

BOARD MEETING OF OCTOBER 10, 2013

J. Paul Ozer, Chair



**TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS**
Building Homes. Strengthening Communities.

Juan Muñoz, Vice-Chair
J. Mark McWatters, Member
Leslie Bingham Escareño, Member
Robert D. Thomas, Member
Tom Gann, Member

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

A G E N D A

9:00 a.m.
October 10, 2013

Capitol Extension Room E2.036
1500 North Congress, Austin, TX

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

J. Paul Oxer, Chairman

Pledge of Allegiance - I pledge Allegiance to the flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Texas Pledge of Allegiance - Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

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 Texas Government Code, Chapter 551, Texas Open Meetings Act.

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

Executive

- a) Presentation, Discussion, and Possible Action on board meeting minute summary for July 11, 2013

Barbara Deane
Board Secretary

LEGAL:

- b) Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning Calvert Arms Apartments and Marlin Square Apartments (HTC 92096 and 94060)
- c) Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning 2512 Thorne, 2904 Walnut, 1213 Pecan, 2503 North Wilson, and Mitay, Inc. Scattered Site (HTC 70046, 70054, 70083, 70084, and 92009)

Jeff Pender
Deputy General
Counsel

HOUSING RESOURCE CENTER

- d) Presentation, Discussion, and Possible Action on the 2014 Regional Allocation Formula Methodology

Elizabeth Yevich
Dir. Housing
Resource Center

PROGRAM, PLANNING, POLICY, AND METRICS:

- e) Presentation and Discussion on the Department Snapshot tool for the Community Affairs programs

David Johnson
Manager, Program
Planning, Policy &
Metrics

OFFICE OF COLONIA INITIATIVES/HOUSING TRUST FUND

- f) Presentation, Discussion and Possible Action on the appointment of Colonia Residents Advisory Committee (C-RAC) members

Homero Cabello
Director, Office of
Colonia Initiatives

MULTIFAMILY FINANCE DIVISION

- g) Presentation, Discussion and Possible Action Regarding Inducement Resolution No. 14-006 for Multifamily Housing Revenue Bonds and an Authorization for Filing Applications for Private Activity Bond Authority for the 2013 Waiting List

Cameron Dorsey
Director, Multifamily
Finance

13609 Terrace View Grand Prairie

HOME DIVISION:

- h) Presentation, Discussion, and Possible Action on a proposed Substantial Amendment to the 2013 State of Texas Consolidated Plan: One-Year Action Plan

Jennifer Molinari
Director, HOME

RULES:

- i) Presentation, Discussion, and Possible Action on proposed amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.21, concerning Action by Department if Outstanding Balances Exist

Patricia Murphy
Chief of Compliance

- j) Presentation, Discussion, and Possible Action on proposed amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, concerning Delinquent Audits and Related Issues

- k) Presentation, Discussion, and Possible Action on proposed new 10 TAC Chapter 1, Administration, Subchapter B, §§1.201 – 1.202 concerning Accessibility Requirements and directing its publication for public comment in the *Texas Register*

Barbara Deane,
General Counsel

- l) Presentation, Discussion, and Possible Action regarding a proposed repeal of 10 TAC Chapter 1, §1.19 regarding Deobligated Funds and proposal of a new 10 TAC Chapter 1, §1.19 concerning the Policy for the Reallocation of Financial Assistance for public comment and publication in the *Texas Register*

Brooke Boston
DED, SF-3PM

- m) Presentation, Discussion, and Possible Action on proposed new 10 TAC Chapter 21 concerning the Minimum Energy Efficiency Requirements for Single Family Construction Activities and directing its publication for public comment in the *Texas Register*

- n) Presentation, Discussion, and Possible Action on a proposed amendment to 10 TAC Chapter 5, Community Affairs Programs, Subchapter H, Section 8 Housing Choice Voucher Program, §5.801, concerning the Project Access Initiative, and directing its publication for public comment in the *Texas Register*

Michael DeYoung
Assist. DED,
Network &
Customer Service

- o) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, §§5.2, 5.3, 5.8, 5.10, 5.12, 5.13, 5.17, 5.19, and 5.20, concerning Community Affairs General Provisions, and directing its publication in the *Texas Register*

- p) Presentation, Discussion, and Possible Action on orders adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter B, §§5.202, 5.210, 5.212, and 5.217, concerning Community Services Block Grant Program; the repeal of §5.209, concerning State Application and Plan; and the re-adoption of 10 TAC Chapter 5, Community Affairs Programs, Subchapter B, Community Services Block Grant Program, §5.208, concerning Designation and Re-designation of Eligible Entities in Unserved Areas, pursuant to Texas Government Code, §2001.039, and directing their publication in the *Texas Register*

- q) Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 5, Community Affairs Programs, Subchapter C, §§5.301 – 5.311, concerning Emergency Shelter Grants Program (ESGP), and directing its publication in the *Texas Register*

- r) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter D, §§5.403, 5.407, 5.423 and 5.424, concerning Comprehensive Energy Assistance Program, and directing its publication in the *Texas Register*

- s) Presentation, Discussion, and Possible Action on orders adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter E, §§5.502, 5.503, 5.507 and 5.524, concerning Weatherization Assistance Program General; and the re-adoption of 10 TAC Chapter 5, Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §§5.501 and 5.528, concerning Background and Health and Safety, pursuant to Texas Government Code §2001.039, and directing their publication in the *Texas Register*

- t) Presentation, Discussion, and Possible Action on orders adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter F, §§5.602 and 5.603, concerning Weatherization Assistance Program Department of Energy; and the re-adoption of 10 TAC Chapter 5, Community Affairs Programs, Subchapter F, Weatherization Assistance Program Department of Energy, §§5.607 – 5.609, concerning Space Heater Requirements, Vehicle Procurement Procedures, and Grant Guidance on Leasing of Vehicles, pursuant to Texas Government Code §2001.039; and directing their publication in the *Texas Register*
- u) Presentation, Discussion, and Possible Action on an order adopting amendment to 10 TAC Chapter 5, Community Affairs Programs, Subchapter G, Weatherization Assistance Program Low-Income Home Energy Assistance Program, §5.701, concerning Allowable Expenditure per Dwelling Unit, and directing its publication in the *Texas Register*
- v) Presentation, Discussion, and Possible Action on orders adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter J, §§5.1003, 5.1004, and 5.1006 concerning Homeless Housing and Services Program; and new §§5.1007 and 5.1008, concerning Subrecipient Reporting Requirements and Subrecipient Data Collection, and directing their publication in the *Texas Register*
- w) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter K, §§5.2001, 5.2004, 5.2006, 5.2008, and 5.2012, concerning Emergency Solutions Grants (ESG), and directing their publication in the *Texas Register*

REPORT ITEMS:

The Board accepts the following reports:

TDHCA Outreach Activities, September 2013

Michael Lyttle
Chief of External
Affairs

ACTION ITEMS:

ITEM 2: HOME DIVISION:

Report from the HOME Program Director

Jennifer Molinari
Director, HOME

ITEM 3: MULTIFAMILY FINANCE DIVISION:

- a) Presentation, Discussion, and Possible Action on Requested Waivers and Consideration of Determination Notices for Housing Tax Credits with other Issuers, if all required waivers, if any, have been granted:

13412	Cypress Creek at Ledge Stone	Dripping Springs
13413	Edison Square	Port Arthur
13416	Wilmington House	Houston
13418	Cedar Terrace	Galveston

- b) Presentation, Discussion and Possible Action on Extension Request relating to Commitment Notices Issued under the 2013 State Housing Tax Credit ceiling
- c) Presentation, Discussion, and Possible Action on Awards of Competitive 9% Low Income Housing Tax Credits from the 2013 State Housing Tax Credit ceiling from the Waiting List for the 2013 Housing Tax Credit Application Round

Cameron Dorsey
Director, Multifamily
Finance

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS. PUBLIC COMMENT MAY INCLUDE REQUESTS THAT THE BOARD PLACE SPECIFIC MATTERS ON FUTURE AGENDAS FOR CONSIDERATION.

EXECUTIVE SESSION

J. Paul Oser
Chairman

The Board may go into Executive Session (close its meeting to the public) with regard to any posted item.

1. Pursuant to Texas Government Code, §551.074 the Board may go into Executive Session 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 Texas Government Code, §551.071(1) the Board may go into Executive Session 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) *Threatened litigation – letter from Shari Goldsberry dated August 20, 2013*
 - c) *Possible litigation with an entity in Culberson County, Texas*
3. Pursuant to Texas Government Code, §551.071(2) the Board may go into Executive Session 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 Texas Government Code, Chapter 551
4. Pursuant to Texas Government Code, §551.072 the Board may go into Executive Session 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; and/or-
5. Pursuant to Texas Government Code, §2306.039(c) the Board may go into Executive Session to receive reports from the internal auditor, fraud prevention coordinator, or ethics advisor and discuss issues related to fraud, waste or abuse.

OPEN SESSION

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

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 Michael Lyttle, 512-475-4542 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 three (3) days before the meeting so that appropriate arrangements can be made.

Non-English speaking individuals who require interpreters for this meeting should contact Jorge Reyes, 512-475-4577 at least three (3) 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.

CONSENT AGENDA

1a

BOARD ACTION REQUEST
BOARD SECRETARY
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on the Board Minutes Summary for July 11, 2013.

RECOMMENDED ACTION

Approve Board Meeting Minutes Summary for July 11, 2013.

RESOLVED, that the Board Meeting Minutes Summary for July 11, 2013, are hereby approved as presented.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

July 11, 2013; 9:00 a.m.

Capitol Extension Auditorium
1500 North Congress, Austin, Texas

SUMMARY OF MINUTES

Call to Order, Roll Call, Certification of Quorum

The Board Meeting of the Texas Department of Housing and Community Affairs of July 11, 2013, was called to order by J. Paul Oxer, Chair, at 9:05 a.m. It was held at 1500 North Congress, Austin, Texas. Roll call certified a quorum was present, clarified that a majority for purposes of Board action is a majority of a quorum.

Members Present:

J. Paul Oxer, Chair
Juan Muñoz, Vice-Chair
J. Mark McWatters
Leslie Bingham-Escareño
Tom H. Gann

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 Texas Government Code, Chapter 551, Texas Open Meetings Act.

The Honorable Representative Cecil Bell, Jr. provided testimony in support of Heritage Plaza Apartments, Montgomery, TX.

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

EXECUTIVE:

- a) Presentation, Discussion, and Possible Action on the Board meeting Minutes Summary for June 13, 2013
- b) Discussion and Possible Action on Compensation of the Executive Director pursuant to the recent enactment of the 2014 - 2015 General Appropriations Act by the 83rd Texas Legislature

FINANCIAL ADMINISTRATION

- c) Presentation, Discussion, and Possible Action on the FY 2014 Operating Budget
- d) Presentation, Discussion, and Possible Action on the FY 2014 Housing Finance Division Budget

ASSET MANAGEMENT:

- e) Presentation, Discussion, and Possible Action on approval of Housing Tax Credit Amendments
12332 Apple Grove Villas

COMMUNITY AFFAIRS:

- f) Presentation, Discussion, and Possible Action on Approval of the Amended FFY 2013 Low Income Home Energy Assistance Program (LIHEAP) State Plan, for submission to the U.S. Department of Health and Human Services
- g) Presentation, Discussion, and Possible Action on Approval of the Final FFY 2014 Low Income Home Energy Assistance Program (LIHEAP) State Plan, for submission to the U.S. Department of Health and Human Services
- h) Presentation, Discussion, and Possible Action on the Allocation of 2012 Community Services Block Grant (CSBG) TDHCA Administrative funds to replace some portion of funds in 2013 Housing and Homeless Services Program (HHSP) contracts funded with Housing Trust Fund (HTF)

REPORT ITEMS:

The Board accepts the following reports:

1. Report on Plans related to the 2014 Qualified Allocation Plan and other Multifamily Rules
2. Report on Challenges Made in Accordance with §11.10 of the 2013 Qualified Allocation Plan (QAP) Concerning 2013 Housing Tax Credit (HTC) Applications
3. Report on the Status of the Community Services Agency of South Texas contracts
4. TDHCA Outreach Activities, June 2013
Motion by Leslie Bingham-Escareño to approve the Consent Agenda; with the exception of Agenda Item 1h which was pulled for further discussion; duly seconded by Juan Muñoz; motion passed unanimously.

- 1h. Presentation, Discussion, and Possible Action on the Allocation of 2012 Community Services Block Grant (CSBG) TDHCA Administrative funds to replace some portion of funds in 2013 Housing and Homeless Services Program (HHSP) contracts funded with Housing Trust Fund (HTF)

Michael DeYoung presented a technical amendment to the staff recommendation to move the administrative funds into the discretionary pool and then award them to one or more HHSP subrecipients.

Stella Rodriguez, executive director, Texas Association of Counties, provided testimony in opposition to the staff recommendation.

Following discussion, Motion by Juan Muñoz to approve staff recommendation as amended; duly seconded by Tom Gann;

Stella Rodriguez, executive director of the Texas Association of 16 Community Action Agencies, provided testimony in opposition to staff recommendation.

Megan Sylvester, TDHCA Legal Services, was asked to provide testimony.

Passed unanimously.

ACTION ITEMS: AT THE DISCRETION OF THE BOARD CHAIR, ITEMS MAY BE TAKEN OUT OF ORDER.

AGENDA ITEM 2: ASSET MANAGEMENT:

Presentation, Discussion, and Possible Action on approval of Material LURA Amendments

96134 Sabine Park Meadows Orange

Motion by Tom Gann to accept staff's recommendation to authorize staff to work with the owner for a period of up to six months, which may be extended an additional six months with executive director approval, to develop a plan of action to preserve the long-term affordability of all 200 units under the basic parameters that were outlined in the Board package; duly seconded by J. Paul Oxer;

Michael Lyttle read for the record, a letter from State Representative Allan B. Ritter in support of the LURA request;

Mr. Gann amended his motion to include the statement "Nothing in this resolution shall be interpreted to require or authorize evictions or non-renewals that are otherwise contrary to law"; amendment duly seconded by Mr. Oxer; motion passed unanimously.

Additional Public Comment on Report Item 2 after the vote on Agenda Item 2:

Lora Myrick, provided testimony concerning the QAP challenges process and unforeseen consequences.

AGENDA ITEM 3: APPEALS:

Presentation, Discussion, and Possible Action on Timely Filed Appeals under any of the Department's Program or Underwriting Rules

13022 Liberty Manor Liberty Hill

Motion by Leslie Bingham-Escareño to accept staff's recommendation to deny appeal request; duly seconded by Tom Gann;

Cynthia Bast, Locke Lord, provided testimony in opposition of the staff recommendation.

Greg Boatright, city administrator for the City of Liberty Hill, provided testimony in opposition of the staff recommendation.

Jody Tucker, CEO and founding partner of Prestwick Development, provided testimony in opposition of the staff recommendation.

motion passed unanimously.

The Board took a brief recess at 10:40 a.m.

Jeff Stokes, chief of staff for State Representative Lance Gooden, read a letter of support on the record for application number 13032, Stone Leaf at Eustace.

13023 Patriot's Crossing Dallas

Motion by Juan Muñoz to accept staff's recommendation to deny appeal request; duly seconded by Leslie Bingham-Escareño;

Claire Palmer, provided testimony in support of the appeal request.

Vigal Lelah, provided testimony in support of the appeal request.

Mike Sugrue, Stone Leaf Companies, provided testimony in support of the appeal request.

Jay Oji, provided testimony in support of the staff recommendation.

motion passed unanimously.

13046 La Esperanza Del Rio Rio Grande City

Motion by Juan Muñoz to accept staff's recommendation to deny appeal request; duly seconded by Tom Gann;

Linda Brown, president of Casa Linda Development Corporation, provided testimony in support of the appeal request.

Rick Schell, attorney, provided testimony in support of the appeal request.

Kyndel Bennett, developer, provided testimony in support of the staff recommendation.

Gilbert Guerra, president and principal owner of Rio Delta Engineering, provided testimony in support of the staff recommendation.

Cynthia Bast, Locke Lord, provided testimony in support of the staff recommendation.

motion passed unanimously.

13053 Heritage Plaza Montgomery

Motion by Leslie Bingham-Escareño; to accept staff's recommendation to deny appeal request; duly seconded by Gann;

Michael Lyttle read for the record a letter from the Honorable State Representative Brandon Creighton, in support of the appeal request.

Matt Fuqua, provided testimony in support of the appeal request.

Tamea Dula, Coats Rose, provided testimony in support of the appeal request.

motion passed unanimously.

EXECUTIVE SESSION

At 12:31 p.m. Chairman Oxer convened the Executive Session.

1. Pursuant to Tex. Gov't. Code, §551.074 the Board may go into Executive Session for the purposes of discussing personnel matters including to deliberate the appointment, employment, compensation, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee, including the executive director
2. Pursuant to Tex. Gov't. Code, §551.071(1) the Board may go into Executive Session 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., before the United States Court of Appeals for the Fifth Circuit.
3. Pursuant to Tex. Gov't. Code, §551.071(2) the Board may go into Executive Session 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 Tex. Gov't. Code, Chapter 551:
 - a) Attorney General Opinion No. GA-1009 (2013)
 - b) Legal Matters relating to provisions in bond subordination agreements
4. Pursuant to Tex. Gov't. Code, §551.072 the Board may go into Executive Session 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; and/or-
5. Pursuant to Tex. Gov't. Code, §2306.039(c) the Board may go into Executive Session to receive reports from or discuss with the internal auditor, fraud prevention coordinator, or ethics advisor issues related to fraud, waste or abuse.

OPEN SESSION

At 1:34 p.m. Chairman Oxer reconvened the Open Session, announced that No Action had been taken during the Executive Session, and certified that the posted agenda had been followed.

AGENDA ITEM 3: APPEALS: *CONTINUED*

Presentation, Discussion, and Possible Action on Timely Filed Appeals under any of the Department's Program or Underwriting Rules

13053 Heritage Plaza Montgomery

Justin Hartz, LDG Development, provided testimony in support of the staff recommendation.

Tamea Dula, Coats Rose, provided testimony in support of the appeal request.

Motion to deny appeal request passed unanimously.

13088 Riverwood Apartments Three Rivers

Motion by Juan Muñoz to accept staff's recommendation to deny appeal request; duly seconded by Leslie Bingham-Escareño;

Gary Maddock, provided testimony in support of the appeal request.

Scott B. Poor, provided testimony in support of the appeal request.

Cynthia Bast, Locke Lord, provided testimony support of the appeal request.

John Shackelford, Shackelford, Melton & McKinley, provided testimony in support of the staff recommendation.

motion passed unanimously.

13177 Rosewood Apartments Three Rivers

Motion by Juan Muñoz to accept staff's recommendation to deny appeal request; duly seconded by Mark McWatters; motion passed unanimously.

The Chair recognized Mr. Don Jones, chief of staff for Representative Jose Menéndez, in the audience.

13068 Mayorca Villas Brownsville

Motion by Tom Gann to accept staff's recommendation to deny appeal request on two points and reinstate one point; duly seconded by Juan Muñoz; motion passed unanimously.

Melissa Adami, provided testimony in support of the staff recommendation.

13166 Artspace El Paso Lofts El Paso

Motion by Juan Muñoz to accept staff's recommendation to deny appeal request on two points and reinstate one point duly seconded by Leslie Bingham-Escareño; motion passed unanimously.

13113 Reserve at Arcola Senior Living Arcola

Motion by Juan Muñoz to accept staff's recommendation to deny appeal request; duly seconded by Tom Gann;
Chris Applequist, Miller Valentine Group, provided testimony in support of the appeal request.
Cynthia Bast, Locke Lord, provided testimony in support of the appeal request.
motion passed unanimously.

13139 Stonebridge of Plainview Plainview
Motion by Leslie Bingham-Escareño to accept staff's recommendation to deny appeal request; duly seconded by Mark McWatters;
Dru Childre, provided testimony in support of appeal request.
Brett Johnson, provided testimony in support of the staff recommendation.
motion passed unanimously.

13159 4800 Berkman Austin
Motion by Juan Muñoz to accept staff's recommendation to deny the appeal request; duly seconded by Mark McWatters;
Janine Sisak, DMA Development Company, provided testimony in support of appeal request.
motion passed unanimously.

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS. PUBLIC COMMENT MAY INCLUDE REQUESTS THAT THE BOARD PLACE SPECIFIC MATTERS ON FUTURE AGENDAS FOR CONSIDERATION.

Sarah Reidy, partner with Casa Linda Development Corporation, provided testimony regarding Rural Region 11 and the rural collapse, concerning Rio Grande City.
Darrell Jack, president of Apartment Market Data, provided testimony regarding Rural Region 11 and the rural collapse, concerning Rio Grande City.

ADJOURN

Motion by Leslie Bingham-Escareño to adjourn; duly seconded by Mark McWatters motion passed unanimously.
Since there was no other business to come before the Board, the meeting was adjourned at 3:20 p.m. on July 11, 2013.

Barbara Deane, Board Secretary

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

1b

BOARD ACTION REQUEST

LEGAL SERVICES

OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order regarding Calvert Arms Apartments and Marlin Square Apartments (HTC 92096 and 94060)

RECOMMENDED ACTION

WHEREAS, Calvert Arms Apartments in Calvert, Robertson County, Texas, owned by Calvert Arms, Ltd., has a history of uncorrected violations of the applicable land use restriction agreement;

WHEREAS, Marlin Square Apartments in Marlin, Falls County, Texas, owned by Marlin Square, Ltd., has a history of uncorrected violations of the applicable land use restriction agreement;

WHEREAS, on August 27, 2013, Lionel Sims, representing both Calvert Arms, Ltd., and Marlin Square, Ltd., met with the TDHCA Administrative Penalty Committee and agreed, subject to Board approval, to enter into an Agreed Final Order with the following requirements:

1. Calvert Arms, Ltd., and Marlin Square, Ltd., are jointly assessed an administrative penalty in the total amount of \$3,000, which is partially deferred and may be satisfied, in lieu, as follows:
2. A \$500 portion of the assessed administrative penalty will be immediately due and payable;
3. All outstanding violations must be corrected and sufficient evidence of correction must be submitted to TDHCA as indicated in the Agreed Final Order on or before December 9, 2013; and
4. If outstanding violations are not fully resolved and sufficient evidence of the corrections have not been submitted within the established timeline, the remaining \$2,500 administrative penalty will become immediately due and payable; and

WHEREAS, staff has based its recommendations for an Agreed Final Order 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;

NOW, therefore, it is hereby

RESOLVED, that the Agreed Final Order assessing a \$3,000 administrative penalty as outlined above for noncompliance at Calvert Arms Apartments and Marlin Square Apartments (HTC 92096 and 94060), substantially in the form presented at this meeting, and including any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Calvert Arms, Ltd., is the owner of Calvert Arms Apartments, a 24-unit apartment complex located in Calvert, Richardson County, Texas, which is subject to a land use restriction agreement ("LURA") signed in 1994 in consideration for an allocation of housing tax credits in the amount of \$33,582 awarded by TDHCA.

Marlin Square, Ltd., is the owner of Marlin Square Apartments, a 25-unit apartment complex located in Marlin, Falls County, Texas, which is subject to a land use restriction agreement ("LURA") signed in 1995 in consideration for an allocation of housing tax credits in the amount of \$35,658 awarded by TDHCA.

Despite numerous attempts by the Compliance Division to provide technical assistance, Calvert Arms, Ltd. and Marlin Square Ltd., have been unable to operate the properties in compliance with LURA requirements. A representative for both owners first met with TDHCA's Administrative Penalty Committee ("Committee") in March 2012 and agreed that they would correct all violations by April 30, 2012. A response was received, but many violations remained unresolved and no response was received for a subsequent physical inspection conducted at the property. In addition, both properties missed the 2013 deadline for submitting their 2012 Annual Owner's Compliance Reports.

Current unresolved violations:

1. 2012 Annual Owner's Compliance Reports for both properties;
2. 2009 UPCS violation relating to an insect infestation in unit 705 at Marlin Square Apartments;
3. 2012 UPCS violations at Marlin Square Apartments as follows:
 - a. Parking lot has potholes and loose materials / gravel;
 - b. Roof soffit fascia board is rotten;
 - c. Unit 719: missing lavatory sink stopper, all ceilings are stained and require paint; walls in all rooms are stained and require paint, all doors are stained and require paint, master bedroom door lock is inoperable, 2nd bedroom door lock is missing, 2 burners are inoperable on kitchen stove.
 - d. Unit 709: trip hazard in hall (cable running across hall walkway), flammable materials improperly stored (pans containing oil stored in oven).
4. 2012 File monitoring violations at Marlin Square Apartments: household above income limit upon initial occupancy in units 504, 514, and 729.

A representative for both owners met with the Committee again on August 27, 2013. The representative and Committee members agreed that a partially deferred penalty in the amount of \$3,000 would be appropriate, provided that Owners submitted full corrective documentation on or before December 9, 2013.

Consistent with direction from the Department's Administrative Penalty Committee, a partially deferred penalty in the amount of \$3,000 is recommended, with \$500 to be paid immediately and \$2,500 to be deferred and possibly forgiven provided that Calvert Arms, Ltd., and Marlin Square Ltd., comply with all terms of the Agreed Final Order.

ENFORCEMENT ACTION AGAINST
CALVERT ARMS, LTD AND MARLIN
SQUARE, LTD. WITH RESPECT TO
CALVERT ARMS AND MARLIN
SQUARE APARTMENTS (HTC FILES
92096 AND 94060)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 10th day of October, 2013, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA”) considered the matter of whether enforcement action should be taken against **CALVERT ARMS, LTD.**, a Texas limited partnership, and **MARLIN SQUARE, LTD.**, a Texas limited partnership, (jointly, “Respondents”).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (“APA”), Tex. Gov’t Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondents agree to resolve this matter by this Agreed Final Order. The Respondents agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Administrative Penalties Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

FINDINGS OF FACT

Jurisdiction:

1. On May 5, 1994, Calvert Arms, Ltd. was awarded an allocation of Low Income Housing Tax Credits by the Board, in the amount of \$33,582 to construct and operate Calvert Arms Apartments (“Calvert”) (HTC file No. 92096 / CMTS No. 1064 / LDLD No. 242).
2. On November 10, 1995, Marlin Square, Ltd. was awarded an allocation of Low Income Housing Tax Credits by the Board, in the amount of \$35,658 to acquire, rehabilitate, and operate Marlin Square (“Marlin”) (HTC file No. 94060 / CMTS No. 1234 / LDLD No. 222).

3. Respondents each signed a land use restriction agreement ("LURA") regarding Calvert and Marlin (jointly, the "Properties"). The Calvert LURA was effective July 12, 1994, and filed of record at Volume 615, Page 496 of the Official Public Records of Real Property of Robertson County, Texas ("Records"), as amended by a First Amendment executed on July 12, 1994, and filed in the Records at Volume 615, Page 503. The Marlin LURA was effective November 10, 1995, and filed of record at Volume 72, Page 212 of the Official Public Records of Real Property of Falls County, Texas ("Records").
4. Both Respondents are Texas limited partnerships that are approved by TDHCA as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

CALVERT AND MARLIN:

5. On May 1, 2013, June 28, 2013, and July 3, 2013, TDHCA sent notice that Respondents had failed to timely submit their 2012 Annual Owner's Compliance Reports, a violation of 10 TEX. ADMIN. CODE §10.603 (Reporting Requirements), which requires each development to submit an Annual Owner's Compliance Report on or before April 30 of each year. Both reports remain outstanding.

MARLIN ONLY:

6. A Uniform Physical Condition Standards ("UPCS") inspection was conducted at Marlin on April 17, 2009. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE § 60.116 (Property Condition Standards). Reports were mailed to Respondents and, in conformance with 10 TEX. ADMIN. CODE § 60.117 (Notice to Owner), as amended, a 90-day corrective action deadline of September 3, 2009 was set to provide Respondents a reasonable opportunity to respond to the report and bring the property into compliance. The following violation was not sufficiently documented as being corrected before the final August 12, 2013 deadline to avoid an informal conference with the Administrative Penalty Committee: insect infestation in unit 705, but has since been resolved.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TEX. ADMIN. CODE, CHAPTERS 10 AND 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

7. An on-site monitoring review was conducted at Marlin on January 17, 2012, to determine whether Respondents were in compliance with LURA requirements to lease units to low income households, maintain records demonstrating eligibility and keep the properties in good condition. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent, however, the following violations were not corrected before the final August 12, 2013 deadline to avoid an informal conference with the Administrative Penalty Committee:
 - a. Respondents failed to provide documentation that household incomes are within prescribed limits upon initial occupancy for the following 3 units at Marlin Square: 504, 514 and 729, a violation of 10 TEX. ADMIN. CODE §60.108 (Determination, Documentation and Certification of Annual Income) and the LURA.
 - b. Respondents failed to provide documentation that supportive services were being provided, a violation of 10 TEX. ADMIN. CODE §60.116 (Monitoring for Social Services) and Appendix A of the Marlin LURA.
8. A UPCS inspection was conducted at Marlin on February 22, 2012. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE § 60.118 (Property Condition Standards). Reports were mailed to Respondents and, in conformance with 10 TEX. ADMIN. CODE § 60.119 (Notice to Owner), as amended, a 90-day corrective action deadline of July 18, 2012 was set to provide Respondents a reasonable opportunity to respond to the report and bring the property into compliance. Violations listed at Attachment 1 were not corrected before the final August 12, 2013 deadline to avoid an informal conference with the Administrative Penalty Committee.
9. The following violations remain outstanding at the time of this order:
 - a. 2012 Annual Owner's Compliance Report Violations described in FOF #5;
 - b. 2012 file monitoring violations described in FOF #7;
 - c. 2012 UPCS violations described in FOF #8.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, 10 TAC §1.14 and 10 TAC, Chapter 60.
2. Respondents are both considered a "housing sponsor," as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Respondents violated 10 TEX. ADMIN. CODE §10.603 in 2012 by failing to submit Annual Owner's Compliance Reports for Calvert or Marlin for the period ending 12/31/2012;

5. Respondents violated representations made on page 1 of the Marlin LURA, Section 4 of the Marlin LURA, and 10 TEX. ADMIN. CODE §60.108 in 2012 by failing to provide documentation that household incomes are within prescribed limits upon initial occupancy for the following 3 units at Marlin Square Apartments: 504, 514, and 729.
6. Respondents violated 10 TEX. ADMIN. CODE §10.603 and Appendix A of the Marlin LURA in 2012 by failing to provide evidence that required supportive services are being provided.
7. Respondents violated 10 TEX. ADMIN. CODE § 60.116 in 2009, and 10 TEX. ADMIN. CODE § 60.118 in 2012, and I.R.C. §42, as amended, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.
8. Because Respondents are housing sponsors with respect to the Properties, and have violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondents pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.
9. Because Respondents are housing sponsors, TDHCA may order Respondents to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondents and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
10. Because Respondents have violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and have violated agreements with the Agency to which Respondents are a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
11. An administrative penalty of \$3,000 is an appropriate penalty in accordance with 10 TAC §§60.307 and 60.308.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondents are assessed an administrative penalty in the amount of \$3,000, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that Respondents shall pay and are hereby directed to pay a \$500 portion of the assessed administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" within thirty days of the date this Agreed Final Order is approved by the Board.

IT IS FURTHER ORDERED that Respondents shall correct the reporting violations, file monitoring violations, and UPCS violations, as indicated in the attachments and submit documentation of the corrections to TDHCA on or before December 9, 2013.

IT IS FURTHER ORDERED that if Respondents timely and fully comply with the terms and conditions of this Agreed Final Order, and the violations are corrected as required, the satisfactory performance under this order will be accepted in lieu of the remaining assessed administrative penalty and the remaining \$2,500 portion of the administrative penalty will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondents fail to satisfy any conditions or otherwise violate any provision of this order, then the remaining administrative penalty in the amount of \$2,500 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" within thirty days of the date the Department sends written notice to Respondents that it has violated a provision of this order.

IT IS FURTHER ORDERED that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System ("CMTS"), emailed to Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us or mailed to one of the addresses below. If it comes due and payable, the penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on _____, 2013.

By: _____
Name: J. Paul Oxe
Title: Chair of the Board of TDHCA

By: _____
Name: Barbara B. Deane
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

Before me, the undersigned notary public, on this _____ day of _____, 2013, personally appeared J. Paul Oxe, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this _____ day of _____, 2013, personally appeared Barbara B. Deane, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

STATE OF TEXAS _____ §

§
COUNTY OF _____ §

BEFORE ME, _____, a notary public in and for the State of _____, on this day personally appeared _____, known to me or proven to me through _____ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is _____, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of _____ for Marlin Square, Ltd. I am the authorized representative of Marlin Square, Ltd, owner of Marlin Square Apartments, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondents to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs.
4. Respondent hereby waives its right to any evidentiary hearing and any right to judicial review of this Agreed Final Order"

I, _____, AN AUTHORIZED REPRESENTATIVE OF RESPONDENT, HAVE READ AND UNDERSTAND THE FOREGOING AGREED FINAL ORDER. I UNDERSTAND THAT BY SIGNING THIS AGREED FINAL ORDER, I WAIVE CERTAIN RIGHTS INCLUDING THE RIGHT TO AN EVIDENTIARY HEARING AND ANY RIGHT TO JUDICIAL REVIEW OF THIS ORDER. I SIGN IT VOLUNTARILY, WILLINGLY, AND KNOWINGLY. I UNDERSTAND THIS AGREED FINAL ORDER CONTAINS THE ENTIRE AGREEMENT AND THERE IS NO OTHER AGREEMENT OF ANY KIND, VERBAL WRITTEN OR OTHERWISE.

RESPONDENT:

MARLIN SQUARE, LTD., a Texas limited partnership

By: _____

Name: Lionel Sims Jr.

Title: General Partner

Given under my hand and seal of office this _____ day of _____, 2013.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

STATE OF TEXAS _____ §

COUNTY OF _____ §

BEFORE ME, _____, a notary public in and for the State of _____, on this day personally appeared _____, known to me or proven to me through _____ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is _____, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of _____ for Calvert Arms, Ltd. I am the authorized representative of Calvert Arms, Ltd, owner of Calvert Arms Apartments, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondents to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs.
4. Respondent hereby waives its right to any evidentiary hearing and any right to judicial review of this Agreed Final Order"

I, _____, AN AUTHORIZED REPRESENTATIVE OF RESPONDENT, HAVE READ AND UNDERSTAND THE FOREGOING AGREED FINAL ORDER. I UNDERSTAND THAT BY SIGNING THIS AGREED FINAL ORDER, I WAIVE CERTAIN RIGHTS INCLUDING THE RIGHT TO AN EVIDENTIARY HEARING AND ANY RIGHT TO JUDICIAL REVIEW OF THIS ORDER. I SIGN IT VOLUNTARILY, WILLINGLY, AND KNOWINGLY. I UNDERSTAND THIS AGREED FINAL ORDER CONTAINS THE ENTIRE AGREEMENT AND THERE IS NO OTHER AGREEMENT OF ANY KIND, VERBAL WRITTEN OR OTHERWISE.

RESPONDENT:

CALVERT ARMS, LTD., a Texas limited partnership

By: _____

Name: Lionel Sims Jr.

Title: Co-General Partner

Given under my hand and seal of office this _____ day of _____, 2013.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

Given under my hand and seal of office this _____ day of _____, 2013.

Attachment 1

Tenant File Instructions

Follow the instructions below with respect to units 504, 514, and 729, and submit full corrective documentation as indicated below on or before December 9, 2013:

Circumstance with respect to units listed above	Required Action
If unit was occupied by a qualified household during the time of the onsite review	Submit the full file, including the tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum and Fair Housing Choice Disclosure Notice. Note that you must also complete the Fair Housing Choice Disclosure Notice for any households completing tenant file paperwork after 12/27/2012.
If unit is occupied by a new qualified household	Submit the full tenant file, including the tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum and Fair Housing Choice Disclosure Notice for any households completing tenant file paperwork after 12/27/2012.
If unit is occupied by a nonqualified household on a month-to-month lease	<ol style="list-style-type: none">1. Follow your normal procedures for terminating residency and provide a copy of documentation to TDHCA.2. As soon as the unit is occupied by a qualified household, you must submit the full tenant file, including the tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum and Fair Housing Choice Disclosure Notice. Receipt after 12/9/2013 is acceptable for this circumstance provided that Requirement 1 is fulfilled.
If unit is occupied by a nonqualified household with a non-expired lease	<ol style="list-style-type: none">1. Issue a nonrenewal notice to tenant and provide a copy to TDHCA.2. As soon as the unit is occupied by a qualified household, you must to submit the full tenant file, including the tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum and Fair Housing Choice Disclosure Notice. Receipt after 12/9/2013 is acceptable for this circumstance provided that Requirement 1 is fulfilled.
If unit is vacant	<ol style="list-style-type: none">1. Unit must be made ready for occupancy and a letter certifying to that effect must be submitted to TDHCA.2. As soon as the unit is occupied by a qualified household, you must submit the full tenant file, including the tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum and Fair Housing Choice Disclosure Notice. Receipt after 12/9/2013 is acceptable for this circumstance provided that Requirement 1 is fulfilled.

Attachment 2:

2012 UPCS Violations

Partial corrective documentation was submitted late on 8/23/2013. After reviewing the corrections, TDHCA staff inserted the corrected dates to the left of violations that are now considered resolved. Violations without a date to the left are considered uncorrected.

See attached list, then provide work orders and/or contractor invoices as indicated in the UPCS guidelines at Attachment 3 for all violations that TDHCA considers to be uncorrected.

**Texas Department of Housing and Community Affairs
List of Deficiencies Found**

Printed On: April 18, 2012

Inspeetable Area Inspeetable Item	Deficiency	T	S	C	Comments
Marlin Square Apartments 501 San Antonio Marlin, TX 75001					
Building: Unit: Building: Bldg .2 Unit: Building Exterior: Roofs	Potholes/Loose Material		L1		parking lot has pot holes and loose material/ gravel
Building Systems: Sanitary System	Damaged Soffits/Fascia		L1		fascia board is rotted
Unit: 727 P-23-13 P-6-13 Bathroom Doors Doors	Missing Drain/Cleanout/Manhole Covers		L3		missing sewer cap
	Shower/Tub - Damaged/Missing		L3		tub spout is missing and pipe to spout is capped
	Damaged Hardware/Locks		L3		back door lock is inoperable
	Damaged Frames/Threshold/Lintels/Trim		L3		front door/ can see daylight on the side of the door & back door/ frame is broken and door trim is missing
Building: Bldg .4 Unit: Building Systems: Sanitary System	Missing Drain/Cleanout/Manhole Covers		L3		missing sewer cap
Unit: (718) Bathroom Ceiling Doors	Lavatory Sink - Damaged/Missing		L1		missing stopper
	Needs Paint		L2		all rooms/ needs paint - stained
	Damaged Hardware/Locks		L2		master bedroom door lock is inoperable & 2nd bedroom door lock is missing
Doors Kitchen Walls	Damaged Surface (Holes/Paint/Rusting)		L2		all needs paint/ stained
	Range/Stove - Missing/Damaged/Inoperable		L3		2 burners are inoperable
	Needs Paint		L2		all rooms/ needs paint - stained
Building: Bldg .5 Unit: Building Systems: Electrical System	Missing Covers		L3		condenser electrical box is missing the inside cover/ not secured
P-26-13 Building Exterior: Health & Safety	Electrical Hazards - Exposed Wires/Open Panels		L3		condenser electrical box is missing the inside cover/ not secured
Unit: 504 Doors Health & Safety Hot Water Heater	Damaged Hardware/Locks		L3		bathroom door lock is inoperable & front door keyless deadbolt lock is missing the striker plate
8-26-13	Electrical Hazards - Exposed Wires/Open Panels		L3		plug cover in children's room is broken
	Pressure Relief Valve Missing		L3		T&P valve is missing the extension pipe/ must extend to within 18 inches from the floor
Outlets/Switches	Missing/Broken Cover Plates		L3		plug cover in children's room is broken
Building: Bldg .3 Unit: Building Systems: Sanitary System	Missing Drain/Cleanout/Manhole Covers		L3		missing sewer cap
8-23-13 Building Exterior: Windows	Broken/Missing/Cracked Panels		L3		broken window
Unit: 510 P-26-13 Doors	Damaged Hardware/Locks		L3		front door & back door deadbolt locks are inoperable and bathroom door lock is inoperable
2-22-12 P-26-13 Health & Safety Health & Safety	Hazards - Tripping		L3		cable running across walkway - Fixed Onsite
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable		L3		bathroom door lock is inoperable/ can lock self into the bathroom
Building: Bldg 13 Unit: Laundry Room Doors	Damaged Hardware/Locks		L3		lock is inoperable/ no key
Unit: 709 P-26-13 Bathroom	Water Closet - Damaged/Clogged/Missing		L2		toilet is leaking water into the bowl

**Texas Department of Housing and Community Affairs
List of Deficiencies Found**

Printed On: April 18, 2012

	Inspectable Area Inspectable Item	Deficiency	5	N	3	Comments
8-26-13	Bathroom	Plumbing - Leaking Faucet/Pipes	L1			sub faucet is leaking
	Doors	Damaged Hardware/Locks			L3	front door locks are inoperable & back door keyless deadbolt lock is inoperable and the 2nd bedroom door is coming off the hinges
8-26-13	Doors	Damaged Frames/Threshold/Linets/Trim			L3	front & back doors can see daylight on the sides of the doors
	Doors	Damaged Surface (Holes/Paint/Rusting)			L3	front door needs paint
	Health & Safety	Hazards - Tripping			L3	cable is running across walkway/ in hall
	Health & Safety	Flammable Materials - Improperly Stored			L3	pans containing oil are stored in the oven
	Hot Water Heater	Leaking Valves/Tanks/Pipes			L3	water heater is leaking water
	Hot Water Heater	Pressure Relief Valve Missing			L3	T&P valve is missing the extension pipe

Attachment 3

UPCS Work Order Instructions:

Each uncorrected violation listed at Attachment 2 must be resolved and Respondents must submit sufficient documentation in order for the Department to consider the item corrected.

Ideally, a separate work order is created by Building or unit for deficiencies found in each area. For example, the work order for a single unit may indicate all identified deficiencies listed in that unit if each correction is individually described. However, most developments generate a separate work order for each deficiency to ensure the response is adequately complete and the description of each corrective action is clearly detailed. **Five pieces of information are needed** on work orders, or invoices accompanied by the scope of work, to verify that a deficiency has been corrected:

1. **The location** of the deficiency, i.e. Bldg. 5 Unit 502 or Site- near outside gate, etc.
2. **The deficiency**, i.e. Damaged Doors, Hardware, locks – Bedroom door won't latch properly. Site-Hazards Other- Broken Glass.
3. **How the deficiency is corrected**. Just a few quick words are sufficient, i.e. "replaced bedroom door latch" or "adjusted bedroom door latch". "Removed broken glass." "Sheetrock repair, taped, floated, and painted". Conversely, words such as "fixed", "done", and "complete" are inadequate and are not acceptable.
4. **The date the deficiency was corrected**. The Department requires a correction date in order to accept the documentation. Additionally, the IRS requires a correction date for Tax Credit properties on form 8823. If there is no date of correction listed, the deficiency is not considered corrected.
5. **The signature** of the person who either performed the repair or acknowledges that the repair was performed satisfactorily.

Organization: Please submit the work orders in the same order that they appear in Attachment 2. This facilitates faster processing and increases the chances that all violations will be fully addressed.

For repairs such as concrete repairs, roofing, etc. where outside contractors are hired instead of using onsite maintenance staff, please include the scope of work with the dated invoice of the contractor that performed the work.

For pest control, the Structural Pest Control Act (Chapter 1951 of the Occupations Code) requires licensing of businesses and individuals that perform structural pest control for hire. Additionally, persons performing pest control at an apartment building must be licensed. As a result, you must submit a pest control invoice by a licensed contractor that includes a date, contractor signature, units treated and the type of pest treated. Self-treatment is unacceptable.

Finally, you may submit photographs in support of the above, but photographs by themselves are not acceptable documentation of correction. If you do submit photographs, please ensure that they are labeled and that the supporting work orders and/or invoices are attached.

1c

BOARD ACTION REQUEST

LEGAL SERVICES

OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order regarding 2512 Thorne, 2904 Walnut, 1213 Pecan, 2503 North Wilson, and Mitay, Inc., Scattered Site (HTC 70046, 70054, 70083, 70084, and 92009).

RECOMMENDED ACTION

WHEREAS, 2512 Thorne in Amarillo, Potter County, Texas, originally owned by Walter C. Spear and transferred to current owner, Mitay, Inc., in 1994, has a history of uncorrected violations of the applicable land use restriction agreement;

WHEREAS, 2904 Walnut in Amarillo, Potter County, Texas, originally owned by Walter C. Spear and transferred to current owner, Mitay, Inc., in 1994, has a history of uncorrected violations of the applicable land use restriction agreement;

WHEREAS, 1213 Pecan in Amarillo, Potter County, Texas, owned by E.A. Miles, has a history of uncorrected violations of the applicable land use restriction agreement;

WHEREAS, 2503 N. Wilson in Amarillo, Potter County, Texas, owned by James Hallihan, has a history of uncorrected violations of the applicable land use restriction agreement;

WHEREAS, Mitay Inc., Scattered Site in Amarillo, Potter County, Texas, owned by E.A. Miles, has a history of uncorrected violations of the applicable land use restriction agreement;

WHEREAS, on August 27, 2013, Edgar A. Miles and Byron Miles, representing the owners for the properties listed above, met with the TDHCA Administrative Penalty Committee and agreed, subject to Board approval, to enter into an Agreed Final Order with the following requirements:

1. The properties are jointly assessed an administrative penalty in the total amount of \$5,000, which is partially deferred and may be satisfied, in lieu, as follows:
2. A \$2,000 portion of the assessed administrative penalty will be immediately due and payable;
3. All outstanding violations must be corrected and sufficient evidence of correction must be submitted to TDHCA as indicated in the Agreed Final Order on or before December 9, 2013; and
4. If outstanding violations are not fully resolved and sufficient evidence of the corrections have not been submitted within the established timeline, the remaining \$3,000 administrative penalty will become due and payable; and

WHEREAS, staff has based its recommendations for an Agreed Final Order 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;

NOW, therefore, it is hereby

RESOLVED, that the Agreed Final Order assessing a \$5,000 administrative penalty as outlined above for noncompliance at 2512 Thorne, 2904 Walnut, 1213 Pecan, 2503 North Wilson, and Mitay, Inc., Scattered Site (HTC 70046, 70054, 70083, 70084, and 92009), substantially in the form presented at this meeting, and including any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Walter C. Spear was the original owner of 2512 Thorne and 2904 Walnut, both single units located in Amarillo, Potter County, Texas, which are subject to land use restriction agreements signed in 1990 in consideration for allocations of housing tax credits in the respective annual amounts of \$1,160 and \$1,173, awarded by TDHCA.

E.A Miles is the owner of 1213 Pecan, a single unit located in Amarillo, Potter County, Texas, and Mitay Inc., Scattered Site, two duplexes located in Amarillo, Potter County, Texas, both subject to land use restriction agreements signed in 1990 and 1994 in consideration for allocations of housing tax credits in the respective annual amounts of \$1,138 and \$4,000, awarded by TDHCA.

James Hallihan is the owner of 2503 N. Wilson, a single unit located in Amarillo, Potter County, Texas, subject to a land use restriction agreement "(LURA)" signed in 1990 in consideration for an allocation of housing tax credits in the annual amount of \$1,175, awarded by TDHCA.

Walter C. Spear transferred his interests in 2512 Thorne and 2904 Walnut to current owner, Mitay Inc., in 1994 and the restrictions remained in place in accordance with Section 2 of each LURA, thereby binding Mitay, Inc. to the terms of both LURAs.

Despite numerous attempts by the Compliance Division to provide technical assistance, the owners listed above have been unable to operate the properties in compliance with LURA requirements. Edgar A. Miles, authorized representative for all current owners, first met with TDHCA's Administrative Penalty Committee ("Committee") in October of 2012 and agreed that he would (1) submit all necessary file monitoring corrections by December 31, 2012, and (2) correct all Uniform Physical Condition Standards ("UPCS") violations found during 2008, 2009 and 2012 by December 31, 2012 in preparation for a follow-up onsite physical inspection.

A file monitoring response was received, but it was insufficient and subsequent requests for documentation were unanswered. A follow-up physical inspection was conducted on January 31, 2013 to verify correction of previous violations and to check for any additional violations that had arisen in the interim period. Although staff was able to verify correction of the majority of the previously cited UPCS violations, there were findings during the inspections for each property and owners did not respond by the new May 2013 corrective action deadlines set by the inspector. In addition, all properties missed the 2013 deadline for submitting their 2012 Annual Owner's Compliance Reports, and 2512 Thorne has not submitted its Owner's Compliance Certification for the year 2011.

Current unresolved violations:

1. 2011 Owner's Compliance Certification for 2512 Thorne;
2. Household income above limit violations at 2512 Thorne, 2904 Walnut, 1213 Pecan, and Mitay Inc Scattered Sites (units 2419 N. Hughes A, 2419 N. Hughes B, and 1105 NW 19th St);
3. Lease language violations at 2512 Thorne, 2904 Walnut, 1213 Pecan, and Mitay Inc Scattered Sites (units 2419 N. Hughes A, 2419 N. Hughes B, 1901 NW 17th St, and 1105 NW 19th St)
4. 2012 Annual Owner's Compliance Reports for 2512 Thorne, 2904 Walnut, 1213 Pecan, 2503 North Wilson, and Mitay, Inc., Scattered Site.

Mr. Miles met with the Committee again on August 27, 2013; both parties agreed that a partially deferred penalty in the amount of \$5,000 would be appropriate, provided that Owner submitted full corrective documentation for all remaining violations on or before December 9, 2013.

Consistent with direction from the Department's Administrative Penalty Committee, a partially deferred penalty in the amount of \$5,000 is recommended, with \$2,000 to be paid immediately and \$3,000 to be deferred and possibly forgiven provided that owners comply with all terms of the Agreed Final Order.

ENFORCEMENT ACTION AGAINST
MITAY, INC., EDGAR A. MILES,
AND JAMES HALLIHAN, WITH
RESPECT TO 2512 THORNE,
2904 WALNUT, 1213 PECAN,
2503 N. WILSON, AND MITAY INC.
SCATTERED SITE
(HTC FILES 70046, 70054, 70083,
70084, AND 92009)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 10th day of October, 2013, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA”) considered the matter of whether enforcement action should be taken against MITAY, INC., a Texas corporation, EDGAR A. MILES (“E.A. Miles”), an individual residing in Texas, and JAMES HALLIHAN, an individual residing in Tennessee (jointly “Respondents”).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (“APA”), Tex. Gov’t Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondents agree to resolve this matter by this Agreed Final Order. The Respondents agree to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Administrative Penalties Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

FINDINGS OF FACT

Jurisdiction:

1. On November 15, 1990, Walter C. Spear was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$1,160 to acquire, rehabilitate and operate one unit known as 2512 Thorne (HTC file No. 70046 / CMTS No. 2344 / LDLD No. 352).

2. On November 30, 1990, Walter C. Spear was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$1,173 to acquire, rehabilitate and operate one unit known as 2904 Walnut (HTC file No. 70054 / CMTS No. 2345 / LDLD No. 455).
3. On November 15, 1990, E.A. Miles was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$1,138 to acquire, rehabilitate and operate one unit known as 1213 Pecan (HTC file No. 70083 / CMTS No. 912 / LDLD No. 454).
4. On November 19, 1990, James Hallihan was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$1,175 to acquire, rehabilitate and operate one unit known as 2503 N. Wilson (HTC file No. 70084 / CMTS No. 913 / LDLD No. 313).
5. On February 16, 1994, E.A. Miles was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$4,000 to acquire, rehabilitate and operate four units known as Mitay, Inc., Scattered Site (HTC file No. 92009 / CMTS No. 1026 / LDLD No. 328).
6. Walter C. Spear signed a land use restriction agreement ("LURA") regarding 2512 Thorne. The LURA was effective November 15, 1990, and filed of record at Volume 2134, Page 842 of the Official Public Records of Real Property of Potter County, Texas ("Records"). In accordance with Section 2 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the property and binding on all successors and assigns for the full term of the LURA.
7. Walter C. Spear signed a land use restriction agreement ("LURA") regarding 2904 Walnut. The LURA was effective November 30, 1990, and filed of record at Volume 2137, Page 390 of the Records. In accordance with Section 2 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the property and binding on all successors and assigns for the full term of the LURA.
8. E.A. Miles signed a land use restriction agreement ("LURA") regarding 1213 Pecan. The LURA was effective November 15, 1990, and filed of record at Volume 2134, Page 271 of the Records.
9. James Hallihan signed a land use restriction agreement ("LURA") regarding 2503 N. Wilson. The LURA was effective November 19, 1990, and filed of record at Volume 2135, Page 154 of the Records.
10. E.A. Miles, in his capacity as authorized representative for Mitay, Inc., signed a land use restriction agreement ("LURA") regarding Mitay Inc, Scattered Site. The LURA was effective February 16, 1994, and filed of record at Volume 2394, Page 558 of the Records.

11. Walter C. Spear transferred his interests in 2512 Thorne and 2904 Walnut to Mitay Inc. through a Warranty Deed with Vendor's Lien effective December 15, 1994, and filed in the Records at Volume 2134, page 843. Although Mitay, Inc., did not sign an Agreement to Comply with the LURAs, the restrictions remained in place in accordance with Section 2 of each LURA, thereby binding Mitay, Inc. to the terms of both agreements.
12. Mitay, Inc. is a Texas corporation, represented by its director and president, E.A. Miles. E.A. Miles is an individual residing in Texas, and James Hallihan is an individual residing in Tennessee. All Respondents agreed to be and were represented by E.A. Miles in this matter, and Respondents are approved by TDHCA as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

13. On June 14, 2002, TDHCA sent notice to Mitay, Inc., that it failed to timely submit its 2001 Owner's Certification of Continuing Program Compliance for 2512 Thorne, a violation of 10 TEX. ADMIN. CODE §50.8(g)(1) (Compliance Monitoring, Certification and Review), which requires each development to submit an annual certification of compliance, now known as the Annual Owner's Compliance Report.
14. On-site monitoring reviews were conducted at 2512 Thorne, 2904 Walnut, 1213 Pecan, and Mitay, Inc., Scattered Site, on October 12, 2011 to verify corrections of violations found during previous onsite reviews and to determine whether Respondents were in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent, however, the following violations were not corrected before the May 7, 2012 corrective action deadline:
 - a. Respondents failed to execute required lease provisions or exclude prohibited lease language for 2512 Thorne, 2904 Walnut, 1213 Pecan, and Mitay Inc., Scattered Sites (units 2419 N. Hughes A, 2419 N. Hughes B, 1901 NW 17th St, and 1105 NW 19th St), a violation of 10 TEX. ADMIN. CODE §60.110 (Lease Requirements) and the LURA.
 - b. Respondents failed to provide documentation that household incomes are within prescribed limits upon initial occupancy for 2512 Thorne, 2904 Walnut, 1213 Pecan, and Mitay Inc Scattered Sites (units 2419 N. Hughes A, 2419 N. Hughes B, 1901 NW 17th St, and 1105 NW 19th St), a violation of 10 TEX. ADMIN. CODE §60.108 (Determination, Documentation and Certification of Annual Income) and the LURA.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TEX. ADMIN. CODE, CHAPTERS 10 AND 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

- c. Respondents failed to correctly document tenant's annual income certifications for units 2904 Walnut and 1213 Pecan, a violation of 10 TEX. ADMIN. CODE §60.111 (Annual Recertification for all Programs) and the LURA.
15. Uniform Physical Condition Standards ("UPCS") inspections were conducted on January 23, 2013 at 2512 Thorne, 2904 Walnut, 1213 Pecan, 2503 N Wilson, and Mitay Inc Scattered Site. The purposes of the inspections were to verify correction of violations found during previous inspections conducted in 2008, 2009, and 2012, and to check for any additional violations that had arisen in the interim period. Inspection reports showed numerous serious property condition violations at each property, violations of 10 TEX. ADMIN. CODE § 10.616 (Property Condition Standards). Reports were mailed to Respondents and, in conformance with 10 TEX. ADMIN. CODE § 10.617 (Notice to Owners), 90-day corrective action deadlines were set for each property to provide Respondents a reasonable opportunity to respond to the report and bring the properties into compliance. Deadlines were as follows: May 9, 2013 for 2512 Thorne, May 11, 2013 for 2904 Walnut, May 13, 2013 for 1213 Pecan, May 11, 2013 for 2503 N. Wilson, and May 13, 2013 for Mitay, Inc., Scattered Site. The violations were not resolved before the respective corrective action deadlines for each property, but acceptable corrective documentation was submitted during an informal conference with the Administrative Penalty Committee on August 27, 2013.
16. On May 1, 2013, TDHCA sent notices that Respondents failed to timely submit their 2012 Annual Owner's Compliance Report for 2512 Thorne, 2904 Walnut, 1213 Pecan, 2503 N. Wilson, and Mitay, Inc., Scattered Site, violations of 10 TEX. ADMIN. CODE §10.603 (Reporting Requirements), which requires each development to submit an Annual Owner's Compliance Report.
17. The following violations remain outstanding at the time of this order:
 - a. Compliance certification violation described in FOF #13;
 - b. All file monitoring violations described in FOF #s 14(a) and 14(b). The file monitoring violation described at FOF#14(c) was not resolved but is no longer a violation under the current rule;
 - c. Annual Owner's Compliance Report violation described in FOF #16;

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, 10 TAC §1.14 and 10 TAC, Chapter 60.
2. Respondents are "housing sponsors" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.

4. Respondents violated 10 TEX. ADMIN. CODE §50.8(g)(1) in 2002 and 10 TEX. ADMIN. CODE §10.603 in 2013 by failing to submit Annual Owner's Compliance Reports for the years 2001 and 2012;
5. Respondents violated representations made on page 1 of the LURAs, Section 4 of the LURAs, and 10 TEX. ADMIN. CODE §60.108, in 2011 by failing to provide documentation that household incomes are within prescribed limits upon initial occupancy for the 2512 Thorne, 2904 Walnut, 1213 Pecan, and Mitay, Inc., Scattered Sites (units 2419 N. Hughes A, 2419 N. Hughes B, 1901 NW 17th St, and 1105 NW 19th St).
6. Respondents violated 10 TEX. ADMIN. CODE §60.111 in 2011 by failing to provide annual income recertifications for 2904 Walnut and 1213 Pecan.
7. Respondents violated 10 TEX. ADMIN. CODE §60.110 in 2011 by failing to execute required lease provisions or exclude prohibited lease language for 2512 Thorne, 2904 Walnut, 1213 Pecan, and Mitay, Inc., Scattered Sites (units 2419 N. Hughes A, 2419 N. Hughes B, 1901 NW 17th St, and 1105 NW 19th St).
8. Respondents violated 10 TEX. ADMIN. CODE §10.617 in 2013 and I.R.C. §42, as amended, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.
9. Because Respondents are housing sponsors with respect to the Property, and have violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondents pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.
10. Because Respondents are housing sponsors, TDHCA may order Respondents to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondents and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
11. Because Respondents have violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and have violated agreements with the Agency to which Respondents are a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
12. An administrative penalty of \$5,000 is an appropriate penalty in accordance with 10 TAC §§60.307 and 60.308.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondents are assessed an administrative penalty in the amount of \$5,000, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that Respondents shall pay and are hereby directed to pay a \$2,000 portion of the assessed administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" within thirty days of the date this Agreed Final Order is approved by the Board.

IT IS FURTHER ORDERED that Respondents shall correct the violations as indicated in the attachments and submit documentation of the corrections to TDHCA on or before December 9, 2013.

IT IS FURTHER ORDERED that if Respondents timely and fully comply with the terms and conditions of this Agreed Final Order, and the violations are corrected as required, the satisfactory performance under this order will be accepted in lieu of the remaining assessed administrative penalty in the amount of \$3,000, which will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondents fail to satisfy any conditions or otherwise violate any provision of this order, then the remaining administrative penalty in the amount of \$3,000 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" within thirty days of the date the Department sends written notice to Respondents that it has violated a provision of this order.

IT IS FURTHER ORDERED that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System ("CMTS"), emailed to Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us or mailed to one of the addresses below. If it comes due and payable, the penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

Approved by the Governing Board of TDHCA on _____, 2013.

By: _____
Name: J. Paul Oxer
Title: Chair of the Board of TDHCA

By: _____
Name: Barbara B. Deane
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
§
COUNTY OF _____ §

Before me, the undersigned notary public, on this _____ day of _____, 2013, personally appeared J. Paul Oxer, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this _____ day of _____, 2013, personally appeared Barbara B. Deane, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

STATE OF TEXAS §

COUNTY OF _____ §

BEFORE ME, _____, a notary public in and for the State of _____, on this day personally appeared Edgar Miles, known to me or proven to me through _____ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

- 1. "My name is _____, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
- 2. I hold the offices of Director and President of Mitay, Inc., a Texas corporation, and I am duly authorized to execute this document.
- 3. I knowingly and voluntarily enter into this Agreed Final Order, and agree with and consent to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."
- 4. Mitay, Inc., hereby waives its right to any evidentiary hearing and any right to judicial review of this Agreed Final Order.

I, _____, AN AUTHORIZED REPRESENTATIVE OF MITAY, INC., HAVE READ AND UNDERSTAND THE FOREGOING AGREED FINAL ORDER. I UNDERSTAND THAT BY SIGNING THIS AGREED FINAL ORDER, I WAIVE CERTAIN RIGHTS INCLUDING THE RIGHT TO AN EVIDENTIARY HEARING AND ANY RIGHT TO JUDICIAL REVIEW OF THIS ORDER. I SIGN IT VOLUNTARILY, WILLINGLY, AND KNOWINGLY. I UNDERSTAND THIS AGREED FINAL ORDER CONTAINS THE ENTIRE AGREEMENT AND THERE IS NO OTHER AGREEMENT OF ANY KIND, VERBAL WRITTEN OR OTHERWISE."

MITAY, INC.:

By: _____

Name: Edgar A. Miles

Title: _____

Given under my hand and seal of office this _____ day of _____, 2013.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

BEFORE ME, _____, a notary public in and for the State of _____, on this day personally appeared E.A Miles, known to me or proven to me through _____ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is _____, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I am the owner of 1213 Pecan and Mitay Inc Scattered Site, which are subject to Land Use Restriction Agreements monitored by the TDHCA in the State of Texas, and I am duly authorized to execute this document.
3. I knowingly and voluntarily enter into this Agreed Final Order, and agree with and consent to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs.
4. I hereby waive my rights to any evidentiary hearing and any right to judicial review of this Agreed Final Order.

I, _____, HAVE READ AND UNDERSTAND THE FOREGOING AGREED FINAL ORDER. I UNDERSTAND THAT BY SIGNING THIS AGREED FINAL ORDER, I WAIVE CERTAIN RIGHTS INCLUDING THE RIGHT TO AN EVIDENTIARY HEARING AND ANY RIGHT TO JUDICIAL REVIEW OF THIS ORDER. I SIGN IT VOLUNTARILY, WILLINGLY, AND KNOWINGLY. I UNDERSTAND THIS AGREED FINAL ORDER CONTAINS THE ENTIRE AGREEMENT AND THERE IS NO OTHER AGREEMENT OF ANY KIND, VERBAL WRITTEN OR OTHERWISE."

RESPONDENT:

By: _____
Name: E.A. Miles

Given under my hand and seal of office this _____ day of _____, 2013.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

STATE OF _____ §
 §
COUNTY OF _____ §

BEFORE ME, _____, a notary public in and for the State of _____, on this day personally appeared James Hallihan, known to me or proven to me through _____ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

- 1. "My name is _____, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
- 2. I am the owner of 2503 N. Wilson, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized to execute this document.
- 3. I knowingly and voluntarily enter into this Agreed Final Order, and agree with and consent to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs.
- 4. I hereby waive my rights to any evidentiary hearing and any right to judicial review of this Agreed Final Order.

I, _____, HAVE READ AND UNDERSTAND THE FOREGOING AGREED FINAL ORDER. I UNDERSTAND THAT BY SIGNING THIS AGREED FINAL ORDER, I WAIVE CERTAIN RIGHTS INCLUDING THE RIGHT TO AN EVIDENTIARY HEARING AND ANY RIGHT TO JUDICIAL REVIEW OF THIS ORDER. I SIGN IT VOLUNTARILY, WILLINGLY, AND KNOWINGLY. I UNDERSTAND THIS AGREED FINAL ORDER CONTAINS THE ENTIRE AGREEMENT AND THERE IS NO OTHER AGREEMENT OF ANY KIND, VERBAL WRITTEN OR OTHERWISE."

RESPONDENT:

By: _____
Name: James Hallihan

Given under my hand and seal of office this _____ day of _____, 2013.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____
My Commission Expires: _____

Attachment 1

Tenant File Instructions

Follow the instructions below and submit all required documentation on or before 12/9/2013.

1. **Lease provisions:** In accordance with 10 TEX. ADMIN. CODE §60.110 (now 10 TEX. ADMIN. CODE §10.608), the eviction or termination of tenancy of low income households for other than good cause throughout the affordability period is prohibited in accordance with Revenue Ruling 2004-82 and states, "Owners executing or renewing leases after November 1, 2007 shall specifically state in the lease or in an addendum attached to the lease that evictions or terminations of tenancy for other than good cause are prohibited." In addition, 10 TAC Section 60.110(e) states that HTC developments are prohibited from locking out or threatening to lock out any development resident, or seizing or threatening to seize personal property of a resident, except by judicial process, for purposes of performing necessary repairs or construction work, or in case of emergency. The prohibitions must be included in the lease or lease addendum.

Instructions:

- a. Have the current tenants in 2512 Thorne, 2904 Walnut, 1213 Pecan, and Mitay Inc Scattered Sites (units 2419 N. Hughes A, 2419 N. Hughes B, 1901 NW 17th St, and 1105 NW 19th St) sign lease addenda that include the above language. TDCHA can provide a sample upon request, but there is no TDHCA form.
- b. Submit to the Department a copy of the lease addendum form that you are using;
- c. After addenda have been signed by all tenants (but no later than 12/9/2013), submit to the Department a letter indicating that the tenants in the following units have signed the lease addendum (if units are occupied):
 - i. 2512 Thorne;
 - ii. 2904 Walnut;
 - iii. 1213 Pecan;
 - iv. Mitay Inc Scattered Site:
 1. 2419 N. Hughes A;
 2. 2419 N. Hughes B;
 3. 1901 NW 17th St; and
 4. 1105 NW 19th St.

2. Household income violations:

- a. **2512 Thorne, 2904 Walnut, and Mitay Scattered Site (units 2419 N. Hughes A, 2419 N. Hughes B, and 1105 NW 19th St):** On 8/27/2013, corrected Section 8 verification forms were submitted to TDHCA for review, but staff was unable to determine whether the forms were for the same households that had previously been submitted for review. Submit a copy of the full tenant files for the current households to TDHCA. Each file must include: application, verifications of all sources of income and assets (including the Section 8 verification, where applicable), tenant income certification, what that the rent is restricted. Provide a copy of the lease, lease addendum (described in #1 on the previous page), and section 8 lease (if applicable).
- b. **1213 Pecan:** On 8/27/2013, a partial file for a new household was submitted to TDHCA, but staff was unable to determine whether the rent is restricted. Submit to TDHCA the following documents relating to the current household: a copy of the lease, lease addendum (described in #1 on the previous page), and section 8 lease (if applicable).

Additional recommendations:

- Previous file submissions from Respondents have been of very poor quality. During the informal conference on 8/27/2013, Byron Miles indicated that he would be checking the tenant files completed by his mother, Annie Miles. Staff recommends that Byron carefully review all forms listed above before submitting them to ensure that they are complete and that the questions were answered appropriately.
- Staff recommends organizing the documents in the same order that they are listed above. This will help to ensure that all required documents are submitted.

Tools and Training:

- TDHCA offers First Thursday Income Eligibility Training on the first Thursday of every month to teach owners how to document household income and assets, and how to properly complete a tenant income certification form. Staff recommends that Byron attend training as soon as possible. You may register online at the bottom of this page: <http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html>
- Appropriate income and rent levels are determined using the 2013 Project Income and Rent Tool, available at <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>.
- Copies of TDHCA forms referenced above are available at <http://www.tdhca.state.tx.us/pmcomp/forms.htm>.
- An Income and Rent Limits Webinar is available online at <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>.
- An Income Eligibility Presentation is available online at <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>.

Attachment 2:

Instructions for Annual Owner's Compliance Reports

The following Annual Owner's Compliance Reports remain outstanding and must be submitted:

2001 Annual Owner's Compliance Report for 2512 Thorne, reporting data as of 12/31/2001. A copy of the form will be enclosed with this Agreed Final Order but is not incorporated within the order itself.

2012 Annual Owner's Compliance Reports for 2012 Annual Owner's Compliance Report for 2512 Thorne, 2904 Walnut, 1213 Pecan, 2503 N. Wilson, and Mitay Inc Scattered Site, reporting data as of 12/31/2012. A copy of the form will be enclosed with this Agreed Final Order but is not incorporated within the order itself.

Technical Support:

1. **Training:** Please see <http://www.tdhca.state.tx.us/pmcomp/reports.htm> for training materials that will help you when completing these annual reports. If you have looked at the training materials but don't see an answer to your annual reporting question, you may contact Stephanie Naquin at stephanie.naquin@tdhca.state.tx.us or 512.475.2330.
2. **Online Reporting Option:** These properties have electronic reporting waivers and the owners are currently permitted to submit the reports in paper format, however, the 2012 Annual Owner's Compliance Reports may be submitted online at <https://pox.tdhca.state.tx.us/aims2/pox>. A user guide for the electronic system is available at: <http://www.tdhca.state.tx.us/pmcdocs/03-CMTSUserGuide-030122.pdf>. In order to get a user ID and password to use the system, you would first need to submit to TDHCA the "Electronic Compliance Reporting Filing Agreement" and the "Owner's Designation of Administrator of Accounts" forms that can be downloaded from the "Set up to Report Online" section of: http://www.tdhca.state.tx.us/comp_reporting.htm.

1d

BOARD ACTION REQUEST

HOUSING RESOURCE CENTER

OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on the 2014 Regional Allocation Formula Methodology.

RECOMMENDED ACTION

WHEREAS, Texas Government Code, §§2306.1115 and 2306.111(d) require that the Department use a Regional Allocation Formula to allocate its HOME funds, Housing Tax Credits, and Housing Trust Funds; and

WHEREAS, the proposed Regional Allocation Formula utilizes appropriate statistical data to measure affordable housing needs and available resources in the 13 State Service Regions the Department utilizes for planning purposes;

NOW, therefore, it is hereby

RESOLVED, that the 2014 Regional Allocation Formula Methodology for the HOME, Housing Tax Credit, and, as applicable, Housing Trust Fund programs, in the form presented at this meeting, is hereby approved.

BACKGROUND

The Regional Allocation Formula (“RAF”) utilizes appropriate statistical data to measure the affordable housing need and available resources in 13 State Service Regions, which is then used for planning purposes. The RAF also allocates funding to rural and urban areas within each region. The Board determines variables to be used in the RAF, per Texas Government Code, §2306.1115(a)(3), which states, “the department shall develop a formula that...includes other factors determined by the department to be relevant to the equitable distribution of housing funds.” The RAF is revised annually to reflect current data, respond to public comment, and better assess regional housing needs and available resources.

Based on 2013 Metropolitan Statistical Areas (“MSAs”) updates by the Office of Management and Budget (“OMB”), the updated RAF Methodology will show that, instead of using MSAs to allocate between urban and rural areas, the RAF will use “MSA counties with urban places” and “Non-MSA counties or counties with only rural places”. If an MSA county has places designated as urban pursuant to Texas Government Code, §2306.004(28a), the need and availability of the whole county will be counted toward the urban allocation. Likewise, if an MSA county only has places designated as rural pursuant to Texas Government Code, §2306.004(36), the need and availability of the whole county will be counted toward the rural allocation. Because of the update by the OMB, staff believes this change more accurately reflects the urban and rural makeup of Texas.

The HOME, HTC, and HTF RAFs each use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. Section 2306.111(c) of the Texas Government Code requires that 95% of HOME funding be set aside for non-participating jurisdictions (“non-PJs”). Therefore, the HOME RAF only uses need and available resource data for non-PJs.

The Draft 2014 RAF Methodology was made available for official public comment from August 9, 2013, through September 10, 2013. A public hearing was held on August 20, 2013.

The public comment and staff's reasoned responses are found in Attachment A. The Final RAF Methodology is found in Attachment B. Once approved, the final methodology will be published on the Department's website. It should be noted with this action that the Board is approving the methodology, not specific allocation amounts. However, the amounts this methodology would yield are also described in Attachment C.

Attachment A: Public Comments on the 2014 RAF Methodology

Comment 1: Support of the 2014 RAF (State Senator José R. Rodríguez)

The Commenter asserts that the intent behind the RAF's enabling statute was to establish a method of distributing affordable housing resources to people with housing needs in areas with sparse availability of housing, as opposed to distributing funds just based on a head count and disregarding factors such as income. Commenter supports the 2014 RAF, stating that the current RAF is in alignment with statute.

Staff response: Staff agrees with the Commenter.

FINAL 2014 REGIONAL ALLOCATION FORMULA METHODOLOGY

Legislative Requirement

Sections 2306.111 and 2306.1115 of the Texas Government Code require that TDHCA use a Regional Allocation Formula (RAF) for the HOME Investment Partnership Program (HOME), Housing Trust Fund (HTF) Program and Housing Tax Credit (HTC) Program. The RAF presented below analyzes housing need and availability in the State’s urban and rural areas and distributes funding accordingly.

Texas Government Code §2306.1115 states:

(a) To allocate housing funds under Section 2306.111(d), the department shall develop a formula that:

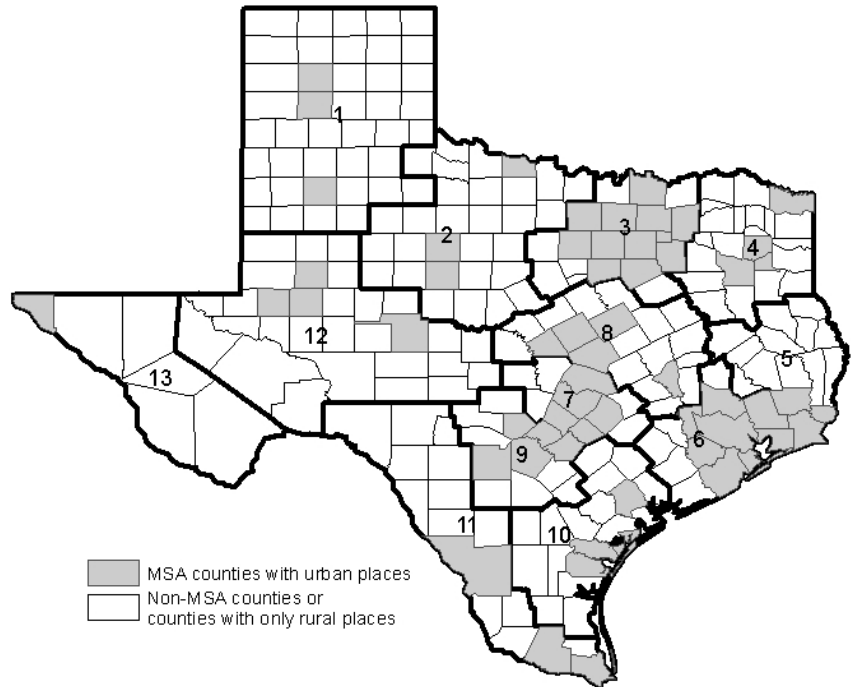
(1) includes as a factor the need for housing assistance and the availability of housing resources in an urban area or rural area;

(2) provides for allocations that are consistent with applicable federal and state requirements and limitations; and

(3) includes other factors determined by the department to be relevant to the equitable distribution of housing funds under Section 2306.111(d).

(b) The department shall use information contained in its annual state low income housing plan and other appropriate data to develop the formula under this section.

The methodology below outlines the need for housing assistance and the availability of housing assistance in urban and rural areas, in keeping with the statutory requirements.



Methodology

Affordable Housing Need

Affordable housing need will be measured by variables that relate to the types of assistance available through TDHCA programs.

HTC and HOME both offer reduced-rent apartments. HOME offers Tenant-Based Rental Assistance. Therefore people in need of rental assistance should be included. The column for renters with cost burden measures the number of people in Texas that pay over 30% of their income on rent. The column for renters experiencing overcrowding measures the number of units with more than one person per room, including the kitchen and bathroom. Both rent burden and overcrowding will be used as a variable in the RAF.

HOME also offers homebuyer assistance and single-family development programs. For single-family development, typically the homes are built by nonprofits or units of local government and the homes are often purchased by low-income homeowners. HTF offers the Bootstrap Loan Program for potential homeowners who use sweat equity along with low-interest loans to build their homes. Households who are ready to own and qualify for home buying are efficiently measured by an income measurement. In addition, areas with high numbers of homeowners experiencing cost burden or overcrowding may signify a need for homebuyer assistance to reduce the number of future homeowners with cost burden or overcrowding. Therefore, factors of income, homeowner cost burden, and homeowner overcrowding will be included in the RAF.

HOME offers homeowner rehabilitation assistance. However, there is a lack of available data to measure the need for homeowner rehabilitation at the regional level. Units lacking kitchen facilities and plumbing did not have sufficient accuracy and; the margins of error were larger than the estimates in some regions. Age of housing stock was considered, but there is no data to substantiate the correlation between a specific household age and need for rehabilitation. Therefore, numbers of units with substandard conditions and numbers of units over 30 or 50 years of age could not be included in the RAF.

Income is the primary measurement of eligibility for housing assistance through TDHCA. HTC serves households who earn 0-60% Area Median Family Income (AMFI). HOME and HTF serve households who earn 0-80% AMFI. Therefore, as already determined to measure the need for homebuyer assistance, an income measurement will be used in the RAF. While eligibility for housing assistance is measured by AMFI, the AMFI datasets showing how many households are in each AMFI category are available only every other year, while the measurement of people in poverty is measured yearly. In order to use the most up-to-date data, poverty measurements will be used. The percentage of people at 200% poverty is strongly linked with the percentage of people earning 0-80% AMFI. People at or below 200% of the poverty level will qualify for a majority of housing assistance offered through TDHCA's HOME, HTC and HTF programs.

Need for affordable housing will be determined by three variables:

1. Cost burden (renters for HTC and HOME; owners for HOME and HTF)
2. Overcrowding (renters for HTC and HOME; owners for HOME and HTF); and
3. People at or below 200% of the poverty rate.

Housing Availability

Need for affordable housing is determined by:

1. Vacant units (rental units for HOME and HTC; homes for sale for HOME and HTF)

Affordable housing availability will be measured by variables that relate directly to housing resources. In order to take into account both market-rate and subsidized units, vacancies will be used. High numbers of vacancies indicate the market has an adequate supply to oversupply of housing. Vacancies offer a direct measure of housing availability.

Urban and Rural Areas

In TDHCA's governing statute (updated per House Bill 429, 83 Regular Session), §2306.004 states:

28-a) "Rural area" means an area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area; or

(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.

For the site-level designation, Texas Government Code §2306.004(28-a)(B) in the definition above, is applied at the place-level in order to be able to apply the language regarding population of 25,000 and the language regarding boundaries. For the RAF, which is a more macro view than each individual site, county-level data is a more complete and informative dataset than place-level data. The place-level count excludes people and units not located in any census-designated place. Limiting the data for the RAF to only places in each region substantially hinders its decision-making capabilities as an allocation tool. Using the county-based data to allocate for urban and rural areas allows for a more complete picture of the state's demographic data.

According to Texas Government Code §2306.1115(b), TDHCA must use appropriate data to develop the formula, and county-level data is most appropriate data. During the 2013 Office of Management and Budget update of MSAs, it became apparent that some MSA counties have no urban places per 2306.004 (i.e. the MSA county had no places over 25,000, nor any places touching a boundary of a place with 25,000). Therefore, TDHCA will refine its allocation process to refer to "MSA counties with urban

places” and “Non-MSA counties and counties with only rural places”. The need and availability of “MSA counties with urban places” will direct the allocation toward the urban places, and the need and availability of “Non-MSA counties and counties with only rural places” will direct the allocation toward the rural places.

Note that the RAF is not stating that all places in an MSA county with urban places are urban for designations for specific sites. The rural and urban designation for site-specific applications applying for funding will still be at the place-level.

An example of the variables used in the RAF is in Table 1 below. While HTC, HOME and HTF use different variables, only one example is used in this Methodology: the HTC program. Note that sample numbers are used for clarity.

Table 1: Example of variables used, by Sub-region

Region (MSA Counties with urban places)	Column A: People at 200% Poverty	Column B: HH at 200% Poverty	Column C: Cost Burden, Renters	Column D: Overcrowded Renters	Column E: Vacancies, Rental
1	150,000	53,763	25,000	4,000	6,000
2	100,000	35,842	20,000	2,000	4,000
3	150,000	53,763	25,000	4,000	6,000
4	100,000	35,842	20,000	2,000	4,000
5	150,000	53,763	25,000	4,000	6,000
6	100,000	35,842	20,000	2,000	4,000
7	150,000	53,763	25,000	4,000	6,000
8	100,000	35,842	20,000	2,000	4,000
9	150,000	53,763	25,000	4,000	6,000
10	100,000	35,842	20,000	2,000	4,000
11	150,000	53,763	25,000	4,000	6,000
12	100,000	35,842	20,000	2,000	4,000
13	150,000	53,763	25,000	4,000	6,000

Region (Non-MSA counties and counties with only rural places)	Column A: People at 200% Poverty	Column B: HH at 200% Poverty	Column C: Cost Burden, Renters	Column D: Overcrowded Renters	Column E: Vacancies, Rental
1	40,000	14,337	7,000	700	700
2	25,000	8,961	2,000	400	500
3	40,000	14,337	7,000	700	700
4	25,000	8,961	2,000	400	500
5	40,000	14,337	7,000	700	700
6	25,000	8,961	2,000	400	500
7	40,000	14,337	7,000	700	700

Region (Non-MSA counties and counties with only rural places)	Column A: People at 200% Poverty	Column B: HH at 200% Poverty	Column C: Cost Burden, Renters	Column D: Overcrowded Renters	Column E: Vacancies, Rental
8	25,000	8,961	2,000	400	500
9	40,000	14,337	7,000	700	700
10	25,000	8,961	2,000	400	500
11	40,000	14,337	7,000	700	700
12	25,000	8,961	2,000	400	500
13	40,000	14,337	7,000	700	700

Regions	Column A: People at 200% Poverty	Column B: HH at 200% Poverty	Column C: Cost Burden, Renters	Column D: Overcrowded Renters	Column E: Vacancies, Rental
Total	2,080,000	745,520	356,000	47,300	73,900

Weights

To allocate funds, the RAF will use each sub-region's ratios of the State's total. In order to account for the amount of population that the variables affect, all the variables that measure need will be added together¹ (i.e. compounded) before taking the percentage of each sub-region's need over the amount of the total need in the State.

Examples of how the weights work in the RAF are in Tables 2-4 on the following pages. Building off the usefulness of Table 1 which showed the HTC program, Tables 2-4 also are examples of the HTC program RAF. Note that the column header letters will also build off the previous table, so if the letters are not in alphabetical order, the column header letter refers to a previous table.

Table 2 (below) shows only Region 1 in MSA counties and the total of all the regions, in order to simplify the example. Table 2 illustrates how the Compounded Need Variable is derived: Households at 200% of poverty, cost-burdened renters, and over-crowded renters are added together, thereby compounding the need. This compounding balances the relative importance of the variables; variables with very high or very small numbers are combined with the overall total of need, preventing these variables from having a disproportionate or arbitrary amount of weight for their size.

¹ Note that in order for people in poverty to be combined with households with cost burden and households with overcrowding, the number of people in poverty is divided by the average size of a household in Texas: 2.79 per the 2007-2011 American Community Survey 5-year estimates.

Table 2: Compounded Need Variables

Area	Column B: HH at 200% Poverty	Column C: Cost Burden, Renters	Column D: Overcrowded Renters	Column E: Compounded Need Variables
Region 1 (MSA Counties with urban places)	53,763	25,000	4,000	82,763
Total of all Regions				
	745,520	356,000	47,300	1,148,820

Note: Columns B, C and D are from Table 1.

In order to apply weights, percentages of need and availability variables must be taken from the state as a whole. These percentages illustrate the relative need of the sub-region. Table 3 (below) demonstrates how the percentages are derived.

Table 3: Percentages Taken

Area	Column E: Compounded Need Variables	Column F: Percent of State's Total Need	Column G: Unoccupied Units, Rental	Column H: Percent of State's Total Availability
Region 1 (MSA Counties with urban places)	82,763	7.2%	6,000	8.1%
Total of all Regions				
	1,148,820		73,900	

Note: Column E is from Table 2.

A successful allocation formula will provide more funding for high housing need and remove funding for an abundance of housing resources. In order to get the right relationship between housing and need, the housing availability variable will have negative weight. If the weights were equal, each variable would receive 50% of the weight. Because the availability variable should be negative, the need variables are weighted at 50% each and the availability variable is weighted at -50%, giving the appropriate relationship between funding and current availability of resources. The compounded need variable will receive 150% weight (50% per variable). Table 4 shows the application of the weights based on a statewide availability of \$40,000,000.

Table 4: Weight Application

Area	Column F: Percent of State's Total Need	Column I: Weight of Need Variables	Column J: Need Variable Allocation*	Column H: Percent of State's Total Availability	Column K: Weight of Availability Variable	Column L: Availability Variable Allocation~	Column M: Total Allocation ⁺
Region 1 (MSA Counties with urban places)	7.2%	150.0%	\$ 4,322,529	8.1%	-50%	\$ (1,623,816)	\$ 2,698,713

Note: Column F and H taken from Table 3.

*Column J is calculated as follows: Column F x Column I x statewide availability.

~Column L is calculated as follows: Column H x Column K x statewide availability.

⁺Column M is calculated as follows: Column J + Column L.

Exceptions to the RAF

According to Texas Government Code §2306.111(d-1), there are certain instances when the RAF would not apply to HOME, HTC, and HTF funds. For instance, specific set-asides will not be run through the RAF. This includes set-asides for contract-for-deed conversions and set-asides mandated by state or federal law, if these set-asides are less than 10 percent of the total allocation of funds or credits. Set-asides for funds allocated to serve persons with disabilities will not run through the RAF. The total amount available through the RAF will not include funds for at-risk development, with stipulations mentioned in this paragraph.

Also in §2306.111(d-1), specifically for HTC, 5% of HTC funds must be allocated to developments that receive federal assistance through USDA. Any developments that receive federal assistance through USDA and HTC for rehabilitation compete for funding separately under the "USDA Set-Aside." This funding is taken from the total tax credit ceiling prior to applying the RAF to allocate funds between each sub-region.

Finally, pursuant to §2306.111(d-1) specifically for HTF, funds that do not exceed \$3 million for each programmed activity will not run through the RAF.

HOME, HTC and HTF Data Differences

Even though the RAF applies to HOME, HTC and HTF, there are some differences between the programs that need to be addressed within the formulas. For example, HOME and HTF serve homeowners and those wanting to buy or build a home, while HOME and HTC serve renters. Therefore, renters' needs would be counted for HOME and HTC; homebuyer needs would be counted for HOME and HTF.

Because HOME and HTC fund rehabilitation, substandard housing units would ideally be included in the RAF. However, at this time, staff has not identified a data source that would provide an estimate of these units that is accurate at the regional level.

In addition, according to §2306.111(c)(1) and (2), 95 percent of the funds for HOME must be spent outside Participating Jurisdictions (PJs). PJs are areas that receive funding directly from HUD. The other 5 percent of State HOME funds must be spent on activities that serve people with disabilities in any area of the State; this portion of HOME is not subject to the RAF because it is set-aside for persons with disabilities (see *Exceptions to the RAF* above). Because 95 percent of funds cannot be spent within a PJ, the housing need and availability in those jurisdictions should not be counted in HOME's RAF.

The PJ designations are subject to change yearly depending on HUD's funding. According to HUD's 2013 allocation, thirty-three of the PJs are cities and eight of the PJs are counties. These PJs will be subtracted from the HOME version of the RAF.

HTC \$500,000 Adjustment

Texas Government Code §2306.111(d-3) is a special requirement regarding funding and the RAF that applies only to HTC. This provision requires that TDHCA allocate at least 20 percent of credits to rural areas and that \$500,000 be available for each urban and rural sub-region, which number 26 in total. The overall state rural percentage of the total tax credit ceiling amount will be adjusted to a minimum of 20 percent only at the time of actual award, if needed. Usually, the 20 percent allocation to rural areas occurs naturally, but, if not, one more deal for rural areas will be awarded from the statewide collapse of the RAF to ensure the requirement is met.

For the HTC RAF, the regional amount of rural and urban funding is adjusted to a minimum \$500,000, if needed. This is done as a final adjustment to the sub-regional allocation amounts available for award. The process proportionately takes funds from sub-regions with initial funding amounts in excess of \$500,000 and reallocates those funds to those sub-regions with initial funding amounts that are less than \$500,000. The process is complete when each sub-region has at least \$500,000.

Tables 5-6 below show the process of determining the amount to adjust from sub-regions with more than \$500,000. These tables build from the previous tables included in this methodology and, for ease of explanation, Region 1 and 2's "MSA counties with urban places" and Region 1 and 2's "Non-MSA counties and counties with no urban places" are included. Again, the column header letters build off previous tables, so if the letters are not in alphabetical order, the column letter refers to previous tables.

These four sub-regions are examined below because the most common movement for funds during the \$500,000 adjustment is from MSA counties to Non-MSA counties. The first step in the \$500,000 adjustment process is illustrated in Table 5: the amount over or under \$500,000 is determined for each sub-region.

Table 5: Sub-region amount over/under \$500,000

Area	Column M: Initial Sub-region amount	Column N: Amount needed to reach \$500,000	Column O: Amount over \$500,000 that can be reallocated
Region 1 (MSA Counties with urban places)	\$2,698,713	\$-	\$2,198,713
Region 1 (Non-MSA Counties or Counties with only rural places)	\$961,488	\$-	\$461,488
Region 2 (MSA Counties with urban places)	\$1,938,415	\$-	\$1,438,415
Region 2 (Non-MSA Counties or Counties with only rural places)	\$458,017	\$41,983	\$-

Note: Column M is from Table 4.

Note that Column O above is the amount in Column M (if the amount in Column M is over \$500,000) minus \$500,000; at least \$500,000 is maintained in each sub-region before the adjustment process. Next the amounts in Column N are totaled for the entire state and the amounts in Column O are totaled for the entire state. In this simplified example, the Column N's total would be \$41,983. The Column O total would be \$4,098,617.

The subsequent step in the adjustment process is to determine the percentage to be reallocated. Following the example in Table 5, if only Region 1 and 2 were used in the RAF, the percentages would be seen in Column P in Table 6 below. The proportion of the total amount to be reallocated is in Column Q. Finally, Column M is adjusted by Column Q to equal the final Sub-Amount in Column R.

Table 6: Proportional adjustment

Area	Column P: Proportion of amount available to be reallocated*	Column Q: Amount to be reallocated~	Column R: Final Sub-Amount for Compounded Need†
Region 1 (MSA Counties with urban places)	54%	\$ (22,522)	\$ 2,676,191
Region 1 (Non-MSA Counties or Counties with only rural places)	11%	\$ (4,727)	\$ 956,761
Region 2 (MSA Counties with urban places)	35%	\$ (14,734)	\$ 1,923,681
Region 2 (Non-MSA Counties or Counties with only rural places)	n/a	\$ 41,983	\$ 500,000

*Column P is calculated as follows: if Column M is over \$500,000, then $((\text{Column M} - \$500,000) / \$4,098,617)$

~Column Q is calculated as followed: if Column P is a percentage, then $(\text{Column P} * \$41,983)$; if Column P is n/a, then Column Q equals Column N.

†Column R is calculated as follows: Column M + Column Q.

Attachment C: Sample allocations for the HTC, HOME and HTF programs

Texas Department of Housing and Community Affairs
2014 Housing Tax Credit Regional Allocation Formula Compounded need, Table 1

MSA Counties with urban places	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Renters	Overcrowded Renters	Vacancies, Rental
1	194,172	69,596	34,835	3,471	6,891
2	96,780	34,688	15,972	1,330	4,225
3	2,075,916	744,056	389,219	60,027	104,045
4	167,739	60,122	23,760	3,180	3,653
5	139,110	49,860	18,293	1,922	4,006
6	2,003,946	718,260	337,944	67,508	107,040
7	506,414	181,510	127,080	14,981	17,815
8	318,959	114,322	59,550	5,472	18,379
9	727,743	260,840	114,463	15,382	26,747
10	199,958	71,670	33,068	5,271	6,772
11	854,704	306,346	59,591	23,515	10,752
12	133,702	47,922	17,889	2,041	4,027
13	403,876	144,758	43,520	8,450	7,230

Non-MSA Counties or counties with only rural places	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Renters	Overcrowded Renters	Vacancies, Rental
1	128,178	45,942	9,176	2,297	2,733
2	103,890	37,237	8,698	1,166	2,301
3	90,129	32,304	11,282	1,592	1,761
4	250,186	89,672	21,304	3,173	4,375
5	159,899	57,311	15,274	2,120	3,467
6	66,591	23,868	8,907	906	2,152
7	38,830	13,918	3,946	764	1,238
8	110,922	39,757	8,929	1,325	2,521
9	73,483	26,338	6,654	1,427	1,164
10	99,749	35,752	7,768	2,139	2,491
11	160,257	57,440	8,513	2,788	2,195
12	67,830	24,312	4,564	1,166	870
13	11,365	4,073	726	254	232
Total	9,184,328	3,291,874	1,390,925	233,667	349,082

Texas Department of Housing and Community Affairs
2014 Housing Tax Credit Regional Allocation Formula Compounded need, Table 2

Estimated RAF amount \$ 58,633,207

MSA Counties with urban places	Total of 200% poverty, rent burden, and overcrowding	Percentage of total need variables	150% Weight	Regional Vacancies	Percentage of Total Vacancies	-50.00%	Initial Sub-region amount
1	107,902	2.2%	\$ 1,930,234.91	6,891	2.0%	\$ (578,719.94)	\$ 1,351,514.97
2	51,990	1.1%	\$ 930,043.23	4,225	1.2%	\$ (354,823.94)	\$ 575,219.30
3	1,193,302	24.3%	\$ 21,346,772.40	104,045	29.8%	\$ (8,737,906.88)	\$ 12,608,865.52
4	87,062	1.8%	\$ 1,557,428.27	3,653	1.0%	\$ (306,786.24)	\$ 1,250,642.04
5	70,075	1.4%	\$ 1,253,563.45	4,006	1.1%	\$ (336,431.88)	\$ 917,131.57
6	1,123,712	22.9%	\$ 20,101,894.26	107,040	30.7%	\$ (8,989,432.97)	\$ 11,112,461.30
7	323,571	6.6%	\$ 5,788,312.94	17,815	5.1%	\$ (1,496,139.28)	\$ 4,292,173.66
8	179,344	3.6%	\$ 3,208,257.90	18,379	5.3%	\$ (1,543,505.12)	\$ 1,664,752.78
9	390,685	7.9%	\$ 6,988,892.83	26,747	7.7%	\$ (2,246,266.48)	\$ 4,742,626.35
10	110,009	2.2%	\$ 1,967,923.72	6,772	1.9%	\$ (568,726.08)	\$ 1,399,197.63
11	389,452	7.9%	\$ 6,966,831.16	10,752	3.1%	\$ (902,974.43)	\$ 6,063,856.72
12	67,852	1.4%	\$ 1,213,790.30	4,027	1.2%	\$ (338,195.50)	\$ 875,594.80
13	196,728	4.0%	\$ 3,519,240.87	7,230	2.1%	\$ (607,189.84)	\$ 2,912,051.03

Non-MSA Counties or counties with only rural places	Total of 200% poverty, rent burden, and overcrowding	Percentage of total need variables	150% Weight	Regional Vacancies	Percentage of Total Vacancies	\$ (0.50)	Sub-region amount
1	57,415	1.2%	\$ 1,027,085.89	2,733	0.8%	\$ (229,522.80)	\$ 797,563.09
2	47,101	1.0%	\$ 842,573.79	2,301	0.7%	\$ (193,242.58)	\$ 649,331.21
3	45,178	0.9%	\$ 808,186.85	1,761	0.5%	\$ (147,892.30)	\$ 660,294.55
4	114,149	2.3%	\$ 2,041,998.98	4,375	1.3%	\$ (367,421.24)	\$ 1,674,577.74
5	74,705	1.5%	\$ 1,336,393.28	3,467	1.0%	\$ (291,165.58)	\$ 1,045,227.69
6	33,681	0.7%	\$ 602,508.99	2,152	0.6%	\$ (180,729.26)	\$ 421,779.73
7	18,628	0.4%	\$ 333,225.26	1,238	0.4%	\$ (103,969.71)	\$ 229,255.55
8	50,011	1.0%	\$ 894,637.97	2,521	0.7%	\$ (211,718.61)	\$ 682,919.36
9	34,419	0.7%	\$ 615,715.43	1,164	0.3%	\$ (97,755.04)	\$ 517,960.39
10	45,659	0.9%	\$ 816,791.89	2,491	0.7%	\$ (209,199.15)	\$ 607,592.73
11	68,741	1.4%	\$ 1,229,692.06	2,195	0.6%	\$ (184,340.48)	\$ 1,045,351.58
12	30,042	0.6%	\$ 537,413.09	870	0.2%	\$ (73,064.34)	\$ 464,348.75
13	5,053	0.1%	\$ 90,400.77	232	0.1%	\$ (19,483.82)	\$ 70,916.95
Total	4,916,466	100%		349,082	100%		\$ 58,633,207.00

Texas Department of Housing and Community Affairs
2014 Housing Tax Credit Regional Allocation Formula Compounded need, Table 3

Estimated RAF amount: \$58,633,207

MSA Counties with urban places	Initial Sub-region amount	Amount needed to reach \$500,000	Amount over \$500,000 that can be reallocated	Proportion of amount available to be reallocated	Amount to be reallocated	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 1,351,514.97	\$ -	\$ 851,514.97	2%	\$ (14,917.61)	\$ 1,336,597.35	2.28%
2	\$ 575,219.30	\$ -	\$ 75,219.30	0%	\$ (1,317.76)	\$ 573,901.54	0.98%
3	\$ 12,608,865.52	\$ -	\$ 12,108,865.52	26%	\$ (212,134.09)	\$ 12,396,731.43	21.14%
4	\$ 1,250,642.04	\$ -	\$ 750,642.04	2%	\$ (13,150.43)	\$ 1,237,491.61	2.11%
5	\$ 917,131.57	\$ -	\$ 417,131.57	1%	\$ (7,307.69)	\$ 909,823.88	1.55%
6	\$ 11,112,461.30	\$ -	\$ 10,612,461.30	23%	\$ (185,918.72)	\$ 10,926,542.58	18.64%
7	\$ 4,292,173.66	\$ -	\$ 3,792,173.66	8%	\$ (66,434.74)	\$ 4,225,738.92	7.21%
8	\$ 1,664,752.78	\$ -	\$ 1,164,752.78	3%	\$ (20,405.20)	\$ 1,644,347.58	2.80%
9	\$ 4,742,626.35	\$ -	\$ 4,242,626.35	9%	\$ (74,326.18)	\$ 4,668,300.17	7.96%
10	\$ 1,399,197.63	\$ -	\$ 899,197.63	2%	\$ (15,752.96)	\$ 1,383,444.67	2.36%
11	\$ 6,063,856.72	\$ -	\$ 5,563,856.72	12%	\$ (97,472.69)	\$ 5,966,384.04	10.18%
12	\$ 875,594.80	\$ -	\$ 375,594.80	1%	\$ (6,580.01)	\$ 869,014.79	1.48%
13	\$ 2,912,051.03	\$ -	\$ 2,412,051.03	5%	\$ (42,256.50)	\$ 2,869,794.54	4.89%
Sub-total	\$ 49,766,087.67					\$ 49,008,113.11	83.58%

Non-MSA Counties or counties with only rural places	Initial Sub-region amount	Amount needed to reach \$500,000	Amount over \$500,000 that can be reallocated	Proportion of amount available to be reallocated	Amount to be reallocated	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 797,563.09	\$ -	\$ 297,563.09	1%	\$ (5,212.98)	\$ 792,350.11	1.35%
2	\$ 649,331.21	\$ -	\$ 149,331.21	0%	\$ (2,616.12)	\$ 646,715.09	1.10%
3	\$ 660,294.55	\$ -	\$ 160,294.55	0%	\$ (2,808.19)	\$ 657,486.36	1.12%
4	\$ 1,674,577.74	\$ -	\$ 1,174,577.74	3%	\$ (20,577.32)	\$ 1,654,000.43	2.82%
5	\$ 1,045,227.69	\$ -	\$ 545,227.69	1%	\$ (9,551.79)	\$ 1,035,675.90	1.77%
6	\$ 421,779.73	\$ 78,220.27	\$ -	0%	\$ 78,220.27	\$ 500,000.00	0.85%
7	\$ 229,255.55	\$ 270,744.45	\$ -	0%	\$ 270,744.45	\$ 500,000.00	0.85%
8	\$ 682,919.36	\$ -	\$ 182,919.36	0%	\$ (3,204.55)	\$ 679,714.81	1.16%
9	\$ 517,960.39	\$ -	\$ 17,960.39	0%	\$ (314.65)	\$ 517,645.74	0.88%
10	\$ 607,592.73	\$ -	\$ 107,592.73	0%	\$ (1,884.91)	\$ 605,707.82	1.03%
11	\$ 1,045,351.58	\$ -	\$ 545,351.58	1%	\$ (9,553.96)	\$ 1,035,797.61	1.77%
12	\$ 464,348.75	\$ 35,651.25	\$ -	0%	\$ 35,651.25	\$ 500,000.00	0.85%
13	\$ 70,916.95	\$ 429,083.05	\$ -	0%	\$ 429,083.05	\$ 500,000.00	0.85%
Sub-total	\$ 8,867,119.33				\$ -	\$ 9,625,093.89	16.42%
Total		\$ 813,699.02	\$ 46,446,906.02			\$ 58,633,207.00	

Texas Department of Housing and Community Affairs
2013 HTC RAF 4 Compounded need, Table 3

Minimum needed for each region	\$ 500,000
Amount available to be reallocated	\$ 46,446,906
Amount needed to bring underallocated regions to \$500,0000	\$ 813,699

Texas Department of Housing and Community Affairs
2014 HOME Regional Allocation Formula, Table 1 - Raw Data

Region (MSA Counties with urban places)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Owners without PJs	Cost Burden, Renters without PJs	Overcrowded Owners without PJs	Overcrowded Renters without PJs	Unoccupied Units, For Sale without PJs	Unoccupied Units, For Rent without PJs
1	30,513	10,937	3,588	3,417	691	445	499	563
2	17,015	6,099	2,041	1,041	178	196	575	505
3	412,074	147,697	101,719	62,267	8,881	7,792	10,211	13,201
4	98,604	35,342	11,549	9,669	2,011	1,562	1,558	1,616
5	59,550	21,344	6,414	5,882	1,295	785	1,196	1,526
6	112,947	40,483	18,925	14,588	3,075	2,413	2,288	2,869
7	223,541	80,122	53,334	40,889	4,970	4,078	5,105	5,828
8	124,563	44,646	14,078	16,806	1,524	2,027	2,661	7,790
9	84,121	30,151	15,350	10,840	2,197	2,037	1,832	1,986
10	80,948	29,014	7,278	10,546	1,531	2,390	1,346	2,952
11	114,470	41,029	6,725	5,304	3,813	2,235	1,071	1,382
12	62,559	22,423	6,121	7,354	1,910	808	466	1,680
13	90,384	32,396	5,990	4,102	3,173	1,135	423	479
Region (Non-MSA Counties and counties with only rural places)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Owners without PJs	Cost Burden, Renters without PJs	Overcrowded Owners without PJs	Overcrowded Renters without PJs	Unoccupied Units, For Sale without PJs	Unoccupied Units, For Rent without PJs
1	128,178	45,942	7,561	9,176	2,888	2,297	1,444	2,733
2	103,890	37,237	7,817	8,698	1,604	1,166	1,959	2,301
3	90,129	32,304	9,661	11,282	1,576	1,592	1,774	1,761
4	249,560	89,448	23,188	21,190	4,905	3,139	3,886	4,375
5	159,899	57,311	11,477	15,274	2,980	2,120	2,343	3,467
6	66,591	23,868	4,913	8,907	1,322	906	720	2,152
7	38,830	13,918	5,881	3,946	740	764	1,048	1,238
8	110,922	39,757	10,420	8,929	1,978	1,325	2,342	2,521
9	73,483	26,338	9,218	6,654	1,865	1,427	1,401	1,164
10	99,749	35,752	6,057	7,768	2,579	2,139	1,634	2,491
11	160,257	57,440	7,244	8,513	3,928	2,788	1,111	2,195
12	67,830	24,312	3,566	4,564	1,350	1,166	1,043	870
13	11,365	4,073	793	726	172	254	326	232
Total	2,871,972	1,029,381	360,908	308,332	63,136	48,986	50,262	69,877

Texas Department of Housing and Community Affairs
2014 HOME Regional Allocation Formula, Table 2 - Weights

Estimated RAF \$ 18,245,225.00

MSA Counties with no urban places	Total of all Need Variables	Proportion of Total Need Variables	150% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-50.00%	Sub-region amount
1	19,078	1.1%	\$288,341	1,062	0.9%	-\$80,642	\$207,699
2	9,555	0.5%	\$144,409	1,080	0.9%	-\$82,009	\$62,401
3	328,356	18.1%	\$4,962,819	23,412	19.5%	-\$1,777,762	\$3,185,056
4	60,133	3.3%	\$908,858	3,174	2.6%	-\$241,014	\$667,844
5	35,720	2.0%	\$539,879	2,722	2.3%	-\$206,692	\$333,187
6	79,484	4.4%	\$1,201,330	5,157	4.3%	-\$391,591	\$809,739
7	183,393	10.1%	\$2,771,833	10,933	9.1%	-\$830,184	\$1,941,648
8	79,081	4.4%	\$1,195,246	10,451	8.7%	-\$793,584	\$401,661
9	60,575	3.3%	\$915,538	3,818	3.2%	-\$289,915	\$625,623
10	50,759	2.8%	\$767,173	4,298	3.6%	-\$326,364	\$440,810
11	59,106	3.3%	\$893,332	2,453	2.0%	-\$186,266	\$707,066
12	38,616	2.1%	\$583,642	2,146	1.8%	-\$162,954	\$420,688
13	46,796	2.6%	\$707,277	902	0.8%	-\$68,492	\$638,785

Non-MSA Counties and counties with only rural places	Total of all Need Variables	Percentage of total need variables	150% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-50.00%	Sub-region amount
1	67,864	3.7%	\$1,025,706	4,177	3.5%	-\$317,176	\$708,530
2	56,522	3.1%	\$854,275	4,260	3.5%	-\$323,478	\$530,797
3	56,415	3.1%	\$852,669	3,535	2.9%	-\$268,426	\$584,243
4	141,870	7.8%	\$2,144,245	8,261	6.9%	-\$627,289	\$1,516,956
5	89,162	4.9%	\$1,347,615	5,810	4.8%	-\$441,175	\$906,440
6	39,916	2.2%	\$603,293	2,872	2.4%	-\$218,082	\$385,211
7	25,249	1.4%	\$381,611	2,286	1.9%	-\$173,585	\$208,026
8	62,409	3.4%	\$943,259	4,863	4.0%	-\$369,266	\$573,993
9	45,502	2.5%	\$687,724	2,565	2.1%	-\$194,770	\$492,954
10	54,295	3.0%	\$820,628	4,125	3.4%	-\$313,227	\$507,401
11	79,913	4.4%	\$1,207,814	3,306	2.8%	-\$251,037	\$956,777
12	34,958	1.9%	\$528,358	1,913	1.6%	-\$145,261	\$383,096
13	6,018	0.3%	\$90,964	558	0.5%	-\$42,371	\$48,593
Total	1,810,743	100%		120,139	100%		\$18,245,225

Texas Department of Housing and Community Affairs
2014 Housing Trust Fund Regional Allocation Formula, Table 1 - Raw Data

MSA Counties with urban places	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Owners	Overcrowded Owners	Unoccupied Units, For Sale
1	194,172	69,596	19,459	3,263	2,613
2	96,780	34,688	8,918	933	1,747
3	2,075,916	744,056	333,893	35,936	33,766
4	167,739	60,122	17,862	3,028	2,038
5	139,110	49,860	11,619	2,409	1,798
6	2,003,946	718,260	283,228	40,346	32,290
7	506,414	181,510	89,027	7,905	8,407
8	318,959	114,322	28,551	3,672	4,610
9	727,743	260,840	91,405	12,914	9,731
10	199,958	71,670	20,184	3,152	2,524
11	854,704	306,346	55,059	27,785	5,993
12	133,702	47,922	12,243	3,262	957
13	403,876	144,758	33,916	8,163	3,561

Non-MSA Counties or counties with only rural places	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Owners	Overcrowded Owners	Unoccupied Units, For Sale
1	128,178	45,942	7,561	2,888	1,444
2	103,890	37,237	7,817	1,604	1,959
3	90,129	32,304	9,661	1,576	1,774
4	250,186	89,672	23,244	4,905	3,886
5	159,899	57,311	11,477	2,980	2,343
6	66,591	23,868	4,913	1,322	720
7	38,830	13,918	5,881	740	1,048
8	110,922	39,757	10,420	1,978	2,342
9	73,483	26,338	9,218	1,865	1,401
10	99,749	35,752	6,057	2,579	1,634
11	160,257	57,440	7,244	3,928	1,111
12	67,830	24,312	3,566	1,350	1,043
13	11,365	4,073	793	172	326
Total	9,184,328	3,291,874	1,113,216	180,655	131,066

Texas Department of Housing and Community Affairs
2014 Housing Trust Fund Regional Allocation Formula, Table 2 - Weights

Estimated RAF amount \$ 4,000,000.00

MSA Counties with urban places	Total of all Need Variables	Proportion of Total Need Variables	150% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-50.00%	Sub-region amount
1	92,318	2.0%	\$120,789	2,613	2.0%	(\$39,873)	\$80,916
2	44,539	1.0%	\$58,275	1,747	1.3%	(\$26,658)	\$31,617
3	1,113,885	24.3%	\$1,457,410	33,766	25.8%	(\$515,252)	\$942,158
4	81,012	1.8%	\$105,996	2,038	1.6%	(\$31,099)	\$74,897
5	63,888	1.4%	\$83,592	1,798	1.4%	(\$27,437)	\$56,155
6	1,041,834	22.7%	\$1,363,138	32,290	24.6%	(\$492,729)	\$870,410
7	278,442	6.1%	\$364,315	8,407	6.4%	(\$128,287)	\$236,028
8	146,545	3.2%	\$191,740	4,610	3.5%	(\$70,346)	\$121,394
9	365,159	8.0%	\$477,775	9,731	7.4%	(\$148,490)	\$329,285
10	95,006	2.1%	\$124,305	2,524	1.9%	(\$38,515)	\$85,791
11	389,190	8.5%	\$509,217	5,993	4.6%	(\$91,450)	\$417,766
12	63,427	1.4%	\$82,988	957	0.7%	(\$14,603)	\$68,385
13	186,837	4.1%	\$244,459	3,561	2.7%	(\$54,339)	\$190,120

Non-MSA Counties or counties with only rural places	Total of all Need Variables	Percentage of total need variables	150% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-50.00%	Sub-region amount
1	56,391	1.2%	\$73,782	1,444	1.1%	(\$22,035)	\$51,747
2	46,658	1.0%	\$61,047	1,959	1.5%	(\$29,893)	\$31,154
3	43,541	0.9%	\$56,970	1,774	1.4%	(\$27,070)	\$29,899
4	117,821	2.6%	\$154,158	3,886	3.0%	(\$59,298)	\$94,859
5	71,768	1.6%	\$93,902	2,343	1.8%	(\$35,753)	\$58,149
6	30,103	0.7%	\$39,387	720	0.5%	(\$10,987)	\$28,400
7	20,539	0.4%	\$26,873	1,048	0.8%	(\$15,992)	\$10,881
8	52,155	1.1%	\$68,240	2,342	1.8%	(\$35,738)	\$32,502
9	37,421	0.8%	\$48,962	1,401	1.1%	(\$21,379)	\$27,583
10	44,388	1.0%	\$58,078	1,634	1.2%	(\$24,934)	\$33,144
11	68,612	1.5%	\$89,772	1,111	0.8%	(\$16,953)	\$72,819
12	29,228	0.6%	\$38,242	1,043	0.8%	(\$15,916)	\$22,326
13	5,038	0.1%	\$6,592	326	0.2%	(\$4,975)	\$1,618
Total	4,585,745	100%		131,066	100%		\$4,000,000

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BOARD REPORT ITEM

PROGRAM PLANNING, POLICY, AND METRICS (3PM)

OCTOBER 10, 2013

Presentation and Discussion on the Department Snapshot tool for the Community Affairs programs

BACKGROUND

The Program Planning, Policy, and Metrics group (“3PM”) was established in the spring of 2012 with the purpose of promoting an agency-wide use of uniform metrics as a key management tool. 3PM has been coordinating efforts to enhance interdivisional efficiency and to create uniform cross agency reporting and performance tools. One of 3PM’s priorities since its inception has been the creation of the “Department Snapshot.” The Snapshot is intended to give Board members and stakeholders a quick reference resource to gauge where each program stands in meeting its highest level objectives, chiefly expenditures.

