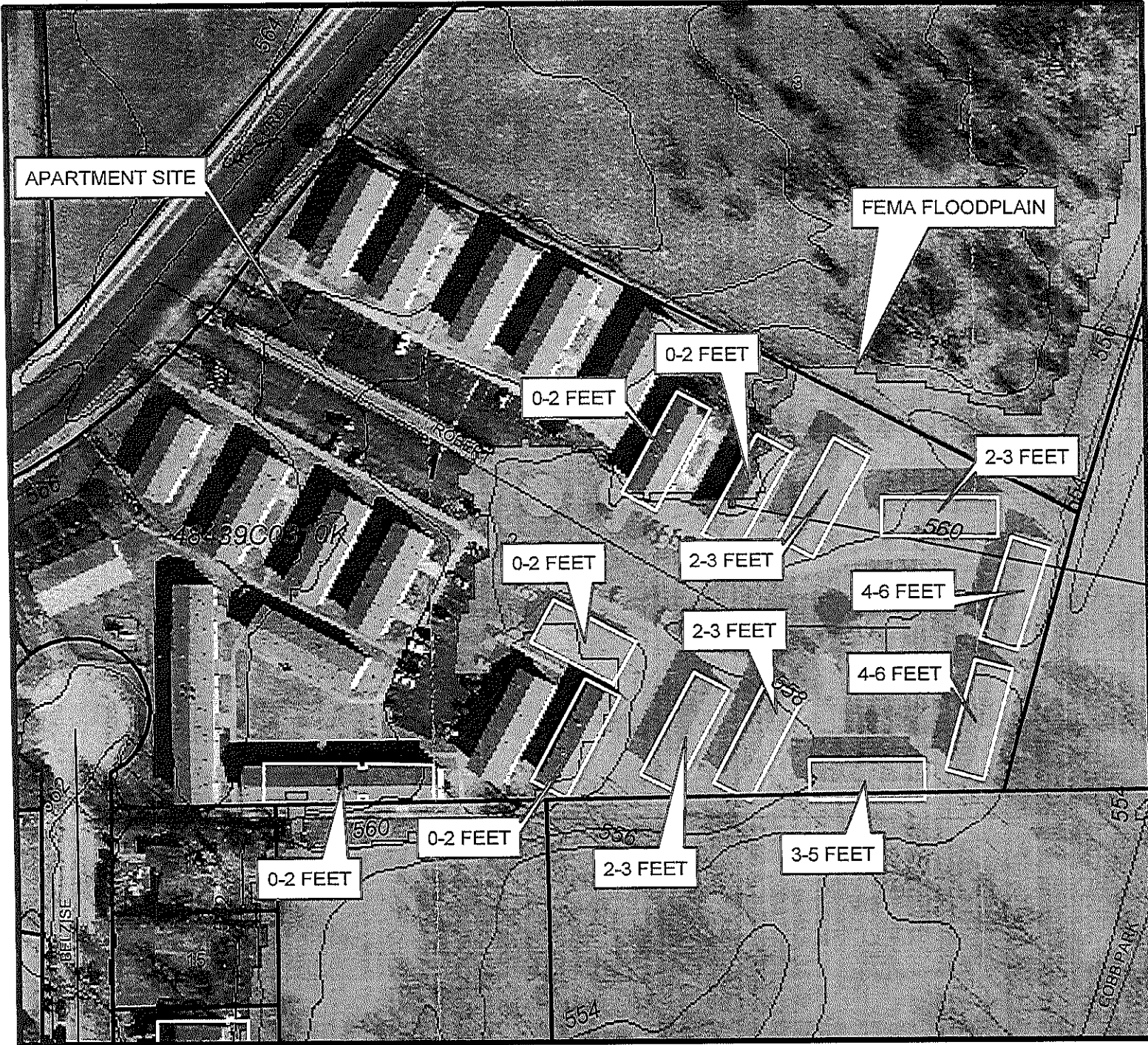
Sincerely,

Clair C. Davis, P.E., CFM
 Floodplain Administrator
 C:\CCD\Docs\Letters\FP_Info_Prince_Hall_Gardens_Apartments-01.doc

ENC: Contour & Floodplain Overlay
 Public Notice, October 15, 2010

TRANSPORTATION AND PUBLIC WORKS DEPARTMENT

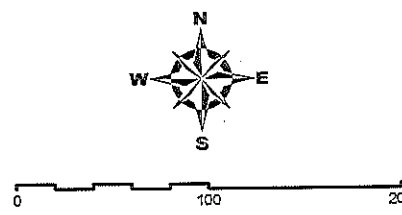
THE CITY OF FORT WORTH * 1000 THROCKMORTON STREET * FORT WORTH, TEXAS 76102
 817-392-7800 * FAX 817-392-8092



Legend

[Symbol]	TAD PARCELS
[Symbol]	FEMA_TARRANT_FLOOD_HAZ_AREAS
[Symbol]	FLD_ZONE
[Symbol]	AE
[Symbol]	AO
[Symbol]	A
[Symbol]	0.2 PCT ANNUAL CHANCE FLOOD HAZARD
[Symbol]	X PROTECTED BY LEVEE
[Symbol]	FEMA_TARRANT_BASE_FLOOD_ELEV
[Symbol]	CoEW_Contours_2009_Lidar

**PRINCE HALL GARDENS
IMPROVEMENT PROJECT
FLOODPLIAN EXHIBIT**



Notice for Early Public Review of a Proposal to Support Activity in a 100-Year Floodplain and Wetland

To: All Interested Agencies, Groups, and Individuals

This is to give notice that the Prince Hall Gardens Associates, LP is requesting a HOME loan from the City of Fort Worth Community Development Department in the amount of \$555,000 and Housing Tax Credits through the Texas Department of Housing and Community Affairs (TDHCA) in the amount of \$1,096,944 for the reconstruction of the Prince Hall Gardens 1 Apartment Complex. The development is an existing complex of 100 units and located at 1800 East Robert Street in Fort Worth, Tarrant County, Texas and consists of approximately three (3) acres of floodplain. This notice is to inform the public of the proposed action.

This notice is required by Section 2(a)(4) of Executive Order 11988 for Floodplain Management, and by Section 2(b) of Executive Order 11990 for the Protection of Wetlands, and is implemented by HUD Regulations found at 24 CFR 55.20 Subpart C Procedures for Making Determinations on Floodplain Management. The 8-Step Decision Making Process includes public notices and the examination of practicable alternatives to building in the floodplain.

This notice of request was mailed to the regional office of the Federal Emergency Management Agency and the State office of Environmental Protection (EPA).

Comments must be received by Prince Hall Gardens Associates, LP on or before November 2, 2010; by mail to: 3735 Honeywood Court, Port Arthur, TX 77642, Attention: Chris Akbari; fax: (409)721-6603, or email chrisakbari@itexmgmt.com. Additional information of the proposed action may be obtained by contacting Mr. Chris Akbari at (409)724-0020 during the hours of 9:00 AM and 4:00 PM weekdays.

Date issued: October 15, 2010 in the Fort Worth Star

Volume 1, Tab 2. Populations Served

Part B. Rent Schedule (Cont.)

		% of LI	% of Total	
HOUSING	TC30%	5%	5%	5
	TC40%			0
	TC50%	45%	45%	45
	TC60%	50%	50%	50
TAX	HTC LI Total			100
CREDITS	TCEO			0
	MR			0
	MR Total			0
	TC Total			100
MORTGAGE	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
REVENUE	MRB LI Total			0
BOND	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
TRUST	HTF80%			0
	HTF LI Total			0
	MR			0
FUND	MR Total			0
	HTF Total			0
HOME	HOME HH	100%	100%	10
	HOME LH			0
	HOME LI Total			10
	MR/EO			0
	MR			0
	MR Total			0
	HOME Total			10
OTHER	Total OT Units			100

Note: Pursuant to 50.9(h)(7)(C), any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to the Rules must be identified in the Rent Schedule and the local, state or federal income restrictions must include corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. The income and corresponding rent restrictions will be continuously maintained over the compliance and extended use period as specified in the LURA.

Volume 1, Tab 2. Populations Served
Part C. Utility Allowances

Applicant must attach to this form documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application Packet. This exhibit must clearly indicate which utility costs are included in the estimate.

NOTE:

If more than one entity (Sec. 8 administrator, public housing authority) is responsible for setting the utility allowance(s) in the area of the development location, then the selected utility allowance must be the one which most closely reflects the actual expenses.

If an independent utility cost evaluation is conducted it must include confirming documentation from all the relevant utility providers.

If other reductions to the tenant rent is required such as the cost of flood insurance for the tenant's contents, documentation for these reductions to gross rent should also be attached.

Development Name:

City:

Utility(1)	Energy Source (2)	Source of Utility Allowance	Effective Date
<input checked="" type="checkbox"/> Heating	E	Fort Worth Housing Authority	1/1/2010
<input checked="" type="checkbox"/> Cooling	E	Fort Worth Housing Authority	1/1/2010
<input checked="" type="checkbox"/> Water Heater	E	Fort Worth Housing Authority	1/1/2010
<input checked="" type="checkbox"/> Cooking	E	Fort Worth Housing Authority	1/1/2010
<input type="checkbox"/> Water			
<input type="checkbox"/> Sewer			
<input type="checkbox"/> Trash			
<input checked="" type="checkbox"/> General Electricity		Fort Worth Housing Authority	1/1/2010

Other (Describe)

Water, Sewer, Trash is included in the rent and paid by the Project Owener	

(1) Check the box if the TENANT will have to pay for this utility directly or will have to pay an extra fee for the appliances listed.

(2) Indicate the type of energy source used where applicable as follows: N= Natural Gas, P= Propane, E= Electric, L= Oil, O= Other



Don't forget to add your utility allowance documentation behind this exhibit!

Fort Worth Housing Authority
 HOUSING ALLOWANCES For TENANT-FURNISHED UTILITIES & OTHER SERVICES
 UNDER THE HOUSING CHOICE VOUCHER PROGRAM

Date: January 1, 2010

ADDRESS OF UNIT:

UTILITY OR SERVICE	MONTHLY DOLLAR ALLOWANCES						
	Units with Gas, Water, and Electric Service						
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
HEATING:	22	28	32	34	41	44	47
a. Natural Gas							
b. Electric	18	22	25	28	33	36	41
COOKING:	4	4	5	5	5	5	5
a. Natural Gas							
b. Electric	3	3	4	4	4	4	4
Electric lighting, Refrigeration Etc.,	17	20	23	26	28	30	30
Air Conditioning:	11	13	17	20	22	24	26
WATER HEATING:	9	10	12	12	12	13	13
a. Natural Gas							
b. Electric	11	11	15	18	20	22	24
WATER & SEWER:	11	11	13	17	17	19	21
TRASH COLLECTION:	11	11	11	11	11	11	11
RANGE:	2	2	2	2	2	2	2
REFRIGERATOR:	2	2	2	2	2	2	2
Total Allowances for gas, water, And electric with gas water Heating and tenant owned range/refrigerator	89	101	117	129	140	150	157

Total Electric Units Only

Total Electric Unit: Heating, Air, lighting, etc.,	49	58	69	78	87	94	101
Electric Water Heaters:	11	11	15	18	20	22	24
Total Electric Units with Tenant-paying water heating:	60	69	84	96	107	116	125

CIRCLE ALL TENANT PAID UTILITIES

TOTAL ALLOWANCES: _____ BEDROOMS: _____

Name of Family _____

Counselor/Inspector _____

ALL BILLS PAID: _____

Date: _____

Volume I, Tab 2. ACTIVITY OVERVIEW

Part D. Annual Operating Expenses

Development Name: <u>Prince Hall Gardens</u>		City: <u>Fort Worth</u>	
General & Administrative Expenses			
Accounting	\$	14,500.00	
Advertising	\$	1,500.00	
Legal fees	\$	3,500.00	
Leased equipment	\$	3,500.00	
Postage & office supplies	\$	1,700.00	
Telephone	\$	4,500.00	
Other <u>Consulting, Contract Services, Mbrshp Fees</u>	\$	4,000.00	
Total General & Administrative Expenses:			\$ 33,200.00
Management Fee:	Percent of Effective Gross Income:	5.00%	\$ 35,137.00
Payroll, Payroll Tax & Employee Benefits			
Management	\$	51,000.00	
Maintenance	\$	31,000.00	
Other <u>Housekeeping</u>	\$	18,000.00	
Total Payroll, Payroll Tax & Employee Benefits:			\$ 100,000.00
Repairs & Maintenance			
Elevator	\$	-	
Exterminating	\$	3,000.00	
Grounds	\$	15,300.00	
Make-ready	\$	21,000.00	
Repairs	\$	25,000.00	
Pool	\$		
Other <u>Describe</u>	\$		
Total Repairs & Maintenance:			\$ 64,300.00
Utilities (Enter development owner expense)			
Electric	\$	7,000.00	
Natural gas	\$	8,000.00	
Trash	\$	14,400.00	
Water & sewer	\$	28,500.00	
Other <u>Describe</u>	\$	-	
Total Utilities:			\$ 57,900.00
Annual Property Insurance:	Rate per net rentable square foot:	\$ 0.45	\$ 40,000.00
Property Taxes:			
Published Capitalization Rate: <u>10.00%</u> Source: <u>Tarrant County App Dist</u>			
Annual Property Taxes:	\$	78,944.00	
Payments in Lieu of Taxes:	\$		
Other Taxes <u>Describe</u>	\$		
Total Property Taxes:			\$ 78,944.00
Reserve for Replacements:	Annual reserves per unit:	\$ 300	\$ 30,000.00
Other Expenses			
Cable TV	\$	2,400.00	
Supportive service contract fees	\$	6,000.00	
TDHCA Compliance fees	\$	4,000.00	
Security	\$	4,500.00	
Other <u>Describe</u>	\$		
Total Other Expenses:			\$ 16,900.00
TOTAL ANNUAL EXPENSES		Expense per unit: \$ 4563.81	\$ 456,381.00
		Expense to Income Ratio: 64.94%	
NET OPERATING INCOME (before debt service)			\$ 246,360.60
Annual Debt Service			
<u>Davis Penn Mortgage</u>	\$	\$193,886	
<u>City of Fort Worth HOME Funds</u>	\$	13,875	
TOTAL ANNUAL DEBT SERVICE			\$ 207,761.00
		Debt Coverage Ratio: 1.19	
NET CASH FLOW			\$ 38,599.60

Volume 1, Tab 2. ACTIVITY OVERVIEW

Part E. 30 Year Rental Housing Operating Proforma

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 2% for income and 3% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit. While the 30-year proforma projects 30 years of data, the Department's standard for financial feasibility is 15 years.

Development Name: Prince Hall Gardens												City: Fort Worth	
INCOME	LEASE-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30		
POTENTIAL GROSS ANNUAL RENTAL INCOME	\$327,478	\$727,728	\$742,283	\$757,128	\$772,271	\$787,716	\$869,702	\$960,222	\$1,060,162	\$1,170,505	\$1,292,332		
Secondary Income	5,400	12,000	12,240	12,485	12,734	12,989	14,341	15,834	17,482	19,301	21,310		
POTENTIAL GROSS ANNUAL INCOME	\$332,878	\$739,728	\$754,523	\$769,613	\$785,005	\$800,705	\$884,043	\$976,055	\$1,077,644	\$1,189,806	\$1,313,642		
Provision for Vacancy & Collection Loss	(27,100)	36,986	37,726	38,481	39,250	40,035	44,202	48,803	53,882	59,490	65,682		
Rental Concessions													
EFFECTIVE GROSS ANNUAL INCOME	\$305,778	\$702,742	\$716,796	\$731,132	\$745,755	\$760,670	\$839,841	\$927,253	\$1,023,762	\$1,130,316	\$1,247,960		
EXPENSES													
General & Administrative Expenses	\$14,940	\$33,200.00	\$34,196	\$35,222	\$36,279	\$37,367	\$43,318	\$50,218	\$58,216	\$67,489	\$78,238		
Management Fee	\$15,812	35,137	36,191	37,277	38,395	39,547	45,846	53,148	61,613	71,426	82,803		
Payroll, Payroll Tax & Employee Benefits	\$45,000	100,000	103,000	106,090	109,273	112,551	130,477	151,259	175,351	203,279	235,657		
Repairs & Maintenance	\$28,935	64,300	66,229	68,216	70,262	72,370	83,897	97,260	112,750	130,709	151,527		
Electric & Gas Utilities	\$6,750	15,000	15,450	15,914	16,391	16,883	19,572	22,689	26,303	30,492	35,348		
Water, Sewer & Trash Utilities	\$19,305	42,900	44,187	45,513	46,878	48,284	55,975	64,890	75,225	87,207	101,097		
Annual Property Insurance Premiums	\$18,000	40,000	41,200	42,436	43,709	45,020	52,191	60,504	70,140	81,312	94,263		
Property Tax	\$35,525	78,944	81,312	83,752	86,264	88,852	103,004	119,410	138,429	160,477	186,037		
Reserve for Replacements	\$13,500	30,000	30,900	31,827	32,782	33,765	39,145	45,378	52,605	60,984	70,697		
Other Expenses:	7,605	16,900	17,407	17,929	18,467	19,021	22,051	25,563	29,634	34,354	39,826		
TOTAL ANNUAL EXPENSES	\$205,371	\$456,381	\$470,072	\$484,175	\$498,700	\$513,661	\$595,474	\$690,317	\$800,267	\$927,729	\$1,075,492		
NET OPERATING INCOME	\$100,406	\$246,361	\$246,724	\$246,958	\$247,055	\$247,009	\$244,368	\$236,935	\$223,495	\$202,587	\$172,468		
DEBT SERVICE													
	\$87,249	\$193,886	\$193,886	\$193,886	\$193,886	\$193,886	\$193,886	\$193,886	\$193,886	\$193,886	\$193,886		
Second Deed of Trust Annual Loan Payment	\$6,244	13,875	13,875	13,875	13,875	13,875	13,875	13,875	13,875	13,875	13,875		
Third Deed of Trust Annual Loan Payment													
Other Annual Required Payment:													
NET CASH FLOW	\$6,914	\$38,600	\$38,963	\$39,197	\$39,294	\$39,248	\$36,607	\$29,174	\$15,734	(\$5,174)	(\$35,293)		
Debt Coverage Ratio	1.07	1.19	1.19	1.19	1.19	1.19	1.18	1.14	1.08	0.98	0.83		

Volume 1, Tab 3. ACTIVITY OVERVIEW

Part A. Development Cost Schedule

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the eligible basis columns and the Requested Credit calculation below:

DEVELOPMENT NAME:

Prince Hall Gardens

TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) ¹ (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
	Acquisition	New/Rehab.	

ACQUISITION

Site acquisition cost	276,600			
Existing building acquisition cost	1,373,400	1,373,400		Prince Hall Plaza Charitable Trust
Closing costs & acq. legal fees				
Other ² (specify)				
Subtotal Acquisition Cost	\$1,650,000	\$1,373,400	\$0	

OFF-SITES³

Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other ² (specify)				
Subtotal Off-Sites Cost	\$0	\$0	\$0	

SITE WORK⁴

Demolition	100,036			
Rough grading	180,000		180,000	
Fine grading	62,005		62,005	
On-site concrete				
On-site electrical	85,000		85,000	
On-site paving	220,000		220,000	
On-site utilities	120,000		120,000	
Decorative masonry	15,000		15,000	
Bumper stops, striping & signs	35,000		35,000	
Landscaping	85,000		85,000	
Pool and decking				
Athletic court(s), playground(s)	65,000		65,000	
Fencing	39,999		39,999	
Other ² (specify)				
Subtotal Site Work Cost	\$1,007,040	\$0	\$907,004	

DIRECT CONSTRUCTION COSTS⁵:

Concrete	200,000		200,000	
Masonry	115,000		115,000	
Metals	140,000		140,000	
Woods and Plastics	1,200,000		1,200,000	
Thermal and Moisture Protection	550,000		550,000	
Roof Covering	285,000		285,000	
Doors and Windows	220,000		220,000	
Finishes	110,000		110,000	
Specialties	120,000		120,000	
Equipment				

TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) ¹ (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
		Acquisition	New/Rehab.

DIRECT CONSTRUCTION COSTS (Continued):

Furnishings	420,000		420,000	
Special Construction	70,000		70,000	
Conveying Systems (Elevators)				
Mechanical (HVAC; Plumbing)	720,000		720,000	
Electrical	550,000		550,000	

Individually Itemize costs below:

Accessory Buildings	210,000		210,000	
Carports and/or Garages				
Lead-Based Paint Abatement				
Asbestos Abatement	330,000		330,000	
Other ² (Specify)				
Subtotal Direct Const. Costs	\$5,240,000	\$0	\$5,240,000	

TOTAL DIRECT CONST. & SITE WORK

\$6,247,040	\$0	\$6,147,004
--------------------	------------	--------------------

OTHER CONSTRUCTION COSTS

General requirements (<6%)	#VALUE!	374,822		374,822	
Field supervision (within GR limit)					
Contractor overhead (<2%)	#VALUE!	124,941		124,941	
G & A Field (within overhead limit)					
Contractor profit (<6%)	6.10%	374,822		374,822	
Contingency (<5%)	10.16%	624,704		624,704	
Subtotal Ancillary Hard Costs		\$1,499,289	\$0	\$1,499,289	

TOTAL DIRECT HARD COSTS

\$7,746,329	\$0	\$7,646,293
--------------------	------------	--------------------

INDIRECT CONSTRUCTION COSTS⁴

Architectural - Design fees		85,000		85,000	
Architectural - Supervision fees		15,000		15,000	
Engineering fees		50,000		50,000	
Real estate attorney/other legal fees		100,000		100,000	
Accounting fees		25,000		25,000	
Impact Fees		40,000		40,000	
Building permits & related costs		40,000		40,000	
Appraisal		8,000		8,000	
Market analysis		7,500		7,500	
Environmental assessment		10,000		10,000	
Soils report		10,000		10,000	
Survey		20,000		20,000	
Marketing					
Partnership Hazard & liability insurance		95,000		95,000	
Real property taxes		40,000		40,000	
Personal property taxes					
Tenant relocation expenses		50,000		50,000	
Other ² (Plan & cost review)		8,000		8,000	
Subtotal Indirect Const. Cost		\$603,500	\$0	\$603,500	

DEVELOPER FEES⁴

Housing consultant fees ⁵		134,761		134,761	
General & administrative					
Profit or fee		1,212,850		1,212,850	
Subtotal Developer's Fees	13.27%	\$1,347,611	\$0	\$1,347,611	

TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) ¹ (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
	Acquisition	New/Rehab.	

FINANCING:

CONSTRUCTION LOAN(S)⁴

Interest	380,000		323,000	
Loan origination fees	50,000		50,000	
Title & recording fees	55,000		55,000	
Closing costs & legal fees	15,000		15,000	
Inspection fees	20,000		20,000	
Credit Report				
Discount Points				
Other ² (specify)				

PERMANENT LOAN(S)

Loan origination fees	56,652			
Title & recording fees				
Closing costs & legal	30,000			
Bond premium	27,000			
Credit report	9,000			
Discount points				
Credit enhancement fees				
Prepaid MIP				
Other ² (Placement Fees)	43,000			

BRIDGE LOAN(S)

Interest				
Loan origination fees				
Title & recording fees				
Closing costs & legal fees				
Other ² (specify)				

OTHER FINANCING COSTS⁴

Tax credit fees	40,000			
Tax and/or bond counsel				
Payment bonds				
Performance bonds	70,000		70,000	
Credit enhancement fees				
Mortgage insurance premiums				
Cost of underwriting & issuance				
Syndication organizational cost	15,000			
Tax opinion				
Contractor Guarantee Fee				
Developer Guarantee Fee				
Other ⁴ (specify)				
Subtotal Financing Cost	\$810,652	\$0	\$533,000	

RESERVES

Rent-up	90,000			
Operating	241,254			
Replacement				
Escrows				
Subtotal Reserves	\$331,254	\$0	\$0	

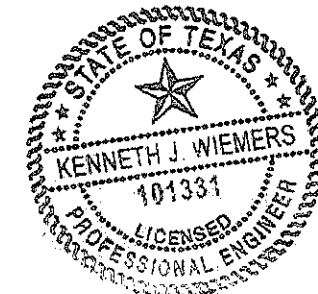
TOTAL HOUSING DEVELOPMENT COSTS⁶

	\$12,489,346	\$1,373,400	\$10,130,404	
- Commercial Space Costs ⁷				
TOTAL RESIDENTIAL DEVELOPMENT COSTS	\$12,489,346			

Prince Hall Gardens
Engineers Estimate
Civil Plans w/Detention Pond

ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL	DESCRIPTION
100	0.72	AC	\$ 1,500.00	\$ 1,080.00	Clearing and Grubbing (REMOVE TOP 4" OF GRASS/TOP SOIL)
102	1	LS	\$ 330,000.00	\$ 330,000.00	Asbestos Abatement
106	1989	SY	\$ 4.00	\$ 7,956.00	Demolition (REMOVE PAVING)
106	1	LS	\$ 85,000.00	\$ 85,000.00	Demolition (RAZE BUILDINGS)
106	1	LS	\$ 6,000.00	\$ 6,000.00	Demolition (All Overhead Utilities)
110	4333	CY	\$ 12.00	\$ 51,996.00	EXCAVATION (Pond)(TYPICAL)
132	12782	CY	\$ 14.00	\$ 178,948.00	EMBANKMENT (Final in Place)(Ordinary Compaction)(Group I, II, or III)
132	1140	CY	\$ 20.00	\$ 22,800.00	EMBANKMENT (Final in Place)(Density Control)(Group II)(Pond Berm)
162	75	SY	\$ 1.20	\$ 90.00	Sodding for Erosion Control (Block)
164	3500	SY	\$ 0.22	\$ 770.00	SEEDING FOR EROSION CONTROL (Broadcast)
340	35000	SF	\$ 0.72	\$ 25,200.00	2" Type "C" HMA (PG 64-22)
247	17797	SF	\$ 1.25	\$ 22,246.25	7" Type "D" Grade 3 Flexible Base
360	820	LF	\$ 5.25	\$ 4,305.00	MOUNTABLE CONCRETE CURB
402	400	LF	\$ 1.00	\$ 400.00	TRENCH EXCAVATION PROTECTION (5'-10')
423 or 409	3630	SF	\$ 26.00	\$ 94,380.00	Retaining Wall (CONC Block)or (Sheet piling PZ-22)
432	10	CY	\$ 500.00	\$ 5,000.00	RIP RAP CONCRETE INCLUDES REINFORCING
462	3	EA	\$ 1,500.00	\$ 4,500.00	Grate INLET (INCLUDES BOX, CONCRETE, REINFORCING, FORMING, GRATE, ETC.)
462	1	EA	\$ 1,500.00	\$ 1,500.00	Junction Box (INCLUDES BOX, CONCRETE, REINFORCING, FORMING, Manhole lid, ETC.)
464	305	LF	\$ 35.00	\$ 10,675.00	18" HDPE, Dual Wall Smooth interior, N-12, Silt tight Joints
464	180	LF	\$ 45.00	\$ 8,100.00	24" HDPE, Dual Wall Smooth interior, N-12, Silt tight Joints
464	50	LF	\$ 55.00	\$ 2,750.00	30" HDPE, Dual Wall Smooth interior, N-12, Silt tight Joints
465	3	EA	\$ 2,000.00	\$ 6,000.00	SANITARY SEWER M.H. (CONCRETE OR FIBERGLASS)
481	591	LF	\$ 25.00	\$ 14,775.00	8" SAN SEW. SDR 26 PVC, CLASS 160, CLASS "III"
481	80	LF	\$ 128.00	\$ 10,240.00	8" SAN SEW. SDR 26 PVC, CLASS 160, CLASS "III" (Bore)
481	240	LF	\$ 22.00	\$ 5,280.00	6" SCH40 Glue Joint SANITARY SEWER SERVICE LINES
481	240	LF	\$ 20.00	\$ 4,800.00	4" SCH40 Glue Joint SANITARY SEWER SERVICE LINES
500	1	LS	\$ 121,549.13	\$ 121,549.13	MOBILIZATION, BONDS, ETC.
506	90	SY	\$ 26.00	\$ 2,340.00	CONSTRUCTION ENTRANCE (INSTALL)
506	90	SY	\$ 3.00	\$ 270.00	CONSTRUCTION ENTRANCE (REMOVE)
531	2200	SY	\$ 18.00	\$ 39,600.00	3" CONCRETE SIDEWALK (INSTALL)
531	472	SY	\$ 5.00	\$ 2,360.00	3" CONCRETE SIDEWALK (REMOVE)
531	19	EA	\$ 700.00	\$ 13,300.00	CURB RAMP
618	400	LF	\$ 2.50	\$ 1,000.00	CONDUIT (2") (PVC) (SCH 40) (ELECTRICAL SERVICE FOR LAMP POSTS)
618	1780	LF	\$ 6.00	\$ 10,680.00	CONDUIT (5") (PVC) (SCH 40) (ELECTRICAL SERVICE)
1001	1450	LF	\$ 20.00	\$ 29,000.00	8" AWWA C-900 WATERLINE, CLASS 150, CLASS "II" BEDDING.
1001	2	EA	\$ 3,500.00	\$ 7,000.00	FIRE HYDRANT UNITS
1001	19	EA	\$ 10,050.00	\$ 190,950.00	FIRE Riser and Thrust Blocking
1001	1100	LF	\$ 15.00	\$ 16,500.00	2" SCH 40 Glue Joint WATER SERVICE LINES
1001	1	LF	\$ 2,500.00	\$ 2,500.00	8" Fire Water Meter

\$ 1,215,491.25 SUBTOTAL (No Mobilization)
\$ 1,337,040.38 GRAND TOTAL



PRELIMINARY ESTIMATE
12/21/2010
Kenneth J. Wiemers

Volume 1, Tab 4. Funding Request

PART A. Summary of Sources and Uses of Funds

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Participants and Development Cost Schedule forms). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

*Applicants must attach a written narrative to this form that describes the financing plan for the Development. The narrative shall include: (a) any non-traditional financing arrangements; (b) the use of funds with respect to the Development; (c) the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and (d) the commitment status of the funding sources

Development Name: **Prince Hall Gardens**

Source #	Funding Description	Priority of Lien	Construction or Rehab. Loan Stage Amt.	Permanent Loan Stage Amount	Financing Participants
1	Conventional Loan		\$5,500,000	\$0	Wells Fargo
2	Conventional Loan/FHA	1	\$2,832,600	\$2,832,600	Davis Penn Mortgage
3	Conventional Loan/Letter of Credit				
4	HOME	2	\$555,000	\$555,000	City of Fort Worth - Housing Dept HOME Funds
5	Housing Trust Fund				
6	CDBG				
7	Mortgage Revenue Bonds				
8	HTC Syndication Proceeds		\$1,479,476	\$8,728,478	Wells Fargo
9	Historic Tax Credit Syndication Proceeds				
10	USDA/ TXRD Loan(s)				
11	Other Federal Loan or Grant	3			
12	Other State Loan or Grant				
13	Local Government Loan or Grant				
14	Private Loan or Grant				
15	Cash Equity				
16	In-Kind Equity/Deferred Developer Fee		\$1,147,611	\$ 373,268	Prince Hall Gardens Developers Deferred Fees
17	Other (Bridge Loan)				
18	Other (Describe)				
19	Other (Describe)				
20	Other (Describe)				
TOTAL SOURCES OF FUNDS			\$ 11,514,687	\$ 12,489,346	
TOTAL USES OF FUNDS				\$ 12,489,346	

⁽¹⁾ Indicate Exclusive Use Financing Participant only where funds from that source are dedicated only for a specific purpose, i.e. CDBG infrastructure funds used only for off-site construction



Jason Aldridge
Community Lending & Investment
5400 LBJ Freeway
Suite 1000
Dallas, TX 75240
Tel: 972.385.4205
Fax: 972.386.4723

October 25, 2010

Ike & Chris Akbari
The Itex Group
3735 Honeywood Court
Port Arthur, TX 77642

RE: Prince Hall Gardens Letter of Intent

Dear Ike & Chris:

Wells Fargo (the "Bank") would like to put forth the following letter of intent to enter into an agreement to provide the construction/bridge financing for Prince Hall Gardens, an existing 100-unit, affordable project in Fort Worth, TX.

Summary of Terms

- Borrower:** Prince Hall Gardens Associates, LP
- Project:** 100-unit, affordable development located in Fort Worth, TX. The project will have 100 Section 8 Project-Based Vouchers for a contract term of 15 year with a renewal period of an additional 15 years.
- Guarantor:** Unconditional joint and several guaranty of payment and completion of the construction/bridge facility to be provided by Ike and Chris Akbari and Itex Developers, LLC. Additional project related entities may be required to provide guaranties depending on structure.



Credit Facilities: A) Construction/Bridge Loan \$5,500,000 +/-

- Priced at a variable rate of LIBOR + 2.50% subject to an overall floor of 4.5%
- Origination Fee of 1%
- 18-month construction period
- Interest only, payable monthly during construction period
- Repayment from equity once construction is complete and C/O is issued

Collateral: Due to HUD 221(d)4 financing structure Wells Fargo Bank construction/bridge facility will be unsecured.

Other: Borrower will pay for all reasonable costs incurred by the Bank in connection with the loans including, but not limited to, legal fees and expenses, survey fees, title insurance premiums and search fees, UCC searches, environmental assessment fees, and inspecting architect fees, whether or not the facilities contemplated herein are funded. This obligation will survive the expiration or termination of any approval.

Draws: Construction draws will be approved by Wells Fargo Bank upon approval of a 3rd party construction engineering firm hired by or acceptable to the Bank. Bank will coordinate with HUD lender on draw process and terms.

Project Budget: The Development Budget will include construction contingencies of at least 10% of the General Construction Contract. Significant changes to the budget that materially affect the project may result in changes to the terms and conditions proposed herein.

**General**

Contractor: The general contractor will be Icon Builders, LLC. A construction completion guaranty will be provided by Icon Builders, LLC as well as Ike & Chris Akbari. Full payment and performance bond or L/C in the amount of 15% of construction contract will be required.

Other Conditions to Closing of the Construction Loan:

- 1) Successful allocation of LIHTC, City, and/or similar soft money source
- 2) Approval of the equity investor, and approval of the Partnership Agreement
- 3) Receipt and review of market study
- 4) Receipt of all requested due diligence
- 5) Review and approval of final plans and specifications
- 6) Review and approval of final construction contract and total development budget.
- 7) Appraisal acceptable to the Bank
- 8) Soils analysis and environmental report acceptable to the Bank. Borrower shall indemnify and hold lender harmless from all liability and costs relating to the environmental condition of the Project and the presence thereon of hazardous materials
- 9) Borrower will establish and maintain all operating and management accounts related to the Project with the Bank
- 10) Remittance of a Loan Processing Fee in the amount of \$1,500
- 11) Such other conditions which are customary and reasonable for a loan of this nature and amount



This letter is intended to provide a framework upon which both Bank and borrower agree to exclusively negotiate in good faith the financing for Prince Hall Gardens. This is not intended to be an exhaustive list of closing requirements. Wells Fargo may impose such other conditions as are customary and reasonable for a loan of this nature and amount.

The terms contained herein are confidential, and except for disclosure to your officers and employees, to professional advisors retained by you in connection with this transaction, or as may be required by law, may not be disclosed without the prior consent of Wells Fargo.

The proposed loan structure and pricing may change based upon market conditions and the Bank's analysis of additional information you will provide. This letter is not a commitment to lend. Additionally, the Bank's preliminary analysis with respect to the proposed loan structure described in this letter is not, and must not be construed to be, an evaluation of the project for investment purposes or otherwise.

Wells Fargo wishes to thank you for the opportunity to provide financing for Prince Hall Gardens, and we look forward to having an opportunity to close this transaction. If you are in agreement with the general terms and conditions outlined in this letter, please execute below and return to Bank at your convenience.

Very Truly Yours,

A handwritten signature in cursive script, appearing to read "Jason Aldridge".

Jason Aldridge, Vice President

Wells Fargo Bank N.A.

Community Lending & Investment

Agreed and Accepted this Day:

By: _____

Date: _____

Volume 1, Tab 4

PART B. FINANCING PARTICIPANTS

All current and proposed non-TDHCA financing sources should be identified below. Use additional sheets if necessary and/or attach a written narrative to further describe any funding source other than grants, loans or equity described herein. A copy of the commitment letter for each funding source confirming the elements below should be attached, if applicable. The "Source #" should correspond to those listed on the "Summary Sources and Uses of Funds" form. Subsequent changes to the proposed financing participants require TDHCA written consent.

Source #:	<u>1</u>	Amount:	\$ <u>5,500,000</u>	<input checked="" type="checkbox"/> Interim	<input type="checkbox"/> Permanent	<input type="checkbox"/> Equity
Commitment Date:	<u>10/22/2010</u>					
Source Name:	<u>Wells Fargo</u>			Contact Name:		
Address:	<u>5400 LBJ Fwy</u>		City:	<u>Dallas</u>	State:	<u>TX</u> Zip: <u>75240</u>
Phone:	<u>972-385-4205</u>	Fax:	<u>972-386-4723</u>			
Level of Commitment:	<u>Conditional</u>		If "Other" describe: _____			
Grant	<input type="checkbox"/>	Terms: _____				
Loan	<input checked="" type="checkbox"/>	Recourse	<input type="checkbox"/> Non-Recourse	Amortization Term:	_____ yrs	Repayment Term: _____ yrs
	<u>3R+2.5</u> %	Interest Rate	<input type="checkbox"/> Fixed	<input checked="" type="checkbox"/> Adjustable	<input type="checkbox"/> Floating	
	<u>Lbr</u>	Rate Index	Annual Payment: \$ _____	Lien Priority: _____		
Syndication	<input type="checkbox"/>	Tax Credit Estimate:	\$ _____	Syndication Factor: \$ _____	Per Credit Dollar	

Source #:	<u>4</u>	Amount:	\$ <u>555,000</u>	<input type="checkbox"/> Interim	<input checked="" type="checkbox"/> Permanent	<input type="checkbox"/> Equity
Commitment Date:	<u>Application</u>					
Source Name:	<u>City of Fort Worth-Housing & Econ Dev</u>			Contact Name:	<u>Jesus Chapa</u>	
Address:	<u>1000 Throckmorton</u>		City:	<u>Fort Worth</u>	State:	<u>TX</u> Zip: <u>76102</u>
Phone:	<u>817-392-7540</u>	Fax:	<u>817-392-7328</u>			
Level of Commitment:	<u>Other</u>		If "Other" describe: <u>Application & Response corresp.</u>			
Grant	<input type="checkbox"/>	Terms: _____				
Loan	<input type="checkbox"/>	Recourse	<input checked="" type="checkbox"/> Non-Recourse	Amortization Term:	<u>40</u> yrs	Repayment Term: <u>40</u> yrs
	<u>0.00</u> %	Interest Rate	<input checked="" type="checkbox"/> Fixed	<input type="checkbox"/> Adjustable	<input type="checkbox"/> Floating	
	<u>N/A</u>	Rate Index	Annual Payment: \$ <u>13,875</u>	Lien Priority: <u>2</u>		
Syndication	<input type="checkbox"/>	Tax Credit Estimate:	\$ _____	Syndication Factor: \$ _____	Per Credit Dollar	

Source #:	<u>8</u>	Amount:	\$ <u>8,728,478</u>	<input type="checkbox"/> Interim	<input type="checkbox"/> Permanent	<input checked="" type="checkbox"/> Equity
Commitment Date:	<u>10/22/2010</u>					
Source Name:	<u>Wells Fargo</u>			Contact Name:	<u>Timothy McCann</u>	
Address:	<u>301 South College Street, 17th Floor</u>		City:	<u>Charlotte</u>	State:	<u>NC</u> Zip: <u>28288</u>
Phone:	<u>704-374-3468</u>	Fax:	<u>704-715-0046</u>			
Level of Commitment:	<u>Letter of Interest</u>		If "Other" describe: _____			
Grant	<input type="checkbox"/>	Terms: _____				
Loan	<input type="checkbox"/>	Recourse	<input type="checkbox"/> Non-Recourse	Amortization Term:	_____ yrs	Repayment Term: _____ yrs
	_____ %	Interest Rate	<input type="checkbox"/> Fixed	<input type="checkbox"/> Adjustable	<input type="checkbox"/> Floating	
	_____	Rate Index	Annual Payment: \$ _____	Lien Priority: _____		
Syndication	<input checked="" type="checkbox"/>	Tax Credit Estimate:	\$ <u>1,064,555</u>	Syndication Factor: \$ <u>0.82</u>	Per Credit Dollar	

Volume 1, Tab 4

PART B. FINANCING PARTICIPANTS (cont.)

Source #: 2 Amount: \$2,832,600 Interim Permanent Equity
 Commitment Date: 12/21/2010
 Source Name: Davis Penn Contact Name: Ray Landry
 Address: 12650 Featherwood City: Houston State: TX Zip: 77034
 Phone: 281-481-2400 Fax: 281-481-2125
 Level of Commitment: _____ If "Other" describe: _____
 Grant Terms: _____
 Loan Recourse Non-Recourse Amortization Term: _____ yrs Repayment Term: _____ yrs
6.85 % Interest Rate Fixed Adjustable Floating
 _____ Rate Index Annual Payment: \$ 193,882 Lien Priority: 1
 Syndication Tax Credit Estimate: \$ _____ Syndication Factor: \$ _____ Per Credit Dollar

Source #: 16 Amount: \$373,268 Interim Permanent Equity
 Commitment Date: N/A
 Source Name: Deferred Developer Fees Contact Name: Prince Hall Manor Developers JV-K.T. (Ike) Akbari
 Address: 3735 Honeywood Court City: Port Arthur State: TX Zip: 77642
 Phone: 409-724-0020 Fax: 409-721-6603
 Level of Commitment: Other If "Other" describe: Deferred Fees
 Grant Terms: _____
 Loan Recourse Non-Recourse Amortization Term: 0 yrs Repayment Term: 0 yrs
 _____ CF % Interest Rate Fixed Adjustable Floating
 _____ Rate Index Annual Payment: \$ CF Lien Priority: N/A
 Syndication Tax Credit Estimate: \$ _____ Syndication Factor: \$ _____ Per Credit Dollar

Source #: _____ Amount: \$ _____ Interim Permanent Equity
 Commitment Date: _____
 Source Name: _____ Contact Name: _____
 Address: _____ City: _____ State: _____ Zip: _____
 Phone: _____ Fax: _____
 Level of Commitment: _____ If "Other" describe: _____
 Grant Terms: _____
 Loan Recourse Non-Recourse Amortization Term: _____ yrs Repayment Term: _____ yrs
 _____ % Interest Rate Fixed Adjustable Floating
 _____ Rate Index Annual Payment: \$ _____ Lien Priority: _____
 Syndication Tax Credit Estimate: \$ _____ Syndication Factor: \$ _____ Per Credit Dollar

Wells Fargo Community Lending and Investment
301 South College Street
Charlotte, NC 28288-5640
704.374.3468



Wells Fargo Community
Lending and Investment

October 22, 2010

Ike Akbari
c/o Chris Akbari
The Itex Group
3735 Honeywood Court
Port Arthur, Texas 77642

**Re: Prince Hall Gardens
Fort Worth, Texas**

Dear Mr. Akbari:

Thank you for providing Wells Fargo's Community Lending and Investment team the opportunity to become your partner in **Prince Hall Gardens**. This term sheet is for discussion purposes only and sets forth general terms and conditions of a proposed equity investment in a Limited Partnership that will acquire, develop, own and operate the property described below. This term sheet does not represent or imply an offer to invest funds nor does it limit the terms and provisions that would be set forth in the Partnership Agreement.

We welcome the opportunity to work with you, and your team, and we are anxious to show you the advantages of partnering with the Wells Fargo Companies.

PRINCE HALL GARDENS
October 22, 2010



Wells Fargo Community
Lending and Investment

Investment Entity: Prince Hall Gardens Associates, LP, a Texas Limited Partnership (the "Partnership"), with Prince Hall Gardens GP, LLC, a single purpose, bankruptcy remote entity, as General Partner, with a 0.0051% ownership interest in the Partnership, with Prince Hall Gardens SLP, LLC, as Special Limited Partner with a 0.0049% ownership interest in the Partnership, and Wells Fargo Community Lending and Investment ("Wells Fargo"), its affiliate or designee, as Investor Limited Partner, with a 99.99% ownership interest in the Partnership.

**Project Name
/Description:**

Prince Hall Gardens, a to-be-constructed family apartment complex consisting of twenty-four (24) residential buildings with 100 affordable housing units. The 100 total units will consist of the following unit mix:

# Units	Sq. Ft.	Unit Type	% AMI	Rent
1	563	1 BD/1BA	30.00%	442
5	563	1 BD/1BA	50.00%	442
6	563	1 BD/1BA	60.00%	442
2	726	2 BD/1BA	30.00%	558
20	726	2 BD/1BA	50.00%	558
22	726	2 BD/1BA	60.00%	558
2	876	3 BD/1BA	30.00%	709
20	876	3 BD/1BA	50.00%	709
22	876	3 BD/1BA	60.00%	709
100				

**Project Based
Section 8:**

Prince Hall Gardens will receive 100 Section 8 Project-Based Vouchers which are subject to annual appropriations of budgetary authority to HUD by the United States Congress. The initial contract term is 15 years, with a renewable period of an additional 15 years for a total of 30 years.

**Credit Price
to the Partnership:**

	<i>Federal Low Income Housing Tax Credits</i>
<i>Annual LIHTC Allocation:</i>	<i>\$1,064,555</i>
<i>Credit Period in Years</i>	<i>10</i>
<i>Total LIHTC allocable during initial compliance period</i>	<i>\$10,645,550</i>
<i>Wachovia's Share of Credits Allocable</i>	<i>99.99%</i>
<i>Wachovia's allocated LIHTC</i>	<i>\$10,644,485</i>
<i>Credit Price</i>	<i>\$0.82</i>
<i>Net Capital Contribution</i>	<i>\$8,728,478</i>

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Net Investor Pay In: Capital Contribution #1: \$1,479,476 (16.95%) at Partnership Closing, anticipated February 1, 2011, advanced at closing based upon the approved closing draw schedule, and any remaining funding to be advanced based on percentage of completion under a construction loan format (approved draws), allocated as follows:

- \$ 1,129,476 to pay Construction Costs and other development costs,
- \$ 350,000 to pay Developer Fees.

Capital Contribution #2: \$6,055,000 (69.37%) upon the latter of (i) final Certificate of Occupancy for 100% of the units in the property, (ii) lien free construction completion of the property, substantially in accordance with the plans and specifications in a workmanlike manner approved by Wells Fargo, (iii) receipt of HAP contract (iv), February 1, 2012, allocated as follows:

- \$ 5,500,000 to pay down/off Construction/Bridge Loan
- \$ 555,000 to pay down/off Fort Worth HOME Funds Loan

Capital Contribution #3: \$350,000 (4.01%) upon the latter to occur of (i) disbursement of Capital Contributions #1 through #2, (ii) Draft Cost Certification for the Property from the Accountants, setting forth the eligible basis and the total available Tax Credits, anticipated to occur on or around May 1, 2012, allocated as follows:

- \$ 350,000 to pay Developer Fees.

Capital Contribution #4: \$625,000 (7.16%) upon the latter of (i) disbursement of Capital Contributions #1 through #3, (ii) permanent loan closing/conversion, (iii) the attainment of an annualized Debt Service Coverage Ratio ("DSCR") for 90 consecutive days for all "scheduled" must-pay debt payments (the HUD 221(d)(4) Loan) of not less than 1.15 to 1 in each year of the Compliance Period based on the underwriting parameters set forth in item 13 of Other Notes and Conditions, (iv) 100% qualified occupancy, (v) receipt of the tenant file audit from the accountants, (vi) Final Cost Certification for the Property from the Accountants, setting forth the eligible basis and the total available Tax Credits, or (vii) July 1, 2012, allocated as follows:

- \$ 325,000 to fund Operating Reserves to be held by Wells Fargo,
- \$ 300,000 to pay Developer Fees.

Capital Contribution #5: \$219,002 (2.51%) upon the latter to occur of (i) disbursement of Capital Contributions #1 through #4, (ii) receipt of IRS Form(s) 8609, (ii) Final Review, Inspection, and sign-off by TDHCA of cost certification and any construction deficiencies identified in TDHCA review, anticipated to occur on or around August 1, 2012, allocated as follows:

- \$ 219,002 to pay Developer Fees.

Please note that all dates are fluid and will be adjusted proportionally (moved forward or backward) based on the actual closing date) provided there is sufficient time (in Wells Fargo's sole discretion) to complete construction prior to the required Placed- in-Service date.

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Developer Fees: Developer Fees are estimated at \$1,346,007, of which \$127,005 is projected to be deferred. Deferred Developer Fees shall be paid as a priority distribution from available cash flow as described in the "Cash Flow Split" section of this term sheet. The General Partner agrees to make a special capital contribution to the Partnership, equal to any unpaid balance of the deferred portion of the Developer Fees, if such portion has not been fully paid within 12 years from the date of Certificate of Occupancy issuance.

Guarantors: The obligations of the General Partner(s) set forth in the Partnership Agreement, including but not limited to those described below, shall be guaranteed by the General Partner(s), the Developers [Baristone Developers, LLC; and Itex Developers, LLC], Kyoomars T. ("Ike") Akbari, Chris Akbari, and/or other entities/individuals acceptable to Wells Fargo pending Wells Fargo's due diligence.

***Obligations of the
 General Partner
 and Guarantor(s):***

Development Completion Guaranty: The General Partner will guarantee completion of construction of the Project substantially in accordance with plans and specifications approved by Wells Fargo, which includes, without limitation, a guaranty (i) to pay any amounts needed in excess of the construction loan and other available proceeds to complete the improvements, (ii) of all amounts necessary to achieve permanent loan closing, and (iii) to pay any operating deficits prior to the conclusion of Project construction.

The General Partner will provide copies of each draw request, change orders and all supporting documentation to Wells Fargo simultaneously with submissions to the construction lender. Wells Fargo shall have the right to approve change orders in excess of amounts to be determined during due diligence. The construction contract shall be a fixed price **contract and the general contractor shall be bonded in a manner satisfactory to Wells Fargo [Wells Fargo listed as dual obligee] or a letter of credit [in favor of HUD] shall be provided in a minimum amount set during the due diligence review.** The development budget will include adequate reserves for construction contingencies.

[Note: If construction completion occurs without the full utilization of the then available debt and equity proceeds, any construction cost savings shall be held in reserve and used with the consent of the Wells Fargo, for Apartment Complex amenities or other depreciable costs, provided, however, if the Eligible Basis of the Apartment Complex is at least an amount sufficient to generate the amount of Credits specified in this term sheet, any construction cost savings may be used to pay Developer Fees.]

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Operating Deficit Guaranty: The General Partner agrees to provide unlimited operating deficit loans to the Partnership until all conditions of the capital contributions have been satisfied. Thereafter, the guarantee will be reduced to \$400,000, for at least 60-months.

At the end of the 60-month period, the Operating Deficit Guaranty will be released, provided the Operating Reserves are fully funded, and the project averages 1.15 DSCR or better [ON ALL MUST PAY DEBT] for the last 12 months of the 60-month period, or any subsequent 12-month period. The release criteria will be attested to, and documented by the Partnership Accountants and delivered to Wells Fargo or its successors.

Tax Credit Adjusters: The General Partner and the Guarantors will indemnify Wells Fargo for any reduction, recapture, or late delivery of the Low Income Housing Tax Credits in amounts determined as described below.

The Partnership Agreement contains Credit Adjuster provisions designed to preserve Wells Fargo's yield in the event Credits are not delivered as projected, as well as an upward credit adjuster for increased credits or faster delivery of credits capped at \$125,000. The projected aggregate credits at equity closing will be determined by the projected qualified basis of the Partnership multiplied by the most recently published applicable percentage for the 70% present value credit or the credit lock rate with the Agency/Authority.

If an event occurs which affects the delivery of **Federal** aggregate tax credits (e.g., shortage in basis in accountants final cost certification, or shortage in amount of Tax Credits allocated by the Agency/Authority in IRS Forms 8609), then the Partnership Agreement will provide for a return of capital, to the Wells Fargo investor, net of any tax consequences, in an amount reduced by the net credit price to the Partnership (\$0.82) times the difference between (i) the projected aggregate tax credits, less (ii) the adjusted aggregate tax credits.

If an event occurs, which affects the timing and delivery of Federal tax credits (e.g., lease up slower than projected) allocable to Wells Fargo in years 2011, then the Partnership Agreement will provide for a return of such capital, to the Wells Fargo investor, net of any tax consequences, in an amount reduced by (x) the net credit price (\$0.82) times the difference between (i) the shortfall in projected current year tax credits, less (ii) the net present value of the shortfall in projected current year tax credits for a 10 year period at a discount rate of 10%.

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There may be adjustment events occurring during the compliance period not considered or described in the aforementioned paragraphs. In the event that the actual amount of tax credits claimed by Wells Fargo, is less than the amount specified, then the General Partner shall reimburse Wells Fargo, on a dollar for dollar basis, for each lost dollar of tax credits plus any resulting penalties, taxes due, or tax consequences. Similarly, if there is a recapture of tax credits (except from the sale or transfer of Wells Fargo's interest in the Partnership), the General Partner shall indemnify Wells Fargo against any tax credit recapture liability incurred (including interest, penalties, tax effects, or and any reasonable related legal or accounting costs).

In addition, to the extent any Tax Credit Adjuster owed to Wells Fargo is solely attributable to a Change in Law, then such portion of the credit adjuster distribution or credit adjuster payment shall only be payable to Wells Fargo from available Cash Flow.

***Repurchase
Obligation:***

The General Partner will be obligated to repurchase Wells Fargo's interest in the Partnership should the project fail to meet certain legal and operational performance criteria as outlined in the Partnership Agreement. The amount of the purchase price shall equal, as of the actual date of purchase, the sum of:

- a) the aggregate amount of Capital Contributions and advances made by the Investor Limited Partner to the Partnership (less Credits previously allocated to the Investor Limited Partner prior to such purchase, but only to the extent that such Credits are not subject to recapture under the Code), plus
- b) an amount equal to 10% per annum thereon from the date of any Capital Contribution until the date of the Investor Limited Partner's receipt of the Buyout Price, plus
- c) the legal, accounting and internal costs incurred by the Investor Limited Partner in connection with its investment in the Partnership, plus
- d) the amount of any interest and penalties imposed on the Investor Limited Partner as a result of such purchase or its prior claiming of Credits with respect to the Partnership, plus
- e) an amount that, on an After-Tax Basis, equals all transfer taxes or similar assessments incurred by the Investor Limited Partner in connection with its investment in the Partnership or the sale of its Interest pursuant to this Agreement, such amounts representing the parties' good faith estimate of damages incurred by Wells Fargo.

