

BOARD MEETING OF JUNE 26, 2014

J. Paul Ozer, Chair



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.
June 26, 2014**

**John H. Reagan Building
Room JHR 140, 105 W 15th Street
Austin, Texas**

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

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

EXECUTIVE

- a) Presentation, Discussion, and Possible Action regarding the Board Minutes Summary for May 8, 2014

Barbara Deane
Board Secretary

LEGAL

- b) Presentation, Discussion and Possible Action on Amended Report to Board concerning administrative penalties and initiation of a contested case hearing for Southmore Park Apartments (HTC 94004 / CMTS 1204)
- c) Presentation, Discussion and Possible Action on the Adoption of Agreed Final Orders
 - Alpine Manor, L.P., owner of Alpine Manor Apartments (HTC 93023 / CMTS 1112)
 - Pampa Manor, Ltd., owner of Pampa Manor Apartments (HTC 93024 / CMTS 1113)
 - Fort Stockton Manor, L.P., owner of Fort Stockton Manor Apartments (HTC 93160/ CMTS 1190)
 - Wills Point Crossing, L.P., owner of Wills Point Crossing Apartments (HTC 94012/ CMTS 1211)

Jeff Pender
Dep. General Counsel

RULES

- d) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC §1.13, concerning Adjudicative Hearing Procedures, and directing its publication in the *Texas Register*
- e) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 25, concerning the Colonia Self-Help Centers, and directing its publication in the *Texas Register*

Jeff Pender
Deputy General Counsel

Homero Cabello
Director of Office of Colonia Initiatives

ASSET MANAGEMENT

- f) Presentation, Discussion, and Possible Action to approve a waiver of 10 TAC §10.101(a) for Balcones Lofts in Balcones Heights (#13193)

Cari Garcia
Dir. Asset Mgmt

OFFICE OF COLONIA INITIATIVES

- g) Presentation, Discussion, and Possible Action on Colonia Self Help Center Program Award to El Paso and Val Verde counties in accordance with Tex. Gov't Code, §2306.582 through Community Development Block Grant Funding

Homero Cabello
Director of Office of Colonia Initiatives

MULTIFAMILY FINANCE

- h) Report on Challenges Made in Accordance with 10 TAC §11.10 Concerning 2014 Housing Tax Credit Applications
- i) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer
 - 14402 Bruton Apartments Dallas
 - 14407 Hunter Plaza Fort Worth
- j) Presentation, Discussion, and Possible Action on Inducement Resolution No. 14-036 for Multifamily Housing Revenue Bonds and an Authorization for Filing Applications for Private Activity Bond Authority - 2014 Waiting List for Highland Oaks Apartments
- k) Presentation, Discussion, and Possible Action on Resolution No. 14-033 for the Second Supplemental Trust Indenture and Forebearance and Modification Agreement relating to the Multifamily Housing Revenue Bonds for Homes at Pecan Grove, Series 2005
- l) Presentation, Discussion, and Possible Action regarding an Award of HOME funds from the 2013-1 HOME Multifamily Development Program Notice of Funding Availability
 - 13502 Majors Place Apartments Greenville

Jean Latsha
Dir. Multifamily Finance

COMPLIANCE

- m) Presentation, Discussion, and Possible Action on modified award conditions for Stonebridge at Plainview

Patricia Murphy
Chief of Compliance

COMMUNITY AFFAIRS

- n) Presentation, Discussion, and Possible Action on Conditional Program Year (PY) 2014 Emergency Solutions Grants Awards
- o) Presentation, Discussion, and Possible Action on Conditional Prior Year Emergency Shelter Grant Program and Emergency Solutions Grant Awards

Michael DeYoung
Director of Community Affairs

REPORT ITEMS

The Board accepts the following reports:

- 1. Presentation on the Department Quarterly Snapshot tool
- 2. Executive Report of Multifamily Program Amendments, Extensions, and Ownership Transfers

David Johnson
Mgr, Program, Planning,
Policy and Metrics.

Cari Garcia
Dir. Asset
Management

ACTION ITEMS

ITEM 2: FINANCIAL ADMINISTRATION

- a. Presentation, Discussion, and Possible Action on the FY 2015 Operating Budget
- b. Presentation, Discussion, and Possible Action on the FY 2015 Housing Finance Division Budget
- c. Presentation, Discussion, and Possible Action regarding the Legislative Appropriations Request for State Fiscal Years 2016-17

David Cervantes
Chief Financial
Officer

ITEM 3: BOND FINANCE:

Presentation, Discussion, and Possible Action on Resolution No. 14-035 authorizing Publication of Public Notice for Mortgage Credit Certificate Program (Program 83)

Tim Nelson
Dir. Bond Finance

ITEM 4: ASSET MANAGEMENT

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

Cari Garcia
Director, Asset
Management

95026	Fonseca, Ltd.	El Paso
97089	Prado, Ltd.	El Paso
98091	NCDO Housing, Ltd.	El Paso
01018	Western Whirlwind, Ltd.	Horizon City
01119	Cactus Rose, Ltd.	Anthony
02061	Painted Desert Townhomes	Clint
03222	Whispering Sands Townhomes	Anthony

ITEM 5: MULTIFAMILY FINANCE:

- a) Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers of the Department’s Program Rules and Requests for Preclearance from Undesirable Area Features

Jean Latsha
Dir. Multifamily
Finance

14001	Pine Terrace Apartments	Mt. Pleasant
14063	Hudson Providence	Hudson
14083	Selinsky Street Supportive Housing	Houston
14084	Palm Parque	Houston
14097	Residences at Rodd Field	Corpus Christi
14100	Savannah Park	Abernathy, Lexington, Karnes City
14102	Stoneleaf at Glen Rose	Glen Rose
14106	Manor Lane Senior Apartments	Hondo
14114	Waters at Granbury	Granbury
14130	Tays	El Paso
14175	Liberty Square and Liberty Village	Groesbeck
14182	Prairie Gardens	Abilene
14191	Wheatley Courts	San Antonio
14209	Riverside Village	Rio Hondo

14215	Village on Harvest Time	Houston
b)	Presentation, Discussion, and Possible Action to Issue a list of Approved Applications for Housing Tax Credits in accordance with Tex. Gov't Code, §2306.6724(e).	
14000	Trinity Oaks Apartments	Sulphur Springs
14001	Pine Terrace Apartments	Mt. Pleasant
14003	Whitestone Apartments and Tamaric Apartments	Cedar Park
14004	Northwest Apartments	Georgetown
14005	Timbercreek Village Apartments	Rusk
14006	Oak Grove Village	Marble Falls
14007	Liberty Manor	Liberty Hill
14011	Artisan at Remigio	San Antonio
14012	Wynnewood Seniors Housing II	Dallas
14015	The Monarch	Houston
14017	Catalon	Houston
14019	Tuscany Park at Arcola	Arcola
14022	The Oaks of Westview	Canton
14023	Heritage Square	Jacksonville
14024	Creekside Village	Jacksonville
14025	Heritage Place	Jacksonville
14029	Royal Gardens	Wichita Falls
14032	Reserve at Compton Road	Arcola
14035	La Esperanza De Brownsville	Brownsville
14036	La Esperanza De Alton	Alton
14037	Artspace El Paso Lofts	El Paso
14040	Progress Senior Living	Odessa
14042	East End Lofts	Houston
14043	Carriage Crossing	Waller
14044	Auden Village	Houston
14051	Churchill at Champions Circle Community	Fort Worth
14052	Waverly Village	New Waverly
14054	Whispering Oaks	West Orange
14055	Rushcreek Oaks Ranch	Houston
14057	Tidwell Lakes Ranch	Houston ETJ
14060	New Haven Apartments	Athens
14063	Hudson Providence	Hudson
14066	Lexington Manor Apartments	Corpus Christi
14068	Bluebonnet Studios	Austin
14069	Southwest Trails Phase II	Austin
14070	Rutledge Spur Apartments	Austin
14073	Homestead Palms	Homestead Palms South
14074	Dyer Palms	El Paso
14075	Pellicano Palms	El Paso
14076	New Hope Housing at Reed	Houston
14081	Grand Court Residences	San Angelo

14083	Selinsky Street Supportive Housing	Houston
14084	Palm Parque	Houston
14087	Cypress Creek Apartment Homes at Joshua Station	Joshua
14088	Mariposa Apartment Homes at Spring Hollow	Saginaw
14090	Stone Oaks Apartments	Laredo
14091	Casa Verde Apartments	Laredo
14092	Madison Oaks Apartments	Winnsboro
14093	Auburn Village	McAllen
14094	Cypress Creek Apartment Homes at Broadway	Joshua
14095	Sabine Place Apartments	Fort Worth
14097	Residences at Rodd Field	Corpus Christi
14099	Belle Towers	Brenham
14100	SavannahPark of ALK	Abernathy, Lexington, Karnes City
14101	Red River Apartments	Detroit, Clarksville
14102	StoneLeaf at Glen Rose	Glen Rose
14103	The Women's Home Housing Phase II	Houston
14105	Royal Gardens	Iowa Park
14106	Manor Lane Senior Apartments	Hondo
14107	Villas at Buda	Buda
14108	Cleme Manor Apartments	Houston
14109	Hidden Glen	Salado
14112	San Angelo Townhomes	San Angelo
14113	Avenue Terraces	Houston
14114	The Waters at Granbury	Granbury
14118	Westpointe Apartments	New Braunfels
14122	Riverside Park Apartments	Early
14126	Shadow Hills Apartments	Hillsboro
14127	Haymon Krupp	El Paso
14128	Sherman Plaza	El Paso
14129	Westfall Baines	El Paso
14130	Tays	El Paso
14132	Mission Village of Monahans	Monahans
14133	Mission Village of Jacksonville	Jacksonville
14135	Heritage Park Vista II	Fort Worth
14137	Lafayette Park Apartments	Houston
14141	Hickory Village Apartments	Balch Springs
14145	Glenwood Trails II	Deer Park
14148	Greens at Brentford	Mission Bend (Houston ETJ)
14150	Eagles Rest	San Antonio (ETJ)
14151	Eckhert Village	San Antonio
14154	The Grove	Odessa
14155	Cypress Place	Beaumont
14157	Pecan Pointe	Bastrop

14158	Bishop Gardens	Justin
14163	HomeTowne at Presidio Junction	Fort Worth
14166	Hurstbourne Crossing	Houston
14167	Paddock at the Bayou	Houston
14168	The Villages of Dickinson	Dickinson
14170	The Reserves at Brookside	Borger
14172	The Reserves at Copper Ranch	Lubbock
14174	Hopkins Crossing Apartments	Krum
14175	Liberty Square and Liberty Village	Groesbeck
14176	Moss Rose Apartments	Killeen
14177	Orchard Estates Apartments	Alton (ETJ)
14180	Serenity Place Apartments	Dallas
14181	The Trails on Mockingbird Lane	Abilene
14182	Prairie Gardens	Abilene
14183	Robison Terrace	Texarkana
14184	Rivers Bluff Apartments	Mount Pleasant
14185	Vista Del Valle Apartments	La Villa
14188	Reserve at Whitehouse	Whitehouse
14189	Citrus Cove	Bridge City
14191	Wheatley Courts	San Antonio
14193	Villas at West Mountain	El Paso
14194	Laureles del Este	Fabens
14195	Davis Street Housing	Fabens
14198	Columbia at Renaissance Square	Fort Worth
14200	Constitution Court Phase II	Copperas Cove
14203	Longhorn's Landing	Buda
14204	Seminole Ridge	Houston
14205	Avondale Apartments	Fort Worth
14207	Alamo Vista	Alamo
14209	Riverside Village Apartments	Rio Hondo
14213	Bellfort Park Apartments	Houston
14215	Village on Harvest Time	Houston
14220	Palladium Lake Jackson	Lake Jackson
14221	Palladium Van Alstyne Senior Living	Van Alstyne
14223	Beacon Hill	Lubbock
14225	The Residences at Snyder	Snyder ETJ
14226	Art at Bratton's Edge	Austin
14227	Liberty Pass	Selma
14228	Art at Elysium Grand	Denton
14229	Barron's Branch II	Waco
14233	Art at Palladium View	Fort Worth
14243	Merritt Lakeline Station	Austin
14244	Merritt Estates	Midland
14254	Silver Oaks Village	San Antonio
14256	Retama Park	Brownsville
14266	Abbington Junction of Pottsboro	Pottsboro

14269	Abbingtion Glen of Nash	Nash
14271	Abbingtion Walk of Emory	Emory
14272	The Lodge at Huffmeister	Cypress (Houston ETJ)
14273	Forestwood Lodge	Houston ETJ
14274	Heritage Plaza	Montgomery
14276	Meadowbrook Square Apartments	Godley
14277	Pecan Tree Square Apartments	Grandview
14278	Edgewood Estates Apartments	Edgewood
14279	Junction Seniors Apartments	Junction
14282	Riverstone Apartments	Corpus Christi
14283	Bella Vista Apartments	Alton (ETJ)
14284	The Vineyards	Lubbock
14285	The Arbor at Centerbrook	Live Oak
14288	Villas at Boston Heights	Benbrook
14291	Cypress Creek Apartment Homes at Wayside	Houston
14292	Cypress Creek Apartment Homes at Parker Creek North	Royse City
14295	M2 Apartments	McKinney
14297	Casitas Los Olmos	Raymondville
14300	Vista Pointe at Wild Pine	San Antonio
14302	Socorro Palms	Socorro
14303	The Cottages at Bailey Square	Cuero
14304	Vista Rita Blanca Apartments II	Dalhart
14306	Live Oak Villas	George West

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS.

EXECUTIVE SESSION

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

**J. Paul Ozer,
Chairman**

1. The Board may go into Executive Session Pursuant to Tex. Gov't Code, §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee
2. Pursuant to Tex. Gov't. Code, §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer, including:
 - a) *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al., filed in federal district court, Northern District of Texas.*
 - b) *Galveston Open Government Project, et al., v. U.S. Department of Housing and Urban Development, et al., filed in federal district court, Southern District of Texas*
 - c) *Letter from Texas Rio Grande Legal Aid regarding Auburn Village Tax Credit Application*
3. Pursuant to Tex. Gov't. Code, §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't. Code, Chapter 551
 - a) Any posted agenda item.
4. Pursuant to Tex. Gov't. Code, §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to

negotiate with a third person; and/or-

5. Pursuant to Tex. Gov't. Code, §2306.039(c) the Department's internal auditor, fraud prevention coordinator, or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste, or abuse.

OPEN SESSION

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

ADJOURN

To access this agenda and 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

JUNE 26, 2014

Presentation, Discussion, and Possible Action on the Board Meeting Minutes Summaries for May 8, 2014.

RECOMMENDED ACTION

Approve Board Meeting Minutes Summaries for May 8, 2014

RESOLVED, that the Board Meeting Minutes Summaries for May 8, 2014, as having been specifically approved, are hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
May 8, 2014

On Thursday, the 8th day of May, 2014, at 9:00 a.m., the regular monthly meeting of the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”) was held in Room JHR 140 of the John H. Reagan Building, Austin, Texas.

The following members, constituting a quorum, were present and voting:

- J. Paul Oxer
- Leslie Bingham Escareño
- Tom H. Gann
- J. Mark McWatters
- Juan Muñoz
- Robert Thomas

J. Paul Oxer served as Chair, and Barbara Deane served as secretary.

1) Brooke Boston, TDHCA staff, provided a clarification regarding item 1b – Presentation, Discussion, and Possible Action to release and subsequently award a Request for Applications to administer the Comprehensive Energy Assistance Program in Bee, Live Oak, McMullen and Refugio counties and the Community Services Block Grant program in Aransas, Bee, Kenedy, Kleberg, Live Oak, McMullen, and Refugio counties. The Board unanimously adopted the Consent Agenda as presented except for item 1a which was moved to the Action Item portion of the agenda.

2) Consent Agenda Item 1a – Presentation, Discussion and Possible Action on a proposed new 10 TAC, Chapter 2, Enforcement and proposed repeal of 10 TAC, Chapter 1, §1.14 related to Administrative Penalties, proposed repeal of 10 TAC §5.17 related to Sanctions and Contract Close Out and proposed repeal of 10 TAC Chapter 60 related to Administrative Penalties all to be published in the *Texas Register* for public comment, was presented by Patricia Murphy, TDHCA staff. The Board, after public comment by Brad Manning, Texas Neighborhood Services, regarding federal regulations at 2 CFR Part 200 implementing “super circular” provisions, unanimously approved staff’s recommendation to publish the rules for public comment.

3) Action Item 2 – Sandy Donoho, TDHCA Internal Auditor, reported on the meeting of the Audit Committee.

4) Action Item 3 – Presentation, Discussion, and Possible Action on Resolution No. 14-029 authorizing the Restructuring of Interest Rate Swap Transaction with Respect to Single Family Variable Rate Mortgage Revenue Bonds, 2004 Series D was presented by TDHCA staff Tim Nelson. After extensive discussion and questioning by the members of the Board and additional information provided by the Department’s financial advisor and swap advisor, George K. Baum, the item was unanimously adopted as recommended by staff.

5) Action Item 4 – Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department’s Program or Underwriting Rules for #14031 Louis Manor in Port Arthur was presented by Jean Latsha, TDHCA staff. After public comment (below), the Board unanimously adopted staff recommendation to deny the appeal.

- Michael Lyttle, TDHCA staff, read into the record a letter from State Representative Joe Deshotel;
- Antoinette Jackson, from Jones Walker and representing the applicant, appeared on behalf of the applicant; and,
- Madison Sloan, Texas Appleseed, provided public comment on behalf of Texas Appleseed and Texas Low Income Housing Information Service in support of staff’s recommendation.

6) At 11:33 a.m. the Board went into Executive Session. At 12:03 p.m. the Board reconvened in open session, no action having been taken.

There was no public comment. At 12:04 p.m. the Board unanimously voted to adjourn.

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 12:04 p.m. The next meeting is set for Thursday, June 5, 2014.

Secretary

Approved:

Chair

1b

BOARD ACTION REQUEST

LEGAL SERVICES

JUNE 26, 2014

Presentation, Discussion, and Possible Action on Amended Report to Board concerning administrative penalties and initiation of a contested case hearing for Southmore Park Apartments (HTC 94004/ CMTS 1204)

RECOMMENDED ACTION

WHEREAS, Southmore Park Apartments in Pasadena, Harris County, owned by Southmore Park Apartments, Ltd., has a history of uncorrected violations of the applicable land use restriction agreement (“LURA”) and associated statutory and rule requirements;

WHEREAS, TEX. GOV’T CODE §2306.043 and 10 TEX. ADMIN. CODE §1.14(e)(1) require the Executive Director to issue a Report to the Board in order to initiate a contested case hearing before the State Office of Administrative Hearings (“SOAH”);

WHEREAS, the Executive Director issued a Report to the Board on May 5, 2011, regarding a recommended administrative penalty and intention to initiate a contested case with respect to uncorrected compliance violations;

WHEREAS, Southmore Park Apartments is currently set for a contested case hearing before SOAH on September 16, 2014, regarding those previously reported violations;

WHEREAS, additional uncorrected violations have accrued in the meantime and this amended Report to the Board is being issued to meet statutory requirements at TEX. GOV’T. CODE §2306.043, so that the Department can include those additional violations as part of the currently scheduled hearing, thus avoiding the time and expense of conducting two separate contested case hearings;

WHEREAS, an administrative penalty in the amount of \$16,125.00 is appropriate under the statutory factors at TEXAS GOV’T CODE §2306.042 and the applicable penalty matrix that was in place as of May 5, 2011 under 10 TEX. ADMIN. CODE §60.309;

WHEREAS, consistent with direction from the Department’s Administrative Penalty Committee and the requirements of TEX. GOV’T. CODE §2306.043, the Executive Director presents this Amended Report to the Board (Attachment A, hereto) to add additional uncorrected violations that have accrued since May 5, 2011; and

WHEREAS, Department staff will issue a Notice of Amended Report to the Board to Southmore Park Apartments, Ltd and will do all things necessary to pursue correction of all unresolved violations and the assessment of an administrative penalty in the recommended amount of \$16,125, including, if necessary, the contested case hearing currently scheduled with SOAH.