As outlined in the February 2013 Board meeting, staff will be submitting reports on the programs represented in the Snapshot individually or in small groups at each meeting over a period of months, hence only the Community Affairs programs are presented for this Board meeting. This enables staff to best articulate specific nuances of each program and how those nuances will be represented by the Snapshot. Because of the complexity of Department programs, accuracy is critical. Therefore, the purpose of the item today is to focus on these programs, explaining the unique details of each program and also what likely trends in the program the reader might see and how those would be reflected.

The Comprehensive Energy Assistance Program (“CEAP”) is a utility assistance program. CEAP is designed to assist low income households in meeting their immediate energy needs and to encourage consumers to control energy costs for years to come through energy education. The CEAP involves integration of all LIHEAP-funded programs, thereby enhancing efficiency and effectiveness of services provided to clients and eliminating duplication of services. The CEAP is administered through subrecipients, which collectively cover all 254 counties of the state.

The Texas Department of Housing and Community Affairs (“the Department”) operates the Weatherization Assistance Program with funds from the U.S. Department of Energy (“DOE”), and the U.S. Department of Health and Human Services Low Income Home Energy Assistance Program (“LIHEAP”). WAP is designed to help low income customers control their energy costs through installation of weatherization materials and education. The program goal is to reduce the energy cost burden of low income households through energy efficiency. The WAP is administered through subrecipients, which collectively cover all 254 counties of the state.

Ninety percent of Community Services Block Grant (“CSBG”) funds are provided to CSBG eligible entities for the delivery of services to very low income Texas residents in all 254

counties. For PY 2013, the state received approximately \$30.4 million in CSBG funding. These funds support a variety of direct services in addition to helping maintain the core administrative elements of these local organizations. The funds to CSBG eligible entities are non-competitive. Eligible entities are designated by the Governor to provide a broad range of services designed to eliminate poverty and foster self-sufficiency and must provide these services in a geographic area not served by another eligible entity. Five percent of CSBG funds, referred to as State Discretionary Funds, are utilized by the State to provide disaster relief to areas of the State impacted by natural or man-made disasters, to provide funds for the provision of training and technical assistance to CSBG eligible entities, to provide funds for entities providing services to low-income migrant seasonal farm worker and Native American populations; to fund statewide initiatives, to fund innovative and demonstration projects which assist low-income persons overcome barriers to attaining self-sufficiency; and to fund other projects/initiatives, including providing funds to CSBG eligible entities for self-sufficiency projects and/or to provide funds for outstanding performance.

The Emergency Solutions Grants (“ESG”) program, formerly the Emergency Shelter Grants Program, is a competitive grant that awards funds to private nonprofit organizations, cities, and counties in the State of Texas to provide the services necessary to help persons that are at-risk of homelessness or homeless quickly regain stability in permanent housing. The ESG program is funded by the U.S. Department of Housing and Urban Development (“HUD”) and is administered by Department in the State of Texas.

The Housing and Health Services Program (“HHSP”) was established by the 81st Texas Legislature through an appropriations rider and codified by the 82nd Texas Legislature. Through HHSP, the state provides funding to be administered in the State’s eight largest cities in support of services to homeless individuals and families including services such as case management and housing placement and retention. While no direct appropriations were made for the program during the 82nd Legislature, Senate Bill 1, 82nd Legislature, First Called Session, allows the Department to apply available funds to this program. For State Fiscal Year 2013, the Department has identified a total of \$5 million for HHSP. Cities currently served through HHSP include Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston and San Antonio.

Quarterly Snapshot - Program Debut

Community Affairs Programs

	A	B	C	TDHCA Admin			F	G	H	I	J	K	L	M	N	O
				D	E											
Program	Award to Administer	Program Income	Total Cumulative Funds	Admin Retained	Admin Expenditure	% Expended	Non-TDHCA Admin Funds for Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units	Persons Served
CEAP	\$ 256,380,351	N/A	\$ 256,380,348	\$ 5,131,319	\$ 1,588,775	31%	\$ 251,249,029	\$ -	\$ 203,183,392	100%		\$ 119,346,865	57%		201,266	5,241
LIHEAP									\$ 48,065,637			\$ 24,597,172				
CSBG	\$ 60,196,832	N/A	\$ 60,196,832	\$ 2,642,271	\$ 961,188	36%	\$ 57,554,561	\$ -	\$ 57,554,561	100%		\$ 44,886,042	78%		N/A	617,762
ESG	\$ 15,813,409	\$ -	\$ 15,813,409	\$ 568,046	\$ 342,177	60%	\$ 15,471,053	\$ -	\$ 15,471,053	100%		\$ 6,348,497	41%		N/A	50,539
HHSP	\$ 9,108,373	N/A	\$ 9,108,373	N/A	N/A	N/A	\$ 9,108,373	\$ -	\$ 9,108,373	100%		\$ 6,290,172	69%		N/A	29,386

Program Narrative

The Community Affairs programs fit neatly into the Snapshot as their program methodologies fit easily into the "Awarded," "Contracted," and "Expended" concepts. As with all programs they have their unique aspects, all of which are detailed on the Program Area Snapshots.

The only Community Affairs program that acquires program income is ESG, starting in program year 2012. This nominal program income will come from utility/security deposits that are returned. Now that the earlier contracts are beginning to expire, this program income should be received soon. All but HHSP received some Administrative dollars for TDHCA's use. All of the programs are split into potentially overlapping funding years. HHSP breaksdown further into multiple funding sources in a single program year. CEAP and LIHEAP are also unique in that the LIHEAP grant is the funding source for both programs. The DOE program is not shown here because it has no active contracts as of this report date.

- CEAP - Comprehensive Energy Assistance Program
- LIHEAP - Low Income Home Energy Assistance Program
- CSBG - Community Services Block Grant
- DOE - Department of Energy Weatherization Program
- ESG - Emergency Solutions Grant Program
- HHSP - Housing and Health Services Program

Trendlines

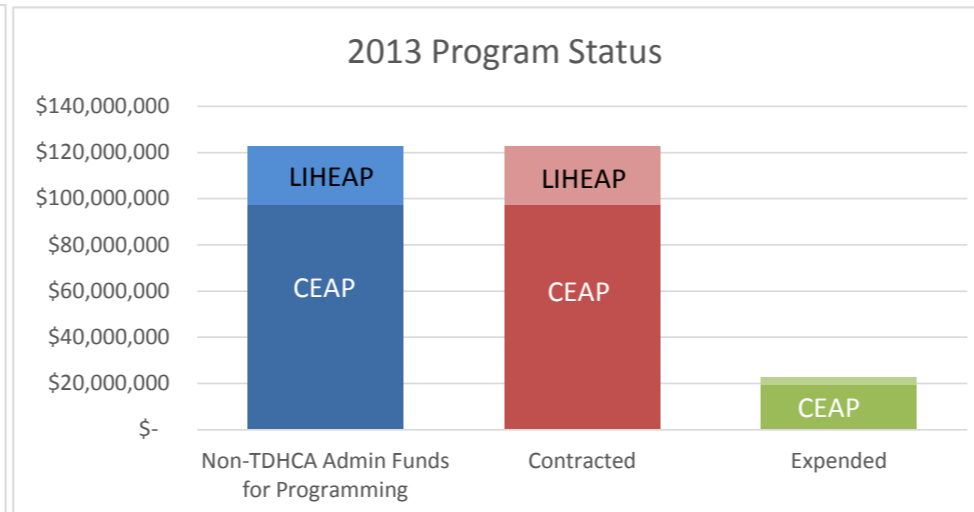
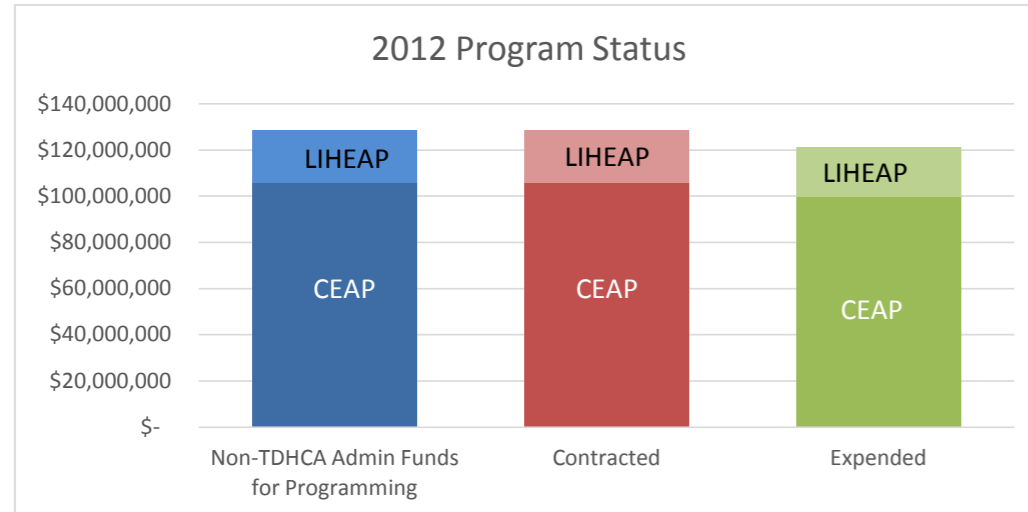
The "% Contracted Trendline" and "% Expended Trendline" (columns J and M) reflect four quarters of history. Each data point on the line reflects a quarter, with the value in columns I and L being the rightmost data point. These lines show recent trends in program activity. For Community Affairs data, these data points will be gathered as future versions of the Snapshot are published and the trendlines will be generated at that time.

Quarterly Snapshot - Program Debut

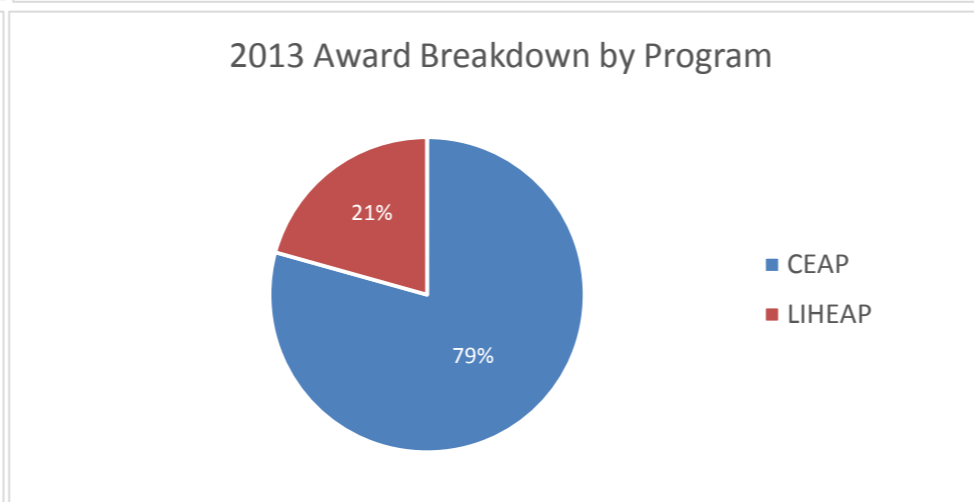
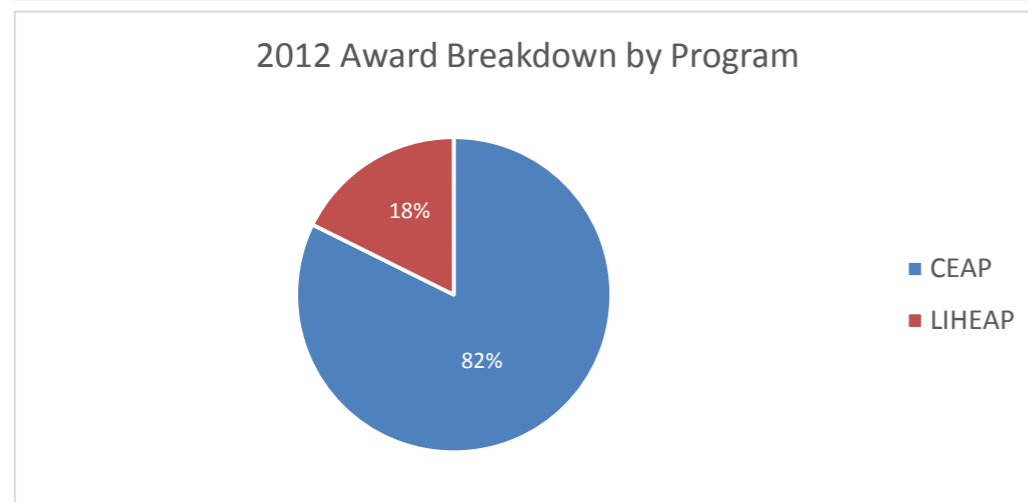
Program Area Snapshot - Comprehensive Energy Assistance Program (CEAP) and Low Income Home Energy Assistance Program (LIHEAP)

Program	Program Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds*			Non-TDHCA Admin Funds for Programming	Funds Unencumbered	Funds Contracted	% Contracted	Expended/ Drawn	% Expended	Persons Served	Units
					Admin Retained	Admin Expenditure	% Expended								
CEAP	2012	\$ 129,783,992	N/A	\$ 129,783,992	\$ 1,090,915	\$ 1,090,915	100%	\$ 128,693,077	\$ -	\$ 105,943,798	100%	\$ 99,740,863	94%	163,203	0
LIHEAP	2012													\$ 22,749,279	\$ 21,524,998
CEAP	2013	\$ 126,596,359	N/A	\$ 126,596,356	\$ 4,040,404	\$ 497,860	12%	\$ 122,555,952	\$ -	\$ 97,239,594	100%	\$ 19,606,002	19%	38,063	0
LIHEAP	2013													\$ 25,316,358	\$ 3,072,174
CEAP	Total	\$ 256,380,351	N/A	\$ 256,380,348	\$ 5,131,319	\$ 1,588,775	31%	\$ 251,249,029	\$ -	\$ 203,183,392	100%	\$ 119,346,865	57%	201,266	5,241
LIHEAP															

TDHCA receives a grant for LIHEAP and breaks that single annual award into two programs: CEAP and LIHEAP. This is why many of the cells are merged in the Snapshot. The funds are not separated until they are Contracted, before that stage the funds are in a single pool.



The bar charts show the status of the CEAP/LIHEAP programs. The chart shows the progress of the funds as they are initially shown as funds going to subrecipients (blue bar), are obligated in contracts (red bar), and then finally expended (green bar). These charts are typical of TDHCA programs. While both years are fully contracted, the earlier program is much further along in expending the funds. The lighter bars on top show the LIHEAP progress while the darker portions of the bars are CEAP.

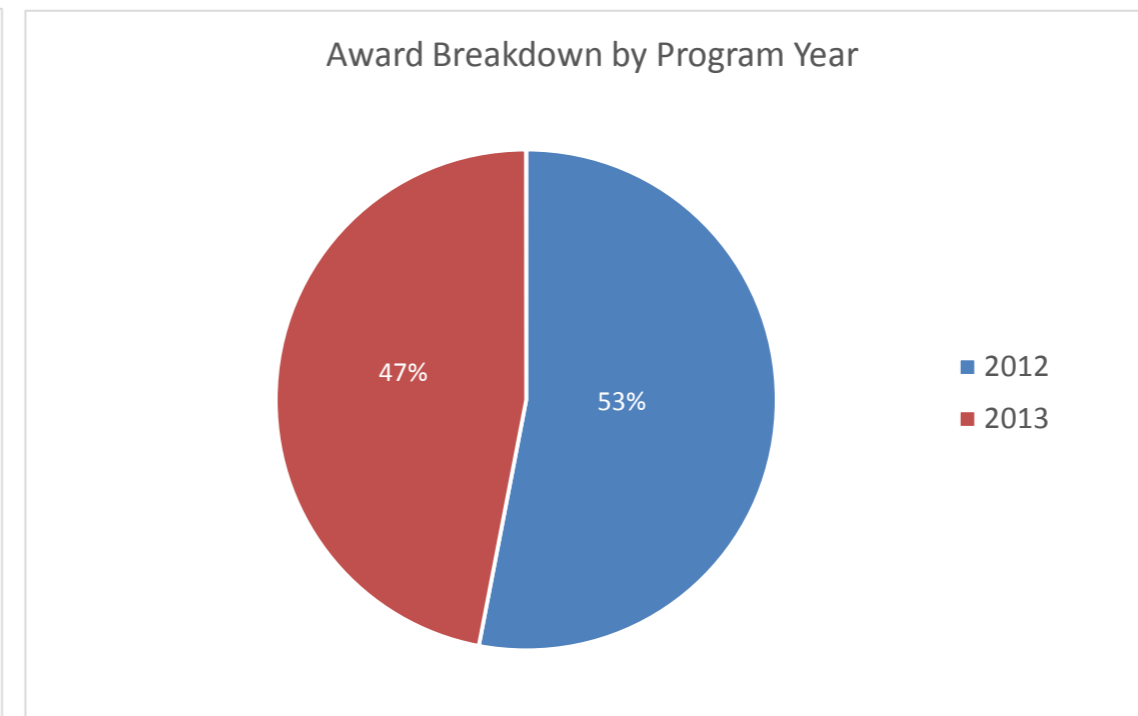
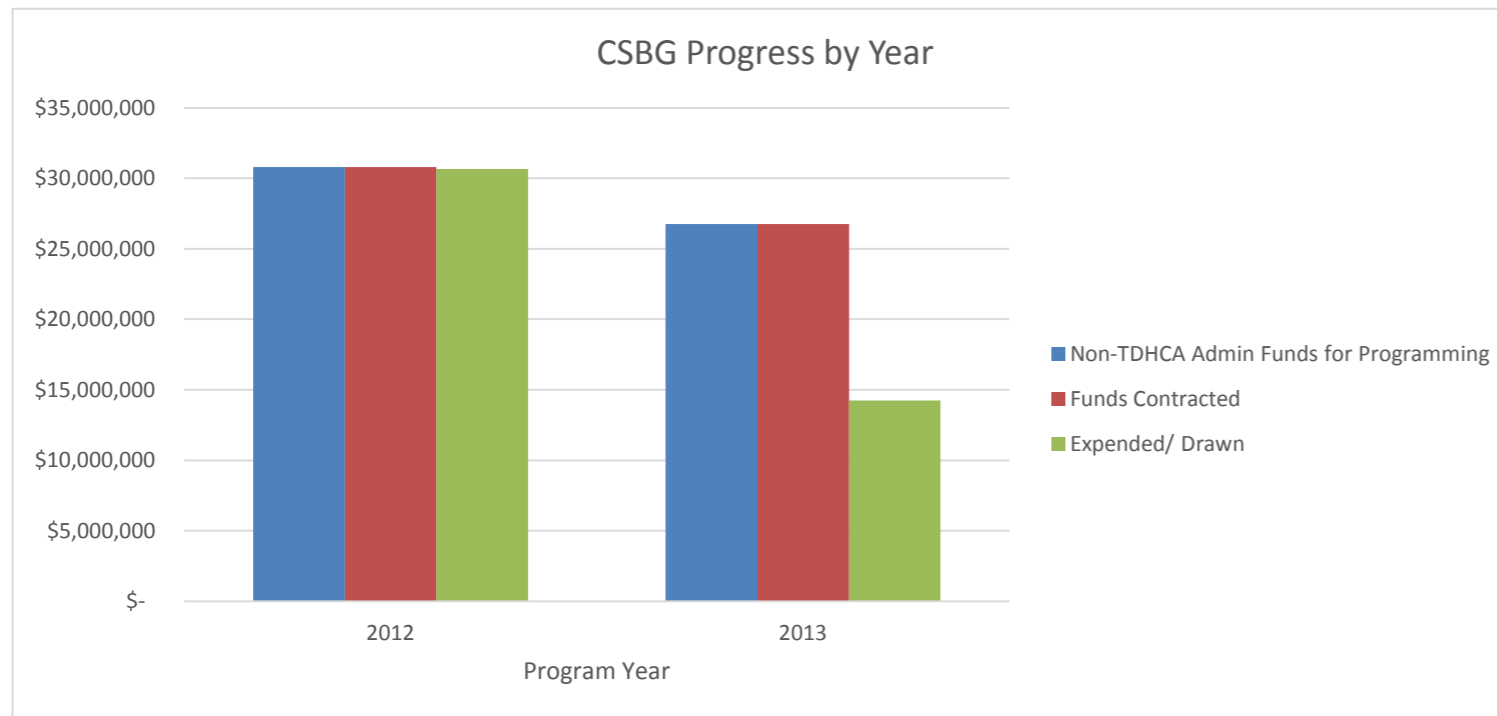


The pie charts show the breakdown of the Federal award by year. The charts that show that of our current awards (2012 and 2013) about 18% went to LIHEAP in 2012 versus 21% in 2013.

Quarterly Snapshot - Program Debut

Program Area Snapshot - Community Services Block Grant (CSBG)

Program	Program Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds*			Non-TDHCA Admin Funds for Programming	Funds Unencumbered	Funds Contracted	% Contracted	Expended/ Drawn	% Expended	Persons Served
					Admin Retained	Admin Expenditure	% Expended							
CSBG	2012	\$ 31,925,884	N/A	\$ 31,925,884	\$ 1,121,238	\$ 955,388	85%	\$ 30,804,647	\$ -	\$ 30,804,647	100%	\$ 30,641,311	99%	355,933
CSBG	2013	\$ 28,270,947	N/A	\$ 28,270,947	\$ 1,521,033	\$ 5,800	0%	\$ 26,749,914	\$ -	\$ 26,749,914	100%	\$ 14,244,731	53%	261,829
Total		\$ 60,196,832	N/A	\$ 60,196,832	\$ 2,642,271	\$ 961,188	36%	\$ 57,554,561	\$ -	\$ 57,554,561	100%	\$ 44,886,042	78%	617,762



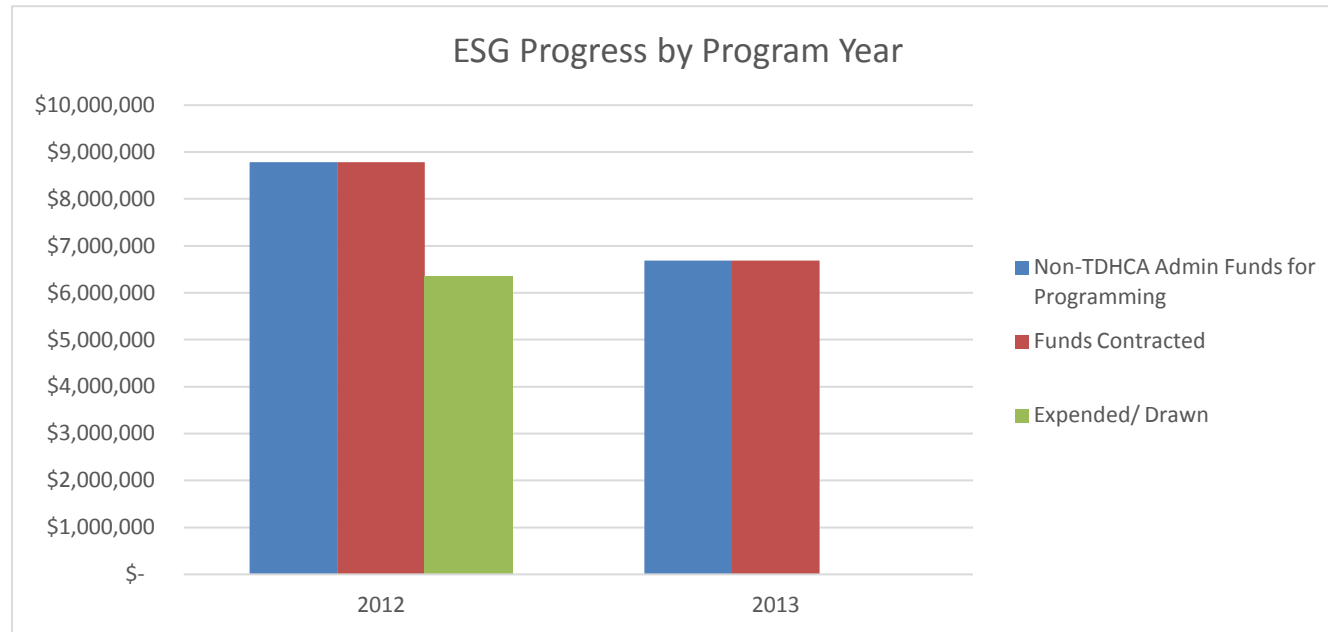
The bar chart shows the progress of the program broken down by program years. The blue bar represents the amount to go to the subrecipients. The red shows the amount under executed contracts whereas the green shows those funds that have been expended. As one might expect, the older funds are further along in the process of being expended.

The pie charts show the breakdown of the Federal award by year. The chart shows that of the current CSBG awards, 2012 funds comprise 53% of the funds. This chart represents a quick way to compare the size of the annual grants.

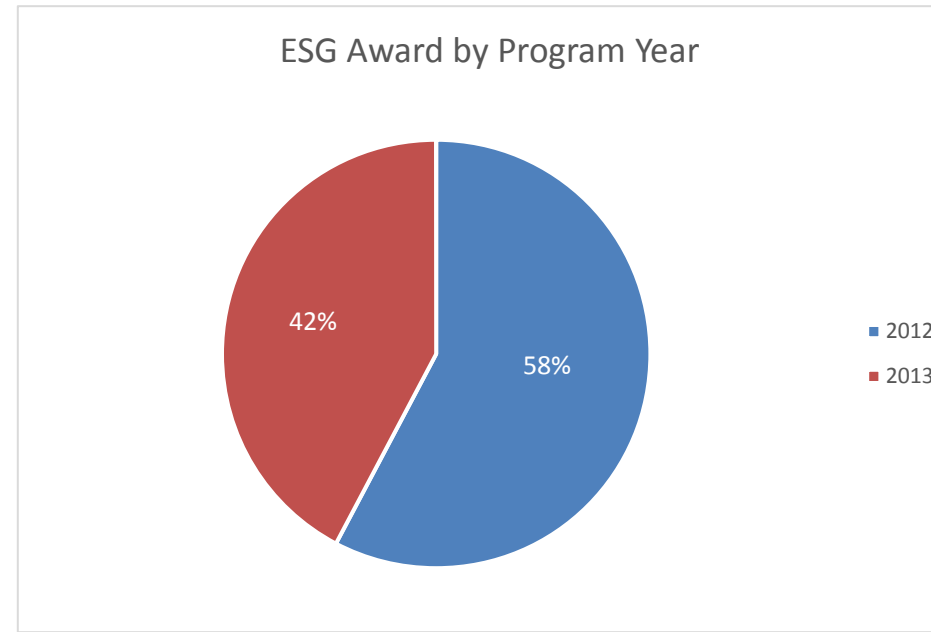
Quarterly Snapshot - Program Debut

Program Area Snapshot - Emergency Solutions Grant (ESG)

Program	Program Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds*			Non-TDHCA Admin Funds for Programming	Funds Unencumbered	Funds Contracted	% Contracted	Expended/ Drawn	% Expended	Persons Served
					Admin Retained	Admin Expenditure	% Expended							
ESG	2012	\$ 9,129,510	\$ -	\$ 9,129,510	\$ 342,356	\$ 342,177	100%	\$ 8,787,154	\$ -	\$ 8,787,154	100%	\$ 6,348,497	72%	15,778
ESG	2013	\$ 6,683,899	\$ -	\$ 6,683,899	\$ 225,690	\$ -	0%	\$ 6,683,899	\$ -	\$ 6,683,899	100%	\$ -	0%	34,761
Total		\$ 15,813,409	\$ -	\$ 15,813,409	\$ 568,046	\$ 342,177	60%	\$ 15,471,053	\$ -	\$ 15,471,053	100%	\$ 6,348,497	41%	50,539



The bar chart shows the progress of the program broken down by program years. The blue bar represents the amount to go to the subrecipients. The red shows the amount under executed contracts whereas the green shows those funds that have been expended. As is typical for Department programs, the older program years are more fully expended than the newer programs that are not yet as far along.



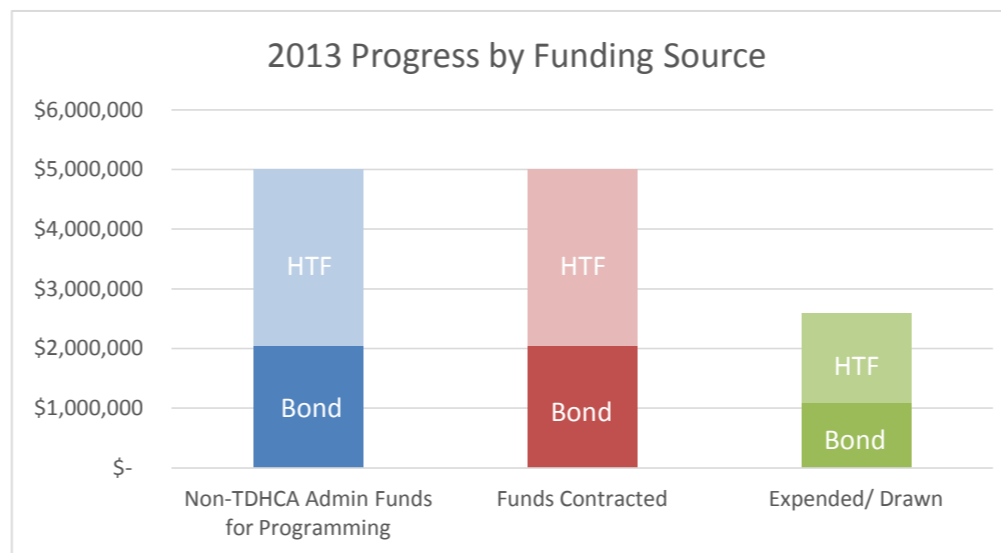
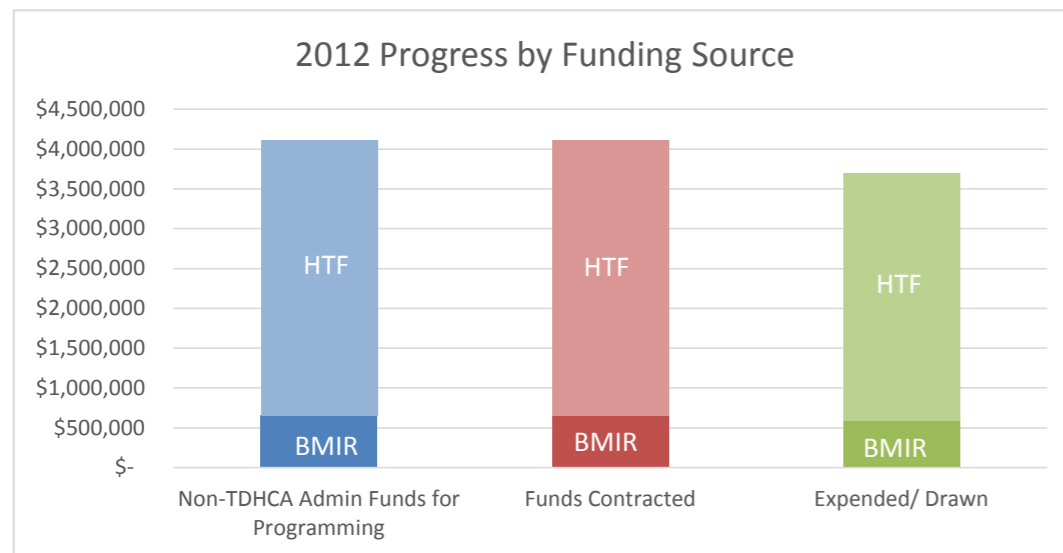
The pie charts show the breakdown of the Federal award by year. The chart shows that of the current ESG awards, 2012 funds comprise 58% of the funds. This chart represents a quick way to compare the size of the annual grants.

Quarterly Snapshot - Program Debut

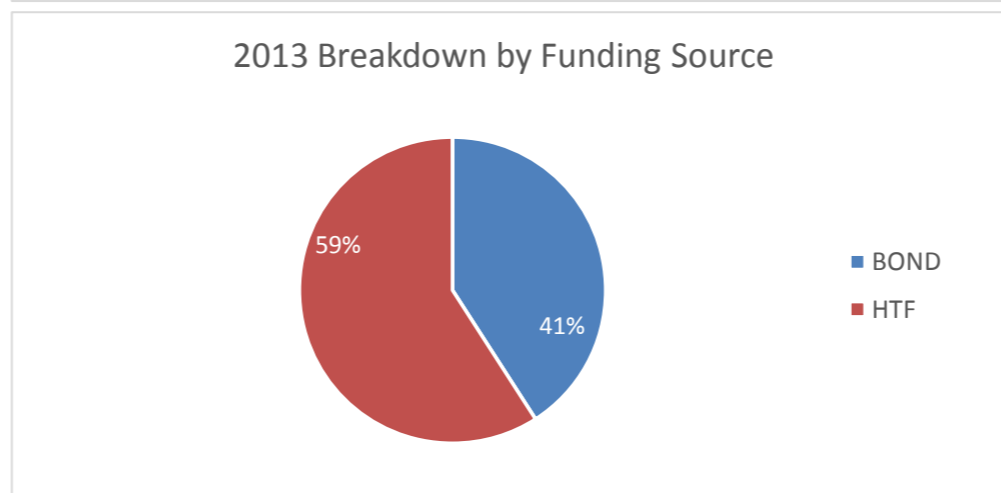
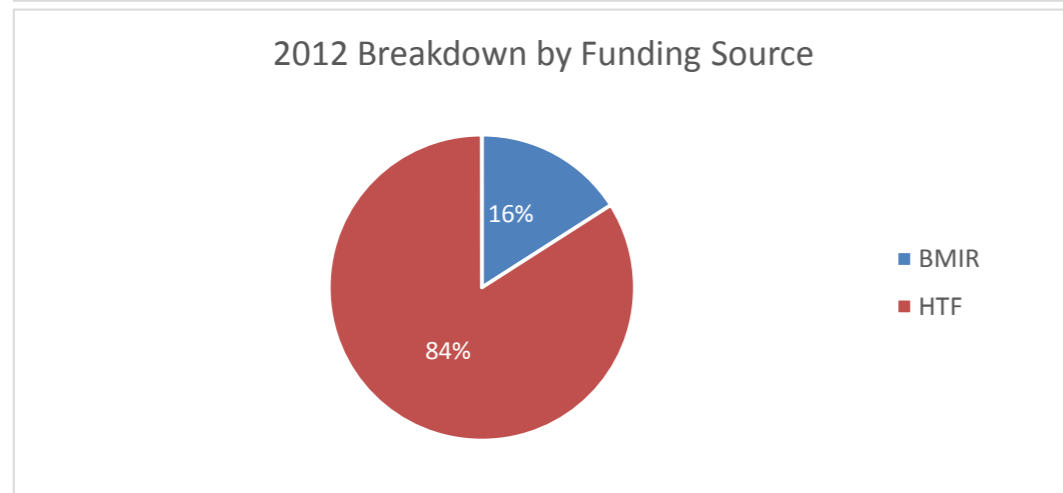
Program Area Snapshot - Housing and Health Services Program (HHSP)

Program	Funding Source	Program Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds*			Non-TDHCA Admin Funds for Programming	Funds Unencumbered	Funds Contracted	% Contracted	Expended/ Drawn	% Expended	Persons Served
						Admin Retained	Admin Expenditure	% Expended							
HHSP	BMIR	2012	\$ 654,751		\$ 654,751	N/A	N/A	N/A	\$ 654,751	\$ -	\$ 654,751	100%	\$ 590,825	90%	6,501
HHSP	HTF	2012	\$ 3,453,622		\$ 3,453,622	N/A	N/A	N/A	\$ 3,453,622	\$ -	\$ 3,453,622	100%	\$ 3,107,063	90%	13,887
HHSP	BOND	2013	\$ 2,044,547		\$ 2,044,547	N/A	N/A	N/A	\$ 2,044,547	\$ -	\$ 2,044,547	100%	\$ 1,099,371	54%	4,661
HHSP	HTF	2013	\$ 2,955,453		\$ 2,955,453	N/A	N/A	N/A	\$ 2,955,453	\$ -	\$ 2,955,453	100%	\$ 1,492,914	51%	4,337
Total			\$ 9,108,373		\$ 9,108,373	N/A	N/A	N/A	\$ 9,108,373	\$ -	\$ 9,108,373	100%	\$ 6,290,172	69%	29,386

HHSP is a unique program in two ways. First, multiple program years can be open at any given time, hence seeing both 2012 and 2013 in the table above. Additionally, the program has multiple fund sources. The current awards show sources including HTF, Bond, and Below Market Interest Rates (BMIR). The Program Area Snapshot shows these sources to give readers a better perspective on the unique aspects of the program.



The bar charts show the status of the HHSP program. The chart shows the progress of the funds as they are initially set to go to subrecipients (blue bar), are obligated in contracts (red bar), and then finally expended (green bar). These charts are typical of TDHCA programs. While both years are fully contracted, the earlier program is much further along in expending the funds. The lighter bars on top show the HHSP-HTF progress while the darker portions of the bars are BMIR in 2012 and Bond in 2013.



The pie charts show the breakdown of the funding by year. The charts that show that of our current awards (2012 and 2013) about 84% came from HTF in 2012 versus 59% in 2013.



**TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS**
Building Homes. Strengthening Communities.

**TDHCA Quarterly Snapshot Intro
Program Planning, Policy, and Metrics
(3PM)
October 10, 2013**

October 10, 2013



Objective

- Recap Quarterly Snapshot tool
- Review CEAP/LIHEAP
 - Current Snapshot
 - Program Area Snapshot
- Review CSBG
 - Current Snapshot
 - Program Area Snapshot
- Review ESG
 - Current Snapshot
 - Program Area Snapshot
- Review HHSP
 - Current Snapshot
 - Program Area Snapshot



Quarterly Snapshot RECAP

- Designed for Executive Mgmt, Board, external stakeholders
- High-level gauge of Department's progress
- Shows advancement towards full implementation of funds under current awards/authorities
- Every program has nuances – staff has used comparable benchmarks for each program at each stage

Snapshot General Layout - RECAP

Story of progress from left to right

Grant Funded Programs - Formula-Based																
Programs	A Awards to be Administered	B Program Income	C Cumulative Total Funds	TDHCA Admin		F Non-TDHCA Admin Funds for Programming	G Funds Unencumbered	H Funds Contracted	I % Contracted	J Change Indicator	K Expended /Drawn	L % Expended	M Change Indicator	N Units/ Households	O Persons	P Properties
				D Retained	E Expended											
HHSP	\$ 20,000,000	N/A	\$ 20,000,000	N/A	N/A	\$ 20,000,000	\$ 3,400,000	\$ 16,600,000	83%		\$ 13,600,000	68%		18,419	28,440	
LIHEAP-WAP	\$ 10,000,000	N/A	\$ 10,000,000	\$ 500,000	\$ 400,000	\$ 9,500,000	\$ -	\$ 1,425,000	100%		\$ 475,000	59%		92		
CEAP								\$ 8,075,000			\$ 5,130,000			3,043		
DOE-WAP	\$ 13,000,000	N/A	\$ 13,000,000	\$ 650,000	\$ 180,000	\$ 12,350,000	\$ 9,386,000	\$ 2,964,000	24%		\$ 1,605,500	13%		535		
CSBG	\$ 10,000,000	N/A	\$ 10,000,000	\$ 500,000	\$ 50,000	\$ 9,500,000	\$ 95,000	\$ 9,405,000	99%		\$ 6,270,000	66%			101,581	



DEMONSTRATION DATA ONLY
Does not reflect actual performance



Board Direction from February

Graphic

- Graphic representations
 - Staff has developed the trend lines in columns J and K to provide the reader with historical “at a glance” information. Additionally several graphs have been incorporated on the Program-Area Snapshot specific to each program that convey a great deal of perspective on program activity.

Program-Level

- Show Deadlines
 - Staff has incorporated expenditure deadline information within the Program-Area Snapshot where applicable. As the nature of deadlines vary greatly by program, staff still considers this facet of the report to be under development.
- Projections vs. Actuals
 - Staff is still researching this aspect of the report

Comprehensive Energy Assistance Program (CEAP) and Low Income Home Energy Assistance Program (LIHEAP)

Department-level Snapshot excerpt

$$A + B = C; C - D = F; F - G = H$$

Program	A Award to Administer	B Program Income	C Total Cumulative Funds	TDHCA Admin			F Non-TDHCA Admin Funds for Programming	G Funds Unencumbered	H Funds Contracted	I % Contracted	J % Contracted Trendline	K Expended/ Drawn	L % Expended	M % Expended Trendline	N Units	O Persons Served
				D Admin Retained	E Admin Expenditure	% Expended										
CEAP	\$ 256,380,351	N/A	\$ 256,380,348	\$ 5,131,319	\$ 1,588,775	31%	\$ 251,249,029	\$ -	\$ 203,183,392	100%		\$ 119,346,865	57%		201,266	5,241
LIHEAP									\$ 48,065,637			\$ 24,597,172				

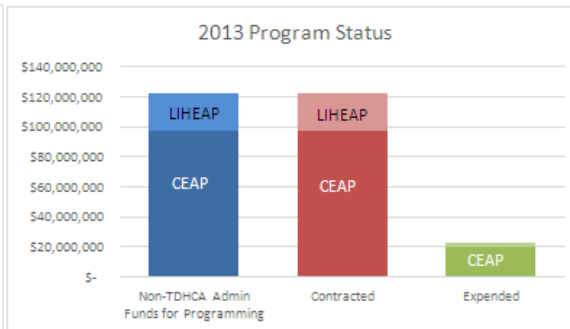
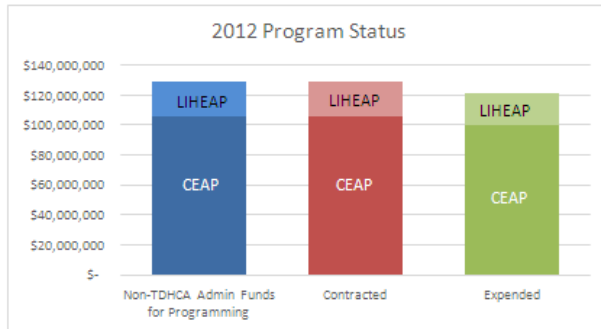
CEAP & LIHEAP

- Both programs receive their funding from the LIHEAP grant from US HHS
- Programs receive no program income
- Both CEAP and LIHEAP can be carried forward to future years if funds are unexpended

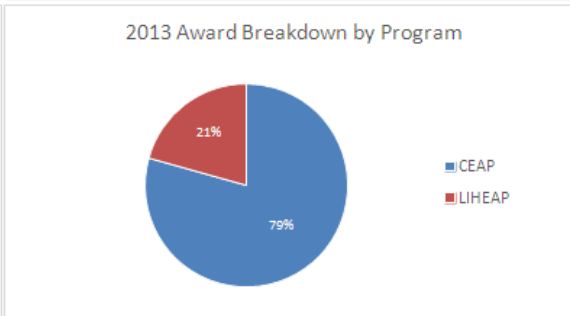
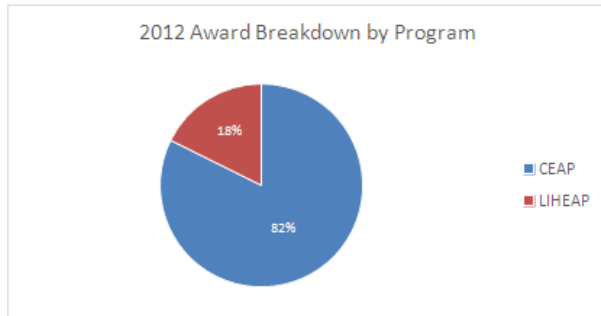
CEAP & LIHEAP

Program-Area Snapshot excerpt

Program	Program Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds*			Non-TDHCA Admin Funds for Programming	Funds Unencumbered	Funds Contracted	% Contracted	Expended/ Drawn	% Expended	Persons Served	Units
					Admin Retained	Admin Expenditure	% Expended								
CEAP	2012	\$ 129,783,992	N/A	\$ 129,783,992	\$ 1,090,915	\$ 1,090,915	100%	\$ 128,693,077	\$ -	\$ 105,943,798	100%	\$ 99,740,863	94%	163,203	0
LIHEAP	2012									\$ 22,749,279		\$ 21,524,998		0	4,832
CEAP	2013	\$ 126,596,359	N/A	\$ 126,596,356	\$ 4,040,404	\$ 497,860	12%	\$ 122,555,952	\$ -	\$ 97,239,594	100%	\$ 19,606,002	19%	38,063	0
LIHEAP	2013									\$ 25,316,358		\$ 3,072,174		0	409
CEAP	Total	\$ 256,380,351	N/A	\$ 256,380,348	\$ 5,131,319	\$ 1,588,775	31%	\$ 251,249,029	\$ -	\$ 203,183,392	100%	\$ 119,346,865	57%	201,266	5,241
LIHEAP										\$ 48,065,637		\$ 24,597,172			



The bar charts show the progress of the CEAP and LIHEAP programs. The data is what one might expect as it shows older funding years being nearer to fully expended. The top-lighter sections are the LIHEAP program where the darker portions on the bottom represent CEAP.



These pie charts show the size of CEAP and LIHEAP relative to each other in each year.

Community Services Block Grant (CSBG)

Department-level Snapshot excerpt

$$A + B = C; C - D = F; F - G = H$$

Program	A	B	C	TDHCA Admin			F	G	H	I	J	K	L	M	N	O
				D	E	%										
	Award to Administer	Program Income	Total Cumulative Funds	Admin Retained	Admin Expenditure	% Expended	Non-TDHCA Admin Funds for Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units	Persons Served
CSBG	\$ 60,196,832	N/A	\$ 60,196,832	\$ 2,642,271	\$ 961,188	36%	\$ 57,554,561	\$ -	\$ 57,554,561	100%		\$ 44,886,042	78%		N/A	617,762

CSBG

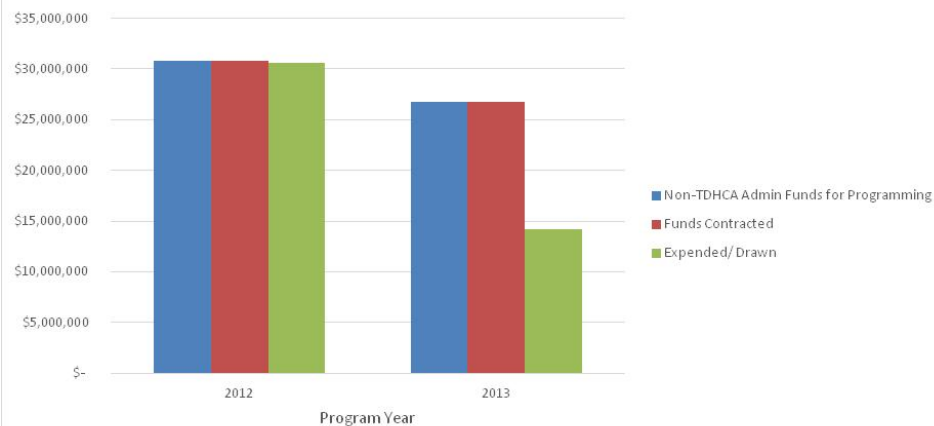
- Annual award with overlapping funding years
- Funds are distributed to eligible Community Action Agencies
- Program receives administrative dollars for TDHCA staff but no program income

CSBG

Program-Area Snapshot excerpt

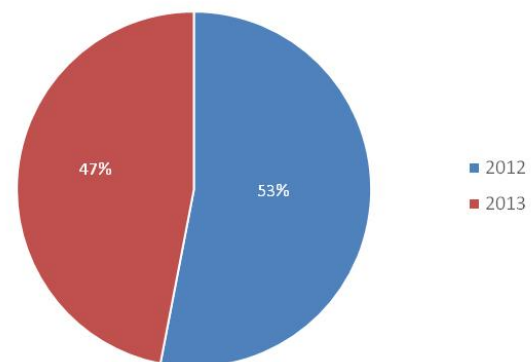
Program	Program Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds*			Non-TDHCA Admin Funds for Programming	Funds Unencumbered	Funds Contracted	% Contracted	Expended/ Drawn	% Expended	Persons Served
					Admin Retained	Admin Expenditure	% Expended							
CSBG	2012	\$ 31,925,884	N/A	\$ 31,925,884	\$ 1,121,238	\$ 955,388	85%	\$ 30,804,647	\$ -	\$ 30,804,647	100%	\$ 30,641,311	99%	355,933
CSBG	2013	\$ 28,270,947	N/A	\$ 28,270,947	\$ 1,521,033	\$ 5,800	0%	\$ 26,749,914	\$ -	\$ 26,749,914	100%	\$ 14,244,731	53%	261,829
Total		\$ 60,196,832	N/A	\$ 60,196,832	\$ 2,642,271	\$ 961,188	36%	\$ 57,554,561	\$ -	\$ 57,554,561	100%	\$ 44,886,042	78%	617,762

CSBG Progress by Year



The bar chart shows the progress of the CSBG program, grouped by funding year. As expected, the previous year's funding is closer to being fully expended than the newer funding.

Award Breakdown by Program Year



The pie chart shows the relative size of each year in TDHCA's total current allocation of CSBG funds. The data in the chart illustrates that the 2012 award is slightly larger than the 2013 award.

Emergency Solutions Grant (ESG)

Department-level Snapshot excerpt

$$A + B = C; C - D = F; F - G = H$$

	A	B	C	TDHCA Admin			F	G	H	I	J	K	L	M	N	O
				D	E											
Program	Award to Administer	Program Income	Total Cumulative Funds	Admin Retained	Admin Expenditure	% Expended	Non-TDHCA Admin Funds for Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units	Persons Served
ESG	\$ 15,813,409	N/A	\$ 15,813,409	\$ 568,046	\$ 342,177	60%	\$ 15,471,053	\$ -	\$ 15,471,053	100%		\$ 6,348,497	41%		N/A	50,539

ESG

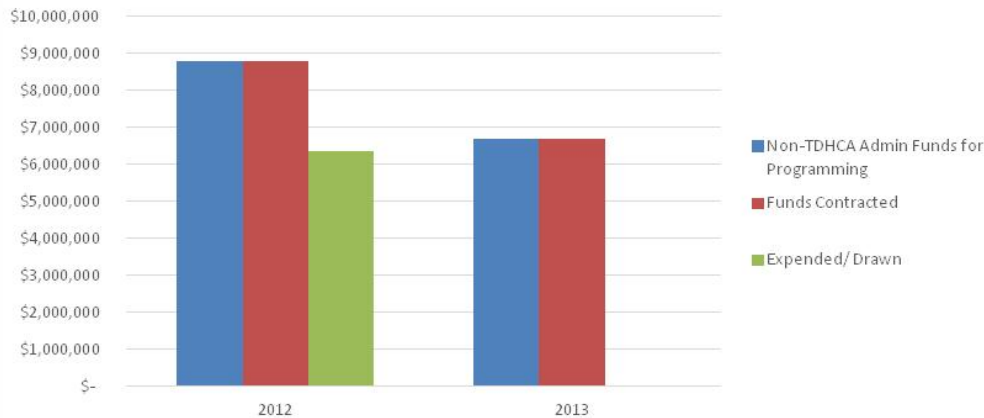
- Annual award from HUD with overlapping funding years
- Funds are distributed to entities through a competitive application process

ESG

Program-Area Snapshot excerpt

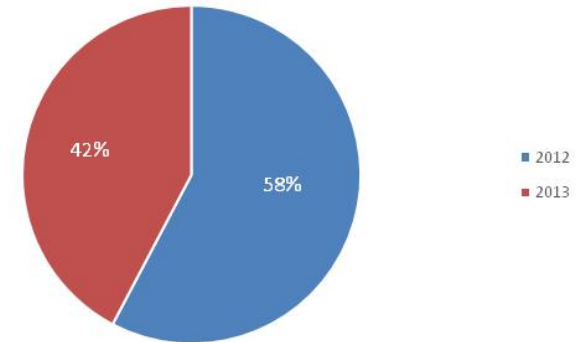
Program	Program Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds*			Non-TDHCA Admin Funds for Programming	Funds Unencumbered	Funds Contracted	% Contracted	Expended/ Drawn	% Expended	Persons Served
					Admin Retained	Admin Expenditure	% Expended							
ESG	2012	\$ 9,129,510	N/A	\$ 9,129,510	\$ 342,356	\$ 342,177	100%	\$ 8,787,154	\$ -	\$ 8,787,154	100%	\$ 6,348,497	72%	15,778
ESG	2013	\$ 6,683,899	N/A	\$ 6,683,899	\$ 225,690	\$ -	0%	\$ 6,683,899	\$ -	\$ 6,683,899	100%	\$ -	0%	34,761
Total		\$ 15,813,409	\$ -	\$ 15,813,409	\$ 568,046	\$ 342,177	60%	\$ 15,471,053	\$ -	\$ 15,471,053	100%	\$ 6,348,497	41%	50,539

ESG Progress by Program Year



The bar chart shows the progress of the ESG program, grouped by funding year. As expected, the previous year's funding is closer to being fully expended than the newer funding.

ESG Award by Program Year



The pie chart shows the relative size of each year in TDHCA's total current allocation of ESG funds. The data in the chart illustrates that the 2012 award is considerably larger than the 2013 award.

Housing and Health Services Program (HHSP)

Department-level Snapshot excerpt

$$A + B = C; C - D = F; F - G = H$$

Program	A Award to Administer	B Program Income	C Total Cumulative Funds	TDHCA Admin			F Non-TDHCA Admin Funds for Programming	G Funds Unencumbered	H Funds Contracted	I % Contracted	J % Contracted Trendline	K Expended/ Drawn	L % Expended	M % Expended Trendline	N Units	O Persons Served
				D Admin Retained	E Admin Expenditure	% Expended										
HHSP	\$ 9,108,373	N/A	\$ 9,108,373	N/A	N/A	N/A	\$ 9,108,373	\$ -	\$ 9,108,373	100%		\$ 6,290,172	69%		N/A	29,386

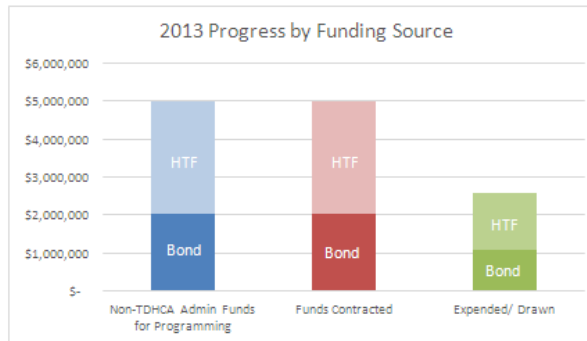
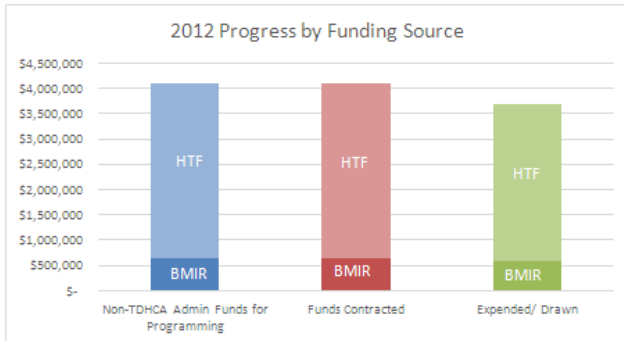
HHSP

- Multiple overlapping funding years
- Funded at the State-level through multiple funding sources each year
- Funds are distributed to the 8 largest Texas cities
- HHSP does not have administrative dollars for TDHCA nor program income

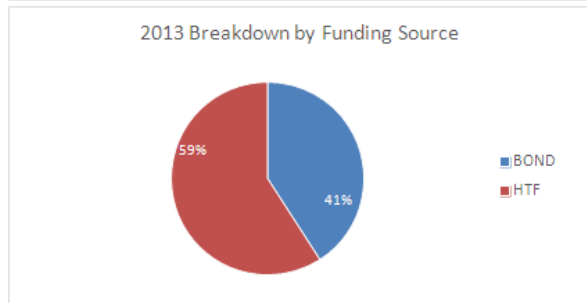
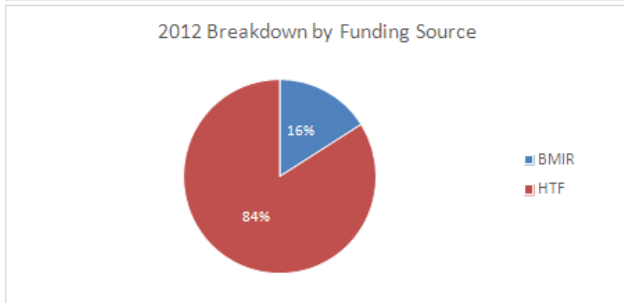
HHSP

Program-Area Snapshot excerpt

Program	Funding Source	Program Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds*			Non-TDHCA Admin Funds for Programming	Funds Unencumbered	Funds Contracted	% Contracted	Expended/ Drawn	% Expended	Persons Served
						Admin Retained	Admin Expenditure	% Expended							
HHSP	BMIR	2012	\$ 654,751		\$ 654,751	N/A	N/A	N/A	\$ 654,751	\$ -	\$ 654,751	100%	\$ 590,825	90%	6,501
HHSP	HTF	2012	\$ 3,453,622		\$ 3,453,622	N/A	N/A	N/A	\$ 3,453,622	\$ -	\$ 3,453,622	100%	\$ 3,107,063	90%	13,887
HHSP	BOND	2013	\$ 2,044,547		\$ 2,044,547	N/A	N/A	N/A	\$ 2,044,547	\$ -	\$ 2,044,547	100%	\$ 1,099,371	54%	4,661
HHSP	HTF	2013	\$ 2,955,453		\$ 2,955,453	N/A	N/A	N/A	\$ 2,955,453	\$ -	\$ 2,955,453	100%	\$ 1,492,914	51%	4,337
Total			\$ 9,108,373		\$ 9,108,373	N/A	N/A	N/A	\$ 9,108,373	\$ -	\$ 9,108,373	100%	\$ 6,290,172	69%	29,386



The bar chart shows the progress of the HHSP program, grouped by funding years and funding sources. As expected, the previous year's funding is closer to being fully expended than the newer funding.



The pie chart shows the relative size of each funding source for each current program year. The data in the chart illustrates that the 2012 HTF award is considerably larger than the HTF award in 2013.



Questions, Concerns, or Ideas?

Please contact:

David Johnson

Program, Planning, Policy & Metrics (3PM)

david.johnson@tdhca.state.tx.us

1f

BOARD ACTION REQUEST
OFFICE OF COLONIA INITIATIVES
OCTOBER 10, 2013

Presentation, Discussion and Possible Action on the appointment of Colonia Residents Advisory Committee (“C-RAC”) members.

RECOMMENDED ACTION

WHEREAS, the C-RAC is required by statute to advise the Department on the colonias selected for the Colonia Self Help Centers; and

WHEREAS, pursuant to §2306.584 C-RAC members need to be appointed by the Texas Department of Housing and Community Affairs Governing Board;

NOW, therefore, it is hereby

RESOLVED, that new and returning C-RAC members are hereby appointed for each of the seven counties participating in the Colonia Self Help Center Program.

BACKGROUND

The Texas Department of Housing and Community Affairs (the “Department”) is required to establish Colonia Self-Help Centers under Chapter 2306, Subchapter Z of the Texas Government Code to provide on-site technical assistance to improve the quality of life for colonia residents located in five counties (El Paso, Webb, Starr, Hidalgo, and Cameron/Willacy). Additionally, the Department is authorized to establish other Colonia Self-Help Centers if it determines it is necessary and appropriate. Since the creation of the program in 1995, two additional Colonia Self-Help Centers have been established in Maverick and Val Verde counties. Five colonias within each county are selected to receive concentrated technical assistance in the areas of housing rehabilitation, new construction, surveying and platting, construction skills training, tool library access for self-help, housing, finance, credit and debt counseling, grant preparation, infrastructure constructions, contract-for-deed conversions, and capital access for mortgages and other improvements. To date, the Department oversees seven Colonia Self-Help Centers along the Texas-Mexico border region located in El Paso, Webb, Hidalgo, Starr, Cameron/Willacy, Maverick and Val Verde counties.

The Legislature also mandated that 2.5% of the Texas Community Development Block Grant (“CDBG”) annual allocation be set aside for this program. The Department’s Governing Board is required under Section 2306.584 of the Texas Government Code to appoint at least five persons who are residents of colonias to serve on a C-RAC. These members must reside in a colonia in the county the member represents, and may not be a board member, contractor, or employee of, or have any ownership interest in an entity that is awarded a contract under the Colonia Self-Help

Center Program. The individuals recommended were provided by the county with input from local nonprofit organizations.

The C-RAC is required to advise the Department's Governing Board and evaluate the needs of colonia residents, review programs that are proposed or operated through the Colonia Self-Help Centers and activities that may be undertaken through the Colonia Self-Help Centers to better serve the needs of colonia residents. The C-RAC is required to meet 30 days before the Colonia Self-Help Center contract is scheduled to be awarded by the Department's Governing Board and may meet at other times. The C-RAC will be composed of two persons from each county designated to have a Colonia Self-Help Center. The term of service on the Colonia Resident Advisory Committee shall be for four (4) years.

Approval of the following recommendations will allow the Department to carry out the statutory requirements of the Colonia Self-Help Center Program and C-RAC.

The term limits of the attached list of C-RAC members end on October 10, 2017.

Proposed 2013 Colonia Resident Advisory Committee (C-RAC)

	Name	City	Colonia
Webb			
Primary	Elvira Torres	Laredo	Colonia Los Altos
Secondary	Maria de Jesus Pena	Laredo	Colonia Tanquecitos
Alternate	Juanita Ibarra	Laredo	Colonia Pueblo Nuevo
Val Verde			
Primary	Lupita Galindo	Del Rio	Val Verde Park Estates
Secondary	Iracema Guerra	Del Rio	Chaparral Hills
Alternate	Sandra Garza Randez	Del Rio	Val Verde Park Estates
Maverick			
Primary	Elizabeth Rodriguez	Eagle Pass	Loma Bonita
Secondary	Dora Lucia Contreras	Eagle Pass	Loma Bonita
Alternate	Gricelda Salinas	Eagle Pass	Loma Bonita
El Paso			
Primary	Maria Garcia	El Paso	Agua Dulce
Secondary	Irma Castaneda	El Paso	Agua Dulce
Alternate	Patricia Holguin	El Paso	Agua Dulce
Hidalgo			
Primary	Yesssica Gonzalez	Mercedes	Indian Hills Sub
Secondary	Cayetano Lopez	Mission	Linda Vista Estates
Starr			
Primary	Dewitt Jones	Garciasville	Garciasville
Secondary	Jose A Garza	Rio Grande City	La Puerta
Cameron			
Primary	Jose Luis Almanzan	Brownsville	Valle Escondido
Secondary	Lupita Sanchez	Brownsville	Cameron Park
Willacy			
Primary	Aurelio Guerra	Lasara	Lasara
Secondary	Noria Garcia	Lasara	Lasara

Applicant Evaluation

Project ID # **2013CRAC**Name **Colonia Residents Advisory Committe** City:HTC 9% HTC 4% HOME BOND HTF NSP ESG Other No Previous Participation in Texas Members of the development team have been disbarred by HUD

Compliance

Total # of MF awards monitored: 0

Projects in Material Noncompliance	
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Projects grouped by score

0-9: 0

10-19: 0

20-29: 0

Total # of MF awards not yet monitored or pending review: 0

Unresolved Audit Findings Identified w/ Contract(s) SF Contract Experience Yes No

Total # of MF Projects in Material Noncompliance: 0

Total monitored with a score 0-29: 0

Total # of SF Contracts: 0

Completed by: James RoperReviewer: Patricia MurphyDate 6/12/2013Date 6/22/2013

Comments (if applicable):

Single Audit

 Single audit review not applicable Late single audit certification form (see comments) Single audit requirements current Past due single audit or unresolved single audit issue (see comments)Reviewer: Rosy FalconDate 6/14/2013

Comments (if applicable):

Loan Servicing

 No delinquencies found Delinquencies found (see comments)Reviewer Sandra MolinaDate 6 /14/2013

Comments (if applicable):

Financial Services

 No delinquencies found Delinquencies found (See Comments)Reviewer Monica GuerraDate 6 /17/2013

Comments (if applicable):

Community Affairs

 No identified issues Identified Issues (see comments)Reviewer Cathy CollingsworthDate 6 /14/2013

Comments (if applicable):

1g

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on Inducement Resolution No. 14-006 Amending Prior Inducement Resolution No. 13-010 for Multifamily Housing Revenue Bonds for Terrace View Apartments and an Authorization for Filing Applications for Private Activity Bond Authority for the 2013 Waiting List

RECOMMENDED ACTION

WHEREAS, the Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance by the Department;

WHEREAS, the inducement allows staff to submit an application to the Bond Review Board (BRB) to await a Certificate of Reservation;

WHEREAS, the Board previously approved Inducement Resolution No. 13-010 on October 9, 2012, for Terrace View Apartments that is hereby amended to allow the filing of an Application for the current or subsequent program year; and

WHEREAS, the Executive Award and Review Advisory Committee recommends the approval of the Inducement Resolution;

NOW, therefore, it is hereby

RESOLVED, that Inducement Resolution 14-006 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority from the 2013 Private Activity Bond Program for Terrace View Apartments is hereby adopted.

BACKGROUND

The Texas Bond Review Board administers the state's annual private activity bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds and is required to induce an application for bonds prior to the submission to the BRB. Approval of the inducement resolution does not constitute approval of the Development but merely allows the Applicant the opportunity to move into the full application phase of the process. Once the application receives a Certificate of Reservation, the Applicant has 150 days to close on the private activity bonds.

During the 150-day process, the Department will review the Applicant's complete application for compliance with the Department's Rules and underwrite the transaction in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing in the community of each development. The complete application including a transcript from the

hearing will then be presented before the Board for a decision on the same issuance of the bonds as well as the determination of housing tax credits.

Each year, the State of Texas is notified of the cap on the amount of private activity tax exempt revenue bonds that may be issued within the state. Approximately \$545 million was set aside for multifamily until August 15th for the 2013 program year which includes the TDHCA set aside of approximately \$108 million. Applications submitted to the BRB after August 15 receive a reservation from the collapsed allocation pool which represents unreserved allocation from the other sub-ceilings. Inducement Resolution 14-006 represents the eighth application induced by the Board that is anticipated to be submitted to the BRB and reserves approximately \$21 million in state volume cap.

Terrace View Apartments

General Information: The existing development is located at 417 W. Tarrant Rd. in Grand Prairie, Dallas County. The application proposes the acquisition and rehabilitation of the existing development which consists of 192 total units serving the general population. This transaction is proposed to be Priority 3 consisting entirely of low income units that will be rent and income restricted.

Census Demographics: Demographics for the census tract (0155.00) include an AMFI of \$39,606; the total population is 3,550; the percent of population that is minority is 64.96%; the percent of population that is below the poverty line is 32.91%; the number of owner occupied units is 562 and the number of renter units is 892. (Census information from FFIEC Geocoding 2013).

Public Comment: The Department has not received any letters of support or opposition for this development.

RESOLUTION NO. 14-006

RESOLUTION AMENDING OFFICIAL INTENT RESOLUTION AND AUTHORIZING THE FILING OF AN APPLICATION FOR ALLOCATION OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD (TERRACE VIEW); AND AUTHORIZING OTHER ACTION RELATED THERETO

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended, (the “Act”) for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the “State”) intended to be occupied by persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, on October 9, 2012, the Governing Board of the Department (the “Board”) adopted Resolution No. 13-010 entitled “Resolution Declaring Intent to Issue Multifamily Revenue Bonds with Respect to Residential Rental Development; Authorizing the Filing of an Application for Allocation of Private Activity Bonds with the Texas Bond Review Board; and Authorizing Other Action Related Thereto,” a true and correct copy of which is attached hereto as Exhibit A (the “Intent Resolution”); and

WHEREAS, it is proposed that the Department issue its multifamily housing revenue bonds (the “Bonds”) for the purpose of providing financing for the multifamily residential rental development known as Park Creek Manor (the “Development”) more fully described in the Intent Resolution, the ownership of which will consist of the ownership entity and its principals described in the Intent Resolution or a related person (the “Owner”) within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, in connection with the proposed issuance of the Bonds, the Department, as issuer of the Bonds, is required to submit for the Development an Application for Allocation of Private Activity Bonds (the “Application”) with the Texas Bond Review Board (the “Bond Review Board”) with respect to the tax-exempt Bonds to qualify for the Bond Review Board’s Allocation Program in connection with the Bond Review Board’s authority to administer the allocation of the authority of the State to issue private activity bonds; and

WHEREAS, the Board has determined to amend Section 14 of the Intent Resolution and authorize the submission of an Application with respect to the Bonds to be issued for the Development; NOW, THEREFORE,

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

ARTICLE 1

APPROVAL OF CERTAIN ACTIONS; CERTAIN FINDINGS

Section 1.1 Authorization to File Application. Section 14 of the Intent Resolution is hereby amended to read: “The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Development’s necessary review and legal documentation for the filing of an Application and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by the Owner.”

Section 1.2 Amendment to Intent Resolution. All requirements in the Intent Resolution relating to Eligible Tenants are hereby deleted.

Section 1.3 Intent Resolution Ratified and Reaffirmed. Except as amended hereby, the Intent Resolution is hereby ratified and reaffirmed.

Section 1.4 Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.5 Authorized Representatives. The following persons are hereby named as Authorized Representatives of the Department for purposes of executing, attesting, affixing the Department’s seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Multifamily Finance of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 10th day of October, 2013.

[SEAL]

By: _____
Chair, Governing Board

Attest:

By: _____
Secretary to the Governing Board

EXHIBIT "A"

RESOLUTION NO. 13-010

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENT; AUTHORIZING THE FILING OF APPLICATION FOR ALLOCATION OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended, (the "Act") for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, it is proposed that the Department issue its revenue bonds for the purpose of providing financing for the multifamily residential rental development (the "Development") more fully described in Exhibit A attached hereto. The ownership of the Development as more fully described in Exhibit A will consist of the ownership entity and its principals or a related person (the "Owner") within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Owner has made not more than 60 days prior to the date hereof, payments with respect to the Development and expects to make additional payments in the future and desires that it be reimbursed for such payments and other costs associated with the Development from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, the Owner has indicated its willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that 100 percent of the units of the Development will be occupied at all times by eligible tenants, as determined by the Board pursuant to the Act ("Eligible Tenants"), that the other requirements of the Act and the Department will be satisfied and that the Development will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse the Owner for the costs associated with the Development listed on Exhibit A attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable obligations to be issued in one or more series to be issued subsequent to the date hereof; and

October 9, 2012 Inducement Resolution
#4172120.1

WHEREAS, at the request of the Owner, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of the Development described on Exhibit A attached hereto; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for the Development an Application for Allocation of Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the state to issue private activity bonds; and

WHEREAS, the Board has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to the Owner to finance the Development on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD THAT:

Section 1. Certain Findings. The Board finds that:

- (a) the Development is necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) the Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the Owner is financially responsible;
- (d) the financing of the Development is a public purpose and will provide a public benefit; and
- (e) the Development will be undertaken within the authority granted by the Act to the Department and the Owner.

Section 2. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in amounts estimated to be sufficient to (a) fund a loan or loans to the Owner to provide financing for its Development in an aggregate principal amount not to exceed those amounts, corresponding to the Development, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and state law requirements regarding tenancy in each Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that each Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and state laws applicable to the issuance of such Bonds.

Section 3. Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but

in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 4. Reimbursement. The Department reasonably expects to reimburse the Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Development and listed on Exhibit A attached hereto ("Costs of the Development") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing the Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction or rehabilitation of the Development; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 5. Principal Amount. Based on representations of the Owner, the Department reasonably expects that the maximum principal amount of debt issued to reimburse the Owner for the costs of the Development will not exceed the amount set forth in Exhibit A.

Section 6. Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of the Development, which Development will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, the Owner will enter into a loan agreement on an installment payment basis with the Department under which the Department will make a loan to the Owner for the purpose of reimbursing the Owner for the costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for the Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 7. The Development. Substantially all of the proceeds of the Bonds shall be used to finance the Development, which is to be occupied entirely by Eligible Tenants, as determined by the Department, and which is to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 8. Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse the Owner for costs of its Development.

Section 9. Costs of Development. The Costs of the Development may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of the Development shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code

and the Act. The Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 10. No Commitment to Issue Bonds. Neither the Owner nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owner nor any one claiming by, through or under the Owner shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 11. No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds.

Section 12. Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by the Owner and the Department of contractual arrangements providing assurance satisfactory to the Department that 100 percent of the units for each Development will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Bracewell & Giuliani LLP or other nationally recognized bond counsel acceptable to the Department, substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 13. Certain Findings. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Development will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

Section 14. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Development's necessary review and legal documentation for the filing of an Application for the 2012 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

Section 15. Related Persons. The Department acknowledges that financing of all or any part of the Development may be undertaken by any company or partnership that is a "related person" to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the Owner.

Section 16. Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of the Development which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal

Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Development may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 17. Authorization of Certain Actions. The Department hereby authorizes the filing of and directs the filing of the Application in such form presented to the Board with the Bond Review Board and each director of the Board are hereby severally authorized and directed to execute the Application on behalf of the Department and to cause the same to be filed with the Bond Review Board.

Section 18. Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 19. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 20. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 9th day of October, 2012.

[SEAL]

By: 
Chairman, Governing Board

Attest: 
Secretary to the Governing Board

EXHIBIT "A"

Description of the Owner and the Development

Project Name	Owner	Principals	Amount Not to Exceed
Terrace View	T View Partners, Ltd., a Texas limited partnership	The Principals are T View GP, LLC, Managing General Partner and T View I, LLC, General Partner and a to be determined limited partner. The sole member of T View GP, LLC is Ruel Hamilton; the sole member of T View I, LLC is Rick J. Deyoe	\$21,000,000
Costs: Acquisition/rehabilitation excluding reconstruction of a 192 unit affordable multifamily community located on +/- 11.85 acres of land located at 417 W. Tarrant Road, Grand Prairie, Dallas County, Texas 75050			
Project Name	Owner	Principals	Amount Not to Exceed
Evergreen at McKinney Senior Community	McKinney Senior Community, L.P.	The Principals are LifeNet-McKinney G.P., L.L.C., General Partner; Churchill 2012 SLP, LLC, Special Limited Partner, and a to be determined limited partner. The sole member of LifeNet-McKinney G.P., L.L.C. is LifeNet Community Behavioral Healthcare; the sole member of Churchill 2012 SLP, LLC is Brad Forslund	\$10,500,000
Costs: Construction of a 160 unit affordable senior housing community located on +/- 6.67 acres of land located at approximately the 1400 block of S. College Street, McKinney, Texas 75069			

October 9, 2012 Inducement Resolution
#4172120.1

1h

BOARD ACTION REQUEST

HOME PROGRAM DIVISION

OCTOBER 10, 2013

RECOMMENDED ACTION

Presentation, Discussion, and Possible Action on a proposed Substantial Amendment to the 2013 State of Texas Consolidated Plan: One-Year Action Plan.

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) adopted revisions to the Consolidated Plan regulations under 24 CFR Part 91 on July 24, 2013;

WHEREAS, the effective date of these revisions was August 23, 2013; and

WHEREAS, HUD proposed adding a provision to 24 CFR §91.220(l)(2)(vi) and §91.320(k)(2)(v), the Consolidated Plan regulations, expressly permitting participating jurisdictions to limit HOME projects to specific populations, including to persons in a specific occupation (*e.g.*, artists, police officers, or teachers) and requiring that participating jurisdictions include these uses in their Consolidated Plan Annual Action Plans;

NOW, therefore, it is hereby

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 Substantial Amendment to the 2013 State of Texas Consolidated Plan: One-Year Action Plan, 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; and

FURTHER RESOLVED, that if no substantial public comment is received, the Substantial Amendment to the 2013 State of Texas Consolidated Plan: One-Year Action Plan will be submitted to HUD without further consideration by the Board.

BACKGROUND

The Substantial Amendment to the 2013 State of Texas Consolidated Plan: One-Year Action Plan (“Plan”) will add a section to identify subpopulations that may be targeted to receive assistance under the HOME Investment Partnerships Program (HOME), provided the limitations or preferences do not violate nondiscrimination requirements in 24 CFR §92.350. These preferences or limitations will be described in applications for award or Administrator program designs. Marketing materials and affirmative marketing plans must clearly describe these preferences, and the purpose of these preferences.

HOME participating jurisdictions, such as the Department, have broad authority to allow Administrators to target HOME funds to specific populations or special needs groups, as long as such targeting does not have the intent or effect of violating civil rights laws. Many HOME Administrators currently target special needs groups identified in the state’s 2010 – 2014 State of Texas Consolidated Plan. The purpose of this Amendment is to expand those groups to allow additional preferences or limitations for assistance to certain categories of persons for housing assistance, as further described in the proposed Plan Amendment.

Substantial Amendment to 2013 State of Texas Consolidated Plan: One-Year Action Plan

<p>Jurisdiction(s): State of Texas, Texas Department of Housing and Community Affairs</p> <p>Jurisdiction Web Address: http://www.tdhca.state.tx.us</p>	<p>One-Year Action Plan</p> <p>Contact: Elizabeth Yevich</p> <p>Address: Texas Department of Housing and Community Affairs 221 East 11th Street Austin, Texas 78701</p> <p>Telephone: (512) 463-7961</p> <p>Fax: (512) 475-0070</p> <p>Email: elizabeth.yevich@tdhca.state.tx.us</p>
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This document is a substantial amendment to the Plan for FFY 2013 submitted by the State of Texas. The Plan is the annual update to the Consolidated Plan for FFY 2010 through 2014. This amendment is proposed to align the Plan with revisions to 24 CFR Part 91, effective August 23, 2013. The revision allows Participating Jurisdictions (PJs) to provide preferences for certain subpopulations or limitations on assistance only if the preferences or limitations are identified in the PJ’s planning document as having an unmet housing need and are needed to narrow the gap in benefits and services received by such persons. Any limitation or preference must not violate nondiscrimination requirements in 24 CFR 92.350, and the PJ may not limit or give preferences to students (FR DOC #: 2013-17348 published July 24, 2013).

A. PREFERENCES FOR SPECIAL NEEDS POPULATIONS

The Texas Department of Housing and Community Affairs (“TDHCA”) may consider allowing HOME Administrators to propose to limit beneficiaries or give preferences to certain groups of the low-income population as described in this section, provided the limitations or preferences do not violate nondiscrimination requirements in 24 CFR §92.350. These preferences or limitations will be described in applications for award or Administrator program designs. Marketing materials and affirmative marketing plans must clearly describe these preferences, and the purpose of these preferences.

Programs designed to target assistance to special needs populations may include the elderly, frail elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS, persons with the Violence Against Women Act protections (domestic violence, dating violence, sexual assault, or stalking), colonia residents, migrant farmworkers, homeless

populations, veterans, wounded warriors (as defined by the Caring for Wounded Warriors Act of 2008), and public housing residents. Preferences may also include programs designed to assist veterans, households with a member who is pregnant, households with a member entering an institution of higher learning provided the household does not consist of an individual that is not eligible to receive Section 8 assistance on the basis of their student status, disaster victims, refugees or families of refugees, persons transitioning out of incarceration, and persons transitioning out of the foster care system and nursing facilities.

TDHCA will only consider programs designed to limit assistance to households with a member who has HIV/AIDS, mental illness, alcohol or other drug addiction, or households that would qualify under the TDHCA's Project Access program as defined in 10 TAC §5.801.

TDHCA may also consider permitting rental housing owners to give a preference or limitation as indicated in this section and may allow a preference or limitation that is not described in this section provided that another federal or state funding source for the rental housing requires a limitation or preference.

B. ACTIVITIES

The eligible activities to be administered with a preference or limitation are all HOME eligible activities identified in the Plan, and Tenant-Based Rental Assistance (TBRA) and Multifamily Rental projects in particular.

C. EXPECTED IMPACT

Based on the TDHCA's current funding models, TDHCA expects an increase in the number of entities interested in administering TBRA, with a preponderance of assistance serving households at or below 60% of AMFI.

D. PUBLIC COMMENT

The draft Substantial Amendment will be presented to the TDHCA Governing Board at the October 10, 2013 Governing Board meeting, it will be published in the *Texas Register* and posted for comment on the Department's website from October 18, 2013 through November 18, 2013. The final Substantial Amendment to the 2013 Action Plan, along with public comment, will be presented to the TDHCA Governing Board at the December 12, 2013 meeting.

1i

BOARD ACTION REQUEST
COMPLIANCE DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on the proposed amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.21, concerning Action by Department if Outstanding Balances Exist

RECOMMENDED ACTION

WHEREAS, amendment to 10 TAC §1.21 concerning Action by Department if Outstanding Balances Exist are needed to reflect the actual procedures followed by Department staff;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them are hereby authorized, empowered and directed, for and on behalf of the Department, to publish the amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.21, concerning Action by Department if Outstanding Balances Exist, in the *Texas Register* for review and public comment and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

10 TAC §1.21 provides notice to Persons who may request certain actions, such as amendments or modifications, that their request may be denied or delayed if required fees are past due and/or if they have past due loan payments. 10 TAC, Subchapter A, General Policies and Procedures, §1.5, concerning Previous Participation Reviews also touches on this issue and provides that when an application for funding is received, Financial Services will check to see if any fees or loan balances are past due. The amended section §1.21 will provide that Financial Services will check to see if any fees or loan payments are past due *related to the subject of the request*.

Attachment 1. Preamble, amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures §1.21 Action by Department if Outstanding Balances Exist

The Texas Department of Housing and Community Affairs (the “Department”) proposes an amendment to 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.21, concerning Action by Department if Outstanding Balances Exist. The proposed amendment provides notice to Persons who may request certain actions that their request may be denied or delayed if required fees are past due and/or if they have past due loan payments.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the amendment is in effect, enforcing or administering the amendment does not have any foreseeable changes related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the amendment is in effect, the public benefit anticipated, as a result of the amendment, will be improved compliance and clarity regarding requirements concerning past due fees and payments. There will not be any additional economic cost to any individuals required to comply with the amendments.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no new economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held October 25, 2013 through November 25, 2013 to receive input on the amendment. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Patricia Murphy, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or by fax to (512) 475-3359. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. NOVEMBER 25, 2013.

STATUTORY AUTHORITY. The amendment is proposed pursuant to Texas Government Code, §2306.053, which authorizes the Department to adopt rules.

The proposed amendment affect no other code, article, or statute.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 1. ADMINISTRATION
SUBCHAPTER A. GENERAL POLICIES AND PROCEDURES

§1.21. Action by Department if Outstanding Balances Exist.

(a) Purpose. The purpose of this section is to inform Persons or entities requesting Form(s) 8609, application amendments, LURA amendments, contract amendments, contract extensions, contract renewals or loan modifications that, if fees or loan payments are past due to the Department, the request may be delayed or terminated. ~~provide guidance to persons requesting action by the Department on Applications, Amendments, Awards, Appeals, Contracts, Commitment, Executed Form Documents, Loan Documents, or LURAs when outstanding balances are owed to the Department by any Administrator, Applicant, Person or Related Party on any relationship between the requestor and the Department, regardless if it is the subject of the request.~~

(b) Definitions. Capitalized words used herein have the meaning assigned in §10.3 of this title (relating to Definitions), or assigned by federal or state law. The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

~~(1) Action—Request for the Department to perform a function required or allowed under Texas Government Code §2306.001 et seq.~~

~~(2) Administrator—the Person responsible for performing under a Contract with the Department.~~

~~(3) Affiliated Party—A person in a relationship with the Administrator on a Contract with the Department. Does not apply to an Affiliated Party for Application purposes.~~

~~(4) Appeal—Action filed on behalf of an Administrator, Affiliated Party, Applicant, to request reconsideration or challenge a prior decision made by the staff, Executive Director or Board.~~

~~(5) Applicant—A person who has submitted to the Department an Application for Department funds or other assistance.~~

~~(6) Application—The written request for Department funds or other assistance in the format required by the Department including any exhibits or other supporting material.~~

~~(7) Award—Any grant, commitment, or loan provided by the Department.~~

~~(8) Board—The Governing Board of the Texas Department of Housing and Community Affairs.~~

~~(9) Commitment—A fully executed document that commits the Department to funding or other activity related to a program administered by the Department.~~

~~(10) 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.~~

~~(11) Department—The Texas Department of Housing and Community Affairs.~~

~~(12) Executed Form Documents—documents that are signed by the Department at the Request of any Administrator, Applicant, Person or Related Party.~~

~~(13) Executive Director—The administrative head of the Department as defined under Texas Government Code §2306.036 and/or §2306.038.~~

- ~~(14) Loan Documents—An agreement between the Department and a Person regarding the terms and conditions of a loan provided to the Person from the Department.~~
- ~~(15) LURA—A Land Use Restriction Agreement that has been executed by the Department and a Person related to a specific property or properties and filed with the responsible recording authority.~~
- ~~(16) Person—Any individual, partnership, corporation, association, unit of government, community action agency, or public or private organization of any character.~~
- ~~(17) Request—action initiated by voluntarily seeking Department Action regardless of whether it is part of a statutory requirement (application cycle, etc.) or an action to alter a previous Action taken by the Department. Ongoing requirements such as compliance with reporting functions are not considered to be a voluntary function.~~
- ~~(c) The Department will not issue Form(s) 8609, amend applications, LURAs or contracts, extend or renew contracts or modify loan documents if fees or loan payment are past due to the Department related to the subject of the request. take Action on any Request involving Applications, Amendments, Awards, Appeals, Contracts, Commitment, Executed Form Documents, Loan Documents, or LURAs unless all funds owed to the Department are current by any Administrator, Applicant, Person or Related Party involved in any relationship between the requestor and the Department. The non-current account need not be directly related to the Request.~~
- ~~(d) Once the Department notifies a Person or entity that they are responsible for the payment of a required fee or loan balance that is past due, if no corrective action is taken within five (5) business days of notification, the Executive Director may deny the requested action for failure to comply with this rule. an Administrator, Applicant, Person or Related Party that they are subject to this rule, if no corrective action has been taken by the Administrator, Applicant, Person or Related Party, the Executive Director, may, after seven (7) days, deny the requested action for failure to comply with this rule.~~
- ~~(e) Exception for work outs. If fees or loan payments affiliated with a work out are past due, then the past due amounts affiliated with a work out may be excepted from this rule so long as the work out is actively underway by Department staff. In which case, in the Department’s sole discretion, LURA or any other kinds of amendments may be considered for the subject Development or Contract. When time of submission is a factor in the Action requested, the Action requested will not be considered submitted until this parameters of this rule are met.~~
- ~~(f) In accordance with §1.5 concerning Previous Participation Reviews of this subchapter, if a Person or entity applies for funding or an award from the Department, any payment of principal or interest to the Department that is past due beyond any grace period provided for in the applicable loan documents and any past due fees (not just those related to the subject of the request) will be reported to the Executive Award Review Advisory Committee. An appeal of any decision under this may be appealed in accordance with §1.7 of this subchapter.~~

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BOARD ACTION REQUEST
COMPLIANCE DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on proposed amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, concerning Delinquent Audits and Related Issues

RECOMMENDED ACTION

WHEREAS, amendment to 10 TAC §1.3 is needed to ensure clarity and the use of commonly used terminology;

NOW, therefore, it is hereby

RESOLVED, that the proposed amendment is approved for publication and that the Executive Director and his designees be and each of them are hereby authorized, empowered and directed, for and on behalf of the Department, to publish the amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, concerning Delinquent Audits and Related Issues, in the *Texas Register* for review and public comment and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

OMB Circular A-133 and Texas Government Code, Chapter 738, Uniform Grant and Contract Management, require that Subrecipients or Affiliates that expend \$500,000 or more in a year in federal and/or state awards must have a single audit or program-specific audit performed and submit a copy of the audit to their funding agencies. The OMB Circular also requires the Department to take appropriate action if a Subrecipient does not have a single audit performed or does not have a single audit performed timely. This rule provides the procedure the Department follows if a Subrecipient or Affiliate fails to take appropriate action.

In February 1996, the Department adopted 10 TAC §1.3 concerning Delinquent Audits and Related Issues and continues to utilize this rule. It has been determined that the concept behind the rule is still needed but the definitions and flow of the rule need to be amended.

Attachment 1. Preamble, amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures §1.3 Delinquent Audits and Related Issues

The Texas Department of Housing and Community Affairs (the “Department”) proposes amendment to 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, concerning Delinquent Audits and Related Issues. The proposed amendment requires Subrecipients and Affiliates to submit a Single Audit Certification Form indicating whether or not they have expended \$500,000 or more in federal and/or state funds. Subrecipients and Affiliates who have expended more than \$500,000 in Federal and/or state funds must submit a Single Audit. Failure to do so will result in suspension of payments under current contracts, the inability to enter into new contracts and/or renew existing contracts.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the amendment is in effect, enforcing or administering the amendment does not have any foreseeable changes related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the amendment is in effect, the public benefit anticipated, as a result of the amendment, will be improved compliance and clarity regarding requirements. There will not be any additional economic cost to any individuals required to comply with the amendment.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no new economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held October 25, 2013, through November 25, 2013, to receive input on the amendment. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Patricia Murphy, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or by fax to (512) 475-3359. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. NOVEMBER 25, 2013.

STATUTORY AUTHORITY. The amendment is proposed pursuant to Texas Government Code, §2306.053, which authorizes the Department to adopt rules.

The proposed amendment affects no other code, article, or statute.

TITLE 10. COMMUNITY DEVELOPMENT

PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CHAPTER 1. ADMINISTRATION

SUBCHAPTER A. GENERAL POLICIES AND PROCEDURES

§1.3. Delinquent Audits and Related Issues.

(a) Definitions. The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Affiliate--Shall have the meaning assigned by the specific program or programs described in this title. CSBG--The Community Services Block Grant, 42 United States Code, §9901 et seq.

(2) Department--The Texas Department of Housing and Community Affairs.

(3) Single Audit--An audit report required by Office of Management and Budget (OMB) Circular A-133 or Texas Government Code, Chapter 738, Uniform Grant and Contract Management. Low income housing tax credit--The credit against federal income tax as provided for in §42 of the Internal Revenue Code (42 United States Code, §42).

(4) Single Audit Certification Form--A form that lists the source(s) and amount(s) of Federal funds and/or State funds received by the Subrecipient. Past due audit--An audit report required by the department that has not been received by the department on or before its due date.

(5) Subrecipient--includes any entity receiving funds or awards from the Department. Person--Any individual, partnership, corporation, association, unit of government, community action agency, or public or private organization of any character.

(b) Subrecipients and Affiliates are required to submit a Single Audit Certification form within two (2) months after the end of their fiscal year indicating whether they exceeded the expenditure threshold of \$500,000 for their respective fiscal year. A person is not eligible to apply for funds or any other assistance from the department unless any past due audit has been submitted to the department in a satisfactory format on or before the application deadline for the funds or other assistance.

(c) Subrecipients and Affiliates that expend \$500,000 or more in federal and/or state awards must have a Single Audit or program-specific audit conducted and submit the audit to the Department the earlier of thirty (30) days after receipt of the auditor's report or nine (9) months after the end of its respective fiscal year. Except as provided in this subsection, a person is not eligible to receive funds, a new contract, loan, or allocation of low income housing tax credits from the department until any unresolved audit finding or questioned or disallowed cost is resolved. This section does not apply to the receipt of CSBG or energy assistance funds.

(d) In accordance with OMB Circular A-133 § .225 and the State of Texas Single Audit Circular § .225 the Department will suspend and cease payments under all active contracts and/or not renew or enter

into a new contract with a Subrecipient or Affiliate who fails to timely submit its Single Audit Certification form or Single Audit.

(e) In accordance with §1.5 of this subchapter (relating to Previous Participation Reviews), if a Subrecipient or Affiliate applies for funding or an award from the Department, the failure to timely submit a Single Audit Certification Form or Single Audit will be reported to the Executive Award Review Advisory Committee.

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BOARD ACTION REQUEST

LEGAL DIVISION

OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on proposed new 10 TAC Chapter 1, Subchapter B, §§1.201– 1.202 concerning Accessibility Requirements and directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

Staff advises that this rule is still in the process of drafting and will be presented to the Board at the November meeting. At this time, action by the Board is not required, however, the Board may, of course, offer guidance to Staff.

BACKGROUND

On September 15, 2010, the U.S. Department of Justice (“U.S. DOJ”) published revised regulations at 28 C.F.R. Part 35 and 28 C.F.R Part 36 implementing Title II and III, respectively, of the Americans with Disabilities Act (“ADA”), enacting what are commonly known as the 2010 ADA Standards. On March 6, 2012, the Board directed staff to work with appropriate federal agencies to obtain clear guidance on the applicability of these new regulations;

The U. S. Department of Housing and Urban Development recently has provided written confirmation that the 2010 Accessibility Standards apply to properties assisted with HUD funding (see attached email*). Thus, HUD instructs that 2010 ADA Standards apply to, for example, HOME Multifamily new construction.

Staff will propose accessibility rules at the November Board meeting in order to comply with this new information from HUD. In order to promote consistency in the administration of its multifamily programs, staff will further propose that properties assisted with low income housing tax credits be required comply with these standards as well.

*Note that the reference in the email to the “Joint Statement” refers to the April 30, 2013 Joint Statement of HUD and DOJ *Accessibility Requirements for Covered Multifamily Dwellings under the Fair Housing Act*

From: Worden, Jeanine M [Jeanine.Worden@hud.gov]
Sent: Wednesday, September 25, 2013 1:17 PM
To: Barbara Deane
Subject: RE: Question

Hi, Barbara –

Title II of the ADA applies to all programs, activities, and services of state and local governments. For example, if a state or local program is constructing, funding, or operating housing, the housing is part of the state program and, thus, subject to ADA requirements, including those applicable to new construction. If you review the 2010 ADA Standards adopted by the Department of Justice, you will see that the Standards recognize that dual coverage of the ADA and Section 504 often occurs in the context of housing. Hope this addresses your question.

Jeanine Worden
Associate General Counsel for Fair Housing.
U.S. Department of Housing and Urban Development

From: Barbara Deane [mailto:barbara.deane@tdhca.state.tx.us]
Sent: Wednesday, September 25, 2013 1:57 PM
To: Worden, Jeanine M
Subject: RE: Question

The Joint Statement, on page 24 states, "Covered multifamily dwellings that *are funded* or provided through programs operated by or on behalf of state and local entities (*e.g.*, public housing, homeless shelters) are also subject to the requirements of Title II of the ADA."

Do the ADA 2010 standards apply to HOME Multifamily new construction?

11

BOARD ACTION REQUEST
PROGRAM POLICY, PLANNING & METRICS

October 10, 2013

Presentation, Discussion, and Possible Action regarding a proposed repeal of 10 TAC Chapter 1, Subchapter A, §1.19 concerning Deobligated Funds and proposal of new 10 TAC Chapter 1, §1.19 concerning the Reallocation of Financial Assistance for public comment and publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, the Governing Board of the Texas Department of Housing and Community Affairs (the "Department") periodically reviews and updates its policies and rules; and

WHEREAS, the rules describing the uses of deobligated funds identified in 10 TAC Chapter 1, Subchapter A, §1.19 concerning Deobligated Funds will benefit from simplification and greater clarity;

NOW, therefore, it is hereby

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 publish the proposed repeal of 10 TAC Chapter 1, Subchapter A, §1.19 and the proposed new 10 TAC Chapter 1, Subchapter A, §1.19 in the *Texas Register* for review and public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The purpose of the repeal and the proposed new rule is to: (1) be more clear regarding which contract or program funds are covered by the rule, (2) allow for the reprogramming of funds into activities already authorized by the Board for that program's funds without recurrent Board approval; (3) ensure that the rule does not unduly limit or restrict the Department in using funds for permissible activities for which there is a relevant need that has been identified by the Board, (4) add flexibility for the language relating to the setting aside of HOME funds for the amelioration of disasters (recovery), and (5) remove details regarding which events trigger a deobligation, since those are captured elsewhere in program rules and guidance. Additionally, some sections are removed as they are unnecessary because all funds referenced in this rule are correlated to programs already governed by other rules with those sections; those sections include the definitions, the list of what circumstances may trigger a deobligation, and the notification process for a deobligation.

Attachment 1: Preamble and proposed repeal of 10 TAC, Chapter 1, §1.19.

The Texas Department of Housing and Community Affairs (the “Department”) proposes a repeal of 10 TAC Chapter 1, Subchapter A, §1.19 concerning Deobligated Funds. The purpose of the proposed repeal is to allow for proposal of a simplified policy for the use of deobligated or other available funds the program governs. The proposed new 10 TAC Chapter 1, Subchapter A, Section 1.19, is published concurrently with this repeal in this issue of the *Texas Register*.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the repeal will be in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the repeal will be in effect, the public benefit anticipated as a result of the repeal, is to increase program flexibility in expending funds and assisting households and communities. There will be no economic cost to any individuals required to comply with the repeal.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held from October 18, 2013, through November 20, 2013, to receive input on the proposed repeal. Written comments may be submitted to Brooke Boston, Texas Department of Housing and Community Affairs, P.O. Box 13941, Austin, Texas 78711-3941, or by email to Brooke Boston at the following address: brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. NOVEMBER 20, 2013.

STATUTORY AUTHORITY. The repeal is proposed pursuant to Texas Government Code, §2306.053, which authorizes the Department to adopt rules. The proposed repeal affects no other code, article, or statute.

§1.19. Deobligated Funds.

Attachment 2: Preamble and proposed new 10 TAC Chapter 1, §1.19.

The Texas Department of Housing and Community Affairs (the “Department”) proposes new 10 TAC Chapter 1, Subchapter A, §1.19 concerning the Reallocation of Financial Assistance. The purpose of the proposed new section is to set forth a simplified policy for the use of deobligated funds. The proposed repeal of 10 TAC Chapter 1, Subchapter A, Section 1.19, is published concurrently with this proposed new section in this issue of the *Texas Register*.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the new rule will be in effect, enforcing or administering the new rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the new rule will be in effect, the public benefit anticipated as a result of the new rule is to increase program flexibility in expending funds and expedite the ability to assist households and communities. There will be no economic cost to any individuals required to comply with the proposed new rule.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held October 18, 2013, through November 20, 2013, to receive input on the new sections. Written comments may be submitted to Brooke Boston, Texas Department of Housing and Community Affairs, P.O. Box 13941, Austin, Texas 78711-3941, or by email to Brooke Boston at the following address: brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. NOVEMBER 20, 2013.

STATUTORY AUTHORITY. The new sections are proposed pursuant to Texas Government Code, §2306.053, which authorizes the Department to adopt rules. The proposed new rule affects no other code, article, or statute.

§1.19. Reallocation of Financial Assistance

- (a) Purpose. It is the policy of the Department to take prudent measures to ensure that, when funds are provided to recipients for assistance, they are timely and lawfully utilized and that, if they cannot be timely and lawfully utilized by the initial recipient, there are mechanisms in place to reallocate those funds to other recipients in order to ensure their full utilization while maximizing assistance to beneficiaries.
- (b) Consistent with Texas Government Code, §2306.111(h), this rule establishes the policy of the Department for the reallocation of federal or state financial assistance administered by the Department when:
- (1) an administrator or contractor returns contracted funds;
 - (2) reserved funds are not fully utilized at completion of an activity;
 - (3) balances on contracts remain unused;
 - (4) funds in a contract or reservation are partially or fully recaptured or terminated; or
 - (5) in instances where the Department recaptures funds because a party to a contract with the Department has been unable to meet required benchmarks or expend funds within the time frames agreed, despite notices and opportunities to cure as provided in the related rule, contract and/or written correspondence (if any) from the Department.
- (c) Reallocation of financial assistance for specific federal or state funding sources or programs administered by the Department may already be governed by or provided for in:
- (1) federal regulations and requirements;
 - (2) state rules adopted in other Sections of this Part;
 - (3) in funding plans approved by the Board governing federal or state resources; or
 - (4) written agreements relating to the administration of such funds.
- (d) To the extent that programs or funding sources are governed by any of the items provided for in subsection (c) of this section, further Board approval is not required. Those funding uses not governed by subsection (c) of this section will require Board approval.
- (e) To the extent that certain programs are required to regionally allocate their annual allocations of funds, funds reallocated under this section do not require subsequent regional allocation.
- (f) At least one million dollars of HOME funds made available under this section, or other HOME program funds including program income, will be set-aside by the Department annually for the purposes of disaster relief.
- (g) Funds made available under this section may be aggregated over a period of time prior to being reallocated.
- (h) Consistent with the requirements of Texas Government Code, §2306.111(h), if the Department's obligation of financial assistance related to bonds is terminated prior to issuance, the assistance will be reallocated among other activities permitted by that bond issuance and any indenture associated with those bonds, as approved by the Board.
- (i) Any portion of this rule may be waived for good cause by the Governing Board of the Department.

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BOARD ACTION REQUEST
HOUSING TRUST FUND
OCTOBER 10, 2013

Presentation, Discussion and Possible Action on the proposed new 10 TAC Chapter 21 relating to the Minimum Energy Efficiency Requirements for Single Family Construction Activities and directing its publication for public comment in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, Texas Government Code §2306.187 requires that the Department develop and adopt rules relating to Minimum Energy Efficiency requirements for new construction, reconstruction, and rehabilitation activities in Single Family Programs; and

WHEREAS, the Department released a survey to gather public knowledge of energy efficiency measures currently included in Single Family Programs;

NOW, therefore, it is hereby

RESOLVED, that the proposed 10 TAC Chapter 21 relating to the Minimum Energy Efficiency Requirements for Single Family Construction Activities, is hereby approved for publication, together with the preamble presented to this meeting, and that the Executive Director and his designees be and each of them is hereby authorized, empowered and directed, for and on behalf of the Department, to cause the proposed rule, 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

Texas Government Code §2306.187 requires that the Department develop and adopt rules relating to Minimum Energy Efficiency requirements for new construction, reconstruction, and rehabilitation activities in Single Family Programs.

Overview of Energy Efficiency Requirements

Chapter 388 of the Health and Safety Code provides the State Energy Conservation Office (“SECO”) with authority to adopt energy conservation codes for the State of Texas. SECO, through the Texas Administrative Code (34 TAC §19.53), adopted Chapter 11 of the 2009 International Residential Code as the energy code for the State of Texas for single family detached residential structures and was made effective on January 1, 2012.

Impact of the New Rule

According to third party studies, the typical low-income family of four with a household income at or below 80% AMFI spends approximately 25% of its after tax income on utility bills. This new rule is intended to comply with statutes but also increase long-term affordability of the single family homes that the Department constructs, reconstructs, or rehabilitates.

In order to gain insight into administrator comprehension and compliance needs, the Department conducted an informal survey regarding the understanding and use of energy efficiency measures in current construction activities. The survey responses relayed concerns regarding increased construction and administrative costs. Additionally, the survey showed that most administrators did not utilize the most cost-effective energy efficiency measures with the greatest impact. The most impactful measures include air sealing the building envelop, sealing ductwork, replacing or installing water efficient faucets, aerators, and showerheads, installing or replacing incandescent light bulbs with compact fluorescent or light-emitting diode lamps, and installing solar shades on east and west facing windows. Alternatively, administrators tended to utilize the most expensive and often not the most effective measures, such as replacing windows.

Staff thinks that concerns regarding increased costs may be overestimated and are often misunderstood. Studies conducted by the Environmental Protection Agency and several independent energy efficiency organizations during the last several years showed that increased costs to build an Energy Star certified home ranged from \$2,000 and \$5,500 per home. However, these studies did not address building to the standards of the energy provisions found in the 2009 International Residential Code, which are not as stringent as Energy Star requirements. In addition, these national studies include homes built in northern climates which require, for example, a significant amount of additional insulation and more expensive windows than in southern climates, thus significantly increasing the average costs.

Rule Comment and Adoption Timeline

The public comment period will begin on October 25, 2013, and will end on November 25, 2013. During the public comment period, the Department will conduct no less than three educational seminars on the proposed rule but the Department will only accept written comments.

On December 12, 2013, following the public comment period, the rule will be presented to the Board for final adoption. Compliance with the rule will go into effect one year after the date of final adoption, on December 12, 2014. All construction activities permitted or otherwise begun after this date shall comply with the rule.

Prior to the effective date of December 12, 2014, Department staff will conduct monthly trainings on the rule, including the basics of the energy provisions in the 2009 IRC and Energy Star-qualified homes as well as measures to be included for housing rehabilitation activities.

Attachment 1: Preamble and proposed new 10 TAC Chapter 21

The Texas Department of Housing and Community Affairs (the “Department”) proposes new 10 TAC Chapter 21, §§21.1 – 21.6, concerning the **Minimum Energy Efficiency Requirements for Single Family Construction Activities**. The purpose of the proposed sections is to set forth Minimum Energy Efficiency requirements for new construction, reconstruction, and rehabilitation activities in Single Family Programs in accordance with Texas Government Code §2306.187.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the sections are in effect, enforcing or administering the sections will not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the adopted sections are in effect, the public benefit anticipated as a result of the adopted sections will be an increase in sustainable and affordable housing throughout the state as homes are required to be built to conform to stricter energy efficiency standards for Single Family housing programs. The economic costs of complying with the adopted sections will be to generate energy costs savings realized by households benefitting from the Department’s Single Family programs.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there may be minor effect on small or micro-businesses in the short term as they prepare to comply with new construction requirements and adjust to minor increases in construction costs and additional inspections.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held from October 25, 2013 to November 25, 2013, to receive input on the new sections. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Brooke Boston, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or by fax to (512) 475-2365. **ALL COMMENTS MUST BE RECEIVED BY 5 P.M., November 25, 2013.**

STATUTORY AUTHORITY. The new sections are proposed pursuant to Texas Government Code, §2306.053, which authorizes the Department to adopt rules, and §2306.187, which requires the establishment of minimum energy efficiency requirements.

CROSS REFERENCE TO STATUTE. The proposed new sections affect no other code, article, or statute.

§ 21.1 Purpose

- (a) Texas Government Code §2306.187 requires that the Department develop and adopt rules relating to Minimum Energy Efficiency requirements for new construction, reconstruction, and rehabilitation activities in Single Family Programs.
- (b) This chapter describes the Minimum Energy Efficiency Requirements for all Single Family Construction Activities, which includes the Department’s HOME Investments Partnership Program (HOME), Housing Trust Fund (HTF), Neighborhood Stabilization Program (NSP), Office of Colonia Initiatives (OCI) Programs and other Single Family Programs as developed by the Department.

- (c) Single Family Programs are designed to improve and provide affordable housing opportunities to low-income individuals in Texas and in accordance with Chapter 2306 of the Texas Government Code, and any applicable statutes and federal regulations.

§21.2 Applicability

Unless otherwise noted, this chapter only applies to Single Family Programs. Program Rules may impose additional requirements related to any provision of this chapter. Where Program Rules conflict with this chapter, the provisions of this chapter will control program decisions, unless it is a federal requirement.