Incentive Mgmt. Fee: 90.00% of cash flow to General Partner.

LP Asset Mgmt. Fees: An annual cumulative fee of \$8,500 per year (or a pro-rata portion thereof based on the number of months in which the Project has been placed in service for the year), will be payable to Wells Fargo, commencing on January 1, 2012, and increasing 3% annually. **These fees are not subordinate to any debt other than the HUD loan.**

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Cash Flow Split: Cash Flow to the Partnership shall be distributed as follows:

- A. To Investor Limited Partner in payment of any amounts due as a result of any unpaid Credit Adjuster Amount,
- B. To maintain/replenish required Operating Reserves in the amount of \$325,000,
- C. To the payment of any Deferred Developer Fees.
- D. To the payment of any Operating Deficit Loans.
- E. To the payment of the HUD Flex Subsidy Loan.
- F. Of the remaining balance, 10% shall be distributed to the Investor Limited Partner, 0.01% shall be distributed to the General Partner, and up to 90.00% to the General Partner as payment of Incentive Management Fees.
- G. The balance, 100% to the General Partner.

Residual Split: Any gain upon sale or refinancing shall be distributed as follows:

- A. To Investor Limited Partner in payment of any amounts due because the Actual Credit is less than the Projected Credit, or there has been a recapture of Credit,
- B. To the Limited Partner for payment of any exit taxes,
- C. To the General Partner for payment of any unpaid Partnership loans.
- D. To the payment of any Deferred Developer Fees,
- E. The balance of available cash for distribution, 10% to the Limited Partner, and 90% to the General Partner.

Replacement Reserves: The Partnership will establish a minimum reserve of \$350 per unit per annum, increasing 3% annually, and beginning at the earlier of, permanent loan conversion, or 24 months after equity closing.

Operating Reserves: The Partnership will fund an Operating Reserve of \$325,000 be held and administered by Wells Fargo. The funding will occur at Permanent Loan Conversion, as described in the "Net Investor Pay In" section of this term sheet, **upon the funding of Capital Contribution #4**. The Operating Reserve will be used to fund operating deficits. Any funds released from the Operating Reserve will be refunded from Net Cash Flow as described in that Section of this term sheet, up to \$325,000.

Right of First Refusal/ Purchase Option: At the end of the initial compliance period, the General Partner shall have the right to purchase the apartment complex consistent with the terms of Internal Revenue Service Code Section 42(i)(7).

Other Notes and Conditions: Wells Fargo reserves the right to adjust pricing and/or Capital Contributions herein based on Wells Fargo's due diligence, which includes verification of the following information:

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- 1) The General Partner must have firm commitment(s) for construction and fixed-rate permanent financing with terms, conditions and lender(s) acceptable to Wells Fargo. The amount(s) assumed for this letter are as follows:
- \$2,100,000 HUD 221(d)(4) Program Construction/Permanent Loan - with a fixed rate (this letter has been underwritten assuming a 6.65% interest rate), a 40-year amortization, and a 40-year maturity. Terms on the Permanent financing must be acceptable to Wells Fargo (e.g., notice and cure rights, ability to transfer LP interest, no continuing debt service coverage requirements, etc.).
 - \$555,000 Construction Fort Worth HOME Funds Loan - This term sheet assumes that the loan will bear an interest rate of 1% and will repaid with Capital Contribution #2.
 - \$483,685 HUD Flex Subsidy Loan - This term sheet assumes that the loan will be funded at closing, bear a fixed interest rate of 1.00%, and require no principal and interest payments until the balloon payment at the end of the 40 year term.

Please note that a material change in the loan amounts, interest rates, benefits or losses, or any material change that increases the amount of deferred developer fees (e.g. budget increases) could result in (i) lower credit pricing, (ii) a reduction of developer fees paid at closing or (iii) extended timing for the payment of capital contributions.

2) Equity needed for the first Capital Contribution was derived as follows:

Total Project Cost	\$11,439,168
Less: Developer Fee	(\$1,346,007)
Add: Developer Fee paid at closing	\$350,000
Less: Construction Loan	(\$5,500,000)
Less: 1 st Mortgage Loan	(\$2,100,000)
Less: Fort Worth HOME Funds	(\$555,000)
Less: HUD Flex Subsidy Loan	(\$483,685)
Less: Operating Reserve funded at Stabilization	(\$325,000)
Equity required at closing - (16.95%)	\$1,479,476

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3) Wells Fargo will request Development Team Profiles demonstrating the experience and expertise of the General Partner, Guarantor(s), Contractor and Management Agent, and information sufficient to perform a management company review (marketing plan, etc.). We will also request the personal and/or corporate financial statements, tax returns, real estate schedules, cash flow schedules, and background checks on the General Partner, general contractor, and guarantor(s). We will require accurate construction and development budgets. An equity closing will also be contingent upon receipt, review and approval of environmental, geotechnical, structural, and geological reports, site inspection, appraisal, market study, Final Plans & Specifications, fixed price construction contract, **contractor bonding**, cash flow projections if applicable, and all leases. Wells Fargo shall also request such other documents, instruments and certificates including, without limitation, opinions and other assurances, as Wells Fargo or their respective counsel may require.

4) Wells Fargo will engage an inspecting engineer to review the project plans and specifications prior to Partnership close. Wells Fargo will accept the lender's inspecting engineer subject to Wells Fargo's approval. The cost of this service will be paid by the Partnership. The costs of inspections on monthly draws will also be paid by the Partnership if not available from the construction or permanent lender. In addition, if the lender does not require an acceptable appraisal, the cost of an appraisal will also be paid by the Partnership.

5) The Contractor will be bonded [Wells Fargo listed as dual obligee], or a letter of credit for 15% of the contract amount shall be provided in favor of HUD.

6) The Development Budget will include **construction contingencies of at least 10%** of the General Construction Contract.

7) Wells Fargo requires that the property management company have a demonstrated history of positive performance and experience with multi-family and Low-Income Tax Credit properties. Wells Fargo reserves the right to approve any property management firm selected. The management agreement shall have an initial term of one year and shall be renewable annually thereafter. **Wells Fargo approves Itex Property Management, LLC as the property management company.**

8) The Accountants for the Partnership shall be **The Reznick Group, Novogradac & Co.,** or another accounting firm approved by Wells Fargo. The Accountants shall prepare tax and financial reports as set forth in the Partnership Agreement, including the final cost certification.

9) The pro-forma rents per unit type, net of any applicable utility allowances, will have a rental advantage of at least 15% below current market rents as supported by the market study and appraisal.

10) This term sheet assumes that the General Partner will be treated as a for-profit entity and/or the Partnership will avoid disqualified allocations, in order to avoid depreciation of the assets over the alternative life periods and preserve 27.5 year building depreciation.

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11) The Capital Contributions are based on a projected Credit allocation to the Wells Fargo Partner as follows:

Year	<i>Federal Low Income Housing Tax Credits</i>
2011	\$257,242
2012	\$1,044,934
2013	\$1,064,449
2014	\$1,064,449
2015	\$1,064,449
2016	\$1,064,449
2017	\$1,064,449
2018	\$1,064,449
2019	\$1,064,449
2020	\$1,064,449
2021	\$807,207
2022	\$19,515
Totals	\$10,644,490

The credit allocations were derived based upon the following lease up schedule.

Month	Year	LIHTC Units Rented	TOTAL UNITS RENTED
June	2011	10	10
July	2011	10	20
August	2011	10	30
September	2011	10	40
October	2011	12	52
November	2011	12	64
December	2011	10	74
January	2012	10	84
February	2012	10	94
March	2012	6	100
Total Units		100	100

Credit delivery and lease up schedules are subject to underwriting. Any changes to this schedule may impact pricing and timing of equity contributions. This credit delivery schedule assumes a February 1, 2011 closing and funding, and any changes to this schedule may impact pricing and timing of equity contributions.

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12) The pricing included in this conditional letter of interest also assumes that the development budget includes the following capitalized costs and applicable cost recovery periods:

Cost Recovery Period	Capitalized Cost
39 years	\$0
27.5 years	\$8,557,723
15 years	\$900,000
5 years	\$632,200
TOTALS	\$10,089,923

Any deviations from this depreciation schedule may impact pricing.

13) The Partnership Agreement will contain provisions requiring Investor approval to convert to permanent financing based on the following conditions:

- a) Subject to final underwriting, or Investor Approval at time of permanent conversion, (i) the size of the combined permanent debt, which requires must-pay periodic payments, may not be in excess of \$2,100,000, (ii) the cumulative, annually required must-pay debt service on the property may not be in excess of \$150,240, and (iii) the annualized Debt Service Coverage Ratio must not be less than **1.15 to 1 in each year of the Compliance Period** based on the underwriting parameters set forth below. Please note that Wells Fargo will determine the appropriate/final amount (increase or decrease) based on Wells Fargo's underwriting during the due diligence period.
- b) Subject to final underwriting, rents escalate 2% per year.
- c) Based on actual rents received from tenants in occupancy under signed leases, after giving effect to any rent concessions by spreading the amount of such concessions evenly over the term of the lease.
- d) Subject to final underwriting, assuming a vacancy loss equal to the greater of (a) 7.5% and (b) actual vacancy
- e) Subject to final underwriting, Other Income will be the lesser of \$11,100 (\$12,000 less 7.5% vacancy) per year or actual other income.
- f) Subject to final underwriting, annual operating expenses will be underwritten at the greater of (i) Actual annual operating expenses (estimated at conversion), or (ii) \$4,900 per unit per annum ("PUPA"), inclusive of replacement reserves of \$350 PUPA.
- g) Subject to final underwriting, expenses escalate 3% per year.

14) Wells Fargo will have the right of first refusal to participate in the transaction as Construction and/or Permanent Lender where a conventional product is required.

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15) If the project has soft debt financing, Wells Fargo may require a residual analysis that shows that any soft debt financing will be repaid at the end of the respective soft debt term.

16) Transactional structure, including cash flow allocations, residual splits, special allocation of losses, economic substance and tax allocations are subject to approval by legal counsel.

17) The following dates were assumed for this term sheet:

Partnership Closing	2/1/2011
50% Construction Completion	8/1/2011
75% Construction Completion	11/1/2011
Certificate of Occupancy	2/1/2012
Start of lease up	6/1/2011
Final Cost Certification	5/1/2012
Perm Loan Conversion/Stabilization/90 days of 90% Occupancy	7/1/2012
Receipt of IRS Form(s) 8609	8/1/2012

18) Prior to closing the equity transaction, Wells Fargo will receive, review, and accept, a letter from the Partnership Accountants, or other acceptable third party, stating which site work costs are includable in eligible basis.

19) To help fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person or corporation who opens an account and/or enters into a business relationship.

20) The parties hereto agree that the transaction described herein is anticipated to close on or before February 1, 2011 (the "Closing Date"). Wells Fargo will engage a third-party legal review of documentation associated with the transaction (the "Legal Review"), which review will not commence until at least 70% of the items set forth on the accompanying Due Diligence Checklist are received and will not conclude until all noted items are received and approved. Wells Fargo has budgeted \$80,000 (the "Fixed Fee Amount") for expenses associated with the Legal Review. **WELLS FARGO WILL PAY FOR THEIR LEGAL COSTS INCURRED DURING DUE DILIGENCE, HOWEVER,** if for any reason the transaction described herein has not closed by the Closing Date, Wells Fargo may, in its sole and absolute discretion, elect to extend the Closing Date. In the event that Wells Fargo extends the Closing Date, in addition to any other conditions or requirements that may be imposed at that time, Developer agrees that it will pay any and all costs and expenses associated with the Legal Review **in excess** of the Fixed Fee Amount. Any Legal Review costs charged to the developer are only for time incurred after the extension in excess of the Fixed Fee amount.

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21) Terms and Pricing are subject to change if the transaction described herein does not close on or before February 1, 2011.

***Due Diligence
Process:***

When Wells Fargo has received an executed copy of their proposal, a Due Diligence Period will begin. The Due Diligence Period will be the greater of (i) a period of 30 business days, or (ii) a period which allows Wells Fargo at least 30 days after receipt of the last due diligence item to perform their review (as tracked by Wells Fargo's Due Diligence Checklist), during which time the Investor Limited Partner will conduct a Due Diligence review and negotiate with the General Partner, in good faith, the open terms, if any, of their proposal.

The Due Diligence review may include such matters as the verification of factual representations made by the General Partner; a review of the Project documents; site visit; and an evaluation of the General Partner's financial capacity to perform under the terms and conditions of this proposal and the Partnership Agreement; the experience and expertise of the General Partner, Guarantor(s), Contractor and Management Agent; the project area market; the construction schedule; the residual potential of the property; and other relevant factors. The review will also include a plan cost review. If the permanent lender does not require this, then cost of such review will be the responsibility of the partnership. In addition, the costs of inspections on monthly draws will be the cost of the partnership if not available from the permanent lender.

Prior to the termination of the Due Diligence Period, Wells Fargo will approve ("Approval"), approve with conditions, or reject the terms and structure of the proposed investment. Upon Approval, both parties will reaffirm their intent to enter into the Partnership Agreement upon the terms specified in this proposal.

***Legal, Closing, and
Other Expense:***

If Wells Fargo reaffirms their proposal prior to the termination of the Due Diligence Period, but, the General Partner has offered the interest to another purchaser, the General Partner will be responsible for reimbursing Wells Fargo for all third party costs incurred in conducting the Due Diligence Review, including, but not limited to, legal fees, a market study, an appraisal, a background investigation and site visits.

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***Not a Binding
Contract:***

The purpose of this Term Sheet is to generally describe an investment Wells Fargo is considering. This Term Sheet is not a commitment to invest nor a commitment to be bound by the terms proposed herein, and no commitment to invest will exist prior to the negotiation and execution of a mutually satisfactory Operating Agreement or Partnership Agreement. Except with respect to confidentiality provisions and reimbursement obligations contained herein, it is expressly understood and the parties expressly agree that this Term Sheet does not create a legally binding agreement as to any of the parties. In addition, the terms contained herein are subject to change upon the completion of the Bank's due diligence, and as may be required pursuant to the Bank's applicable investment criteria, credit policies, or underwriting standards as may be in effect from time to time, along with other factors relevant to making an investment decision.

Except with regard to the confidentiality obligations, this Term Sheet does not survive Closing of the transaction. This Term Sheet shall not limit or modify in any way the terms and conditions ultimately contained in an Operating Agreement or related agreements.

Confidentiality:

The recipient of this Term Sheet agrees to keep all terms of this Term Sheet confidential, and shall not disclose the terms of this Term Sheet to any third party other than their attorneys, accountants or tax advisors, who must in turn treat that disclosure as confidential. Notwithstanding the foregoing, nothing contained herein shall be deemed to limit, in any way, the disclosure of the tax treatment or tax structure of the transaction to third parties.

Expiration:

This Term Sheet must be executed and returned no later than November 15, 2010 or the proposal will expire.

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At your convenience, please send an executed copy of this Term Sheet to Wells Fargo. Upon its receipt, Wells Fargo will prepare a Partnership Agreement and related documents consistent with the terms and conditions set forth above.

We are very excited about the prospect of working with you and your development team and thank you for this opportunity.

Very Truly Yours,

Timothy J. McCann
Director
Wells Fargo Bank, N.A.
Community Lending & Investing
301 South College Street, 17th Floor
MAC: D1053-170
Charlotte, NC 28288
work 704.374.3468
cell 704.957.7234
fax 704.715.0046
tim.mccann@wachovia.com

Agreed and Accepted this Day:

By: _____

Date: _____

Its: _____

The purpose of this Term Sheet is to generally describe an investment Wells Fargo is considering. These terms are subject to change upon the completion of the Limited Partner's Due Diligence, and as may be required pursuant to the Limited Partner's applicable investment criteria, credit policies, or underwriting standards as may be in effect from time to time, along with other factors relevant to making an investment decision. These terms may not be changed or otherwise modified orally. This Term Sheet does not survive Closing of the transaction.

This correspondence is not a commitment to invest, and no commitment to invest will exist prior to the negotiation and execution of a mutually satisfactory Partnership Agreement.

SOURCES AND APPLICATIONS OF FUNDS

Source Name	Financing Source	Source Type	Total
Equity - Federal LIHTC	Wachovia Bank	Equity	8,728,478
Equity - Federal HRTC	Wachovia Bank	Equity	0
Equity - State LIHTC	Wachovia Bank	Equity	0
Equity - State HRTC	Wachovia Bank	Equity	0
1st Mortgage	0	Permanent	2,100,000
2nd Mortgage	FORT WORTH HOME FUN	Permanent	0
3rd Mortgage	HUD Flex Subsidy Loan	Permanent	483,685
4th Mortgage	0	Permanent	0
5th Mortgage	0	Permanent	0
6th Mortgage	0	Permanent	0
Construction Loan	Wells Fargo	Construction/Bridge Loan	0
Prodevelopment Rental Income	Other	Permanent	0
Construction Loan Interest - ACRUED	Other	Permanent	0
Deferred Developer Fee	IKE AKBARI	Deferred Developer Fee	127,005
TOTAL SOURCES			11,439,168

50% TEST	
Depreciable Rehab Basis	10,089,923
Land	627,075
Aggregate Basis	10,716,998
Tax Exempt Bond Proceeds	5,500,000
Aggregate Basis	10,716,998
	51.32%

Construction Contract
5,983,425

***Do Not Change Location Of Fields In RED And Their Names/Wording.

Development Costs***	Development Costs Categories	Number of Months	Total	Capitalized Costs	Funded Expenses	Amortizable Costs	Cost Per Unit
Land	Land		627,075			627,075	6,271
Building Acquisition	Building Acquisition		1,042,925	1,042,925			10,429
Construction Costs	Hard Costs		4,350,000	4,350,000			43,500
Sitework	Sitework		900,000	900,000			9,000
Hard Cost Contingency	Contingency		524,947	524,947			5,249
General Requirements	Hard Costs		314,475	314,475			3,145
Contractor Overhead & Profit	Hard Costs		418,950	418,950			4,190
Architectural - Design Fees	Soft Costs		85,000				850
Architectural - Supervision Fees	Soft Costs		15,000	15,000			150
Engineering Fees	Soft Costs		50,000	50,000			500
Real Estate Attorney/other legal fees	Soft Costs		100,000	100,000			1,000
Accounting	Soft Costs		25,000	25,000			250
Impact Fees	Soft Costs		40,000	40,000			400
Building Permit and related costs	Soft Costs		40,000	40,000			400
Appraisal	Soft Costs		15,000	15,000			150
Market analysis	Soft Costs		7,500	7,500			75
Environmental assessment	Soft Costs		12,000	12,000			120
Soils report	Soft Costs		10,000	10,000			100
Survey	Soft Costs		25,000	25,000			250
Construction Period Interest	Construction Interest	12	433,359	290,900	46,550	95,909	4,334
Course of Construction Insurance	Soft Costs		55,000	55,000			550
Hazard & Liability Insurance	Soft Costs		40,000	40,000			400
Real property taxes	Soft Costs		30,000	30,000			300
Tenant relocation expenses	Soft Costs		100,000	100,000			1,000
Developer Fee	Developer Fees		1,346,007	1,346,007			13,460
Interest on Developer Fee	Interest on Developer Fee						0
Operating Reserve	Operating Reserves		325,000			325,000	3,250
Plan and cost review	Soft Costs		14,000	14,000			140
	Soft Costs			0			0
Constr. Title and Recording Fees	Soft Costs		55,000	55,000			550
Constr. Closing Costs and Legal Fees	Soft Costs		15,000	15,000			150
Constr. Inspection Fees	Soft Costs		15,000	15,000			150
Personal Property	Personal Property						0
Lease Up Reserves	Lease Up Reserves	12	90,000		90,000		900
Replacement Reserves	Replacement Reserves						0
Perm Loan - Origination fees	Soft Costs	480	45,549		45,549		455
Perm Loan - Title and Recording Fees	Soft Costs	480	15,000		15,000		150
Perm Loan - Closing Costs and Legal Fees	Soft Costs	480	15,000		15,000		150
Tax credit fees	Soft Costs	180	40,000		40,000		400
Performance Bonds	Soft Costs		70,000	70,000			700
Syndication organizational cost	Soft Costs	180	15,000		15,000		150
Placement Fees	Soft Costs	480	34,162		34,162		342
Bridge Loan origination Fee	Soft Costs		50,000	50,000			500
Bridge Loan closing costs and legal fees	Soft Costs		15,000	15,000			150
Mortgage Insurance Premiums	Soft Costs		11,387	11,387			114
Cost of underwriting and issuance	Soft Costs		6,832	6,832			68
	Soft Costs						0
	Soft Costs						0
	Soft Costs						0
	Soft Costs						0
	Soft Costs						0
Bridge Loan Interest (Wachovia)	Bridge Loan Interest					0	0
Bridge Loan Fee (Wachovia)	Bridge Loan Interest						0
TOTAL			11,439,168	10,099,923	301,261	1,047,984	114,392

FLOW OF FUNDS

Payment Number		1	2	3	4	5	6	7	8	9	10	11	12		
Date		2/1/2011	5/1/2011	8/1/2011	11/1/2011	2/1/2012	5/1/2012	7/1/2012	8/1/2012	8/1/2012	8/1/2012	8/1/2012	8/1/2012		
Source Name	Financing Source	At Partnership Closing	At 25% Construction Completion	At 50% Construction Completion	At 75% Construction Completion	At Certificate of Occupancy of all units and lien free completion	Accountants' cost certification; TDHCA Construction Approval	At 1:15 DSC for 90 consecutive days, permanent loan close/conversion	IRS 8609	0	0	0	0	Deferred Costs Paid From Cash Flow	Total
Equity - Federal LIHTC	Wachovia Bank	1,479,476	0	0	0	6,055,000	350,000	625,000	219,002	0	0	0	0	0	8,728,478
Equity - Federal HRTC	Wachovia Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity - State LIHTC	Wachovia Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity - State HRTC	Wachovia Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1st Mortgage	0	2,100,000	0	0	0	0	0	0	0	0	0	0	0	0	2,100,000
2nd Mortgage	FORT WORTH HOME FUND	555,000	0	0	0	(555,000)	0	0	0	0	0	0	0	0	0
3rd Mortgage	HUD Flex Subsidy Loan	483,685	0	0	0	0	0	0	0	0	0	0	0	0	483,685
4th Mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5th Mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6th Mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Loan	Wells Fargo	5,500,000	0	0	0	(5,500,000)	0	0	0	0	0	0	0	0	0
Prodevelopment Rental Income	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Loan Interest - ACRUED	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee	IKE AKBARI	0	0	0	0	0	0	0	0	0	0	0	0	127,005	127,005
TOTAL		10,119,161	0	0	0	0	350,000	625,000	219,002	0	0	0	0	127,005	11,439,166

Development Costs	Development Costs Categories													Deferred Costs Paid From Cash Flow	Total
Land	Land	627,075	0	0	0	0	0	0	0	0	0	0	0	0	627,075
Building Acquisition	Building Acquisition	1,042,925	0	0	0	0	0	0	0	0	0	0	0	0	1,042,925
Construction Costs	Hard Costs	4,350,000	0	0	0	0	0	0	0	0	0	0	0	0	4,350,000
	Sitework	900,000	0	0	0	0	0	0	0	0	0	0	0	0	900,000
	Hard Cost Contingency	524,947	0	0	0	0	0	0	0	0	0	0	0	0	524,947
	General Requirements	314,475	0	0	0	0	0	0	0	0	0	0	0	0	314,475
	Contractor Overhead & Profit	418,950	0	0	0	0	0	0	0	0	0	0	0	0	418,950
	Architectural - Design Fees	85,000	0	0	0	0	0	0	0	0	0	0	0	0	85,000
	Architectural - Supervision Fees	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
	Engineering Fees	50,000	0	0	0	0	0	0	0	0	0	0	0	0	50,000
	Real Estate Attorney/other legal fees	100,000	0	0	0	0	0	0	0	0	0	0	0	0	100,000
	Accounting	25,000	0	0	0	0	0	0	0	0	0	0	0	0	25,000
	Impact Fees	40,000	0	0	0	0	0	0	0	0	0	0	0	0	40,000
	Building Permit and related costs	40,000	0	0	0	0	0	0	0	0	0	0	0	0	40,000
	Appraisal	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
	Market analysis	7,500	0	0	0	0	0	0	0	0	0	0	0	0	7,500
	Environmental assessment	12,000	0	0	0	0	0	0	0	0	0	0	0	0	12,000
	Soils report	10,000	0	0	0	0	0	0	0	0	0	0	0	0	10,000
	Survey	25,000	0	0	0	0	0	0	0	0	0	0	0	0	25,000
	Construction Period Interest	433,359	0	0	0	0	0	0	0	0	0	0	0	0	433,359
	Course of Construction Insurance	55,000	0	0	0	0	0	0	0	0	0	0	0	0	55,000
	Hazard & Liability Insurance	40,000	0	0	0	0	0	0	0	0	0	0	0	0	40,000
	Real property taxes	30,000	0	0	0	0	0	0	0	0	0	0	0	0	30,000
	Tenant relocation expenses	100,000	0	0	0	0	0	0	0	0	0	0	0	0	100,000
	Developer Fee	350,000	0	0	0	0	350,000	300,000	219,002	0	0	0	0	127,005	1,346,007
	Interest on Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Operating Reserve	0	0	0	0	0	0	325,000	0	0	0	0	0	0	325,000
	Plan and cost review	14,000	0	0	0	0	0	0	0	0	0	0	0	0	14,000
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Constr. Title and Recording Fees	55,000	0	0	0	0	0	0	0	0	0	0	0	0	55,000
	Constr. Closing Costs and Legal Fees	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
	Constr. Inspection Fees	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
	Personal Property	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Lease Up Reserves	90,000	0	0	0	0	0	0	0	0	0	0	0	0	90,000
	Replacement Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Perm Loan - Origination fees	45,549	0	0	0	0	0	0	0	0	0	0	0	0	45,549
	Perm Loan - Title and Recording Fees	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
	Perm Loan - Closing Costs and Legal Fees	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
	Tax credit fees	40,000	0	0	0	0	0	0	0	0	0	0	0	0	40,000
	Performance Bonds	70,000	0	0	0	0	0	0	0	0	0	0	0	0	70,000
	Syndication organizational cost	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
	Placement Fees	34,162	0	0	0	0	0	0	0	0	0	0	0	0	34,162
	Bridge Loan origination Fee	50,000	0	0	0	0	0	0	0	0	0	0	0	0	50,000
	Bridge Loan closing costs and legal fees	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
	Mortgage Insurance Premiums	11,387	0	0	0	0	0	0	0	0	0	0	0	0	11,387
	Cost of underwriting and issuance	6,832	0	0	0	0	0	0	0	0	0	0	0	0	6,832
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Bridge Loan Interest (Wachovia)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Bridge Loan Fee (Wachovia)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL		10,119,161	0	0	0	0	350,000	625,000	219,002	0	0	0	0	127,005	11,439,166
	CHECK:	0	0	0	0	0	0	0	0	0	0	0	0	0	0

CALCULATION OF FEDERAL LOW INCOME TAX CREDITS

				Low-Income Rehab Credit	Low-Income Acquisition Credit	Total Acq & Rehab Credit
Depreciable Basis				10,089,923		
Acquisition Costs				(1,042,925)	1,042,925	
Historic Tax Credit/Solar Credit						
Ineligible - Energy Credit						
Ineligible - HCD Infill Grant						
Eligible Basis Before Adjustment				<u>9,046,998</u>	<u>1,042,925</u>	
High Cost Area	QCT 4033			130.00%	100.00%	
Basis for LIH Credit				<u>11,761,097</u>	<u>1,042,925</u>	
Low Income Percentage	Low Income Percent Sq./Ft.	100.00%		100.00%	100.00%	
	Low Income Percent Units	100.00%				
Basis for LIH Credit				11,761,097	1,042,925	
Credit Rate		September-10		9.00%	3.28%	
LIH Credit Calculated				1,058,499	34,208	
Total Credits Allocated	Allocation Year	2010		<u>1,030,347</u>	<u>34,208</u>	<u>1,064,555</u>
LIH Credit Allowed				<u>1,030,347</u>	<u>34,208</u>	<u>1,064,555</u>
Credit to Investors				1,030,244	34,205	1,064,449
Tax Credits / Low Income Unit / Month				<u>858.54</u>	<u>28.50</u>	<u>887.04</u>
	Excess Basis	240,613				

RENTAL INCOME

Type Of Unit	AMI %	Number Of Units	Sq. Unit	Total Sq. Ft.	Gross Monthly Rent	Utility Allowance	Net Monthly Rent	Total Annual Rent
1 BR / 1 BA	30.00%	1	563	563	510	68	442	5,304
1 BR / 1 BA	50.00%	5	563	2,815	510	68	442	26,520
1 BR / 1 BA	60.00%	6	563	3,378	510	68	442	31,824
2 BR / 1 BA	30.00%	2	726	1,452	639	81	558	13,392
2 BR / 1 BA	50.00%	20	726	14,520	639	81	558	133,920
2 BR / 1 BA	60.00%	22	726	15,972	639	81	558	147,312
3 BR / 1 BA	30.00%	2	876	1,752	799	90	709	17,016
3 BR / 1 BA	50.00%	20	876	17,520	799	90	709	170,160
3 BR / 1 BA	60.00%	22	876	19,272	799	90	709	187,176
Manager's Unit								
TOTAL		100		77,244	5,844	797	5,047	752,624

Annual Increase	102.00%
Vacancy	7.50%
Parking Revenue	0
Section 8 Incremental Income	0
Telephone Revenue	0
Other Income	12,000
Commercial	0

Type of Unit	Commercial
Total Sq. Ft.	0
Net Monthly Rent	0
Total Annual Rent	0

Other Income Detail:		PURM
Laundry & Vending	12,000	\$10.00
Total	12,000	\$10.00

OPERATING EXPENSES

Category	Amount	Description	Percentage
Rooms	0	Increase Thereafter	103.00%
Food and Beverage	0	Management Fee	6.00%
Telephone	4,500	Replacement Reserves Per Unit	350
Property Taxes	72,465	Annual Increase	103.00%
Insurance	40,000	Incentive Management Fee	90.00%
Utilities	61,600	Asset Management Fee: LP	8.500
Repairs and Maintenance	64,300	Annual Increase	1.03%
Payroll and Employee Benefits	107,000	Asset Management Fee: GP	0
General and Administrative	9,200	Annual Increase	1.03%
Advertising	1,500	Incentive Leasing Fee: GP	0
Audit Expenses	14,500	6 Months Oper. Exp./RR/Dabt Serv	320,120
Legal Expenses	3,500	Other Expenses	
Other Expenses	35,108	Security Fees	4,500
Total	490,000	Cable TV	2,400
Management Fee	41,327	Supportive Service Contract Fees	6,000
Replacement Res.	35,000	TDHCA Compliance Fees	4,000
Total	490,000	PLUG to Estimated UW	18,208
Expenses Per Unit	4,900	\$4,900	35,108

OTHER

Operations Commence Closing Year	2011	Number of Buildings	24
Year Commence Operations	2011		
Tax Credit Begins	2011		
Sales Date	#####		
Month	6		
# of Months in 1st Yr.	7		

LEASE-UP SCHEDULE

Month	LIHTC Units Leased Per Month	Market Units Leased Per Month	Total Units Leased Per Month	Units Leased Cum	Rental Income	F-1 ELECTION		Operating Expenses	LP Tax Credits	Low Income State Credits	Replacement Reserves
						Other Income	NO				
Jan-11	0	0	0	0	610,520	10,000	0	344,773	887,040	0.00	29,170
Feb-11	0	0	0	0	0	0	0	0	0	0	0
Mar-11	0	0	0	0	0	0	0	0	0	0	0
Apr-11	0	0	0	0	0	0	0	0	0	0	0
May-11	0	0	0	0	0	0	0	0	0	0	0
Jun-11	10	0	10	10	6,105	100	3,447	8,870	0	0	0
Jul-11	10	0	10	20	12,210	200	6,895	17,741	0	0	0
Aug-11	10	0	10	30	18,316	300	10,342	26,611	0	0	0
Sep-11	10	0	10	40	24,421	400	13,789	35,482	0	0	0
Oct-11	12	0	12	52	31,747	520	17,926	46,126	0	0	0
Nov-11	12	0	12	64	39,073	640	22,063	56,771	0	0	0
Dec-11	10	0	10	74	45,178	740	25,510	65,041	0	0	0
Sub Total	74	0	74		177,050	2,900	99,972	257,242	0	0	0

LEASE-UP SCHEDULE

Month	LIHTC Units Leased Per Month	Market Units Leased Per Month	Total Units Leased Per Month	Units Leased Cum	Rental Income	F-1 ELECTION		Operating Expenses	LP Tax Credits	Low Income State Credits	Replacement Reserves
						Other Income	NO				
Jan-12	10	0	10	84	51,284	840	28,957	74,511	0	0	0
Feb-12	10	0	10	94	57,389	940	32,405	83,382	0	0	0
Mar-12	6	0	6	100	61,052	1,000	34,473	88,704	0	0	0
Apr-12	0	0	0	100	61,052	1,000	34,473	88,704	0	0	0
May-12	0	0	0	100	61,052	1,000	34,473	88,704	0	0	0
Jun-12	0	0	0	100	61,052	1,000	34,473	88,704	0	0	0
Jul-12	0	0	0	100	61,052	1,000	34,473	88,704	0	0	3,004
Aug-12	0	0	0	100	61,052	1,000	34,473	88,704	0	0	3,004
Sep-12	0	0	0	100	61,052	1,000	34,473	88,704	0	0	3,004
Oct-12	0	0	0	100	61,052	1,000	34,473	88,704	0	0	3,004
Nov-12	0	0	0	100	61,052	1,000	34,473	88,704	0	0	3,004
Dec-12	0	0	0	100	61,052	1,000	34,473	88,704	0	0	3,004
Sub Total	28	0	28		719,193	11,780	406,092	1,044,934	0	0	18,024

LEASE-UP SCHEDULE

Month	LIHTC Units Leased Per Month	Market Units Leased Per Month	Total Units Leased Per Month	Units Leased Cum	Rental Income	F-1 ELECTION		Operating Expenses	LP Tax Credits	Low Income State Credits	Replacement Reserves
						Other Income	NO				
Jan-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
Feb-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
Mar-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
Apr-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
May-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
Jun-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
Jul-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
Aug-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
Sep-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
Oct-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
Nov-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
Dec-13	0	0	0	100	62,273	1,020	35,507	88,704	0	0	3,094
Sub Total	0	0	0	100	747,276	12,240	426,084	1,064,449	0	0	37,128
TOTAL	100	0	100		1,640,519	26,920	932,148	2,365,625	0	0	55,152

UNDERWRITING PROFORMA (HARD DEBT ONLY)

Project: Prince Hall Gardens

Table with 4 columns: Loan, Amount, Term (Yrs), Int. Rate. Row 1: Loan 1, 2,100,000, 480, 6.65%. Row 2: Loan 2, 555,000, 480, 0.00%.

Table with 3 columns: Total Cost, Ann. Rental Increase, Cost/Unit, Ann. Expense Increase, Run Date. Row 1: Total Cost: 11,439,168, Ann. Rental Increase: 2.00%. Row 2: Cost/Unit: 114,392, Ann. Expense Increase: 3.00%. Row 3: Run Date: 10/22/2010.

Large table with 20 columns: Unit Type, Square Foot, # Of Units, AMI %, Not Rent, Vacancy, Year 1-15. Contains multiple rows of unit data and a 'Total/Weighted Avg.' row.

Table with 17 columns: Projected Gross Income, Vacancy @ 7.50%, Parking Revenue, Section 8 Incremental Income, Telephone Revenue, Other Income, Commercial, Adjusted Gross Income. Values are provided for each year from 1 to 15.

Table with 17 columns: Operating Expenses (Per Unit, % of AGI), Management Fee, Rooms, Food and Beverage, Telephone, Property Taxes, Insurance, Utilities, Repairs and Maintenance, Payroll and Employee Benefit, General and Administrative, Advertising, Audit Expenses, Other Expenses. Values are provided for each year from 1 to 15.

Table with 17 columns: Reserves for Replace, Total Op. Exp. & Reserves. Values are provided for each year from 1 to 15.

Table with 17 columns: Net Operating Income. Values are provided for each year from 1 to 15.

Table with 17 columns: Debt Service (-Loan 1, -Loan 2, -Loan 3), Cash Flow After D/S. Values are provided for each year from 1 to 15.

Table with 17 columns: DSC - 1st Only (MUST PAY), DSC - 1st & 2nd, DSC - 1st, 2nd & 3rd. Values are provided for each year from 1 to 15.

Table with 17 columns: Breakeven Ratio [(Debt Service + Expenses) / (PGI-Ancillary Income)]. Values are provided for each year from 1 to 15.

Amortization Schedule

HUD Funding Available
 HUD Project #
 1st Mortgage Yr 1 DSCR 1.323 Yr 15 DSCR 1.17
 Name of 1st Mortgage
 Principal 2,100,000 Debt Type: Hard Debt
 Interest Rate 6.65%
 Amortization Period 480 Original Loan 2,277,446
 Term 480 Rev. Loan 2,100,000
 Beginning Month 6 177,446
 Beginning Year 2012
 Monthly Payment 12,625
 Annual Payment 150,240
 *Projected Conversion 4 months after CO

Year	Payment	Principal	Interest	Ending Balance
2011	0	0	0	0
2012	87,640	6,177	81,463	2,093,823
2013	150,240	11,001	139,239	2,062,822
2014	150,240	11,732	136,508	2,071,090
2015	150,240	12,513	137,727	2,059,577
2016	150,240	13,345	136,895	2,045,232
2017	150,240	14,222	136,018	2,031,000
2018	150,240	15,178	135,062	2,015,822
2019	150,240	16,188	134,052	1,999,634
2020	150,240	17,264	132,976	1,982,370
2021	150,240	18,412	131,828	1,963,958
2022	150,240	19,637	130,603	1,944,321
2023	150,240	20,943	129,297	1,923,378
2024	150,240	22,325	127,905	1,901,043
2025	150,240	23,781	126,419	1,877,222
2026	150,240	25,405	124,835	1,851,817
2027	0	0	0	0
2028	0	0	0	0
2029	0	0	0	0
Total	2,101,000	249,163	1,842,017	

Amortization Schedule

2nd Mortgage Yr 1 DSCR 1.323 Yr 15 DSCR 1.17
 Name of 2nd Mortgage FORT WORTH HOME Funds
 Principal 555,000 Debt Type: Soft Debt
 Interest Rate 0.00%
 Amortization Period 480
 Term 480
 Beginning Month
 Beginning Year
 Monthly Payment 0
 Annual Payment 0
 *Projected Pay-Off at CO

Year	Payment	Principal	Interest	Ending Balance
2011	0	0	0	0
2012	0	0	0	0
2013	0	0	0	0
2014	0	0	0	0
2015	0	0	0	0
2016	0	0	0	0
2017	0	0	0	0
2018	0	0	0	0
2019	0	0	0	0
2020	0	0	0	0
2021	0	0	0	0
2022	0	0	0	0
2023	0	0	0	0
2024	0	0	0	0
2025	0	0	0	0
2026	0	0	0	0
2027	0	0	0	0
2028	0	0	0	0
2029	0	0	0	0
Total	0	0	0	0

Amortization Schedule

3rd Mortgage HUD Flex Subsidy Loan
 Principal 483,685 Debt Type: Soft Debt
 Interest Rate 1.00%
 Amortization Period 480
 Term 480
 Beginning Month 6
 Beginning Year 2012
 Monthly Payment 0
 Annual Payment 0
 *Projected Conversion 4 months after CO

Year	Payment	Principal	Interest	Ending Balance
2011	0	0	0	0
2012	0	(2,821)	2,821	486,506
2013	0	(4,895)	4,895	491,371
2014	0	(4,914)	4,914	496,285
2015	0	(4,903)	4,903	501,248
2016	0	(5,012)	5,012	506,280
2017	0	(5,063)	5,063	511,323
2018	0	(5,113)	5,113	516,436
2019	0	(5,164)	5,164	521,600
2020	0	(5,216)	5,216	526,816
2021	0	(5,269)	5,269	532,084
2022	0	(5,321)	5,321	537,405
2023	0	(5,374)	5,374	542,779
2024	0	(5,428)	5,428	548,207
2025	0	(5,482)	5,482	553,689
2026	0	(5,537)	5,537	559,226
2027	0	0	0	0
2028	0	0	0	0
2029	0	0	0	0
Total	0	(75,541)	75,541	

Amortization Schedule

4th Mortgage
 Name of 4th Mortgage
 Principal Debt Type: Soft Debt
 Interest Rate 0.00%
 Amortization Period 660
 Term 660
 Beginning Month 10
 Beginning Year 2012
 Monthly Payment 0
 Annual Payment 0

Year	Payment	Principal	Interest	Ending Balance
2011	0	0	0	0
2012	0	0	0	0
2013	0	0	0	0
2014	0	0	0	0
2015	0	0	0	0
2016	0	0	0	0
2017	0	0	0	0
2018	0	0	0	0
2019	0	0	0	0
2020	0	0	0	0
2021	0	0	0	0
2022	0	0	0	0
2023	0	0	0	0
2024	0	0	0	0
2025	0	0	0	0
2026	0	0	0	0
2027	0	0	0	0
2028	0	0	0	0
2029	0	0	0	0
Total	0	0	0	0

Amortization Schedule

5th Mortgage
 Name of 5th Mortgage
 Principal Debt Type: Soft Debt
 Interest Rate 0.00%
 Amortization Period 660
 Term 660
 Beginning Month 11
 Beginning Year 2010
 Monthly Payment 0
 Annual Payment 0

Year	Payment	Principal	Interest	Ending Balance
2011	0	0	0	0
2012	0	0	0	0
2013	0	0	0	0
2014	0	0	0	0
2015	0	0	0	0
2016	0	0	0	0
2017	0	0	0	0
2018	0	0	0	0
2019	0	0	0	0
2020	0	0	0	0
2021	0	0	0	0
2022	0	0	0	0
2023	0	0	0	0
2024	0	0	0	0
2025	0	0	0	0
2026	0	0	0	0
2027	0	0	0	0
2028	0	0	0	0
2029	0	0	0	0
Total	0	0	0	0

Amortization Schedule

6th Mortgage
 Name of 6th Mortgage
 Principal Debt Type: Soft Debt
 Interest Rate 0.00%
 Amortization Period 660
 Term 660
 Beginning Month 11
 Beginning Year 2010
 Monthly Payment 0
 Annual Payment 0

Year	Payment	Principal	Interest	Ending Balance
2011	0	0	0	0
2012	0	0	0	0
2013	0	0	0	0
2014	0	0	0	0
2015	0	0	0	0
2016	0	0	0	0
2017	0	0	0	0
2018	0	0	0	0
2019	0	0	0	0
2020	0	0	0	0
2021	0	0	0	0
2022	0	0	0	0
2023	0	0	0	0
2024	0	0	0	0
2025	0	0	0	0
2026	0	0	0	0
2027	0	0	0	0
2028	0	0	0	0
2029	0	0	0	0
Total	0	0	0	0

Amortization Schedule

SUMMARY

Year	Payment	Principal	Interest	Ending Balance
2011	0	0	0	0
2012	87,640	3,358	84,284	2,580,329
2013	150,240	6,138	144,104	2,574,193
2014	150,240	6,818	143,422	2,567,375
2015	150,240	7,550	142,690	2,559,825
2016	150,240	8,333	141,907	2,551,492
2017	150,240	9,169	141,071	2,542,323
2018	150,240	10,065	140,175	2,532,258
2019	150,240	11,024	139,216	2,521,234
2020	150,240	12,048	138,192	2,509,186
2021	150,240	13,144	137,096	2,496,042
2022	150,240	14,316	135,924	2,481,728
2023	150,240	15,569	134,671	2,466,157
2024	150,240	16,907	133,333	2,449,250
2025	150,240	18,339	131,901	2,430,911
2026	150,240	19,868	130,372	2,411,043
2027	0	0	0	0
2028	0	0	0	0
2029	0	0	0	0
Total	2,101,000	172,642	2,016,258	

Amortization Schedule

Construction Loan 16.95%
 Name of Construction Loan Wells Fargo
 Principal 5,500,000
 Interest Rate 5.50%
 Term 12
 50% 151,250 Total CP Interest construction loan - basis eligible
 139,850 Total Interest on HUD 221(d)(4) - basis eligible
 290,900 Total Basis Eligible Interest
 48,550 Total Interest on HUD 221(d)(4) - non eligible
 337,450 Total Interest
 433,350 Total Interest in Budget
 95,900 Over / (Under)

If the "Name of Construction Loan" is "Wachovia Bank", then you MUST write it exactly as Wachovia Bank

Syndication Fund Maintenance

Multiple Bond Purchasers (Y/N) N
 Bond Purchaser (Name) 0
 Bond Issue Date 0
 Cusip Number 0
 Principal Amounts 0
 Credit Enhancer 0

PARTNERSHIP NAME: TBD

PROJECTED VALUE OF TAX CREDITS, CASH FLOW, AND NET INCOME (LOSS) AMOUNTS
PER CORPORATE INVESTOR LIMITED PARTNER ASSUMING A 35.00% TAX RATE

Capital Contributions		Available Tax Credits To Partnership				Discounted State Tax Credits	Total Tax Savings (Expense)	Cash Flow	Annual Benefit From Partnership	Cum Benefit	Cum Net Investment
Year	Amount	Net Income (Loss)	Tax Savings (Expense)	Federal LIHTC	Solar Credit						
				10,644,485	0	0	0				
2011	1,479,476	(264,795)	92,678	257,242	0	0	0	349,920	349,920	1,129,556	
2012	7,249,002	(561,856)	196,650	1,044,934	0	0	0	1,241,584	1,591,504	7,136,974	
2013	0	(465,383)	162,884	1,064,449	0	0	0	1,227,333	2,818,837	5,909,641	
2014	0	(407,572)	142,650	1,064,449	0	0	0	1,207,099	4,025,936	4,702,542	
2015	0	(398,977)	139,642	1,064,449	0	0	0	1,204,091	5,230,027	3,498,451	
2016	0	(389,215)	136,225	1,064,449	0	0	0	1,200,674	6,430,701	2,297,777	
2017	0	(368,859)	129,101	1,064,449	0	0	0	1,193,550	7,624,251	1,104,227	
2018	0	(344,836)	120,693	1,064,449	0	0	0	1,185,142	8,809,393	(80,915)	
2019	0	(329,713)	115,400	1,064,449	0	0	0	1,179,849	9,989,242	(1,260,764)	
2020	0	(327,657)	114,680	1,064,449	0	0	0	1,179,129	11,168,371	(2,439,893)	
2021	0	(360,092)	126,032	807,207	0	0	0	933,239	12,101,610	(3,373,132)	
2022	0	(374,525)	131,084	19,515	0	0	0	150,599	12,252,209	(3,523,731)	
2023	0	(344,027)	120,409	0	0	0	0	120,409	12,372,618	(3,644,140)	
2024	0	(324,623)	113,618	0	0	0	0	113,618	12,486,236	(3,757,758)	
2025	0	(322,346)	112,821	0	0	0	0	112,821	12,599,057	(3,870,579)	
2026	0	(329,764)	115,417	0	0	0	0	115,417	12,714,474	(3,985,996)	
2027	0	0	0	0	0	0	0	0	0	0	
2028	0	0	0	0	0	0	0	0	0	0	
2029	0	0	0	0	0	0	0	0	0	0	
Total	8,728,478	(6,914,240)	2,069,984	10,644,490	0	0	0	12,714,474	12,714,474	(157,738)	

Losses as a % of Equity 67.76%
Loss Benefit as a % of Total Benefits 16.28%

Projected Tax Consequences Of Sale	\$1 Over Mortgage Balance
Original Investment	(8,728,478)
Historic Tax Credit Basis Adjustments	0
Cumulative Tax Losses (Income)	5,914,240
Cumulative Cash Flow	0
Total	(2,814,238)
Sales Proceeds	1
Gain (Loss) on Sale	(2,814,237)
Tax Rate	35.00%
Tax (Savings) Expense	(984,983)

Sales Date	12/31/2026
Sales Date + 1	1/1/2027



REPORT DATE: 02/11/11 PROGRAM: HTC 9% FILE NUMBER: 10239

DEVELOPMENT

Prince Hall Gardens

Location: 1800 E. Robert Street Region: 3
 City: Fort Worth County: Tarrant Zip: 76104 OCT DDA
 Key Attributes: General, Acquisition/Rehabilitation, At-Risk, Urban

ALLOCATION

TDHCA Program	2010 AWARD			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,064,555			\$1,064,555		

CONDITIONS

- 1 Any condition of previous underwriting reports that has not been satisfied remains a condition of this report.
- 2 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.

AMENDMENT REQUEST

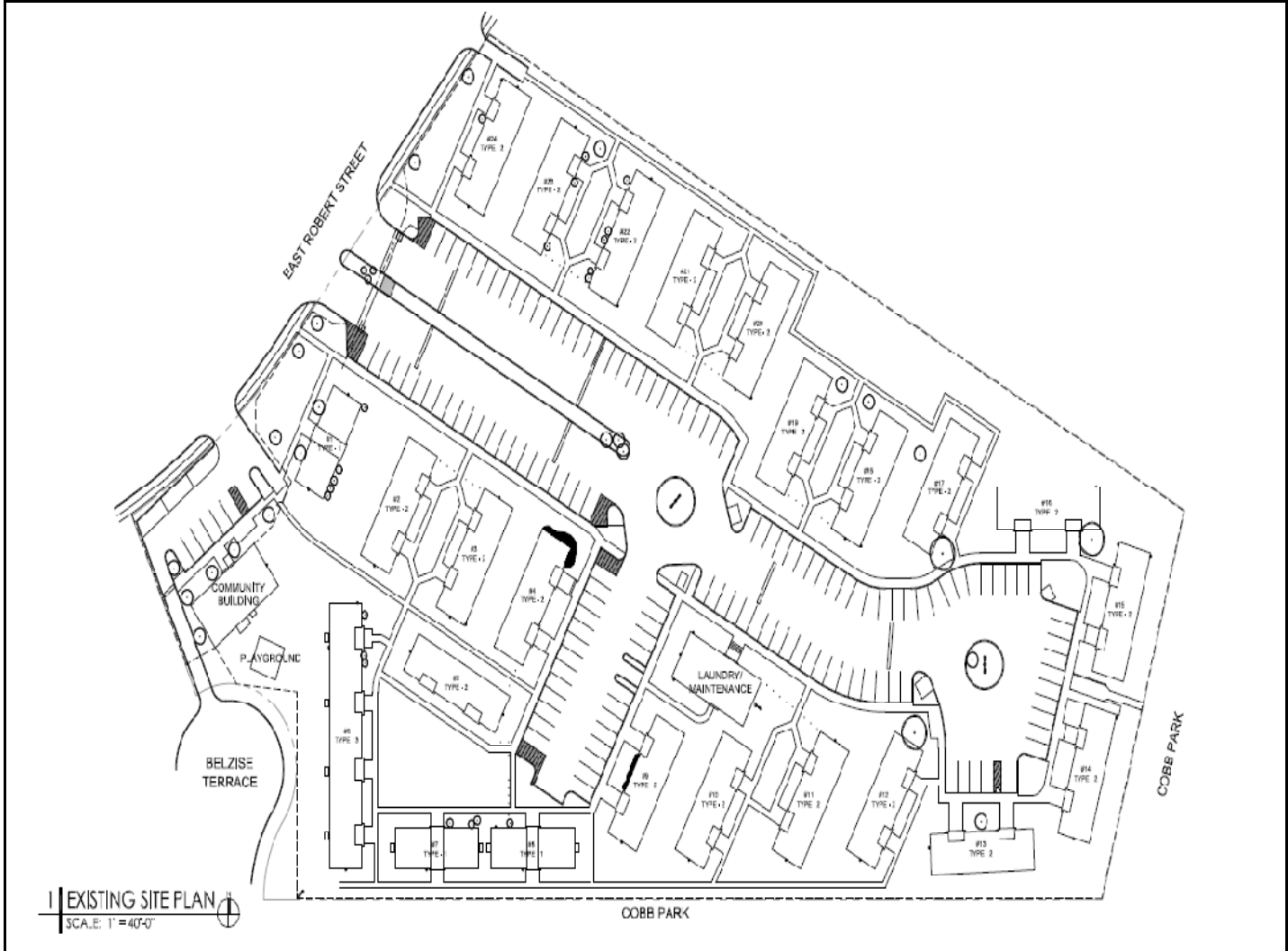
During the regular 2010 9% Housing Tax Credit cycle the Applicant was awarded an allocation of housing tax credits of \$1,064,555 for the acquisition and rehabilitation of an existing 100 unit affordable housing development located in Fort Worth. The allocation was approved subject to the recommendations of the ESA provider being completed and that any results which require further action be followed by the Applicant in accordance with local, state or federal regulations, as applicable. Subsequently, on October 22, 2010 the City of Fort Worth Floodplain Administrator gave notice to the Applicant that 12 of the buildings in the development are located in the 100-year floodplain and they must meet current City of Fort Worth floodplain development standards that meet or exceed National Flood Insurance Program (NFIP) minimum standards. The finish floor requirements in Fort Worth exceed NFIP minimum standards, and must be 2.0 feet above the fully developed conditions of the 100-year flood elevation. Therefore, the City of Fort Worth stated that the structures within or adjacent to the floodplain must be elevated to meet its minimum finish floor requirements, or be removed from the floodplain.