NOW, therefore, it is hereby

RESOLVED, that the Board accepts and approves the Amended Report as issued by the Executive Director relating to Southmore Park Apartments, Ltd.

BACKGROUND

Southmore Park Apartments, Ltd. received an allocation totaling \$2,375,230 in low income housing tax credits in 1994 for the rehabilitation of a 93-unit apartment complex in Pasadena, Harris County. Southmore Park Apartments is in noncompliance with the applicable Land Use Restriction Agreement (“LURA”) and the associated statute and rules. The property has been consistently noncompliant for over ten years and, although the owner sometimes submits partial corrective action documentation, neither the Compliance Division nor the Department’s Administrative Penalty Committee (“Committee”) has been able to bring the property into full compliance.

TDHCA statute and rules outline the procedure for initiating a contested case:

1. Executive Director issues Report to the Board: Required by TEX. GOV’T CODE §2306.043 and 10 TEX. ADMIN. CODE §1.14(e)(1).
2. Notice of Report to the Board sent to Owner: Required by TEXAS GOV’T CODE §2306.043 and 10 TEX. ADMIN. CODE §1.14(e)(2).
3. Complaint sent to Owner and filed with SOAH along with a Request to Docket: Required by 10 TEX. ADMIN. CODE §1.13.

A Report to the Board was first made on May 5, 2011, regarding a recommended administrative penalty and intention to initiate a contested case. The property is currently set for a contested case hearing before the State Office of Administrative Hearings on September 16, 2014, regarding those previously reported violations. Additional uncorrected violations have occurred in the meantime and this updated Report to the Board is being issued to meet statutory requirements at TEX. GOV’T. CODE §2306.043, so that the Department can include those additional violations as part of the currently scheduled hearing, thus avoiding the time and expense of conducting two separate contested case hearings. Opposing counsel is currently working with Legal staff and indicates that Southmore Park Apartments, Ltd. is interested in a settlement. If terms can be negotiated, an Agreed Final Order would be presented to the Board at a future meeting.

Violations previously reported to the Board for which a \$16,125 administrative penalty is being sought:

- Uniform Physical Condition Standards (“UPCS”) violations from 2006 inspection;
- UPCS violations from 2009 inspection;
- Household income above limit upon initial occupancy violations for 13 units;
- Failure to submit annual owner’s compliance reports for the years 2006, 2007, 2008,

2010;

- Failure to affirmatively market;
- Gross rents that exceeded limits for 66 units;
- Failure to meet minimum set-aside.

Of the previously reported violations listed above, only 4 household income violations remain unresolved. The rest of the previously reported violations have been corrected by owner.

Additional violations to be added to the Amended Report to the Board to ensure full resolution of all compliance violations at the contested case hearing, thus avoiding the time and expense of conducting two separate hearings:

- Failure to submit annual owner's compliance report for the year 2011;
- UPCS violations from the 2012 inspection;
- Household income above limit upon initial occupancy violations for 10 units;
- Failure to affirmatively market;
- Failure to properly calculate utility allowance;
- Failure to pay annual compliance fees; and
- Failure to submit pre-onsite documentation.

All of the additional violations listed above remain unresolved.

The penalty amount of \$16,125.00 continues to be appropriate under the penalty matrix that was in place under 10 TEX. ADMIN. CODE §60.309 on May 5, 2011, when an administrative penalty recommendation was first reported to the Board. Although the unresolved 2012 UPCS violations carry a potential penalty of an additional \$1,000 per violation per day, the Committee has not requested inclusion of additional possible administrative penalties for violations that occurred after May 5, 2011, for the reasons stated below.

TEX. GOV'T. CODE §2306.042 requires the Board to consider five specific factors in assessing a penalty.¹ In addition to the request for \$16,125.00 in penalties, the Department will also be seeking an order requiring Southmore Park Apartments to pay delinquent annual compliance fees in the amount of \$11,160.00. The fees and the penalties, together, currently approximate one year of net cash flow for the property. The Committee determined that this total amount is necessary to deter future violations given the property's poor history of compliance and the lack of efforts made to correct the violations, and will not jeopardize the ability of the Southmore Park Apartments to continue to do business.

¹ TEX. GOV'T. CODE §2306.042(b). the amount of the penalty shall be based on: (1) the seriousness of the violation, including: (A) the nature, circumstance, extent, and gravity of any prohibited act; and (B) the hazard or potential hazard created to the health, safety, or economic welfare of the public; (2) the history of previous violations; (3) the amount necessary to deter a future violation; (4) efforts made to correct the violation; and (5) any other matter that justice may require.

ATTACHMENT A

AMENDED REPORT TO THE BOARD



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

To: TDHCA Governing Board
From: Timothy K. Irvine, Executive Director
Date: June 26, 2014
Subject: Amended Report to the Board

AMENDED REPORT TO THE BOARD

A Report to the Board was first made on May 5, 2011, regarding a recommended administrative penalty and intention to initiate a contested case against Southmore Park Apartments, Ltd. for noncompliance with its Land Use Restriction Agreement and the associated requirements. The property is currently set for a contested case hearing before the State Office of Administrative Hearings on September 16, 2014, regarding those previously reported violations. Additional uncorrected violations have accrued in the meantime. Because TEX. GOV'T. CODE §2306.043 requires that the Executive Director issue a report to the Board stating the facts on which a determination of violations is based, including any recommendation on the amount of penalty, I am issuing this amended report so that the Department can include those additional violations as part of the currently scheduled hearing, thus avoiding the time and expense of conducting two separate contested case hearings. I have, in my capacity as Executive Director of the Department, made the following **PRELIMINARY DETERMINATIONS**:

I. JURISDICTION:

1. The Department has personal and subject matter jurisdiction pursuant to TEX. GOV'T. CODE §§ 2306.041 - 2306.0503, TEX. GOV'T. CODE §§ 2306.185, TEX. GOV'T. CODE §§ 2306.261-2306.273, and 10 TEX. ADMIN. CODE¹ §§ 60.101, 60.10, 60.13, 60.14 60.105, 60.108, 60.109, 60.111, 60.112, 60.114, 60.115, 60.116, 60.117, 60.118 and 60.119.
2. Southmore Park Apartments, a 93-unit apartment complex located in Pasadena, Harris County, Texas, owned by Southmore Park Apartments, LTD., a Texas limited partnership ("Southmore Park"), is subject to a Land Use Restriction Agreement ("LURA") signed and filed by TDHCA in consideration for a total allocation of \$2,375,230 in Low Income Housing Tax Credits in 1996.

¹ All references to 10 TEX. ADMIN. CODE § 60 refer to the versions of the code in effect at the time of the desk reviews or compliance monitoring reviews that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.



II. COMPLIANCE VIOLATIONS:

3. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on February 2, 2006. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE § 60.13 (Inspection Standard). Reports were mailed to Southmore Park and, in conformance with 10 TEX. ADMIN. CODE § 60.14 (Notices to Owner), as amended, a 90-day corrective action deadline of July 2, 2006, was set to provide Southmore Park a reasonable opportunity to respond to the report and bring the property into compliance. An additional letter was sent on August 6, 2009, providing notice that administrative penalties would be assessed if the remaining violations were not corrected within thirty days. Partial corrective action was received but the following violations were not corrected before the ultimate September 15, 2009, deadline:
 - a. Health and safety violation caused by blocked fire exit in unit 206;
 - b. Holes, deteriorated paint and spalling on exteriors of Buildings 1, 2, 3, 4, 5, 6, 7 and 8;
 - c. Damaged shower/tub in units 117, 119;
 - d. Missing/inoperable refrigerators in units 420, 507;
 - e. Leaking faucet and pipes in the bathroom of unit 507;
 - f. Stains and peeling on exterior of Building 8; and
 - g. Missing and damaged components from gutter downspout of Building 8.

Proof that all corrections were made was submitted on March 4, 2011, 535 days past the deadline.

4. On May 14, 2007, TDHCA sent notice that Southmore Park had failed to timely submit their 2006 Annual Owner's Compliance Report that was due on April 30, 2007, a violation of 10 TEX. ADMIN. CODE §60.10 (Annual Owner's Compliance Report Certification and Review), which requires each development to submit an Annual Owner's Compliance Report. The final parts were submitted on November 27, 2009, 942 days past the deadline.
5. On March 10, 2008, TDHCA sent notice that Southmore Park had failed to timely submit their 2007 Annual Owner's Compliance Report that was due on April 30, 2008, a violation of 10 TEX. ADMIN. CODE §60.105 (Reporting Requirements), which requires each development to submit an Annual Owner's Compliance Report.

The final parts were submitted on November 27, 2009, 576 days past the deadline.

6. An on-site monitoring review was conducted on February 18, 2009, to determine whether Southmore Park Apartments 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 and additional deadlines were set however, the following violations were not corrected before the final September 15, 2009, corrective action deadline:
 - a. Southmore Park failed to meet the property set-aside requirement, a violation of the LURA which requires the development to lease or set aside 93 units to residents with income levels at or below 60% of the area median income in accordance with the property's set-aside election in the LURA, a violation of the LURA and 10 TEX. ADMIN. CODE § 60.111 which outlines minimum set-aside requirements for tax credit properties. The minimum set-aside election was made pursuant to IRC §42(g)(1) which requires tax credit properties to make a minimum set-aside election regarding how the property shall

- be monitored by TDHCA in accordance with 10 TEX. ADMIN. CODE §60. Southmore Park failed to maintain that minimum setaside election;
- b. Southmore Park collected gross rents that exceeded income limits as a result of an unsupported \$25 application fee charged to the following 45 units: 103, 104, 106, 107, 108, 110, 113, 120, 201, 202, 205, 303, 304, 305, 306, 401, 402, 406, 407, 409, 411, 413, 414, 415, 416, 417, 419, 504, 505, 507, 508, 512, 513, 514, 518, 702, 703, 801, 804, 806, 808, 812, 813, 814 and 816, a violation of 10 TEX. ADMIN. CODE §60.118 (Special Rules Regarding Rents and Rent Limit Violations). TDHCA publishes maximum rent limits for the tax credit program annually and owners are responsible for ensuring that the maximum rents that they charge include the amount of rent paid by the household, plus an allowance for utilities, plus any mandatory fees. Southmore Park was unable to provide invoices supporting their application fees;
 - c. Southmore Park collected gross rents that exceeded income limits as a result of a \$75 mandatory redecoration fee charged to the following 9 units: 105, 120, 302, 508, 516, 601, 804, 805 and 810. TDHCA publishes maximum rent limits for the tax credit program annually and owners are responsible for ensuring that the maximum rents that they charge include the amount of rent paid by the household, plus an allowance for utilities, plus any mandatory fees. The mandatory redecoration fee is a violation of 10 TEX. ADMIN. CODE §60.118 (Special Rules Regarding Rents and Rent Limit Violations) which restricts the maximum applicable limit for rents. The fee also violates IRC § 42(i)(3)(B)(i) and 26 C.F.R § 1.42-5(g), as interpreted by the IRS Guide for Completing Form 8823, Chapter 11, Category 11g² which states that fees to prepare a unit for occupancy may not be charged because owners are responsible for keeping units suitable for occupancy;
 - d. Southmore Park collected gross rents that exceeded income limits as a result of excessive mandatory utility fees charged to units 107 and 113 in January and February of 2009. TDHCA publishes maximum rent limits for the tax credit program annually and owners are responsible for ensuring that the maximum rents that they charge include the amount of rent paid by the household, plus an allowance for utilities, plus any mandatory fees. For Unit 107, the maximum rent allowed was \$953, but Southmore charged \$1,015.02 in January and \$1,023 in February of 2009. For Unit 113, the maximum rent allowed was \$952, but Southmore charged \$1,048.04 in January and \$1,034.33 in February of 2009. Exceeding the maximum rent is a violation of 10 TEX. ADMIN. CODE §60.118 (Special Rules Regarding Rents and Rent Limit Violations). It is also a violation of 26 C.F.R § 1.42-11, as interpreted by the IRS Guide for Completing Form 8823, Chapter 11, Category 11g, which stipulates that all required costs or fees be included in the rent computation;
 - e. Southmore Park failed to provide an affirmative marketing plan, a violation of 10 TEX. ADMIN. CODE §60.112 (Requirements Pertaining to Households with Rental Assistance); and

² References to the IRS Guide for Completing Form 8823, Chapter 11, Category 11g are to the version of the guide in place at the time of the monitoring review conducted on February 18, 2009

- f. Southmore Park failed to provide documentation that household incomes are within prescribed limits upon initial occupancy for units 107, 205, 402, 407, 504, 508, 518, 702, 703, 801, 804, 806 and 812, a violation of 10 TEX. ADMIN. CODE §60.108 (Determination, Documentation and Certification of Annual Income) and the LURA.

The property set-aside and the gross rent violations were corrected on January 1, 2010, 108 days past the deadline.

The affirmative marketing finding was corrected March 4, 2011, 535 days past the deadline.

The household income above limit upon initial occupancy findings for units 205, 402, 407, 504, 508, 518, 804, 806 and 812 were corrected on various dates between August 15, 2009 and October of 2010. The violations for units 107, 702, 703 and 801 were never corrected.

7. On March 16, 2009, TDHCA sent notice that Southmore Park had failed to submit their 2008 Annual Owner's Compliance Report that was due on April 30, 2009, a violation of 10 TEX. ADMIN. CODE § 60.105 (Reporting Requirements) which requires each development to submit an Annual Owner's Compliance Report.

The final parts for the 2008 report were submitted on September 21, 2009, 144 days past the deadline.

8. A UPCS inspection was conducted on April 14, 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 Southmore Park and, in conformance with 10 TEX. ADMIN. CODE § 60.117 (Notice to Owners), a 90-day corrective action deadline of May 24, 2010 was set to provide Southmore Park a reasonable opportunity to respond to the report and bring the property into compliance. Deadlines were extended to October 27, 2010 but no response was received by the deadline.

Proof that corrections were made was received on March 4, 2011, 128 days past the deadline.

9. On March 25, 2011, TDHCA sent notice that Southmore Park had failed to submit their 2010 Annual Owner's Compliance Report that was due on April 30, 2011, a violation of 10 TEX. ADMIN. CODE §60.105 (Reporting Requirements) which requires each development to submit an Annual Owner's Compliance Report. Parts A, B and C were received, but Part D, the Owner's Financial Certification, remains outstanding.

10. An on-site monitoring review was conducted on March 15, 2012, to determine whether Southmore Park Apartments 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 and the following violations were not corrected before the June 13, 2012, corrective action deadline. The violations remain uncorrected.

- a. Southmore Park failed to provide documentation that household incomes were within prescribed limits upon initial occupancy for units 112, 120, 201, 203, 204, 409, 418, 503, 805 and 813, a violation of 10 TEX. ADMIN. CODE §60.108 (Determination, Documentation and Certification of Annual Income) and the LURA, both of which require developments to ensure that tenants meet income eligibility requirements;

- b. Southmore Park failed to provide an affirmative marketing plan, a violation of 10 TEX. ADMIN. CODE §60.114 (Requirements Pertaining to Households with Rental Assistance) which requires developments to create a plan to be used to attract applicants of all minority and non-minority groups in the housing market area, regardless of their race, color, religion, sex, national origin, disability, familial status or religious affiliation;
 - c. Southmore Park failed to properly calculate utility allowance, a violation of 10 TEX. ADMIN. CODE §60.109 (Utility Allowances) which requires that all properties comply with published rent limits which include an allowance for tenant paid utilities;
 - d. Southmore Park failed to pay compliance fees, a violation of Section 7 of the LURA which requires owner to pay an annual compliance fee to the Department in the amount of \$15 per unit, for a total of \$1,395 per year. It is also a violation of TEX. GOV'T. CODE §2306.176 which permits the Department to set, charge, and collect fees. At the time, Annual Compliance fees had not been paid for the years 2006 through 2011, leaving a total unpaid balance of \$8,370 for those years; and
 - e. Southmore Park failed to submit pre-onsite documentation, a violation of 10 TEX. ADMIN. CODE §60.115 (Onsite Monitoring) which allows TDHCA to perform onsite monitoring of any TDHCA funded low income development and requires owners to submit requested information.
11. A UPCS inspection was conducted on March 19, 2012. The inspection report, attached hereto as **Exhibit 1**, showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE § 60.118 (Property Condition Standards). Reports were mailed to Southmore Park and, in conformance with 10 TEX. ADMIN. CODE § 60.119 (Notice to Owners), a 90-day corrective action deadline of July 12, 2012, was set to provide Southmore Park a reasonable opportunity to respond to the report and bring the property into compliance. No corrections have been received.
12. On May 23, 2012, TDHCA sent notice that Southmore Park had failed to submit their 2011 Annual Owner's Compliance Report that was due April 30, 2012, a violation of 10 TEX. ADMIN. CODE §60.105 (Reporting Requirements) which requires each development to submit an Annual Owner's Compliance Report. Part B was submitted, but no response has been received.

Part B was received, but the following parts remain outstanding: Part A, the Owner's Certification of Program Compliance; Part C, the Housing for Persons with Disabilities Report; and Part D, the Owner's Financial Certification.
13. On November 1, 2012, TDHCA sent an invoice for annual compliance fees that had come due. Southmore Park failed to pay the invoice within thirty days, a violation of Section 7 of the LURA which requires owner to pay an annual compliance fee to the Department in the amount of \$15 per unit, for a total of \$1,395 per year. At the time, Annual Compliance fees had not been paid for the years 2006 through 2012, leaving a total unpaid balance of \$9,765.
14. On November 1, 2013, TDHCA sent an invoice for annual compliance fees that had come due. Southmore Park failed to pay the invoice within thirty days, a violation of Section 7 of the LURA which requires owner to pay an annual compliance fee to the Department in the amount of \$15 per unit, for a total of \$1,395 per year. TEX. GOV'T. CODE §2306.176 permits the Department to set, charge, and collect fees. Annual Compliance fees have not been paid for the years 2006 through 2013, leaving a total unpaid balance of \$11,160.
15. To the best of TDHCA's knowledge, the following violations remain outstanding:

- a. Household Income Above Income Limit Upon Initial Occupancy: Units 107, 112, 120, 201, 203, 204, 409, 418, 503, 702, 703, 801, 805 and 813;
- b. Failure to submit Part D of the 2010 Annual Owner's Compliance Report;
- c. Failure to provide an affirmative marketing plan;
- d. Failure to properly calculate utility allowance;
- e. Failure to submit pre-onsite documentation;
- f. Failure to correct UPCS violations listed at Exhibit 1;
- g. Failure to submit Parts A, C and D of the 2011 Annual Owner's Compliance Report; and
- h. Failure to pay 2006 through 2013 compliance fees in the total amount of \$11,160.