§21.3 Definitions

- (a) Any capitalized terms that are defined in Texas Government Code, Chapter 2306 and Chapter 1 (relating to Administration) and Chapter 20 (relating to Single Family Programs Umbrella Rule), or other Department rules have, when capitalized, the meanings ascribed to them therein.
- (b) The following words and terms, when used in this chapter, shall have the following meanings unless the context or the Notice of Funding Availability (NOFA) indicates otherwise.
- (1) Energy Star Certified Appliances, Equipment, and Products--Labeled appliances, equipment, and products that are independently certified to save energy without sacrificing features or functionality, meeting the EPA's specifications for energy efficiency and performance.
 - (2) Energy Star Certified Home--A new home that has earned the Energy Star label and has undergone a process of inspections, testing, and verification to meet requirements set forth by the US EPA.
 - (3) RESNET—Residential Energy Services Network. RESNET is an independent, nonprofit organization established in 1995 to help homeowners reduce the cost of their utility bills by making their homes more energy efficient. RESNET certified Home Energy Systems Raters are required to inspect, test, and verify homes for Energy Star certification.
 - (4) WaterSense Certified Fixtures--Labeled products that are backed by independent, third-party testing and certification, meeting the EPA's specifications for water efficiency and performance.
 - (5) US EPA—United States Environmental Protection Agency.
- (c) Defined terms when not capitalized, are to be read in context and construed according to common usage.

§21.4 General Requirements

The following general requirements shall apply to all single family construction activities.

- (a) This chapter shall go into effect on December 12, 2014. All construction activities permitted or otherwise begun after this date shall comply with this chapter.
- (b) Local residential building codes that exceed some or all parts of this chapter shall take precedence.
- (c) A final inspection conducted by Administrators confirming compliance with this chapter shall be required for release of final payment from the Department.
- (d) All appliances, equipment, and fixtures installed or replaced shall be Energy Star or WaterSense certified products.

§21.5 New Construction and Reconstruction Activities

Single family detached residential dwellings up to three stories high, including townhouses, that are newly constructed or reconstructed shall comply with this chapter in one of the following two ways.

- (a) Compliance with the energy efficiency provisions of the International Residential Code as they existed on May 1, 2009; or
- (b) Compliance with the Energy Star Certified Homes Program as demonstrated through RESNET-approved procedures.

§21.6 Housing Rehabilitation Activities

- (a) A proposed scope of work and awarded construction contract for existing single family residential dwellings that are rehabilitated shall contain, at a minimum, six of the following fourteen measures.
 - (1) Airsealing of all penetrations in the building envelop in accordance with Section N1102.4.1 of the 2009 International Residential Code. Exhaust fans in bathrooms and kitchens are required if Airsealing is completed.
 - (2) Airsealing of ductwork located in unconditioned spaces in accordance with Section M1601.4.1 of the 2009 International Residential Code. Ductwork located in unconditioned spaces shall be insulated to R-8.
 - (3) Attic insulation shall be increased to R-30 (R-38 in Climate Zone 4 as defined by Figure N1101.2 of the 2009 International Residential Code), including insulation covering the top plates of exterior walls. Baffles shall be installed in framing bays of existing soffit vents.
 - (4) Attic accesses shall be insulated in accordance with Section N1102.2.3 of the 2009 International Residential Code.
 - (5) Energy Star certified ceiling fans with light(s) shall be installed in each bedroom and in the main living space.
 - (6) Inoperable windows requiring replacement shall be replaced with Energy Star certified windows for southern climates, meeting the U-factor and Solar Heat Gain Coefficient for the climate zone of the dwelling as identified in Table N1101.2 of the 2009 International Residential Code.
 - (7) Windows located on eastern and western facing walls shall have solar shades permanently installed.
 - (8) South facing windows shall have permanently installed overhangs sized to keep summer sun from entering the home while allowing winter sun to enter the home. Flashing details shall maintain a positive drainage plane.
 - (9) Exterior doors requiring replacement shall be replaced with Energy Star certified exterior doors.
 - (10) All incandescent light bulbs in the kitchen, bathrooms, bedrooms, hallways, and the main living area shall be replaced with Energy Star certified compact florescent lamps (CFLs) or light-emitting diodes (LEDs).
 - (11) WaterSense certified sink faucets and showerheads shall be installed in all bathrooms and the kitchen. If existing sinks are operable and do not need to be replaced, WaterSense Qualified aerators shall be installed.

- (12) Exhaust fans venting to the exterior shall be installed in all bathrooms and the kitchen in accordance with Chapter 15 of the 2009 International Residential Code.
- (13) Replacement or installation of central heating and cooling equipment shall be sized as specified in Section M1401.3 of the 2009 International Residential Code.
- (14) Weatherstripping existing and operable exterior doors and windows.
- (b) If one or more of these measures are existing and in operable condition, they may be counted as a required measure.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on a proposed amendment to 10 TAC Chapter 5, Community Affairs Programs, Subchapter H, Section 8 Housing Choice Voucher Program, §5.801, concerning the Project Access Initiative, and directing its publication for public comment in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, as a result of input provided by the U.S. Department of Housing and Urban Development and from the public, the Department is proposing amendment to clarify and update the Project Access rule and

WHEREAS, the recommended amendment as proposed accomplishes the following:

- 1) Clarifying that the Department's Section 8 program has an explicit preference for Project Access vouchers.
- 2) Clarifying that a household will maintain its eligibility status on the Project Access waiting list if it:
 - a. Applies for the waiting list prior to exiting the institution; and
 - b. Receives continuous assistance from the HOME Investment Partnership program from the time of exit of the institution to the receipt of the Project Access Voucher.
- 3) Allowing someone that exits an institution with assistance from a HOME Investment Partnership program and loses that assistance due to lack of funding from the Participating Jurisdiction to qualify for the At-Risk category.
- 4) Clarifying that an entire household can qualify for Project Access as long as one person, including a minor child, in the household qualifies for the program requirements.

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them are hereby authorized, empowered and directed, for and on behalf of the Department, to cause the proposed amendments to 10 TAC §5.801, in the form presented to this meeting, to be published in the *Texas Register* for public comment, and in connection therewith, to make such non-substantive corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

Project Access was originally a housing voucher pilot program developed by the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Health and Human Services (HHS) operated within the Section 8 Housing Choice Voucher Program. The goal of the pilot program was to assist low-income non-elderly persons with disabilities to transition from institutions into the community by providing access to affordable housing and necessary supportive services. The Department applied for the pilot program and received 35 Section 8 housing vouchers from HUD in 2001. After the expiration of the HUD pilot program in 2003, the Department elected to continue the program in recognition of housing need and expressed public interest and has continued to operate the program since that time with periodic increases in the number of Project Access vouchers.

Currently, the Department works closely with the Texas Department of Aging and Disability Services and the Texas Department of State Health Services in outreach and identification of program participants. Based on increased demand, the number of Project Access vouchers administered by the Department has increased over time from the original 35 vouchers to 140 vouchers in 2013. Due to budget constraints from HUD on the Section 8 program, the Department's 2014 PHA Plan does not indicate an increase in Project Access vouchers for 2014.

The changes suggested in the proposed rule provide needed clarity and protections for those Project Access clients who are able to exit an institution with HOME Tenant Based Rental Assistance prior to their coming off the Project Access wait list.

Upon approval by the Board, the proposed rules will be published in the *Texas Register* and released for public comment. The public comment period will extend from approximately October 25, 2013, through November 25, 2013. A final recommendation for the adoption of the proposed rules will be presented to the Board in December 2013.

Attachment A - §5.801 Project Access Initiative; Preamble and Rule

The Texas Department of Housing and Community Affairs (the "Department") proposes amendment 10 TAC Chapter 5, Title §5.801 concerning the Project Access Program. The purpose of the proposed amendment is to make updates to the Project Access program based on guidance from HUD and to make additional staff recommendations related to the Department's Project Program.

The proposed amendment includes, but is not limited to: 1) clarification that the Department's Section 8 program has an explicit preference for Project Access vouchers; 2) clarification that a household will maintain their eligibility status on the Project Access waiting list if they: Apply for the waiting list prior to exiting the institution and receive continuous assistance from the HOME Investment Partnership program from the time of exit of the institution to the receipt of the Project Access Voucher; 3) allows someone that exits an institution with assistance from a HOME Investment Partnership program and loses that assistance due to lack of funding from the Participating Jurisdiction to qualify for the At-Risk category; and 4) clarifies that an entire household can qualify for Project Access as long as one person, including a minor child, in the household qualifies for the program requirements.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the amendment will be in effect, enforcing or administering the amendment does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the amendment will be in effect, the public benefit anticipated as a result of the amendment will be to increase efficiency and effectiveness of the Department's Project Access Program. There will be no economic cost to any individuals required to comply with the amendments.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held October 25, 2013, to November 25, 2013, to receive input on the amendment. Written comments may be submitted to Texas Department of Housing and Community Affairs, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by email to the following address: kate.moore@tdhca.state.tx.us, or by fax to (512) 475-3935. **ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. NOVEMBER 25, 2013.**

STATUTORY AUTHORITY. The amendment is proposed pursuant to Texas Government Code, §2306.053, which authorizes the Department to adopt rules.

The proposed amendment affects no other code, article, or statute.

§5.801. Project Access Initiative.

(a) Purpose. Project Access is a program with a preference in the Department's Annual Public Housing Agency (PHA) Plan that utilizes federal Section 8 Housing Choice Vouchers administered by the Texas Department of Housing and Community Affairs (the "Department") to assist low-income persons with disabilities in transitioning from institutions into the community by providing access to affordable housing.

(b) Definitions.

~~{(1) Section 8--The U.S. Department of Housing and Urban Development Section 8 Housing Choice Voucher Program administered by the Department.~~

~~{(2) At Risk Applicant Applicant that meets the criteria in subparagraphs (A) and (B) of this paragraph:}~~

~~{(A) current recipient of Tenant Based Rental Assistance from the Department's HOME Investments Partnership Program; and }~~

~~{(B) within six (6) months prior to expiration of assistance. }~~

(c) Regulations Governing Program. All Section 8 Program rules and regulations apply to the program.

(d) Program Design.

(1) At least 90 percent of Project Access Vouchers will be reserved for households with a household member who meets ~~[persons that meet]~~ the eligibility criteria of subsection (e)(1) and (2) of this section.

(2) Unless no longer authorized as a set-aside by HUD, [No] no more than 10 percent of Project Access Vouchers will be reserved for households with a household member ~~[individuals]~~ eligible for a pilot program in partnership with the Department of State Health Services (DSHS) ~~[and the Department]~~ for Texas state psychiatric hospitals who meets ~~[that meet]~~ the criteria of subsection (e)(1) and (3) of this section at the time of voucher issuance. If not permitted by HUD, (d) (1) goes up to 100%.

(3) The total number of Project Access Vouchers will be determined each year in the Department's PHA Plan ~~[Departmental Annual Public Housing Agency (PHA) Plan]~~. The number of vouchers allocated to each sub-population listed in paragraphs (1) and (2) of this subsection will be determined by the Department.

(4) The Project Access households have a preference in the Department's Section 8 Program, as designated in the Department's Annual PHA Plan.

(e) Project Access Eligibility Criteria. A Project Access voucher household ~~[recipient]~~ must meet all Section 8 eligibility criteria, and one member of the household must ~~[as well as]~~ meet all of the eligibility criteria in paragraph (1) of this subsection and either paragraph (2) or (3) of this subsection:

(1) have a permanent disability as defined in §223 of the Social Security Code or be determined to have a physical, mental, or emotional disability that is expected to be of long-continued and indefinite duration that impedes one's ability to live independently; and,

(2) meet one of the criteria in subparagraphs (A) and (B) of this paragraph:

(A) At-Risk Applicant. At-Risk applicants must be ~~[an At Risk Applicant and]~~ a previous resident of a nursing facility, Texas state psychiatric hospital, intermediate care facility, or board and care facility as defined by the U.S. Department of Housing and Urban Development (HUD) and meet the criteria of clause (i) or (ii) of this subparagraph:~~[; or]~~

(i) A current recipient of Tenant-Based Rental Assistance (TBRA) from a HOME Investment Partnership Program and within six (6) months prior to expiration of that TBRA assistance; or

(ii) A household with a household member who meets the criteria of subsection (f) of this section, or paragraph (2)(i) of this subsection and has lost their Tenant Based Rental Assistance from a HOME Investment Partnership Program due to lack of available funding from the Participating Jurisdiction.

(B) be a current resident of a nursing facility, Texas state psychiatric hospital, intermediate care facility, or board and care facility as defined by HUD at the time of voucher issuance, unless otherwise

determined by HUD which may extend Project Access to all state regulated institutions. [as defined by HUD];

(3) be eligible for the DSHS pilot program for Texas state psychiatric hospitals at the time of voucher issuance[~~as described in subsection (d)(2) of this section~~].

(f) Maintaining Status on the Project Access Waiting List. A household on the Project Access waiting list may maintain their status on the waiting list and eligibility for a Project Access voucher if the household:

(1) applied for a Project Access Voucher and was placed on the waiting list prior to transition out of the institution; and

(2) received continuous Tenant Based Rental Assistance from a HOME Investment Partnership Program from the time of exit from the institution until the issuance of the Project Access voucher.

10

BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, §§5.2, 5.3, 5.8, 5.10, 5.12, 5.13, 5.17, 5.19, and 5.20, concerning Community Affairs General Provisions, and directing its publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code, §§2306.053 and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs;

WHEREAS, the amendments to 10 TAC Chapter 5, Subchapter A, §§5.2, 5.3, 5.8, 5.10, 5.12, 5.13, 5.17, 5.19, and 5.20, clarify and simplify definitions, remove cost reimbursement procedures, modify the minimum acquisition cost requiring Department approval, clarify income calculation requirements, and affect grammatical and capitalization matters; and

WHEREAS, the proposed amendments were published in the *Texas Register* on August 9, 2013, for public comment;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting the amendments to 10 TAC Chapter 5, Subchapter A, §§5.2, 5.3, 5.8, 5.10, 5.12, 5.13, 5.17, 5.19, and 5.20, is hereby ordered and approved, together with the preamble presented to this meeting, for publication in the *Texas Register*; and

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 adopted amendments, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed amendments were approved for publication on July 25, 2013, by the Board, and were published in the August 9, 2013, issue of the *Texas Register* to allow for public comment. The public comment period closed on September 9, 2013. Comments were received from one commenter.

Attachment A: Preamble and Amended 10 TAC Chapter 5, Subchapter A, §§5.2, 5.3, 5.8, 5.10, 5.12, 5.13, 5.17, 5.19, and 5.20

The Texas Department of Housing and Community Affairs (the "Department") adopts amendments to 10 TAC Chapter 5, Subchapter A, §5.2, 5.3, and 5.20, concerning General Provisions, with changes to the proposed text as published in the August 9, 2013, issue of the *Texas Register* (38 TexReg 4966). Sections 5.8, 5.10, 5.12, 5.13, 5.17, and 5.19 are adopted without change and will not be republished.

REASONED JUSTIFICATION. The Department finds that the Subchapter A General Provision rules, needed revisions to align across all Community Affairs programs and updates to remain in compliance with federal rules and regulations. Accordingly, the amended rules clarify and simplify definitions, remove cost reimbursement procedures, modify the minimum acquisition cost requiring Department approval, clarify income calculation requirements, and affect grammatical and capitalization matters.

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS.

Comments were accepted from August 16, 2013, through September 16, 2013, with comments received from Stella Rodriguez of the Texas Association of Community Action Agencies (TACAA).

§5.2. (5) Definitions - Community Action Agencies

COMMENT SUMMARY: Commenter suggests that staff edit the definition of Community Action Agencies (CAA) to remain consistent with the CSBG Act.

STAFF RESPONSE: Staff agrees with commenter and will remove "at least" to remain consistent with the CSBG Act.

BOARD RESPONSE: The Board accepted Staff's recommendation.

§5.2. (13) Definitions - Discretionary Funds

COMMENT SUMMARY: Commenter suggests a citation correction for the CSBG Act.

STAFF RESPONSE: Historically, for CSBG, the Department has adopted the federal citation method. In the future, the Department may decide to change all references to the U.S.C., but to remain consistent, at this time, staff does not propose a change.

BOARD RESPONSE: The Board accepted Staff's recommendation.

§5.2. (40) Definitions - OMB Circulars

COMMENT SUMMARY: Commenter suggests that staff made a clerical error in the abbreviation of Office of Management and Budget (OMB).

STAFF RESPONSE: Staff thanks the commenter for clerical corrections. OMB is defined in the previous definition and will be abbreviated throughout the section.

BOARD RESPONSE: The Board accepted Staff's recommendation.

§5.3. (a) Cost Principles and Administrative Requirements.

COMMENT SUMMARY: Commenter requested that staff spell out NOFA.

STAFF RESPONSE: As NOFA is not defined either in the Community Affairs rules, or in the Department's Administrative rules, staff will include and spell out the acronym for Notice of Funding Availability in §5.3.

BOARD RESPONSE: The Board accepted Staff's recommendation.

§5.10.(e)(5)(E)(ii) Procurement Standards.

COMMENT SUMMARY: Commenter suggested that language specific to the Department's monitoring of a Subrecipient's procurement records be deleted and that reference be added to Chapter 5, Subchapter L, Compliance Monitoring.

STAFF RESPONSE: At this time, staff declines to delete language specific to compliance monitoring activities from Subchapter A, General Provisions. Proposed new Subchapter L, Compliance Monitoring, remains out for public comment and will not be adopted in its final form before adopted amendments to Subchapter A are published in the *Texas Register*. Staff intends to revise Subchapter A, to accommodate the new Subchapter L, after Subsection L is adopted and at a time that Subchapter A warrants revisions.

BOARD RESPONSE: The Board accepted Staff's recommendation.

§5.19. (b)(1)(D) Client Income Guidelines.

COMMENT SUMMARY: Commenter states that, unless the U.S. Department of Health and Human Services specifically requires Subrecipients to include SSI & SSDI income for purposes of determining eligibility, the income from these two sources should be excluded. The vulnerable population is in dire need of assistance.

STAFF RESPONSE: Staff thanks commenter for this comment. To maintain consistency within TDHCA programs and to be in compliance with the U.S. Department of Health and Human Services (USDHHS), staff recommends no changes to the income guidelines related to Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) at this time.

BOARD RESPONSE: The Board accepted Staff's recommendation.

§5.20. (b) Determining Income Eligibility.

COMMENT SUMMARY: Commenter suggests that "part-time, temporary, self-employed" be added to §5.20. (b), in order to remain consistent with Subchapter A. §5.20(e) and Subchapter D. §5.407.

STAFF RESPONSE: Staff agrees and will add language to the rule.

BOARD RESPONSE: The Board accepted Staff's recommendation.

The Board adopted these amendments at the October 10, 2013, meeting of the Board.

STATUTORY AUTHORITY. The amendments are adopted pursuant to the authority of Texas Government Code §2306.053, which authorizes the Department to adopt rules

§5.2. Definitions.

(a) To ensure a clear understanding of the terminology used in the context of the Community Affairs Programs, a list of terms and definitions has been compiled as a reference.

(b) The words and terms in this chapter shall have the meanings described in this subsection unless the context clearly indicates otherwise.

(1) Affiliate--If, directly or indirectly, either one controls or has the power to control the other or a third person controls or has the power to control both. The ways the Department may determine control include, but are not limited to:

(A) Interlocking management or ownership;

(B) Identity of interests among family members;

- (C) Shared facilities and equipment;
 - (D) Common use of employees; or
 - (E) A business entity which has been organized following the exclusion of a person which has the same or similar management, ownership, or principal employees as the excluded person.
- (2) CFR--Code of Federal Regulations.
 - (3) Children--Household dependents not exceeding eighteen (18) years of age.
 - (4) Collaborative Application--An application from two or more organizations to provide services to the target population. If a unit of general local government applies for only one organization, this will not be considered a Collaborative Application. Partners in the Collaborative Application must coordinate services and prevent duplication of services.
 - (5) Community Action Agencies (CAAs)--Local private and public nonprofit organizations that carry out the Community Action Program, which was established by the 1964 Economic Opportunity Act to fight poverty by empowering the poor in the United States. Each CAA must have a board consisting of [~~at least~~] one-third elected public officials, not fewer than one-third representatives of low-income individuals and families, chosen in accordance with democratic selection procedures, and the remainder are members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community.
 - (6) Community Action Plan--A plan required by the Community Services Block Grant (CSBG) Act which describes the local (Subrecipient) service delivery system, how coordination will be developed to fill identified gaps in services, how funds will be coordinated with other public and private resources and how the local entity will use the funds to support innovative community and neighborhood based initiatives related to the grant.
 - (7) Community Affairs Division (CAD)--The Division at the Department that administers CEAP, CSBG, ESG, HHSP, Section 8 Housing Choice Voucher Program, and WAP.
 - (8) The Community Services Block Grant (CSBG)--A grant which provides U.S. federal funding for CAAs and other Eligible Entities that seek to address poverty at the community level. Like other block grants, CSBG funds are allocated to the states and other jurisdictions through a formula.
 - (9) Comprehensive Energy Assistance Program (CEAP)--A LIHEAP funded program to assist low-income Households, particularly those with the lowest incomes, that pay a high proportion of Household income for home energy, primarily in meeting their immediate home energy needs.
 - (10) CSBG Act--The CSBG Act is a law passed by Congress authorizing the Community Services Block Grant. The CSBG Act was amended by the Community Services Block Grant Amendments of 1994 and the Coats Human Services Reauthorization Act of 1998 under 42 U.S.C. §§9901, et seq. The CSBG Act authorized establishing a community services block grant program to make grants available through the program to states to ameliorate the causes of poverty in communities within the states.
 - (11) Declaration of Income Statement (DIS)--A Department approved form for use when an applicant has no documented proof of income.
 - (12) Department--The Texas Department of Housing and Community Affairs.

- (13) Discretionary Funds--Those CSBG funds maintained in reserve by a state, at its discretion, for CSBG allowable uses as authorized by §675C of the CSBG Act, and not designated for distribution on a statewide basis to CSBG Eligible Entities and not held in reserve for state administrative purposes.
- (14) DOE WAP Rules--10 CFR Part 440 describes the Weatherization Assistance for Low Income Persons as administered through the Department of Energy.
- (15) Dwelling Unit--A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters. This definition does not apply to the ESG or HHSP.
- (16) Equipment--A tangible non-expendable personal property including exempt property, charged directly to the award, having a useful life of more than one year, and an acquisition cost of \$5,000 or more per unit. If the unit acquisition cost exceeds \$5,000, approval from the Department's Community Affairs Division must be obtained before the purchase takes place.
- (17) Elderly Person--A person who is sixty (60) years of age or older, except for ESG.
- (18) Electric Base-Load Measure--Weatherization measures which address the energy efficiency and energy usage of lighting and appliances.
- (19) Eligible Entity--Those local organizations in existence and designated by the federal government to administer programs created under the federal Economic Opportunity Act of 1964. This includes community action agencies, limited-purpose agencies, and units of local government. The CSBG Act defines an eligible entity as an organization that was an eligible entity on the day before the enactment of the Coats Human Services Reauthorization Act of 1998 (October 27, 1998), or is designated by the Governor to serve a given area of the state and that has a tripartite board or other mechanism specified by the state for local governance.
- (20) Emergency--Defined by the LIHEAP Act of 1981 (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, 42 U.S.C. §8622):
- (A) natural disaster;
 - (B) a significant home energy supply shortage or disruption;
 - (C) significant increase in the cost of home energy, as determined by the Secretary;
 - (D) a significant increase in home energy disconnections reported by a utility, a state regulatory agency, or another agency with necessary data;
 - (E) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. §§2011, et seq.), the national program to provide supplemental security income carried out under Title XVI of the Social Security Act (42 U.S.C. §§1381, et seq.) or the state temporary assistance for needy families program carried out under Part A of Title IV of the Social Security Act (42 U.S.C. §§601, et seq.), as determined by the head of the appropriate federal agency;
 - (F) a significant increase in unemployment, layoffs, or the number of Households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or
 - (G) an event meeting such criteria as the Secretary, at the discretion of the Secretary, may determine to be appropriate.
 - (H) This definition does not apply to ESG or HHSP.

- (21) Emergency Solutions Grants (ESG)--A federal grant program authorized in Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. §§11371 - 11378), as amended by the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act). ESG is funded through HUD.
- (22) Energy Audit--The energy audit software and procedures used to determine the cost effectiveness of weatherization measures to be installed in a Dwelling Unit.
- (23) Energy Repairs--Weatherization-related repairs necessary to protect or complete regular weatherization energy efficiency measures.
- (24) Families with Young Children--A family that includes a child age five (5) or younger.
- (25) High Energy Burden--Households with energy burden which exceeds 11% of annual gross income. Determined by dividing a Household's annual home energy costs by the Household's annual gross income.
- (26) High Energy Consumption--Household energy expenditures exceeding the median of low-income home energy expenditures, by way of example, at the time of this rulemaking, that amount is \$1,000, but is subject to change.
- (27) Homeless or homeless individual--An individual as defined by 42 U.S.C. §§11371 - 11378 and 24 CFR §576.2.
- (28) Homeless and Housing Services Program (HHSP)--A state funded program established by the State Legislature during the 81st Legislative session with the purpose of providing funds to local programs to prevent and eliminate homelessness in municipalities with a population of 285,500 or more.
- (29) Household--Any individual or group of individuals who are living together as one economic unit. For energy programs, these persons customarily purchase residential energy in common or make undesignated payments for energy.
- (30) Inverse Ratio of Population Density Factor--The number of square miles of a county divided by the number of poverty Households of that county.
- (31) Local Unit of Government--City, county, council of governments, and housing authorities.
- (32) Low Income--Income in relation to family size and that governs eligibility for a program:
- (A) For DOE WAP, at or below 200% of the DOE Income guidelines;
 - (B) For CEAP, CSBG, and LIHEAP WAP at or below 125% of the HHS Poverty Income guidelines;
 - (C) For ESG, 30% of the Area Median Income (AMI) as defined by HUD's Section 8 Income Limits for persons receiving prevention assistance; and
 - (D) For HHSP, 30% of the AMI as defined by HUD's Section 8 Income Limits for all clients assisted.
- (33) Low Income Home Energy Assistance Program (LIHEAP)--A federally funded block grant program that is implemented to serve low income Households who seek assistance for their home energy bills and/or weatherization services.
- (34) Migrant Farm worker--An individual or family that is employed in agricultural labor or related industry and is required to be absent overnight from their permanent place of residence.
- (35) Modified Cost Reimbursement--A contract sanction whereby reimbursement of costs incurred by the Subrecipient is made only after the Department has reviewed and approved backup documentation provided by the Subrecipient to support such costs.

- (36) Multifamily Dwelling Unit--A structure containing more than one Dwelling Unit. This definition does not apply to ESG or HHSP.
- (37) National Performance Indicator--An individual measure of performance within the Department's reporting system for measuring performance and results of Subrecipients of funds.
- (38) Needs Assessment--An assessment of community needs in the areas to be served with CSBG funds.
- (39) OMB--Office of Management and Budget, a federal agency.
- (40) OMB Circulars--OMB circulars set forth principles and standards for determining costs for federal awards and establishes consistency in the management of grants for federal funds. Cost principles for local governments are set forth in OMB [~~Office of Management and Budget (OMB)~~] Circular A-87, and for nonprofit organizations in OMB Circular A-122. Uniform administrative requirements for local governments are set forth in OMB Circular A-102, and for nonprofits in OMB Circular A-110. OMB Circular A-133 "Audits of States, Local Governments, and Nonprofit Organizations," provides audit standards for governmental organizations and other organizations expending federal funds.
- (41) Outreach--The method that attempts to identify clients who are in need of services, alerts these clients to service provisions and benefits, and helps them use the services that are available. Outreach is utilized to locate, contact and engage potential clients.
- (42) Performance Statement--A document which identifies the services to be provided by a Subrecipient.
- (43) Persons with Disabilities--Any individual who is:
- (A) a handicapped individual as defined in §7(9) of the Rehabilitation Act of 1973;
 - (B) under a disability as defined in §1614(a)(3)(A) or §223(d)(1) of the Social Security Act or in §102(7) of the Developmental Disabilities Services and Facilities Construction Act; or
 - (C) receiving benefits under 38 U.S.C. Chapter 11 or 15.
- (44) Population Density--The number of persons residing within a given geographic area of the state.
- (45) Poverty Income Guidelines--The official poverty income guidelines as issued by the U.S. Department of Health and Human Services (HHS) annually.
- (46) Private Nonprofit Organization--An organization described in §501(c) of the Internal Revenue Code (the "Code") of 1986 and which is exempt from taxation under subtitle A of the Code, has an accounting system and a voluntary board, and practices nondiscrimination in the provision of assistance. For ESG, this does not include a governmental organization such as a public housing authority or a housing finance agency.
- (47) Public Organization--A unit of government, as established by the Legislature of the State of Texas. Includes, but may not be limited to, cities, counties, and councils of governments.
- (48) Referral--The process of providing information to a client Household about an agency, program, or professional person that can provide the service(s) needed by the client.
- (49) Rental Unit--A Dwelling Unit occupied by a person who pays rent for the use of the Dwelling Unit. This definition does not apply to ESG or HHSP.
- (50) Renter--A person who pays rent for the use of the Dwelling Unit. This definition does not apply to ESG or HHSP.
- (51) Seasonal Farm Worker--An individual or family that is employed in seasonal or temporary agricultural labor or related industry and is not required to be absent overnight from their permanent

place of residence. In addition, at least 20% of the Household annualized income must be derived from the agricultural labor or related industry.

(52) Shelter--Defined by the Department as a Dwelling Unit or units whose principal purpose is to house on a temporary basis individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities. This definition does not apply to ESG or HHSP.

(53) Single Audit--As defined in the Single Audit Act of 1984 (as amended).

(54) Single Family Dwelling Unit--A structure containing no more than one Dwelling Unit. This definition does not apply to ESG or HHSP.

(55) Social Security Act--As defined in 42 U.S.C. §§601, et seq.

(56) State--The State of Texas or the Texas Department of Housing and Community Affairs.

(57) Subcontractor--A person or an organization with whom the Subrecipient contracts with to provide services.

(58) Subgrant--An award of financial assistance in the form of money, or property in lieu of money, made under a grant by a Subrecipient to an eligible Subgrantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases.

(59) Subgrantee--The legal entity to which a subgrant is awarded and which is accountable to the Subrecipient for the use of the funds provided.

(60) Subrecipient--Generally, an organization with whom the Department contracts and provides CSBG, CEAP, ESG, HHSP, DOE WAP, or LIHEAP funds. (Refer to Subchapters B, D - G, J, and K of this chapter for program specific definitions.)

(61) Supplies--All personal property excluding equipment, intangible property, and debt instruments, and inventions of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement (subject inventions), as defined in 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements."

(62) TAC--Texas Administrative Code.

(63) Targeting--Focusing assistance to Households with the highest program applicable needs.

(64) Terms and Conditions--Binding provisions provided by a funding organization to grantees accepting a grant award for a specified amount of time.

(65) Treatment as a State or Local Agency--For purposes of 5 U.S.C. Chapter 15, any entity that assumes responsibility for planning, developing, and coordinating activities under the CSBG Act and receives assistance under CSBG Act shall be deemed to be a state or local agency.

(66) Unit of General Local Government--A unit of local government which has, among other responsibilities, the authority to assess and collect local taxes and to provide general governmental services.

(67) U.S.C.--United States Code.

(68) USDHHS/HHS--U.S. Department of Health and Human Services.

(69) USDOE/DOE--U.S. Department of Energy.

(70) USHUD/HUD--U.S. Department of Housing and Urban Development.

(71) Vendor Agreement--An agreement between the Subrecipient and energy vendors that contains assurance as to fair billing practices, delivery procedures, and pricing for business transactions involving ESG and LIHEAP beneficiaries.

(72) WAP--Weatherization Assistance Program.

(73) WAP PAC--Weatherization Assistance Program Policy Advisory Council. The WAP PAC was established by the Department in accordance with 10 CFR §440.17 to provide advisory services in regards to the WAP program.

(74) Weatherization Material--The material listed in Appendix A of 10 CFR Part 440.

(75) Weatherization Project--A project conducted to reduce heating and cooling demand of Dwelling Units that are energy inefficient.

§5.3. Cost Principles and Administrative Requirements.

(a) Except as expressly modified by the terms of a contract, Subrecipients shall comply with the cost principles and uniform administrative requirements set forth in the Uniform Grant and Contract Management Standards, 34 TAC §§20.421, et seq. (the "Uniform Grant Management Standards") provided, however, that all references therein to "local government" shall be construed to mean Subrecipient. Private nonprofit Subrecipients of ESG and DOE WAP do not have to comply with UGMS unless otherwise required by Notice of Funding Availability (NOFA) [NOFA] or contract. For federal funds, Subrecipients will follow OMB Circulars as interpreted by the federal funding agency.

(b) In order to maintain adequate separation of duties, no more than two of the functions described in paragraphs (1) - (5) of this subsection are to be performed by a single individual:

- (1) Requisition authorization;
- (2) Encumbrance into software;
- (3) Check creation and/or automated payment disbursement;
- (4) Authorized signature/electronic signature; and
- (5) Distribution of paper check.

§5.8. Inventory Report.

(a) The Department requires the submission of an inventory report on an annual basis to be submitted to the Department, no later than forty-five (45) days after the original end date of the contract.

(b) Vehicles, tools, and equipment purchased with funds under a contract with the Department, must be inventoried and reported to the Department during the contract period.

(c) The inventory report is cumulative and is used for vehicles, tools, and equipment with a useful life of one year or more and/or an acquisition cost of greater than \$5,000. Property must be inventoried and reported on the Cumulative Inventory Report form. The form and instructions are found on the Department's website.

§5.10. Procurement Standards.

(a) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. Subrecipients must perform a cost or price analysis in connection with every procurement action, including contract modifications. Subrecipients must have written selection procedures for all procurement transactions.

(b) For CSBG, CEAP, WAP, and ESG, any partnership formed by the Subrecipient with an entity that will receive federal funds to provide program services requires a written executed contract or memorandum of understanding. For ESG, except if the Subrecipient is Subgrant(ing) funds to a private nonprofit organization, full and open procurement is required.

(c) For CEAP and WAP, any partnership, contract, or memorandum of understanding, formed by the Subrecipient with an entity that will replace heating and cooling appliances must include a provision that the appliances must be destroyed beyond repair and/or in accordance with local, state, or federal requirements.

(d) In addition to the requirements in subsections (a) - (c) of this section and those described in §5.3 of this chapter (relating to Cost Principles and Administrative Requirements), except for Private Nonprofit Subrecipients of ESG and DOE WAP, Subrecipients must follow the requirements in Texas Government Code, Chapter 783.

(e) Additional Department requirements are:

(1) Small purchase procedures:

(A) This procedure may be used only on those services, supplies, or equipment costing in the aggregate of \$25,000 or less;

(B) Subrecipient must establish a clear, accurate description of the specifications for the technical requirements of the material, equipment, or services to be procured;

(C) Subrecipient must obtain a written price or documented rate quotation from an adequate number of qualified sources. An adequate number is, at a minimum, three different sources; and

(D) For a small purchase procurement that exceeds \$500 in the aggregate, and for any single item purchase for any program that exceeds \$250, Subrecipients must obtain three (3) written quotes that contain a clear and accurate description of the material product or services to be provided. For any procurement that does not exceed these stated amounts, written documentation of phone quotes is acceptable.

(2) For Sealed bids:

(A) Subrecipient must formally advertise, for a minimum of three (3) days, in newspapers or through notices posted in public buildings throughout the service area. Advertising beyond the Subrecipient's service area is allowable and recommended by the Department. The advertisement should include, at a minimum, a response time of fourteen (14) days prior to the closing date of the bid request. All bids must be publicly opened and the time and place described in the advertisement. A government entity

must comply with the statutorily imposed publication requirements in addition to those requirements stated herein; and

(B) When advertising for material or labor services, Subrecipient shall indicate a period for which the materials or services are sought (e.g. for a one-year contract with an option to renew for an additional four (4) years). This advertised time period shall determine the length of time which may elapse before re-advertising for material or labor services, except that advertising for labor services must occur at least every five (5) years.

(3) For Competitive proposals:

(A) The Request for Proposal (RFP) or Request for Qualification (RFQ) must be publicized. The preferred method of advertising is the local service area newspapers. This advertisement should, at a minimum, allow fourteen (14) days before the RFP or RFQ is due. The due date must be stated in the advertisement; and

(B) The time period for services shall be one year, plus four (4) additional years at a maximum.

(4) Non-competitive proposals may be used only if:

(A) The service, supply, or equipment is available only from a single source;

(B) A public emergency exists preventing the time required for competitive solicitation; or

(C) After solicitation of a number of sources, competition is determined inadequate.

(5) Contract provisions, including subcontracts shall include the provisions or conditions described in subparagraphs (A) - (G) of this paragraph:

(A) Contracts in excess of \$25,000 shall include provisions or conditions that allow for administrative, contractual, or legal remedies in instances where Subcontractors violate or breach the contract terms, and provide for such remedial actions as may be appropriate;

(B) All contracts in excess of \$25,000 shall include suitable provisions for termination by the recipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the Subrecipient;

(C) Contracts shall include a provision with regard to independent Subcontractor status, and a provision to hold harmless and indemnify the Subrecipient and the Department from and against any and all claims, demands and course of action asserted by any third party arising out of or in connection with the services to be performed under contract;

(D) Contracts shall include a provision regarding conflicts of interest. Subrecipient's employees, officers, and/or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from Subcontractors, or potential Subcontractors; and

(E) Contracts shall include a provision prohibiting and requiring the reporting of fraud, waste, and abuse.

(i) Subrecipient shall establish, maintain, and utilize internal control systems and procedures sufficient to prevent, detect, and correct incidents of waste, fraud, and abuse in all Department funded programs and to provide for the proper and effective management of all program and fiscal activities funded by

this contract. Subrecipient's internal control systems and all transactions and other significant events must be clearly documented and the documentation made readily available for review by Department.

(ii) Subrecipient shall give Department complete access to all of its records, employees, and agents for the purpose of monitoring or investigating the program. Subrecipient shall fully cooperate with Department's efforts to detect, investigate, and prevent waste, fraud, and abuse. Subrecipient shall immediately notify the Department of any identified instances of waste, fraud, or abuse.

(iii) Department will notify the funding source upon identification of possible instances of waste, fraud, and abuse or other serious deficiencies.

(iv) Subrecipient may not discriminate against any employee or other person who reports a violation of the terms of this contract or of any law or regulation to Department or to any appropriate law enforcement authority, if the report is made in good faith.

(F) Contracts shall include a provision to the effect that any alterations, additions, or deletions to the terms of the contract which are required by changes in federal law and regulations or state statute are automatically incorporated into the contract without written amendment, and shall become effective on the date designated by such law and or regulation; and any other alterations, additions, or deletions to the terms of the contract shall be amended hereto in writing and executed by both parties to the contract.

(G) Contracts shall include the provisions described in clauses (i) - (iii) of this subparagraph:

(i) Subcontractor represents that it possesses legal authority to enter into the contract, receive and manage the funds authorized by the contract, and to perform the services Subcontractor has obligated itself to perform under the contract;

(ii) The person signing the contract on behalf of the Subcontractor warrants that he/she has been authorized by the Subcontractor to execute the contract on behalf of the Subcontractor and to bind the Subcontractor to all terms set forth in the contract; and

(iii) Department shall have the right to suspend or terminate the contract if there is a dispute as the legal authority of either the Subcontractor or the person signing the contract to enter into the contract or to render performances thereunder. Should such suspension or termination occur, the Subcontractor is liable to the Subrecipient for any money it has received for performance of provisions of the contract.

§5.12.Purchases.

Purchases of personal property, equipment, goods or services with an acquisition cost of over \$5,000 require prior written approval from the TDHCA Community Affairs Division before the purchase can take place.

§5.13.Bonding Requirements.

(a) The requirements described in this subsection relate only to construction or facility improvements for DOE WAP and ESG Subrecipients.

(1) For contracts exceeding \$100,000 the Department may accept the bonding policy and requirements of the Subrecipient, provided the Department has made a written finding that the Department is adequately protected.

(2) For contracts in excess of \$100,000, and for which the Subrecipient cannot make a determination that the Department's interest is adequately protected, a "bid guarantee" from each bidder equivalent to 5% of the bid price shall be requested. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified. A bid bond in the form of any of the documents described in this paragraph may be accepted as a "bid guarantee."

(A) A performance bond on the part of the Subrecipient for 100% of the contract price. A "performance bond" is one executed in connection with a contract, to secure fulfillment of all Subcontractors' obligations under such contract.

(B) A payment bond on the part of the Subcontractor for 100% of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by statute of all persons supplying labor and material in the execution of the work provided for in the contract.

(C) Where bonds are required, in the situations described herein, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR Part 223, "Surety Companies Doing Business with the United States."

(b) A Local Unit of Government must comply with the bond requirements of Texas Civil Statutes, Articles 2252, 2253, and 5160, and Local Government Code, §252.044 and §262.032, as applicable.

§5.17.Sanctions and Contract Close Out.

(a) Subrecipients that enter into a contract with the Department to administer programs are required to follow state and federal laws and regulations and rules governing these programs.

(b) If a Subrecipient fails to comply with program and contract requirements, rules, or regulations and in the event monitoring or other reliable sources reveal material deficiencies in performance, or if the Subrecipient fails to correct any deficiency within the time allowed by federal or state law, the Department will apply one or more of the sanctions described in paragraph (1)(A) - (E) of this subsection:

(1) Deny the Subrecipient's requests for advances and place it on a Modified Cost Reimbursement method of payment until proof of compliance with the rules and regulations are received by the Department;

(A) Subrecipients placed on a Modified Cost Reimbursement method of payment must comply with the reporting requirements outlined in §5.211 of this chapter (relating to Subrecipient Reporting Requirements); §5.311 of this chapter (relating to Reports); §5.406 of this chapter (relating to Subrecipient Reporting Requirements); §5.506 of this chapter (relating to Subrecipient Reporting Requirements); §5.1006 of this chapter (relating to Performance and Expenditure Benchmarks); and §5.2007 of this chapter (relating to Reporting), as applicable;

- (B) Subrecipients on a Modified Cost Reimbursement method must provide all supporting documentation to the Department no later than seven (7) days after the reporting due date;
- (C) If Subrecipient has not submitted documentation required for cost reimbursement review in accordance with reporting deadlines, Subrecipient will be required to enter a monthly report containing zero amounts and submit documentation required for the review as part of the next's month reporting;
- (D) Subrecipients reporting a monthly report containing zero amounts throughout the program year shall submit all required support documentation to the Department for review by the last regular monthly report (before the final report); and/or
- (E) The Department will review and assess supporting documentation submitted by Subrecipient no later than the seventh (7th) day of the following month.
- (2) Withhold all payments from the Subrecipient (both reimbursements and advances) until proof of compliance with the rules and regulations are received by the Department, reduce the allocation of funds (with the exception of Community Services Block Grant (CSBG) funds to Eligible Entities as described in §5.206 of this chapter (relating to Termination and Reduction of Funding) and as limited for LIHEAP funds as outlined in Texas Government Code, Chapter 2105) or impose sanctions as deemed appropriate by the Department's Executive Director, at any time, if the Department identifies possible instances of fraud, waste, abuse, fiscal mismanagement, or other serious deficiencies in the Subrecipient's performance;
- (3) Suspend performance of the contract or reduce funds until proof of compliance with the rules and regulations are received by the Department or a decision is made by the Department to initiate proceedings for contract termination;
- (4) Elect not to provide future grant funds to the Subrecipient until appropriate actions are taken to ensure compliance; or
- (5) Terminate the contract. Adhering to the requirements governing each specific program administered by the Department, as needed, the Department may determine to proceed with the termination of a contract, in whole or in part, at any time the Department establishes there is good cause for termination. Such cause may include, but is not limited to, fraud, waste, abuse, fiscal mismanagement, or other serious deficiencies in the Subrecipient's performance. For CSBG contract termination procedures, please refer to §5.206 of this chapter.
- (c) Contract Close-out. When the Department moves to terminate a contract, the procedures described in paragraphs (1) - (12) of this subsection will be implemented.
- (1) The Department will issue a termination letter to the Subrecipient no less than thirty (30) days prior to terminating the contract. The Department may determine to take one of the following actions: suspend funds immediately; establish a Modified Cost Reimbursement plan for closeout proceedings, or provide instructions to the Subrecipient to prepare a proposed budget and written plan of action that supports the closeout of the contract. The plan must identify the name and current job titles of staff that will perform the close-out and an estimated dollar amount to be incurred.
- (2) If the Department determines that a Modified Cost Reimbursement is an appropriate method of providing funds to accomplish closeout, the Subrecipient will submit backup documentation for all current expenditures associated with the closeout. The required documentation will include, but not be

limited to, the chart of accounts, detailed general ledger, revenue and expenditure statements, time sheets, payment vouchers and/or receipts, and bank reconciliations.

(3) No later than thirty (30) days after the contract is terminated, the Subrecipient will take a physical inventory of client files, including case management files, and will submit to the Department an inventory of equipment with a unit acquisition cost of \$5,000 or greater or having a useful life of more than one year.

(4) The terminated Subrecipient will have thirty (30) days from the date of the physical inventory to copy all current client files. Client files must be boxed by county of origin. Current and active case management files also must be copied, inventoried, and boxed by county of origin.

(5) Within thirty (30) days following the Subrecipient's due date for copying and boxing client files, Department staff will retrieve copied client files.

(6) The terminated Subrecipient will prepare and submit no later than sixty (60) days from the date the contract is terminated, a final report containing a full accounting of all funds expended under the contract.

(7) A final monthly expenditure report and a final monthly performance report for all remaining expenditures incurred during the close-out period must be received by the Department no later than sixty (60) days from the date the Department determines that the closeout of the program and the period of transition are complete.

(8) The Subrecipient will submit to the Department no later than sixty (60) days after the termination of the contract, an inventory of the non-expendable personal property acquired in whole or in part with funds received under the contract.

(9) The Department may transfer title to equipment having a unit acquisition cost (the net invoice unit price of an item of equipment) of \$5,000 or greater or having a useful life of more than one year, to the Department or to any other entity receiving funds under the program in question. The Department will make arrangements to remove equipment covered by this paragraph within ninety (90) days following termination of the contract.

(10) Upon selection of a new service provider, the Department will transfer to the new provider client files and, as appropriate, equipment.

(11) As required by OMB Circular A-133, a current year Single Audit must be performed for all agencies that have exceeded the federal expenditure threshold under OMB Circular A-133. The Department will allow a proportionate share of program funds to pay for accrued audit costs, when an audit is required, for a Single Audit that covers the date up to the closeout of the contract. The terminated Subrecipient must have a binding contract with a CPA firm on or before the termination date of the contract. The actual costs of the Single Audit and accrued audit costs including support documentation must be submitted to the Department no later than sixty (60) days from the date the Department determines the close-out is complete.

(12) Subrecipients shall submit within sixty (60) days after the date of the close-out process all financial, performance, and other applicable reports to the Department. The Department may approve extensions when requested by the Subrecipient. However, unless the Department authorizes an extension, the

Subrecipient must abide by the sixty (60) day contractual requirement of submitting all referenced reports and documentation to the Department.

§5.19. Client Income Guidelines.

(a) Except for ESG and HHSP, the Department has defined eligibility for program assistance under the Poverty Income Guidelines.

(b) For all programs except ESG, Subrecipients will use the list of included and excluded income to determine eligibility for all programs, as described in paragraphs (1) and (2) of this subsection. Income means Cash Receipts earned and/or received by the applicant before taxes during applicable tax year(s) but not the Excluded Income listed in paragraph (2) of this subsection. Gross Income is to be used, not Net Income.

(1) Included Income:

(A) Temporary Assistance for Needy Families (TANF);

(B) Money, wages and salaries before any deductions;

(C) Net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses);

(D) Regular payments from social security, including Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI);

(E) Railroad retirement;

(F) Unemployment compensation;

(G) Strike benefits from union funds;

(H) Worker's compensation;

(I) Training stipends;

(J) Alimony;

(K) Military family allotments;

(L) Private pensions;

(M) Government employee pensions (including military retirement pay);

(N) Regular insurance or annuity payments; and

(O) Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts; and net gambling or lottery winnings.

(2) Excluded Income:

(A) Capital gains; any assets drawn down as withdrawals from a bank;

(B) The sale of property, a house, or a car;

(C) One-time payments from a welfare agency to a family or person who is in temporary financial difficulty;

(D) Tax refunds, gifts, loans, and lump-sum inheritances;

(E) One-time insurance payments, or compensation for injury;

- (F) Non-cash benefits, such as the employer-paid or union-paid portion of health insurance or other employee fringe benefits;
- (G) Food or housing received in lieu of wages;
- (H) The value of food and fuel produced and consumed on farms;
- (I) The imputed value of rent from owner-occupied non-farm or farm housing;
- (J) Federal non-cash benefit programs as Medicare, Medicaid, Food Stamps, and school lunches;
- (K) Housing assistance and combat zone pay to the military;
- (L) Veterans (VA) Disability Payments;
- (M) College scholarships, Pell and other grant sources, assistantships, fellowships and work study, VA Education Benefits (GI Bill);
- (N) Child support payments, whether received by the payee or paid by the payor;
- (O) Income of Household members under eighteen (18) years of age;
- (P) Depreciation for farm or business assets;
- (Q) Reverse mortgages;
- (R) Payments for care of Foster Children; and
- (S) Any other income required to be excluded by the federal or state funding program.

§5.20.Determining Income Eligibility.

(a) To determine income eligibility for USDHHS and DOE funded programs, Subrecipients must base annualized eligibility determinations on Household income from thirty (30) days prior to the date of application for assistance. Each Subrecipient must maintain documentation of included and excluded cash income from all sources for all Household members for the entire thirty (30) day period prior to the date of application and multiply the monthly amount by twelve (12) to annualize income.

(b) If proof of income is unobtainable, the applicant must complete and sign a Declaration of Income Statement (DIS). In order to use the DIS form, each Subrecipient shall develop and implement a written policy and procedure on the use of the DIS form. The DIS must be notarized. In developing the policy and procedure, Subrecipients shall limit the use of the DIS form to cases where there are serious extenuating circumstances that justify the use of the form. Such circumstances might include crisis situations such as applicants that are affected by natural disaster which prevents the applicant from obtaining income documentation, applicants that flee a home due to physical abuse, applicants who are unable to locate income documentation of a recently deceased spouse, or whose work is migratory, part-time, temporary, self-employed, or seasonal in nature. To ensure limited use, the Department will review the written policy and its use, as well as client-provided descriptions of the circumstances requiring use of the form, during on-site monitoring visits.

(c) To determine income for ESG, Subrecipients must use HUD's Section 8 Income Limits for persons receiving prevention assistance.

(d) To determine income for HHSP, Subrecipients may select either the method described in §5.19(b) of this chapter (relating to Client Income Guidelines) or used by ESG, but must be consistent throughout the contract term.

(e) Except for ESG, in the case of migrant, seasonal, part-time, temporary, or self-employed workers a longer period than thirty (30) days may be used for annualizing income. However, the same method must be used for all similarly situated workers.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on orders adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter B, §§5.202, 5.210, 5.212, and 5.217, concerning Community Services Block Grant Program; the repeal of §5.209, concerning State Application and Plan; and the re-adoption of 10 TAC Chapter 5, Community Affairs Programs, Subchapter B, Community Services Block Grant Program, §5.208, concerning Designation and Re-designation of Eligible Entities in Unserved Areas, pursuant to Texas Government Code, §2001.039, and directing their publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code, §§2306.053 and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs;

WHEREAS, 10 TAC Chapter 5, Subchapter B, §§5.202, 5.210, 5.212, and 5.217 have been amended to include local government entities where they had been omitted; to clarify the due dates of Community Action Plans and community needs assessments; to separate state requirements for boards from federal requirements; and to clarify board meeting requirements;

WHEREAS, the repeal of 10 TAC Chapter 5, Subchapter B, §5.209 was proposed to remove references to the Department's submission of the State Application and Plan, as this is informational only;

WHEREAS, Texas Government Code, §2001.039 requires a state agency to review the utility of its rules every four years;

WHEREAS, 10 TAC Chapter 5, Community Affairs Programs, Subchapter B, Community Services Block Grant Program, §5.208, concerning Designation and Redesignation of Eligible Entities in Unserved Areas has been reviewed under the agency's review plan;

WHEREAS, the above amendments, repeal, and rule review were published in the *Texas Register* on August 9, 2013, for public comment; and

WHEREAS, no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the final orders adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter B, §§5.202, 5.210, 5.212, and 5.217,

concerning Community Services Block Grant Program; the repeal of §5.209, concerning State Application and Plan; and the re-adoption of 10 TAC Chapter 5, Community Affairs Programs, Subchapter B, Community Services Block Grant Program, §5.208, concerning Designation and Re-designation of Eligible Entities in Unserved Areas, are hereby adopted and approved, together with the preambles presented to this meeting, for publication in the *Texas Register*; and,

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 adopted amendments, repeal and re-adoption, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed amendments, repeal, and four year statutory review were approved for publication on July 25, 2013, by the Board, and were published in the August 9, 2013, issue of the *Texas Register* to allow for public comment. The public comment period closed on September 9, 2013. No comments were received.

Attachment A: Preamble and Amended 10 TAC Chapter 5, Subchapter B, §§5.202, 5.210, 5.212, and 5.217

The Texas Department of Housing and Community Affairs (the "Department") adopts amendments to 10 TAC Chapter 5, Subchapter B, §§5.202, 5.210, 5.212, and 5.217, concerning Community Services Block Grant Program, without changes to the proposed text as published in the August 9, 2013 issue of the *Texas Register* (38 TexReg 4974) and will not be republished.

REASONED JUSTIFICATION. The Department finds that language in the amended sections lacked clarity. Accordingly, the amendments include local government entities where that term had been omitted; clarify the due dates of Community Action Plans and community needs assessments; separate state requirements for boards from federal requirements; and clarify board meeting requirements.

The Department accepted public comments between August 9, 2013, and September 9, 2013. Comments regarding the amendments were accepted in writing and by fax. No comments were received concerning the amendments.

The Board approved the final order adopting the amendments on October 10, 2013.

STATUTORY AUTHORITY. The amendments are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§5.202.Purpose and Goals.

Community Services Block Grant (CSBG) funds provide assistance to states and local communities, working through a network of local government entities, Community Action Agencies, and other neighborhood-based organizations for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a state program carried out under part A of title IV of the Social Security Act.)

§5.210.CSBG Needs Assessment and Community Action Plan.

(a) In accordance with the CSBG Act and §676 of the Act, the Department is required to secure a Community Action Plan on an annual basis from each CSBG Eligible Entity. The Community Action Plan shall be submitted to the Department on or before October 1 of each year.

(b) Every five (5) years, the CSBG Community Action Plan will include a community needs assessment from every CSBG Eligible Entity. The community needs assessment shall be submitted to the Department on or before August 1 each fifth (5th) year according to the CSBG Eligible Entity(ies)' established schedule.

(c) The Community Action Plan shall at a minimum include a description of the delivery of services for the case management system in accordance with the National Performance Indicators and shall include a performance statement that describes the services, programs and activities to be administered by the organization.

(d) Hearing. A board certification that a public hearing was conducted on the proposed use of funds for the Community Action Plan must be submitted to the Department with the plan.

(e) Intake Form. To fulfill the requirements of 42 U.S.C. §9917, CSBG Subrecipients must complete and maintain an intake form which includes the demographic and household characteristic data required for the monthly performance and expenditure report, referenced in Subchapter A of this chapter (relating to General Provisions), for all Households receiving a community action service. A new CSBG intake form or a centralized intake form must be completed and maintained on an annual basis to coincide with the CSBG program year of January 1st through December 31st.

(f) Case Management.

(1) In keeping with the regulations issued under Title II, §676(b) State Application and Plan, the Department requires CSBG Subrecipients to incorporate integrated case management systems in the administration of their CSBG program (Title II, §676(b)). Incorporating case management in the service delivery system and providing assistance that has a long-term impact on the client, such as enabling the client to move from poverty to self-sufficiency, to maintain stable families, and to revitalize the community, supports the requirements of Title II, §676(b). An integrated case management system improves the overall provision of assistance and improves each Subrecipient's ability to transition persons from poverty to self-sufficiency.

(2) Subrecipients must have and maintain documentation of a case management program that has the components described in subparagraphs (A) - (H) of this paragraph:

(A) Intake Form;

(B) Pre-assessment to determine service needs, to determine the need for case management, and to determine which individuals/families to consider enrolling in case management program;

(C) Integrated assessment of individual/family service needs of those accepted into case management program;

(D) Development of case management service plan to meet goals and become self-sufficient;

(E) Provision of services and coordination of services to meet needs and achieve self-sufficiency;

(F) Monitoring and follow-up of participant's progress;

(G) Case closure, once individual has become self-sufficient; and

(H) Evaluation process to determine effectiveness of case management system.

(3) As required by 42 U.S.C. §678G(b)(1-2), CSBG Subrecipients shall inform custodial parents in single-parent families that participate in programs, activities, or services about the services available

through the Texas Attorney General's Office with respect to the collection of child support payments and/or refer eligible parents to the Texas Attorney General's Office of Child Support Services Division.

(g) Non-CSBG Eligible Entities receiving state discretionary funds under §5.203(b) of this subchapter (relating to Distribution of CSBG Funds) are not required to submit a Community Action Plan. All CSBG Subrecipients must develop a performance statement which identifies the services, programs, and activities to be administered by the organization.

(h) Subrecipient Requirements for Appeals Process for CSBG Applicants/Clients. Subrecipients shall establish a CSBG denial of service complaint procedure to address written complaints from program applicants/clients. At a minimum, the procedures described in paragraphs (1) - (8) of this subsection shall be included:

(1) Subrecipients shall provide a written denial of assistance notice to applicant/client within ten (10) business days of the adverse determination. This notification shall include written notice of the right to a hearing and specific reasons for the denial by component. The applicant wishing to appeal a decision must provide written notice to Subrecipient within twenty (20) days of receipt of the denial notice;

(2) Subrecipient who receives an appeal or client complaint shall establish an appeal committee composed of at least three persons. Subrecipient shall maintain documentation of appeals/complaints in their client files;

(3) Subrecipient shall hold the hearing within twenty (20) days after the Subrecipient received the appeal/complaint request from the applicant/client;

(4) Subrecipient shall record the hearing;

(5) The hearing shall allow time for a statement by Subrecipient staff with knowledge of the case;

(6) The hearing shall allow the applicant/client at least equal time, if requested, to present relevant information contesting the decision;

(7) Subrecipient shall notify applicant/client of the decision in writing. The Subrecipient shall mail the notification by close of business on the business day following the decision (one (1) day turnaround);

(8) If the denial is solely based on income eligibility, the provisions in paragraphs (2) - (7) of this subsection, do not apply and the applicant may request a recertification of income eligibility based on initial documentation provided at the time of the original application. The recertification will be an analysis of the initial calculation based on the documentation received with the initial application for services and will be performed by an individual other than the person who performed the initial determination. If the recertification upholds the denial based on income eligibility documents provided at the initial application, the applicant is notified in writing and no further appeal is afforded to the applicant.

(i) If the applicant is not satisfied, the applicant may further appeal the decision in writing to the Department within ten (10) days of notification of an adverse decision.

(j) Applicants/clients who allege that the Subrecipient has denied all or part of a service or benefit in a manner that is unjust, violates discrimination laws, or without reasonable basis in law or fact, may request a contested hearing under Texas Government Code, Chapter 2001.

(k) The hearing shall be conducted by the State Office of Administrative Hearings on behalf of the Department in the locality served by the Subrecipient.

(l) If client appeals to the Department, the funds should remain encumbered until the Department completes its decision.

§5.212.CSBG Requirements for Tripartite Board of Directors.

(a) General Board Requirements:

(1) The Coats Human Services Reauthorization Act (Public Law 105-285) addresses the CSBG program and requires that Eligible Entities administer the CSBG program through a tripartite board. The Act requires that governing boards or a governing body be involved in the development, planning, implementation, and evaluation of the programs serving the low-income sector.

(2) Federal requirements for establishing a tripartite board require board oversight responsibilities for public entities, which differ from requirements for private organizations. Where differences occur between private and public organizations, requirements for each entity have been noted in related sections of the rule.

(b) Each CSBG Eligible Entity shall comply with the provisions of this rule and if necessary, the Eligible Entity's by-laws shall be amended to reflect compliance with these requirements.

§5.217.Board Meeting Requirements.

(a) Boards of Eligible Entities must meet at least once per calendar quarter and at a minimum five (5) times per year and, must give each Board member a notice of meeting five (5) days in advance of the meeting.

(b) Texas Government Code, Chapter 551, Texas Open Meetings Act, addresses specific requirements regarding meetings and meeting notices. Texas Government Code, §551.001(3)(J), includes in the definition of a governmental body, nonprofit corporations that are eligible to receive funds under the federal CSBG program and that are authorized by the state to serve a geographic area of the state. Thus, the law requires that nonprofit corporations must follow the requirements of the Texas Open Meetings Act.

(c) Texas Government Code, §551.005 requires elected or appointed officials to receive training in Texas Open Government laws. The Department requires that all board members of nonprofit

corporations that are eligible to receive funds under the federal CSBG program, and that are authorized by the state to serve a geographic area of the state to board members receive training in Texas Open Government laws, according to the requirements of §551.005.

(d) A copy of the attendance roster for all Board trainings shall be maintained at the Subrecipient level.

Attachment B. Preamble and repeal of 10 TAC Chapter 5, Subchapter B, §5.209.

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of 10 TAC Chapter 5 Community Affairs Programs, Subchapter B, §5.209, concerning State Application and Plan, without changes to the proposed text as published in the August 9, 2013 issue of the *Texas Register* (38 TexReg 4976) and will not be republished.

REASONED JUSTIFICATION. The Department finds that the rule was informational only and did not need to be published in the Texas Administrative Code. Accordingly, the repeal removes references to the Department's submission of the State Application and Plan.

The Department accepted public comments between August 9, 2013, and September 9, 2013. Comments regarding the repeal were accepted in writing and by fax. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on October 10, 2013.

STATUTORY AUTHORITY. The repeal is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§5.209.State Application and Plan.

Attachment C: Adopted Rule Review of 10 TAC Chapter 5, Subchapter B, §5.208.

Texas Department of Housing and Community Affairs (“Department”) has completed its rule review of Texas Administrative Code, Title 10, Community Development, Part 1, Texas Department of Housing and Community Affairs, Chapter 5, Subchapter B, Community Services Block Grant, §5.208, pursuant to Texas Government Code §2001.039. The Department published the Notice of Intent to Review this rule in the August 9, 2013 issue of the *Texas Register* (38 TexReg 5113).

The purpose of the review was to assess whether the reasons for adopting the rule continue to exist. No comments were received regarding the review.

This rule was initially adopted to clarify the designation and re-designation of CSBG Eligible Entities in unserved areas. As a result of this review, the Department finds that the reasons for adopting the rule continue to exist and readopts the section without changes in accordance with the requirements of the Texas Government Code §2001.039. The rule considered during this review may be subsequently revised in accordance with the Texas Administrative Procedures Act.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 5, Community Affairs Programs, Subchapter C, §§5.301 – 5.311, concerning Emergency Shelter Grants Program (ESGP), and directing its publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code, §§2306.053 and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs;

WHEREAS, rules previously adopted for ESGP are no longer necessary due to the federal elimination of the program;

WHEREAS, the proposed repeal was published in the *Texas Register* on August 16, 2013, for public comment; and

WHEREAS, no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting the repeal of 10 TAC Chapter 5, Subchapter C, §§5.301 – 5.311, Emergency Shelter Grants Program (ESGP), is hereby ordered and approved, together with the preambles presented to this meeting, for publication in the *Texas Register*; and

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 repeal, in the form presented to this meeting, to be published in the *Texas Register* for final adoption and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed repeal was approved for publication on July 25, 2013, by the Board, and was published in the August 16, 2013 issue of the *Texas Register* to allow for public comment. The public comment period closed on September 16, 2013. No comments were received.

Attachment A. Preamble and repeal of 10 TAC Chapter 5, Subchapter C, §§5.301 - 5.311.

The Texas Department of Housing and Community Affairs (the "Department") adopts repeal of 10 TAC Chapter 5, Community Affairs Programs, Subchapter C, §§5.301 – 5.311, concerning Emergency Shelter Grants Program (ESGP), without changes to the proposed text as published in the August 16, 2013 issue of the *Texas Register* (38 TexReg 5153) and will not be republished.

REASONED JUSTIFICATION. The Department finds that rules previously adopted for ESGP are no longer necessary due to the federal elimination of the program. Accordingly, the repeal effectively closes out the ESGP and eliminates rules that are no longer necessary.

The Department accepted public comments between August 16, 2013, and September 16, 2013. Comments regarding the repeal were accepted in writing and by fax. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on October 10, 2013.

STATUTORY AUTHORITY. The repeal is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§5.301.Background.

§5.302.Purpose and Goals.

§5.303.Distribution of ESGP Funds.

§5.304.Use of Funds.

§5.305.Limitations on Use of Funds.

§5.306.Eligible Entities.

§5.307.Application Requirements.

§5.308.Application Awards.

§5.309.Application Process.

§5.310.Application Review Process.

§5.311.Reports.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter D, §§5.403, 5.407, 5.423 and 5.424, concerning Comprehensive Energy Assistance Program, and directing its publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code, §§2306.053 and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs;

WHEREAS, the proposed amendments to 10 TAC Chapter 5, Subchapter D, §§5.403, 5.407, 5.423 and 5.424, ensure full utilization of Comprehensive Energy Assistance Program funds and to allow greater flexibility for Subrecipients within program rules; and

WHEREAS, the proposed amendments were published in the *Texas Register* on August 16, 2013, for public comment;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting the amendments of 10 TAC Chapter 5, Subchapter D, §§5.403, 5.407, 5.423 and 5.424, Comprehensive Energy Assistance Program, is hereby ordered and approved, together with the preamble presented to this meeting, for publication in the *Texas Register*; and

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 adopted amendments, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed amended rule was approved for publication on July 25, 2013, by the Board, and was published in the August 16, 2013, issue of the *Texas Register* to allow for public comment. The public comment period closed on September 16, 2013. Comments were received from one commenter.

Attachment A: Preamble and Amended 10 TAC Chapter 5, Subchapter D, §§5.403, 5.407, 5.423 and 5.424

The Texas Department of Housing and Community Affairs (the "Department") adopts amended 10 TAC Chapter 5, Subchapter D, §§5.403, 5.407, 5.423 and 5.424, concerning Comprehensive Energy Assistance Program, without changes to the proposed text as published in the August 16, 2013, issue of the *Texas Register* (38 TexReg 5153) and will not be republished.

REASONED JUSTIFICATION. The Department finds that language in the Comprehensive Energy Assistance Program rules needed clarification on the redistribution of program funds, determining client eligibility and benefits received, and client file documentation. Accordingly, the amendments will ensure full utilization of Comprehensive Energy Assistance Program funds and to allow greater flexibility for Subrecipients within program rules.

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS.

Comments were accepted from August 16, 2013, through September 16, 2013, with comments received from Stella Rodriguez of the Texas Association of Community Action Agencies (TACAA).

§5.423. (b) Household Crisis Component.

COMMENT SUMMARY: Commenter suggested adding the option for documented verbal confirmation from a utility vendor regarding utility disconnection, with the rationale that, often times, a client does not have a disconnection notice, the client's bill does not specifically state "disconnection," or the client receives a "second notice" to the original bill as opposed to a "disconnection notice," all of which prompts a Subrecipient to contact the utility vendor for clarification. As a result of the phone communication a "disconnection" may be discovered. The communication with the utility vendor will be documented and maintained in the client's file.

STAFF RESPONSE: Staff understands the concern expressed by the Commenter, but at this time does not think that verbal confirmation of a utility disconnection notice is adequate documentation in client file records as required by Uniform Grant Management Standards, Attachment A, C. (1)(i). While not applicable to 100% of utility vendors, most electric and gas service providers are required to provide written disconnect notices to clients as outlined in 16 TAC 25, Subchapter B and 16 TAC 7, Subchapters B and D, as applicable. Subrecipients should document any specific instance where a utility provider refuses to provide written documentation of disconnect notice, and the Department may open this section up for further rulemaking. At this time, Staff recommends no change.

BOARD RESPONSE: The Board accepted Staff's recommendation, and adopted the amendments on October 10, 2013.

STATUTORY AUTHORITY. The amendments are adopted pursuant to the authority of Texas Government Code §2306.053, which authorizes the Department to adopt rules.

§5.403. Distribution of CEAP Funds.

(a) The Department distributes funds to Subrecipients by an allocation formula.

(b) The formula allocates funds based on the number of Low Income Households in a service area and takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the Elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as:

(1) County Non-elderly Poverty Household Factor (weight of 40%)--Defined by the Department as the number of Non-elderly Poverty Households in the county divided by the number of Non-elderly Poverty Households in the State;

(2) County Elderly Poverty Household Factor (weight of 40%)--Defined by the Department as the number of Elderly Poverty Households in the county divided by the number of Elderly Poverty Households in the State; and

(3) County Inverse Poverty Household Density Factor (weight of 5%)--Defined by the Department as:

(A) The number of square miles of the county divided by the number of poverty Households of the county (equals the Inverse Poverty Household Density of the county); and

(B) Inverse Poverty Household Density of the county divided by the sum of Inverse Household Densities.

(4) County Median Income Variance Factor (weight of 5%)--Defined by the Department as:

(A) State Median Income minus the County Median Income (equals county variance); and

(B) County Variance divided by sum of the State County Variances.

(5) County Weather Factor (weight of 10%)--Defined by the Department as:

(A) County heating degree days plus the county cooling degree days, multiplied by the poverty Households, divided by the sum of county heating degree days and county cooling degree days of counties (equals County Weather); and

(B) County Weather divided by the total sum of the State County Weather.

(C) All demographic factors are based on the decennial U.S. Census.

(D) Total sum of paragraphs (1) - (5) of this subsection multiplied by total funds allocation equals the county's allocation of funds. The sum of the county allocations within each Subrecipient service area equals the Subrecipient's total allocation of funds.

(c) To the extent balances remain in Subrecipient contracts that the Subrecipient appears to be unable to utilize or should additional funds become available, those funds will be allocated using the formula set out in this section or other method deemed appropriate by the Department to ensure full utilization of funds within a limited timeframe.

§5.407.Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria.

(a) Subrecipients shall set the client income eligibility level at or below 125% of the federal poverty level in effect at the time the client makes an application for services.

(b) Subrecipients shall determine client income. Income inclusions and exclusions to be used to determine total Household income are those noted in §5.19 of this chapter (relating to Client Income Guidelines).

(c) Social security numbers are not required for applicants for CEAP.

(d) Subrecipients shall establish priority criteria to serve persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption.

(e) A Household unit cannot be served if the meter is utilized by another Household.

§5.423.Household Crisis Component.

(a) A bona fide Household crisis exists when extraordinary events or situations resulting from extreme weather conditions and/or fuel supply shortages or a terrorist attack have depleted or will deplete Household financial resources and/or have created problems in meeting basic Household expenses, particularly bills for energy so as to constitute a threat to the well-being of the Household, particularly the Elderly, Persons with Disabilities, or children age 5 and younger.

(b) A utility disconnection notice may constitute a Household crisis. Assistance provided to Households based on a utility disconnection notice is limited to two (2) payments per year. Weather criterion is not required to provide assistance due to a disconnection notice. The notice of disconnection must have been provided to the Subrecipient within the effective contract term and the notice of disconnection must not be dated more than sixty (60) days from receipt at the Subrecipient.

(c) Crisis assistance for one Household cannot exceed the maximum allowable benefit level in one year. Crisis assistance payments cannot exceed the minimum amount needed to resolve the crisis. If the client's crisis requires more than the Household limit to resolve, it exceeds the scope of this program. If the crisis exceeds the Household limit, Subrecipient may pay up to the Household limit but the rest of the bill will have to be paid from other funds to resolve the crisis. Payments may not exceed client's actual utility bill. The assistance must result in resolution of the crisis.

(d) Where necessary to prevent undue hardships from a qualified crisis, Subrecipients may directly issue vouchers to provide:

- (1) Temporary shelter not to exceed the annual Household expenditure limit for the duration of the contract period in the limited instances that supply of power to the dwelling is disrupted--causing temporary evacuation;
- (2) Emergency deliveries of fuel up to 250 gallons per crisis per Household, at the prevailing price. This benefit may include coverage for tank pressure testing;
- (3) Service and repair of existing heating and cooling units not to exceed \$2,500 during the contract period when Subrecipient has met local weather crisis criteria. If any component of the central system cannot be repaired using parts, the Subrecipient can replace the component in order to repair the central system. Documentation of service/repair and related warranty must be included in the client file;
- (4) Portable air conditioning/evaporative coolers and heating units (portable electric heaters are allowable only as a last resort) may be purchased for Households that include at least one member that is Elderly, a Person with Disability, or a child age 5 or younger, when Subrecipient has met local weather crisis criteria;
- (5) Purchase of more than two portable heating/cooling units per Household requires prior written approval from the Department;
- (6) Purchase of portable heating/cooling units which voltage exceeds 110 volt requires prior written approval from the Department;
- (7) Replacement of central systems and combustion heating units is not an approved use of crisis funds; and
- (8) Portable heating/cooling units must be Energy Star® and compliant with the International Residential Code (IRC). In cases where the type of unit is not rated by Energy Star®, or if Energy Star® units are not available due to supply shortages, Subrecipient may purchase the highest rated unit available.

(e) Crisis funds, whether for emergency fuel deliveries, repair of existing heating and cooling units, purchase of portable heating/cooling units, or temporary shelter, shall be considered part of the total maximum Household allowable assistance.

(f) When natural disasters result in energy supply shortages or other energy-related emergencies, LIHEAP will allow home energy related expenditures for:

- (1) Costs to temporarily shelter or house individuals in hotels, apartments or other living situations in which homes have been destroyed or damaged, i.e., placing people in settings to preserve health and safety and to move them away from the crisis situation;
- (2) Costs for transportation (such as cars, shuttles, buses) to move individuals away from the crisis area to shelters, when health and safety is endangered by loss of access to heating or cooling;
- (3) Utility reconnection costs;
- (4) Blankets, as tangible benefits to keep individuals warm;
- (5) Crisis payments for utilities and utility deposits; and
- (6) Purchase of fans, air conditioners and generators. The number, type, size and cost of these items may not exceed the minimum needed to resolve the crisis.

(g) Time Limits for Assistance--Subrecipients shall ensure that for clients who have already lost service or are in immediate danger of losing service, some form of assistance to resolve the crisis shall be provided within a 48-hour time limit (18 hours in life-threatening situations). The time limit commences upon completion of the application process. The application process is considered to be complete when an agency representative accepts an application and completes the eligibility process.

(h) Subrecipients must maintain written documentation in client files showing crises resolved within appropriate timeframes. Subrecipients must maintain documentation in client files showing that a utility bill used as evidence of a crisis was received by the Subrecipient during the effective contract term. The Department may disallow improperly documented expenditures.

§5.424. Utility Assistance Component.

(a) Subrecipients may use home energy payments to assist Low Income Households to reduce their home energy costs. Subrecipients shall combine home energy payments with energy conservation tips, participation by utilities, and coordination with other services in order to assist Low Income Households to reduce their home energy needs.

(b) Subrecipients must make payments directly to vendors and/or landlords on behalf of eligible Households.

(c) Subrecipients may make utility payments on behalf of Households based on the previous twelve (12) month's home energy consumption history, including allowances for cost inflation. If a twelve (12) month's home energy consumption history is unavailable, Subrecipient may base payments on current program year's bill or utilize a Department-approved alternative method. Subrecipients will note such exceptions in client files. Benefit amounts exceeding the actual bill shall be treated as a credit for the client with the utility company.

(d) Households that include at least one member that is Elderly, a Person with Disability or a child age 5 or younger may receive benefits to cover up to 100% of the eight highest remaining bills within the contract year as long as the cost does not exceed the maximum annual benefit. First payment may include 100% of utility bill including arrears.

(e) Households that do not contain at least one member that is Elderly, a Person with Disability, or a child age 5 or younger may receive benefits to cover up to 100% of the 6 highest remaining bills within the contract year as long as the cost does not exceed the maximum annual benefit. First payment may include 100% of utility bill including arrears.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on orders adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter E, §§5.502, 5.503, 5.507 and 5.524, concerning Weatherization Assistance Program General; and the re-adoption of 10 TAC Chapter 5, Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §§5.501 and 5.528, concerning Background and Health and Safety, pursuant to Texas Government Code §2001.039, and directing their publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code, §§2306.053 and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs;

WHEREAS, the proposed amendments to 10 TAC Chapter 5, Subchapter E, §§5.502, 5.503, 5.507 and 5.524, clarify leveraging and lead safe work requirements, and promote full utilization of funds; and,

WHEREAS, Texas Government Code, §2001.039 requires a state agency to review the utility of its rules every four years;

WHEREAS, 10 TAC Chapter 5, Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §§5.501 and 5.528, concerning Background and Health and Safety were reviewed under the agency's review plan; and

WHEREAS, the proposed amendments and rule review were published in the *Texas Register* on August 16, 2013, for public comment;

NOW, therefore, it is hereby

RESOLVED, that the final orders adopting amendments to 10 TAC Chapter 5, Subchapter E, §§5.502, 5.503, 5.507 and 5.524, concerning Weatherization Assistance Program General; and the re-adoption of 10 TAC Chapter 5, Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §§5.501 and 5.528, concerning Background and Health and Safety, are hereby approved and adopted, together with the preambles presented to this meeting, for publication in the *Texas Register*; and,

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 adopted amendments and re-adoption, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make

such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed amendments and Notice of Intent to Review were approved for publication on July 25, 2013, by the Board, and were published in the August 16, 2013, issue of the *Texas Register* to allow for public comment. The public comment period closed on September 16, 2013. Comments were received from one commenter on amendments to §5.507(c) and 5.524(a) and the review of §5.528.

Attachment A: Preamble and Amended 10 TAC Chapter 5, Subchapter E, §§5.502, 5.503, 5.507 and 5.524

The Texas Department of Housing and Community Affairs (the "Department") adopts amendments to 10 TAC Chapter 5, Subchapter E, §5.507, concerning Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria, and §5.524, concerning Lead Safe Practices, with changes to the proposed text as published in the August 16, 2013, issue of the *Texas Register* (38 TexReg 5156). Sections 5.502 and 5.503 are adopted without change and will not be republished.

REASONED JUSTIFICATION. The Department finds that language in the Weatherization Assistance Program General rules needed clarification on client eligibility, weatherization work practices, and the leveraging and redistribution of program funds. Accordingly, the new rules will promote effective leveraging by Subrecipients, move eligibility requirements to Subchapter A, General Provisions, provide for the addressing of lead safe work requirements, and ensure full utilization of WAP program funds.

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS.

Comments were accepted from August 16, 2013, through September 16, 2013, with comments received from Stella Rodriguez of the Texas Association of Community Action Agencies (TACAA).

§5.507(c). Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria.

COMMENT SUMMARY: Commenter suggested deleting §5.507(c) to make consistent with new proposed rules under Subchapter A, General Provisions, §5.20(a) and proposed rules in Subchapter D, CEAP §5.407(c).

STAFF RESPONSE: Staff agrees with commenter.

BOARD RESPONSE: The Board directed Staff to modify this section by deleting §5.507(c) and adding reference to Subchapter A, General Provisions, §5.20(a).

§5.524(a). Lead Safe Practices.

COMMENT SUMMARY: Commenter requested clarification on why the phrase “and Response to Children with Environmental Intervention Blood Levels” was included in the last sentence. Commenter states that it does not appear to be in the EPA rule, 40 CFR Part 745, and if it is a federal or state regulation, reference to the specific regulation should be included and the Department may need to provide training to the Subrecipients.

STAFF RESPONSE: The Response to Children with Environmental Intervention Blood Levels is part of the U.S. Department of Housing and Urban Development “HUD” Lead Safe Rule, 24 CFR Part 35. The rule may apply when agencies are performing work on pre-1978 HUD assisted housing. More information and training may be found at

http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/enforcement/lshr.

BOARD RESPONSE: The Board directs staff to provide a clearer citation of the rule.

STATUTORY AUTHORITY. The amendments are adopted pursuant to the authority of Texas Government Code §2306.053, which authorizes the Department to adopt rules.

§5.502.Purpose and Goals.

(a) DOE-WAP and LIHEAP-WAP offers grants to Community Action Agencies, nonprofits, and Public Organizations with targeted beneficiaries being Households with Low Incomes, 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; and Households with High Energy Consumption. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.

(b) The programs fund the installation of weatherization materials and provide energy conservation education. The programs help control energy costs to ensure a healthy and safe living environment.

(c) The Department shall administer and implement the DOE-WAP program in accordance with DOE rules (10 CFR Part 440). The Department shall administer and implement the LIHEAP-WAP program in accordance with a combination of LIHEAP law (42 U.S.C. §§6861, et seq.) and DOE rules. LIHEAP weatherization measures may be leveraged with DOE weatherization measures in which case all DOE rules and requirements will apply.

(d) If Subrecipient leverages DOE weatherization funds with any other weatherization funds, all DOE rules and requirements will apply.

§5.503.Distribution of WAP Funds.

(a) The Department distributes funds to Subrecipients by an allocation formula.

(b) The allocation formula allocates funds based on the number of Low Income Households in a service area and takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the Elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:

(1) County Non-Elderly Poverty Household Factor--The number of Non-Elderly Poverty Households in the County divided by the number of Non-Elderly Poverty Households in the State;

(2) County Elderly Poverty Household Factor--The number of Elderly Poverty Households in the county divided by the number of Elderly Poverty Households in the State;

(3) County Inverse Poverty Household Density Factor--:

(A) The number of square miles of the county divided by the number of poverty Households of the county (equals the inverse poverty Household density of the county); and

(B) Inverse poverty Household density of the county divided by the sum of inverse household densities.

(4) County Median Income Variance Factor--:

(A) State median income minus the county median income (equals county variance); and

(B) County variance divided by sum of the State county variances;

(5) County Weather Factor--:

(A) County heating degree days plus the county cooling degree days, multiplied by the poverty Households, divided by the sum of county heating and cooling degree days of counties (equals County Weather); and

(B) County Weather divided by the total sum of the State County Weather.

(C) The five factors carry the following weights in the allocation formula: number of Non-Elderly poverty Households (40%), number of poverty Households with at least one member who is sixty-five (65) years of age or older (40%), Household density as an inverse ratio (5%), the median income of the county (5%), and a weather factor based on heating degree days and cooling degree days (10%). All demographic factors are based on the most current decennial U.S. Census. The formula is as follows:

(i) County Non-Elderly Poverty Household Factor (0.40) plus;

(ii) County Elderly Poverty Household Factor (0.40) plus;

(iii) County Inverse Poverty Household Density Factor (0.05) plus;

(iv) County Median Income Variance Factor (0.05) plus;

(v) County Weather Factor (0.10);

(vi) Total sum of clauses (i) - (v) of this subparagraph multiplied by total funds allocation equals the county's allocation of funds.

(vii) The sum of the county allocation within each Subrecipient service area equals the Subrecipient's total allocation of funds.

(c) To the extent balances remain in Subrecipient contracts that the Subrecipients appear to be unable to utilize, or should additional funds become available, those funds will be allocated using this formula or other method deemed appropriate by the Department to ensure full utilization of funds within a limited timeframe, including possible allocation of WAP funds to Subrecipients in varying populations from each funding source (DOE and LIHEAP), based on availability of the source.

(d) To the extent federal funding awarded to Texas is limited from one of the two WAP funding sources, possible allocations of funds to Subrecipients may be made in varying proportions from each source to maximize efficient program administration.

§5.507.Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria.

(a) Subrecipients shall establish eligibility and priorities criteria to increase the energy efficiency of dwellings owned or occupied by Low Income persons who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption.

(b) Subrecipients shall follow the Department rules and established state and federal guidelines for determining eligibility for Multifamily Dwelling Units as referenced in §5.525 of this chapter (relating to Eligibility for Multifamily Dwelling Units).

~~[(e) To determine income eligibility for program services, Subrecipients must base annualized eligibility determinations on Household income from thirty (30) days prior to the date of application for assistance. Subrecipients must document income from all sources for all Household members for the entire thirty (30) day period prior to the date of application and multiply by twelve (12) to annualize income. Income documentation must be collected from all income sources for all Household members eighteen (18) years and older for the entire thirty (30) day period.]~~

~~(c)[(d)]~~ Subrecipient shall determine applicant income and eligibility in compliance with §5.19 and §5.20 of this chapter (relating to Client Income Guidelines and Determining Income Eligibility).

~~(d)[(e)]~~ Social Security numbers are not required for applicants.

§5.524. Lead Safe Practices.

(a) Subrecipients are required to document that its ~~[their]~~ weatherization staff as well as Subcontractors follow the Environmental Protection Agency's Renovation, Repair and Painting Program (RRP) Final Rule, 40 CFR Part 745 and HUD's Lead Based Housing Rule, 24 CFR 35, as applicable ~~[Response to Children with Environmental Intervention Blood Levels]~~.

(b) Subrecipients are required to document that its ~~[their]~~ weatherization staff, as well as Subcontractors have received Lead Safe Weatherization (LSW) training, an LSW Manual, and an LSW Jobsite Handbook prior to commencement of weatherization work. Subrecipients must obtain a signed Worker Verification of LSW Training form from the Subcontractor indicating that the Subcontractor received the LSW training, manual, and jobsite handbook. Subcontractors must follow LSW Work Practices as outlined by the U.S. Department of Energy.

Attachment B: Preamble and Adoption of Rule Review of 10 TAC Chapter 5, Subchapter E, §§5.501 and 5.528

Texas Department of Housing and Community Affairs (“Department”) has completed its rule review of Texas Administrative Code, Title 10, Community Development, Part 1, Texas Department of Housing and Community Affairs, Chapter 5, Subchapter E, Weatherization Assistance Program General, §§5.501 and 5.528, pursuant to Texas Government Code §2001.039. The Department published a Notice of Intent to Review this chapter in the August 16, 2013, issue of the *Texas Register* (38 TexReg 5313).

Public comments were accepted from August 16, 2013, through September 16, 2013, with comments received from Stella Rodriguez of the Texas Association of Community Action Agencies (TACAA).

§5.528. Health and Safety.

COMMENT SUMMARY: Commenter requests that Health and Safety have a maximum of 30% of the funds for Materials, Labor, and Program Support budgets. The current maximum is 20%. Commenter notes that, due to new ASHRAE 62.2 requirements, increased Health and Safety funds are needed in units that require added ventilation.

STAFF RESPONSE: The 20% cap on Health and Safety funds has been approved in the State’s current Department of Energy (DOE) Health and Safety Plan. At this time, Staff recommends no change to the 20% maximum on Health and Safety funds in the TAC.

BOARD RESPONSE: The Board accepts Staff’s recommendation.

These rules were initially adopted to define the background and health and safety guidelines for the Department’s Weatherization Assistance Program. As a result of this review, the Department finds that the reasons for adopting the rules in Chapter 5, Subchapter E, Weatherization Assistance Program General, continue to exist and readopts the sections without changes in accordance with the requirements of the Texas Government Code §2001.039. Rules considered during this review may be subsequently revised in accordance with the Texas Administrative Procedures Act.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on orders adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter F, §§5.602 and 5.603, concerning Weatherization Assistance Program Department of Energy; and the re-adoption of 10 TAC Chapter 5, Community Affairs Programs, Subchapter F, Weatherization Assistance Program Department of Energy, §§5.607 – 5.609, concerning Space Heater Requirements, Vehicle Procurement Procedures, and Grant Guidance on Leasing of Vehicles, pursuant to Texas Government Code §2001.039; and directing their publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code, §§2306.053 and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs;

WHEREAS, the proposed amendments to 10 TAC Chapter 5, Subchapter F, §§5.602 and 5.603, remove references to the Open Meetings Act and clarify allowable expenditures per dwelling unit;

WHEREAS, Texas Government Code, §2001.039 requires a state agency to review the utility of its rules every four years;

WHEREAS, 10 TAC Chapter 5, Community Affairs Programs, Subchapter F, Weatherization Assistance Program Department of Energy, §§5.607 – 5.609, concerning Space Heater Requirements, Vehicle Procurement Procedures, and Grant Guidance on Leasing of Vehicles are due to be reviewed under the agency's review plan;

WHEREAS, the proposed amendments and rule review were published in the *Texas Register* on August 16, 2013, for public comment; and

WHEREAS, no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the final orders adopting amendments to 10 TAC Chapter 5, Subchapter F, §§5.602 and 5.603, concerning Weatherization Assistance Program Department of Energy; and the re-adoption of 10 TAC Chapter 5, Subchapter F, Weatherization Assistance Program Department of Energy, §§5.607 – 5.609, concerning Space Heater Requirements, Vehicle Procurement Procedures, and Grant Guidance on Leasing of Vehicles, are hereby adopted and approved, together with the preambles presented to this meeting, for publication in the *Texas Register*; and

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 adopted amendments and re-adoption, in the forms presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed amended rules and four year statutory reviews were approved for publication on July 25, 2013, by the Board, and were published in the August 16, 2013, issue of the *Texas Register* to allow for public comment. The public comment period closed on September 16, 2013. No comments were received.

Attachment A: Preamble and Amended 10 TAC Chapter 5, Subchapter F, §§5.602 and 5.603

The Texas Department of Housing and Community Affairs (the "Department") adopts amendments to 10 TAC Chapter 5, Subchapter F, §§5.602 and 5.603, concerning Weatherization Assistance Program Department of Energy, without changes to the proposed text as published in the August 16, 2013 issue of the *Texas Register* (38 TexReg 5158) and will not be republished.

REASONED JUSTIFICATION. The Department finds that language in the amended sections contained an incorrect reference to the Open Meetings Act and needed clarification on allowable expenditures per dwelling unit. Accordingly, the amended rules remove references to the Open Meetings Act and clarify allowable expenditures per dwelling unit.

The Department accepted public comment between August 16, 2013, and September 16, 2013. Comments regarding the amendments were accepted in writing and by fax. No comments were received concerning the amendments.

The Board approved the final order adopting the amendments on October 10, 2013.

STATUTORY AUTHORITY. The amendments are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§5.602.WAP Policy Advisory Council (WAP PAC).

(a) In accordance with Texas Government Code, §2110.005, the Department shall establish a state policy advisory council, in accordance with 10 CFR §440.17 and Texas Government Code, Chapter 2110, prior to the expenditure of any grant funds.

(b) The Weatherization Assistance Program Policy Advisory Council (WAP PAC) shall meet at least once a year to review the program plan and provide advice to the Department and meet as needed throughout the year to provide advice when it is requested.

(1) The WAP PAC may also meet as necessary in person, by telephone, or via electronic means to provide the Governing Board or Department guidance and advice with respect to the development and implementation of the weatherization assistance program and its activities; and

(2) The WAP PAC will cause minutes of any meetings or telephone conferences to be taken and forwarded to the Department or Governing Board.

§5.603.Adjusted Average Expenditure Per Dwelling Unit.

Expenditures of financial assistance provided under DOE-WAP funding for the weatherization services for labor, weatherization materials, and program support shall not exceed the DOE adjusted average expenditure limit for the current program year per dwelling unit as provided by DOE, without special agreement via an approved waiver from the Department.

Attachment B: Preamble and Re-adoption of 10 TAC Chapter 5, Subchapter F, §§5.607 - 5.609

Texas Department of Housing and Community Affairs (“Department”) has completed its rule review of Texas Administrative Code, Title 10, Community Development, Part 1, Texas Department of Housing and Community Affairs, Chapter 5, Subchapter F, Weatherization Assistance Program Department of Energy, §§5.607 - 5.609, pursuant to Texas Government Code §2001.039. The Department published Notice of Intent to Review this chapter in the August 16, 2013 issue of the *Texas Register* (38 TexReg 5313).

The purpose of the review was to assess whether the reasons for adopting the chapter continue to exist. No comments were received regarding the review.

These rules were initially adopted because the Department’s Weatherization Assistance Program Department of Energy follows regulations specific to the Department of Energy, relating to Space Heater Requirements and vehicle procurement and leasing. As a result of this review, the Department finds that the reasons for adopting the rules in Chapter 5, Subchapter F, Weatherization Assistance Program Department of Energy, continue to exist and readopts the sections without changes in accordance with the requirements of the Texas Government Code §2001.039. Rules considered during this review may be subsequently revised in accordance with the Texas Administrative Procedures Act.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter G, Weatherization Assistance Program Low-Income Home Energy Assistance Program, §5.701, concerning Allowable Expenditure per Dwelling Unit, and directing its publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code, §§2306.053 and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs;

WHEREAS, the proposed amendment to 10 TAC Chapter 5, Subchapter G, §5.701, removes a specific dollar amount that may change from year to year and adds a reference to the current program year contract;

WHEREAS, the proposed amendment was published in the *Texas Register* on August 16, 2013, for public comment; and

WHEREAS, no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting the amendment of 10 TAC Chapter 5, Subchapter G, §5.701, Allowable Expenditure per Dwelling Unit, is hereby adopted and approved, together with the preamble presented to this meeting, for publication in the *Texas Register*; and

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 adopted amendment, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed amended rule was approved for publication on July 25, 2013, by the Board, and was published in the August 16, 2013, issue of the *Texas Register* to allow for public comment. The public comment period closed on September 16, 2013. No comments were received.

Attachment A: Preamble and Amended 10 TAC Chapter 5, Subchapter G, §5.701

The Texas Department of Housing and Community Affairs (the "Department") adopts an amendment to 10 TAC Chapter 5, Subchapter G, §5.701, concerning Allowable Expenditure per Dwelling Unit, without changes to the proposed text as published in the August 16, 2013, issue of the *Texas Register* (38 TexReg 5159) and will not be republished.

REASONED JUSTIFICATION. The Department finds that language in the Allowable Expenditure per Dwelling Unit rule cited a specific dollar amount that may change from year to year, causing the Department to amend the rule from year to year. Accordingly, the amended rule removes a specific dollar amount that and adds reference to the current program year contract.

The Department accepted public comments between August 16, 2013, and September 16, 2013. Comments regarding the amendments were accepted in writing and by fax. No comments were received concerning the amendment.

The Board approved the final order adopting the amendments on October 10, 2013.

STATUTORY AUTHORITY. The amendments are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§5.701.Allowable Expenditure per Dwelling Unit.

Expenditures of financial assistance provided under LIHEAP-WAP funding for the weatherization services for labor, weatherization materials, and program support shall not exceed the allowable figure as set forth in the current contract term, without prior written approval from the Department. The cumulative cost per unit (materials, labor and program support), shall not exceed the maximum allowable by the end of the contract term.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on orders adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter J, §§5.1003, 5.1004, and 5.1006 concerning Homeless Housing and Services Program; and new §§5.1007 and 5.1008, concerning Subrecipient Reporting Requirements and Subrecipient Data Collection, and directing their publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code, §§2306.053 and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs;

WHEREAS, the proposed amendments to 10 TAC Chapter 5, Subchapter J, §§5.1003, 5.1004, and 5.1006, are intended to strengthen program reporting, update formula source data, and improve program administration;

WHEREAS, the proposed new 10 TAC Chapter 5, Subchapter J, §§5.1007 and 5.1008 will add reporting and data collection requirements;

WHEREAS, the proposed amendments were published in the *Texas Register* on August 9, 2013, for public comment; and

WHEREAS, no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the final orders adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter J, §§5.1003, 5.1004, and 5.1006 concerning Homeless Housing and Services Program; and the new §§5.1007 and 5.1008, concerning Subrecipient Reporting Requirements and Subrecipient Data Collection, are hereby approved and adopted, together with the preambles presented to this meeting, for publication in the *Texas Register*; and

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 adopted amendments and new sections, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed amended and new rules were approved for publication on July 25, 2013, by the Board, and were published in the August 9, 2013, issue of the *Texas Register* to allow for public comment. The public comment period closed on September 9, 2013. No comments were received.

Attachment A: Preamble and Amended 10 TAC Chapter 5, Subchapter J, §§5.1003, 5.1004, and 5.1006

The Texas Department of Housing and Community Affairs (the "Department") adopts amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter J, §§5.1003, 5.1004, and 5.1006 concerning Homeless Housing and Services Program (HHSP), without changes to the proposed text as published in the August 9, 2013 issue of the *Texas Register* (38 TexReg 4976) and will not be republished.

REASONED JUSTIFICATION. The Department finds that program administration and reporting requirements for HHSP needed clarification and strengthening. Accordingly, the amended rules strengthen program reporting, update formula source data, and improve program administration.

The Department accepted public comments between August 9, 2013, and September 9, 2013. Comments regarding the amendments were accepted in writing and by fax. No comments were received concerning the amendments.

The Board approved the final order adopting the amendments on October 10, 2013.

STATUTORY AUTHORITY. The amendments are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§5.1003. General Homeless Housing and Services Program (HHSP) Requirements.

(a) Each municipality or entity that had in effect as of January 1, 2012, a contract with the Texas Department of Housing and Community Affairs (the "Department") to administer HHSP funds will remain a designated entity to receive HHSP funds in its municipality, whether that entity is the municipality itself or another entity. The Department may add to or change those entities in its discretion based on consideration of the factors enumerated in paragraphs (1) - (4) of this subsection. If the Department proposes to add or change any such entity(ies) it will publish notice thereof on its website at least twenty (20) days prior to such addition or change. If the proposal is to add an entity, the notice will include any proposed sharing of funding with other HHSP providers in the affected municipality:

- (1) whether an entity to be removed and replaced was compliantly and efficiently administering its contract;
- (2) the specific plans of any new entity to build facilities to provide shelter or services to homeless populations, and/or to provide any specific programs to serve the homeless;
- (3) the capacity of any new entity to deliver its planned activities; and
- (4) any public comment and comment by state or local elected officials.

(b) The final decision to add or change entities will be approved by the Texas Department of Housing and Community Affairs Governing Board (the "Board").

(c) A municipality or entity receiving HHSP funds is subject to the Department's Previous Participation Rule, found in §1.5 of this title. In addition to the considerations of the Previous Participation Review Rule, a municipality or entity receiving HHSP funds may not:

(1) have failed to fully expend funds with respect to any previous HHSP award(s) except as approved by the Executive Director of the Department after review of unique circumstances; or

(2) be in breach, after notice and a reasonable opportunity to cure, of any contract with the Department.

(d) A municipality or entity receiving HHSP funds, Subrecipient, must enter into a contract with the Department governing the use of such funds. If the source of funds for HHSP is funding under another specific Department program, such as the Housing Trust Fund, as authorized by Texas Government Code, §2306.2585(c), the contract will incorporate any requirements applicable to such funding source.

§5.1004.Formula.

(a) Any funds made available for the Homeless Housing and Services Program (HHSP) that are distributed to eligible municipalities shall be distributed in accordance with a formula that takes into account:

(1) population of the municipality, as determined by the most recent available 1 Year American Community Survey (ACS) data;

(2) poverty, defined as the number of persons in the municipality's population with incomes at or below the poverty threshold, as determined by the most recent available 1 Year ACS data;

(3) veteran populations, defined as that percentage of the municipality's population comprised of veterans, as determined by the most recent available 1 Year ACS data;

(4) population of Persons with Disabilities, defined as that percentage of the municipality's population comprised of Persons with Disabilities, as determined by the most recent available 1 Year ACS data; and

(5) population of Homeless persons, defined as that percentage of the municipality's population comprised of Homeless persons, as determined by the most recently available Point-In-Time Counts submitted to HUD by the Continuums of Care in Texas and published on the HUD website.

(b) The factors enumerated in subsection (a)(1) - (5) of this section shall be used to calculate distribution percentages for each municipality based on the following formula:

(1) 20 percent weight for population;

(2) 25 percent weight for poverty populations;

(3) 25 percent weight for veteran populations;

(4) 5 percent weight for population of Persons with Disabilities; and

(5) 25 percent weight for the Homeless population.

§5.1006.Performance and Expenditure Benchmarks.

The Department may incorporate performance and expenditure benchmarks into each contract.

- (1) Performance and expenditure benchmarks will be based on budgets, timelines, and performance measures approved by the Department in writing before the start of the contract period.
- (2) Benchmarks may be adjusted for good cause by the Executive Director of the Department.
- (3) Department staff will periodically review Subrecipients' progress in meeting benchmarks. If a Subrecipient is out of compliance with performance or expenditure benchmarks, the Department may deobligate all or a portion of any remaining funds under the contract.

Attachment B: Preamble and New 10 TAC Chapter 5, Subchapter J, §§5.1007 and 5.1008

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 5, Community Affairs Programs, Subchapter J, §§5.1007 and 5.1008 concerning Subrecipient Reporting Requirements and Subrecipient Data Collection, without changes to the proposed text as published in the August 9, 2013 issue of the *Texas Register* (38 TexReg 4978) and will not be republished.

REASONED JUSTIFICATION. The Department finds that program reporting requirements lacked specific metrics needed for adequate program administration. Accordingly, the new sections add reporting and data collection requirements.

The Department accepted public comments between August 9, 2013, and September 9, 2013. Comments regarding the new sections were accepted in writing and by fax. No comments were received concerning the new sections.

The Board approved the final order adopting the new sections on October 10, 2013.

STATUTORY AUTHORITY. The new sections are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§5.1007.Subrecipient Reporting Requirements.

Subrecipients must submit a monthly performance report and a monthly expenditure report through the Community Affairs Contract System no later than the fifteenth (15th) day of the month following each month of the contract period. Reports are required even if a fund reimbursement is not being requested. A final expenditure report and a final performance report must be submitted within forty-five (45) days of the end of the contract term.

§5.1008.Subrecipient Data Collection.

Subrecipients must ensure that data on all persons served and all activities assisted under Homeless Housing and Services Program (HHSP) be entered into the applicable community-wide Homeless Management Information System in order to integrate HHSP data with data from all homeless assistance and homelessness prevention Projects in a Continuum of Care. The data to be collected will be indicated in the contract.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter K, §§5.2001, 5.2004, 5.2006, 5.2008, and 5.2012, concerning Emergency Solutions Grants (ESG), and directing their publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code, §§2306.053 and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs;

WHEREAS, the proposed amendments to 10 TAC Chapter 5, Subchapter K, §§5.2001, 5.2004, 5.2006, 5.2008, and 5.2012, define ESG program participants as Subrecipients, to align ESG with other Community Affairs programs, and to allow the Department greater flexibility in the redistribution or reallocation of additional grant funds and unexpended funds;

WHEREAS, the proposed amendments were published in the *Texas Register* on August 9, 2013, for public comment; and

WHEREAS, no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting the amendments of 10 TAC Chapter 5, Subchapter K, §§5.2001, 5.2004, 5.2006, 5.2008, and 5.2012, Emergency Solutions Grants, is hereby ordered and approved, together with the preamble presented to this meeting, for publication in the *Texas Register*; and

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 adopted amendments, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The proposed amended rule was approved for publication on July 25, 2013, by the Board, and was published in the August 9, 2013, issue of the *Texas Register* to allow for public comment. The public comment period closed on September 9, 2013. No comments were received.

Attachment A: Preamble and Amended 10 TAC Chapter 5, Subchapter K, §§5.2001, 5.2004, 5.2006, 5.2008, and 5.2012

The Texas Department of Housing and Community Affairs (the "Department") adopts amendments to 10 TAC Chapter 5, Subchapter K, §§5.2001, 5.2004, 5.2006, 5.2008, and 5.2012 concerning Emergency Solutions Grants (ESG), without changes to the proposed text as published in the August 9, 2013 issue of the *Texas Register* (38 TexReg 4979) and will not be republished.

REASONED JUSTIFICATION. The Department finds that language in the ESG rules did not align with language in other Community Affairs Division rules. Accordingly, the amended provides clear definition of ESG program participants as Subrecipients, aligns ESG with other Community Affairs programs, and allows the Department greater flexibility in the redistribution or reallocation of additional grant funds and unexpended funds.

The Department accepted public comments between August 9, 2013, and September 9, 2013. Comments regarding the amendments were accepted in writing and by fax. No comments were received concerning the amended section.

The Board approved the final order adopting the amendments on October 10, 2013.

STATUTORY AUTHORITY. The amendments are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§5.2001.Background.

(a) Emergency Solutions Grants (ESG) funds are federal funds awarded to the State of Texas by the U.S. Department of Housing and Urban Development (HUD) and administered by the Texas Department of Housing and Community Affairs (the "Department").

(b) The regulations in this subchapter govern the administration of ESG funds and establish policies and procedures for use of ESG funds to meet the purposes contained in Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. §§11371 - 11378) (the "Act"), as amended by the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act).

(c) ESG Subrecipients shall comply with the regulations applicable to the ESG program as indicated in this subchapter and as set forth in 24 CFR Part 91 and 24 CFR Part 576 (the "Federal Regulations"). ESG Subrecipients must also follow all other applicable federal and state statutes and the regulations established in this chapter, as amended or suspended.

(d) In the event that Congress, the Texas Legislature, or HUD add or change any statutory or regulatory requirements concerning the use or administration of these funds, ESG Subrecipients shall comply with such requirements.

§5.2004. Eligible Applicants.

(a) Eligible Subrecipients are Units of General Local Government and those Private Nonprofit Organization(s) that are secular or religious organizations as described in §501(c) of the Internal Revenue Code of 1986, are exempt from taxation under Subtitle A of the Code, have an accounting system and a voluntary board, and practice non-discrimination in the provision of assistance.

(b) The Department reserves the option to limit eligible Subrecipient entities in a given funding cycle.

§5.2006. Contract Execution.

(a) The Department will obligate funds within sixty (60) days of receiving the signed grant agreement from the U.S. Department of Housing and Urban Development (HUD).

(b) Upon approval by the Department's Board of Directors or its designee, Subrecipients receiving Emergency Solutions Grants (ESG) funds shall enter into and execute a contract for the receipt of ESG funds.

(c) The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to the ESG contract.

(d) The Department reserves the right to deobligate funds and redistribute funds.

(e) The Department reserves the right to negotiate the final grant amounts and local match with Subrecipients.

§5.2008. Program Income.

(a) Program income is gross income received by the Subrecipient, its Affiliates, or Subgrantees directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. Program income received and expended during the contract period will count toward meeting the Subrecipients' matching requirements, provided the costs are eligible Emergency Solutions Grants (ESG) costs that supplement the ESG program.

(b) In addition, utility and security deposit refunds from vendors should be treated as program income.

(c) In accounting for program income, the Subrecipient must accurately reflect the receipt of such funds separate from the receipt of federal funds and Subrecipient funds.

(d) Program income received by the Subrecipient, its Affiliates, or its Subgrantees during the two (2) years following the end of the contract period must be returned to the Department. Program income must be returned to the Department within ten (10) working days of receipt.

(e) Program income received after the two (2) year period described in subsection (d) of this section has expired, can be retained.

§5.2012.Redistribution/Reallocation of Additional Grant Funds and Unexpended Funds.

The Department will determine the most equitable and beneficial use of any additional grant year appropriation, unexpended or deobligated program funds. In determining the distribution of funds, the Department will consider program performance, expenditure rates of eligible applicants or Subrecipients, or other factors deemed appropriate by the Department.

REPORT ITEMS

TDHCA Outreach Activities, September 2013

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	Sept 5	Compliance	Training
Texas Association of Realtors Conference & Expo	Dallas	Sept 9	Homeownership	Exhibitor
First Thursday Income Eligibility Training	Houston	Sept 10	Compliance	Training
Housing Tax Credit Compliance Training	Houston	Sept 11	Compliance	Training
Community Resource Coordination Groups, State Work Group	Austin	Sept 12	Housing Resource Center	Participant
Texas Bootstrap Loan Program Implementation Workshop	Laredo	Sept 12	Office of Colonia Initiatives	Training
Single Family Environmental Clearance Training	Austin	Sept 16	Program Services	Training
Community Living Assistance and Support Services (CLASS) Waiver Program Stakeholder Meeting	Austin	Sept 16	Housing Resource Center	Participant
Housing Tax Credit Compliance Training	San Antonio	Sept 17	Compliance	Training
HUD Housing and Resources Exchange	Fort Worth	Sept 17	Planning, Policy & Metrics	Participant
811 Team Meeting	Austin	Sept 18	Planning, Policy & Metrics	Participant
HB 1191 Implementation Meeting	Austin	Sept 23	Housing Resource Center	Participant
Texas Interagency Council for the Homeless	Austin	Sept 25	Housing Resource Center	Presentation, Participant

Internet Postings of Note, September 2013

A list of new or noteworthy documents posted to the Department's Web site

2014-2015 Amy Young Barrier Removal Program — announcing the availability of funds from the Housing Trust Fund for the AYBR Program through the Department's Reservation System:

www.tdhca.state.tx.us/hf/single-family/amy-young.htm

2013 State of Texas Consolidated Plan Annual Performance Report: Reporting on Program Year 2012 — evaluating the state's performance in administering HOME, CDBG, ESGP, and HOPWA programs:

www.tdhca.state.tx.us/housing-center/pubs-plans.htm#consolidated

2014 State of Texas Consolidated Plan: One-Year Action Plan — reporting on the state's performance in administering HOME, CDBG, ESGP, and HOPWA programs:

www.tdhca.state.tx.us/housing-center/pubs-drafts.htm

Texas Bootstrap Loan Program Manual: July 2013 — expanding on various topics and as a point of reference with respect to questions arise regarding the administration of the Bootstrap Loan Program:

www.tdhca.state.tx.us/oci/bootstrap.jsp

Census Tracts Eligible under the 2014/2015 Texas Bootstrap Loan Program Two-Thirds Set-Aside — listing census tracts by county not adjacent to the Texas-Mexico border eligible to benefit from the Texas Bootstrap Loan Program:
www.tdhca.state.tx.us/oci/index.jsp

Help for Homeowners Events — detailing foreclosure prevention events September 20 – September 21, 2013, in Dallas, Fort Worth, and McKinney sponsored by third-party entities:
www.tdhca.state.tx.us/homeownership/foreclosure/index.htm

Request for Applications to Administer the Weatherization Assistance Program — seeking qualified organizations to administer WAP in Dimmit, Edwards, Kinney, LaSalle, Maverick, Real, Uvalde, Val Verde, and Zavala counties:
www.tdhca.state.tx.us/community-affairs/wap/index.htm

Request for Proposals: Organizational Assessment, Training and Technical Assistance — seeking nonprofit vendor to provide assessments and technical assistance services to awardees of programs funded through the Department (links to Comptroller's Office Web page):
http://esbd.cpa.state.tx.us/bid_show.cfm?bidid=108101

2014 State of Texas Consolidated Plan One Year Action Plan (Draft for Public Comment) — outlining plans regarding the State's administration of the Community Development Block Grant Program (Texas Department of Agriculture), the Housing Opportunities for Persons with AIDS Program (Texas Department of State Health Services), and the Emergency Solutions Grants Program and HOME Investment Partnerships Program (TDHCA):
www.tdhca.state.tx.us/housing-center/pubs-drafts.htm

Proposed HOME Rule (10 TAC Chapter 23) — detailing general program guidance, application requirements, award procedures, and other specific information relating to Single Family HOME activities:
www.tdhca.state.tx.us/home-division/manuals-rules.htm

2013 9% HTC Application Logs: September 13 — detailing the most recent awards for housing tax credits in the 2013 cycle and reflects action taken at the September 12, 2013, Board meeting:
www.tdhca.state.tx.us/multifamily/housing-tax-credits-9pct/index.htm

Texas Statewide Homebuyer Education Providers List — detailing organizations, locations, and contact information for entities providing homebuyer education through TSHEP:
www.tdhca.state.tx.us/homeownership/fthb/buyer_reqs_step5.htm

HOME Rule at 10 TAC Chapter 23 online forum — providing opportunity for stakeholder groups and interested individuals to ask questions, provide comment on proposed HOME Single Family rules:
<https://tdhca.websitetoolbox.com/>

Continuum of Care Locator — providing assistance in locating regional or local planning entities coordinating housing and services for homeless individuals and families (links to the Texas Homeless Network):
www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm#data-collection

Draft 2014 HTC Site Demographic Characteristics Report — providing data critical to Housing Tax Credit applicants, as well as updated Property Inventory:
www.tdhca.state.tx.us/multifamily/housing-tax-credits-9pct/index.htm

ACTION ITEMS

2

BOARD ACTION REQUEST
HOME PROGRAM SINGLE FAMILY DIVISION
OCTOBER 10, 2013

Report from the HOME Program Director

This Report Item is presented to provide the TDHCA Governing Board with a status update of TDHCA's HOME Program Division.