The City of Fort Worth's Floodplain Administrator stated that 12 of the existing buildings are within the floodplain and are below 2.0 feet above the fully developed 100-year floodplain and therefore must be elevated or removed; however, the Applicant hired engineers and surveyors to perform an investigation and determined that ten (10) of the buildings are within the floodplain and do not meet the +2 foot requirement, one building is within the 100-year floodplain but is at 2.96 feet above the base floodplain and will therefore comply with the City's elevation requirement. Accordingly, the Applicant requested approval from the City of Fort Worth, HUD and the Department that it be allowed to demolish the subject buildings and to reconstruct them at the required +2 feet above the base floodplain elevation. Additionally, the Applicant requested a waiver of the requirement from the City of Fort Worth that two of the buildings that are between +1 and +2 feet above the base floodplain be removed or elevated above +2 feet above base floodplain elevation.

On December 16, 2010 the Applicant submitted an amendment request to the Department requesting they be allowed to amend their 2010 HTC application in order to demolish 8 buildings and to construct 2 new residential buildings and a community building to replace those units and buildings being demolished. The two new residential buildings will contain thirty-two (32) units which is the same number of units being demolished.

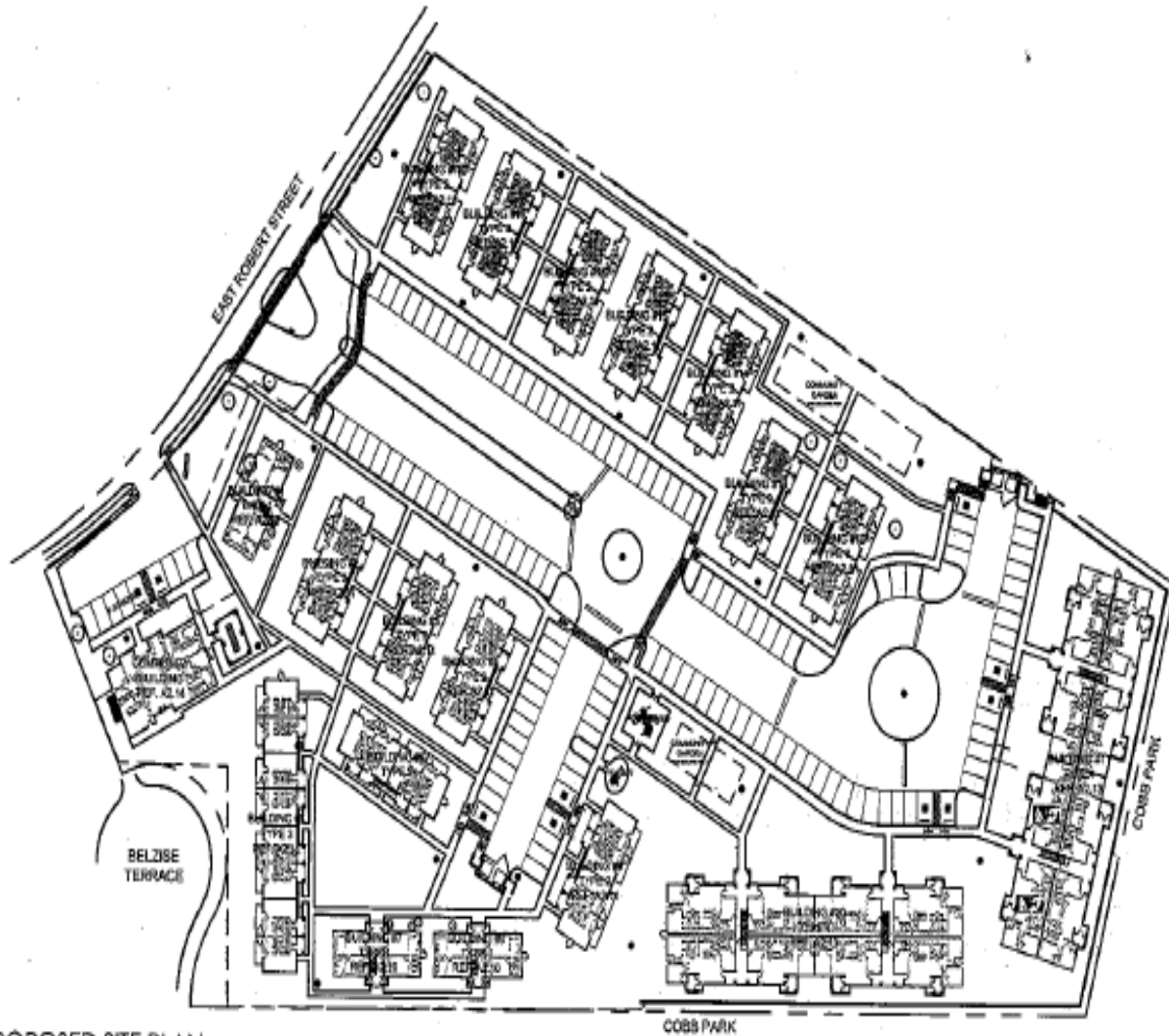
Additionally, the community gardens and playgrounds that are currently located in the floodplain will be elevated to at least +2 feet above the floodplain elevation, and the existing paving and sidewalks within Zone AE will be demolished and the areas will be raised so that there is an accessible route to each of the buildings. The current drainage plan will be modified and HDPE storm pipe and precast storm basins will be installed to remove storm water from the new parking facilities.

EXISTING SITE PLAN



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PROPOSED SITE PLAN



1 | PROPOSED SITE PLAN
SCALE: 1" = 100'-0"

AMENDMENT ANALYSIS

Income:

The development operates under a HAP contract for all 100 units; however, both the Underwriter and the Applicant's income projections have been reduced slightly since the original allocation of housing tax credits in 2010. The Underwriter's estimate of potential gross income decreased \$4,896 per year due to a change in the utility allowance from gas to electricity for water heaters. This resulted from the Applicant's finding that electric water heaters must be used rather than gas water heaters because the existing units do not have sufficient space to vent gas water heaters which were originally planned in the renovations. The Applicant's income estimate has been reduced because they are now using currently approved HAP Contract Section 8 rents rather than rents based on anticipated increases in the future. The Applicant also made adjustments to utility allowances for the installation of electric rather than gas water heaters. As stated in the original underwriting report, the development is currently all-bills-paid; therefore, the HAP contract rents do not include an allowance for utilities; however, the Applicant intends to change the utility payment structure to require tenants to pay all electric utilities. Because the current HAP contract does not estimate a utility allowance, the Applicant and the Underwriter used utility allowances published by the Fort Worth Housing Authority as of 1/1/10 to estimate net rents.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines.

The Underwriter's revised pro forma results in a DCR of 1.16, with an expense to income ratio of 65.91%. The 65.91% ratio is above the Department's maximum 65%; however, because the development has Project-Based Section 8 Rental Assistance for at least 50% of the units, the development is exempt from the maximum expense to income ratio pursuant to Section 1.32(i)(6)(B)(i) of the 2010 Real Estate Analysis Rules. Additionally, because the development operates under a HAP contract, it is reasonable to assume that the development will have lower vacancy and collection losses than most other developments.

Expenses:

The Applicant's revised annual operating expense projection at \$4,564 per unit is within 5% of the Underwriter's estimate of \$4,632, derived from actual operating history of the development, the TDHCA database, and third-party data sources. The Applicant's revised budget is however slightly less than originally projected at the time of the original application. This decrease in expenses is primarily due to a reduction in management fees since projected income has been reduced, and the Applicant has reduced the management fee from 6% of effective gross income to 5%. Additionally, there is a slight reduction in payroll and payroll expenses. The Underwriter continues to use the standard 5% management fee. The Underwriter's estimate of real estate taxes has been reduced approximately \$10K due to a lower projected net operating income.

Conclusion:

The Applicant's effective gross income, expenses and net operating are all within 5% of the Underwriter's estimate; therefore, the Applicant's year one pro forma was used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.19 which is within the Department's DCR guideline of 1.15 to 1.35. Additionally, the Applicant's expense to income ratio of 64.94% is acceptable and within the Department's guidelines.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expenses and net operating income were utilized resulting in a debt coverage ratio of 1.19 and an expense to income ratio of 64.94%. Additionally, 100% of the units are covered under a Project-Based Section 8 Rental Assistance contract, therefore, the development can still be characterized as feasible for the long-term.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE

Acquisition Value:

The purchase price remains at \$1,650,000 and is still considered reasonable as this is an "arms-length" transaction. The Applicant claimed a building value of \$1,373,400 for the purpose of calculating acquisition basis; however, pursuant to Department guidelines, the Underwriter utilized a lower building value. Of the \$1,650,000 contract sales price, the Underwriter allocated 63% (\$1,042,925) to buildings and 37% (\$607,075) to land, consistent with the pro rata land value cited in the appraisal submitted by the Applicant.

Sitework Cost:

Both the Underwriter and the Applicant has estimated sitework costs of \$12,623 per unit, which is significant for a rehabilitation development, but has been confirmed by the Property Condition Assessment (PCA) provider, an engineer and the development's general contractor. This high sitework cost is due to the need to increase the elevation of a substantial portion (approximately 50%) of the site to acceptable floodplain elevations, replacement of all underground utilities, replacement of water lines, and the overlay of parking lots. The Underwriter's development cost schedule which is used for the final development cost estimate has also established site work cost of \$12,623 per unit.

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Direct Construction Cost:

The Applicant's direct construction cost is a combination of new construction and rehabilitation construction. The underwriting analysis reflects a portion using the PCA value for those 68 units that are being rehabilitated, and a portion, the two new construction residential buildings containing 32 units and the community building has been estimated using the Marshall & Swift Residential Cost Handbook-derived estimate. The Applicant's direct construction cost estimate is \$49K or 1% higher than the Underwriter's estimate.

Conclusion:

The Underwriter's cost schedule was derived from information provided by the Applicant and third party sources. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule has been used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$11,520,558 supports annual tax credits of \$1,251,072. 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.

PROPOSED FINANCING STRUCTURE

SOURCES & USES

Source: Wells Fargo Bank Type: Interim Financing

Principal: \$5,500,000 Interest Rate: LIBOR + 2.5% Fixed Term: 18 months

Comments:

The interest rate is to be a floating rate of LIBOR plus 250 basis points, with a 4.5% floor. The interest rate (3 month LIBOR plus 250 bp) if set February 1, 2011 would have been 2.81%.

Source: Davis Penn Mtg. (Initially Wachovia) Type: Permanent Financing

Principal: \$2,832,600 Interest Rate: 6.85% Fixed Amort: 480 months

Comments:

This permanent loan is to have an amortization of 40 years with a term of 18 years. The rate will be set as fixed based on the 10-year treasury plus 400 basis points. This loan is to be an FHA 221(d)(4) loan which requires all subordinate loans be cash flow loans.

Source: City of Fort Worth Type: Permanent Financing

Principal: \$555,000 Interest Rate: 0.00% Fixed Amort: 480 months

Source: HUD Flex Subsidy Loan Type: Permanent Financing

Principal: \$483,685 Interest Rate: 1.0% Amort: N/A months

Comments:

The Applicant proposes to assume an existing HUD Flex Subsidy loan be at an interest rate of 1%, with payments from available cash flow, and a term of at least 20 years; however, to date, the Applicant has not provided documentation that HUD has approved their assumption and deferral of the subject loan. Accordingly, as required in the initial underwriting report for this development, receipt, review, and acceptance, by cost certification, that HUD has approved the Applicant's assumption of the Flexible Subsidy loan, at a rate of 1% with repayment to be from available cash flow is a condition of this report.

Source: Wells Fargo Company Type: Syndication

Proceeds: \$8,728,478 Syndication Rate: 82% Anticipated HTC: \$ 1,064,555

Amount: \$629,108 Type: Deferred Developer Fees

RECOMMENDED FINANCING STRUCTURE

The Underwriter's total development cost estimate less the permanent loans of \$3,871,285 indicates the need for \$9,257,931 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,129,129 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$1,251,072
Allocation determined by gap in financing:	\$1,129,129
Allocation requested by the Applicant:	\$1,064,555

The allocation amount determined by the Applicant's request is recommended. A tax credit allocation of \$1,064,555 per year for 10 years results in total equity proceeds of \$8,728,428 at a syndication rate of \$0.82 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$529,453 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

CONCLUSION

The requested change in the development for the demolition of eight (8) residential buildings containing 32 units and one community building to be replaced by the new construction of two (2) residential buildings containing 32 units and a community building will not have a negative impact on the previously awarded Housing Tax Credits. The Board approved tax credits continue to be supported based upon the Underwriter's analysis; accordingly, it is recommended that the amendment request be approved.

Underwriter:	<i>D.P. Burrell</i>	Date:	February 11, 2011
Manager of Real Estate Analysis:	<i>Cameron Dorsey</i>	Date:	February 11, 2011
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date:	February 11, 2011

UNIT MIX/RENT SCHEDULE

Prince Hall Gardens, Fort Worth, HTC 9% #10239

LOCATION DATA		UNIT DISTRIBUTION			Other Unit Designation							OTHER ASSUMPTIONS			
CITY:	Fort Worth	# Beds	# Units	% Total	PROGRAMS:		Sec 8					DEVELOPMENT ACTIVITY:	Acq/Rehab		
COUNTY:	Tarrant	Eff			Rent Limit	Eff	1	2	3	4	Total Units	REVENUE GROWTH:	2.00%		
SUB-MARKET:		1	12	12.0%	Sec 8		\$441	\$555	\$715		100	EXPENSE GROWTH:	3.00%		
PROGRAM REGION:	3	2	44	44.0%	LH		\$618	\$742	\$858		0	HIGH COST ADJUSTMENT:	130%		
RURAL RENT USED:	No	3	44	44.0%	HH		\$689	\$838	\$1,082		0	APPLICABLE FRACTION:	100.00%		
IREM REGION:	Fort Worth	4			MISC		\$0	\$0	\$0			APP % - ACQUISITION:	3.50%		
		TOTAL	100	100.0%								APP % - CONSTRUCTION:	9.00%		

UNIT MIX / MONTHLY RENT SCHEDULE

UNIT DESCRIPTION		PROGRAM RENT LIMITS				APPLICANT RENTS				TDHCA RENTS				MARKET RENTS						
Type	Other Designation	# Units	# Beds	# Baths	NRA	Gross Rent	Tenant Paid Utilities (Verified)	Max Net Program Rent	Delta to Max Program	Rent per NRA	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent per NRA	Delta to Max Program	Sec 8	Market Rent	TDHCA Savings to Market	
TC 30%	Sec 8	HH/50	1	1	1	563	\$371	\$69	\$302	\$139	\$0.78	\$441	\$441	\$441	\$0.78	\$139	\$441	\$600	\$159	
TC 50%	Sec 8	HH/50	5	1	1	563	\$618	\$69	\$549	(\$108)	\$0.78	\$441	\$2,205	\$2,205	\$441	\$0.78	(\$108)	\$441	\$600	\$159
TC 60%	Sec 8		6	1	1	563	\$742	\$69	\$673	(\$232)	\$0.78	\$441	\$2,646	\$2,646	\$441	\$0.78	(\$232)	\$441	\$600	\$159
TC 30%	Sec 8	HH/50	1	2	1.5	816	\$445	\$84	\$361	\$194	\$0.68	\$555	\$555	\$555	\$0.68	\$194	\$555	\$665	\$110	
TC 30%	Sec 8	HH/50	1	2	2	987	\$445	\$84	\$361	\$194	\$0.56	\$555	\$555	\$555	\$0.56	\$194	\$555	\$665	\$110	
TC 50%	Sec 8		13	2	1.5	816	\$742	\$84	\$658	(\$103)	\$0.68	\$555	\$7,215	\$7,215	\$555	\$0.68	(\$103)	\$555	\$665	\$110
TC 50%	Sec 8		7	2	2	987	\$742	\$84	\$658	(\$103)	\$0.56	\$555	\$3,885	\$3,885	\$555	\$0.56	(\$103)	\$555	\$665	\$110
TC 60%	Sec 8		14	2	1.5	816	\$891	\$84	\$807	(\$252)	\$0.68	\$555	\$7,770	\$7,770	\$555	\$0.68	(\$252)	\$555	\$665	\$110
TC 60%	Sec 8		8	2	2	987	\$891	\$84	\$807	(\$252)	\$0.56	\$555	\$4,440	\$4,440	\$555	\$0.56	(\$252)	\$555	\$665	\$110
TC 30%	Sec 8	HH/50	1	3	1.5	923	\$515	\$96	\$419	\$284	\$0.76	\$703	\$703	\$703	\$0.76	\$284	\$703	\$730	\$27	
TC 30%	Sec 8	HH/50	1	3	2	1,083	\$515	\$96	\$419	\$284	\$0.65	\$703	\$703	\$703	\$0.65	\$284	\$703	\$730	\$27	
TC 50%	Sec 8		13	3	1.5	923	\$858	\$96	\$762	(\$59)	\$0.76	\$703	\$9,139	\$9,139	\$703	\$0.76	(\$59)	\$703	\$730	\$27
TC 50%	Sec 8		7	3	2	1,083	\$858	\$96	\$762	(\$59)	\$0.65	\$703	\$4,921	\$4,921	\$703	\$0.65	(\$59)	\$703	\$730	\$27
TC 60%	Sec 8		14	3	1.5	923	\$1,029	\$96	\$933	(\$230)	\$0.76	\$703	\$9,842	\$9,842	\$703	\$0.76	(\$230)	\$703	\$730	\$27
TC 60%	Sec 8		8	3	2	1,083	\$1,029	\$96	\$933	(\$230)	\$0.65	\$703	\$5,624	\$5,624	\$703	\$0.65	(\$230)	\$703	\$730	\$27
TOTAL:			100			88,568						\$60,644	\$60,644							
AVG:						886				(\$147)	\$0.68	\$606			\$606	\$0.68	(\$147)	\$606	\$686	(\$79)
ANNUAL:												\$727,728	\$727,728							

PROFORMA ANALYSIS & DEVELOPMENT COSTS

Prince Hall Gardens, Fort Worth, HTC 9% #10239

INCOME

				TDHCA - Amendment	TDHCA - Original	APPLICANT - Original	APPLICANT - Amendment			
POTENTIAL GROSS RENT				\$727,728	\$732,624	\$790,944	\$727,728			
Secondary Income	Per Unit Per Month:	\$10.00		12,000	12,000	12,000	12,000	\$10.00	Per Unit Per Month	
Other Support Income:								\$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				\$739,728	\$744,624	\$802,944	\$739,728			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(36,986)	(55,847)	(60,216)	(36,984)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0					
EFFECTIVE GROSS INCOME				\$702,742	\$688,777	\$742,728	\$702,744			

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.12%	\$360	0.41	\$35,987	\$33,712	\$33,200	\$33,200	\$0.37	\$332	4.72%
Management	5.00%	\$351	0.40	35,137	34,439	44,563	35,137	0.40	351	5.00%
Payroll & Payroll Tax	14.80%	\$1,040	1.17	103,998	103,998	107,000	100,000	1.13	1,000	14.23%
Repairs & Maintenance	7.64%	\$537	0.61	53,694	53,694	64,300	64,300	0.73	643	9.15%
Utilities	5.08%	\$357	0.40	35,714	35,714	15,000	15,000	0.17	150	2.13%
Water, Sewer, & Trash	6.92%	\$487	0.55	48,660	48,660	46,600	42,900	0.48	429	6.10%
Property Insurance	4.55%	\$320	0.36	32,000	32,000	40,000	40,000	0.45	400	5.69%
Property Tax	2.826567	\$661	0.75	66,119	76,730	84,944	78,944	0.89	789	11.23%
Reserve for Replacements	4.98%	\$350	0.40	35,000	30,000	30,000	30,000	0.34	300	4.27%
TDHCA Compliance Fees	0.57%	\$40	0.05	4,000	4,000	4,000	4,000	0.05	40	0.57%
Supportive Svr/Cable TV/Security	1.84%	\$129	0.15	12,900	12,900	12,900	12,900	0.15	129	1.84%
TOTAL EXPENSES	65.91%	\$4,632	\$5.23	\$463,208	\$465,846	\$482,507	\$456,381	\$5.15	\$4,564	64.94%
NET OPERATING INC	34.09%	\$2,395	\$2.70	\$239,533	\$222,931	\$260,221	\$246,363	\$2.78	\$2,464	35.06%

DEBT SERVICE

Davis Penn Mtg. (Initially Wachovia)	\$191,785	\$195,486	\$194,191	\$193,886
Second Lien	\$0	\$0		
City of Ft. Worth HOME Funds	13,875	0		\$13,875
HUD Flex Subsidy Loan	0	0		
Additional Financing	0	0		
TOTAL DEBT SERVICE	205,660	195,486	194,191	207,761
NET CASH FLOW	\$33,873	\$27,446	\$66,030	\$38,602
AGGREGATE DEBT COVERAGE RATIO	1.16	1.14	1.34	1.19
RECOMMENDED DEBT COVERAGE RATIO				1.20

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA - Amendment	TDHCA - Original	APPLICANT - Original	APPLICANT - Amendment	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		12.57%	\$16,500	\$18.63	\$1,650,000	\$1,650,000	\$1,650,000	\$1,650,000	\$18.63	\$16,500	12.47%
Off-Sites		0.00%	\$0	\$0.00	0	0	0	0	0.00	0	0.00%
Sitework		9.61%	\$12,623	\$14.25	1,262,297	899,999	899,999	1,262,297	14.25	12,623	9.54%
Direct Construction (New)		17.63%	\$23,152	\$26.14	\$2,315,178	\$4,395,501	4,395,501	2,364,839	26.70	23,648	17.88%
Direct Construction (Rehab)		21.64%	\$28,406	\$32.07	\$2,840,612	\$0	0	2,840,612			
Contingency	10.00%	4.89%	\$6,418	\$7.25	641,809	529,497	529,497	685,549	7.74	6,855	5.18%
Contractor's Fees	14.00%	6.85%	\$8,997	\$10.16	899,714	739,780	739,780	899,714	10.16	8,997	6.80%
Indirect Construction		4.60%	\$6,035	\$6.81	603,500	603,500	603,500	603,500	6.81	6,035	4.56%
Ineligible Costs		5.14%	\$6,754	\$7.63	675,401	166,048	166,048	675,401	7.63	6,754	5.11%
Developer's Fees	13.23%	10.25%	\$13,460	\$15.20	1,346,007	1,296,436	1,347,611	1,346,007	15.20	13,460	10.17%
Interim Financing		4.34%	\$5,697	\$6.43	569,698	431,704	431,704	569,698	6.43	5,697	4.31%
Reserves		2.48%	\$3,250	\$3.67	325,000	289,996	331,254	331,254	3.74	3,313	2.50%
TOTAL COST		100.00%	\$131,292.16	\$148.24	\$13,129,216	\$11,002,461	\$11,094,894	\$13,228,871	\$149.36	\$132,289	100.00%
Construction Cost Recap		60.63%	\$79,596	\$89.87	\$7,959,610	\$6,564,777	\$6,564,777	\$8,053,011	\$58.85	\$52,124	39.40%
									\$0.00	per square foot	

SOURCES OF FUNDS

Davis Penn Mtg. (Initially Wachovia)	21.57%	\$28,326	\$31.98	\$2,832,600	\$2,220,124	\$2,220,124	\$2,832,600	\$2,832,600	Developer Fee Available	
City of Ft. Worth HOME Funds	4.23%	\$5,550	\$6.27	555,000	555,000	555,000	555,000	555,000	\$1,346,007	
HUD Flex Subsidy Loan	3.68%	\$4,837	\$5.46	483,685	483,685	483,685	483,685	483,685		
HTC Syndication Proceeds	66.48%	\$87,285	\$98.55	8,728,478	7,677,840	7,677,840	8,728,478	8,728,478	% of Dev. Fee Deferred	
Deferred Developer Fees	4.79%	\$6,291	\$7.10	629,108	158,245	158,245	629,108	529,453	39%	
Additional (Excess) Funds Req'd	-0.76%	(\$997)	(\$1.13)	(99,655)	(92,433)	0	0	0	15-Yr Cumulative Cash Flow	
TOTAL SOURCES				\$13,129,216	\$11,002,461	\$11,094,894	\$13,228,871	\$13,129,216	\$551,196	

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Prince Hall Gardens, Fort Worth, HTC 9% #10239

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.22	\$1,795,654
Adjustments				
Exterior Wall Finish	1.60%		\$0.87	\$28,730
Elderly			0.00	0
9-Ft. Ceilings	3.20%		1.73	57,461
Roofing			0.00	0
Subfloor			(0.16)	(5,299)
Floor Cover			3.64	321,989
Breezeways	\$22.48	2,979	0.76	66,968
Balconies	\$21.63	3,136	0.77	67,832
Plumbing Fixtures	\$845	96	0.92	81,120
Rough-ins	\$420	32	0.15	13,440
Built-In Appliances	\$1,850	32	0.67	59,200
Exterior Stairs	\$1,900	4	0.09	7,600
Enclosed Corridors	\$44.30		0.00	0
Other:			0.00	0
Other:			0.00	0
Carports	\$9.70	0	0.00	0
Heating/Cooling			1.85	61,272
Garages	\$30.00	0	0.00	0
Comm &/or Aux Bldgs	\$76.31	2,979	2.57	227,335
Other: fire sprinkler	\$2.15	33,120	0.80	71,208
SUBTOTAL			68.86	2,854,509
Current Cost Multiplier	1.03		2.07	68,418
Local Multiplier	0.91		(6.20)	(205,255)
TOTAL DIRECT CONSTRUCTION COSTS			\$64.73	\$2,717,673
Plans, specs, survy, bld prmts	3.90%		(\$2.52)	(\$83,607)
Interim Construction Interest	3.38%		(2.18)	(72,353)
Contractor's OH & Profit	11.50%		(7.44)	(246,534)
NET DIRECT CONSTRUCTION COSTS			\$52.57	\$2,315,178

PROPOSED PAYMENT COMPUTATION

Davis Penn Mtg. (Initially Wachovia)	\$2,832,600	Amort	480
Int Rate	6.20%	DCR	1.25
Additional Financing	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.25
City of Ft. Worth HOME Funds	\$555,000	Amort	480
Int Rate	0.00%	Aggregate DCR	1.16
HUD Flex Subsidy Loan	\$483,685	Amort	0
Int Rate	1.00%	Subtotal DCR	1.16
Additional Financing	\$0	Amort	0
Int Rate		Aggregate DCR	1.16

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Davis Penn Mtg. (Initially Wachovia)	\$191,785
Additional Financing	0
City of Ft. Worth HOME Funds	13,875
HUD Flex Subsidy Loan	0
Additional Financing	0
TOTAL DEBT SERVICE	\$205,660

Davis Penn Mtg. (Initially Wachovia)	\$2,832,600	Amort	480
Int Rate	6.20%	DCR	1.28
Additional Financing	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.28
City of Ft. Worth HOME Funds	\$555,000	Amort	480
Int Rate	0.00%	Aggregate DCR	1.20
HUD Flex Subsidy Loan	\$483,685	Amort	0
Int Rate	1.00%	Subtotal DCR	1.20
Additional Financing	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$727,728	\$742,283	\$757,128	\$772,271	\$787,716	\$869,702	\$960,222	\$1,060,162	\$1,292,332
Secondary Income	12,000	12,240	12,485	12,734	12,989	14,341	15,834	17,482	21,310
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	739,728	754,523	769,613	785,005	800,705	884,043	976,055	1,077,644	1,313,642
Vacancy & Collection Loss	(36,984)	(37,726)	(38,481)	(39,250)	(40,035)	(44,202)	(48,803)	(53,882)	(65,682)
Employee or Other Non-Rental Units	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$702,744	\$716,796	\$731,132	\$745,755	\$760,670	\$839,841	\$927,253	\$1,023,762	\$1,247,960
EXPENSES at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$33,200	\$34,196	\$35,222	\$36,279	\$37,367	\$43,318	\$50,218	\$58,216	\$78,238
Management	35,137	35,839	36,556	37,288	38,033	41,992	46,362	51,188	62,398
Payroll & Payroll Tax	100,000	103,000	106,090	109,273	112,551	130,477	151,259	175,351	235,657
Repairs & Maintenance	64,300	66,229	68,216	70,262	72,370	83,897	97,260	112,750	151,527
Utilities	15,000	15,450	15,914	16,391	16,883	19,572	22,689	26,303	35,348
Water, Sewer & Trash	42,900	44,187	45,513	46,878	48,284	55,975	64,890	75,225	101,097
Insurance	40,000	41,200	42,436	43,709	45,020	52,191	60,504	70,140	94,263
Property Tax	78,944	81,312	83,752	86,264	88,852	103,004	119,410	138,429	186,037
Reserve for Replacements	30,000	30,900	31,827	32,782	33,765	39,143	45,378	52,605	70,697
TDHCA Compliance Fee	4,000	4,120	4,244	4,371	4,502	5,219	6,050	7,014	9,426
Other	16,900	17,407	17,929	18,467	19,021	22,051	25,563	29,634	39,826
TOTAL EXPENSES	\$460,381	\$473,841	\$487,698	\$501,963	\$516,649	\$596,839	\$689,582	\$796,856	\$1,064,513
NET OPERATING INCOME	\$242,363	\$242,955	\$243,435	\$243,792	\$244,021	\$243,002	\$237,671	\$226,906	\$183,447
DEBT SERVICE									
First Lien Financing	\$191,785	\$191,785	\$191,785	\$191,785	\$191,785	\$191,785	\$191,785	\$191,785	\$191,785
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	13,875	13,875	13,875	13,875	13,875	13,875	13,875	13,875	13,875
Other Financing	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$36,703	\$37,296	\$37,775	\$38,132	\$38,361	\$37,343	\$32,011	\$21,246	(\$22,213)
DEBT COVERAGE RATIO	1.26	1.27	1.27	1.27	1.27	1.27	1.24	1.18	0.96

HTC ALLOCATION ANALYSIS -Prince Hall Gardens, Fort Worth, HTC 9% #10239

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
Acquisition Cost						
Purchase of land	\$276,600	\$607,075				
Purchase of buildings	\$1,373,400	\$1,042,925	\$1,373,400	\$1,042,925		
Off-Site Improvements						
Sitework	\$1,262,297	\$1,262,297			\$1,262,297	\$1,262,297
Construction Hard Costs	\$5,205,451	\$5,155,790			\$5,205,451	\$5,155,790
Contractor Fees	\$899,714	\$898,532			\$899,714	\$898,532
Contingencies	\$685,549	\$641,809			\$646,775	\$641,809
Eligible Indirect Fees	\$603,500	\$603,500			\$603,500	\$603,500
Eligible Financing Fees	\$569,698	\$569,698			\$569,698	\$569,698
All Ineligible Costs	\$675,401	\$675,401				
Developer Fees						
Developer Fees	\$1,346,007	\$1,346,007	\$175,044	\$137,970	\$1,170,963	\$1,208,037
Development Reserves	\$331,254	\$325,000				
TOTAL DEVELOPMENT COSTS	\$13,228,871	\$13,128,034	\$1,548,444	\$1,180,895	\$10,358,398	\$10,339,663

Deduct from Basis:						
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)						
TOTAL ELIGIBLE BASIS			\$1,548,444	\$1,180,895	\$10,358,398	\$10,339,663
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			\$1,548,444	\$1,180,895	\$13,465,918	\$13,441,562
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			\$1,548,444	\$1,180,895	\$13,465,918	\$13,441,562
Applicable Percentage			3.50%	3.50%	9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS			\$54,196	\$41,331	\$1,211,933	\$1,209,741

Syndication Proceeds	0.8199	\$444,359	\$338,883	\$9,936,853	\$9,918,881
Total Tax Credits (Eligible Basis Method)				\$1,266,128	\$1,251,072
Syndication Proceeds				\$10,381,212	\$10,257,764
Requested Tax Credits				\$1,064,555	
Syndication Proceeds				\$8,728,478	
Gap of Syndication Proceeds Needed				\$9,357,586	\$9,257,931
Total Tax Credits (Gap Method)				\$1,141,283	\$1,129,129
Recommended Tax Credits				\$1,064,555	
Syndication Proceeds				\$8,728,478	



REPORT DATE: 06/25/10 PROGRAM: HTC 9% FILE NUMBER: 10239

DEVELOPMENT

Prince Hall Gardens

Location: 1800 E. Robert Street Region: 3
 City: Fort Worth County: Tarrant Zip: 76104 OCT DDA
 Key Attributes: General, Acquisition/Rehabilitation, At-Risk, Urban

ALLOCATION

	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$1,096,944			\$1,064,555		

CONDITIONS

- 1 Receipt, review, and acceptance, prior to start of construction, of evidence that all Phase I ESA recommendations have been carried out.
- 2 Receipt, review, and acceptance, by Commitment Notice, of a commitment from the City of Fort Worth to provide a HOME loan in the amount of \$555,000, with the terms of financing provided, including the rate, term and amortization period.
- 3 Receipt, review, and acceptance, by cost certification, of a fully executed Project-Based Section 8 Rental Assistance contract reflecting approval of rents net of utility allowances of at least \$442 for the one bedroom units, \$558 for the two bedroom units, and \$709 for the three bedroom units.
- 4 Receipt, review, and acceptance, by cost certification, that HUD has approved the Applicant's assumption of the Flexible Subsidy loan, at a rate of 1%, and with repayment to be from available cash flow.
- 5 Receipt, review and acceptance, by cost certification, of an attorney's opinion affirming that the City of Fort Worth HOME loan and the HUD Flex Subsidy loan can be repaid at or by maturity and can be considered valid debt.
- 6 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.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	5
50% of AMI	50% of AMI	45
60% of AMI	60% of AMI	50

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STRENGTHS / MITIGATING FACTORS

- The principal of the special limited partner, and majority-interest Developer has experience developing and managing 2,300 tax credit units in Texas.
- The indicated capture rate at the 60% rent level is 2.1%, at the 50% rent level it is 1.7% and at the 30% rent level it is .01%.
- The subject property is already existing and absorbed in the market.

WEAKNESSES / RISKS

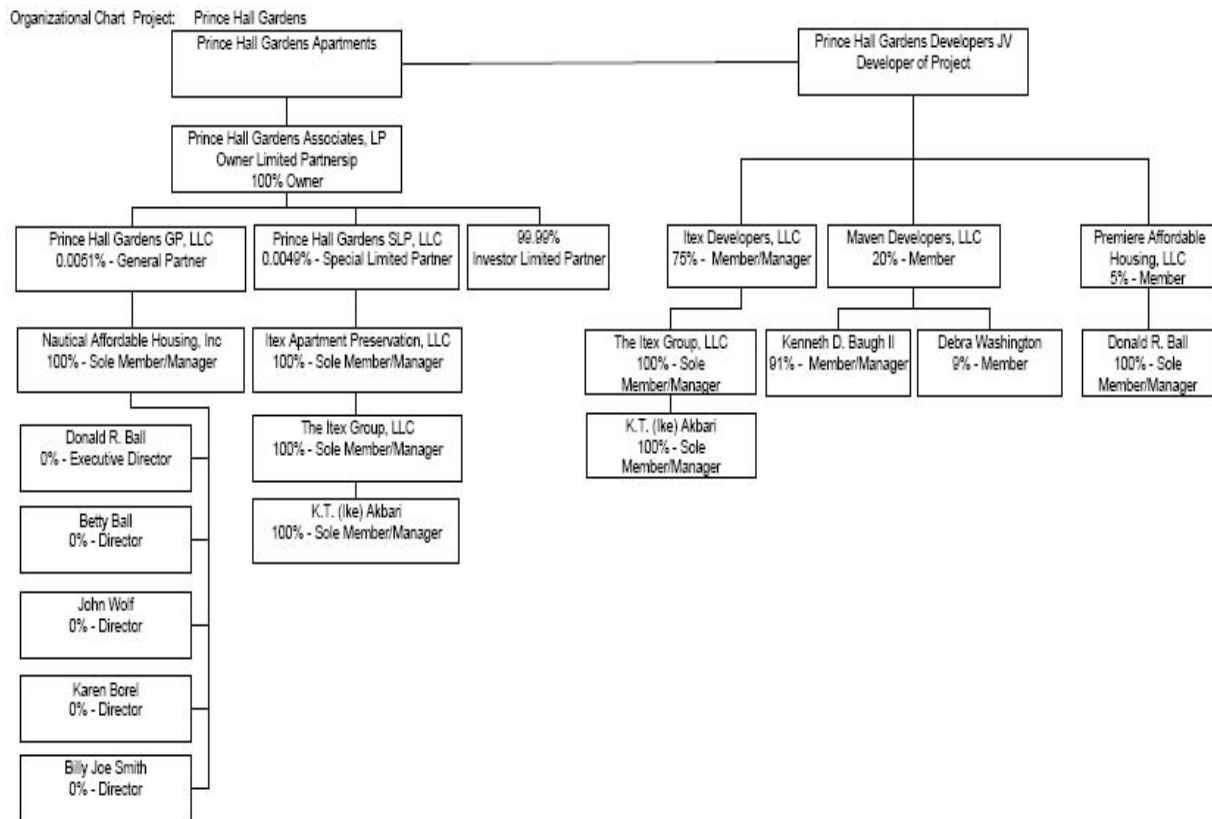
- The Applicant's high expense to income ratio of 64.96% is slightly below the Department's maximum guideline, reflecting extensive deep rent targeting, but is still acceptable.
- Average occupancy within 2 miles of the subject development is 81.1%
- The development is dependant to a large part to two of their loans being structured as cash flow loans.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: K.T. (Ike) Akbari Phone: (409) 724-0020 Fax: (409) 721-6603
 Email: ikeakbari@itexmgt.com

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.

PROPOSED SITE

SITE PLAN



TYPE	
1	1-
2	2-
3	3-
TOTAL # OF	

BUILDING CONFIGURATION

Building Type	A	B	C	D	E	F	G	H	I	J	Total Buildings
Floors/Stories	2	2	2								
Number	3	20	1								24

BR/BA	SF	Units									Total Units	Total SF
1	1	563	4								12	6,756
2	1	726		2	4						44	31,944
3	1	876		2	4						44	38,544
Units per Building			4	4	8						100	77,244

Rehabilitation Summary:

The plan calls for the replacement of roofs, windows, doors, exterior siding, stairs, interior flooring, cabinets, appliances, HVAC, landscaping, and interior and exterior painting. The Applicant provided a Property Condition Assessment (PCA) to substantiate the work needed.

Relocation Plan:

Leasing at the development has now been suspended and no new leases are being entered into or executed in preparation for the acquisition and rehabilitation of the subject property. It is anticipated that upon the award of the requested housing tax credits that a number of tenants will be relocated to other units on-site so that a cluster of units will be made available for renovation. Upon the renovation of those units, tenants will then be moved into the newly renovated units. This process will continue until all renovations are completed. It is not anticipated that any tenants will be relocated off site. Relocation costs are to be paid by the Applicant. \$50K is being budgeted for these expenses.

SITE ISSUES

Total Size: 6.002 acres Scattered site? Yes No
 Flood Zone: X and AE Within 100-yr floodplain? Yes No
 Zoning: D-Heavy Density Multi-family Needs to be re-zoned? Yes No N/A

Comments:

The ESA provider, Medina Consulting Company, Inc., stated in its report that the eastern half of the Site is located in Zone AE, which is a special flood hazard area inundated by the 100-year flood according to the FEMA, National Flood Insurance Program *Flood Insurance Rate Map*, Map Number 48439C0310K for Tarrant County.

However, according to the 2010 QAP §50.6(a) "no buildings or roads that are part of a Development proposing Rehabilitation or Adaptive Reuse, 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 for New Construction." The subject property currently has HUD financing under a HAP contract, which meets the requirement for HUD financing under the rule.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/20/2010
 Overall Assessment:
 Excellent Acceptable Questionable Poor Unacceptable
 Surrounding Uses:
 North: Apartments / Residential East: Apartments / Residential
 South: Cobb Park / Vacant West: Vacant land / Residential

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Medina Consulting Company, Inc. (MCC) Date: 3/29/2010

Recognized Environmental Concerns (RECs) and Other Concerns:

- Based on the results of the assessment MCC "determined that no "Recognized Environmental Conditions", as defined by ASTM, were identified in connection with activities of the property. No further assessment is recommended based on the available information as of the date of the report." However, "since no asbestos survey has been conducted for the buildings located at the Site, MCC recommends a survey for asbestos containing materials (ACM's) be performed on the structures prior to any construction activities and that the future demolition or renovation be performed in accordance with state and local regulations regarding disturbing ACM's if found to be present. MCC also recommends a Noise Survey be performed for the Site."

Additionally, the eastern half of the Site is located in Zone AE which is a special flood hazard area inundated by the 100-year flood, according to FEMA National Flood Insurance Program Flood Insurance Map, Map Number 48439C0310K for Tarrant County. Therefore, MCC recommended that "the area of the property located within Zone AE should be determined so the areas within the floodplain will be in compliance with floodplain management requirements."

Accordingly, it is a condition of this report that all of the recommendations of the ESA provider be completed and that any results that require further action must be followed by the Applicant in accordance with local, state or federal regulations, as applicable.

MARKET ANALYSIS

Provider: The Gerald A. Teel Co Date: 3/1/2010
 Contact: Tim Treadway Phone: _____
 Number of Revisions: one Date of Last Applicant Revision: 6/14/2010

Primary Market Area (PMA): 27 sq. miles 3 mile equivalent radius

The Primary Market Area defined in the original market study did not conform to the 2010 real Estate Analysis Rules. The Market Analyst provided a revised market study which identifies a PMA defined by 27 census tracts in central Fort Worth, between I20 and I30, and between I35W and I820.

ELIGIBLE HOUSEHOLDS BY INCOME								
Tarrant County Income Limits								
HH size	30% of AMI		40% of AMI		50% of AMI		60% of AMI	
	min	max	min	max	min	max	min	max
1	\$0	\$13,850	---	---	\$0	\$23,100	\$0	\$27,720
2	\$0	\$15,850	---	---	\$0	\$26,400	\$0	\$31,680
3	\$0	\$17,800	---	---	\$0	\$29,700	\$0	\$35,640
4	\$0	\$19,800	---	---	\$0	\$33,000	\$0	\$39,600
5	\$0	\$21,400	---	---	\$0	\$35,650	\$0	\$42,780
6	---	---	---	---	---	---	---	---

AFFORDABLE HOUSING INVENTORY in PRIMARY MARKET AREA					
File #	Development	Type	Target Population	Comp Units	Total Units
Proposed, Under Construction, and Unstabilized Comparable Developments					
10117	Terrell Homes I	new	family	54	54
07149	Residences at Eastland	new	family	140	146
060415	Village Creek	new	family	252	252
Other Affordable Developments in PMA since 2006					
08298	Residences at Stalcup	rehab	family	n/a	92
07403	Amelia Parc Senior Apts	new	senior	n/a	196
Stabilized Affordable Developments in PMA (pre-2006)					
Total Properties (pre-2006)		4	Total Units		708

Proposed, Under Construction, and Unstabilized Comparable Supply:

There are two unstabilized family properties, and one proposed family property, with a total of 452 units that must be factored into the Gross Capture rate calculation for the subject PMA.

OVERALL DEMAND ANALYSIS		
	Market Analyst	Underwriter
Total Households in the Primary Market Area	30,645	30,645
Target Households in the Primary Market Area	0	0
Potential Demand from the Primary Market Area	7,250	8,547
Potential Demand from Other Sources	0	0
GROSS DEMAND	7,250	8,547
Subject Affordable Units	100	100
Unstabilized Comparable Units	0	446
RELEVANT SUPPLY	100	546
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	1.4%	6.4%

Demand Analysis:

The Market Analyst identifies Gross Demand for 7,250 units from income-eligible households in the PMA, indicating a Gross Capture Rate of 1.4% for the 100 subject units. The Market Analyst did not include any unstabilized comparable units in the supply.

All of the units at the subject are covered by a Section 8 HAP contract, and renewal of this contract is a condition of this report. With 100% rental assistance, the minimum income is effectively zero. So the underwriting analysis includes all eligible households under the maximum income at 60% of AMI. The Underwriter identifies Gross Demand for 8,547 units, and a Gross Capture Rate of 6.4% for a total Relevant Supply of 546 units.

The maximum Gross Capture Rate for an urban development targeting family households is 10%. The analysis indicates sufficient demand to support the subject as well as the additional unstabilized units in the PMA.

PMA DEMAND by UNIT TYPE								
Unit Type	Market Analyst				Underwriter			
	Demand	Subject Units	Comp Units	Unit Capture Rate	Demand	Subject Units	Comp Units	Unit Capture Rate
1 BR/30%	1,513	1	0	0%	1,734	1	0	0%
1 BR/50%	522	5	0	1%	2,524	5	0	0%
1 BR/60%	333	6	0	2%	2,820	6	72	3%
2 BR/30%	898	2	0	0%	1,353	2	15	1%
2 BR/50%	387	20	0	5%	2,174	20	0	1%
2 BR/60%	432	22	0	5%	2,420	22	196	9%
3 BR/30%	256	2	0	1%	972	2	2	0%
3 BR/50%	305	20	0	7%	1,516	20	13	2%
3 BR/60%	274	22	0	8%	1,772	22	117	8%

Primary Market Occupancy Rates:

"Demand will not support the addition of new product as is illustrated by the submarket's 83.3% occupancy. The demand through household growth will most likely improve this existing vacancy. Micro Market occupancies were 83.3%. A two mile radius of the subject indicates 81.1% and the rent comparables average 88.6%. In lower income neighborhoods such as this, the weaknesses are often more apparent than in better neighborhoods. The best product for the money will likely maintain the highest occupancies" (p. 34)

The Market Analyst reports on five comparable properties with a wide range of occupancy, from 76% to 97%, and averaging 88.6%.

Absorption Projections:

The Market Analyst reports the changes in average rents and occupancies for the comparable properties over the previous year. "These properties illustrate a monthly average absorption range between -1 and 3 units. Demographics indicate that new household growth will be equal to 273 units per annum over the next five years with approximately 35.5% of those households renting indicating a natural absorption of 97 units per year or approximately 8 units per month." (p. 34)

Market Impact:

"The property has already been accepted, the lowered rents will further appeal to a segment of the population not accustomed to receiving higher quality housing. Plus the units will be offered to the existing tenants on a 1 to 1 basis." (p. 97)

Comments:

Overall occupancy in the PMA is quite low. But the subject's HAP contract provides a significant market advantage. The subject is currently 81% occupied, due to units in need of repair as well as allowed attrition in anticipation of the proposed rehabilitation. The market analysis indicates sufficient demand to support the subject. Plus, as existing Affordable Housing, the project is not subject to the capture rate limit. The analysis provides sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 5/17/2010

The development currently operates under a HAP contract for all 100 units. The development is currently all-bills-paid; therefore, the HAP contract rents do not include an allowance for utilities. The Applicant intends to change the utility payment structure, and to require tenants to pay all electric and gas utilities. Because the current HAP contract does not estimate a utility allowance, the Applicant has used the utility allowances published by the Fort Worth Housing Authority as of 1/1/10 to estimate net rents.

The Applicant's rents are based on a projected increase to the current HAP Contract rents, net of utility allowances from the Fort Worth Housing Authority. The Applicant's proposed rents represent an increase of 8% on average to the most recent HAP contract rents, which become effective on July 1, 2010, less utility allowances. Of note, the Applicant intends to include 10 HOME units in the development in connection with the HOME loan from the City of Fort Worth.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines.

The Underwriter has not assumed an increase to current HAP rents, but rather has based rents on the most recent HAP Contract rents (effective 7/1/10), net of utility allowances from the Fort Worth Housing Authority. The Underwriter's estimate of secondary income is equal to the Applicant's, and the Underwriter has assumed the standard vacancy and collection loss of 7.5%. Based on these assumptions, the Underwriter's pro forma results in a DCR of 1.14, which is below the Department's standard minimum DCR of 1.15, and an expense to income ratio of 67.63%, which is above the Department's maximum of 65%. However, because the development has Project-Based Section 8 Rental Assistance for at least 50% of the units, the development is exempt from the both the minimum DCR requirement and the maximum expense to income ratio pursuant to Section 1.32(i)(6)(B)(i) of the 2010 Real Estate Analysis Rules. Additionally, because the development operates under a HAP contract, it is reasonable to assume that the development will have lower vacancy and collection losses than projected, which would increase DCR and decrease the expense to income ratio.

The Underwriter's analysis indicates that a rental increase is not necessary for feasibility under Department guidelines; therefore, evidence of approval of increased rents is not necessary. Any increase to the current rents will improve the development's DCR, and if the proposed rents were to be achieved, DCR under the recommended financing structure would increase to 1.33.

HUD approval of the proposed change in the utility payment structure is needed. Therefore, this report is conditioned on receipt, review, and acceptance of a fully executed Project-Based Section 8 Rental Assistance contract reflecting approval of rents net of utility allowances of at least \$442 for the one bedroom units, \$558 for the two bedroom units, and \$709 for the three bedroom units.

Expenses: Number of Revisions: 0 Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$4,825 per unit is within 5% of the Underwriter's estimate of \$4,658, derived from actual operating history of the development, the TDHCA database, and third-party data sources. The Applicant's revised budget however has several line item estimates that deviate significantly when compared to the Underwriter's estimates, specifically: management fee is 6% of effective gross income rather than the standard 5%; utilities are 58% lower than the Underwriter's average; and property insurance is 25% higher than the Underwriter's estimate. The Applicant's use of a 6% management fee is due to the fact that this development is both an HTC and Section 8 property, and the Applicant anticipates more paperwork and compliance than is required on a non-Section 8 development. The Underwriter used the standard 5% fee, as a management agreement supporting the Applicant's 6% was not available.

Regarding utilities, the Applicant states that their future office and common area utilities will be lower based upon their use of green building and energy efficiency materials that will be installed during renovations. Compared to all data points available to the Underwriter, the Applicant's utility expense estimate appears to be significantly understated. The Applicant stated that the estimated property insurance is based on premiums being paid at other developments in their portfolio. The Underwriter's estimate is based on an insurance quote that was provided for the development; however, the quote does not include business income insurance. Because this coverage will be a part of the policy, it is reasonable to assume that the actual insurance cost will be higher than the estimate used by the Underwriter.

Conclusion:

The Applicant's expenses are within 5% of the Underwriter's estimate, but effective gross income and net operating income are not; therefore, the Underwriter's year one pro forma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.14 and an expense to income ratio of 67.63%.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% 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 of 1.14 and an expense to income ratio of 67.63%. These are acceptable due to the exception to the DCR minimum and expense to income ratio maximum for developments with at least 50% of the units covered under a Project-Based Section 8 Rental Assistance contract, pursuant to Section 1.32(i)(6)(B)(i) of the 2010 REA Rules. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider:	<u>Gerald A. Teel Company, Inc.</u>	Date:	<u>3/4/2010</u>
Number of Revisions:	<u>None</u>	Date of Last Applicant Revision:	<u>N/A</u>
Land Only:	<u>6.002 acres</u>	<u>\$390,000</u>	As of: <u>3/4/2010</u>
Existing Buildings: (as-is)	<u>\$670,000</u>		As of: <u>3/4/2010</u>
Total Development: (as-is)	<u>\$1,060,000</u>		As of: <u>3/4/2010</u>

ASSESSED VALUE

Land Only:	<u>6.35 acres</u>	<u>\$276,600</u>	Tax Year:	<u>2009</u>
Existing Buildings:		<u>\$2,005,444</u>	Valuation by:	<u>Tarrant CAD</u>
Total Assessed Value:		<u>\$2,282,044</u>	Tax Rate:	<u>2.826567</u>

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EVIDENCE of PROPERTY CONTROL

Type: Purchase and Sale Agreement Acreage: 6.002
 Contract Expiration: 12/31/2010 Valid Through Board Date? Yes No
 Acquisition Cost: \$1,650,000 Other: _____
 Seller: Prince Hall Garden I Charitable Trust Related to Development Team? Yes No

TITLE

Comments:

The title company, First American Title is requiring that satisfactory recordable releases be provided for the following items:

* The subject property has the following State Tax Liens and Abstracts of Judgment that must be released before the closing on the purchase:

* State Tax Lien filed 3/16/2005 in Clerk's File No. D205073258 of the official records of Tarrant County, Texas in the amount of \$1,216.03.

* State Tax Lien filed 10/17/2007 in Clerk's File No. D207371903 of the Official records of Tarrant County, Texas in the amount of \$797.83.

* Abstract of Judgment in favor of Texas Bank filed 3/27/2003 in Volume 16528, Page 44, of the Official records, of Tarrant County, Texas in the amount of \$26,407.91; together with cost and interest as therein provided under Cause No. 202-011920-2, Tarrant County, Texas.

* Abstract of Judgment in favor of Stellar Acquisition Corporation dba Stellar Kwal Paint against Amerisouth XXXX, Ltd., dba Prince Hall Gardens, filed 1/22/20038 in File No. D208021557, of the Official records, of Tarrant County, Texas in the amount of \$1,812.78; together with cost and interest as therein provided under Cause No. JC07-00331L, Tarrant County, Texas.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 0 Date of Last Applicant Revision: N/A

Acquisition Value:

The purchase price of \$1,650,000 is considered reasonable as this is an "arms-length" transaction. The Applicant claimed a building value of \$1,373,400 for the purpose of calculating acquisition basis; however, pursuant to Department guidelines, the Underwriter utilized a lower building value. Of the \$1,650,000 contract sales price, the Underwriter allocated 63% (\$1,042,925) to buildings and 37% (\$607,075) to land, consistent with the pro rata land value cited in the appraisal submitted by the Applicant.

Sitework Cost:

The Applicant has estimated sitework costs of \$9,000 per unit, which is significant for a rehabilitation development, but has been confirmed by the Property Condition Assessment (PCA) provider. According to the PCA, the majority of the required sitework will be for the replacement of all underground utilities (\$235K), replacement of water lines (\$120K), and overlay of parking lots (\$220K). Total sitework cost of \$9,000 per unit is below the limit for which additional information is required to document the costs.

Direct Construction Cost:

The Applicant's direct construction cost is the same as the estimate provided in the Property Condition Assessment (PCA). The underwriting analysis reflects the PCA value.

Interim Interest Expense:

The Underwriter reduced the Applicant's eligible interim financing fees by \$11,296 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.

Contingency & Fees:

The Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by \$1,604 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount. The overstatement of the developer fee is due to the Applicant's overstatement of interest expense.

30% Increase to Eligible Basis

The development qualifies for a 30% increase in eligible basis because the site is in an eligible QCT with less than 40% HTC units per household in the tract.

Conclusion:

The Underwriter's cost schedule was derived from information presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the 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 \$9,939,341 supports annual tax credits of \$1,064,555. 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.