III. LAW/RULE VIOLATIONS:

1. Pursuant to TEX. GOV'T CODE §2306, Subchapter DD and TEX GOV'T CODE §2306.185, TDHCA is authorized to make Housing Tax Credit Allocations for the State of Texas and is required to monitor to ensure compliance;
2. 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;
3. Southmore Park violated 10 TEX. ADMIN. CODE §60.13 in 2006, 10 TEX. ADMIN. CODE § 60.116 in 2009, 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;
4. Southmore Park violated 10 TEX. ADMIN. CODE §60.10 in 2007 and 10 TEX. ADMIN. CODE § 60.105 in 2008, 2009, 2010, 2011 and 2012 by failing to submit Annual Owner's Compliance Reports for the years 2006, 2007, 2008, 2009, 2010 and 2011;
5. Southmore Park violated the LURA in 2009 by failing to meet the property set-aside requirement on or before the associated deadline in violation of the LURA, 10 TEX. ADMIN. CODE § 60.111, and IRC §42(g)(1);
6. Southmore Park violated 10 TEX. ADMIN. CODE §60.118 in 2009 by charging excessive application fees resulting in gross rents exceeding the allowable limits, and not making timely corrections once the violations were discovered;
7. Southmore Park violated 10 TEX. ADMIN. CODE §60.118 in 2009 and violated IRC § 42(i)(3)(B)(i) and 26 C.F.R § 1.42-5(g), as interpreted by the IRS Guide for Completing Form 8823, by charging mandatory redecoration fees and not making timely corrections once the violations were discovered;
8. Southmore Park violated 10 TEX. ADMIN. CODE §60.118 and 26 C.F.R § 1.42-11 in 2009 by charging rents that exceeded income limits as a result of excessive mandatory utility charges and not making timely corrections once the violations were discovered;
9. Southmore Park violated 10 TEX. ADMIN. CODE §60.112 in 2009 and 10 TEX. ADMIN. CODE § 60.114 in 2012 by failing to provide an affirmative marketing plan;

10. Southmore Park violated 10 TEX. ADMIN. CODE §60.108 and §60.111 in 2009 and 10 TEX. ADMIN. CODE §60.108 and §60.111 in 2012 by failing to provide documentation that household incomes were within prescribed limits upon initial occupancy and to maintain periodic tenant income certifications;
11. Southmore Park violated 10 TEX. ADMIN. CODE §60.109 in 2012 by failing to properly calculate a utility allowance;
12. Southmore Park violated Section 7 of the LURA and TEX. GOV'T. CODE §2306.176 by failing to pay required annual compliance fees for the years 2006 through 2013 in the total amount of \$11,160; and
13. Southmore Park violated 10 TEX. ADMIN. CODE §60.115 in 2012, by failing to submit pre-onsite documentation and/or permit access to the Property premises and records;

IV. RECOMMENDED PENALTY:

The penalty amount of \$16,125.00 is appropriate under the penalty matrix that was in place under 10 TEX. ADMIN. CODE §60.309³ on May 5, 2011 when an administrative penalty recommendation was first reported to the Governing Board of TDHCA. Although the unresolved 2012 UPCS violations carry a potential penalty of \$1,000 per violation per day, TDHCA has not requested inclusion of additional possible administrative penalties for violations that occurred after May 5, 2011 because the administrative penalty previously recommended to its Governing Board remains appropriate given the factors identified in TEX. GOV'T. CODE §2306.042. Although Respondent has a history of noncompliance and failure to correct violations fully, the previously recommended administrative penalty of \$16,125 is an appropriate amount necessary to deter future violations.

Accordingly, after consideration of the factors set out in TEX. GOV'T CODE §2306.042, 10 TEX. ADMIN. CODE §60.304 and 10 TEX. ADMIN. CODE §60.309, I recommend that Respondent correct the outstanding violations outlined above and pay an administrative penalty in the amount of \$16,125.00.

[remainder of page intentionally blank]

³ Reference to the rules at 10 TEX. ADMIN. CODE § 60, including but not limited to the administrative penalty matrix at 10 TEX. ADMIN. CODE § 60.309 (Penalty Table), refers to the version of the code in place on May 5, 2011, when the TDHCA Executive Director first gave a report to the Governing Board of TDHCA regarding administrative penalties to be pursued.

Exhibit 1

2012 UPCS violation list

(see attached)

Def. Found

	L1	L2	L3	Deficiency Title	Notes
General Property:					
Fencing and Gates			X	Damaged/Falling/Leaning	GATE INOPERABLE
Health & Safety			X	Hazards – Other	ELEVATORS HAVE BEEN REMOVED AND COVERED
Building: 1					
Building Systems					
Fire Protection			X	Missing/Damaged/Expired Extinguishers	EXPIRED
Sanitary System			X	Missing Drain/Cleanout/Manhole Covers	MISSING CAP
Unit: 101					
Kitchen		X		Dishwasher/Garbage Disposal - Damaged/Inoperable	INOPERABLE
Unit: 108					
Smoke Detector			X	Missing/Inoperable	HALLWAY INOPERABLE
Unit: 119					
Kitchen		X		Dishwasher/Garbage Disposal - Damaged/Inoperable	DISPOSAL INOPERABLE
Building: 2					
Building Systems					
Fire Protection			X	Missing/Damaged/Expired Extinguishers	MISSING
Unit: 203					
Lighting	X			Missing/Inoperable Fixture	KITCHEN INOPERABLE
Unit: 205 VACANT					
Electrical			X	GFI Inoperable	BATHROOM INOPERABLE
Health & Safety			X	Infestation - Insects	ROACHES
Building: 3					
Building Exterior					
Health & Safety			X	Electrical Hazards - Exposed Wires/Open Panels	A/C COVER MISSING EXPOSED CONNECTION
Unit: 305					
Ceiling	X			Water Stains/Water Damage/Mold/Mildew	BEDROOM 2 - WATER STAINS
Doors	X			Damaged Hardware/Locks	KITCHEN
			X	Damaged Surface (Holes/Paint/Rusting)	HALL CLOSET DAMAGED
	X			Missing Door	BATHROOM INOPERABLE
Electrical			X	GFI Inoperable	BATHROOM INOPERABLE

			X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	BR3 DRESSER BLOCKING EGRESS, BR2 HEADBOARD BLOCKING EGRESS , DOUBLE EY BR2
			X	Missing/Broken Cover Plates	DINING MISSING
Building: 4					
Unit: 403 VACANT					
			X	Infestation - Insects	ROACHES
Unit: 409					
			X	Damaged Hardware/Locks	BATHROOM HINGES DAMAGED
			X	Missing/Inoperable	HALLWAY INOPERABLE
Unit: 420					
			X	Infestation - Insects	ROACHES
Building: 5					
Unit: 502					
			X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	BR2 HEADBOARD BLOCKING EGRESS
Unit: 507					
		X		Damaged Frames/Threshold/Lintels/Trim	BR1 DAMAGED
			X	Damaged Surface (Holes/Paint/Rusting)	BR2 DAMAGED
			X	Deteriorated/Missing Seals (Entry Only)	FRONT ENTRY DAMAGED
	X			Refrigerator- Missing/Damaged/Inoperable	GASKET
Building: 6					
Unit: 602					
			X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	BR1 BR2 HEADBOARD BLOCKING EGRESS
Unit: 604					
	X			Refrigerator- Missing/Damaged/Inoperable	GASKET

Building: 7					
Unit: 704					
Kitchen		X		Dishwasher/Garbage Disposal - Damaged/Inoperable	DISPOSAL INOPERABLE
Building: 8					
Unit: 806 FOR 802					
Health & Safety			X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	BR1 HEADBOARD BLOCKING EGRESS
Lighting	X			Missing/Inoperable Fixture	BATHROOM
Unit: 810 VACANT					
Doors			X	Damaged Surface (Holes/Paint/Rusting)	DAMAGED DOORS X5
Floors		X		Floor Covering Damage	LIVING DAMAGED

1c

BOARD ACTION REQUEST

LEGAL SERVICES

JUNE 26, 2014

Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning Alpine Manor, L.P., owner of Alpine Manor Apartments (HTC 93023 / CMTS 1112)

RECOMMENDED ACTION

WHEREAS, Alpine Manor Apartments, owned by Alpine Manor, L.P., has a history of uncorrected compliance findings of the applicable land use restriction agreements and the associated statutory and rule requirements;

WHEREAS, on March 25, 2014, a representative for Alpine Manor, L.P. met with the TDHCA Administrative Penalty Committee and agreed, subject to Board approval, to enter into an Agreed Final Order calling for a partially forgivable total penalty of \$2,500.00 which was to be divided among five related properties that were discussed during the informal conference;

WHEREAS, the compliance violations at Alpine Manor that were subject to an administrative penalty have now been resolved;

WHEREAS, the Administrative Penalty Committee reviewed the penalty structure on June 12, 2014, and voted to assess a penalty of \$250.00 for Alpine Manor Apartments in a separate Agreed Final Order; 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 \$250.00 administrative penalty as outlined above for noncompliance at Alpine Manor Apartments (HTC 93023), 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

Alpine Manor, L.P. is the owner of Alpine Manor, a 36-unit apartment complex located in Alpine, Brewster County, which is subject to a Land Use Restriction Agreement ("LURA") signed in 1994 in consideration for an allocation of low income housing tax credits in the annual amount of \$50,282.80 awarded by TDHCA.

Despite multiple attempts by the Compliance Division, Legal Division, and Administrative Penalty Committee, the above property owner has failed to remain in compliance with LURA requirements and does not respond to monitoring deadlines. The property owner consistently submits late corrective documentation and only after referral to the Administrative Penalty Committee. A previous referral during 2011 was closed informally when corrective documentation was received, but the property was referred again for possible assessment of administrative penalties during 2014 for Uniform Physical Condition Standards violations identified during the 2013 inspection.

Notice of an administrative penalty informal conference was sent on February 25, 2014, and corrective documentation was received after the deadline, between March 20, 2014, and March 24, 2014. Representatives of the owner met with the Administrative Penalty Committee on March 25, 2014, and discussed a total of five properties that had been referred for a penalty. Owner representative agreed to pay a maximum total penalty of \$2,500.00 (\$500 per property), with the possibility of a \$250.00 reduction per property if fully acceptable corrective documentation was submitted for all violations on or before July 28, 2014. All violations subject to a penalty have been resolved with the exception of one property. Accordingly, the Administrative Penalty Committee reviewed the penalty structure again on June 12, 2014, and voted to assess a penalty of \$250.00 for Alpine Manor Apartments in a separate Agreed Final Order.

Consistent with direction from the Department's Administrative Penalty Committee, a penalty in the amount of \$250.00 is recommended for Alpine Manor.

ENFORCEMENT ACTION AGAINST
ALPINE MANOR, L.P,
WITH RESPECT TO ALPINE MANOR
APARTMENTS (HTC 93023)

§
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§
§
§

BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 26th day of June, 2014, 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 **ALPINE MANOR, L.P.**, a Texas limited partnership ("Respondent").

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 Respondent agree to resolve this matter by this Agreed Final Order. The Respondent 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. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TEX. ADMIN. CODE §1.14 and 10 TEX. ADMIN. CODE Chapter 60.
2. In 1993, Respondent was awarded a \$50,282.80 allocation of Low Income Housing Tax Credits by the Board, to build and operate Alpine Manor Apartments (HTC 93023 / CMTS 1112 / LDLD 0072).
3. Respondent signed a land use restriction agreement ("LURA") which was effective on May 1, 1994 and recorded at Volume 45, Page 242 in the Official Public Records of Real Property of Brewster County.
4. Respondent is a Texas limited partnership that is 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:

5. An on-site monitoring review was conducted on July 14, 2010, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found one violation of the LURA and TDHCA rules. Notifications of noncompliance were sent and a October 17, 2010 corrective deadline was set, however, the following violations were not resolved by the deadline:
 - a. Respondent failed to provide an affirmative marketing plan, a violation of 10 TEX. ADMIN. CODE §60.112 (Requirements Pertaining to Households with Rental Assistance); and
 - b. Respondent failed to comply with accessibility requirements under the Fair Housing Act, a violation of 10 TEX. ADMIN. CODE §60.203(f) which requires all multifamily housing designed and constructed for occupancy after March 13, 1991 to comply with the design and construction requirements of the Fair Housing Act.

Fully acceptable corrective documentation was not received until May 12, 2011 for the affirmative marketing plan finding and August 29, 2011 for the accessibility findings, after intervention by the Administrative Penalty Committee.
6. A UPCS inspection was conducted on July 28, 2010. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE §60.116 (Property Inspection Standards). Notifications of noncompliance were sent and a November 12, 2010 corrective action deadline was set. Fully acceptable corrective documentation was not received until June 13, 2011, after intervention by the Administrative Penalty Committee.
7. A UPCS inspection was conducted on June 25, 2013. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE §10.616 (Property Inspection Standards). Notifications of noncompliance were sent and a October 21, 2013 corrective action deadline was set. Fully acceptable corrective documentation was not received until March 24, 2014, after intervention by the Administrative Penalty Committee.
8. The following violations remain outstanding at the time of this order:
 - a. None.

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.

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. Respondent is 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. Respondent violated 10 TEX. ADMIN. CODE §60.116 in 2010 and 10 TEX. ADMIN. CODE §10.616 in 2013, as amended, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.
5. Respondent violated 10 TEX. ADMIN. CODE §60.112 in 2010 by failing to provide an affirmative marketing plan;
6. Respondent violated 10 TEX. ADMIN. CODE §60.203 in 2010 by failing to comply with accessibility requirements under the Fair Housing Act.
7. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondent pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.
8. Because Respondent is a housing sponsor, TDHCA may order Respondent 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 Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
9. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
10. An administrative penalty of \$250.00 is an appropriate penalty in accordance with 10 TAC §§60.307 and 60.308.

[Remainder of page intentionally blank]

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 Respondent is assessed an administrative penalty in the amount of \$250.00.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay the \$250.00 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before July 28, 2014 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 _____, 2014.

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 _____, 2014, 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 _____, 2014, 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 following office for Respondent, Alpine Manor, L.P.:
_____.
3. The above entity owns Alpine Manor Apartments, which is subject to a Land Use Restriction
Agreement monitored by TDHCA in the State of Texas, and I am duly authorized to execute
this document.
4. 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."

RESPONDENT:

ALPINE MANOR, L.P., a Texas limited partnership
1600 CAPITAL COMPANY, INC., a Georgia
corporation, its General Partner

By: _____
Name: Marianna C. Schreeder
Title: _____

Given under my hand and seal of office this _____ day of _____, 2014.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

BOARD ACTION REQUEST

LEGAL SERVICES

JUNE 26, 2014

Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning Pampa Manor, Ltd., owner of Pampa Manor Apartments (HTC 93024 / CMTS 1113)

RECOMMENDED ACTION

WHEREAS, Pampa Manor Apartments, owned by Pampa Manor, L.P., has a history of uncorrected compliance findings of the applicable land use restriction agreements and the associated statutory and rule requirements;

WHEREAS, on March 25, 2014, a representative for Pampa Manor, L.P. met with the TDHCA Administrative Penalty Committee and agreed, subject to Board approval, to enter into an Agreed Final Order calling for a partially forgivable total penalty of \$2,500.00 which was to be divided among five related properties that were discussed during the informal conference;

WHEREAS, the compliance violations at Pampa Manor that were subject to an administrative penalty have now been resolved;

WHEREAS, the Administrative Penalty Committee reviewed the penalty structure on June 12, 2014, and voted to assess a penalty of \$250.00 for Pampa Manor in a separate Agreed Final Order; 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 \$250.00 administrative penalty as outlined above for noncompliance at Pampa Manor Apartments (HTC 93024), 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

Pampa Manor, Ltd. is the owner of Pampa Manor, a 32-unit apartment complex located in Pampa, Gray County, which is subject to a Land Use Restriction Agreement ("LURA") signed in 1994 as consideration for an allocation of low income housing tax credits in the annual amount of \$44,816.00 awarded by TDHCA.

Despite multiple attempts by the Compliance Division, Legal Division, and Administrative Penalty Committee, the above property owner has failed to remain in compliance with LURA requirements and does not respond to monitoring deadlines. The property owner consistently submits late corrective documentation and only after referral to the Administrative Penalty Committee. A previous referral during 2011 was closed informally when corrective documentation was received, but the property was referred again for possible assessment of administrative penalties during 2014 for Uniform Physical Condition Standards violations identified during the 2013 inspection.

Notice of an administrative penalty informal conference was sent on February 25, 2014, and corrective documentation was received after the deadline, between March 20, 2014, and March 24, 2014. Representatives of the owner met with the Administrative Penalty Committee on March 25, 2014, and discussed a total of five properties that had been referred for a penalty. Owner representative agreed to pay a maximum total penalty of \$2,500.00 (\$500 per property), with the possibility of a \$250.00 reduction per property if fully acceptable corrective documentation was submitted for all violations on or before July 28, 2014. All violations subject to a penalty have been resolved with the exception of one property. Accordingly, the Administrative Penalty Committee reviewed the penalty structure again on June 12, 2014, and voted to assess a penalty of \$250.00 for Pampa Manor Apartments in a separate Agreed Final Order.

Consistent with direction from the Department's Administrative Penalty Committee, a penalty in the amount of \$250.00 is recommended for Pampa Manor, Ltd.

ENFORCEMENT ACTION AGAINST
PAMPA MANOR, LTD,
WITH RESPECT TO
PAMPA MANOR APARTMENTS
(HTC 93024)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 26th day of June, 2014, 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 **PAMPA MANOR, LTD**, a Texas limited partnership ("Respondent").

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 Respondent agree to resolve this matter by this Agreed Final Order. The Respondent 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. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TEX. ADMIN. CODE §1.14 and 10 TEX. ADMIN. CODE Chapter 60.
2. In 1993, Respondent was awarded a \$44,816.00 allocation of Low Income Housing Tax Credits by the Board, to build and operate Pampa Manor Apartments (HTC 93024 / CMTS 1113 / LDLD 0071).
3. Respondent signed a land use restriction agreement ("LURA") which was effective on September 13, 1994 and recorded at Vol 679, Pg 108 in the Official Public Records of Real Property of Gray County.

4. Respondent is a Texas limited partnership that is 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:

5. A UPCS inspection was conducted on September 4, 2013. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE §10.616 (Property Inspection Standards). Notifications of noncompliance were sent and a December 16, 2013 corrective action deadline was set. Corrective documentation was not received until March 20, 2014, after intervention by the Administrative Penalty Committee.
6. The following violations remain outstanding at the time of this order:
 - a. None.

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. Respondent is 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. Respondent violated 10 TEX. ADMIN. CODE §10.616 in 2013, as amended, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.
5. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondent pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.
6. Because Respondent is a housing sponsor, TDHCA may order Respondent 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 Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.

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. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
8. An administrative penalty of \$250.00 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 Respondent is assessed an administrative penalty in the amount of \$250.00.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay the \$250.00 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before July 28, 2014, 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 _____, 2014.

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 _____, 2014, 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 _____, 2014, 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

Given under my hand and seal of office this _____ day of _____, 2014.

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 following office for Respondent, Pampa Manor, Ltd.:
_____.
3. The above entity owns Pampa Manor Apartments, which is subject to a Land Use Restriction Agreement monitored by TDHCA in the State of Texas, and I am duly authorized to execute this document.
- 4.. 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."

RESPONDENT:

PAMPA MANOR, LTD., a Texas limited partnership
1600 CAPITAL COMPANY, INC., a Georgia corporation, its General Partner

By: _____
Name: Marianna C. Schreeder
Title: _____

BOARD ACTION REQUEST

LEGAL SERVICES

JUNE 26, 2014

Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning Fort Stockton Manor, L.P., owner of Fort Stockton Manor Apartments (HTC 93160/CMTS 1190)

RECOMMENDED ACTION

WHEREAS, Fort Stockton Manor Apartments, owned by Fort Stockton Manor, L.P., has a history of uncorrected compliance findings of the applicable land use restriction agreements and the associated statutory and rule requirements;

WHEREAS, on March 25, 2014, a representative for Fort Stockton Manor, L.P. met with the TDHCA Administrative Penalty Committee and agreed, subject to Board approval, to enter into an Agreed Final Order calling for a partially forgivable total penalty of \$2,500.00 which was to be divided among five related properties that were discussed during the informal conference;

WHEREAS, the compliance violations at Fort Stockton Manor that were subject to an administrative penalty have now been resolved;

WHEREAS, the Administrative Penalty Committee reviewed the penalty structure on June 12, 2014; and voted to assess a penalty of \$250.00 for Fort Stockton Manor Apartments in a separate Agreed Final Order; 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 \$250.00 administrative penalty as outlined above for noncompliance at Fort Stockton Apartments (HTC 93160), 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

Fort Stockton Manor, L.P. is the owner of Fort Stockton Manor, a 36-unit apartment complex located in Fort Stockton, Pecos County, which is subject to a Land Use Restriction Agreement ("LURA") signed in 1994 in consideration for an allocation of low income housing tax credits in the annual amount of \$48,124.00 awarded by TDHCA.