HOME Allocation History

The 2013 allocation of HOME funds totals \$24,029,941 and is being used to fund single family and multifamily activities, as well as state and federally mandated set-asides and administrative expenses. The total amount of 2013 HOME single family funds available and subject to the regional allocation formula (RAF) is \$5,269,057. The annual HOME allocation for Fiscal Years (FY) 2000 through 2011 was approximately \$40,000,000. In FY 2012, the HOME allocation was reduced by 38% to approximately \$24,000,000, and TDHCA received approximately the same amount in FY 2013.

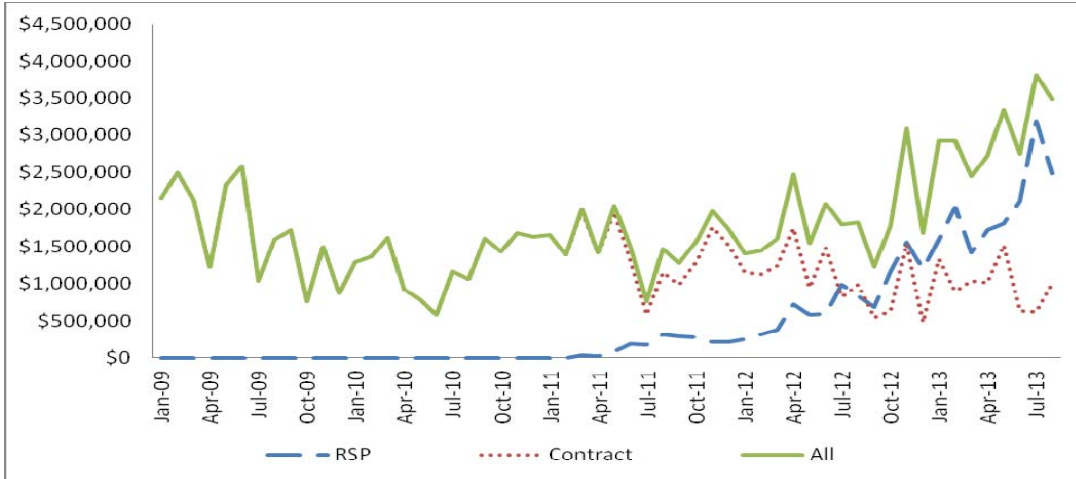
Calendar Year 2009 - 2013 Single Family HOME Activity Highlights

- Awarded approximately \$114 million for single family HOME activities during the past five years
 - Represents approximately 4,000 households
 - 48% of the households were approved for Tenant-Based Rental Assistance totaling \$15.6 million
 - 23% of the households were approved for Homebuyer (*i.e.*, down payment assistance) activities totaling \$16.7 million
 - 29% of households were approved for Homeowner activities (home rehabilitation or reconstruction) activities totaling \$81.4 million
- Reimbursed expenditures totaling \$100.7 million to HOME Administrators from 2009 – 2013

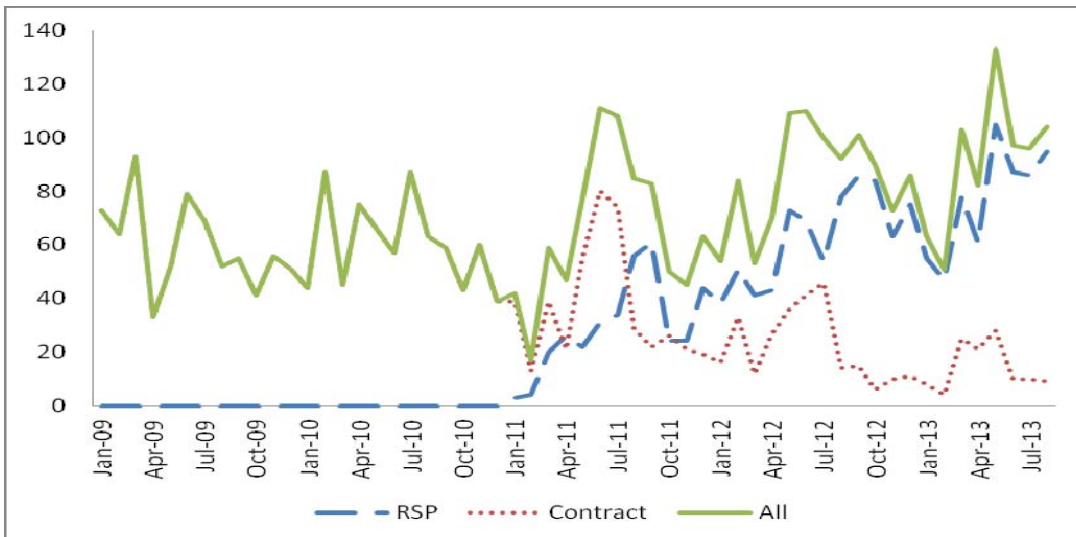
Calendar Year 2013 Single Family HOME Activity Highlights

- Awarded over \$28 million to single family activities from January 1, 2013 – August 30, 2013
 - Represents assistance to 730 households
 - Equates to \$20 million of additional HOME funds awarded for single family activities above the 2012 HOME annual allocation originally designated for single family activities
 - This additional funding came from deobligated funds and program income
- Reimbursed expenditures totaling \$25.4 million to HOME Administrators through the approval of over 5,000 draw requests

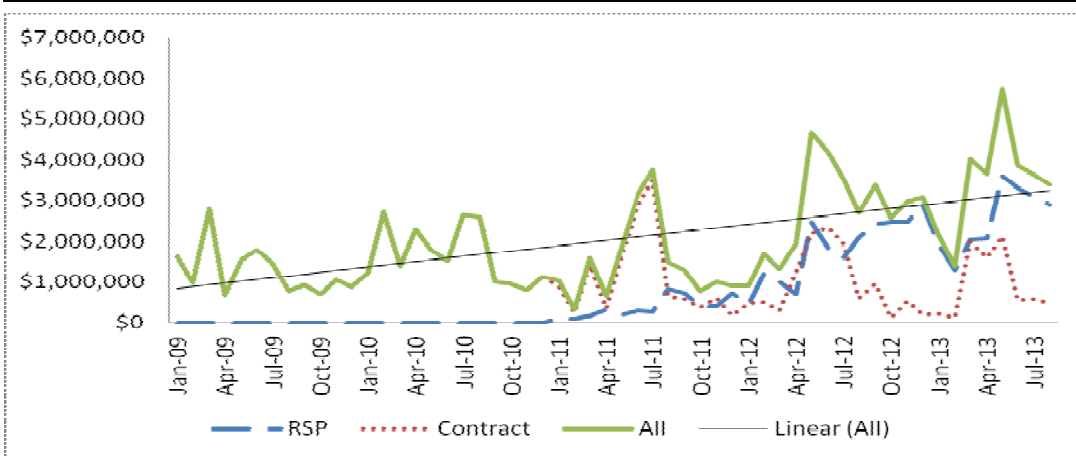
Dollar Value of Draws Approved by Month from January 2009 – August, 2013



Number of Households Approved by Month from January 2009 – August, 2013



HOME Awards to SF Households by Month from January 2009 – August, 2013



3a

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on Requested Waivers and Consideration of Determination Notices for Housing Tax Credits with Other Issuers, if all Required Waivers, if any, have been Granted

RECOMMENDED ACTION

WHEREAS, a Housing Tax Credit application for Cypress Creek at Ledge Stone was submitted to the Department in May 2013;

WHEREAS, the proposed issuer of the bonds for the Development is Capital Area Housing Finance Corporation;

WHEREAS, the Carryforward Designation Certificate expires on December 31, 2014; and

WHEREAS, the Executive Award and Review Advisory Committee (“EARAC”) recommends the issuance of a Determination Notice with the conditions that closing occur within 150 days and that the terms and financing structure not change prior to closing.

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$1,033,723 in 4% Housing Tax Credits, subject to the underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website for the Cypress Creek at Ledge Stone, is hereby approved in the form presented to this meeting; and

FURTHER RESOLVED, that provided the Applicant has not closed on the bond financing by March 10, 2014, or if the underwritten financing structure or terms change prior to closing, this Determination Notice will be rescinded.

BACKGROUND

General Information: The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation which does not have a prescribed restriction on the percentage of Area Median Family Income (AMFI) that must be served. Cypress Creek at Ledge Stone, located in the extraterritorial jurisdiction of Dripping Springs, Hays County, involves the new construction of 244 total units, of which 12 units will be rent and income restricted at 50% of AMFI and the remaining 232 units will be rent and income restricted at 60% of the AMFI. The development will serve the general population, and there is no zoning ordinance that governs the proposed site.

Conditions to Award: The application and underwriting report were reviewed by EARAC, and it is a recommendation of EARAC that any Board approval of the Determination Notice include conditions related to the closing of the bonds. Specifically, EARAC recommends that the closing must occur within 150 days (March 10, 2014) and that the underwritten financing structure and terms may not change prior to such closing or the Determination Notice will be rescinded. This condition is generally consistent with the requirements of a bond transaction utilizing non-traditional carryforward (the subject applicant received a traditional carryforward reservation). For non-traditional carryforward reservations, a statutory 150 day deadline for closing is imposed and the Determination Notice for any associated 4% award expires if closing does not occur within this timeframe or if the financing structure or terms change. Traditional carryforward reservations are not specifically addressed in the rule and this recommendation addresses the proposal in a manner to result in consistency. Staff believes that closing within a reasonable period after Board action is important and consistent with the constraints present for most other bond transactions. Therefore, EARAC recommends the above stated condition to any Board approval of a Determination Notice.

Organizational Structure and Compliance: The Borrower is Cypress Creek Ledge Stone, LP, and the General Partner is CAHFC Ledge Stone, LLC which includes the Capital Area Housing Finance Corporation and the following members: Jim Shaw, Greg Boatright, Mark Mayfield, John Cyrier, Jim Wither, Robert Mauck, Ed Janecka, Randy Leifeste, Ryan Thomason, Jeff Barton and Maurice Pitts, Jr. The Compliance Status Summary completed on June 22, 2013, reveals that the principals of the general partner have received 38 multifamily awards. There we no identified issues relating to material noncompliance.

Census Demographics: The development is to be located at approximately the 13000 block of Hwy 290 W in unincorporated Hays County. Although the proposed development has an Austin address, it is actually located in unincorporated Hays County and in the ETJ of Dripping Springs. Demographics for the census tract (0108.09) include AMFI of \$107,655; the total population is 4,950; the percent of population that is minority is 16.32%; the percent of the population that is below the poverty line is 9.38%; the number of owner occupied units is 1,659 and the number of renter units is 105. (Census information from FFIEC Geocoding for 2013).

Public Comment: The Department has received letters of support from City of Drippings Springs Mayor Todd Purcell, Chamber of Commerce Chair Bonnie Humprey and City Economic Development Committee Chair Patrick Rose as well as 17 letters from local businesses and citizens. The Department has received a letter of opposition from State Representative Jason A. Isaac and 60 letters of opposition from the general public, stating concerns regarding the following: increased traffic and crime, school overcrowding, limited employment opportunities, lack of public transportation, strain on the existing infrastructure, decrease in area property values and the proposed tax abatement for the development.

Applicant Evaluation

Project ID # **13412**

Name **Cypress Creek at Ledge Stone**

City: **Austin**

HTC 9% HTC 4% HOME BOND HTF NSP ESG Other

No Previous Participation in Texas Members of the development team have been disbarred by HUD

Compliance

Total # of MF awards monitored:	38	Projects in Material Noncompliance		Projects grouped by score	
		Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	0-9:	32
Total # of MF awards not yet monitored or pending review:	10			10-19:	5
SF Contract Experience <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Unresolved Audit Findings Identified w/ Contract(s) <input type="checkbox"/>		20-29:	1
Total # of SF Contracts:	5	Total # of MF Projects in Material Noncompliance: <u>0</u>		Total monitored with a score 0-29:	38

Completed by: James Roper Reviewer: Patricia Murphy

Date: 6/3/2013 Date: 6/22/2013

Comments (if applicable):

Single Audit

Single audit review not applicable Late single audit certification form (see comments)

Single audit requirements current Past due single audit or unresolved single audit issue (see comments)

Reviewer: Rosy Falcon Date: 6/14/2013

Comments (if applicable):

Loan Servicing

No delinquencies found Delinquencies found (see comments)

Reviewer: Sandra Molina Date: 6/14/2013

Comments (if applicable):

Financial Services

No delinquencies found Delinquencies found (See Comments)

Reviewer: Monica Guerra Date: 6/17/2013

Comments (if applicable):

Community Affairs

No identified issues Identified Issues (see comments)

Reviewer: Cathy Collingsworth Date: 6/14/2013

Comments (if applicable):



DEVELOPMENT IDENTIFICATION

TDHCA Application #: 13412 Program(s): 4% LIHTC

Cypress Creek at Ledge Stone

Address/Location: ~13000 block of HW 290W and Ledge Stone Drive

City: Austin County: Hays Zip: 78737

Population: Family Program Set-Aside: General Area: Urban

Activity: New Construction Building Type: Garden (Up to 3-story) Region: 7

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
LIHTC (Annual)	\$1,052,349				\$1,033,723				

CONDITIONS

- 1 Receipt and acceptance by Cost Certification:
 - Documentation clearing environmental issues contained in the ESA report, specifically:
 - * A comprehensive noise assessment to determine the requirements for the proposed development to satisfy HUD guidelines, and that any subsequent recommendations were implemented.
- 2 Should any terms of the proposed capital structure change, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	0
40% of AMI	40% of AMI	0
50% of AMI	50% of AMI	12
60% of AMI	60% of AMI	232

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Experienced developer with 11 developments (95% average occupancy)
▫	Access to state highway; good visibility
▫	37% debt to income ratio
▫	Applicant experience with similar product and cost

WEAKNESSES/RISKS	
▫	94 units (39% of total) are 3BR and 4BR restricted at 60% AMI with capture rates in excess of 72% (35% including extended market)
▫	\$3.65M (90%) deferred developer fee
▫	1.15:1 DCR

DEVELOPMENT TEAM

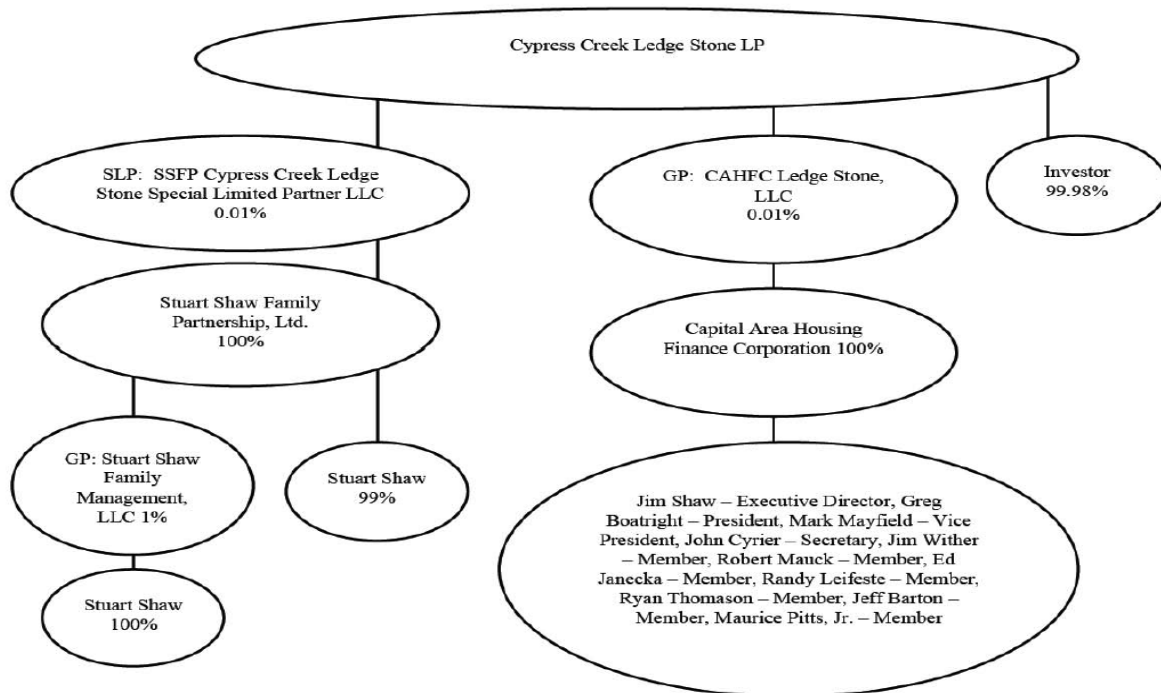
PRIMARY CONTACTS

Name: Stuart Shaw
stuart@bonnercarrington.com
 Phone: 512-220-8000
 Relationship: Applicant

Name: Casey Bump
cbump@bonnercarrington.com
 Phone: 512-220-8000
 Relationship: Applicant

Name: Jeffrey Spicer
jspicer@statestreethousing.com
 Phone: 214-346-0707
 Relationship: Consultant

OWNERSHIP STRUCTURE

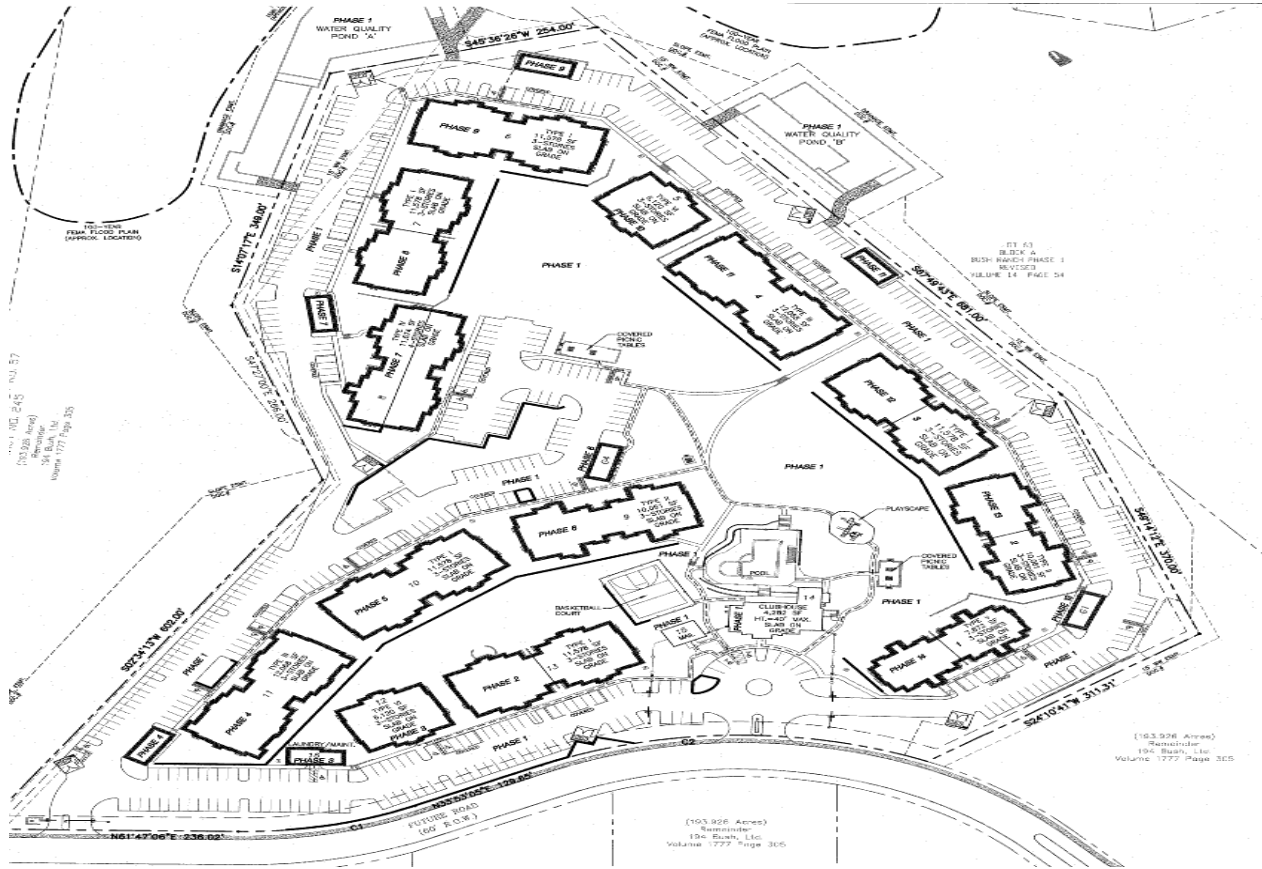


Related-Party Seller/Identity of Interest: Yes

- The Applicant, Developer, and General Contractor are related entities.

DEVELOPMENT SUMMARY

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II	III	IV	V	VI													Total Buildings
Floors/Stories	3	3	3	3	3	2													13
Number of Bldgs	5	2	2	1	1	2													13
Units per Bldg	20	20	20	24	24	8													244
Total Units	100	40	40	24	24	16													244
														Net Rentable SF		254,558			
														Common Area SF		5,061			

Applicant provided a statement from the architect confirming that parking requirements are defined by the Development Agreement with the City of Dripping Springs (the Development is in the Dripping Springs ETJ). The Agreement simply requires "adequate on-site parking ... so as to not require on-street parking or parking in locations other than within the property".

Mandatory amenities defined by the QAP requires a minimum of 366 spaces (1.5/unit) must be available to tenants free of charge. Applicant indicates site will include 430 uncovered parking spaces with no fee. Covered parking (78 carport spaces and 18 garages) will also be available for a fee.

TYPICAL ELEVATION



GENERAL INFORMATION

Total Size:	<u>16.718 acres</u>	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>None</u>	Re-Zoning Required?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/> N/A
Density:	<u>14.6 units/acre</u>	Utilities at Site?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
		Title Issues?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Surrounding Uses:

Site is immediately surrounded by undeveloped land on the North, West, and South of the site with light residential to the East.

Other Observations:

Site has significant topography and no building is set on level ground. Over 70 feet difference from highest to lowest points.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Terracon Date: 8/17/2012

Recognized Environmental Conditions (RECs) and Other Concerns:

- "Based on the proximity to West Highway 290, Terracon recommends further inquiry into the necessity of conducting a noise study for the proposed site development."

MARKET ANALYSIS

Provider: Affordable Housing Analysts Date: 4/30/2013
 Contact: Robert O. (Bob) Coe, II Phone: 281.387.7552
 Number of Revisions: 0 Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 170 sq. miles 7 mile equivalent radius

The Primary Market Area is defined by 20 census tracts in southwest Travis County with a small portion being in northwest Hays County. It is generally west of MOPAC extending to the western boundary of Travis County and south of the Colorado River.

Secondary Market Area (SMA): 184 sq. miles 8 mile equivalent radius

The Underwriter concluded an extended market area to include the portions of the PMA from 13109 Homestead Apartments. The Underwriter included 10 census tracts to the east of the subject PMA that are bordered by South Lamar Blvd and Slaughter Creek.

ELIGIBLE HOUSEHOLDS BY INCOME								
Hays 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	---	---	---	---	\$23,520	\$25,650	\$28,251	\$30,780
2	---	---	---	---	\$23,520	\$29,300	\$28,251	\$35,160
3	---	---	---	---	\$28,217	\$32,950	\$33,874	\$39,540
4	---	---	---	---	\$32,606	\$36,600	\$39,154	\$43,920
5	---	---	---	---	\$32,606	\$39,550	\$39,154	\$47,460
6	---	---	---	---	---	---	\$43,714	\$51,000

AFFORDABLE HOUSING INVENTORY in PRIMARY MARKET AREA					
File #	Development	Type	Target Population	Comp Units	Total Units
Proposed, Under Construction, and Unstabilized Comparable Developments					
13109	Homestead Apts	new	family	112	140
Other Affordable Developments in PMA since 2009					
	None.			n/a	
Stabilized Affordable Developments in PMA (pre-2009)					
Total Properties (pre-2009)		2	Total Units	260	

Proposed, Under Construction, and Unstabilized Comparable Supply:

Homestead Apartments is a proposed 140-unit family development located two miles outside the PMA which was awarded HTC credits in 2013.

OVERALL DEMAND ANALYSIS				
	Market Analyst		Underwriter	
			PMA	XMA
Total Households in the Primary Market Area	46,418		46,418	69,978
Potential Demand from the Primary Market Area	2,997		7,835	11,173
Potential Demand from Other Sources	0		0	0
GROSS DEMAND	2,997		7,835	11,173
Subject Affordable Units	244		244	244
Unstabilized Comparable Units	0		0	112
RELEVANT SUPPLY	244		244	356
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	8.1%		3.1%	3.2%

Demand Analysis:

The maximum Gross Capture Rate for urban developments targeting family households is 10%; the analysis indicates sufficient demand to support the proposed development.

Although the Gross Capture Rate is low, the Unit Capture Rates for 60% AMI 3 and 4 bedroom units are extremely high (80% and 72%, respectively). This is due to the fact that large households (5 persons and greater) make up only 4% of the renter households in the PMA. Including the extended market area lowers the two unit capture rates down to 51% and 35%.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE											
Unit Type	Market Analyst				Underwriter						
					PMA				XMA		
Demand	Subject Units	Comp Units	Unit Capture Rate	Subject Units	Demand	Comp Units	Unit Capture Rate	Demand	Comp Units	Unit Capture Rate	
1-50%	974	3	0	0%	3	557	0	1%	731	32	5%
1-60%	295	45	0	15%	45	650	0	7%	870	20	7%
2-50%	600	5	0	1%	5	357	0	1%	497	29	7%
2-60%	666	93	0	14%	93	376	0	25%	534	16	20%
3-50%	185	4	0	2%	4	120	0	3%	181	9	7%
3-60%	229	78	0	34%	78	97	0	80%	165	6	51%
4-60%	47	16	0	34%	16	22	0	72%	46	0	35%

Primary Market Occupancy Rates:

"43 stabilized Family HTCs built since the end of 1999 within the Austin MSA reported an average current occupancy of 94.88% and pre-leased to 96.68% ... the only HTC Family property within the PMA is Southwest Trails (TDHCA #00028T), which reported a current occupancy of 100%. Other comparable Family HTC properties within the general area (although a significant distance from the subject and outside the subject PMA) included Blunn Creek (100% occupied), Circle S Apartment Homes (98.5% occupied), Heights on Congress (95% occupied), The Springs (98% occupied), Lindys Landing (100% occupied), and Sierra Vista (99% occupied)." (p. 80)

Absorption Projections:

The Market Analyst reports TDHCA 07621 Residences at Onion Creek, a 224 family unit, new construction HTC development located 12 miles east of the subject property, was completed in June 2010 and "... attained stabilized occupancy within one month." (p. 12) TDHCA 07234 Tuscany Park at Buda was completed in September 2009, and "attained stabilized occupancy in August 2010, which equates to an average absorption of approximately 14 units per month." (p. 13. Based on these lease-ups, the Market Analyst expect lease-up of 15 to 30 units per month with stabilization to occur within 17 months of construction completion. (p. 13)

Market Impact:

The Market Analyst indicates there is sufficient demand to construct and successfully absorb the subject property. Any negative impact from the subject property should be of reasonable scope and limited duration. (p. 81, 82)

Comments:

Very high unit capture rates for 60% 3BR and 4BR units present a significant lease-up risk. A mitigating factor may be the location. The subject is located just across the county line in Hays County, placing it in Dripping Springs ISD, with exemplary schools at all levels. Most of the market area is in Travis County in Austin ISD. Some households may be interested in moving the short distance into Hays County and DSISD.

Several market properties are located along US 290 and TX 71 within a few miles east of the subject. The Market Analyst reports these properties with overall occupancies of 91% - 96%. None offer 4BR units. The three that offer 3BR units each reported to the Underwriter that they had only one 3BR unit available, at rents significantly higher than the 3BR and 4BR 60% HTC rents. The subject development will attract any large households at these properties that meet the income limits.

The subject will also likely draw demand from the other direction, west of the designated market area. Households that live along US 290 west toward Dripping Springs but commute into Austin might be interested to get closer to Austin while staying in DSISD.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro forma)

NOI:	\$1,665,006	Avg. Rent:	\$943	Expense Ratio:	37.2%
Debt Service:	\$1,447,834	B/E Rent:	\$899	Controllable Expenses:	\$2,405
Net Cash Flow:	\$217,172	Occupancy:	93.00%	Property Taxes/Unit:	\$733
Aggregate DCR:	1.15:1	B/E Occupancy:	85.38%	Program Rent Year:	2013

12 units are targeting 50% AMI. The remaining 232 units are all at 60% AMI maximum program rents. Underwritten occupancy at 17 vacant units while B/E occupancy allows for 36 vacant units. Applicant has 10 stabilized developments in their portfolio with an average occupancy of 95%.

With one month concession on all 60% units, average rent would be \$31 below break-even.

3% management fee evidenced by lender letter and review of historical expenses showing lower than 5% management fees.

Underwriting estimates for operating expenses are mainly based on actuals at a comparable property developed by the Applicant (02490 Cypress Creek at Lakeline, 236 units and 21 miles to the North).

Applicant's pro forma reflects 2% greater income than Underwriter due to additional garage/carport income and reduced allowance for vacancy; and Applicant shows 3% lower total operating expense. But overall, income, expenses, and NOI are each within 5%, so the analysis is based on Applicant's pro forma, providing \$1.67M net operating income.

If Underwriter's more conservative pro forma is used (with \$1.59M NOI), debt coverage would fall below 1.15. The required adjustment to the debt amount would create a gap that would exceed the developer fee, and the project would be considered infeasible.

Applicant's DCR is a feasibility risk at 1.15:1. This is mitigated by 37% Expense Ratio and 95% occupancy rate of their other developments.

Number of Revisions: 2 Date of Last Applicant Revision: 9/23/2013

ACQUISITION INFORMATION

SITE CONTROL

Type: Purchase Option Agreement Acreage: 16.718

Acquisition Cost: \$1,813,000 Contract Expiration: 11/20/2014

Cost Per Unit: \$7,430

Seller: Cap Area Ledge Stone Holdings, LLC Related to Development Team? Yes No

Buyer: Stuart Shaw Family Partnerships, LTD

Comments:

Cap Area Ledge Stone Holdings, LLC (a principal of the Applicant) bought the land in an arm's length transaction from 290 East Bush, Inc on November 20, 2012. Cap Area Ledge Stone Holdings will sell it to Stuart Shaw Family Partnership, (a related party). Stuart Shaw Family Partnership, LTD will then sell the land to Cypress Creek Ledge Stone, LP for \$1,842,200. No appraisal was submitted for the current value of the land, so the value is limited to the original acquisition cost.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	\$108,446/ac	\$7,430/unit	\$1,820,500	Contractor Fee	\$2,769,097
Offsite + Sitework		\$22,881/unit	\$5,582,928	Developer Fee	\$4,049,053
Building Cost	\$56.40/sf	\$58,844/unit	\$14,357,867	Soft Cost	\$4,800,740
Contingency	5.48%	\$4,480/unit	\$1,093,002	Reserves	\$758,283
Total Development Cost		\$35,231,470	\$144,391/unit		

Offsite

Costs to extend Wastewater line to site.

Sitework

Significant sitework costs due to topography of site that will require more costs for cut walls and retaining walls. Over \$3M in costs for paving and concrete. Two on-site retention ponds and two water quality ponds.

Building Cost:

3 story garden style construction with one split level building and several others on uneven splits. Applicant's costs 4.72% (\$711K) lower than Underwriting estimate.

Ineligible Costs:

Applicant plans to charge fees for carports, garages, and storage space. Applicant excluded \$73K from eligible basis for garages and carports. Underwriter's estimate for these amenities is \$211K.

Contingency & Fees:

5% contingency is low considering the amount of topography on site.

Conclusion:

Total Development Cost is 2% lower than Underwriter's estimate. \$31,042,737 in eligible costs would support a tax credit allocation of \$1,033,723.

COST SCHEDULE Number of Revisions: 2 Date of Last Applicant Revision: 9/23/2013

UNDERWRITTEN CAPITALIZATION

Applicant Revisions: 2 Last Update: 9/23/2013

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
RedStone	Conventional Loan	\$22,068,000	5.95%	63%
RBC Capital Markets	HTC	\$8,717,699	\$0.92	25%
Cypress Creek Ledgestone LP	Deferred Dev Fee	\$4,049,053		11%
Bridge Loan	Bridge Loan	\$396,717	0.00%	1%

\$35,231,469	Total Sources
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PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
RedStone	\$22,068,000	5.95%	40	18	\$22,068,000	5.95%	40	18	63%
Total	\$22,068,000				\$22,068,000				

Comments:

Redstone will purchase \$22,068,000 of tax exempt bonds issued by Capital Area Housing Finance Corporation.

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
RBC Capital Markets	\$9,686,332	\$0.92		\$9,514,891	\$0.92	27%	
Cypress Creek LedgeStone LP	\$3,477,137		86%	\$3,648,579		10%	90%
Total	\$13,163,470			\$13,163,470			
				\$35,231,470	Total Sources		

Comments:

Credit price of \$0.92 is line with similar deals. If the price falls to \$0.88, the gap would exceed the available developer fee.

CONCLUSIONS

Recommended Financing Structure:

The total development cost estimate less the permanent loan of \$22,068,000 leaves a gap of \$13,163,470.

The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$1,033,723
Allocation limited by gap in financing:	\$1,430,115
Allocation requested by the Applicant:	\$1,052,349

A tax credit allocation of \$1,033,723 (determined by eligible basis) is recommended. At the credit price of \$0.92 this allocation provides \$9,514,891 in total equity proceeds.

The underwritten capital structure indicates the need to defer \$3,648,579 of the developer fee. This amount can be repaid from cash flow within 12 years of stabilized operations.

Underwriter:	<i>Duc Nguyen</i>
Manager of Real Estate Analysis:	<i>Thomas Cavanagh</i>
Director of Real Estate Analysis:	<i>Brent Stewart</i>

UNIT MIX/RENT SCHEDULE

Cypress Creek at Ledge Stone, Austin, 4% LIHTC #13412

LOCATION DATA	
CITY:	Austin
COUNTY:	Hays
PROGRAM REGION:	7
PIS Date:	or After 1/18/2013
IREM REGION:	Austin

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Income	# Units	% Total
Eff			30%		
1	48	19.7%	40%		
2	98	40.2%	50%	12	4.9%
3	82	33.6%	60%	232	95.1%
4	16	6.6%	MR		
TOTAL	244	100.0%	TOTAL	244	100.0%

Applicable Programs
4% Housing Tax Credits
Tax-Exempt Bonds

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjustment	100%
Applicable Fraction	100%
APP % Acquisition	
APP % Construction	3.33%
Average Unit Size	1,043 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		MRB		Unit Mix				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Tenant Pd UA's (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	Market Rent	Rent per NRA	TDHCA Savings to Market
TC50%	\$686	MRB50%	\$686	3	1	1	698	\$686	\$67	\$619	\$0	\$0.89	\$619	\$1,857	\$1,857	\$619	\$0.89	\$0	\$875	1.25	\$256
TC60%	\$824	MRB60%	\$824	45	1	1	698	\$824	\$67	\$757	\$0	\$1.08	\$757	\$34,065	\$34,065	\$757	\$1.08	\$0	\$875	1.25	\$118
TC50%	\$823	MRB50%	\$823	5	2	2	1,032	\$823	\$73	\$750	\$0	\$0.73	\$750	\$3,750	\$3,750	\$750	\$0.73	\$0	\$1,195	1.16	\$445
TC60%	\$988	MRB60%	\$988	93	2	2	1,032	\$988	\$73	\$915	\$0	\$0.89	\$915	\$85,095	\$85,095	\$915	\$0.89	\$0	\$1,195	1.16	\$280
TC50%	\$951	MRB50%	\$951	4	3	2	1,199	\$951	\$79	\$872	\$0	\$0.73	\$872	\$3,488	\$3,488	\$872	\$0.73	\$0	\$1,495	1.25	\$623
TC60%	\$1,142	MRB60%	\$1,142	78	3	2	1,199	\$1,142	\$79	\$1,063	\$0	\$0.89	\$1,063	\$82,914	\$82,914	\$1,063	\$0.89	\$0	\$1,495	1.25	\$432
TC60%	\$1,275	MRB60%	\$1,275	16	4	2	1,350	\$1,275	\$88	\$1,187	\$0	\$0.88	\$1,187	\$18,992	\$18,992	\$1,187	\$0.88	\$0	\$1,655	1.23	\$468
TOTALS/AVERAGES:				244			254,558				\$0	\$0.90	\$943	\$230,161	\$230,161	\$943	\$0.90	\$0	\$1,263	\$1.21	\$320

ANNUAL POTENTIAL GROSS RENT:	\$2,761,932	\$2,761,932
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STABILIZED PRO FORMA

Cypress Creek at Ledge Stone, Austin, 4% LIHTC #13412

STABILIZED FIRST YEAR PRO FORMA													
COMPARABLES		APPLICANT				TDHCA				VARIANCE			
Database	02490 Cypress	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$		
POTENTIAL GROSS RENT	\$2,141,482		\$0.90	\$943	\$2,761,932	\$2,761,932	\$943	\$0.90		0.0%	\$0		
Cable, Telephone, Storage, Carports	\$249,432			\$30.00	\$87,840					0.0%	(87,840)		
Forfeited Deposits				\$0.00	\$0					0.0%	-		
Underwriter's Total Secondary Income						\$58,560	\$20.00			100.0%	58,560		
POTENTIAL GROSS INCOME	\$ 2,390,914				\$2,849,772	\$2,820,492				-1.0%	(\$29,280)		
Vacancy & Collection Loss	(\$52,954)			7.0% PGI	(199,484)	(211,537)	7.5% PGI			5.7%	(12,053)		
Non-Rental Units/Concessions	(\$35,764)				-					0.0%	-		
EFFECTIVE GROSS INCOME	\$ 2,302,196				\$2,650,288	\$2,608,955				-1.6%	(\$41,333)		
General & Administrative	\$101,277	\$415/Unit	\$58,698	2.25%	\$0.23	\$244	\$59,608	\$58,698	\$241	\$0.23	2.25%	1.6%	910
Management	\$92,577	4.4% EGI	\$86,050	3.00%	\$0.31	\$326	\$79,509	\$78,269	\$321	\$0.31	3.00%	1.6%	1,240
Payroll & Payroll Tax	\$277,853	\$1,139/Unit	\$337,049	11.21%	\$1.17	\$1,218	\$297,151	\$297,151	\$1,218	\$1.17	11.39%	0.0%	-
Repairs & Maintenance	\$153,829	\$630/Unit	\$117,906	3.53%	\$0.37	\$383	\$93,530	\$117,906	\$483	\$0.46	4.52%	-20.7%	(24,376)
Electric/Gas	\$74,682	\$306/Unit	\$30,659	0.91%	\$0.09	\$99	\$24,160	\$30,659	\$126	\$0.12	1.18%	-21.2%	(6,499)
Water, Sewer, & Trash	\$202,975	\$832/Unit	\$119,855	4.24%	\$0.44	\$461	\$112,388	\$119,855	\$491	\$0.47	4.59%	-6.2%	(7,467)
Property Insurance	\$55,193	\$0.22 /sf	\$74,738	2.30%	\$0.24	\$250	\$61,000	\$55,854	\$229	\$0.22	2.14%	9.2%	5,146
Property Tax 2.8691	\$161,092	\$660/Unit	\$20,678	6.75%	\$0.70	\$733	\$178,968	\$181,082	\$742	\$0.71	6.94%	-1.2%	(2,114)
Reserve for Replacements	\$75,579	\$310/Unit	\$61,081	2.30%	\$0.24	\$250	\$61,000	\$61,000	\$250	\$0.24	2.34%	0.0%	-
Cable TV			\$7,593	0.13%	\$0.01	\$14	\$3,408	\$3,408	\$14	\$0.01	0.13%	0.0%	-
Supportive service contract fees			\$0	0.18%	\$0.02	\$20	\$4,800	\$4,800	\$20	\$0.02	0.18%	0.0%	-
TDHCA Compliance fees			-	0.37%	\$0.04	\$40	\$9,760	\$9,760	\$40	\$0.04	0.37%	0.0%	-
TDHCA Bond Administration Fees (TDHCA as			-	0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Security			-	0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TOTAL EXPENSES	\$ 914,306		37.18%	\$3.87	\$4,038	\$ 985,282	\$ 1,018,440	\$4,174	\$4.00	39.04%	-3.3%	\$ (33,158)	
NET OPERATING INCOME ("NOI")	\$ 1,387,890		62.82%	\$6.54	\$6,824	\$1,665,006	\$1,590,515	\$6,519	\$6.25	60.96%	4.68%	\$74,491	

CONTROLLABLE EXPENSES	\$3,322/Unit	\$2,722/Unit	\$2,405/Unit	\$2,558/Unit
\$2,558				

LONG TERM OPERATING PRO FORMA												
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30	YEAR 35	YEAR 40
EFFECTIVE GROSS INCOME	\$2,650,288	\$2,688,760	\$2,742,535	\$2,797,386	\$2,853,333	\$3,150,311	\$3,478,198	\$3,840,211	\$4,239,903	\$4,681,196	\$5,168,419	\$5,706,352
LESS: TOTAL EXPENSES	985,282	1,013,609	1,043,211	1,073,685	1,105,056	1,276,338	1,474,409	1,703,485	1,968,448	2,274,950	2,629,539	3,039,799
NET OPERATING INCOME	\$1,665,006	\$1,675,151	\$1,699,324	\$1,723,701	\$1,748,278	\$1,873,973	\$2,003,788	\$2,136,726	\$2,271,456	\$2,406,246	\$2,538,879	\$2,666,553
LESS: DEBT SERVICE	1,447,834	1,447,834	1,447,834	1,447,834	1,447,834	1,447,834	1,447,834	1,447,834	1,447,834	1,447,834	1,447,834	1,447,834
NET CASH FLOW	\$217,172	\$227,316	\$251,490	\$275,867	\$300,443	\$426,138	\$555,954	\$688,892	\$823,622	\$958,412	\$1,091,045	\$1,218,719
CUMULATIVE NET CASH FLOW	\$217,172	\$444,488	\$695,978	\$971,845	\$1,272,288	\$3,149,778	\$5,668,447	\$8,846,020	\$12,694,265	\$17,217,124	\$22,408,459	\$28,249,334
DEFERRED DEVELOPER FEE BALANCE	\$3,431,408	\$3,204,091	\$2,952,602	\$2,676,735	\$2,376,291	\$498,801	\$0	\$0	\$0	\$0	\$0	\$0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	1.15	1.16	1.17	1.19	1.21	1.29	1.38	1.48	1.57	1.66	1.75	1.84
EXPENSE/EGI RATIO	37.18%	37.70%	38.04%	38.38%	38.73%	40.51%	42.39%	44.36%	46.43%	48.60%	50.88%	53.27%

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Cypress Creek at Ledge Stone, Austin, 4% LIHTC #13412

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative	
DEBT (Must Pay)	MIP	UW	App											DCR	LTC
RedStone		1.10	1.15	\$1,447,834	5.95%	40	18	\$22,068,000	\$22,068,000	18	40	5.95%	1,447,834	1.15	62.6%
TOTAL DEBT / GRANT SOURCES				\$1,447,834				\$22,068,000	\$22,068,000				\$1,447,834		62.6%

NET CASH FLOW	\$142,680	\$217,172	NET OPERATING INCOME	\$1,665,006	\$217,172	NET CASH FLOW
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EQUITY SOURCES

		APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE				
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	
RBC Capital Markets	LIHTC Equity	27.5%	\$1,052,349	0.92	\$9,686,332	\$9,514,891	\$0.9204	\$1,033,723	27.0%	\$38,995	
Cypress Creek LedgeStone LP	Deferred Developer Fees	9.9%	(86% Deferred)		\$3,477,137	\$3,648,579	(90% Deferred)		10.4%	Total Developer Fee:	\$4,049,053
Additional (Excess) Funds Req'd		0.0%			\$1	\$0			0.0%	15-Year Cash Flow:	\$5,668,447
TOTAL EQUITY SOURCES		37.4%			\$13,163,470	\$13,163,470			37.4%	Cash Flow after Deferred Fee:	\$2,019,867

TOTAL CAPITALIZATION	\$35,231,470	\$35,231,470
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DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS										TDHCA COST / BASIS ITEMS				COST VARIANCE	
	Eligible Basis		Total Costs	Total Costs	Eligible Basis		%	\$								
	Acquisition	New Const. Rehab			New Const. Rehab	Acquisition										
Land Acquisition			\$7,430 / Unit	\$1,813,000	\$1,813,000	\$7,430 / Unit					0.0%	\$0				
Building Acquisition	\$0		\$ / Unit	\$0	\$0	\$ / Unit			\$0		0.0%	\$0				
Closing costs & acq. legal fees				\$7,500	\$7,500											
Off-Sites			\$331 / Unit	\$80,762	\$80,762	\$331 / Unit					0.0%	\$0				
Sitework		\$4,028,709	\$16,511 / Unit	\$4,028,709	\$4,028,709	\$16,511 / Unit	\$4,028,709				0.0%	\$0				
Site Amenities		\$1,473,457	\$6,039 / Unit	\$1,473,457	\$1,473,457	\$6,039 / Unit	\$1,473,457				0.0%	\$0				
Building Costs		\$14,284,367	\$56.40 /sf	\$58,844/Unit	\$14,357,867	\$15,214,355	\$62,354/Unit	\$59.77 /sf	\$14,991,342		-5.6%	(\$856,488)				
Contingency		\$1,089,327	5.51%	5.48%	\$1,093,002	\$1,093,002	5.26%	5.32%	\$1,089,327		0.0%	\$0				
Contractor's Fees		\$2,769,097	13.26%	13.16%	\$2,769,097	\$2,769,097	12.65%	12.83%	\$2,769,097		0.0%	\$0				
Indirect Construction	0	\$1,984,162	\$8,747 / Unit	\$2,134,162	\$2,134,162	\$8,747 / Unit	\$1,984,162	\$0			0.0%	\$0				
Developer's Fees	\$0	\$4,049,053	15.00%	14.91%	\$4,049,053	\$4,049,053	14.46%	14.62%	\$4,049,053	\$0	0.0%	\$0				
Financing	0	\$1,364,565	\$10,929 / Unit	\$2,666,578	\$2,666,578	\$10,929 / Unit	\$1,364,565	\$0			0.0%	\$0				
Reserves			\$3,108 / Unit	\$758,283	\$758,283	\$3,108 / Unit					0.0%	\$0				
UNADJUSTED BASIS / COST	\$0	\$31,042,737	\$144,391 / Unit	\$35,231,470	\$36,087,958	\$147,901 / Unit	\$31,749,711	\$0	-2.4%	(\$856,488)						
Acquisition Cost for Identity of Interest Seller				\$0												
Contingency		\$0														
Contractor's Fee		\$0														
Interim Interest		\$0														
Developer's Fee	\$0	(\$0)		\$0												
ADJUSTED BASIS / COST	\$0	\$31,042,737	\$144,391/unit	\$35,231,470	\$36,087,958	\$147,901/unit	\$31,749,711	\$0	-2.4%	(\$856,488)						
TOTAL UNDERWRITTEN COSTS (Applicant's Uses are within 5% of TDHCA Estimate):				\$35,231,470												

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Cypress Creek at Ledge Stone, Austin, 4% LIHTC #13412

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	\$0	\$31,042,737	\$0	\$31,749,711
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$31,042,737	\$0	\$31,749,711
High Cost Area Adjustment		100%		100%
TOTAL ADJUSTED BASIS	\$0	\$31,042,737	\$0	\$31,749,711
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	\$0	\$31,042,737	\$0	\$31,749,711
Applicable Percentage	0.00%	3.33%	0.00%	3.33%
ANNUAL CREDIT ON BASIS	\$0	\$1,033,723	\$0	\$1,057,265
CREDITS ON QUALIFIED BASIS	\$1,033,723		\$1,057,265	

DIRECT CONSTRUCTION COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost: Garden (Up to 3-story)		254,558 SF	\$60.25	15,336,749
Adjustments				
Exterior Wall Finish	0.95%		0.57	\$145,234
	0.00%		0.00	0
9 ft. ceilings	3.12%		1.88	478,257
Roofing			0.00	0
Subfloor			(0.61)	(155,123)
Floor Cover			2.68	682,215
Breezeways	\$24.91	38,400	3.76	956,375
Balconies	\$25.36	26,198	2.61	664,385
Plumbing Fixtures	\$940	588	2.17	552,720
Rough-ins	\$465	488	0.89	226,920
Built-In Appliances	\$1,750	244	1.68	427,000
Exterior Stairs	\$2,125	94	0.78	199,750
Heating/Cooling			2.06	524,389
Enclosed Corridors	\$44.76	0	0.00	0
Carports	\$11.30	17,940	0.80	202,722
Garages / Storage	\$18.23	6,094	0.44	111,098
Comm &/or Aux Bldgs	\$73.35	5,061	1.46	371,235
Elevators		0	0.00	0
Other:			0.00	0
Other: fire sprinkler	\$2.30	298,019	2.69	685,444
SUBTOTAL			84.10	21,409,370
Current Cost Multiplier	0.98		(1.68)	(428,187)
Local Multiplier	0.86		(11.77)	(2,997,312)
TOTAL DIRECT CONSTRUCTION COSTS			70.65	\$17,983,871
Plans, specs, survey, bldg permi	3.90%		(2.76)	(\$701,371)
Contractor's OH & Profit	11.50%		(8.12)	(2,068,145)
NET DIRECT CONSTRUCTION COSTS		\$62,354/unit	\$59.77/sf	\$15,214,355

ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		
Method	Annual Credits	Proceeds
Eligible Basis	\$1,033,723	\$9,514,891
Gap	\$1,430,115	\$13,163,470
Original Request	\$1,052,349	\$9,686,332
Current Request	\$1,052,349	\$9,686,330

FINAL ANNUAL LIHTC ALLOCATION			Variance to Request
Method	Eligible Basis		
Credits	\$1,033,723		(\$18,626)
Total Equity Proceeds	\$9,514,891		(\$171,440)

50% Test for Bond Financing for 4% Tax Credits					
Tax-Exempt Bond Amount	\$22,068,000		Percent Financed by Tax-Exempt Bonds	Applicant	TDHCA
Aggregate Basis Limit for 50% Test	\$44,136,000			66.5%	64.9%
	Applicant	TDHCA			
Land Cost	\$1,813,000	\$1,813,000			
Depreciable Bldg Cost	\$31,350,674	\$32,207,162			
Aggregate Basis for 50% Test	\$33,163,674	\$34,020,162			
		amount aggregate basis can increase before 50% test fails		\$10,972,326	\$10,115,838
				33.1%	29.7%

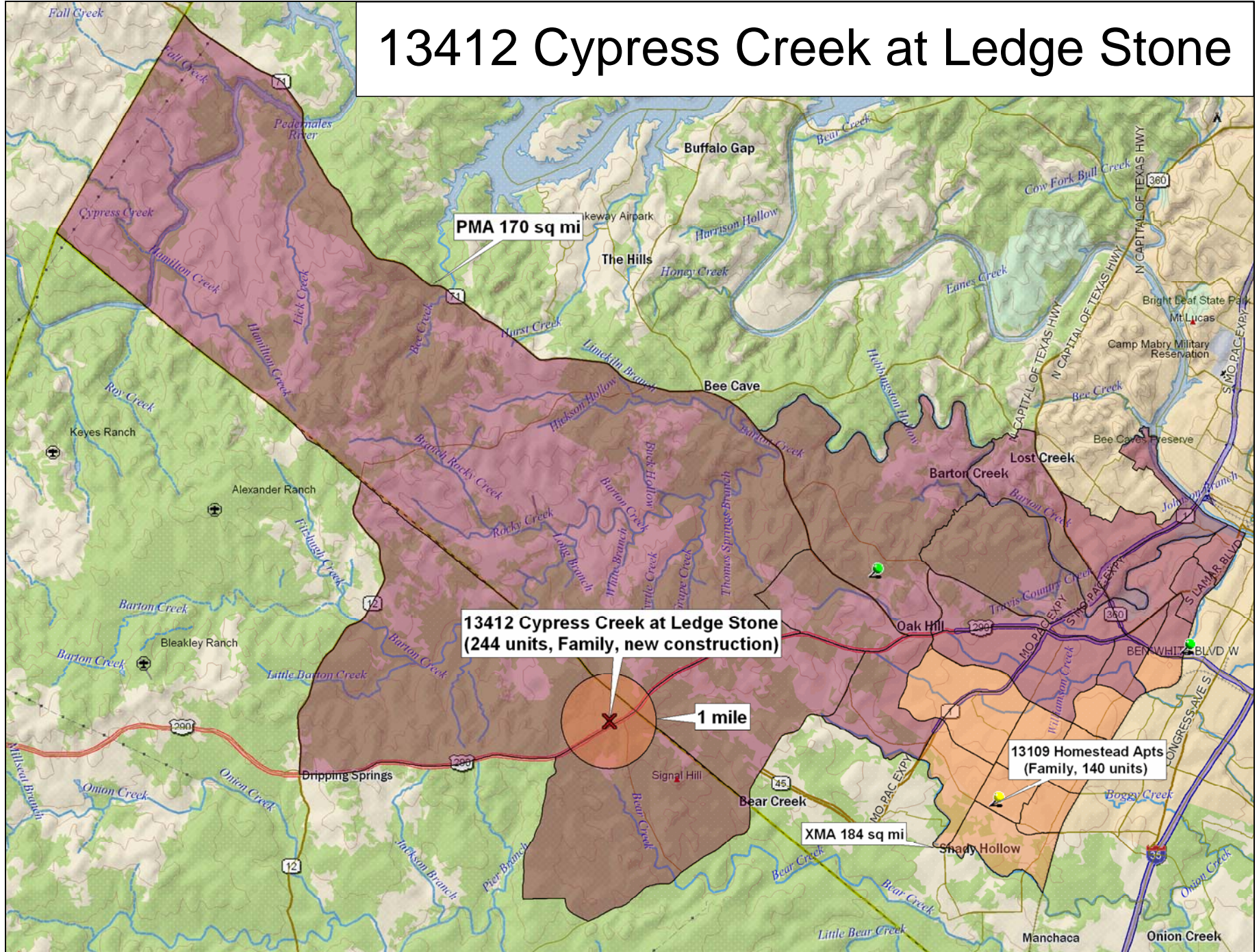
Building Cost/SF			
Development Category	New Construction	Category Building Cost/SF (Mean)	\$62.03 /sf
NRA	254,558	Calculated Building Cost/SF ⁽³⁾	\$56.40 /sf
Elevator Served Enclosed Corridors ⁽¹⁾	0	Building Cost Variance (\$)	\$5.63 /sf
Common Area ⁽²⁾	0	Variance to Mean (%)	9.1%
Total SF for QAP Calculation	254,558	Building Cost/SF reported in Application ⁽³⁾	\$4.57 /sf
		Variance to Mean based on Application	92.6%

(1) Supportive Housing, Qualified Elderly or 4-Story Development

(2) Up to \$50 SF/Unit common area for Supportive Housing

(3) Excludes Structured Parking

13412 Cypress Creek at Ledge Stone

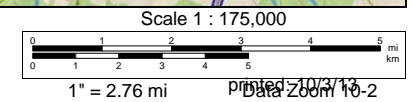


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TN
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 Page 14 of 14



Support Letters –
Cypress Creek at Ledge
Stone

LETTERS OF SUPPORT

The following organizations and individuals offer their support for the proposed Cypress Creek at Ledge Stone Apartment Homes in Hays County, Texas.

1.	Dripping Springs Economic Development Committee.....	2
2.	Dripping Springs Chamber of Commerce.....	4
3.	City of Dripping Springs.....	5
4.	CORE Health Care.....	6
5.	Carlotta McLean, Member of the Dripping Springs Comprehensive Plan Committee	7
6.	Hill Country Bible Church Dripping Springs	9
7.	Gateway Hill Country Church.....	10
8.	Sleep Inn	11
9.	Domino’s Pizza	12
10.	Gracy Title	13
11.	Hill Country Ranch Pizzeria	14
12.	Pioneer Bank	15
13.	Pizza Hut	16
14.	Security State Bank & Trust	17
15.	Shelley Hill	18
16.	Trudy’s Restaurant	19
17.	Your Growing Child.....	20
18.	Avalar Austin Realty	21
19.	Corridor Title	22
20.	DH Investment Company.....	23



CITY OF DRIPPING SPRINGS

P.O. Box 384 511 Mercer Street Dripping Springs, Texas 78620 (512) 858-4725

June 26, 2013

Texas Department of Housing and Community Affairs
Multifamily Finance Division
Attn: Teresa Morales
Multifamily Division Manager
P.O. Box 13941
Austin, TX 78711-3941

RE: Support for Cypress Creek Ledge Stone – TDHCA #13412

Ms. Morales:

I am writing you today on behalf of the Dripping Springs Economic Development Committee (the "Committee") to express our support for the Cypress Creek at Ledge Stone Apartment Homes (the "Project") as proposed by Bonner Carrington. The Dripping Springs Mayor and Council tasked our Committee with the important responsibility of expressing support, when appropriate and at our discretion, for projects critical to the successful growth and development of our community.

Our Committee believes this development will provide a much-needed housing option for Hays County and will have a positive impact on the entire area. We endorsed the Project from the outset, continued our support throughout the processes required by the City of Dripping Springs and Hays County, and continue to support it at this critical stage.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in Hays County and around Dripping Springs.

Housing choice is limited for many in the northwest Hays County workforce, especially those who cannot afford a single-family home, but would still like to live in the area. The goal of the proposed development is to provide high-quality housing for current residents of the Hays County area at affordable rental rates.

This proposed development helps address a critical need identified in the Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

Thank you for your consideration of the Committee's full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. We respectfully solicit your approval.

Sincerely,

A handwritten signature in blue ink that reads "Patrick M. Rose". The signature is written in a cursive, flowing style.

Patrick M. Rose
Chairman, Dripping Springs Economic Development Committee



July 12, 2013

Mr. Cameron Dorsey
Director – Multi Family Housing Program
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Dear Mr. Dorsey,

The Board of the Dripping Springs Chamber of Commerce (a 501 c6 Non-Profit) is dedicated to reviewing potential projects from multiple perspectives, as well as attracting potential employers that may be considering relocating or opening offices in our area. The goal of the Chamber is to use the expertise of local business, education, government and civic leaders to examine proposed projects and formulate an opinion as to the feasibility and real world practicality of these projects.

In June of last year, the Board of the Dripping Springs Chamber of Commerce publically endorsed the building of the Cypress Creek at Ledge Stone Apartment development. We based our endorsement on several key factors including, but not limited to, the critical need for affordable workforce housing as identified in the City of Dripping Springs 2010 Comprehensive Plan.

The Chamber Board continues to fully support this Bonner Carrington project as they move into the building phase of the development. Their intent to bring high quality, affordable housing to the Dripping Springs area is to be commended. We respectfully request that the Texas Department of Housing and Community Affairs approve this project.

Sincerely,

A handwritten signature in black ink that reads "Bonnie Humphrey". The signature is written in a cursive style with a large, prominent initial "B".

Bonnie Humphrey
Chair



City of Dripping Springs



**P.O. Box 384
Dripping Springs, Texas 78620**

July 9, 2013 (512) 858-4725

(512) 858-5646 Fax

Texas Department of Housing and Community Affairs
Multifamily Finance Division
Attn: Teresa Morales
Multifamily Division Manager
P.O. Box 13941
Austin, TX 78711-3941

RE: Support for Cypress Creek Ledge Stone – TDHCA #13412

Dear Ms. Morales:

I am writing on behalf of the City of Dripping Springs City Council to express our support for the Cypress Creek at Ledge Stone Apartment Homes proposed by Bonner Carrington. This proposed 244-unit multi-family housing development will provide a needed housing option for our area.

It is our understanding that the goal of the proposed development is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates. This proposed development helps address the Dripping Springs' 2010 Comprehensive Plan's goal of encouraging a diversity of housing and its recommendation that the City support higher density housing where appropriate.

In October 2012 the City approved the Cypress Creek at Ledge Stone Development Agreement between the City and Stuart Shaw Family Partnership and Assigns for the property where the proposed apartments are to be located. The property is not within the City Limits, however, Stuart Shaw Family Partnership, through the Development Agreement, agreed to comply with many regulations that are applicable only to the City Limits. This will benefit the development and its residents, and nearby properties and residents.

Thank you for your favorable consideration of the proposed Cypress Creek at Ledge Stone Apartment Homes.

Sincerely,

Todd Purcell, Mayor
City of Dripping Springs



August 14, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

Housing choice is limited for many in the Dripping Springs workforce, especially those who cannot afford a single-family home, but would still like to live in the area. The goal of the proposed development as I understand it is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates.

This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

Dr. Jim Misko
President
CORE Health Care



August 14, 2012

Dripping Springs Mayor, City Council Members, and City Staff,

I regret that I will not be able to attend tonight's meeting where Cypress Creek at Ledgestone will be considered. I am writing you today to express my support for the project being proposed by Bonner Carrington.

As a member of the committee that worked on the Dripping Springs Comprehensive Plan, a broker that works in the area, a former resident and active member of the community, I believe this development will provide a much needed housing option for Dripping Springs and will have a positive impact on the entire community.

At the present time there are few options for rental housing, an essential housing type within a community. This housing option allows recent high school or college graduates to return to the area to live permanently. In addition apartment provides housing for those that are divorced, on fixed income or in service related industries with lower pay among many others. .

During the Comprehensive Planning process the discussion of the rental housing, particularly with subsidies, was one of the most contentious. It became clear as the moderators from LCRA and PEC facilitated the discussion that apartments with any subsidy were deemed undesirable without regard to the facts. There was an immediate misconception that this would bring crime and low income housing. Only after specific examples, robust discussion and many pictures of successful projects were presented was there consensus that there were apartments that in fact allow for a diverse housing stock to make a more sustainable community. At the end of the day the need for apartments was specifically identified in Dripping Springs' 2010 Comprehensive Plan.

From my perspective, the Cypress Creek at Ledgestone is facing similar scrutiny. As I understand it, the goal of the proposed development is to provide high-quality housing and amenities for current residents of the Dripping Springs and Hays County area at affordable rental rates.

Stuart Shaw, president of Bonner Carrington, has committed to working collaboratively with our community and to being a good neighbor. He and his team have demonstrated that commitment over the last few months through numerous meetings with interested stakeholders. I also appreciate the fact that the developers of Ledgestone, members of the community that live and work here, see value in having Cypress Creek at Ledgestone within their development. They have additional land to develop. They would not agree to a project that would immediately devalue the balance of Ledgestone and the investment that has been made within the community.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It offers the city an excellent opportunity to take a step in the right direction to meet specific goals put forth in the 2010 Comprehensive Plan. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. I hope you will vote in favor of this much needed development.

Sincerely,

A handwritten signature in black ink that reads "Carlotta McLean". The signature is written in a cursive, flowing style.

Carlotta McLean

July 22, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

We are writing you today to express our support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. We support this development because Bonner Carrington is the developer. The company has a long track record of success with this type of community throughout Central Texas and the state. Stuart Shaw, president of Bonner Carrington, has committed to working collaboratively with our community and to being a good neighbor. He and his team have demonstrated that commitment over the last few months through numerous meetings with interested stakeholders.

We do not have the information to suggest the good of this project for Dripping Springs but we trust you will make a decision that is in the best interest of the entire Dripping Springs community and not simply based on emotional or political pressures or under misinformation. We will support you and your decision. May God give you the discernment to lead this community towards the future.

In Christ Alone,

Elder Board of Hill Country Bible Church Dripping Springs



Elder Representative



July 20, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

Housing choice is limited for many in the Dripping Springs workforce, especially those who cannot afford a single-family home, but would still like to live in the area. The goal of the proposed development as I understand it is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates.

This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

I also support this development because Bonner Carrington is the developer. The company has a long track record of success with this type of community throughout Central Texas and the state. Stuart Shaw, president of Bonner Carrington, has committed to working collaboratively with our community and to being a good neighbor. He and his team have demonstrated that commitment over the last few months through numerous meetings with interested stakeholders.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

Jeff Jackson
Pastor, Gateway Hill Country Church



August 2, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

Housing choice is limited for many in the Dripping Springs workforce, especially those who cannot afford a single-family home, but would still like to live in the area. The goal of the proposed development as I understand it is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates.

This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

I also support this development because Bonner Carrington is the developer. The company has a long track record of success with this type of community throughout Central Texas and the state. Stuart Shaw, president of Bonner Carrington, has committed to working collaboratively with our community and to being a good neighbor. He and his team have demonstrated that commitment over the last few months through numerous meetings with interested stakeholders.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

General Manager
Sleep Inn



August 8, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

Housing choice is limited for many in the Dripping Springs workforce, especially those who cannot afford a single-family home, but would still like to live in the area. The goal of the proposed development as I understand it is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates.

This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

I also support this development because Bonner Carrington is the developer. The company has a long track record of success with this type of community throughout Central Texas and the state. Stuart Shaw, president of Bonner Carrington, has committed to working collaboratively with our community and to being a good neighbor. He and his team have demonstrated that commitment over the last few months through numerous meetings with interested stakeholders.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely, 

Robert F. Lios

ASS + MGR

DOMINO'S



August 4, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

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I also support this development because Bonner Carrington is the developer. The company has a long track record of success with this type of community throughout Central Texas and the state. Stuart Shaw, president of Bonner Carrington, has committed to working collaboratively with our community and to being a good neighbor. He and his team have demonstrated that commitment over the last few months through numerous meetings with interested stakeholders.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

Donna Simmons

Gracy Title



August 7, 2012

Dripping Springs Mayor, City Council Members, Planning, and Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Housing choice is limited for many in the Dripping Springs workforce, especially those who cannot afford a single-family home but would still like to live in the area. The goal of the proposed development as I understand it is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates.

This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worth of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. We hope you will approve this development.

Sincerely,

Jason Surdy
Owner

Mark Sewell
Owner



PIONEER BANK



August 8, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

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This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

I also support this development because Bonner Carrington is the developer. The company has a long track record of success with this type of community throughout Central Texas and the state. Stuart Shaw, president of Bonner Carrington, has committed to working collaboratively with our community and to being a good neighbor. He and his team have demonstrated that commitment over the last few months through numerous meetings with interested stakeholders.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

Erin Needham

SVP-Pioneer Bank



August 8, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

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This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

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Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

Holly Love, RMC/Pizza Hut Shift Manager

* Commute from Kyle, TX

Approx 30 - 40 min commute

8/8/12

SECURITY STATE BANK & TRUST

P.O. Box 1154 • 1500 HWY 290 W. • Dripping Springs, Texas 78620
(512) 858-2900 • Metro (512) 894-4526 • Fax (512) 858-2907

www.ssbtxas.com



CHARLES A. TURNER

SR. VICE-PRESIDENT/BRANCH MANAGER

August 8, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs Community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

Housing choice is limited for many in the Dripping Springs workforce, especially those who cannot afford a single-family home, but would still like to live in the area. The goal of the proposed development as I understand it is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates.

This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

Charles A. Turner
Sr. Vice-President





August 8, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

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This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

I also support this development because Bonner Carrington is the developer. The company has a long track record of success with this type of community throughout Central Texas and the state. Stuart Shaw, president of Bonner Carrington, has committed to working collaboratively with our community and to being a good neighbor. He and his team have demonstrated that commitment over the last few months through numerous meetings with interested stakeholders.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,



8133 Mesa Dr. | Suite 206 | Austin TX 78759 | 512.795.8525 | 512.795.8526 f
August 8, 2012 www.trudys.com | www.trudysfourstar.com | www.southcongresscafe.com

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

Housing choice is limited for many in the Dripping Springs workforce, especially those who cannot afford a single-family home, but would still like to live in the area. The goal of the proposed development as I understand it is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates. Our staff is comprised of these people. We use a vigorous hiring and screening process that brings in honest, hard working and good quality people.

This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

I also support this development because Bonner Carrington is the developer. The company has a long track record of success with this type of community throughout Central Texas and the state. Stuart Shaw, president of Bonner Carrington, has committed to working collaboratively with our community and to being a good neighbor. He and his team have demonstrated that commitment over the last few months through numerous meetings with interested stakeholders.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

A handwritten signature in black ink, appearing to read "Preston Dumas", is written over a light blue horizontal line.

Preston Dumas
Operations Manager
Trudy's


FOUR STAR
13059 Four Star Blvd.
512.301.4300

LITTLE TEXAS
901 C Little Texas Ln.
512.326.9899

NORTH STAR
8820 Burnet Rd.
512.454.1474

TEXAS STAR
409 West 30th St.
512.477.2935

SOUTH CONGRESS CAFÉ
1600 South Congress Ave.
512.447.3905



August 8, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

Housing choice is limited for many in the Dripping Springs workforce, especially those who cannot afford a single-family home, but would still like to live in the area. The goal of the proposed development as I understand it is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates.

This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

I also support this development because Bonner Carrington is the developer. The company has a long track record of success with this type of community throughout Central Texas and the state. Stuart Shaw, president of Bonner Carrington, has committed to working collaboratively with our community and to being a good neighbor. He and his team have demonstrated that commitment over the last few months through numerous meetings with interested stakeholders.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

Amanda Wafford
Your Growing Child



August 10, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

Housing choice is limited for many in the Dripping Springs workforce, especially those who cannot afford a single-family home, but would still like to live in the area. The goal of the proposed development as I understand it is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates.

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Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

Terry Voorheis
Avalar Austin Realty

August 9, 2012

Dripping Springs Mayor, City Council Members, Planning & Zoning Commission and City Staff,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much needed housing option for our area and will have a positive impact on the entire Dripping Springs community.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in and around Dripping Springs.

Housing choice is limited for many in the Dripping Springs workforce, especially those who cannot afford a single-family home, but would still like to live in the area. The goal of the proposed development as I understand it is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates.

This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

I also support this development because Bonner Carrington is the developer. The company has a long track record of success with this type of community throughout Central Texas and the state. Stuart Shaw, president of Bonner Carrington, has committed to working collaboratively with our community and to being a good neighbor. He and his team have demonstrated that commitment over the last few months through numerous meetings with interested stakeholders.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

Sharon Herbert
Corridor Title



July 15, 2013

Texas Department of Housing and Community Affairs
Multifamily Finance Division
Attn: Teresa Morales
Multifamily Division Manager
P.O. Box 13941
Austin, TX 78711-3941

RE: Support for Cypress Creek Ledge Stone – TDHCA #13412

Ms. Morales,

I am writing you today to express my support for the Cypress Creek at Ledge Stone Apartment Homes being proposed by Bonner Carrington. I believe this development will provide a much-needed housing option for our area and will have a positive impact on the entire north Hays County area.

Simply put, we need this development. Cypress Creek at Ledge Stone is a proposed Class A designed and constructed, 244-unit multi-family housing development intended to address a growing need in the north Hays County area and Dripping Springs.

Housing choice is limited for many in the Dripping Springs workforce, especially those who cannot afford a single-family home, but would still like to live in the area. The goal of the proposed development as I understand it is to provide high-quality housing for current residents of the Dripping Springs and Hays County area at affordable rental rates.

This proposed development helps address a critical need identified in Dripping Springs' 2010 Comprehensive Plan, which was created through a thorough and inclusive process in anticipation of future growth in the area.

Thank you for your consideration of my full support of the proposed Cypress Creek at Ledge Stone Apartment Homes. It is a development worthy of our community and will offer a new and deserved opportunity for our residents. It also helps meet a critical need as identified in the City's Comprehensive Plan. Please, approve the development.

Sincerely,

Michael L. Schoenfeld
Vice President
DH Investment Company

Opposition Letters –
Cypress Creek at Ledge
Stone

Jason A. Isaac

CAPITOL OFFICE
P.O. BOX 2910
AUSTIN, TEXAS 78768-2910
(512) 463-0647



COUNTIES
BLANCO
CALDWELL
HAYS

STATE REPRESENTATIVE
DISTRICT 45

August 2, 2012

Mr. Tim Irvine
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Dear Mr. Irvine:

Thank you for taking the time to consider the merits and drawbacks of providing a non-competitive grant for the Cypress Creek at Ledge Stone apartment complex proposed for the Dripping Springs area by Stuart Shaw and Bonner-Carrington.

Because of the size and nature of this complex, it would significantly impact many aspects of our community, from our schools to our fire department, as well as many other county services. This project would affect all local residents in one way or another, and I appreciate your serious consideration of my constituents' input.

As you might know, the residents of Dripping Springs are overwhelmingly opposed to this development. I share the concerns of many of neighbors about the negative impact that this project could have on our community. In addition to economic concerns, I question whether or not the Dripping Springs area is a good fit for this type of complex.

I support positive growth in our community, but because of the numerous issues that have been raised surrounding this project, I am opposed the Cypress Creek apartment development.

I appreciate your attention to this important issue. Please do not hesitate to contact me if you wish to discuss this matter in further detail.

Thank you,

A handwritten signature in black ink that reads "Jason Isaac".

Jason Isaac
State Representative





Shannon Roth

From: Wanda Kay [wlktx10@gmail.com]
Sent: Saturday, March 03, 2012 2:02 PM
To: teresa.morales@tdhca.state.tx.us; Shannon.roth@tdhca.state.tx.us
Subject: Cypress Creek Apartments

Dear Ms. Morales and Ms. Roth -

We are writing to express our strong disagreement with the proposal to build Cypress Creek Apartments at Ledge Stone. Our concerns are described below.

We are strong proponents of high density affordable housing as long as it is located in an appropriate area and for the right reasons. We believe decisions regarding such must be made with a thorough understanding of and appreciation for the pros and cons with regard to this type of housing. High density affordable housing is a critical element in the successful development of today's urban communities and provides an important aspect for well planned and designed communities where people can live, work and raise a family.

We moved to Austin in 2010 for professional reasons. Initially we lived in Class "A" high density housing in Austin while we surveyed the community to determine the best area to settle long term. In our search of the greater Austin area, and after extensive research we determined the Dripping Springs area was the most suitable location for us to build a single family detached home. We built in Ledge Stone and have lived here for one year. One of the most important factors in our decision was the low density, rural nature of the area. We love the area and hope to stay here for an extended period of time. Your decisions with regard to Cypress Creek Apartments may have a significant bearing on whether we stay.

Our primary concerns with regard to the Cypress Creek Apartments are:

1. Increased traffic onto Highway 290 (presumably without the aid of a traffic light).
2. No access to public transportation (a necessary element for high density affordable housing and one that increases the strain on the traffic concern).
3. Lack of significant employment opportunities in the immediate area (an important element for high density affordable housing that puts an added strain on the traffic issue).
4. Added burden on an already underfunded public education system with no tax help from the developer of Cypress Creek Apartments. Local residents recently voted down an education bond issue. Without additional tax support from new developers this will have a detrimental impact on the level of quality education our children will receive.
5. Unnecessary strain on an already low water table.
6. Increased density increases the potential for crime and vandalism.

This is a rural area with no public transportation, lack of jobs, minimal child care options, limited shopping and inadequate access to necessary services. Additional affordable quality housing for low and moderate income families may be needed in the urban core of Austin, but Ledge Stone is not the right location.

It appears the developer is trying use a tax abatement from Dripping Springs and low income tax increment financing from the state as a means to significantly lower his development costs without real regard for the low and moderate income tenants that might eventually live in the complex. Your decision should take into account the long term ramifications to the integrity of this area and what is best for the residents and not be impacted by any short- term gains for the developer.

We urge you to do all you can do to deny the developer's request to build this totally inappropriate apartment complex.

Thank you for your assistance.

H. Daniels Duncan

Wanda L. Kay



Shannon Roth

From: Toby Fariss [tobyfariss@yahoo.com]
Sent: Wednesday, February 29, 2012 1:10 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Oppose Cypress Creek Apartments

This message concerns the proposed project for Cypress Creek Apartments in Northwest Hays County near US Hwy 290 and Ledge Stone Dr.

As a resident home owner, tax payer, and regular voter, I am deeply against such a project.

My strong opposition to this and any other apartment project for the area has to do with environmental quality, watershed protection, traffic/pedestrian safety, and safeguarding the value of my family's home.

As a result, my family and I sincerely request that you take all appropriate action to not approve Cypress Creek Apartments along with not supporting any other future apartment plan in or around the Ledge Stone neighborhood.

Thank you,

Toby Fariss

512/507-8182



Shannon Roth

From: Teresa Scott [tscott@goldwasserrealestate.com]
Sent: Thursday, February 23, 2012 8:40 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Cypress Creek Apartments in Ledge Stone

Hello Shannon,

I am a resident of Ledge Stone which is in Hays county on the outskirts of Dripping Springs. Evidently the developer of Ledge Stone is in the works to have an apartment complex with roughly 11 buildings and 250 units built within a stones throw to our residential neighborhood. Approx location 13000 block of Hwy 290 W on the NW corner of HWY 290 and Ledge Stone. The developer, Bonner Carrington, is seeking government funding for this project as well as a tax abatement from the City of Dripping Springs which would put a large burden on our small community which contains a lot of acreage and ranch property. I'm not sure how familiar you are with this area but it is very rural with little commercial business and no public transportation. I cannot fathom how a low income complex or any complex would benefit from this location and I can't see how our community would benefit them either. I am not against progress, my business is progress, but the progress has to make sense and be beneficial to those affected. In this case the only people I see benefiting from a proposal like this is the developer. I have not spoken with one single resident who is in favor of this project, including our State Representative Jason Isaac who lives near by.

I am one of many in our neighborhood who are underwater on our mortgage due to the economy. Our area has been hit pretty hard with short sales and foreclosures and an apartment complex next door would make it so much harder to bounce back.

Please record that I am strongly opposed to this apartment complex and hope that you will take my email and the others you will receive into consideration when processing their request for funding.

Regards,

Teresa Scott

REALTOR®,

Certified Negotiation Expert

tscott@goldwasserrealestate.com

www.teresas.austinhousereport.com

Goldwasser Real Estate

5929 Balcones Drive Ste. 300

Austin, TX 78731

Direct: [\(512\)461-3343](tel:(512)461-3343) • Office: [\(512\) 420-0300](tel:(512)420-0300) • Fax: [\(800\) 948-4045](tel:(800)948-4045)



Shannon Roth

From: Teresa Morales [teresa.morales@tdhca.state.tx.us]
Sent: Monday, August 13, 2012 6:06 PM
To: shannon.roth@tdhca.state.tx.us
Subject: FW: OPPOSITION TO THE CYPRESS CREEK APARTMENTS

From: Melissa Reese [<mailto:mkcrnic@gmail.com>]
Sent: Mon 8/13/2012 2:32 PM
To: undisclosed-recipients
Subject: OPPOSITION TO THE CYPRESS CREEK APARTMENTS

To All Concerned About the Proposed Cypress Creek Apartment Complex:

I am writing in opposition to the proposal for variance approval on the Cypress Creek Apartments. Developer Stuart Shaw/ Bonner Carrington seek to develop this community for the benefit of himself and not the benefit of Dripping Springs or the Dripping Springs residents. I have yet to find one beneficial aspect to adding this community in the proposed area and can only recognize the negative aspects to the Dripping Springs community.

In 2006, I had the ability to choose to live where I wanted to relocate my family... and I choose Dripping Springs for the sense of community, safety, values, educational system that were all apparent as I made that first drive down Hwy 290. I loved it then, and only have a greater love for this place today. This feeling is not uncommon with the residents, however will only diminish in the future as our beautiful community's resources get further stretched beyond their capacity. In supporting the variances being proposed and the project in general... I kindly request that you first ask yourself "WHO WINS?" I doubt that you can consciously find it in your heart to say that the Dripping Springs community does.

Below are some of my reasons for opposition:

TAXES: Simply put... it's taxation with representation. Bonner Carrington intends to seek tax abatements exempting it from contributing tax revenue to the Dripping Springs ISD, while at the same time bringing a large number of school age children into a district that is already financially struggling to meet its current mandates and obligations. In moving here, I choose to pay higher taxes in exchange for being part of this great community and school district. Now you are inviting others to come live free of taxes to live in my backyard. Fox Hill Apartments are located less than 5 miles away... and their proposed Tax is \$668,791 payment (per Travis County Tax Appraiser). Furthermore, this project will not significantly increase discretionary spending or tax revenue in the Dripping Springs area as claimed by the developer.

EDUCATION: DSISD resources are stretched or have recently been eliminated in the newest round of budgetary cuts... 25 positions eliminated through staff reductions and reorganization, bus routes/stops reorganized, administrative costs reduced, salaries frozen, local employee sick leave eliminated, district contribution to employee health care dropped to the state minimum to name some of the approved changes. While I understand that these cuts are fiscally necessary... they do negatively impact our children, teachers, and administration in the long run, and adding additional stress from a non-tax paying community would be completely detrimental to the future education of our children. Parents who do not pay their fair share of the school taxes will be creating a completely unnecessary burden forcing teachers and administrators to do even more with even less.

CRIME: Housing projects of this nature historically cause an increase of crimes in the surrounding communities. I pride myself in living in a community that is relatively safe and free of serious criminal activity. This and similar projects jeopardize the safety of every resident and their property.

INFRASTRUCTURE: This area does not have the desired infrastructure support, such as public transportation, full service grocery stores, emergency personnel and emergency equipment, medical clinics, day care facilities, etc. The Apartments at Cypress Creek only present a questionable location being seven miles from either the center of Dripping Springs or the Y at Oak Hill.

PROPERTY VALUES: Low to moderate income housing projects of this nature located in the close vicinity of single family residences of much higher values historically decreases the property values of those residences. I would like to keep mine from sliding any further than it already is in the current United States economy.

I respectfully request that you stand together with your community and vote “No” on the variances being proposed for the Cypress Creek Apartments.

Sincerely yours,

Melissa Reese

400 Aspen Drive

Austin, TX 78737



From: [Melissa Reese](#)
To: dschamber@drippingspringstx.org; teresa.morales@tdhca.state.tx.us;
jthompson@cityofdrippingsprings.com; bert.cobb@co.hays.tx.us;
debbiei@co.hays.tx.us; mark.jones@co.hays.tx.us; will.conley@co.hays.tx.us;
ray.whisenant@co.hays.tx.us; bruce.gearing@dsisd.txed.net;
timkurpiewski@aol.com; jtouchstone@cityofdrippingsprings.com;
Subject: Supporting CCLS
Date: Friday, August 24, 2012 10:12:16 AM

As an avid support of Dripping Springs community, I am sadden and ashamed in the City Council & the DS Chamber of Commerce's support of the Cypress Creek Apartments development. Since I have moved here in 2006, I have made every attempt to shop where I can in Dripping Springs and have switched to health care professionals in this community. When I need any services for my family, I always pick a Dripping company over another... it's been my choice to make "Dripping First." It hasn't always been convenient, but I felt it was the right thing to do to support my small growing community... and I was willing to make those sacrifices. Furthermore, I have been a strong advocate to my friends and neighbors to do the same. I wanted to see Dripping continue to grow into a great community... and with this type of community support we would certainly be helping to make it possible.

I do realize that you need and desire to have an additional employee base here for the businesses to thrive, but the truth is... this base could have been accomplished in an apartment complex that isn't low-income based and who will be paying their fair share of taxes. Or in a location that is closer into DS, closer to your business base. With no public transportation to DS from CCLS, these residents will most certainly continue to work in Austin where the distance is equal, but the opportunity is greater... carpooling East will be much more convenient than carpooling West, and much, much more appealing. Your rationale makes no sense... and is an indication of what your future plans are for this community.

Sadly, it is apparent that you do not support your current residents, their opinions, your tax base (sales taxes), and the "right" growth of Dripping Springs. So with that, my choice to make "Dripping First" is no longer my priority... and I will be opening my support back to the full Austin community where I will go to complete my shopping and fulfill my services for my family... Austin, a place where my choices and opportunities are certainly more plentiful.



With Regrets,
Melissa Reese



Shannon Roth

From: Teresa Morales [teresa.morales@tdhca.state.tx.us]
Sent: Sunday, August 12, 2012 8:54 PM
To: shannon.roth@tdhca.state.tx.us
Subject: FW:

From: carrie napiorkowski [<mailto:carrienapior@hotmail.com>]
Sent: Fri 8/10/2012 9:38 PM
To: teresa.morales@tdhca.state.tx.us
Subject:

As a tax paying citizen of Dripping Springs / hays County, I am writing to firmly OPPOSE the construction of the Ledgestone apartments presented by Mr. Stuart.

Low / Moderate income housing on HWY 290? There is absolutely NO benefit to ur community, but LOADS of benefits to Mr. Stuart. Our school district will be burdened, our civil services strained and all while they are receiving an anticipated 4% tax credit. There are not even jobs available on a non existant bus line!

How utterly ridiculous!

Vic & Carrie Napiorkowski
743 Drifting Wind Run
Dripping Springs, TX 78620



Shannon Roth

From: Teresa Morales [teresa.morales@tdhca.state.tx.us]
Sent: Sunday, August 12, 2012 8:53 PM
To: shannon.roth@tdhca.state.tx.us
Subject: FW: Cypress Creek Ledgestone Apartments

Can you save this on the Q drive, please?

From: Cindi & Randy Morgan [<mailto:cindiran@austin.rr.com>]
Sent: Sat 8/11/2012 10:08 AM
To: teresa.morales@tdhca.state.tx.us
Subject: Cypress Creek Ledgestone Apartments

Ms Morales,

First, let's ask ourselves why Mr. Shaw is so insistent on building the apartments. The answer is simple. He will make a lot of money!

I do not believe any type of tax credit should be granted to Mr. Shaw in his efforts to build an apartment complex. Dripping Springs and the surrounding area will benefit more from him paying his fair share. Why should we shoulder the extra burden if he does not pay his

share?

Also, if the P&Z represents the people, and the people are definitely against the project, why should there be any doubt as to how they should vote?

If he builds it and pays full fees, so be it. Let's see what will happen with that proposal.

Mark me in the against column. NO TAX CREDIT.

William R. Morgan.

Cindi & Randy Morgan

Austin, TX



Shannon Roth

From: Teresa Morales
Sent: Friday, August 03, 2012 3:38 PM
To: Shannon Roth
Subject: FW: letter about apartment proposal on Hwy 290 Hays County
Attachments: Apartment Proposal Concern TDHCA.docx

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: Best Jim [<mailto:kona2930@yahoo.com>]
Sent: Thursday, August 02, 2012 4:40 PM
To: teresa.morales@tdhca.state.tx.us
Subject: letter about apartment proposal on Hwy 290 Hays County

Hi Ms. Morales,

I am attaching a letter outlining my concern over income capped apartments proposed across the street from where I live in Hays County. I appreciate your time and attention to this matter.

Sincerely,
Ashley Best



Shannon Roth

From: Teresa Morales
Sent: Thursday, August 02, 2012 11:34 AM
To: Shannon Roth
Subject: FW: Cypress Creek Ledge Stone Apartments Project

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: Anthony Queern [<mailto:tonyque@gmail.com>]
Sent: Thursday, August 02, 2012 9:47 AM
To: teresa.morales@tdhca.state.tx.us
Subject: Cypress Creek Ledge Stone Apartments Project

My wife Linda and I attended a Dripping Springs school board meeting, a Dripping Springs Zoning Board Meeting, and a meeting with Mr. Whisenant when the Cypress Creek Ledge Stone Apartments Project was on the agenda. It was abundantly clear that even if the Project paid its full share of property and other taxes, it would put further unneeded stress on the ISD school system and fire/rescue and public safety resources. It must be pointed out that there are already approved projects in progress, like Belterra, which will undoubtedly tax our existing public resources beyond capacity when built out and occupied. Any tax concessions would only exacerbate an already untenable situation. And lastly, the proposed Cypress Creek Project is sited in a less than ideal location, e.g. no public transportation, and at the wrong point in time, e.g. existing affordable housing is not at capacity.

For the above reasons, my wife Linda and I would like to go on the record as opposing the Cypress Creek Ledge Stone Apartments Project and specifically any tax concessions. Based upon the testimony at all of the public meetings, the vast majority (9 out of 10) of the attendees also oppose the project and tax concessions. Please listen to your citizens.

Sincerely,

A. B. Queern
111 Aberdeen Ct
Austin, TX 78737



Shannon Roth

From: Teresa Morales
Sent: Wednesday, August 01, 2012 12:12 PM
To: Shannon Roth
Subject: FW: Cypress Creek Ledgestone Apartment

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: John Kennedy [<mailto:jpkglk@yahoo.com>]
Sent: Wednesday, August 01, 2012 11:30 AM
To: teresa.morales@tdhca.state.tx.us
Subject: Cypress Creek Ledgestone Apartment

Hello Teresa,

We would like to express our opinion on the tax issue related to the proposed apartment complex. We are not in favor of the developer receiving any tax credit.

We are not saying the complex is not a good idea for low and mid income families but the demand on our city services, the extra traffic management by Police, Fire and EMS services on an already too busy HW 290, and the potential burden on our schools will end up coming out of our tax dollars. Taxes that are currently too high. We are now considering down sizing and taxes are one of the main reasons. If Mr. Shaw wants to develop let him pay his taxes like the rest of us hard working Texans.

Please do not grant any tax credit to Mr. Shaw for the Cypress Creek Ledgestone Apartments.
Thank you,

John P. and Virginia L. Kennedy
610 Harris Dr.
Austin, TX 78737

"How we spend our days is,
of course, how we spend
our lives."

--Annie Dillard



Shannon Roth

From: Teresa Morales
Sent: Wednesday, August 01, 2012 9:27 AM
To: Shannon Roth
Subject: FW: TDHCA - Bonner-Carrington/Cypress Creek at Ledge Stone

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: Russell Scott [<mailto:russell.c.scott@gmail.com>]
Sent: Wednesday, July 25, 2012 6:46 PM
To: cameron.dorsey@tdhca.state.tx.us; misael.arroyo@tdhca.state.tx.us
Cc: Ray Whisenant; Jason Isaac
Subject: TDHCA - Bonner-Carrington/Cypress Creek at Ledge Stone

To whom it may concern at the TDHCA complaint department:

The following is a formal complaint that relates to a multi-family apartment project that is apparently seeking a TDHCA tax credit.

At one time, I believe that the TDHCA website stated that CAHFC (Capital Area Housing Finance Corporation) was supporting the proposed Cypress Creek at Ledge Stone Apartment complex (CCLS). I cannot verify that this is still the case, but I am filing this complaint in order to give you an update on Hays County opposition to the CCLS project.

In recent months, it was my understanding that CAHFC was the required funding source that would enable TDHCA to grant a 4% Tax Credit to CCLS. Rumor held that CAHFC pulled out of funding CCLS due to public opposition of the CCLS project. We are not sure if that is truly the case and/or if CCLS has found a new source of funding.

According to your calendar, a TDHCA board meeting is scheduled for tomorrow, July 26.

<http://events.tdhca.state.tx.us/events/index.jsp?eventID=1677>

Last night, a Hays County Planning and Zoning Committee meeting was held where a large number of Hays County residents objected to the CCLS project. Among those objecting were County Commissioner Ray Whisenant and US State Rep Jason Isaac. A meeting summary is attached.

At this time, we have not been able to obtain a digital copy of Mr. Isaac's letter of opposition, but the following link is to a copy of Mr. Whisenant's official letter of opposition.

<https://docs.google.com/file/d/0B57toU6Q8uqNbnBIRThnM1Nfa2M/edit>

Please note, as you can see, I have cc'd Messrs. Whisenant and Isaac and I am bcc'ing several Hays County people so that they may be aware of the date/time/location of your TDHCA board meeting tomorrow and so that they will have your email addresses as to where to send additional complaints.

I am also hoping that someone will forward TDHCA a digital copy of Mr. Isaac's opposition letter when it becomes available digitally.

Thank you for your consideration of this complaint. Please notify me if the CCLS project is no longer an item that deserves our efforts to notify you of the public opposition to the CCLS project.

Regards,

Russell

--

Russell C. Scott
324 Limestone Trail
Austin, Texas 78737
[512-461-5343](tel:512-461-5343) (voice)
[512-432-0182](tel:512-432-0182) (fax)
russell.c.scott@gmail.com



Shannon Roth

From: Russell Scott [russell.c.scott@gmail.com]
Sent: Friday, August 24, 2012 4:26 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Opposed tp Cypress Creek at Ledge Stone

Ms. Roth,

Please record that I am opposed to TDHCA granting a tax credit to Bonner Carrington for their proposed Cypress Creek at Ledge Stone apartment project.

FYI, a market rate apartment project is already planned to enter the area without TDHCA funding, and they plan to charge nearly the same rent amounts that Bonner Carrington has advertised will be their "affordable" rates:

The Trinity Hills apts are 150 units, majority 2 bedroom, with 1 and 3 bedroom options.

Rent ranges:

- 1 bedroom range from \$790.00 to \$890.00
- 2 bedroom range from \$1000.00 to \$1150.00
- 3 bedroom range from \$1150.00 to 1250.00

Thanks,

Russell

--

Russell C. Scott
324 Limestone Trail
Austin, Texas 78737
[512-461-5343](tel:512-461-5343) (voice)
[512-432-0182](tel:512-432-0182) (fax)
russell.c.scott@gmail.com



Shannon Roth

From: Teresa Morales
Sent: Wednesday, August 01, 2012 9:14 AM
To: Shannon Roth
Subject: FW: Resident of Dripping Springs area against the Cypress Creek LedgeStone Apt. tax credit

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: Susie Machen [<mailto:oasis21@sbcglobal.net>]
Sent: Wednesday, August 01, 2012 8:58 AM
To: teresa.morales@tdhca.state.tx.us
Subject: Resident of Dripping Springs area against the Cypress Creek LedgeStone Apt. tax credit

I am writing you to voice my objection to Stuart Shaw receiving any tax credit for financing of the Cypress Creek LedgeStone Apartments proposed for the Dripping Springs, Texas area off Hwy 290 W. This apartment project is not good for the people that will be renting there and it is not good for the residents in the area - it appears to only be a benefit to the developer, Stuart Shaw. Dripping Springs is a relatively small community that simply cannot support the residents of these apartments - public transportation is not available, available employment opportunities are not available and this would cause a hardship on the local school system as well as the fire department and the sheriff's department. Another concern I have is the long-term effect tax-credit housing has on the community. I look at situations in south Dallas in which, after the financial benefits have expired and the cost of refurbishing the buildings sets in, then the developer is no longer interested and the property turns into a "slum." I request that you deny any and all tax credit housing for the Stuart Shaw project known as Cypress Creek LedgeStone Apartments.

Respectfully yours,
Marilyn Machen
150 Atwater Cove
Austin, Texas 78737



Shannon Roth

From: Teresa Morales
Sent: Wednesday, August 01, 2012 9:13 AM
To: Shannon Roth
Subject: FW: Cypress Creek Ledgestone Apartments

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: Lou and Judy Gustaferro [<mailto:lounjudy@austin.rr.com>]
Sent: Tuesday, July 31, 2012 1:15 PM
To: teresa.morales@tdhca.state.tx.us
Subject: Cypress Creek Ledgestone Apartments

Ms. Morales,

My husband and I object to Mr. Shaw seeking a tax break to build the above referenced apartments on route 290 West outside of the Ledgestone community. If he does not pay his taxes 100%, it is unfair to the rest of us. Also, if he does not pay 100% of his taxes on time, we want to ensure that his property can be placed under a lien for tax payment. There are thousands of us who are very concerned that we may take on the burden of taxes owed by Mr. Shaw.

Thank you.

Lou and Judy Gustaferro
170 Trinity Hills Drive

Austin, TX 78737





Shannon Roth

From: Teresa Morales
Sent: Wednesday, August 01, 2012 9:09 AM
To: Shannon Roth
Subject: FW: Stuart shaw apartments

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: Brad Hoff [<mailto:BRhoff@newgistics.com>]
Sent: Tuesday, July 31, 2012 1:56 PM
To: teresa.morales@tdhca.state.tx.us
Subject: Stuart shaw apartments

Hello Teresa

Please do not grant the 4 percent tax credit to Stewart Shaw. As a resident of Dripping Springs ISD I am very concerned as to how the community can support this project as there are not enough dollars in the budget to pay for a new fire engine to reach the top of his building in addition to the increase in cost to dripping schools without the corresponding revenue to support this. Stewart has demonstrated that he is not to be trusted as evidenced by his track record with his other similar apartments in North Austin. The bottom line is that Stewart is in this for his own self benefit and not the community.

Thanks.
Brad Hoff
170 Kinloch Ct
Austin Tx 78737

Sent from my Android phone using TouchDown (www.nitrodesk.com)

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Shannon Roth

From: Teresa Morales
Sent: Wednesday, August 01, 2012 9:09 AM
To: Shannon Roth
Subject: FW: I oppose The Cypress Creek Apartments

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: MaryAnn DuBois [<mailto:madsunflower@sbcglobal.net>]
Sent: Tuesday, July 31, 2012 2:08 PM
To: teresa.morales@tdhca.state.tx.us
Subject: I oppose The Cypress Creek Apartments

I am a resident of Hays County and live in the BelTerra community. I recently attended a P & Z meeting at City Hall, in Dripping Springs, where Stuart Shaw presented a proposal to build Cypress Creek Apartments. This development is a multi-unit apartment complex, just outside The Ledge Stone Community. I oppose this project. The addition of 300-400 school aged children will further burden our schools. The traffic in that area will increase considerably. There is only one road in and one road out. More police and fire fighters will be needed. The fire department cannot protect more than a 3 story building, at this time their ladder truck can only reach 3 stories (the proposal shows some 4 story buildings) pity the people on the 4th floor, if there is a fire. The closest grocery store is 7 miles and there are no major employers in the area to supply jobs. Residents of the community would have to go the other way towards the City of Austin for jobs. This developer is also asking for a tax exempt status. What are the people in favor thinking. I cannot see one good reason to build The Cypress Creek Apartments. This is the wrong time and the wrong place. Our infrastructure cannot support a development of this size. A meeting is planned for August 14, to present this again to the City Council. I am told that 1 in 9 are for this project. We that oppose this project, are clearly the majority and are expected to be out in full force. Shaw has said that he would not build where he is not wanted. He is clearly NOT WANTED.

Stuart Shaw is arrogant enough to also have said, he will build his project with the communities "support" or not.

We do not want Stuart Shaw to move ahead with The Cypress Creek Apartment development in Hays County!!

Thank you for you attention, to this matter.

MaryAnn DuBois



Shannon Roth

From: Teresa Morales
Sent: Wednesday, August 01, 2012 8:55 AM
To: Shannon Roth
Subject: FW: Proposed apartments at Ledgestone

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: The Kovars [<mailto:gardenko@yahoo.com>]
Sent: Tuesday, July 31, 2012 5:57 PM
To: teresa.morales@tdhca.state.tx.us
Subject: Proposed apartments at Ledgestone

Dear Ms. Morales,

I am writing to you to share my concerns regarding a proposed apartment complex very close to my neighborhood. This development is not a good fit for our area due to the reasons listed below:

1. Increased traffic on 290 which is a very busy and dangerous highway with the current traffic burden.
2. Our area is rural with few job opportunities, no public transportation, and very little commercial business close by. They would be located 7 miles from downtown Dripping Springs and 7 miles to the Y in Oak Hill. In addition, gas prices are high so, living here on a very tight budget would be an added strain.
3. Very few area residents in our community actually work in Dripping Springs, the majority work in Austin. These residents will likely be spending money in Austin on their way home, not in Dripping Springs.
4. Our schools are facing overcrowding and underfunding issues. To have another community with the possibility of many students would be a tremendous drain of already limited funds. If the apartment developer is exempt from taxes, the single family residents in DSISD would be faced with additional bonds or tax liabilities to alleviate the expense of additional students.

I agree with and understand that affordable housing is needed in a growing community. However, that housing needs to make sense and be beneficial to the majority involved. Currently our rural area does not provide the support that is necessary for this type of housing. Government financed apartments are typically found in urban areas to minimize the difficulties of travel and supply an abundance of job opportunities. At this time in our growth we need business that contribute to our city and county by paying taxes. As already mentioned, funds are short in many of our city, county, and school

programs. With tax exempt apartments a greater burden will be placed on our single family residents.

Denise Kovar
Heritage Oaks

Shannon Roth

From: The Kovars [gardenko@yahoo.com]
Sent: Friday, August 24, 2012 11:04 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Proposed Apartment development at LedgeStone

Dear Shannon,

I am writing to you to share my concerns regarding a proposed apartment complex very close to my neighborhood which is located on Highway 290 West near the LedgeStone subdivision. This development is not a good fit for our area for many reasons. I have listed several below:

1. Increased traffic on 290 which is a very busy and dangerous highway with the current traffic burden.
2. Our area is rural with few job opportunities, no public transportation, and very little commercial business close by. They would be located 7 miles from downtown Dripping Springs and 7 miles to the Y in Oak Hill. In addition, gas prices are high so, living here on a very tight budget would be an added strain.
3. Very few area residents in our community actually work in Dripping Springs, the majority work in Austin. These residents will likely be spending money in Austin on their way home, not in Dripping Springs.
4. Our schools are facing overcrowding and underfunding issues. To have another community with the possibility of many students would be a tremendous drain of already limited funds. If the apartment developer is exempt from taxes, the single family residents in DSISD would be faced with additional bonds or tax liabilities to alleviate the expense of additional students.

I agree with and understand that affordable housing is needed in a growing community. However, that housing needs to make sense and be beneficial to the majority involved. Currently our rural area does not provide the support that is necessary for this type of housing. Government financed apartments are typically found in urban areas to minimize the difficulties of travel and supply an abundance of job opportunities. At this time in our growth we need business that contribute to our city and county by paying taxes. As already mentioned, funds are short in many of our city, county, and school programs. With tax exempt apartments a greater burden will be placed on our single family residents.

Denise Kovar
Heritage Oaks resident
[Delete]
[Reply][Reply √][Forward]
[Move... √]



Shannon Roth

From: Teresa Morales
Sent: Wednesday, August 01, 2012 8:55 AM
To: Shannon Roth
Subject: FW: Tax abatement

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: Dang452 [<mailto:dang452@aol.com>]
Sent: Tuesday, July 31, 2012 6:31 PM
To: teresa.morales@tdhca.state.tx.us
Subject: Tax abatement

As a resident of Dripping Springs, I am not in favor of using public funds to benefit a private developement such a s the Ledge Stone Apartments. Do not give the developer Financial incentive that will amount to a wind fall for Him.... Danny Bills



Shannon Roth

From: Teresa Morales
Sent: Wednesday, August 01, 2012 8:55 AM
To: Shannon Roth
Subject: FW:

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: Trey Franklin [<mailto:treyfranklin@msn.com>]
Sent: Tuesday, July 31, 2012 11:03 PM
To: teresa.morales@tdhca.state.tx.us
Subject: FW:

Good evening Mrs. Morales ,

I would like to formally voice my total opposition to the proposed Ledgestone apartment complex. I am sure that you have received many letters about this already. However, I would like to speak about my experience in Dripping Springs. I grew up here. I went to elementary, junior high, and high school here. So did my sister, who also now lives here. We both moved away after college, but came back to start a family so that our children could experience the life we had in such a great community. There have been low income housing options in Dripping Springs for years, but not any of this scale, and not any that will receive the tax benefits that Shaw development will apply for. I recently moved from Leander because of the deterioration of the schools during their last round of busing low income students into our neighborhood, benefiting from a school that their parents paid no taxes to enjoy. I moved back to Dripping Springs to insure that my children's educational future would be unparalleled and uncompromised. I pay more for my property to live here. The property values are higher here because people want to be a part of this great community and school district. Parents who do not pay their fair share of the school taxes will be creating a completely unnecessary burden forcing teachers and administrators to do EVEN more with EVEN less. I volunteer at my daughter's school, DSES. I see how thinly their resources are stretched. This move would be completely detrimental to our children. As parents and voters, we elect our leaders so that they can speak for us and act in our best interests in good times and bad. As a community, we have come together and made it very clear that this is not what we want.

My wife and I are not wealthy. We struggle to pay our bills at times. My wife works overtime. I work two jobs. We work hard to provide a better life for our children. We work hard so that they can live in a community that is safe and full of opportunities. We have to pay our fair share to live this way, and so should everyone. We welcome an apartment development if they can add to the tax base and support their own presence here. It is not fair that our taxes will inevitably increase to cover the shortfall. I am all for a balanced community, but not at the expense of my children. If our schools deteriorate, if our crime rate rises, if these apartments are unsafe because our fire department is not equipped to handle the structure, no one wins. Property values go down. People sell their homes and move away. Where will Dripping Springs be then?

This is avoidable. I am confident that you will listen to the voices of this community and stand with us against this development.

Respectfully,

Trey Franklin
200 Hilltop Dr
Dripping Springs, Tx
512-799-7705



Shannon Roth

From: Teresa Morales
Sent: Wednesday, August 01, 2012 8:53 AM
To: Shannon Roth
Subject: FW: No tax credit to Stuart Shaw!

Teresa Morales
Manager, Multifamily Finance
Office Phone: 512.475.3344

From: Natalia V. Padgett [<mailto:npadgett@austin.rr.com>]
Sent: Wednesday, August 01, 2012 6:38 AM
To: teresa.morales@tdhca.state.tx.us
Subject: No tax credit to Stuart Shaw!

Hello,

Please do not grant the 4% tax credit to Stuart Shaw. The Cypress Creek Ledgestone Apartments development will not benefit our community. I am very concerned about all the negative effects it will have (financially burden our schools, firefighting department, increase crime). Stuart Shaw appears to be the only person benefiting from this development.

Thank you,

Natalia Padgett.

From: [Shana Fowler](#)
To: teresa.morales@tdhca.state.tx.us
Subject: Stuart Shaw
Date: Wednesday, August 01, 2012 7:21:39 AM

To Members of the TDHCA:

Please do not grant Stuart Shaw the **4% tax credit from TDHCA**. This will be a huge drain on the Dripping Springs ISD School District which is already stretched to the limit as it is! I believe Mr. Shaw should pay his fair share of taxes just like all the rest of the DS citizens have to do. If he wants to bring a profitable business into DS he needs to do so like all the rest of the businessmen have and pay his fair share of taxes!

Best Regards,

Shana Fowler



Shannon Roth

From: Tamara Friday [tamfriday1980@yahoo.com]
Sent: Thursday, February 23, 2012 3:36 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Fw: Low Income Housing across from Belterra (Hays County)
Attachments: PublicItemDownload.pdf

Dear Ms. Roth:

I was recently informed about a proposed project that will include low income apartment complexes across from the Belterra subdivision in Hays County and next to the new Trudy's Four Star (see attached letter). I am a current resident of Belterra and we paid a significant price to be here in the cost of our house and the annual property taxes we pay (tax rate of almost 3 percent) but we felt it was worth it to get our children into a better area with better schools.

I dont think it is right that residents of Ledgestone, Belterra, Sawyer Ranch, Heritage Oaks, and HighPointe have all paid for expensive housing in order for our children to be in a nice area and exemplary schools and then all of a sudden a low income apartment complex can move in and obtain Government funding assistance and pay lower taxes than all of us and still get all the benefits of a good area and good schools which will indeed eventually destroy our property values, investements, and our childrens education.

I have no problem with a nice upscale apartment complex leasing at market rates being built there to fit in with the rest of this community but I do have a problem with a LOW INCOME SECTION 8 apartment complex being built there and coming into this very nice community. It will most definately hurt our property values, our school's performance, and our sense of being in a great community. Crime rates will increase with bringing in this type of housing. I know this for a fact because we recently moved down here to the Dripping Springs area to get away from a community that brought in low income section 8 apartments and saw first hand the effects to the schools, property values, and crime rates and we couldn't get out of there soon enough!!

I hope that my family and I have not made a huge mistake by choosing the Belterra subdivision in Hays county. Please help protect our investment to Hays county, Dripping Springs and the Dripping Springs schools we love so much! Please reject this projects request tax credits and Government funding for this project!! This project is not a good use of our taxpayer dollars!!

Also any information you can provide on this project would be most helpful.

Thank you for your time.