PROPOSED FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 0 Date of Last Applicant Revision: N/A

Source: Wachovia Bank Type: Interim Financing

Principal: \$4,000,000 Interest Rate: 5.0% Fixed Term: 24 months

Comments:

The interest rate is to be a floating rate of LIBOR plus 300 basis points, with a 5% floor. The interest rate (3 month LIBOR plus 300 bp) if set at the time of commitment would have been 3.25%. Wachovia Bank underwrote the construction loan at 6%.

Source: Wachovia Bank Type: Permanent Financing

Principal: \$2,220,124 Interest Rate: 8.0% Fixed Amort: 360 months

Comments:

This permanent loan is to have an amortization of 30 years with a term of 18 years. The rate will be set as fixed based on the 10-year treasury plus 400 basis points. Wachovia Bank underwrote the permanent loan at 8.0%.

Source: City of Fort Worth Type: Permanent Financing

Principal: \$555,000 Interest Rate: AFR Fixed Amort: N/A months

Comments:

The Applicant has requested that this HOME loan be a cash flow loan at AFR, which is 3.94% as of the date of this report, with a 40 year term; however, to date no commitment to provide funding has been provided by the City of Fort Worth; accordingly, receipt, review, and acceptance, by Commitment Notice, of a commitment from the City of Fort Worth to provide a HOME loan, with the terms of financing provided, including the rate, term and amortization period is a condition of this report.

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Source: HUD Flex Subsidy Loan Type: Permanent Financing
 Principal: \$483,685 Interest Rate: 1.0% Amort: N/A months
 Comments:

The Applicant proposes to assume an existing HUD Flex Subsidy loan be at an interest rate of 1%, with payments from available cash flow, and a term of at least 20 years; however, to date, the Applicant has not provided documentation that HUD has approved their assumption and deferral of the subject loan. Accordingly, receipt, review, and acceptance, by cost certification, that HUD has approved the Applicant's assumption of the Flexible Subsidy loan, at a rate of 1% with repayment to be from available cash flow is a condition of this report.

Source: Wells Fargo Type: Syndication
 Proceeds: \$7,677,840 Syndication Rate: 70% Anticipated HTC: \$ 1,096,944
 Amount: \$158,245 Type: Deferred Developer Fees

ANALYSIS OF ABILITY TO REPAY CASH FLOW LOANS:

The Underwriter evaluated several scenarios based on a variety of assumptions in order to evaluate the ability for City of Fort Worth HOME and HUD Flexible Subsidy cash flow loans to be repaid. The Underwriter performed this analysis using both the recommended financing structure, based on the Underwriter's pro forma, and using the Applicant's pro forma.

Recommended Financing Structure (Underwriter's Pro Forma):

The Underwriter's first evaluated whether the loans could be amortized over the stated terms (40 years for the HOME loan and 20 years for the Flexible Subsidy loan); the Underwriter's pro forma shows insufficient NOI to amortize the loans. analysis shows that this loan could not be repaid if assumed to be an amortizing loan over 40 years.

The Underwriter also evaluated the structure as proposed. When both loans are assumed to be cash flow loans, the Underwriter's pro forma shows insufficient cash flow to repay the loans over the stated terms. There appears to be sufficient reversion value based on the Underwriter's year 20 NOI to retire any outstanding debt; however, there appears to be insufficient reversion value based on the year 30 and year 40 NOI.

Applicant's Pro Forma:

The Applicant's pro forma indicates that if the loans were assumed to amortize, year one DCR would be acceptable; however, there would be insufficient cash flow to repay deferred developer fee.

When both loans are assumed to be cash flow loans, the Applicant's pro forma shows sufficient cash flow to repay the 2nd lien City of Fort Worth HOME loan, but insufficient cash flow to repay the HUD Flexible Subsidy loan. However, based on the Applicant's pro forma, there appears to be sufficient reversion value based on the year 20, year 30, and year 40 NOI to retire the balance of any outstanding debt at those dates.

Condition:

Because the recommended financing structure shows insufficient cash flow to repay the cash flow notes, this report is conditioned on receipt, review and acceptance, by cost certification, of an attorney's opinion affirming that each of the cash flow loans can be repaid at or by maturity and can be considered valid debt.

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CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the permanent loans of \$3,258,809 indicates the need for \$7,743,652 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,106,347 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$1,064,555
Allocation determined by gap in financing:	\$1,106,347
Allocation requested by the Applicant:	\$1,096,944

The allocation amount determined by the Underwriter's calculation of the eligible basis is recommended. A tax credit allocation of \$1,064,555 per year for 10 years results in total equity proceeds of \$7,451,141 at a syndication rate of \$0.70 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$292,512 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

Of note, an analysis of the application information indicates that the Applicant's eligible basis supports credits that are less than the amount requested by the Applicant. The Applicant requested housing tax credits of \$1,096,944; however, the Applicant's eligible basis supports an allocation of \$1,077,857, when adjusted for the overstatement of eligible interim interest and developer fee, and for the use of a larger applicable percentage on the acquisition eligible basis than allowed by REA Rules. Additionally, this amount (\$1,077,857) is based on an acquisition eligible basis that is higher than allowed by the REA Rules; the recommended tax credits, which are based on the Underwriter's cost schedule, reflect an adjustment to acquisition basis to the amount allowed under Department guidelines.

Underwriter:	_____	Date:	_____
	<i>D.P. Burrell</i>		June 25, 2010
Manager of Real Estate Analysis:	_____	Date:	_____
	<i>Audrey Martin</i>		June 25, 2010
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Brent Stewart</i>		June 25, 2010

UNIT MIX/RENT SCHEDULE
Prince Hall Gardens, Fort Worth, HTC 9% #10239

LOCATION DATA		UNIT DISTRIBUTION			Other Unit Designation							OTHER ASSUMPTIONS			
CITY:	Fort Worth	# Beds	# Units	% Total	PROGRAMS:		Sec 8					DEVELOPMENT ACTIVITY:	Acq/Rehab		
COUNTY:	Tarrant	Eff			Rent Limit	Eff	1	2	3	4	Total Units	REVENUE GROWTH:	2.00%		
SUB-MARKET:		1	12	12.0%	Sec 8		\$442	\$558	\$709		100	EXPENSE GROWTH:	3.00%		
PROGRAM REGION:	3	2	44	44.0%	LH		\$618	\$742	\$858		0	HIGH COST ADJUSTMENT:	130%		
RURAL RENT USED:	No	3	44	44.0%	HH		\$689	\$838	\$1,082		0	APPLICABLE FRACTION:	100.00%		
IREM REGION:	Fort Worth	4			MISC		\$0	\$0	\$0			APP % - ACQUISITION:	3.50%		
		TOTAL	100	100.0%								APP % - CONSTRUCTION:	9.00%		

UNIT MIX / MONTHLY RENT SCHEDULE																				
UNIT DESCRIPTION							PROGRAM RENT LIMITS			APPLICANT RENTS				TDHCA RENTS				MARKET RENTS		
Type	Other Designation		# Units	# Beds	# Baths	NRA	Gross Rent	Tenant Paid Utilities (Verified)	Max Net Program Rent	Delta to Max Program	Rent per NRA	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent per NRA	Delta to Max Program	Sec 8	Market Rent	TDHCA Savings to Market
TC 30%	Sec 8	LH	1	1	1	563	\$371	\$68	\$303	\$181	\$0.86	\$484	\$484	\$442	\$442	\$0.79	\$139	\$442	\$600	\$158
TC 50%	Sec 8	HH	5	1	1	563	\$618	\$68	\$550	(\$66)	\$0.86	\$484	\$2,420	\$2,210	\$442	\$0.79	(\$108)	\$442	\$600	\$158
TC 60%	Sec 8		6	1	1	563	\$742	\$68	\$674	(\$190)	\$0.86	\$484	\$2,904	\$2,652	\$442	\$0.79	(\$232)	\$442	\$600	\$158
TC 30%	Sec 8	LH	2	2	1	726	\$445	\$81	\$364	\$243	\$0.84	\$607	\$1,214	\$1,116	\$558	\$0.77	\$194	\$558	\$665	\$107
TC 50%	Sec 8		20	2	1	726	\$742	\$81	\$661	(\$54)	\$0.84	\$607	\$12,140	\$11,160	\$558	\$0.77	(\$103)	\$558	\$665	\$107
TC 60%	Sec 8		22	2	1	726	\$891	\$81	\$810	(\$203)	\$0.84	\$607	\$13,354	\$12,276	\$558	\$0.77	(\$252)	\$558	\$665	\$107
TC 30%	Sec 8	LH	2	3	1	876	\$515	\$90	\$425	\$334	\$0.87	\$759	\$1,518	\$1,418	\$709	\$0.81	\$284	\$709	\$730	\$21
TC 50%	Sec 8		20	3	1	876	\$858	\$90	\$768	(\$9)	\$0.87	\$759	\$15,180	\$14,180	\$709	\$0.81	(\$59)	\$709	\$730	\$21
TC 60%	Sec 8		22	3	1	876	\$1,029	\$90	\$939	(\$180)	\$0.87	\$759	\$16,698	\$15,598	\$709	\$0.81	(\$230)	\$709	\$730	\$21
TOTAL:			100				77,244						\$65,912	\$61,052						
AVG:							772			(\$98)	\$0.85	\$659			\$611	\$0.79	(\$147)	\$611	\$686	(\$75)
ANNUAL:													\$790,944	\$732,624						

PROFORMA ANALYSIS & DEVELOPMENT COSTS

Prince Hall Gardens, Fort Worth, HTC 9% #10239

INCOME				Total Net Rentable Sq Ft:					
POTENTIAL GROSS RENT									
Secondary Income		Per Unit Per Month:	\$10.00					\$10.00	Per Unit Per Month
Other Support Income:								\$0.00	Per Unit Per Month
POTENTIAL GROSS INCOME									
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%					-7.50%	of Potential Gross Income
Employee or Other Non-Rental Units or Concessions									
EFFECTIVE GROSS INCOME									
EXPENSES									
	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI	
General & Administrative	4.89%	\$337	0.44	\$33,712	\$33,200	\$0.43	\$332	4.47%	
Management	5.00%	\$344	0.45	34,439	44,563	0.58	446	6.00%	
Payroll & Payroll Tax	15.10%	\$1,040	1.35	103,998	107,000	1.39	1,070	14.41%	
Repairs & Maintenance	7.80%	\$537	0.70	53,694	64,300	0.83	643	8.66%	
Utilities	5.19%	\$357	0.46	35,714	15,000	0.19	150	2.02%	
Water, Sewer, & Trash	7.06%	\$487	0.63	48,660	46,600	0.60	466	6.27%	
Property Insurance	4.65%	\$320	0.41	32,000	40,000	0.52	400	5.39%	
Property Tax	2.826567 11.14%	\$767	0.99	76,730	84,944	1.10	849	11.44%	
Reserve for Replacements	4.36%	\$300	0.39	30,000	30,000	0.39	300	4.04%	
TDHCA Compliance Fees	0.58%	\$40	0.05	4,000	4,000	0.05	40	0.54%	
Supportive Svr/Cable TV/Security	1.87%	\$129	0.17	12,900	12,900	0.17	129	1.74%	
TOTAL EXPENSES	67.63%	\$4,658	\$6.03	\$465,846	\$482,507	\$6.25	\$4,825	64.96%	
NET OPERATING INC	32.37%	\$2,229	\$2.89	\$222,931	\$260,221	\$3.37	\$2,602	35.04%	

DEBT SERVICE									
Wachovia Bank				\$195,486	\$194,191				
Second Lien				\$0					
City of Ft. Worth HOME Funds				0					
HUD Flex Subsidy Loan				0			\$38,560		
Additional Financing				0					
TOTAL DEBT SERVICE				195,486	194,191				
NET CASH FLOW				\$27,446	\$66,030				
AGGREGATE DEBT COVERAGE RATIO				1.14	1.34				
RECOMMENDED DEBT COVERAGE RATIO				1.14					

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)		15.00%	\$16,500	\$21.36	\$1,650,000	\$1,650,000	\$21.36	\$16,500	14.87%
Off-Sites		0.00%	\$0	\$0.00	0	0	0.00	0	0.00%
Sitework		8.18%	\$9,000	\$11.65	899,999	899,999	11.65	9,000	8.11%
Direct Construction		39.95%	\$43,955	\$56.90	\$4,395,501	4,395,501	56.90	43,955	39.62%
Contingency	10.00%	4.81%	\$5,295	\$6.85	529,497	529,497	6.85	5,295	4.77%
Contractor's Fees	13.97%	6.72%	\$7,398	\$9.58	739,780	739,780	9.58	7,398	6.67%
Indirect Construction		5.49%	\$6,035	\$7.81	603,500	603,500	7.81	6,035	5.44%
Ineligible Costs		1.51%	\$1,660	\$2.15	166,048	166,048	2.15	1,660	1.50%
Developer's Fees	15.00%	11.78%	\$12,964	\$16.78	1,296,436	1,347,611	17.45	13,476	12.15%
Interim Financing		3.92%	\$4,317	\$5.59	431,704	431,704	5.59	4,317	3.89%
Reserves		2.64%	\$2,900	\$3.75	289,996	331,254	4.29	3,313	2.99%
TOTAL COST		100.00%	\$110,024.61	\$142.44	\$11,002,461	\$11,094,894	\$143.63	\$110,949	100.00%
Construction Cost Recap		59.67%	\$65,648	\$84.99	\$6,564,777	\$6,564,777	\$84.99	\$65,648	59.17%

2006 QAP \$49.9(i)(8) points awarded for costs less than \$0.00 per square foot

SOURCES OF FUNDS									
RECOMMENDED									
Wachovia Bank		20.18%	\$22,201	\$28.74	\$2,220,124	\$2,220,124	\$2,220,124		Developer Fee Available
City of Ft. Worth HOME Funds		5.04%	\$5,550	\$7.19	555,000	555,000	555,000		\$1,346,007
HUD Flex Subsidy Loan		4.40%	\$4,837	\$6.26	483,685	483,685	483,685		
HTC Syndication Proceeds		69.78%	\$76,778	\$99.40	7,677,840	7,677,840	7,451,141		% of Dev. Fee Deferred
Deferred Developer Fees		1.44%	\$1,582	\$2.05	158,245	158,245	292,512		22%
Additional (Excess) Funds Req'd		-0.84%	(\$924)	(\$1.20)	(92,433)	0	0		15-Yr Cumulative Cash Flow
TOTAL SOURCES					\$11,002,461	\$11,094,894	\$11,002,461		\$359,759

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Prince Hall Gardens, Fort Worth, HTC 9% #10239

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$50.00	\$3,862,200
Adjustments				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			1.33	102,992
Floor Cover			2.41	186,158
Breezeways	\$23.05	0	0.00	0
Balconies	#DIV/0!	0	#DIV/0!	#DIV/0!
Plumbing Fixtures	\$845	(500)	(5.47)	(422,500)
Rough-ins	\$420	0	0.00	0
Built-In Appliances	\$1,850	100	2.40	185,000
Exterior Stairs	\$1,900	0	0.00	0
Enclosed Corridors	\$40.08		0.00	0
Other:			0.00	0
Other:			0.00	0
Carports	\$9.70	0	0.00	0
Heating/Cooling			1.85	142,901
Garages	\$30.00	0	0.00	0
Comm &/or Aux Bldgs	\$0.00	0	0.00	0
Other: fire sprinkler	\$2.15	77,244	2.15	166,075
SUBTOTAL			#DIV/0!	#DIV/0!
Current Cost Multiplier	0.99		#DIV/0!	#DIV/0!
Local Multiplier	0.90		#DIV/0!	#DIV/0!
TOTAL DIRECT CONSTRUCTION COSTS				
Plans, specs, survy, bid prm	3.90%		#DIV/0!	#DIV/0!
Interim Construction Interest	3.38%		#DIV/0!	#DIV/0!
Contractor's OH & Profit	11.50%		#DIV/0!	#DIV/0!
NET DIRECT CONSTRUCTION COSTS			#DIV/0!	#DIV/0!

PROPOSED PAYMENT COMPUTATION

Wachovia Bank	\$2,220,124	Amort	360
Int Rate	8.00%	DCR	1.14
Additional Financing	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.14
City of Ft. Worth HOME Funds	\$555,000	Amort	0
Int Rate	3.94%	Aggregate DCR	1.14
HUD Flex Subsidy Loan	\$483,685	Amort	0
Int Rate	1.00%	Subtotal DCR	1.14
Additional Financing	\$0	Amort	0
Int Rate		Aggregate DCR	1.14

RECOMMENDED FINANCING STRUCTURE:

Wachovia Bank	\$195,486
Additional Financing	0
City of Ft. Worth HOME Funds	0
HUD Flex Subsidy Loan	0
Additional Financing	0
TOTAL DEBT SERVICE	\$195,486

Wachovia Bank	\$2,220,124	Amort	360
Int Rate	8.00%	DCR	1.14
Additional Financing	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.14
City of Ft. Worth HOME Funds	\$555,000	Amort	0
Int Rate	3.94%	Aggregate DCR	1.14
HUD Flex Subsidy Loan	\$483,685	Amort	0
Int Rate	1.00%	Subtotal DCR	1.14
Additional Financing	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.14

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$732,624	\$747,276	\$762,222	\$777,466	\$793,016	\$875,553	\$966,682	\$1,067,295	\$1,301,026
Secondary Income	12,000	12,240	12,485	12,734	12,989	14,341	15,834	17,482	21,310
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	744,624	759,516	774,707	790,201	806,005	889,895	982,516	1,084,777	1,322,337
Vacancy & Collection Loss	(55,847)	(56,964)	(58,103)	(59,265)	(60,450)	(66,742)	(73,689)	(81,358)	(99,175)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$688,777	\$702,553	\$716,604	\$730,936	\$745,555	\$823,153	\$908,827	\$1,003,418	\$1,223,161
EXPENSES at 3.00%									
General & Administrative	\$33,712	\$34,723	\$35,765	\$36,837	\$37,943	\$43,986	\$50,992	\$59,113	\$79,443
Management	34,439	35,128	35,830	36,547	37,278	41,158	45,441	50,171	61,158
Payroll & Payroll Tax	103,998	107,118	110,331	113,641	117,051	135,694	157,306	182,361	245,078
Repairs & Maintenance	53,694	55,304	56,964	58,673	60,433	70,058	81,216	94,152	126,533
Utilities	35,714	36,785	37,889	39,025	40,196	46,598	54,020	62,624	84,162
Water, Sewer & Trash	48,660	50,120	51,623	53,172	54,767	63,490	73,603	85,326	114,671
Insurance	32,000	32,960	33,949	34,967	36,016	41,753	48,403	56,112	75,410
Property Tax	76,730	79,032	81,403	83,845	86,360	100,115	116,061	134,546	180,819
Reserve for Replacements	30,000	30,900	31,827	32,782	33,765	39,143	45,378	52,605	70,697
TDHCA Compliance Fee	4,000	4,120	4,244	4,371	4,502	5,219	6,050	7,014	9,426
Other	12,900	13,287	13,686	14,096	14,519	16,832	19,512	22,620	30,400
TOTAL EXPENSES	\$465,846	\$479,477	\$493,510	\$507,957	\$522,830	\$604,046	\$697,983	\$806,646	\$1,077,797
NET OPERATING INCOME	\$222,931	\$223,076	\$223,094	\$222,979	\$222,725	\$219,107	\$210,844	\$196,773	\$145,365
DEBT SERVICE									
First Lien Financing	\$195,486	\$195,486	\$195,486	\$195,486	\$195,486	\$195,486	\$195,486	\$195,486	\$195,486
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$27,446	\$27,590	\$27,608	\$27,493	\$27,239	\$23,621	\$15,358	\$1,287	(\$50,121)
DEBT COVERAGE RATIO	1.14	1.14	1.14	1.14	1.14	1.12	1.08	1.01	0.74

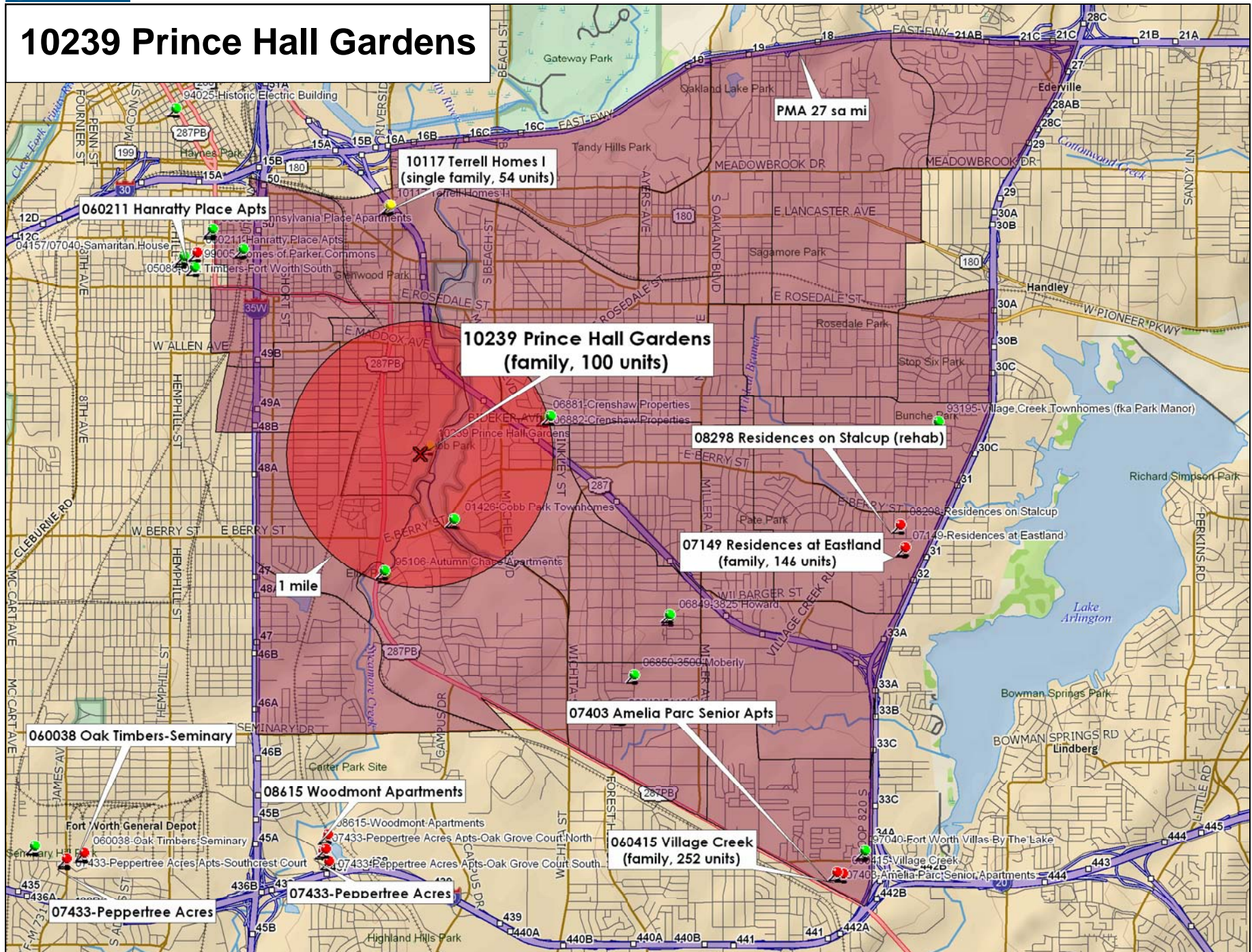
HTC ALLOCATION ANALYSIS -Prince Hall Gardens, Fort Worth, HTC 9% #10239

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
Acquisition Cost						
Purchase of land	\$276,600	\$607,075				
Purchase of buildings	\$1,373,400	\$1,042,925	\$1,373,400	\$1,042,925		
Off-Site Improvements						
Sitework	\$899,999	\$899,999			\$899,999	\$899,999
Construction Hard Costs	\$4,395,501	\$4,395,501			\$4,395,501	\$4,395,501
Contractor Fees	\$739,780	\$739,780			\$739,780	\$739,780
Contingencies	\$529,497	\$529,497			\$529,497	\$529,497
Eligible Indirect Fees	\$603,500	\$603,500			\$603,500	\$603,500
Eligible Financing Fees	\$431,704	\$431,704			\$431,704	\$431,704
All Ineligible Costs	\$166,048	\$166,048				
Developer Fees			\$206,010	\$156,439	\$1,139,997	\$1,139,997
Developer Fees	\$1,347,611	\$1,296,436				
Development Reserves	\$331,254	\$289,996				
TOTAL DEVELOPMENT COSTS	\$11,094,894	\$11,002,461	\$1,579,410	\$1,199,363	\$8,739,978	\$8,739,978

Deduct from Basis:						
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)						
TOTAL ELIGIBLE BASIS			\$1,579,410	\$1,199,363	\$8,739,978	\$8,739,978
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			\$1,579,410	\$1,199,363	\$11,361,971	\$11,361,971
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			\$1,579,410	\$1,199,363	\$11,361,971	\$11,361,971
Applicable Percentage			3.50%	3.50%	9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS			\$55,279	\$41,978	\$1,022,577	\$1,022,577

Syndication Proceeds	0.6999	\$386,917	\$293,815	\$7,157,326	\$7,157,326
Total Tax Credits (Eligible Basis Method)				\$1,077,857	\$1,064,555
Syndication Proceeds				\$7,544,243	\$7,451,141
Requested Tax Credits				\$1,096,944	
Syndication Proceeds				\$7,677,840	
Gap of Syndication Proceeds Needed				\$7,836,085	\$7,743,652
Total Tax Credits (Gap Method)				\$1,119,553	\$1,106,347
Recommended Tax Credits				\$1,064,555	
Syndication Proceeds				\$7,451,141	

10239 Prince Hall Gardens



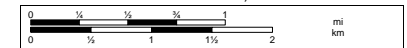
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Scale 1 : 62,500



1" = 5,208.3 ft Data Zoom 11-6

**MULTIFAMILY FINANCE DIVISION
BOARD ACTION REQUEST
March 3, 2011**

Approve the request for an extension related to a 2009 Housing Tax Credit allocation.

RECOMMENDED ACTION

WHEREAS, the Board requires compliance with the deadlines it sets through its Qualified Allocation Plan (QAP) and authorizes the Executive Director to approve reasonable extensions of such deadlines when requested with good cause prior to the deadline, and

WHEREAS, the Board may consider and approve with good cause or deny extensions of deadlines requested after the deadline, and

WHEREAS, an applicant who has missed a deadline requested an extension after the deadline had passed, but provided good cause for granting the extension given the delays in closing the TCAP loan with the Department and paid the required \$2,500 extension request fee as applicable and has been recommended,

It is hereby:

RESOLVED, that the extension presented in this meeting relating to Application No. 09019/09703, Timber Village II Apartments is hereby approved as presented to this meeting.

Background

Pertinent facts about the request for extension are as follows:

HTC No. 09019 (a forward commitment from 2008) and TCAP No. 09703
Timber Village Apartments II

Extension of the Commencement of Substantial Construction Deadline

Summary of Request: Pursuant to §50.14(c) of the 2008 Qualified Allocation Plan and Rules, “The Development Owner must submit evidence of having commenced and continued substantial construction activities ... not later than December 1 of [2010].” Staff reported all required evidence received by the deadline except documentation of expending ten percent of the anticipated hard cost. On December 1, 2010, the Owner submitted evidence indicated that approximately 8.9% of hard cost had been expended by November 25, 2010. Although this submission failed to fulfill the requirement, evidence that 24% of the hard cost had been expended was received by staff on January 14, 2011. The evidence was American Institute of Architects Document G702, certified by the general contractor on December 20, 2010 and by the development architect on December 21, 2010. No penalty is prescribed by program rules for failing to meet the deadline.

The owner requests the Board’s approval to extend the applicable deadline to January 14, 2011, the date that evidence complying with the requirement to expend 10% of the development’s hard cost was submitted. Good cause can be found in the delays associated with the closing of the TCAP loan with the Department.

Owner:	Timber Village Apartments II, Ltd.
General Partner:	Timber Village, LLC
Developer:	Timber Village Development II, LLC
Principals/Interested Parties:	Rick Deyoe and John O. Boyd
City/County:	Marshall/Harrison
Set-Aside:	N/A
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	General
Units:	72 HTC units
2008 Allocation:	\$817,794
Allocation per HTC Unit:	\$11,358
Extension Request Fee Paid:	\$2,500
Current Deadline:	December 1, 2010
New Deadline Requested:	January 14, 2011
New Deadline Recommended:	January 14, 2011
Previous Extensions:	N/A

TIMBER VILLAGE APARTMENTS II, LTD

January 11, 2010

Mr. Kent Bedell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701


Re: Extension Request – Commencement of Substantial Construction Report
Timber Village II Apartments in Marshall, Texas
TDHCA Number 09019 / 130900009703

Dear Mr. Bedell:

The purpose of this letter is to request an extension for the Commencement of Substantial Construction Report for Timber Village Apartments II located in Marshall, TX. While all of the other requirements for this report were met, the development was unable to achieve an expenditure of at least 10% of the construction budget by December 1, 2010. However, the attached documentation will show that this milestone was achieved by the end of December 2010.

As evidence that this requirement has been met attached is the December AIA G702/703 reflecting an expenditure of 24% of the construction budget. Please provide approval for the extension request and close-out of the Commencement of Substantial Construction Reporting for Timber Village II Apartments. A check in the amount of \$2,500, payable to TDHCA, is enclosed to process this extension. If you require additional information to process this request, or have any questions, please feel free to contact me at your earliest convenience.

Sincerely,


Rick J. Deyoe
Sole Member of Timber Village II, LLC, GP

01-14-2011 RCVD

Commencement of Substantial Construction

Progress Report Review Form

Property ID #: ^{HTC} 09019/13090009703 ^{TCAP} CMTS #: 4600

Contact Name: Rick Deyoe

Date Progress Report Received: 12/1/10

All Documents Received: Yes No*

AIA Document G702 Review	
Reflecting Activity as of:	11/25/10
Contract Sum to Date: \$	5,617,482
Amount Expended: \$	498,178
Has 10% expenditure, foundation of clubhouse, grading, necessary utilities available, and right of way access been met:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No*
Has Architect Certified to progress:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No*

% Expended: 8.87%
8.87%

Property Photograph Review	
Reflecting Activity as of:	?
Identifying Property Marker:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Photographs reflect clubhouse foundation present, all grading completed, utilities available, and right of way:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No*
<input checked="" type="checkbox"/> Site Work	<input type="checkbox"/> Framing <input type="checkbox"/> Masonry

- *Requires Reviewer to Identify Deficiency:
- Missing a copy of the most recent construction draw and/or AIA Documents G702 and G703
 - Missing photographs of the project as of the progress report
 - The AIA Documents failed to reflect the expenditure of at least 10% of the construction budget by the inspecting architect and/or the property does not appear to meet the foundation of clubhouse, grading, necessary utilities available, and right of way access requirement.
 - Architect failed to certify funds expended
 - Building permits of all buildings not attached

Notice to be sent to Owner: Acknowledgment Notice Deficiency Notice

Reviewed By: [Signature]

Date Reviewed: 1/4/11

APPLICATION AND CERTIFICATE FOR PAYMENT

AIA DOCUMENT G702

PAGE ONE

OF OUR PAGE:

OWNER:
Timber Village II, LTD
Capital of Texas Hwy Suite F200
Austin, TX 78746

PROJECT:
Timber Village II Apartments
Marshall, Texas

APPLICATION NO: 3
PERIOD TO: 25-Dec-10

Distribution to:
OWNER
ARCHITECT
CONTRACTOR

FROM (CONTRACTOR):
Realtex Construction, LLC
1101 S. Capital of Texas Hwy., Suite F-200
Austin, TX 78746

VIA (ARCHITECT): Don Smith
ARCHITECT'S: Northfield Design Associates, Inc.
PROJECT NO: 2009-02
1601 E. 5th St, Suite 109
Austin, TX 78702
CONTRACT DATE: 7-Jul-10

CONTRACTOR'S APPLICATION FOR PAYMENT

CHANGE ORDER SUMMARY

Change Orders approved in previous months by Owner		ADDITIONS	DEDUCTIONS
TOTAL		0.00	0.00
Approved This Month			
Number	Date Approved		
TOTALS		0.00	0.00
Net change by Change Orders		0.00	

Application is made for Payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

- 1. ORIGINAL CONTRACT SUM
- 2. Net change by Change Orders
- 3. CONTRACT SUM TO DATE
- 4. TOTAL COMPLETED & STORED TO DATE
(Column G on G703)

\$5,617,482
0
\$5,617,482
\$1,344,727

23:94%

24%

- 5. RETAINAGE:
 - a. 10 % of first 50% of contract
 - 5% of balance of work completed
 - b. 10% of Materials Stored
(Column F on G703)

(\$134,472.69)
\$0.00

- Total Retainage (Line 5a + 5b or Total in Column I of G703)
- 6. TOTAL EARNED LESS RETAINAGE
(Line 4 less Line 5 Total)

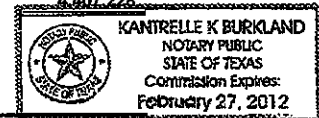
\$ (134,473)
\$ 1,210,254

- 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT
(Line 6 from prior Certificate)

\$ 448,360
\$ 761,894
\$ 4,017,228

- 8. CURRENT PAYMENT DUE
- 9. BALANCE TO FINISH, PLUS RETAINAGE

State of: Texas County of: Travis
Subscribed and sworn to before me 12-20-10
Notary Public: KANTRELLE BURKLAND
My Commission expires:



The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: REALTEX CONSTRUCTION, LLC

By: Charles Brewer Date: 12/20/2010
Charles Brewer, Vice President of Construction

761,894

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED

(Attach explanation if amount certified differs from the amount applied for.)

ARCHITECT: NORTHFIELD DESIGN ASSOCIATES, INC.

By: Donald A. Smith

Date: 12/21/10

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

**HOME PROGRAM DIVISION
BOARD ACTION REQUEST
March 3, 2011**

Recommended Action

Presentation, Discussion, and Possible Action regarding the 2010 Single Family Homeowner Rehabilitation Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance Programs Award Recommendations.

RESOLVED, that the award of contracts to Midland Habitat for Humanity, City of Bogata, City of Wallis, City of Coahoma, City of Stanton, City of Eagle Lake, City of Spur, and City of Gregory totaling \$3,687,000 in project funds and \$136,000 in administrative funds, resulting in assistance for 53 low income households, are hereby approved as presented to this meeting.

Background

Staff is recommending for award applications received in response to the 2010 HOME Single Family Programs NOFA. The award recommendations total \$3,687,000 in project funds and \$136,000 in administrative funds to assist 53 households for the following eight applications:

- | | |
|---|---|
| Midland Habitat for Humanity (located in Midland, Texas)
Service Area: Midland County | Applicant will receive \$120,000 in project funds to provide up to \$20,000 in downpayment assistance to 12 low-income homebuyers. |
| City of Bogata | Applicant will receive \$522,000 in project funds to provide rehabilitation or reconstruction assistance to 6 homes owned by low-income households that are in significant disrepair. |
| City of Wallis | Applicant will receive \$522,000 in project funds to provide rehabilitation or reconstruction assistance to 6 homes owned by low-income households that are in significant disrepair. |
| City of Coahoma | Applicant will receive \$522,000 in project funds to provide rehabilitation or reconstruction assistance to 6 homes owned by low-income households that are in significant disrepair. |

City of Stanton	Applicant will receive \$522,000 in project funds to provide rehabilitation or reconstruction assistance to 6 homes owned by low-income households that are in significant disrepair.
City of Eagle Lake	Applicant will receive \$522,000 in project funds to provide rehabilitation or reconstruction assistance to 6 homes owned by low-income households that are in significant disrepair.
City of Spur	Applicant will receive \$435,000 in project funds to provide rehabilitation or reconstruction assistance to 5 homes owned by low-income households that are in significant disrepair.
City of Gregory	Applicant will receive \$522,000 in project funds to provide rehabilitation or reconstruction assistance to 6 homes owned by low-income households that are in significant disrepair.

The NOFA, which was approved on September 9, 2010 and published in the Texas Register on September 24, 2010, made available approximately \$31,212,551 in HOME funds for the following Program Activities: Homeowner Rehabilitation Assistance; Homebuyer Assistance; Contract for Deed Conversion; Tenant-Based Rental Assistance; and Single Family Programs for Persons with Disabilities. These funds were divided with a portion made available for Contract Awards and the remaining funds made available only under the Reservation System. Additionally, the funds were originally restricted in set-asides for each activity and by region. On December 1, 2010, the funds not awarded or requested were made available statewide and will remain available until Friday, April 29, 2011. Staff will continue to evaluate the level of interest in the funding and may reprogram any remaining funds to activities with a higher demand for funds.

All applications being recommended for funding are conditioned on a previous participation review conducted by the Compliance and Asset Oversight Division, and no issues of material non-compliance, unresolved audit findings or questioned or disallowed costs being identified.

Attached are the Application and Award Recommendations Logs.

2010 HOME Single Family Programs - Application Log

Thursday, February 24, 2011

Total Funding Amount: \$31,212,551

HBA Set-Aside

Total Set-Aside Funding Level* \$2,478,309

Available Balance: \$2,133,309

App number	Received Date	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2010-0035	11/30/2010	City of McKinney	3	\$345,000	\$12,000	30	\$345,000	\$12,000	30	Awarded 1/20/2011
2010-0046	1/21/2011	Midland Habitat for Humanity	12	\$120,000	\$4,800	12	\$120,000	\$4,800	12	Pending Award
Totals:				\$465,000	\$16,800	42	\$465,000	\$16,800	42	

HRA Set-Aside

Total Set-Aside Funding Level: \$15,232,107

Available Balance: \$14,752,107

App number	Received Date	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2010-0051	2/9/2010	City of Eagle Lake	6	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award
2010-0037	11/30/2010	City of Clarksville	4	\$480,000	\$20,000	6	\$480,000	\$17,520	6	Awarded 1/20/2011
2010-0042	1/3/2011	City of Bogata	4	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award
2010-0052	2/9/2011	City of Spur	1	\$435,000	\$16,000	5	\$435,000	\$16,000	5	Pending Award
2010-0048	2/9/2011	City of Wallis	6	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award
2010-0049	2/9/2011	City of Coahoma	12	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award

App number	Received Date	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2010-0050	2/9/2011	City of Stanton	12	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award
2010-0053	2/10/2011	City of Gregory	10	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award
Totals:				\$4,047,000	\$151,200	47	\$4,047,000	\$148,720	47	

TBRA Set-Aside

Total Set-Aside Funding Level: \$2,478,309
Available Balance: \$2,257,845

App number	Received Date	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2010-0038	12/14/2010	Affordable Caring Housing, Inc.	4, 8	\$220,464	\$17,637	20	\$220,464	\$17,637	20	Awarded 1/20/2011
Totals:				\$220,464	\$17,637	20	\$220,464	\$17,637	20	

2010 HOME Single Family Programs - Award Recommendations Log

Thursday, February 24, 2011

Total Funding Amount: \$31,212,551

HBA Set-Aside

Total Set-Aside Funding Level*: \$2,478,309

Available Balance: \$2,133,309

App number	Received Date	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2010-0046	1/21/2011	Midland Habitat for Humanity	12	\$120,000	\$4,800	12	\$120,000	\$4,800	12	Pending Award
Totals:				\$120,000	\$4,800	12	\$120,000	\$4,800	12	

HRA Set-Aside

Total Set-Aside Funding Level: \$15,232,107

Available Balance: \$14,752,107

App number	Received Date	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2010-0051	2/9/2010	City of Eagle Lake	6	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award
2010-0042	1/3/2011	City of Bogata	4	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award
2010-0052	2/9/2011	City of Spur	1	\$435,000	\$16,000	5	\$435,000	\$16,000	5	Pending Award
2010-0048	2/9/2011	City of Wallis	6	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award
2010-0049	2/9/2011	City of Coahoma	12	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award
2010-0050	2/9/2011	City of Stanton	12	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award
2010-0053	2/10/2011	City of Gregory	10	\$522,000	\$19,200	6	\$522,000	\$19,200	6	Pending Award

App number	Received Date	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
<i>Totals:</i>				\$3,567,000	\$131,200	41	\$3,567,000	\$131,200	41	

HOME PROGRAM DIVISION

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Presentation, Discussion, and Possible Action to Ratify HOME Program Reservation System Participants approved by the Executive Director.

RESOLVED, that seven HOME Program Reservation System Participants, Easter Seals of Central Texas, Village of Vinton, City of Gatesville, City of Teague, Affordable Housing of Parker County, Hill Country Home Opportunity Council, Inc., and City of Hallettsville, are hereby ratified and approved as presented to this meeting.

Background

On September 9, 2010 the Board approved the HOME Program Rule at 10 TAC Chapter 53 and it was published in the Texas Register on September 24, 2010. The adopted rule includes provisions for a new allocation method for eligible Applicants to access HOME funds through a Reservation System.

Since approval of the HOME Program Rule in September, forty-six applicants have submitted requests to become Reservation System Participants (RSPs) and the Board has ratified thirty-eight RSPs. Each of the seven RSPs recommended for ratification by the Board have completed the review process and were approved by the Executive Director. Following is a chart reflecting the program activities in which each RSP has elected to participate.

RSP Agreement Number	Contract Administrator Name	HOME Program Activity
2010-0043	Easter Seals of Central Texas (located in Austin, Texas) Service Area: All Texas Counties	Homeowner Rehabilitation Assistance Homebuyer Assistance – Persons with Disabilities Tenant-Based Rental Assistance – Persons with Disabilities
2010-0044	Village of Vinton	Homeowner Rehabilitation Assistance Homebuyer Assistance Contract for Deed Conversion Tenant-Based Rental Assistance
2010-0045	City of Gatesville	Homeowner Rehabilitation Assistance

2010-0047	City of Teague	Homeowner Rehabilitation Assistance
2010-0055	Affordable Housing of Parker County (located in Springtown, Texas) Service area: Wise and Parker Counties	Tenant-Based Rental Assistance
2010-0056	Hill Country Home Opportunity Council, Inc. (located in Kerrville, Texas) Service area: Kerr County	Homeowner Rehabilitation Assistance
2010-0057	City of Hallettsville	Homeowner Rehabilitation Assistance

The RSP approvals being presented for ratification are currently being reviewed by the Compliance and Asset Oversight Division for issues of material non-compliance, unresolved audit findings, or questioned or disallowed costs. After clearance is received, the RSP Agreements will be sent to the RSP for execution.

HOUSING TRUST FUND

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Approve or approve with amendments, the proposed amendment to the 2010-2011 Housing Trust Fund Plan and authorize staff to submit the Housing Trust Fund Plan Amendment to appropriate legislative offices.

RESOLVED, that the proposed amendment to the 2010-2011 Housing Trust Fund Plan is approved or approved with amendments and staff is authorized and directed to submit the Housing Trust Fund Plan Amendment to appropriate legislative offices and take any other necessary actions to effectuate the foregoing.

Background

Rider 10(d) of the General Appropriations Act requires the Department to generate a Housing Trust Fund Plan on how the Housing Trust Funds (HTF) will be utilized and programmed for the 2010-2011 biennium. The HTF Plan must also be submitted to the Legislative Budget Board, the House Appropriation Committee, and the Senate Finance Committee in accordance to Rider 10(d). At the July 30, 2009 Board meeting, the Board approved the 2010-2011 Housing Trust Fund Plan; with amendments in March, May and July 2010, the Board approved revisions to the Housing Trust Fund Plan which were submitted to the appropriate legislative offices.

The Homebuyer Assistance (HBA) Program and Texas Veterans Rental Assistance (VRA) Program under the HTF Plan currently limit eligible applicants to Units of General Local Governments, Nonprofit Organizations and Public Housing Authorities (PHA's). However, Section 2306.202 of the Texas Government Code additionally allows for-profit organizations to access HTF dollars. Therefore, staff recommends expanding eligible applicants to administer the HBA Program and VRA Program to include for-profit organizations and any other entity authorized by Chapter 2306 of the Government Code and HTF Rule. The amended HBA and VRA Program summaries also include non-substantive technical corrections.

Overview of 2010-2011 HTF Plan Amendment (March 3, 2011)

In summary, the HTF Plan Amendment being recommended for approval addresses the following:

- Allows for-profit organizations to participate in the HBA & VRA Programs.
- Updates the name of the HTF Homeownership Program to HTF Homebuyer Assistance Program to better reflect the activity.
- Updates the name of the Texas Veterans Housing Support Program to Texas Veterans Rental Assistance Program to better reflect the activity.
- Replaces the description of the Homebuyer Assistance Program and Texas Veterans Rental Assistance Program. Changes include expanding applicants eligible to administer the programs to for-profit organizations and any other entity authorized by Section 2306.202 of the Texas Government Code and HTF Rule. Additionally, the Homebuyer Assistance Program would allow repayable loans in order to replenish the HTF.

The attached HTF Plan Amendment reflects the above recommend changes.

Texas Department of Housing and Community Affairs

Fourth Amendment to the 2010-2011 Housing Trust Fund Plan



Texas Department of Housing and Community Affairs

Michael Gerber, Executive Director

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Amendment to Supplement the 2010-2011 Housing Trust Fund Plan that was Originally approved by the Board of the Texas Department of Housing and Community Affairs on July 30, 2009

Amendment adopted May 12, 2010

Amendment adopted July 29, 2010

Amendment adopted March 3, 2011

HTF Homebuyer Assistance Program (Revised March 3, 2011)

Amount Funded: \$2,577,750

General Program Description: The HTF Homebuyer Assistance Program was first introduced in 2008. This Program provides funds for down payment, closing costs and gap financing in the form of zero percent interest loan or grant up to \$10,000. Funds are limited to borrowers at or below 80% of AMFI.

Maximum Request Amount: To expedite the expenditure of funds, entities will apply and be granted the ability to request and access funds through a reservation system on a first-come, first served basis until all funds are committed. The maximum loan amount to an eligible borrower(s) for down payment, closing costs and gap financing assistance is \$10,000.

Eligibility Requirement: Eligible applicants: Units of General Local Government, Nonprofit Organizations, Public Housing Authorities (PHA's), for-profit organizations and any other entity authorized under Chapter 2306 of the Texas Government Code and Housing Trust Fund Rule.

Administration Fees: The HTF Homebuyer Assistance Program will provide up to 4% for administration costs.

Regional Allocation: The RAF will not apply to these funds. Funds were regionally allocated during a previous release on June 18, 2010.

Other Considerations: The use of funds will achieve leveraging and promote homeownership.

Texas Veterans Rental Assistance Program (Revised March 3, 2011)

Amount Funded: \$ 2,000,000

General Program Description: Funds are utilized for rental subsidies for low-income (80% AMFI) veterans. Rental assistance may be provided for a maximum of two years.

Maximum Request Amount: To expedite the expenditure of funds, entities will apply and be granted the ability to request and access funds through a reservation system on a first-come, first served basis until all funds are obligated. The maximum request will be based on the funds available in the reservation system. Rental assistance may not exceed 24 months.

Eligibility Requirement: Eligible applicants are Units of General Local Government, Nonprofit Organizations, Public Housing Authorities (PHA's), and any other entity authorized under Chapter 2306 of the Texas Government Code and Housing Trust Fund Rule. The veterans assisted must be at or below 80% of AMFI.

Administration Fees: The Texas Veterans Rental Assistance Program will provide up to 8% for administration costs.

Regional Allocation: The RAF will not apply to these funds. Funds were regionally allocated during a previous release on June 18, 2010.

Other Considerations: This use of funds will assist a unique population (veterans) with housing needs.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Ratification of the Neighborhood Stabilization Program Three Substantial Amendment to the One Year Action Plan

WHEREAS, the United States Department of Housing and Urban Development has set aside \$7,284,978 under the third round of funding for the Neighborhood Stabilization Program to be administered by the Department for the State of Texas; and

WHEREAS, the Department submitted a Substantial Amendment to the State of Texas 2010 Action Plan to address the Neighborhood Stabilization Program on March 1, 2011, and the plan was available for public comment prior to submission; therefore

BE IT RESOLVED, that the Substantial Amendment to the State of Texas 2010 Action Plan for the Neighborhood Stabilization Program 3 is ratified and approved as presented to this meeting.

Background

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by HR3221, the "Housing and Economic Recovery Act of 2008" (HERA) (Pub. L 110-289, approved July 30, 2008), as a supplemental allocation to the Community Development Block Grant (CDBG) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. The NSP3 allocation of funds is provided under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111-203, approved July 21, 2010) (Dodd-Frank Act). The purpose of the program is to develop into affordable housing abandoned, foreclosed, and vacant properties in areas that are documented to have the greatest need for declining property values as a result of excessive foreclosures.

Texas will receive approximately \$18M, \$10M of which has already been identified by HUD as a direct allocation to 5 cities and counties with the greatest need as determined by HUD. The Texas Department of Housing and Community Affairs will administer the remaining \$7.285M of NSP3 funds to address areas of greatest need using the HUD NSP formula.

The amendment to the Action Plan includes a plan for the obligation of these funds to meet HUD requirements. NSP3 includes a statutory requirement that grantees, "establish procedures to create preferences for the development of affordable rental housing properties assisted with NSP3 funds." Due to this requirement, the NSP3 Substantial Amendment and NOFA include a scoring preference for rental properties in areas of highest need. Communities that wish to

access NSP funds for development of affordable ownership opportunities, land banking or demolition will be able to apply for NSP1 Program Income funds.

HUD has required that grantees include the specific areas that will be served in their NSP3 substantial amendments. In recognition of the difficulty that state grantees will experience in determining these areas prior to identification of subgrantees, HUD has allowed states to submit a second substantial amendment on June 30, 2011 detailing the specific locations for uses of NSP3 funds. In order to comply with these very short time periods, TDHCA will accept applications for NSP3 funds beginning in mid-March after the NOFA is approved by the Board. It is anticipated that applications will contain the information about each communities' specific need, which will be used to narrow the NSP3 substantial amendment scope to meet HUD requirements.

The Department anticipates that HUD will accept the first substantial amendment by April 15, 2011. Expenditure of 50% of the allocated of NSP3 funds will be required within 24 months of that date, all funds must be expended 36 months after acceptance.

The HUD notice for this program was initially published on October 19, 2010 and required that the substantial amendment to the Action Plan be submitted by March 1, 2011. The second substantial amendment will be submitted by June 30, 2011. The Department has published the draft amendments to the Action Plan on the Department's web site in order to solicit and receive public comment for the HUD- mandated 15 day public comment period which ended on February 24, 2011.

The following is a summary of comments and questions that were received on the first NSP3 Substantial Amendment during the comment period:

- 1) *How did you pick the eligible target areas? I don't like them.* The eligible target areas were determined by the Department of Housing and Urban Development.
- 2) *Would any previous NSP experience receive two points?* No, only prior participation with State of Texas NSP funds is eligible. The selection criterion has been changed to clarify this point.
- 3) *Can single-family rental properties participate in NSP?* Yes.
- 4) *How will you show a preference for distressed properties? How will I find out about those properties?* To address this factor, the selection criterion has been changed to award ten points for Local-At-Risk Priorities. The list of initial cities is included in Addendum 1. The list will be used through the initial round of the NOFA. Thereafter, any updates will be posted on the Department's website.

Comments to the NSP3 Substantial Amendment received between TDHCA Board Book finalization and 5:00pm on February 24, 2011 will be provided as a supplement to the Board, and included in the Substantial Amendment as submitted to HUD.

NSP3 SUBSTANTIAL AMENDMENT #1

Jurisdiction(s): State of Texas, Texas Department of Housing and Community Affairs	NSP3 Contact Person: Megan Sylvester
Jurisdiction Web Address: http://www.tdhca.state.tx.us	Address: Texas Department of Housing and Community Affairs 221 East 11 th Street Austin, Texas 78701
	Telephone: (512) 463-2179
	Fax: (512) 472-1672
	Email: megan.sylvester@tdhca.state.tx.us

This document is a substantial amendment to the Action Plan for FFY 2010 submitted by the State of Texas. The Action Plan is the annual update to the Consolidated Plan for FFY 2010 through 2014. This amendment outlines the expected distribution and use of \$7,284,978.00 through the Neighborhood Stabilization Program (NSP), which the U.S. Department of Housing and Urban Development (HUD) is providing to the State of Texas. This allocation of funds is provided under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111-203, approved July 21, 2010) (“Dodd-Frank Act”).

The Texas Department of Housing and Community Affairs (TDHCA or Department) will implement NSP funds and will issue a competitive Notice of Funds Availability pursuant to which it will award funding to eligible subgrantees.

A. AREAS OF GREATEST NEED

The *Federal Register* Notice (**Docket No.FR-5321-N-03**), specifies that funds be used in the areas of greatest need. Need is determined by the HUD Foreclosure Need website located at <http://www.huduser.org/nspgis/nsp.html>

Texas has identified census tracts with a score of 16 or greater as being the census tracts with the HUD-estimated greatest need. Eligible applicants within these census tracts will be able to apply for NSP3 funding.

B. MARKET ANALYSIS

Each applicant will be required to demonstrate how their proposal addresses their local needs and how, if applicable, it coordinates with their community’s consolidated plan. In addition, multi-family properties will go through an underwriting process to ensure that the area market can support the proposed rental project.

C. ELIGIBLE ENTITIES AND USES OF FUNDS

Eligible applicants for rental properties are nonprofit organizations as described in Section 501 (c)(3) or (c)(4) of the Internal Revenue Code who are required by federal rules to follow 24 CFR Part 84. Eligible applicants for homebuyer properties are units of general local government (including public housing authorities) who are required by federal rules to follow 24 CFR Part 85, nonprofit organizations as described in Section 501(c)(3) or (c)(4) of the Internal Revenue Code who are required by federal rules to follow 24 CFR Part 84, and Housing Finance Corporations authorized under the provisions of the Texas Housing Finance Corporation Act, Texas Government Code, Chapter 394.

In accordance with NSP guidelines, activities under NSP3 may include the establishment of financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties, purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed, and the redevelopment of demolished or vacant properties.