Despite multiple attempts by the Compliance Division, Legal Division, and Administrative Penalty Committee, the above property owner has failed to remain in compliance with LURA requirements and does not respond to monitoring deadlines. The property owner consistently submits late corrective documentation and only after referral to the Administrative Penalty Committee. A previous referral during 2011 was closed informally when corrective documentation was received, but the property was referred again for possible assessment of administrative penalties during 2014 for an Annual Eligibility Certification violation relating to unit 21 and for violations identified during the Uniform Physical Condition Standards inspection that was conducted during 2013.

Notice of an administrative penalty informal conference was sent on February 25, 2014, and corrective documentation was received after the deadline, between March 20, 2014 and March 24, 2014. Representatives of the owner met with the Administrative Penalty Committee on March 25, 2014 and discussed a total of five properties that had been referred for a penalty. Owner representative agreed to pay a maximum total penalty of \$2,500.00 (\$500 per property), with the possibility of a \$250.00 reduction per property if fully acceptable corrective documentation was submitted for all violations on or before July 28, 2014. All violations subject to a penalty have been resolved with the exception of one property. Accordingly, the Administrative Penalty Committee reviewed the penalty structure again on June 12, 2014, and voted to assess a penalty of \$250.00 for Fort Stockton Manor Apartments in a separate Agreed Final Order.

Consistent with direction from the Department's Administrative Penalty Committee, a penalty in the amount of \$250.00 is recommended for Fort Stockton Manor, L.P.

ENFORCEMENT ACTION AGAINST
FORT STOCKTON MANOR, L.P.,
WITH RESPECT TO
FORT STOCKTON MANOR
(HTC 93160)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 26th day of June, 2014, 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 **FORT STOCKTON MANOR, L.P.**, a Texas limited partnership ("Respondent").

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 Respondent agree to resolve this matter by this Agreed Final Order. The Respondent 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. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TEX. ADMIN. CODE §1.14 and 10 TEX. ADMIN. CODE Chapter 60.
2. In 1994, Respondent was awarded a \$48,124.00 allocation of Low Income Housing Tax Credits by the Board, to build and operate Fort Stockton Manor Apartments (HTC 93160/ CMTS 1190 / LDLD 68).
3. Respondent signed a land use restriction agreement ("LURA") which was effective on September 23, 1994 and recorded at Volume 656, Page 502 in the Official Public Records of Real Property of Pecos County.

4. Respondent is a Texas limited partnership that is 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:

5. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on June 25, 2013. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE §10.616 (Property Inspection Standards). Notifications of noncompliance were sent and a October 12, 2013 corrective action deadline was set. Corrective documentation was not received until March 20, 2014, after intervention by the Administrative Penalty Committee.
6. An on-site monitoring review was conducted on May 29, 2013, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found one violation of the LURA and TDHCA rules. Notifications of noncompliance were sent and a September 19, 2013 corrective deadline was set, however, the following violations were not corrected before the deadline:
 - a. Respondent failed to provide an Annual Eligibility Certification for unit 21, a violation of 10 TEX. ADMIN. CODE §10.609 (Annual Recertification), which requires developments to annually collect an Annual Eligibility Certification form from each household.

Corrective documentation was not received until March 20, 2014, after intervention by the Administrative Penalty Committee.

7. The following violations remain outstanding at the time of this order:
 - a. None.

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. Respondent is 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.

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.

4. Respondent violated and 10 TEX. ADMIN. CODE §10.616 in 2013, as amended, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.
5. Respondent violated 10 TEX. ADMIN. CODE §10.609 in 2013 by failing to collect Annual Eligibility Certifications.
6. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondent pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.
7. Because Respondent is a housing sponsor, TDHCA may order Respondent 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 Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
8. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
9. An administrative penalty of \$250.00 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 Respondent is assessed an administrative penalty in the amount of \$250.00.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay the \$250.00 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before July 28, 2014, 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 _____, 2014.

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 _____, 2014, 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 _____, 2014, 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 following office for Respondent, Fort Stockton Manor, L.P.:
_____.
3. The above entity owns Fort Stockton Manor, which is subject to a Land Use Restriction Agreement monitored by TDHCA in the State of Texas, and I am duly authorized to execute this document.
- 4.. 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."

RESPONDENT:

FORT STOCKTON MANOR, L.P., a Texas limited partnership

1600 CAPITAL COMPANY, INC., a Georgia corporation, its General Partner

By: _____

Name: Marianna C. Schreeder

Title: _____

Given under my hand and seal of office this _____ day of _____, 2014.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

BOARD ACTION REQUEST

LEGAL SERVICES

JUNE 26, 2014

Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning Wills Point Crossing, L.P., owner of Wills Point Crossing Apartments (HTC 94012/ CMTS 1211)

RECOMMENDED ACTION

WHEREAS, Wills Point Crossing Apartments, owned by Wills Point Crossing, L.P., has a history of uncorrected compliance findings of the applicable land use restriction agreements and the associated statutory and rule requirements;

WHEREAS, on March 25, 2014, a representative for Wills Point Crossing, L.P. met with the TDHCA Administrative Penalty Committee and agreed, subject to Board approval, to enter into an Agreed Final Order calling for a partially forgivable total penalty of \$2,500.00 which was to be divided among five related properties that were discussed during the informal conference;

WHEREAS, the compliance violations at Wills Point Crossing that were subject to an administrative penalty have not been resolved; and

WHEREAS, the Administrative Penalty Committee reviewed the penalty structure on June 12, 2014, and voted to assess a partially forgivable penalty for Wills Point Crossing Apartments in a separate Agreed Final Order with the following structure:

1. Wills Point Crossing, L.P. is assessed a total penalty of \$1,500.00, which is partially deferred and may be satisfied, in lieu, as indicated below;
2. A \$250.00 portion of the assessed administrative penalty will be immediately due and payable;
3. Wills Point Crossing, L.P. shall repair all Uniform Physical Condition Standards ("UPCS") violations and accessibility violations indicated in Attachment 1 of the of the Agreed Final Order and submit sufficient evidence of correction to TDHCA on or before July 28, 2014;
4. If outstanding violations are fully and timely resolved, compliance will be accepted in lieu of the remaining \$1,250 administrative penalty;
5. If outstanding violations are not fully and timely resolved and sufficient evidence of the corrections have not been submitted within the established timeline, the remaining \$1,250.00 administrative penalty will become due and payable.

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 partially probated \$1,500.00 administrative penalty as outlined above for noncompliance at Wills Point Crossing Apartments (HTC 94012), 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

Wills Point Crossing, L.P. is the owner of Wills Point Crossing, a 36-unit apartment complex located in Wills Point, Van Zandt County, which is subject to a Land Use Restriction Agreement ("LURA") signed in 1995 in consideration for an allocation of low income housing tax credits in the annual amount of \$46,874.00 awarded by TDHCA.

Despite multiple attempts by the Compliance Division, Legal Division, and Administrative Penalty Committee, the above property owner has failed to remain in compliance with LURA requirements and does not respond to monitoring deadlines. The property owner consistently submits late corrective documentation and only after referral to the Administrative Penalty Committee. A previous referral during 2011 was closed informally when corrective documentation was received, but the property was referred again for possible assessment of administrative penalties during 2014 for UPCS violations and accessibility violations identified during the 2013 inspection.

Notice of an administrative penalty informal conference was sent on February 25, 2014. Representatives of the owner met with the Administrative Penalty Committee on March 25, 2014, and discussed a total of five properties that had been referred for a penalty. Owner representative agreed to pay a maximum penalty of \$2,500.00 (\$500 per property) with the possibility of a \$250.00 reduction per property if fully acceptable corrective documentation was submitted for all violations on or before July 28, 2014. All violations subject to a penalty have been resolved with the exception of the violations for Wills Point Crossing. Accordingly, the Administrative Penalty Committee reviewed the penalty structure again on June 12, 2014, and voted to assess a penalty of \$1,500.00 for Wills Point Crossing Apartments in a separate Agreed Final Order.

Consistent with direction from the Department's Administrative Penalty Committee, a partially deferred penalty in the amount of \$1,500.00 is recommended for Wills Point Crossing, with \$250.00 to be paid on or before July 28, 2014, and the remaining \$1,250.00 to be deferred and forgiven provided that owner complies with all terms of the Agreed Final Order.

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
WILLS POINT CROSSING, L.P.	§	TEXAS DEPARTMENT OF
WITH RESPECT TO	§	HOUSING AND
WILLS POINT CROSSING (HTC 94012)	§	COMMUNITY AFFAIRS
	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 26th day of June, 2014, 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 **WILLS POINT CROSSING, L.P.**, a Texas limited partnership (“Respondent”).

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 Respondent agree to resolve this matter by this Agreed Final Order. The Respondent 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. The Department has jurisdiction over this matter pursuant to Tex. Gov’t Code §§2306.041-.0503, and 10 TEX. ADMIN. CODE §1.14 and 10 TEX. ADMIN. CODE Chapter 60.
2. In 1995, Respondent was awarded a \$46,874.00 allocation of Low Income Housing Tax Credits by the Board, to build and operate Wills Point Crossing Apartments (HTC 94012/ CMTS 1211 / LDLD 67)
3. Respondent signed a land use restriction agreement (“LURA”) which was effective on November 13, 1995 and recorded at Volume 1386, Page 873 in the Official Public Records of Real Property of Van Zandt County.
4. Respondent is a Texas limited partnership that is 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:

5. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on April 17, 2007. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE §60.13 (Inspection Standard). Notifications of noncompliance were sent and a August 15, 2007 corrective action deadline was set. Fully acceptable corrective documentation was not received until May 12, 2011, after intervention by the Administrative Penalty Committee.
6. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on May 25, 2010. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE §60.116 (Property Inspection Standards). Notifications of noncompliance were sent and a October 4, 2010 corrective action deadline was set. Fully acceptable corrective documentation was not received until April 21, 2011, after intervention by the Administrative Penalty Committee.
7. A UPCS inspection was conducted on March 12, 2013. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE §10.616 (Property Inspection Standards). Notifications of noncompliance were sent and a July 11, 2013 corrective action deadline was set. Corrective documentation has not been received. A copy of the inspection violation list is at **Attachment 1**.
8. The following violations remain outstanding at the time of this order:
 - a. UPCS violations described in FOF #7;

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. Respondent is 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. Respondent violated 10 TEX. ADMIN. CODE §60.13 in 2007, 10 TEX. ADMIN. CODE §60.116 in 2010, and 10 TEX. ADMIN. CODE §10.616 in 2013, as amended, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.
5. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondent pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.

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.

6. Because Respondent is a housing sponsor, TDHCA may order Respondent 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 Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
7. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
8. An administrative penalty of \$1,500.00 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 Respondent is assessed an administrative penalty in the amount of \$1,500.00, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay a \$250.00 portion of the assessed administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before July 28, 2014.

IT IS FURTHER ORDERED that Respondent shall repair all UPCS violations and accessibility violations as indicated in Attachments 1 and 2 and submit fully acceptable documentation to document the corrections to TDHCA on or before July 28, 2014.

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this order will be accepted in lieu of the \$1,250.00 remaining assessed administrative penalty and that remaining amount of the administrative penalty will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, then the remaining assessed administrative penalty in the amount of \$1,250.00 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 Respondent 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") by following the instructions at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. Penalty payment(s) 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]

STATE OF TEXAS

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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 following office for Respondent, Wills Point Crossing, L.P.:

3. The above entity owns Wills Point Crossing, which is subject to a Land Use Restriction Agreement monitored by TDHCA in the State of Texas, and I am duly authorized to execute this document.
4. 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."

RESPONDENT:

WILLS POINT CROSSING, L.P., a Texas limited partnership

1600 CAPITAL COMPANY, INC., a Georgia corporation, its General Partner

By: _____

Name: Marianna C. Schreeder

Title: _____

Given under my hand and seal of office this _____ day of _____, 2014.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

Attachment 1

Wills Point Crossing – UPCS Violation List and Accessibility Violations

Printed On: April 09, 2013

Inspectable Area Inspectable Item	Deficiency	1	2	3	Comments
Wills Point Crossing Apts. 501 Lake Dr. Wills Point, TX 75169					
Building: Unit: Play Areas	Deteriorated Play Area Surface			L3	More than 50% play area surface deteriorated
Building: Bldg A Unit: Building Exterior Foundations	Spalling/Exposed Rebar			L3	Post tension cable exposed
Building: Bldg B Unit: Unit 7 Doors Health & Safety	Deteriorated/Missing Seals (Entry Only) Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable			L3 L3	daylight visible at entry door when closed bed
Building: Bldg C Unit: Building Exterior Foundations	Spalling/Exposed Rebar			L3	Post tension cable exposed
Building: Bldg D Unit: Building Exterior Foundations	Spalling/Exposed Rebar			L3	Post tension cable exposed
Building: Bldg E Unit: Building Exterior Foundations	Spalling/Exposed Rebar			L3	Post tension cable exposed
Building: Bldg F Unit: Building Exterior Foundations	Spalling/Exposed Rebar			L3	Post tension cable exposed
Unit: Unit 22 Call-for-Aid Health & Safety	Inoperable Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable			L3 L3	blocked by mattress headboard
Building: Bldg G Unit: Building Exterior Foundations	Spalling/Exposed Rebar			L3	Post tension cable exposed
Building: Bldg H Unit: Building Exterior Foundations	Spalling/Exposed Rebar			L3	Post tension cable exposed
Unit: Unit 30 Doors Health & Safety	Deteriorated/Missing Seals (Entry Only) Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable			L3 L3	near top of entry door window blocked by TV
Building: Bldg I Unit: Building Exterior Foundations	Spalling/Exposed Rebar			L3	Post tension cable exposed
Unit: Unit 35 Doors Doors Kitchen	Damaged Frames/Threshold/Linets/Trim Damaged Hardware/Locks Cabinets - Missing/Damaged		L1	L3 L2	rear entry door frame-deteriorated closet door hardware inoperable hole in cabinet floor under kitchen sink
Building: Office Unit: Building Systems Domestic Water Laundry Room Doors Building Systems	Water Supply Inoperable Damaged Frames/Threshold/Linets/Trim			L3 L2	no hot water in common building hole near laundry door

Inspectable Area	Inspectable Item	Deficiency	1	2	3	Comments
	Fire Protection	Missing/Damaged/Expired Extinguishers			1,3	Fire extinguisher expired
Kitchen	Kitchen	Refrigerator-Missing/Damaged/Inoperable	L1			door gasket/seal damaged

In addition to the UPCS findings listed in the chart above, the following accessibility violations of the Fair Housing Act must be addressed.

1. Fair Housing 1.6 and 2.12 Accessible Route (*Fair Housing Act Design Manual reference pg. 1.6, 2.12.*) It is reported that there is not a continuous, unobstructed accessible route through the development. The route to unit # 22 (a covered unit) was observed to be inaccessible.
2. Accessible Route Running Slope (*Fair Housing Act Design Manual reference pg. 1.7*) It was observed that the accessible route to Unit #22 (a covered unit) in building F has a running slope (slope in line with direction of travel) that appears to be >8.33%.
3. Accessible Route to Building Entrances of Accessible Dwelling Units, Fair Housing Act-covered Units (*Fair Housing Act Design Manual reference pg. 1.10*) It was observed that Building F/unit #22 is not connected with the accessible route for the property.
4. Accessible Ramp Handrails (*Fair Housing Act Design Manual reference pg. 1.7*) It was observed that the accessible route at the ramp at Building F does not provide ramp handrails on both sides.

Attachment 2

Instructions for correcting UPCS Violations and Accessibility Violations

Instructions to resolve UPCS Violations: Each UPCS violation indicated in the chart at Attachment 1 must be resolved and you must prepare and submit sufficient documentation of correction as indicated by the guidelines below via CMTS on or before August 6, 2014.

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 for 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:

1. The location of the deficiency, i.e. Bldg. 5 Unit 502 or Site- near outside gate, etc.
2. Description of the deficiency, i.e. Damaged Doors, Hardware, locks – Bedroom door won't latch properly. Site-Hazards Other- Broken Glass.
3. How the deficiency was 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," "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. 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. This is very important. Someone must certify that the correction was acceptably completed.

Please submit all of the work orders in the same order that they appear in the list above. This facilitates faster processing and increases the chances that all violations will be fully addressed.

For repairs such as concrete repairs, roofing, etc. where vendors are utilized instead of 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.

Finally, you may submit photographs in support of the above if you wish. However, they are only necessary if the TDHCA asks for them as specific support for a deficiency still in question. If you do submit photographs, please make sure that they are labeled and supporting work orders and or invoices are attached. Photographs, by themselves, are not acceptable documentation of correction.

Instructions to resolve Accessibility Violations:

1. Fair Housing 1.6 and 2.12 Accessible Route (*Fair Housing Act Design Manual reference pg. 1.6, 2.12.*) It is reported that there is not a continuous, unobstructed accessible route through the development. The route to unit # 22 (a covered unit) was observed to be inaccessible.

Required Corrective Action: Provide a route that is entirely within the boundaries of the site; connects all accessible and Fair Housing Act-covered unit entrances to at least one of each type of common use facility and all accessible spaces and elements within the facilities, including accessible parking spaces and accessible passenger loading zones; accessible transportation stops; and public street and sidewalks. The accessible route must have a stable, firm, and slip resistant surface such as well-drained, compacted crushed granite, smooth pavers, or concrete. Submit an owner's statement and photographic evidence that the condition has been corrected. Include a site plan showing the accessible route connecting all accessible parking spaces, Fair Housing Act-covered dwelling units, and public and common use amenities. Indicate on the site plan the locations of all curb-cuts, ramps, handrails, and stairs/steps.

2. Accessible Route Running Slope (*Fair Housing Act Design Manual reference pg. 1.7*) It was observed that the accessible route to Unit #22 (a covered unit) in building F has a running slope (slope in line with direction of travel) that appears to be >8.33%.

Required Corrective Action: Provide an accessible route with a maximum running slope of 8.33% (1 in 12) at all points along the route (excluding curb ramps). Submit an owner's statement and photographic evidence that the condition has been corrected.

3. Accessible Route to Building Entrances of Accessible Dwelling Units, Fair Housing Act-covered Units (*Fair Housing Act Design Manual reference pg. 1.10*) It was observed that Building F/unit #22 is not connected with the accessible route for the property.

Required Corrective Action: Provide an accessible route within the boundaries of the site to and into each building entrance of each accessible dwelling unit, each Fair Housing Act-covered unit, and at least one of each type of common use facility. Submit an owner's statement with photographic evidence that the condition has been corrected.

4. Accessible Ramp Handrails (*Fair Housing Act Design Manual reference pg. 1.7*) It was observed that the accessible route at the ramp at Building F does not provide ramp handrails on both sides.