Tamara Friday
211 Naples Lane
Austin, TX 78737
512-584-7214

BONNER CARRINGTON

RECEIVED FEB - 9 2012

February 3, 2012

Superintendent Mary Ward
Dripping Springs ISD
510 W. Mercer St.
Dripping Springs, Texas 78620

Dear Community Leader,

Cypress Creek Ledge Stone LP is making an application for 2012 4% Low Income Housing Tax Credits and HOME Funds with the Texas Department of Housing and Community Affairs for the Cypress Creek at Ledge Stone Apartment Homes located Approx the 13000 block of Hwy 290 W on the NW corner of Hwy 290 and Ledge Stone Dr., Dripping Springs (ETJ), Hays County, Texas 78737 (location map attached). This proposed, new construction development is an apartment community comprised of approximately 244 units of which approximately 100% will serve low-income (60% of Area Median Income or Less) tenants. The community will be thoughtfully designed and aesthetically pleasing.

There will be a public hearing to receive public comment on the proposed development. Information regarding the date, time, and location of that hearing will be disseminated at least 30 days prior to the hearing date.

For more information about communities developed by Bonner Carrington LLC please visit our website at www.bonnercarrington.com or feel free to email me and my team at notifications@bonnercarrington.com. You can contact me by mail at Bonner Carrington LLC, 901 Mopac Expressway South, Bldg 4, Ste 180, Austin Texas 78746, by fax at 512-329-9002 or by phone at 512-220-8000 x9902 and asking for Casey Bump. We look forward to hearing from you.

Sincerely,



Stuart Shaw

Applicant's Representative

Reverse Side – Location Map



Cypress Creek at River Bend Apartment Homes – Georgetown, Texas – 100% Affordable

Learn more at www.bonnergarrington.com

Location Map





Shannon Roth

From: susan dickens [susiedsw@yahoo.com]
Sent: Thursday, March 01, 2012 3:19 PM
To: ray.whisenant@co.hays.tx.us; Jason.Isaac@house.state.tx.us;
Shannon.roth@tdhca.state.tx.us; timkurpiewski@aol.com; bruce.gearing@dsisd.txed.net;
jtouchstone@cityofdrippingsprings.com
Subject: Proposed Cypress Creek Apartments at Ledge Stone

I am a resident of Ledge Stone subdivision and am writing to express my concerns over the proposed Cypress Creek Apartments between Ledge Stone and Trudy's restaurant. My primary concerns are the entrance to this apartment complex being the existing entrance to Ledge Stone, and also the fact that the developer is applying for a tax abatement from the city.

The rotary area at the entrance to Ledge Stone is being used by school buses as a loading and drop-off area, which I feel is already a bad idea, and an accident waiting to happen. If that area also becomes an entrance to this proposed apartment complex, it is liable to be congested beyond belief at 7:00 when residents are leaving for work and the elementary school bus is loading schoolchildren. This is the only entrance and exit for our subdivision. Why should we share our ONLY access with an apartment complex when they will have another entrance into the apartments down the road? This is totally unacceptable!

Secondly, I am opposed to the tax abatement from the city, if that means the homeowners in our area will be responsible for many of those taxes. Residents moving into the complex will most likely have small, school-aged children, and I do not feel the rest of us should have to pay more taxes for the inevitable increase in elementary school children and possibly the need to build another elementary school. Dripping Springs Elementary School has already taken on more students this year from Rooster Springs, and with the potential of having an additional 300+ more students moving to the area, it will not be long before the existing schools are stretched to the max.

Many of my fellow neighbors have the same concerns, and we appreciate your taking these issues into consideration with the developer when planning for these apartments.

Susan Dickens



Shannon Roth

From: Richard Ball [country.cousin@hotmail.com]
Sent: Sunday, March 11, 2012 6:26 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Cypress Creek Apartments

I am strongly opposed to the granting any type of tax waiver to the owner or builder of the proposed apts. scheduled to be built at aledgestone. I live in Ledgestone at 162 Rock Vista Run. The only winner in this project is the owner, who will continue to line his pockets at everyones expense. Thank you for your consideration in this matter. Richard Ball



Shannon Roth

From: Phil Freeburg [pfreeburg@austin.rr.com]
Sent: Tuesday, March 06, 2012 9:05 AM
To: shannon.roth@tdhca.state.tx.us
Subject: proposed shaw apartment development

Faye and I wish to voice our opposition to the proposed apartment complex near Ledgestone/Trudy's by developer, Stuart Shaw of Bonner Communications.

This development will place detrimental demand on Dripping Springs Schools, our water supply, traffic, etc.

Please stand in opposition to the approval of this project and do not let it go forward.

Kind Regards,

Phillip and Faye Freeburg

310 Abbott Dr (Belterra)

Austin, Texas



Shannon Roth

From: OGKG2000@aol.com
Sent: Sunday, February 26, 2012 11:31 PM
To: shannon.roth@tdhca.state.tx.us
Subject: New Apartment Complex

Dear Ms. Roth,

I have recently been informed that a proposal has been made to build a 244 apartment unit complex containing thirteen buildings to the immediate west of the Ledge Stone Community in Hays County.

This complex is being developed by the Capitol Area Financial Corp and Bonner Carrington LLC will go by the name Cypress Creek at Ledge Stone Apartment Homes.

It is my understanding that the developer is applying for tax abatements from Hays County, the City of Dripping Springs, and the Dripping Springs ISD and tax credits from the Texas Department of Housing and Community Affairs. In these austere monetary times, giving tax abatements for apartment construction in this area does not seem prudent. The benefits of this type of project do not outweigh the negative impact on this community.

Although I have never worked in the construction industry or in the banking/finance business, I find it very odd that a project designed to make profits for the owner would need “free” money from so many sources. The money that the developer is asking for comes at someone’s expense, namely the tax payer. As a tax payer in Hays County, I do not want any additional tax burden because of this project. This project simply will not contribute proportionately to the tax base of Dripping Springs.

Building these apartments virtually adjacent to our homes will do nothing but lower the values of the existing homes in Ledge Stone. The fact that the apartment complex plans to run an additional road into our entry way traffic circle only complicates the already existing traffic at this location and the school bus pickups and drop offs in the circle. The traffic on Hwy 290 West outside our community is already very congested. At best the traffic is very dangerous and at worst lethal. Adding a multi-unit apartment complex adjacent to our property will add many more cars to an already crowded road and will make the situation worse.

We would appreciate your support in stopping this ill conceived apartment complex.

Thank you in advance for your support,

Owen & Karen Grad

639 Ledge Stone Dr.

Austin, Texas 78737

Hays County

Shannon Roth

From: OGKG2000@aol.com
Sent: Thursday, February 23, 2012 1:52 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Ledge Stone

To: TDHCA
From: Owen Grad

I have just been informed that there is a proposal to build apartment type housing units to the immediate west of the Ledge Stone Community in Hays County.

These proposal is for 244 units and is being developed by the Capitol Area Financial Corp and Bonner Carrington LLC and will go by the name Cypress Creek. These apartments will be designated for 100% low income.

Building low income apartments virtually adjacent to our homes will do nothing but lower the values of the existing homes in Ledge Stone.

The traffic on Hwy 290 west outside our community is already very congested. At best it is very dangerous and at worst it is lethal. Adding a multi unit apartment complex adjacent to our property will add many more cars to an already crowded road and will just make the situation worse.

Thank you
Owen Grad
639 Ledge Stone Drive
Austin, Texas 78737
512-712-5333



Shannon Roth

From: MJamesBG@aol.com
Sent: Friday, March 09, 2012 5:46 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Proposed Cypress Creek Apartments - Attn: Ms. Roth

To: Texas Department of Housing & Community Affairs

Attn: Ms. Roth,

Please oppose this project.

I live in Ledge Stone and I am opposed to the plans for the Cypress Creek apartments. I think they will be very detrimental for our neighborhood and for the entire Dripping Springs area. It is my understanding this will bring in many additional children into the Dripping Springs school system without the support of any additional tax revenues. Ledge Stone will be directly affected by the likely increase of crime, plus it will be an increased burden on the local police and fire departments. The negative impact on the values of our homes, not only here in Ledge Stone, but in all the surrounding communities, will be substantial.

I see no positive benefits for our community as a whole from these apartments, and only negative impacts. Again, please oppose this project in any way you can.

Sincerely,

Kathy James

467 Ledge Stone Drive

Austin, TX 78737



Shannon Roth

From: MJJamesBG@aol.com
Sent: Thursday, March 08, 2012 6:11 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Proposed Cypress Creek Apartments in Hays County

To: Ms. Shannon Roth

1. The purpose of this letter is to express my opposition to the proposed Cypress Creek Apartment complex and request that you officially oppose it. I am a resident of the Ledge Stone residential area and I am opposed for the following reasons:

A. Bonner Carrington, the developer, intends to seek tax abatements exempting it from contributing tax revenue to the Dripping Springs ISD, while at the same time bringing a large number of school age children into a district that is already financially struggling to meet its current mandates and obligations.

B. Housing projects of this nature historically cause an increase of crimes in the surrounding communities. The residents of these communities worked very hard for many years to be able to live in an area that is relatively safe and free of serious criminal activity. It is morally wrong to allow or force a situation that increases the risk to the safety of our families and to our property.

C. There is no present need for this type of housing in the Dripping Springs area. Additionally, this area does not have the desired infrastructure support, such as public transportation, full service grocery stores, medical clinics, day care facilities, etc.. Also very significant is the fact that the Dripping Springs planning commission has no knowledge of any planned commercial/industrial expansion that would increase employment opportunities enough to require such housing.

D. This project will not significantly increase discretionary spending or tax revenue in the Dripping Springs area as claimed by the developer. Most, if not all, of the people currently employed here already have housing. The majority of people attracted to this housing will probably be employed elsewhere, most likely in the city of Austin. Common sense acknowledges that many of these people will continue to shop where they previously did because of convenience and habit.

E. Low to moderate income housing projects of this nature located in the close vicinity of single family residences of higher values historically decreases the property values of those residences. Anyone claiming otherwise is inexcusably uninformed or deliberately misrepresenting facts. While I believe that everyone who is willing to work deserves an adequate place to live, I also believe I deserve to have the value of my home maintained and the safest possible environment for my family.

2. Due to a lack of beneficial aspects and the number and seriousness of the negative aspects to the Dripping Springs area, I again request that you oppose it in any and all ways possible.

Respectfully,

Mark James

467 Ledge Stone Drive

Austin, TX 78737

Shannon Roth

From: Michelle Batte [mbatte2@austin.rr.com]
Sent: Saturday, February 25, 2012 8:15 PM
To: shannon.roth@tdhca.state.tx.us
Cc: 'Melissa Roberts'; Teresa Scott
Subject: Cypress Creek Apartments Near Four Star Blvd and Hwy 290, Dripping Springs

Dear Ms. Roth,

I am writing to express concerns regarding the Cypress Creek Apartment complex being proposed for the Dripping Springs community. My understanding is that the builder is applying for government financing to build low-income apartments. We have also been informed that the developers are currently seeking a tax abatement. An abatement means the developer wants to be taxed at a much lower rate. These are the major concerns:

- A 244 unit complex means 244 more families in the DS community. We can expect a large influx of children into our already crowded schools that have experienced serious budget cuts and lost programs. *However*, the new low-income complex would not contribute anything to our already suffering school district.
- One of the main reasons families move to DS is because of our excellent schools. Adding more students w/o any additional funding will negatively impact the school system and make Dripping Springs a significantly less desirable community.
- Tax abatement also means, if I understand correctly, less money for Dripping Springs infrastructure, such as roads, water, law enforcement, etc.
- My neighborhood, Ledge Stone, pays significantly higher taxes for a separate MUD (municipal utility district). The residents of Ledge Stone pay toward the MUD, as does Trudy's Restaurant. I have been told, but I have not yet confirmed, that a low-income apartment complex would not have to contribute taxes toward the MUD. We have been told many times that whatever was built on this land would eventually contribute toward this large tax burden.

As a mother of 2 school age children, a resident of Ledge Stone, and an enthusiastic supporter of the charming Dripping Springs community, I feel strongly that the Cypress Creek builder's application for low-income, government subsidized housing and tax abatement should be turned down.

Sincerely,

Michelle Batte



Shannon Roth

From: Melissa Roberts [melrobertshomes@gmail.com]
Sent: Friday, February 24, 2012 8:26 AM
To: Shannon Roth
Subject: Re: Opposition from Jason Issac & Ray Whisenant (please deny 244 untis in Ledge Stone!)

Thank you Shannon. I am happy that you are so accessible and professional at your job. I know you are in a hard position, but I promise you the Stuart Shaw doesn't not build quality housing. They look nice on the outside, but the residences reviews are 19% satisfaction in Houston, 43% in Cedar Park, 25% in Hyattsville, MD,....

We have several meetings set up and we have already HUNDREDS, soon to be THOUSANDS against this development. It is not the right area for it. I will list the facts to you soon, and keep emotion out of it. We only knew about this proposed development for 2 days...I am making it my full time job to spread the word. NO ONE is for it, except the developers. (I even talked to the land developer's wife (the wife of the man trying to sell the land), and she is against it. I have it in quotes exactly what she said, and where and what time she said it to me and witnesses.

I am meeting with Stuart Shaw today to get more facts, but I promise you I researched his developments and there is nothing he can say that will change my mind. I do not trust his business ethics. I will report back to you after this meeting.

I have been in Real Estate for 10+ years and watched developers over promise and under deliver 100% of the time.

Again Shannon, I appreciate your ears and would love any feedback from you or anyone, on how to fight this application. I will be in touch with more facts on how this development is not right for Dripping Springs ISD, home values, business already in place, and the already under developed West Hwy 290 (very dangerous as it is)....we witness too many deaths already because Austin can't afford to widen this Hwy yet....it is a much needed project that keeps getting pushed back. If we flood it with 244 more families in a compact area, this would even be more unfortunate. I lived here, in Ledge Stone for 3 years and witnessed at least 5 fatal accidents. Way too many.

Thank you Shannon from the bottom of my heart. I will be in touch and I apprecaite you listening to my and soon to be THOUSANDS of concerns. Jason Isacc lives across the street from this proposed development and I promise you with him on our side, we won't let this happen.

Thanks, Melissa Roberts

On Fri, Feb 24, 2012 at 7:25 AM, Shannon Roth <shannon.roth@tdhca.state.tx.us> wrote:

Thanks Melissa. I did receive your email this time. Have a good day.

Shannon Roth

Multifamily Housing Specialist

Texas Department of Housing and Community Affairs

221 E. 11th Street | Austin, TX 78701

Office: [512.475.3929](tel:512.475.3929)

Fax: [512.475.1895](tel:512.475.1895)

About TDHCA

The Texas Department of Housing and Community Affairs administers a number of state and federal programs through for-profit, nonprofit, and local government partnerships to strengthen communities through affordable housing development, home ownership opportunities, weatherization, and community-based services for Texans in need. For more information, including current funding opportunities and information on local providers, please visit www.tdhca.state.tx.us.

From: Melissa Roberts [mailto:melrobertshomes@gmail.com]

Sent: Thursday, February 23, 2012 3:18 PM

To: shannon.roth@tdhca.state.tx.us

Subject: Opposition from Jason Issac & Ray Whisenant (please deny 244 untis in Ledge Stone!)

To whom it may concern at the TDHCA Multifamily Finance Division:

Please read two emails below (the first is Jason Isaac's response to show his opposition on this development).

The second email was my email to him explain my concerns.

Please read over and deny their application in Cypress Creek In Ledge Stone.

READ BOTH EMAILS BELOW.

Thank you for your time. (Melissa Roberts)

----- Forwarded message -----

From: **Jason Isaac** <Jason.Isaac@house.state.tx.us>

Date: Wed, Feb 22, 2012 at 9:39 PM

Subject: RE: STOP Proposed LOW income housing near Belterra (244 units)

To: Melissa Roberts <melrobertshomes@gmail.com>

Cc: Ellen Troxclair <Ellen.Troxclair@house.state.tx.us>

Melissa:

Thank you for the email bringing this to my attention; I was completely unaware and I live in Belterra. I've copied my Chief of Staff, Ellen Troxclair, on this message and will ask her to attend the meeting with Commissioner Whisenant if her schedule permits; I will be out of town on an extended business trip. I have too many concerns to list in this email, but I'll say I'm on your side on this issue.

Thank you again.

Regards,

Jason Isaac

From: Melissa Roberts [melrobertshomes@gmail.com]

Sent: Wednesday, February 22, 2012 5:51 PM

To: Jason Isaac

Subject: STOP Proposed LOW income housing near Belterra (244 units)

Hello Jason Isaac,

I love your photo of your perfect family on your website! :)

Okay, I am Melissa Roberts, Full time Mom of 3, and a Realtor near Dripping Springs with RE/MAX Gateway. I chose to live here because of the exemplary schools and the pride of the D.S. Community. But with the economy, I believe the developers in Ledge Stone are desperate. They already sent in an application to TDHCA for government subsidized housing, 244 units, 13 blgs. (Low rent, and below market value rent)

****PLUS**, I have been told that the developer is seeking a tax abatement and government funding for this project.

Many communities in Dripping Springs are strongly opposed to this complex for a variety of reasons. Right now, the only positive angle for this project being completed seems to favor the developer. Yes, they are a business and should be able to pursue financial rewards, but not at the expense of most all people in the surrounding areas.

The developer claims it will not be government housing nor low income housing, but if they receive the government funding they seek, they are obligated to keep rents at a low rate. These low rates are required in exchange for the government assistance. The company purchasing the land, ALWAYS files with TDHCA. An example of their housing is in Georgetown: (here is a link to one of their projects.)<http://www.cypresscreekapartments.com/cypresscreek/CCRB/incoming/web/index.php>

****We** are having a meeting March 5th at 1:00 at Roger Hanks Parkway, Prec. Building 4 with Ray Whisenant. I would love it if you could find the time to come. I don't know what I am doing, but I am making it a full time job, on top of raising 3 children. I strongly believe that DSISD, is already FULL and would be impacted in a

bad way if this development was allowed. I heard you have a strong voice and helped fix Ranch Road 12...thank you for that! PLEASE HELP.

I will be getting the notices that an application was submitted to TDHCA and the brochure of the proposed development tomorrow morning from D.S. City Hall. I will forward it to you.

--

Melissa Roberts

--

Melissa Roberts

Realtor

Cell: [\(512\)769-0877](tel:5127690877)

RE/MAX Gateway

13062 HWY 290 West

Austin, TX 78737

"Remember...I am never too busy for your referrals"

Shannon Roth

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I will be getting the notices that an application was submitted to TDHCA and the brochure of the proposed development tomorrow morning from D.S. City Hall. I will forward it to you.

--

Melissa Roberts



Shannon Roth

From: Melissa Brunett [sasagail@yahoo.com]
Sent: Friday, February 24, 2012 9:24 PM
To: shannon.roth@tdhca.state.tx.us
Subject: No!!! to low income housing at 290 and Four Star

We strongly oppose the idea of low income housing near our community (we live in Belterra). The main reason for our move here was that we have small children and this is one of the best school districts. We pay outrageous property tax to be able to afford such a luxury and the schools are already having to make several cuts due to lack of funding. Increasing the student load would be a huge burden on those of us that pay the already high taxes.

We are also very proud of the safety of our community and fear that low income housing would negatively affect the safety of our children, if not just for the fear of increased crime due to the type of housing, then for the traffic safety as the area is becoming so densely populated.

Please also say NO to the funding of Cypress Creek Apartments!

Thank you,
Melissa Brunett
110 Chancery Court
Austin, TX 78737

Sent from my iPad



Shannon Roth

From: Linda Nix [lindamnix@hotmail.com]
Sent: Tuesday, March 06, 2012 11:23 AM
To: shannon.roth@tdhca.state.tx.us
Subject: PLEASE STOP proposed apartments at Four Star Blvd. & 290

I live in Oak Run West Subdivision on Oak Branch Drive @ the intersection of HWY 290/Nutty Brown Rd. I feel VERY STRONGLY that this apartment complex's tax abatement will deeply hurt Dripping Springs schools.

This apartment complex will ONLY benefit the developer's pocket book.

My husband and I feel that the location is NOT APPROPRIATE for low income property.

It is unbelievable that the DSISD would agree to give up any tax revenue in order to accommodate this development.

We would see property values declining which would in turn, reduce tax revenue for all taxing entities.

Because the Texas Legislature has reduced funding to our School District, there may be tax hikes for all property owners in the near future in order to maintain the high standards of the District.

This MUST be stopped! Property values are already hurting in our area. This could be devastating.

I understand that this project is in the beginning stages and still needs to get approval from many local officials before anything is going to happen.

PLEASE, PLEASE, PLEASE take a stand for our community and do your best to stop this development from hurting Dripping Springs.



Shannon Roth

From: Kim Greene [kimgreene33@yahoo.com]
Sent: Friday, February 24, 2012 4:29 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Dripping Springs, TX

Shannon,

I'm writing to ask you to reject the funding application for low-income housing on Four Star Blvd in Dripping Springs. The surrounding communities are the highest populated area of town (Belterra, Ledge Stone, High Pointe, Heritage Oaks) and it would negatively affect our property values and add increased tax burden to our community. With the housing market crash these past few years, our property values have already suffered significant losses and we are just starting to regain some of it back. Allowing this apartment complex into the heart of our neighborhoods would set us back significantly, especially if it's reduced rent and not market level. Please reject this application.

Thank you,

-Kim Greene, Ledge Stone resident



Shannon Roth

From: Kat Hastings [katrhastings@gmail.com]
Sent: Saturday, March 03, 2012 6:44 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Deny government funding for proposed Cypress Creek Apartments

Deny government funding for the proposed Cypress Creek Apartments because the apartments will hurt our community. The apartments are currently planned to be built north of Hwy 290 between Nutty Brown and Belterra Roads.

This individual has submitted multiple letters of opposition, this is a duplicate of an email sent to SR on 3/3/12

2401



Misael Arroyo

From: Terri Roeber
Sent: Wednesday, February 22, 2012 1:13 PM
To: Misael Arroyo
Subject: FW: Oppose Cypress Creek Apartments

Terri Roeber

Information Specialist, Housing Resource Center
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701
Phone: 512.936.7803
Fax: 512.475.1672

From: Kat Hastings [<mailto:katrhastings@gmail.com>]
Sent: Wednesday, February 22, 2012 1:01 PM
To: info@tdhca.state.tx.us
Subject: Oppose Cypress Creek Apartments

I am writing to express concern and discontent with the proposed project called Cypress Creek Apartments on Highway 290 West. It is apparently being financed by a group called Capitol Area Financial Corp.

As a Dripping Springs resident and taxpayer, I strongly oppose this project.

Kathleen R. Hastings
111 Rocky Spot Dr.
Austin, TX 78737



Shannon Roth

From: Judy Kay Johnson [judykayjohnson@yahoo.com]
Sent: Tuesday, February 28, 2012 1:22 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Bonner Carrington application for Low Income Apts.: Cypress Creek at Ledge Stone

We strongly oppose the approval of government funds for this low income apartment complex.

Reasons:

*Dripping Springs water table is very low, an apartment complex would be a heavy strain on an already desperate situation.

*Our schools are already facing overcrowding and underfunding. To add additional students to this situation would most likely force bonds or additional taxes posed on existing residents. If the apartment developer is exempt from taxes, the single family residents would have to foot the bill; taxes are already very high in Hays County.

*Hwy. 290 is a dangerous highway now, adding more traffic will increase risks to all drivers.

*There is no public transportation available in this community.

Respectfully submitted,

Tom and Judy Johnson
Belterra Community Residents



Shannon Roth

From: Jason.Gibbs@muellerinc.com
Sent: Thursday, March 15, 2012 9:11 AM
To: bert.cobb@co.hays.tx.us; ray.whisenant@co.hays.tx.us; will.conley@co.hays.tx.us; mark.jones@co.hays.tx.us; debbiei@co.hays.tx.us
Cc: shannon.roth@tdhca.state.tx.us
Subject: Apartment Complex

Hello to all,

I am writing in regards to the New Apartment Complex's proposals in front of the Ledgestone and Belterra developments. It is to my understanding that there are a few hundred units planned to go in here.

I am sorry I am probably a little late on this. I just have a few question and hope I am directing them the right direction. Where are we going to get the water? Belterra is (to my understanding) under stage 2 restriction and the subdivision is no where near complete. I don't know where Ledgestone stands on water at this time.

What about the schools? Do we have enough room for hundreds of new families all at once, not counting all the new homes being built.

What about the traffic in these neighborhoods and Dripping Springs area?
It is getting to feel like Austin already.

I am just a concerned Belterra resident. I have 3 friends that have put their house on the market since hearing of this. I have also noticed more houses on the market since this news broke.

Thank you for your time

Jason Gibbs
Mueller Inc.
West Austin/Spicewood Branch
Branch Manager
1-830-693-6041 office



Shannon Roth

From: J Orina [jorina@austin.rr.com]
Sent: Saturday, August 25, 2012 11:56 AM
To: shannon.roth@tdhca.state.tx.us
Subject: Cypress Creek at Ledgestone Apartment Homes

Dear Shannon,

I am writing this e-mail to oppose any funding to the above listed project. There are many reasons why this project is not a good fit for this location such as proximity to services, i.e. shops, public transport, etc. combined with overwhelming neighborhood opposition. Please consider these reason and deny funding.

Jaime Orina

26 Long Creek Rd. (Heritage Oaks subdivision)

512-423-0028



From: [Jann Orina](#)
To: shannon.roth@tdhca.state.tx.us
Subject: Proposed apartments
Date: Thursday, March 08, 2012 2:58:04 PM

I am totally opposed to these subsidized apartments within our community.

Jann Orina



Shannon Roth

From: Generic E-Mail [Generic-Email@austin.rr.com]
Sent: Wednesday, March 07, 2012 7:33 PM
To: shannon.roth@tdhca.state.tx.us
Subject: Please deny request to build Cypress Creek Apartments

Hi Shannon,

I am sending this note to request the "Affordable Multi Family" 244 unit complex off Hwy. 290 between Ledge Stone Dr and Four Star Blvd. not be allowed to receive Tax Abatement or even be permitted to be built in this area. This is a High Property tax value area that largely funds Dripping Spring Schools. This complex would cause unnecessary harm to those values and would have a negative impact on the cohesion of these heavily residential neighborhoods.

Best Regards,
Marcia Thayer
2 Heritage Oaks Dr.
Austin, TX 78737



Shannon Roth

From: Gail Schmid [gailstales@austin.rr.com]
Sent: Saturday, March 10, 2012 11:04 AM
To: Shannon Roth
Subject: Proposed Apartment Complex

To Whom It May Concern,

I am writing to you to voice my concerns regarding the proposed apartment complex that is to be built on 290 between Trudy's restaurant and the Ledge Stone sub-division.

As a responsible citizen, I am especially wondering what would happen to our water supply, our over- crowded school system, and our tax rates.

This is not excluding the need for increased emergency services, road repairs, and many more needs of Hays County.

Please veto the investor's request and block this development from taking place.

Thank you,

Gail Schmid (Belterra Resident)

160 Trinity Hills Dr.

Austin, Tx. 78737



Shannon Roth

From: David Slater [slater.d@gmail.com]
Sent: Tuesday, March 06, 2012 4:19 PM
To: shannon.roth@tdhca.state.tx.us
Subject: proposed apartments at Four Star Blvd and 290

Ms. Roth,

I recently became aware of a proposed apartment near by neighborhood, on the northside of US 290, between Nutty Brown Road and Belterra Drive. I wanted to take a moment to voice my concern over this project.

It appears the developers of this project are seeking assistance from the TDHCA. I oppose the use of State funds being used to subsidize a complex that will hurt and significantly strain our community. Please deny any government funding to this proposed project.

Sincerely,

David Slater
358 Ledgestone Dr
Austin, TX 78737



Shannon Roth

From: Chrystal Wells [cwells@corehealth.com]
Sent: Tuesday, February 28, 2012 10:13 PM
To: Chrystal Wells
Subject: concern over proposed apartment complex at Ledge Stone

I live and work in the Dripping Springs area and have since 1993. While I am a proponent of appropriate growth in the community, the proposed Cypress Creek Apartments at Ledge Stone has raised some red flags. Below are just a few areas of concern for this project. Thanks in advance for your time.

1. It is unlikely that a traffic light will be installed at the entrance to Ledge Stone. This means the only entrance and exit for Ledge Stone will have a considerable traffic increase.
2. Most low income or affordable housing is built in Urban areas that have support such as public transportation, companies to work for, close day care options, and shopping within walking distance. We are a rural area with little opportunity for jobs, no public transportation, and few commercial business close. They would be 7 miles from downtown dripping and 7 miles to the Y in Oak Hill.
3. Will the residents really be spending money in Dripping? Very few area residents actually work in Dripping Springs, the majority work towards Austin. Will these new residents really be spending money in Dripping or shopping close to work in Austin on their way home from work?
4. Gas prices are high and with our area being Rural the cost effectiveness of living here on a very tight budget would be an added strain, it doesn't make sense to add that additional cost.
5. Our schools are facing serious overcrowding and underfunding issues. There is talk of the removable of campus nurses, and librarians to free up funds. To have another community with the possibility of many students would be a tremendous drain. If the apartment developer is exempt from taxes, the single family residents would most likely be faced with additional bonds or taxes to alleviate the additional students. Our students may have to do without, and remaining exemplary may be more difficult. To see how badly we are already impacted by the budget cuts go to: <http://www.dsisd.txed.net/index.aspx?nid=2536>
6. The water table in Dripping Springs is very low, an apartment complex would be a heavy strain on an already desperate situation.
7. Also, the developer of the apartments will not be contributing to emergency services, road improvements/ repairs, etc...

Chrystal Wells
Vice President of Operations
CORE Health Care
www.corehealth.com
www.resilientmind.org
Office: 512-894-0801 ext. 111
Fax: 512-858-4627
Cell: 512-826-1147

IMPORTANT WARNING: This electronic mail and any documents accompanying it, contains information from CORE Health Care, which is intended for the individual or entity to whom it is addressed. This electronic mail may contain information that is privileged and confidential, the disclosure of which is governed by



Shannon Roth

From: Chad Bradbury [ChaBra@bradburyco.com]
Sent: Monday, February 27, 2012 11:47 AM
To: shannon.roth@tdhca.state.tx.us
Subject: Apartment Development on Hwy 290 and Trudy's four Star

Importance: High

Dear Ms. Roth,

As residents of Belterra we are rising to voice our strong concerns regarding the proposed building of Low income apartments in our area. We are for development and upwardly oriented growth in the Dripping Springs area but are very concerned that discounted tax relief and cookie cutter building models have been planned by Mr. Shaw for this area. My wife and I have looked at the promotional video for these apartments and they are standard and plain to say the least. Coupled with a low rent model it will in our view negatively impact the Dripping Springs community and it's current development. Impact the schools in a negative way through the tax base and change the outstanding family centric and dynamic environment that exists in our community.

We would respectfully ask you not to support this development and ask the developer to pick another site in the area that does not impact Dripping Springs.

Thank you for your attention on this matter.

With Regards,

Chad and Sheila Bradbury
140 Granite Lane - Belterra

ATTN: SHANNON ROTH - TDHCA MULTI-FAMILY DIV. MAY 31 2012 10:10am gr
FROM: CHAD & SHEILA BRADBURY - BELTERRA ✓
DATE: 2/27/2012

These individuals also sent an email on 2/27/2012.

SUBJECT: PROPOSED LOW INCOME APARTMENTS

DEAR SHANNON -

WE DO NOT SUPPORT THE PROPOSED APARTMENTS TO BE LOCATED NEAR TRUDY'S FOUR STAR & HWY 290.

IT IS OUR UNDERSTANDING THE BURDEN IS REQUESTING LOWER THAN AVG. TAX RELIEF & A BELOW MARKET BUSINESS MODEL THAT COULD NEGATIVELY AFFECT OUR EXISTING NEIGHBORHOODS & THE DRIPPING SPRINGS SCHOOL SYSTEM.

WE ARE ALL FOR DEVELOPMENT ON AN EVEN PLAYING FIELD WITH SUPERIOR NEIGHBORHOODS BUT ~~WE~~ NOT ANY DEVELOPMENT THAT STALLS THE UPWARD GROWTH IN THIS AREA.

WE ASK YOU NOT TO SUPPORT STUART SHAW'S PROPOSED DEVELOPMENT.

WITH REGARDS - CHAD & SHEILA BRADBURY
140 GRANITE LN. - BELTERRA (512) 536-0504 PA

03-01-12A10:10 RCVD



Shannon Roth

From: Bill [magb38@yahoo.com]
Sent: Thursday, February 23, 2012 3:01 PM
To: shannon.roth@tdhca.state.tx.us
Subject: opposed to low income apartments at 290 and Four Star Lane

Hello,

I live in Heritage Oaks and just learned about the plans for low income housing between Ledgestone and Trudy's on 290. Myself and everyone in my community are strongly opposed to such a development, it would do nothing but harm to our property values and the traffic and what not in the area. I hope this will be reconsidered once it is seen how the people living in the community are against such a development.

HOA OF THE OVERLOOK OF THE HILLS OF TEXAS

April 25, 2012

Dear Ms. Roth,

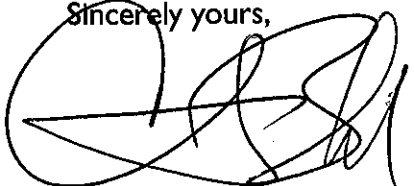
This letter is in regards to the proposed multifamily Cypress Creek Apartments currently planned to be built between Nutty Brown Rd and Belterra Rd along Hwy 290.

As a local HOA, we would like to voice our objection to this project for several reasons. DSISD is currently struggling with budget cuts and this addition will increase the load of children to our school system without increasing the local taxes. Furthermore we have concerns that such a facility will decrease local property values, thus further decreasing our tax base. The complex is inappropriately placed as it is seven miles from downtown Dripping Springs, the city they claim to be serving with such a unit. There is no public transportation to serve this area. The traffic congestion along this section of HWY 290 is already dangerously congested, and this complex will add to this problem.

We have witnessed firsthand from living in other cities such as Houston that these low income housing units do not improve the quality of life in a neighborhood. Instead they increase the burden of the local schools, law enforcement, and infrastructure without adding a significant increase in tax benefit.

Please consider our position prior to approving this project. We simply do not want or need this type of low income housing in our neighborhood.

Sincerely yours,



Robert Blake, HOA Pres.



Bill Lundell, Sec.



Christina Wise, Treas.

05-11-12AA68249PA1N

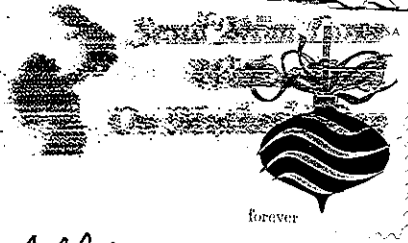
HOA Overlook of Hills of Texas

P.O. Box 91941

Austin, TX 78709

MF-5/11/2012-SF

AUSTIN TX 787
NATIONAL DISTRICT



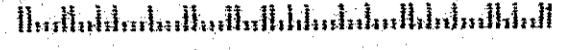
Texas Department of Housing and Community Affairs
Attn: Ms. Shannon Roth

P.O. Box 13941
Austin, TX 78711



RECEIVED
MAY 11 2012
Texas Department of Housing
and Community Affairs

78711394141





From: James H. Martin
161 Drury Lane
Austin, TX 78737

Date: May 18, 2012

To: Texas Department of Housing and Community Affairs (TDHCA)
P.O. BOX 13941
Austin, TX 78711-3941

This communication is to express opposition to construction of the Cypress Creek at Ledge Stone Apartment complex by Bonner-Carrington. Bonner Carrington representative Stuart Shaw submitted application for construction to the Dripping Springs City Planner on May 4, 2012. Our opposition is based on several concerns discussed below. We are not opposed to smart growth which supports current needs of the community. We do not feel this development serves any current need. We feel the proposed Cypress Creek at Ledge Stone will negatively impact services and quality of life in the Dripping Springs community.

Taxes

Stuart Shaw has stated an estimated tax value of \$7Million for the Cypress Creek at Ledge Stone development with estimated taxes of approximately \$140,000 per year. This is roughly the same amount of taxes that would be paid by 18 single family homes located near the complex, yet all public services provided to neighboring homes would need to be provided to the apartment complex of 244 units. We feel this places an unfair tax burden on current community residents.

Burden on Dripping Springs Independent School District (DSISD)

Using figures provided by Dr. Bruce Gearing at DSISD meeting on April 19th, there is the potential for over 300 children of school age to reside in the apartment complex¹. This number of children will place a financial burden on the school system that is greater than the additional weighted average daily attendance (WADA) funding that would result from increased enrollment. DSISD financial data for 2009-2010 show total operating expenditures per student of \$8,113², while WADA funding is \$6500 per child for 100% attendance. DSISD already has the highest school tax rate (1.49 per \$100 valuation in 2011) in Hays county and also higher than Eanes ISD and Lake Travis ISD according to Texas Comptroller of Public Accounts.³ Funding the shortfall for per student expenditures may force an even higher school tax rate.

¹ Dr. Bruce Gering reported to the DSISD Board that planning figures for students were: 0.3 per household for single family homes, 0.66 for traditional apartments, and 1.33 for low to moderate income apartments.

²http://ritter.tea.state.tx.us/cgi/sas/broker?_service=marykay&_program=sfadhoc.actual_report_2010.sas&_service=appserv&_debug=0&_who_box=105904

³ <http://www.window.state.tx.us/taxinfo/proptax/2010taxrates/cnty105.html>

X = letters already received from these individuals

10 of the 16 have previously submitted separate letters


Police Protection

Constable Ron Hood of Dripping Springs has expressed concern about his ability to provide service to this community without additional staff and has signed a petition against construction of Cypress Creek at Ledge Stone.

Fire Department Protection

During Hays County Emergency Services District (EDS) #6 meeting on May 9, 2012, the Board President and a fire department captain stated that the district does not have equipment to service a four story building. The Cypress Creek at Ledge Stone plans provided to EDS #6 show a four story building in the complex. According to the EDS #6 Board there are not funds in current or projected future budgets to procure equipment (ladder truck) to enable the firefighters to safely respond to a fire in a four story building. The nearest ladder truck that could be requested for assistance is over 20 minutes away according to a fire captain present at the May 9th meeting. We feel it is unfair to ask fire fighters to risk their lives in responding to a four story structure fire without proper equipment. We also feel it is irresponsible to include structures in building plans that place unnecessary risks on apartment occupants.

Respectfully,


Eleanor S. Benson


Clint Batte


Michelle Batte



Judy Johnson


James H. Martin


Russell C. Scott

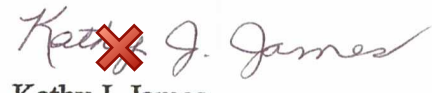

Teresa Scott


Vic G. Shively


Deborah L. Sikora



Vincent T. Sikora



Mark O. James


Kathy J. James


Pattie Ferriera


Melissa A. Roberts


Owen Crad


Karen Crad



From: [Cameron Dorsey](#)
To: [Misael Arroyo](#); [Teresa Morales](#)
Subject: FW: Complaint regarding a development applying for Housing Tax Credits or Bonds
Date: Tuesday, June 18, 2013 1:29:23 PM

From: matt duree [mailto:mdduree@hotmail.com]
Sent: Tuesday, June 18, 2013 10:15 AM
To: cameron.dorsey@tdhca.state.tx.us
Subject: Complaint regarding a development applying for Housing Tax Credits or Bonds

I would like to file a complaint against Stuart Shaw's development of the Ledge Stone Apartments. Mr. Shaw's past developments have not contributed positively to the tax base or school district they are located in. Also the location of the apartments will significantly lower the value of premium homes nearby. One man's profit should not come at the expense of hundreds of hard working individuals. There are many other locations that this complex can be located that will not cost current home owners hundreds of thousands in property value. The only reason for this location is the existing sewer system, this will save Mr. Shaw money in the development although the cost will be felt by the existing neighborhoods in massively reduced value.

Thank you,
Matthew Duree

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on Requested Waivers and Consideration of Determination Notices for Housing Tax Credits with Other Issuers, if all Required Waivers, if any, have been Granted

RECOMMENDED ACTION

WHEREAS, a Housing Tax Credit application for Edison Square was submitted to the Department on May13, 2013;

WHEREAS, the proposed issuer of the bonds is the Port Arthur Housing Opportunity Corporation;

WHEREAS, the Certification of Reservation expires on November 2, 2013;

WHEREAS, the Development is located in a municipality that has been identified as having twice the state average of units *per capita* supported by Housing Tax Credits or Private Activity Bonds;

WHEREAS, the City of Port Arthur, voted on July 9, 2013, to support the construction of the development and authorize an allocation of 4% Housing Tax Credits; and

WHEREAS, the Executive Award and Review Advisory Committee recommends the issuance of the Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$589,952 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for Edison Square is hereby approved in the form presented to this meeting.

BACKGROUND

General Information: The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation which does not have a prescribed restriction on the percentage of Area median Family Income ("AMFI") that must be served. Edison Square, located in Port Arthur, Jefferson County, involves the new construction of 128 total units, of which 8 units will be rent and income restricted at 30% of AMFI, 115 units will be rent and income restricted at 60% AMFI and the remaining 5 units will be market rate with no rent or income restrictions. The development will serve the elderly population

and the site was rezoned on July 9, 2013, by the Port Arthur City Council. Evidence of such final zoning is required to be submitted with the executed Determination Notice.

Organizational Structure and Compliance: The Borrower is Port Arthur Housing Initiative II, LP, and the General Partner is Port Arthur Housing Initiative II GP, LLC, which includes the Housing Authority of the City of Port Arthur and is comprised of the following individuals: Seledonio Quesada, Ronnie Linden, Clonie Ambroise, Brenda Roy, Bart Bragg and Robert Reid. The Compliance Status Summary completed on June 17, 2013, reveals that the principals of the general partner have received 20 multifamily awards. There were no identified issues relating to material noncompliance.

Census Demographics: The development is to be located at 3501 12th Street in Port Arthur. Demographics for the census tract (0064.00) include AMFI of \$29,343; the total population is 1,890; the percent of population that is minority is 95.34; the percent of the population that is below the poverty line is 16.90%; the number of owner occupied units is 369 and the number of renter units 227. (Census information from FFIEC Geocoding for 2013).

Public Comment: While the Department has not received any letters of support or opposition for this Development, two newspaper articles from the *Port Arthur News* were provided to staff and included in this Board presentation, indicating the presence of local opposition regarding the rezoning process for this Development.

Applicant Evaluation

Project ID # **13413**Name **Port Arthur Housing Initiative II**City: **Port Arthur**HTC 9% HTC 4% HOME BOND HTF NSP ESG Other No Previous Participation in Texas Members of the development team have been disbarred by HUD

Compliance

Total # of MF awards monitored:	20	<table border="1" style="margin: auto;"><tr><td colspan="2" style="text-align: center;">Projects in Material Noncompliance</td></tr><tr><td style="text-align: center;">Yes <input type="checkbox"/></td><td style="text-align: center;">No <input checked="" type="checkbox"/></td></tr></table>	Projects in Material Noncompliance		Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Projects grouped by score	0-9: 16
Projects in Material Noncompliance								
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>							
Total # of MF awards not yet monitored or pending review:	6	Unresolved Audit Findings Identified w/ Contract(s) <input type="checkbox"/>	10-19: 4					
SF Contract Experience <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Total # of MF Projects in Material Noncompliance: <u>0</u>	20-29: 0					
Total # of SF Contracts:	1		Total monitored with a score 0-29: <u>20</u>					

Completed by: James Roper Reviewer: Patricia MurphyDate 5/30/2013 Date 6/17/2013

Comments (if applicable):

Single Audit

<input type="checkbox"/> Single audit review not applicable	<input type="checkbox"/> Late single audit certification form (see comments)
<input checked="" type="checkbox"/> Single audit requirements current	<input type="checkbox"/> Past due single audit or unresolved single audit issue (see comments)

Reviewer: Rosy Falcon Date 6/6/2013

Comments (if applicable):

Loan Servicing

<input checked="" type="checkbox"/> No delinquencies found	<input type="checkbox"/> Delinquencies found (see comments)
--	---

Reviewer Sandra Molina Date 6 / 3 / 2013

Comments (if applicable):

Financial Services

<input checked="" type="checkbox"/> No delinquencies found	<input type="checkbox"/> Delinquencies found (See Comments)
--	---

Reviewer Monica Guerra Date 6 / 5 / 2013

Comments (if applicable):

Community Affairs

<input checked="" type="checkbox"/> No identified issues	<input type="checkbox"/> Identified Issues (see comments)
--	---

Reviewer Stephen Jung Date 5 / 31 / 2013

Comments (if applicable):



DEVELOPMENT IDENTIFICATION

TDHCA Application #: 13413 Program(s): 4% LIHTC

Edison Square

Address/Location: 3501 12th St.

City: Port Arthur County: Jefferson Zip: 77642

Population: Senior Program Set-Aside: Non-Profit Area: Urban

Activity: New Construction Building Type: Garden/Townhome Region: 5

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
LIHTC (Annual)	\$589,952				\$589,952				

CONDITIONS

- 1 Receipt and acceptance by Cost Certification:
 - a: Documentation of a \$7,971,988 CDBG loan from Port Arthur HA to Applicant, as a must-pay loan with no provision for forgiveness.
 - b: An attorney's opinion and analysis validating that the CDBG loan can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.
 - c: Documentation from Port Arthur CAD confirming details of PILOT agreement.
 - d: Execution of HAP contract for 59 Project Based Vouchers.
- 2 Should any terms of the proposed capital structure change, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	8
40% of AMI	40% of AMI	0
50% of AMI	50% of AMI	0
60% of AMI	60% of AMI	115

DEAL SUMMARY

Port Arthur ISD is selling former school site that is now raw land in the middle of a low density residential neighborhood to Housing Authority who will then lease back to Applicant.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	WEAKNESSES/RISKS
▫ Senior Center, Hospital and HEB nearby	▫ Possible neighborhood opposition
▫ Attractive cottage style housing	▫ 69% expense ratio
▫ In-fill area	▫ 92% break-even occupancy
▫ 64 Public Housing units adjust for expenses.	▫ Tax exempt bond proceeds cover less than 51% of aggregate basis; cost increases could limit tax credit eligibility
▫ 96% of units are heavily subsidized through ACC or Project Based Vouchers.	▫

DEVELOPMENT TEAM

PRIMARY CONTACTS

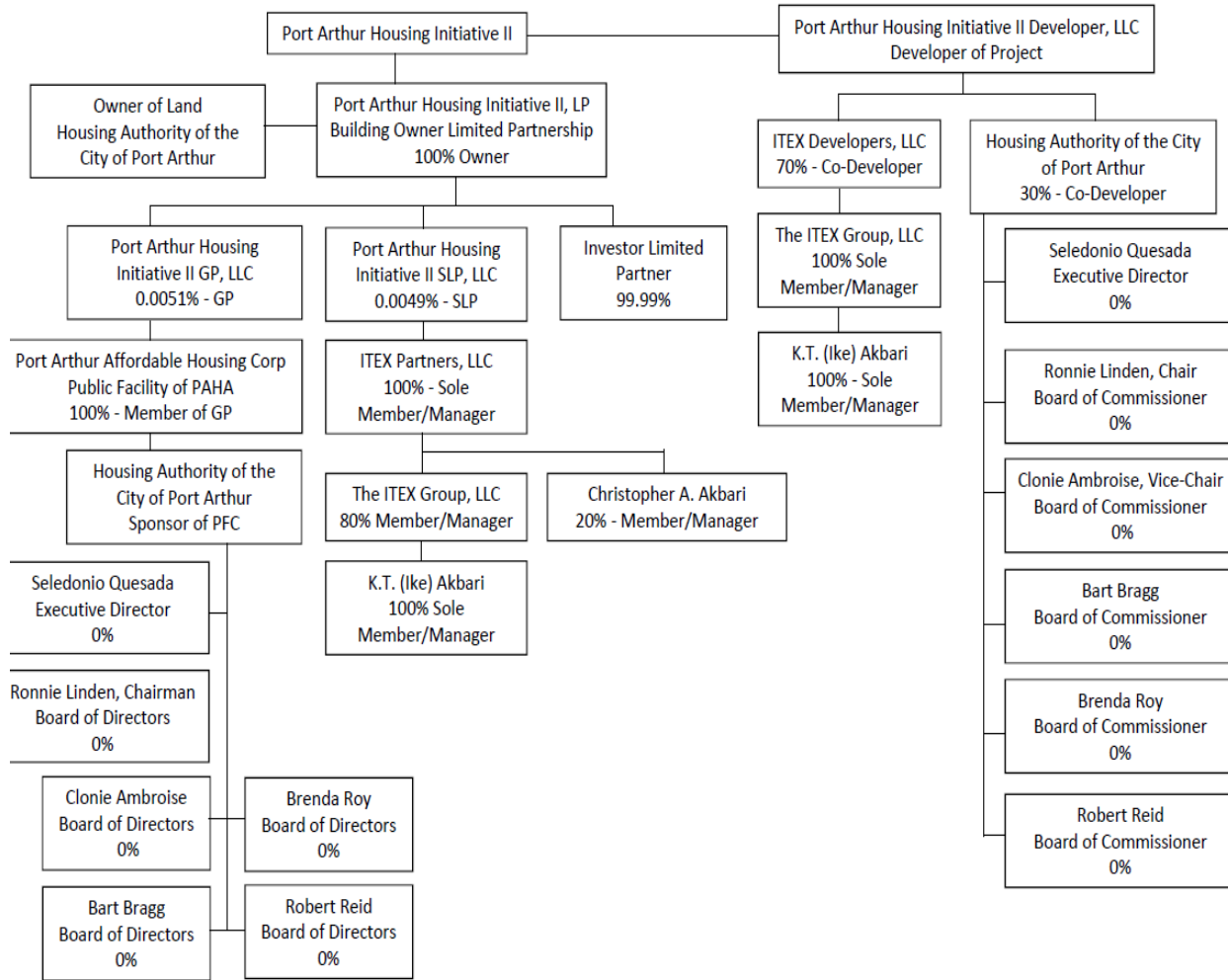
Name: Chris Akbari
chris.akbari@itexgrp.com
 Phone: (409) 724-0020
 Relationship: Developer

Name: Miranda Ashline
miranda.ashline@itexgrp.com
 Phone: (409) 724-0020
 Relationship: Developer

Name: _____

 Phone: _____
 Relationship: _____

OWNERSHIP STRUCTURE



Related-Party Seller/Identity of Interest: No

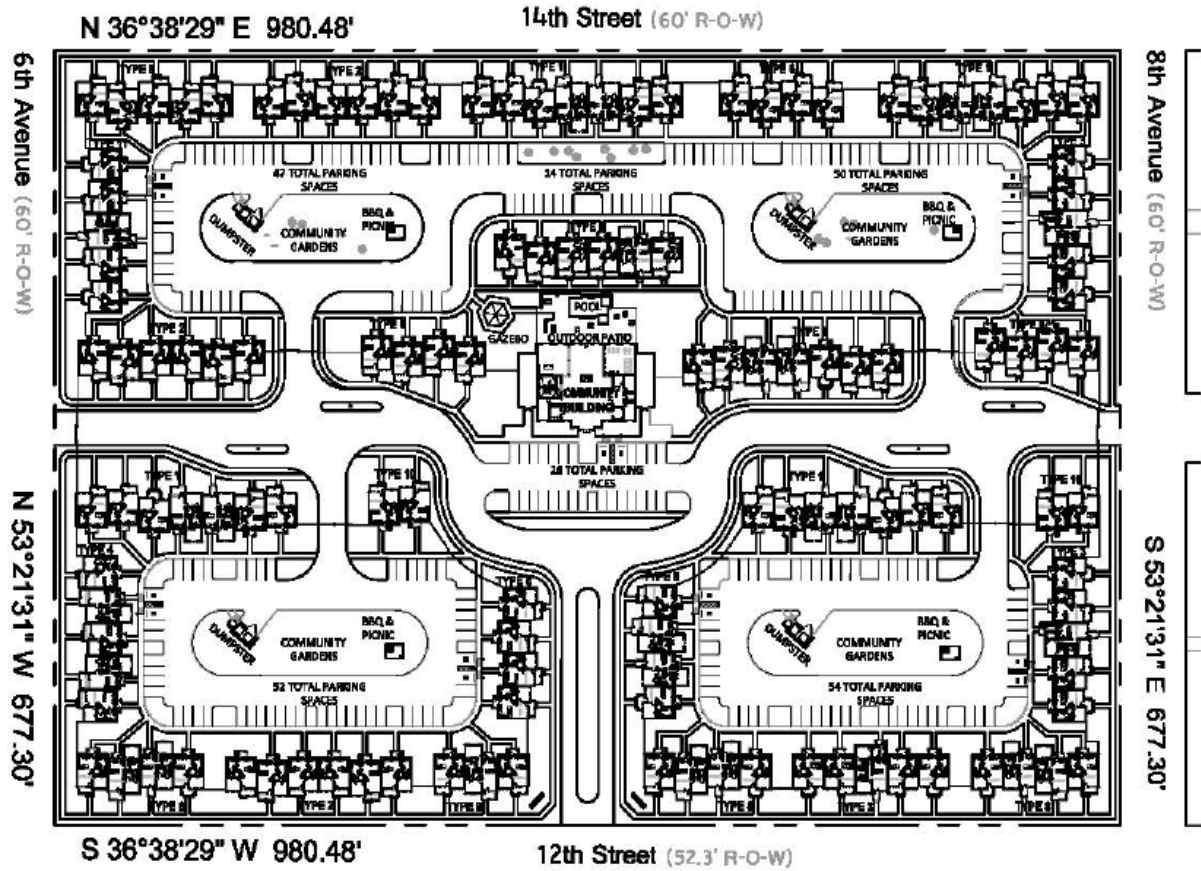
- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities.

DEVELOPMENT SUMMARY

SITE PLAN

EDISON SQUARE

PORT ARTHUR, TEXAS



BUILDING ELEVATION

ROOF PITCH = 6:12 & 8:12



BUILDING CONFIGURATION

Building Type	Type 1	Type 2	Type 3	Type 4	Type 5	Type 6	Type 7	Type 8	Type 9	Type 10	Type 11	Total Buildings
Floors/Stories	1	1	1	1	1	1	1	1	1	1	1	26
Number of Bldgs	5	3	3	1	1	4	1	4	1	2	1	26
Units per Bldg	7	6	5	5	5	4	6	4	3	2	5	
Total Units	35	18	15	5	5	16	6	16	3	4	5	128
											Net Rentable SF	102,750
											Common Area SF	7,895

GENERAL INFORMATION

Total Size: 15.25 acres Scattered Site? Yes No
 Flood Zone: B Within 100-yr floodplain? Yes No
 Zoning: 2F (Two Family) Re-Zoning Required? Yes No N/A
 Density: 8.4 units/acre Utilities at Site? Yes No
 Title Issues? Yes No

Surrounding Uses:
 Single family residential, commercial

Other Observations:
 "A school occupied the site in the past, however, it has recently been demolished. The tract is currently zoned for 2-Family and will need to be rezoned to Multifamily." (Appraisal p. 4)

Port Arthur City Council approved the rezoning of the site on 07/09/2013 to PDD, Planned Development District.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Medina Consulting Company, Inc. Date: 3/20/2013

Recognized Environmental Conditions (RECs) and Other Concerns:
 • "The site is located in a special flood hazard area identified as Shaded Zone B according to the FEMA National Flood Insurance Program Flood Insurance Rate Map." (p. 5) This is an area of moderate flood hazard with flooding levels of less than one foot or drainage areas less than one square mile within the 500-year floodplain.

MARKET ANALYSIS

Provider: Gerald A. Teel Company, Inc. Date: 3/25/2013
 Contact: Tim N. Treadway Phone: 713.467.5858
 Number of Revisions: 2 Date of Last Applicant Revision: 8/15/2013

Primary Market Area (PMA): 144 sq. miles 7 mile equivalent radius
 The Primary market Area is defined by the city limits of Port Arthur, Texas.

ELIGIBLE HOUSEHOLDS BY INCOME								
Jefferson 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	\$11,490	---	---	---	---	\$11,490	\$22,980
2	\$0	\$13,140	---	---	---	---	\$13,140	\$26,280
3	\$0	\$14,790	---	---	---	---	\$14,790	\$29,580
4	---	---	---	---	---	---	---	---
5	---	---	---	---	---	---	---	---
6	---	---	---	---	---	---	---	---

AFFORDABLE HOUSING INVENTORY in PRIMARY MARKET AREA					
File #	Development	Type	Target Population	Comp Units	Total Units
Proposed, Under Construction, and Unstabilized Comparable Developments					
	None.			0	
Other Affordable Developments in PMA since 2009					
	None.			n/a	
Stabilized Affordable Developments in PMA (pre-2009)					
Total Properties (pre-2009)		13	Total Units		2,130

Proposed, Under Construction, and Unstabilized Comparable Supply:

None.

OVERALL DEMAND ANALYSIS		
	Market Analyst	Underwriter
Total Households in the Primary Market Area	20,349	20,349
Senior Households in the Primary Market Area	8,969	8,969
	all units	HTC/PBV/PHU
Potential Demand from the Primary Market Area	4,842	4,978
Potential Demand from Other Sources	0	0
GROSS DEMAND	4,842	4,978
Subject Affordable Units	128	123
Unstabilized Comparable Units	0	
RELEVANT SUPPLY	128	123
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	2.6%	2.5%

Demand Analysis:

Of 128 total units, 123 are subject to HTC rent and income restrictions. All 123 restricted units will also receive rental subsidies (64 are public housing units, and 59 are covered by project-based Section 8 vouchers).

Underwriting analysis identifies Gross Demand for 4,978 units, and a 2.5% Gross Capture rate for 123 restricted units.

The Market Analyst reports Gross Demand for 4,842 units, and a Gross Capture Rate of 2.6% for all 123 proposed units.

UNDERWRITING ANALYSIS of 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%	716	6	0	0.8%	1,281	6	0	0.5%
1 BR/60%	1,323	92	0	7.0%	1,344	93	0	6.9%
2 BR/30%	250	2	0	0.8%	626	2	0	0.3%
2 BR/60%	736	23	0	3.1%	836	22	0	2.6%

Primary Market Occupancy Rates:

The Market Analyst determined a 90% to 100% occupancy rate, with a mean of 98%, for 11 HTC restricted developments in the immediate vicinity, including Beaumont. (p. 34) These developments include new construction family and senior developments placed in service from 2001 through 2011. The average occupancy for six senior HTC developments in the PMA as determined by the Underwriter is 92%. This includes both new construction and rehabbed development. Three of these developments: 05199 Southwood Crossing Apartments (senior, new construction); 04430 Heatherbrook Apartments (senior, rehab); and 07026 O.W. Collins apartments (senior, rehab) currently are at less than 90% occupancy.

Absorption Projections:

The PMA does not contain any recently leased-up HTC properties so the Market Analyst "spoke with management at Stone Hearst Seniors Apartments [TDHCA 09971 senior new construction HTC development in Beaumont] which opened its doors in April of 2011 and was fully occupied by September of the same year. This indicated an absorption rate of approximately 7 to 8 units per month." (p. 35) The Underwriter confirmed this development is stabilized as of April, 2013.

Market Impact:

"Overall, the subject property appears to be viable in this area. An average long-term stabilized occupancy level for the subject property of approximately 94% to 95% appears reasonable in this vicinity, less 1% to 2% for credit or collection loss." (p. 36)

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (TDHCA's Pro forma)					
NOI:	\$225,688	Avg. Rent:	\$360	Expense Ratio:	69.1%
Debt Service:	\$196,154	B/E Rent:	\$341	Controllable Expenses:	\$2,369
Net Cash Flow:	\$29,534	Occupancy:	95.00%	Property Taxes/Unit:	\$117
Aggregate DCR:	1.15:1	B/E Occupancy:	92.26%	Program Rent Year:	2013

Feasibility indicators (expense ratio, breakeven occupancy and DCR) demonstrate significant on-going operational risk. Controllable expenses at \$2,361/unit for public housing/project-based housing may be understated given low payroll assumption (generally additional administrative duties required). On-going feasibility risks are somewhat offset by the HUD subsidy to be determined by actual operating costs.

64 units (50% of total) are public housing units supported by an operating subsidy. 59 units are supported by project-based Section 8 vouchers, with rents set at the Fair Market Rent. The remaining 5 units are unrestricted; underwriting analysis assumes they will achieve the Fair Market Rent.

Average rent is \$19 higher than break-even. Breakeven will adjust due to the fact that 50% of the units are PHU units whose subsidy increases with increases in expenses.

Operating expenses proposed by Applicant are in line with other properties managed by Applicant. Applicant assumes that there will be a \$15,000 payment in lieu of taxes (PILOT) since property will be owned by the Housing Authority. Section 8 rents are set at 92% of Fair Market Rent, and market rate units are assumed to be the same. Underwriter treated PHU rents as a function of operating expense subsidy with nominal tenant payment of \$100. This treatment resulted in 10% more Operating Income in the Underwriter's pro forma.

Number of Revisions: 1 Date of Last Applicant Revision: 8/30/2013

ACQUISITION INFORMATION

APPRAISED VALUE

Appraiser: Gerald A. Tell Company Date: 3/18/2013
 Land Only: 15.25 acres \$430,000 Per Unit: 3359.375

SITE CONTROL

Type: Land Lease Acreage: 15.245
 Acquisition Cost: \$0 Contract Expiration: _____
 Cost Per Unit: \$0
 Seller: Port Arthur ISD Related to Development Team? Yes No
 Buyer: Port Arthur Redevelopment Company, LLC

Comments:

PAHA will enter a long -term land lease on 25 acres of the property with Port Arthur Housing Initiative I, LP.
 Draft lease provided by Applicant indicates a 75-year term and a one-time rent payment of \$100.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	\$/ac	\$/unit	\$0	Contractor Fee	\$1,292,120
Offsite + Sitework		\$16,384/unit	\$2,097,200	Developer Fee	\$1,930,882
Building Cost	\$74.18/sf	\$59,547/unit	\$7,622,049	Soft Cost	\$2,090,574
Contingency	4.76%	\$3,613/unit	\$462,462	Reserves	\$357,835
Total Development Cost		\$15,853,122	\$123,853/unit		

Acquisition

The original application included \$395K as the acquisition cost for the land to be purchased by PAHA. Applicant revised the cost schedule to eliminate the land cost, indicating "PAHA will purchase the land and there will be a simple land lease".

Offsite

48" and 30" Storm drain hookups estimated to cost \$412,500.

Sitework

\$9,800/unit in site work includes \$525,000 in paving costs. No stormwater detention required on site. Amenities include full perimeter fencing, controlled gate access, swimming pool, community room, and community gardens.

Building Cost:

25% Masonry Veneer, 6:12 roof pitch, single story cottages.

Reserves:

Capitalized reserves equal approximately 7 months operating expenses and debt service.

Conclusion:

\$14,804,288 total eligible cost would support a tax credit allocation of \$613,390.

Comments

Based on Applicant's original cost schedule, underwriting analysis indicated that the tax exempt bonds were paying for less than 50% of the aggregate basis for land and building cost. With the elimination of the land cost, the Development barely satisfies the 50% test. If the aggregate basis increases by more than 2% the tax exempt bond amount would fall below the 50% mark.

COST SCHEDULE Number of Revisions: 2 Date of Last Applicant Revision: 9/19/2013

UNDERWRITTEN CAPITALIZATION

Applicant Revisions: 2 Last Update: 8/31/2013

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Community Bank of Texas	Conventional Loan	\$7,800,000	4.00%	38%
PAHA Loan of CDBG-DR	Local Government	\$7,971,988	0.00%	39%
PAHA DHAP Loan	Local Government	\$908,853	0.00%	4%
Raymond James	HTC	\$2,123,614	\$0.90	10%
Port Arthur Housing Initiative II, LP	Deferred Dev Fee	\$1,630,882		8%

\$20,435,337	Total Sources
---------------------	----------------------

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Community Bank of Texas	\$1,643,090	4.50%	30	18	\$1,643,090	4.50%	30	18	10%
PAHA Loan of CDBG-DR	\$7,971,988	0.00%	40	40	\$3,850,000	0.00%	40	40	24%
					\$4,121,988	paid from cash flow			26%
PAHA DHAP Loan	\$908,853	0.00%	40	40	\$908,853	deferred		40	6%
Total	\$10,523,931				\$10,523,931				

Comments:

Applicant states that the housing authority will loan the CDBG funds to the project for a term of 40 years. This is a must repay debt accruing 0% interest and is due in full at the end of the term.

PAHA will also provide a \$909K deferred loan from DHAP reserve funds. As HUD operating funds, this source is not subject to the federal grant restrictions with regard to eligible basis for tax credits.

CDBG is a federal source of funding which, if not determined to be bona fide debt, would be treated as a federal grant and removed from eligible basis for tax credits.

\$3,850,000 of the CDBG funds can be fully amortized while maintaining a 1.15 debt coverage ratio. The \$20K deferred developer fee can be repaid within 1 year.

Of the \$4,121,988 remaining CDBG funds, \$3,160,802 can be repaid from available cash flow, leaving a \$961,186 balance in year 40.

The current appraised value of the site is \$430,000. If the land value plus a conservative 50% of the offsite costs appreciates at a minimum 1% annual rate (and ignoring any reversion value to the improvements), the land value in year 40 would be sufficient to retire the outstanding balance of CDBG funding. Based on this, REA concludes the CDBG funding can reasonably be characterized as bona fide debt.

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Raymond James	\$5,309,037	\$0.90		\$5,309,037	\$0.90	33%	
Port Arthur Housing Initiative II, LP	\$20,153		1%	\$20,154		0%	1%
Total	\$5,329,191			\$5,329,191			
				\$15,853,122			Total Sources

Comments:

\$0.90 equity price in line with similar deals.

CONCLUSIONS

Recommended Financing Structure:

The total development cost estimate of \$15,853,122 less the permanent loan of \$1,643,090 and PAHA loans and grants of \$8,880,841 leaves a gap of \$5,329,191.

The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$613,390
Allocation limited by gap in financing:	\$592,192
Allocation requested by the Applicant:	\$589,952

A tax credit allocation of \$589,952 (as requested by Applicant) is recommended. At the credit price of \$0.90 this allocation provides \$5,309,037 in total equity proceeds.

The underwritten capital structure indicates the need to defer \$20,154 of the developer fee. This amount can be repaid from cash flow within 1 year of stabilized operations.

Underwriter: Eric Weiner

Manager of Real Estate Analysis: Thomas Cavanagh

Director of Real Estate Analysis: Brent Stewart

UNIT MIX/RENT SCHEDULE

Edison Square, Port Arthur, 4% LIHTC #13413

LOCATION DATA	
CITY:	Port Arthur
COUNTY:	Jefferson
PROGRAM REGION:	5
PIS Date:	or After 1/18/2013
IREM REGION:	

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Income	# Units	% Total
Eff			30% PHU	8	6.3%
1	102	79.7%	60% PHU	56	43.8%
2	26	20.3%	60% PBV	59	46.1%
3			60% HTC		
4			MR	5	3.9%
TOTAL	128	100.0%	TOTAL	128	100.0%

Applicable Programs
4% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjustment	130%
Applicable Fraction	95.71%
APP % Acquisition	3.33%
APP % Construction	3.33%
Average Unit Size	803 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		Other		Unit Mix				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Tenant Pd UA's (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	Market Rent	Rent per NRA	TDHCA Savings to Market
TC30%	\$307	PHU		6	1	1	745	\$154	\$54	\$100	\$218	\$0.43	\$318	\$1,908	\$600	\$100	\$0.13	\$0	\$675	0.91	\$575
TC60%	\$615	PHU		45	1	1	745	\$154	\$54	\$100	\$218	\$0.43	\$318	\$14,310	\$4,500	\$100	\$0.13	\$0	\$675	0.91	\$575
TC60%	\$615	PBV	\$645	48	1	1	745	\$645	\$54	\$591	\$0	\$0.79	\$591	\$28,368	\$28,368	\$591	\$0.79	\$0	\$675	0.91	\$84
MR		0		3	1	1	745	\$0	\$54		NA	\$0.79	\$591	\$1,773	\$1,773	\$591	\$0.79	NA	\$675	0.91	\$84
TC30%	\$369	PHU		1	2	1	1,004	\$166	\$66	\$100	\$218	\$0.32	\$318	\$318	\$100	\$100	\$0.10	\$0	\$775	0.77	\$675
TC60%	\$739	PHU		10	2	1	1,004	\$166	\$66	\$100	\$218	\$0.32	\$318	\$3,180	\$1,000	\$100	\$0.10	\$0	\$775	0.77	\$675
TC60%	\$739	PBV	\$799	10	2	1	1,004	\$799	\$66	\$733	\$0	\$0.73	\$733	\$7,330	\$7,330	\$733	\$0.73	\$0	\$775	0.77	\$42
MR		0		1	2	1	1,004	\$0	\$66		NA	\$0.73	\$733	\$733	\$733	\$733	\$0.73	NA	\$775	0.77	\$42
TC30%	\$369	PHU		1	2	2	1,168	\$166	\$66	\$100	\$218	\$0.27	\$318	\$318	\$100	\$100	\$0.09	\$0	\$850	0.73	\$750
TC60%	\$739	PHU		1	2	2	1,168	\$166	\$66	\$100	\$218	\$0.27	\$318	\$318	\$100	\$100	\$0.09	\$0	\$850	0.73	\$750
TC60%	\$739	PBV	\$799	1	2	2	1,168	\$799	\$66	\$733	\$0	\$0.63	\$733	\$733	\$733	\$733	\$0.63	\$0	\$850	0.73	\$117
MR		0		1	2	2	1,168	\$0	\$66		NA	\$0.63	\$733	\$733	\$733	\$733	\$0.63	NA	\$850	0.73	\$117
TOTALS/AVERAGES:				128			102,750				\$109	\$0.58	\$469	\$60,022	\$46,070	\$360	\$0.45	\$0	\$698	\$0.87	\$338

STABILIZED PRO FORMA

Edison Square, Port Arthur, 4% LIHTC #13413

STABILIZED FIRST YEAR PRO FORMA													
COMPARABLES		APPLICANT				TDHCA				VARIANCE			
Database	Port Arthur Comps	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$		
POTENTIAL GROSS RENT			\$0.58	\$469	\$720,264	\$552,840	\$360	\$0.45		-30.3%	(\$167,424)		
Laundry				\$15.00	\$23,040					0.0%	(23,040)		
Forfeited Deposits				\$12.50	\$19,200					0.0%	(19,200)		
Underwriter's Total Secondary Income						\$30,720	\$20.00			100.0%	30,720		
POTENTIAL GROSS INCOME	\$ -				\$762,504	\$583,560				-30.7%	(\$178,944)		
Vacancy & Collection Loss				5.0% PGI	(38,125)	(29,178)	5.0% PGI			-30.7%	8,947		
Public Housing Subsidy					-	175,094				100.0%	175,094		
EFFECTIVE GROSS INCOME	\$ -				\$724,379	\$729,476				0.7%	\$5,097		
General & Administrative	\$48,604	\$380/Unit	44,473	5.73%	\$0.40	\$324	\$41,500	\$44,473	\$347	\$0.43	6.10%	-6.7%	(2,973)
Management	\$55,376	6.8% EGI	44,022	5.00%	\$0.35	\$283	\$36,218	\$36,474	\$285	\$0.35	5.00%	-0.7%	(256)
Payroll & Payroll Tax	\$113,053	\$883/Unit	115,199	15.60%	\$1.10	\$883	\$113,000	\$113,000	\$883	\$1.10	15.49%	0.0%	-
Repairs & Maintenance	\$93,718	\$732/Unit	70,862	11.27%	\$0.79	\$638	\$81,640	\$70,400	\$550	\$0.69	9.65%	16.0%	11,240
Electric/Gas	\$27,673	\$216/Unit	18,847	2.87%	\$0.20	\$163	\$20,800	\$21,672	\$169	\$0.21	2.97%	-4.0%	(872)
Water, Sewer, & Trash	\$55,750	\$436/Unit	72,993	10.35%	\$0.73	\$586	\$75,000	\$53,657	\$419	\$0.52	7.36%	39.8%	21,343
Property Insurance	\$44,868	\$0.44 /sf	77,074	9.72%	\$0.69	\$550	\$70,400	\$81,792	\$639	\$0.80	11.21%	-13.9%	(11,392)
Property Tax	\$47,500	\$371/Unit	44,895	2.07%	\$0.15	\$117	\$15,000	\$15,000	\$117	\$0.15	2.06%	0.0%	-
Reserve for Replacements	\$37,728	\$295/Unit	30,773	5.30%	\$0.37	\$300	\$38,400	\$38,400	\$300	\$0.37	5.26%	0.0%	-
Cable TV			1,621	1.10%	\$0.08	\$63	\$8,000	\$8,000	\$63	\$0.08	1.10%	0.0%	-
Supportive service contract fees				0.83%	\$0.06	\$47	\$6,000	\$6,000	\$47	\$0.06	0.82%	0.0%	-
TDHCA Compliance fees				0.71%	\$0.05	\$40	\$5,120	\$4,920	\$38	\$0.05	0.67%	4.1%	200
TDHCA Bond Administration Fees (TDH)				0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Security				1.38%	\$0.10	\$78	\$10,000	\$10,000	\$78	\$0.10	1.37%	0.0%	-
TOTAL EXPENSES	\$ 520,760		71.93%	\$5.07	\$4,071	\$ 521,078	\$ 503,788	\$3,936	\$4.90	69.06%	3.4%	\$ 17,290	
NET OPERATING INCOME ("NOI")			28.07%	\$1.98	\$1,588	\$203,301	\$225,688	\$1,763	\$2.20	30.94%	-9.9%	(\$22,387)	

CONTROLLABLE EXPENSES	\$2,647/Unit	\$2,519/Unit		\$2,593/Unit		\$2,369/Unit
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LONG TERM OPERATING PRO FORMA												
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30	YEAR 35	YEAR 40
EFFECTIVE GROSS INCOME	\$729,476	\$746,462	\$763,860	\$781,679	\$799,932	\$898,076	\$1,008,807	\$1,133,811	\$1,275,013	\$1,434,605	\$1,615,090	\$1,819,325
LESS: TOTAL EXPENSES	503,788	518,657	533,967	549,731	565,963	654,643	757,295	876,129	1,013,705	1,172,987	1,357,413	1,570,964
NET OPERATING INCOME	\$225,688	\$227,805	\$229,893	\$231,948	\$233,969	\$243,433	\$251,512	\$257,682	\$261,308	\$261,618	\$257,677	\$248,361
LESS: DEBT SERVICE	196,154	196,154	196,154	196,154	196,154	196,154	196,154	196,154	196,154	196,154	96,250	96,250
NET CASH FLOW	\$29,534	\$31,652	\$33,739	\$35,795	\$37,815	\$47,280	\$55,358	\$61,529	\$65,155	\$65,464	\$161,427	\$152,111
CUMULATIVE NET CASH FLOW	\$29,534	\$61,186	\$94,925	\$130,720	\$168,535	\$386,467	\$647,751	\$943,934	\$1,263,617	\$1,591,820	\$2,408,747	\$3,190,336
DEFERRED DEVELOPER FEE BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	1.15	1.16	1.17	1.18	1.19	1.24	1.28	1.31	1.33	1.33	2.68	2.58
EXPENSE/EGI RATIO	69.06%	69.48%	69.90%	70.33%	70.75%	72.89%	75.07%	77.27%	79.51%	81.76%	84.05%	86.35%

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Edison Square, Port Arthur, 4% LIHTC #13413

DEBT / GRANT SOURCES																
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE										AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
DEBT (Must Pay)	MIP	Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative		
		UW	App											DCR	LTC	
Community Bank of Texas		2.26	2.03	\$99,904	4.50%	30	18	\$1,643,090	\$1,643,090	18	30	4.50%	99,904	2.26	10.4%	
PAHA Loan of CDBG-DR		0.75	0.68	\$199,300	0.00%	40	40	\$7,971,988	\$3,850,000	40	40	0.00%	96,250	1.15	24.3%	
CASH FLOW DEBT / GRANTS																
PAHA Loan of CDBG-DR (CF Portion)		0.75	0.68		0.00%	40	40		\$4,121,988	40	0	0.00%	0	1.15	26.0%	
PAHA DHAP Loan		0.75	0.68		0.00%	40	40	\$908,853	\$908,853	40	0	0.00%	0	1.15	5.7%	
TOTAL DEBT / GRANT SOURCES				\$299,203				\$10,523,931	\$10,523,931				\$196,154		66.4%	
NET CASH FLOW		(\$73,515)	(\$95,902)							NET OPERATING INCOME	\$225,688	\$29,534	NET CASH FLOW			

EQUITY SOURCES																
APPLICANT'S PROPOSED EQUITY STRUCTURE						AS UNDERWRITTEN EQUITY STRUCTURE										
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit						
												Raymond James	LIHTC Equity	33.5%	\$589,952	0.90
Port Arthur Housing Initiative II, LP	Deferred Developer Fees	0.1%	(1% Deferred)		\$20,153	\$20,154	(1% Deferred)		0.1%		Total Developer Fee:					
Additional (Excess) Funds Req'd		0.0%			\$1	\$0			0.0%		15-Year Cash Flow:					
TOTAL EQUITY SOURCES											33.6%	\$5,329,191	\$5,329,191	33.6%	Cash Flow after Deferred Fee:	\$627,597
TOTAL CAPITALIZATION						\$15,853,122	\$15,853,122									

DEVELOPMENT COST / ITEMIZED BASIS											
APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS				COST VARIANCE	
Eligible Basis		Total Costs	Total Costs		Eligible Basis		%	\$			
Acquisition	New Const. Rehab		Acquisition	New Const. Rehab	Acquisition	New Const. Rehab					
Land Acquisition		\$ / Unit	\$0	\$0	\$ / Unit		0.0%	\$0			
Building Acquisition	\$0	\$ / Unit	\$0	\$0	\$ / Unit	\$0	0.0%	\$0			
Off-Sites		\$3,672 / Unit	\$470,000	\$470,000	\$3,672 / Unit		0.0%	\$0			
Sitework	\$1,257,200	\$9,822 / Unit	\$1,257,200	\$1,257,200	\$9,822 / Unit	\$1,257,200	0.0%	\$0			
Site Amenities	\$370,000	\$2,891 / Unit	\$370,000	\$370,000	\$2,891 / Unit	\$370,000	0.0%	\$0			
Building Costs	\$7,622,049	\$74.18 /sf	\$59,547/Unit	\$7,622,049	\$7,787,184	\$60,837/Unit	\$75.79 /sf	-2.1%	(\$165,135)		
Contingency	\$462,462	5.00%	4.76%	\$462,462	\$462,462	4.68%	4.91%	0.0%	\$0		
Contractor's Fees	\$1,292,120	13.30%	12.69%	\$1,292,120	\$1,292,120	12.49%	13.08%	0.0%	\$0		
Indirect Construction	0	\$1,211,400	\$9,542 / Unit	\$1,221,400	\$1,221,400	\$9,542 / Unit		0.0%	\$0		
Developer's Fees	\$0	\$1,930,882	15.00%	14.47%	\$1,930,882	\$1,930,882	14.29%	14.81%	0.0%	\$0	
Financing	0	\$658,175	\$6,790 / Unit	\$869,174	\$869,174	\$6,790 / Unit		0.0%	\$0		
Reserves		\$2,796 / Unit	\$357,835	\$298,074	\$2,329 / Unit			20.0%	\$59,761		
UNADJUSTED BASIS / COST		\$0	\$14,804,288	\$123,853 / Unit	\$15,853,122	\$15,958,496	\$124,676 / Unit	\$14,969,423	\$0	-0.7%	(\$105,374)
Acquisition Cost for Identity of Interest Seller				\$0							
Contingency				\$0							
Contractor's Fee				\$0							
Interim Interest				\$0							
Developer's Fee	\$0	\$0		\$0							
ADJUSTED BASIS / COST		\$0	\$14,804,288	\$123,853/unit	\$15,853,122	\$15,958,496	\$124,676/unit	\$14,969,423	\$0	-0.7%	(\$105,374)
TOTAL UNDERWRITTEN COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$15,853,122					

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Edison Square, Port Arthur, 4% LIHTC #13413

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	\$0	\$14,804,288	\$0	\$14,969,423
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$14,804,288	\$0	\$14,969,423
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$19,245,574	\$0	\$19,460,249
Applicable Fraction	95.71%	95.71%	95.71%	95.71%
TOTAL QUALIFIED BASIS	\$0	\$18,420,122	\$0	\$18,625,589
Applicable Percentage	3.33%	3.33%	3.33%	3.33%
ANNUAL CREDIT ON BASIS	\$0	\$613,390	\$0	\$620,232
CREDITS ON QUALIFIED BASIS	\$613,390		\$620,232	

DIRECT CONSTRUCTION COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost:	Garden/Townhome	104,090 SF	\$74.67	7,671,987
Adjustments				
Exterior Wall Finish	2.00%		1.49	\$153,440
Elderly	3.00%		2.24	230,160
9 ft. ceilings	3.25%		2.43	249,340
Roofing			0.00	0
Subfloor			(2.18)	(223,995)
Floor Cover			3.56	365,790
Breezeways	\$0.00	0	0.00	0
Balconies	\$20.62	17,470	3.51	360,245
Plumbing Fixtures	\$1,125	384	4.20	432,000
Rough-ins	\$495	524	2.52	259,380
Built-In Appliances	\$2,675	128	3.33	342,400
Exterior Stairs	\$2,125	0	0.00	0
Heating/Cooling			2.06	211,665
Enclosed Corridors	\$59.18	0	0.00	0
Carports	\$11.30	0	0.00	0
Garages		0	0.00	0
Comm &/or Aux Bldgs	\$66.14	7,895	5.08	522,175
Elevators		0	0.00	0
Other:			0.00	0
Other: fire sprinkler	\$2.30	110,645	2.48	254,484
SUBTOTAL			105.39	10,829,069
Current Cost Multiplier	0.98		(2.11)	(216,581)
Local Multiplier	0.87		(13.70)	(1,407,779)
TOTAL DIRECT CONSTRUCTION COSTS			89.58	\$9,204,709
Plans, specs, survey, bldg permits	3.90%		(3.49)	(\$358,984)
Contractor's OH & Profit	11.50%		(10.30)	(1,058,541)
NET DIRECT CONSTRUCTION COSTS		\$60,837/unit	\$75.79/sf	\$7,787,184

ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		
Method	Annual Credits	Proceeds
Eligible Basis	\$613,390	\$5,519,958
Gap	\$592,192	\$5,329,191
Original Request	\$589,952	\$5,309,037
Current Request	\$589,952	\$5,309,037

FINAL ANNUAL LIHTC ALLOCATION		
Method	Current Request	Variance to Request
Credits	\$589,952	\$0
Total Equity Proceeds	\$5,309,037	\$0

50% Test for Bond Financing for 4% Tax Credits					
Tax-Exempt Bond Amount			Percent Financed by Tax-Exempt Bonds	Applicant	TDHCA
	\$7,800,000			51.0%	50.5%
Aggregate Basis Limit for 50% Test	\$15,600,000				
	Applicant	TDHCA			
Land Cost	\$0	\$0			
Depreciable Bldg Cost	\$15,284,288	\$15,449,423			
Aggregate Basis for 50% Test	\$15,284,288	\$15,449,423			
			amount aggregate basis can increase before 50% test fails	\$315,712 2.1%	\$150,577 1.0%

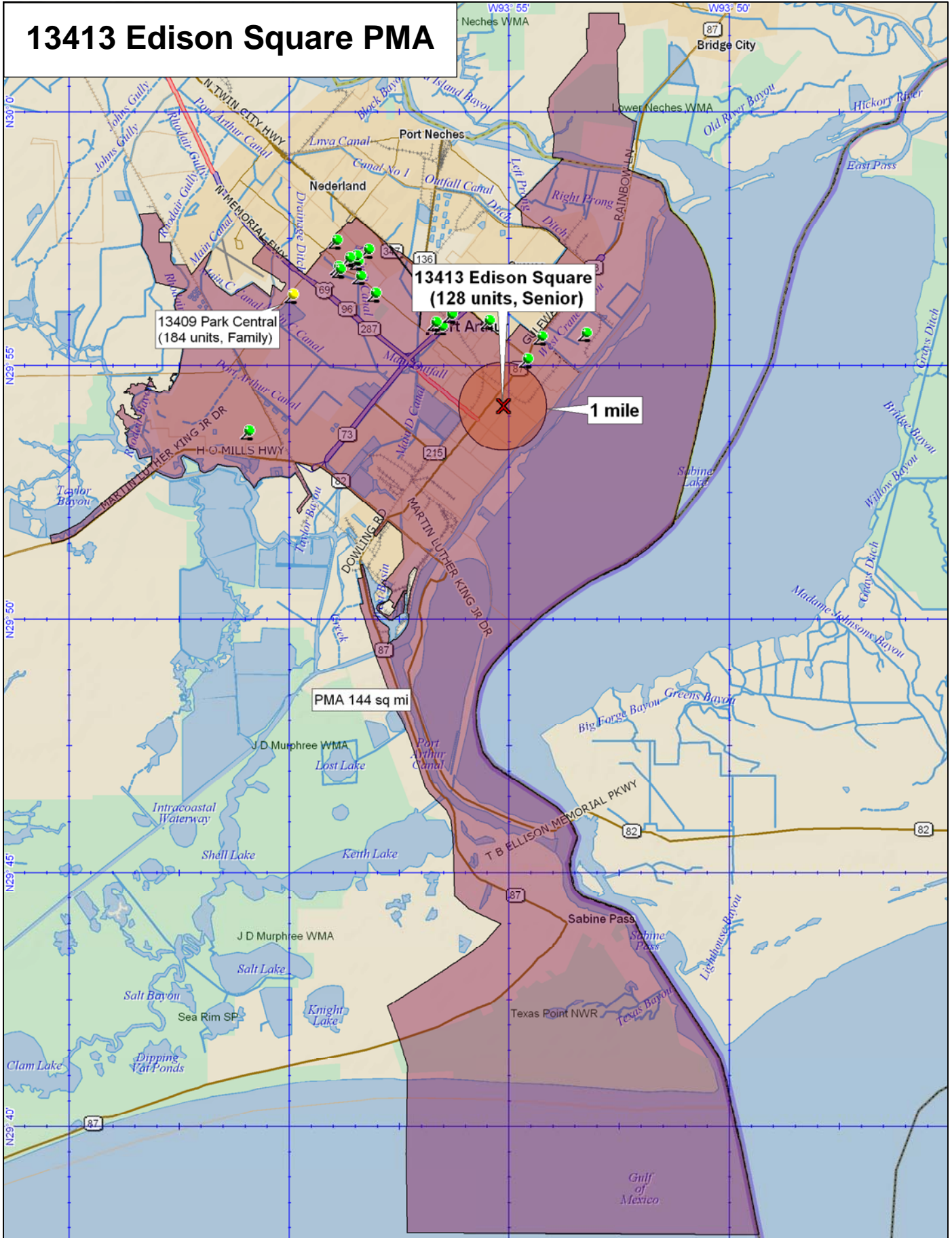
Building Cost/SF			
Development Category	New Construction	Category Building Cost/SF (Mean)	\$62.03 /sf
NRA	102,750	Calculated Building Cost/SF ⁽³⁾	\$74.18 /sf
Elevator Served Enclosed Corridors ⁽¹⁾	0	Building Cost Variance (\$)	-\$12.15 /sf
Common Area ⁽²⁾	0	Variance to Mean (%)	19.6%
Total SF for QAP Calculation	102,750	Building Cost/SF reported in Application ⁽³⁾	\$11.32 /sf
		Variance to Mean based on Application	81.8%

(1) Supportive Housing, Qualified Elderly or 4-Story Development

(2) Up to \$50 SF/Unit common area for Supportive Housing

(3) Excludes Structured Parking

13413 Edison Square PMA



PMA 144 sq mi

13413 Edison Square
(128 units, Senior)

13409 Park Central
(184 units, Family)

1 mile

Data use subject to license.

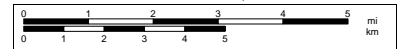
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13413 Edison Square



Scale 1 : 187,500



1" = 2.96 mi

Data Zoom 10-1
printed: 10/2/13

Attachment

SUNDAY

Housing hoopla

\$10 million project mired in controversy

By Sherry Koonce
The News staff writer

A proposed \$10 million Port Arthur Housing Authority project for the elderly continues to be mired in controversy even while developers are working toward a fall ground breaking to officially begin construction.

While Cele Quesada, Port Arthur Housing Authority director, said Edison Square, to be built at 3501 Twelfth St. at the old Edison school site, is right on track for a fall groundbreaking, District 5 City Councilman Willie "Bae" Lewis says "not so fast."

In fact, Lewis believes efforts to

"They cannot do this until they move through the protocol."

Willie "Bae" Lewis,
District 5 Port Arthur Councilman



"There seems to be an ongoing effort to try to unfortunately upend the process, and keep the development from happening."

Cele Quesada,
Port Arthur Housing Authority director

through the protocol."

The PA Housing Authority, Lewis said, has not done that. Therefore any action the City Council has taken concerning Edison Square should be moot.

Texas Local Government Code 392.053 and 392.054 addresses public hearing requirements placed on the Housing Authority — part of the process for building a new development.

According to the code, if a public meeting is not held before the building site is approved, the

See 'Housing,' page A9

build the complex should come to a grinding halt.

Lewis alleges the Housing Authority bypassed protocol established by the Texas Local Government Code, which dictates regulations for building new

housing projects.

"They (the Housing Authority) have rules and regulations they have to follow before they come to the city and ask to rezone the property," Lewis said. "They cannot do this until they move



INSIDE

Afghan villagers upset with soldier's sentence

Full story, page A12

DAILY PRAYER

Please help me to not turn my eyes toward the mistakes of my past but rather to future choices.

INDEX

ClassifiedsD1

HOOKED



Jack Brooks Airport decreases scheduled flights

By Erinn Callahan
The News staff writer

"They're changing the fleet up to help mitigate delays and cancellations"

Flyers who frequent Jack Brooks

Sunday August 25, 2013

ting in a slightly smaller plane," Rich said. "We think that'll make a big difference with how this

some of our marketing efforts and word of mouth. Obviously that equates to people realizing that this

ety up in Dallas."

Rich said he believes the airport is going in the right direction, especially after

Beaumont."

Email:

ecallahan@panews.com

Twitter: @ErinnPA

Sunday August 25, 2013

Housing

Continued from A1

Housing Authority may not "authorize the construction of the housing project or obtain a permit, certificate, or other authorization required by a municipality or other political subdivision for any part of the construction of the housing project. A majority of the commissioners must attend the public meeting."

The Housing Authority commissioners must also allow anyone owning or leasing real property within a one-fourth mile of the proposed site to comment on the proposed project.

If the Housing Authority has not complied with the requirements, a municipality or other political subdivision may not issue a permit, certificate or other authorization for any part of the construction of, or for the occupancy of, a housing project, the code states.

PA Housing Authority has a public hearing scheduled for Aug. 29. It will be their first.

The Housing Authority attempted to have a public hearing in July, but could not because there was no quorum among the board members.

Meanwhile, the City

Council has already decided, by a 5-3 vote, to rezone the 15-acre tract of property from two family residential to multiple family residential.

Also, the project's developer, The Itex Group, has filed for housing tax credits with the Texas Department of Community Affairs Multifamily Finance Division.

The timeline is a clear violation of state codes, Lewis said.

In addition to not yet having a public hearing, the Housing Authority is also required to post a 4 X 4 sign on the stating what they planned to build on the site, Lewis said.

While Lewis is crying foul, Gordon Anderson, spokesperson for the Texas Department of Housing and Community Affairs, said so far everything with the application for housing tax credits appears to be in order.

And, while the department does require the Housing Authority to hold a public hearing, there is no timeline as to when — only that one be held, Gordon said.

"All we need to know is that they have had a public hearing," Anderson said. "As far as we are concerned, they have applied for the tax credits and we are currently reviewing the application."

Quesada said the Housing Authority is on firm ground, and is taking all the appropriate steps required by Texas statute.

Public hearings required by the Housing Authority are different from those required when a city proposes a zoning change, he said.

The Housing Authority is required to get comments from citizens who live within quarter mile radius of the proposed building site. The comment period is not to determine if neighbors protest the development, but rather to address the neighbor's concerns regarding the actual construction process.

Quesada said the Housing Authority has not yet purchased the land, and has not yet applied for any permits from the city.

Lewis' allegations are without merit, Quesada said.

"There seems to be an ongoing effort to try to unfortunately upend the process, and keep the development from happening," Quesada said.

When the city approved the zoning change last month, the vote was split.

Lewis, along with District 1 Councilman Raymond Scott Jr. and Robert Troy, District 4 councilman, voted against the housing development.

The proposed Edison

Square project is in Scott's district.

Scott said he was against the measure because of the number of people living near the proposed project, who were opposed to it.

At the time, the three took exception to the submission of new signatures that were introduced the same day as the vote, charging that only those submitted when the proposed ordinance was tabled a month prior should be allowed.

City Attorney Val Tizeno said, while the Texas Municipal League had advised against accepting the latest signatures, the city had no process in place to establish a cut-off date for signatures for or against a proposed zoning ordinance.

Without one, Council could decide to accept new signatures, Tizeno said.

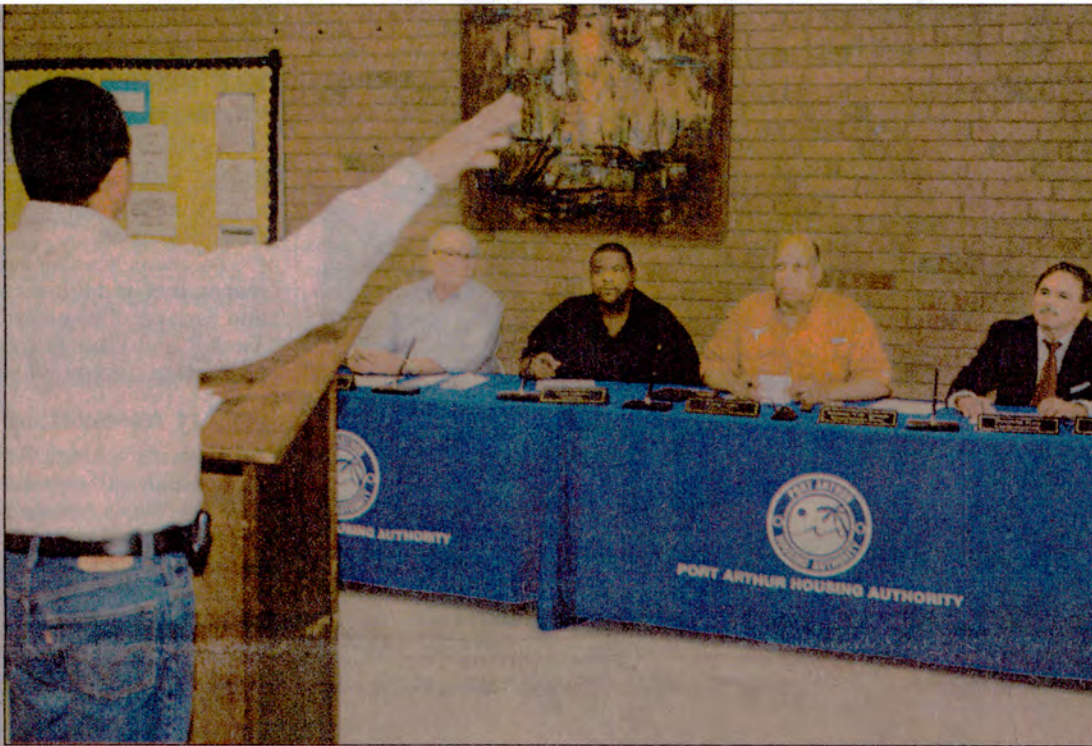
Since then, City Council approved a measure instituting more specific planning and zoning rules that require a deadline for submission of written protests to the city secretary. The change includes a specific manner in which the protest should be submitted to the city secretary.

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Friday
August 30, 2013



Luke Mauldin/The News

A Port Arthur citizen speaks his concerns to the Port Arthur Housing Authority for the Edison Housing Project at a public hearing Thursday.

Getting an earful

Authority hears from citizens upset about proposed Twelfth Street housing project

By Sherry Koonce
The News staff writer

A feeling that their opinions did not matter was the resounding theme residents voiced Thursday at a public hearing scheduled to gain input regarding a proposed housing project for the elderly and disabled.

The \$10 million Port Arthur Housing Authority project is proposed to be built at 3501 Twelfth St., at the old Edison school site.

Per state statutes governing proposed housing developments, Port Arthur Housing Authority board of directors took comments from neighbors living within a quarter mile of the proposed site.

Of the 56 people registered as attending the meeting, 14 spoke against the measure, and one for it.

Efrain Avendano, a resident

of 13th St., said he lives catty-cornered to the proposed housing site, and is not in favor of the development.

"I do not believe it is in the best interest of the neighborhood," he said. "They are trying to make it seem like something good, and it is not."

Avendano expressed concern that no one was listening to the neighbors' opinions — which had been expressed numerous times before at various community and city meetings.

"We've expressed our opinion to the Housing Authority, to City Hall, Urban Development," Avendano said. "We thought it was going away until somebody pulled out a magic hat and now we have this (public meeting)."

Reginald Trainer, who lives directly in front of the proposed site, said he also believes neighbors are being treated unfairly.

"Regardless of what you do,

we have got to live in the community," Trainer said. "I think this has been pushed upon us. We have already gone through all these trials and tribulations."

Claudette Guillory Massey, a resident of 14th Street, said she believes the residents have suffered a grave injustice.

"What I feel in my heart is it really does not matter why we meet," she said.

Thursday's public hearing was the first scheduled by the Housing Authority, but not the first time residents came together to protest the development.

In April, two town-hall meetings were scheduled to get neighbors' input, and another two public hearings were held by the city when the Housing Authority requested a zoning change.

See 'Upset,' page A8

Friday August 30, 2013

Doug's Bar and Grill
Old Trick at Cafe Del Rio

LA Express at Gator Lounge

Rod Rishard at Taco Rey - Nederland

The Reprise at Dylan's Orphan Annie Band at Luna Live

Street Side Jazz Band at Luna Bar and Grill

The Fanatics at The Logon Cafe

Dwain Briggs at Suga's Southwind at Cotton's Cay

Justin Judalet Band at Starvin Marvin's

Jimmy Kaiser at Luke's Herban Cat at Dharma

Linda Kaye and The Kool Katz at Larry's French Market

Signature at Sidelinez Sports Bar

Albert Simpson at Cigar Club

Tom Brandow at Paradise Daquiris

Saturday

Little Texas, The Rankin Twins, Erik Neznick, Old Trick at Doug's Bar and Grill

My Beautiful Disaster at Sharky's II

Caleb Fontenot and

Dax Riggs at Luna Live
Honey Jar at Luna Bar and Grill

Three Legged Dawg at Big Nasty's

Richard LeBeouf and Two Step at Yesterday's

Good Acoustics at The Logon Cafe

Larry Tillery Band at Jake's Place

JAG, Earl Collins at Suga's

Still Cruisin' at Starvin Marvin's

Chris Hamlett, Sinners, The Onlies at Dharma

Smokin' Joe and The True Tones at Club 87

Chris Miller and Bayou Roots at Larry's French Market

Sunday

Tracy Lawrence, Cody Johnson, Jesse Raub Jr., Jamie Talbert at Doug's Bar and Grill

The Ramblin' Boys at Madison's

Wayne Cook at Suga's

Ellis Vaniccor and Laccassine Playboys at Wayne and Layne's

Herbie Stutes and Grand Shin at Jefferson County Singles Club

Upset

Continued from A1

At all, most speaking opposed building the development in their neighborhood.

City Council approved the zoning change last month from single family to multi-family in a split vote.

Lewis, along with District 1 Councilman Raymond Scott Jr. District 5 Councilman Willie "Bae" Lewis and Robert Troy, District 4 councilman, voted against the housing development.

The proposed Edison Square project is in Scott's district.

At the time, Scott said he was against the measure because of the number of people living near the proposed project who were opposed to it.

On the day of the vote, the three took exception to the submission of new signatures that were intro-

duced the same day, arguing that only those submitted when the proposed ordinance was tabled a month prior should be allowed.

While the Texas Municipal League had advised against accepting the latest signatures, the city had no process in place to establish a cut-off date for signatures for or against a proposed zoning ordinance, City Attorney Val Tizeno said.

Without one, Council could decide to accept new signatures, which they did.

City Council has since voted to institute more specific planning and zoning rules that require a deadline for submission of written protests to the city secretary.

Thursday's public meeting was the last chance neighbors would have to voice their opposition in a public forum, Port Arthur Housing Director Cele Quesada said.

While most said they felt their opinions did not mat-

ter, others argued that a park should be built at the old school site, or something similar for the neighborhood's children.

"If you put a complex there it will not be safe for the children, you are doing nothing for the children," Roxie Alrough said.

Lewis, who has been a vocal critic of the way the city handled the zoning change vote, said he expects some of the residents to file a lawsuit to stop the development.

"Citizens can file a lawsuit again the City Council — those that voted for the zoning change — and challenge the signatures that came in late, the signatures that the Texas Municipal League advised against accepting," Lewis said.

Quesada said it was unfortunate so many opposed the construction, and felt it was a case of "not in my backyard."

"To have this many people come speak negatively is unfortunate, yet histori-

cally as public housing is regenerated and redeveloped, it is not uncommon.

Very often, people very often want to put public housing somewhere else other than their neighborhood, Quesada said.

Following the meeting, a second public meeting was held to gain input from neighbors living within a fourth mile of the proposed new location for Carver Terrace residents.

The 204 unit complex is being relocated to 2500 FM 365, about a quarter mile behind the Wal-Mart shopping area.

About 1/2 of the proposed 184 units will be public housing and the remainder will be affordable to moderate eligible units.

Though about 20 people attended the meeting, none was allowed to voice their opinion since none lived within the 1/4 mile area.

E-mail: skoonce@panews.com
Twitter: skooncePANews

**#13416 – Wilmington House
Has Been Pulled From the Agenda**

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on Requested Waivers and Consideration of Determination Notices for Housing Tax Credits with Other Issuers, if all Required Waivers, if any, have been Granted

RECOMMENDED ACTION

WHEREAS, a 4% Noncompetitive Housing Tax Credit application for Cedar Terrace Apartments was submitted to the Department on July 1, 2013;

WHEREAS, the proposed issuer of the bonds for the Development is the Galveston Public Facility Corporation;

WHEREAS, the Certificate of Reservation expires on December 19, 2013;

WHEREAS, the the applicant has requested two waivers pursuant to §10.101(a)(1) and §10.101(a)(3) of the Uniform Multifamily Rules relating to the elevation of the proposed parking being more than six inches below the floodplain and relating to the presence of high-voltage power lines adjacent to the development, respectively;

WHEREAS, the applicant requested pre-clearance pursuant to §10.101(a)(4)(A) of the Uniform Multifamily Rules regarding the proposed site being located in an area that has a history of significant or recurring flooding;

WHEREAS, the Executive Award and Review Advisory Committee recommends denial of the waivers based on its inability to identify one or more specific requirements of law or policy or purpose in Texas Government Code Chapter 2306 that necessitate the granting of the waivers, and, to the extent the Board approves the waivers recommends that the Board consider whether conditions to the award are appropriate;

WHEREAS, a denial of the waivers would result a denial of the issuance of the Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the waivers requested relating to §10.101(a)(1) and (3) of the Uniform Multifamily Rules relating to parking elevations more than six inches below the floodplain and the presence of parking voltage transmission lines within the engineered fall distance of the development's residential buildings are _____;

FURTHER RESOLVED, that the pre-clearance associated with §10.101(a)(4)(A) relating to the proposed development being in an area that has significant or recurring flooding is _____;

FURTHER RESOLVED, that the issuance of a Determination Notice is hereby _____ in the form presented to this meeting.

BACKGROUND

General Information: The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation which does not have a prescribed restriction on the percentage of Area Median Family Income (AMFI) that must be served. Cedar Terrace, located in Galveston, Galveston County, involves the new construction of demolished public housing units that were damaged by Hurricane Ike in 2008. The development is proposed to serve the general population and will consist of 122 total units, of which 62 will be rent and income restricted at 60% of AMFI and the remaining 60 units will be market rate and have no rent or income restriction. The financing structure is proposed to include CDBG-Disaster Recovery funds administered by the General Land Office, one or more loans from the Galveston Housing Authority or a related entity, private activity bonds to be issued by the Galveston Public Facility Corporation, and 4% housing tax credits. The site is currently zoned appropriately for this type of development.

Prior Board Consideration on September 12, 2013: Staff notes that this application was brought before the Board at the September 12, 2013, Board meeting. The agenda item was crafted in a way that allowed the Board the opportunity to act on waiver and pre-clearance requests if they desired. Since the underwriting evaluation was not final at the time of the meeting, it was the intent of the Board to refrain from taking action on all aspects of the application until staff had completed its evaluation and due diligence. Testimony at the September 12, 2013, Board meeting was provided by the applicant to address the issues more fully described below. Moreover, testimony was provided by interested individuals expressing opposition to the proposed development which is further summarized in the Public Comment section below.

Waiver Requests: The application is currently ineligible for an award of 4% housing tax credits pursuant to §10.101 of the Department's Uniform Multifamily Rules. The applicant submitted a Waivers, Pre-clearance, Determination, and Disclosure (WPDD) Packet requesting the Board to exercise its discretion to grant two waivers of this rule. The first waiver relates to the elevation of proposed parking that would be more than six inches below the floodplain. The request indicates that while the newly constructed residential buildings will be above the floodplain and in compliance with §10.101(a)(1), the parking associated with the buildings will be built at an elevation that is approximately 6 feet below the floodplain. The applicant indicated that elevating the parking to be no more than six inches below the floodplain, compliant with the requirement, would raise the improvement to a level greater than the adjacent grade; therefore, making it not economically feasible to connect to the existing public streets at grade. The applicant further indicated they would include as part of the leasing protocol, instructions to the tenants that only outdoor items should be stored in the garages and the tenants would be required to sign a certification attesting to the fact they were given said instructions.

Staff notes that the Cedar Terrace application was previously submitted under the 9% Competitive program in the 2012 application round. In February 2012 this application was brought before the Board to consider the parking elevation and floodplain issue. While there was much discussion on the matter, the Board initially denied the request for a waiver. However, immediately following the vote, the Board requested it be brought back at the March 2012 Board meeting which would allow the applicant more time to address some of the issues raised during the Board discussion. At the March 2012 meeting, the Board approved, by a 4-0 vote, the waiver associated with the parking elevation being lower than six inches below the floodplain; however it should be noted that mitigation of this site feature was being pursued by the applicant at the time this vote was taken. The applicant has since decided not to proceed with submission of a full application under the 9% program.

The second waiver pertains to the presence of high-voltage power lines adjacent to the proposed site. Pursuant to §10.101(a)(3)(E) of the Uniform Multifamily Rules, Development Sites in which the buildings are located within the easement of any overhead high voltage transmission line or inside the engineered fall distance of any support structure for high voltage transmission lines, radio antennae, satellite towers, etc. will be considered ineligible, with the exclusion of local service electric line and poles. Based on information submitted by the applicant, the streets forming the perimeter of the site have five 138kv power lines, which are considered transmission lines. Other surrounding lines are typical power lines. The applicant indicated in testimony given at the September 12, 2013 Board meeting, that the transmission lines in question are actually in the public right-of-way, just outside the property line and that there are no easements that run across the site. To date, the applicant has not provided documentation that definitively states the transmission lines are outside the engineered fall distance; however, they did indicate that absent confirmation from the transmission line provider to the contrary they cannot rule out the likelihood that should the transmission lines fall a tower may hit one of the residential buildings.

The standard for the granting of waivers is set out at 10 TAC §10.207(c). The requested waiver must establish how the waiver is necessary to address circumstances beyond the applicant's control and how, if the waiver is not granted, the Department will not fulfill some specific requirement of law or purpose or policy set forth in Tex. Gov't Code, Chapter 2306. The matters that gave rise to the requests for waivers could, in theory, be addressed in other ways. For example, the parking could be elevated and the utility transmission lines could be re-routed, but such solutions would involve significant costs and cooperation with other parties, rendering them, as a practical matter, not feasible. So in order for the Development to proceed with the use of 4% housing tax credits (which subjects the Development to the requirements of the Department's rules governing multifamily development) these waivers are of critical importance.

The question presented is what is the specific requirement of law or purpose or policy set forth in Tex. Gov't Code, Chapter 2306 that would not be addressed if this Development did not proceed with 4% housing tax credits? It is recommended by staff that if the Board determines that the Applicant has successfully established that approval of the waivers is "necessary to address circumstances beyond the applicant's control and how, if the waiver is not granted, the Department will not fulfill some specific requirement of law or purpose or policy set forth in Texas Government Code, Chapter 2306" and, therefore, the Board wishes to proceed with approval of the tax credit Determination Notice, appropriate conditions should be imposed with respect to the waivers and the Determination Notice as set forth

below. As regards establishing that these matters were outside the Applicant's control, staff believes that the Applicant must establish this on the record upon which the Board will act.

- 1) **Parking more than 6" below flood level:** Can mitigations be put in place so that in the event of flooding residents will not lose their property to flood damage, assuring that when floodwaters recede and residents return to or remain in their elevated dwellings they will still have their cars for use in daily life?
- 2) **Utility transmission towers located such that proposed buildings will be located within what reasonably appears to be the engineered fall zones of such towers:** Are the buildings within the engineered fall zones? If not, this would need to be confirmed by a qualified engineer. If so, could protective barriers or other mitigations be employed?
- 3) **Fair housing:** Materials have been provided to the Department representing that HUD (including its offices of Community Planning and Development ("CPD") (which oversees CDBG funds), Public and Indian Housing ("PIH") (which oversees housing voucher programs) and Fair Housing and Equal Opportunity ("FHEO") (which oversees compliance with the Fair Housing Act) has stated that it believes the Galveston Plan for Housing Reconstruction ([http://www.ghatx.org/documents/GHA_Plan%209-26-12%20FINAL\[1\].pdf](http://www.ghatx.org/documents/GHA_Plan%209-26-12%20FINAL[1].pdf)) complies fully with the Fair Housing Act and the State of Texas' obligation to affirmatively further fair housing ("AFFH") and has received site and neighborhood clearance from HUD. These statements are, of course, of a general nature and are not from HUD to the Department. It is recommended that a letter from appropriate officials at HUD with authority to speak for CPD, PIH, and FHEO confirming:
 - a) This specific proposed transaction complies fully with the Fair Housing Act and does not create a disparate impact in Urban Region 3;
 - b) This specific transaction is necessary for the State of Texas to accomplish in order to remain in compliance with the Conciliation Agreement, and
 - c) There are not sufficient CDBG-Disaster Recovery funds available in Galveston to accomplish this specific transaction without other financial assistance; and
 - d) Because of deadlines for the accomplishment of the Galveston Plan for Housing Reconstruction an alternative source of financing cannot be put in place.