D. SELECTION CRITERIA AND PRIORITIES

The State of Texas (State) has established the priorities and scoring that will be used in the application review process and are described below. While the criteria are important to demonstrate a successful proposal, the scoring structure is also designed to ensure that the State complies with the requirements of the HUD Notice designed to prioritize areas of greatest need, meets applicable CDBG regulations, meets Department priorities, and efficiently and effectively expends the funds. Each applicant will be required to submit a properly completed application. Each applicant's organizational and financial capacity will be evaluated. The application will be available on the Department's website after the Department's Governing Board approves a Notice of Funding Availability. All applications must contain the address of the target property. The Department expects to accept applications beginning on March 14, 2011, and to close the initial round of applications on April 15, 2011. Applications with the highest scores will be presented to the Department's Governing Board of Directors on June 30, 2011, for possible approval.

- a) All initial round applications must meet a minimum threshold total score of 38 points to be considered for funding. Application considered for award after April 15, 2011, must meet a minimum score of 33 points. Should applications meeting this minimum score threshold exceed available funding, such eligible applications will be retained regardless of date of submission until such a time that funding is available in sufficient amounts to fund the applications or a subsequent Texas NSP NOFA covering NSP3 funds is released.
 - i) Maximum Total Score = 55 Points (initial application period) or 50 points:
 - 1. Greatest Need (20 Points); Minimum Score 16 points.
 - 2. Rental Property (10 Points) or (5 Points after Initial Application)
 - 3. Prior experience with Texas NSP and TDHCA (Up to 5 Points)
 - 4. Local at Risk Priorities (10 Points)
 - 5. Low-Income Households (Up to 5 Points)

6. Low Poverty Area (1 Point)
 7. Transit Area (1 Point)
 8. Education Opportunities (1 Point)
 9. Special Needs/Hard to Serve Populations (Up to 2 points)
- ii) **Greatest Need (20 Points):** NSP3 activities must be completed in eligible census tracts, as determined by HUD under the Neighborhood Stabilization 3 NOFA. Applicants are required to provide evidence that activities will meet a Neighborhood Stabilization purpose, in a census tract with a threshold foreclosure needs score of 16 or more. The HUD data and mapping tool may be found on the HUD website, here: <http://www.huduser.org/nspgis/nsp.html> These areas may change as the data is updated, and the target score will be determined as that which was in place as of the date of application.
- iii) **Rental Properties (10 Points till April 15th, 5 points thereafter):** The NSP3 allocation included statutory language requiring the establishment of procedures to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds. Texas NSP3 is demonstrating this preference through a points system.
- iv) **Local At-Risk Priorities: (10 Points)** The identified cities listed in Table 1, as attached to this NOFA, are communities at risk of losing affordable units with existing or former funding through the Department. Eligible applications that are located and willing and able to commit to minimum unit, affordability term and amount of non-federal funds for each specified city, as identified in the chart in Addendum 1 will receive points under this scoring item. The Applicant must be willing to execute a Texas HOME LURA and be able to meet all of the conditions of the federal requirements of a HOME funded development in conjunction with the requirements of this NOFA. These areas may change as the data is updated, and the points will be determined as that which was in place as of the date of application.
- v) **Previous Participation with Texas NSP and TDHCA funds (5 Total Points):** An Applicant will receive two points for having prior State of Texas NSP experience and three points for experience with other TDHCA funds. The experience must have been completed with the same type of construction as the Application is proposing (single family, multifamily, new construction, rehabilitation, etc.) and have acquired their experience in connection with a development with at least 80% as many units as the Units in the development for which Application is being made. The experience will be documented as outlined in the most current QAP plan, as applicable.
- vi) **Assistance to Low-Income Households at or Below 50% AMFI (5 Total Points):** In order to emphasize affordability for households at or below 50% of AMFI, the State will give up points to proposals that will serve households in this income category. Each household served in this income category will receive a point, up to five points.

- vii) **Low Poverty Area (1 point):** The development is in a census tract that has no greater than 10% poverty threshold population according to the most recent census data as of the date of the application.
- viii) **Transit District (1 point):** The development or unit is in a mixed-use residential and commercial area, located within a radius of one-quarter mile from an existing or proposed transit stop, designed to encourage pedestrian activities and maximize access to public transportation.
- ix) **Educational Opportunities (1 point):** The development or unit will serve families with children (at least 70% of the Unit or units must have an eligible bedroom mix of two bedrooms or more) and is proposed to be located in an elementary school attendance zone that has an academic rating of "Exemplary" or "Recognized," or comparable rating if the rating system changes. An elementary attendance zone does not include magnet school or elementary schools with district-wide possibility of enrollment or no defined attendance zones. The date for consideration of the attendance zone is that in existence as of the received date of the application and the academic rating is the most current rating determined by the Texas Education Agency as of that same date.
- x) **Special Needs or Hard to Serve Populations (1 point per category up to 2 points):** At least 51% of the NSP assisted unit or units are designed to serve, Elderly, Persons with Disabilities, Transitioning out of Homelessness, Victims of Domestic Violence, Veterans, Transitioning out of Foster Care, Prisoner Reentry, or Migrant Farmworkers.
- xi) **Tiebreaker:** In the event that two or more Applications receive the same priority based upon the scoring and are both practicable and economically feasible, the Department will utilize the factors in this section, in the order they are presented, to determine which Development will receive a preference in consideration for an awarded of funds.
- (1) Applications involving any Rehabilitation or Reconstruction of existing Units will win this first tier tie breaker over Applications involving solely New Construction or Adaptive Reuse.
- (2) The Application with the least amount of Texas NSP funds per Texas NSP restricted unit will win this second tier tie breaker.
- xii) **Department Priorities:** The Federal NSP3 NOFA contains a requirement that at least 25% of the awarded funds be spent on housing for households at or below AMFI. The Department will fund the highest scoring, complete application that meets this requirement even if other applications scored higher. This determination will be made in the sole discretion of the Department.

E. EXPECTED IMPACT

Based on the Department's prior experience with NSP and other federal funds, the Department expects to fund 170 low, moderate, and middle income units of housing, with a preponderance of these units serving households at 50% of AMFI.

F. PUBLIC COMMENT

The draft Substantial Amendment was published in the Texas Register and posted on the Department's website from February 9, 2011 through February 24, 2011. The following is a summary of comments and questions that were received:

- 1) *How did you pick the eligible target areas? I don't like them.* The eligible target areas were determined by the Department of Housing and Urban Development.
- 2) *Would any previous NSP experience receive two points?* No, only prior participation with State of Texas NSP funds is eligible. The selection criterion has been changed to clarify this point.
- 3) *Can single-family rental properties participate in NSP?* Yes.
- 4) *How will you show a preference for distressed properties? How will I find out about those properties?* To address this factor, the selection criterion has been changed to award ten points for Local-At-Risk Priorities. The list of initial cities is included in Addendum 1. The list will be used through the initial round of the NSP3 NOFA. Thereafter, any updates will be posted on the Department's website.

Comments to the NSP3 Substantial Amendment received between TDHCA Board Book finalization and 5:00pm on February 24, 2011 will be provided as a supplement to the Board, and included in the Substantial Amendment as submitted to HUD.

NEIGHBORHOOD STABILIZATION PROGRAM

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Approval of the Neighborhood Stabilization Program 3 Notice of Funds Availability for the Neighborhood Stabilization Program (NSP3).

WHEREAS, the Department anticipates that it will an allocation of funds under the Neighborhood Stabilization Program 3 and that it will distribute such funds in accordance with NSP rules and regulations; therefore it is

RESOLVED, that the Notice of Funds Availability (“NOFA”) for Neighborhood Stabilization Program 3 (NSP3) is hereby approved in the form presented to this meeting and the executive director or his designee are authorized and directed to publish such NOFA and, in connection therewith, to make such non-substantive technical changes as they may deem appropriate

Background

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by HR3221, the “Housing and Economic Recovery Act of 2008” (HERA), as a supplemental allocation to the Community Development Block Grant (CDBG) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. The NSP3 allocation of funds is provided under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111-203, approved July 21, 2010) (Dodd-Frank Act). The purpose of the program is to redevelop into affordable housing, or acquire and hold, abandoned and foreclosed properties in areas that are documented to have the greatest need for arresting declining property values as a result of excessive foreclosures.

NSP3 includes a statutory requirement that grantees, “establish procedures to create preferences for the development of affordable rental housing properties assisted with NSP3 funds.” Due to this requirement, the NSP3 NOFA includes a scoring preference for rental properties in areas of highest need. HUD has imposed a requirement that grantees submit the specific areas in which they will expend NSP3 funds as part of their substantial amendment process. Applications received as a result of the NSP3 NOFA will be evaluated based on the scoring criteria, and the highest-scoring applications will determine the areas that will be submitted to HUD in the second NSP3 Substantial Amendment on June 30, 2011.

Applications will be evaluated based on the threshold requirements described in the NOFA, and ranked by the scores resulting from application of the scoring criteria. The highest ranked applications will be evaluated by the Real Estate Analysis (REA) division for feasibility. Applications that meet all criteria and are favorably reviewed by REA will be presented to the Board for award of funding at the June, 2011 meeting.



Texas Department of Housing and Community Affairs

Texas Neighborhood Stabilization Program Three (“NSP3”) **Notice of Funding Availability (“NOFA”)**

1) Summary

The Texas Department of Housing and Community Affairs (“TDHCA” or the “Department”) announces the expected distribution and proposed use of at least \$7,284,978 through the third round of the Neighborhood Stabilization Program (“NSP3”). This NSP3 funding is being allocated to the State of Texas by the U.S. Department of Housing and Urban Development (“HUD”). The amount available under this NOFA may vary over time based on additional funding allocations and as program income is received and re-offered. As additional funding is made available under this NOFA, it will be announced on the Department’s website. The Department reserves the right to offer additional funds under the terms of a new or amended NOFA and to redirect uncommitted amounts under this NOFA to be offered under a superseding amendment to this NOFA or a new NOFA. The Neighborhood Stabilization Program “NSP”, created under the Community Development Block Grant (“CDBG”) Program, provided for funding to be awarded for the redevelopment of abandoned and foreclosed homes and residential properties and was initially authorized under Section 2301(b) of the Housing and Economic Recovery Act of 2008 (“HERA”) (Pub. L 110-289, approved July 30, 2008). This allocation of funds is provided under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111-203, approved July 21, 2010) (“Dodd-Frank Act”).

- a) A Substantial Amendment (“Amendment”) to the Department’s CDBG Action Plan for FFY 2010 has been submitted by the State of Texas to the United States Department of Housing and Urban Development (“HUD”). This NSP3 NOFA will provide for the distribution of these funds.
- b) The availability and use of these funds is subject to the Community Development Block Grant regulations (24 CFR Part 570), as applicable, the federal HOME Investment Partnerships Program (HOME) regulations (24 CFR Part 92), as applicable, and Chapter 2306, Texas Government Code. Other federal regulations may also apply such as, but not limited to, 24 CFR Part 58 for environmental requirements, 24 CFR Parts 84 and 85, as applicable, for such issues as procurement and conflict of interest, Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. §1701u) and implementing regulations at 24 CFR Part 135, relocation assistance provisions at 42 U.S.C §5304 (d) and 24 CFR Part 42, lead based paint procedures (24 CFR Part 35, subparts A, B, J, K, and R), and 24 CFR Parts 100-115 for fair housing. Applicants are encouraged to

familiarize themselves with all of the applicable state and federal rules and program guidelines that govern the program.

- c) NSP3 will be awarded independently of the Texas Neighborhood Stabilization Program Round One “NSP1”, Texas Neighborhood Stabilization Program Re-Allocation “NSP-R”, or Texas Neighborhood Stabilization Program Round One Program Income “NSP-PI” awards. New applicants and current subgrantees in good standing that have met benchmarks in existing Texas NSP contracts are encouraged to apply for NSP3 funds. NSP3 funds may not be used to re-finance or replace Texas NSP1, Texas NSP-R, or NSP1-PI but may be used to complete Texas NSP1, Texas NSP-R, or Texas NSP1-PI projects in eligible target areas, if such projects are an eligible use under this NOFA.
- d) The Department reserves the right to change the provisions of this NOFA based on updated HUD or other Federal Notices or changes in state law.

2) Allocation of Texas NSP3 Funds

TDHCA will coordinate activities in accordance with NSP guidelines, including the establishment of financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties, purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed, and the redevelopment of demolished or vacant properties. Households directly assisted with NSP funds must be income eligible and be at or below 120% of the Area Median Family Income (AMFI), as defined by HUD or as otherwise restricted by this NOFA. To the extent that a development assisted with NSP3 funds is also assisted by one or more other programs, the development may be required to meet additional requirements imposed by those other programs.

3) Definitions

- a) As stipulated in the *Federal Register* Notices (**Dockets No. FR-5447-N-01, F-522-N-02, and FR-5321-N-03**) for NSP, there are certain terms used in HERA that are not used in the regular CDBG program. Certain terms may be used differently in HERA and in the Housing and Community Development Act of 1974, as amended. When in conflict, definitions published in the *Federal Register* (**Docket No. FR-5447-N-01, F-522-N-02, and FR-5321-N-03**) and any subsequent HUD or other Federal Errata Notice or changes in State law are controlling for Texas NSP.
- b) The Department will use local code to determine the definition of a blighted structure except that moral blight is not eligible. If there is no local definition, blighted structure shall mean that a structure exhibits objectively determinable signs of deterioration sufficient to constitute, in the Department’s sole and reasonable judgment a likely threat to human health, safety, or the public welfare.

4) Limitations on Funds

- a) In order to avoid allocating small amounts of funding that would likely have no meaningful impact on stabilizing neighborhoods, the minimum award amount to an eligible entity cannot be less than \$500,000 in the initial application period and \$30,000 thereafter.

- b) Department-authorized pre-award costs for predevelopment activities, including but not limited to legal, architectural, engineering, appraisal, surveying, environmental, and market study fees, may, at the sole discretion of the Department, be reimbursed if incurred before the effective date of a Contract so long as the costs are in accordance with 24 CFR §§570.205 and 206 and 24 CFR Part 58 and the limitations herein.
- c) Additional limitations as defined in HERA, Dodd-Frank, and HUD NSP Notices regarding purchases, rehabilitation, and sales of properties, will be strictly enforced.
- d) The Department may adjust additional contract management benchmarks to ensure the proportionate use of funds to meet the federal mandates regarding serving households earning not more than 50% of AMFI, discounts on acquisitions and timely use of funds, and other requirements, as applicable.

5) Administrative and Activity Delivery/Soft Costs Limitations

- a) Each applicant that is awarded NSP3 funds may also be eligible to receive funding for administrative costs. This term describes both administration and developer fees. Administration funds may be awarded to subrecipients only, and Developers may be awarded a developer fee only. No entity will receive both administration and developer fees. The award amount for the Administration or Developer Fee line item may be up to five percent (5%) of the contract amount for all activities. The Developer Fee must have a reasonable relationship to the value of the development services being performed and the development risks being assumed, and they may be reduced if, in the sole and reasonable judgment of the Department, such adjustments are necessary to prevent unduly enriching an entity. The administrator must use these funds in accordance with 24 CFR §§570.205 and 206, and Office of Management and Budget (OMB) Circulars A-87, A-122, A-102 and A-110, as applicable.
- b) Administrative costs for projects may not be drawn until loan closing, and then only up to 10% of the total administrative award to address administrative efforts incurred up to that point. Additional administrative draws are allowed in proportion to the direct project funds drawn on the contract. Developer fee draws may be further limited by underwriting conditions applied to the project.
- c) Activity Delivery costs are soft costs that are directly related to and incurred in carrying out activities for a specific housing unit or property. They are separate and distinct from general administrative costs, for which limits are stated herein. The Texas NSP limits Activity Delivery costs according to activity as specifically described in the program activity sections and as stated herein.
- d) Eligible Activity Delivery costs must be reasonable and consistent with industry norms. Specific eligible activities include, but are not limited to:
 - i.) preparation of work write-ups, work specifications, and cost estimates;
 - ii.) architectural, engineering or professional services required to prepare plans, drawings or specifications directly attributable to a particular project;

- iii.) inspections for lead-based paint, asbestos, termites or septic systems;
 - iv.) interim and final inspections by the construction inspector;
 - v.) financing fees, credit reports, title binders and insurance;
 - vi.) recordation fees, transaction taxes;
 - vii.) legal and accounting fees;
 - viii.) appraisal fees;
 - ix.) architectural and engineering fees, including specifications and job progress inspections;
 - x.) relocation costs;
 - xi.) site specific environmental reviews;
 - xii.) lead hazard evaluation and reduction costs; or
 - xiii.) Other soft costs that are demonstrably necessary to the production of an identified NSP-eligible housing unit and that are approved in writing by the Department before the costs are expended.
- e) For all activities, Activity Delivery costs must be reasonable and consistent with industry norms and will be restricted to a percentage of the non-administrative NSP costs per housing unit or property. The related Activity Delivery costs maximum will be based on the activity in a range from 5% to no more than 20% of the non-administrative NSP costs (hard costs). Activity Delivery costs may not exceed the forgoing limits without prior written approval by the Department. Additionally, upon prior approval of the Department, further exceptions may be allowed in the case of Rehabilitation activities for lead-based paint hazard reduction, noise studies, and/or cost categories not identified in the Texas NSP3 NOFA.
- f) For multi-family projects, Activity Delivery costs for specific properties that are not ultimately acquired by the subgrantee may be reimbursed, with the permission of the Department, only if the project has received a favorable underwriting report. All other projects may be reimbursed, with the permission of the Department. Permission will not be given, if the applicant is not in good standing with TDHCA or under any Texas NSP contract. For all projects, costs for projects that are not completed must be reasonable and consistent with industry norms, and may not exceed 50% of the maximum Activity Delivery amount established in the contract budget for the related eligible activity.
- g) Subgrantees must certify and provide invoices or other documentation to support all costs, proving that the amount being reimbursed is for the actual amount of costs, including Administrative and Activity Delivery costs, and must provide documentation to support such costs.
- h) Eligible Costs are limited to those listed in 24 CFR §570, Subpart C, or as otherwise identified in the *Federal Register* Notices, subsequent notices, or as otherwise limited by state law. No duplicate reimbursement of costs is allowed. Costs may only be reimbursed as either a project Activity Delivery cost or Administrative cost but not both. Additionally, costs may only be reimbursed once per occurrence when providing both acquisition and construction assistance to the same Project or Activity.

6) Eligible and Prohibited Activities.

- a) The use of NSP3 grant funds must constitute an eligible use under the Dodd-Frank Act, and this NOFA. Most of the activities eligible in NSP represent a subset of the eligible activities under 42 U.S.C. §5305(a). The NSP eligible uses must be correlated with CDBG-eligible activities.
- b) Prohibited activities include, but are not limited to:
 - i) The direct payment of delinquent taxes, fees, or charges on properties to be assisted with NSP3 funds;
 - ii) The payment of any cost that is not eligible under 24 CFR §§570.201- 570.206;
 - iii) Assistance to persons who owe payments identified by the Comptroller of Texas as relevant (including, but not limited to, child support, student loans, and delinquent taxes);
or
 - iv) assistance to any household whose property is subject to tax liens and/or judgment liens in favor of the State of Texas.
- c) No more than 10% of an award's non-administrative costs may be spent on demolition activities and non-blighted properties may not be demolished.

7) Eligible and Ineligible Applicants.

- a) Eligible applicants for rental properties are nonprofit organizations as described in Section 501 (c)(3) or (c)(4) of the Internal Revenue Code. Eligible applicants for homebuyer properties are units of general local government (including public housing authorities), nonprofit organizations as described in Section 501(c)(3) or (c)(4) of the Internal Revenue Code, and Housing Finance Corporations authorized under the provisions of the Texas Housing Finance Corporation Act, Texas Government Code, Chapter 394.
- b) Subgrantees under Texas NSP1, Texas NSP-R, and Texas NSP1-PI must have successfully met all contract milestones and thresholds as of the date of application and be in material compliance with their contracts in order to be eligible to apply under this NOFA.
- c) The following violations will cause an Applicant and/or any Applications they have submitted to be ineligible:
 - i) The Applicant is an Administrator of a previously funded Contract for which Department funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to application submission date; an exception may be made at the discretion of the Department if the deobligation was voluntary, part of project close-out or the remainder was completed on a subsequent Contract;
 - ii) The Applicant has failed, (within the reasonable time allotted for response), to submit a response to provide an explanation, evidence of corrective action or a payment of disallowed costs or fees as a result of a monitoring review;
 - iii) The Applicant is delinquent on any loan payment or fee due to the Department on the date of the Application submission;

- iv) The Applicant has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs or has otherwise been debarred by HUD or the Department;
- v) The Applicant has violated the State laws regarding ethics, including revolving door policy;
- vi) The Applicant has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline;
- vii) The Applicant at the time of Application submission is subject to the following for which proceedings have become final:
 - (a) an enforcement or disciplinary action under state or federal securities law or by the NASD;
 - (b) a federal tax lien; or
 - (c) is the subject of an active enforcement proceeding with any governmental entity.
- viii) The submitted Application has excessive omissions of documentation to substantiate the Selection Criteria or is so unclear, disjointed, or incomplete, as determined by the Department, that a thorough review cannot reasonably be performed. If an Application is determined ineligible pursuant to this section, the Application will be terminated without the opportunity for corrections of administrative deficiencies.
- ix) The Applicant or anyone that has controlling (51%) ownership interest in the development owner or developer that is active in the ownership or control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the Land Use Restriction Agreement (LURA) (10 TAC §60.121); and
- x) Any Application that includes financial participation by a Person who, during the five-year period preceding the date of the bid or award, has been convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or Reconstruction efforts as a result of Hurricanes Rita or Katrina or any other disaster occurring after September 25, 2005, or was assessed a federal civil or administrative penalty in relation to such a contract.

8) Program Activities

a) General Requirements for all Activities

- i) **Income Targeting:** All NSP3 activities must benefit Low, Moderate and Middle-income households as defined in the NSP Notice ($\leq 120\%$ of AMFI). All NSP funded rental activities must benefit households at less than or equal to 50% AMFI, unless prior approval is received from the Department.
- ii) **Program Income:**
 1. Subrecipients shall not retain any Program Income (as defined at 24 CFR §570.500(a)(1) but not including the exclusions found at 24 CFR §570.500(a)(4)) of any kind however derived, including the retention of Program Income to fund

other eligible Texas NSP activities. Any program income received from subrecipient activities utilizing Texas NSP3 funds must be returned to the Department within ten (10) business days. Revenue received by a private individual or other entity as a result of subrecipient activities involving NSP3 funds must also be returned to the Department within ten (10) business days. Unless otherwise stated herein the subrecipient shall comply with the requirements of 24 CFR §570.489(e) to account for program income, repayments, and recaptured funds.

2. Developers shall not retain any Program Income (as defined at 24 CFR §570.500(a)(1) but not including (iii) and (iv) or the exclusions found at 24 CFR §570.500(a)(4)) of any kind however derived, including the retention of Program Income to fund other eligible Texas NSP activities. Any program income received must be returned to the Department within ten (10) business days. Revenue received by a private individual or other entity as a result of developer activities involving NSP3 funds must also be returned to the Department within ten (10) business days. Unless otherwise stated herein, developers shall comply with the requirements of 24 CFR §570.489(e) to account for program income, repayments, and recaptured funds.
- iii) **Appraisals:** The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR Part 24.103. The appraisal must be completed or updated within sixty (60) days of a final offer made for the property by a subgrantee or individual homebuyer. However, if the anticipated value of the proposed acquisition is estimated at \$25,000 or less, the current market appraised value of the property may be established by a valuation of the property that is based on a review of available data and is made by a person the grantee determines is qualified to make the valuation. Appraisers must follow the Uniform Appraisal Standards for Federal Land Acquisitions.
 - iv) **Discount:** All NSP3 assisted property acquisitions must attain the statutorily-required minimum 1% discount from the market appraised value, at the time of purchase. The discount is confirmed by an appraisal that meets NSP guidelines, as stated herein. Homebuyers purchasing foreclosed properties directly from the initial successor in interest must also attain the discount.
 - v) **Protecting Tenants at Foreclosure:** Subgrantee and homebuyer purchases of property from the initial successor in interest in a foreclosure will be subject to Protecting Tenants at Foreclosure Act of 2009 (Public Law 111-22, Title VII) and Recovery Act (Public Law 111-5) requirements.
 - vi) **Environmental Review:** Subgrantees must complete environmental review procedures and receive release of funds by TDHCA prior to purchase of any property or commencement of construction. In addition, before beginning construction the applicant will have: (i) received all requisite building permits and approvals of the

Plans, (ii) filed and/or recorded all requisite plats and other instruments and (iii) complied with all Legal Requirements and Environmental Laws required to be met prior to commencement of construction of the Improvements including, without limitation, all applicable restrictive covenants, zoning ordinances, subdivision and building codes, The Texas Asbestos Health Protection Rules, Texas Mold Assessment and Remediation Rules, the provisions of the Texas Windstorm insurance Association, Chapter 2210 of the Insurance Code for applicable coastal counties flood disaster laws, applicable health and environmental laws and regulations and all other ordinances, orders or requirements issued by any state, federal or municipal authorities having or claiming jurisdiction over the property.

vii) **Contingency:** All projects may include up to a 10% contingency for all rehabilitation or construction activities, except for the administrative amount.

viii) **Benchmarks:**

1. It is anticipated that successful initial applications for the Texas NSP3 will be submitted for consideration by the TDHCA Governing Board on June 30, 2011.
2. Initial subgrantees must complete acquisition of all properties by December 31, 2011, or in accordance with their award.
3. Initial subgrantees must expend all funds by November 30, 2012.
4. More specific benchmarks will be developed per property via contract. Benchmarks will be determined based on the activity to be completed.

ix) **Eligible and Ineligible Property:** Eligible property types for NSP3 assistance are limited to single-family homes and residential property (property intended for residential purposes, *i.e.* zoned residential or where there is no zoning, residential use is consistent with deed restrictions and any other limiting factors) including condominium units, apartment units, cooperative units in mutual housing projects and multifamily residential property. Further restrictions on property eligibility may apply according to the planned NSP activity. Blighted or vacant non-residential properties may be assisted with NSP3 funds, but only as part of a new construction, rehabilitation or reconstruction activity of single-family homes and residential property.

1. Manufactured Homes may be eligible for assistance if :
 - (a) The unit complies with the Texas Manufactured Housing Standards Act under Chapter 1201 of the Texas Occupation Code;
 - (b) The unit is permanently installed in accordance with the Texas Manufactured Housing Standards Act;
 - (c) The unit is permanently attached to utilities; and
 - (d) The ownership of the unit is recorded in the taxing authority of the county in which it is located.

x) **HOME previously-assisted property:** If NSP3 funds assist a property that was previously assisted with HOME funds, but on which the affordability restrictions were terminated through foreclosure or transfer in lieu of foreclosure pursuant to 24 CFR Part 92, the HOME affordability restrictions for the greater of the remaining

period of HOME affordability or the affordability requirements of this NSP3 NOFA will apply.

- xi) **Energy Standards** Gut rehabilitation, reconstruction or new construction of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes. All gut rehabilitation, reconstruction or new construction of mid-or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent. Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken. All projects must purchase Energy Star products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.
- xii) **Compliance and Monitoring** All properties will be monitored using the procedures outlined in the Texas Administrative Code Chapter 60. All owners will be required to file reports with the Department as outlined in Chapter 60. Rental properties will be required to pay the monitoring and compliance fees established by the Department from time to time, as assessed.
- xiii) **Market Study** All applicants will be required to demonstrate that the proposed project meets a demonstrated community need, that occupants are reasonably likely to be available and that the type of housing proposed is financially feasible in the target area.
- xiv) **Impact Score** All applicants must serve the minimum amount of household units identified for the census tract. The HUD data and mapping tool may be found on the HUD website, here: <http://www.huduser.org/nspgis/nsp.html>

b) **Financing Mechanisms**

Activity Type: NSP Eligible Use (A) Establish finance mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.

CDBG Eligible Activities: 24 CFR §570.206 Activity delivery costs; Also, the eligible activities listed here to the extent financing mechanisms are used to carry them out: 24 CFR §570.201 (a) Acquisition, (b) Disposition, (n) Homeownership Assistance; 24 CFR §570.202 Rehabilitation.

TDHCA will make permanent mortgage financing and homebuyer assistance available to low, moderate, and middle income households purchasing foreclosed homes. Qualifying households will work with subgrantee entities to identify appropriate properties and complete eligibility requirements. Subgrantees may offer financing for properties they have rehabilitated or constructed with Texas NSP3 funds, or for properties that homebuyers locate.

This activity will provide affordable ownership and rental opportunities by providing financing mechanisms to a subgrantee or individual homebuyer to purchase or facilitate the purchase of foreclosed homes or residential property.

i) **Permanent Ownership Financing for Low-Income Households**

1. Qualified Households earning 50% or less AMFI based on household size may obtain Mortgage Financing from TDHCA to purchase a foreclosed single-family home or residential property. Mortgage loans will be fully-amortized over 30 years with a zero percent (0%) interest rate. Fully amortizing scheduled repayment will be as set forth in loan documents executed at loan closing. Closing costs may be financed, up to 100% of the combined loan to value. Qualified households may combine NSP3 permanent financing with homebuyer assistance from NSP1, NSP-R, NSP1-PI or other sources.
2. A minimum investment of no less than \$500 will be required from all homebuyers receiving financing assistance through the Texas NSP3. Qualified households participating in an approved self-help housing program may be allowed to substitute “sweat equity” for the investment requirement.
3. All homebuyers accessing NSP3 permanent financing will be required to meet Texas NSP Homebuyer Financing Guidelines.
4. All properties assisted with NSP3 funds must meet Uniform Physical Condition Standards.

ii) **Down payment Assistance for Low and Moderate Income Households**

1. Households with income levels less than 120% of the AMFI based on household size will be eligible to access Texas NSP3 funds for down payment assistance, reasonable closing costs, principal reductions, and gap financing.
2. Assistance of up to \$30,000 will be available to assist in qualifying for private mortgage financing. Homebuyer Assistance will be in the form of a 2nd or 3rd position lien, zero percent (0%) interest, deferred-payment forgivable loan, with the principal reducing every year that the homebuyers’ occupy the home. A minimum investment of no less than \$500 will be required from all homebuyers receiving permanent financing assistance through the Texas NSP3. Qualified households participating in an approved self-help housing program may be allowed to substitute “sweat equity” for the down payment requirement.
3. All properties assisted with NSP3 funds must meet Uniform Physical Condition Standards.

iii) **Affordability Period:** The Texas NSP3 has adopted the federal program standards for continued affordability at 24 CFR §92.254 as a minimum. The ability of TDHCA to enforce this requirement for the full affordability period will be secured with a recapture provision in the loan documents in form and substance satisfactory to TDHCA and its counsel.

Affordability Periods for Texas NSP3 Homebuyer Assistance

Homeownership Assistance Amount Per-Unit	Minimum Period of Affordability in Years
Under \$15,000	5

Over \$15,000	10
All permanently-financed ownership properties	30

- iv) **Repayment:** The NSP3 homebuyer assistance and permanent financing loans are to be repaid if any of the following occurs before the end of the loan term: resale of the property; refinance of the first lien; repayment of first lien or if the unit ceases to be the assisted household's principal residence. The amount of recapture will be based upon the recapture provision at 24 CFR §92.254(a)(5)(ii). Recapture of the amount of the NSP investment is reduced on a *pro rata* share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available shared net proceeds in the event of sale or foreclosure of the housing unit.
- v) **Restrictions:** The following loan requirements are imposed for all households receiving NSP3 financing:
1. No adjustable rate mortgage loans (ARMs) or interest rate buy-down loans are allowed;
 2. All sources of financing may not exceed 100% combined loan to value;
 3. No subprime Mortgage Loans are allowed;
 4. Lenders must require the escrow of taxes and homeowners insurance;
 5. Other than surveys and appraisals reimbursed to third-parties and fees allowed for the origination of single family mortgage revenue bond and mortgage credit certificate programs, fees charged by the lender in connection with mortgage loans may not exceed \$2,500, and,
 6. The debt to income ratio (back-end ratio), as defined in Fannie/Freddie conventional loan underwriting guidelines, may not exceed 45%.
 7. Subgrantees must ensure that each NSP3-assisted homebuyer who receives conventional financing from a third party obtains a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages (see, Statement on subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration). NSP-assisted homebuyers may not receive subprime mortgage loans. Compliance must be documented in the records maintained for each homebuyer.
 8. Properties purchased with NSP3 assistance must be the household's primary residence within 30 days of closing the mortgage loan.
 9. The Texas NSP will follow the Single Family Mortgage limits set under the February 2008 edition of Section 203(b) of the National Housing Act. Eligible entities may, with written approval of the Department, utilize as a mortgage limit the most recent 95% of Actual Median Sales for each county as promulgated by HUD. The current limit may be found on the HUD website:

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/maxprice.cfm>

10. NSP3 Homebuyer Financing is not available for investor purchases. The property financed must be the household's primary home.
11. The Texas Neighborhood Stabilization Program Homebuyer Financing Guidelines will apply for all NSP3 homebuyer transactions.

vi) **Homebuyer Counseling:** All NSP3-assisted homebuyers will be required to provide evidence of completion of at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. Evidence must include documentation describing the level of homebuyer counseling, including post purchase counseling.

vi) **Rental (Single-family and Multifamily) Residential Property Financing:**

1. The acquisition of foreclosed, abandoned, or vacant properties by developers to create affordable rental opportunities may be funded through a permanent loan with the Department. Financing terms will be dependent on the level of affordability provided.
 - (a) Single family homes leased to households at or below 50% of AMFI will be eligible for financing through a loan at zero (0%) interest, fully amortized over 30 years through the Department, for eligible units.
 - (b) Single family homes leased to households at or below 30% of the Area Median Family Income will be eligible for zero percent (0%) interest, deferred forgivable financing of no more than \$30,000 per unit. Any remaining amount over \$30,000 per unit may be financed with a loan at zero percent (0%) interest, fully amortized over 30 years. The principal balance of the subordinate notes will be reduced proportionately every year that the home is occupied by an eligible household.
 - (c) Multifamily units leased to households at or below 50% of AMFI will be eligible for financing, for a 30-year amortizing for 30 years loan, at an interest rate ranging from (0%) interest to (5% interest) to be determined by the Director of Real Estate Analysis.
 - (d) Units leased to households at or below 30% of the AMFI in multi-family properties will be eligible for loan at zero (0%) interest, fully amortized over 30 years deferred-payment forgivable loan, through the Department, with the principal reducing every year that the unit is occupied by an eligible household. No more than fifty percent (50%) of the NSP3 permanently financed units in a project may receive deferred-forgivable financing.
 - (e) At least 20% of the units in an assisted multi-family development must be leased to households at or below 120% of the AMFI in order for any units to eligible for NSP3 permanent financing, regardless of affordability. Units leased to households over 50% of the AMFI are not eligible for permanent NSP3 financing.
2. Eligible property types are limited to single-family homes and residential property including condominium units, cooperative units in mutual housing projects and multifamily residential property.

3. For multi-family properties the maximum per-unit subsidy amount and subsidy layering allowable under the HOME Program using Section 221(d)3 limits as defined as 24 CFR §92.250 will apply. The TDHCA underwriting guidelines in 10 TAC §1.32 will be used, which set as a feasibility criterion a 1.15 debt coverage ratio minimum.
4. Properties will be restricted under a Land Use Restriction Agreement (“LURA”), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, prohibit the discrimination of renters using Section 8 Housing Choice Vouchers or any other comparable voucher program, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.
5. Minimum affordability period requirements will apply to all assisted units. The affordability period for NSP3 permanently financed affordable units will be a minimum of 30 years for both single and multi-family units.

Affordability Periods for Texas NSP3 Rental properties

Rental Housing Activity	Minimum Period of Affordability in Years
Rehabilitation or acquisition of existing housing per unit: Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15
New construction or acquisition of newly constructed housing	20
Units with NSP Permanent financing	30

vii) Activity Delivery Cost Limits: Activity Delivery costs for all financing mechanisms will be limited to 10% of the NSP non-administrative costs per housing unit or property.

c) Purchase and Rehabilitation of Abandoned or Foreclosed Properties –
Activity Type: NSP Eligible Use (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR §570.201(a) Acquisition, (b) Disposition; 24 CFR §570.202 Rehabilitation.

- i) The acquisition and rehabilitation of foreclosed and abandoned single-family and multifamily residential properties by subgrantees will be funded through a loan with the Department. Initial awardees must sell or lease properties to eligible Low-to-Moderate, and Middle Income households within six (6) months of completion of rehabilitation or November 30, 2012, whichever is sooner. Later awardees must sell or lease six (6) months after completion of rehabilitation or November 30, 2013, whichever is sooner.
- ii) A home or residential must meet the HUD definition of foreclosed or abandoned.
- iii) Homes must be re-sold to eligible households at a price no higher than the cost to acquire and rehabilitate the property.
- iv) Rehabilitated residential property must result in permanent housing.
- v) Rehabilitation includes activities and related costs as described in 24 CFR §570.202(b), but limited to the improvement or modification of an existing residential property through an alteration, addition, or enhancement including the demolition of an existing residential property and the reconstruction (rebuilding of a structure on the same site in substantially the same manner) of residential property.
- vi) Abandoned and foreclosed properties that have been purchased and rehabilitated, or reconstructed under this activity may be eligible for financing under the same terms and conditions described under Use A—Financing Mechanisms.
- vii) Activity Delivery Cost Limits: Activity Delivery costs for acquisition-only activities will be limited to 15% of the NSP non-administrative costs per housing unit or property. Purchase and Rehabilitation and Rehabilitation only projects will be limited to 20% of the NSP non-administrative costs per housing unit or property.

d) Redevelopment

Activity Type: NSP eligible use (E) Redevelop Demolished or Vacant Properties

CDBG Eligible Activities: 24 CFR §570.201(a) Acquisition, (b) Disposition, (i)

Relocation, (n) Homeownership Assistance (restricted)

- i) Redevelopment of demolished or vacant properties will address areas of greatest need throughout the state, where vacant properties are contributing to declining land values. Eligible redevelopment activities include acquisition, rehabilitation and new construction of housing for eligible ownership or rental use as permanent housing.
- ii) Subgrantee financing for acquisition and redevelopment activities will be made available in the form of a deferred-payable zero-interest loan. The loan will be due three years from the contract start date. All or a portion of the subgrantee loan may be converted to financing for eligible households under the same terms and conditions as Use A –Financing Mechanisms.
- iii) Acquisition, rehabilitation and new construction of residential properties must result in permanent housing. Properties must be sold to eligible households at a price no higher than the cost to acquire and construct the home (some activity delivery costs associated with the sale of the property may be included).
- iv) Demolition as part of redevelopment is an eligible project expense, but it is limited to 10% of the NSP non-administrative costs.

- v) “Vacant properties” includes both vacant land and properties with vacant structures on the land; however, vacant land must be infill properties or previously developed. “Greenfield” sites may not be acquired under Eligible Use (E).
- vi) Activity Delivery Cost Limits: Activity Delivery costs for Redevelopment will be limited to 20% of the NSP non-administrative costs per housing unit or property.

9) General Loan Requirements

a) Multifamily Rental Development Loan Requirements.

- i) Award amounts are limited to available funding as limited in the application process and respective applicant pool. The minimum loan may not be less than \$1,000 per NSP3 assisted unit. The Department’s underwriting guidelines in 10 TAC §1.32 will be used, which set as a feasibility criterion a 1.15 debt coverage ratio minimum. Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and the scope, specifications and costs must be outlined in a Property Condition Assessment pursuant to 10 TAC §1.36. When NSP funds are used for a rehabilitation development the entire property must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1) and as outlined herein.
- ii) When the Department will be in a first lien position and funds are to be used for new construction, redevelopment and/or rehabilitation, assurance of completion of the development in the form of payment and performance bonds in the full amount of the construction contract is required. Such assurance of completion will run to the Department as obligee and must be documented prior to starting construction. The obligation must be from a surety acceptable to the Department in its sole and reasonable discretion.
- iii) NSP3 Multifamily properties will be underwritten using the current year Real Estate Analysis Rules, except that if the Rules and the Federal or Texas NSP guidelines conflict, the provisions described in the HUD notice or described herein will govern.
- iv) NSP3 funds can only be used for the operating reserve if a third-party lender requires that funds be allocated for operating reserves as a condition for approving their loan. The amount of operating reserves may exceed amounts provided for in TDHCA’s Real Estate Analysis rules only with documentation acceptable to the Department of the third-party lender’s reserve requirements. If no third-party lender requirement is imposed in the transaction, the Department may require the developer to defer a fee or a portion of the fee to make deposits to operating reserves until the end of the contract period. The Developer may not use NSP funds to pay for an on-going subsidy (or any other on-going project based rental assistance).
- v) The Developer is required to establish a Reserve for Replacement consistent with 10 TAC §1.37.

- vi) The Texas NSP will adopt the federal program standards for continued affordability for rental housing at 24 CFR 92.252(a), (c), (d), (e) and (f), and 92.254, however, multifamily housing units will also be required to adhere to a 30-year affordability period as defined in the Texas Government Code §2306.185, which outlines State of Texas long-term affordability requirements. Units targeting households earning 50% of AMFI must maintain income and rent restrictions for households at that level published by the Department. Units permanently financed with NSP3 funds will have a 30-year affordability period.

c) Documents Supporting Mortgage Loans

- i) All mortgage Loans shall be evidenced by a mortgage or deed of trust note and by a mortgage that creates a lien payable to TDHCA on the housing development and on all real property that constitutes the site of or that relates to the housing development and such other documents as TDHCA may reasonably require. All documents must be in form and substance satisfactory to TDHCA and its counsel.
- ii) For each Loan made for the development of housing with funds provided under the NSP3 program, the Department shall be provided with a mortgagee's title policy in the amount of the loan. The Department may not designate a specific title insurance company to provide the mortgagee title policy or require the borrower to provide the policy from a specific title insurance company. The borrower shall select the title insurance company to close the loan and to provide the mortgagee title policy. The title policy may not reflect any liens, charges, encumbrances, or other matters excepted from coverage that are not acceptable to TDHCA in its sole and reasonable judgment.

d) Documents Supporting Homebuyer Assistance and Rehabilitation Loans

- i) The Subgrantee must ensure that required documents as listed on NSP property set-up forms, underwriting guidelines, or program manuals are timely submitted to the Department, in order to request that Loan documents be prepared for the Household.
- ii) Additional documentation may be requested in order to complete the appropriate underwriting review.
- iii) The Subgrantee will be responsible for timely coordination of all parties in order to meet closing deadlines. Continued late submission of required documents or lack of response to Department requests may result in de-obligation of NSP3 funds and termination of the Contract.
- iv) All NSP3 homebuyer financing will be secured with documents approved by the Department.

10) Site and Construction/Development Restrictions

a) Single Family Housing

- i) All housing that is constructed or rehabilitated with NSP3 funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at

the time of project completion. In the absence of a local code for new construction or rehabilitation, the housing must meet the International Residential Code and the National Electrical Code, as applicable. In addition, housing that is rehabilitated with funds awarded under this NOFA must meet all applicable energy efficiency standards established by §2306.187 of the Texas Government Code, and energy standards as verified by RESCHECK.

- ii) If a Texas NSP3 assisted single-family or duplex is newly constructed and reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514 of the Texas Government Code, and as implemented by TDHCA.
- iii) All NSP3 assisted properties must meet all applicable State and local housing quality standards and code requirements, which at a minimum must address Universal Physical Condition Standards (UPCS) or the housing quality standards (HQS) in 24 CFR §982.40, but only if HQS is required for another funding source. If there are no such standards or code requirements, the housing must meet Universal Physical Condition Assessment guidelines, unless HQS is required for another fund source. When NSP3 funds are used for rehabilitation the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).
- iv) All NSP3 assisted ownership units must pass inspection by a licensed Texas Real Estate Commission inspector prior to occupation.

b) Multifamily Rental Housing

- i) Housing that is constructed, reconstructed or rehabilitated with NSP funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. When NSP funds are used for rehabilitation, the entire development must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a) (1). In the absence of a local code for new construction, reconstruction, or rehabilitation, NSP-assisted new construction, reconstruction or rehabilitation must meet, as applicable, International Residential Code and the National Electrical Code. In addition, housing that is rehabilitated with funds awarded under this NOFA must meet all applicable energy efficiency standards established by §2306.187 of the Texas Government Code, and energy standards as verified by RESCHECK.
- ii) Gut rehabilitation, reconstruction or new construction of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes. All gut rehabilitation, reconstruction or new construction of mid-or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent. Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken.

- iii) Multifamily Housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) and covered multifamily dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619) and the Fair Housing Act Design Manual produced by HUD. Additionally, pursuant to the current Qualified Allocation Plan as of the date of the application, 10 TAC §50.9(h)(4)(H), Developments involving New Construction (excluding New Construction of nonresidential buildings) where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (*i.e.* one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A certification will be required after the Development is completed from an inspector, architect, or accessibility specialist. For rehabilitation developments, the scope, specifications and costs associated with complying with accessibility requirements must be identified in the Property Condition Assessment.
- iv) A single-site development of over 16 units must have all the development amenities listed in 10 TAC §49.4(14) or as defined in the threshold requirements of the Qualified Allocation Plan, current as of the date of application. If a development is requesting a waiver of any threshold amenity the waiver request must be included in the application. Requests will be evaluated using the criteria outlined in 10 TAC§49.4(14).
- v) All NSP3 assisted properties must meet all applicable State and local housing quality standards and code requirements, which at a minimum must address Universal Physical Condition Standards (UPCS) or the housing quality standards (HQS) in 24 CFR §982.40, but only if HQS is required for another funding source. If there are no such standards or code requirements, the housing must meet Universal Physical Condition Standards, unless HQS is required for another fund source. When NSP3 funds are used for rehabilitation the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a) (1).
- vi) The TDHCA Real Estate Analysis Rules current as of the date of the application, will apply, except that if the Rules and the Federal or Texas NSP guidelines conflict, the provisions described in the HUD notice or described herein will govern.
- vii) Any Development proposing New Construction or Reconstruction and located within the one-hundred (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 one-hundred (100) year

floodplain. No buildings or roads that are part of a Development proposing Rehabilitation (excluding Reconstruction) with the exception of Developments with existing and ongoing federal funding assistance from HUD or TRDO-USDA, will be permitted in the one-hundred (100) year floodplain unless they already meet the requirements established in this subsection for New Construction, or if the Unit of General Local Government has undertaken mitigation efforts and can establish that the property is no longer within the one-hundred (100) year floodplain.

- viii) All applications with multifamily housing units intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.
- ix) Multifamily properties will be restricted under a Land Use Restriction Agreement ("LURA") or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

c) Additional Requirements (Single and Multifamily Housing)

- i) NSP assisted new construction or rehabilitation will comply with federal lead-based paint requirements including lead screening in housing built before 1978 in accordance with 24 CFR §92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R. Lead-based paint requirements, for Multifamily properties, must be discussed in the Property Condition Assessment.
- ii) As applicable, Davis-Bacon Labor Standards will apply, and for Multifamily Housing must be discussed in the Property Condition Assessment.
- iii) Section 3: Recipients will be required to provide job opportunities to low-income residents and businesses, to the greatest extent possible. Reporting of efforts and results according to Department policy will be required of all subgrantees. A Section 3 Plan is required for all NSP3 properties.
- iv) Affirmative Marketing. Recipients must adopt affirmative marketing policies and procedures in furtherance of Texas's commitment to non-discrimination and equal opportunity in housing. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, gender, religion, familial status or disability. Records should be maintained describing actions taken by the Administrator to affirmatively market units and assess the results of these actions. An Affirmative Marketing Plan is required for all NSP3 properties.

- v) Texas NSP3 will require adherence to the guidelines set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR Part 24) and 104(d) requirements set out in 24 CFR Part 42.
- vi) All applicants must have Limited English Proficiency Policy that follows Executive Order 13166, as implemented by HUD.
- vii) The NSP3 allocation from HUD includes a requirement that subgrantees, “shall, to the maximum extent feasible, provide for the hiring of employees who reside in the vicinity, of projects funded this section or contract with small business that are owned and operated by persons residing in the vicinity of such projects.” For the purposes of administering this requirement, HUD has adopted the Section 3 applicability thresholds for community development assistance at 24 CFR §135.3 (a)(3)(ii). The NSP3 local hiring requirement does not replace the responsibilities of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C §1701u), and implementing regulations at 24 CFR Part 135, except to the extent the obligations may be in direct conflict. Vicinity is defined as the census tract where the project is located. Small business means a business that meets the criteria set forth in section 3(a) of the Small Business Act. See 42 U.S.C. §5302(a)(23). All applicants will be required to have a vicinity preference plan
- viii) All applicants must ensure compliance with the certifications required by HUD, as outlined in *Federal Register* Notice (**Docket No. FR-5447-N-01**).

11) Selection Criteria and Priorities

- a) The State of Texas has established the priorities and scoring described below that will be used in the application review process. While the criteria are important to demonstrate a successful proposal, the scoring structure is also designed to ensure that the State complies with the requirements of the HUD Notice designed to prioritize areas of greatest need, meets applicable CDBG regulations, meets Department priorities and efficiently and effectively expends the funds.
- b) All applications must contain the address of the target property.
- c) All initial round applications must meet a minimum threshold total score of 38 points to be considered for funding. Applications considered for award after April 15, 2011, must meet a minimum score of 33 points. Should applications meeting this minimum score threshold exceed available funding, such eligible applications will be retained regardless of date of submission until such a time that funding is available in sufficient amounts to fund the applications or a subsequent Texas NSP NOFA covering NSP3 funds is released.
 - i) Maximum Total Score = 55 Points (initial application period) or 50 points:
 1. Greatest Need (20 Points); Minimum Score 16 points.
 2. Rental Property (10 Points) or (5 Points after Initial Application)

3. Prior experience with Texas NSP and TDHCA (Up to 5 Points)
 4. Local at Risk Priorities (10 Points)
 5. Low-Income Households (Up to 5 Points)
 6. Low Poverty Area (1 Point)
 7. Transit Area (1 Point)
 8. Education Opportunities (1 Point)
 9. Special Needs/Hard to Serve Populations (Up to 2 points)
- ii) **Greatest Need (20 Points):** NSP3 activities must be completed in eligible census tracts, as determined by HUD under the Neighborhood Stabilization 3 NOFA. Applicants are required to provide evidence that activities will meet a Neighborhood Stabilization purpose, in a census tract with a threshold foreclosure needs score of 16 or more. The HUD data and mapping tool may be found on the HUD website, here: <http://www.huduser.org/nspgis/nsp.html> These areas may change as the data is updated, and the target score will be determined as that which was in place as of the date of application.
- iii) **Rental Properties (10 Points till April 15th, 5 points thereafter):** The NSP3 allocation included statutory language requiring the establishment of procedures to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds. Texas NSP3 is demonstrating this preference through a points system.
- iv) **Local At-Risk Priorities: (10 Points)** The identified cities listed in Table 1, as attached to this NOFA, are communities at risk of losing affordable units with existing or former funding through the Department. Eligible applications that are located and willing and able to commit to minimum unit, affordability term and amount of non-federal funds for each specified city, as identified in the chart in Addendum 1 will receive points under this scoring item. The Applicant must be willing to execute a Texas HOME LURA and be able to meet all of the conditions of the federal requirements of a HOME funded development in conjunction with the requirements of this NOFA. These areas may change as the data is updated, and the points will be determined as that which was in place as of the date of application.
- v) **Previous Participation with Texas NSP and TDHCA funds (5 Total Points):** An Applicant will receive two points for having prior State of Texas NSP experience and three points for experience with other TDHCA funds. The experience must have been completed with the same type of construction as the Application is proposing (single family, multifamily, new construction, rehabilitation, etc.) and have acquired their experience in connection with a development with at least 80% as many units as the Units in the development for which Application is being made. The experience will be documented as outlined in the most current QAP plan, as applicable.
- vi) **Assistance to Low-Income Households at or Below 50% AMFI (5 Total Points):** In order to emphasize affordability for households at or below 50% of AMFI, the State will give up points to proposals that will serve households in this income

category. Each household served in this income category will receive a point, up to five points.

- vii) **Low Poverty Area (1 point):** The development is in a census tract that has no greater than 10% poverty threshold population according to the most recent census data as of the date of the application.
- viii) **Transit District (1 point):** The development or unit is in a mixed-use residential and commercial area, located within a radius of one-quarter mile from an existing or proposed transit stop, designed to encourage pedestrian activities and maximize access to public transportation.
- ix) **Educational Opportunities (1 point):** The development or unit will serve families with children (at least 70% of the Unit or units must have an eligible bedroom mix of two bedrooms or more) and is proposed to be located in an elementary school attendance zone that has an academic rating of "Exemplary" or "Recognized," or comparable rating if the rating system changes. An elementary attendance zone does not include magnet school or elementary schools with district-wide possibility of enrollment or no defined attendance zones. The date for consideration of the attendance zone is that in existence as of the received date of the application and the academic rating is the most current rating determined by the Texas Education Agency as of that same date.
- x) **Special Needs or Hard to Serve Populations (1 point per category up to 2 points):** At least 51% of the NSP assisted unit or units are designed to serve, Elderly, Persons with Disabilities, Transitioning out of Homelessness, Victims of Domestic Violence, Veterans, Transitioning out of Foster Care, Prisoner Reentry, or Migrant Farmworkers.
- xi) **Tiebreaker:** In the event that two or more Applications receive the same priority based upon the scoring and are both practicable and economically feasible, the Department will utilize the factors in this section, in the order they are presented, to determine which Development will receive a preference in consideration for an awarded of funds.
 - (1) Applications involving any Rehabilitation or Reconstruction of existing Units will win this first tier tie breaker over Applications involving solely New Construction or Adaptive Reuse.
 - (2) The Application with the least amount of Texas NSP funds per Texas NSP restricted unit will win this second tier tie breaker.
- xii) **Department Priorities:** The Federal NSP3 NOFA contains a requirement that at least 25% of the awarded funds be spent on housing for households at or below AMFI. The Department will fund the highest scoring, complete application that meets this requirement even if other applications scored higher. This determination will be made in the sole discretion of the Department.