Required Corrective Action: Provide handrails at all *accessible ramps* where the ramp run has a vertical rise either greater than 6" or a horizontal length greater than 72" (excluding curb ramps). Note that an *accessible ramp* is a sloping walkway along an accessible route having a slope in the line of travel that is greater than 5% (1 in 20). Accessible ramp slope may not exceed 8.33% (1 in 12). Submit an owner's statement with photographic evidence that the condition has been corrected. In addition, a site plan was requested above. Indicate on the site plan the locations of all curb-cuts, ramps, handrails, and stairs/steps.

1d

BOARD ACTION REQUEST

LEGAL SERVICES

JUNE 26, 2014

Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC §1.13, concerning Adjudicative Hearing Procedures, and directing its publication for public comment in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, 10 TAC §1.13 describes procedures for initiating adjudicative hearings at the State Office of Appeals and Hearings (“SOAH”);

WHEREAS, prior to requesting a hearing pursuant to Tex. Gov’t Code §2306.041 on alleged compliance violations the Executive Director gives a report to the Board setting forth the alleged violations and a proposal for a penalty (“Report”);

WHEREAS, statute requires the Department to provide to the respondent notice of the Report including notice of the opportunity to request a hearing on the matter (“Notice”);

WHEREAS, to initiate a hearing, SOAH rules require a referring agency to file (1) a docketing request, and (2) the pertinent agency document that gave rise to the agency’s claims such as the agency’s complaint, petition, notice of violation, etc.;

WHEREAS, 10 TAC §1.13 currently requires the creation of an additional document called a “complaint” to serve as the document “giving rise to the agency’s claims”;

WHEREAS, the complaint contains the same information and notice of rights already provided to the respondent in the Notice; and

WHEREAS, the process to initiate a hearing at SOAH set forth in 10 TAC §1.13 could be made more efficient and less confusing by eliminating the requirement to create and file a complaint, and replacing it with the requirement to file a copy of the existing Notice;

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 notice of proposed amendments, in the form presented to this meeting, to be published in the *Texas Register* for review and public comment, and in connection therewith, to make such non-substantive technical corrections as they deem necessary to effectuate the foregoing.

BACKGROUND

The initiation of an adjudicative hearing at the State Office of Administrative Hearings ("SOAH") is prescribed in Tex. Gov't Code §2306.043 and SOAH Rule 1 TAC §155.53. Upon finding that violations have occurred, the Executive Director must give a report to the Board ("Report") containing the Executive Director's findings and a recommendation for a penalty. The statute further requires that the respondent be given notice of the Report and twenty days to decide whether to accept the recommendations or request a hearing at SOAH ("Notice"). If either the respondent or the Department desires a hearing SOAH Rule 1 TAC §155.53 requires that a copy of the "complaint, petition, application, or other pertinent documents describing the agency action giving rise to the case," be filed along with a request to docket the case. The Notice is the document that gives rise to, or initiates the Department's claims against the respondent.

The Department has interpreted SOAH Rule 1 TAC §155.53 strictly. Currently, 10 TAC § 1.13, requires that a separate "complaint" be created and filed along with the docketing request. The Department believes that the Notice satisfies the "other pertinent document" requirement of the SOAH and a separate complaint is not required.

The amendments would allow the Department to file a copy of the Notice along with the docketing request to initiate a hearing at SOAH, and staff requests approval for publication.

Staff is also proposing several non-substantive changes to improve consistency in the use of terms.

Attachment A: Preamble for Proposal of Amendments to 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, Section 1.13 concerning Adjudicative Hearing Procedures

The Texas Department of Housing and Community Affairs (the "Department") proposes amendments to 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, Section 1.13, concerning Adjudicative Hearing Procedures, for public comment and publication in the *Texas Register*. To initiate a hearing at the State Office of Administrative Hearings ("SOAH) a referring agency must file a "Request to Docket Case" form and "the complaint, petition, application, or other pertinent document describing the agency action giving rise to the case." The primary purpose of the proposed amendments is to provide for the filing of a Notice of Report to the Board as opposed to a "complaint." The amendments also remove unnecessary language related to SOAH rules.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that for each year of the first five years the proposed amendments will be in effect enforcing or administering the proposed amendments 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 amended rule will be in effect, the public benefit anticipated as a result of the amendment of the rule will be (1) the elimination of unnecessary time delays in setting a hearing date, (2) clarification of a respondent's rights prior to hearing, and (3) a reduction in paperwork. There will not be any economic cost to any individuals required to comply with the rule as a result of this action.

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. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Jeff Pender, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or by fax to (512) 469-9606. **ALL COMMENTS MUST BE RECEIVED NO LATER THAN 5:00P.M., August 11, 2014**

STATUTORY AUTHORITY: The amendments are proposed pursuant to the authority of Tex. Gov't Code Ann. §2306.053 which authorizes the Department to adopt rules, and Tex. Gov't Code Ann. §2306.045 which authorizes the director to set a hearing at SOAH and give written notice to the respondent.

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

§1.13. Adjudicative Hearing Procedures.

(a) Purpose. The purpose of this section is to provide procedures for contested case and other evidentiary hearings (adjudicative hearings). This section does not apply to matters such as ~~programmatic~~ appeals from staff or Board decisions or waivers, and this section does not in itself create any right to an adjudicative hearing, but merely provides a process for hearings that are otherwise expressly granted by law.

(b) SOAH Designation. The Governing Board (the "Board") of the Texas Department of Housing and Community Affairs (the "Department") designates the State Office of Administrative Hearings (SOAH) to hold all adjudicative hearings on the Board's behalf.

(c) Initiation of Hearing.

(1) Upon receipt of a pleading or other document that is intended to initiate a contested case or evidentiary proceeding before the Department, the Department shall determine if an adjudicative hearing is provided under the relevant statutory provisions and rules and, if so, will docket the same as a pending proceeding, number it in accordance with any established docket numbering system of the Department, and refer the matter to SOAH for hearing.

(2) SOAH shall acquire jurisdiction over a case when the Department completes and files a Request to Docket Case form, or other form acceptable to SOAH, together with the notice of report to the board required under Tex. Gov't. Code §2306.043 ~~complaint, petition, application,~~ or other pertinent documents giving rise to the case. Once SOAH acquires jurisdiction, all subsequent documents are to be filed with SOAH, with appropriate service upon the opposing party in accordance with this chapter and the rules of SOAH.

~~(3) The SOAH Administrative Law Judge has the authority under SOAH rules, 1 TAC Chapter 155, §155.103 (relating to Service of Documents on Parties), to issue interim orders, to regulate the conduct of the proceeding, rule on motions, establish deadlines, clarify the scope of the proceeding, schedule and conduct prehearing and post hearing conferences for any purpose related to any matter in the case, set out additional requirements for participation in the case, and take any other steps conducive to a fair and efficient process in the contested case, including referral of the case to a mediated settlement conference or other appropriate alternative dispute resolution procedure as provided by Chapter 2003 of the Texas Government Code.~~

(34) Except upon a showing of good cause, all adjudicative hearings in which the Department is a party shall be held at the offices of SOAH located in Austin, Texas.

(45) Nothing in this subchapter shall in any way limit, alter, or abridge the ability of the Department to enter into mediation or alternative dispute resolution at any time prior to or after the holding of the administrative hearing but prior to the adoption of a final order.

(d) Service.

(1) Service of a notice of adjudicative hearing shall be made by hand delivery, regular, first class, registered or certified mail, courier service, or by any other means that is in accordance with the Administrative Procedures Act (APA) and the SOAH rules. The notice of adjudicative hearing shall be delivered to the Responsible Party at the address of record on file with the Department in accordance with §1.22 of this chapter (relating to Providing Contact Information to the Department).

(2) Service in the manner provided for subparagraphs (A) - (C) of this paragraph shall be prima facie evidence of proper service of a notice of adjudicative hearing.

(A) Service by hand delivery shall be complete upon hand delivery to the Responsible Party or the Responsible Party's agent at the Responsible Party's address of record.

(B) Service by mail shall be complete upon deposit of the paper, enclosed in a postpaid, properly addressed wrapper, in a post office or official depository under the care and custody of the United States Postal Service.

(C) Service by courier service shall be complete upon deposit of the paper, enclosed in a properly addressed wrapper, in a depository under the care and custody of a courier service.

~~(3) Service of the Complaint. On the same date the Complaint is filed at SOAH, it shall be served on each party or the party's representative in compliance with the SOAH rule, 1 TAC §155.103(a) - (d). In addition, the Complaint shall include the following in 12-point bold face type: "If you do not file a written answer to this Complaint with the State Office of Administrative Hearings within 20 days after the date of receipt, a default order may be entered against you, which may include any or all of the requested sanctions. A copy of any answer you file with the State Office of Administrative Hearings shall also be provided to the department."~~

(34) Service of other documents in adjudicative cases pending before SOAH shall be governed by the rules of SOAH.

(e) Proposal for Decision.

(1) Within the time line set out in SOAH rules, after the conclusion of the hearing, the Administrative Law Judge (ALJ) shall prepare and serve on the parties a proposal for decision that includes the ALJ's findings of fact and conclusions of law. Exceptions to the proposal for decision may be filed in accordance with §2001.062 of the Texas Government Code and SOAH rules. Once the proposal for decision is provided to the Executive Director, and the time has expired for filing of any exceptions and replies, the matter shall be placed on the agenda to be considered at a subsequent meeting of the Board.

(2) The Board reserves the right to remand the matter back to SOAH, when warranted in the Board's sole discretion.

1e

BOARD ACTION REQUEST
OFFICE OF COLONIA INITIATIVES
JUNE 26, 2014

Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC §25, concerning the Colonia Self-Help Centers, and directing its publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, proposed amendments to the Colonia Self-Help Center Program Rule, 10 TAC Chapter 25, were approved at the April 10, 2014, Board meeting and were published for public comment in the *Texas Register* and

WHEREAS, public comment was received and the Department has carefully considered the public comment and made changes in response to public comment;

NOW, therefore, it is hereby

RESOLVED, that the Governing Board hereby adopts the amendments to all sections of 10 TAC Chapter 25, Colonia Self-Help Center Program Rule, in the form presented to this meeting; and,

FURTHER RESOLVED that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the publication of the adoption in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

Adoption of amendments to 10 TAC Chapter 25, the Colonia Self-Help Center Program Rule, will provide clarification and changes to program requirements to increase beneficiary participation; increase leveraging to maximize impact of program expenditures; and align program rules with the Single Family Programs Umbrella Rule (10 TAC Chapter 20). The proposed amendments to the Colonia Self-Help Center Program Rules were published in the May 2, 2014, issue of the *Texas Register* for public comment. Public comments were accepted in writing and by e-mail through June 2, 2014, and are summarized below.

Attachment A. Preamble and Adoption of the amendments of 10 TAC Chapter 25, concerning the Colonia Self-Help Centers, and directing its publication in the *Texas Register*

The Texas Department of Housing and Community Affairs (the “Department”) adopts amendments to 10 TAC Chapter 25 with changes to the proposed text as published in the May 2, 2014 issue of the *Texas Register* (39 TexReg 3533). The changes to the proposed amendments expand reasons for household relocation beyond overcrowding; add the requirement that all Colonia Self-Help Center housing activities require participating households to contribute at least 15% of the labor, including volunteer hours at the Colonia Self-Help Center; delete the 15% self-help requirement in the proposed Contract Budget since this amount will already be contributed by participants in all housing activities; allow participants to make repayable loans for all housing activities; and extend each expenditure threshold deadline by two months.

REASONED JUSTIFICATION FOR THE RULE. The amendments to Chapter 25 concerning the Colonia Self-Help Centers will provide clarification and changes to program requirements to increase beneficiary participation; increase leveraging to maximize impact of program expenditures; and align program rules with the Single Family Programs Umbrella Rule (10 TAC Chapter 20).

SUMMARY OF PUBLIC COMMENTS AND STAFF RECOMMENDATIONS. The Department accepted public comments between May 2, 2014, and June 2, 2014. Comments regarding the amendments were accepted in writing and by e-mail, with comments received from: (1) Irene G. Valenzuela of El Paso County, (2) Juan Vargas of Webb County, (3) Veronica Herrera of Webb County and (4) Juanita Valdez-Cox of La Union del Pueblo Entero (in Hidalgo County).

General Comments

COMMENT SUMMARY: Commenter (3) stated that receiving Small Repairs assistance should not prevent a household from receiving other assistance in the program. Commenter believes such a restriction would discourage eligible participants from seeking any Small Repairs assistance.

STAFF RESPONSE: Staff agrees and Colonia Self-Help Centers must ensure that if a household that received Small Repairs receives any additional housing rehabilitation through the program, the subsequent rehabilitation will not revisit any issues previously addressed by Small Repairs. No changes to the rule have been made in response to this comment.

COMMENT SUMMARY: Commenter (3) provided numerous comments on the existing Colonias Self-Help Center Rule. These comments were not related to the proposed amendments to the rule.

STAFF RESPONSE: Because these comments are not related to the proposed amendments to the rule, no changes to the rule are recommended.

§25.2. Definitions - §25.2(8)

COMMENT SUMMARY: Commenter (3) stated that using HUD Section 8 income limits adjusted for family size will require additional staff training and incur new expenses.

STAFF RESPONSE: Applying HUD Section 8 income limits should require little to no additional effort. Income calculation methodology remains unchanged. Staff recommends maintaining this amendment to the rule.

§25.2. Definitions - §25.2(12)

COMMENT SUMMARY: Commenter (1) sought clarification on the new term “Small Repairs,” which appears in the Colonia Self-Help Centers Program Rule but not in the Single Family Programs Umbrella Rule. The commenter inquired if Small Repairs are considered a rehabilitation activity.

STAFF RESPONSE: The term “Small Repairs” only appears in the Colonia Self-Help Center Program Rule definitions because it is a rehabilitation activity that concentrates on health and safety repairs that are exclusive to the Colonia Self-Help Center Program. Small Repairs may not be defined in the Single Family Programs Umbrella Rule because it is not applicable to all of the Department’s single family programs.

§25.3. Eligible and Ineligible Activities - §25.3

COMMENT SUMMARY: Commenters (2, 3) proposed that the Colonia Self-Help Center Program be expanded beyond housing activities to include economic development activities, such as small business development and job training. Commenters believe the program needs to diversify the kind of assistance it offers.

STAFF RESPONSE: To include activities beyond the current scope of improving physical living conditions requires statutory change undertaken by the Texas Legislature. Staff is unable to recommend changes to the scope of program activities.

§25.3. Eligible and Ineligible Activities - §25.3(a)(9)

COMMENT SUMMARY: Commenter (4) supported the current activity of assisting colonia residents to obtain suitable alternative housing outside of a colonia’s area to alleviate overcrowding. Commenter proposed that additional reasons for relocation assistance should be recognized, including evacuating flood plains and high-poverty areas, and increasing proximity to better schools, job opportunities and services.

STAFF RESPONSE: Staff agrees and has removed the words “to alleviate overcrowding conditions” in order to expand the reasons for relocating a household outside of their existing colonia. Staff has updated this amendment in response to this comment.

§25.4. Colonia Self-Help Centers Establishment - §25.4(b)(2)

COMMENT SUMMARY: Commenter (4) proposed that the Colonia Self-Help Center Program be permitted to provide assistance beyond designated colonias in order to address new model subdivisions that lack decent housing but otherwise comply with infrastructure requirements. Commenter believes that residents of new model subdivisions have poor housing and poverty levels that equal or exceed those in designated colonias.

STAFF RESPONSE: Counties seek community input before proposing which colonias to include in the Colonia Self-Help Center Program. The Department follows the definition of colonias found in Subchapter Z, "Colonias," of Chapter 2306 of the Texas Government Code. It is possible for Counties to include a new model subdivision in the program if it meets the Texas Government Code definition of a colonia *and* has community support to be included. Staff is unable to recommend inclusion of subdivisions that do not meet definition of colonias in Subchapter Z of Chapter 2306 of the Texas Government Code. No changes have been made in response to this comment.

§25.5. Allocation and the Colonia Self-Help Center Application Requirements - §25.5(f)(4)

COMMENT SUMMARY: Commenter (2) proposed that implementation of all housing activities in the program include a mandatory 15% self-help contribution from the household. Commenter believes this requirement would enhance the degree of self-respect and pride in the program participants.

STAFF RESPONSE: Staff agrees and will add the following language to §25.5(f)(4) as follows: *"Participating households must provide at least 15% of the labor necessary to build or rehabilitate the proposed housing by contributing the labor personally and/or through non-contract labor assistance from family, friends, or volunteers. Volunteer hours at the Colonia Self-Help Center may also fulfill the 15% labor requirement."* Staff has updated this amendment in response to this comment.

§25.5. Allocation and the Colonia Self-Help Center Application Requirements - §25.5(f)(6)(c)

COMMENT SUMMARY: Commenter (3) proposed further defining "direct Self-Help Activities" to include other types of community service work that households may complete on behalf of their respective Colonia Self-Help Center.

STAFF RESPONSE: Staff agrees and will include volunteer hours at the Colonia Self-Help Center as a way for households to fulfill their self-help requirement. See the staff response to comment regarding §25.5(f)(4) above. Staff removed section §25.5(f)(6)(c) since it will be addressed in §25.5(f)(4) in response to this comment.

§25.5. Allocation and the Colonia Self-Help Center Application Requirements - §25.5(f)(6)(d)(iii)

COMMENT SUMMARY: Commenters (1, 3) opposed reducing the funding limits for reconstruction and new construction to \$50,000 per household. Commenter (1) stated that this limit will decrease property tax revenue and be difficult to implement with existing county procurement policies. Commenter (3) stated that proposed caps on all activities will make implementation infeasible because colonia housing stock is significantly substandard and requires more funding.

STAFF RESPONSE: CDBG funding continues to decline each year and the Department is adjusting program rules accordingly to maintain levels of service and assist as many colonia residents as possible. These funding limits may require leveraging of other funding sources to maximize impact of program expenditures. No changes have been made in response to this comment.

§25.7. Colonia Self-Help Center Contract Operation and Implementation - §25.7(h)

COMMENT SUMMARY: Commenter (4) proposed that the Colonia Self-Help Center Program have the ability to make funds available to households in the form of low-interest, repayable loans instead of deferred, forgivable loans only. Commenter believes the program should revolve funds because by collecting repayments and interest, the program can serve more households.

STAFF RESPONSE: Staff agrees and has added the following language to §25.7(h) as follows: “Every New Construction, Reconstruction, or Rehabilitation Activity exceeding \$20,000 per unit that is provided by the Colonia Self-Help Center Program shall have a recorded and enforceable lien placed on the property secured by a deferred Forgivable Loan not shorter than five (5) years *or a repayable mortgage loan not to exceed thirty (30) years.*” Staff has updated this amendment in response to this comment.

§25.9. Expenditure Thresholds and Closeout Requirements - §25.9(a)(3)

COMMENT SUMMARY: Commenter (3) proposed that the expenditure threshold for expending 60% of program funds should be extended beyond the current 30 months. It has already been proposed to extend the preceding expenditure threshold (for 30% of program funds) by two months, therefore commenter believes an extension should apply to the 60% expenditure threshold also.

STAFF RESPONSE: Staff agrees and has changed the amendment to extend the three expenditure thresholds for 30%, 60% and 90% of program funds by two months each by adding the following language to §25.9(a)(3) and §25.9(a)(4) as follows: “*Thirty-two (32)-Month* Threshold. To meet this requirement, the Administrator must have expended and submitted for reimbursement to the Department at least sixty (60) percent of the total Colonia Self-Help Center funds awarded within *thirty-two (32)* months from the start date of the Contract; and *Forty-four (44)-Month* Threshold. To meet this requirement, the Administrator must have expended and submitted for reimbursement to the Department at least ninety (90) percent of the total Colonia Self-Help Center funds awarded within *forty-four (44)* months from the start date of the Contract.” Staff has updated this amendment in response to this comment.