Pre-Clearance Request: The WPDD Packet requests pre-clearance to build the development in an area that has a history of significant or recurring flooding which is considered to be an undesirable area feature pursuant to §10.101(a)(4) of the Uniform Multifamily Rules. Galveston Island has continually seen significant or recurring flooding. Staff does not recommend that the preclearance be granted unless it is determined that the parking elevation is necessary and should be granted with such conditions as the Board deems appropriate. However, should the Board grant the waiver relating to the parking elevation, staff would recommend granting the pre-clearance associated with §10.101(a)(4) of the Uniform Multifamily Rules.

Public Comment: The proposed development has generated significant prolonged disagreement within the Galveston community. The Department received numerous letters of opposition which are included as Attachment A in this presentation and were previously provided to the Board at the September 12 Board meeting. Subsequent to this meeting the Department received additional public comment in opposition which is included as Attachment B. The statements made in opposition include the

following: there are existing vacant homes and units in Galveston with no demand to fill such vacancies, there is a lack of services and few jobs on the Island, there are environmental concerns associated with the site that have not yet been cleared by the Texas Commission on Environmental Quality, the demographics of the census tract in which development is proposed to be located, and the intent behind the Conciliation Agreement, of which the Department is a party, that addresses the administration of the Community Development Block Grant funds.

Census Demographics: The development is to be located at 2914 Ball in Galveston. Demographics for the census tract (7246.00) include AMFI of \$9,639; the total population is 1,793; the percent of the population that is minority is 94.53%; the percent of the population that is below the poverty line is 60.96%; the number of owner occupied units is 108 and the number of renter units is 543. (Census information from FFIEC Geocoding for 2013).

Organizational Structure and Compliance: The Borrower is Galveston Initiative II, LP; which is comprised of two separate General Partners; the Managing General Partner is Galveston Initiative II MBS GP, Inc. which is comprised of the following individuals: Hillary B. Zimmerman, Kevin J. McCormack, Vincent R. Bennett, Kim Hartmann, and Michael C. Duffy. The Co-General Partner is Galveston Public Facility Corporation; which is an instrumentality of the Galveston Housing Authority and it comprised of the following individuals: Irwin Herz, Anthony Brown, Virginia French, Ann Masel, J.T. Edwards, Mona Purgason and Deyna Sims-Hobdy. The Compliance Summary completed on August 6, 2013, revealed that the principals of the general partners have received 21 multifamily awards. There were no identified issues relating to material noncompliance.

Applicant Evaluation

Project ID # **13418**Name **Cedar Terrace**City: **Galveston**HTC 9% HTC 4% HOME BOND HTF NSP ESG Other No Previous Participation in Texas Members of the development team have been disbarred by HUD

Compliance

Total # of MF awards monitored:	21	Projects in Material Noncompliance Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			
Total # of MF awards not yet monitored or pending review:	0	Unresolved Audit Findings Identified w/ Contract(s)	<input type="checkbox"/>	Projects grouped by score	0-9: 16 10-19: 5 20-29: 0
SF Contract Experience <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Total # of MF Projects in Material Noncompliance:	0	Total monitored with a score 0-29:	21
Total # of SF Contracts:	0				

Completed by: J. Taylor Reviewer: Patricia MurphyDate: 7/31/2013 Date: 8/6/2013

Comments (if applicable):

Single Audit

<input type="checkbox"/> Single audit review not applicable	<input type="checkbox"/> Late single audit certification form (see comments)
<input checked="" type="checkbox"/> Single audit requirements current	<input type="checkbox"/> Past due single audit or unresolved single audit issue (see comments)

Reviewer: Rosy Falcon Date: 7/31/2013

Comments (if applicable):

Loan Servicing

<input checked="" type="checkbox"/> No delinquencies found	<input type="checkbox"/> Delinquencies found (see comments)
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Reviewer: Sandra Molina Date: 8/2/2013

Comments (if applicable):

Financial Services

<input checked="" type="checkbox"/> No delinquencies found	<input type="checkbox"/> Delinquencies found (See Comments)
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Reviewer: Monica Guerra Date: 7/31/2013

Comments (if applicable):

Community Affairs

<input checked="" type="checkbox"/> No identified issues	<input type="checkbox"/> Identified Issues (see comments)
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Reviewer: Cathy Collingsworth Date: 7/31/2013

Comments (if applicable):

Real Estate Analysis Report for Cedar Terrace is Posted
on the Department's Website at the Following Link:

<http://www.tdhca.state.tx.us/rea/reports-recent.htm>

Attachment A:
Public Comment
previously provided on
September 12, 2013

From: [Norman Pappous](#)
To: Teresa.Morales@TDHCA.State.TX.US
Cc: [Elizabeth Beeton](#)
Subject: Galveston Initiative II, L.P. - Tax Credit Application
Date: Sunday, August 18, 2013 12:02:31 PM

To whom it may concern,

My name is Norman D. Pappous and I represent District 4 on the Galveston, TX City Council.

I am opposed to any tax credits for the reason that the construction and relocation of residents to this site does not "Affirmatively Further Fair Housing" and, despite repeated requests, the City Council has received no written statement from HUD or GLO that claim otherwise.

Cedar Terrace is located in the highest concentration of poverty in the City of Galveston and to build federally funded housing there is therefore illegal. I urge you to review the federal court decisions in *Gautreaux v HUD*, and *Thompson v HUD*.

Best Regards,

Norman D. Pappous

Galveston City Councilman, District 4

20 August 2013

Sent via email to: Teresa.Morales@TDHCA.State.TX.US

Ms. Morales,

On 16 August 2013, Mr. Gilbert Martinez, Environmental Advisor at the GLO, informed the Galveston Open Government Project (GOGP) that the results of the 8-Step Decision Making Process required by E.O. 11988 (see below) will be available “within the next month or so”.

How can the TDHCA Board make a decision on the housing tax credits for the Galveston Initiative II project before the 8-Step Decision Making Process is complete and part of the application for the Board to review?

Why is the GLO allowing the applicant to submit their application before this Process is complete? Does this mean that they have no intention of following the dictates of E.O. 11988 which directs the GLO to make every effort to find alternative sites outside of the floodplain which will lower the amount of taxpayer funds needed to build the project AND reduce the amount of risk that this project will be subjected to after construction?

Following the dictates of E.O. 11988 lowers the cost and risk to the taxpayers and the residents of the project. There are dozens of alternative sites available to the applicant that will provide the reduction of costs and risks demanded by this Order, but the fact that they are moving full speed ahead with the Cedar Terrace site seems to indicate that they have no intention of identifying and utilizing alternative sites as required.

For this reason, the GOGP would like to request that the Board suspend this application until the GLO presents its list of alternative sites as required by E.O. 11988.

“Executive Order 11988 requires federal agencies to avoid to the extent possible the long and short-term adverse impacts associated with the occupancy and modification of flood plains and to avoid direct and indirect support of floodplain development wherever there is a practicable alternative.”

“3. Identify and evaluate practicable alternatives to locating in the base floodplain, including alterative sites outside of the floodplain...”

“Among a number of things, the Interagency Task Force on Floodplain Management clarified the EO with respect to development in flood plains, emphasizing the requirement for agencies to select alternative sites for projects outside the flood plains, if practicable,...”

<http://www.fema.gov/plan/ehp/ehplaws/eo11988.shtm>

Respectfully submitted,

David Stanowski, President
Galveston Open Government Project, Inc.
216 Seawall Boulevard
Galveston, TX 77550
409-621-2099
gogp@att.net

Carelton Courtyard Apartments

August 28, 2013

Texas Department of Housing and Community Affairs
Waller Creek Office Building
Teresa Morales
507 Sabine Street
Austin, Texas 78701

teresa.morales@tdhca.state.tx.us

Re: TDHCA Tax Credits for Cedar Terrace (Galveston initiative II) in Galveston

Dear Ms. Morales;

I am requesting TDHCA to deny tax credits to the 122 unit development at Cedar Terrace.

We own & operate 240 rental units on Galveston Island or in nearby cities in Galveston County, known as Carelton Courtyard Apartments and Guest Suites at 215 Market Street, Galveston, Texas 77550. At the present time there are so many vacancies on this island and in the County that building additional subsidized units, in addition to those already planned, will devastate our business. We are operating in a fragile rental environment at this time, and any additional units could easily put us into a negative cash flow.

There are many vacant homes and apartment units currently on the island. Some 4,500 single family homes still need to be rehabbed due to damages from Hurricane Ike. These homes have not been remodeled because there is a diminished demand for all rentals due to the verifiable population loss post Ike. If there was a demand, investors would repair and rent these homes. The numerous vacant apartments (current island occupancy is at an average of 80%) would also be seriously impacted due to remodeled and refurbished apartment units still being vacant.

TDHCA has given out so many credits in the last four years that the marketplace is now unable to fairly compete with subsidized units that have lower operating costs due to various federal and state tax credits, property tax exemptions or caps. Our pre-Ike population of 58,000 residents is now down to 47,000.

Please do not give any tax credits to this development. Your doing so will only make matters worse and will most likely cause existing housing to go to waste and eventually be removed from the tax rolls. All of the land for all proposed units will not be on the tax rolls and 59 of these 122 proposed units will NOT be on the property tax rolls. This, coupled with the recent unprecedented increases in flood insurance taking place in October, will most likely be the beginning of the end for Galveston County private sector housing. Competing with units not paying comparable property taxes constitutes unfair competition.

Respectfully;



Liana Smith

Property Manager
Carelton Courtyard Apartments and Guest Suites

cc: / B. Elton - 8/28
B. Pisaturo
GCAA

0505810282

Carellon Courtyard

Apartments

215 MARKET STREET
GALVESTON, TX 77550



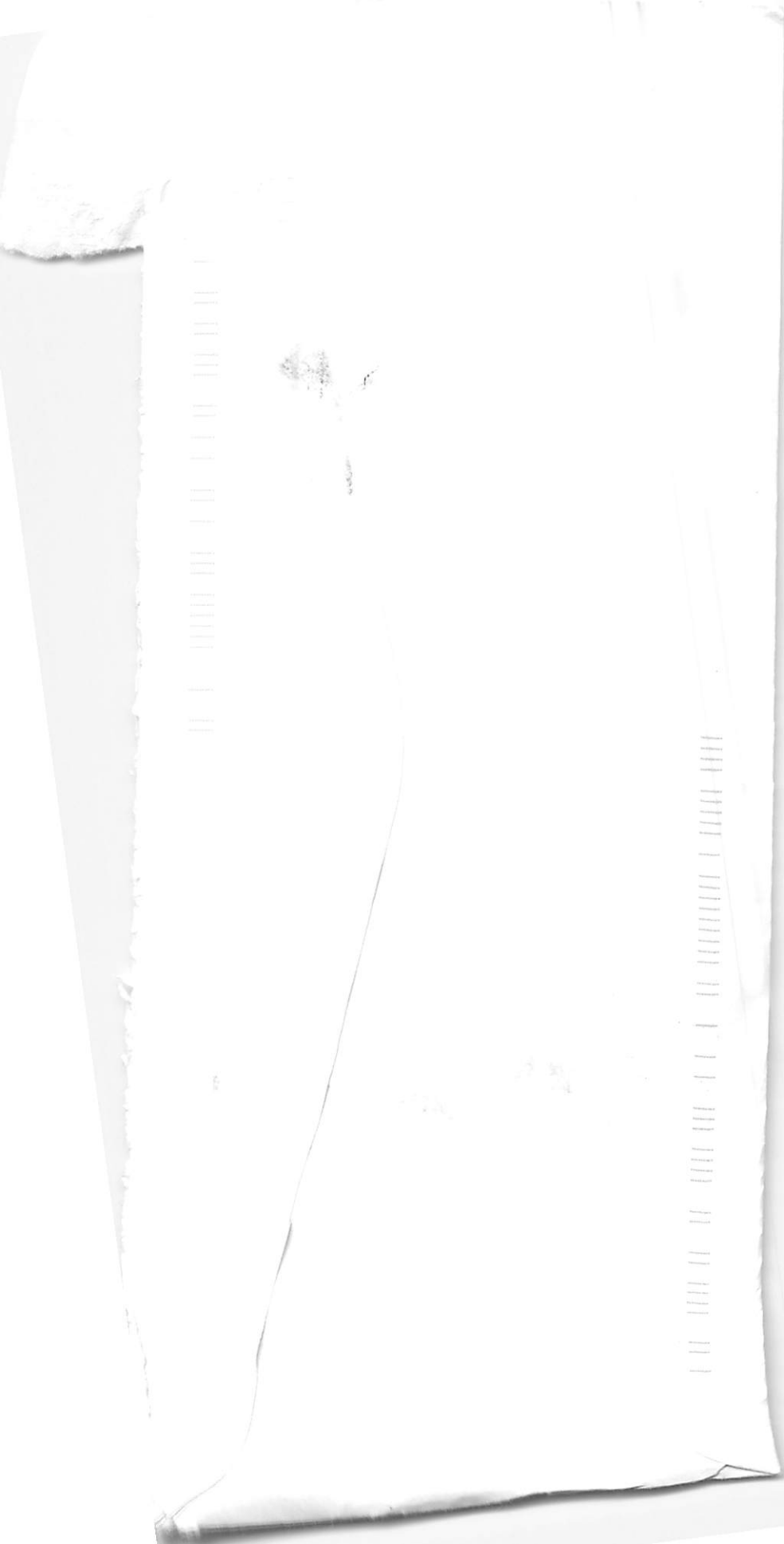
TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS
POLICE OFFICE BUILDING
WALTER CREEK
ATTN: TERESA MORAVES

507 SABINE
AUSTIN, TEXA

NIXIE 787 DE 1009 0009/01/13

RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

BC: 77550579799 *9893-10184-01-27



From: [Charles](#)
To: Teresa.Morales@tdhca.state.tx.us
Subject: Public Housing Tax Credits in Galveston
Date: Saturday, August 17, 2013 2:49:41 PM

Ms. Morales,

I do not believe that MBS should be awarded with a financing vehicle that will make it more profitable for them to rebuild segregated reservations of poverty north of Broadway in Galveston. This effort by McCormick Baron and Salazar to be awarded tax credits for rebuilding Cedar Terrace public housing is widely opposed and should be rejected by TDHCA. Thank you,

Charles Wiley

16 August 2013

Re: Galveston Initiative II, L.P. aka the rebuilding of Public Housing at the Cedar Terrace site

To: The Texas Department of Housing and Community Affairs
(TDHCA) Board of Directors
221 East 11th Street
Austin, Texas 78701-2410

Sent via email to:
Teresa Morales
Teresa.Morales@TDHCA.State.TX.US

Members of the Board, you have received a set of plans for this project along with hundreds of pages of supporting materials that make it look quite appealing on paper. There is little doubt that if it were to be completed, it would produce some well-built and nice looking buildings, but that is NOT the real issue for your consideration. **You must consider how the location of this project will affect the residents, not the buildings.**

The Galveston Open Government Project (GOGP) does not object to this project being built, we simply argue that **it should NOT be built at this location.** After reviewing the short summary of the problems and deficiencies with this site, provided below, we hope that you will share our deep concerns and decline to issue housing tax credits for any project to be built on this site. We have a great deal more evidence to support our position, if you would like to review it, but **what we have provided should be sufficient to demonstrate this site's unsuitability.**

The Cedar Terrace site, in Galveston, where the applicant proposes to build the Galveston Initiative II, **is clearly the worst site in the entire County for Public Housing for the simple reason that it has the highest level of poverty.** Building in a census tract with hyper concentrated poverty **will violate the Fair Housing Act,** and is contrary to many judicial rulings in fair housing cases.

In ICP v. TDHCA, the court found in favor of ICP on its disparate impact claim against the TDHCA under 3604(a) and 3605(a) of the Fair Housing Act (FHA) which left no doubt that **the TDHCA is subject to the current definitions and applications of the Fair Housing Act when it selects where to allocate the State's housing tax credits.**

The Cedar Terrace site is so obviously unacceptable that it begs the question **why there is so much political pressure to build this project on this particular site,** and not on a site that would conform to all of the fair housing laws? This issue is not addressed in the application before you. This is what the applicant does not want you to consider, because if you do, you will never allow this project to be built on this site. However, in all fairness, **the applicant did not choose this site; it was forced on the applicant by local "special-interest groups".**

The reason that this project is slated to be built on an unacceptable, and in fact unlawful site, is simply because these **local "special-interest groups" have been able to "pressure" local, state, and federal authorities to do so,** in a corrupt political bargain, because building on this site provides these groups political power and financial gain.

In May 2012, the voters in the City of Galveston finally had had enough of the undue influence on local public policy that these groups enjoyed, and elected six of seven City Councilmembers who **promised to shut down the isolated segregated reservations of poverty** north of Broadway, and replace them with either a voucher system or a regional Public Housing plan that would fully conform to the requirements and the spirit of the Fair Housing Act.

However, within days after the election, Councilmembers had already begun to buckle under the pressure from these “special-interest groups”. By the time of the final vote, on 28 September 2012, **four of the six broke their promises to integrate Public Housing, and we are back to the unlawful segregated plan you must consider today.** It is has been a enormous disappointment to the voters of this city to have these Councilmembers deviate from their campaign promises in such a dramatic way, but they are clearly afraid of these “special-interest groups”.

Recently these same groups were **alleged to have interfered with the federal procurement process** for the Human Capital Plan that the Galveston Housing Authority (GHA) put out on an RFP, and they were referred to federal and state authorities for investigation.

<http://www.GalvestonOGP.org/GHA/Human-Capital-1.pdf>
<http://www.GalvestonOGP.org/GHA/Human-Capital-2.pdf>

When the rebuilding of Public Housing became necessary after Hurricane Ike, **there was absolutely no effort to start with a clean slate and search for the best sites throughout the County,** as required by HUD and numerous court rulings, because tremendous political pressure was applied to force rebuilding at the former Public Housing sites, especially this one, **regardless of the harm it would do to the residents.**

The corrupt political decision to rebuild at the Cedar Terrace site has **completely ignored what is best for the impoverished residents of Public Housing in violation of several laws.** Under the current application of these laws, as refined by judicial rulings, **Public Housing is supposed to be built in so-called “high-opportunity neighborhoods”** (HOAs) that will offer its residents the best chance to escape from poverty. A census tract with 61% of its residents living below the poverty level is the very definition of a low-opportunity neighborhood; the exact opposite of an acceptable location, and completely unsuitable for Public Housing.

Who are these “local special-interest groups” who want this project built at this site so very badly? If you receive any letters in support of this application, they are likely to be from them, or were written at their “request”. The only other “support” for this application could come from uniformed sources unfamiliar with the conditions at the site and in the neighborhood that surrounds it.

If you do not stand in opposition to the pressure from these local “special-interest groups”, and deny this application, **it will condemn several more generations of impoverished minorities to live in the isolated reservations of segregated poverty** that this application supports.

Fundamental reasons why the Board should reject this application for housing tax credits to rebuild on the Cedar Terrace site:

1. Poverty

In ICP v. TDHCA:

<http://www.tdhca.state.tx.us/multifamily/htc/inclusive-communities-project.htm>

<http://www.danielbesharalawfirm.com/Pages/ICPvTDHCA.aspx>

In a memorandum of opinion and order filed March 20, 2012, *“the court finds in favor of ICP on its disparate impact claim under the FHA...”* Page 39. In other words, **the court found that the TDHCA violated the Fair Housing Act, in the Dallas metro area, by issuing housing tax credits for projects in unacceptable locations.**

<http://www.danielbesharalawfirm.com/Documents/memorandum%20opinion%20and%20order%202012%20WL%20953696.pdf>

The court adopted a remedy which was designed to prevent the TDHCA from FHA violations in the future, and while the TDHCA has not yet adopted it as an administrative remedy statewide,

and the court did not order it as a statewide judicial remedy, it is very instructive as to what most likely will not pass judicial scrutiny on the use of housing tax credits in the City of Galveston.

*“The Plan embraces the notion of providing maximum permissible incentives for areas that truly reflect the **greatest opportunity**, namely those **areas with the highest income, lowest poverty, and best public education opportunities.**”* May 18, 2012 Remedial Plan, Page 3
<http://www.danielbesharalawfirm.com/Documents/TDHCA%20notice%20of%20proposed%20remedial%20plan.pdf>

The Cedar Terrace site cannot possibly meet those criteria.

*“In order to qualify as being in an HOA (High Opportunity Area), a development must be in a census tract that has **BOTH a low incidence of poverty AND an above median income as well as being located in an area served by either recognized elementary schools or having a significant and accessible element of public transportation.**”* May 18, 2012 Remedial Plan, Page 5
<http://www.danielbesharalawfirm.com/Documents/TDHCA%20notice%20of%20proposed%20remedial%20plan.pdf>

The actual scoring system used in the remedy is looking for placement in census tracts where the **poverty rate is less than 15%, AND household income is in the top quartile for the county, and the schools are rated exemplary or recognized by the TEA.** May 18, 2012 Remedial Plan, Page 6
<http://www.danielbesharalawfirm.com/Documents/TDHCA%20notice%20of%20proposed%20remedial%20plan.pdf>

The poverty rate in the Cedar Terrace neighborhood is 61%, FOUR TIMES HIGHER than what the court ruled was acceptable in the Dallas metro area, household income is in the bottom quartile in the County, and the nearby school is NOT rated exemplary or recognized by the TEA.

Clearly building at this location is unconscionable due to the level of poverty and is highly unlikely to pass judicial scrutiny.

The ICP case is not absolute precedent for the rest of the State, and there may be slight differences in how rulings are applied to 4% and 9% tax credits, however, **there is simply no way that the TDHCA can justify trapping impoverished minorities in this poverty-stricken neighborhood for the next few generations**, just to appease the “special-interest groups” that demand that this project must be built on this site.

Build it in a high-opportunity neighborhood somewhere else in the County, and let the Galveston Housing Authority sell this land for industrial and/or commercial use. A residential development of any kind should not be built here.

2. Segregation

The Fair Housing Act mandates that Public Housing be built in locations that will reduce racial segregation. Typically this means it should be built in majority White areas. **The 2010 census found that the census tract containing the Cedar Terrace site has a population that is 60% Black and 34% Hispanic!**

The Galveston Housing Authority’s Human Capital Plan states that **the population that they intend to return to Cedar Terrace is 80% Black and 12% Hispanic**. This means that there is no conceivable way that building in this location will reduce racial segregation, and yet, the application is to build on this site!

Once again, everyone involved in this project knows why it should not be built in this location, but they push on in spite of this knowledge to appease the “special-interest groups” that demand that it be built here.

Clearly **building on this site will violate the Fair Housing Act for two fundamental reasons; the failure to de-concentrate poverty and the failure to de-concentrate racial segregation**. Building here will aggravate both demographic metrics.

CFR 941.202: Site and Neighborhood Standards

All Public Housing construction must meet the strict standards of CFR 941.202:

<http://www.gpo.gov/fdsys/pkg/CFR-2000-title24-vol4/xml/CFR-2000-title24-vol4-sec941-202.xml>

“Proposed sites for public housing projects to be newly constructed or rehabilitated must be approved by the field office as meeting the following standards:”

*“(b) The site and neighborhood must be suitable from the standpoint of **facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, E.O. 11063, and HUD regulations issued pursuant thereto.**”*

The Cedar Terrace site and its neighborhood are not suitable under CFR 941.202 (b), because it does NOT further full compliance with the Civil Rights Act and the Fair Housing Act.

*“(c)(1) **The site for new construction projects must NOT be located in: (i) An area of minority concentration unless (A) sufficient, comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration, ...***

The Cedar Terrace site and its neighborhood are not suitable under CFR 941.202 (c), because it is located in an area of minority concentration AND comparable opportunities for the target population do NOT exist outside areas of minority concentration.

*“(d) The site must promote greater choice of housing opportunities and **avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.**”*

The Cedar Terrace site and its neighborhood are not suitable under CFR 941.202 (d), because it is located in areas of high concentrations of low-income persons, including the 192 project-based vouchers at Sandpiper Cove just a few blocks away.

*“(e) The site must **be free from adverse environmental conditions**, natural or manmade, such as instability, **flooding**, septic tank back-ups, sewage hazards or mudslides; harmful air pollution, smoke or dust; excessive noise vibration, vehicular traffic, rodent or vermin infestation; or fire hazards. The neighborhood must not be one which is **seriously detrimental to family life** or in which **substandard dwellings** or other **undesirable elements predominate**, unless there is actively in progress a concerted program to remedy the undesirable conditions.”*

The Cedar Terrace site and its neighborhood are not suitable under CFR 941.202 (e), because it is located in an area of adverse environmental conditions, it is seriously detrimental to family life, and substandard dwellings and undesirable elements predominate in the neighborhood.

*“(g) The housing must be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services **that are at least equivalent to those typically found in neighborhoods consisting largely of similar unassisted standard housing.**”*

The Cedar Terrace and Magnolia Homes sites and neighborhoods are not suitable under CFR 941.202 (g), because they are located in areas that are NOT accessible to facilities and services that are equivalent to neighborhoods of similar unassisted housing.

3. Environmental

Environmental Justice

*“Many communities are exposed to disproportionate health and environmental dangers because of their social, economic, or political position. **The impacts of agency projects must take account of these disproportionate dangers and alleviate them when recognized.** Executive Order 12898, “Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations,” establishes that the agency **“shall make achieving environmental justice part of its mission by identifying and addressing, as appropriate, disproportionately high and adverse human health or environmental effects of its programs, policies, and activities on minority populations and low-income populations.”** More information on environmental justice is in the Council on Environmental Quality publication, “Environmental Justice Guidance under the National Environmental Policy Act”. ”*

http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/FHLaws/EX012898

In short, E.O. 12898 says that you can not use federal funds to subject minority and low-income populations to environmental conditions that are worse than those typically experienced by White middle-class populations.

There are five primary ways that building on the Cedar Terrace site will violate E.O. 12898:

a. Flooding

Hurricane winds push ocean water ahead of them, so they cause the flooding of low lying areas near the coastline, and on barrier islands. The lower the land and the closer to the coastline the more risk it has from hurricane flooding. **E.O. 12898 and E.O. 11988 should eliminate hurricane flood zones from consideration for Public Housing as a matter of public safety and the prudent use of taxpayer funds!**

E.O. 11988 mandates that a study be done to look for alternatives to using federal funds to build in a flood plain; something that the applicant has not yet produced for your review and consideration. There are many high-opportunity neighborhoods on the Mainland that do not have the flood risk from hurricanes found on Galveston Island.

Description and Intent

“Executive Order 11988 requires federal agencies to avoid to the extent possible the long and short-term adverse impacts associated with the occupancy and modification of flood plains and to avoid direct and indirect support of floodplain development wherever there is a practicable alternative. In accomplishing this objective, “each agency shall provide leadership and shall take action to reduce the risk of flood loss, to minimize the impact of floods on human safety, health, and welfare, and to restore and preserve the natural and beneficial values served by flood plains in carrying out its responsibilities for the following actions:

- ***Acquiring, managing, and disposing of federal lands and facilities;***
- ***Providing federally-undertaken, financed, or assisted construction and improvements;***
- ***Conducting federal activities and programs affecting land use, including but not limited to water and related land resources planning, regulation, and licensing activities.”***

Summary of Requirements

“The guidelines address an eight-step process that agencies should carry out as part of their decision-making on projects that have potential impacts to or within the floodplain. The eight steps, which are summarized below, reflect the decision-making process required in Section 2(a) of the Order.

1. Determine if a proposed action is in the base floodplain (that area which has a one percent or greater chance of flooding in any given year).
2. Conduct early public review, including public notice.
3. Identify and evaluate practicable alternatives to locating in the base floodplain, including alternative sites outside of the floodplain.
4. Identify impacts of the proposed action.
5. If impacts cannot be avoided, develop measures to minimize the impacts and restore and preserve the floodplain, as appropriate.
6. Reevaluate alternatives.
7. Present the findings and a public explanation.
8. Implement the action.

Among a number of things, the Interagency Task Force on Floodplain Management clarified the EO with respect to development in flood plains, emphasizing **the requirement for agencies to select alternative sites for projects outside the flood plains, if practicable, and to develop measures to mitigate unavoidable impacts.**”

<http://www.fema.gov/plan/ehp/ehplaws/eo11988.shtm>

<http://www.fema.gov/plan/ehp/ehplaws/attachments-laws/eo11988.pdf>

http://www.access.gpo.gov/nara/cfr/waisidx_03/44cfr9_03.html

At this time, the applicant has not yet completed the 8-step evaluation process REQUIRED by E.O. 11988, identified alternative Public Housing sites outside of the floodplain, and presented a legitimate reason for building in a floodplain when many much better alternative sites exist, especially on the Mainland! Even when the applicant eventually completes the 8-step evaluation process, it should be obvious that the applicant has absolutely no legitimate justification for building in this high-risk floodplain, **at much higher cost to the taxpayers, and much higher risk of damage from future flooding, when many safer sites exist on the Mainland; sites that are also in high-opportunity neighborhoods.**

http://portal.hud.gov/hudportal/HUD?src=/program_offices/com_m_planning/environment/lawsandregs/compliance/forms/trngmanual/chapt2compliance

b. Wind

Hurricanes are powered by warm ocean water, so the minute that they move inland they begin losing wind speed. This means that any location right on the coast, including barrier islands, has the highest risk from wind damage.

Locations for Public Housing near the coastline and on barrier islands are very poor choices as a matter of public safety and due to the higher cost to the taxpayers!

Building Public Housing on a barrier island puts Public Housing residents, and their personal property, at much greater risk from hurricane winds than if it was built only a few miles inland.

c. Contamination

There are **54 identified “Facilities of Interest” and/or “Brownfields” within 3,000 feet of the perimeter of the Cedar Terrace site**. 3,000 feet is the distance set forth for scrutiny in HUD Form 4128, Page 5, Item 23.

The environmental analysis contracted for by the applicant acknowledged some of these 54 sites and also tested water and soil samples from the site itself. **Many of the water and soil samples were contaminated with arsenic, lead, mercury and polyaromatic hydrocarbons (PAH) above acceptable levels**. Water contamination was ignored, because residents won't be using water from the site, but the water beneath the site can certainly transport contamination throughout the soil.

The 12 July 2013 letter from SCI Engineering, that is part of this application states, ***“soil samples collected from the site exceeded the regulatory threshold for residential***

developments.” SCI Engineering went on to recommend removal of the top 12” of soil, replacement with clean soil, and a “cap and cover” of the entire site.

<http://www.GalvestonOGP.org/GHA/SCI-Voluntary-Cleanup-Marked.pdf>

These water and soil samples raise very serious questions about whether the proposed remediation is acceptable under E.O. 12898. This project is in a low-income minority neighborhood and its target group of residents is additional impoverished minorities. **No developer would build apartments on this site if the target group were middle-class White residents, because it would surely fail to gain enough residents to be financially viable.** Therefore, it must violate the dictates of E.O. 12898 by subjecting low-income minorities to contamination risk that middle class White people would surely find unacceptable.

d. Industrial/Commercial Neighborhood

The Cedar Terrace site is NOT in a viable residential area of the City. Most of the area around it is has commercial or industrial zoning, and uses, or is abandoned residential. A visit to the site will make it obvious that this location will be **totally unappealing for an apartment development targeted at middle-class White residents** which means a Public Housing development cannot be built on this site for impoverished minority residents without violating E.O. 12898.

e. Concentration of Public Housing

The 7246 census tract containing the Cedar Terrace site is **also the location of the infamous and notorious Sandpiper Cove apartments that feature 192 project-based voucher units** that were financed with housing tax credits. Sandpiper Cove has created the worst crime problem in the entire city.

Building another 63 Public Housing and project-based voucher units within a few blocks of Sandpiper Cove will also violate many of the laws discussed above and the guidelines for the proper placement of tax credits units.

4. Mixed Income

The pretense and excuse for building this project on this site is that it will be “mixed-income” and not 100% Public Housing. **The applicant wants you to believe that the “mixed-income” approach solves all of the problems outlined above. It does not.**

First, the whole theory of mixed-income is just the latest iteration in a whole series of failed Public Housing experiments. When the failures of the current fad can no longer be hidden, they just trot out a new experiment. **Professor Robert C. Ellickson has found little added benefit even from “successful” mixed-income developments.**

<http://www.uclalawreview.org/pdf/57-4-3.pdf>

However, this project will NOT be among the “successful” mixed-income developments. For it to be “successful”, middle-class people must occupy all of the market-rate units. There is no one in this city who actually believes that will happen, because of its location on the Cedar Terrace site. **If they are not filled with middle-class tenants, they will either remain empty, or eventually they will be filled with HCV holders.** In either case, the mixed-income aspect of the project will NOT be “successful”.

In addition, this city has over **7,000 vacant housing units**. That means that more than 23% of all the housing units in the city are vacant. That’s a higher percentage than in Detroit! **There is an over abundance of available housing, and, therefore, there is no need and no demand for these market rate units.** Given the small size of the City and the amount of vacant units, there is no incentive for middle class people to live in this neighborhood given the information about it shown above.

If middle class people even come to look at the development, they will be greeted by **“a highly visible “witness barrier” as a warning barrier for future excavation on the site”**.

<http://www.GalvestonOGP.org/GHA/SCI-Voluntary-Cleanup-Marked.pdf>

In other words, they will be welcomed by signs noting the contamination on the site that the applicant wants them to live on.

Conclusion:

The Texas Department of Housing and Community Affairs is the lead affordable housing agency for the State of Texas, and has the **primary responsibility to ensure the State’s compliance with the Fair Housing Act**.

The TDHCA also has the primary responsibility to ensure the State’s compliance with Chapter 301 of the Texas Property Code (The Texas Fair Housing Act) which closely mirrors the federal Fair Housing Act.

The TDHCA sets forth administrative rules **designed to allocate housing tax credits to developers in a manner that MUST Affirmatively Further Fair Housing** and that does not violate the Fair Housing Act.

In ICP v. TDHCA, the court found that the TDHCA was not allocating the housing tax credits in a manner that conformed to the requirements of the FHA in the Dallas Metropolitan Area.

The basic changes in TDHCA’s scoring system due to the ICP case were noted above, but the ruling and remedy also looks for **factors that should be used to EXCLUDE certain locations from eligibility to receive housing tax credits so as not to violate the FHA**. These factors include:

*“As a part of the Plan, the Department will continue to include the same or similar criteria in its QAPs for **disqualifying***

proposed sites that have undesirable features. Additionally, the Department will incorporate a more robust process to **identify and address other potentially undesirable site features** in future QAPs. Under this criterion, an applicant proposing development of multifamily housing with tax credits must disclose to the Department and may obtain the Department's written notification of pre-clearance **if the site involves any negative site features at the proposed site or within 1000 feet of the proposed site such as the following:**

a. A history of significant or recurring flooding;

b. A hazardous waste site or a source of localized hazardous emissions, whether remediated or not;

f. Significant presence of blighted structures;

h. Locally known presence of gang activity, prostitution, drug trafficking, or other significant criminal activity that rises to the level of frequent police reports.” May 18, 2012 Remedial Plan Pages 13-14

<http://www.danielbesharalawfirm.com/Documents/TDHCA%20notice%20of%20proposed%20remedial%20plan.pdf>

In short, **there are numerous reasons for the TDHCA to exclude this site from further consideration.**

Finally, as stated above, the Galveston Open Government Project is NOT opposed to the construction of the Galveston Initiative II development; **we are simply opposed to it being built in a location that will offer so little opportunity to its impoverished minority residents, and that will violate so many laws.** Therefore, we ask you not to facilitate the violation of the Fair Housing Act, E.O. 12898, E.O. 11988 and CFR 941.202 by granting these housing tax credits. **Please reject this application until this development is moved to a suitable location; do not let these local “special interest” groups trap low-income minority families in this neighborhood for several more generations.**

Respectfully submitted,

David Stanowski, President
Galveston Open Government Project, Inc.
216 Seawall Boulevard
Galveston, TX 77550
409-621-2099
gogp@att.net

From: [Galveston Open Government Project](#)
To: Teresa.Morales@tdhca.state.tx.us
Subject: Confirmation of the need to delay this application
Date: Wednesday, August 28, 2013 7:12:53 AM

Environmental study pushes back housing start date

By JOHN WAYNE FERGUSON | Posted: Wednesday, August 28, 2013 12:02 am

GALVESTON — The start of construction of one of the island’s mixed-income housing projects will be delayed at least a month — and possibly into the new year.

A required environmental survey commissioned by McCormack Baron Salazar, the developer building the Cedar Terrace development, revealed levels of heavy metals and other chemicals in the soil. **The results required that another study be completed to determine what, if any, measures must be taken to address the problem.**

The housing authority had planned to break ground on Cedar Terrace in November, but officials said the extra environmental requirements would push that plan into December.

Cedar Terrace is planned to include 60 units for low- to middle-income residents in the area north of Broadway between 29th and 30th streets.

However, the housing authority has a Dec. 19 deadline to complete its agreement on the bonds it is using to finance the projects. State law requires that bond agreements be reached within 150 days of the start of negotiations. If the housing authority cannot close its agreement by Dec. 19, it will need to restart the process.

Housing authority Chairman Irwin “Buddy” Herz said the authority’s board of commissioners had urged McCormack Baron Salazar to work as quickly as possible.

“I think we made it very plain in our conversations that we expect that MBS get this matter taken care of, and we do not expect any delay which would take us past Dec. 19,” Herz said.

William Sullivan of the construction firm Sullivan Interests Inc., which will be building the Cedar Terrace development, told the board of commissioners Tuesday that the presence of contaminants on the site is not surprising.

The likely solution would be to pave over the area with concrete or asphalt to create a barrier between the dirt and future residents. In areas that are not paved, the construction company would likely have to remove a layer of dirt and replace it with clean soil.

Michael Saunders, director of the design and construction department at McCormack Baron Salazar, said **the company planned to submit its part of the more extensive environmental review at the end of September.**

“We wouldn’t build a place for kids that wasn’t entirely safe,” he said.



Galveston Open Government Project

A Government Watchdog Group

gogp@att.net

Office 409-621-2099

<http://www.GalvestonOGP.org>

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Thank you.

From: LeonardJLaMagna@aol.com
To: Teresa.Morales@tdhca.state.tx.us
Subject: TDHCA TAX CREDITS GALVESTON, TX
Date: Saturday, August 31, 2013 7:39:12 PM

Dear Teresa,

My name is Leonard J LaMagna and I own and reside in Galveston. I had purchased my home seven years ago and spent over \$220,000.00 in renovations. The house was open this year to Galveston Historic Homes Tour with over 4,000 people attending. Our neighborhood is rebounding after Hurricane Ike and granting tax credits for the Cedar Terrace could and will probably have a negative impact in the historic district.

I am greatly concerned about the state granting tax records to the Cedar Terrace Project. It is in an area of buildings that have been abandoned and poor conditions exist in the entire area. I understand from the newspapers that the soil contains heavy metals and may have to be re mediated. Are we looking at another Love Canal which will come back and haunt us at a later date.

The previous Cedar Bayou Terrace had socio-economical problems leading to drugs and robberies in the area. This is not the type of housing that will invite folks to Galveston for investment. It could lead to housing prices falling.

I am asking for the state to please evaluate this situation and come to the conclusion that no tax credits should be given to the project.

Thank you for your consideration.

Leonard J LaMagna
1616 Winnie
P.O. Box 354
Galveston, TX 77553

From: [Bob Kerr](#)
To: Teresa.Morales@tdhca.state.tx.us
Subject: Galveston Initiative II, LP
Date: Wednesday, August 21, 2013 12:45:03 PM

I understand that there is a move to rebuild Cedar Terrace. Unless there is a sudden influx of businesses or companies in Galveston that will create a large number of jobs I can't see why there is a need for a housing project. Why entice low income people into Galveston when there are no new industries or job opportunities in Galveston? This is definitely not in the best interest of the city.

From: [Alan Kamen](#)
To: Teresa.Morales@tdhca.state.tx.us
Subject: Request to Postpone Galveston Initiative II tax credit application
Date: Wednesday, September 04, 2013 1:06:39 PM

Dear Ms. Morales,

From what we understand, Galveston Initiative II is on TDHCA's Sept. 12, 2013 agenda for consideration of 4% tax credits.

We are asking you to postpone your consideration of their application, for the following reasons.

1) GHA has failed to complete the 8-step process, as required by E.O. 11988. This Federal Executive Order prohibits building in a flood plain without pursuing practicable alternatives, outlined by the 8 step plan. All of Galveston is in a flood plain, and there are many alternatives to building there. GHA has not pursued them, thereby increasing the cost of construction by a commonly accepted industry standard of +30% to build on the island, as well as exposing their clients to undue risk.

2) GHA has not yet come up with a plan to remediate the significant environmental issues found on this site, which includes unacceptable levels of arsenic, lead, and mercury, as determined by SCI Engineering in over 600+ pages of reports. GHA has committed to produce a remediation plan by Sept. 20, which then must be reviewed by TCEQ, a process which could take an additional 45 days. Even IF approved by TCEQ, the cost and extent of required remediation remains to be determined, ultimately affecting the financial feasibility of this project.

3) GHA neglected to submit a request to HUD for the waiver of requirement to conduct an open and competitive RFP for it's Project-Based Voucher units. Without benefit competitive bids, it could be difficult for TDHCA to truly evaluate this project. If HUD does NOT grant a waiver, the issue will be moot.

Therefore, we feel it is premature for TDHCA to consider Galveston Initiative II application for tax credits at this time.

We hope you will remove it from the Sept. 12 agenda, until such time as all the above information and requirements have been fulfilled.

Thank you,

Alan and Jul Kamen, property owners in Galveston

115 Cold Springs Dr.
Georgetown, TX 78633

From: [Alan Kamen](#)
To: Teresa.Morales@tdhca.state.tx.us
Subject: Public Comment to Galveston Initiative II, L.P.
Date: Thursday, August 22, 2013 1:33:43 PM

22 August 2013

Re: Galveston Initiative II, L.P. aka the rebuilding of Public Housing at the Cedar Terrace site

**To: The Texas Department of Housing and Community Affairs (TDHCA) Board of Directors
221 East 11th Street Austin, Texas 78701-2410**

Sent via email to: Teresa Morales Teresa.Morales@TDHCA.State.TX.US

To TDHCA:

We are writing in strong opposition to the granting of any tax credits for Galveston Initiative II, L.P. aka the rebuilding of Public Housing at the Cedar Terrace site, Galveston, TX. We submit the following reasons:

1) Violation of Fair Housing Act

The building of public housing--in any form--on the proposed site will result in a clear and flagrant violation of The Fair Housing Act. The act states that public housing must "not concentrate poverty or segregate minorities". The application before you for the Cedar Terrace site does both extremely well! ICP v. TDHCA, a similar case involving tax credits in Dallas, resulted in finding AGAINST TDHCA, for the exact same violation. However, theirs was not nearly as flagrant as the violation at Cedar Terrace will be, if allowed to proceed! The remedy in Dallas was to site tax-credit units in locations of less than 15% poverty. Cedar Terrace census tract is 61% poverty--the highest in the entire county! As for segregating minorities, it is 59.9% black and 34.1% Hispanic. A worse location could not have been found.

Violating the Fair Housing Act should be more than enough, in itself, to shut this entire project down. But wait, it gets worse!

2) Violation of Executive Order 11988, Building in a Flood plain

This order requires federal agencies to "avoid development in a flood plain when practicable alternatives are available". An 8-step process to identify alternatives must be followed and submitted in order to proceed. All of Galveston Island is in a flood plain, with the site at Cedar Terrace being one of the lowest lying and most susceptible. There are many other alternatives available within the county, offering safer conditions, better opportunities, at a fraction of the cost. For example, entire apt. complexes can be simply purchased on the mainland, in better neighborhoods, offering increased economic and educational opportunities, which are not in the floodplain, for as low as \$30k per unit, vs. the \$260-\$300k per unit put forth by Galveston Initiative II. But MBS has not pursued them.

3) Violation of CFR 941.202: Site and Neighborhood Standards

These standards require a site being free from: adverse environmental conditions, harmful air pollution, excessive noise vibration, vehicular traffic, substandard dwellings, and undesirable elements. The Cedar Terrace site is home to ALL of these! It is a narrow strip of land situated between 2 major highways, train tracks, warehouses, water storage tanks, an abandoned brewery, and the port. It has been a commercial and industrial area for decades, for which it is best suited. The single other largest development there now is 192 unit Sandpiper Cove, a 100% project based Section 8 property. The remaining abandoned, substandard homes between the vacant lots are breeding grounds for drug activity and prostitution. This census tract has the highest crime rate and calls for service of any in the city. Recent soil testing has revealed 54 sites in the immediate area of the planned development which are considered "Brownfields" and contain unacceptable levels of arsenic, lead, and other contaminants. Costly remediation, if even attempted, would not solve the problem as it's location in a flood plain would eventually expose it to re-contamination spread by the inevitable flood waters which WILL OCCUR AGAIN!

Currently HUD is promoting the idea of locating public housing in High Opportunity Areas (HOA). In keeping with this, the judge's remedy in the ICP v. TDHCA ruling defines a HOA as having both a low incidence of poverty and ABOVE median income, in a recognized school district. Galveston has the lowest median income in the county, and 69.2% of children in the city are on free or reduced lunch.

If TDHCA does NOT want to become a party to concentrating poverty and segregating minorities, in a flood plain, on top of toxic waste sites, at a 30% increased cost of construction, along with higher flood and windstorm insurance rates, added costs of evacuation and relocation, soil remediation, in the lowest opportunity census tract in the county for jobs, education, with the lowest median income, then:

Please vote to DENY any tax credits for Galveston Initiative II, L.P.

**Thank you,
Jul and Alan Kamen, property owners in Galveston
115 Cold Springs Drive
Georgetown, TX 78633**

From: [Irma Hite](#)
To: Teresa.Morales@TDHCA.State.TX.US
Subject: TDHCA Tax Credits
Date: Saturday, August 31, 2013 7:48:07 PM

Teresa Morales,

My wife and I have raised our children in Galveston where we have lived for over 30years. We are well aware of the projects that confined people to the old part of town which is devoid of businesses, grocery stores, drug stores, banks, post offices, libraries and even convenience stores. Other than the projects this region consists of mostly vacant lots and a few abandoned buildings, but no real neighborhoods. The projects have been a magnets for drugs and crime. We understand that since Ike, people are given vouchers which allow them to live near jobs and schools.

We feel that vouchers are the way to help the needy and that construction of projects such as Cedar Terrace is not in the interest of the needy nor the greater community in which they are located. Consequently, we request that you deny tax credits to Cedar Terrace or any other project such as Magnolia Homes here in Galveston

Respectfully
Gerald and Irma Hite
1507 Winnie
Galveston, TX 77550

THE SEASONS

Galveston Island Resort

RE: TDHCA Tax Credits for Cedar Terrace

I am asking TDHCA to not award tax credits to the development at Cedar Terrace.

We own 556 units on Galveston Island, and there are so many vacancies on this island that building any additional units on the island would devastate our business. We are operating in a fragile environment at this moment and any additional units could put us in a negative cash flow.

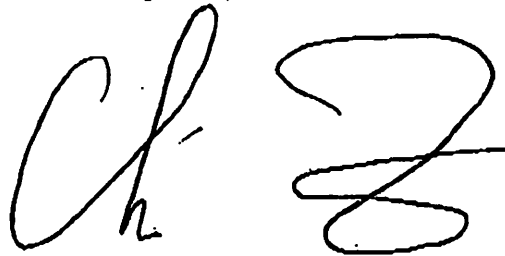
There are so many empty homes and units currently on the island that need to be rehabbed. The reason they have not been remodeled is because there are not enough residents to fill those vacancies. Otherwise, investors would repair and rent the units.

In addition, TDHCA has given out so many tax credits in the last four years on our small island it is already unfair to compete with subsidized rents. Our small island has dwindled from a population of 58,000 to 47,000 residents.

We urge you to please, DO NOT give any tax credits to this development.

Sincerely Yours,

Jon C Teachworth

Handwritten signature of Jon C Teachworth, consisting of a stylized 'J' and 'T' followed by a horizontal line.

Casa Caribe
515 First Street
Galveston, Texas 77550
(409) 765-9409

August 14, 2013

RE: TDHCA Tax credits for Cedar Terrace, Galveston, Texas

Dear Sirs:

I am asking TDHCA not award any tax credits to the development at Cedar Terrace in Galveston, Texas.

We own 175 units on Galveston Island. With the existing vacancies here now building additional units would devastate our business. We are operating in a fragile economic environment and new tax credit units would negatively affect us.

Galveston Island has many vacant homes that need to be rehabbed and remodeled. Investors would repair these units if there were residents to fill them. The need is not there.

I also feel that enough tax credits have already been awarded in the past 4 years on the island. We do not need additional competition from these subsidized rental units.

Please DO NOT give any new tax credits for this development. Let them stand on their own and more fairly compete with us.

Sincerely,



D. Arne Henderson
Vice President
409-765-9409

August 19, 2013

RE: TDHCA Tax Credits for Cedar Terrace

I am asking TDHCA to not award any tax credits to the development at Cedar Terrace.

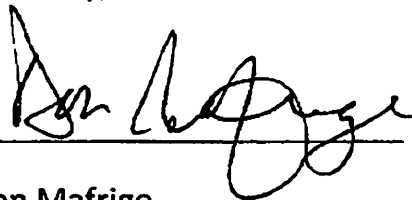
We own many units on Galveston Island, and there are so many vacancies on this island that building any additional units on the island would devastate our business. We are operating in a fragile environment at this moment and any additional units could put us in a negative cash flow.

There are so many empty homes and units currently on the island that need to be rehabbed and the reason they have not been remodeled is because there are not the residents to fill those units. Otherwise, investors would repair and rent those units.

Also, TDHCA has given out so many tax credits in the last four years on our small island it is already unfair to compete with subsidized rents. Our small island has also gone from a population of 58,000 residents to 47,000 residents.

So please DO NOT give any tax credits to this development.

Sincerely,



Don Mafrige
409-771-7711

FORT CROCKETT

A P A R T M E N T S

4800 Seawall Boulevard • Galveston, TX 77551
Telephone (409) 762-4800

From: [Galveston Open Government Project](#)
To: ["Teresa Morales"](#)
Subject: Galveston Initiative II Tax Credits
Date: Tuesday, September 03, 2013 9:59:33 AM
Attachments: [PBV-Waiver.pdf](#)

Good morning Ms. Morales,

On Friday, we discovered that HUD regulations require that the Project-Based Voucher units for this application must be put out on an RFP for competitive bidding. Apparently, the Galveston Housing Authority just discovered this oversight in July (see attached). Since they did not put the PBV units out for competitive bidding, they have been scrambling to get a waiver from HUD (see attached). Based on the correspondence that we received (see attached), it appears that such a waiver has not been received from HUD as of Friday.

If the GHA cannot submit this waiver to the TDHCA, we believe that the Galveston Initiative II development should be pulled from consideration for tax credits at your September meeting, and not placed on a future agenda until its application is complete.

We have previously requested that this application be pulled, because the applicant has not yet completed and submitted their 8-Step Decision Making Process required under E.O. 11988, AND the applicant has not yet completed and submitted their Affected Property Assessment Report (APAR) and Remedial Action Plan (RAP) to the TCEQ. Therefore, the applicant does not have a "Comfort Letter" from TCEQ accepting their APAR and RAP and authorizing them to proceed, at this time.

No date certain has been given for the completion of the 8-Step Decision Making Process, but it would be nearly impossible for them to complete and submit it in time for your meeting on 12 September. This Process requires the applicant to identify and consider alternate building sites out of the flood plain. Why would the TDHCA consider an application for the present site until the alternatives have been

identified and properly considered?

The APAR and RAP are due to be submitted to the TCEQ on 20 September with a decision forthcoming 30-45 days after that so the Comfort Letter cannot be available in time for consideration at your meeting.

For these three reasons, we request that TDHCA pull the Galveston Initiate II application from consideration at its 12 September meeting.

Thank you for your consideration,

David Stanowski

President



Galveston Open Government Project

A Government Watchdog Group

gogp@att.net

Office 409-621-2099

<http://www.GalvestonOGP.org>

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If you have received this communication in error, please destroy all copies of this message and any attachments and notify the sender immediately.

Thank you.

Clover Nuetzmann

From: Deyna Sims [dre@ghatx.org]
Sent: Wednesday, August 28, 2013 10:21 AM
To: 'Mona Purgason'; 'Clover Nuetzmann'
Subject: FW: Galveston request for waiver of PBV competition requirements

Responsive document to ORR regarding vouchers in mixed income.

From: Scott Jepsen [mailto:jepsen@~~redacted~~.com]
Sent: Monday, July 15, 2013 3:30 PM
To: dre@ghatx.org; Toni M. Jackson
Subject: FW: Galveston request for waiver of PBV competition requirements

Got another message from Sue today saying that she and Roma have been trying to chase down the voucher people to get us an answer but with no luck today so they are going to try to have a meeting with them tomorrow.

Scott Jepsen | Partner
EJP Consulting Group, LLC | 20201 21st Place NW | Shoreline, WA 98177
206.890-3894 (phone) | (866) 584-1195 (fax) | 206.890-3894 (cell)
~~Redacted contact information~~
www.ejpconsultinggroup.com

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From: Wilson, Susan [mailto:Susan.Wilson@hud.gov]
Sent: Thursday, July 11, 2013 4:04 PM
To: 'Scott Jepsen'
Cc: Campanile, Roma
Subject: Galveston request for waiver of PBV competition requirements


I just listened to your message, but I'm on my way out of the office. You said that given the project schedule for the closing of Cedar Terrace, if GHA needs to show that it has met the competition requirement in the voucher regs, it will have to send out an RFP on Monday.

Roma talked with me about this this afternoon and we tried to call Tony Jackson to discuss, but didn't reach her. Previously, I had asked Roma to talk to Laurie Rawson of the voucher office, but Laurie has been on vacation.

It's my opinion that Galveston needs a waiver of the voucher competition requirement and that there is good cause to grant it; however, I will need to check this out tomorrow with OGC and Milan's office. The main reason for a competition would be to solicit developers to provide project based voucher units. As the PHA has already procured MBS for Magnolia and Cedar, as the whole PBV scattered site part of Galveston's plan is in limbo, as the project couldn't get 9% credits from the state given the state's QAP requirements, as the units have to be built to comply with state/CDBG time constraints, as there is an MOA with the advocates to rebuild the units, I think there is plenty of good cause to grant a waiver.

I'm copying Dominique to get her initial feedback and will follow-up tomorrow. The PHA will have to put a waiver request together and provide the good cause, which I started to outline above.

Director of Real Estate & Development
Galveston Housing Authority
Office 409-765-1980
Cell 409-771-5733

 Please consider the environment before printing this email.

From: Deyna Sims [<mailto:dre@ghatx.org>]
Sent: Friday, July 19, 2013 2:44 PM
To: 'Rodriguez, Dan'
Cc: 'Edward.L.Pringle@hud.gov'; 'Mona Purgason'; 'Walls, Lorraine D'
Subject: GHA - PBV Waiver Request

Mr. Rodriguez,

Attached please find a letter requesting a waiver to the selection procedures for utilizing project-based vouchers ("PBV") as set out in 24 CFR 983.51. Galveston Housing Authority has procured a developer to rebuild its public housing stock and a portion of that plan includes the use of project-based vouchers. Therefore, a statutory waiver is required to proceed without the requirement of preparing a public solicitation for the vouchers. The attached letter outlines the basis for this request. Please contact me if you have any questions or comments.

Thank you,

Deyna Sims-Hobby
Director of Real Estate & Development
Galveston Housing Authority
Office 409-765-1980
Cell 409-771-5733

 Please consider the environment before printing this email.

HOUSING AUTHORITY

OF THE CITY OF GALVESTON, TEXAS

409 / 765-1900

77551



Central Office 4700 Broadway

Mr. Dan Rodriguez

US Department of Housing and Urban Development

1301 Fannin, Suite 2200

Houston, Texas 77002

Re: Galveston Housing Authority

**Waiver Request for Project Based Vouchers in Mixed Income
Developments – Cedar Terrace and Magnolia Homes**

Mr. Rodriguez:

I am writing to request a waiver to the selection procedures for utilizing project-based vouchers ("PBV") as set out in 24 CFR 983.51. The Housing Authority of the City of Galveston, Texas d/b/a Galveston Housing Authority ("GHA") has procured a developer to rebuild its public housing stock and a portion of that plan includes the use of project-based vouchers. Therefore, a statutory waiver is required to proceed without the requirement of preparing a public solicitation for the vouchers.

On September 13, 2008, Hurricane Ike made landfall on the island of Galveston, Texas and caused damage to four public housing properties owned by GHA. The developments known as Cedar Terrace, Magnolia Homes, Palm Terrace and Oleander Homes were deemed uninhabitable and approved for demolition in 2009. The tenants in each of these properties were moved in preparation of the storm and ultimately relocated to temporary housing through the DHAP program. Since the demolition, forty (40) units have been rebuilt on the site formerly known as Palm Terrace but the other sites have remained vacant.

In 2011, GHA procured McCormack, Baron, Salazar ("MBS") to serve as its master developer for its rebuilding efforts. A part of the job of MBS was to develop a rebuilding plan that included mixed-income housing while responding to the needs of the island. GHA was also allocated funding for replacing and rebuilding the public housing units with CDBG-Disaster Recovery ("CDBG-DR") funding from HUD. However, due to the controversy of rebuilding traditional barrack style public housing along with the high costs of rebuilding, GHA has had to work over the last few years with former tenants, community stakeholders, the city and the General Land Office, to build a consensus for its rebuilding efforts. As a result, GHA entered into an agreement with local advocates to rebuild the public housing ("Lone Star Agreement") and the funds are subject to an agreement which also set out certain constraints on the rebuilding of the public housing ("Conciliation Agreement"). On September 28, 2012, GHA and the City of Galveston approved a plan for the rebuilding of GHA's public housing on two of its sites,

Cedar Terrace and Magnolia Homes (“Redevelopment Plan”) which incorporated some of the requirements set out in the Lone Star Agreement and Conciliation Agreement.

The Redevelopment Plan as adopted includes the development of mixed-finance, mixed income development on each of these sites. The sites propose a combination of market rate units, public housing units and project-based vouchers (“PBV”) units. Forty-nine percent (49%) of the units on each site will be market rate units with the remaining fifty-one percent (51%) of the units subsidized. The public housing/PBV units will be interspersed with the market rate units and will be rented to tenants with family incomes of no more than 60% of Area Median Income. Each site will be financed with the CDBG-DR funds, 4% tax credits, bonds and insurance proceeds and a long term ground lease from GHA. There will be a single asset partnership owner for each property as required by the proposed financing. The co-general partner of each owner will be the Galveston Public Facility Corporation (“General Partner”), an instrumentality of GHA.

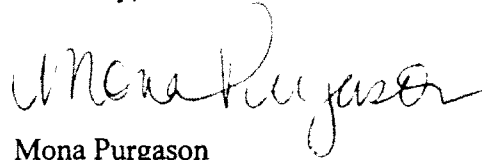
The project-based vouchers are imperative to the success of the proposed finance structure. Therefore, it is our assertion that the requested waiver should be granted for the following reasons:

- (i) The procedures set out in the statute require a public, competitive solicitation process to assure that there is public notice for the opportunity to utilize the project-based vouchers. GHA has met this requirement by procuring a developer through a public solicitation. Additionally, GHA has held numerous public meetings that allowed community input in its use of its available funds and finalizing the Redevelopment Plan;
- (ii) The Lone Star Agreement and Conciliation Agreement both set out certain constraints for the rebuilding of the public housing and those units that will count towards the replacement public housing units. As the Redevelopment Plan was prepared, the parties to those agreements agreed that project-based voucher units could count towards the public housing replacement units. HUD has reviewed each of these agreements and GHA has not been made aware of any objections to the terms of these agreements;
- (iii) After months of negotiation with advocates and the General Land Office (GLO), GHA and the General Land Office entered into an Subrecipient Agreement for CDBG-DR funds. This agreement specifically sets out project based voucher units will be part of the Cedar Terrace and Magnolia Homes developments. Moreover, this agreement was provided to HUD and GHA has not been made aware of any objections to the terms of the Subrecipient Agreement;
- (iv) HUD staff and LSLA negotiated a Memorandum of Agreement to be signed by GHA, the City of Galveston, and Lone Star Legal Aid (with acceptance formalized through HUD sign off) that included project based voucher units in the mixed income developments at Cedar Terrace and Magnolia Homes;

- (v) GHA was unable to utilize the competitive 9% tax credit because of the public support necessary for a viable application. Although this is not a scored application, the process still requires public notice and the approval of the award by the Texas Department of Housing and Community Affairs (“TDHCA”);
- (vi) Due to the time constraints necessary to obligate and expend the CDBG-DR funds by 2015, a structure using the 4% tax credits and bonds allow GHA the greatest scheduling flexibility without having to wait for the next 9% tax credit round which would be July 2014. The PBV units are necessary to assist with closing the financing gap created by the 4% tax credits; and
- (vii) Ultimately, the use of the project-based vouchers in the rebuilding plan will further the HUD mission and advance HUD program goals to develop viable, quality communities and affordable housing.

Should you have any questions or require additional information, I can be reached via telephone at (409) 765-1904 or via email at ded@ghatx.org. Thank you in advance for your favorable consideration of this request.

Sincerely,



Mona Purgason
Interim Executive Director

Deyna Sims

From: Campanile, Roma [Roma.Campanile@hud.gov]
Sent: Thursday, August 08, 2013 12:08 PM
To: 'Deyna Sims'
Cc: Wilson, Susan
Subject: RE: GHA - PBV Waiver Request

Deyna,

I think the information you provided to the FO below sums up the obstacles, deadlines and time delays involved in starting a procurement process now and strengthens the justification for the waiver.

Roma

From: Deyna Sims [mailto:dre@ghatx.org]
Sent: Thursday, August 08, 2013 12:26 PM
To: Campanile, Roma; 'Scott Jepsen'; 'Samson Babalola'; Toni M. Jackson
Subject: FW: GHA - PBV Waiver Request

FYI

From: Deyna Sims [mailto:dre@ghatx.org]
Sent: Thursday, August 08, 2013 11:00 AM
To: larry.w.freeman@hud.gov
Cc: 'Mona Purgason'; 'Rodriguez, Dan'
Subject: FW: GHA - PBV Waiver Request

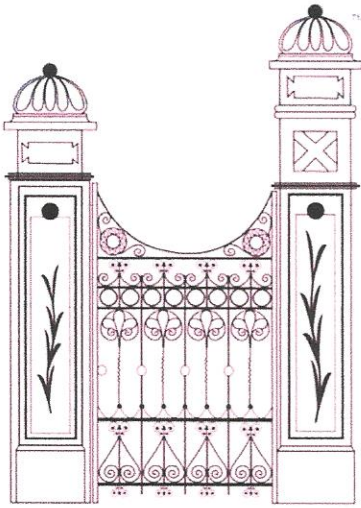
Mr. Freeman,

I have attached documentation to evidence the mutual understanding and knowledge of HUD, GLO, GHA, Lone Star Legal Aid, and advocates that **the redevelopment plan included the use of PBV within the mixed income developments:**

- a) The Subrecipient Agreement between GHA and GLO - Attachment A of this agreement clearly defines the mixed income initiative as two developments that include the use of project based vouchers. Our mixed income communities are being developed by MBS.
- b) Resolution and Redevelopment Plan - this plan was developed in conjunction with the advocates that signed the Conciliation Agreement, local advocates of Galveston, HUD, and the GLO and shows the use of project based vouchers.
- c) **Memorandum of Agreement** – this agreement, drafted by HUD and Lone Star Legal Aid, also outlines the development plan and the use of project based vouchers. **It was contemplated that HUD would present this agreement to the City for approval. To date, this has not occurred and I am unsure whether HUD is still pursuing this agreement with the City.**

In my opinion, based on the circumstances outlined in the waiver, as well as the supplemental information contained herein, **there is good cause to waive the requirement for competition of project based vouchers.** Further, **it is impractical at this time to select a different developer for this project given HUD and GLO imposed deadlines for replacement of affordable housing in Galveston.** Moreover, the use of the project based vouchers enable GHA to replace a greater number of affordable units in order to meet the mandates of the Conciliation Agreement. Lastly, GHA worked with HUD Headquarters (Diane Thompson, Roma Camponile and Susan Wilson) to determine the number of vouchers GHA is entitled to receive.

Please contact me with any questions.



Galveston
East End Historical District Association

August 31, 2013

TDHCA

Attention: Teresa Morales

To Whom It May Concern:

The East End Historic District in Galveston TX is known for its many historical homes and is recognized as one of the best destinations for tourist visiting Galveston. This new development, Cedar Terrace, which is a short distance from our community will concentrate poverty in an area with abandoned homes, lack of services, and few jobs. The East End Historical District Association (EEHDA) feels this development would effect in a negative way the quality of life of its residents.

The TDHCA has awarded over the last 5 years many tax credit units on Galveston Island. We question the value of adding additional units. EEHDA urges you, DO NOT give any tax credits to this development.

Regards:

David Fortenberry

President EEHDA

From: [Galvestonbeach](#)
To: Teresa.Morales@tdhca.state.tx.us
Subject: TDHCA Tax Credits Galveston PEASE DENY
Date: Friday, August 30, 2013 8:29:37 AM

Our names are Richard and Linda Denson and we own Galveston Bay Properties, and we ask that you **DENY** any and all tax credits to the Cedar Terrace project for the following reasons:

It is located in the poorest census track in the county

It is an area of abandoned buildings and blight everywhere around the proposed site. (have you seen the sight, its only a 3 hour drive)

It's northern border is directly beside a 5 lane major highway (Harborside Drive).

The northern border is also directly across the street from a major container port that is loud and operates 24/7.

The financial feasibility is in question because there are no cost estimates to properly remediate the soil and remove heavy metals from the soil so it can be safe for children in the immediate area.

The federal flood study that is required by law has not been presented and all the facts are not known about the method of site selection and the flood study. So it is premature to make any type of tax credit decision until these studies are completed.

A well known national urban studies expert named Dr. Kirk McClure was hired by the Galveston Housing Authority and completed a study of the areas that would obey the fair housing laws and not rationally and economically segregate the poor. The conclusion he delivered in the fall of 2012 was that the Cedar Terrace and Magnolia sites both violated the Fair Housing Act. He named three census traces that were appropriate to build and these sites are not in those tracks.

Thank you for your time in this matter and if you have any questions, please write back and I will do my best to answer the questions.

From: Galvestonbeach@aol.com
To: Teresa.Morales@tdhca.state.tx.us
Cc: galvestonbeach@aol.com
Subject: Cedar Terrace Tax Credits
Date: Friday, September 06, 2013 11:45:10 AM

Ms. Morales,

In looking over the proposal for the 4% tax credits in Galveston, I noticed the proposal started with the Conciliation Agreement. I would like to point out a few things about this agreement:

1. This agreement never states the development of public housing has to include mixed income units
2. This agreement never says anything about tax credit or market rate units.
3. The agreement says public housing must be replaced one for one, it does not state anywhere in the agreement it has to be on Galveston Island. (read to verify if you wish)
4. The agreement does say it must "affirmatively further fair housing" meaning it must obey the Fair Housing Act and not segregate by race or economics. (this development does both)
5. Has the GLO written a letter saying that this development does obey the Fair Housing Act, and if not, why?

It is important to understand that the CA **does not in any way** endorse, mandate, or demand you provide tax credits to this development.

There are three reasons mentioned on your web site to deny 4% tax credits:

1. Financial Feasibility. How can you judge the financial's on this proposal when you do not have the facts as to the remediation of the soil on the site. The cost could be between \$300,000.00 and \$5,000,000.00. Would a bank just give money to a project with unknown cost? No, they need to know everything about the potential cost. It would benefit the TDHCA to wait until those solid cost are projected to have a clear picture of the financing of this project.
2. The demographics of the area. Speaks for itself, fails miserably.

3. The census track of the proposed development. Again, fails miserably.

Thank you for your time in this matter.

Richard Denson

Goldsberry & Associates, PLLC
3027 Marina Bay Dr., #108
League City, TX 77573

August 20, 2013

Barbara Deane
General Counsel
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711
barbara.deane@tdhca.state.tx.us

Ms. Deane:

My law firm represents a group of minority public housing residents and potential public housing residents in an impending lawsuit against the United States Department of Housing and Urban Development (HUD) as well as state and local government entities. Our case concerns public housing discrimination in the City of Galveston.

The Galveston Housing Authority seeks to rebuild public housing in mixed-income developments by using tax credits issued by the Texas Department of Housing and Community Affairs (TDHCA). As you know, both public housing and housing using tax-credit financing must conform to the requirements of the Fair Housing Act (FHA).

Galveston Initiative II, LP (aka Cedar Terrace) has applied for tax credits to help finance this development. Unfortunately, this site is located in a racially segregated and impoverished area of the City of Galveston which makes it an unacceptable and inappropriate location for public housing and housing financed by tax credits.

61% of the people who reside in this neighborhood live below the poverty level. 60% are Black and 34% are Hispanic. Building in this kind of "impacted census tract" will reestablish and perpetuate segregation, so approving these plans would be to disregard the government's duty to affirmatively further fair housing (AFFH).

We have reviewed the recent decision in *ICP v. TDHCA* (civil action 3:08-CV-0546-D) in the United States District Court for the Northern District of Texas. In that case, the court determined that the way in which this department allocated tax credits is discriminatory and in violation of the Fair Housing Act ("FHA") and ordered the TDHCA to "submit a remedial plan that sets out how it will bring its allocation decisions into compliance with the FHA." *ICP, Inc. v. Tex. Dep't of Housing and Community Affairs*, No. 3:08-CV-0546-D (N.D. Tex. March 20, 2012).

It is our opinion that approval of the tax credit application for Galveston Initiative II, LP would also be in violation of the FHA, as it would be a continuation of the same discriminatory practices by the TDHCA cited in the ICP case. The original strategy of our lawsuit did NOT include the TDHCA, however, should this department move forward and approve this tax credit application, we would have no choice but to add the TDHCA as a defendant.

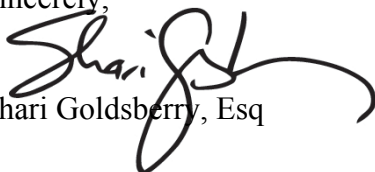
The actual scoring system used in the remedy is looking to ideally award tax credits in census tracts where the poverty rate is less than 15%, AND household income is in the top quartile for the county, and the schools are rated exemplary or recognized by the TEA. May 18, 2012 Remedial Plan, Page 6
<http://www.danielbesharalawfirm.com/Documents/TDHCA%20notice%20of%20proposed%20remedial%20plan.pdf>

As mentioned above, the poverty rate in the Galveston Initiative II, LP census tract is 61% or FOUR TIMES HIGHER than the TDHCA guidelines in the ICP remedy.

Therefore, it is our hope that the TDHCA will refrain from issuing any tax credits for Galveston Initiative II, LP simply because of the extreme poverty rate in this census tract which should make it completely unacceptable for tax credits. There are many other reasons why this location should fail TDHCA scrutiny if you would like us to send additional data.

Once my clients are assured that this department's actions will not violate the FHA, there should be no need to add the TDHCA as a defendant in their suit.

Sincerely,


Shari Goldsberry, Esq

cc:
Tim Irvine
Executive Director
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711
(512) 469-9606 fax
tim.irvine@tdhca.state.tx.us

cc:
Cameron Dorsey
Director, Multi-Family Finance Division
Texas Department of Housing and Community Affairs

P.O. Box 13941
Austin, Texas 78711
Cameron.dorsey@tdhca.state.tx.us

Cc:
Teresa Morales
Texas Department of Housing and Community Affairs
Teresa.Morales@TDHCA.State.TX.US

August 28, 2013

Texas Department of Housing and Community Affairs
Waller Creek Office Building
Teresa Morales
507 Sabine Street
Austin, Texas 78701

teresa.morales@tdhca.state.tx.us

Re: TDHCA Tax Credits for Cedar Terrace (Galveston initiative II) in Galveston

Dear Ms. Morales;

I am requesting TDHCA to deny tax credits to the 122 unit development at Cedar Terrace.

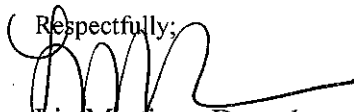
We own & operate 240 rental units on Galveston Island or in nearby cities in Galveston County, known as **Heritage at 9th Avenue** Apartments at 3404 9th Avenue North, Texas City, Tx. At the present time there are so many vacancies on this island and in the County that building additional subsidized units, in addition to those already planned, will devastate our business. We are operating in a fragile rental environment at this time, and any additional units could easily put us into a negative cash flow.

There are many vacant homes and apartment units currently on the island. Some 4,500 single family homes still need to be rehabbed due to damages from Hurricane Ike. These homes have not been remodeled because there is a diminished demand for all rentals due to the verifiable population loss post Ike. If there was a demand, investors would repair and rent these homes. The numerous vacant apartments (current island occupancy is at an average of 80%) would also be seriously impacted due to remodeled and refurbished apartment units still being vacant.

TDHCA has given out so many credits in the last four years that the marketplace is now unable to fairly compete with subsidized units that have lower operating costs due to various federal and state tax credits, property tax exemptions or caps. Our pre-Ike population of 58,000 residents is now down to 47,000.

Please do not give any tax credits to this development. Your doing so will only make matters worse and will most likely cause existing housing to go to waste and eventually be removed from the tax rolls. All of the land for all proposed units will not be on the tax rolls and 59 of these 122 proposed units will NOT be on the property tax rolls. This, coupled with the recent unprecedented increases in flood insurance taking place in October, will most likely be the beginning of the end for Galveston County private sector housing. Competing with units not paying comparable property taxes constitutes unfair competition.

Respectfully;



Liz Martinez-Dvorak

01-05-13 11:59 001

TDHCA
Attention Teresa Morales

Richard Denson
1019 16th
Galveston, TX 77550

RE: Galveston Houston Authority Study

The appointed members of the Galveston Housing Authority (GHA) come from a diverse background. Not one of the members is an expert in Urban Planning and not one understands the numerous legal requirements as directed by HUD. In order to properly comply with Federal law and HUD rules and regulations, the GHA hired an expert in this field named Dr. Kirk McClure. Dr. Kirk McClure is an expert witness who is often called by Federal Courts to testify in Fair Housing Cases all over the United States. I have enclosed Dr. Kirk McClure's analysis for your review that was given to the GHA. The study concludes that Cedar Terrace is a poor site and an unacceptable census track for the placement of any public housing units.

Richard Denson

Attachment B:
Public Comment received
after September 12, 2013

From: [Teresa Morales](#)
To: [Shannon Roth](#)
Subject: FW: Galveston Initiative II aka Cedar Terrace
Date: Monday, September 30, 2013 1:45:09 PM
Importance: High

[More public comment.](#)

From: Galveston Open Government Project [mailto:gogp@att.net]
Sent: Monday, September 30, 2013 1:15 PM
To: 'Teresa Morales'
Subject: Galveston Initiative II aka Cedar Terrace
Importance: High

Ms. Morales,

We still have not seen the results of the 8-Step Decision Making Process required by E.O. 11988 (see below)

How can the TDHCA Board make a decision on the housing tax credits for the Galveston Initiative II project before the 8-Step Decision Making Process is complete and part of the application for the Board to review?

The very fact the GLO is allowing the applicant to submit their application before this Process is complete makes it clear that it has no intention of following the dictates of E.O. 11988 which directs the GLO to make every effort to find alternative sites outside of the floodplain which will lower the amount of taxpayer funds that it will take to construct the project AND reduce the amount of risk that this project is subjected to after construction.

Following the dictates of E.O. 11988 lowers the cost and risk to the taxpayers and the residents of the project. There are dozens of alternative sites available to the applicant that will provide the reduction of costs and risks demanded by this Order, but the fact that they are moving full speed ahead with the Cedar Terrace site makes it clear that they have no intention of identifying and utilizing alternative sites as required.

For this reason, the GOGP asks the Board to suspend this application until the GLO presents its list of alternative sites as required by E.O. 11988.

“Executive Order 11988 requires federal agencies to avoid to the extent possible the long and short-term adverse impacts associated with the **occupancy** and modification of flood plains and to avoid

direct and indirect support of floodplain development wherever there is a practicable alternative."

*"3. Identify and evaluate practicable alternatives to locating in the base floodplain, including **alterative sites outside of the floodplain...**"*

*"Among a number of things, the Interagency Task Force on Floodplain Management clarified the EO with respect to development in flood plains, emphasizing **the requirement for agencies to select alternative sites for projects outside the flood plains, if practicable,...**"*

<http://www.fema.gov/plan/ehp/ehplaws/eo11988.shtm>

Best regards,

David Stanowski
President



Galveston Open Government Project

A Government Watchdog Group

gogp@att.net

Office 409-621-2099

<http://www.GalvestonOGP.org>

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If you have received this communication in error, please destroy all copies of this message and any attachments and notify the sender immediately.

Thank you.

From: [Galveston Open Government Project](#)
To: "Teresa Morales"
Subject: Galveston Initiative II aka Cedar Terrace
Date: Tuesday, September 24, 2013 9:19:59 AM
Attachments: [Analysis of Housing Opportunities Galveston-Marked.pdf](#)
Importance: High

Ms. Morales,

Please include Dr. McClure's full report that clearly states that the Cedar Terrace rebuild does NOT AFFH, and that its mixed-income scheme will most likely fail.

See pages 49 and 63.

Thank you,

David



Galveston Open Government Project

A Government Watchdog Group

gogp@att.net

Office 409-621-2099

<http://www.GalvestonOGP.org>

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Thank you.

Analysis of Census Tracts of Galveston County, Texas

**Identification of High-Opportunity Neighborhoods
for Locating Scattered Site Public Housing Units**

Kirk McClure, Ph.D.

Professor

Department of Urban Planning

University of Kansas

1465 Jayhawk Boulevard, 317 Marvin Hall

Lawrence, Kansas 66045-7626

785.864.3888

mcclure@ku.edu

September, 2013

Analysis of Census Tracts of Galveston County, Texas

Identification of High-Opportunity Neighborhoods for Locating Scattered Site Public Housing Units

Abstract and conclusions

This report examines the demographic characteristics of the 61 census tracts of Galveston County, Texas, for the purpose of identifying locations for scattered site public housing that will affirmatively further fair housing. Census tracts are identified that offer high-opportunity locations. These locations are defined, for purposes of this study, as census tracts where:

- *Less than 10 percent of the population lives below poverty,*
- *The incidence of poverty was stable or declining from 2000 to 2010,*
- *The concentration of minorities is not more than 45 percent of the population,*
- *Less than 14 percent of the adult population does not have a complete high school education,*
- *Less than 8 percent of the workforce is unemployed,*
- *More than 70 percent of the workforce is able to reach their jobs in less than 30 minutes,*
- *The combined violent and property crime rate for the community is less than 700 incidents per 100,000 persons, and*
- *Less than 4 percent of the housing stock is assisted.*

Based upon data from the 2010 Census, the 2000 Census, as well as data from the U.S. Department of Housing and Urban Development (HUD) and the Federal Bureau of Investigation (FBI), many census tracts in Galveston County meet most of these criteria. In Galveston County, 15 tracts meet at least 6 of these 8 criteria making them sufficiently high-opportunity tracts to be suitable for scattered site public housing. Of these 15 tracts, 12 are on the mainland and only 3 are on the island.

At the other extreme, it is generally agreed that neighborhoods with poverty above 25 percent are prohibitively poor neighborhoods for the location of assisted households. There are 14 tracts in Galveston County with poverty above 25 percent, 6 on the mainland and 8 on the island.

Given the availability of high-opportunity neighborhoods in Galveston County, many locations for scattered site housing are found on the mainland and few are on the island.

Background

The City of Galveston is confronting the problems associated with locating assisted housing units and households. The problem arises from the loss of 569 units of public housing lost due to

Hurricane Ike. The City, operating through the Galveston Housing Authority, seeks to provide this housing consistent with its obligation to affirmatively further fair housing.

In agreement with HUD and the Texas General Land Office along with the Texas Low Income Housing Information Service and Texas Appleseed, the City of Galveston is to develop, among other units, a number of scattered site developments. This report examines the recently released 2010 Census data as well as data from HUD and the FBI for purposes of determining which census tracts, within the City of Galveston and Galveston County, would be good candidates for the location of this newly-developed scattered-site public housing.

The Research Question: Where should the scattered site units be located in order to affirmatively further fair housing?

HUD provides guidance on the meaning of the term to affirmatively further fair housing. HUD states the goals of its proposed rule on the Assessment of Fair Housing (AFH) as:

The AFH focuses program participants' analysis on four primary goals: improving integrated living patterns and overcoming historic patterns of segregation; reducing racial and ethnic concentrations of poverty; reducing disparities by race, color, religion, sex, familial status, national origin, or disability in access to community assets such as education, transit access, and employment, as well as exposure to environmental health hazards and other stressors that harm a person's quality of life; and responding to disproportionate housing needs by protected class.¹

The body of published research on assisted housing supports this approach finding that assisted renter households are best served if they are able to locate in high-opportunity neighborhoods and are ill-served if they are located in low-opportunity neighborhoods.

HUD does not have an operational definition of the term high-opportunity. At the minimum, a high-opportunity neighborhood is deemed to be low-poverty.

¹ U.S. Department of Housing and Urban Development. 2013. HUD's Notice of Proposed Rulemaking on Affirmatively Furthering Fair Housing. http://www.huduser.org/portal/publications/pdf/affht_summary.pdf

The average level of poverty in census tracts across the nation is about 13 percent. Most tracts have low levels of poverty, but a few have very high concentrations of poverty. The median level of tract poverty in the nation is about 10 percent. Thus, about one-half of all census tracts have populations with less than 10 percent living below poverty. As a result, the threshold of 10 percent poverty is an often used maximum level of poverty for selection of census tracts for assisted housing. This threshold was used by HUD in its Gautreaux initiative in the Chicago area and in its Moving to Opportunity (MTO) experiment conducted in five large metropolitan areas. Both the Gautreaux initiative and the MTO experiment were programs administered by HUD. These programs used affordable housing assistance as a mechanism to deconcentrate poverty. The programs facilitated the movement of poor households out of public housing and into low-poverty neighborhoods offering access to good schools, gainful employment and neighborhoods free from the fear of crime.

Both the Gautreaux initiative and the MTO experiment relied heavily upon the criterion that any neighborhood receiving the assisted households would have poverty no higher than 10 percent. HUD is exploring the use of additional criteria in order to identify high-opportunity neighborhoods. These criteria include:

Change in the incidence of poverty over time. The percentage of a tract's population that lives below poverty changes with time. It is not only desirable that the tracts where assisted housing or households are located have low levels of poverty, but it is desirable that the incidence of poverty in the tract is either stable or falling.

Low concentrations of racial and ethnic minorities. The Gautreaux initiative specifically tackled the issue of racial integration, although the MTO experiment did not. In the Gautreaux initiative, HUD specifically sought to move poor public housing households into neighborhoods that would not only provide for economic integration through low poverty rates but provide for racial and ethnic integration through low concentrations of racial and ethnic populations. It is desirable that neighborhoods where scattered site public housing is located be among populations that are racially and ethnically integrated.

The presence of high quality schools. Census data do not tabulate measures of school quality. Census data do tabulate the level of educational attainment of adults. These tables are used to determine the incidence of adults without a complete high-school education. **A census tract is assumed to offer higher educational opportunities if the workforce has a higher level of workers who have completed a high school education.**

The presence of employment opportunities. **The Census data do not count the locations of jobs,** but the data do count the locations of workers by employment status. The presence of employment opportunities in a neighborhood is indicated by a low level of unemployment among adults in the workforce. Where the level of unemployment is low, a tract is assumed to offer higher opportunities to the households residing within it.

Access to employment opportunities. A second measure of employment opportunity is found in the access to jobs offered close to or within a tract. Census tables enumerate the number of workers who commute to work by the amount of time in the commute. **Where a high percentage of commuters are able to get to their jobs in a short amount of time, the tract is assumed to offer higher opportunities.**

Freedom from crime. Perhaps the greatest benefit realized by Moving to Opportunity households was found with relocation from high crime areas to low crime tracts. Removal of the stress from proximity to crime resulted in significant mental and physical health improvements. **Where the crime rate is low, the tract is assumed to offer higher opportunities.**

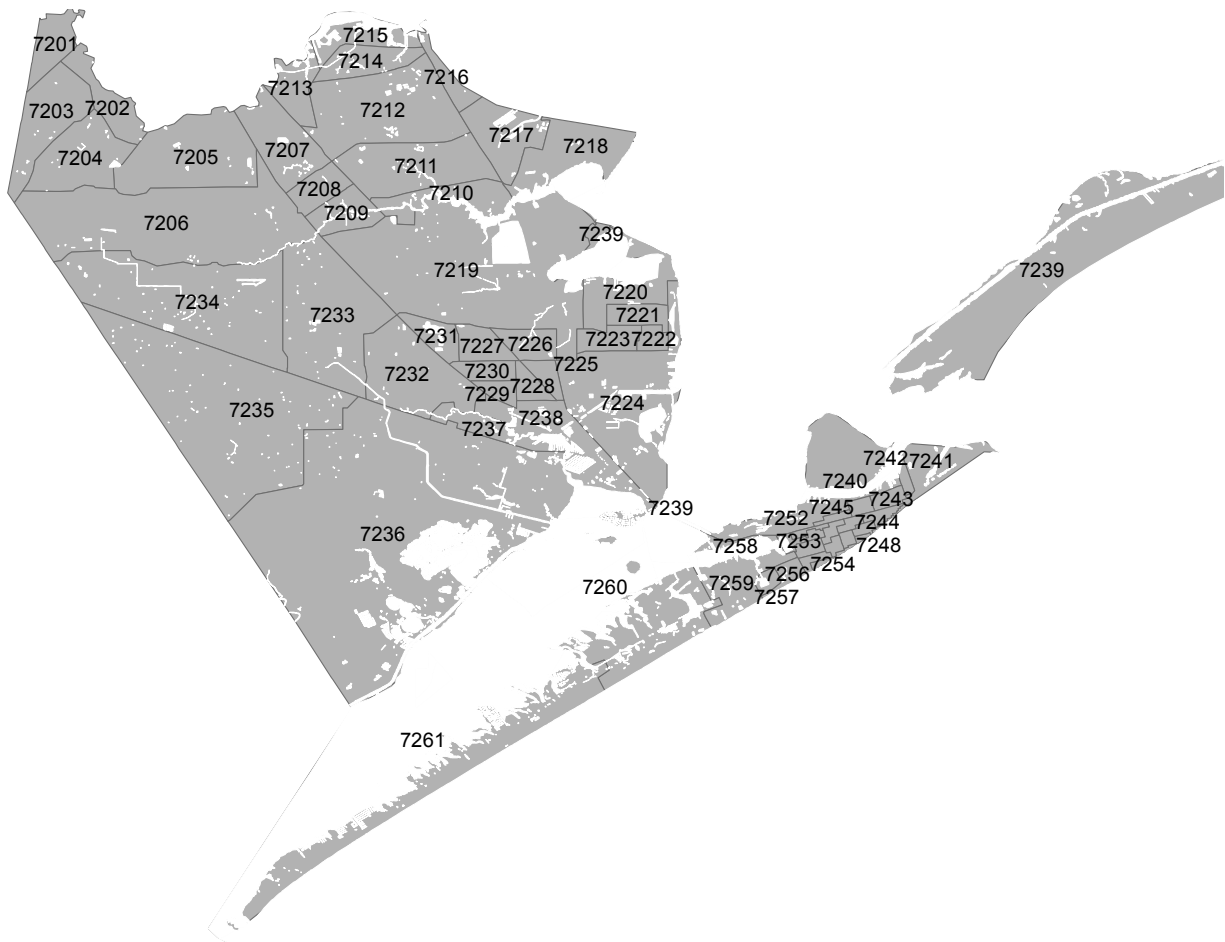
Low concentrations of other assisted housing. Assisted housing includes project-based housing with the housing units subsidized under the Public Housing, Section 8 New Construction/Substantial Rehabilitation, Section 236, Low-Income Housing Tax Credit, and various other smaller HUD multi-family programs. Assisted housing also includes households assisted under the tenant-based Housing Choice Voucher program. Where the housing stock within a tract has a large concentration of assisted housing units or assisted households, the neighborhood can suffer. **It is assumed that a tract with a low level of assisted housing offers higher opportunities.**

This study examines the census tracts of Galveston County in order to identify which tracts offer high levels of opportunities for the location of scattered site public housing. All of these criteria are integrated into the selection process.

The Census Tracts of Galveston County, Texas

Map 1 identifies the Census tracts of Galveston County, Texas as defined for the 2000 Census. The county was divided into 39 tracts on the mainland (including the Bolivar Peninsula) and 22

Map 1 **Census Tracts in Galveston County, Texas
Defined for Census 2000**



tracts on the island that is the City of Galveston. For the 2010 census, the Bureau of the Census divided a few rapidly growing tracts and merged two contracting tracts together. However, HUD data are coded to the tracts as delineated for the 2000 Census. For this reason, this report uses the tracts as defined for the 2000 census. Tracts 7201 through 7238 are on the mainland of Galveston County and tract 7239 covers the Bolivar Peninsula. Tracts 7240 through 7261 are on the island.

Population, Poverty and the Distribution of Racial and Ethnic Minorities

The typical tract contains about 4,700 people who live in about 2,500 housing units. (See Table 1.) The total population of Galveston County was about 286,000 people in 2010, up 14 percent from 2000. It is important to note that the county's growth is a combination of 23 percent population growth on the mainland and 14 percent population decline on the island.

The incidence of poverty is higher on the island than on the mainland. On the island, the average tract poverty is relatively stable at about 22.7 percent. On the mainland, poverty grew over the decade from 2000 to 2010 but only to a level of 13.9 percent, which compares favorably with the rest of the United States.

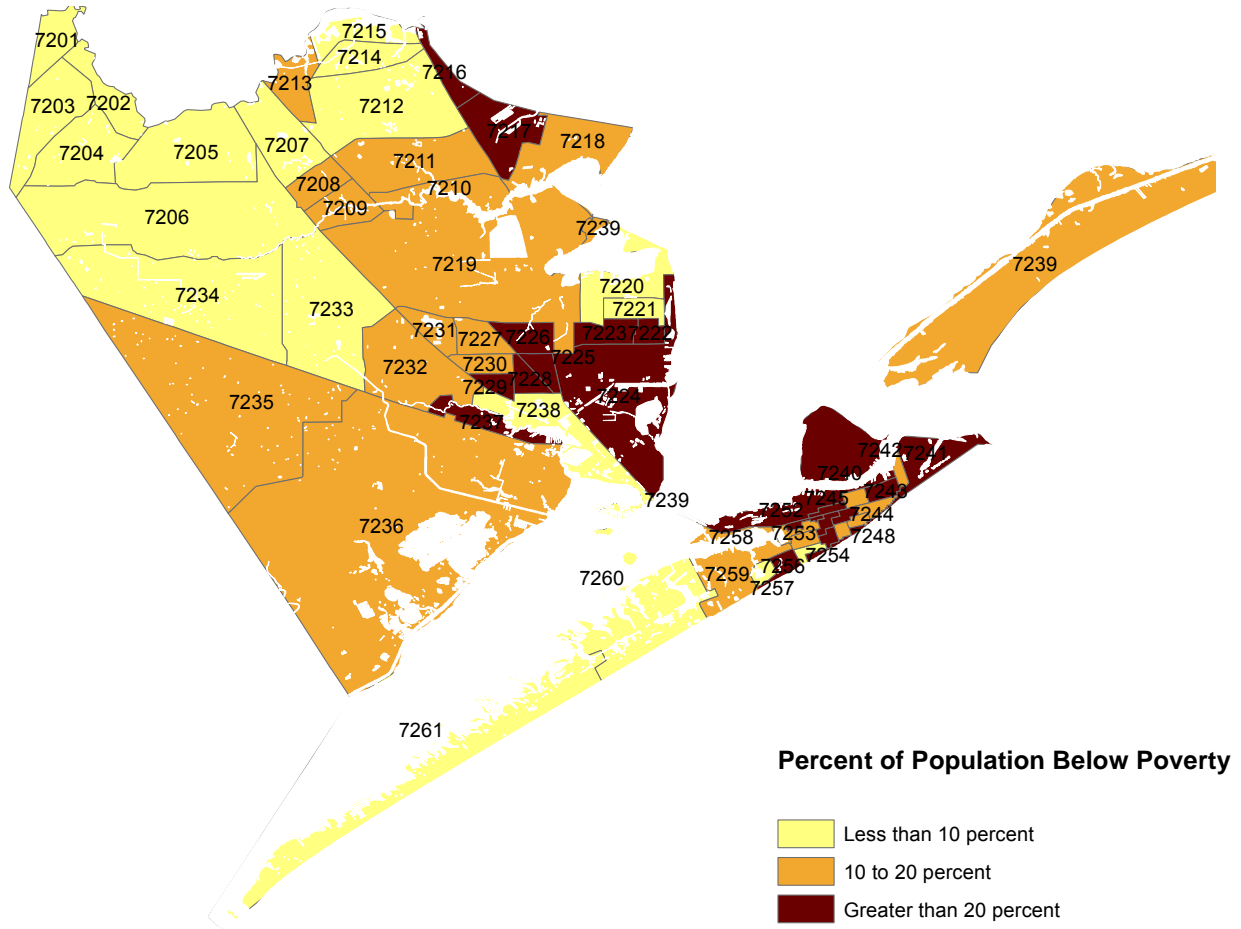
The high poverty tracts of Galveston are not distributed randomly. On the island, they are concentrated on the eastern end of the City of Galveston. On the mainland, they are concentrated in the eastern section of the county, in and around Texas City. (See Map 2.)

Identification of High-Opportunity Tracts as Locations for Scattered-Site Public Housing

**Table 1 Census Tracts in Galveston County, Texas
Population by Poverty Status and Race**

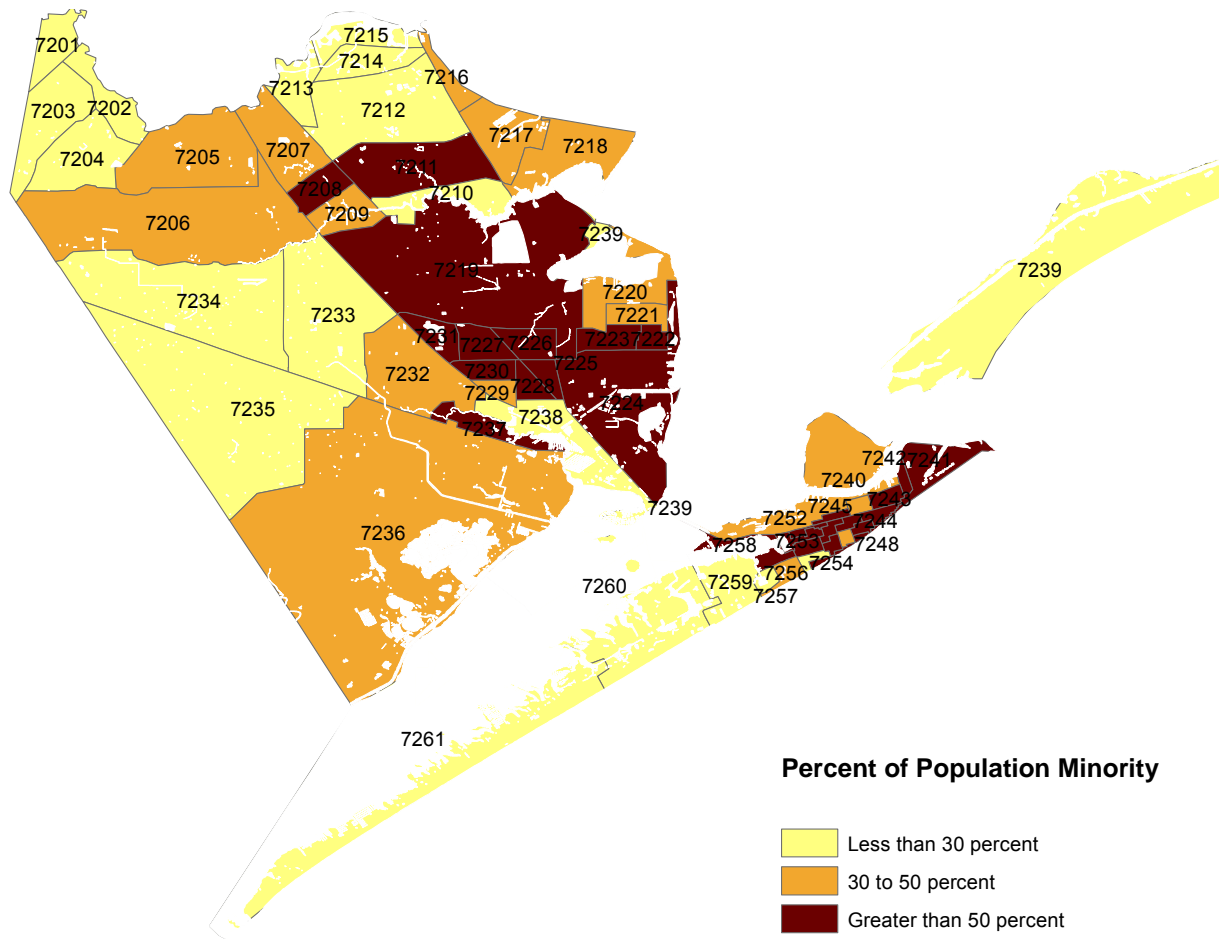
Tract Number	Population 2000	Population 2010	Percent Change	Percent Below Poverty 2000	Percent Below Poverty 2010	Percent Minority 2000	Percent Minority 2010	Tract Number	Population 2000	Population 2010	Percent Change	Percent Below Poverty 2000	Percent Below Poverty 2010	Percent Minority 2000	Percent Minority 2010
<i>Galveston County Mainland</i>								<i>City of Galveston</i>							
7201	4,095	5,763	40.7	3.1	2.4	14.1	22.1	7240	1,959	2,856	45.8	55.1	56.1	56.9	45.6
7202	3,965	4,189	5.6	3.2	3.1	10.6	19.2	7241	1,466	1,788	22.0	18.9	25.6	45.8	51.8
7203	8,842	9,550	8.0	3.0	4.2	11.9	19.8	7242	3,199	2,538	-20.7	18.1	19.0	52.3	51.6
7204	4,336	5,460	25.9	0.6	0.1	13.8	17.9	7243	4,530	3,239	-28.5	31.5	25.7	56.0	54.2
7205	14,392	26,323	82.9	4.1	5.5	25.6	32.3	7244	4,320	2,469	-42.8	24.9	19.7	65.5	51.5
7206	3,406	10,157	198.2	5.2	4.7	31.0	45.8	7245	1,858	676	-63.6	39.4	11.4	49.7	37.0
7207	5,121	8,422	64.5	6.4	9.3	29.9	41.3	7246	2,507	1,852	-26.1	63.9	61.0	97.7	97.6
7208	3,275	3,707	13.2	15.7	14.4	52.9	56.4	7247	2,622	2,242	-14.5	30.6	35.2	88.4	88.7
7209	5,398	5,692	5.4	19.1	19.8	40.2	41.1	7248	2,014	2,016	0.1	22.4	19.9	64.6	57.2
7210	1,946	1,928	-0.9	5.5	17.2	20.7	22.1	7249	2,092	1,817	-13.1	20.9	11.9	63.2	49.8
7211	7,817	10,926	39.8	14.5	14.4	43.6	53.2	7250	2,358	2,782	18.0	17.0	23.6	61.3	63.5
7212	10,280	17,413	69.4	5.0	6.2	24.8	29.7	7251	2,229	1,699	-23.8	18.9	37.6	84.3	73.5
7213	4,607	4,679	1.6	6.6	10.3	25.1	26.2	7252	2,158	1,727	-20.0	30.8	36.7	86.0	89.5
7214	6,936	7,433	7.2	2.4	1.7	15.7	17.4	7253	2,270	2,055	-9.5	8.1	16.1	49.4	59.7
7215	5,775	7,172	24.2	6.1	7.1	15.5	15.4	7254	3,929	3,998	1.8	19.0	12.1	62.2	70.4
7216	2,037	1,913	-6.1	15.4	24.5	32.1	39.7	7255	1,322	960	-27.4	7.9	1.7	22.7	26.4
7217	5,999	6,262	4.4	22.6	25.6	28.7	33.0	7256	4,751	3,616	-23.9	14.6	35.3	43.7	47.5
7218	4,151	3,790	-8.7	19.8	16.0	25.6	35.3	7257	2,636	2,118	-19.7	5.1	2.6	23.7	29.8
7219	5,751	8,657	50.5	13.5	13.1	50.9	57.8	7258	3,779	3,969	5.0	16.9	18.1	47.5	62.6
7220	8,288	9,066	9.4	7.8	8.2	31.2	38.9	7259	2,373	2,302	-3.0	19.6	16.6	38.7	22.2
7221	6,533	6,236	-4.5	9.0	2.8	27.2	35.4	7260	1,690	1,473	-12.8	4.0	6.2	16.0	21.7
7222	3,487	2,799	-19.7	25.2	37.0	66.4	69.5	7261	2,727	2,593	-4.9	7.8	7.7	9.1	2.7
7223	7,394	8,014	8.4	17.7	28.6	50.5	67.6								
7224	1,108	1,079	-2.6	31.3	25.4	74.1	71.0	<i>Total City</i>	58,789	50,785					
7225	2,510	2,444	-2.6	23.2	25.4	62.2	71.0	<i>Average City</i>	2,672	2,308	-11.9	22.5	22.7	53.9	52.5
7226	1,547	1,704	10.1	19.1	20.1	70.5	72.3								
7227	3,942	3,984	1.1	20.8	13.4	93.4	90.9								
7228	2,458	2,341	-4.8	16.3	23.2	42.1	64.1								
7229	2,633	2,928	11.2	12.1	20.4	32.9	47.4								
7230	3,586	3,064	-14.6	18.4	12.6	73.0	75.8								
7231	3,237	3,200	-1.1	13.1	10.1	54.1	69.1								
7232	2,748	3,462	26.0	15.9	17.2	36.9	45.6								
7233	4,081	5,422	32.9	5.0	7.7	11.3	17.5								
7234	5,986	6,042	0.9	9.8	4.6	12.4	18.3								
7235	9,415	10,880	15.6	10.3	12.6	14.0	16.2								
7236	4,131	3,960	-4.1	14.5	10.3	35.2	34.6								
7237	2,105	2,398	13.9	22.0	38.2	72.4	79.8								
7238	4,198	4,187	-0.3	8.5	7.0	17.9	18.4								
7239	3,853	2,895	-24.9	11.7	19.6	9.9	18.4								
<i>Total Mainland</i>	191,369	235,541						<i>Total County</i>	250,158	286,326					
<i>Average Mainland</i>	4,907	6,040	17.3	12.4	13.9	35.9	42.2	<i>Average County</i>	4,101	4,694	6.8	16.1	17.1	42.4	45.9

Map 2 **Census Tracts in Galveston County, Texas
Percent of the Population Below Poverty**



The City of Galveston is a majority minority city, meaning that a majority of its population is either Hispanic of any racial group or is non-Hispanic but from a race other than white. The incidence of racial and ethnic minorities has remained fairly stable over time, falling only 1.4 percentage points from 2000 to 2010. The mainland also has a high incidence of racial and ethnic minorities, rising from 36 percent in 2000 to 42 percent in 2010, levels higher than found for tracts nationwide which was about 34 percent in 2010. (See Map 3.)

Map 3 **Census Tracts in Galveston County, Texas
Percent of the Population Racial or Ethnic Minority**



The minority population is also distributed across the county in a non-random manner. The correlation between being a member of a racial or ethnic minority and having income below poverty is clearly evident by comparing maps 2 and 3. **Minorities are spatially concentrated in a pattern that is very similar to the spatial distribution of poverty.** In the City of Galveston, minorities are most concentrated on the eastern end of the island. On the mainland, minorities are most concentrated in the eastern tracts of the county.

The high incidence of racial and ethnic minorities complicates the process of affirmatively furthering fair housing. Most tracts in the City of Galveston are already dominated by minorities making it difficult to locate scattered site public housing such that it promotes racial and ethnic integration.

Population by Unemployment, Travel Time to Work and Educational Attainment

The presence of significant levels of unemployment indicates a low-opportunity neighborhood in that the residents are unable to become gainfully employed. The average level of unemployment in the county was 8.2 percent in 2010. There was little variation between the island (average of 8.0 percent) and the mainland (average of 8.3 percent). (See Table 2.) In the county, 33 tracts have unemployment below 8 percent, indicating higher levels of employment among the residents. Of these 33 tracts, 12 are on the island (55 percent of the island tracts), and 21 are on the mainland (54 percent of mainland tracts).

Access to jobs is indicated by the percentage of commuters who have short travel times to work. The average tract in the county has about 70 percent of its commuters traveling less than 30 minutes to work. The island has the advantage in this measure with the average tract having 83 percent of its commuters with short travel times compared to 61 percent on the mainland. Only 9 tracts on the mainland meet this criterion while only 2 tracts on the island do not.

The presence of an above average incidence of adults (persons 25 or more years old) without a complete high school education indicates a low-opportunity neighborhood. On average, about 17 percent of adults did not have a high school diploma in the county in 2010. There was some variation between the island with a 20 percent average and the mainland at 16 percent. In the county, there are 37 tracts with 14 percent or more of the adult population lacking a high

Identification of High-Opportunity Tracts as Locations for Scattered-Site Public Housing

**Table 2 Census Tracts in Galveston County, Texas
Percent Unemployed, Travel Time to Work, and Educational Achievement**

Tract Number	Percent Unemployed	Percent Commutes Less than 30 minutes	Percent Adults Lack High School	Combined City Ctime Rate	Tract Number	Percent Unemployed	Percent Commutes Less than 30 minutes	Percent Adults Lack High School	Combined City Ctime Rate
	2010	2010	2010	2010		2010	2010	2010	2010
<i>Galveston County Mainland</i>					<i>City of Galveston</i>				
7201	3.0	55.5	7.2	175	7240	17.8	90.1	35.7	1418
7202	6.0	44.6	1.7	175	7241	4.6	89.6	18.8	1418
7203	3.9	54.5	5.4	175	7242	7.5	85.2	4.2	1418
7204	2.6	47.1	1.2	175	7243	15.7	76.5	15.3	1418
7205	3.1	54.7	4.5	318	7244	2.2	79.4	30.4	1418
7206	6.5	46.5	8.5	318	7245	7.7	92.3	25.0	1418
7207	4.2	62.1	8.6	318	7246	16.2	61.1	36.0	1418
7208	6.3	52.3	23.4	516	7247	6.5	87.8	35.5	1418
7209	6.1	69.9	22.3	516	7248	8.1	76.3	20.8	1418
7210	14.4	60.6	12.5	516	7249	9.1	87.4	15.8	1418
7211	7.4	58.1	26.2	516	7250	4.7	90.0	24.7	1418
7212	5.4	54.4	5.6	318	7251	9.7	90.3	29.6	1418
7213	3.2	60.3	9.7	318	7252	10.9	77.2	27.9	1418
7214	3.6	62.4	5.7	318	7253	8.1	82.9	15.4	1418
7215	6.7	55.5	3.8	318	7254	6.2	86.3	35.4	1418
7216	3.6	61.1	34.9	318	7255	0.0	77.0	4.7	1418
7217	10.4	45.8	18.8	318	7256	11.0	88.3	17.8	1418
7218	13.6	45.4	23.8	753	7257	4.3	90.4	9.7	1418
7219	8.0	62.4	13.6	753	7258	2.5	86.6	16.7	1418
7220	6.1	77.3	8.5	753	7259	5.8	85.3	7.8	1418
7221	5.1	65.0	14.8	753	7260	3.8	85.0	2.5	1418
7222	12.7	75.5	36.5	753	7261	12.6	51.2	2.5	1418
7223	9.8	80.8	32.9	753					
7224	8.1	76.9	30.4	753	<i>Total City</i>				
7225	8.1	76.9	30.4	753	<i>Average City</i>	8.0	82.5	19.6	1418
7226	3.9	76.4	17.8	753					
7227	17.9	74.3	12.2	753					
7228	14.5	47.3	19.3	1405					
7229	10.3	76.4	18.8	1405					
7230	18.7	54.3	21.5	1405					
7231	11.7	74.5	14.5	753					
7232	11.4	73.7	18.4	1405					
7233	10.5	56.9	12.1	371					
7234	7.6	46.5	11.9	371					
7235	6.7	49.9	17.5	371					
7236	12.2	64.6	15.5	371					
7237	18.2	65.7	25.0	371					
7238	3.0	59.2	5.6	1405					
7239	8.4	62.8	28.6	1418					
<i>Total Mainland</i>					<i>Total County</i>				
<i>Average Mainland</i>	8.3	61.2	16.1	621	<i>Average County</i>	8.2	68.9	17.4	908

school diploma, indicating poorly performing schools. Of these 37 tracts, 16 are on the island (73 percent of island tracts) and 21 are on the mainland (54 percent of mainland tracts).

Crime Rate

Crime data are collected by the FBI, but they are not tabulated at the tract level. Rather, they are collected at the city level. Crimes are collected separately for violent crime and property crime. These crime counts are combined, weighting violent crime more heavily (by a factor of 10) than property crime and counts, and the combined counts are expressed per 100,000 population. Each tract is assigned the crime rate of its larger community. This approach loses the variation in crime rates within each community, but the data are not available to capture this variation. Crime is generally higher on the island than on the mainland. Communities in the northern and western areas of the county enjoy the lowest crime rates.

Tracts by Scale of the Housing Markets and Vacancy Rates

Finding locations for scattered site public housing is an exercise in adding to the supply of housing. In an ideal setting, these additions would be placed in tracts where there is latent demand for additional units. Latent demand is demand that is not now satisfied by the market but could be if new units were added. Latent demand for new units is indicated by a growth in population without a commensurate increase in the stock of housing. This condition generally results in a low and declining vacancy rate. (See Table 3.)