12) Review Process

- a) Each applicant will be required to submit an application. The application can be found on the Department's website.
- b) Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits, as applicable. Applications received on or before 5:00 pm, Austin local time, on Friday, April 15, 2011, will be prioritized for funding based on department priorities, competitive scoring and the amount of funding available, currently at least \$7,284,978. Applications will be reviewed for applicant and activity eligibility, and threshold criteria as described in this NOFA.
- c) Eligible applications which meet minimum scoring criteria for funding consideration, but for which the amount of funding currently available is insufficient, will be retained by the Department until such a time that funding is available in sufficient amounts to fund the applications or a subsequent Texas NSP3 NOFA is released.
- d) Applications for NSP3 received after April 15, 2011 will be retained until such a time that funding is available in sufficient amounts to fund the applications or a subsequent Texas NSP3 NOFA is released, but will be scored after initial funding is determined.
- e) The Department will ensure review of materials required under the NOFA, Program Guide, and application and will issue a notice of any Administrative Deficiencies within ten (10) business days of the received date, if the application meets minimum threshold score criteria. Administrative deficiencies are omissions, inaccuracies or incomplete information on the application that can be readily corrected. Applications with Administrative Deficiencies not cured within a subsequent ten (10) business days will be terminated.
- f) If a submitted Application fails to meet threshold score criteria, has an entire section of the application missing; has excessive omissions of documentation from the Selection Criteria or required documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibility will be included in the termination letter to the Applicant.
- g) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications that are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any Application.

- h) All Applicants will be processed through the Department's Application Evaluation System, and will include a previous award and past performance evaluation. Poor past performance may disqualify an Applicant for a funding recommendation or the recommendation may include conditions.
- i) Funding recommendations of eligible Applicants will be presented to the Department's Governing Board of Directors based on eligibility and limited by the total amount of funds available under this NOFA and the minimum award amount.
- j) In accordance with §2306.082, Texas Government Code and 10 TAC §1.17, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC §1.17.
- k) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.
- l) Each applicant will be required to demonstrate how their proposal addresses their local needs and how, if applicable, it coordinates with their community's consolidated plan
- m) If the Department's loan(s) amount to more than 50% of the total development cost, except for developments also financed through the USDA-515 program, the Application MUST include:
 - a. A letter from a third party CPA verifying the capacity of the owner or developer to provide at least 10% of the total development cost as a short term loan for development; and
 - b. A letter from the developer's or owner's bank(s) confirming funds amounting to 10% of the total development cost are available; or
 - c. Evidence of a line of credit or equivalent tool equal to at least 10% of the total development cost from a financial institution that is available for use during the proposed development activities.

13) Application Submission

- a) All applications submitted under the initial round of this NOFA must be received on or before **5:00 p.m. Austin local time on April 15, 2011**, regardless of method of delivery for consideration in the initial competitive application award process. After

that date, applications will be held until such a time that funding is available in sufficient amounts to fund the applications or until there is a subsequent NOFA.

- b) The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. Questions regarding this NOFA should be addressed to:

Texas Department of Housing & Community Affairs
221 E. 11th Street
Austin, Texas 78701
Telephone: (512) 463-2179
E-mail: megan.sylvester@tdhca.state.tx.us

- c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.
- d) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy on a disc of the Application materials.
- e) All Application forms will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.
- f) Applicants awarded funds will be required to map their target area using the HUD data and mapping tool: <http://www.huduser.org/nspgis/nsp.html>
- g) **Application Workshop:** the Department will present an application workshop via webinar format on a date to be determined. The workshop will address information such as the Application preparation and submission requirements, evaluation criteria, state and federal program information, and environmental requirements. The Application workshop schedule and registration will be posted on the Department's website at www.tdhca.state.tx.us
- h) **Audit Requirements:** An applicant is not eligible to apply for funds or any other assistance from the Department unless a past audit or Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b). This is a threshold requirement outlined in the application, therefore applications that have outstanding past audits will be disqualified. Staff will not recommend applications for funding to the Department's Governing Board unless all unresolved audit findings, questions or disallowed costs are resolved per 10 TAC §1.3(c).
- i) Applications must be sent via overnight delivery to:

**Texas Department of Housing and Community Affairs
Attn: Neighborhood Stabilization Program
221 East 11th Street
Austin, TX 78701-2410**

or via the U.S. Postal Service to:

**Texas Department of Housing and Community Affairs
Attn: Neighborhood Stabilization Program
Post Office Box 13941
Austin, TX 78711-3941**

***NOTE:** This NOFA does not include the text of the various applicable regulatory provisions that may be important to the administration of the Neighborhood Stabilization Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

Texas Neighborhood Stabilization Program Three (“NSP3”)

Addendum 1

City	Minimum Affordable Units	Minimum Required Years of affordability	Minimum amount of non federally sourced funds included in the development
Austin	12	20	\$705,000
Bryan	14	20	\$600,000
Dickinson	27	10	\$600,000
Encinal	16	20	\$850,000
Freer	5	20	\$240,000
Hebbronville	4	20	\$200,000
Hillsboro	7	15	\$310,000
Kingsville	88	5	\$310,000
La Porte	57	20	\$420,000
Linden	16	5	\$215,000
Lufkin	20	20	\$840,000
Marlin	2	5	\$35,000
Mexia	4	20	\$210,000
Nacogdoches	10	10	\$70,000
Pharr	8	10	\$100,000
Port Arthur	19	20	\$580,000
Rio Grande City	7	20	\$360,000
San Antonio	92	20	\$600,000
San Antonio	4	20	\$150,000
Sinton	48	5	\$150,000
Sweetwater	6	20	\$350,000
Sweetwater	13	20	\$490,000
Taft	36	20	\$1,400,000
Victoria	10	20	\$205,000
Wharton	45	20	\$3,300,000
Zapata	5	20	\$230,000

DISASTER RECOVERY DIVISION

**BOARD ACTION REQUEST
March 3, 2011**

Action Item

Presentation, Discussion, and Possible Action to approve amendment request to housing contract administered by TDHCA for CDBG Hurricane Ike/Dolly Round 1 Funding for CDBG Disaster Recovery Contract No. 70090016, Houston-Galveston Area Council (H-GAC).

Recommended Action

Review and approve amendment request to Contract 70090016, to remove Rental Rehabilitation and Construction category and reallocate those funds to NR-LMI Homeowner Rehabilitation, Reconstruction, and New Construction category.

RESOLVED, that the Executive Director and his designees are hereby authorized, empowered, and directed, for and on behalf of the Department, to cause the amendments, in the form presented to this meeting, to be executed and delivered to Houston-Galveston Area Council for Disaster Recovery Contract No. 70090016 as presented to this meeting, and to make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

Background

H-GAC-70090016

H-GAC is proposing to amend Contract No. 70090016 by eliminating the R-LMI- Rental Rehabilitation category and moving the allocated funds to NR-LMI- Homeowner Rehabilitation, Reconstruction, New Construction category, due to lack of interest for this activity. H-GAC received a total of three applications.

Due to overwhelming applicant response under the NR-LMI- Rehabilitation, Reconstruction, and New Construction Program, H-GAC is requesting to re-allocate the Rental Rehabilitation funds to homeowner repair and reconstruction. To-date H-GAC has received over 300 applications for homeowner repair. The current maximum assistance amount per household is \$85,000 for rehabilitation and \$125,000 for reconstruction. H-GAC is not proposing to modify the maximum assistance levels with this amendment request or requesting any changes to the total budget.

Contract Deliverables

Budget Category	National Program Objective	Current	Revised	Change	Current Households Served	Change Households Served
Homeowner Rehab, Reconstruction, New Construction	LMI	\$7,968,696	\$8,530,022	\$561,326	108	5
Homeowner Rehab, Reconstruction, New Construction	U/N	\$885,411	\$0	\$0	\$0	0
Rental Rehabilitation and Construction	LMI	\$561,326	\$0	\$561,326	5	-5
TOTALS		\$9,415,433	\$8,530,022	\$561,326	113	113

ORAL PRESENTATION

Internal Audit Division
BOARD REPORT ITEM
March 3, 2011

Presentation and discussion of the status of internal audit's FY 2011 work plan. No action needed.

Background

- We anticipate the release of the audit of the Neighborhood Stabilization Program soon. Management was provided with a draft report and we are working through their responses.
- The Weatherization Program audit and the audit of the Tax Credit Assistance Program are both in fieldwork.
- The timelines for the Hurricane Ike audit and the Tax Credit Exchange Program audit were switched in order to accommodate the timing of the tax credit program.
- The TeamMate software reconfiguration has been delayed, possibly until June. The new version is still in testing.

**Department of Housing and Community Affairs
Internal Audit Division – Fiscal Year 2011
Status of Internal Audit Plan (as of March 2011)**

Program Area/Division	Audit	Status	Comments
NSP	Neighborhood Stabilization Program	Reporting	Draft Report to Management 2/3/11
Information Systems	An Audit of Information Technology Governance	Completed	Report Released in November 2010
Community Affairs	Weatherization Program	Fieldwork	
Disaster Recovery	Hurricane Ike	April 2011	Moved from July to April
Multi-Family	Tax Credit Exchange Program	July 2011	Moved from April to July
HOME	Tax Credit Assistance Program	Fieldwork	
Program Area/Division	Management Assistance/ Special Projects		Comments
Internal Audit	Conduct Annual Risk Assessment and Prepare Fiscal Year 2011 Audit Plan	Completed	Required by the Texas Internal Auditing Act and by Audit Standards
Internal Audit	Review and Revise Internal Audit Charter	Completed	Required by Audit Standards
Internal Audit	Quality Assurance Self-Assessment Review	Completed	Required by Audit Standards
Internal Audit	Review and Revise Internal Audit Policies and Procedures to Comply with New Auditing Standards	August 2011	The GAO Will Be Releasing A Revised Version of the Government Auditing Standards
Internal Audit	Configure Teammate Audit Software	June 2011	Changes to Teammate will Provide IA with increased Functionality and Efficiency (delayed from March)
Internal Audit	Preparation and Submission of the Fiscal Year 2010 Annual Internal Audit Report	Completed	Required by the Texas Internal Auditing Act
Internal Audit	Coordinate with External Auditors	Ongoing	Ongoing Requirement
Internal Audit	Monitor ARRA Issues	Ongoing	Ongoing Requirement
All Divisions	Follow-up on the Status of Prior Audit Issues	Ongoing	Required by Audit Standards
All Divisions	Tracking the Status of Prior Audit Issues	Ongoing	Required by Audit Standards
All Divisions	Tracking, Follow-up and Disposal of Fraud Hotline Calls	Ongoing	Internal Audit is Responsible for the Fraud Hotline

Compliance and Asset Oversight
BOARD ACTION REQUEST
March 3, 2011

RECOMMENDED ACTION

Presentation, Discussion, and Possible Action to adopt a policy regarding the consideration of requests for material amendments to developments involving amendments to Land Use Restriction Agreements.

RESOLVED, that the attached policy is adopted to provide staff with direction for considering material amendments to Land Use Restriction Agreements.

BACKGROUND

At the January 2011 Board meeting, the possibility of adopting a policy to handle material amendments to Land Use Restriction Agreements was discussed. Attached to this write up is staff's recommendation for a final policy for adoption. Note that per the Board's request, the policy specifically states "*Reductions in the number of restricted units due to eminent domain will be handled separately on a case by case basis*".

The policy outlines the following areas:

1. Evaluating if there is good cause for granting the amendment,
2. Continuing compliance with federal programmatic requirements,
3. Financial feasibility,
4. Compliance status of the requestor,
5. Addressing the needs of affected tenants,
6. Delays in the right of first refusal,
7. How to handle the Land Use Restriction Agreement if the property will be "offline" for any period, and
8. Notification requirements.
9. Other matters

**BOARD POLICY REGARDING DIRECTION TO STAFF ON THE EVALUATION OF REQUESTS FOR
MATERIAL AMENDMENTS TO LAND USE RESTRICTION AGREEMENTS (“LURAS”)
UNDER THE LOW INCOME HOUSING TAX CREDIT PROGRAM
AND OTHER DEPARTMENT PROGRAMS**

It is acknowledged that there may be facts and circumstances under which the owner of an affordable rental property subject to a LURA would wish to seek approval to make material changes including but not limited to a reduction in the number of restricted units, a change in the income and/or rent restrictions, a change in the tenant population or a delay in the right of first refusal requirements. While not every situation can be anticipated or contemplated, examples might include condemnation of all or a portion of the property, significant changes in market conditions, or the lapse of significant time, necessitating consideration of material renovation or even reconstruction. This policy outlines the procedures staff must follow to evaluate a material amendment request and present it to the Board for consideration. Reductions in the number of restricted units due to eminent domain will be handled separately on a case by case basis.

Staff, in evaluating requests for such materials amendments and making recommendations with respect thereto to the Texas Department of Housing and Community Affairs’ Board, shall evaluate the following:

- 1) Factors that give rise to the request: The owner of the development should describe the good cause for which the amendment should be allowed by providing (a) a full narrative description setting forth all of the factors that gave rise to the request and address whether such matters could reasonably have been anticipated or foreseen at the time the application was submitted and whether they were matters that were within the owner’s power to address or prevent without requesting the amendment, and (b) an explanation of how the amendment is necessary to fulfill the purposes or policies of the Program. The matter of what constitutes “good cause” is ultimately a question of fact and judgment for the governing board to decide. The decision should be based on due consideration of the entirety of the record. The mere fact that a requestor has asked permission or that there is an opportunity for financial gain does not constitute good cause. Some matters that would tend to support a finding of good cause might include:
 - Failure to approve the amendment would likely place the development at risk of being unable to operate as compliant affordable rental housing and comply with its existing restrictions and obligations, and the requested amendment, if approved, would enable the owner to address those matters and provide ongoing compliance.
 - The market and/or larger community have materially changed since initial development and the requested amendment will enable the development to conform more closely to demonstrated, current market needs, as evidenced by strong local support, updated market analysis, and other data.
 - Local changes beyond the owner’s control or anticipation, such as revisions to flood control plans, development of new and/or changed roads, the creation of additional utility easements, or the introduction of other adverse environmental features proximate to the property.

- The offering of material changes that will enhance the property's nature as integrated housing.
- Design changes that will materially benefit tenants, such as improvements to lower energy costs or enhance security.

The presence of one or more such factors would need to be weighed against any offsetting negative features, such as a shortage of available affordable rental housing if the number of units is being decreased, the tenant relocation issues that cannot be adequately addressed, materially increased financing costs that rely upon questionable assumptions, or significant opposition.

- 2) Continuing compliance with applicable legal requirements: The owner should provide a statement as to whether they and the development will, if the amendment is approved and implemented, remain continuously in compliance with all applicable state and federal laws and in the statement specifically address compliance with the requirements of IRC Section 42, The HOME Final Rule, the QAP, Tex. Gov't. Code, Chapter 2306, the Fair Housing Act, and, for transactions involving bonds, compliance with their indenture and bond issuance documents.
- 3) Financial feasibility: Material changes to a development have financial implications. Over time it is also possible that market conditions may change sufficiently to impact the development. The Department, through its Real Estate Analysis Division, shall obtain and analyze information from the developer sufficient to make a report as to the ongoing financial viability of the development if the requested changes are approved and made. This assessment should include an assessment of current market conditions if there is any reason to believe they have materially changed since the development was initially underwritten. The assessment shall be accompanied by a recommendation as provided for in TEX. GOV'T. CODE, §2306.6712(b). Items that should typically be provided to begin this review process include:
 - A detailed budget for any proposed construction including not only direct construction costs (labor and materials) but also ancillary costs such as architect fees, permitting costs, ESA costs, etc.
 - Information about key parties to be engaged and relevant budgets (developers, general contractors, architects, etc.).
 - Information about special issues such as environmental, zoning, etc.
 - Information about any other financing or investment.
- 4) Operating projections including reserves. Programmatic compliance history: The Compliance and Asset Oversight will review the Applicant (including all affiliated persons) and their compliance status under all Department-administered programs and provide a report and recommendation as required by TEX. GOV'T. CODE, §2306.6712(b).
- 5) Addressing the needs of affected tenants: If any tenants' continuing occupancy under their leases will be affected, the owner must take appropriate measures to address those

tenants' situations. If any tenant's lease will not be renewed, the tenant must be given not less than 30 days prior written notice. If any tenant is to be relocated:

- a) If the development is receiving financing from any other source that imposes or applies by law or rule requirements for tenant relocation, such other requirements shall apply.
 - b) If no other tenant relocation requirements apply by operation or application of law or rule, the development owner should provide the Department with a detailed description of the measures it proposes to take.
- 6) Addressing rights of first refusal: If there is in place a right of first refusal providing that if the owner determines that it will offer the property for sale after the compliance period, a qualifying non-profit or the tenants shall have a right of first refusal, and if the amendment requested involves a transfer of the property to a qualifying non-profit, the right of first refusal shall be deemed to have been met and discharged. The Department must be provided with satisfactory evidence of this. If, however, following the approval and implementation of a requested amendment the property continues to be owned by an owner that is not a qualified non-profit or composed, directly or indirectly, of tenants, then the right of first refusal shall be included in any amended LURA and be triggered by the next offer for sale.
- 7) Addressing the length of the LURA: If an amendment is approved that requires all or a portion of a property to be taken "off line" for any period, the amended LURA should add a commensurate period on the back end to achieve the full initial stated affordability period.
- 8) The interest of the community and others: The requesting party should provide a comprehensive description of measures taken or to be taken to advise interested or affected persons of what is under consideration. At a minimum these should include:
- The applicant will host a public hearing for the community at large in which a presentation of the proposed change will be made and input from the public will be received. The applicant will hold this hearing at least seven (7) days before the Board meeting when the amendment request will be considered. The applicant will inform Department staff of the date time and location of the hearing and when possible, Department staff will attend.
 - The applicant must provide written notice to each tenant describing the proposed change and informing them of the date, time and location of the public hearing.
 - Notice to other current lenders or investors.
 - Notice to the State Senator and Representative for the district in which the site is located.
 - Notice to the chief elected official for the municipal government if located in a municipality or the county commissioners if for an area outside of a municipality.

All such notices shall be given (including, as needed, updates) to advise the person(s) being notified NOT LESS than seven (7) calendar days in advance of the time and location of the meeting of the Governing Board of the Department at which the amendment request may be considered.

- 9) Other matters: Staff should request information, including follow-up requests prompted by a review of what is provided, to enable it to make a recommendation regarding the requested amendment. The recommendation must include, as specific component parts, the assessments and recommendations regarding underwriting and compliance history. Any recommendation to approve a material amendment must include staff's findings and recommendations regarding the good cause for which such an amendment should be approved.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Presentation, Discussion, and Possible Action regarding Housing Tax Credit Amendments.

WHEREAS, the Tax Credit Application #95081, Parks at Wynnewood, was awarded a 1995 award of tax credits by the Board based on certain premises, including the rehabilitation of 404 general population units in Dallas,

WHEREAS, the Board approved a 2011 forward commitment for TDHCA# 10044, Wynnewood Seniors Housing development, which is the proposed first phase of a four phase redevelopment of the 48-acre Parks at Wynnewood (TDHCA# 95081),

WHEREAS, the applicant under TDHCA #10044 is requesting a temporary suspension of the existing LURA while construction for the Wynnewood Seniors development ensues, and ultimately a change in the target population from general to elderly for a portion of the original site which would necessitate, among other things, amending the LURA and would constitute a “material amendment,”

WHEREAS, the Board has adopted a policy in place to set forth the manner in which it directs staff to review and make recommendations with respect to such requests, and

WHEREAS, at the time that the applicant made this request and staff evaluated it, such policy had not been adopted but staff has reviewed the request in accordance with the policy that it will present to the Board for adoption, and is prepared to make a recommendation of approval based on compliance with the policy but only if such a policy has been adopted

RESOLVED, that amendments relating to Application #95081, Parks at Wynnewood be and hereby are denied as presented to this meeting.

Background

§2306.6712, Texas Government Code, indicates that the Board should determine the disposition of a requested amendment if the amendment is a “material alteration,” would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round. The statute identifies certain changes as material alterations and the requests presented below include material alterations.

Summary of Request: The development owner is requesting a twenty-four month suspension of the existing LURA filed under Volume 95250, page 01506 of the Official Public Records of Dallas County, Texas. The existing LURA from TDHCA# 95081 Parks at Wynnewood requires that 404 low income units must be in service throughout the compliance period. This requirement will be violated if the proposed suspension of the LURA is not approved. The existing LURA also requires that the affordable housing units must be family units, thereby making the proposed elderly development in violation of the LURA as well.

TDHCA Board approved a forward commitment for Wynnewood Seniors in 2010, which was approval to construct 140 elderly units. The applicant was clear in the 2010 tax credit application that the development would be carved out of the existing Parks at Wynnewood development. However, these changes may not have been known to the Board at the time of the forward commitment since much of the due diligence typically performed on developments recommended for funding had not been completed. The applicant provided a Market Study for the 2010 application in which the study supports the need for affordable elderly housing in the market area. The Department recognizes the changing market needs of a community, and recognizes that housing should be accommodating to the needs of potential tenants. Currently there is no policy in place to contemplate a request for a temporary suspension of an existing LURA. Therefore staff recommends that the request be denied. Staff is recommending approval of such a policy at this meeting, and if the development owner complied with the policy requirements, the recommendation may revised to recommend approval of the request.

Pursuant to §49.13(b) of the Qualified Allocation Plan “If a proposed modification would materially alter a Development approved for an allocation of a Housing Tax Credit, or if the Applicant has altered any selection criteria item for which it received points, the Department shall require the Applicant to file a formal, written request for an amendment to the Application... The Board must vote on whether to approve an amendment. The Board by vote may reject an amendment and, if appropriate, rescind a Commitment Notice or terminate the allocation of Housing Tax Credits and reallocate the credits to other Applicants on the Waiting List if the Board determines that the modification proposed in the amendment...would materially alter the Development in a negative manner...Material alteration of a Development includes, but is not limited to...A substantive modification of the scope of tenant services....”

Therefore, an amendment to the application is necessary.

Owner:WCH LP
General Partner: Dallas City Homes, Inc. / Nationsbank CDC
Developers: N/A
Principals/Interested Parties: Karen Brooks Crosby, Barry Palmer, Brian Roop
Syndicator: N/A
Construction Lender: N/A
Permanent Lender: N/A
Other Funding: N/A
City/County: Dallas/Dallas
Set-Aside: N/A
Type of Area: Urban
Region: 3
Type of Development: Rehabilitation
Population Served: General Population
Units: 404 HTC units
1995 Allocation: \$1,347,852
Allocation per HTC Unit: \$3,336
Prior Board Actions: 1995 – Approved award of rehab tax credits.
July 2010 – Approved award of forward commitment tax credits
REA Findings: N/A

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November 12, 2010

By E-Mail to raquel.morales@tdhca.state.tx.us
and by FTP Server
Ms. Raquel Morales
Texas Department of Housing and Community Affairs
221 East 11th
Austin, Texas 78711

Re: TDHCA #10044, Wynnewood Seniors Housing (the "Project");
Response to Notice of Threshold Deficiency.

Dear Raquel:

We are in receipt of your deficiency notice dated November 5, 2010 concerning a Threshold Deficiency regarding treatment of the existing LURA for the approximately 48-acre Parks at Wynnewood (TDHCA # 95081 – the "Parks"). The Parks is a 404-unit tax credit development which consisted of the 1993-95 rehabilitation of units originally built in the 1940s and now suffers from substantial obsolescence in design and increasing maintenance problems. The proposed development site is an 8.4528 acre tract (the "Site") out of the 48 acres, which has been identified for proposed redevelopment as a 140-unit senior affordable housing development. The TDHCA Board has awarded a 2011 Forward Commitment to the Project, subject to customary staff reviews. This letter is a response to the Notice of Threshold Deficiency and includes a proposal for treatment of the current affordability restrictions in view of the proposed redevelopment. It is our understanding that this is the first time the TDHCA has considered the redevelopment of all or any portion of an existing tax credit project which is still under an Extended Use Agreement.

Proposed Redevelopment Will Technically Violate Terms of Existing LURA: The Parks is subject to the LURA filed under Volume 95250, Page 01506 of the Official Public Records of Dallas County, Texas (the Existing LURA"). In making the Site available for construction, a number of provisions in the Existing LURA will be violated of necessity. At your request, a listing of those provisions is attached. The most fundamental provision that will be violated is the number of affordable units available to the public. During the redevelopment a total of 108 units on the Site will be demolished and replaced with 140 units of new construction. This means that during the construction period, only 296 units of affordable housing will be available for lease on the entire Parks site. After the construction is concluded, however, there will be an aggregate of 436 affordable units on the 48 acres subject to the Existing LURA. We

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November 12, 2010

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acknowledge that during construction there will be a technical noncompliance situation under the Existing LURA because of the temporary reduction in units available. The temporary situation will, however, ultimately benefit low-income population segment because the total available affordable housing will increase and the units in the Project will be of higher quality.

Another important change will be that of the 436 units that will be available after construction, 140 will be restricted to senior residents, leaving 296 units available for general use. The general population of the Parks contains approximately 85 units that are currently occupied by tenants who might qualify as seniors. Additionally, national aging of the population means that many of the family households that initially leased in the Parks 15 years ago are becoming empty nesters and the heads of household are moving into the age bracket where senior housing becomes attractive.

Requested Action Regarding Existing LURA: In order to assure that the low income community is not negatively impacted by the redevelopment of the Project, we are proposing that enforcement of the Existing LURA be suspended for a 24-month construction period, as to the Site only. In exchange for such suspension, the Project owner will consent to increase the term of the Existing LURA for an additional 24 months, as to the Site. Additionally, the Site will have a new 40-year LURA (the "New LURA") pursuant to its 2011 tax credits that will be superimposed upon the Existing LURA.

Benefits Resulting from Proposed Treatment of Existing LURA: Without the proposed redevelopment of the Project, the Existing LURA will continue for another 20 years and will produce 8,080 unit years of affordable housing (404 units per year multiplied by 20 years remaining). As a result of the proposed action, the Site will provide 140 units for a period of 40 years, totaling 5,600 unit years and the remainder of the Parks (the "Residual Site") will provide 296 units over 20 years, totaling 5,920 unit years. This totals 11,520 unit years of affordable housing if the proposed redevelopment is implemented. In summary, although the proposed suspension of the Existing LURA as to the Site for a 24-month construction period will temporarily reduce the number of affordable units at the Parks, when taken as a whole, the proposed plan would result in an aggregate of 11,520 unit years over the remaining term of the Existing LURA, as extended on the Site, plus the 40-year term of the New LURA. This is a **net increase of 3,440 unit years** that comes about solely because of the redevelopment.

Construction Period Will Not Be Considered Material Noncompliance. Because we are requesting an agreed suspension of the Existing LURA as to the Site during the pre-construction and construction phases, and an agreed 24-month extension of the Existing LURA as to the Site, we would also request that although a technical noncompliance with the Existing LURA will exist until construction is completed, that it would not be considered a material noncompliance issue for either the Project or the Parks.

Relocation Plan: The Parks is subject to a Housing Assistance Program Contract, and resultantly, the requisite relocation of tenants who reside on the Site will be subject to the provisions of the Uniform Relocation Act (the "URA"). The Applicant intends to comply in all respects with the URA. Tenants on the Site were notified by letter in March, 2010, that a redevelopment of the Site was under consideration. The Developer held a public meeting for residents on the Site to discuss the proposed redevelopment and relocations that would be

November 12, 2010

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needed. Additionally, new tenants who have leased units located on the Site have been notified that their leases are subject to possible relocation as a result of the Project.

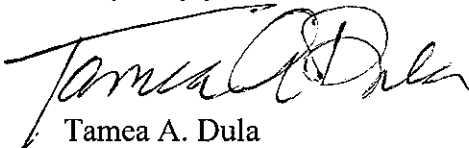
Currently out of the 108 units on the Site, 83 are occupied and 25 are vacant. The Parks has a total occupancy rate of 89%. This means that there are currently 16 vacant units on the Residual Site that would be available to accommodate residents of the Site. Once the Forward Commitment has been awarded to the Project, we will begin relocation of tenants as their leases expire. As units on the Residual Site are vacated through normal attrition (40% of the Parks' units turn over annually) they will be made available as replacement housing for residents who will be displaced by the construction. We anticipate a pre-construction period of at least six months during which customary unit turnover can be used to relocate tenants from the Site. Based upon the 40% annual turnover rate, during a six-month pre-construction period, we would anticipate having approximately 72 additional units vacated on the Residual Site which can be used for relocation. With a total of 88 anticipated vacancies on the Residual Site, and taking into consideration the need to match tenants' unit size needs with replacement housing, we believe most of the relocated tenants can be accommodated on the Residual Site. Those residents of the Site who will qualify for senior housing will be given the opportunity to move back to the Project once the construction is complete and other senior households at the Parks will also be permitted to move to the new senior Project, should they wish to do so.

Leases that expire will be renewed utilizing units located on the Residual Site, and if the tenant pre-dated the URA notice of proposed redevelopment, their moving expenses will be paid by the Applicant. Under the terms of the standard tenant lease in use, after the initial term expires, the lease renews on a month-to-month basis, so tenants under these leases will be relocated to the Residual Site, if possible. Beginning in April 2010, tenants who elected to move into units on the Site were provided with a notice of the proposed redevelopment and agreed to accept their leases subject to the possibility of being required to move.

We hope that this discussion of the complications raised by the Existing LURA on a property that certainly needs redevelopment will be considered by staff and the TDHCA Board as dealing with issues that will be more and more frequently appearing in the Housing Tax Credit Program. Initial emphasis within the Program on rehabilitation of aging developments with lengthy LURA requirements means that there will be other tax credit developments struggling to meet the challenges of functional obsolescence and ever-increasing maintenance challenges. We suggest that the means presented of respecting the promises made in the past while simultaneously meeting the demands of the future provides a viable alternative for addressing this issue.

If you have any questions concerning the information provided, or if any additional information is required, please do not hesitate to call.

Very truly yours,



Tamea A. Dula

November 12, 2010

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Enclosure

cc: Tom Gouris
Robbye Meyer
Patricia Murphy
Brian L. Roop
Darren Smith
John P. Greenan
Barry Palmer
Mattye Jones
Scott Marks

**DECLARATION OF LAND USE RESTRICTIVE COVENANTS
FOR LOW-INCOME HOUSING CREDITS**

SECTION 3 - REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE PROJECT OWNER

(h) During the Term of this Declaration, the Project Owner covenants, agrees and warrants that each Low-Income Unit is and will remain suitable for occupancy to the extent required by Texas Law and under regulations prescribed by the Secretary, taking into account local health, safety, and building codes.

(i) The Project Owner covenants that it will not sell, transfer or exchange any portion of any building in the Project unless it sells, transfers or exchanges the entire building to the same person. Subject to the requirements of Section 42 of the Code and this Declaration, the Project Owner may sell, transfer or exchange the entire Project or any building in the Project at any time, provided that the Project Owner shall require, as a condition precedent to any such sale, transfer or exchange, that the successor owner and operator assume, in writing, in an Assumption Agreement acceptable to the Department, the Project Owner's obligations hereunder and under Section 42 of the Code, which Assumption Agreement shall be delivered to the Department in executed, recordable form prior to any such sale, transfer or exchange. This provision shall not act to waive any other restriction on sale, transfer or exchange of the Project or any building in the Project. The Project Owner agrees that the Department may void any sale, transfer or exchange of the Project if the successor owner and operator fails to execute and deliver an Assumption Agreement or if the Project Owner or the successor owner and operator otherwise acts in contravention of this Section 3(i).

(k) The Project Owner shall not demolish any part of the Project or substantially subtract from any real or personal property of the Project or permit the use of any Unit for any purpose other than rental housing during the Term of this Declaration, unless required by law.

SECTION 4 - INCOME RESTRICTIONS/RENTAL RESTRICTIONS

(b) The determination of whether a Tenant is a Low-Income Tenant shall be made by the Project Owner at least annually on the basis of the current income of such Low-Income Tenant. If, upon any such annual certification, the Tenant of a Low-Income Unit who was, at the last annual income certification, a Low-Income Tenant, is found no longer to be a Low-Income Tenant, such Unit will continue to be treated as a Low-Income Unit until the next available Unit of comparable or smaller size in the Project is rented to a person who is not a Low-Income Tenant. A Low-Income Unit that has been vacated will continue to be treated as a Low-Income Unit, provided that (i) reasonable attempts are made to rent the Unit and (ii) no other Units of comparable or smaller size in the Project are rented to persons who are not Low-Income Tenants. In no case will a Unit be treated as a Low-Income Unit if all the Tenants of the Unit are students (as determined under Section 151(c)(4) of the Code), no one of whom is entitled to file a joint income tax return; provided, however, that such rule shall not apply to the types of students identified at Section 42(i)(3)(D) of the Code.

(c) The Project will contain 404 Units, of which at least 404 will be Low-Income Units. The amount of Tax Credits allocated to the Project is based on the requirement that the Minimum Applicable Fraction for each building in the Project will be at least 100 percent or as specified, building-by-building, at Appendix A hereto. During the Term of this Declaration, Units at the Project shall be leased and rented or made available to members of the general public who qualify as Low-Income Tenants, such that each building in the Project shall at all times satisfy the Minimum Applicable Fraction for such building. The Project Owner's failure to ensure that each building in the Project complies with such requirement will cause the Department to report such fact to the Service and may result in the reduction and recapture by the Service of Tax Credits, as well as other enforcement action.

SECTION 5 - TERM OF DECLARATION

(a) This Declaration shall become effective with respect to a building in the Project on the first day of the Compliance Period for such building and shall terminate on the last day of the Extended Use Period, unless this Agreement is earlier terminated pursuant to Section 5(b) hereof (the "Term").

SECTION 6 - ENFORCEMENT

(a) The Project Owner covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of Section 42 of the Code and this Declaration. Moreover, the Project Owner covenants to take any lawful action (including amendment of this Declaration as may be necessary in the opinion of the Department) to comply fully with the Code and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury, the Service, or the United States Department of Housing and Urban Development, from time to time, pertaining to the Project Owner's obligations under Section 42 of the Code and affecting the Project.

(b) The Project Owner acknowledges that the primary purpose for requiring compliance by the Project Owner with the restrictions provided in this Declaration is to assure compliance of the Project and the Project Owner with Section 42 of the Code, AND BY REASON THEREOF, THE PROJECT OWNER, IN CONSIDERATION FOR RECEIVING THE TAX CREDITS FOR THIS PROJECT, HEREBY AGREES THAT THE DEPARTMENT AND ANY INDIVIDUAL WHO MEETS THE APPLICABLE INCOME LIMITATION UNDER SECTION 42 (WHETHER PROSPECTIVE, PRESENT OR FORMER TENANT) SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE PROJECT OWNER OF ITS OBLIGATIONS UNDER THIS DECLARATION IN A STATE COURT OF COMPETENT JURISDICTION. The Project Owner hereby further specifically acknowledges that the beneficiaries of the Project Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder.

(d) The Project Owner acknowledges that the Department is required, pursuant to Section 42(m)(1)(B)(iii) of the Code, (i) to monitor the Project Owner's and the Project's compliance with the requirements of Section 42 of the Code, and (ii) to notify the Service of any noncompliance which is found. The Project Owner agrees (I) to maintain records that substantiate and document such compliance, (II) to take all actions required by the Department pursuant to the Department Compliance Monitoring Procedures to assist or cooperate with the Department in monitoring such compliance, and (III) to pay the fee prescribed by the Department with respect to such monitoring.

SECTION 7 - FEES

(b) If the Department shall find the Project not to be in compliance with the terms hereof, the Project Owner shall pay to the Department an additional administrative fee in an amount prescribed from time to time by the Department, which amount for the first twelve month period of this Declaration, shall not exceed \$15 per Unit required to be held available under Section 4(c) hereof for additional monitoring and enforcement activities undertaken with respect to the Project. The administrative fee payable in the event of noncompliance shall be in addition to, and distinct from, the amount due pursuant to Section 7(a), as well as any reimbursements of costs and legal fees to which the Department may be entitled as a result of judicial enforcement action, and such fee shall be payable without respect to whether the Department undertakes or succeeds in judicial enforcement activities, and any right to be compensated therefor, for a period of up to three years following its most recent finding of noncompliance with respect to the Project.

APPENDIX A

ADDITIONAL USE RESTRICTIONS

~~XX~~ Right of First Refusal to Tenant or Qualified Nonprofit Organizations

If at any time after the fifteenth year of the Compliance Period, the Project Owner shall determine to sell the Project, the Project Owner shall, prior to any such sale, notify the Department of its intent so to sell the Project. If, within the 90-day period following receipt of such notice, the Department shall identify one or more qualified nonprofit organizations, within the meaning of Section 42(h)(5)(C) of the Code, or tenant organizations, any of which shall make a *bona fide* offer to purchase the Project for a purchase price equal to the sum of (i) the principal amount of outstanding indebtedness secured by the Project (other than indebtedness incurred within the 5-year period immediately preceding the date of said notice) and (ii) all Federal, State and local taxes incurred or payable by the Project Owner as a consequence of such sale, the Project Owner shall sell the Project pursuant to such offer. If the Project shall, in accordance with the Declaration, have a Minimum Applicable Fraction of less than 1, the *bona fide* offer from a tenant or qualified nonprofit organization to purchase the Project shall be no less than the sum of (I) the purchase price calculated in accordance with the preceding sentence multiplied by the Minimum Applicable Fraction and (II) the fair market value of the non-Low-Income Units. If the Department or the Project Owner shall receive *bona fide* offers to purchase the Project from more than one tenant or qualified nonprofit organization, the Project Owner shall sell the Project to the tenant or qualified nonprofit organization selected by the Department on such basis as it shall determine appropriate. The Department shall have the right to adopt procedures for (i) identifying tenant or qualified nonprofit organizations willing to purchase the Project, (ii) evaluating *bona fide* offers to purchase the Project, and (iii) determining the purchase price of the Project pursuant to the provisions of this paragraph. The tenant or nonprofit organization's exercise of the right of first refusal shall not terminate the Extended Use Period under the terms of this Declaration.

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TAMEA A. DULA
OF COUNSEL

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January 21, 2011

By E-Mail to patricia.murphy@tdhca.state.tx.us
and by FTP Server

Ms. Patricia Murphy
Texas Department of Housing and Community Affairs
221 East 11th
Austin, Texas 78711

Re: TDHCA #10044, Wynnewood Seniors Housing (the "Seniors Development").

Dear Patricia:

As you will recall, a 2011 Forward Commitment was approved for the Seniors Development by the TDHCA Board. The Seniors Development involves the redevelopment as seniors housing of 8.4528 acres out of an approximately 48-acre low-income housing tax credit development known as Parks at Wynnewood Apartments (the "Original Project"). One of the issues that must be resolved is the effect of the existing Right of First Refusal ("ROFR") contained in the LURA for the Original Project. I have been asked to address this issue and advise why the Seniors Development should be accepted as meeting the ROFR requirements.

The existing TDHCA LURA, which is recorded at Volume 95250, Page 1506, Real Property Records of Dallas County, Texas, contains the following ROFR provision:

If at any time after the fifteenth year of the Compliance Period, the Project Owner shall determine to sell the Project, the Project Owner shall, prior to any such sale, notify the Department of its intent to sell the Project. If, within the 90-day period following receipt of such notice, the Department shall identify one or more qualified nonprofit organizations, within the meaning of Section 42(h)(5)(C) of the Code, or tenant organizations, any of which shall make a *bona fide* offer to purchase the Project for a purchase price equal to the sum of (i) the principal amount of outstanding indebtedness secured by the Project (other than indebtedness incurred within the 5-year period immediately preceding the date of said notice) and (ii) all Federal, State and local taxes incurred or payable by the Project Owner as a consequence of such sale, the Project Owner shall sell the Project pursuant to such offer. If the Project shall, in accordance with the Declaration, have a Minimum Applicable Fraction of less than 1, the *bona fide* offer from the tenant or qualified nonprofit organization to purchase the Project shall be no less than the sum of (I) the purchase price calculated in accordance with the preceding sentence multiplied by the Minimum Applicable Fraction and (II) the fair

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Ms. Patricia Murphy

January 21, 2011

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market value of the non-Low Income Units. If the Department or the Project Owner shall receive *bona fide* offers to purchase the Project from more than one tenant or qualified nonprofit organization, the Project Owner shall sell the Project to the tenant or qualified nonprofit organization selected by the Department on such basis as it shall determine appropriate. The Department shall have the right to adopt procedures for (i) identifying tenant or qualified nonprofit organizations willing to purchase the Project; (ii) evaluating *bona fide* offers to purchase the Project, and (iii) determining the purchase price of the Project pursuant to the provisions of this paragraph. The tenant or nonprofit organization's exercise of the right of first refusal shall not terminate the Extended Use Period under the term of this Declaration.

We suggest that the proposed sale of 8.4528 acres out of the Original Project for the purpose of permitting its redevelopment can be regarded as meeting the requirements of the ROFR for the following reasons:

1. The site for the proposed Seniors Development will be purchased by a tax credit limited partnership whose sole general partner will be a wholly-owned subsidiary of Central Dallas Community Development Corporation ("CDCDC"). CDCDC is a 501(c)(3) organization that has been fully certified as a Community Housing Development Organization ("CHDO") by the City of Dallas (See enclosed letter from the City of Dallas dated October 14, 2010). The inclusion of CDCDC in the ownership structure means that the Seniors Development will be a Qualified Nonprofit Development under both the 2010 and 2011 Qualified Allocation Plans.
2. The ROFR provides the TDHCA the opportunity to get affordable housing into the hands of nonprofit organizations and tenant organizations who are more likely to maintain the housing as "affordable" beyond the legally-required Extended Use Period. Permitting the CDCDC affiliate to purchase the Seniors Development site will further this objective because, not only will the CDCDC affiliate continue the site as "affordable," it will also further restrict the site for an additional 40 years, per its tax credit application. This goes beyond accomplishing the goals of the ROFR.
3. The ROFR provides that the purchase price to be paid by the proposed purchaser must be sufficient to pay off the existing debt, other than debt created within the last 5 years, plus taxes. In the case of the Original Project, the existing debt is over \$11 million. The debt documents do not have any requirement that the lenders agree to partially release portions of the Original Project from the deeds of trust upon payment of a prorata share of the debt. Technically, all of the debt must be paid in order to purchase any portion of the Original Project, absent agreement by the lenders.
4. Because the debt relative to the Original Project is largely held by Bank of America, N.A. and its affiliates, and an affiliate of Bank of America, N.A. is also the proposed developer of the Seniors Development, the lenders are willing to release the site for the Seniors Development upon payment of a purchase price equal to the fair market value of the site. This purchase price is \$1,100,000.00, based upon an appraisal of the property (previously provided to the TDHCA), and the lenders are willing to release the site from their collateral if it is sold for that amount. The development cost schedule for the Seniors

Ms. Patricia Murphy

January 21, 2011

Page 3

Development contemplates this sale price. It is unlikely that the lenders would agree to this arrangement for any other purchaser, and they are not legally required to do so.

5. While it may not be relevant to this 1995 ROFR provision, I note that the TDHCA's current Qualified Contract Policy states that if there is an outstanding right of first refusal, the Sponsor (an undefined term) may agree to sell the project only in accordance with a right of first refusal for sale at the Minimum Purchase Price to a CHDO during the first six months after the notice of intent to sell the project is given. It is only if no CHDO purchaser comes forward that the right to purchase passes to a Qualified Nonprofit Organization or a Tenant Organization.
6. In view of the fact that the proposed Seniors Development will be owned by an affiliate of a Qualified Nonprofit Organization that is also a certified CHDO, we suggest that the proposed sale to accomplish the redevelopment of the Seniors Development constitutes an appropriate purchaser under the ROFR. The TDHCA has been aware of the proposed transaction for approximately one year, since the developer representatives and Barry Palmer and I met with staff members on February 2, 2010 concerning the proposed redevelopment. Additionally, filing the Purchase and Sale Agreement with the TDHCA provided actual notice of the proposed sale.
7. In light of all of the above, we are requesting that the TDHCA accept the proposed sale to a tax credit limited partnership controlled by a wholly-owned subsidiary of CDCDC as a qualified sale pursuant to the ROFR.

If you have any questions concerning the above, or if any additional information is required, please do not hesitate to call.

Very truly yours,



Tamea A. Dula

Enclosure

cc: Tom Gouris
Robbye Meyer
Raquel Morales
Brian L. Roop
Darren Smith
John P. Greenan
Barry Palmer
Mattye Jones
Scott Marks



October 14, 2010

Mr. John Greenan
Central Dallas Community Development Corporation
511 N. Akard, Suite 301
Dallas, Texas 75201

Dear Mr. Greenan:

It is my pleasure to inform you that your organization, **Central Dallas Community Development Corporation**, has been **fully** certified through **September 30, 2011** as a Community Housing Development Organization (CHDO) under the Federal Home Investment Partnership Program guidelines.

Your organization met all of the requirements for full certification as a CHDO that entitles you to first right of refusal on Land bank lots, the opportunity to apply for operating assistance funds and CHDO project funds.

Thank you for your efforts in furthering affordable housing in Dallas. We look forward to working with you.

Sincerely,



Bernadette Mitchell, Assistant Director
Housing/Community Services Department

OFFICE OF RECOVERY ACT ACCOUNTABILITY AND OVERSIGHT

BOARD REPORT ITEM

March 3, 2011

Report Item

Presentation and Discussion on a Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act). This item provides an update on the status of the activity relating to each of the Recovery Act programs as well as a summary of the quarterly Section 1512 jobs reporting submitted for October 1, 2010 through December 31, 2010.

Recovery Act Program Summary

Program	Activities	Program Status	Total Funding Expended to Date* Percent Expended	Served to Date**	1512 Reported Data Reported Program Expenditures^^ Jobs Created or Retained^	Timeline / Contract Period
Weatherization Assistance Program	Minor home repair to increase energy efficiency, maximum \$6,500 per household. Households at or below 200% of poverty.	<ul style="list-style-type: none"> Contracts executed for 100% of funds, subrecipients drawing funds. Deobligation /reobligation rule in effect. Beginning deobligation proceedings January 2011. 	\$326,975,732 \$151,010,856 46.18%	27,709 households	\$126,346,913 863.72 jobs	<ul style="list-style-type: none"> Obligation required by September 30, 2010. (Achieved) Recipients will be required to expend all funds within a two year contract period (August 31, 2011). Federal funding expiration date is March 31, 2012.
Homelessness Prevention and Rapid Re-Housing Program	Rental asst, housing search, credit repair, deposits, moving cost assistance, & case management. Persons at or below 50% AMI.	<ul style="list-style-type: none"> All contracts executed and subrecipients currently drawing funds. October 2010 letter from HUD indicating State on target for expending all funds. 	\$41,472,772 \$25,727,634 62.04%	32,182 persons	\$24,033,823 154.36 jobs	<ul style="list-style-type: none"> HUD requires 60% of funds expended in 2 years (Achieved Early); 100% in 3 years. Recipients will be required to expend all funds within a two year contract period (by August 21, 2011).
Community Services Block Grant Program	Assists existing network of Community Action Agencies with services including child care, job training, and poverty-related programs. Persons at or below 200% of poverty.	<ul style="list-style-type: none"> COMPLETE CSBG ARRA funds expired Sept 30, 2010 	\$48,148,071 \$48,119,270 99.94%	99,325 persons	\$48,119,270	<ul style="list-style-type: none"> Program complete.

Program	Activities	Program Status	Total Funding Expended to Date* Percent Expended	Served to Date**	1512 Reported Data Reported Program Expenditures^^ Jobs Created or Retained^	Timeline / Contract Period
Tax Credit Assistance Program	Provides assistance for 2007, 2008 or 2009 Housing Tax Credit awarded developments. Households at or below 60% AMI.	<ul style="list-style-type: none"> Written Agreements executed for sixty-four (64) awards as of January 7, 2011. Sixty-three (63) loans have closed; Amount Awarded: \$148,354,769 (100%) Amount Closed: \$147,875,984 (94%) 	\$148,354,769 \$127,701,169 82.03%	8,346 households	132,368,628 168 jobs	<ul style="list-style-type: none"> Commitment of 75% of funds required by February 17, 2010. (Achieved) State must expend 75% of funds by Feb 17, 2011. (Achieved) Owners must expend 100% of funds by February 17, 2012.
Housing Tax Credit Exchange Program^^^	Provides assistance to 2007, 2008 or 2009 Housing Tax Credit awarded developments. Households at or below 60% AMI.	<ul style="list-style-type: none"> Written agreements have been executed for 89 out of 89 awards as of December 6, 2010. Amount Awarded: \$594,091,929 (100%) Amount Closed: \$594,091,929 (100%) 	\$594,091,929 \$337,494,882 56.81%	8,015 households	9,351 jobs	<ul style="list-style-type: none"> State must award all funds by December 31, 2010. (Achieved) Owners must incur 30% of costs by December 31, 2010. (Achieved) Unused funds to be returned by December 2011.
Total			\$1,159,043,273 \$684,053,811 59.02%	131,507 persons 43,912 households	\$534,145,103 1512: 1,186.08 jobs this quarter Exchange: 9,351 jobs cumulatively	

*This table includes updated expenditure data as of 2/18/10.

**Total served data through 12/31/10 for HPRP and CSBG; 2/14/11 for WAP, 2/2/2011 for TCAP; and 12/10/2010 for HTC Ex. For TCAP and HTC Ex, households represent closed transactions.

^Jobs created or retained between 10/1/10 and 12/31/10. Note that Section 1512 reporting is not required for HTC Exchange and the figure includes total estimated jobs to be created or retained as reported to the U.S. Department of Treasury for 12/31/10.

^^ Program expenditures reported for each program includes subrecipient and TDHCA administrative expenses. Information is updated quarterly. Data was submitted to Recovery.gov for quarter ending 12/31/2010.

^^^ The Housing Tax Credit Exchange Program is not subject to 1512 reporting requirements.

**FINANCIAL ADMINISTRATION DIVISION
BOARD REPORT ITEM
March 3, 2011**

No Action Required

Presentation of Reports issued in connection with Fiscal Year 2010 Audit

Background

- 1) The Department's governing statute, Texas Govt. Code §2306.074, requires an annual audit of the Department's books and accounts.
- 2) Texas Govt. Code §2306.204 requires an annual audit of the Housing Trust Fund to determine the amount of unencumbered fund balances that is greater than the amount required for the reserve fund.
- 3) The Department's bond indentures require audited financial statements of the Housing Finance Division and the Supplemental Bond Schedules.

Results of the audits conducted by Deloitte & Touch LLP
(Previously accepted at the January 20, 2011 Board Meeting):

FY 2010 Basic Financial Statements

Unqualified Opinion

FY 2010 Revenue Bond Program Audit

Unqualified Opinion

FY 2010 Unencumbered Fund Balances Calculation

Audit results yielded no required transfer to the Housing Trust Fund

FY 2010 Governance Letter

December 20, 2010

To the Audit Committee of the Governing Board of
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

Dear Members of the Audit Committee of the Governing Board:

We have performed an audit of the financial statements of the Texas Department of Housing and Community Affairs (the "Department") as of and for the year ended August 31, 2010, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated December 20, 2010.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Department is responsible.

Our Responsibility Under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards has been described in our engagement letter dated March 12, 2010. As described in that letter, the objective of a financial statement audit conducted in accordance with generally accepted auditing standards is to express an opinion on the fairness of the presentation of the Department's financial statements for the year ended August 31, 2010, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects. Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Audit Committee of the Governing Board are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Audit Committee of the Governing Board of their responsibilities.

We considered the Department's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting

estimates reflected in the Department's 2010 financial statements include allowance for doubtful accounts, accumulated depreciation, and fair market value of investments.

During the year ended August 31, 2010, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

Uncorrected Misstatements

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There are no transactions that have not been properly recorded in the accounting records underlying the financial statements except for the \$2.9 million net understatement of governmental fund loan expenditure and government-wide loan expense. These net uncorrected misstatements were aggregated by us during the current engagement and pertain to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Material Corrected Misstatements

The following material misstatements were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period:

The fiscal year 2010 net activity of certain long term loan programs was improperly reported in deferred revenue as part of the year-end financial close and reporting process. This was not consistent with the Department's selected accounting policy related to long term loan programs. The Department recorded adjustments to correct the error. As a result of the recording of the adjustments, the following accounts were impacted in the governmental fund and the governmental activities financial statements: increase of \$37 million in loans and contracts receivable, decrease of \$69 million in deferred revenues, and an increase in revenues and change in fund balance/net assets of \$106 million.

Significant Accounting Policies

The Department's significant accounting policies are set forth in Note 1 to the Department's 2010 financial statements. During the year ended August 31, 2010, there were no significant changes in previously adopted accounting policies or their application except for the implementation of Government Accounting Standards Board ("GASB") Statement No. 53, *Accounting and Financial Reporting for Derivative Instrument* ("GASB 53"). GASB 53 requires that derivatives be measured and reported at fair value in the financial statements of the Department.

Disagreements With Management

We have not had any disagreements with management related to matters that are material to the Department's 2010 financial statements.

Consultation With Other Accountants

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2010.

Significant Issues Discussed, or Subject of Correspondence, With Management Prior to Our Retention

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

Other Significant Issues Discussed, or Subject of Correspondence, With Management

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant issues requiring communication to the Audit Committee of the Governing Board.

Significant Difficulties Encountered In Performing the Audit

In our judgment, we received the full cooperation of the Department’s management and staff and had unrestricted access to the Department’s senior management in the performance of our audit.

Management’s Representations

We have made specific inquiries of the Department’s management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the Department is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix A, those representations we will request from management.

Control-Related Matters

We have identified, and included in Appendix B, a certain matter involving the Department’s internal control over financial reporting that we consider to be a material weakness under standards established by the American Institute of Certified Public Accountants.

The definitions of a deficiency and a material weakness are also set forth in Appendix B.

Although we have included the views of responsible Department officials and the planned corrective action plan to our comment in Appendix B, such response has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

* * * * *

This report is intended solely for the information and use of management, the Audit Committee of the Governing Board, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

cc: The Management of the Texas Department of Housing and Community Affairs

**APPENDIX A
MANAGEMENT REPRESENTATION LETTERS**

December 20, 2010

Deloitte & Touche LLP
400 West 15th Street, Suite 1700
Austin, Texas 78701

We are providing this letter in connection with your audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Texas Department of Housing and Community Affairs (the "Department"), as of and for the year ended August 31, 2010, which collectively comprise the Department's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, and cash flows of the Department in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the following:

- a. The fair presentation in the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, in conformity with accounting principles generally accepted in the United States of America
- b. The fair presentation of the required supplementary information, including Management's Discussion and Analysis, and the other supplementary information accompanying the basic financial statements that are presented for the purpose of additional analysis of the basic financial statements
- c. The design and implementation of programs and controls to prevent and detect fraud, including fraud related to federal awards
- d. Establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. In addition:
 - a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
 - b. The financial statements properly classify all funds and activities, including special and extraordinary items.