The Board approved the final order adopting the amendments on June 26, 2014.

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

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 25</u>	COLONIA SELF-HELP CENTER PROGRAM RULE
RULE §25.1	Purpose and Services

The purpose of this Chapter is to establish the requirements governing the Colonia Self-Help Centers, created pursuant to Texas Government Code, Chapter 2306, Subchapter Z, and Chapter 20 of this title (relating to Single Family Programs Umbrella Rule) and its funding including the use and administration of all funds provided to the Texas Department of Housing and Community Affairs (the "Department") by the legislature of the annual Texas Community Development Block Grant allocation from the U.S. Department of Housing and Urban Development ("HUD"). Colonia Self-Help Centers are designed to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve, or maintain a safe, suitable home in the designated Colonia service areas or in another area the Department has determined is suitable.

RULE §25.2 Definitions

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. Other definitions may be found in Texas Government Code, Chapter 2306, Chapter 1 of this title (relating to Administration) and Chapter 20 of this title (relating to Single Family Programs Umbrella Rule). Common definitions used under the Community Development Block Grant (CDBG) Program are incorporated herein by reference.

- (1) Beneficiary--A person or family benefiting from the Activities of a Colonia Self-Help Center Contract.
- (2) Colonia Resident Advisory Committee (C-RAC)--Advises the Department's Governing Board and evaluates the needs of Colonia residents, reviews programs and Activities that are proposed or operated through the Colonia Self-Help Centers to better serve the needs of Colonia residents.
- (3) Colonia Self-Help Center Provider--An organization with which the Administrator has an executed Contract to administer Colonia Self-Help Center Activities.
- (4) Community Action Agency--A political subdivision, combination of political subdivisions, or nonprofit organization that qualifies as an eligible entity under 42 U.S.C. §9902.
- (5) Contract Budget--An exhibit in the Contract which specifies in detail the Contract funds by budget category, which is used in the drawdown processes. The budget also includes all other

funds involved that are necessary to complete the Performance Statement specifics of the Contract.

(6) Direct Delivery Costs--Soft costs related to and identified with a specific housing unit. Eligible Direct Delivery Costs include:

- (A) Preparation of work write-ups, work specifications, and cost estimates;
- (B) Legal fees, recording fees, architectural, engineering, or professional services required to prepare plans, drawings or specifications directly attributable to a particular housing unit;
- (C) Home inspections, inspections for lead-based paint, asbestos, termites, and interim inspections; and
- (D) Other costs as approved in writing by the Department.

(7) Implementation Manual--A set of guidelines designed to be an implementation tool for the Administrator and Colonia Self-Help Center Providers that have been awarded Community Development Block Grant Funds and allows the Administrator to search for terms, regulations, procedures, forms and attachments.

(8) Income Eligible Families--

- (A) Low-income families--families whose annual incomes do not exceed 80 percent of the median income of the area as determined by HUD Section 8 income limits, adjusted for family size;
- (B) Very low-income families--families whose annual incomes do not exceed 60 percent of the median family income for the area, as determined by HUD Section 8 income limits, adjusted for family size; and
- (C) Extremely low-income families--families whose annual incomes do not exceed 30 percent of the median family income for the area, as determined by HUD Section 8 income limits, adjusted for family size.

(9) New Construction-- A housing unit that is built on a previously vacant lot that will be occupied by Income Eligible Families.

(10) Performance Statement--An exhibit in the Contract which specifies in detail the scope of work to be performed.

(11) Public Service Activities-- Activities other than New Construction, Reconstruction, Rehabilitation and Small Repair activities that are provided by a Colonia Self Help Center to benefit Colonia residents. These include, but are not limited to, construction skills classes, solid waste removal, tool lending library, technology classes, home ownership classes and technology access.

(12) Small Repairs-- minor repairs such as, but not limited to, addressing deficiencies, roof repairs, removal of threats to health and safety, including lead-based paint hazards and removal of barriers for Persons with Disabilities.

(13) Unit of General Local Government (UGLG)--A city, town, county, or other general purpose political subdivision of the state; a consortium of such subdivisions recognized by HUD in accordance with 24 CFR §92.101 and any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction. A county is considered a unit of general local government under the Colonia Self-Help Center Program.

RULE §25.3 Eligible and Ineligible Activities

(a) A Colonia Self-Help Center may only serve Income Eligible Families in the targeted

Colonias by:

- (1) Providing assistance in obtaining Loans or Grants to build, Rehabilitate, repair or Reconstruct a home;
 - (2) Teaching construction skills necessary to repair or build a home;
 - (3) Providing model home plans;
 - (4) Operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in Colonias who are building or repairing a residence or installing necessary residential infrastructure;
 - (5) Assisting to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a Colonia, including potable water, wastewater disposal, drainage, streets, and utilities;
 - (6) Surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;
 - (7) Providing credit and debt counseling related to home purchase and finance;
 - (8) Applying for Grants and Loans to provide housing and other needed community improvements;
 - (9) Providing other services that the Colonia Self-Help Center, with the approval of the Department, determines are necessary to assist Colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a Colonia's area.;
 - (10) Providing assistance in obtaining Loans or Grants to enable an individual or a family to acquire fee simple title to property that originally was purchased under a Contract for Deed, contract for sale, or other executory contract;
 - (11) Providing access to computers, the internet and computer training pursuant to the General Appropriations Act; and
 - (12) Providing monthly programs to educate individuals and families on their rights and responsibilities as property owners.
- (b) Through a Colonia Self-Help Center, a Colonia resident may apply for any direct Loan or Grant program operated by the Department.
- (c) Ineligible Activities. Any type of Activity not allowed by the Housing and Community Development Act of 1974 (42 U.S.C. §§5301, et seq.) is ineligible for funding.
- (d) A Colonia Self-Help Center may not provide Grants, financing, or Mortgage Loan services to purchase, build, Rehabilitate, or finance construction or improvements to a home in a Colonia if water service and suitable wastewater disposal are not available.

RULE §25.4 Colonia Self-Help Centers Establishment

- (a) Pursuant to Texas Government Code, §2306.582, the Department has established Colonia Self-Help Centers in El Paso, Hidalgo, Starr, Webb, Cameron (also serves Willacy), Maverick, and Val Verde Counties.
- (b) The Department has designated:
- (1) Appropriate staff in the Department to act as liaison to the Colonia Self-Help Centers to assist the centers in obtaining funding to enable the centers to carry out the center's Programs;
 - (2) Five (5) Colonias in each service area to receive concentrated attention from the Colonia Self-Help Centers in consultation with the C-RAC and the appropriate unit of local government;
- and

- (3) A geographic area for the services provided by each Colonia Self-Help Center.
- (c) The Department shall make a reasonable effort to secure:
- (1) Contributions, services, facilities, or operating support from the county commissioner's court of the county in which a Colonia Self-Help Center is located which it serves to support the operation of that Colonia Self-Help Center; and
 - (2) An adequate level of funding to provide each Colonia Self-Help Center with funds for low interest Mortgage financing, Grants for Self-Help Programs, revolving loan fund for septic tanks, a tool lending program, and other Activities the Department determines are necessary.
- (d) The El Paso Colonia Self-Help Center shall establish a technology center to provide internet access to Colonia residents pursuant to the General Appropriations Act for the appropriate biennium.

RULE §25.5 Allocation and the Colonia Self-Help Center Application Requirements

- (a) The Department distributes Colonia Self-Help Center funds to Unit of General Local Governments (UGLGs) from the 2.5 percent set-aside of the annual Community Development Block Grant (CDBG) allocation to the state of Texas.
- (b) The Department shall allocate no more than \$1 million per Colonia Self-Help Center award except as provided by this Chapter. If there are insufficient funds available from any specific program year to fully fund an Application, the awarded Administrator may accept the amount available at that time and wait for the remaining funds to be committed upon the Department's receipt of the CDBG set-aside allocation from the next program year.
- (c) With a baseline award beginning at \$500,000, the Department will add an additional \$100,000 for each expenditure threshold, as defined in §25.9 of this Chapter (relating to Expenditure Thresholds and Closeout Requirements), met on the current Colonia Self-Help Center Contract, and an additional \$100,000 for an accepted Application submitted by the deadline. If an Administrator can demonstrate that any violation of an Expenditure Threshold was beyond the control of the Administrator, it may request of the Board that an individual violation be waived for the purpose of future funding. The Board, in its discretion and within the limits of federal and state law, may waive any one or more of the expenditure threshold requirements if the Board finds the waiver is appropriate to fulfill the purposes or policies of the Texas Government Code, or for other good cause as determined by the Board.
- (d) The Administrator shall submit its Application no later than three (3) months before the expiration of its current Contract, or when ninety (90) percent of the funds under the current Contract have been expended, whichever comes first. If this requirement is not met, the Department will apply the options outlined in subsection (c) of this section which will result in lost and delayed funding.
- (e) Application reviews are conducted on a first-come first-served basis until all Colonia Self-Help Center funds for the current program year and deobligated Colonia Self-Help Center funds are committed. Each complete Application will be assigned a "received date" based on the date and time it is received by the Department.
- (f) In order to be accepted, each Application must include:
- (1) Evidence of the submission of the Contract Administrator's current annual single audit;
 - (2) A Colonia identification form for each Colonia to be served, including all required back-up documentation as identified on the form;

- (3) A boundary map for each of the five Colonias;
- (4) A description of the method of implementation. For each Colonia to be served by the Colonia Self-Help Center, the Administrator shall describe the services and Activities to be delivered. Participating households must provide at least 15% of the labor necessary to build or rehabilitate the proposed housing by contributing the labor personally and/or through non-contract labor assistance from family, friends, or volunteers. Volunteer hours at the Colonia Self-Help Center may also fulfill the 15% labor requirement.
- (5) The proposed Performance Statement must include the number of Colonia residents to be assisted from each Activity, the Activities to be performed (including all sub-Activities under each budget line item), and the corresponding budget;
- (6) The proposed Contract Budget must adhere to the following limitations:
 - (A) The Administration line item may not exceed fifteen (15) percent;
 - (B) Eight (8) percent must be used for the Public Service Activities;
- (D) Colonia Self-Help Center Program funds cannot exceed the following amounts per unit, however, additional funds from other sources can be leveraged with these funds;
 - (i) \$10,000 Small Repairs
 - (ii) \$40,000 Rehabilitation
 - (iii) \$50,000 Reconstruction or New Construction
- (E) Direct Delivery Costs for all New Construction and Reconstruction Activities cannot exceed ten (10) percent per unit provided by the Colonia Self-Help Center Program. Direct Delivery Costs for Rehabilitation, including Small Repair, are limited to fifteen (15) percent per unit provided by the Colonia Self-Help Center Program;
- (7) Proposed housing assistance guidelines (includes Small Repair, Rehabilitation, Reconstruction, or New Construction);
- (8) Evidence of model subdivision rules adopted by the County;
- (9) Written policies and procedures, as applicable, for:
 - (A) Solid waste removal;
 - (B) Construction skill classes;
 - (C) Homeownership classes;
 - (D) Technology access;
 - (E) Homeownership assistance; and/or
 - (F) Tool lending library. All Colonia Self-Help Centers are required to operate a tool lending library;
- (10) Authorized signatory form and direct deposit authorization;
- (11) UGLG resolution authorizing the submission of the Application and appointing the primary signator for all Contract documents;
- (12) Acquisition report (even if there is no acquisition activity);
- (13) Certification of exemption for HUD funded projects; and
- (14) Initial disclosure report.
- (g) Upon receipt of the Application, the Department will perform an initial review to determine whether the Application is complete and that each Activity meets a national objective as required by §104(b)(3) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(b)(3)).
- (h) The Department may reduce the funding amount requested in the Application in accordance to subsection (c) of this section. Should this occur, the Department shall notify the appropriate Administrator before the Application is submitted to C-RAC for review, comments and approval.

The Department and the Administrator will work together to jointly agree on the performance measures and proposed funding amounts for each Activity.

(i) The Department shall execute a four (4) year Contract with the Administrator. No Contract extensions will be allowed. If the Administrator requirements are completed prior to the end of the four (4) year Contract period, the Administrator may submit a new Application.

(j) The Department may decline to fund any Application if the Activities do not, in the Department's sole determination, represent a prudent use of Colonia Self-Help Center funds. The Department is not obligated to proceed with any action pertaining to any Application which is received, and may decide it is in the Department's best interest to refrain from pursuing any selection process.

RULE §25.6 Colonia Resident Advisory Committee Duties and Award of Contracts

(a) The Board shall appoint not fewer than five (5) persons who are residents of Colonias to serve on the C-RAC. The members of the C-RAC shall be selected from lists of candidates submitted to the Department by local nonprofit organizations and the commissioner's court of a county in which a Colonia Self-Help Center is located.

(b) The C-RAC members' terms will expire every four (4) years. C-RAC members may be reappointed by the Board; however, the Board shall review and approve all members at least every four (4) years.

(c) The Board shall appoint one committee member to represent each of the counties in which a Colonia Self-Help Center is located. Each committee member:

(1) Must be a resident of a Colonia in the county the member represents; and

(2) May not be a board member, contractor, or employee of the Administrator or have any ownership interest in an entity that is awarded a Contract under this Chapter and cannot be in default on any Department obligation.

(3) The Department will conduct a previous participation review on all members.

(d) The Department may also select to have an alternate member from the list for each county in the event that the primary member is unable to attend meetings.

(e) The C-RAC shall advise the Board regarding:

(1) The housing needs of Colonia residents;

(2) Appropriate and effective programs that are proposed or are operated through the Colonia Self-Help Centers; and

(3) Activities that might be undertaken through the Colonia Self-Help Centers to serve the needs of Colonia residents.

f) The C-RAC shall advise the Colonia initiatives coordinator as provided by Texas Government Code, §775.005.

(g) Award of Contracts.

(1) Upon reaching an Agreement with the Administrator, the Department will set the date for the C-RAC meeting. The C-RAC shall meet before the 30th calendar day proceeding the date on which a Contract is scheduled to be awarded by the Board for the operation of a Colonia Self-Help Center and may meet at other times.

(2) The Administrator shall be present at the C-RAC if its Application is being considered to answer questions that C-RAC may have.

(3) After the C-RAC makes a recommendation on an Application, the recommendation will undergo the Department's award process.

(h) Reimbursement of C-RAC members for their reasonable travel expenses in the manner provided by §25.8(1) of this Chapter (relating to Administrative Thresholds) is allowable and shall be paid by the Contract Administrator.

RULE §25.7 Colonia Self-Help Center Contract Operation and Implementation

(a) The Department shall contract with a UGLG for the operation of a Colonia Self-Help Center. The UGLG shall subcontract with a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to carry out all or part of the functions of a Colonia Self-Help Center.

(b) Upon award of Colonia Self-Help Center funds by the Board, the Department shall deliver a Contract based on the scope of work to be performed within thirty (30) days of the award date, unless extenuating circumstances do not allow for delivery. Any Activity funded under the Colonia Self-Help Center Program will be governed by a written Contract that identifies the terms and conditions related to the awarded funds. The Contract will not be effective until executed by all parties to the Contract.

(c) Administrators are required to complete their environmental reviews in accordance with 24 CFR Part 58 and receive the Authority to Use Grant Funds from the Department before:

(1) Any commitment of Community Development Block Grant (CDBG) funds (i.e., execution of a legally binding Agreement and expenditure of CDBG funds) for Activities other than those that are specifically exempt from environmental review.

(2) Any commitment of non-CDBG funds associated with the scope of work in the Contract that would have an adverse environmental impact (i.e., demolition, excavating, etc.) or limit the choice of alternatives (i.e., acquisition of real property, Rehabilitation of buildings or structures, etc.).

(d) Request for Payments. The Administrator shall submit a properly completed request for reimbursement, as specified by the Department, at a minimum on a quarterly basis; however the Department reserves the right to request more frequent reimbursement requests as it deems appropriate. The Department shall determine the reasonableness of each amount requested and shall not make disbursement of any such payment request until the Department has reviewed and approved such request. Payments under the Contract are contingent upon the Administrator's full and satisfactory performance of its obligations under the Contract.

(1) \$2,500 is the minimum amount for a Draw to be processed, unless it is the final Draw request. If an Administrator fails to submit a draw within twelve (12) consecutive months the Contract will be subject to termination for failure to meet the Contract obligations.

(2) Draw requests will be reviewed to comply with all applicable laws, rules and regulations. The Administrator is responsible for maintaining a complete record of all costs incurred in carrying out the Activities of the Contract.

(3) Draw requests for all housing Activities will only be reimbursed upon satisfactory completion of types of Activities (i.e., all plumbing completed, entire roof is completed, etc.), consistent with the construction contract.

(4) The Administrator will be the principal contact responsible for reporting to the Department and submitting Draw requests.

(e) Reporting. The Administrator shall submit to the Department reports on the operation and performance of the Contract on forms as prescribed by the Department. Quarterly Reports shall be due no later than the tenth (10th) calendar day of the month after the end of each calendar quarter. The Administrator shall maintain and submit to the Department up-to-date accomplishments in quarterly reports identifying quantity and cumulative data including the expended funds, Activities completed and total number of Beneficiaries. If an Administrator fails to submit Activity data within twenty-four (24) consecutive months, the Contract will be subject to termination for failure to meet the Contract obligations.

(f) The Department will only reimburse one (1) initial inspection report per unit for Small Repair.

(g) Amendments. The Department's executive director or its designee, may authorize, execute, and deliver amendments to any Contract.

(1) Contract Time Extensions beyond the four (4) year Contract period will not be allowed for Colonia Self-Help Center Contracts.

(2) Changes in beneficiaries. Reductions in contractual deliverables and beneficiaries shall require a Contract amendment. Increases in contractual deliverables and beneficiaries that do not shift funds, or cumulatively shift less than ten (10) percent of total Contract funds, shall be completed through a Contract modification.

(3) The Department, at its discretion and in coordination with an Administrator, may increase a Contract Budget amount and the number of Activities and beneficiaries based on the availability of Colonia Self-Help Center funds, the exemplary performance in the implementation of an Administrator's current Contract, and the time available in the four (4) year Contract period. Upon Board approval, the cap on the maximum Contract amount may be exceeded if the terms of this paragraph are met by the Administrator.

(h) Every New Construction, Reconstruction, or Rehabilitation Activity exceeding \$20,000 per unit that is provided by the Colonia Self-Help Center Program shall have a recorded and enforceable lien placed on the property secured by a deferred Forgivable Loan not shorter than five (5) years or a repayable mortgage loan not to exceed thirty (30) years. The Department will be a lien holder.

(i) The Administrator's initial and any revised housing activity guidelines shall be approved by commissioners' court and the Department prior to implementation.

(j) Access to all Public Service Activities identified in the Contract shall be provided at least two (2) Saturdays a month during hours preferable to Colonia residents. In addition, access shall be provided at least one day during the work week after hours for a period long enough to allow Colonia residents to utilize the services.

(k) The purchase of new tools, new computers and computer equipment shall only occur within the first twenty-four (24) months of the Contract period. Any purchases of these items after twenty-four (24) months shall be approved by the Department prior to purchase.

RULE §25.8 Administrative Thresholds

Administrative Draw request. Administrative Draw requests are funded out of the portion of the Contract budget specified for administrative cost (administration line item of the Contract budget). These costs are not directly associated with an Activity. The administration line item

will be disbursed as described in paragraphs (1) - (8) of this section:

(1) Threshold 1. The initial administrative Draw request allows up to 10 percent of the administration line item to be drawn down prior to the start of any project Activity included in the Performance Statement of the Contract (provided that all pre-Draw requirements, as described in the Contract, for administration have been met). Subsequent administrative funds will be reimbursed in proportion to the percentage of the work that has been completed as identified in paragraphs (2) - (8) of this section.