Earlier it was noted that the population on the mainland grew by 23 percent in the ten years from 2000 to 2010. Its housing stock matched the population growth with 23 percent growth. Although the population and housing stock grew in a well-balanced manner, the vacancy rates indicate that the mainland is a relatively soft market. In general, it is expected that a normal rental market should have a vacancy rate of about 5 percent and the owner-occupied market should have a vacancy rate of about 2 percent. On the mainland, the vacancy rates are higher at 7.5 percent for rental units and 3.4 percent for owner-occupied units. These levels of vacancy indicate somewhat soft market conditions.

Identification of High-Opportunity Tracts as Locations for Scattered-Site Public Housing

**Table 3 Census Tracts in Galveston County, Texas
Housing Stock 2000 and 2001 and Vacancy Rates by Tenure**

Tract Number	Housing Units 2000	Housing Units 2010	Percent Change	Vacancy Rate		Tract Number	Housing Units 2000	Housing Units 2010	Percent Change	Vacancy Rate	
				Rental 2010	Owner 2010					Rental 2010	Owner 2010
<i>Galveston County Mainland</i>						<i>City of Galveston</i>					
7201	1,522	1,973	29.6	0.0	0.0	7240	635	517	-18.6	8.4	0.0
7202	1,643	1,730	5.3	7.7	0.0	7241	968	1,251	29.2	21.4	22.9
7203	2,910	3,109	6.8	0.0	1.2	7242	1,794	1,968	9.7	14.6	0.0
7204	1,272	1,724	35.5	0.0	0.0	7243	2,258	2,029	-10.1	14.9	13.3
7205	4,933	9,169	85.9	7.4	3.5	7244	2,211	2,239	1.3	7.4	16.5
7206	1,332	3,795	184.9	8.1	3.3	7245	612	665	8.7	35.6	6.5
7207	2,011	3,137	56.0	8.8	3.6	7246	1,169	962	-17.7	9.0	12.2
7208	1,258	1,492	18.6	0.0	2.3	7247	1,284	1,374	7.0	14.7	10.3
7209	2,112	2,373	12.4	11.3	6.1	7248	1,033	1,176	13.8	18.3	0.0
7210	795	836	5.2	10.4	4.4	7249	967	1,112	15.0	28.2	4.6
7211	2,788	3,906	40.1	5.1	2.6	7250	1,071	1,213	13.3	5.7	7.2
7212	3,790	6,763	78.4	15.0	2.5	7251	951	1,128	18.6	20.6	4.6
7213	1,846	2,031	10.0	3.2	2.6	7252	978	895	-8.5	10.2	0.0
7214	2,418	3,047	26.0	7.0	1.6	7253	992	1,067	7.6	0.0	9.1
7215	3,267	3,606	10.4	5.4	1.9	7254	1,691	1,966	16.3	5.8	5.6
7216	928	887	-4.4	12.0	4.3	7255	644	662	2.8	0.0	0.0
7217	2,599	2,878	10.7	10.4	5.4	7256	3,007	2,865	-4.7	22.6	6.4
7218	2,190	2,057	-6.1	14.5	1.8	7257	1,071	1,081	0.9	13.5	7.6
7219	2,342	3,557	51.9	9.7	5.3	7258	2,039	2,176	6.7	19.4	0.0
7220	3,118	3,334	6.9	8.7	0.0	7259	1,592	1,988	24.9	19.4	28.8
7221	2,504	2,541	1.5	0.0	0.0	7260	1,012	1,077	6.4	0.0	2.8
7222	1,542	1,511	-2.0	13.1	2.9	7261	3,947	4,285	8.6	54.0	13.8
7223	2,806	2,811	0.2	3.6	0.0						
7224	529	543	2.7	13.7	7.9	<i>Total City</i>	31,926	33,696			
7225	1,042	1,231	18.1	13.7	7.9	<i>Average City</i>	1,451	1,532	6.0	15.6	7.8
7226	643	930	44.6	6.4	0.0						
7227	1,571	1,853	18.0	14.9	1.8						
7228	1,074	1,101	2.5	9.4	15.9						
7229	1,107	1,075	-2.9	8.7	0.0						
7230	1,496	1,388	-7.2	3.3	0.0						
7231	1,528	1,564	2.4	12.0	2.9						
7232	1,210	1,362	12.6	4.9	3.3						
7233	1,597	2,063	29.2	0.0	4.5						
7234	2,288	2,472	8.0	0.0	0.0						
7235	3,447	3,974	15.3	0.0	2.2						
7236	1,620	1,585	-2.2	4.6	3.3						
7237	929	1,043	12.3	4.6	9.0						
7238	2,375	2,901	22.1	1.8	7.1						
7239	5,425	3,396	-37.4	31.2	9.9						
<i>Total Mainland</i>	79,807	96,748				<i>Total County</i>	111,733	130,444			
<i>Average Mainland</i>	2,046	2,481	20.6	7.5	3.4	<i>Average County</i>	1,832	2,138.4	15.3	10.4	5.0

The population of the island contracted by 14 percent while its housing stock actually expanded by 6 percent from 2000 to 2010. This expansion resulted in extremely soft market conditions with 15.6 percent vacancy among rental units on the island and 7.8 percent vacancy among owner-occupied units. This extreme market softness suggests that the census tracts of Galveston County are not prime candidates for adding new units. Rather, if scattered site units are to be developed, they should rehabilitate or replace existing housing so as to not add further to the already too large supply of housing.

The Presence of Assisted Housing

The presence of an above average incidence of assisted housing indicates that a tract is not a high-opportunity neighborhood. A high incidence of assisted housing works against efforts to deconcentrate poverty and integrate the poor into the mainstream community. The average level of assisted housing in the tracts of Galveston County was 4.6 percent in 2010. There was significant variation between the island (6.3 percent) and the mainland (3.6 percent). (See Table 4.)

In the county, 38 tracts have levels of assisted housing below 4 percent. Of these 38 tracts, 11 are on the island (50 percent of island tracts), and 27 are on the mainland (69 percent of mainland tracts).

Identification of High-Opportunity Tracts

All of the criteria taken together can drive a site selection process. However, as a practical matter, it is not possible to expect that all criteria be met. None of the tracts meet all eight criteria. This suggests that some form of relaxation of the criteria is needed. Table 5 identifies those tracts that meet at least six of the eight criteria. A total of 15 tracts in the county meet at least six criteria with 12 of these on the mainland and 3 on the island.

The tracts that meet at least six criteria combine to form a set of very desirable areas for the location of scattered site public housing. (See Table 5.)

Identification of High-Opportunity Tracts as Locations for Scattered-Site Public Housing

Table 4 **Census Tracts of Galveston County, Texas**
Assisted Housing Units by Program

Tract Number	Housing Units 2010	Housing Choice Vouchers 2010	Low-Income		Section 8 Project-based 2008	Percent Assisted 2006-2010	Tract Number	Housing Units 2010	Housing Choice Vouchers 2010	Low-Income		Section 8 Project-based 2008	Percent Assisted 2006-2010
			Public Housing 2008	Housing Tax Credit 2006						Public Housing 2008	Housing Tax Credit 2006		
<i>Galveston County Mainland</i>							<i>City of Galveston</i>						
7201	1,973	2	0	0	0	0.1	7240	517	2	40	0	0	8.1
7202	1,730	0	0	0	0	0.0	7241	1,251	28	8	0	0	2.9
7203	3,109	1	0	0	0	0.0	7242	1,968	76	0	0	0	3.9
7204	1,724	10	0	0	0	0.6	7243	2,029	41	0	42	0	4.1
7205	9,169	15	0	80	0	1.0	7244	2,239	52	199	15	0	11.9
7206	3,795	19	0	0	0	0.5	7245	665	11	0	37	0	7.2
7207	3,137	5	0	250	0	8.1	7246	962	25	23	196	192	45.3
7208	1,492	17	0	0	0	1.1	7247	1,374	76	0	20	0	7.0
7209	2,373	45	0	0	100	6.1	7248	1,176	34	0	23	0	4.8
7210	836	1	0	0	0	0.1	7249	1,112	17	2	0	0	1.7
7211	3,906	45	0	131	0	4.5	7250	1,213	35	0	0	0	2.9
7212	6,763	14	0	0	0	0.2	7251	1,128	46	4	0	0	4.4
7213	2,031	3	0	0	0	0.1	7252	895	36	2	38	0	8.5
7214	3,047	0	0	0	0	0.0	7253	1,067	24	0	0	0	2.2
7215	3,606	1	0	0	0	0.0	7254	1,966	57	4	0	0	3.1
7216	887	0	0	0	0	0.0	7255	662	11	0	0	0	1.7
7217	2,878	13	0	0	0	0.5	7256	2,865	10	159	0	0	5.9
7218	2,057	40	0	0	0	1.9	7257	1,081	17	0	0	0	1.6
7219	3,557	340	0	90	50	13.5	7258	2,176	21	9	0	0	1.4
7220	3,334	67	0	0	0	2.0	7259	1,988	6	0	208	0	10.8
7221	2,541	38	0	152	0	7.5	7260	1,077	0	0	0	0	0.0
7222	1,511	33	56	0	50	9.2	7261	4,285	0	0	0	0	0.0
7223	2,811	77	0	0	0	2.7							
7224	543	4	50	0	0	9.9	<i>Total City</i>	33,696	625	450	579	192	
7225	1,231	46	0	0	0	3.7	<i>Average City</i>	1,532	28	20	26	9	6.3
7226	930	17	0	0	0	1.8							
7227	1,853	69	24	0	0	5.0							
7228	1,101	54	0	0	0	4.9							
7229	1,075	25	0	0	0	2.3							
7230	1,388	59	0	0	0	4.3							
7231	1,564	17	0	0	0	1.1							
7232	1,362	12	0	32	0	3.2							
7233	2,063	1	0	48	0	2.4							
7234	2,472	1	0	0	0	0.0							
7235	3,974	1	0	0	0	0.0							
7236	1,585	17	0	224	0	15.2							
7237	1,043	109	0	54	72	22.5							
7238	2,901	17	0	60	0	2.7							
7239	3,396	0	0	0	0	0.0							
<i>Total Mainland</i>	96,748	1,235	130	1,121	272		<i>Total County</i>	130,444	1,860	580	1,700	464	
<i>Average Mainland</i>	2,481	32	3	29	7	3.6	<i>Average County</i>	2,138	30	10	28	8	4.6

Identification of High-Opportunity Tracts as Locations for Scattered-Site Public Housing

Table 5 Census Tracts of Galveston County, Texas Identification of High-Opportunity Tracts

Identification of High-Opportunity Tracts																			
Tract Number	Poverty Less than 10% 2010	Poverty Stable or Declining 2000-2010	Minority Population Less than 45% 2010	Adults Without High School Than 14% 2010	Unemployed Less than 8% 2010	Short Commute Greater than 70% 2010	Crime Rate Less than 700 2010	Assisted Housing Less than 4% 2010	Meets 6+ Criteria 2010	Tract Number	Poverty Less than 10% 2010	Poverty Stable or Declining 2000-2010	Minority Population Less than 45% 2010	Adults Without High School Than 14% 2010	Unemployed Less than 8% 2010	Short Commute Greater than 70% 2010	Crime Rate Less than 700 2010	Assisted Housing Less than 4% 2010	Meets 6+ Criteria 2010
	<i>Galveston County Mainland</i>										<i>City of Galveston</i>								
7201	1	1	1	1	1		1	1	1	7240									1
7202	1	1	1	1	1		1	1	1	7241					1				1
7203	1		1	1	1		1	1	1	7242				1	1	1			1
7204	1	1	1	1	1		1	1	1	7243		1							1
7205	1		1	1	1		1	1	1	7244	1	1	1		1	1			1
7206	1	1	1	1	1		1	1	1	7245	1	1			1	1			1
7207	1		1	1	1		1	1	1	7246	1								1
7208		1			1		1	1	1	7247					1	1			1
7209			1		1		1	1	1	7248	1					1			1
7210			1	1			1	1	1	7249	1					1			1
7211		1	1		1		1	1	1	7250					1	1			1
7212	1		1	1	1		1	1	1	7251						1			1
7213			1	1	1		1	1	1	7252						1			1
7214	1	1	1	1	1		1	1	1	7253						1			1
7215	1		1	1	1		1	1	1	7254		1			1	1			1
7216			1		1		1	1	1	7255	1	1	1	1	1	1			1
7217			1				1	1	1	7256			1			1			1
7218		1	1					1	1	7257	1	1	1	1	1	1			1
7219		1		1					1	7258					1	1			1
7220	1		1	1	1	1		1	1	7259		1	1	1	1	1			1
7221	1	1	1		1				1	7260	1		1	1	1	1			1
7222						1				7261	1	1	1	1	1	1			1
7223						1			1										
7224		1				1			1	Total City	4	11	6	6	12	20	0	11	3
7225					1	1			1										
7226					1	1			1										
7227		1		1		1			1										
7228			1																
7229			1			1			1										
7230		1																	
7231		1				1			1										
7232			1			1			1										
7233	1		1	1			1	1	1										
7234	1	1	1	1	1		1	1	1										1
7235			1		1		1	1	1										
7236		1	1				1	1	1										
7237							1	1	1										
7238	1	1	1	1	1			1	1										1
7239			1						1										
Total Mainland	15	17	28	18	21	10	22	27	12	Total Cour	19	28		24	33	30		38	15

Identification of High-Opportunity Tracts as Locations for Scattered-Site Public Housing

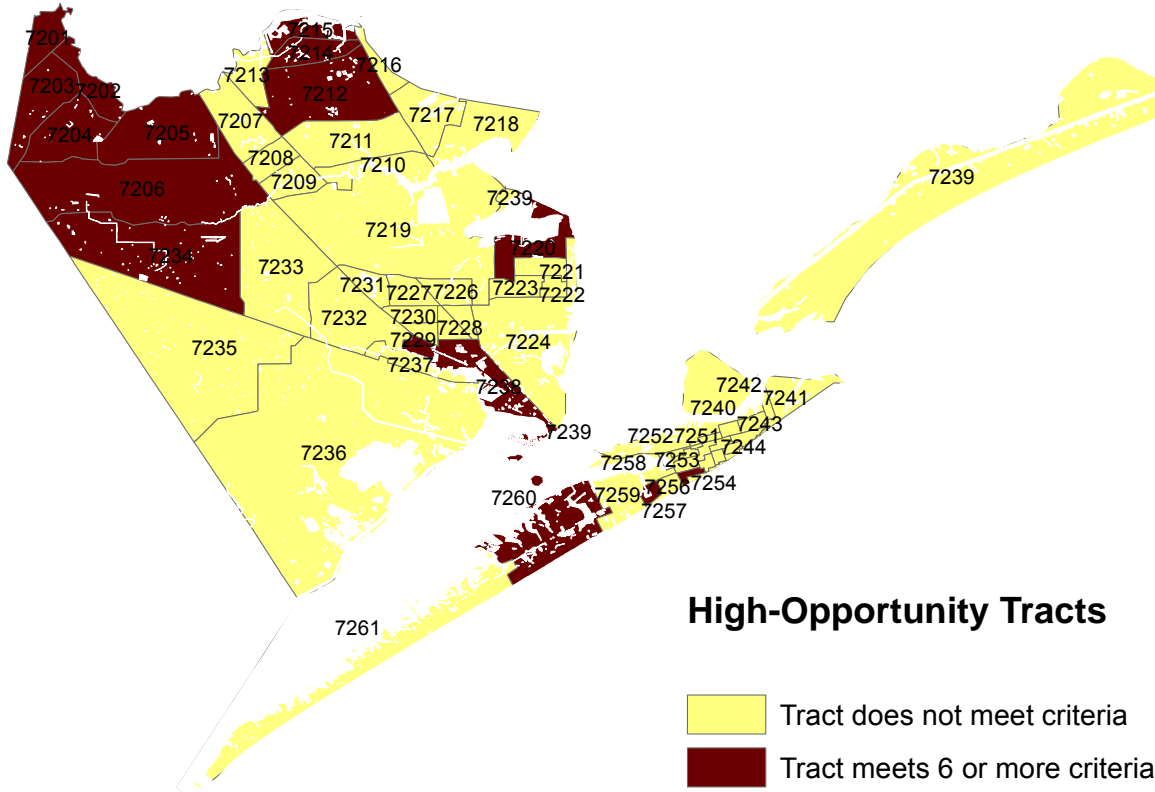
Table 6 **Census Tracts of Galveston County, Texas
Characteristics of High-Opportunity Tracts**

Tract	Percent Below Poverty 2010	Change in Poverty 2000 to 2010	Percent Minority Population 2010	Percent Adults Lack High School 2010	Percent Unemployed 2010	Percent Commutes Less than 30 minutes 2010	Percent Assisted Housing 2006-2010	Combined Community Crime Rate 2010
<i>Mainland</i>								
7201	2.4	-0.7	22.1	7.2	3.0	55.5	0.1	175
7202	3.1	-0.2	19.2	1.7	6.0	44.6	0.0	175
7203	4.2	1.2	19.8	5.4	3.9	54.5	0.0	175
7204	0.1	-0.4	17.9	1.2	2.6	47.1	0.6	175
7205	5.5	1.3	32.3	4.5	3.1	54.7	1.0	318
7206	4.7	-0.5	45.8	8.5	6.5	46.5	0.5	318
7212	6.2	1.2	29.7	5.6	5.4	54.4	0.2	318
7214	1.7	-0.7	17.4	5.7	3.6	62.4	0.0	318
7215	7.1	0.9	15.4	3.8	6.7	55.5	0.0	318
7220	8.2	0.4	38.9	8.5	6.1	77.3	2.0	753
7234	4.6	-5.2	18.3	11.9	7.6	46.5	0.0	371
7238	7.0	-1.4	18.4	5.6	3.0	59.2	2.7	1,405
<i>Island</i>								
7255	1.7	-6.2	26.4	26.4	0.0	77.0	1.7	1,418
7257	2.6	-2.5	29.8	47.5	4.3	90.4	1.6	1,418
7260	6.2	2.2	21.7	29.8	3.8	85.0	0.0	1,418
<i>Average of:</i>								
Selected Tracts	4.3	-0.7	24.9	11.6	4.4	60.7	0.7	605
County	17.1	1.1	45.9	17.4	8.2	82.5	4.6	908

The selected tracts have a lower level of poverty than is found in the county. They generally experienced a decline in poverty over the period from 2000 to 2010 while it was increasing elsewhere. The level of racial and ethnic minority concentration is lower. The rate of adults lacking a high school education is about two-thirds of the level of the county. Unemployment is lower, but the incidence of short commutes to work is lower as well indicating that access to employment can be a challenge. The percent of assisted housing is lower. Finally, the crime rates are about two-thirds of the county average.

Map 4 illustrates the spatial distribution of the selected tracts. The selected tracts on the island are on the western side of island. The tracts on the mainland are distributed throughout the county.

Map 4 **Census Tracts in Galveston County, Texas**
High-Opportunity Tracts for the Location of Scattered Site Public Housing



**Ranking of Census Tracts of Galveston County, Texas
for the Location of Scattered-Site Housing**

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Ranking of Census Tracts of Galveston County, Texas for the Location of Scattered-Site Housing

Abstract and conclusions

This report ranks the census tracts of Galveston County, Texas, according to their desirability for the location of scattered-site public housing units. The report examines the census tracts of Galveston County using demographic data taken from the Census of 2010 and the Census of 2000 along with assisted housing data from the U.S. Department of Housing and Urban Development and crime data from the Federal Bureau of Investigation. The 61 tracts of Galveston County, Texas, have been ranked using the following criteria:

- *Percent of the population living below poverty in the tract is less than 10 percent,*
- *Percent of the population living below poverty in the tracts is declining from 2000 to 2010,*
- *Percent of population that is minority is less than 45 percent,*
- *Unemployment among workers in the tract is less than 8 percent,*
- *More than 70 percent of commuters in the tract travel less than 30 minutes to work,*
- *Percent of adults lacking a complete high school education is less than 14 percent,*
- *Combined violent and property crime rate is below 700, and*
- *Percent of housing units assisted is less than 4 percent.*

The tracts are ranked by the number of these criteria that are met by each tract.

Background

The City of Galveston is searching for the best sites for the location of public housing units to be developed in a scattered-site format. The City asked that the census tracts of Galveston County, Texas, be ranked so as to identify the relative desirability of the tracts for the location of scattered-site public housing.

The Research Question: How should the census tracts of Galveston County, Texas, be ranked in order to identify the locations within the county offering the highest opportunities for scattered-site public housing units that will affirmatively further fair housing?

The body of published research on assisted housing holds that assisted renter households are best served if they are able to locate in high-opportunity neighborhoods and are ill-served if they are located in low-opportunity neighborhoods.

There is no operational definition of the term high-opportunity. At the minimum, a high-opportunity neighborhood is deemed to be low-poverty with the rate of poverty stable or declining. However, a low and declining level of poverty is not sufficient. Beyond just living in a low-poverty neighborhood, the poor households who will occupy the scattered-site units also need access to good schools and gainful employment in a neighborhood that offers both economic and racial integration plus freedom from the fear of crime.

The quality and effectiveness of the nearby schools is measured by the percent of adults who have, at least, completed a high school education. Access to gainful employment is measured through two variables. First, the percentage of the civilian workforce that is employed indicates the level of employment. Second, the incidence of workers with ready access to jobs is assessed by the percentage of workers who commute fewer than 30 minutes to and from their jobs. The notion of economic integration is addressed by low levels of poverty, but it is also addressed by the absence of large clusters of assisted housing. The level of crime is measured by the combined violent and property crimes reported to the FBI and expressed as the number of incidents per 100,000 population in the community. Finally, racial and ethnic integration are addressed by the percentage of the population that is either Hispanic of any racial group or non-Hispanic but a member of any race other than white.

Specifically, each tract is categorized by the following criteria:

- Was the percentage of the population with income below poverty level less than 10 percent in 2010?
- Did the percentage of the population with income below the poverty level decline from 2000 to 2010?
- Was the percentage of the population that was Hispanic of any race or non-Hispanic from any race other than white less than 45 percent in 2010?
- Was the level of unemployment among the civilian workforce less than 8 percent in 2010?
- Was the percentage of commuters who traveled less than 30 minutes to and from work greater than 70 percent?

- Was the percentage of adults lacking a complete high school education less than 14 percent in 2010?
- Was the percentage of housing units subsidized through any of the federal rental assistance programs less than 4 percent in 2010?
- Was the count of violent crime incidents plus one-tenth of the count of property crimes per 100,000 less than 700 in 2010?

The census tracts of Galveston County were all scored according to how many of these criteria were met.

The Census Tracts of Galveston County, Texas

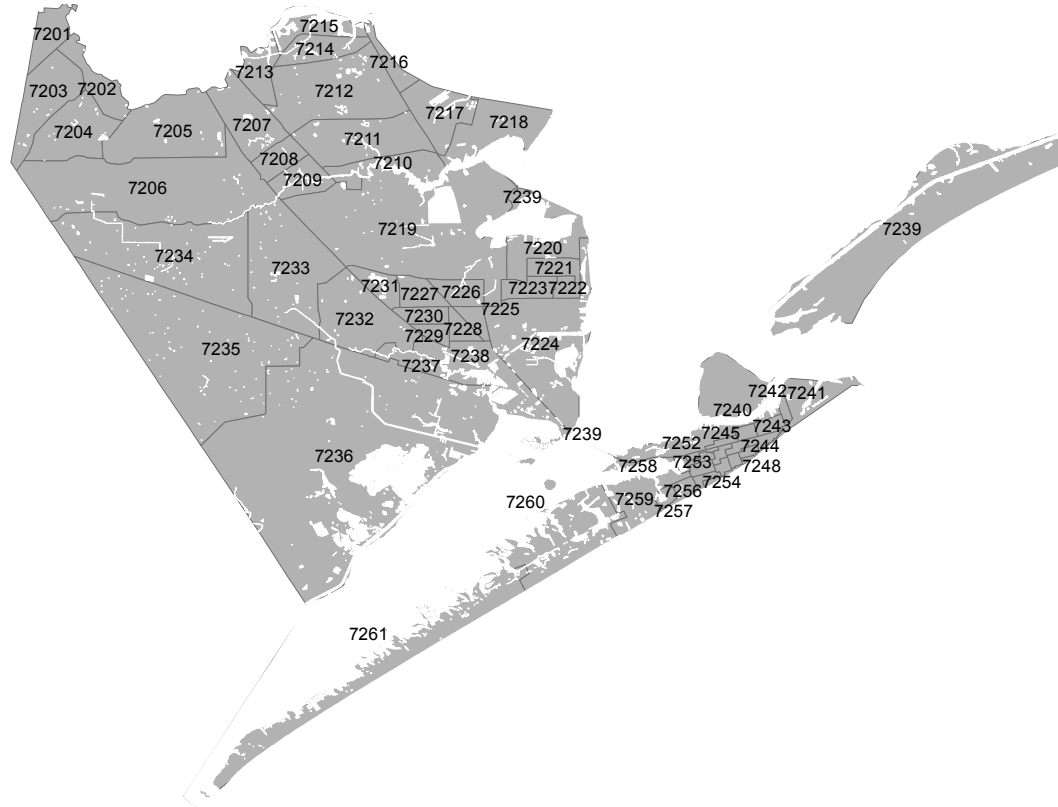
Map 1 identifies the Census tracts of Galveston County, Texas as defined for the 2000 Census. The county was divided into 39 tracts on the mainland (including the Bolivar Peninsula) and 22 tracts on the island that is the City of Galveston. The Bureau of the Census divided a few rapidly growing tracts and merged two contracting tracts together for the 2010 census. However, HUD data are coded to the tracts as delineated for the 2000 Census. For this reason, this report uses the tracts as defined for the 2000 census.

Tracts 7201 through 7238 are on the mainland of Galveston County and tract 7239 makes up the Bolivar Peninsula. Tracts 7240 through 7261 are on the island. (See Map 1.)

The Ranking of Census Tracts of Galveston County, Texas for Opportunities to Locate Scattered-Site Public Housing

Tables 1A and 1B list the tracts rank ordered by the number of criteria that are met by each tract. None of the tracts in Galveston County met all eight criteria. Seven tracts meet seven of the eight criteria and an additional eight tracts meet six of the criteria. Of these 15 tracts, 12 are located on the mainland, and three are on the island.

Map 1 **Census Tracts in Galveston County, Texas
Defined for Census 2000**



Of the 15 tracts that satisfy at least six of the criteria, all 15 had poverty that was below 10 percent in 2010, a criterion that is considered an important, if not the most important, consideration for the identification of high-opportunity neighborhoods. However, six of these tracts experienced some level of increase in the level of poverty. Increasing poverty can become a problem for the location of scattered-site public housing because the households who will reside in the units will probably have incomes below poverty. It is unwise for public action, such as development of public housing, to raise the incidence of poverty above the 10 percent threshold. As long as the level of poverty stays at or below this level, there is little or no threat to the neighborhood.

Of the 15 tracts that satisfy at least 6 of the criteria, all but one had minority concentrations below 45 percent. Thus, 14 of the selected 9 tracts offer locations with low levels of poverty and good levels of racial and ethnic integration.

The spatial locations of these tracts along with their ranking are illustrated on Map 2.

Ranking of Census Tracts of Galveston County, Texas for the Location of Scattered-Site Housing

Table 1 A **Census Tracts in Galveston County, Texas**
Ranking for Desirable Locations for Scattered-Site Public Housing
Rank of 7 is highest and 0 is lowest

Tract	Population Below Poverty Less than 10 percent	Population Percent Below Poverty Declining	Population Minority Less than 45 percent	Workers Unemploy Less than 8 percent	Workers with Short Commute. Greater th 70 percent	Adults Lacking High Scho Less than 14 percent	Assisted Housing Assisted Less than 4 percent	Combined Crime Rate Less than 700	Sum of Scores
7201	1	1	1	1	0	1	1	1	7
7202	1	1	1	1	0	1	1	1	7
7204	1	1	1	1	0	1	1	1	7
7214	1	1	1	1	0	1	1	1	7
7234	1	1	1	1	0	1	1	1	7
7255	1	1	1	1	1	1	1	0	7
7257	1	1	1	1	1	1	1	0	7
7203	1	0	1	1	0	1	1	1	6
7205	1	0	1	1	0	1	1	1	6
7206	1	1	0	1	0	1	1	1	6
7212	1	0	1	1	0	1	1	1	6
7215	1	0	1	1	0	1	1	1	6
7220	1	0	1	1	1	1	1	0	6
7238	1	1	1	1	0	1	1	0	6
7260	1	0	1	1	1	1	1	0	6
7207	1	0	1	1	0	1	0	1	5
7213	0	0	1	1	0	1	1	1	5
7233	1	0	1	0	0	1	1	1	5
7259	0	1	1	1	1	1	0	0	5
7261	1	1	1	0	0	1	1	0	5

Ranking of Census Tracts of Galveston County, Texas for the Location of Scattered-Site Housing

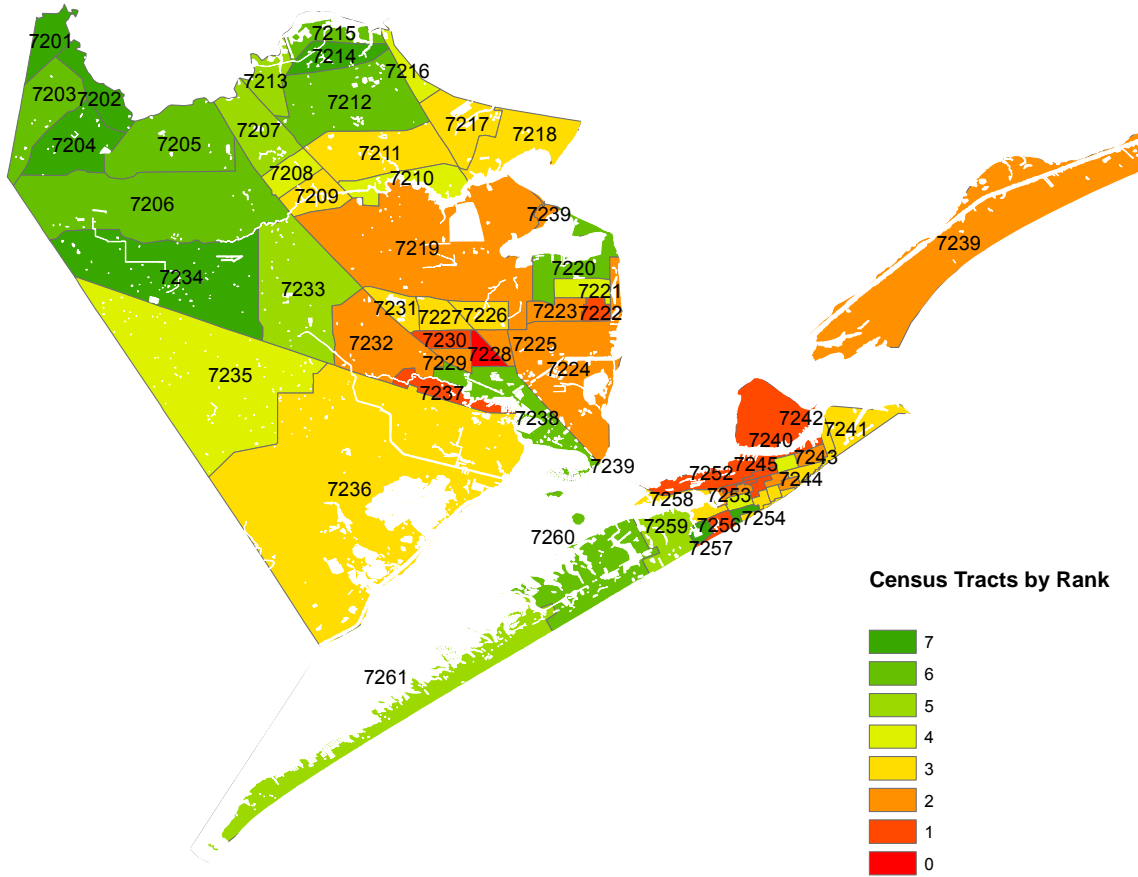
Table 1 B **Census Tracts in Galveston County, Texas**
Ranking for Desirable Locations for Scattered-Site Public Housing
Rank of 7 is highest and 0 is lowest

Tract	Population Below Poverty Less than 10 percent	Population Percent Below Poverty Declining	Population Minority Less than 45 percent	Workers Unemploy Less than 8 percent	Workers with Short Commute. Greater th 70 percent	Adults Lacking High Scho Less than 14 percent	Assisted Housing Assisted Less than 4 percent	Combined Crime Rate Less than 700	Sum of Scores
7208	0	1	0	1	0	0	1	1	4
7210	0	0	1	0	0	1	1	1	4
7216	0	0	1	1	0	0	1	1	4
7221	1	1	1	1	0	0	0	0	4
7235	0	0	1	1	0	0	1	1	4
7245	0	1	1	1	1	0	0	0	4
7254	0	1	0	1	1	0	1	0	4
7209	0	0	1	1	0	0	0	1	3
7211	0	1	0	1	0	0	0	1	3
7217	0	0	1	0	0	0	1	1	3
7218	0	1	1	0	0	0	1	0	3
7226	0	0	0	1	1	0	1	0	3
7227	0	1	0	0	1	1	0	0	3
7231	0	1	0	0	1	0	1	0	3
7236	0	1	1	0	0	0	0	1	3
7241	0	0	0	1	1	0	1	0	3
7242	0	0	0	1	1	1	0	0	3
7244	0	1	0	1	1	0	0	0	3
7249	0	1	0	0	1	0	1	0	3
7250	0	0	0	1	1	0	1	0	3
7258	0	0	0	1	1	0	1	0	3
7219	0	1	0	0	0	1	0	0	2
7223	0	0	0	0	1	0	1	0	2
7224	0	1	0	0	1	0	0	0	2
7225	0	0	0	0	1	0	1	0	2
7229	0	0	0	0	1	0	1	0	2
7232	0	0	0	0	1	0	1	0	2
7239	0	0	1	0	0	0	1	0	2
7243	0	1	0	0	1	0	0	0	2
7247	0	0	0	1	1	0	0	0	2
7248	0	1	0	0	1	0	0	0	2
7253	0	0	0	0	1	0	1	0	2
7222	0	0	0	0	1	0	0	0	1
7230	0	1	0	0	0	0	0	0	1
7237	0	0	0	0	0	0	0	1	1
7240	0	0	0	0	1	0	0	0	1
7246	0	1	0	0	0	0	0	0	1
7251	0	0	0	0	1	0	0	0	1
7252	0	0	0	0	1	0	0	0	1
7256	0	0	0	0	1	0	0	0	1
7228	0	0	0	0	0	0	0	0	0

Map 2

Census Tracts in Galveston County, Texas

Census Tracts of Galveston County Ranked by the number of Opportunity Criteria Met



**Review and Analysis of Plans for Regionalization of Housing Opportunities for
Low- and Moderate-Income Households**

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Review and Analysis of Plans for Regionalization of Housing Opportunities for Low- and Moderate-Income Households

Task: Review and analyze plans for regionalization of opportunities for low- and moderate-income households in relevant metropolitan markets, including but not limited to New Orleans, Baltimore, and Chicago.

Abstract and conclusions

This report reviews attempts to regionalize housing programs in several metropolitan areas to determine what lessons can be learned for Galveston. Many cities are shrinking or even eliminating their stock of public housing. As part of this process, each city must determine how to rehouse the households who are displaced and how to redevelop the sites of the old public housing projects. The overall trend nationwide is to replace deteriorated public housing projects with mixed-income developments and to disperse the impoverished residents of the public housing projects into low-poverty, high-opportunity neighborhoods across the metropolitan area. A high-opportunity neighborhood must offer a safe location with access to good schools and gainful employment as well as economic, racial and ethnic diversity. To make the dispersal strategy sustainable, extensive housing counseling and supportive services are needed.

Background

The City of Galveston is confronting the problems associated with locating assisted housing units and households. Hurricane Ike destroyed many public housing units located in the City of Galveston. The community is debating how to address the problems of affordable housing. Plans call for a variety of strategies. Replacement public housing units are planned to be built as part of mixed-income developments on the sites of the original developments. Scattered-site units are planned to be built in the City of Galveston or elsewhere in the area.

The Research Question: How have other communities attempted to resolve affordable housing problems when replacing or demolishing public housing?

The body of published research on assisted housing is large and varied. Some issues are well resolved in the research; other issues seem to be open for continued debate.

A first consideration in selecting locations for assisted housing is to look at housing market conditions. Generally housing markets are good at providing enough housing units for the

population's needs. Too often, markets build more than is needed. Galveston is no exception; it has built more housing units than are needed by the population. Galveston County has 130,000 housing units to house about 107,000 households. This more than ample housing supply results in high vacancy rates at 16 percent among rental units and 8 percent among owner-occupied units (Bureau of the Census 2013). Note that a 5 percent vacancy rate is considered normal in a rental housing market and a 2 percent vacancy rate is considered normal in a market for owner-occupied housing. Given the high levels of vacancy in Galveston, it would be considered a very soft market. Soft markets make it possible to utilize units in the existing marketplace as a resource for assisted housing. Soft markets are rarely suitable for the addition of new units because the supply is already bloated.

In 2010, Galveston County had about 32,500 renter households living in about 37,300 rental units (Bureau of the Census 2013). Thus, the Galveston housing market is good at providing a more than adequate number of housing units. Unfortunately, the Galveston housing market is not good at providing enough housing units at the right prices for each income strata, a problem commonplace throughout the nation. In 2010, Galveston County had about 10,100 renter households with income below \$20,000 per year, meaning that they live at or below the poverty line. These households can afford no more than \$500 in gross rent assuming that their total housing costs, which are rent plus utilities, should be no more than 30 per cent of their incomes. There are only about 3,300 rental units in Galveston County with rents below \$500, leaving a shortfall of 6,800 units affordable to the poor. Thus, while Galveston has enough units in total, it has many poor households who are not able to enter the market for that housing without suffering a very high housing cost burden. This means that Galveston does not have a housing shortage; rather, it has many poor households who need assistance in order to consume the housing that is available in the marketplace.

A second consideration in selecting locations for assisted housing is the availability of resources to address affordable housing problems. Nearly all affordable housing programs are federally funded. The federal government has, for many years, taken two different approaches to resolving the problem of housing affordability. The first is to build units specifically for occupancy by the poor. This approach is more costly per household served, but it is especially appropriate where shortages of housing exist. Public housing was the program of choice to

resolve this problem in the past. It was followed by project-based programs such as the Section 8 New Construction/Substantial Rehabilitation program and others. Currently the Low-Income Housing Tax Credit (LIHTC) program is the active program that supports the development of units for low-income households. The second approach is to help poor renter households consume rental housing in the private market. This approach is less costly per household served, but it works best where an adequate supply of rental housing exists. This approach was originally called the Section 8 existing housing certificate program. Now it is called the Housing Choice Voucher (HCV) program.

The LIHTC program is the currently favored form of project-based assisted housing. Units built or rehabilitated for the program can be rented only to low-income households with rents no higher than what a typical low-income household can afford. Developers use the tax credits to attract equity investors into their project's ownership making the project feasible.

The HCV program is administered by public housing authorities. Vouchers are given to eligible poor households. These poor households lease units in the private market, paying 30 percent their income toward rent and utilities. The HCV program pays the remainder of the rent and utility costs.

The trend has been to support both approaches, but there has been a shift in who is served by each approach. The approach that produces units is now serving a less poor population. The LIHTC program tends to serve households whose income is 30 to 60 percent of the metropolitan area's median income level. While these households are considered to have low-income according to the definition employed by the federal government, these households have considerably more income than the households who occupy public housing. The approach that helps households consume existing units with vouchers tends to serve the poorest of the poor, those whose income is below 30 percent of the area's median income level. With this shift, the stock of public housing is slowly being phased out. Vouchers will serve the needs of the poorest of the poor while LIHTC units will serve the least worst off of the poor.

The portfolio of public housing units is contracting nationwide with more demolitions than additions. Public housing has a noble purpose, to provide good quality housing for the very

poor. It has succeeded in many of its attempts to serve this purpose. It is generally successful in providing housing for the elderly and the disabled. Public housing has been less successful in providing housing for non-elderly families.

The research on public housing teaches us that the concentration of poverty should be avoided (Wilson 1987; Turner 1998; Carter, Shill, and Wachter 1998). Poverty presents many challenges to the affected households. If these households are spatially concentrated, especially in a single housing project, the problems of poverty are exacerbated. Dispersal of the poor is possible through assisted housing. Several programs and initiatives have been undertaken to use assisted housing as a resource to help households locate away from areas with high levels of poverty and into areas with low levels of poverty. The motivation is straightforward. Housing assistance should do more than provide affordable shelter. Housing assistance should be administered so that the assisted household locates in a safe neighborhood offering access to good schools and gainful employment.

Use of housing assistance programs to accomplish the goals of poverty deconcentration means that the destination neighborhoods should offer economic as well as racial and ethnic integration. Economic integration means low concentrations of poverty with a mixing of income levels. Racial and ethnic integration means a mixing of racial and ethnic groups without high concentrations of minorities. Several efforts have been undertaken to accomplish these twin goals of poverty and minority deconcentration. These include:

- Chicago The Gautreaux Program,
- Multiple cities The Moving to Opportunity Program,
- Minneapolis-Saint Paul Demolition of public housing and dispersal,
- Baltimore Demolition of public housing and dispersal,
- New Orleans Disaster recovery from Katrina, and
- Multiple cities HOPE VI program for public housing redevelopment.

All these efforts provide some information that is useful in finding a solution to the assisted housing problems of Galveston.

Chicago: The Gautreaux Program

The Gautreaux program was born out of a consent decree, but it was, in effect, a quasi-experiment in the use of vouchers to promote racial integration (Rubinowitz and Rosenbaum, 2000). The NAACP successfully filed suit against the Chicago Housing Authority and HUD charging discrimination. The consent decree from this case provided for the allocation of vouchers to a set of low-income, inner-city households **with the condition that, in order to receive the voucher, each household must move to a racially integrated, suburban neighborhood without large concentrations of other assisted households or assisted housing units.** While its purpose was racial integration, the high correlation between concentrated poverty and the concentration of racial minorities meant that the Gautreaux experiment became a poverty deconcentration initiative in addition to its stated purpose of correcting past racial segregation. The households given vouchers with the requirement that they move to a racially integrated neighborhood were compared to another set of households given vouchers without a restriction on the neighborhoods where they could locate. Surveys of participants indicated that those households who moved to suburban locations were more likely to have a job after they moved (a differential of 16 percentage points), although they did not work more hours or earn higher wages (Rosenbaum, 1995). Survey results also indicated that the children in the households who moved to the integrated suburbs were more likely to stay in school, to be employed after graduation, and to go on to four-year colleges or universities (Popkin, Buron, Levy, and Cunningham, 2000).

The results from the Gautreaux program were always suspect because of the problems of self-selection by the two groups of voucher households. The households who moved to the suburbs were probably different from the households who took unrestricted vouchers. The households who entered the program volunteered for participation knowing the requirement to move to the racially integrated suburbs. These households also knew that they would be subject to more stringent screening for past criminal behavior, for past performance in paying rent in a timely manner and for their record of taking care of the previous rental unit. This screening could have caused the movers to the suburbs to be a different population than the households who chose unrestricted vouchers.

Lessons from the Gautreaux Program:

- Housing vouchers can be a relocation resource that provides more than just affordable shelter; the vouchers can help poor minority households locate in safe neighborhoods.
- Use of vouchers to deconcentrate the poor can generate positive gains in employment and education.

Moving to Opportunity in Multiple Cities

Given the doubts that researchers expressed with the Gautreaux groups and the desire to learn more about how to deconcentrate the poor, the Gautreaux initiative fostered HUD's Moving to Opportunity (MTO) experiment (Goering, Feins, and Richardson, 2003). The positive results that came from the Gautreaux experience gave HUD and Congress an incentive to test the concept further through a carefully designed experiment conducted in five cities: Baltimore, Boston, Chicago, Los Angeles and New York. MTO was a carefully designed experiment. The experimental group of public housing residents received vouchers with **the restriction that the household must rent a unit in a neighborhood with poverty below 10 percent.** A control group received vouchers without restrictions on where they could locate. A comparison group stayed in public housing. The MTO program had the distinct advantage over the Gautreaux program in that efforts were taken to ensure that the experimental group (households given vouchers with the restriction that they move to low-poverty neighborhoods) could be directly compared to a control group who stayed in public housing and a control group offered vouchers without restriction on where they could move.

The households were surveyed repeatedly over a period of years. The quality of their housing, employment and health were assessed along with their educational attainment and many other factors. The goal of the MTO program was poverty deconcentration. The program sought economic integration by moving poor households to neighborhoods without concentrations of poverty. But the program had no explicit criterion on racial integration or movement to the suburbs as did the Gautreaux program.

The program results were, at best, mixed and are described by many analysts as disappointing. Households who moved to low-poverty tracts were able to find good quality housing in safe neighborhoods, but the results indicate that it is not easy to achieve this outcome (Sanbonmatsu et al 2012). A basic measure of success of the MTO program is found in the percentage of households who were able to successfully lease a housing unit in a low-poverty tract and continue to reside in a low-poverty tract over time. **Only about one-half of the households who entered the program were successful at finding good quality units in low-poverty neighborhoods** (Shroder and Orr, 2012).

For those households who successfully entered the program, the positive outcomes were limited, but important. Gains for participating households were found in the health benefits realized by adults. MTO adults had lower incidence of diabetes, extreme obesity, physical limitations and psychological distress than did adults in the control groups. Many of these positive health benefits are associated with **movement away from crime intensive areas and into relatively crime-free areas**. Reducing the stress resulting from a fear of crime appears to have beneficial physical and mental health effects (Sanbonmatsu et al 2012). Neutral outcomes and even a few negative results were found in the many tests made for various other hypothesized outcomes. For youths in the program, there were few detectable benefits (Gennetian et al, 2012). **Schooling outcomes were no different between those households who moved to low-poverty tracts compared to those who did not, even for those children who were of preschool age when they entered the program**. The MTO program also had few detectable effects on the physical health outcomes for young people. Where favorable outcomes were found, they tended to be among young females, particularly with mental health outcomes. Less favorable patterns were found among young males (Genetian et al 2012). The MTO program generated few effects on economic well-being measured through employment, earnings, household income, and use of government assistance programs such as receipt of food stamps or Temporary Aid to Needy Families (Sanbonmatsu 2012). Turner (2012) offers, **“One possible reason that MTO gains were limited to health outcomes is that the special mobility assistance provided by the demonstration did not enable families to gain and sustain access to high-opportunity neighborhoods.”** It appears that success takes more than a voucher and a directive to move to a tract with poverty below 10 percent. Most of the households in the experimental

group of voucher households moved to neighborhoods with poverty below 10 percent moved only short distances within the central city and even the same school districts with only a marginal change in minority concentration.

The MTO program failed to replicate the positive benefits found in the Gautreaux program. Observers of the MTO program called it a “strong idea weakly implemented” (Briggs, Popkin and Goering 2010). The notion of moving poor households out of high-crime neighborhoods with high levels of poverty, weak schools and few employment opportunities remains valid as the Gautreaux program demonstrates. However, it is hard to replicate the Gautreaux results. A voucher with instructions to move to a low-poverty neighborhood is not enough. **Housing counseling is needed that provides guidance to high-opportunity neighborhoods and the means to sustain the household in the new environment.**

Lessons from the MTO Program:

- Movement of poor households to low-poverty neighborhoods is not enough.
- High-opportunity neighborhoods must offer more than just low-poverty. They must also offer access to well performing schools and gainful employment along with racial and ethnic diversity.
- Housing counseling and case management are important components of any poverty deconcentration effort.

Desegregation Case: The Hollman Case in the Twin-Cities

The success of the Gautreaux program fostered comparable suits against HUD in other cities over sanctioned patterns of segregation. The *Hollman v. Cisneros* case in Minneapolis is one. As in Chicago, the court found HUD failed to affirmatively further fair housing. In the remedy, HUD and the Minneapolis Public Housing Authority (MPHA) employed three methods to replace public housing that was demolished: 1.) Redevelopment of public housing with the relocation of displaced families; 2.) A housing mobility program using vouchers, and 3.) Development of scattered-site replacement housing.

Households receiving vouchers typically moved only very short distances, staying in the central cities. Twenty-two percent of the relocated families stayed within a 1-mile radius of the original site and 39 percent stayed within a 2-mile radius. Only 13 percent of the assisted households moved to the suburbs (Goetz 2004). These short distance moves resulted in locations with levels of poverty better than the original site but above the city average. (Goetz 2004).

The redevelopment component of the remedy proved hard to implement. Both in the central city and in the suburbs, non-impacted neighborhoods--those with low-poverty and low concentrations of minorities--**did not cooperate in the process, at least initially**. Strong advocacy by the MPHA combined with a high level of development skills eventually brought about a measure of success in building replacement units (Goetz 2004).

Developing replacement housing proved difficult, both inside Minneapolis and in the suburbs. **Neighborhoods with little or no assisted housing were not welcoming to the replacement housing**. Within the plan, there were to be 80 units developed in non-impacted neighborhoods within the central city. After 4 years, only one development with 8 units had been completed. The City of Minneapolis redoubled its efforts and managed to develop the remaining units over the next two years. Development of units in the suburbs was also slow at first with communities offering only poor quality units and undesirable sites. **After a few years, the suburban replacement units were eventually developed**. This development process was successful because of strong leadership by the Minneapolis Housing Authority with good press support and **the cooperative efforts of housing advocates**. (Goetz 2004).

Lessons from the Hollman Case in the Twin Cities:

- Demolition of public housing can take place quickly; development of replacement housing takes a much longer time.
- Opposition to assisted housing can be overcome by strong advocacy and skilled leadership.

Desegregation Case: The Thompson case in Baltimore

The circumstances in the Thompson case were similar to those in the Hollman case. In this case, **the court's decision placed a strong emphasis on the need for regional solutions** to the problems of racial segregation and social isolation in Baltimore and its surrounding suburbs. The court recognized the limited capacity of city officials to implement regional solutions and was critical of HUD because it had failed to do so while possessing the influence to carry out such a regional plan. The court found that HUD had a duty to affirmatively further fair housing, not just an act in a non-discriminatory manner (*Poverty & Race Research Action Council 2005*).

The settlement filed in the U.S. District Court of Maryland provides, in part, that **public housing families were to be offered vouchers with the provision that the households relocate away from high-poverty neighborhoods and into neighborhoods with low levels of poverty and better educational and economic opportunities throughout the Baltimore region.** Each family that chooses to participate in this Baltimore Housing Mobility Program receives a Housing Choice Voucher, housing and credit counseling, and other supportive services to facilitate the transition to a new neighborhood and new schools (National Low Income Coalition. 2012).

Lessons from the Thompson Case in Baltimore:

- Local officials cannot implement regional strategies without help.
- Vouchers are a good relocation resource because of the capacity to place households in existing rental housing.

The HOPE VI Program

The HOPE VI program was initiated in 1993. This program offered funding on a competitive basis by calling for the housing authorities to prepare plans to redevelop their most distressed public housing projects. To win funding, the plans were expected to demolish some or all of the public housing units and relocate the affected households with Housing Choice Vouchers. **The projects were then to be replaced with mixed-income properties that would enhance the surrounding neighborhood.** The program emphasizes the provision of supportive services to the displaced households and to the neighborhood beyond just the development of new projects.

These supportive services are to be designed to improve the quality of life in the neighborhood. A major study by the Urban Institute and the Brookings Institution (Popkin et al 2004) summarizes the program well:

“A central premise of HOPE VI—and of the broader public housing transformation effort that began in the 1990s—was that the overconcentration of profoundly poor, nonworking households was a major contributor to the high levels of social problems in distressed public housing. Thus, to improve the lives of public housing residents, policymakers placed increasing priority on the need to deconcentrate poverty, through two complimentary strategies: (1) helping them relocate to better neighborhoods and (2) creating healthier, mixed-income communities in place of the distressed public housing developments.”

Castells (2010) looked at Baltimore’s three HOPE VI projects in order to determine the impacts that the redeveloped project had upon the property values within the neighborhood where the redevelopment occurred. Only one of the projects showed convincing evidence of any positive spillover effects on surrounding properties. This project was the one in the least distressed neighborhood of the three. This raises questions on the wisdom of investing heavily in the redevelopment of assisted housing projects in highly distressed areas. The reinvestment may not be capable of leveraging significant gains in the receiving neighborhoods.

Zielenbach and Voith (2010) also look at the effects that HOPE VI projects have upon their surrounding neighborhoods. These authors examine two projects in Boston and two in Washington, D.C. They find that, for the most part, the projects have had positive effects upon the economic conditions of their surrounding neighborhoods. They find, however, that the impacts were greater where other development pressures exist. Thus, the gain in property values and other economic conditions were due to strong demand in the larger marketplace. In the absence of this development pressure, the positive effects of HOPE VI may be less pronounced or even nonexistent.

Following on the findings from the MTO program, the impact of crime has been given more attention by researchers. The concern was raised that relocation of public housing households to high-opportunity neighborhoods would bring crime into the receiving neighborhood (Rosin 2008). Popkin et al (2012) looked at HOPE VI and similar public housing transformations in Chicago and Atlanta. Chicago is in the midst of implementing a plan to transform its public

housing, and Atlanta is in the process of demolishing its entire stock of its public housing. **These authors find that crime drops substantially in the redeveloped neighborhoods. They also find that most neighborhoods that absorb the relocated households with vouchers are able to do so with no adverse effects. Some of the neighborhoods that are receiving households do experience increases in crime, though the increases are much less that popular accounts imply.**

The problems are greatest for neighborhoods that receive large numbers of assisted households. The implication is that relocation must be thoughtful and place limits on the number of assisted households who move to any single neighborhood (Popkin et al 2012)

One of the unique features of the HOPE VI program is that it explicitly requires that a substantial proportion of funds be earmarked for resident supportive services. There is still relatively little evidence about the efficacy of combining supportive services with extensive revitalization. An issue often cited by several researchers is the loss of social ties and support systems when households are relocated to different neighborhoods (Goetz 2004). Many residents of troubled public housing projects had developed elaborate coping strategies that helped them to deal with the stresses of life. Movement away from a public housing project may require strong supportive services to help the households deal with the problems of new housing in a new neighborhood (Popkin et al 2010).

Lessons from HOPE VI:

- *The promised economic impacts from of redeveloping public housing are often oversold. **Positive and significant gains are realized only where there is very strong demand for housing in the neighborhoods affected.***
- Neighborhoods selected to receive relocated households must be insulated from the generation of new concentrations of poor, assisted households.
- Households relocated out of public housing will need supportive services to assist them in their new locations.

New Orleans and Katrina

New Orleans provides special instruction for Galveston. Hurricane Katrina and its ensuing flood destroyed a great deal of housing including a large amount of public housing. Katrina was not

an equal opportunity destroyer. Analysis of FEMA storm damage data shows that the storm's impact was disproportionately borne by the region's African American community, by people who rented their homes, and by the poor and unemployed (Logan 2006). This is not surprising given that the poor and minorities, and many of the public housing units serving them, are often relegated to locations that are most flood prone.

The Housing Authority of New Orleans has struggled with its redevelopment efforts. When Hurricane Katrina hit New Orleans, more than 5,000 families lived in the city's public housing units. After years of effort, only a third of these families are back in public housing. Many have found homes elsewhere (Fessler 2010). The immediate decision of HUD following the storm was that the government would demolish the flood-damaged public housing and replace it with mixed-income developments (Fessler 2010).

In its efforts to design a redevelopment strategy, New Orleans was guided by the available HUD program, Choice Neighborhoods, as the HOPE VI program has come to be called. The Housing Authority of New Orleans planned for a multi-stage process that would redevelop the existing public housing projects into lower density, mixed-income developments (Housing Authority of New Orleans 2011). Soon the Housing Authority of New Orleans will complete the demolition of the last of the New Deal-era public housing projects still standing in New Orleans (Burdeau 2012).

Its efforts have generated both successes and shortcomings.

Among the shortcomings, the Housing Authority of New Orleans did not prepare plans to replace all of its public housing. The total number of units available to the poor renters will be about 37 percent of the pre-storm inventory of units (PolicyLink 2007). This means that households who lived in public housing must relocate elsewhere in New Orleans and beyond. However, many households have returned to the neighborhood they left with the storm. While many households feel a deep connection with the neighborhood, others indicated that they returned because they lacked choices. They indicated that they did not have anyplace else to go (Cohen 2012). Choices may be restricted for the poor, but the non-poor have choices. The plans to build mixed-income housing invariably means moving non-poor households into

neighborhoods previously dominated by the poor and moving non-minority households into neighborhoods previously dominated by minorities. This process, often called “gentrification,” has been criticized as a new form of segregation (Burdeau 2012).

Among the successes, the Housing Authority of New Orleans completed the development of its award winning Columbia Parc development. The housing authority used the redevelopment of Atlanta’s public housing as a model. The Columbia Parc project was completed in 2010 in the Bayou District. This 466 unit project contains approximately equal shares of units of public housing, LIHTC units and market-rate units. It has successfully transformed the community with a mix of housing types, amenities, schools, a health clinic, retail space and a recreation center (Serlin 2011). But these 466 units replace 1,400 public housing units of which only 900 were occupied at the time of Katrina. This means not only a net loss of total units but a net loss of affordable units.

Critics of the Housing Authority of New Orleans have called for replacement housing on a one-for-one basis, abandoning the notion of mixed-income redevelopment (Seicshnaydre 2007).

Such an approach may add to the stock of assisted housing, but it would only rebuild the problematic housing projects of the past which proved to be harmful to the affected households. Similarly, critics argue for redevelopment of public housing units as the solution to a shortage of units affordable to the poor (Seicshnaydre 2007). Building affordable units is not the only solution. Vouchers are less expensive and adding units to an already soft market exacerbates the problems of a housing surplus rather than taking advantage of the surplus.

Lessons from New Orleans post-Katrina:

- Mixed-income developments continue to be the trend for redevelopment of public housing projects.
- Successful mixed-income projects can be produced.
- Mixed-income redevelopment usually means fewer public housing units are developed than existed previously and that middle-income households are sought after to occupy the newly developed housing.

Conclusions

There is no simple solution to the challenges of designing regional remedies to affordable housing problems. There have been many successes and many failures as cities across the nation slowly retire their public housing projects and replace them with regional approaches to the problems of affordable housing. Even as we learn about what makes for successful plans, there can be no one solution because competing interests are seeking different, and often conflicting, solutions.

One overall trend is clear. **The nation is moving toward regional solutions that seek to disperse the poor and break up concentrations of poverty. Concentrating poverty in public housing does not work for non-elderly, able-bodied families. It is not good for the families, the developments or the surrounding neighborhood.**

Dispersal plans can work. Moving households to low-poverty neighborhood is possible and can be successful using either vouchers or scattered-site developments. But just moving households to neighborhoods that have low levels of poverty is not enough. The receiving neighborhoods must offer opportunities for successful education and gainful employment along with good housing in an economically and racially diverse setting. Housing counseling and other supportive services are needed to make these dispersal strategies successful over the long term.

It is necessary to recognize that racial integration is a very slow moving process. Most neighborhoods remain segregated. Over a 20-year period there is a long-term trend toward greater racial integration with the pathway to that integration being movement of racial and ethnic minorities into tracts that were previously populated only by non-Hispanic whites (Ellen, Horn and O'Regan 2012). Any dispersal plan should expect political resistance by receiving neighborhood and communities. This can be overcome with effective administration.

Redevelopment of mixed-income housing on the sites of public housing projects can be successful, but it requires good design, strong overall demand for housing, and a marketable mix of units by income level.

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The Viability of Mixed-Income Housing in Galveston, Texas

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The Viability of Mixed-Income Housing in Galveston, Texas

Task

Using comparative sites, analyze viability of maintaining income diversity in the ratio of 49 percent market rate and 51 percent public housing units in mixed-income public housing developments in City of Galveston to affirmatively further fair housing as required by the Fair Housing Act, as amended, and if the market rate units are not occupied, whether that violates the Fair Housing Act, as amended.

Abstract and conclusions

Research on the viability of mixed-income housing suggests that it should have a critical mass of market rate units with only a small share of low-income units. Research also suggests that mixed-income housing, to be viable, needs to be located in low-poverty neighborhoods. Neither condition is met by the developments proposed for Galveston, suggesting that these developments will not be able to remain viable. To affirmatively further fair housing, the plan should seek to disperse the units to locations that provide housing in economically, racially and ethnically integrated neighborhoods.

Background

The City of Galveston is considering plans to redevelop public housing projects destroyed by Hurricane Ike. The redevelopment plans call for projects that would be managed so that 51 percent of the units would be public housing units and 49 percent would be market rate units. The public housing units would be occupied by households whose income would qualify them for assistance through the public housing program. The households would have income that is below poverty or approximately 30 percent of the area median family income. The market rate units would be occupied by households without any restrictions upon their income.

The Research Question: What is the viability of mixed-income housing that is 51 percent public housing and 49 percent market rate housing if developed in targeted tracts of Galveston, Texas?

The U.S. Department of Housing and Urban Development (HUD) favors mixed-income housing, where possible, as the type of development that is to replace public housing projects. Public housing concentrates poverty by restricting occupancy to only households with income below 30 percent of the metropolitan area's median family income. This threshold is effectively the poverty line. It is the policy of HUD to deconcentrate poverty, where possible, and disperse the poor into neighborhoods offering opportunities for safe living in neighborhoods with good

schools and gainful employment (HUD 2013). As public housing projects are retired from service and their residents relocated, the HUD sponsored Choice Neighborhoods program calls for redevelopment of the sites as mixed-income housing.

To implement this concept, it is necessary to define mixed-income housing and to determine what factors influence the viability of this type of development. To do this, HUD sponsored research on mixed-income housing which was presented as a symposium through HUD's journal, *Cityscape*. The researchers addressed both issues.

What characteristics of successful mixed-income housing?

Defining Mixed-Income Housing

There is no one fixed definition of what constitutes mixed-income housing (Schwartz and Tajbakhsh 1997). Mixed-income housing can be thought of as mixing incomes at the neighborhood level or at the level of the development, and the housing can be either for owners or renters. For purposes of this report, the focus is on mixed-income rental developments.

Mix of Low-, Moderate- and Upper-Income Units

When rental developments are mixed-income, it is customary for the total units to be allocated into various categories according to the incomes of the tenants served. HUD defines households into several income categories based upon percentages of the metropolitan Area's Median Family Income (AMI). These include:

- Extremely low-Income (ELI) Income up to 30 percent of AMI
- Very Low-Income (VLI) Income between 30 and 50 percent of AMI
- Low-Income (LI) Income between 50 and 80 percent of AMI
- Upper-Income (UI) Income above 80 percent of AMI

Mixed-income developments may be obligated to market units to two or more of these groups.

From the perspective of marketing these units, the presence of households of extremely low-income (0 to 30 percent of AMI) presents a challenge. Brophy and Smith (1997) demonstrate that, for a mixed-income development to be marketable, the share of units allocated to any category of low-income households should be small. They indicate that there must be a “critical mass” of market-rate units. There is no consensus on what is the maximum percentage that should be allocated to low-income households, but the figure of 20 percent is commonly mentioned (Khadduri and Martin 1997).

Excellence in Design

Brophy and Smith (1997) also indicate that the project must be of excellent design. The units must be attractive and there must be no physical distinction between the units allocated to low-income households and those allocated to households consuming market rate units.

Excellence in Management

Brophy and Smith (1997) indicate that any mixed-income housing development must be managed well. Unfortunately our knowledge of the management issues is incomplete because few successful examples of mixed-income housing exist. Brophy and Smith state:

“Much of the for-profit development industry views mixed-income housing as a higher risk than either fully conventional market-rate housing or totally subsidized developments. There is also a sense that mixed-income housing is too complicated to manage, given the varying income communities, their needs, and the potential conflicts. Hence the number of planned, mixed-income developments in the United States is quite limited.” (Brophy and Smith 1997, p. 4).

The authors indicate that the greatest challenge to income integration is found in the management’s capacity to set behavioral norms. The upper-income tenants have choice because of their higher incomes. They can easily move to alternative housing in the marketplace if the mixed-income development does not provide attractive housing and high quality service. If the higher income households are not happy with the behavior of other residents within the development, they will leave, making it hard to maintain the high level of occupancy necessary for the development to be financially viable.

Excellence in Location

Khadduri and Martin (1997) address the markets within which mixed-income housing is viable.

“We conclude that mixed-income housing usually is found in low-poverty neighborhoods. It is feasible in high-poverty neighborhoods only when there are special housing market conditions, such as immigrants who are willing to use assisted housing in poor neighborhoods as a starting point.” (Khadduri and Martin 1997, p. 33)

Again, the households who can afford market-rate units have alternatives. If living in mixed-income housing is viewed as less desirable than housing developments that offer exclusively market-rate units, then the mixed-income housing must offer something special to remain viable. Often this special characteristic is a highly desirable location. The neighborhood is so highly sought after, that upper-income households are attracted to it despite other liabilities such as mixed income occupancy in the development.

Smith (2002) comes to a similar conclusion. He argues that mixed-income housing is not the correct solution for every location. It is an effective tool in some situations and inappropriate in others. It is workable only where the demand for market-rate housing is very strong.

Application to the Galveston Plan

The published research on mixed-income housing has significant implications for the proposed developments in Galveston. The adopted plan calls for the Galveston Housing Authority to redevelop two public housing developments on the sites of two public housing developments destroyed by Hurricane Ike.

Critical Mass of Market-Rate Units

The proposed mixed-income developments in Galveston call for developments that are 51 percent public housing and 49 percent market rate housing. The research suggests that this mix of units will not generate the critical mass of market rate units necessary to successfully attract upper-income households.

Table 1 **Characteristics of Census Tracts in Galveston County, Texas for Planned Mixed-Income Housing**

	<i>Tract 7246.00</i>	<i>Tract 7243.00</i>	<i>Average of County Tracts</i>
Percent Poverty	61.0	25.7	17.1
Percent Minority	97.6	54.2	45.9
Population 2000	2,507	4,530	4,101
Population 2010	1,852	3,329	4,694
Percent change	-26.13	-26.51	14.46
Rental Vacancy	9.0	14.9	10.4
Owner Vacancy	12.2	13.3	5.0
Housing Stock	962	2,029	2,138
Assisted Units	192	0	75
Percent Assisted 2010	20%	0%	4%

Mixed-Income Works in Low-Poverty Neighborhoods

The neighborhoods where the proposed mixed-income projects would be developed are heavily impoverished. Generally, 25 to 30 percent poverty is seen as a threshold identifying a high-poverty census tract. Tract 7243, where Magnolia Homes was located, had a poverty rate in 2010 of 26 percent, and tract 7246, where Cedar Terrace was located, had 61 percent. Both tracts have minority concentrations well above the average of tracts across the county.

Mixed-Income Works in Neighborhoods with Strong Demand for Housing

The two census tracts where the proposed developments are to be located are, at best, weak housing markets. The populations in both tracts declined by about one-fourth from 2000 to 2010. The typical tract in the county grew by about 14 percent. The housing markets in both tracts are very soft. For a market to be strong enough to attract middle- or upper-income households, it should have low levels of vacancy. Vacancy in the rental market should be below 5 percent and below 2 percent in the owner market. The vacancy rates in the two tracts in question are not the highest on the Island, but both are too high to be considered strong markets.

For a market to be strong enough to attract middle- and upper-income households, the percent of the housing stock that is assisted should be low. A ceiling of 4 percent is a generally accepted figure. With the planned units, Tract 7243 will rise from no assisted to 4 percent, which is at the maximum figure that is acceptable. With the planned units, Tract 7246 will rise from 20 percent to 23 percent.

Conclusion

To develop mixed-income housing on the sites of the former public housing projects means locating these developments in tracts that are not enjoying strong demand for housing by upper-income households. The census tracts where the developments are planned have high levels of poverty and are not racially or ethnically integrated. The research suggests that these characteristics will make mixed-income housing developments extremely difficult, perhaps even impossible, to successfully market to upper-income households.

The proposed mixed-income developments are expected to be well-designed and well-managed. However, it seems unlikely that good design and high quality management can overcome the soft market conditions and incidence of assisted units in these census tracts.

To affirmatively further fair housing, the plan should seek to disperse the units to locations that provide housing in economically, racially and ethnically integrated neighborhoods. Alternatives exist for households who can consume market-rate housing. Ample rental housing is available elsewhere.

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The Impacts of Public Housing Reconstruction on Targeted Census Tracts in the City of Galveston, Texas

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The Impacts of Public Housing Reconstruction on Targeted Census Tracts in the City of Galveston, Texas

Abstract and conclusions

Outline a model for analyzing economic, including but not limited to municipal expenses, social, and environmental impacts of reconstruction of public housing units in targeted census tracts

Background

The City of Galveston is planning for the redevelopment to two sites where Hurricane Ike destroyed public housing.

The Research Question: What will be the economic, social and environmental impacts of reconstruction of public housing units targeted census tracts in Galveston, Texas?

Economic Impacts: The development to two new mixed-income housing developments may generate municipal expenses. The increased rental housing units will create some level of municipal expenses as will any housing units. These units are expected to have minimal incremental impact as these newly developed units will restore units that existed on the site previously. Similarly, there will be only incremental educational expenses. Any new students from the developments would only replace enrollment that was lost due to the hurricane. In addition, families with students in the Galveston school district are given considerable latitude to select schools across the district independent of their address. Because of this fluid enrollment system, the absorption of new students into the school district will be dispersed across the system rather than felt by one or two individual schools.

The potential exists for changes in the property tax base with development of the new mixed-income projects. The published research addressing the impact of assisted housing upon the value of properties in close proximity is large. The results are not in agreement. It appears that the type of subsidy program, the conditions of the housing market, and the quality of the housing developed all influence the impact that the new housing has upon property values of

neighboring properties. The research indicates that assisted housing can have no effect on nearby properties, it can have a negative effect or it can have a positive effect.¹

It is unclear what impact the proposed development may have. Well-designed and well-managed mixed-income housing can prove to be an asset to a neighborhood. This is especially true if the development replaces a blighted property and eliminates the doubt over how a property will be developed. However, it is also unclear how well the proposed developments will perform in the marketplace. The developments are planned to be structured so that at least one-half will be public housing units. In general, public housing is viewed as a liability within a neighborhood, depressing the values of nearby properties. If the planned developments are perceived as public housing and are unable to attract unsubsidized, market-rate tenants, then the developments may have a negative impact upon property values.

Recommendation to model economic impact: The City of Galveston and its school district should monitor the changes in municipal services costs and in the base of taxable properties, adjusted for inflation as they existed before Hurricane Ike, after Hurricane Ike, and after redevelopment of the lost public housing projects.

Social impacts: As previously noted, the census tracts where the planned housing developments are to be located already suffer from high levels of poverty. This means that neither tract would be a good candidate for development of public housing that will further concentrate poverty. The two planned developments are to be structured such that they are about one-half public housing. This development plan will concentrate impoverished households in neighborhoods that already have levels of poverty greater than the average in the county and greater than the levels deemed to be too high to receive additional assisted units.

¹ Freeman, Lance. 2002. "Subsidized Housing and Neighborhood Impacts: A Theoretical Discussion and Review of the Evidence," *Journal of Planning Literature*, Vol. 16, No. 3, pp. 359-378. Pendall, Rolf. "Why Voucher and Certificate Users Live in Distressed Neighborhoods," *Housing Policy Debate*, Vol. 11, Issue 4, 2000, pp. 881-910. Galster, George C., Peter Tatian, and Robin Smith. "The Impact of Neighbors Who Use Section 8 Certificates on Property Values," *Housing Policy Debate*, Vol. 10, Issue 4, 1999, pp. 879-917. Lee, Chang-Moo, Dennis P. Culhane, and Susan M. Wachter. "The Differential Impacts of Federally Assisted Housing Programs on Nearby Property Values: A Philadelphia Case Study," *Housing Policy Debate*, Vol. 10, Issue 1, 1999.

In addition, these planned developments will possibly further the concentration of racial and ethnic minorities. Both neighborhoods have concentrations minorities that are greater than the average found for tracts in the county. Tract 7243 was at 54 percent in 2010, and tract 7246 is 98 percent. Poverty is found disproportionately among members of racial and ethnic minorities. Because of this, it is very possible that the development of two housing projects that will be at least one-half occupied by extremely low-income households who will qualify for public housing will increase the concentration minorities in the two affected tracts. This is a particular problem for tract 7246 with a population that was 98 percent minority in 2010.

The planned developments will also increase the concentration of assisted housing. Tract 7243 had no assisted housing units as of 2010. The planned mixed-income housing would raise the assisted housing as a percentage of all housing to about 4 percent which is deemed to be the maximum that any tracts should contain. Tract 7246 had 20 percent of its units assisted in 2010, well above the recommended ceiling of 4 percent. To add additional, assisted housing units to this tract would only raise the percent of the stock that is assisted to even higher levels. The proposed development would increase the percentage by about 3 percentage points to 23 percent. (See Table 1.)

Recommendation to model social impact: The City of Galveston should attempt to affirmatively further fair housing. To perform this function, the City should monitor the level of economic, racial and ethnic segregation that occurs within its jurisdiction and beyond. The City should take steps to reduce concentrations of poverty and minorities. The City should also seek to provide assisted housing in a manner that promotes the economic and racial integration and should not take steps that will exacerbate the problems that already exist.

Environmental Impacts: It is beyond the scope of this study to examine all of the environmental impacts of the planned housing developments. It is assumed that the City of Galveston will only allow housing to be developed that meets all normal environmental rules and regulations. This is assumed to be true whether the development is for market rate housing or for assisted housing. Thus, no recommendation is made to monitor these issues.

Table 1. **Housing Stock of Tracts to Receive Mixed-Income Developments
Galveston, Texas**

	<i>Tract 7246.00</i>	<i>Tract 7243.00</i>	<i>Average of County Tracts</i>
	<i>Former Cedar Terrace Site 2914 Ball Street</i>	<i>Former Magnolia Homes Site 1601 Strand Street</i>	
Existing Housing Stock	962	2,029	2,138
Assisted Units	192	0	75
Percent Assisted 2010	20%	0%	4%
Planned Units			
Public Housing	62	82	
Market Rate	60	78	
Total	122	160	
Stock with planned	1,084	2,189	
Assisted with planned	254	82	
Percent assisted as planned	23%	4%	

**Review and Conclusions on Public Housing Reconstruction in Targeted Census
Tracts in the City of Galveston, Texas**

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Review and Conclusions on Public Housing Reconstruction in Targeted Census Tracts in the City of Galveston, Texas

Abstract and conclusions

The proposed mixed-income housing developments will add public housing units to neighborhoods that already suffer from high concentrations of poverty exacerbating the problems that result from this social condition. These developments will confront a significant challenge in marketing units to middle- and upper-income households. If the developments fail to attract middle- and upper-income tenants, then the developments will further concentrate the poor in individual developments in poor neighborhoods. Increasing, rather than decreasing, economic, racial and ethnic segregation does not affirmatively further fair housing.

Background

The City of Galveston is planning for the redevelopment to two sites where Hurricane Ike destroyed public housing. Plans are in place to rebuild mixed-income housing developments on two of the sites where public housing projects were destroyed. The replacement developments are to be structured such that 51 percent of the units will be public housing units and 49 percent will be market rate units. The public housing units will be occupied by households whose income is low enough for them to qualify for the public housing program, typically below 30 percent of the area median family income. The market rate units will be rented to households without restrictions on their incomes. In addition, 50 units of scattered site public housing will be developed elsewhere in Galveston.

Review and Conclusions

a. Fair Housing Act compliance with the current mixed-income housing projects.

To affirmatively further fair housing means to take active steps to break down the high concentrations of the poor and minorities found in many urban neighborhoods. **The proposed mixed-income developments are unlikely approaches to affirmatively further fair housing.**

The tenant population in public housing is generally very poor. Because racial and ethnic minorities are over-represented among the poor, the tenant population of public housing is often disproportionately made up of these minorities. Locating poor households in developments where they will be the dominant groups of tenants threatens the viability of the

project as a mixed-income development. These developments will further concentrate the poor and minorities in neighborhoods that are already heavily populated by the poor and minorities. Because of these neighborhood characteristics, **it is unlikely that middle- and upper-income households will be attracted to these developments.** Even if successful in maintaining a mix of 51 percent public housing and 49 percent market rate housing, **the developments will further the concentration of the poor because of the large share of public housing.** **If the developments are unable to maintain a mixed-income tenant population, it is very likely that the non-public housing units will be occupied by low- or very-low income households, exacerbating the concentration of the poor in the receiving neighborhoods.**

b. The environmental aspects/impacts (storm, flood, industrial, traffic, etc.), and the ability to affirmatively further fair housing for subsidized housing on Galveston Island and regional areas. The City shall provide the specific environmental aspects/impacts to be addressed in the study.

Analysis of the environment aspects of the development is beyond the scope of this report. It is assumed that the City of Galveston will only permit housing to be developed that meets all environment concerns. This is assumed to be true independent of whether the housing is assisted for low-income tenants or is market rate housing for unassisted tenants.

c. The educational impacts of current plans to existing required independent school districts both economically and academically.

Students, especially students drawn from poor families, are educated both formally and informally. Formal education takes place in the school system; informal education takes place through contacts with family, friends and neighbors.

Formal education: The Galveston School District has taken steps to provide choice for the families served by the District. The families of grade school students may apply for admission to any grade school in the district. This has the great advantage of allowing families to locate their children in schools that best serve the needs of the individual student independent of the location where the family resides. However, school age children of those impoverished families who will reside in the new public housing planned will add to the population of students in the

district drawn from the poor. Increasing the concentration of poor children does not affirmatively further fair housing.

Informal education: Students are better served in neighborhoods that are mixed racially, ethnically and economically. If new public housing is developed in neighborhoods that suffer from high concentrations of the poor and minorities, then students will be denied the informal contacts, learning and increased awareness that could be achieved if they lived in a neighborhood with diversity among its residents.



Galveston County Apartment Association
P.O Box 3934
Galveston, Texas 77552
Office 409-762-8339 Fax 409-762-0145
GalCtyAptAssn@sbcglobal.net

September 10, 2013

Texas Department of Housing and Community Affairs
Via Email c/o teresa.morales@tdhca.state.tx.us

Re: Galveston Initiative II

To TDHCA;

The Galveston County Apartment Association represents 135 apartment communities consisting of 16,823 dwelling units in Galveston County. Close to six thousand of those units are on Galveston Island, with most within the city limits.

Our Board of Directors and membership stand strongly opposed to the granting of any additional tax credit properties in the City of Galveston.

Relative to cities of similar size, Galveston already has a disproportionate number of tax credit units. Many of these tax credit units are currently vacant. Vacancy in conventional units remains at an average of close to 20% across the city. When the approximately 4,000 vacant single family homes are added to the apartment vacancy rate, it becomes obvious that no new rental housing units are needed.

If the rental housing market indicated a need for additional units, we are certain that private investors would quickly secure the financing to satisfy that need. The population of the City of Galveston has fallen from a pre Hurricane Ike total of 58,000 to just over 47,000 at the present time. The only investors able to secure financing and build in this depressed market may only be those with taxpayer subsidized tax credit projects. Approval of these additional units will only cause further unfair competition in the marketplace due to the proposed units being built on land that is property tax exempt.

In closing, we again ask that these tax credits not be granted.

Sincerely,

Galveston County Apartment Association
Robert A. Pisaturo, President

Bruce Mundon
501 13th
Galveston, TX 77550

TDHCA
Teresa Morales
Austin, Texas

Cedar Terrace and Tax Credits

As a resident who lives just a few blocks from the proposed development and as a Section 8 resident, I am asking you to NOT give any tax credits to develop Cedar Terrace. The proposed area of town for this development is a substandard area with high crime and known gangs. I do not imagine any development that has low income housing in this area will be successful unless total disaster is the goal.

Please DO NOT fund this development with tax credits. It will be a scar on the residents who live in the development and cause a long term hopeless environment for the neighborhood.


Bruce Mundon


Jan Lynn
1322 Postoffice
Galveston, Texas 77550

TDHCA
Attention: Teresa Morales

“Tax Credits to develop Cedar Terrace”

I am currently on the Section 8 program and live in Galveston and if my income drops anymore or prescription cost were to rise again, I might end up in public housing. I DO NOT want to live in the area of Cedar Terrace. It is a horrible area of town full of drugs and hookers!! I would not feel safe in that area and I do not understand why you want to build anything in that unsafe area. Can you not find another place in Galveston to build? There are plenty of places that are much more attractive and surrounded by excellent neighborhoods that would be more appropriate. If you plan to build something, make sure the area is safe and people who may be forced by circumstances to live in the Public Housing feel safe and not discarded to the worst part of town. If I do end up in Public Housing, I honestly feel like you are discarding me to an unsafe living environment. Just drive a short 3 ½ hours from Austin and come see where you are asking people to live. Then ask yourself, would you want a member of your family to live in this neighborhood?

Please do not give any monies or tax credits to help this development.


Jan Lynn

Prexie and Debbie Garcia
3608 Las Palmas
Galveston, TX 77554

Teresa Morales
TDHCA
Austin, TX

RE: Tax Credits Galveston Development

We would like to express our disappointment in the TDHCA for even considering tax credits for a development in this crime infested part of Galveston. You should **not allow any tax credits** to go toward this development and tell the Galveston Housing Authority to find a more suitable place to develop any mixed income development. This is a terrible way to treat the poor, by placing them in the worst part of town, what type of signal are you sending about their worth, their lives and their value in society. The poorest in our society deserve better than to be cast aside.

Prexie and Debbie Garcia

Richard and Linda Denson
1019 16th Street
Galveston, TX 77554

Texas Department of Housing and Community Affairs
Teresa Morales
507 Sabine Street
Austin, TX 78701

CC: United States District Court
Northern District of Texas
Dallas Division
Chief Judge: Sidney A. Fitzwater

Re – TDHCA Tax Credits for Cedar Terrace (Galveston Initiative II)

In the ICP v. TDHCA case, the Judge's recommendations on the awarding of tax credits state (p.22 last paragraph) that "At the time of any award of Low Income Tax Credits, the site AND NEIGHBORHOOD of any unit covered by the award MUST CONFORM to the Departments rules regarding unacceptable sites."

The Cedar Terrace site does not meet the Departments rules for an acceptable site because of the following reasons:

The location of the Cedar Terrace development is in a 61% impoverished census track, the poorest census track in the entire county of Galveston.

The site location is within 300 feet of a railroad track.

The site location is within 300 feet of heavy industrial uses (the Port of Galveston is directly across the street from the proposed development.)

The site has a history of significant recurring flooding.

The site has a significant presence of blighted structures (photographs enclosed with this letter.)

The site and surrounding area has a low presence of any employment opportunities.

The site and surrounding area has a known presence of gang activity, prostitution, drug trafficking and other criminal activity.

The Cedar Terrace site is almost a complete checklist of all the unacceptable reasons for tax credits to be awarded for any development. The Galveston Housing Authority could not have chosen a worse site in the entire county. Little opportunity is offered for individuals to escape poverty and this site almost guarantees generational poverty and little chance for upward mobility.

Therefore I request that you deny any tax credits for this development.

Richard and Linda Denson

**More vacant structures that border the proposed site for development
on the south and east sides**



**The Proposed Cedar Terrace Development directly across the street from the
Port of Galveston**



The Proposed Cedar Terrace Development survey stakes directly across the street from the Galveston Water Treatment Plant



**Southwest Survey Stake showing Water Authority Building borders the West side of the Cedar Terrace Development
Below right: Vacant property that blights the neighborhood**



More blighted structures border the south and east sides of the proposed development



PROCLAMATION

We the Mayor and the City Council, by virtue of the authority vested by the City of Galveston, Texas, do proclaim

August 29 , 2013

As Galveston's celebration of the
50th Anniversary of the March on Washington



WHEREAS, the 1963 March on Washington was the largest Civil Rights demonstration in the history of the United States; and

WHEREAS, on Thursday, August 29, 2013, at 5:30 p.m. organizations and community members from Galveston will pay tribute to the 50th Anniversary of the March on Washington by gathering at the Sealy Pavilion across from Rosenberg Library and adjacent to Ashton Villa at the intersection of 24th Street and Sealy Avenue, a site known throughout America as the location of the reading of the Emancipation Proclamation on June 19, 1865; and

WHEREAS, as part of the ongoing effort to involve the community, the gathering will then commemorate one of the landmark events of the Civil Rights Movement by leaving at 5:30 pm and marching to Ave. L Missionary Baptist Church, the oldest African-American Church in Texas, where a Celebration will begin at 6:00 p.m.; and

WHEREAS, community members will be invited to participate and march and speak about civil rights, rebuilding housing, voting rights, access to health care, employment, the history and significance of Dr. King's speech then, now and in the future, as well as struggle, forgiveness, and non-violence; and

WHEREAS, Galveston's civil rights, faith-based and minority community organizations, joined by people of all races and ethnicities and backed by the federal and state government have demanded for five years the rebuilding of all the homes that were destroyed by Hurricane Ike; and

WHEREAS, all members of the Galveston City Council support the Fair Housing Laws of Texas and the United States and the obligation of the City of Galveston to affirmatively further fair housing, and the City Council now supports the rebuilding of mixed income and scattered site housing as set forth in the September 28, 2013 plan submitted to the Texas General Land Office; and

WHEREAS, the work to rebuild Galveston for all our people, regardless of their race, national origin or income is a continuation of the struggle for Freedom and Civil Rights, and that Galveston's commitment to "The Dream" is to rebuild for all; and

WHEREAS, Thursday, August 29, 2013, at 5:30 p.m. is a time for us to gather near Ashton Villa and honor the brave men and women who marched and still march for Civil Rights; and

THEREFORE, BE IT RESOLVED, that the Mayor and City Council for the City of Galveston, Texas, hereby declare Thursday, August 29, 2013 as Galveston's celebration of the 50th Anniversary of the March on Washington.

In testimony whereof, witness my hand and the Seal of the City of Galveston, this 29th day August, 2013.

Lewis Rosen, Mayor

Janelle Williams, City Secretary

3b

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on Extension Request related to Commitment Notices Issued under the 2013 State Housing Tax Credit ceiling.

RECOMMENDED ACTION

WHEREAS, the Board approved a commitment of \$813,434 in Competitive (9%) Housing Tax Credits to Villas at West Mountain (#13099) in accordance with the Qualified Allocation Plan on July 25, 2013;

WHEREAS, the Commitment Notice was issued on August 16, 2013, and, pursuant to §10.402(a) of the Uniform Multifamily Rules, was to expire on September 16, 2013, unless the development owner satisfied certain conditions of the Commitment;

WHEREAS, the development owner failed to satisfy the condition to provide receipt of a funding commitment from a qualifying source as required by §11.9(d)(3) of the Qualified Allocation Plan, related to Commitment of Development Funding by Unit of General Local Government, that was sufficient to support the points elected in the Application and the subsequent award of Housing Tax Credits;

WHEREAS, prior to the deadline to meet the requirements of the Commitment Notice and its resulting expiration, the development owner requested an extension of the expiration date of the Commitment Notice to December 31, 2013; and

WHEREAS, pursuant to §10.402(a) of the Uniform Multifamily Rules, the commitment expiration date may not be extended without prior Board approval for good cause;

NOW, therefore, it is hereby

RESOLVED, the request for an extension of the commitment expiration date for Villas at West Mountain (#13099) is hereby denied and the Housing Tax Credit award is hereby rescinded.

BACKGROUND

On August 16, 2013, Department staff issued a Commitment Notice to Villas at West Mountain (#13099), located in Urban Region 13. That commitment was for \$813,434 in housing tax credits and was conditioned on several items, including documentation that the development owner had obtained a commitment of development funding from a qualifying source for purposes of substantiating points awarded to the application under §11.9(d)(3) of the Qualified Allocation Plan (“QAP”), related to Commitment of Development Funding by Unit of General Local Government. The owner was unable to provide such documentation at the time the Commitment Notice expired on September 16, 2013, and has requested an extension of that commitment expiration date.

The applicant, in its request, admits that it will not be able to produce the funding commitment necessary to substantiate the points. There is no indication in the request that the applicant is pursuing the obtaining of qualifying funding. The applicant is instead seeking to have the City of El Paso take adverse (to other competing applicants) action with respect to commitments of qualifying funding it made, allegedly in bad faith, to those certain applications. The argument is that, should the applicant for Villas at West Mountain be successful in this action, the City of El Paso would be compelled to rescind the funding commitments made to those competing applications. According to the applicant for Villas at West Mountain, this would result in a significant point loss for at least the three highest scoring applications in the sub-region and ultimately could result in an award for both Villas at West Mountain, even if it is unable to support all of the points it claimed, and the already awarded competing application, Verde Palms.

Staff declines to comment on the applicant’s allegations or the merits of any course of action the applicant may take with respect to these matters. Staff recommends denial of the extension for reasons strictly in accordance with the rules (Qualified Allocation Plan and Uniform Multifamily Rules) because the applicant did not substantiate its claimed point item and is not seeking additional time to provide a compliant commitment.

First, the rules very clearly call for a funding commitment from a Unit of General Local Government which may be a city, county, or instrumentality of the city or county, depending on the location of the development site, in order to score points for the application. This commitment, if not in place at the time of application submission, may be submitted at the time of commitment. Staff does have funding commitments from a qualifying source for two of the three highest scoring applications in the sub-region, but no such commitment was included with the application for Villas at West Mountain, either at the time of application submission or at commitment. The funding commitments that were submitted for the two referenced high scoring

applications appear to be valid, and there does not appear to be any basis for staff to decline to accept those funding commitments and proceed with those applications. The applicant in their appeal alluded to staff's letter to Mayor John Cook of El Paso dated May 13, 2013, and even stated that they agreed with staff's assessment of the situation. The letter reads, "staff does not have the discretion to withhold the awarding of points if the documentation provided at each stage meets the applicable requirements," and that remains true.

Second, the granting of the extension would have a potentially significant and disruptive impact on staff's ability to allocate tax credits by the end of the year. Even if the request were more conventional in nature, if the applicant for example was only waiting on the timing of a city council meeting to obtain the necessary financing commitment, staff would still hesitate to recommend such action because it could potentially create delays that would make it difficult to allocate credits by the end of the year. For instance, if such an extension were granted and then not met, staff would then issue a commitment to the next application on the Waiting List and give that applicant up to 30 days to meet any conditions of that commitment as well as meet the requirements of carryover. At this late date in the tax credit cycle, there is a very real possibility that the next application(s) on the Waiting List would no longer have site control or have not pursued other requirements that would need to be met very quickly. Staff would then go on to the next application and the next, until there was simply no more time to allocate the credits, each subsequent potential awardee being constrained by less and less time and increasingly unlikely to have prepared for such an eventuality. This particular request is even more problematic since it is based on pursuit of point losses for more than one other application; so even determining the next application on the Waiting List could take some time to confirm.

Staff recommends denial of the request for an extension and rescission of the Housing Tax Credit award.

AINSA HUTSON, LLP
ATTORNEYS AT LAW
5809 Acacia Circle · El Paso, Texas 79912
Tel: (915) 845-5300 · Fax: (915) 832-3547

Francis S. Ainsa Jr.

Email: fain@acaciapark.com

September 13, 2013

Via email: tim.irvine@tdhca.state.tx.us

Mr. Tim Irvine
Executive Director
Texas Department of Housing and
Community Affairs
221 East 11th
P.O. Box 13941
Austin, TX 78711-3941

Re: Villas at West Mountain, TDHCA No. 13099

Dear Mr. Irvine:

This letter will amend and restate my letter of September 9, 2013. I represent West Mountainview, Ltd. d/b/a Villas at West Mountain ("West Mountain") and its General Partner, Investment Builders, Inc. ("IBI"). West Mountain received a commitment for low-income housing tax credits from the Texas Department of Housing and Community Affairs ("TDHCA") in the 2013 funding cycle.

The purpose of this letter is: (1) to advise you that West Mountain has made an Application for Remedy Prerequisite to Suit Against the City with regard to the City's role in the awarding of tax credits in 2013, (2) to seek any applicable administrative remedy from TDHCA, and (3) to ask that TDHCA not take any action with regard to awards of tax credits in Region 13 Urban until the issue that I describe below can be fully adjudicated.

As you know, the following applications were made in Region 13 Urban, in order of scoring:

13133 Verde Palms
13099 Villas at West Mountain
13130 North Desert Palms
13098 Meadow Heights
13097 Eastpointe Estates
13166 Artspace El Paso Lofts

Due to allocation cap, only the Verde Palms and Villas at West Mountain applications received commitment notices. Those commitment notices are due to be returned to TDHCA soon. When they are returned, West Mountain will lose points and thereby suffer a serious injustice that is the source of my client's claims.

This case started with the City of El Paso's attempts to ensure that the Artspace Lofts would receive a tax credit award in Region 13. You have received several communications about these matters. For convenience, I will summarize the operative facts below.

On August 30, 2012, the El Paso City Council adopted a resolution stating that the Artspace project would be the sole priority project for the 2013 funding cycle for TDHCA tax credits and that the City would not endorse or support any competing projects during the 2013 funding cycle. This resolution was directed primarily at IBI and Tropicana Building Corporation ("Tropicana") who are the two dominant tax credit developers in El Paso. I have attached a copy of this resolution and the minutes of the meeting at which it was adopted. Please note that on page 2 of the minutes the City Manager, Joyce Wilson, stated that the "private developers" had been notified that the City intended to make Artspace its sole priority for the 2013 funding cycle. The resolution also directs the Mayor to send letters to the Housing Finance Corporation and the Housing Authority requesting that they join the City in supporting the Project. Ms. Wilson also stated that the other tax credit developers would be asked not to apply.

On November 5, 2012, representatives of Tropicana and IBI, the other two major private tax credit developers, appeared at a special meeting of the City Council to respond to questions from the Council regarding whether they would cooperate with the City's goal of providing Artspace with the best possible opportunity to qualify for tax credits. The minutes of the November 5, 2012, meeting, a copy of which is attached, reveal the following exchange between Representative Courtney Niland and Mr. Bobby Bowling IV, Tropicana's representative:

Representative Niland asked Mr. Bowling, "Would you step aside for Artspace?"

Mr. Bowling answered, "Yes I would and I do not need a Resolution from a Board. I am a man of my word. I can not [sic] beat them under 2013 proposed rules. But if I somehow did, I would step aside or give back points. I can not [sic] beat them unless you, the City Council, gave me points through your dollars."

Applications for the 2013 tax credit funding cycle had to be filed with TDHCA by March 1, 2013. Under the TDHCA rules, an applicant is entitled to receive points if its application includes a letter from Unit of General Local Government ("UGLG") stating that the applicant has made a request for a loan or a grant and that the UGLG will consider funding the request. Applicants usually make great efforts to obtain letters from a UGLG because the letters generate additional points for scoring purposes. The points for UGLG letters often directly affect which applicants are awarded tax credits in July of each year. However, in September, an applicant

who was awarded tax credits in July must demonstrate that it will actually receive funding from a UGLG or it will lose the points that it received for presenting a UGLG letter with its application. In this event, the applicant can lose its award of tax credits because its application is outscored by other applications. This is exactly what is expected to happen for West Mountain.

Based on the no "support or endorse" language in the August 30, 2012, resolution adopted by the Council, one would think that the City would not make a loan or grant to Tropicana or IBI that would constitute UGLG funding. However, in spite of the resolution, Tropicana applied for a Green Building Grant from the City for Verde Palms, which was approved on February 21, 2013. A copy of the letter from the City to Tropicana is attached. The approval of this grant was completely inconsistent with the Council's August 30, 2012, resolution that was adopted to prevent a private tax credit developer from obtaining a scoring advantage over Artspace. The approval of this grant was apparently not disclosed to City Council at the time it was made.

In reliance on the resolution of August 30, 2012, IBI did not apply for any type of grant or loan from the City. However, close to the date applications for the 2013 round had to be filed, IBI learned that, notwithstanding the resolution of August 30, 2012, Tropicana had secured a Green Building Grant and would be awarded points for UGLG funding. In order to maintain scoring parity through the award process, IBI asked for and received a UGLG letter from the City's water utility (the "PSB"). IBI sought the PSB letter so that its applications for projects would not be at a scoring disadvantage compared to Tropicana's applications. The approval of the Green Building Grant by the City immediately raised the following question: Why was the City giving Tropicana a scoring preference over Artspace and IBI when such action was prohibited by the August 30, 2012 resolution?

In early late April or early May 2013, Mayor John Cook learned of the Green Building Grant letter issued to Tropicana and the PSB letter issued to IBI. On May 2, 2013, Mayor Cook sent a letter to TDHCA requesting that the points claimed by IBI and Tropicana on their applications be removed because (1) there would be no funding from the PSB for IBI and (2) the City employee who issued the Green Building Grant had no authority to override the Council. Mayor Cook reiterated the City's support for only Artspace and its desire that no points be awarded except to Artspace for funding from the City and the PSB. A copy of this letter is attached. The day before, May 1, 2013, IBI received a letter from the PSB stating that there would be no funding for IBI. A copy of this letter is attached. However, even though the Mayor made sure that the PSB letter to IBI was effectively nullified, the City did not issue a similar letter to Tropicana revoking the Green Building Grant.

TDHCA correctly informed Mayor Cook that under the applicable TDHCA scoring rules, it does not deduct points from an application just because a UGLG may not actually provide the funding described in the UGLG letter. TDHCA also informed Mayor Cook that if UGLG funding does not materialize in September, the points claimed by the applicant will be deducted at that time.

Now, IBI finds itself in a predicament that, if not remedied through litigation or administrative action, will result in a severe injustice to IBI and West Mountain. Because it relied on the City's resolution, IBI will not be able to produce a funding commitment from the PSB for West Mountain and, as a result, will lose 9 points. Conversely, Tropicana will be able to produce a funding commitment for the Green Building Grant and will remain in first place with no loss of points. West Mountain's loss of points will cause Tropicana's North Desert Palms to move into second place. Tropicana will have two projects funded with tax credits and IBI will have none. This situation has been created because, contrary to the resolution of August 30, 2012, the City approved the Green Building Grant and did not revoke it once it became known that the grant would give Tropicana a scoring advantage.

West Mountain and IBI have made numerous attempts to resolve this matter with the City and Artspace. Prior to submitting the Application for Remedy, IBI asked the City to terminate the Green Building Grant in favor of Tropicana because it should never have been issued and because it induced detrimental reliance on the part of IBI. The City never acted on this request. Consequently, IBI and West Mountain filed the Application for Remedy with the City in order to comply with the City Charter before institution litigation. At this point, IBI and West Mountain have no alternative but to file suit against the City and Tropicana for a declaratory judgment asking the court to declare that the Green Building Grant is void because: (a) the person who approved the Green Building Grant did not have authority to do so; (b) the City has in effect given Tropicana a preference in spite of the resolution of August 30, 2012, and (c) the City induced detrimental reliance on the part of IBI. By detrimental reliance I mean that IBI relied on the City Council's resolution that did not apply for any type of loan or grant from the City. I anticipate that a court will be able to make a decision on IBI and West Mountain's petition for a declaratory judgment by the end of the year.

West Mountain will not be able to produce a commitment for UGLG funding by September 16, 2013. However, on or before September 27, 2013, IBI and West Mountain will file the declaratory judgment action referenced in the preceding paragraph. As noted above, I anticipate that the court will rule on or before December 31, 2013. If the court rules in IBI and West Mountain's favor, Tropicana will not have UGLG funding and will lose the points that were previously awarded. If that action occurs, even though Verde Palms will lose points, it will still have the highest score. Also, even though West Mountain will also lose points, it will still have the second highest score. In short, both Verde Palms and West Mountain will be in the same places they were when the awards were made. In view of the potential effect of the declaratory judgment, IBI and West Mountain respectfully request that TDHCA grant an extension to West Mountain giving it the right until December 31, 2013, to produce a commitment for UGLG funding. This will preserve the status quo until court rules. In the alternative, IBI and West Mountain request that TDHCA refrain from re-issuing any tax credits in Region 13 Urban until the court's determination can be made. After the court rules, the applications in Region 13 Urban can be re-scored, if necessary, and tax credits finally issued before the federal carryover deadline.

The City of El Paso's August 30, 2012, resolution made a definitive statement. Tropicana should never have applied for UGLG funding to thwart the purpose of the resolution.

Mr. Tim Irvine
September 13, 2013
Page 5

IBI was induced by resolution not to apply for UGLG funding, which was its intended purpose. To allow the Verde Palms and North Desert Palms applications to receive tax credit commitments to the exclusion of West Mountain in this situation would create a great injustice. Please place IBI and West Mountain's request for administrative action on the October TDHCA board meeting.

Very truly yours,


Francis S. Ainsa Jr.

FSA/lb

Enclosures

cc: Investment Builders, Inc.
Villas at West Mountain

Special Meeting

RESOLUTION


BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Council of the City of El Paso decided that the Artspace Project at 601 North Oregon Street is the City's sole priority project for TDHCA Tax Credits for the 2013 Funding Cycle and that the City of El Paso will not endorse or send letters of support for any competing projects during this funding cycle; and

Further that the Mayor send letters to the Housing Finance Corporation and the Housing Authority of the City of El Paso requesting that they join the City in supporting the Artspace Project in the 2013 Funding Cycle.

Dated this 30th day of August 2012.

CITY OF EL PASO



John F. Cook
Mayor

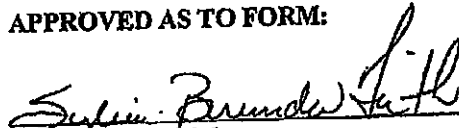


ATTEST:



Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Sylvia Borunda Firth
City Attorney

JOHN F. COOK
MAYOR

JOYCE WILSON
CITY MANAGER



CITY COUNCIL
ANN MORGAN LILLY, DISTRICT 1
SUSANNAH M. BYRD, DISTRICT 2
EMMA ACOSTA, DISTRICT 3
CARL ROBINSON, DISTRICT 4
MICHEL NOE, DISTRICT 5
EDDIE HOLGUIN JR., DISTRICT 6
STEVE ORTEGA, DISTRICT 7
CORTNEY NILAND, DISTRICT 8

**SPECIAL WORK SESSION MEETING OF THE CITY COUNCIL MEETING MINUTES
COUNCIL CHAMBERS**

August 30, 2012

The City Council met at the above place and date. Meeting was called to order at 10:01 a.m. Mayor John Cook present and presiding and the following Council Members answered roll call: Ann Morgan Lilly, Carl Robinson, Michiel Noe, Steve Ortega, and Cortney Carlisle Niland. Late arrivals: Susie Byrd, at 10:04 and Emma Acosta at 10:05. Excused: Eddie Holguin, Jr.

REGULAR AGENDA

1. COMMUNITY DEVELOPMENT DEPARTMENT:

Discussion and action on the City of El Paso continued commitment to the development of the Artspace Project at 601 North Oregon.
[Community Development, William Lilly, (915) 541-4643]

Mr. Greg Hardberg and Ms. Cathryn VanderBrink, of Artspace, presented a PowerPoint presentation (copy on file in City Clerk's office).

Mayor Cook questioned Mr. Greg Hardberg on his estimation of our chances to secure the funding for the TDHCA grant.

Mr. Greg Hardberg stated that this is a very, very comprehensive project. We will be competing with a relatively small pool of applicants for a very small pool of resources.

Mayor Cook stated that he wanted to focus on getting the most housing stock on the ground. That this is his philosophy with the TDHCA funding. He gets the calls from the 90 year old woman who is on the waiting list for public housing; and wants to know her chances in her lifetime of getting housing.

Mr. William Lilly, Director, Community and Human Development stated that the TDHCA looks for local support. They need very definite and affirmative support. A 9% tax credit with more value.

Mayor Cook said that Council needs to be very specific in its support for a designated project. Is this competing head-to-head with the Housing Authority?

Mr. William Lilly responded, "No, not with the one that was just approved, but it would be if they apply again this year".

Representative Byrd stated that Jerry Chicon called her from the Housing Authority about this and wanted to partner. She will ask the Housing Authority to bow out if they are competing with us, explaining that we supported their project last year.

Representative Byrd questioned the quirky scoring system for the allocation plan. The more contribution a developer gives he should get more points – not the same points for varying levels of monetary commitment.

Mr. Greg Hardberg stated that he had met with Jerry Chicon this morning. There currently is a sliding scale for points – but a pretty flat one – based on contribution.

Representative Byrd asked if private funding helps?

Mr. William Lilly responded that “Yes, they look at it all – all sources.”

Representative Byrd asked Mayor Cook to get the Housing Authority to support this project.

Representative Niland agreed with the Mayor, we should focus on one project.

Mayor Cook stated he would like Council, as a body, to pass a resolution of support rather than sending individual letters from Council members.

Representative Robinson questioned tax credit and income levels that are allowed. Do rules apply across all tax credit facilities?

Mr. Greg Hardberg stated that if your income increases above 140% of the threshold, your rent will increase, but you will not be kicked out.

Representative Robinson questioned if we engaged private developers in this discussion about the Art Space project?

Ms. Joyce Wilson, City Manager, responded, “Yes, we made it clear that when this project came forward, we would make it our priority for this funding cycle.”

Representative Robinson stated he is in support of Artspace but is concerned about the competitiveness of the funding. Developers have contacted him and other Council members asking for letters of support.

Mr. William Lilly stated that the developers’ position has been that they will compete for the funding for their projects as that is the business they are in.

Representative Robinson asked for an explanation of the 4% Tax Credit Program.

Mr. William Lilly and Ms. Joyce Wilson stated that it is a pretty open application system, but requires more equity from the applicant.

Mr. Greg Hardberg gave examples of 4% projects across the country and stated that the 4% is rarely used for new construction projects. He explained Artspace is a one-time applicant here for this project.

Representative Robinson asked what is the financial commitment?

Mr. William Lilly stated it is \$500,000 plus site (land).

Representative Robinson questioned Mr. Eric Pearson, County Development Director, on the timeline. Mr. Pearson replied, “Early 2014 to complete construction and get into operation. Within 18 months of application being submitted, we would be underway.”

Mr. Greg Hardberg stated that if funding award is made in August, the project should be operational in early 2015 for the project.

Representative Ortega praised Artspace's presentation, projects and participants. He stated that three organizations compete for the tax credits and mentioned his conversation with developer Ike Monty.

Representative Acosta asked, "Others can still compete, correct?"

Mr. William Lilly responded "Yes."

Representative Acosta asked, "What if the tax credit is not awarded?"

Mr. William Lilly stated we would apply again the following year.

Mr. Greg Hardberg stated that it is not unusual for a project to take two years to get funding. We would examine TDHCA reasons not to fund it and address those deficiencies in applying the next year. If still denied, consider the 4% credit.

Representative Acosta stated, "So if we do not get it this year -- we'll ask developers not to apply again next year?"

Ms. Joyce Wilson responded yes, we would ask them not to apply.

Mayor Cook stated that typically the Housing Authority has not applied for this funding, but they did last year."

Representative Byrd asked to send a letter to the Housing Authority and Housing Finance to explain the City's position.

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Council of the City of El Paso decided that the Artspace Project at 601 North Oregon Street is the City's sole priority project for TDHCA Tax Credits for the 2013 Funding Cycle and that the City of El Paso will not endorse or send letters of support for any competing projects during this funding cycle; and

Further that the Mayor send letters to the Housing Finance Corporation and the Housing Authority of the City of El Paso requesting that they join the City in supporting the Artspace Project in the 2013 Funding Cycle.

Motion made by Representative Niland; seconded by Representative Ortega to approve a resolution of support for Artspace as the sole priority project.

AYES: Representatives Lilly, Byrd, Acosta, Robinson, Noe, Ortega, and Niland

NAYS: None

ABSENT: Representative Holguin

2. CITY ATTORNEY'S OFFICE

Discussion and action on aggressive solicitation policy.
[City Attorney's Office, Nathan Brown, (915) 541-4550]

Ms. Joyce Wilson, City Manager, stated her reasons for presenting this ordinance to City Council, her personal support, and the request of three current Council Members and a prior Council Member.

Mr. Nathan Brown, Assistant City Attorney, presented a PowerPoint presentation, (copy on file in City Clerk's office).

Mayor Cook asked Mr. Brown if the ordinance would still allow the firefighters to conduct their MDA "boot" drive.

Representative Noe asked if it applies to children selling water bottles for fundraising?

Mr. Nathan Brown responded that, "Yes, it applies to teens, school groups, girl scout cookies – everyone. If they are being aggressive, they can not do it anywhere. No one can do it on the medians."

Ms. Sylvia Firth, City Attorney, stated that some private property owners have requested this ordinance so they can post a sign.

Representative Noe asked, "How it was going to be enforced?"

Assistant Chief Feidner stated, by fines. But, if they do not meet the requirements – valid ID, permanent address, they will be booked.

Representative Noe asked if EPPD has the time to do this?

Assistant Chief Feidner stated that it will be put in the cue for service for a unit to respond.

Representative Noe asked "Are we passing something that has no teeth, which can not be enforced?" Are we opening ourselves to a whole bunch of complaints about failure to enforce? Where would this apply, in residential areas?

Assistant Chief Feidner stated that on private, residential property, that would be criminal trespass.

Representative Noe stated he can see a negative impact on a lot of churches, schools and sports teams in their ability to raise funds.

Assistant Chief Feidner stated that the problem is from the median. It is unsafe for solicitors and distracting for drivers.

Ms. Joyce Wilson elaborated on the dangers in the medians.

Representative Byrd stated that she agrees with the median issue as it concerns safety, she agrees about private property, but has a real problem with the "aggressive" aspect and its application. She believes we have plenty of rules on the books already to address this. She believes this is going to apply most to homeless people and poor people – people with whom we are uncomfortable.

Representative Lilly said that she is glad this is being brought forward – a problem at Mesa and Thunderbird with aggressive children, exactly.

Representative Acosta asked how many complaints have been received about aggressive solicitation?

Assistant Chief Feldner stated he didn't have the specific number. It hasn't been tracked. He has received some complaints from City Council and some from citizens.

Representative Acosta states she has an issue with how "aggressive" is being defined – it is subjective. Newspapers are sold on the medians and she buys them.

Assistant Chief Feldner said that aggressive is defined as "intimidating" and "abusive language".

Representative Acosta stated that what may be aggressive to me, may not be aggressive to someone else.

Assistant Chief Feldner stated that if the officer observes it they will issue a ticket or arrest. However, if a citizen reports it he/she must come forward and sign a complaint.

Mr. Brown stated that we will not be taking away anyone's livelihood.

Representative Robinson stated that he has experienced aggressive solicitations himself and has received complaints from his constituents.