- c. All funds that meet the quantitative criteria in Statement No. 34 and Statement No. 37 of the Governmental Accounting Standards Board (GASB), *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
 - d. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
 - e. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
 - f. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
 - g. Interfund, internal, and intra-Department activity and balances have been appropriately classified and reported.
 - h. Deposits and investment securities are properly classified in the category of custodial credit risk.
 - i. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
 - j. Required supplementary information is measured and presented within prescribed guidelines.
 - k. Applicable laws and regulations are followed in adopting, approving and amending budgets.
 - l. Costs to federal and state awards have been charged in accordance with applicable cost principles.
2. The Department has made available to you all:
- a. Summaries of actions of the Governing Board.
 - b. Financial records and related data for all financial transactions of the Department and for all funds administered by the Department. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Department and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
 - c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal and state agencies.
3. There has been no:
- a. Action taken by Department management that contravenes the provisions of federal laws and Texas laws and regulations, or of contracts and grants applicable to the Department
 - b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial

statements.

4. The Department has made available to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.
5. We have no knowledge of any fraud or suspected fraud affecting the Department involving:
 - a. Management.
 - b. Employees who have significant roles in internal control over financial reporting.
 - c. Others if the fraud could have a material effect on the financial statements.
6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Department received in communications from employees, former employees, analysts, regulators, short sellers, or others.
7. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450, *Contingencies* (formerly FASB Statement No. 5, *Accounting for Contingencies*).
8. The Schedule of Expenditures of Federal Awards was prepared for inclusion in the state-wide Schedule of Expenditures of Federal Awards in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have identified in that schedule all awards provided by federal and state agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations.
9. We are responsible for compliance with local, state, and federal laws, rules and regulations, including compliance with the requirements of OMB Circular A-133, and provisions of grants and contracts relating to the Department's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The Department is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.
10. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on its federal programs.
11. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.
12. We have:
 - a. Identified the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each federal program as

identified in Part 3 of the Compliance Supplement dated March 2010.

- b. Complied, in all material respects, with the requirements identified above in connection with federal awards
 - c. Identified and disclosed interpretations of any compliance requirements that have varying interpretations
 - d. Made available all information related to federal financial reports and claims for advances and reimbursements. Federal financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal awards. The copies of federal program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through Department, as applicable
 - e. Monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Circular A-133
 - f. Taken appropriate corrective action on a timely basis after receipt of a subrecipient's auditor's report that identifies noncompliance with laws, regulations, or the provisions of contracts or grant agreements
 - g. Considered the results of the subrecipient's audits and made any necessary adjustments to the auditee's own books and records
 - h. Identified and disclosed all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews related to the objectives of the audit
 - i. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations, including the status of follow-up on prior audit findings (and information about all management decisions) by federal awarding agencies and pass-through Entities
 - j. Provided to you our views on the reported findings, conclusions, and recommendations for your report.
13. We are responsible for follow-up on all prior-year(s) findings. We have prepared a summary schedule of prior-year findings reporting the status of our efforts in implementation of the prior-year's corrective action plan.
14. We have included in the corrective action plan for current-year findings, the name of the person in our organization responsible for implementation of the actions, the best actions to be taken, and the estimate of a completion date. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you report.
15. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

16. No organizations were identified that meet the criteria established in GASB Statement No. 39.
17. We are responsible for the fair presentation of the supplementary bond schedules accompanying the basic financial statements that are presented for the purpose of additional analysis of the basic financial statements.
18. Tax-exempt bonds issued have retained their tax-exempt status.
19. We agree with the findings of the specialist in evaluating arbitrage rebate liability and have adequately considered the qualifications of the specialist in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to the specialist with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matter that have affected the independence or objectivity of the specialist.
20. We agree with the findings of the specialist in evaluating the effectiveness of the hedging derivative instruments and have adequately considered the qualifications of the specialist in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to the specialist with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matter that have affected the independence or objectivity of the specialist.
21. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.

Except where otherwise stated below, matters less than \$100,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

22. There are no transactions that have not been properly recorded in the accounting records underlying the financial statements except for the \$2.9 million net understatement related to cutoff of governmental fund loan expenditures.
23. The Department has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
24. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:
 - a. Related-party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral)
 - b. Guarantees, whether written or oral, under which the Department is contingently liable.
25. In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

- a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events
 - b. The effect of the change would be material to the financial statements.
26. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:
- a. The concentration exists at the date of the financial statements
 - b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact
 - c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
27. There are no:
- a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies* (formerly FASB Statement No. 5, *Accounting for Contingencies*).
28. The Department has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
29. The Department has complied with all aspects of contractual agreements that may have an effect on the financial statements in the event of noncompliance.
30. No department or agency of the Department has reported a material instance of noncompliance to us.
31. The Department has identified all intangible assets as defined by GASB Statement No. 51, *Accounting for Intangible Assets*, and has appropriately recorded and disclosed such intangibles in accordance with GASB Statement No. 51.
32. The Department has identified all derivative instruments as defined by GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and has appropriately recorded and disclosed such derivatives in accordance with GASB Statement No. 53.
33. We have identified the significant assumptions and factors influencing the measurement of fair value as follows:
- a) Fair value measurements are based on market conditions as of August 31, 2010.
 - b) Fair values have been obtained directly from the counterparties to the transactions (except for UBS) and separately verified and calculated by an independent third party utilizing market data provided by Bloomberg LP.
 - c) Valuations are based on mid-market levels and may not reflect the amount that a counterparty would have required in the event of an early termination of the swap transaction on that date.

- d) The two swap agreements with JPMorgan do not have pre-defined notional amortization schedules. The valuation of those swap agreements is based on an assumed notional amortization derived using prepayment speeds of mortgage pools with similar characteristics..
34. No events have occurred after August 31, 2010 but before December 20, 2010, the date the financial statements were issued that require consideration as adjustments to or disclosures in the financial statements.
 35. Management has disclosed whether, subsequent to August 31, 2010, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses, have occurred.
 36. We have disclosed to you any change in the Department's internal control over financial reporting that occurred during the Department's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Department's internal control over reporting.
 37. Management has disclosed all contracts or other agreements with the Department's service organizations.
 38. Management has disclosed all communications from the Department's third-party service organizations relating to noncompliance with the Department's operations at that service organization.
 39. With regard to the fair value measurements and disclosures of certain assets, liabilities, and specific components of equity, such as investments and derivative hedging instruments, we believe that:
 - a. The measurement methods, including the related assumptions, used in determining fair value were appropriate and were consistently applied
 - b. The completeness and adequacy of the disclosures related to fair values are in conformity with accounting principles generally accepted in the United States of America
 - c. No events have occurred subsequent to August 31, 2010 but before December 20, 2010, the date the financial statements were issued that require adjustment to the fair value measurements and disclosures included in the financial statements.
 40. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.
 41. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
 42. We believe that all expenditures that have been deferred to future periods are recoverable.
 43. Financial instruments with significant individual or group concentration of credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements.
 44. The Department has determined that no capital assets have been impaired in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. In making this determination, the Department considered the following factors:

- a. The magnitude of the declining in service utility is significant
 - b. The decline in service utility is unexpected.
45. All impaired loans receivables have been properly recorded and disclosed in the financial statements.
46. We believe that we are in compliance with the covenants of Department's indentures.
47. Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of the Department and do not include any items consigned to it or any items billed to customers.

Michael Gerber, Executive Director

Bill Dally, Deputy Director for Administration

David Cervantes, Director of Financial Administration

Ernie Palacios, Manager of Budget, Payroll & Travel

Joe Guevara, Assistant Manager of Financial Services

Esther Ku, Manager of Accounting Operations

December 20, 2010

Deloitte & Touche LLP
400 West 15th Street, Suite 1700
Austin, Texas 78701

We are providing this letter in connection with your audit of the financial statements of the Revenue Bond Program Enterprise Fund (the "Bond Program") of the Texas Department of Housing and Community Affairs (the "Department"), as of and for the year ended August 31, 2010, which comprise the Department's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, and cash flows of the Bond Program in conformity with accounting principles generally accepted in the United States of America and whether Schedules 3-8 are presented in accordance with the guidelines issued by the Texas Comptroller of Public Accounts. We confirm that we are responsible for the following:

- a. The fair presentation in the basic financial statements in conformity with accounting principles generally accepted in the United States of America
- b. The fair presentation of supplementary schedules 3-7 in conformity with guidelines issued by the Texas Comptroller of Public Accounts
- c. The fair presentation of the required supplementary information, including Management's Discussion and Analysis, and supplementary bond schedules accompanying the basic financial statements that are presented for the purpose of additional analysis of the basic financial statements
- d. The design and implementation of programs and controls to prevent and detect fraud
- e. Establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. In addition:
 - a. The financial statements properly classify all funds and activities, including special and extraordinary items.
 - b. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) are properly classified and, if applicable, approved.

- c. Interfund, internal, and intra-Department activity and balances have been appropriately classified and reported.
 - d. Deposits and investment securities are properly classified in the category of custodial credit risk.
 - e. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
 - f. Required supplementary information is measured and presented within prescribed guidelines.
 - g. Applicable laws and regulations are followed in adopting, approving and amending budgets.
 - h. Costs to federal awards have been charged in accordance with applicable cost principles.
2. The Department has made available to you all:
- a. Summaries of actions of the Governing Board.
 - b. Financial records and related data for all financial transactions of the Department and for all funds administered by the Department. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Department and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
 - c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal and state agencies.
3. There has been no:
- a. Action taken by Department management that contravenes the provisions of federal laws and Texas laws and regulations, or of contracts and grants applicable to the Department
 - b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.
4. The Department has made available to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.
5. We have no knowledge of any fraud or suspected fraud affecting the Department involving:
- a. Management.
 - b. Employees who have significant roles in internal control over financial reporting.
 - c. Others if the fraud could have a material effect on the financial statements.
6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Department received in communications from employees, former employees, analysts, regulators, short sellers, or others.

7. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450, Contingencies (formerly FASB Statement No. 5, Accounting for Contingencies).
8. We are responsible for compliance with local, state, and federal laws, rules and regulations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The Department is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.
9. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.
10. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.
11. No organizations were identified that meet the criteria established in GASB Statement No. 39.
12. Tax-exempt bonds issued have retained their tax-exempt status.
13. We agree with the findings of the specialist in evaluating arbitrage rebate liability and have adequately considered the qualifications of the specialist in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to the specialist with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matter that have affected the independence or objectivity of the specialist.
14. We agree with the findings of the specialist in evaluating the effectiveness of the hedging derivative instruments and have adequately considered the qualifications of the specialist in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to the specialist with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matter that have affected the independence or objectivity of the specialist.
15. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.

Except where otherwise stated below, matters less than \$100,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

16. There are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
17. The Department has no plans or intentions that may affect the carrying value or classification of

assets and liabilities.

18. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:
 - a. Related-party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral)
 - b. Guarantees, whether written or oral, under which the Department is contingently liable.
19. In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
 - a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events
 - b. The effect of the change would be material to the financial statements.
20. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:
 - a. The concentration exists at the date of the financial statements
 - b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact
 - c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
21. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies* (formerly FASB Statement No. 5, *Accounting for Contingencies*).
22. The Department has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
23. The Department has complied with all aspects of contractual agreements that may have an effect on the financial statements in the event of noncompliance.
24. No department or agency of the Department has reported a material instance of noncompliance to us.
25. The Department has identified all derivative instruments as defined by GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and appropriately recorded and disclosed such derivatives in accordance with GASB Statement No. 53.

26. The Department has identified all intangible assets as defined by GASB Statement No. 51, Intangibles Assets, and appropriately recorded and disclosed such intangibles in accordance with GASB Statement No. 51.
27. We have identified the significant assumptions and factors influencing the measurement of fair value as follows:
 - a) Fair value measurements are based on market conditions as of 8/31/2010.
 - b) Fair values have been obtained directly from the counterparties to the transactions (except for UBS) and separately verified and calculated by an independent third party utilizing market data provided by Bloomberg LP.
 - c) Valuations are based on mid-market levels and may not reflect the amount that a counterparty would have required in the event of an early termination of the swap transaction on that date.
 - d) The two swap agreements with JPMorgan do not have pre-defined notional amortization schedules. The valuation of those swap agreements is based on an assumed notional amortization derived using prepayment speeds of mortgage pools with similar characteristics.
28. The significant assumptions used in measuring fair value, taken individually and as a whole, provide a reasonable basis for the fair value measurements and disclosures in the financial statements. The assumptions are reflective of management's intent and ability to carry out specific courses of action and the significant assumptions used are consistent with the Department's plans and past experience.
29. No events have occurred after August 31, 2010 but before December 20, 2010, the date the financial statements were issued that require consideration as adjustments to or disclosures in the financial statements.
30. Management has disclosed whether, subsequent to August 31, 2010, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses, have occurred.
31. We have disclosed to you any change in the Department's internal control over financial reporting that occurred during the Department's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Department's internal control over reporting.
32. Management has disclosed all contracts or other agreements with the Department's service organizations.
33. Management has disclosed all communications from the Department's third-party service organizations relating to noncompliance with the Department's operations at that service organization.
34. With regard to the fair value measurements and disclosures of certain assets, liabilities, and specific components of equity, such as investments and derivative hedging instruments, we believe that:
 - a. The measurement methods, including the related assumptions, used in determining fair value were appropriate and were consistently applied
 - b. The completeness and adequacy of the disclosures related to fair values are in conformity with

accounting principles generally accepted in the United States of America

- c. No events have occurred subsequent to August 31, 2010 but before December 20, 2010, the date the financial statements were issued that require adjustment to the fair value measurements and disclosures included in the financial statements.
35. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.
36. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
37. We believe that all expenditures that have been deferred to future periods are recoverable.
38. Financial instruments with significant individual or group concentration of credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements.
39. The Department has determined that no capital asset have been impaired in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. In making this determination, the Department considered the following factors:
 - a. The magnitude of the declining in service utility is significant
 - b. The decline in service utility is unexpected.
40. All impaired loans receivables have been properly recorded and disclosed in the financial statements.
41. We believe that we are in compliance with the covenants of Bond Program's indentures.
42. As described in footnote 5, for loans collateralizing four series of bonds, the Department has entered into Mortgage Pool Self-Insurance Fund Agreements ("Agreements") with the trustee. The funding requirements of these Agreements have been met as of August 31, 2010.

Michael Gerber, Executive Director

Bill Dally, Deputy Director for Administration

David Cervantes, Director of Financial Administration

Ernie Palacios, Manager of Budget, Payroll & Travel

Joe Guevara, Assistant Manager of Financial Services

Tim Nelson, Director of Bond Finance

December 20, 2010

Deloitte & Touche LLP
400 West 15th Street, Suite 1700
Austin, Texas 78701

We are providing this letter in connection with your audit of the Computation of Unencumbered Fund Balances (the "Computation") of the Texas Department of Housing and Community Affairs ("TDHCA"), as of August 31, 2010, for the purpose of expressing an opinion as to whether the amount of unencumbered fund balances is greater than the amount required for the reserve fund, in accordance with Texas Senate Bill 322, Chapter 2306, Texas Government Code, Sections 2306.204 and 2306.205 ("the Bill").

1. We are responsible for the accuracy and fair presentation in accordance with requirements included in the Bill of the Computation provided to you. We are not aware of any additional requirements which should be considered in preparing the computation of unencumbered fund balances included in the Computation.
2. We have made available to you all the financial records, minutes of the meetings of the Governing Board of TDHCA and related data with respect to the computation.
3. We believe the amounts included in the computation are in compliance with the Bill.
4. There have been no violations of laws, regulations or bond covenants, the effect of which should be considered for full disclosure in the Computation or in your report thereon.
5. We have complied with all aspects of contractual agreements that would have a material effect on the Computation.
6. All significant events requiring disclosure, which have occurred after August 31, 2010, have been fully disclosed in the accompanying notes to the Computation.
7. The distribution of your report will be limited to use by the management and the Governing Board of TDHCA, who have agreed to the basis and criteria described in the notes to the Computation and will not be used or distributed for any other purpose without your approval.

Michael Gerber, Executive Director

Bill Dally, Deputy Director of Administration

David Cervantes, Director of Financial Administration

Joe Guevara, Assistant Manager of Financial Services

Tim Nelson, Director of Bond Finance

SECTION I — MATERIAL WEAKNESS

We consider the following deficiency in the Department's internal control over financial reporting to be a material weakness as of August 31, 2010:

FINDING 2010-01 ACCOUNTING FOR LONG TERM LOAN PROGRAMS

CRITERIA OR SPECIFIC REQUIREMENT

The Department should consistently apply the significant accounting policies it has selected and disclosed to readers of its financial statements.

CONDITION AND CONTEXT

In the prior fiscal year, the Department changed its accounting for federal long term loans and related revenue recognition to a more preferable accounting treatment. This change resulted in certain reclassifications in the 2009 financial statements of deferred revenue balances and beginning fund balance/net assets that were shown as a cumulative effect of a change in accounting principle in the Statement of Activities, the Statement of Revenues, Expenditures and Changes in Fund Balance, and the Statement of Revenues, Expenses and Changes in Net Assets. The deferred revenue balances were related to HOME / CDBG revolving loans and Housing Trust Fund mortgage loans. With this change in accounting, the net activity of these loan programs should be reported as a component of the change in net assets and not deferred to a subsequent period.

The fiscal year 2010 net activity of HOME / CDBG and TCAP (a new program in fiscal year 2010) revolving loans were improperly reported in deferred revenue as part of the year-end financial close and reporting process. As noted above, this is not consistent with the Department's selected accounting policy.

CAUSE

Accounting Operations did not properly account for the activity of revolving loan programs at year end based on its adopted accounting policies. The error was not identified timely during the Financial Administration review of the fiscal year end financial closing and reporting entries.

EFFECT

The Department corrected the error prior to the issuance of the financial statements, and the resulting adjustment had a material impact on the fiscal year 2010 financial statements.

RECOMMENDATION

The Department should implement appropriate review processes for timely review of year end financial closing entries to ensure consistent application of significant accounting policies. The Department should further incorporate reconciliations between Loan Servicing and Accounting Operations to ensure

accuracy of the reported balances of the related loan programs. The Department should coordinate with other program specific Program Services departments (e.g. HOME / CDBG) that might also provide specific loan program activity data that would aid in the recording of proper period end closing entries and financial statement reporting.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

In State Fiscal Year (SFY) 2009, the Department at the recommendation of the State Comptroller adopted a different policy for the recording of federal long term revolving loans and related revenue recognition. The policy is intended to record revenue upon receipt from the federal government and to record the associated loans as assets of the Department. However, in a Governmental Fund disbursements are originally recorded as expenditures. This step then requires that expenditures be identified as either "grants" or "loans" and that the loan portion then be reclassified to Loans Receivable. In 2010, the Financial Administration (FA) Division established year-end procedures to accomplish this objective. During the course of following those procedures steps were performed to ensure identification (loans vs. grants) and reclassification. However, during the final phases of the procedure the Department inadvertently reverted to 2008 policy by classifying Loans on the Balance Sheet but recording current year loan activity as Deferred Revenue instead of Fund Balance/Net Assets. It was during auditor field work and prior to the issuance of unaudited financial statements that the auditor observed an inconsistency in policy. While both methods are acceptable in accordance with Generally Accepted Accounting Principles (GAAP), Management agreed with the observation and posted the adjustment. Financial Administration continued with its year procedures and published its unaudited financial statements on November 20, 2010.

In order to prevent a reoccurrence of this matter the FA Division will enhance its policies and procedures. Future procedures will include a separate accounting, code structure tailored to identify disbursements as either "loans" or "grants" during the normal course of business. This enhancement will allow the Department to clearly identify current year loans throughout the year. Procedures will also be enhanced to ensure that periodic reconciliations are performed between servicing and accounting records. This reconciliation will ensure accuracy and identify outstanding items. FA will also reach out to Program Services areas (HOME, CDBG, TCAP) to ensure that draws can be clearly earmarked as loans or grants. This process will provide management with a tool to identify loan activity in the pipeline so as to ensure timely recording of loan documentation and prompt servicing to customers. The procedures will also include an accounting of non-cash items such as deferred forgivable, principal reductions that could affect the balance and accuracy of loans on the books. A final year-end check will be established to review Deferred Revenues and Fund Balance/Net Assets accounts to ensure that potential inconsistencies are timely detected and addressed. FA has already begun its evaluation and adoption of these measures. A full implementation will occur in SFY 2011.

SECTION II — DEFINITIONS

The definitions of a deficiency and a material weakness that are established in AU 325, *Communicating Internal Control Related Matters Identified in an Audit*, are as follows:

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when (a) a properly designed control does not operate as designed, or

(b) the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

* * * * *

BOND FINANCE DIVISION

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Presentation, Discussion and Possible Action on Resolution 11-023 authorizing the Department's Interest Rate Swap Policy.

Background

The Department adopted an Interest Rate Swap Policy on September 9, 2004 to establish guidelines for the use and management of all interest rate management agreements, including, but not limited to, interest rate swaps, caps, collars and floors incurred in connection with issuance of debt obligations. The Interest Rate Swap Policy sets forth the manner of execution of Swaps, provides for security and payment provisions, risk considerations and certain other relevant provisions.

The Department's Interest Rate Swap Policy ("the Document") requires the Chief of Agency Administration and Director of Bond Finance to review annually the Interest Rate Swap Policy. Our swap policy has performed well under the current tough economic conditions as staff, per our policy, has received mark-to-market updates periodically from our financial advisor, Raymond James and Associates. Raymond James also assisted Department staff with the implementation of GASB 53. Over the last several years, staff has sought advice from our former swap advisor, Swap Financial Group, and our current financial advisor, Raymond James, for an understanding of current operational parameters and to determine if the Document needed any changes due to current market conditions. Since the Swap Policy went through more substantial changes in 2009, and minor changes in 2010, there were only minimal changes recommended this year. A blackline version of the Interest Rate Swap Policy is attached for reference.

Staff brings to the Board the Department's Interest Rate Swap Policy for your approval.

RESOLUTION NO. 11-023

RESOLUTION OF THE GOVERNING BOARD APPROVING THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS INTEREST RATE SWAP POLICY

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official 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 (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, the Governing Board of the Department (the "Board") desires to approve the Department's Interest Rate Swap Policy in the form presented to the Board;

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

Section -- 1 Approval of the Department's Interest Rate Swap Policy. The Interest Rate Swap Policy in the form presented to the Board is hereby authorized and approved.

Section -- 2 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 made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

Section -- 3 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 3rd day of March, 2011.

Chairman, Governing Board

ATTEST:

Secretary to the Board

(SEAL)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS INTEREST RATE SWAP POLICY

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 (the “Act”), as amended from time to time, for the purpose of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe and sanitary housing for individuals and families of low and very low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the “Governing Board”) from time to time) at prices they can afford.

The Act authorizes the Department: (a) to acquire, and to enter into advance commitments to acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State of Texas (the “State”); (b) to issue its bonds, for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, 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 mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds.

I. Introduction

The purpose of this Interest Rate Swap Policy (“Policy”) of the Texas Department of Housing and Community Affairs (the “Department”) is to establish guidelines for the use and management of all interest rate management agreements, including, but not limited to, interest rate swaps, swaptions, caps, collars and floors (collectively “Swaps” or “Agreements”) incurred in connection with the issuance of debt obligations. This Policy sets forth the manner of execution of Swaps, provides for security and payment provisions, risk considerations and certain other relevant provisions.

II. Authority

The Department is authorized by Sections 1371.056 and 2306.351 of the Texas Government Code to enter into Swaps from time to time to better manage assets and liabilities and take advantage of market conditions to lower overall costs and reduce interest rate risk.

This Policy shall govern the Department’s use and management of all Swaps. While adherence to this Policy is required in applicable circumstances, the Department recognizes that changes in the capital markets, agency programs, and other unforeseen circumstances may from time to time produce situations that are not covered by this Policy and will require modifications or exceptions approved or authorized by the Governing Board to achieve policy goals.

The ~~Deputy Executive Director of Administration~~ Chief of Agency Administration and the Director of Bond Finance are the designated administrators of the Department’s Policy. The Bond Finance Division shall have the day-to-day responsibility for structuring, implementing, and managing Swaps.

The Department shall be authorized to enter into Swaps only with qualified Swap counterparties as defined herein. The Director of Bond Finance, in consultation with the ~~Deputy Executive Director~~

~~of Administration~~Chief of Agency Administration, or a Department designee, shall have the authority to recommend counterparties, so long as the criteria set forth in this Policy are met.

The ~~Deputy Executive Director of Administration~~Chief of Agency Administration and the Director of Bond Finance shall review this Policy on an annual basis and recommend any necessary changes to the Governing Board.

III. Purpose

The incurring of obligations by the Department involves a variety of interest rate payments and other risks for which a variety of financial instruments are available to offset, hedge, or reduce. It is the policy of the Department to utilize Swaps to better manage its assets and liabilities. The Department may execute Swaps if the transaction can be expected to result in one of, but not limited to, the following:

- Reduce exposure to changes in interest rates on a particular financial transaction or in the context of the management of interest rate risk derived from the Department's overall asset/liability balance.
- Result in a lower net cost of borrowing with respect to the Department's debt, a higher return on assets, and/or a stronger balance sheet.
- Manage variable interest rate exposure consistent with prudent debt practices.
- Achieve more flexibility in meeting overall financial and programmatic objectives that cannot be achieved in conventional markets.
- Lock in fixed rates in current markets for use at a later date.
- Manage the Department's exposure to the risk of changes in the legal or regulatory treatment of tax-exempt bonds.
- Manage the Department's credit exposure to financial institutions.

The Department will not use Agreements that:

- Are purely speculative or incorporate extraordinary leverage;
- Lack adequate liquidity to terminate without incurring a significant bid/ask spread;
- Are characterized by insufficient pricing transparency and therefore make reasonable valuation difficult.

IV. Evaluation of Risks Associated with Swaps

Before entering into a Swap, the Department shall evaluate the risks inherent in the transaction. The risks to be evaluated will include basis risk, tax risk, counterparty risk, credit risk, termination risk, rollover risk, liquidity risk, remarketing risk, amortization mismatch risk, mortgage yield risk, non-origination risk, and PAC band risk. The following table outlines these various risks and the Department's evaluation methodology for those risks.

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Risk	Description	Evaluation Methodology
Basis Risk	The mismatch between actual variable rate debt service and variable rate indices used to determine Swap payments.	The Department will review historical trading differentials between the variable rate bonds and the index.
Tax Risk	The risk created by potential tax events that could affect Swap payments or their relationship to future bond payments.	The Department will review the tax events in proposed Swap agreements. The Department will evaluate the impact of potential changes in tax law on LIBOR indexed Swaps.
Counterparty Risk	The failure of the counterparty to make required payments or the occurrence of an event modifying the credit rating of the counterparty.	The Department will monitor exposure levels, ratings thresholds, and collateralization requirements.
Termination Risk	The need to terminate the transaction in a market that dictates a termination payment by the Department.	The Department will compute its termination exposure for all existing and proposed Swaps at market value and under a worst-case scenario.
Rollover Risk	The mismatch of the maturity of the Swap and the maturity of the underlying bonds.	The Department will determine its capacity to service variable rate bonds that may be outstanding after the maturity of the Swap.
Liquidity Risk	The inability to continue or renew a liquidity facility, and the risk that the cost of a facility will increase beyond expectations.	The Department will evaluate the expected availability of liquidity support for swapped and unhedged variable rate debt, if any.
Remarketing Risk	The risk that a remarketing agent may be unable to remarket VRDBs.	The Department will obtain a standby bond purchase facility to provide the funds necessary to purchase the VRDBs.
Amortization Mismatch Risk	The mismatch of outstanding Swap notional amount versus the outstanding bond principal subject to the hedge.	The Department may incorporate one or a combination of the following features: par termination options, PAC or lockout bonds.
Mortgage Yield Risk	The bond issue may not comply with yield restrictions if the Swap is terminated.	The Department will obtain legal opinions and or certificates as appropriate.
Non-origination Risk	The bond proceeds may not originate within the prescribed timeframe and require an unused proceeds call and possible termination payment.	The Department will evaluate bond and mortgage market conditions and quantify the potential termination payment due upon non-origination.
PAC Band Break Risk	The targeted PAC bonds may amortize faster than anticipated based on the PAC amortization schedule.	The Department will rely upon credit rating agency cashflows to ensure adequate PAC/companion bond structural integrity.

Collateral Posting Risk	The risk that the Department may be required to post liquid collateral to the Counterparty. Inability to post such liquid collateral upon short notice may result in the early termination of a Swap transaction.	The Department will seek to structure Swap Agreements so that the risk of needing to post collateral is highly unlikely. This can be accomplished by using high posting thresholds or low rating triggers.
Accounting Risk	The risk that the Department may be required to record changes in fair value of a derivative transaction as a gain or loss in its annual financial statements.	The Department, when feasible, should aim to structure Transactions that would expect to qualify as effective hedges under GASB 53.

The Department will diversify its exposure to counterparties. To that end, before entering into a transaction, the Department will determine its exposure to the relevant counterparty or counterparties and determine how the proposed transaction would affect the exposure. The exposure will not be measured solely in terms of notional amount, but rather how changes in interest rates would affect the Department’s exposure (“Maximum Net Termination Exposure”). For purposes of these limits, “Maximum Net Termination Exposure” shall equal the aggregate termination payment for all existing and projected Swaps that would be paid by an individual counterparty. For purposes of this calculation, the aggregate termination payment is equal to the reasonably expected worse case termination payment of all existing Swaps plus the proposed transaction.

The Department will base the Maximum Net Termination Exposure on all outstanding derivative transactions. Limits will be established for each counterparty as well as the relative level of risk associated with each existing and projected Swap. In order to lessen counterparty risk, the Department will diversify exposure among multiple counterparties and avoid excessive concentration to any one counterparty. In situations where the Department may execute a swap transaction that would result in offsetting counterparty risk with an existing counterparty, the Department should seek to utilize that counterparty.

The Director of Bond Finance shall determine the appropriate term for a Swap on a case-by-case basis. The slope of the Swap curve, the marginal change in Swap rates from year to year along the Swap curve, and the impact that the term of the Swap has on the overall exposure of the Department shall be considered in determining the appropriate term of any Swap. The term of a Swap between the Department and a qualified Swap counterparty shall not extend beyond the final maturity date of the associated debt, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds.

The Department will review the use of forward-starting swaps and determine the duration based on market condition and the risk associated with using a forward-starting swap. The Department does not have any swaps with a knock-out option which could expose the Department to higher interest rates. The Department will advise the Board prior to entering into either a forward-starting swap or knock-out option.

The Department will inform the Board if the swap is a fixed notional value swap or a declining notional value swap. The Director of Bond Finance will review under its bond compliance

monitoring process that the use of fixed notional value swaps do not place the Department at risk of incurring an incrementally higher expense if the related bond principal is paid off early.

The total “net notional amount” of all Swaps related to a bond issue should not exceed the amount of outstanding bonds, or bonds anticipated to be issued. For purposes of calculating the net notional amount, credit shall be given to any Swaps that offset another Swap for a specific bond transaction.

V. Long Term Financial Implications

In evaluating a particular transaction involving the use of derivatives, the Department shall review long-term implications associated with entering into derivatives, including costs of borrowing, historical interest rate trends, variable rate capacity, credit enhancement capacity, liquidity capacity, opportunities to refund related debt obligations and other similar considerations.

Impact of Use of Liquidity

The Department shall consider the impact of any variable rate demand bonds issued in combination with a Swap on the availability and cost of liquidity support for other Department variable rate programs.

Call Option Value considerations

When considering the relative advantage of a Swap versus fixed rate bonds, the Department will take into consideration the value of any call option on fixed rate bonds.

Qualified Hedges

The Department understands that, (1) if payments on and receipts from the Agreement are to be taken into account in computing the yield on the related bonds, the Agreement must meet the requirements for a “qualified hedge” under federal tax law (sometimes referred to as an “integrated Swap”); and (2) if one of the goals of entering into the Agreement is to convert variable yield bonds into fixed yield bonds (sometimes referred to as a “super integrated Swap”), then certain additional requirements must be met. In both of these situations, the terms of the Agreement and the process for entering into the Agreement must be reviewed and approved in advance by tax counsel.

VI. Form of Swap Agreements

Each Swap executed by the Department shall contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. (“ISDA”) Master Agreement, including any schedules and confirmations. The Swaps between the Department and each qualified Swap counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions and provisions as the Director of Bond Finance deems necessary, desirable or consistent with industry best practices.

VII. Qualified Swap Counterparties

The Department will make its best efforts to work with qualified Swap counterparties that (i) have, or has a credit support counterparty that has, a general credit rating of at least “Aa3” or “AA-” by two of the nationally recognized rating agencies and not rated lower than “A2” or “A” by any nationally recognized rating agency, or (ii) have a “AAA” rating by at least one nationally

recognized credit rating agency. The nationally recognized rating agencies are Moody's Investors Services, Inc., Standard and Poor's Rating Services, and Fitch Ratings.

In addition to the rating criteria specified herein, the Department may seek additional credit enhancement and safeguards in the form of:

- i. Contingent credit support or enhancement;
- ii. Collateral consistent with the policies contained herein; and/or
- iii. Ratings downgrade triggers.

In addition, the Department will take into consideration a Swap counterparty's track record of successfully executing Swap transactions. The Department will only execute Swap transactions with qualified Swap counterparties.

VIII. Termination Provisions

The Department shall include in all Swaps provisions granting the Department the right to optionally terminate a Swap at any time at market over the term of the Agreement. The ~~Deputy Executive Director of Administration~~ Chief of Agency Administration and Director of Bond Finance shall determine if it is financially advantageous for the Department to terminate a Swap.

A ratings-based additional termination event shall be included in all of the Department's Swaps if the provider (or its credit support provider) fails to maintain either:

1. A Credit Rating of at least A2 from Moody's; or
2. A Credit Rating of at least A from S&P; or,
3. An equivalent rating determined above by a nationally recognized ratings service acceptable to both parties.

A termination payment to or from the Department may be required in the event of termination of a Swap due to a default or a decrease in credit rating of either the Department or the counterparty. If the cause of the termination is a counterparty downgrade, termination payments will be calculated on the side of the bid-offer spread that favors the Department. Additionally, the termination amount of the Swap should seek to compensate the Department, as allowed under the ISDA Agreement, all other costs for creating a replacement transaction of like terms and conditions.

It is the intent of the Department not to make a termination payment to a counterparty that does not meet its contractual obligations. Prior to making any such termination payment, the ~~Deputy Executive Director of Administration~~ Chief of Agency Administration and Director of Bond Finance shall evaluate whether it is financially advantageous for the Department to obtain a replacement counterparty to avoid making such termination payment or finance the termination payment through a long-term financing product.

For payments on early termination and optional termination, Market Quotation and the Second Method will apply, allowing for two way mark-to-market breakage (assuming the Swaps are documented under the 1992 form of the ISDA Master Agreements).

IX. Security and Source of Repayment

The Department may use the same security and source of repayment (pledged revenues) for Swaps as is used for the bonds that are hedged or carried by the Swap, if any, but shall consider the economic costs and benefits of subordinating the Department's payments and/or termination payment under the Swap. The use of the same security and source of repayment (pledged revenues) is subject to the respective bond indenture's covenants and the prior approval of the Department's bond counsel.

X. Specified Indebtedness

The specified indebtedness related to credit events in any Swap should be narrowly defined and refer only to indebtedness of the Department that could have a materially adverse effect on the Department's ability to perform its obligations under the Swap. Debt should typically only include obligations within the same lien as the Swap obligation.

XI. Governing Law

Governing law for Swaps will be the State of Texas. Issues relating to jurisdiction, venue, waiver of jury trial and sovereign immunity will be subject to prevailing law and approval of the Texas Attorney General Office. Preference will be given to language providing that the counterparty will consent to jurisdiction in the Texas courts with respect to enforcement of the Agreement.

XII. Events of Default

Events of default of a Swap counterparty shall include, but are not limited to the counterparty's:

1. Failure to make payments when due;
2. Breach of representations and warranties;
3. Illegality;
4. Failure to comply with downgrade provisions; and
5. Failure to comply with any other provisions of the Agreement after a specified notice period.

XIII. Collateral Requirements

As part of any Swap, the Department may require the counterparty or the counterparty may require the Department to post collateral or other credit enhancement to secure any or all Swap payment obligations. As appropriate, the ~~Deputy Executive Director of Administration~~ Chief of Agency Administration and Director of Bond Finance may require collateral or other credit enhancement to be posted by each Swap counterparty under the following circumstances:

- Each counterparty to the Department may be required to post collateral if the credit rating of the counterparty or parent falls below a certain rating threshold, which varies by counterparty. the "AA" or "Aa3" category. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the credit support annex to each Swap with

the Department. At the current time, collateral posting rating triggers by the counterparties would range from A2/A to Baa1/BBB+.

- Collateral shall consist of cash, U.S. Treasury securities, or other mutually acceptable highly liquid securities.
- Collateral shall be deposited with an eligible third party custodian, or as mutually agreed upon between the Department and each counterparty.
- The market value of the collateral shall be determined on at least a weekly basis.
- The Department will determine reasonable threshold limits for increments of collateral posting based on a sliding scale reflective of credit ratings.
- The ~~Deputy Executive Director of Administration~~ Chief of Agency Administration and Director of Bond Finance shall determine on a case-by-case basis whether a form of credit enhancement in lieu of, or in addition to, collateral is more beneficial to the Department.
- The Department shall seek to not post collateral to the counterparty unless the Department's ratings fall below "A2" or "A".

XIV. Other Criteria

The Department may use a competitive or a negotiated process to select a Swap counterparty and price a Swap as it believes business, market or competitive conditions justify such a process. The conditions under which a negotiated selection is best used are provided below.

- Marketing of the Swap will require complex explanations about the security for payment or credit quality.
- Demand is weak among Swap counterparties.
- Market timing is important, such as for refundings.
- Coordination of multiple components of the financing is required.
- The Swap has non-standard features.
- The par amount is large enough to move the market in a manner adverse to the Department's interests.
- Counterparties are likely to demand individual changes in bid documents.

If a transaction is awarded through a negotiated process, the counterparty will provide the Department with:

- A statement that, in the counterparty's judgment, the difference in basis points between the rate of the transaction and the mid-market rate for a comparable transaction falls within the commonly occurring range for comparable transactions.
- A statement of the amount of the difference as determined by the counterparty.
- If the counterparty does not know of a comparable transaction or mid-market rate, a statement of another suitable measure of pricing acceptable to the counterparty.

The Department will use a swap advisory firm to assist in the price negotiation. Also, the Department may obtain an opinion from an independent party that the terms and conditions of any derivative entered into reflect a fair market value of such derivatives as of the execution date.

The counterparty must provide to the Department disclosure of any payments the counterparty made to another person to procure the transaction.

The Department will determine that the swap transaction will conform to this Interest Rate Swap Policy after reviewing a report of the Director of Bond Finance that identifies with respect to the transaction:

- its purpose;
- the anticipated economic benefit and the method used to determine the anticipated benefit;
- the use of the receipts of the transaction;
- the notional amount, amortization, and average life compared to the related obligation;
- any floating indices;
- its effective date and duration;
- the identity and credit rating of the counterparties;
- the cost and anticipated benefit of transaction insurance;
- the financial advisors and the legal advisors and their fees;
- any security for scheduled and early termination payments;
- any associated risks and risk mitigation features; and
- early termination provisions.

XV. Ongoing Monitoring and Reporting Requirements

Written records noting the status of all Swaps will be maintained by the Bond Finance Division and shall include the following information:

- Highlights of all material changes to Swaps or new Swaps entered into by the Department since the last report.
- Market value of each of the Swaps.
- The net impact of a 50 or 100 basis point parallel shift or other relevant shift in the appropriate Swap index or curve.
- For each counterparty, the total notional amount, the average life of each Swap and the remaining term of each Swap.
- The credit rating of each Swap counterparty and credit enhancer insuring Swap payments.
- Actual collateral posting by Swap counterparty, if any, in total by Swap counterparty.
- A summary of each Swap, including but not limited to the type of Swap, the rates paid by the Department and received by the Department, indices, and other key terms.
- Information concerning any default by a Swap counterparty to the Department, and the results of the default, including but not limited to the financial impact to the Department, if any.
- A summary of any Swaps that were terminated.

The Department will monitor its Swaps exposure on a periodic basis, as necessary, and will look for ways to reduce the cost of a Swap(s) or the overall Swap exposure.

The Department shall report its Swaps exposure in its annual financial statements and will reflect the use of derivatives in accordance with GASB requirements. With the adoption of GASB 53, the Department will be required to test hedge effectiveness on an annual basis. Any hedge deemed to

be ineffective will result in the change in fair value being recorded as a gain or loss. While the long term economic value of the transaction should be more important when structuring a derivative, the Department should seek to structure transactions that are expected to be effective and would not result in changes in fair value affecting net income. For example, while a transaction structured to meet the Consistent Critical Terms method of GASB 53 would ensure hedge effectiveness, the Department should consider the tradeoffs of utilizing a transaction structure that may provide greater expected economic benefits at the expense of potentially not meeting hedge effectiveness. The disclosure requirements include:

1. Objective of the Derivative
2. Significant Terms
3. Fair Value
4. Associated Debt
5. Risks including but not limited to Credit Risk, Termination Risk, Interest Rate Risk, Basis Risk, Rollover Risk, Market Access Risk, Foreign Currency Risk.

| The ~~Deputy Executive Director of Administration~~ Chief of Agency Administration and the Director of Bond Finance will review this Policy on an annual basis.

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BOND FINANCE DIVISION

BOARD ACTION REQUEST

March 3, 2011

Requested Action

Presentation, Discussion and Possible Action on Resolution 11-024 authorizing the purchase of warehoused mortgage backed securities with proceeds of Residential Mortgage Revenue Bonds, Series 2011A (Program 77).

Background

At the January 20, 2011 Board Meeting, Resolution 11-019 was approved authorizing the issuance of Residential Mortgage Revenue Bonds, Series 2011A, conversion of the first tranche of 2009C, and purchase of mortgage backed securities from the warehouse provider from Commitment Lots One through Eight with bond proceeds. Today, staff is seeking approval to also include the purchase of mortgage backed securities from Commitment Lot #9.

Since May 2010, TDHCA has originated loans under Program 77 and has purchased mortgage-backed securities backed by these mortgage loans into our warehouse facility. As of February 15, 2011, approximately \$170 million in mortgage loans have been committed; of which approximately \$100 million have been purchased by the master servicer, and approximately \$78.5 million have been pooled and purchased by the Warehouse Provider.

TDHCA has issued nine Commitment Lots with unassisted first-lien mortgage rates between 4.20% and 4.99% and assisted first-lien mortgage rates between 4.95% and 5.74%. The first-lien mortgages are securitized and all mortgages have been marketed to very low, low and moderate income residents of the State of Texas. Approximately 1,400 new first-time homebuyers have taken advantage of this program.

The TEFRA Hearing was held on January 7, 2011. No public comment was received.

Bond proceeds will also be used to purchase loans originally intended to be originated in connection with Program 74 that failed to close in sufficient time to be included in that program.

The table on the following page includes the mortgage backed securities that staff is seeking approval to purchase from the warehouse provider with bond proceeds:

Resolution No. 11-024

RESOLUTION AUTHORIZING THE PURCHASE OF WAREHOUSED MORTGAGE BACKED SECURITIES WITH PROCEEDS OF THE DEPARTMENT'S RESIDENTIAL MORTGAGE REVENUE BONDS, SERIES 2011A (PROGRAM 77); 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 (the "Act"), as amended from time to time, for the purpose of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe and sanitary housing for individuals and families of low and very low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the "Governing Board") from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (a) to acquire, and to enter into advance commitments to acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, 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 mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, 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, the Texas Housing Agency (the "Agency") or the Department, as its successor, has, pursuant to and in accordance with the provisions of the Act, issued, sold and delivered its residential mortgage revenue bonds pursuant to the Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1987 (as amended by supplemental indentures numbered First through Thirtieth and any amendments thereto, collectively, the "RMRB Indenture") between the Department, as successor to the Agency, and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), to implement the various phases of the Agency's (now the Department's) single family mortgage purchase program by providing funds to make and acquire qualifying mortgage loans (including participations therein through the purchase of mortgage backed securities ("Mortgage Certificates") issued and guaranteed by Fannie Mae ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") or Government National Mortgage Association ("Ginnie Mae")) (referred to herein as "Mortgage Loans"); and

WHEREAS, the Department issued, under the Act and the federal government's New Issue Bond Program ("NIBP"), its Residential Mortgage Revenue Bonds, Series 2009C (the "Series 2009C Bonds") pursuant to the RMRB Indenture and the Thirtieth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of December 1, 2009, as amended by the First Amendment to Thirtieth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of December 1, 2010, each between the Department and the Trustee (collectively, the "Thirtieth Series Supplement"); and

WHEREAS, in accordance with the Thirtieth Series Supplement and the provisions of the NIBP, the Department is entitled, on up to six separate dates occurring no later than December 31, 2011, to convert all or a portion of the Series 2009C Bonds previously issued as taxable bonds to tax-exempt bonds and, in connection with each such conversion, to release a portion of the proceeds of the Series 2009C Bonds held in escrow to be used with the proceeds of a series of tax-exempt Residential Mortgage Revenue Bonds to be issued in connection with the respective conversion to acquire Mortgage Certificates; and

WHEREAS, the Department has previously entered into an Amended and Restated Warehousing Agreement dated as of January 1, 2011 (the "Warehousing Agreement") with the Trustee, First Southwest

Company and PlainsCapital Bank (collectively, the “Warehouse Provider”), and The Bank of New York Mellon Trust Company, N.A., as custodian, providing for the acquisition and temporary warehousing by the Warehouse Provider of Mortgage Certificates acquired under the Department’s single family mortgage purchase program; and

WHEREAS, the Governing Board previously adopted Resolution No. 11-019 authorizing the issuance of the Department’s Residential Mortgage Revenue Bonds, Series 2011A (the “Series 2011A Bonds”) pursuant to the RMRB Indenture, for the purposes of providing funds to make and acquire qualifying Mortgage Loans through the purchase of Mortgage Certificates issued and guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae under the Department’s single family mortgage purchase program designated as “Bond Program No. 77” (the Program”), including Mortgage Loans described in Commitment Lot Notices 1 through 8; and

WHEREAS, the Governing Board desires to authorize the purchase of Mortgage Certificates representing participations in Mortgage Loans described in Commitment Lot Notice 9; NOW, THEREFORE,

BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

Section 1.--Determination of Interest Rate. That the Governing Board of the Department hereby approves, in addition to the purchases authorized in Resolution No. 11-019, the purchase of Mortgage Certificates representing participations in Mortgage Loans under the Program with interest rates of 4.85% to 5.60% as described in its Commitment Lot Notice 9, and finds that such rates will produce, together with other available funds, the amounts required to pay for the Department’s costs of operation with respect to the Program and debt service on the Series 2011A Bonds and the Series 2009C-1 Bonds, and will enable the Department to meet its covenants with and responsibilities to the holders of the bonds issued under the RMRB Indenture without adversely affecting the exclusion from gross income for federal income tax purposes of interest on any of such tax-exempt bonds or the rating thereof.

Section 2.--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 Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department’s website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

Section 3.--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

[Signature page follows]

PASSED AND APPROVED this 3rd day of March, 2011.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

Commitment Lot	Amount (Not to Exceed)	Unassisted Mortgage Rate	Assisted Mortgage Rate
#1	\$11 million	4.99%	5.74%
#2	\$10 million	4.75%	5.50%
#3	\$17 million	4.65%	5.40%
#4	\$20 million	4.60%	5.35%
#5	\$19 million	4.55%	5.30%
#6	\$25 million	4.20%	4.95%
#7	\$24 million	4.20%	4.95%
#8	\$30 million	4.75%	5.50%
#9	\$30 million	4.85%	5.60%
#74	\$2 million	n/a	6.25%
Total	\$188 million		

Compliance and Asset Oversight

BOARD ACTION REQUEST

March 3, 2011

RECOMMENDED ACTION

Presentation, Discussion, and Possible Action regarding approval for publication in the *Texas Register* of a proposed repeal of 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309 and a proposed new 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309.

RESOLVED, that the proposed repeal of 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309 and proposed new 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309 is hereby ordered and is approved, together with the preambles presented at this meeting, for publication in the *Texas Register* for public comment.

FURTHER RESOLVED, that the Executive Director and his designees be, and each them hereby are, authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed repeal of 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309 and proposed new 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309, in the form presented at this meeting, to be published in the *Texas Register* for public comment and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The Department was granted statutory authority to assess administrative penalties in September of 2007 through Texas Government Code §2306.041. To implement this authority 10 TAC Chapter 60, Subchapter C was adopted by the Board in December of 2007. The administrative penalties process has been in place and fully operational since January 2009. By working through the properties that have been referred for administrative penalties, staff has indentified some areas where the rule and process can be streamlined, some areas where the 10 TAC does not exactly track the requirements of §2306 and some penalty amounts that do not seem appropriate, either too high or too low. In addition, this rule reflects staff's suggestion to incorporate the debarment process from the Department's general rules to this rule to incorporate all possible consequences of noncompliance. A blackline version was not provided due to the substantial amount of changes made to Subchapter C. The changes are outlined in the following Attachments:

Attachment 1: Current 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309

Attachment 2: Preamble and Proposed Repeal of 10 TAC Chapter 60 C, §§60.301 – 60.309

Attachment 3: Preamble and Proposed New 10 TAC Chapter 60 C, §§60.301 – 60.309

RECOMMENDATION

Staff requests permission to make any technical conforming changes or corrections of typographical errors needed for publication for public comment.

Attachment 1 – Current 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309

§60.301. Purpose.

(a) The purpose of this subchapter is to assist with the enforcement of all applicable laws including Chapter 2306, Board Rules, LURAs, Applications, Covenants filed in conjunction with awards and Board Orders vests in the Board and the Department.

(b) These rules do not apply to any local enforcement codes or building codes.

(c) The enforcement provisions shall be governed by these rules and 1 TAC Part 7, Chapter 155, as applicable, unless specifically indicated otherwise by these rules, incorporated herein by reference.

§60.302. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Act--The Cranston-Gonzalez National Affordable Housing Act codified at 42 U.S.C. §12704 et seq.

(2) Administrative Penalty (or Penalty)--A monetary Penalty per the Penalty Table assessed for failure to comply with the Act, a LURA, restrictive covenant, the rules found in Subchapters A and B of this chapter, or other federal or state law or rule identified in the Penalty Table as allowed under Texas Government Code §§2306.041 - 2306.042.

(3) Affiliated Party--A Person in a relationship with an Owner. Does not apply to an Affiliated Party for Application purposes.

(4) Asset--A property covered by the Act, a LURA, Contract, grant agreement, or Commitment or any other property acquired, improved, or subsidized, directly or indirectly, in whole or in part with funds provided by any program(s) administered by the Department or purchased by a Subsequent Purchaser.

(5) Audit--An audit required to be performed by a third party or performed by the Department relating to a Contract.

(6) Board--The Governing Board of the Department.

(7) Chapter 2306--The enabling statute for the Department found in Texas Government Code Chapter 2306.

(8) Compliance Monitoring Fees--The fees identified in a LURA or other Contract payable by Project Owner related to an Asset.

(9) Compliance Rules--The rules found in Subchapters A and B of this chapter.

(10) Contract--Any executed written agreement between the Department and an Administrator, Home Owner, Mortgagor, Project Owner, Subrecipient, Subrecipient Organization, or other beneficiary of a Department program.

(11) Department--The Texas Department of Housing and Community Affairs.

(12) Development--Any Project that has a construction component, either in the form of new construction or the rehabilitation of residential housing with funds or credits supplied by the Department and subject to a LURA or other restrictive covenant.

(13) Director of Compliance--The Person designated by the Executive Director with directing the activities of the division responsible for compliance or their designee, including subcontractors of the Department.

(14) Eligible Household--A household that meets the requirements associated with a Department Contract or LURA and applicable law, as in effect from time to time.

(15) Enforcement Committee--A committee of not more than five staff members, with a designated chairman from its members selected by the Executive Director to make recommendations on Enforcement including Administrative Penalties.

(16) Executive Director--As defined under Texas Government Code §2306.036 and/or §2306.038.

(17) Federal Laws and Rules--Treasury Regulations, United States Code and/or the Code of Federal Regulations, including but not limited to the current version of the Guide for Completing Form 8823 Low Income Housing Credit Agencies Report of Non-Compliance or Building Disposition promulgated by the Internal Revenue Service.

(18) LURA--Land Use Restriction Agreement that has been executed by the Department and a Person related to a specific property or properties and filed with required recording authorities.

(19) Owner--The Person who has the beneficial ownership of a Development whether through award of the Department or as a Subsequent Purchaser.

(20) Penalty Table--The table adopted by the Board detailing a schedule of proposed penalties for violations of identified actions commonly found in LURAs, other restrictive covenants, state and federal rules.

(21) Person--Any individual, partnership, corporation, association, trust, unit of government, community action agency, or public or private organization of any character, however organized.

(22) Proposal for Decision--A document issued by an administrative law judge that provides a statement of facts and conclusions of law for the Board to make a final determination on the Administrative Penalty.

(23) Subsequent Purchaser--A Person who is not the original awardee but purchases a Development or Asset subject to a valid LURA, other restrictive covenant or state and federal rules associated with Chapter 2306.

(24) Terms--Any condition placed on the property through a LURA, restrictive covenant, loan document, application, or Federal Laws and Rules or rules promulgated by the Department as allowed by the laws of the State of Texas.

(25) Treasury Department--The U.S. Department of the Treasury, the Internal Revenue Service or related federal departments.

§60.303. Standards of Conduct.

(a) Owners are required to follow Terms.

(b) Owners are responsible for knowing the terms and conditions placed on their Assets and the application of Federal Laws and Rules and rules promulgated by the Department relevant to their Development.

§60.304. Violations of Standards and Rules.