(2) Threshold 2. Allows up to an additional fifteen (15) percent (twenty-five (25) percent of the total) of the administration line item to be drawn down after a start of project Activity has been demonstrated. For the purposes of this threshold, if Davis-Bacon labor standards are required for a given Program Activity, the "start of project Activity" is evidenced by the submission of a start of construction form. If labor standards are not required on a given project Activity that has commenced (and for which reimbursement is being sought), the submission of a Draw request that includes sufficient back-up documentation for expenses of non-administrative project Activities evidences a start of project Activity. Direct Delivery Costs charges will not constitute a start of project Activity.

(3) Threshold 3. Allows up to an additional twenty-five (25) percent (fifty (50) percent of the total) of the administration line item to be drawn down after compliance with the eighteen (18) month threshold requirement has been demonstrated as described in §25.9 of this Chapter (relating to Expenditure Thresholds and Closeout Requirements).

(4) Threshold 4. Allows up to an additional twenty-five (25) percent (Seventy-five (75) percent of the total) of the administration line item to be drawn down after compliance with the thirty (30) month threshold requirement has been demonstrated as described in this chapter.

(5) Threshold 5. Allows up to an additional fifteen (15) percent (Ninety (90) percent of the total) of the administration line item to be drawn down after compliance with the forty-two (42) month threshold requirement has been demonstrated as described in this Chapter.

(6) Threshold 6. Allows an additional five (5) percent (Ninety-five (95) percent of the total) of the administration line item to be drawn down upon receipt of all required close-out documentation.

(7) Threshold 7. Allows the final five (5) percent (One-hundred (100) percent of the total), less any administrative funds reserved for audit costs as noted on the Project Completion Report of the administration line item to be drawn down following receipt of the programmatic close-out letter issued by Department.

(8) Threshold 8. Any funds reserved for audit costs will be released upon completion and submission of an acceptable audit. Only the portion of audit expenses reasonably attributable to the Contract is eligible.

RULE §25.9 Expenditure Thresholds and Closeout Requirements

(a) Administrators must meet the expenditure threshold requirements described in paragraphs (1) - (4) of this subsection:

(1) Six (6)-Month Threshold. An Environmental Assessment that meets the requirements outlined in the environmental clearance requirements of the Contract must be submitted to the Department within six (6) months from the start date of the Contract;

(2) Twenty (20)-Month Threshold. To meet this requirement the Administrator must have expended and submitted for reimbursement to the Department at least 30 percent of the total

Colonia Self-Help Center funds awarded within twenty (20) months from the start date of the Contract;

(3) Thirty-two (32)-Month Threshold. To meet this requirement the Administrator must have expended and submitted for reimbursement to the Department at least sixty (60) percent of the total Colonia Self-Help Center funds awarded within thirty-two (32) months from the start date of the Contract; and

(4) Forty-four (44)-Month Threshold. To meet this requirement the Administrator must have expended and submitted for reimbursement to the Department at least ninety (90) percent of the total Colonia Self-Help Center funds awarded within forty-four (44) months from the start date of the Contract.

(b) For purposes of meeting a threshold, "expended and submitted" means that a Draw request was received by the Department, is complete, and all costs needed to meet a threshold are adequately supported. The Department will not be liable for a threshold violation if a Draw request is not received by the threshold date.

(c) The final Draw request and complete closeout documents must be submitted no later than sixty (60) days after the Contract end date. If closeout documents are late, the remaining Contract balance may be subject to deobligation as the Department's liability for such costs will have expired. If a Administrator has reserved funds in the project completion report for a final Draw request, the Administrator has ninety (90) days after the Contract end date to submit the final Draw request, with the exception of audit costs which may be reimbursed upon submission of the final single audit.

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BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action to approve a waiver of 10 TAC, §10.101(a) for Balcones Lofts in Balcones Heights (#13193)

RECOMMENDED ACTION

WHEREAS, Balcones Lofts received an award of 9% Housing Tax Credits during the 2013 competitive cycle to newly construct 84 multifamily units targeted towards the general population in Balcones Heights;

WHEREAS, the Applicant for Balcones Lofts is required, by the Fire Chief for the City of Balcones Heights, to have an additional exit drive area at the development;

WHEREAS, the required drive area is one and a half feet below the flood plain due to the level of the street, and cannot comply with site requirements and restrictions in 10 TAC §10.101(a)(1) involving Developments located within a one-hundred year floodplain and that require drive areas to be no lower than six inches below the flood plain;

WHEREAS, the Owner is requesting approval of a waiver of this rule to allow for the required exit drive from the development; and,

WHEREAS, allowing the emergency drive complies with the Department's purpose as set out in Texas Government Code §2306.001 to assist local governments in providing essential public services for their residents.

NOW, therefore, it is hereby

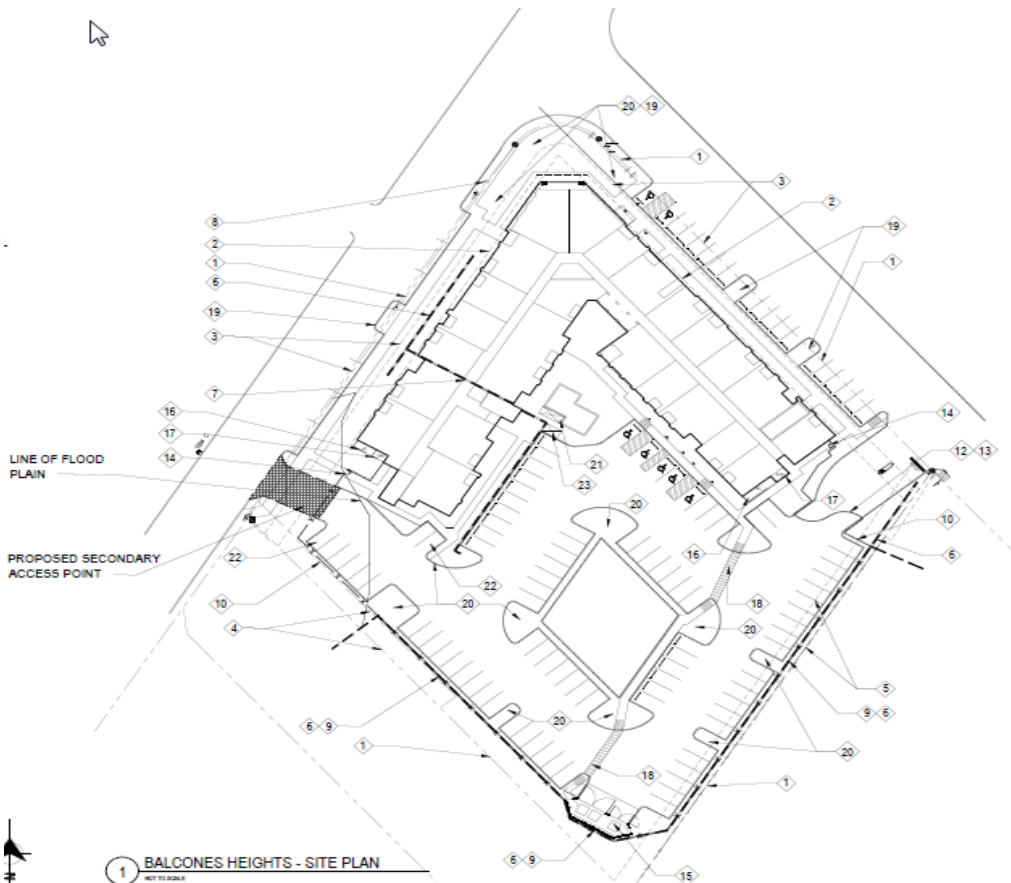
RESOLVED, that the waiver request for Balcones Lofts, regarding 10 TAC §10.101(a)(1) is approved as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

The application for Balcones Lofts originally proposed a site design with one access point identified as an entry and a second access point identified as an exit. The original plan noted that the exit was located in a section of the site that is part of a one-hundred year floodplain identified by the Federal Emergency Management Agency ("FEMA"). Therefore, the owner planned to remove the exit and keep the entry as the single ingress and egress to the property since the design would still comply with local code and the Department's site requirements and

restrictions. However, upon further inspection of the property, the Fire Chief for the City of Balcones Heights has overridden the local code requirement and has mandated that the Development have a second access point. The Fire Chief has approved the second access point to be for emergency use only and to be gated to prevent daily use. To the extent that the ingress and egress is considered part of a drive area, the location of the secondary access point will violate 10 TAC §10.101 (a)(1) which states that drive areas must be no lower than six inches below the floodplain. However, since the secondary access will connect to a public street that is 1.5 feet below the floodplain, it will not be possible to comply with both this rule and the requirements of the local jurisdiction. Approval of this waiver furthers the purpose and policies of the Texas Government Code, §2306.001 by assisting the local fire department in providing emergency services to its residents. Therefore, staff recommends the Board waive the requirement in 10 TAC §10.101 (a)(1) for the restricted access portion of the driveway in the site plan that follows..

Site Plan



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BOARD ACTION REQUEST
OFFICE OF COLONIA INITIATIVES
JUNE 26, 2014

Presentation, Discussion, and Possible Action on Colonia Self Help Center (“SHC”) Program Award to El Paso and Val Verde counties in accordance with Tex. Gov’t Code §2306.582 through Community Development Block Grant (“CDBG”) Funding.

RECOMMENDED ACTION

WHEREAS, the Department is required to establish Colonia SHCs in Cameron and Willacy, El Paso, Hidalgo, Starr and Webb counties;

WHEREAS, in 2001 the Department opened two additional Colonia SHCs in Maverick and Val Verde Counties in accordance with Tex. Gov’t Code §2306.582 to address the needs of colonias in these counties;

WHEREAS, in accordance with Tex. Gov’t Code §2306.585(b), the Department is required to meet with the Colonia Resident Advisory Committee (“C-RAC”) at least 30 days before a Colonia SHC award can be considered by the Department’s Governing Board;

WHEREAS, on May 22, 2014, the Department met with the C-RAC to discuss funding proposals for El Paso and Val Verde counties SHCs;

WHEREAS, the C-RAC recommends awarding the El Paso and Val Verde funding proposals; and

WHEREAS, the award will make CDBG funding available to serve El Paso and Val Verde counties with the Colonia SHC Program;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director is hereby authorized to make an award of CDBG funding under the Colonia SHC Program to El Paso County in the amount of \$1,000,000 and Val Verde County in the amount of \$600,000 from Program Year 2013 and deobligated funds from previous years.

BACKGROUND

Colonia Self-Help Centers Program

The Colonia SHC Program was created by the 74th Legislature of the State of Texas in 1995. The purpose of a Colonia SHC is to assist individuals and families with low- and very low-income to finance, refinance, construct, improve or maintain a safe, suitable home in the designated colonia service area or in another area that the Department has determined suitable.

The Department will allocate no more than \$1 million per Colonia SHC contract in accordance with the Program Rules. If there are insufficient funds available from any specific year to fully fund a proposal, the affected county may accept the amount available at that time and then wait for the remainder to be funded with the next year's funding allocation.

In consultation with the C-RAC and the county, the Department designates five colonias in each county to receive concentrated attention from that Colonia SHC. The purpose of the C-RAC is to advise the Department's Governing Board on the needs of the colonia residents, programs that are appropriate and effective for Colonia SHCs, and activities that may better serve colonia residents. A county submitting a funding proposal is required to conduct a needs assessment for each colonia designated to receive concentrated attention. Based on the results of the assessments, the county must develop a scope of work for each colonia in accordance with the eligible activities defined in statute and the Program Rules.

On May 22, 2014, at the Webb County Colonia SHC, representatives from El Paso and Val Verde counties presented their scopes of work and funding proposals to the C-RAC for their comments and suggestions and in fulfillment of the C-RAC's obligation to the Department's Governing Board.

Colonia SHC Funding

The Colonia SHCs are funded through a 2.5% set-aside (approximately \$1.5 million per year) of the annual Texas Community Development Block Grant ("TxCDBG") non-entitlement allocation to the State of Texas. The Texas Department of Agriculture receives the TxCDBG allocation from the U.S. Department of Housing and Urban Development, and executes a Memorandum of Understanding with the Department to implement the Colonia SHC Program.

The Colonia SHC contracts are four-year contracts as specified by statute. If a county and Colonia SHC complete all contractual requirements before the expiration of the contract period, they may submit a proposal for a new contract. Proposals are placed on a first-come, first-served waiting list until there is sufficient funding available.

El Paso County SHC Award Description

Contact: The Honorable Veronica Escobar, El Paso County Judge

Designated Colonias: 1) Agua Dulce Units 1-5, 2) Colonias del Paso, 3) College Park, 4) Lakeway Estates Units 1-3, and 5) Horizon View Estates Units 17 and 20-22

Beneficiaries: An estimated 9,100 persons will benefit, of which approximately 95% (8,645 persons) are people with low-to-moderate income.

Purpose of Contract: In their 6th Colonia SHC contract, El Paso County proposes the following housing and community development activities:

Performance Activity	Quantity	Budget
Public Service		\$80,000
Tool Library	1 library	\$20,000
Technology Access	500 visits	\$20,000
Solid Waste Removal	7 clean-ups	\$40,000
Residential Rehabilitation		\$570,000
Residential Rehabilitation	10 homes	\$400,000
Self-Help Home Repair	16 homes	\$160,000
Utility Connection	4 homes	\$10,000
Reconstruction (Not Feasible for Rehabilitation)	4 homes	\$200,000
Administration (15%)		\$150,000
TOTAL		\$1,000,000

Val Verde County SHC Award Description

Contact: The Honorable Laura Allen, Val Verde County Judge

Designated Colonias: 1) Escondido Estate, 2) Val Verde Park and Val Verde Park #2, 3) Town of Comstock, 4) Cienegas Terrace, and 5) Lake View Addition

Beneficiaries: An estimated 5,391 persons will benefit, of which 100% are people with low-to-moderate income.

Purpose of Contract: In their 5th Colonia SHC contract, Val Verde County proposes the following housing and community development activities:

Performance Activity	Quantity	Budget
Public Service		\$48,000
Tool Library	1 library	\$13,000
Technology Access	400 visits	\$15,000
Technology Classes	15 classes	\$15,000
Solid Waste Removal	5 clean-ups	\$5,000
Residential Rehabilitation		\$112,000
Self-Help Home Repair	12 homes	\$112,000
Reconstruction (Not Feasible for Rehabilitation)	7 homes	\$350,000
Administration (15%)		\$90,000
TOTAL		\$600,000

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JUNE 26, 2014

Report on Challenges Made in Accordance with 10 TAC §11.10 Concerning 2014 Housing Tax Credit Applications

RECOMMENDED ACTION

WHEREAS, the Department allows unrelated parties to an application to submit challenges against any application pursuant to §11.10 of the 2014 Qualified Allocation Plan (“QAP”);

WHEREAS, the Department received forty-four (44) challenges against thirty-five (35) separate applications that are competing in the current competitive 9% low income housing tax credit application cycle;

WHEREAS, staff has reviewed all of the challenges received and has made determinations with regard to the validity of each challenge, and appeals resulting from those determinations are being considered under separate action; and

WHEREAS, §11.10(13) of the QAP requires that staff determinations regarding all challenges will be reported to the Board.

NOW, therefore, it is hereby,

RESOLVED, that the Board accepts this report in satisfaction of the requirements of §11.10(13) of the QAP.

BACKGROUND

Pursuant to §11.10 of the QAP, unrelated parties may challenge specific applications, and those challenges may pertain to any part of the application including but not limited to eligibility, selection (scoring), and threshold criteria. Staff reviews the challenge, submits a request to the Applicant for a response, and researches both sides of the challenge in order to make a determination of appropriate resolution to the challenge. A summary of the challenge and the resolution is provided in a challenge log and is published on the Department’s website. Staff has finalized its determinations with regard to challenges, some of which resulted in point reductions and/or terminations of applications. In these cases, the affected applicant was given an opportunity to appeal, as is the case with point reductions and terminations generally. Some of those appeals appear as a separate item on today’s agenda. To the extent that a challenge did not result in any such action, a record of the challenge has been saved in the Department’s files. Section 11.10(13) of the QAP requires that staff determinations regarding all challenges will be reported to the board. The attached log reflects all challenges that were received by

the Application Challenges Deadline, May 7, 2014, and includes a summary of the staff analysis and determination with respect to each challenge.



2014 Competitive Housing Tax Credit (HTC) Challenges

The following tables constitute the staff determinations for 2014 Competitive Housing Tax Credit (“HTC”) challenges received the deadline of May 7, 2014, and all determinations made as of **June 26, 2014**. All challenges referenced herein were received and reviewed in accordance with §11.10 of the 2014 Qualified Allocation Plan (“QAP”). Representatives for each of the challenged applications was provided the opportunity to respond to the submitted challenge, and staff has reviewed both the challenge and response in making a determination in each instance.

Each entry identifies the HTC development/application identification number (TDHCA ID#), the name of the development, city, region, and fee status, and the name and organization of the challenger. A brief summary of each challenge has been included, followed by Department staff’s analysis of the challenge, and finally the staff resolution to the challenge. The Department has posted each challenge and supporting documentation received to its website, which can be found at the following link: <http://www.tdhca.state.tx.us/multifamily/htc/index.htm>.

Where a scoring adjustment or other staff action was required based on staff’s determinations, the applicants have already been notified of such actions and have been given opportunity to appeal staff determinations. The Department’s Governing Board has final decision making authority on any of the issues reflected herein, and thus these determinations are subject to change. However, a challenger may not formally appeal any staff determination.

Jean Latsha
Director of Multifamily Finance
512.475.1676
jean.latsha@tdhca.state.tx.us

TDHCA ID#	14006	Development Name:	Oak Grove Village		
City:	Marble Falls	Region:	7	Fee Received:	Yes
Challenger:	Kenneth G. Blankenship, Prestwick Companies				

Nature and Basis of the Challenge: The challenger asserts that the development should not qualify for one point elected under §11.9(e)(7) of the QAP, Funding Request Amount. This point is reserved for Applications that reflect an original Funding Request of no more than 100% of the amount available within the sub-region or set-aside. The challenger claims that the original Funding Request for Oak Grove Village exceeds the 100% threshold and therefore the Applicant does not qualify for this point.

The challenger also asserts that the Applicant should not qualify for the 18 points claimed under §11.9(e)(1) of the QAP related to Financial Feasibility due to the fact that the lender who provided a financial feasibility letter is not contemplated to be involved in the transaction.

The challenger further asserts that the Applicant should not qualify for the additional one (1) point claimed under §11.9(d)(2)(D) of the QAP related to Commitment of Development Funding by a Local Political Subdivision (“LPS”). The additional one point is reserved for Applicants that receive financing in the form of a grant or in-kind contribution or a qualifying loan with a minimum term of fifteen (15) years. The challenger points out that the LPS funding is made up of two pieces and asserts that neither qualifies for the additional point.

Along with challenges to the specific point items listed above, the challenger points out several errors and administrative deficiencies.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. Staff agrees with the challenger that the additional point, related to a loan term of 15 years or more, should not be awarded. Staff has issued a revised scoring notice awarding only 13 of the 14 requested points under this scoring item.

The concerns raised with regard to §11.9(e)(7), §11.9(e)(1) and the other application errors and discrepancies were all addressed through the Administrative Deficiency process.