Representative Niland said that she receives 2-3 complaints about aggressive solicitation downtown every week.

Representative Ortega stated he has experienced problems with aggressive solicitation in restaurants downtown and at Aztec Calendar Park.

Representative Ortega questioned people holding signs for payday lending and other services.

Mr. Brown stated that it would be unconstitutional to limit this speech.

Representative Ortega stated he would like to explore it.

Ms. Firth stated that this ordinance is as far as she believes legally the City can go.

PUBLIC COMMENT:

Motion made by Representative Byrd, seconded by Representative Ortega, and unanimously carried to **SUSPEND THE RULES** of Council to allow for additional speakers after the sign up period.

Ms. Carol Bohle, Director of the Homeless Coalition, stated that she believes that this ordinance is affecting a specific population – the homeless.

- Aggressive component
- Soliciting within 15 feet of certain locations
- Homeless people are less likely to have ID and no permanent residence; so they will be arrested. Arrest of those with no ability to pay.

Ms. Wilson stated she met with the Coalition on this ordinance and made some changes.

Mayor Cook asked what changes were made as a result of the meeting.

Representative Byrd agrees that this will end up targeting poor people.

Representative Robinson asked if anyone has been arrested for panhandling?

Assistant Chief Feidner stated that no one that he knows of.

Motion made by Representative Niland; seconded by Representative Lilly to direct the City Attorney to introduce the ordinance.

AYES: Representatives Lilly, Robinson, Noa, Ortega and Niland

NAYS: Representatives Byrd and Acosta

ABSENT: Representative Holguin

Motion made by Representative Robinson; seconded by Representative Ortega and unanimously carried to adjourn the meeting at 11:30 a.m.

.....
APPROVED AS TO CONTENT:



Richarda Duffy Momsen, City Clerk

JOHN F. COOK
MAYOR

JOYCE WILSON
CITY MANAGER



CITY COUNCIL
ANN MORGAN LILLY, DISTRICT 1
SUSANNAH M. BYRD, DISTRICT 2
EMMA ACOSTA, DISTRICT 3
CARL ROBINSON, DISTRICT 4
MICHEL NOE, DISTRICT 5
EDDIE HOLGUIN JR., DISTRICT 6
STEVE ORTEGA, DISTRICT 7
CORTNEY NILAND, DISTRICT 8

SPECIAL MEETING OF THE CITY COUNCIL MINUTES
COUNCIL CHAMBERS
November 5, 2012

The City Council met at the above place and date. Meeting was called to order at 10:07 a.m. Mayor John Cook present and presiding and the following Council Members answered roll call: Ann Morgan Lilly, Emma Acosta, Michiel Noe, Steve Ortega, and Cortney Niland. Late arrivals: Susie Byrd at 10:10 a.m. and Carl Robinson at 10:22 a.m., Excused: Eddie Holguin, Jr.

1. Discussion and action on a Resolution that Mayor John Cook be authorized to submit comments to the Texas Department of Housing and Community Affairs (TDHCA) and the Texas Sunset Commission on behalf of the City of El Paso during the public comment period regarding rules and regulations governing housing tax credits.

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That Mayor John F. Cook be authorized to submit comments to the Texas Department of Housing and Community Affairs (TDHCA) and the Texas Sunset Commission on behalf of the City of El Paso during the public comment period regarding rules and regulations governing housing tax credits. The comments will request that TDHCA:

1. Create a system that allows for points awarded when the applicant is able to demonstrate the support of the local community by presentation of a duly authorized resolution of support from the governing body of the municipality.
2. Allows for a sliding scale of points based upon the amount of local dollars being contributed.
3. Allows the funds in a project contributed by a public housing authority be considered a local contribution when the project being considered is a project that includes, affordable housing, subsidized housing and market rate housing; includes a mixture of funding sources; and said project has been sponsored by the municipality as evidenced by a resolution from the governing body of the municipality.

Mayor John F. Cook and Representatives Byrd, Robinson, Noe, Ortega and Niland commented.

Mr. William Lilly, Community and Human Development Director commented.

Representative Ortega questioned scoring and Resolution.

Representative Niland questioned scoring, Resolution and impact on local applicants.

Representative Byrd questioned what impact the City Council can have on the issue of scoring Housing Authority money as a local match.

Mr. Lilly stated he is not a tax credit expert.

Representative Noe questioned allocation of points and leveraging and impact on tax credits.

Representative Ortega questioned Mr. Lilly for his recommendations regarding Artspace project and Housing Authority project.

Mr. Lilly stated if Housing Authority applies for their project, their project could outscore Artspace.

1st Motion made by Representative Byrd, seconded by Representative Acosta, and unanimously carried to allow for additional speakers.

ABSENT: Representative Holguin

Public Comment:

1. Mr. Ike Monty, Private Developer, stated his concerns that the Artspace project may not use all the credits.
2. Mr. Bobby Bowling, Private Developer, advocated for a level playing field, said the Artspace is at a 7 point disadvantage based on site vs. his project vs. Housing Authority project. Only City and County funds can make up the 13 points.

Representative Byrd said she would prefer to get answers from staff, not from applicants. She questioned Revitalization zone points.

Mr. Lilly responded, "Revitalization zone points total 6 points."

Representative Robinson asked if the Artspace project is or is not in jeopardy.

Mr. Lilly responded that it appears the Artspace project may be outscored in speculative scoring scenarios.

Representative Robinson asked if Council had made a commitment to Artspace project. Correct?

Mayor Cook answered, "Yes we did, as a Council."

Mayor Cook said we are basically here to talk about the 13 points for government funding.

Ms. Sylvia Firth, City Attorney, said the Artspace project is in the queue for funding, but there is a possibility that if we change the rules, it could be outscored by other projects.

Representative Niland questioned why is Council now being asked to get in the conversation? Said some of the dialog today appears to be a bit of a conflict of interest. Questioned, isn't it a state decision? Said this is putting her in a very difficult position.

Mayor Cook said that the Resolution is asking for a 3 point component: Public Housing, Affordable Housing and Market Rate Housing, 13 points.

Mr. Lilly said the QAP changed at the TDHC, now the Housing Authority funds no longer can be determined to be local funding.

Representative Niland said by passing this Resolution today, we would be allowing the Housing Authority to compete?

Ms. Firth said she would check with other cities to answer Representative Niland's question about what other cities are doing to allow or not allow the Housing Authority to use their funds as local funds.

Representative Niland asked why the TDHC changed the QAP scoring criteria.

Mr. Lilly said they wanted to create a level playing field. QAP will be set November 13, 2012. Right now the rules are proposed.

Representative Niland asked if we do this, we would be advocating for something that is in direct conflict with the Artspace project we have endorsed?

Representative Byrd asked if the Housing Authority intends to compete for this round of funding.

Jerry Chicon, Housing Authority Director, said right now, they do not intend to compete, but they are worried about subsequent years. They need to replace 500 units.

Representative Byrd again asked if the Housing Authority intend to compete against the Artspace project.

Mr. Chicon said if we are #1 and Artspace is #2, we will forego the award to allow Artspace to win.

Representative Byrd said, "I would prefer that you do not compete at all, just as we did not compete against the Housing Authority's project last time."

Mr. Chicon said, "We will not compete, but we will apply."

Representative Byrd said, "That is the same thing."

Representative Niland said we would rather you both do not compete, Housing Authority and Bobby Bowling.

Representative Byrd reiterated that the Housing Authority is a public entity.

Mr. Chicon said the only way we will not compete is if Artspace is the only entity that competes.

Representative Byrd asked, "Did the Housing Authority Board vote on this proposal you are making to us?"

Mr. Chicon answered, "No they have not."

Representative Byrd asked, "So we are just supposed to take your word for it?"

Mr. Chicon answered, "Yes."

Representative Robinson said he prefers a level playing field. Asked, "Should I make a decision that gives an advantage over one party? What other funds can you compete for aside from these, as a Housing Authority that a private sector developer can not compete for?"

Mr. Chicon said, "I will have to go back and look."

Mr. Lilly said he does not know the answer to the question.

Mr. Chacon said 100% of their funds come from the federal government.

Representative Acosta asked about the QAP "Doesn't it charge every year?"

Mr. Lilly said normally yes, but not substantially.

Mayor Cook commented.

Representative Acosta believes if we send this Resolution it is in conflict with the Resolution sent by Council supporting Artspace.

Mayor Cook explained he had asked Council to select one project so the Artspace Resolution was passed. This Resolution is to ask TDHC not to impose scoring that would put Housing Authority at a disadvantage.

Ms. Firth clarified that this Resolution is engaging in the rule making at TDHC or not.

Representative Acosta asked, "Why did we wait so long to make our recommendations?"

Representative Byrd wants Mr. Chicon to go back to the Board and ask them not to compete.

Mr. Bobby Bowling, private developer, read comments and voiced his argument for a level playing field in scoring.

Representative Niland asked Mr. Bowling, "Would you step aside for Artspace?"

Mr. Bowling answered, "Yes I would and I do not need a Resolution from a Board. I am a man of my word. I can not beat them under 2013 proposed rules. But if I somehow did, I would step aside or give back points. I can not beat them unless you, the City Council, gave me points through your dollars."

Representative Niland asked Mr. Lilly why we are trying to change the rules. It sounds like TDHC is trying to give control back to local government, City Council, is that correct?

Greg Hamburg, Artspace Project, explained how the Artspace project is in scoring peril with the new rules.

Representative Niland asked Mr. Hamburg about his concerns about the way the Resolution was drafted by the Mayor.

Mr. Hamburg said the Resolution as presented gives Housing Authority an advantage that removes any advantage we had. But with Representative Byrd's amendment, his concerns are removed.

Representative Niland asked Mr. Lilly, "What is the best direction City Council can take today?"

Mr. Lilly said the amendment would suffice. Longer term, we need to get TDHC to take into account smaller developments that can be scattered throughout the community.

Representative Niland asked, "Should we include that in the Resolution?"

Mr. Lilly replied, "It will not do much for 2013, but for 2014 and years forward, yes."

Mr. Lilly reminded Council that even if the Housing Authority and Bobby Bowling withdrew their applications, there could be other developers who apply against Artspace.

Ike Monty said if IBI, his company, did submit it a project, they would defer to Artspace.

Mr. Bowling asked to refocus on the policy issue, please. An out of town developer could come in and bid.

Ms. Lisa Turner asked, "What is your goal today with this item?"

Mr. Richard Dayoub, Greater El Paso Chamber of Commerce, agreed with the amendment from Representative Byrd. He noted this is a very complicated issue. He does not want the private sector to be at a disadvantage to the public sector, Housing Authority of the City of El Paso.

Representative Ortega asked, "Does Housing Authority of the City of El Paso have the opportunity to include market rate housing?"

Mr. Lilly answered their nonprofit arm does have that ability.

Representative Niland said, "This appears to be a bit of a compromise."

Mr. Bowling strongly urged City Council to draft some criteria for projects they would like to see built.

Representative Ortega disclosed a \$1,000 campaign contribution from Mr. Monty and Mr. Bowling, each.

Representative Noe said he may have received donations over \$500, but he is not sure.

Ms. Firth said Representative Noe must disclose \$500 or over, or he can abstain.

Representative Robinson had more questions about how the "local match" will be determined. State dollars and federal dollars could be determined to be a local match.

2nd Motion made by Representative Byrd, seconded by Representative Acosta, and carried to **APPROVE AS AMENDED**, a Resolution that Mayor John Cook be authorized to submit comments to the Texas Department of Housing and Community Affairs (TDHCA) and the Texas Sunset Commission on behalf of the City of El Paso during the public comment period regarding rules and regulations governing housing tax credits.

AYES: Representatives Lilly, Byrd, Acosta, Ortega and Niland
NAYS: Representative Robinson
ABSTAIN: Representative Noe
ABSENT: Representative Holguin

.....
2. Discussion and action regarding housing matters on the City of El Paso's State and Federal Legislative Agendas.

Mayor John F. Cook and Representative Ortega commented.

Mr. William Lilly, Community and Human Development Director and Ms. Sylvia Firth, City Attorney, commented.

NO ACTION was taken on the item.

3. Discussion and action on proposed revisions to Title 13 and Title 19 of the El Paso City Code and requirements for installation of sidewalks.

Representatives Lilly, Byrd, Acosta, Robinson, Noe, Ortega and Niland commented.

Ms. Joyce Wilson, City Manager commented

Mr. Carlos Gallinar, Deputy Director of City Development, presented a PowerPoint presentation (on file in the City Clerk's office).

Representative Acosta questioned city projects and sidewalks in areas that have not had them.

Ms. Wilson said our policy will be to construct sidewalks unless the neighborhood objects to it.

Representative Acosta wants the City to require developers to build sidewalks over the areas that have not had sidewalks.

Mr. Gallinar explained how that would work.

Representative Byrd said the exceptions are for local streets, not TXDOT streets or arterials. She agrees with everything except Item 7 in the Ordinance.

Representative Robinson questioned sidewalks on easements and the impact of utility lines.

Representative Noe questioned #2 of the Ordinance. Representatives Noe asked, "Why are big McMansions, ½ acre or larger not requested to have sidewalks but regular people are?"

Mr. Gallinar said it was tradition.

Representative Noe asked, "Don't people walk? Do they all have gyms in their homes?"

Ms. Wilson said most tend to walk on their own lot or tend to be in a rural area.

Representative Byrd said sidewalks platted as 4/5/6 ft. – no one can go back and cut into it to obstruct the walkway. She noted she keeps asking for this to be done by the Planning Department.

Ms. Wilson said she would make sure that part of the code is addressed.

Representative Ortega said to call it the Oregon Street amendment.

Motion made by Representative Byrd, seconded by Representative Acosta and carried to **APPROVE** revisions with an **AMENDMENT** to Item 7 that reads instead of the current language "except in in-fill areas" to Title 13 and Title 19 of the El Paso City Code and requirements for installation of sidewalks.

AYES: Representatives Lilly, Byrd, Acosta, Robinson Ortega and Niland
NAYS: Representative Noe

ABSENT: Representative Holguin

4. Adjournment.

Motion made by Representative Acosta, seconded by Representative Noe, and unanimously carried to
ADJOURN this meeting at 12:43 p. m.

APPROVED AS TO CONTENT:


Richarda Duffy Morsen, City Clerk

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February 21, 2013

Attn: R.L. Bobby Bowling IV
Tropicana Building Corporation
4655 Cohen
El Paso, TX 79924

RE: Green Building Grant Application for 12283 Rojas "Verde Palms"

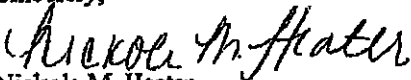
Dear Mr. Bowling:

The Green Building Program application was approved with a reimbursement grant for the proposed mixed-use project at 12283 Rojas. The intended LEED Certification is silver and the development is within the Transit-Oriented Development (TOD) revitalization corridor. This letter serves as the Program Commitment letter indicating the expected reimbursement totaling \$200,000.

Twenty-percent of the expected reimbursement will be dispersed after the submittal of (i) the design credits to the City of El Paso and the U.S. Green Building Council (USGBC), (ii) a copy of the building permit(s). Additionally, you are required to invite heaternm@elpasotexas.gov to view the project on leedonline.com. Upon receipt of these items you will be able to receive the first installment of the grant amount.

Should you have any questions, please contact me at 915-588-4342 or via email at heaternm@elpasotexas.gov.

Sincerely,


Nickole M. Heater
Economic Development Specialist
Phone: (915) 588-4342
E-mail: heaternm@elpasotexas.gov

El Paso



2010

Two Civic Center Plaza
El Paso, TX 79901
(915) 541-0000

Mayor
John F. Cook

City Council

District 1
Ann Morgan Lilly

District 2
Susie Byrd

District 3
Enima Acosta

District 4
Carl L. Robinson

District 5
Dr. Michel R. Noe

District 6
Eddie Holguin Jr.

District 7
Steve Ortega

District 8
Cortney Carlisle Niland

City Manager
Joyce A. Wilson



El Paso, Texas
The International City

JOHN E. COOK
MAYOR

May 2, 2013

Mr. Tim Irvine
Executive Director
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

RE: Scoring Errors – Tax Credit Program

Dear Mr. Irvine:

On March 5, 2013, I sent a letter advising you the only project the El Paso City Council was supporting or endorsing for TDHCA Housing Tax Credits in 2013 funding cycle was application Number 13166, the Artspace Project at 601 North Oregon Street in El Paso, Texas. I am sending you a copy of a Resolution passed by the El Paso City Council on August 30, 2012 with this letter as evidence of the City Council's intent.

It has come to my attention that two El Paso developers with projects competing against Artspace have submitted letters purporting to evidence support of the City of El Paso in order to garner points in the competitive process for tax credits. I have attached copies of those letters to this correspondence for your quick reference. I understand points have been granted by TDHCA staff. I am writing today to request that the scoring be corrected to remove those points from the tally for the following projects:

1. Villas at West Mountain
2. East Pointe Estates
3. Meadow Heights
4. Verde Palms
5. 11001 Dyer (Green 12-01)

The letters signed by John E. Balliew, P.E., President and CEO of El Paso Water Utilities/Public Service Board, have been revoked by Mr. Balliew in writing. Attached you will find a copies of those letters. As a member of the governing body of El Paso Water Utilities/Public Service Board, I can attest to the fact the funding request was never presented to the Board of Directors and should not result in points for the subject projects. I request you correct the scoring to remove all points awarded in connection with the funding from El Paso Water Utilities/Public Service Board. There will be no funding.

The points awarded to Tropicana Building Corporation for Verde Palms and Green 12-01 should also be removed. Upon review of the attached letters, you will note the letters were advising the applicant they were the recipient of grants. These grants are not evidence of support from a unit of general local government for tax credits. The resolution of City Council is specific and an employee working for the City does not have authority to override the formally stated will of Council. As Mayor of the City of El Paso, I request that any points awarded to Tropicana Building Corporation as a result of these letters be deducted from the tally.

In fact, I respectfully request that no points be awarded to any project, other than Artspace for funding from the City of El Paso or our water utility. The Council has been very clear. The only project we are supporting for funding cycle 2013 is Artspace.

Thank you for your immediate consideration to this request. Please do not hesitate to call me if you have any questions.

Sincerely,



Jenn F. Cook
Mayor of El Paso

cc: Cameron Dorsey, TDHCA
El Paso City Council
Joyce Wilson, City Manager
El Paso State Delegation
William Lilly, Community Development Director
Charlie McNabb, Intergovernmental Affairs
Sylvia Borunda Firth, City Attorney



May 1, 2013

Mr. Ike Monty
West Mountainview, Ltd.
7400 Viscount Blvd., Ste 109
El Paso, TX 79925-4800

Re: Villas at West Mountain

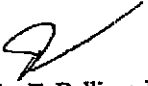
Dear Mr. Monty:

The El Paso Water Utilities Public Service Board received an unsolicited letter request from you representing West Mountainview, Ltd., requesting consideration for funding in the amount of \$38,000 for the development of 76 units of affordable housing in El Paso. It was understood at that time that Villas at West Mountain would include their unsolicited letter request as a part of an application to the Texas Department of Housing and Community Affairs.

In response to your letter, the El Paso Water Utilities advised that it would consider your request and make a determination prior to September 1, 2013. This letter is to advise you that the El Paso Water Utilities has not established a funding source or program for affordable housing units in El Paso, is not a funding source for tax credit developments, has no formal application process and has determined that it will not fund any tax credit developments.

Thank you for your inquiry.

Respectfully,


John E. Balliew, P.E.
President/CEO

3c

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
OCTOBER 10, 2013

Presentation, Discussion, and Possible Action on Awards of Competitive 9% Low Income Housing Tax Credits from the 2013 State Housing Tax Credit Ceiling from the Waiting List for the 2013 Housing Tax Credit Application Round

RECOMMENDED ACTION

WHEREAS, the Board approved 65 final commitments for allocations of Competitive (9%) Housing Tax Credits in accordance with the qualified allocation plan on July 25, 2013, and September 12, 2013;

WHEREAS, the Board further directed that, should sufficient credits become available to award any other applications from the Waiting List, an award or awards to additional application(s) from the Waiting List in accordance with the ranking, methodology, and other requirements set forth in Department rules be made;

WHEREAS, the Board further authorized the Executive Director to implement and carry out the award of such credits in full compliance with the requirements of the Department's rules and requirements to utilize all available tax credits as soon as possible prior to January 1, 2014, and report such awards to the Board at the next available meeting subsequent to such awards;

WHEREAS, when time permits staff will continue to bring award decisions to the Board, thereby promoting transparency and acknowledging the Board's authority;

WHEREAS, the recommendations herein are contingent upon the Board's denial of a request for extension to the Commitment Date for Villas at West Mountain (#13099);

WHEREAS, on September 16, 2013, the total balance of credits available to award reached \$3,090,929, and Rose Meadows Apartments (#13129) located in Rural Region 1 and North Desert Palms (#13130) located in Urban Region 13 were the next applications on the Waiting List as of that date with requests of \$442,000 and \$1,254,000, respectively; and

WHEREAS, on September 25, 2013, the total balance of credits available to award reached \$2,699,929, and Campanile at Jones Creek (#13223) located in Urban Region 6 and Emerald Village (#13196) located in Urban Region 9 were the next applications on the Waiting List as of that date with requests of \$890,000 and \$1,500,000, respectively;

NOW, therefore, it is hereby

RESOLVED, the Applications for Rose Meadows Apartments (#13129), North Desert Palms (#13130), Campanile at Jones Creek (#13223), and Emerald Village (#13196) are recommended for awards and Final Commitments in the amounts shown in the list of recommended Applications for Final Commitments of Housing Tax Credits from the 2013 State Housing Credit Ceiling conditioned upon completion of the conditions of the underwriting report, any necessary program and underwriting reviews, and any other special conditions that the Board may consider appropriate; and

FURTHER RESOLVED, that each awardee receive 30 days from the date the Commitments are issued to meet the requirements of Carryover.

BACKGROUND

The initial issuance of commitments of Competitive Housing Tax Credit was approved at the July 25, 2013 meeting, and at that meeting the board also approved the Waiting List, which is composed of all Applications that were not approved by the Board for a commitment of 2013 Housing Tax Credits and that have not been terminated by the Department or withdrawn by the Applicant. The Board further approved that the list of Applications accepted as the Waiting List be “ranked by score in descending order of priority” and subject to the same allocation process as set out in §11.6 of the Qualified Allocation Plan (“QAP”).

Applications were approved to be awarded from the waiting list using the following methodology, which is also set out in §11.6 of the QAP:

- If tax credits are returned from the Nonprofit Set-Aside, and the return of tax credits causes the Department to achieve less than the required 10% Set-Aside, the next highest scoring Qualified Nonprofit Development will be recommended for a commitment to the Board, regardless of the region in which it is located. If tax credits are returned from the Nonprofit Set-Aside, and the return of tax credits does not cause the Department to go below the required 10% Set-Aside, then the next highest scoring Application in the sub-region of the returned tax credits will be recommended for a commitment to the Board, regardless of Set-Aside. If no other Application exists in the sub-region or if the amount of the credit return is not sufficient to fund the next highest scoring Application in the

sub-region of the returned credits, then the credits will go to the statewide collapse and fund the next eligible Application from the Waiting List.

- If tax credits are returned from the USDA Set-Aside, the next highest scoring USDA Application from the Waiting List will be recommended to the Board for a commitment. If there are no eligible USDA Applications available, then the next highest scoring At-Risk Application will be recommended for a commitment to the Board. If there are no eligible At-Risk Applications available, then the remaining ceiling will be added to the statewide collapse pool. Staff's recommendations provide for all eligible and active USDA and At-Risk Applications receiving awards, therefore any amounts returned from the USDA Set-Aside will go to the statewide collapse and fund the next eligible Application from the Waiting List.
- If tax credits are returned from the At-Risk Set-Aside and the return of tax credits causes the Department to achieve less than the required 15 percent At-Risk Set-Aside, the next highest scoring At-Risk Application from the Waiting List will be recommended for a commitment to the Board. If there are no eligible applications available in the At-Risk Set-Aside, then the remaining ceiling will be added to the statewide collapse pool. Staff's recommendations provide for all eligible and active At-Risk Applications receiving awards, therefore any amounts returned from the At-Risk Set-Aside will go to the statewide collapse and fund the next eligible Application from the Waiting List.
- For all other Applications, if tax credits are returned from an Application not associated with any set-aside, the next highest scoring Application from that sub-region's waiting list will be recommended for a commitment to the Board. If no other Application exists in the sub-region or if the amount of the credit return is not sufficient to fund the next highest scoring Application in the sub-region of the returned credits, then the credits will go to the statewide collapse and fund the next eligible Application from the Waiting List.

At the July meeting, the Board approved awards for 64 applications and a total of \$57,863,635 in tax credits. This left approximately \$1,241,163 in remaining credits available from the 2013 ceiling total of \$59,104,798. As of July 29, 2013, the Real Estate Analysis division had completed underwriting reviews for all but two of these applications, resulting in \$112,814 in additional available tax credits from previously awarded applications and a total of \$1,353,977 available. At that time, staff determined that the first application on the Waiting List was Homestead Apartments (#13109), and the Board subsequently approved an award to that application of \$1,252,000 at the September meeting. As a result of that award, there was a balance of \$101,977 in credit remaining.

Between July 29 and September 16, additional underwriting reports were completed, and the state received \$253,531 in additional credits to allocate prior to the end of the calendar year from the National Pool. However, the balance of credit remaining as a result of the completed reports and national pool (\$426,838) was not enough to award the next application on the Waiting List. On September 16, documentation was due to the Department in order for the 64 originally awarded applicants meet the requirements of their commitments. Three applicants failed to submit such documentation. Therefore, those three commitments expired, and the credit

originally awarded to those three applicants was deemed returned to the state and available for reallocation to applications on the waiting list on September 16, 2013.

Upon that credit becoming available, staff made a determination as to the next application(s) on the Waiting List eligible for award(s) until the credit remaining was not sufficient to award the next application. Then on September 25, staff received a return of \$1,305,000 in credits from a 2012 award in Urban Region 6. Staff then performed the same exercise, determining the next application(s) on the Waiting List eligible for award(s) until the credit remaining was not sufficient to award the next application. Below is a timeline that indicates when credit became available to the Department and when staff made a determination as to the next application on the Waiting List eligible for award.

Date	Action	Credit returned or (awarded)	Balance of credit in statewide collapse
July 25, 2013	Board approval of 64 applications	(\$57,863,635)	\$1,241,163
July 25 – July 29	Additional underwriting reports completed and appeal rights of applicants expired	\$62,370	\$1,303,533
July 29	Staff recommendation for Homestead Apartments award approved at September 12 Board meeting	(\$1,252,000)	\$51,533
July 29 – Sept 15	Additional underwriting reports completed resulting in credit reductions of \$121K	\$121,774	\$173,307
September 16, 2013	National Pool received	\$253,531	\$426,838
September 16, 2013	Return of \$526K in Rural Region 1 goes back to same sub-region with Rose Meadows Apartments qualifying for an award of \$442K	\$525,830 (\$442,000)	\$510,668
September 16, 2013	Returns of \$2.1M in credit in Urban Regions 9 and 13 not enough to fund next highest application in those sub-regions and funds fall to statewide collapse	\$2,138,261	\$2,648,929
September 16, 2013	Most underserved region is Urban Region 13; award to North Desert Palms	(\$1,254,000)	\$1,394,929 – not enough for next application
September 25, 2013	Return of credit from 2012 award in Urban Region 6 goes back to sub-region to award to Campanile at Jones Creek	\$1,305,000 (\$890,000)	\$1,809,929
September 25, 2013	Most underserved region is Urban region 9; award to Emerald Village	(\$1,500,000)	\$309,929

An updated list of previously awarded applications and the amounts of those awards as well as the recommended award from the Waiting List is included here along with a list of Applications remaining on the Waiting List. All applications on the Waiting List not yet reviewed by the Multifamily Finance or Real Estate Analysis divisions must still be found to meet the applicable rules and requirements. Credit amounts and conditions are subject to change based on underwriting and underwriting appeals. Awards from the Waiting List remain subject to a previous participation review by the Compliance Division to ensure no issues of Material Noncompliance or delinquencies exist. In the event that the credit amount returned is insufficient to fund the next appropriate application, staff may wait to determine if other return credits would make the application whole or offer the applicant an opportunity to adjust the size of their development. If the applicant declines the offer, staff will contact the next appropriate applicant on the Waiting List, continuing in this manner until the Waiting List is exhausted. Staff will also review to ensure that no awards from the Waiting List would cause a violation of any sections of the 2013 QAP (for example, the \$3 million credit limitation, the concentration rules, etc.).

As reflected in the recitals, the recommendations herein are contingent upon a denial of the extension request, as recommended by staff, for Villas at West Mountain (#13099). This is an application which received an award in Urban Region 13 on July 25, 2013. However, the Applicant did not receive funding to support all of the points originally elected and therefore did not meet the requirements of Commitment. This would generally result in the credits being rescinded and reallocated. In this instance, the next application in line would be the Application for North Desert Palms, which is reflected in the recommendations herein. To the extent that the Board approves an extension for the Villas at West Mountain application or otherwise approves an alternative to staff's recommendation under that Board item, the recommendations for reallocation of the credit as provided for in this agenda item may no longer be valid. In such case staff will provide the Board with an alternative recommendation after taking into account the necessary changes resulting from any action taken for Villas at West Mountain.



Texas Department of Housing and Community Affairs
2013 Competitive (9%) Housing Tax Credit (HTC) Program
Award Recommendations

The Application log is organized by region and subregion. Applicants selecting the At-Risk/USDA Set-Asides are listed first and are organized by score rather than by region. Detailed instructions regarding how to interpret the information presented here is included in previously posted logs on the Department's website.

Version date: October 3, 2013

Application Number	Development Name	Development Address	City	Zip Code	County	Region	Urban/Rural	At-Risk Set-Aside	USDA Set-Aside	Nonprofit Set-Aside	Construction Type	Low Income Units	Market Rate Units	Total Units	Target Population	HTC Request or Recommend.*	#REA review complete*	Applicant Contact	Second Contact	Review Status: C = complete; UR = under review; N = not reviewed										Basic Demographic Information for Census Tract		
																				(1) Points Requested / Awarded	(2) Adjustments (CRP / deductions)	(3) Development Cost/Ft	(4) Senator/Rep letters	(5) QCP	(6) Other than OCP	Total Possible Score	Review Status	Status of Commitment	Census Tract	Quartile of Median HH Income	Poverty Rate	
At-Risk Set-Aside																																
13004	Stone Creek Apartments	400 Pine Burr	Kilgore	75662	Gregg	4	Rural	X	X		Acq/Rhb	56	0	56	General	\$290,711	X	James W. Fieser	Melissa Baughman	107	10	12	10	4	143	C	Commitment Issued	48183010600	1st Q	10.0%		
13207	Pecan Creek Village	205 Riverview Dr	Lampasas	76550	Lampasas	8	Rural	X	X		Acq/Rhb	40	0	40	Elderly	\$327,223	X	Dennis Hoover	Kim Youngquist	101	10	12	10	4	137	C	Commitment Issued	48281950400	4th Q	23.4%		
13212	Prairie Village	1915 N Wharton St	El Campo	77437	Wharton	6	Rural	X			Acq/Rhb	37	1	38	Elderly	\$332,500	X	Matt Rule	Suzann Cunningham	101	8	12	14	0	135	C	Commitment Issued	48481740800	2nd Q	19.0%		
13252	Oak Creek Village	2324 Wilson St	Austin	78704	Travis	7	Urban	X			NC	173	0	173	General	\$2,000,000	X	Rene Campos	Mark Rogers	98	10	12	14	0	134	C	Commitment Issued	48453001305	3rd Q	26.7%		
13119	Emma Finke Villas	1101 E Kennedy St	Beeville	78102	Bee	10	Rural	X	X	X	Rehab	76	0	76	General	\$391,709	X	Adrian Iglesias	Viola Salazar	100	8	12	10	4	134	C	Commitment Issued	48025950300	3rd Q	15.6%		
13003	Crossing at Oak Grove	200 Daniels Dr	Kerens	75144	Navarro	3	Rural	X	X		Acq/Rhb	32	0	32	General	\$226,432	X	James W. Fieser	Melissa Baughman	99	8	12	10	4	133	C	Commitment Issued	48349970600	4th Q	17.4%		
13048	Shepherd Seniors Apartments	1791 S Byrd Ave	Shepherd	77371	San Jacinto	5	Rural	X	X		Acq/Rhb	32	0	32	Elderly	\$186,676	X	Shepherd Seniors Housing, Ltd.	James E. Washburn	99	-1	8	12	10	4	132	C	Commitment Issued	48407200101	3rd Q	22.5%	
13234	Wynnewood Family Housing	Appr 2048 S Zang Boulevard	Dallas	75224	Dallas	3	Urban	X	X		NC	160	0	160	General	\$1,928,670	X	Brian L. Roop	Tamea A. Dula	96	8	12	10	4	130	C	Commitment Issued	48113006200	3rd Q	24.1%		
13047	GardenWalk of La Grange, Schulenburg, and Weimar	1018 N Madison, 104 Simpson, 303 N Smith	La Grange, Schulenburg, Weimar	78945, 78956, 78962	Fayette, Fayette, Colorado		Rural	X	X		Acq/Rhb	40	0	40	General	\$297,029	X	Shawn Smith	Corey Farmer	92	10	12	10	4	128	C	Commitment Issued					
13006	Country Place Apartments	1300 Courtland Road	Atlanta	75551	Cass	4	Rural	X	X		Acq/Rhb	72	0	72	General	\$456,288	X	Marlon Sullivan	Winston Sullivan	94	-3	10	12	10	4	127	C	Commitment Issued	48067950400	4th Q	26.6%	
13089	Pinewood Park	120 Kirksey Dr	Lufkin	75904	Angelina	5	Rural	X	X		Acq/Rhb	94	0	94	General	\$860,855	X	Tracy Ambridge	Tamea Dula	89	8	12	14	0	123	C	Commitment Issued	48005000500	4th Q	36.7%		
13007	Spring Creek Apartments	305 Hwy 8 N	Linden	75563	Cass	4	Rural	X	X		Acq/Rhb	24	0	24	General	\$190,179	X	Marlon Sullivan	Winston Sullivan	93	-8	10	12	10	4	121	C	Commitment Issued	48067950600	3rd Q	18.4%	
13001	Sunset Place Apartments	100 Sunset	Malakoff	75148	Henderson	4	Rural	X	X		Acq/Rhb	36	0	36	General	\$240,606	X	James W. Fieser	Melissa Baughman	87	-1	8	12	10	4	120	C	Commitment Issued	48213951000	4th Q	18.2%	
13232	Pine Lake Estates	2012 Durst St	Nacogdoches	75964	Nacogdoches	5	Rural	X			Acq/Rhb	100	0	100	Elderly	\$714,418	X	Rick J. Deyoe	Juli Gonzalez	85	8	12	10	4	119	C	Commitment Issued	48347950700	4th Q	50.7%		
13069	Grand Manor Apartments	2700 N Grand Ave	Tyler	75702	Smith	4	Urban	X			Acq/Rhb	120	0	120	General	\$1,194,270	X	Melissa Adami	Dewey Stevens	88	8	0	14	0	110	C	Commitment Issued	48423000201	4th Q	33.9%		
Estimated Amount Available to Allocate																\$8,800,591																
Amount Available in USDA Set-Aside																\$2,937,270																
Total HTCs Awarded																\$9,637,566																
Region 1 / Rural																																
13139	Stonebridge of Plainview	NEC of Mesa Dr & 16th St	Plainview	79072	Hale	1	Rural				NC	53	27	80	General	\$647,000	X	Victoria W. Spicer	Dru Childre	107	10	0	10	4	131	C	Commitment Issued	48189950300	1st Q	5.3%		
13129	Rose Meadows Apartments	SWC of Alamo Rd & Holly St	Levelland	78336	Hockley	1	Rural				NC	38	10	48	General	\$442,000		Justin Zimmerman	Ben Mitchell	106	10	0	10	4	130	C	Recommended	48219950500	2nd Q	14.9%		
Estimated Amount Available to Allocate																\$656,943																
Total HTCs Awarded																\$1,089,000																
Region 1 / Urban																																
13247	The Reserves at South Plains	SE Corner of Ave U & 98th St Lubbock	Lubbock	79423	Lubbock	1	Urban				NC	83	25	108	General	\$1,101,991	X	Brett Johnson	Matt Gillam	105	10	12	10	4	141	C	Commitment Issued	48303010511	1st Q	6.7%		
Estimated Amount Available to Allocate																\$1,149,932																
Total HTCs Awarded																\$1,101,991																
Region 2 / Rural																																
13128	Winchester Arms Apartments	SWC of W Summit Ave & State Hwy 16	Comanche	79118	Comanche	2	Rural				NC	38	10	48	General	\$434,000	X	Justin Zimmerman	Ben Mitchell	112	10	12	10	4	148	C	Commitment Issued	48093950200	2nd Q	16.8%		
Estimated Amount Available to Allocate																\$511,612																
Total HTCs Awarded																\$434,000																
Region 2 / Urban																																
13246	The Reserves at Maplewood	S side of N Regent Dr, E of McNiel Ave	Wichita Falls	76308	Wichita	2	Urban				NC	36	0	36	General	\$571,912	X	Brett Johnson	Matt Gillam	87	10	12	10	4	123	C	Commitment Issued	48485012600	2nd Q	8.7%		
Estimated Amount Available to Allocate																\$601,283																
Total HTCs Awarded																\$571,912																
Region 3 / Rural																																
13115	Abbingdon Meadows	SWC of Hall Cemetery Rd & S Collins Freeway	Howe	75459	Grayson	3	Rural				NC	39	25	64	General	\$500,000	X	William J. Rea, Jr.	Sean Brady	118	10	12	10	4	154	C	Commitment Issued	48181001801	1st Q	11.3%		
Estimated Amount Available to Allocate																\$544,496																
Total HTCs Awarded																\$500,000																

Application Number	Development Name	Development Address	City	Zip Code	County	Region	Urban/Rural	At-Risk Set-Aside	USDA Set-Aside	Nonprofit Set-Aside	Construction Type	Low Income Units	Market Rate Units	Total Units	Target Population	HTC Request or Recommend.*	REA review complete*	Applicant Contact	Second Contact	(1) Points Requested / Awarded	(2) Adjustments (CRP / deductions)	(3) Development Cost/FX	(4) Senator/Rep letters	(5) QCP	(6) Other than QCP	Total Possible Score	Review Status	Status of Commitment	Census Tract	Quartile of Median HH Income	Poverty Rate		
Region 3 / Urban																																	
13152	KIRON at Aubrey	5700 Hwy 377 S	Aubrey	76227	Denton	3	Urban				NC	100	50	150	General	\$1,238,416	X	Thomas Huth	Dru Childre	113	10	12	10	4	149	C	Commitment Issued	48121020103	2nd Q	7.4%			
13240	Summit Place	SW Corner of Merit Dr & Hwy 635	Dallas	75251	Dallas	3	Urban				NC	75	23	98	General	\$1,487,000	X	Lisa Stephens	Mitchell Friedman	109	10	12	10	4	145	C	Commitment Issued	48113013200	1st Q	8.3%			
13214	Flora Street Lofts	2121 Flora	Dallas	75201	Dallas	3	Urban				NC	39	8	47	General	\$500,000	X	Graham Green	Ben Reavis	108	10	12	14	0	144	C	Commitment Issued	48113002100	1st Q	4.6%			
13259	The Millennium - McKinney	NEQ of McKinney Ranch Prky & Stacy Rd	McKinney	75070	Collin	3	Urban				NC	130	34	164	General	\$1,500,000	X	Brandon Bolin	Alan McDonald	108	10	12	10	4	144	C	Commitment Issued	48085030513	1st Q	12.3%			
13102	Reserve at McAlister	N of McAlister Rd & E of Hemphill St	Fort Worth	76028	Tarrant	3	Urban				NC	112	12	124	Elderly	\$1,238,974	X	Chris Applequist	Brian M. McGeedy	107	10	12	10	4	143	C	Commitment Issued	48439111016	1st Q	1.9%			
13058	Evergreen at Hebron Senior Community	2200 Block of Parker Road	Hebron	75010	Denton	3	Urban		X		NC	136	0	136	Elderly	\$1,500,000	X	Brad Forslund	Becky Villanueva	106	10	12	10	4	142	C	Commitment Issued	48121021625	1st Q	0.4%			
13145	Mariposa at Elk Drive	Appr 100 block Elk Dr, NWQ Elk Dr & SE John Jones Dr	Burleson	78676	Johnson	3	Urban				NC	117	63	180	Elderly	\$1,395,438	X	Stuart Shaw	Casey Bump	106	10	12	10	4	142	C	Commitment Issued	48251130215	1st Q	1.1%			
13044	Villas of Vanston Park	4540 Gus Thomasson Road	Mesquite	75150	Dallas	3	Urban				NC	113	47	160	General	\$1,500,000	X	Joseph Agumadu	Vanessa Hardy	106	10	12	14	0	142	C	Commitment Issued	48113018001	3rd Q	12.3%			
Estimated Amount Available to Allocate		\$10,479,003														Total HTCs Awarded		\$10,359,828															
Region 4 / Rural																																	
13173	Canton Village Homes	SW intersection of IH-20 & Edgewood Rd (aka FM 859)	Canton	75103	Van Zandt	4	Rural				NC	65	15	80	General	\$619,000	X	Doak Brown	Leslie Holleman	116	10	12	10	4	152	C	Commitment Issued	48467950600	1st Q	14.0%			
13032	StoneLeaf at Eustace	320 FM 316	Eustace	75124	Henderson	4	Rural				NC	45	4	49	General	\$626,888	X	Victoria Sugrue	Ben Dempsey	112	10	12	10	4	148	C	Commitment Issued	48213950500	1st Q	12.1%			
Estimated Amount Available to Allocate		\$1,274,924														Total HTCs Awarded		\$1,245,888															
Region 4 / Urban																																	
13242	Saige Meadows	SEQ of Hwy 69 & Experimental Station Rd/James Fair Pkwy	Tyler	75706	Gregg	4	Urban				NC	82	10	92	General	\$1,163,876	X	Lisa Stephens	Michael Wohl	100	8	12	10	4	134	C	Commitment Issued	48423001601	4th Q	29.8%			
Estimated Amount Available to Allocate		\$1,182,302														Total HTCs Awarded		\$1,163,876															
Region 5 / Rural																																	
13005	Tower Village	Tower Rd & Park St	Nacogdoches	75961	Nacogdoches	5	Rural				NC	36	0	36	General	\$805,000	X	Mark Musemeche	Ofelia Elizondo	100	-1	8	12	10	4	133	C	Commitment Issued	48347951000	4th Q	34.9%		
Estimated Amount Available to Allocate		\$867,188														Total HTCs Awarded		\$805,000															
Region 5 / Urban																																	
13203	Providence on Major	SWQ of N Major Dr & Westfield, Appr 3900 N Major Dr	Beaumont	77713	Jefferson	5	Urban				NC	108	20	128	Elderly	\$1,245,259	X	Miranda Ashline	Tamea Dula	88	10	12	10	4	124	C	Commitment Issued	48245000307	1st Q	12.0%			
Estimated Amount Available to Allocate		\$842,972														Total HTCs Awarded		\$1,245,259															
Region 6 / Rural																																	
13183	Newport Village	SWQ of S Diamondhead Blvd & N Main St (FM 2100)	Crosby	77532	Harris	6	Rural				NC	80	0	80	General	\$750,000	X	Justin Hartz	Chris Dischinger	113	10	12	10	4	149	C	Commitment Issued	48201251902	1st Q	4.9%			
Estimated Amount Available to Allocate		\$500,000														Total HTCs Awarded		\$750,000															
Region 6 / Urban																																	
13062	The Retreat at Westlock	W side of 24000 block of SH 249, just S of Westlock	Houston ETJ	77377	Harris	6	Urban				NC	99	41	140	Elderly	\$1,260,904	X	Marcialette Voller	Ann Duggin	103	10	12	10	4	139	C	Commitment Issued	48201555502	1st Q	4.7%			
13042	The Cottages at South Acres	E side of the Appr 11300 block of Scott St	Houston	77047	Harris	6	Urban				NC	102	42	144	General	\$1,425,351	X	Marcy H. Voller	Ann Duggin	102	10	12	14	0	138	C	Commitment Issued	48201331500	4th Q	23.3%			
13026	The Huntington at Sienna Plantation	4200 block Trammel Fresno Road	Missouri City	77459	Fort Bend	6	Urban				NC	105	27	132	Elderly	\$1,300,000	X	Mark Musemeche	Ofelia Elizondo	100	10	12	10	4	136	C	Commitment Issued	48157674501	1st Q	4.2%			
13110	El Dorado Green Apartments	Appr 240 W El Dorado Blvd	Houston	77546	Harris	6	Urban				NC	88	20	108	Elderly	\$1,364,364	X	Gary Brinkley	Donna Rickenbacker	103	10	12	10	0	135	C	Commitment Issued	48201350601	1st Q	1.6%			
13144	Mariposa at Pecan Park	Approx the 3600 block of Canada 0.2 miles N of W Fairmont Pkwy	La Porte	77571	Harris	6	Urban				NC	120	60	180	Elderly	\$1,405,352	X	Stuart Shaw	Casey Bump	101	8	12	10	4	135	C	Commitment Issued	48201343000	2nd Q	11.5%			
13151	Lafayette Plaza	Appr NEC of Clarewood Dr & Bonhomme Rd	Houston	77036	Harris	6	Urban				NC	98	24	122	Elderly	\$1,428,022	X	William D. Henson	Cheryl L. Henson	102	8	12	10	2	134	C	Commitment Issued	48201432802	4th Q	29.6%			
13117	Red Bluff Apartment Homes	NEC of Strawberry Rd & Genoa Red Bluff Rd	Houston	77034	Harris	6	Urban				NC	50	22	72	General	\$613,361	X	Adrian Iglesias	Rick J. Deyoe	107	10	0	10	4	131	C	Commitment Issued	48201324000	1st Q	6.8%			
13223	Campanile at Jones Creek	1717 Fm 359	Richmond	77406	Fort Bend	6	Urban		X		NC	72	6	78	Elderly	\$890,000	X	Les Kilday	Phyllis Sefeldt	107	10	0	10	4	131	UR	Recommended	48157673400	1st Q	4.8%			
Estimated Amount Available to Allocate		\$9,414,495														Total HTCs Awarded		\$9,687,354															
Region 7 / Rural																																	
13201	The Trails at Carmel Creek	West of FM 685, S of Carl Stern Dr extension	Hutto	78634	Williamson	7	Rural				NC	50	11	61	Elderly	\$500,000	X	Janine Sisak	Teresa Bowyer	112	100	12	10	4	148	C	Commitment Issued	48491020804	1st Q	6.3%			
Estimated Amount Available to Allocate		\$500,000														Total HTCs Awarded		\$500,000															
Region 7 / Urban																																	
13112	Liberty Trails Townhomes	Appr 95 acres; NEC of Hwy 29 & Hwy 1869	Liberty Hill	78642	Williamson	7	Urban				NC	75	25	100	General	\$1,090,000	X	Jorge A. Aguirre	Donna Rickenbacker	109	10	12	10	4	145	C	Commitment Issued	48491020202	1st Q	7.6%			
13071	Windy Ridge Apartments	10910 Ranch Rd 620	Austin	78726	Travis	7	Urban				NC	120	0	120	General	\$1,080,918	X	Adrian Iglesias	Rick Deyoe	108	10	12	10	4	144	C	Commitment Issued	48453001765	1st Q	6.2%			
13109	Homestead Apartments	3226 W Slaughter Lane	Austin	78748	Travis	7	Urban		X		NC	126	14	140	General	\$1,252,000	X	Walter Moreau	Jennifer Hicks	105	10	12	10	4	141	C	Commitment Issued	48453001746	2nd Q	5.2%			
Estimated Amount Available to Allocate		\$3,362,682														Total HTCs Awarded		\$3,422,918															
Region 8 / Rural																																	
13033	StoneLeaf at Fairfield	113 W Reunion St	Fairfield	75840	Freestone	8	Rural				NC	45	4	49	General	\$500,000	X	Victoria Sugrue	Ben Dempsey	116	10	12	10	4	152	C	Commitment Issued	48161000200	1st Q	8.1%			
Estimated Amount Available to Allocate		\$543,746														Total HTCs Awarded		\$500,000															

Application Number	Development Name	Development Address	City	Zip Code	County	Region	Urban/Rural	At-Risk Set-Aside	USDA Set-Aside	Nonprofit Set-Aside	Construction Type	Low Income Units	Market Rate Units	Total Units	Target Population	HTC Request or Recommend.*	REA review complete*	Applicant Contact	Second Contact	(1) Points Requested / Awarded	(2) Adjustments (CRP / deductions)	(3) Development Cost/FT	(4) Senator/Rep letters	(5) QCP	(6) Other than QCP	Total Possible Score	Review Status	Status of Commitment	Census Tract	Quartile of Median HH Income	Poverty Rate			
Region 8 / Urban																																		
13118	Oak Ridge Apartments	W of 10th St & Nolan Ridge Dr	Nolanville	76559	Bell	8	Urban				NC	48	0	48	General	\$500,000	X	Chris Applequist	Brian M. McGeedy	109	10	12	10	4	145	C	Commitment Issued	48027021800	1st Q	12.8%				
13187	Barron's Branch	N 9th St & Colcord Ave (Appr 1323 N 9th st)	Waco	76707	McLennan	8	Urban				NC	77	15	92	General	\$963,900	X	Lisa Stephens	David Deutch	105	8	12	14	0	139	C	Commitment Issued	48309001200	4th Q	58.1%				
Estimated Amount Available to Allocate		\$1,541,697												Total HTCs Awarded	\$1,463,900																			
Region 9 / Rural																																		
13167	Freedoms Path at Kerrville	3600 Block of Memorial Blvd	Kerrville	78028	Kerr	9	Rural		X		NC	49	0	49	Supp. Hsg.	\$717,000	X	Donald Paxton	Craig Taylor	114	10	12	10	4	150	C	Commitment Issued	48265960100	2nd Q	6.9%				
Estimated Amount Available to Allocate		\$500,000												Total HTCs Awarded	\$717,000																			
Region 9 / Urban																																		
13262	Paso Fino Apartment Homes	10729 Shaenfield Rd	San Antonio	78254	Bexar	9	Urban				NC	149	11	160	General	\$1,500,000	X	Manish Verma	Walter Martinez	108	10	12	10	4	144	C	Commitment Issued	48029181726	1st Q	5.3%				
13193	Balcones Lofts	SC of Gentleman Rd & Hillcrest Dr	Balcones Heights	78201	Bexar	9	Urban		X		NC	50	34	84	General	\$711,849	X	Balcones Lofts Ltd.	Debra Guerrero	107	10	12	10	4	143	C	Commitment Issued	48029180800	4th Q	31.1%				
13196	Emerald Village	NEC of NW Loop 1604 & Corporate Woods Dr	San Antonio	78259	Bexar	9	Urban		X		NC	134	30	144	General	\$1,500,000		Emerald Village Ltd.	Lori Hall	108	10	0	10	4	132	C	Recommended	48029121906	1st Q	2.7%				
Estimated Amount Available to Allocate		\$3,992,496												Total HTCs Awarded	\$3,711,849																			
Region 10 / Rural																																		
13213	Bailey Square	SEQ of N Valley St & E Bailey St	Cuero	77954	DeWitt	10	Rural				NC	48	8	56	General	\$500,000	X	Audrey Martin	Teresa Bowyer	113	10	12	10	4	149	C	Commitment Issued	48123970300	2nd Q	12.6%				
Estimated Amount Available to Allocate		\$500,000												Total HTCs Awarded	\$500,000																			
Region 10 / Urban																																		
13082	Woodland Creek Apartments	11641 Leopard St	Corpus Christi	78410	Nueces	10	Urban		X		Recon	94	0	94	General	\$1,356,998	X	Gilbert M. Piette	Roger H. Canales	103	10	12	14	0	139	C	Commitment Issued	48355003601	1st Q	10.0%				
Estimated Amount Available to Allocate		\$1,231,390												Total HTCs Awarded	\$1,356,998																			
Region 11 / Rural																																		
13087	Villas del Rio	N Hwy 83 & 300' W of Hernandez Rd & Corrales Rd	Rio Grande City	78582	Starr	11	Rural				NC	50	30	80	General	\$860,000	X	Kyndel Bennett	Matthew Long	117	10	12	10	4	153	C	Commitment Issued	48427950104	1st Q	17.0%				
Estimated Amount Available to Allocate		\$1,042,926												Total HTCs Awarded	\$860,000																			
Region 11 / Urban																																		
13100	Villages of Penitas	10 acres out of Diamond Commercial Park Subdivision	Penitas	78576	Hidalgo	11	Urban				NC	116	12	128	General	\$1,383,000	X	Steve Lollis	Donna Rickenbacker	112	10	12	10	4	148	C	Commitment Issued	48215024203	2nd Q	17.0%				
13081	River Bank Village	202 Aquero Boulevard	Laredo	78045	Webb	11	Urban				NC	114	38	152	General	\$1,225,000	X	Apolonio ("Nono") Flores	Doak Brown	109	10	12	10	4	145	C	Commitment Issued	48479001711	1st Q	11.7%				
13068	Mayorca Villas	8.75 acres W Marcelo Blvd at Jose Marti Blvd	Brownsville	78575	Cameron	11	Urban				NC	48	72	120	General	\$500,000	X	Melissa Adami	Dewey Stevens	109	10	12	10	4	145	C	Commitment Issued	48061012613	1st Q	22.2%				
13281	Sunquest Apartments	23850 Stuart Place Road	Primera	78552	Cameron	11	Urban		X		NC	100	28	128	General	\$1,400,000	X	Mr. Sunny K. Philip	Michelle Grandt	108	10	12	10	4	144	C	Commitment Issued	48061010302	1st Q	30.5%				
Estimated Amount Available to Allocate		\$4,913,492												Total HTCs Awarded	\$4,508,000																			
Region 12 / Rural																																		
13180	Mission Village of Pecos	SEC of Texas St & W Washington St	Pecos	79772	Reeves	12	Rural				NC	49	11	60	General	\$500,000	X	Michael Ash	Marissa Downs	115	10	12	10	4	151	C	Commitment Issued	48389950400	1st Q	23.3%				
Estimated Amount Available to Allocate		\$500,000												Total HTCs Awarded	\$500,000																			
Region 12 / Urban																																		
13016	Westridge	5100 Blk of Graceland	Midland	79703	Midland	12	Urban		X		NC	84	12	96	Elderly	\$739,061	X	Granger MacDonald	Carrie Adams	94	10	12	10	4	130	C	Commitment Issued	48329001300	2nd Q	9.0%				
Estimated Amount Available to Allocate		\$750,323												Total HTCs Awarded	\$739,061																			
Region 13 / Rural																																		
13131	Montana Vista Palms	Off of Montana Ave at Peggy Hopkins & Oshea Dr	El Paso	79938	El Paso	13	Rural				NC	48	0	48	General	\$474,000	X	R.L. "Bobby" Bowling, IV	Demetrio Jimenez	95	10	12	10	4	131	C	Commitment Issued	48141010340	1st Q	14.1%				
Estimated Amount Available to Allocate		\$500,000												Total HTCs Awarded	\$474,000																			
Region 13 / Urban																																		
13133	Verde Palms	Btwn Joe Battle & Pine Springs Dr on Loma Verde Dr	El Paso	79936	El Paso	13	Urban				NC	100	52	152	General	\$1,254,000	X	R.L. "Bobby" Bowling, IV	Demetrio Jimenez	103	10	12	10	4	139	C	Commitment Issued	48141010338	1st Q	6.5%				
13130	North Desert Palms	11001 Dyer St	El Paso	79934	El Paso	13	Urban				NC	100	52	152	General	\$1,254,000	X	R.L. "Bobby" Bowling, IV	Demetrio Jimenez	100	10	12	10	4	136	C	Recommended	48141010207	2nd Q	10.2%				
Estimated Amount Available to Allocate		\$2,400,306												Total HTCs Awarded	\$2,508,000																			
TOTALS																																		
Total Estimated 2013 HTC Ceiling		\$59,104,798												Total Active Applications	66																		Total HTCs Awarded	\$60,353,400

* For those Applications with a complete REA review, the HTC Request reflected on the log is the recommended credit amount from the Real Estate Analysis division. These recommendations may be subject to appeal.



Texas Department of Housing and Community Affairs
2013 Competitive (9%) Housing Tax Credit (HTC) Program
Awards and Waiting List Recommendations

The Application log is organized by region and subregion. Applicants selecting the At-Risk/USDA Set-Asides are listed first and are organized by score rather than by region. Detailed instructions regarding how to interpret the information presented here is included in previously posted logs on the Department's website.

Version date: October 3, 2013

Application Number	Development Name	Development Address	City	Zip Code	County	Region	Urban/Rural	At-Risk Set-Aside	USDA Set-Aside	Nonprofit Set-Aside	Construction Type	Low Income Units	Market Rate Units	Total Units	Target Population	HTC Request or Recommend.*	#REA review complete*	Applicant Contact	Second Contact	Review Status: C = complete; UR = under review; N = not reviewed								Basic Demographic Information for Census Tract			
																				(1) Points Requested / Awarded	(2) Adjustments (CRP / deductions)	(3) Development Cost/Ft	(4) Senator/Rep letters	(5) QCP	(6) Other than OCP	Total Possible Score	Review Status	Status of Award	Census Tract	Quartile of Median HH Income	Poverty Rate
At-Risk Set-Aside																															
13004	Stone Creek Apartments	400 Pine Burr	Kilgore	75662	Gregg	4	Rural	X	X		Acq/Rhb	56	0	56	General	\$290,711	X	James W. Fieser	Melissa Baughman	107	10	12	10	4	143	C	Commitment Issued	48183010600	1st Q	10.0%	
13207	Pecan Creek Village	205 Riverview Dr	Lampasas	76550	Lampasas	8	Rural	X	X		Acq/Rhb	40	0	40	Elderly	\$327,223	X	Dennis Hoover	Kim Youngquist	101	10	12	10	4	137	C	Commitment Issued	48281950400	4th Q	23.4%	
13212	Prairie Village	1915 N Wharton St	El Campo	77437	Wharton	6	Rural	X			Acq/Rhb	37	1	38	Elderly	\$332,500	X	Matt Rule	Suzann Cunningham	101	8	12	14	0	135	C	Commitment Issued	48481740800	2nd Q	19.0%	
13252	Oak Creek Village	2324 Wilson St	Austin	78704	Travis	7	Urban	X			NC	173	0	173	General	\$2,000,000	X	Rene Campos	Mark Rogers	98	10	12	14	0	134	C	Commitment Issued	48453001305	3rd Q	26.7%	
13119	Emma Finke Villas	1101 E Kennedy St	Beeville	78102	Bee	10	Rural	X	X	X	Rehab	76	0	76	General	\$391,709	X	Adrian Iglesias	Viola Salazar	100	8	12	10	4	134	C	Commitment Issued	48025950300	3rd Q	15.6%	
13003	Crossing at Oak Grove	200 Daniels Dr	Kerens	75144	Navarro	3	Rural	X	X		Acq/Rhb	32	0	32	General	\$226,432	X	James W. Fieser	Melissa Baughman	99	8	12	10	4	133	C	Commitment Issued	48349970600	4th Q	17.4%	
13048	Shepherd Seniors Apartments	1791 S Byrd Ave	Shepherd	77371	San Jacinto	5	Rural	X	X		Acq/Rhb	32	0	32	Elderly	\$186,676	X	Shepherd Seniors Housing, Ltd.	James E. Washburn	99	-1	8	12	10	4	132	C	Commitment Issued	48407200101	3rd Q	22.5%
13234	Wynnewood Family Housing	Appr 2048 S Zang Boulevard	Dallas	75224	Dallas	3	Urban	X	X		NC	160	0	160	General	\$1,928,670	X	Brian L. Roop	Tamea A. Dula	96	8	12	10	4	130	C	Commitment Issued	48113006200	3rd Q	24.1%	
13047	GardenWalk of La Grange, Schulenburg, and Weimar	1018 N Madison, 104 Simpson, 303 N Smith Weimar	La Grange, Schulenburg, Weimar	78945, 78956, 78962	Fayette, Fayette, Colorado		Rural	X	X		Acq/Rhb	40	0	40	General	\$297,029	X	Shawn Smith	Corey Farmer	92	10	12	10	4	128	C	Commitment Issued				
13006	Country Place Apartments	1300 Courtland Road	Atlanta	75551	Cass	4	Rural	X	X		Acq/Rhb	72	0	72	General	\$456,288	X	Marlon Sullivan	Winston Sullivan	94	-3	10	12	10	4	127	C	Commitment Issued	48067950400	4th Q	26.6%
13089	Pinewood Park	120 Kirksey Dr	Lufkin	75904	Angelina	5	Rural	X	X		Acq/Rhb	94	0	94	General	\$860,855	X	Tracy Ambridge	Tamea Dula	89	8	12	14	0	123	C	Commitment Issued	48005000500	4th Q	36.7%	
13007	Spring Creek Apartments	305 Hwy 8 N	Linden	75563	Cass	4	Rural	X	X		Acq/Rhb	24	0	24	General	\$190,179	X	Marlon Sullivan	Winston Sullivan	93	-8	10	12	10	4	121	C	Commitment Issued	48067950600	3rd Q	18.4%
13001	Sunset Place Apartments	100 Sunset	Malakoff	75148	Henderson	4	Rural	X	X		Acq/Rhb	36	0	36	General	\$240,606	X	James W. Fieser	Melissa Baughman	87	-1	8	12	10	4	120	C	Commitment Issued	48213951000	4th Q	18.2%
13232	Pine Lake Estates	2012 Durst St	Nacogdoches	75964	Nacogdoches	5	Rural	X			Acq/Rhb	100	0	100	Elderly	\$714,418	X	Rick J. Deyoe	Juli Gonzalez	85	8	12	10	4	119	C	Commitment Issued	48347950700	4th Q	50.7%	
13069	Grand Manor Apartments	2700 N Grand Ave	Tyler	75702	Smith	4	Urban	X			Acq/Rhb	120	0	120	General	\$1,194,270	X	Melissa Adami	Dewey Stevens	88	8	0	14	0	110	C	Commitment Issued	48423000201	4th Q	33.9%	
Estimated Amount Available to Allocate		\$8,800,591										Total HTCs Requested/Awarded		\$9,637,566																	
Amount Available in USDA Set-Aside		\$2,937,270																													
Region 1 / Rural																															
13139	Stonebridge of Plainview	NEC of Mesa Dr & 16th St	Plainview	79072	Hale	1	Rural				NC	53	27	80	General	\$647,000	X	Victoria W. Spicer	Dru Childre	107	10	0	10	4	131	C	Commitment Issued	48189950300	1st Q	5.3%	
13129	Rose Meadows Apartments	SWC of Alamo Rd & Holly St	Levelland	78336	Hockley	1	Rural				NC	38	10	48	General	\$442,000		Justin Zimmerman	Ben Mitchell	106	10	0	10	4	130	C	Recommended	48219950500	2nd Q	14.9%	
13245	The Reserves at Sawgrass	SEQ of Navajo Rd & Laguna Dr	Pampa	79065	Gray	1	Rural				NC	38	10	48	General	\$525,830	X	Brett Johnson	Matt Gillam	98	-1	10	0	10	4	121	C	Commitment Rescinded	48179950300	1st Q	5.2%
Estimated Amount Available to Allocate		\$656,943										Total HTCs Requested/Awarded		\$1,614,830																	
Region 1 / Urban																															
13247	The Reserves at South Plains	SE Corner of Ave U & 98th St Lubbock	Lubbock	79423	Lubbock	1	Urban				NC	83	25	108	General	\$1,101,991	X	Brett Johnson	Matt Gillam	105	10	12	10	4	141	C	Commitment Issued	48303010511	1st Q	6.7%	
13106	Playa Lake Apartments	Ave U, 1 block S of 82nd St	Lubbock	79423	Lubbock	1	Urban				NC	97	23	120	General	\$1,075,000		Justin Zimmerman	Ben Mitchell	103	10	12	10	4	139	N		48303010506	2nd Q	8.5%	
13010	Plum Creek Estates	Plum Creek Dr E of Tascosa Rd	Amarillo	79124	Potter	1	Urban				NC	96	0	96	General	\$1,132,040		Tim Lang	Brenda Given	102	10	12	10	4	138	N		48375013300	1st Q	6.4%	
Estimated Amount Available to Allocate		\$1,149,932										Total HTCs Requested/Awarded		\$3,309,031																	
Region 2 / Rural																															
13128	Winchester Arms Apartments	SWC of W Summit Ave & State Hwy 16	Comanche	79118	Comanche	2	Rural				NC	38	10	48	General	\$434,000	X	Justin Zimmerman	Ben Mitchell	112	10	12	10	4	148	C	Commitment Issued	48093950200	2nd Q	16.8%	
Estimated Amount Available to Allocate		\$511,612										Total HTCs Requested/Awarded		\$434,000																	
Region 2 / Urban																															
13246	The Reserves at Maplewood	S side of N Regent Dr, E of McNiel Ave	Wichita Falls	76308	Wichita	2	Urban				NC	36	0	36	General	\$571,912	X	Brett Johnson	Matt Gillam	87	10	12	10	4	123	C	Commitment Issued	48485012600	2nd Q	8.7%	
Estimated Amount Available to Allocate		\$601,283										Total HTCs Requested/Awarded		\$571,912																	

Application Number	Development Name	Development Address	City	Zip Code	County	Region	Urban/Rural	At-Risk Set-Aside	USDA Set-Aside	Nonprofit Set-Aside	Construction Type	Low Income Units	Market Rate Units	Total Units	Target Population	HTC Request or Recommend.*	REA review complete*	Applicant Contact	Second Contact	(1) Points Requested / Awarded	(2) Adjustments (CRP / deductions)	(3) Development Cost/FT	(4) Senator/Rep letters	(5) QCP	(6) Other than QCP	Total Possible Score	Review Status	Status of Award	Census Tract	Quartile of Median HH Income	Poverty Rate	
Region 3 / Rural																																
13115	Abbingdon Meadows	SWC of Hall Cemetery Rd & S Collins Freeway	Howe	75459	Grayson	3	Rural				NC	39	25	64	General	\$500,000	X	William J. Rea, Jr.	Sean Brady	118	10	12	10	4	154	C	Commitment Issued	48181001801	1st Q	11.3%		
13184	The Village at Forney Crossing	E side of FM 460, N of US Hwy 80	Forney	75126	Kaufman	3	Rural				NC	57	9	66	General	\$710,000		Stacy Kaplowitz	Mike Rodriguez	115	10	0	10	4	139	N		48257050201	1st Q	3.6%		
Estimated Amount Available to Allocate		\$544,496														Total HTCs Requested/Awarded	\$1,210,000															
Region 3 / Urban																																
13152	KIRON at Aubrey	5700 Hwy 377 S	Aubrey	76227	Denton	3	Urban				NC	100	50	150	General	\$1,238,416	X	Thomas Huth	Dru Childre	113	10	12	10	4	149	C	Commitment Issued	48121020103	2nd Q	7.4%		
13240	Summit Place	SW Corner of Merit Dr & Hwy 635	Dallas	75251	Dallas	3	Urban				NC	75	23	98	General	\$1,487,000	X	Lisa Stephens	Mitchell Friedman	109	10	12	10	4	145	C	Commitment Issued	48113013200	1st Q	8.3%		
13214	Flora Street Lofts	2121 Flora	Dallas	75201	Dallas	3	Urban				NC	39	8	47	General	\$500,000		Graham Green	Ben Reavis	108	10	12	14	0	144	C	Commitment Issued	48113002100	1st Q	4.6%		
13259	The Millennium - McKinney	NEQ of McKinney Ranch Prky & Stacy Rd	McKinney	75070	Collin	3	Urban				NC	130	34	164	General	\$1,500,000	X	Brandon Bolin	Alan McDonald	108	10	12	10	4	144	C	Commitment Issued	48085030513	1st Q	12.3%		
13102	Reserve at McAlister	N of McAlister Rd & E of Hemphill St	Fort Worth	76028	Tarrant	3	Urban				NC	112	12	124	Elderly	\$1,238,974	X	Chris Applequist	Brian M. McGeady	107	10	12	10	4	143	C	Commitment Issued	48439111016	1st Q	1.9%		
13058	Evergreen at Hebron Senior Community	2200 Block of Parker Road	Hebron	75010	Denton	3	Urban		X		NC	136	0	136	Elderly	\$1,500,000	X	Brad Forslund	Becky Villanueva	106	10	12	10	4	142	C	Commitment Issued	48121021625	1st Q	0.4%		
13145	Mariposa at Elk Drive	Appr 100 block Elk Dr, NWQ Elk Dr & SE John Jones Dr	Burleson	78676	Johnson	3	Urban				NC	117	63	180	Elderly	\$1,395,438	X	Stuart Shaw	Casey Bump	106	10	12	10	4	142	C	Commitment Issued	48251130215	1st Q	1.1%		
13044	Villas of Vanston Park	4540 Gus Thomasson Road	Mesquite	75150	Dallas	3	Urban				NC	113	47	160	General	\$1,500,000	X	Joseph Agumadu	Vanessa Hardy	106	10	12	14	0	142	C	Commitment Issued	48113018001	3rd Q	12.3%		
13023	Patriot's Crossing (Fka Veteran's Place)	4623 S Lancaster Road	Dallas	75216	Dallas	3	Urban		X		NC	150	0	150	General	\$1,499,292		Yigal Lelah	Claire Palmer	106	10	12	10	4	142	C		48113005700	4th Q	41.1%		
13140	Villas at Justin	18 acres off of FM 156 adjacent & S of Bishop Park	Justin	76247	Denton	3	Urban				NC	130	28	158	General	\$1,500,000		Kecia Boulware	Donna Rickenbacker	111	-6	10	12	10	4	141	N		48121020308	2nd Q	5.4%	
13186	Desoto Senior Living	SW Corner of S Westmoreland Rd & W Belt Line Rd	Desoto	75115	Dallas	3	Urban				NC	120	12	132	Elderly	\$1,500,000		Deepak P. Sulakhe	Jason Lain	104	10	12	10	4	140	N		48113016612	1st Q	1.7%		
13138	Mariposa at Woodbridge	Appr S of intersection of McCreary Rd & W Kirby (aka FM 544) on McCreary Rd (East Side)	Wylie	75098	Collin	3	Urban				NC	120	60	180	Elderly	\$1,500,000		Stuart Shaw	Casey Bump	106	10	12	10	0	138	N		48085031317	1st Q	3.3%		
13091	Heritage Park Vista - Phase Two	8729 Ray White Rd	Fort Worth	76244	Tarrant	3	Urban				NC	80	5	85	Elderly	\$1,095,676		Therese Allgeier	Robert G. Hoskins	99	8	12	14	0	133	N		48439113921	1st Q	7.8%		
13064	HomeTowne on Magnolia	NWC of US 380 & FM 1385	Savannah	76227	Denton	3	Urban				NC	117	45	162	General	\$1,500,000		Kenneth W. Fambro, II	Christina Schwartz	107	10	0	10	4	131	N		48121020105	2nd Q	7.6%		
13045	Evergreen at Murphy Senior Community	401 W FM 544	Murphy	75094	Collin	3	Urban		X		NC	132	0	132	Elderly	\$1,500,000		Brad Forslund	Becky Villanueva	106	10	0	10	4	130	N		48085031313	1st Q	3.0%		
13249	Old Town Plaza Apartments	Leonard St & E Walters St	Lewisville	75057	Denton	3	Urban				NC	112	28	140	General	\$1,500,000		Deepak P. Sulakhe	Jason Lain	102	10	0	10	4	126	N		48121021618	3rd Q	13.7%		
13090	Residences at Caruth Lake	1049 Williams St	Rockwall	75087	Rockwall	3	Urban		X		NC	57	3	60	General	\$998,472		Dan Allgeier	Monique Allen	104	10	-12	10	4	116	N		48397040200	1st Q	0.6%		
Estimated Amount Available to Allocate		\$10,479,003														Total HTCs Requested/Awarded	\$22,953,267															
Region 4 / Rural																																
13173	Canton Village Homes	SW intersection of IH-20 & Edgewood Rd (aka FM 859)	Canton	75103	Van Zandt	4	Rural				NC	65	15	80	General	\$619,000	X	Doak Brown	Leslie Holleman	116	10	12	10	4	152	C	Commitment Issued	48467950600	1st Q	14.0%		
13032	StoneLeaf at Eustace	320 FM 316	Eustace	75124	Henderson	4	Rural				NC	45	4	49	General	\$626,888	X	Victoria Sugrue	Ben Dempsey	112	10	12	10	4	148	C	Commitment Issued	48213950500	1st Q	12.1%		
13011	Villas at Henderson	W Fordall St	Henderson	75652	Rusk	4	Rural				NC	50	0	80	General	\$1,254,960		Jay Collins	Brenda Given	109	10	12	10	4	145	C		48401950800	2nd Q	12.7%		
13235	Pinecrest Park	Lots 6 & 7 off Whipperwill, Pinecrest Addition #1	Kilgore	75662	Gregg	4	Rural		X		NC	52	4	56	Elderly	\$747,187		Emanuel H. Glockzin, Jr.	Pixie Stracener	108	10	12	14	0	144	N		48183010600	1st Q	10.0%		
13073	Lakeland Villas	1390 CR 4628	Athens	75751	Henderson	4	Rural				NC	49	0	49	General	\$482,650		Jay Milam	Jack Jenks	114	10	0	14	0	138	N		48213950300	1st Q	11.9%		
Estimated Amount Available to Allocate		\$1,274,924														Total HTCs Requested/Awarded	\$3,730,685															
Region 4 / Urban																																
13242	Saige Meadows	SEQ of Hwy 69 & Experimental Station Rd/James Fair Pkwy	Tyler	75706	Gregg	4	Urban				NC	82	10	92	General	\$1,163,876	X	Lisa Stephens	Michael Wohl	100	8	12	10	4	134	C	Commitment Issued	48423001601	4th Q	29.8%		
13037	The Preserve at the Crossing	SWQ of Three Lakes Pkwy & Crosswater Dr, TBD Crosswater Dr	Tyler	75703	Smith	4	Urban				NC	124	20	144	Elderly	\$1,409,847		Tracy Ambridge	Tamea Dula	88	10	0	10	4	112	N		48423001905	1st Q	6.1%		
Estimated Amount Available to Allocate		\$1,182,302														Total HTCs Requested/Awarded	\$2,573,723															
Region 5 / Rural																																
13005	Tower Village	Tower Rd & Park St	Nacogdoches	75961	Nacogdoches	5	Rural				NC	36	0	36	General	\$805,000	X	Mark Musemeche	Ofelia Elizondo	100	-1	8	12	10	4	133	C	Commitment Issued	48347951000	4th Q	34.9%	
13018	Hudson Providence	NWQ of Hwy 94 W of Hudson Heights	Hudson	75904	Angelina	5	Rural				NC	80	0	80	Elderly	\$871,803		Miranda Ashline	Tamea Dula	96	-1	10	12	10	4	131	C		48005000301	1st Q	13.8%	
Estimated Amount Available to Allocate		\$867,188														Total HTCs Requested/Awarded	\$1,676,803															
Region 5 / Urban																																
13203	Providence on Major	SWQ of N Major Dr & Westfield, Appr 3900 N Major Dr	Beaumont	77713	Jefferson	5	Urban				NC	108	20	128	Elderly	\$1,245,259	X	Miranda Ashline	Tamea Dula	88	10	12	10	4	124	C	Commitment Issued	48245000307	1st Q	12.0%		
Estimated Amount Available to Allocate		\$842,972														Total HTCs Requested/Awarded	\$1,245,259															
Region 6 / Rural																																
13183	Newport Village	SWQ of S Diamondhead Blvd & N Main St (FM 2100)	Crosby	77532	Harris	6	Rural				NC	80	0	80	General	\$750,000	X	Justin Hartz	Chris Dischinger	113	10	12	10	4	149	C	Commitment Issued	48201251902	1st Q	4.9%		
13059	Timberbrook Village	11899 Old Montgomery Rd	Willis	77318	Montgomery	6	Rural				NC	62	18	80	General	\$750,000		David Mark Koogler	Keith Richards	113	10	12	10	4	149	N		48339694202	1st Q	2.8%		
13254	Rice Senior Housing	862 acres Southwest from the corner of Loop 2765 & Hwy 71	El Campo	77437	Wharton	6	Rural		X		NC	52	4	56	Elderly	\$749,360		Emanuel H. Glockzin, Jr.	Pixie Stracener	102	10	12	14	0	138	N		48481740900	1st Q	13.3%		
Estimated Amount Available to Allocate		\$500,000														Total HTCs Requested/Awarded	\$2,249,360															

Application Number	Development Name	Development Address	City	Zip Code	County	Region	Urban/Rural	At-Risk Set-Aside	USDA Set-Aside	Nonprofit Set-Aside	Construction Type	Low Income Units	Market Rate Units	Total Units	Target Population	HTC Request or Recommend.*	REA review complete*	Applicant Contact	Second Contact	(1) Points Requested / Awarded	(2) Adjustments (CRP / deductions)	(3) Development Cost/FT	(4) Senator/Rep letters	(5) QCP	(6) Other than QCP	Total Possible Score	Review Status	Status of Award	Census Tract	Quartile of Median HH Income	Poverty Rate		
Region 6 / Urban																																	
13062	The Retreat at Westlock	W side of 24000 block of SH 249, just S of Westlock	Houston ETJ	77377	Harris	6	Urban				NC	99	41	140	Elderly	\$1,260,904	X	Marcialete Voller	Ann Duggin	103	10	12	10	4	139	C	Commitment Issued	48201555502	1st Q	4.7%			
13042	The Cottages at South Acres	E side of the Appr 11300 block of Scott St	Houston	77047	Harris	6	Urban				NC	102	42	144	General	\$1,425,351	X	Marcy H. Voller	Ann Duggin	102	10	12	14	0	138	C	Commitment Issued	48201331500	4th Q	23.3%			
13026	The Huntington at Sienna Plantation	4200 block Trammel Fresno Road	Missouri City	77459	Fort Bend	6	Urban				NC	105	27	132	Elderly	\$1,300,000	X	Mark Musemeche	Ofelia Elizondo	100	10	12	10	4	136	C	Commitment Issued	48157674501	1st Q	4.2%			
13110	El Dorado Green Apartments	Appr 240 W El Dorado Blvd	Houston	77546	Harris	6	Urban				NC	88	20	108	Elderly	\$1,364,364	X	Gary Brinkley	Donna Rickenbacker	103	10	12	10	0	135	C	Commitment Issued	48201350601	1st Q	1.6%			
13144	Mariposa at Pecan Park	Approx the 3600 block of Canada 0.2 miles N of W Fairmont Pkwy	La Porte	77571	Harris	6	Urban				NC	120	60	180	Elderly	\$1,405,352	X	Stuart Shaw	Casey Bump	101	8	12	10	4	135	C	Commitment Issued	48201343000	2nd Q	11.5%			
13151	Lafayette Plaza	Appr NEC of Clarewood Dr & Bonhomme Rd	Houston	77036	Harris	6	Urban				NC	98	24	122	Elderly	\$1,428,022	X	William D. Henson	Cheryl L. Henson	102	8	12	10	2	134	C	Commitment Issued	48201432802	4th Q	29.6%			
13117	Red Bluff Apartment Homes	NEC of Strawberry Rd & Genoa Red Bluff Rd	Houston	77034	Harris	6	Urban				NC	50	22	72	General	\$613,361	X	Adrian Iglesias	Rick J. Deyoe	107	10	0	10	4	131	C	Commitment Issued	48201324000	1st Q	6.8%			
13223	Campanile at Jones Creek	1717 Fm 359	Richmond	77406	Fort Bend	6	Urban	X			NC	72	6	78	Elderly	\$890,000		Les Kilday	Phyllis Sefeldt	107	10	0	10	4	131	UR	Recommended	48157673400	1st Q	4.8%			
13143	The Hamilton	1800 St Joseph Parkway	Houston	77003	Harris	6	Urban				NC	134	14	148	General	\$1,500,000		J. Steve Ford	Carrie Ford	98	-1	8	12	14	0	131	C		48201100000	2nd Q	32.7%		
13256	4320 Lofts	4320 Old Spanish Trail	Houston	77021	Harris	6	Urban				NC	81	15	96	General	\$1,000,000		Audrey Martin	Teresa Bowyer	102	10	0	10	4	126	N		48201313200	3rd Q	20.5%			
13077	KIRON at Spring	NW quadrant of Kuykendahl Rd & Louetta Rd	Spring	77379	Harris	6	Urban				NC	108	52	160	General	\$1,328,377		Thomas Huth	Dru Childre	108	10	-12	10	4	120	N		48201553801	1st Q	3.1%			
13052	Southfork Plantation	Southfork Parkway & County Rd 59	Manvel	77578	Brazoria	6	Urban	X			NC	94	23	117	Elderly	\$1,040,709		Chris Richardson	Jessica Bailey	108	10	-12	10	0	116	N		48039660602	1st Q	7.2%			
Estimated Amount Available to Allocate		\$9,414,495																															
Total HTCs Requested/Awarded																\$14,556,440																	
Region 7 / Rural																																	
13201	The Trails at Carmel Creek	West of FM 685, S of Carl Stern Dr extension	Hutto	78634	Williamson	7	Rural				NC	50	11	61	Elderly	\$500,000	X	Janine Sisak	Teresa Bowyer	112	10	12	10	4	148	C	Commitment Issued	48491020804	1st Q	6.3%			
13251	River Terrace	Home Depot Way & Hwy 304	Bastrop	78602	Bastrop	7	Rural				NC	35	13	48	General	\$500,000		Will Markel	Jim Markel	112	10	12	10	0	144	N		48021950300	2nd Q	9.1%			
13022	Liberty Manor	US Hwy 29 W @ Bailey Lane	Liberty Hill	78642	Williamson	7	Rural				NC	70	4	74	Elderly	\$750,000		Ken Blankenship	Breck Kean	94	10	12	10	4	130	C		48491020202	1st Q	7.6%			
13137	Mariposa at Ranch Road 12	Appr the 1440 Blk of RR 12 on E Side of Ranch Rd 12	Wimberley	78676	Hays	7	Rural				NC	40	40	80	Elderly	\$500,000		Stuart Shaw	Casey Bump	111	8	-12	10	4	121	N		48209010804	2nd Q	4.1%			
Estimated Amount Available to Allocate		\$500,000																															
Total HTCs Requested/Awarded																\$2,250,000																	
Region 7 / Urban																																	
13112	Liberty Trails Townhomes	Appr 95 acres; NEC of Hwy 29 & Hwy 1869	Liberty Hill	78642	Williamson	7	Urban				NC	75	25	100	General	\$1,090,000	X	Jorge A. Aguirre	Donna Rickenbacker	109	10	12	10	4	145	C	Commitment Issued	48491020202	1st Q	7.6%			
13071	Windy Ridge Apartments	10910 Ranch Rd 620	Austin	78726	Travis	7	Urban				NC	120	0	120	General	\$1,080,918	X	Adrian Iglesias	Rick Deyoe	108	10	12	10	4	144	C	Commitment Issued	48453001765	1st Q	6.2%			
13108	Skyway Studios	2800 S Lamar Blvd	Austin	78704	Travis	7	Urban	X			NC	109	0	109	Supp. Hsg.	\$1,002,000		Walter Moreau	Jennifer Hicks	107	10	12	14	0	143	C		48453001901	2nd Q	4.7%			
13109	Homestead Apartments	3226 W Slaughter Lane	Austin	78748	Travis	7	Urban	X			NC	126	14	140	General	\$1,252,000	X	Walter Moreau	Jennifer Hicks	105	10	12	10	4	141	C	Commitment Issued	48453001746	2nd Q	5.2%			
13125	Songhai at West Gate	8700 Westgate Boulevard	Austin	78745	Travis	7	Urban				NC	140	6	146	General	\$1,220,000		Miguel Medellin	Cherno M. Njie	104	10	12	14	0	140	N		48453001729	2nd Q	6.3%			
13159	4800 Berkman	SWC of Berkman Dr & Barbara Jordan Blvd	Austin	78723	Travis	7	Urban				NC	140	30	170	General	\$1,500,000		Janine Sisak	Wayne Gerami	105	8	12	14	0	139	N		48453000306	4th Q	19.1%			
13142	The Hills of Pflugerville	SWS of "to-be built" Colorado Sand Dr, N side of Pflugerville Pkwy	Pflugerville	78660	Travis	7	Urban				NC	117	0	117	Elderly	\$1,500,000		J. Steve Ford	Carrie Ford	105	10	12	10	0	137	N		48453001858	1st Q	2.1%			
Estimated Amount Available to Allocate		\$3,362,682																															
Total HTCs Requested/Awarded																\$8,644,918																	
Region 8 / Rural																																	
13033	StoneLeaf at Fairfield	113 W Reunion St	Fairfield	75840	Freestone	8	Rural				NC	45	4	49	General	\$500,000	X	Victoria Sugrue	Ben Dempsey	116	10	12	10	4	152	C	Commitment Issued	48161000200	1st Q	8.1%			
13147	Eagles Crossing Apartments	1800 Block of Old Brandon Road	Hillsboro	76645	Hill	8	Rural				NC	38	10	48	General	\$470,493		Justin Zimmerman	Ben Mitchell	115	10	12	10	4	151	C		48217961100	1st Q	12.1%			
13250	Hidden Glen	NE of intersection of Mary Ln & Vaness St	Salado	76571	Bell	8	Rural				NC	35	10	45	Elderly	\$500,000		Will Markel	Jim Markel	112	10	12	10	4	148	N		48027023403	1st Q	3.5%			
Estimated Amount Available to Allocate		\$543,746																															
Total HTCs Requested/Awarded																\$1,470,493																	
Region 8 / Urban																																	
13118	Oak Ridge Apartments	W of 10th St & Nolan Ridge Dr	Nolanville	76559	Bell	8	Urban				NC	48	0	48	General	\$500,000	X	Chris Applequist	Brian M. McGeedy	109	10	12	10	4	145	C	Commitment Issued	48027021800	1st Q	12.8%			
13187	Barron's Branch	N 9th St & Colcord Ave (Appr 1323 N 9th st)	Waco	76707	McLennan	8	Urban				NC	77	15	92	General	\$963,900	X	Lisa Stephens	David Deutch	105	8	12	14	0	139	C	Commitment Issued	48309001200	4th Q	58.1%			
13021	The Manor at Commerce Park	SWQ of Commerce St & Sparta Road	Belton	76513	Bell	8	Urban				NC	80	8	88	Elderly	\$956,000		Ken Blankenship	Breck Kean	101	10	12	10	4	137	C		48027021700	1st Q	8.2%			
Estimated Amount Available to Allocate		\$1,541,697																															
Total HTCs Requested/Awarded																\$2,419,900																	
Region 9 / Rural																																	
13167	Freedoms Path at Kerrville	3600 Block of Memorial Blvd	Kerrville	78028	Kerr	9	Rural	X			NC	49	0	49	Supp. Hsg.	\$717,000	X	Donald Paxton	Craig Taylor	114	10	12	10	4	150	C	Commitment Issued	48265960100	2nd Q	6.9%			
13020	The Manor at Currey Creek	10 FM 474	Boerne	78006	Kendall	9	Rural				NC	70	4	74	Elderly	\$715,000		Ken Blankenship	Breck Kean	111	10	12	10	4	147	N		48259970402	1st Q	1.2%			
13013	Ana's Cove	S Uvalde St to US 281 to E side of Sierra Blvd	Pleasanton	78064	Atascosa	9	Rural				NC	36	0	36	General	\$625,288		Rene Sierra	Sylvia Romans	98	-4	10	12	10	2	128	C		48013960100	3rd Q	13.2%		
Estimated Amount Available to Allocate		\$500,000																															
Total HTCs Requested/Awarded																\$2,057,288																	

Application Number	Development Name	Development Address	City	Zip Code	County	Region	Urban/Rural	At-Risk Set-Aside	USDA Set-Aside	Nonprofit Set-Aside	Construction Type	Low Income Units	Market Rate Units	Total Units	Target Population	HTC Request or Recommend.*	REA review complete*	Applicant Contact	Second Contact	(1) Points Requested / Awarded	(2) Adjustments (CRP / deductions)	(3) Development Cost/FT	(4) Senator/Rep letters	(5) QCP	(6) Other than QCP	Total Possible Score	Review Status	Status of Award	Census Tract	Quartile of Median HH Income	Poverty Rate	
Region 9 / Urban																																
13262	Paso Fino Apartment Homes	10729 Shaenfield Rd	San Antonio	78254	Bexar	9	Urban				NC	149	11	160	General	\$1,500,000	X	Manish Verma	Walter Martinez	108	10	12	10	4	144	C	Commitment Issued	48029181726	1st Q	5.3%		
13192	Shaenfield Apartments	10585 Shaenfield Rd	San Antonio	78254	Bexar	9	Urban	X			NC	105	39	144	General	\$1,405,470		Shaenfield Apartments Ltd.	Ben Amor	108	10	12	10	4	144	C		48029181726	1st Q	5.3%		
13193	Balcones Lofts	SC of Gentleman Rd & Hillcrest Dr	Balcones Heights	78201	Bexar	9	Urban	X			NC	50	34	84	General	\$711,849	X	Balcones Lofts Ltd.	Debra Guerrero	107	10	12	10	4	143	C	Commitment Issued	48029180800	4th Q	31.1%		
13196	Emerald Village	NEC of NW Loop 1604 & Corporate Woods Dr	San Antonio	78259	Bexar	9	Urban	X			NC	134	30	144	General	\$1,500,000		Emerald Village Ltd.	Lori Hall	108	10	0	10	4	132	C	Recommended	48029121906	1st Q	2.7%		
Estimated Amount Available to Allocate												\$3,992,496		Total HTCs Requested/Awarded					\$5,117,319													
Region 10 / Rural																																
13213	Bailey Square	SEQ of N Valley St & E Bailey St	Cuero	77954	DeWitt	10	Rural				NC	48	8	56	General	\$500,000	X	Audrey Martin	Teresa Bowyer	113	10	12	10	4	149	C	Commitment Issued	48123970300	2nd Q	12.6%		
Estimated Amount Available to Allocate												\$500,000		Total HTCs Requested/Awarded					\$500,000													
Region 10 / Urban																																
13082	Woodland Creek Apartments	11641 Leopard St	Corpus Christi	78410	Nueces	10	Urban	X		Recon		94	0	94	General	\$1,356,998	X	Gilbert M. Piette	Roger H. Canales	103	10	12	14	0	139	C	Commitment Issued	48355003601	1st Q	10.0%		
Estimated Amount Available to Allocate												\$1,231,390		Total HTCs Requested/Awarded					\$1,356,998													
Region 11 / Rural																																
13087	Villas del Rio	N Hwy 83 & 300' W of Hernandez Rd & Corrales Rd	Rio Grande City	78582	Starr	11	Rural				NC	50	30	80	General	\$860,000	X	Kyndel Bennett	Matthew Long	117	10	12	10	4	153	C	Commitment Issued	48427950104	1st Q	17.0%		
13051	Royal Gardens	Eisenhower St (SW of Eisenhower St & Charco Blanco Rd)	Rio Grande City	78582	Starr	11	Rural	X			NC	80	0	80	General	\$586,271		Noorallah Jooma	Robert Wilson	117	10	12	10	4	153	C		48427950104	1st Q	17.0%		
13046	La Esperanza Del Rio	W of FM 3167 & S of Eisenhower Rd	Rio Grande City ETJ	78582	Starr	11	Rural				NC	50	10	60	General	\$500,000		Sara Reidy	Linda S. Brown	116	10	12	10	4	152	C		48427950104	1st Q	17.0%		
13154	Trosper Apartments	Near 5 mile Rd & Trosper	Alton	78573	Hidalgo	11	Rural				NC	80	0	80	General	\$1,138,000		Mike Lopez	Tim Smith	102	8	0	10	4	124	N		48215024113	3rd Q	41.3%		
Estimated Amount Available to Allocate												\$1,042,926		Total HTCs Requested/Awarded					\$3,084,271													
Region 11 / Urban																																
13100	Villages of Penitas	10 acres out of Diamond Commercial Park Subdivision	Penitas	78576	Hidalgo	11	Urban				NC	116	12	128	General	\$1,383,000	X	Steve Lollis	Donna Rickenbacker	112	10	12	10	4	148	C	Commitment Issued	48215024203	2nd Q	17.0%		
13081	River Bank Village	202 Aquero Boulevard	Laredo	78045	Webb	11	Urban				NC	114	38	152	General	\$1,225,000	X	Apolonio ("Nono") Flores	Doak Brown	109	10	12	10	4	145	C	Commitment Issued	48479001711	1st Q	11.7%		
13068	Mayorca Villas	8.75 acres W Marcelo Blvd at Jose Marti Blvd	Brownsville	78575	Cameron	11	Urban				NC	48	72	120	General	\$500,000	X	Melissa Adami	Dewey Stevens	109	10	12	10	4	145	C	Commitment Issued	48061012613	1st Q	22.2%		
13281	Sunquest Apartments	23850 Stuart Place Road	Primera	78552	Cameron	11	Urban	X			NC	100	28	128	General	\$1,400,000	X	Mr. Sunny K. Philip	Michelle Grandt	108	10	12	10	4	144	C	Commitment Issued	48061010302	1st Q	30.5%		
13270	Bella Terra Apartments	+/- 10.5 acres at SEQ of Morrison Rd & Pablo Kisel Blvd	Brownsville	78526	Cameron	11	Urban				NC	120	0	120	General	\$1,420,889		Enrique Flores	Enrique Flores, IV	108	10	12	10	4	144	C		48061012612	1st Q	12.9%		
13263	Sunland Apartments	19000 FM 508	Combes	78550	Cameron	11	Urban				NC	100	40	140	General	\$1,500,000		Mr. Sunny K. Philip	Michelle Grandt	107	10	12	14	0	143	C		48061010203	1st Q	25.0%		
13275	Bella Vista Apartments	+/- 8.5 acres at SWQ of McColl Rd & Sprague St	Edinburg	78539	Hidalgo	11	Urban				NC	120	0	120	General	\$1,210,263		Enrique Flores	Enrique Flores, IV	107	10	12	10	4	143	N		48215023904	1st Q	12.3%		
Estimated Amount Available to Allocate												\$4,913,492		Total HTCs Requested/Awarded					\$8,639,152													
Region 12 / Rural																																
13180	Mission Village of Pecos	SEC of Texas St & W Washington St	Pecos	79772	Reeves	12	Rural				NC	49	11	60	General	\$500,000	X	Michael Ash	Marissa Downs	115	10	12	10	4	151	C	Commitment Issued	48389950400	1st Q	23.3%		
13211	Mustang Springs Apartments	NWC of Quail Ridge Dr & NE Mustang Dr	Andrews	79714	Andrews	12	Rural				NC	49	11	60	General	\$500,000		Michelle Den Bleyker	Joseph Ortega	115	10	12	10	4	151	N		48003950100	1st Q	16.9%		
13160	Sands Terrace Apartments	IH-20 Business Appr 3,000' E of S James Ave	Monahans	79756	Ward	12	Rural				NC	38	10	48	General	\$453,000		Justin Zimmerman	Ben Mitchell	112	10	12	10	4	148	N		48475950200	2nd Q	9.1%		
Estimated Amount Available to Allocate												\$500,000		Total HTCs Requested/Awarded					\$1,453,000													
Region 12 / Urban																																
13016	Westridge	5100 Blk of Graceland	Midland	79703	Midland	12	Urban	X			NC	84	12	96	Elderly	\$739,061	X	Granger MacDonald	Carrie Adams	94	10	12	10	4	130	C	Commitment Issued	48329001300	2nd Q	9.0%		
13043	Progress Senior Living	NEC of W Loop 338 & W 8th St	Odessa	79763	Ector	12	Urban	X			NC	80	0	80	Elderly	\$817,898		Bernadine Spears	Sharon Laurence	93	8	12	10	4	127	N		48135001100	3rd Q	22.4%		
13136	Concho Villas	2001 S Concho Dr	San Angelo	76904	Tom Green	12	Urban				NC	49	0	49	General	\$638,000		Jay Milam	Jack Jenks	89	10	0	10	4	113	N		48451001708	1st Q	2.2%		
Estimated Amount Available to Allocate												\$750,323		Total HTCs Requested/Awarded					\$2,194,959													
Region 13 / Rural																																
13131	Montana Vista Palms	Off of Montana Ave at Peggy Hopkins & Oshea Dr	El Paso	79938	El Paso	13	Rural				NC	48	0	48	General	\$474,000	X	R.L. "Bobby" Bowling, IV	Demetrio Jimenez	95	10	12	10	4	131	C	Commitment Issued	48141010340	1st Q	14.1%		
13132	San Elizario Palms II	A parcel directly behind 13850 Socorro Rd	San Elizario	79849	El Paso	13	Rural				NC	48	0	48	General	\$415,000		R.L. "Bobby" Bowling, IV	Demetrio Jimenez	87	10	12	10	4	123	N		48141010501	4th Q	57.5%		
13096	Laureles del Este	SWQ, Fabens St & Citizen Transfer Station Rd	Fabens	79838	El Paso	13	Rural				NC	42	0	42	General	\$460,396		Ike J. Monty	María Espinoza	85	10	12	10	4	121	N		48141010505	4th Q	42.4%		
Estimated Amount Available to Allocate												\$500,000		Total HTCs Requested/Awarded					\$1,349,396													

Application Number	Development Name	Development Address	City	Zip Code	County	Region	Urban/Rural	At-Risk Set-Aside	USDA Set-Aside	Nonprofit Set-Aside	Construction Type	Low Income Units	Market Rate Units	Total Units	Target Population	HTC Request or Recommend.*	REA review complete*	Applicant Contact	Second Contact	(1) Points Requested / Awarded	(2) Adjustments (CRP / deductions)	(3) Development Cost/FX	(4) Senator/Rep letters	(5) QCP	(6) Other than QCP	Total Possible Score	Review Status	Status of Award	Census Tract	Quartile of Median HH Income	Poverty Rate		
Region 13 / Urban																																	
13133	Verde Palms	Btwn Joe Battle & Pine Springs Dr on Loma Verde Dr	El Paso	79936	El Paso	13	Urban				NC	100	52	152	General	\$1,254,000	X	R.L. "Bobby" Bowling, IV	Demetrio Jimenez	103	10	12	10	4	139	C	Commitment Issued	48141010338	1st Q	6.5%			
13130	North Desert Palms	11001 Dyer St	El Paso	79934	El Paso	13	Urban				NC	100	52	152	General	\$1,254,000	X	R.L. "Bobby" Bowling, IV	Demetrio Jimenez	100	10	12	10	4	136	C	Recommended	48141010207	2nd Q	10.2%			
13098	Meadow Heights	11620 Pellicano	El Paso	79936	El Paso	13	Urban				NC	50	0	50	General	\$500,000		Ike J. Monty	Maria Espinoza	100	10	12	10	2	134	C		48141004309	1st Q	12.5%			
13097	Eastpointe Estates	NEQ Zaragosa & Pebble Hills	El Paso	79938	El Paso	13	Urban				NC	104	0	104	General	\$1,135,364		Ike J. Monty	Maria Espinoza	96	-1	10	12	10	4	131	C		48141010341	2nd Q	18.9%		
13099	Villas at West Mountain	NWQ Helen of Troy & New Harvest (fka Export)	El Paso	79912	El Paso	13	Urban				NC	76	0	76	General	\$813,434		Ike J. Monty	Maria Espinoza	100	-8	10	12	10	4	128	C	Point loss at commitment; extension request pending	48141010215	1st Q	9.8%		
13166	Artspace El Paso Lofts	601 N Oregon St	El Paso	79901	El Paso	13	Urban				NC	51	0	51	General	\$1,077,426		Sarah White	Cathryn Vandenbrink	102	0	12	14	0	128	C		48141001600	4th Q	46.3%			
Estimated Amount Available to Allocate		\$2,400,306											Total HTCs Requested/Awarded		\$6,034,224																		
TOTALS																																	
Total Estimated 2013 HTC Ceiling		\$59,104,798	Total Active Applications										120	Total HTCs Requested/Awarded		\$112,334,794																	

* For those Applications with a complete REA review, the HTC Request reflected on the log is the recommended credit amount from the Real Estate Analysis division. These recommendations may be subject to appeal.



2013 STATE OF TEXAS, COMPETITIVE HOUSING TAX CREDIT CEILING ACCOUNTING SUMMARY

2013 COMPETITIVE (9%) HOUSING TAX CREDIT FUNDING ALLOCATION											APPLICATION LIMITS	AWARDS SUMMARY BY SUB-REGION								
Region	Geography	Initial Sub-region amount	Returned during 2013 Calendar Year	Sub-region amount after returned credit	Amount needed to reach \$500,000	Amount over \$500,000 that can be reallocated	Proportion of amount available to be reallocated	Amount to be reallocated	Final Funding Amount	Allocation %	Max Funding Request/Award Limits (150%)	Initial Funding	(over)/under	Rank	Rural Collapse	(over)/under	SW Collapse	(over)/under	Notes (Related to sub-regions with no awards prior to the rural or statewide collapses)	
Urban	1 Lubbock	\$ 1,173,030		\$ 1,173,030	\$ -	\$ 673,030	2%	\$ (23,097.89)	\$ 1,149,932	2.29%	\$ 1,500,000	1 \$ 1,101,991.00	4.17%	9		4.17%	15	\$ -	4.17%	
	2 Abilene	\$ 583,212	\$ 21,671	\$ 604,883	\$ -	\$ 104,883	0%	\$ (3,599.49)	\$ 601,283	1.20%	\$ 857,868	2 \$ 571,912.00	4.88%	8		4.88%	14	\$ -	4.88%	
	3 Dallas/Fort Worth	\$ 10,583,457	\$ 250,189	\$ 10,833,646	\$ -	\$ 10,333,646	27%	\$ (354,643.14)	\$ 10,479,003	20.83%	\$ 1,500,000	3 \$ 10,359,828.00	1.14%	12		1.14%	20	\$ -	1.14%	
	4 Tyler	\$ 1,206,550		\$ 1,206,550	\$ -	\$ 706,550	2%	\$ (24,248.28)	\$ 1,182,302	2.35%	\$ 1,500,000	4 \$ 1,163,876.00	1.56%	10		1.56%	17	\$ -	1.56%	
	5 Beaumont	\$ 855,161		\$ 855,161	\$ -	\$ 355,161	1%	\$ (12,188.86)	\$ 842,972	1.68%	\$ 1,245,260	5 \$ -	100.00%	1		100.00%	1	\$ 1,245,259.00	-47.72%	
	6 Houston	\$ 9,703,075	\$ 28,232	\$ 9,731,307	\$ -	\$ 9,231,307	24%	\$ (316,811.68)	\$ 9,414,495	18.72%	\$ 1,500,000	6 \$ 9,687,354.00	-2.90%	13		-2.90%	24	\$ -	-2.90%	
	7 Austin/Round Rock	\$ 3,464,419		\$ 3,464,419	\$ -	\$ 2,964,419	8%	\$ (101,736.69)	\$ 3,362,682	6.68%	\$ 1,500,000	7 \$ 2,170,918.00	35.44%	5		35.44%	5	\$ 1,252,000.00	-1.79%	
	8 Waco	\$ 1,578,717		\$ 1,578,717	\$ -	\$ 1,078,717	3%	\$ (37,020.79)	\$ 1,541,697	3.06%	\$ 1,500,000	8 \$ 1,463,900.00	5.05%	7		5.05%	13	\$ -	5.05%	
	9 San Antonio	\$ 4,116,616		\$ 4,116,616	\$ -	\$ 3,616,616	9%	\$ (124,119.60)	\$ 3,992,496	7.94%	\$ 1,500,000	9 \$ 2,211,849.00	44.60%	4		44.60%	4	\$ 1,500,000.00	7.03%	
	10 Corpus Christi	\$ 1,221,566	\$ 35,817	\$ 1,257,383	\$ -	\$ 757,383	2%	\$ (25,992.82)	\$ 1,231,390	2.45%	\$ 1,500,000	10 \$ -	100.00%	1		100.00%	1	\$ 1,356,998.00	-10.20%	
	11 Brownsville/Harlingen	\$ 5,070,343		\$ 5,070,343	\$ -	\$ 4,570,343	12%	\$ (156,850.81)	\$ 4,913,492	9.77%	\$ 1,500,000	11 \$ 4,508,000.00	8.25%	6		8.25%	8	\$ -	8.25%	
	12 San Angelo	\$ 759,220		\$ 759,220	\$ -	\$ 259,220	1%	\$ (8,896.23)	\$ 750,323	1.49%	\$ 1,108,591	12 \$ 739,061.00	1.50%	11		1.50%	19	\$ -	1.50%	
	13 El Paso	\$ 2,467,841		\$ 2,467,841	\$ -	\$ 1,967,841	5%	\$ (67,534.85)	\$ 2,400,306	4.77%	\$ 1,500,000	13 \$ 1,254,000.00	47.76%	3		47.76%	3	\$ 1,254,000.00	-4.49%	
Rural	1 Lubbock	\$ 662,521		\$ 662,521	\$ -	\$ 162,521	0%	\$ (5,577.59)	\$ 656,943	1.31%	\$ 970,844	1 \$ -	100.00%	1	\$ 647,000.00	1.51%	18	\$ 442,000.00	-65.77%	
	2 Abilene	\$ 505,404	\$ 6,620	\$ 512,024	\$ -	\$ 12,024	0%	\$ (412.67)	\$ 511,612	1.02%	\$ 750,000	2 \$ 434,000.00	15.17%	6	\$ -	15.17%	7	\$ -	15.17%	
	3 Dallas/Fort Worth	\$ 546,077		\$ 546,077	\$ -	\$ 46,077	0%	\$ (1,581.34)	\$ 544,496	1.08%	\$ 804,970	3 \$ 500,000.00	8.17%	7	\$ -	8.17%	9	\$ -	8.17%	
	4 Tyler	\$ 1,302,464		\$ 1,302,464	\$ -	\$ 802,464	2%	\$ (27,539.98)	\$ 1,274,924	2.53%	\$ 1,500,000	4 \$ 619,000.00	51.45%	4	\$ 626,888.00	2.28%	16	\$ -	2.28%	
	5 Beaumont	\$ 880,237		\$ 880,237	\$ -	\$ 380,237	1%	\$ (13,049.46)	\$ 867,188	1.72%	\$ 1,280,981	5 \$ 805,000.00	7.17%	9	\$ -	7.17%	11	\$ -	7.17%	
	6 Houston	\$ 336,392		\$ 336,392	\$ 163,608	\$ -	0%	\$ 163,607.80	\$ 500,000	0.99%	\$ 750,000	6 \$ -	100.00%	1	\$ 750,000.00	-50.00%	26	\$ -	-50.00%	
	7 Austin/Round Rock	\$ 188,828		\$ 188,828	\$ 311,172	\$ -	0%	\$ 311,172.33	\$ 500,000	0.99%	\$ 750,000	7 \$ 500,000.00	0.00%	11	\$ -	0.00%	21	\$ -	0.00%	
	8 Waco	\$ 545,300		\$ 545,300	\$ -	\$ 45,300	0%	\$ (1,554.67)	\$ 543,746	1.08%	\$ 803,863	8 \$ 500,000.00	8.05%	8	\$ -	8.05%	10	\$ -	8.05%	
	9 San Antonio	\$ 216,391		\$ 216,391	\$ 283,609	\$ -	0%	\$ 283,609.26	\$ 500,000	0.99%	\$ 750,000	9 \$ -	100.00%	1	\$ 717,000.00	-43.40%	25	\$ -	-43.40%	
	10 Corpus Christi	\$ 449,742		\$ 449,742	\$ 50,258	\$ -	0%	\$ 50,257.58	\$ 500,000	0.99%	\$ 750,000	10 \$ 500,000.00	0.00%	11	\$ -	0.00%	21	\$ -	0.00%	
	11 Brownsville/Harlingen	\$ 938,769	\$ 123,452	\$ 1,062,221	\$ -	\$ 562,221	1%	\$ (19,295.01)	\$ 1,042,926	2.07%	\$ 1,364,360	11 \$ 860,000.00	17.54%	5	\$ -	17.54%	6	\$ -	17.54%	
	12 San Angelo	\$ 412,202		\$ 412,202	\$ 87,798	\$ -	0%	\$ 87,797.85	\$ 500,000	0.99%	\$ 750,000	12 \$ 500,000.00	0.00%	11	\$ -	0.00%	21	\$ -	0.00%	
	13 El Paso	\$ 70,693		\$ 70,693	\$ 429,307	\$ -	0%	\$ 429,307.05	\$ 500,000	0.99%	\$ 750,000	13 \$ 474,000.00	5.20%	10	\$ -	5.20%	12	\$ -	5.20%	
Urban Totals		\$ 42,783,204	\$ 335,909	\$ 43,119,113				\$ 41,862,372		83.2%										
Rural Totals		\$ 7,055,021	\$ 130,072	\$ 7,185,093				\$ 8,441,834		16.8%										
Regional Total		\$ 49,838,226	\$ 465,981	\$ 50,130,852				\$ 50,304,207		85.11%										
At-Risk Total		\$ 8,794,981	\$ 5,610	\$ 8,800,591				\$ 8,800,591		14.89%										
USDA (from At-Risk)		\$ 2,931,660	\$ 5,610	\$ 2,937,270				\$ 2,937,270		4.97%										
Grand Total		\$ 58,633,207	\$ 471,591	\$ 59,104,798				\$ 59,104,798		100.00%										

Category	Amount	Percentage
Regional Awards	\$ 50,715,834	83.60%
USDA Awards	\$ 2,606,853	4.30%
At Risk (non-USDA) Awards	\$ 7,030,713	11.59%
Total New Awards	\$ 60,353,400	99.49%
Total Awards	\$ 60,353,400	99.49%
Nonprofit total	\$ 13,248,142	21.84%
Remaining Funds from original 2013 allocation	\$ (1,248,602)	-2.06%
*2012 credit returned after July 31, 2013	\$ 1,305,000	
**National Pool	\$ 253,531	
Total Remaining	\$ 309,929	
Total Funds	\$ 60,663,329	100.00%

*2012 credit received subsequent to July awards goes directly back to sub-region from which it came. Residual credit after award in that sub-region goes to Statewide Collapse.
 **National Pool is received subsequent to July awards and goes directly to Statewide Collapse.