(a) The Board may issue administrative penalties as specified in this chapter to persons who violate Terms.

(b) A violation occurs when either by action or failure to act, an Owner does not Comply with the Terms of an Asset.

(c) An Owner who violates any provision of the Terms or order of the Board is subject to a Penalty of up to \$1,000 per day per violation as allowed under these rules, the Penalty Table and Texas Government Code §2306.042. Penalties will be assessed according to the Penalty Table found within this rule.

(d) The Executive Director shall provide notice of violation as is required under Texas Government Code §2306.043.

§60.305. Investigation of Complaints.

Complaints shall be investigated under the requirements of Chapter 2306.

§60.306. Informal Conference.

(a) If the Enforcement Committee decides to offer an Informal Conference to an Owner, the Department shall give notice of the Informal Conference, including a summary of the alleged violation and the Owner's right to request a hearing on the alleged allegations with the Board or their designated Administrative Law Judge.

(b) If the Informal Conference results in an agreed order, the Executive Director shall prepare the agreed settlement as an agreed final order for adoption by the Board.

(c) If the Informal Conference fails to result in an agreed order, the Executive Director shall set a formal hearing with the Board or their designated Administrative Law Judge.

§60.307. Administrative Penalty.

(a) If the Executive Director decides to pursue an Administrative Penalty under the Penalty Schedule adopted by the Board he shall provide Notice to the Board, or their designee, that briefly states the facts of the alleged violation, includes his recommendation of a Penalty and the amount of the Penalty.

(b) Within 14 days of notifying the Board under subsection (a) of this section, the Executive Director shall issue a Notice of Alleged Violation to the Owner which must include a brief summary of the alleged violation, state the amount of the Penalty pursued and inform the Owner of their right to a Hearing before the Administrative Law Judge appointed by the Board to hear contested cases on the occurrence of the violation, the amount of the Penalty, or both.

(c) If the Owner chooses within 20 days after receipt of Notice to enter an agreed order either accepting the Executive Director's recommendation or agrees to corrective action with or without a Penalty, without a formal hearing before the Board or their designated Administrative Law Judge, The Executive Director shall prepare a Board Order affirming the agreed order.

(d) The Owner must pay the Penalty within sixty (60) days following the Board Order and complete any corrective action within the agreed time period or be subject to penalties for violation of the Board Order affirming the agreed order.

(e) The Executive Director shall set a hearing with the Board or their Designated Administrative Law Judge if:

(1) the Respondent requests a formal hearing not later than the 20th day after the Notice of Alleged Violation is received by the Owner;

(2) the Owner fails to respond in writing to the Notice of Alleged Violation not later than the 20th day after the Notice of Alleged Violation is received by the Owner; or

(3) the Owner fails to pay the Penalty or complete the corrective action agreed to in the agreed order.

(f) The Executive Director may recommend for Debarment according to this title any Owner who fails to:

- (1) respond in writing to the Notice of Alleged Violation not later than the 20th day after the notice was received by the Owner;
- (2) perform according to the agreed settlement; or
- (3) fails to pay the Penalty assessed by the Board Order.

§60.308. Administrative Hearing Process.

(a) The Board shall request the Executive Director to provide the Board with access to an administrative law judge hired through the appropriate procurement process to hold hearings for the purpose of developing a Proposal For Decision. The administrative law judge shall serve at the pleasure of the Board, but administratively be employed as a subcontractor through the Executive Director. The administrative law judge shall not be a full time employee of the Department.

(b) If the Owner has formally requested a hearing before the Board within the appropriate time frame, the administrative law judge shall conduct a formal hearing in accordance with this subchapter and based on the record created by the Executive Director and the Owner or their counsel, issue a Proposal for Decision determining the findings of fact and conclusions of law in accordance with the rules and statutes governing the agency. The Proposal for Decision shall clearly indicate why any changes to the recommended Penalty were made.

(c) The administrative law judge will provide the Board, the Executive Director and the Owner or their counsel with a copy of the Proposal For Decision.

(d) Any party may file exceptions to the Proposal for Decision within fifteen days if they believe it misstates the law. The exceptions must state a legally reasoned response for the basis of the misstatement.

(e) The Board shall, based on the findings of fact and conclusions of law within the Proposal for Decision, and any exceptions properly filed, issue an order that finds:

- (1) that a violation occurred and impose a Penalty including a statement of the right of the subject of the order to seek judicial review of the order; or
- (2) find that a violation did not occur.

(f) Not later than the 30th day after the date the Board's decision becomes final, the Person subject to the order shall:

- (1) pay the Penalty; or
 - (2) file a petition for judicial review contesting the occurrence of the violation, the amount of the Penalty, or both.
- (g) The Penalty may be stayed under the terms of §2306.048 of the Texas Government Code.
- (h) If timely filed, a decision will be made by the district court in Travis County under a de novo review.
- (i) If the court sustains the finding that a violation occurred, the court may uphold or reduce the amount of the Penalty and order the Person to pay the full or reduced amount of the Penalty. If the court does not sustain the finding that a violation occurred, the court shall order that a Penalty is not owed and may award the Person reasonable attorney fees.
- (j) The party filing the court action shall include in their prayer for relief that if the court finds in their favor that the order include a remittance of Penalty and interest or release of the Bond.
- (k) If the Penalty is sustained, and the enforcement of the Penalty is not stayed, the Department may collect the Penalty. The Attorney General may sue to collect the Penalty. This proceeding shall be a contested case under Chapter 2001 of the Texas Government Code.

§60.309. Penalty Table.

- (a) The Department has developed penalties based on the following factors:
- (1) the seriousness of the violation, including:
 - (A) the nature, circumstance, extent, and gravity of any prohibited act; and
 - (B) the hazard or potential hazard created to the health, safety, or economic welfare of the public;
 - (2) the history of previous violations;
 - (3) the amount necessary to deter a future violation;
 - (4) efforts made to correct the violation.

(b) The amount of the Penalty may be lowered based on presentation of information that would indicate that justice requires the downward adjustment of the Penalty. Solely economic harm will not be considered as a factor for downward adjustment.

Figure: 10 TAC §60.309(b)		
Violation	Administrative Penalty with Corrective Action	Penalty for Non-compliance Non-corrected Action
Units leased to households that are not eligible because their income exceeds the allowable limit; occupied by non-eligible full time students; or noncompliance with senior age restrictions	Lease labeled "Do not renew lease--as soon as possible lease the unit to eligible household;" Lease to eligible household Penalty: \$100 per violation	Violation of do not renew restriction Penalty: \$500 per violation Multiple Violations after Corrective action requested. Penalty: \$1,000 per violation
Rents charged exceed allowable limits or improperly calculated utility allowance	Responsible Party/Owner/manager demonstrates reduction in rent and/or recalculation of utility allowance Penalty: \$100 per violation	Violation based on administrative error Penalty: \$250 per violation Repeated Violations after Notice Penalty: \$500 per violation
Property Condition Violations	Appropriate repairs completed and provide evidence related to public health and safety Penalty: \$250 per violation Violation not an issue of public health and safety matters Penalty: \$50 per violation	Violation for public health and safety matters Penalty: \$1,000 per day Violation not an issue of public health and safety matters Penalty: \$250 per violation
Failure to Submit Reports Timely and or failure to execute and record program documents	After written notice of failure to receive report owner must provide corrective action support within 30 days Penalty: \$100 per violation	Failure to submit after: 30 days Penalty: \$250 per violation 60 days Penalty: \$500 per violation 90 days or more Penalty: \$1000 per violation
Change in eligible basis	Owner to cease charging	Penalty: \$200 per

	for facilities and/or convert commercial space back to residential space as applicable Penalty: \$50 per violation	violation
Failure to meet minimum set aside, violation of Available Unit Rule, or comply with rent and occupancy restrictions	Units rented to the appropriate income and rent restrictions for eligible households Penalty: \$25 per violation	Penalty: \$300 per violation
Failure to follow Fair Housing or federal laws providing access by the general public or failure to comply with Section 8 minimum income to rent standard	Owner must enter into a corrective action agreement and amend leasing requirements if appropriate Penalty: \$100 per violation	General Public or Section 8 violations Penalty: \$250 per violation
Failure to maintain adequate documentation or certification for compliance	Owner to recertify accordingly and provide documentation upon completion Penalty: \$25 per violation	Failure to recertify Penalty: \$250 per violation Failure to provide documentation Penalty: \$100 per violation
Low income units used on transient basis	Owner should execute at least six month lease and provide evidence Penalty: \$25 per violation	Failure to correct within: 30 days Penalty: \$100 per violation 60 days Penalty: \$200 per violation 90 days Penalty: \$300 per violation
Violation of the Unit Vacancy Rule	Property must advertise availability of units within 30 days and provide evidence Penalty: \$100 per violation	Failure to comply after: 30 days Penalty: \$250 per violation 60 days Penalty: \$500 per violation 90 days or more Penalty: \$1000 per violation
No evidence of material participation by a qualified	Owner to correct issue and certify compliance within 60 days	Failure to submit documentation after: 60 days

nonprofit	Penalty: \$100 per violation	Penalty: \$500 per violation 90 days Penalty: \$1000 per violation
Failure to provide agreed to supportive services	Corrective action within 30 days Penalty: \$100 per violation	Failure to provide agreed services after: 30 days Penalty: \$500 per violation 60 plus days Penalty: \$1000 per violation
Failure to pay compliance fees or compliance penalties timely	After notice of fees due and payable within 30 days of notice Penalty: \$25 per violation	Admin penalty of 5% of fees owed per month as late fees
Failure to meet prescribed special needs set aside	Property must develop and follow adequate marketing plan utilizing organizations that work with special needs for corrective action within 60 days Penalty: \$100 per violation	For each 30 day period set aside is not met or marketed after 60 days Penalty: \$250 per violation
Failure to meet Department minimum standards for rehabilitation act compliance	If discovered during development, potential correction of building. If discovered after building, establish an account to fund necessary modifications Penalty: \$100 per violation	Penalty of up to \$1,000 per day up to a maximum of the cost of making necessary changes and referral for Debarment under 10 TAC §1.20
Continued non-compliance resulting in declaration of no longer participating in program	After written notice owner should provide a corrective action memo Penalty: \$100 per violation	Penalty: \$1000 per violation
Determination of material Non-compliance for more than six months	After notice of violation corrective action plan developed with Department Penalty: \$100 per violation	Penalty: \$500 per violation
Owner refuses to allow	Allow monitoring upon request	Penalty: \$500 per day

monitoring review	Penalty: \$50 per day not previously allowed	not allowing monitoring.
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Attachment 2 - Preamble and Proposed Repeal of 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309.

The Texas Department of Housing and Community Affairs (the “Department”) proposes the repeal of 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309 concerning administrative penalties. The proposed repeal of §§60.301 – 60.309 allows for new sections to ensure compliance with all statutory requirements, enable streamlining of processes, improve the equity of penalty amounts, and add a debarment process to this rule.

Michael Gerber, Executive Director, has determined that for the first five-year period, the proposed repeal of §§60.301 – 60.309 is in effect, there will be no fiscal implications for state or local governments as a result of enforcing or administering the proposed repeal.

Mr. Gerber has also determined that for each year of the first five-years, the public benefit anticipated as a result of enforcing the proposed repeal of §§60.301 – 60.309 will be to permit the adoption of new rules to enhance the State’s ability to provide decent, safe and sanitary housing administered by the Department. There will be no effect on small businesses or persons. There is no anticipated economic cost to persons who are required to comply with the repeal of §§60.301 – 60.309 as proposed. The proposed repeal of §§60.301 – 60.309 will not impact local employment.

The public comment period will be March 11, 2011 through April 7, 2011. Written comments may be submitted to Texas Department of Housing and Community Affairs, 2011 Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by e-mail to the following address: tdhcarulecomments@tdhca.state.tx.us, or by fax to (512) 475-3359. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. April 7, 2011.

The repeal of §§60.301 – 60.309 is proposed pursuant to the authority of the Texas Government Code, Chapter 2306 which provides the Department with the authority to amend, repeal and adopt rules governing the administration of the Department and its programs.

No other statutes, article, or codes are affected by this proposed repeal.

- §60.301. Purpose
- §60.302. Definitions
- §60.303. Standards of Conduct
- §60.304. Violations of Standards and Rules
- §60.305. Investigation of Complaints
- §60.306. Informal Conference
- §60.307. Administrative Penalty
- §60.308. Administrative Hearing Process
- §60.309. Penalty Table

Attachment 3 - Preamble to Proposed New of 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309.

The Texas Department of Housing and Community Affairs (the “Department”) proposes a new 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309. The proposed new §§60.301 – 60.309 allow for new sections to ensure compliance with all statutory requirements, enable streamlining of processes, improve the equity of penalty amounts, and add a debarment process to this rule.

Michael Gerber, Executive Director, has determined that for the first five-year period the proposed new §§60.301 – 60.309 are in effect, there will be no fiscal implications for state or local governments as a result of enforcing or administering the proposed new sections.

Mr. Gerber has also determined that for each year of the first five-years, the public benefit anticipated as a result of enforcing the proposed new §§60.301 – 60.309 will be to enhance the State’s ability to provide decent, safe and sanitary housing administered by the Department. There will be no effect on small businesses or persons. There is no anticipated economic cost to persons who are required to comply with the new §§60.301 – 60.309 as proposed. The proposed new §§60.301 – 60.309 will not impact local employment.

The public comment period will be March 11, 2011 through April 7, 2011. Written comments may be submitted to Texas Department of Housing and Community Affairs, 2011 Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by e-mail to the following address: tdhcarulecomments@tdhca.state.tx.us, or by fax to (512) 475-3359. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. April 7, 2011.

The new 10 TAC Chapter 60, Subchapter C, §§60.301 – 60.309 is proposed pursuant to the authority of the Texas Government Code, Chapter 2306 which provides the Department with the authority to amend, repeal and adopt rules governing the administration of the Department and its programs.

No other statutes, article, or codes are affected by this proposed repeal.

§60.301. Definitions.

The words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) “Responsible Person” or “Responsible Persons”--Person or persons, whether a natural person or otherwise, such as a corporation, partnership, limited partnership, or trust, or their successors in interest or assigns, that have received or will receive funds or other financial assistance administered or awarded by the Department and/or is legally responsible for the administration of such assistance in accordance with the terms of a written agreement with the Department and/or subject to the rules of the Department and each person capable of controlling or directing the policies and activities of such a person or persons;
- (2) “Administrative Penalties Committee” (“Committee”)--A committee of employees of the Department appointed by the Executive Director. The members of that Committee shall be no fewer than five (5) and no more than nine (9). Representation from Legal Services and

Compliance and Asset Oversight shall be *ex officio* and non-voting. Legal Services will designate a person to serve as Secretary to the Committee, who shall not be a member of the Committee. Voting Committee members may designate a substitute who shall be permitted to attend and vote in their absence.

§60.302. Initiation of the Process to Assess an Administrative Penalty.

(a) The Compliance and Asset Oversight Division will refer uncorrected compliance issues to the Committee by following Department Standard Operating Procedures. Issues will not be referred until a written notice of noncompliance has been provided to the owner of a property and, despite written notice and reasonable opportunity to correct, the Department has no documented basis to conclude that such violation(s) has(have) been cured or corrected.

(b) The Responsible Person will be invited to attend an informal conference to discuss resolution of the matter.

§60.303. Informal Conference.

Possible outcomes of an informal conference include:

- (1) An agreement to dismiss the matter with no further action. In this circumstance, the matter shall be reported to the Executive Director;
- (2) An agreement to resolve the matter through corrective action without penalty. In this circumstance, the matter shall be reported to the Executive Director;
- (3) An agreement to resolve the matter through corrective action with the assessment of an administrative penalty. In this circumstance, a proposed agreed order will be prepared and it shall be presented to the Board for action.
- (4) No agreement is reached. In this circumstance, the Executive Director shall present to the Board a report detailing the information in §60.304 of this chapter. The owner will be sent notice that the matter is being referred to the Governing Board with a recommendation that it be referred to the State Office of Administrative Hearings for a hearing.

§60.304. Informal Meetings

If the Responsible Person(s) do(es) not accept the invitation to attend an informal meeting or if a meeting is held and results in an outcome described in §60.303(a)(3) or (4) of this chapter, a report will be prepared containing:

- (1) the uncorrected issue(s) of noncompliance;
- (2) the legal citations for each of the specific violations;
- (3) the recommended penalties, determined in accordance with the matrix set forth in §60.307 of this chapter, along with a narrative discussion to support any deviations from the matrix;
- (4) a copy of any proposed agreed order; and
- (5) any other matters deemed relevant.

§60.305. Report to the Board.

The informal meeting report shall be reviewed by the Executive Director. If approved, with or without changes, the matter shall be placed on the agenda of the Governing Board of the Department.

§60.306. Hearings.

(a) The Governing Board designates the State Office of Administrative Hearings (“SOAH”) to hold all hearings on administrative penalties on the Board’s behalf.

(b) If the Governing Board approves the Executive Director’s Report to the Board, with or without modifications, and thereby approves proceeding with the assessment of administrative penalties, the Executive Director or his or her designee shall cause an administrative penalty hearing to be set before an administrative law judge at the SOAH, providing all required notices.

(c) Nothing in these rules shall in anyway limit, alter, or abridge the ability of the Department to enter into mediation or alternative dispute resolution at any time prior to or after the holding of the administrative hearing but prior to the adoption of a final order.

(d) Following the administrative hearing, the administrative law judge will issue a proposal for decision. Once the proposal for decision is provided to the Executive Director, the matter shall be placed on the agenda to be considered at a subsequent meeting of the Governing Board of the Department.

§60.307. Penalty Table

The Department has developed penalties in accordance with Texas Government Code §2306.042 and lists the violations and the maximum administrative penalties. Penalties begin to accrue on the day after the last day of the corrective action period.

Figure 10 TAC §60.307

Event of Noncompliance	Administrative penalty up to:
Failure to comply with the Next Available Qualifying Unit Rule.	\$50 per violation
Owner failed to execute required lease provisions, including language required by §60.110 of this chapter	\$50 per violation.
Development substantially changed the scope of services presented at initial application without prior department approval.	\$500 per violation.
Change in ownership or General Partner without Department approval.	\$500 per violation.
Determination of a violation under the Fair Housing Act.	\$1,000 per violation.
Administrative reporting of Uniform Physical Condition Standards (“UPCS”) violation.	\$50 per unit per day or \$50 per day per violation not in a unit but on the property
Development evicted or terminated tenancy of a low income tenant for other than good cause.	\$1,000 per violation
Failure to provide notary public as promised at application.	\$500 per violation.

Failure to maintain or provide Annual Eligibility Certification.	\$50 per violation.
Household income above income limit upon initial occupancy.	\$1,000 per violation.
Major violations of the UPCS or local health, safety, and building codes.	\$1,000 per unit per day or \$1,000 per day per violation not within a unit but on the property.
Pattern of minor violations of the UPCS or local health, safety, and building codes.	\$250 per unit per day or \$250 per day per violation not within a unit but on the property.
Owner failed to submit annual certification.	\$1,000 per violation.
Changes in eligible basis.	\$500 per day per violation.
Project failed to meet minimum set-aside requirement (20/50, 40/60 test)	\$1,000 per day per violation
Gross rent(s) exceed tax credit limits.	\$250 per unit per day per violation.
Project not available to the general public.	\$1,000 per day per violation.
Household income increased above income limit and an available unit was rented to market rate tenant.	\$500 per violation.
Project is no longer in compliance and is no longer participating in the low-income housing tax credit program.	\$1,000 per day per violation.
Owner failed to execute and record extended-use agreement within time prescribed by 26 U.S.C. §42(h)(6)(J).	\$1000 per day per violation.
Low-income units occupied by nonqualified full-time students.	\$1000 per violation.
Owner failed to maintain or provide tenant income certification and documentation.	\$250 per violation.
Owner did not properly calculate utility allowance.	\$50 per unit per day per violation.
Owner has failed to respond to agency requests for monitoring reviews and fees.	\$1000 per day per violation.

Low-income units used on a transient basis.	\$250 per violation.
Failure to comply with additional rent and occupancy restrictions.	\$250 per day per violation.
Failure to comply with §60.308 of this chapter, minimum income to rent standards of 2.5 time tenant's rent.	\$500 per violation.
Violation(s) of Unit Vacancy Rule.	\$250 per violation.
Unit not available for rent. Unit used for non-residential purposes.	\$1,000 per unit per violation.
No evidence of, or failure to certify to, material participation of a nonprofit organization or Historically Utilized Business (“HUB”).	\$5 per day per violation.
No evidence of provision of supportive services.	\$5 per day per violation.
Noncompliance with senior project age restrictions.	\$5 per day per violation.
Not meeting the prescribed special needs set-aside restriction.	\$1,000 per violation
Failure to rent to Section 8 program households.	\$1,000 per violation.
Failure to provide Affirmative Marketing Plan.	\$5 per day per violation.
Failure to establish and maintain reserve account.	\$250 per day per violation.
Household income increased above 80 percent at recertification and owner failed to properly determine rent (HOME only).	\$50 per unit, per day per violation.
Failure to provide annual HQS inspection for HOME units.	\$500 per violation.

§60.308. Factors for Modifying Recommended Penalty.

The factors identified in §2306.042 of the Texas Government Code shall be used to make any deviations from the maximum administrative penalties provided for in the matrix set forth in Figure 10 TAC §60.307 of this chapter.

§60.309. Debarment.

A Responsible Person may be debarred from participation in the low income housing tax credit program as provided for in §2306.6721 of the Texas Government Code.

(1) Recommendation for inclusion on the debarment list is made by referral from Department Division Directors. An Administrator, Affiliated Party, Person, or Responsible Party may also submit a referral to a Department Division Director for consideration.

- (2) Before a person is recommended for debarment they shall be given written notice of the matter, setting forth the facts and circumstances justifying debarment under §2306.6721 of the Texas Government Code, and will be given a reasonable opportunity to cure the matter, if it is susceptible to cure.
- (3) If the matter is not cured or not susceptible to cure, then upon recommendation by the Committee, the Executive Director may issue a notice of recommended debarment for the appropriate time period.
- (4) In instances where the specific matters raised have been cured but the Responsible Person has demonstrated a significant pattern or practice of non-compliance compounded with a lack of being timely responsive, the Executive Director may still recommend debarment, despite the cure of individual matters. The recommended term of debarment shall be for the greater of:
- (A) the period of any HUD debarment, if HUD debarment is the basis for debarment;
- (B) up to five (5) years for materially violating any condition imposed by the Department in connection with the allocation of tax credits, or for material non-compliance with or repeatedly violating a land use restriction agreement regarding a development supported with a housing tax credit allocation; or
- (C) up to ten (10) years or until fulfillment of all conditions of incarceration and/or probation, whichever is greater .
- (5) The person debarred shall have twenty (20) days from the date of the notice of recommended debarment to appeal the debarment to the Governing Board of the Department by sending written notification of appeal to the Executive Director, briefly stating the grounds for the appeal. If the person does not timely file an appeal to the Governing Board, the Executive Director's debarment recommendation becomes final.
- (6) The Governing Board may decrease the term of any debarment for good cause stated on the record in the motion making the adjustment.

Compliance and Asset Oversight
BOARD ACTION REQUEST
March 3, 2011

RECOMMENDED ACTION

Approve for publication in the *Texas Register* a proposed amended 10 TAC Chapter 60, Subchapter B, §60.202(5), Definitions, Multifamily housing project.

RESOLVED, that the proposed adoption of the proposed amendment to 10 TAC Chapter 60, Subchapter B, §60.202(5), regulations related to Compliance and Asset Oversight, is hereby ordered and is approved, together with the preamble presented to this meeting, for publication in the *Texas Register* for public comment.

FURTHER RESOLVED, that the Executive Director and his designees be, and each of them hereby are, authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed amendment to 10 TAC Chapter 60, Subchapter B, §60.202(5), regulations related to Compliance and Asset Oversight, in the form presented at this meeting, to be published in the *Texas Register* for public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The change proposed brings Department policy and rules in line with HUD guidance issued during the Tax Credit Assistance Program ramp-up in “TCAP Questions and Answers: Section 504 of the Rehabilitation Act of 1973...” which notes “five single family units covered by a single contract or a single building with five units each constitute a multifamily housing project.”

RECOMMENDATION

Staff requests permission to make any technical conforming changes or corrections of typographical errors needed for publication for public comment.

Preamble to Proposed Amendment to 10 TAC Chapter 60, Subchapter B, §60.202(5).

The Texas Department of Housing and Community Affairs (the “Department”) proposes an amendment to 10 TAC Chapter 60, Subchapter B, §60.202(5). The proposed amended §60.202(5) changes the number of single family homes or units allowed in a multifamily Housing project.

Michael Gerber, Executive Director, has determined that for the first five-year period the proposed amended §60.202(5) is in effect, there will be no fiscal implications for state or local governments as a result of enforcing or administering the proposed amended §60.202(5).

Mr. Gerber has also determined that for each year of the first five year period, the proposed amended §60.202(5) is in effect, the public benefit anticipated will be to permit single family homes and units to be in a multifamily housing project, thereby enhancing the State’s ability to provide decent, safe and sanitary housing administered by the Department. There will be no effect on small businesses or persons. There is no anticipated economic cost to persons who are required to comply with the amended §60.202(5) as proposed. The proposed amended §60.202(5) will not impact local employment.

The public comment period will be March 11, 2011 through April 7, 2011. Written comments may be submitted to Texas Department of Housing and Community Affairs, 2011 Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by e-mail to the following address: tdhcarulecomments@tdhca.state.tx.us, or by fax to (512) 475-3359. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. April 7, 2011.

The amended 10 TAC Chapter 60, Subchapter B, §60.202(5) is proposed pursuant to the authority of the Texas Government Code, Chapter 2306 which provides the Department with the authority to amend, repeal and adopt rules governing the administration of the Department and its programs.

No other statutes, article, or codes are affected by this proposed repeal.

§60.202. Definitions

(5) Multifamily housing project--A project that includes five or more dwelling units. ~~It does not include a single family development.~~ A project may consist of five single family homes or a single building with five units. A project includes the whole of one or more residential structures and appurtenant structures, equipment, roads, walks, and parking lots which are covered by a single contract or application for federal financial assistance, or which are treated as a whole for processing purposes, whether or not located on a common site. *(Source: 24 CFR Definitions. Definition of multifamily housing project and definition of project; TCAP Questions and Answers: Section 504 of the Rehabilitation Act of 1973) 24 CFR Part 8. ADAPT v. Philadelphia Housing Authority, 2000 U.S. Dist. LEXIS 5380 (E.D. PA 2000*

HOME PROGRAM DIVISION

BOARD ACTION REQUEST

March 3, 2011

Recommended Action

Presentation, Discussion, and Possible Action regarding proposed amendments to 10 TAC Chapter 53, Subchapter C, §53.31, HOME Program Rule, for publication and public comment in the *Texas Register*.

WHEREAS, clarification is necessary for the administration of refinancing existing mortgages in the existing HOME Program Rule, be it hereby:

RESOLVED, that the proposed amendments to the rule for the HOME Program, 10 Texas Administrative Code Chapter 53, Subchapter C, Subsection 53.31 are ordered and approved, together with the preambles presented to this meeting, for publishing in the *Texas Register*.

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the draft amendments to the rule for the HOME Program, in the form presented to this meeting, to be published in the *Texas Register* for public comment and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

Background

Staff recommends amendments to the HOME Program Rule that was published in the *Texas Register* on September 24, 2010 as follows:

- A revision to the program requirements for refinancing existing mortgages within the Homeowner Rehabilitation Assistance (HRA) Program Activity. The current language in Chapter 53, Subchapter C, §53.31(g)(4) does not clearly establish a maximum refinancing amount.
- The deletion of Chapter 53, Subchapter C, §53.31(k)(4), which will be clarified in the addition of new subsection, as described below.
- The addition of Chapter 53, Subchapter C, §53.31(l) and (m) to differentiate the terms of refinancing HOME funds as compared to other Project funds.

Attachment A: Preamble and Chapter 53

The Texas Department of Housing and Community Affairs (the “Department”) proposes amendments to 10 TAC Chapter 53, Subchapter C, §53.31. These amendments are proposed to clarify the program requirements for refinancing existing mortgages within the Homeowner Rehabilitation Assistance (HRA) Program Activity including establishing a maximum refinancing amount and to differentiate the terms of refinancing HOME funds as compared to other Project funds. Mr. Michael Gerber, Executive Director, has determined that for the first five-year period the proposed sections are in effect there will be no fiscal implications for state or local governments as a result of enforcing or administering the sections as proposed.

Mr. Gerber has also determined that for each year of the first five years the sections are in effect the public benefit anticipated as a result of enforcing the sections will be enhanced compliance with formalized policy, all contractual and statutory requirements.

There will be no effect on small businesses or persons. There is no anticipated economic cost to persons who are required to comply with the sections as proposed. The proposed sections will not impact local employment.

The public comment period will be held between March 18, 2011 to April 18, 2011 to receive input on these amendments. Written comments may be submitted to Texas Department of Housing and Community Affairs, 2011 Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by e-mail to the following address: tdhcarulecomments@tdhca.state.tx.us, or by fax to (512) 475-0220. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. APRIL 18, 2011.

These amendments are proposed pursuant to the authority of the Texas Government Code, §2306.1091(b), which provides the Department the authority to adopt rules governing the administration of the Department and its programs.

The proposed amendments affect no other code, article or statute.

§53.31. Homeowner Rehabilitation Assistance (HRA) Program Requirements.

(a) Eligible activities are limited to:

- (1) The Rehabilitation or Reconstruction of existing owner-occupied housing on the same site. The Rehabilitation of an MHU is not an eligible activity;
- (2) The New Construction of site-built housing on the same site to replace an existing owner-occupied Manufactured Housing Unit (MHU);
- (3) For only the purposes of relocating the existing housing out of the floodplain, the replacement of existing owner-occupied housing with an MHU or New Construction of site-built housing on another site;

(4) If housing unit is uninhabitable as a result of disaster or condemnation by local government, the Household is eligible for the New Construction of site-built housing or an MHU under this section provided the assisted Household documents that the housing unit was previously their Principal Residence through evidence of a homestead exemption from the local taxing jurisdiction and Household certification; or

(5) If allowable under the NOFA, the refinance of an existing mortgage meeting the federal requirements at 24 CFR §92.206(b) and any additional requirements in the NOFA.

(b) HOME funds may be used to replace (Reconstruct) an owner-occupied housing unit with a new MHU if the unit is permanently installed with an engineer approved concrete perimeter foundation and in accordance with the Texas Manufactured Housing Standards Act, Chapter 1201 of the Texas Occupations Code.

(c) Real property taxes assessed on the housing unit must be current and/or the Household must be participating in an approved payment plan with the taxing authority.

(d) The property must not be encumbered with tax liens, child support liens, or mechanic or materialmen's liens.

(e) If a housing unit has an existing mortgage loan and Department funds are provided in the form of a loan, the Department will require a first lien if the loan has an outstanding balance that is less than the investment of HOME funds and any of the following are true:

(1) A federal affordability period is required; or

(2) Any existing mortgage has been in place for less three years from the date the Household applies for assistance; or

(3) The HOME loan is structured as a repayable loan.

(f) The Household must be current on any existing mortgage loans or home equity loans. If the Department's assistance is provided in the form of a loan, the property cannot have any existing home equity loan liens.

(g) The total Project costs are inclusive of hard construction costs, demolition costs, aerobic septic systems, refinancing costs (as applicable), and Match funds for Project costs, and are limited to:

(1) Reconstruction and New Construction of site-built housing: The lesser of \$73.00 per square foot or \$80,000 or for Households of 6 or more Persons the lesser of \$73.00 per square foot or \$85,000;

(2) Replacement with an MHU: \$65,000;

(3) Rehabilitation that is not Reconstruction: \$30,000; and

(4) Refinancing of existing mortgages: in addition to the costs limited under paragraphs (1) - (3) of this subsection, the cost to refinance an existing mortgage is limited to \$35,000. To qualify, a Household's current total housing payment must be greater than 30% of their monthly gross income or their total monthly recurring debt payments must be greater than 45% of their gross monthly income.~~the amount determined by an affordability analysis that evidences the total estimated housing payment (including principal, interest, property taxes, insurance, and any other homebuyer assistance) is no less than 25% and no greater than 30% of the Household's gross monthly income based on a thirty (30) year amortization schedule. Refinancing is not eligible for an Activity involving relocation under subsection (a)(3) of this section.~~

(h) In addition to the Project costs allowable under subsection (g) of this section, up to \$5,000 will be allowed in Project costs for additional sitework related to accessibility features if the house will be located more than 50 feet from the nearest paved roadway or if the house is being elevated above the floodplain.

(i) Project soft costs are limited to:

(1) Reconstruction or New Construction: no more than \$7,000 per housing unit;

(2) Replacement with an MHU: no more than \$3,500 per housing unit;

(3) Rehabilitation that is not Reconstruction: \$5,000 per housing unit. This limit may be exceeded for lead-based paint remediation and only upon prior approval of the Division Director. The costs of testing and assessments for lead-based paint are not eligible Project soft costs for housing units that are Reconstructed or if the existing housing unit was built after December 31, 1977; and

(4) Third-party Project soft costs related to loan closing requirements, such as appraisals, title reports or insurance, tax certificates, recording fees, and surveys are not subject to a maximum per Activity or Project.

(j) Funds for Administrative costs are limited to no more than 4% of the total Project costs, exclusive of Project soft costs and Match funds.

(k) In the following instances, the assistance to an eligible Household shall be in the form of a loan in the amount of the total Project costs excluding Match funds. The loan will be at 0% interest and include deferral of payment and annual pro-rata forgiveness with a term based on the federal affordability requirements as defined in 24 CFR §92.254.

(1) An MHU being replaced with newly constructed housing (site-built) on the same site;

(2) Any housing unit being replaced on an another site;

(3) Any housing unit that is being relocated out of the floodplain or replaced due to uninhabitability as allowed under subsection (b) of this section; and

(4) ~~Any Project Activity that includes any amount of refinancing of existing debt; and~~

(45) Any Project Activity that requires a federal affordability period.

(l) For any Project Activity involving refinancing described in subsection (g)(4) of this subsection, the HOME funds used for refinancing shall be structured as a fully amortizing, repayable loan at 0% interest and the loan term calculated by setting the total estimated housing payment equal to 25% of the Household's gross monthly income. Any other Project costs, excluding soft costs, shall be structured as a deferred forgivable loan with an affordability term consistent with the Figure: 10 TAC §53.31(m†).

(m†) In all other instances not described in subsection (k) of this section and Project costs, exclusive of Project soft costs and costs related to refinancing an existing mortgage, described in subsection (l), the assistance to an eligible Household may be in the form of a loan or grant agreement with an affordability term for the amount of the total Project costs excluding Match funds and based on the Household's AMFI as reflected in Figure: 10 TAC §53.31(m†).

Figure: 10 TAC §53.31(m†)

AMFI	Form of Assistance
≤30% AMFI	0% interest, 5-year deferred, forgivable loan, or grant agreement.
>30% and ≤50% AMFI	0% interest, 10-year deferred, forgivable loan, or grant agreement.
>50% and ≤60% AMFI	0% interest, 15-year deferred, forgivable loan, or grant agreement.
>60% and ≤80% AMFI	0% interest, 15-year term repayable loan

(nm) In the event that the housing unit ceases to be the Principal Residence of the Household, the forgiveness of the loan or grant agreement will cease and the Department has established that the federal recapture requirements as defined in 24 CFR §92.254 will be imposed.

(on) In the event that a federal affordability period is not required and the housing unit transfers by devise, descent or operation of law upon the death of the assisted homeowner, the heir or remainderman Household or if sold by the decedent's estate, the purchasing Household must qualify for assistance in accordance with this chapter in order for the forgiveness of the loan or grant agreement to continue until maturity.

(po) In the event that a federal affordability period is not required, the housing unit is sold and the purchasing Household does not provide documentation evidencing their income eligibility, the Department will recapture the shared net proceeds available based on the requirements of 24 CFR §92.254 and the housing unit must be sold for an amount not less than the current appraised value as then appraised by the appropriate governmental authority without prior written consent of the Department unless the entire balance on the loan or grant agreement will be paid at closing.

(g) For Reconstruction and New Construction, site-built housing units must meet or exceed the 2000 International Residential Code and all applicable local codes and standards. In addition, housing that is Rehabilitated under this chapter must meet the Texas Minimum Construction Standards (TMCS) all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with this chapter.

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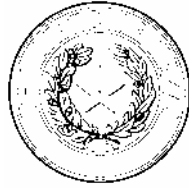
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REPORT ITEMS



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Michael Gerber
From: Gordon Anderson
cc: Tim Irvine
Date: February 23, 2011
Re: TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for the months of January and February 2011. The information provided focuses primarily on activities Executive and staff have taken on voluntarily; however, also included are mandated activities such as TEFRA and tax credit public hearings. This list may not account for every activity undertaken by staff, as there may be a limited number of events not brought to my attention.

For brevity sake, the chart provides the name of the event, its location, the date of the event, division(s) participating in the event, and an explanation of what role staff played in the event. Should you wish to obtain additional details regarding these events, I will be happy to provide you with this information.

TDHCA Outreach Activities, January-February 2011

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

Event	Location	Date	Division	Purpose
First Thursday Income Eligibility Training	Austin	January 6	Compliance & Asset Oversight	Training
Mental Health Planning Advisory Committee	Austin	January 6	Housing Resource Center	Participant
Center for Health Care Services TA Visit/TBRA	San Antonio	January 18	HOME	Technical Assistance
NSP Webinar – Construction Draw Process	Austin	January 19	Neighborhood Stabilization Program	Training
Promoting Independence Advisory Committee	Austin	January 20	Housing Resource Center	Participant
Annual Owner’s Compliance Report Training	Austin	January 25	Compliance & Asset Oversight	Training
Texas Apartment Association Round Table	Austin	January 25	Compliance & Asset Oversight	Round Table Hearing
Hill Country Opportunities TA Visit/HRA	Kerrville	January 26	HOME	Technical Assistance
Transformational Workgroup – Permanent Supportive Housing Policy Academy	Austin	January 26	Housing Resource Center	Participant
Contract for Deed Workshop	Harlingen	January 27	HOME	Training
Disability Advisory Workgroup	Austin	January 27	Housing Resource Center	Participant
City of Primera TA Visit/HRA, HBA	Primera	January 28	HOME	Technical Assistance
Faith- and Community-Based Initiatives	Austin	January 31	Housing Resource Center	Participant
Robert Wood Johnson Foundation – “Keeping Families Together” Webinar	Austin	February 2	Housing Resource Center	Participant
First Thursday Income Eligibility Training	Austin	February 3	Compliance & Asset Oversight	Training
Housing & Health Services Coordination Council/Cross-Agency Committee Meeting	Austin	February 7	Housing Resource Center	Participant
Housing & Health Services Coordination Council Meeting	Austin	February 7	Housing Resource Center	Participant
HUB Exposition	Austin	February 7	Purchasing	Exhibitor
Texas First Time Homebuyer Program – Lender Training	San Antonio	February 9	Home Ownership	Training
Texas Interagency Council for the Homeless	Austin	February 11	Community Services, Housing Resource Center	Presentation, Participant
Texas Association of Realtors Winter Meeting	Austin	February 13	Home Ownership	Presentation
Frazier Revitalization TA Visit	Dallas	February 14	Neighborhood Stabilization Program	Technical Assistance
Texas Foreclosure Prevention Task Force Planning Meeting	Houston	February 15	Home Ownership	Participant
ReMax-Bank of America Summit	Austin	February 15	Home Ownership	Presentation
Sphinx at Fiji Seniors Grand Opening	Dallas	February 17	Executive	Remarks, Participant
Transformational Workgroup – Permanent Supportive Housing Policy Academy	Austin	February 17-18	Housing Resource Center, HOME, Neighborhood Stabilization Program	Presentation, Participant

Event	Location	Date	Division	Purpose
Habitat Texas Executive Directors Retreat	Argyle	February 18	Housing Trust Fund, Neighborhood Stabilization Program	Presentation
Housing Tax Credit Program Training	Houston	February 22	Compliance & Asset Oversight	Training
City of Lubbock TA Visit	Lubbock	February 22	Neighborhood Stabilization Program	Technical Assistance
City of Odessa TA Visit	Odessa	February 23	Neighborhood Stabilization Program	Technical Assistance
“United Texas – Housing Initiatives that Work” Realtor Training	Corpus Christi	February 23	Home Ownership	Training
Rural Housing Workgroup	Austin	February 24	Housing Trust Fund, Housing Resource Center	Presentation, Participant
Texas Legislative Black Caucus – HUB Panel	Austin	February 28	Purchasing	Presentation
Wells Fargo Home Mortgage Lender Training	Amarillo	February 28-March 1	Home Ownership	Training

TEXAS HOMEOWNERSHIP DIVISION

REPORT ITEM

March 3, 2011

Background

At the January 20, 2011 TDHCA Board meeting, staff was instructed to consider additional ways to create consumer awareness about its Mortgage Credit Certificate (MCC) Program. Utilizing a portion of the Department's private activity volume cap, TDHCA has offered an MCC Program since 2003 along with its primary homebuyer vehicle – the Texas First Time Homebuyer Program. Initially, the program administration was outsourced to a private firm but more recently with the launch of the 2008 program, the administration has been performed internally by Department staff.

An MCC offers borrowers the opportunity to receive a federal tax credit up to \$2,000 annually to be applied towards their federal income tax liability. The MCC is in effect for the life of the mortgage loan so long as the home remains the borrower's principle residence.

Historically, staff has promoted the program via its website, homebuyer hotline, through its participating lender network, Realtor trainings, newspaper advertisements with new program releases and homebuyer fairs. In fiscal year 2010, the number of households projected to be issued certificates through the program was 660; however, 873 households were actually issued certificates. Although the participating lender network has embraced the MCC Program, with many actively and aggressively promoting the program, the general public continues to have a lack of awareness of the program's availability and its potential benefit.

In an effort to expand awareness and educate more consumers about the program, staff has contracted to participate in a hyperlink advertising program with Bankrate.com. As one of the leading on-line resources to help borrowers with their mortgage needs, the advertising campaign will help to promote and educate serious minded borrowers that are ready to purchase a home about each of TDHCA's homeownership programs. Once the website visitor clicks on the "first time homebuyers" link, they will be taken to the "landing page" containing vital program information and steps on how to apply. Working in conjunction with our Information Services staff, we will have the ability to track the number of visitors searching for a participating lender.

In addition to existing marketing materials, staff worked with the Department's marketing design team to develop more consumer driven materials. As a result, tri-fold brochures for both the Texas First Time Homebuyer and the Texas Mortgage Credit Program were developed and will be provided to all Texas Statewide Homebuyer Education Providers (TSHEP) for distribution to participants in each homebuyer education class conducted by the providers throughout the state. Program brochures will also be made available to owners of affordable rental housing properties that offer homebuyer education as a supportive service and that are monitored by the Department. Additionally, the brochures will be provided to all participating lender branch offices for display purposes in their offices.

Staff has also been recently contacted by representatives from one of the program's larger participating builder lenders interested in marketing the MCC Program to homebuyers in the Dallas area. Program information, suggestions and ideas were shared and staff agreed to provide additional training to their loan officers, if needed, and to participate in any upcoming promotional events they may conduct. Additionally, staff will continue its partnership with the Texas Association of Realtors and its outreach to

the Realtor community through its participation in a 4 hour continuing education course – “United Texas – Housing Initiatives That Work”. Staff will also continue to participate in homebuyer fairs as requested, accept speaking engagements from industry organizations and continue to explore creative ways to more effectively make the public aware of the program.



TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS



First Time Homebuyers

- » Down Payment Assistance
- » Mortgage Tax Credits
- » Low Interest Rates



FIND A LENDER
NEAR YOU



TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

First Time Homebuyers

- » Down Payment Assistance
- » Mortgage Tax Credits
- » Low Interest Rates

FIND A LENDER
NEAR YOU



**COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
March 3, 2011**

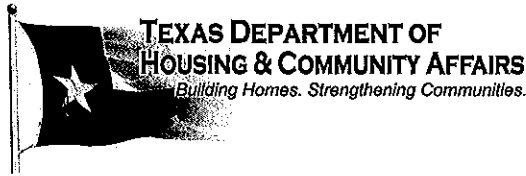
Report Item

Report on the obligation of the Weatherization Assistance Program (WAP) portion of the PY 2011 Low Income Home Energy Assistance Program (LIHEAP) award.

Background

On January 31, 2011, the Department received notification from the U.S. Department of Health and Human Services (USHHS) of the total annual allocation of LIHEAP funds of \$183,794,906. The Department awarded the LIHEAP WAP portion of the funds based on the plan approved by the Governing Board at the May 12, 2010 TDHCA Board meeting. The funds are allocated based on the formula detailed in the Texas Administrative Code and the LIHEAP Plan.

SUBRECIPIENT	CONTRACT TOTAL
1 Alamo Area Council of Governments	2,315,593
2 Bee Community Action Agency	164,861
3 Big Bend Community Action	364,098
4 Brazos Valley Community Action	948,304
5 Cameron-Willacy Counties Community Projects Inc.	826,385
6 Combined Community Action	538,466
7 Community Action Committee of Victoria	748,173
8 Community Action Corporation of South Texas	1,788,706
9 Concho Valley Community Action	563,912
10 Community Council of Reeves County	110,729
11 Community Services Agency of South Texas –Cost Reimbursement	574,387
12 Community Services, Inc.	1,553,634
13 Dallas County Department of Health and Human Services	2,147,860
14 Economic Opportunity Advancement Corp. of Planning Region XI	592,936
15 El Paso Community Action Program-Project BRAVO	1,150,804
16 Fort Worth, City of	1,207,513
17 Greater East Texas Community Action Program	922,030
18 Hill Country Community Action Agency	694,618
19 Lubbock, City of	391,047
20 Nueces County Community Action	491,418
21 Panhandle Community. Services	976,293
22 Program for Human Services	1,010,289
23 Rolling Plains Management Corporation	1,156,874
24 Sheltering Arms, Senior Services Inc.	3,574,293
25 South Plains Community Action Association	534,766
26 South Texas Development Council	275,868
27 Texoma Council of Government.	940,480
28 Travis County HSD	725,015
29 Tri-County Community Action, Inc. Cost Reimbursement	542,887
30 Currently Unserved (Webb County) RFA Pending	371,986
31 West Texas Opportunities, Inc.	785,501
	28,989,726



Rebuilding Texas: Disaster Recovery from Hurricanes Rita and Katrina

Hurricane Rita First Supplemental (\$74.5 million) - Public Law 109-148: Complete

The housing funds under Rita Round 1, administered by regional Council of Governments, are fully expended. The Rita Round 1 program built 531 homes. All unutilized funds are included in the new Maximization Fund.

Financial Summary

	Current Budget	Cumulative Expenditures	Percentage Expended	Transfer to Maximization Fund
Deep East Texas Council of Governments	\$6,674,546.00	\$6,674,546.00	100.00%	\$ -
Houston-Galveston Area Council	\$6,598,618.90	\$6,598,618.90	100.00%	\$58,477.10
SETRPC	\$26,472,723.41	\$26,472,723.41	100.00%	\$948,812.59
Admin Funds	\$1,406,920.00	\$1,406,920.00	100.00%	\$ -
Unobligated Balance	\$ -	\$ -	\$ -	\$218,087.00
Totals	\$40,944,909.54	\$40,944,909.54	100.00%	\$1,225,376.69

Hurricanes Rita and Katrina Second Supplemental (\$428.6 million) - Public Law 109-234

Activities and expenditures continue under the Rita Round 2 program, remaining funds after program close outs will transfer to the Maximization Fund.

Construction Activities as of February 22, 2011

Homeowner Program

- 2465 homes rehabilitated or reconstructed
- 15 homes currently under construction

Rental Program

- 1,083 rental units have been rehabilitated or reconstructed
- 794 rental units are currently under construction

Financial Summary

Subrecipient Awards	Current Budget	Cumulative Expenditures	Balance Remaining	Percentage Expended
Homeowner Assistance Program (HAP)	\$210,371,273.00	\$199,731,158.82	\$10,640,114.18	94.94%
Sabine Pass Restoration Program (SPRP)	\$12,000,000.00	\$10,030,648.76	\$1,969,351.24	83.59%
Rental Housing Stock Restoration Program (RHSRP)	\$82,779,333.00	\$82,261,210.42	\$518,122.58	99.37%
City of Houston	\$41,500,000.00	\$35,072,577.63	\$6,427,422.37	84.51%
Harris County	\$17,313,240.00	\$12,200,826.17	\$5,112,413.83	70.47%
Restoration of Critical Infrastructure Program (TDRA)	\$42,000,000.00	\$35,552,543.30	\$6,447,456.70	84.65%
State Administrative Funds (Admin Funds)	\$19,799,254.00	\$12,860,589.20	\$6,938,664.80	64.95%
Grand Total	\$425,763,100.00	\$387,709,554.30	\$38,053,545.70	91.06%

*Changes in totals are a result of the addition of the Maximization Fund.

Maximization Fund

This fund was created by TDHCA in December 2010 to move unutilized funds from other agencies and programs to the Homeowner Assistance Program in order to serve additional households.

Source of Funds		Anticipated additional homes to be served: 49
Houston-Galveston Area Council	\$ 58,477.10	
SETRPC	\$ 948,812.59	
Harris County	\$ 2,821,098.00	
RHSRP	\$ 87,651.00	
Other sources	\$ 218,087.00	
TOTAL	\$ 4,134,125.69	

Rebuilding Texas: Disaster Recovery from Hurricanes Ike and Dolly

Hurricane Ike and Dolly First Allocation (\$1.3 billion) - Public Law 110-329

TDHCA has awarded \$621,448,377 for housing activities related to CDBG Disaster Recovery Funding in the hurricane impacted areas with reported housing damage. This funding is comprised of \$562,613,464 that has been awarded to 18 Subrecipients and \$59,926,832 for rental set-aside.

Construction Activities as of February 22, 2011

Rental Program

- Over \$59 million has been awarded to 13 multifamily developments in the hurricane impacted areas.
- 1,857 rental units are anticipated to be rehabilitated or reconstructed by the Ike awardees; 76 rental units are anticipated in the Dolly area.

Subrecipient Program

- Eleven of the 18 Subrecipients have projects underway, including assistance to 280 homebuyers and approval for repairs to 143 homes.

Financial Summary

Subrecipient Awards	Current Budget	Cumulative Expenditures	Balance Remaining	Percentage Expended
City of Galveston	\$160,432,233.00	\$4,668,409.53	\$155,763,823.47	2.91%
Galveston County	\$99,503,498.00	\$5,728,864.95	\$93,774,633.05	5.76%
South East Texas Regional Planning Commission	\$95,000,000.00	\$1,451,235.76	\$93,548,764.24	1.53%
City of Houston	\$87,256,565.00	\$26,070,465.99	\$61,186,099.01	29.88%
Harris County	\$56,277,229.00	\$6,235,166.44	\$50,042,062.56	11.08%
Houston-Galveston Area Council	\$11,076,980.00	\$0.00	\$11,076,980.00	0.00%
Liberty County	\$8,878,923.00	\$330,005.25	\$8,548,917.75	3.72%
Montgomery County	\$6,909,237.00	\$220,077.72	\$6,689,159.28	3.19%
Deep East Texas Council of Governments	\$5,931,070.00	\$187,317.73	\$5,743,752.27	3.16%
Cameron County	\$3,093,750.00	\$0.00	\$3,093,750.00	0.00%
Hidalgo County	\$2,000,000.00	\$170,017.44	\$1,829,982.56	8.50%
City of Brownsville	\$1,635,318.00	\$0.00	\$1,635,318.00	0.00%
Fort Bend County	\$1,582,107.00	\$27,247.93	\$1,554,859.07	1.72%
Brazos Valley Affordable Housing Corporation	\$948,930.00	\$0.00	\$948,930.00	0.00%
Willacy County	\$ 541,287.00	\$0.00	\$541,287.00	0.00%
East Texas Council of Governments	\$ 415,117.00	\$21,331.00	\$393,786.00	5.14%
City of Mission	\$ 209,638.00	\$28,771.48	\$180,866.52	13.72%
Chambers County	\$ 20,921,582.00	\$0.00	\$20,921,582.00	0.00%
Total:	\$562,613,464.00	\$45,138,911.22	\$517,474,552.78	8.02%

Summary of Homeowner Assistance Activities under Round 1 Ike/Dolly Program

Total Applicants	Ineligible	Eligibility Determined	Pending Environmental	Environmentally Cleared	Under Construction	Complete
12,559	3,896	2,315	231	1,681	67	59

Multi-Family Awards	Current Budget	Cumulative Expenditures	Balance Remaining	Percentage Expended
Orange Navy II	\$ 3,450,000.00	\$ 2,506,922.51	\$ 943,077.49	72.66 %
Tidwell Estates	\$ 277,676.00	\$ 277,676.00	\$ 0.00	100.00 %
Beacon Bay Townhomes	\$ 816,898.00	\$ 0.00	\$ 816,898.00	0.00 %
2101 Church Street	\$ 5,000,000.00	\$ 0.00	\$ 5,000,000.00	0.00 %
Fountains of Westchase	\$ 2,390,000.00	\$ 0.00	\$ 2,390,000.00	0.00 %
Towers at Clear Lake	\$ 5,000,000.00	\$ 0.00	\$ 5,000,000.00	0.00 %
Union Acres	\$ 3,003,389.00	\$ 0.00	\$ 3,003,389.00	0.00 %
Champion Homes at Bay Walk	\$ 5,000,000.00	\$ 693,962.99	\$ 4,306,037.01	13.88 %
Champion Homes at Marina Landing	\$ 10,000,000.00	\$ 0.00	\$ 10,000,000.00	0.00 %
Lexington Square Apartments	\$ 1,425,868.00	\$ 0.00	\$ 1,425,868.00	0.00 %
Colony of Humble	\$ 6,296,670.00	\$ 0.00	\$ 6,296,670.00	0.00 %
Arthur Robinson Apartments	\$ 10,000,000.00	\$ 0.00	\$ 10,000,000.00	0.00 %
Countryside Village Apartments	\$ 7,266,331.00	\$ 0.00	\$ 7,266,331.00	0.00 %
Total:	\$ 59,926,832.00	\$ 3,478,561.50	\$ 56,448,270.50	5.80 %