TDHCA ID#	14035	Development Name:		La Esperanza de Brownsville	
City:	Brownsville	Region:	11	Fee Received:	Yes
Challenger:	Enrique Flores, GCM Housing Alton, Ltd				

Nature and Basis of Challenge: The challenger asserts that the Application is ineligible for points claimed under §§11.9(d)(2)(C), 11.9(e)(1), and 11.9(e)(4)(A)(ii) of the QAP. Subparagraph C of §11.9(d)(2), related to funding from a Local Political Subdivision, allows for the election of two additional points if a firm commitment is provided in the form of a resolution. The challenger asserts that the resolution provided does not provide a firm commitment of funds. The challenger further asserts that the Application is only eligible for two points under §11.9(e)(4)(A)(iii) related to Leveraging of Private, State and Federal funds, as opposed to the three points the applicant claimed §11.9(e)(4)(A)(ii) because the application shows the credit request to be 8% of the total housing development cost. The challenger also indicates the Application is ineligible for 18 points under §11.9(e)(1) related to financial feasibility because the 15 year *pro forma* does not meet the requirements to elect points. The challenger further points out several instances where it is believed the financing structure does not conform to the Department's Real Estate Analysis rules.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. With regard to the Local Political Subdivision points, staff agrees with the challenger, and the two points under §11.9(d)(2)(C) were not awarded in the scoring notice issued June 3, 2014. Staff disagrees with the assertion that the Application is ineligible for the three points under §11.9(e)(4)(A)(ii) related to Leveraging of Private, State and Federal funds. The form the challenger references showing 8% of total housing development cost is formatted to round to the nearest whole number. However, the credit request is less than 8% of the total housing development cost. As to the *pro forma* and the financial feasibility questions raised by the challenger, these were issues that were satisfactorily addressed during the deficiency process.

TDHCA ID#	14035	Development Name:		La Esperanza de Brownsville	
City:	Brownsville	Region:	11	Fee Received:	Yes
Challenger:	Manish Verma, Versa Development				

Nature and Basis of Challenge: The challenger asserts that the Application is ineligible for points claimed under §11.9(d)(2)(C) of the QAP, related to funding from a Local Political Subdivision. Subparagraph C allows for two additional points if a firm commitment is provided in the form of a resolution. Because the resolution provided at Application did not provide a firm commitment of funds, the challenger contends that the 2 points should be withheld.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. Staff agrees with the challenger that the Application is ineligible for the two points under §11.9(d)(2)(C). These points were not awarded in the scoring notice issued June 3, 2014.

TDHCA ID#	14036	Development Name:	La Esperanza de Alton		
City:	Alton	Region:	11	Fee Received:	Yes
Challenger:	Enrique Flores				

Nature and Basis of Challenge: The challenger raises questions about two different scoring items under which the Applicant elected points. First, the challenger asserts that the Application is ineligible for points under §11.9.(c)(6)(A) of the QAP related to Underserved Area, because the development site is not located in a Colonia. Second, the challenger points out that the Application is only eligible for two points under §11.9(e)(4)(A) related to Leveraging of Private, State and Federal funds, as opposed to the three points the applicant elected. The basis of this assertion is that the application shows the credit request to be exactly 8% of the total housing development cost as presented in Section 3 of the “Finance Scoring” form.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. With regard to the Underserved Area scoring item, staff issued an Administrative Deficiency in order to assess whether or not “the site has the physical and economic characteristics of the neighboring Colonia.” The Applicant provided information supporting the Colonia designation and staff awarded the points in the scoring notice dated May 7, 2014. The definition of Colonia is as follows:

A geographic area that is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state, that consist of eleven (11) or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low-income and very low-income based on the federal Office of management and Budget poverty index, and meets the qualifications of an economically distressed area under Texas Water Code, §17.921; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department.

The challenger contends that the application should not be considered to be in a Colonia because the development site itself does not consist of eleven or more dwellings, and the challenger’s interpretation of the definition is that a vacant site could not possibly be considered a Colonia. The vacant development site is adjacent to the Stewart South Subdivision which is a Colonia designated by the Office of the Attorney General. Staff’s research also indicates that the vacant tract is substantially similar in character. Staff determined that it is reasonable to view the development site and Stewart South Subdivision as part of the same contiguous geographic area.

Staff determined that the Application should be awarded the points as elected. Further, due to the very nature of colonias the extremely narrow reading the challenger espouses would effectively render this point item meaningless, for development within such an area would be a virtual impossibility. Staff believes that the analysis it has undertaken leads to a commonsense result that will support development of affordable rental housing as a desirable feature of colonias.

Staff disagrees with the assertion that the Application is ineligible for the three points under §11.9(e)(4)(A) related to Leveraging of Private, State and Federal funds. The cell the challenger references showing 8% of total housing development cost is formatted to round to the nearest whole number. However, the credit request is less than 8% of the total housing development cost. A scoring notice was issued on May 7, 2014, awarding the full point request under both of these scoring items.

TDHCA ID#	14036	Development Name:	La Esperanza de Alton		
City:	Alton	Region:	11	Fee Received:	Yes
Challenger:	Cynthia Bast on behalf of Texas Grey Oaks				

Nature and Basis of Challenge: The challenger raises questions about two different scoring items under which the Applicant claimed points. First, the challenger asserts that the Application is ineligible for points under §11.9(c)(6)(A) of the QAP related to Underserved Area, because the development site is not located in a Colonia. Secondly, the challenger points out that the Application is only eligible for two points under §11.9(e)(4)(A) related to Leveraging of Private, State and Federal funds, as opposed to the three points the applicant claimed. The basis of this assertion is that the application shows the credit request to be exactly 8% of the total housing development cost as presented in Section 3 of the “Finance Scoring” form.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. With regard to the Underserved Area scoring item, staff issued an Administrative Deficiency in order to assess whether or not “the site has the physical and economic characteristics of the neighboring Colonia.” The Applicant provided information supporting the Colonia designation and staff awarded the points in the scoring notice dated May 7, 2014. The definition of Colonia is as follows:

A geographic area that is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state, that consist of eleven (11) or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low-income and very low-income based on the federal Office of management and Budget poverty index, and meets the qualifications of an economically distressed area under Texas Water Code, §17.921; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department.

The challenger contends that the application should not be considered to be in a Colonia because the development site itself does not consist of eleven or more dwellings, and the challenger’s interpretation of the definition is that a vacant site could not possibly be considered a Colonia. The vacant development site is adjacent to the Stewart South Subdivision which is a Colonia designated by the Office of the Attorney General. Staff’s research also indicates that the vacant tract is substantially similar in character. Staff determined that it is reasonable to view the development site and Stewart South Subdivision as part of the same contiguous geographic area.

Staff determined that the Application should be awarded the points as elected. Further, due to the very nature of colonias the extremely narrow reading the challenger espouses would effectively render this point item meaningless, for development within such an area would be a virtual impossibility. Staff believes that the analysis it has undertaken leads to a commonsense result that will support development of affordable rental housing as a desirable feature of colonias.

Staff disagrees with the assertion that the Application is ineligible for the three points under §11.9(e)(4)(A) related to Leveraging of Private, State and Federal funds. The cell the challenger references showing 8% of total housing development cost is formatted to round to the nearest whole number. However, the credit request is less than 8% of the total housing development cost. A scoring notice was issued on May 7, 2014, awarding the full point request under both of these scoring items.

TDHCA ID#	14036	Development Name:		La Esperanza de Alton	
City:	Alton	Region:	11	Fee Received:	Yes
Challenger:	Manish Verma, Versa Development				

Nature and Basis of Challenge: The challenger asserts that the Application is ineligible for points under §11.9(c)(6)(A) of the QAP related to Underserved Area, because the development site is not located in a Colonia.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. With regard to the Underserved Area scoring item, staff issued an Administrative Deficiency in order to assess whether or not “the site has the physical and economic characteristics of the neighboring Colonia.” The Applicant provided information supporting the Colonia designation and staff awarded the points in the scoring notice dated May 7, 2014. The definition of Colonia is as follows:

A geographic area that is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state, that consist of eleven (11) or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low-income and very low-income based on the federal Office of management and Budget poverty index, and meets the qualifications of an economically distressed area under Texas Water Code, §17.921; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department.

The challenger contends that the application should not be considered to be in a Colonia because the development site itself does not consist of eleven or more dwellings, and the challenger’s interpretation of the definition is that a vacant site could not possibly be considered a Colonia. The vacant development site is adjacent to the Stewart South Subdivision which is a Colonia designated by the Office of the Attorney General. Staff’s research also indicates that the vacant tract is substantially similar in character. Staff determined that it is reasonable to view the development site and Stewart South Subdivision as part of the same contiguous geographic area. Staff determined that the Application should be awarded the points as elected. Further, due to the very nature of colonias the extremely narrow reading the challenger espouses would effectively render this point item meaningless, for development within such an area would be a virtual impossibility. Staff believes that the analysis it has undertaken leads to a commonsense result that will support development of affordable rental housing as a desirable feature of colonias.

TDHCA ID#	14039	Development Name:	Stoneleaf at Hughes Springs		
City:	Hughes Springs	Region:	4	Fee Received:	Yes
Challenger:	Chris Applequist, Miller-Valentine Group				

The above referenced application is terminated.

TDHCA ID#	14040	Development Name:		Progress Senior Living	
City:	Odessa	Region:	12	Fee Received:	Yes
Challenger:	Jack Henks, Lone Star Housing Group				

The above referenced application was not deemed by staff to be competitive in the region based on the applicant's own self-score. As of the posting of this log, the application has not been reviewed by staff pursuant to §10.201(5) of the Uniform Multifamily Rules. Staff has noted the challenge and will review it along with any responses from the applicant in order to make a determination should the application itself be reviewed.

TDHCA ID#	14051	Development Name:	Churchill at Champion Circle Community		
City:	Fort Worth	Region:	3	Fee Received:	Yes
Challenger:	Thomas E. Huth, Palladium				

Nature and Basis of Challenge: The challenger asserts that the Application should be terminated due to lack of proper site control as of the February 28, 2014, Application delivery date. The challenger further contends that the Application is ineligible for the additional 1 point under §11.9(d)(4)(D) of the QAP related to Local Political Subdivision funding because the applicant failed to include the required certification that the debt would be maintained for the full term of funding. Additionally, the challenger asserts that the Application is ineligible for TDHCA HOME funds because the site is located in the City of Fort Worth which is a Participating Jurisdiction (“PJ”) and, therefore, the application should be terminated.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. Staff found no issues with the site control documentation, as the QAP allows for assignment of a purchase contract. The certification of intent to maintain the Local Political Subdivision funding was submitted by the applicant through the Administrative Deficiency process. Concerning the HOME request, staff notified the applicant that they were not eligible to apply for TDHCA administered HOME funds because the development site is located in a PJ; the Applicant subsequently withdrew the HOME portion of the application which resulted in minor clarifications in the application. Staff issued a scoring notice on June 11, 2014, without any point deductions.

TDHCA ID#	14051	Development Name:	Churchill at Champion Circle Community		
City:	Fort Worth	Region:	3	Fee Received:	Yes
Challenger:	Lisa Stephens, Saigebrook Development				

Nature and Basis of Challenge: The challenger asserts that the Applicant failed to notify all of the required neighborhood organizations and should therefore be terminated. The challenger claims that the development site is located within the boundaries of two such organizations, the Northwest Fort Worth Community Alliance and the North Fort Worth Alliance.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. First, staff has determined that the Northwest Fort Worth Community Alliance is not required to be notified because the organization is not on record with the county or state and, therefore, does not meet the statutory definition of a neighborhood organization.

In addition, staff has determined that based on the geographic scope of the organization as reflected in its own bylaws as in effect at the relevant time, the proposed development was not within the organization's defined area, and, therefore, notification was not required. Although it appears as though the development site is located within the boundaries of the North Fort Worth Alliance as of the date of this log, staff contends that erroneous information on the neighborhood organization's website would have led the applicant to believe that the site was not located within the organization's boundaries at the time of application submission. While the organization has recently changed its website and by-laws to reflect the correct boundaries, staff independently confirmed earlier in the application cycle that the boundaries listed in the organization's by-laws did not include the development site. Staff therefore took no action to terminate the application.

TDHCA ID#	14066	Development Name:	Lexington Manor		
City:	Corpus Christi	Region:	10	Fee Received:	Yes
Challenger:	Sarah Anderson, Sarah Anderson Consulting				

Nature and Basis of Challenge: Challenger asserts that the Applicant is ineligible for points under §11.9(e)(4) of the QAP related to Leveraging of Private, State and Federal Resources. In order to be eligible for points under this scoring item, “no more than 50 percent of the developer fee can be deferred.” The challenger contends that because the \$750,000 loan included as a source comes from the General Partner (“GP”), it should be included as deferred developer fee and as such, more than 50 of the developer fee is being deferred.

Analysis and Resolution: Staff has reviewed the challenge and response documentation. Staff has conferred with the Real Estate Analysis Division and determined that the GP, also acting as the seller, is providing seller financing in the form of a fully amortizing loan. This loan is not considered a capital contribution and as such will not be included in the developer fee calculation. Therefore, the amount of deferred fee does not exceed 50% of the total fee, and the Application is eligible for the points under this scoring item. A scoring notice awarding these points was issued on June 11, 2014.

TDHCA ID#	14066	Development Name:		Lexington Manor	
City:	Corpus Christi	Region:	10	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma Housing Advisors, LLC				

Nature and Basis of Challenge: Challenger asserts that the project, according to the proposed FEMA flood map, is located in Zone X and that this should be considered an undesirable site feature for which preclearance was not requested. The challenger further contends that the Application is ineligible for points under §11.9(d)(4) of the QAP related to Local Political Subdivision funding because the loan structure presented is not possible (per HUD MAP rules) and, therefore, funds per unit do not rise to the level to support the points claimed. The challenger also points out several potential issues with the financing structure of the transaction.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. With regard to the flood map, the Applicant has provided a letter from Briones Consulting & Engineering, Ltd, which states that the site is located in flood Zone C, considered Minimal Risk. Staff found no evidence that the loan provided by the Local Political Subdivision could not be realized as presented in the application and, therefore, awarded the points requested under this scoring item. A scoring notice to that effect was issued on June 11, 2014. In order for the points to be retained, the Applicant would be required to submit additional evidence of the funding at Commitment, if awarded. As to the assertions regarding the transaction's financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules.

TDHCA ID#	14069	Development Name:	Southwest Trails Phase II		
City:	Austin	Region:	7	Fee Received:	Yes
Challenger:	Kecia Boulware, Amtex				

Nature and Basis of Challenge: Challenger asserts that although the Applicant selected Supportive Housing as the Target Population, the project does not meet the definition of Supportive Housing because it appears the entire development is not intended to serve the target population. Therefore, the application should either be ineligible for some requested points or be considered completely ineligible due to its having a Material Deficiency.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff disagrees with the assessment by the challenger and finds that the application as submitted clearly indicates that the target population of the development is Supportive Housing. In addition, staff determined that the entire development does serve this population but that only a portion of the units will be considered permanent supportive housing by the City of Austin. Staff has reviewed the Application as supportive housing and scored it as such.

TDHCA ID#	14073	Development Name:	Homestead Palms		
City:	Homestead Palms South	Region:	13	Fee Received:	Yes
Challenger:	Ike J. Monty, Investment Builders, Inc.				

Nature and Basis of the Challenge: The challenger asserts that the development should not qualify for twelve (12) points under §11.9(d)(2) of the QAP because the Applicant did not provide adequate evidence to support the award of such points and that the issue could not be cleared by Administrative Deficiency because the Applicant would not be providing “non-material missing information,” but material information. The challenger also asserts that the pre-application points should be denied pursuant to §11.9(e)(3) of the QAP.

Analysis and Resolution: During the initial review of this application, staff identified this issue with the Local Political Subdivision funding and the Applicant withdrew the request for the 12 points. Additionally, staff has reviewed the challenge as well as the Applicant’s response and disagrees with the challenger’s assertion that the Application should lose the pre-application points. The challenger made no argument to support the loss of pre-application points and there is no basis for staff to deny these points. Staff issued a scoring notice to the Applicant which reflects a loss of the 12 points under §11.9(d)(2). The pre-application points were awarded.

TDHCA ID#	14074	Development Name:		Dyer Palms	
City:	El Paso	Region:	13	Fee Received:	Yes
Challenger:	Ike J. Monty, Investment Builders, Inc.				

Nature and Basis of the Challenge: The challenger asserts that the development should not qualify for twelve (12) points under §11.9(d)(2) of the QAP because the Applicant did not provide adequate evidence to support the award of said points and that the issue could not be cleared by Administrative Deficiency because the Applicant would not be providing “non-material missing information,” but material information. The challenger also asserts that the pre-application points should be denied pursuant to §11.9(e)(3) of the QAP.

Analysis and Resolution: During the initial review of this application, staff identified this issue with the Local Political Subdivision funding and the Applicant withdrew its request for the 12 points. Additionally, staff has reviewed the challenge as well as the Applicant’s response and disagrees with the challenger’s assertion that the Application should lose the pre-application points. The challenger made no argument to support the loss of pre-application points and there is no basis for staff to deny these points. Staff issued a scoring notice to the Applicant which reflects a loss of the 12 points under §11.9(d)(2). The pre-application points were awarded.

TDHCA ID#	14075	Development Name:		Pellicano Palms	
City:	El Paso	Region:	13	Fee Received:	Yes
Challenger:	Ike J. Monty, Investment Builders, Inc.				

Nature and Basis of the Challenge: The challenger asserts that the development should not qualify for twelve (12) points under §11.9(d)(2) of the QAP because the Applicant did not provide adequate evidence to support the award of said points and that the issue could not be cleared by Administrative Deficiency because the Applicant would not be providing “non-material missing information,” but material information. The challenger also asserts that the pre-application points should be denied pursuant to §11.9(e)(3).

Analysis and Resolution: During the initial review of this application, staff identified this issue with the Local Political Subdivision funding and the Applicant withdrew its request for the 12 points. Additionally, staff has reviewed the challenge as well as the Applicant’s response and disagrees with the challenger’s assertion that the Application should lose the pre-application points. The challenger made no argument to support the loss of pre-application points and there is no basis for staff to deny these points. Staff issued a scoring notice to the Applicant which reflects a loss of the 12 points under §11.9(d)(2). The pre-application points were awarded.

TDHCA ID#	14087	Development Name:	Cypress Creek Apartment Homes at Joshua Station		
City:	Joshua	Region:	3	Fee Received:	Yes
Challenger:	Lisa Stephens, Saigebrook Development				

Nature and Basis of the Challenge: The challenger asserts that the development is not eligible for points under Educational Excellence or the Opportunity Index because the site straddles two attendance zones and one of the two zoned elementary schools does not meet the standards set forth in the QAP.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff agrees with the assessment that one of the two elementary schools to which the project site is zoned does not meet the required standard for Educational Excellence or the Opportunity Index. The Applicant confirmed that the local school district had not made a determination as to which school the site would be zoned, and as such the lower scoring school was used. Given this information, the Application is ineligible for points under Educational Excellence and only qualifies for 1 point under the Opportunity Index. Staff issued a scoring as such notice on June 11, 2014, which is subject to appeal.

TDHCA ID#	14088	Development Name:	Mariposa Apartment Homes at Spring Hollow		
City:	Spring Hollow	Region:	3	Fee Received:	Yes
Challenger:	Thomas E. Huth, Palladium				

Nature and Basis of the Challenge: The challenger asserts that the Application is ineligible and should therefore be terminated because the Applicant applied for TDHCA HOME funds even though the development site is located in a Participation Jurisdiction (“PJ”). The challenger also points out several issues with the financing structure related to the removal of the HOME funds.

Analysis and Resolution: Through Administrative Deficiency, staff notified the applicant that they were not eligible to apply for TDHCA administered HOME funds because the development site is located in a PJ; the Applicant subsequently withdrew the HOME request, which resulted in only minor clarifications in the application. As to the assertions regarding the transaction’s financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules.

TDHCA ID#	14088	Development Name:		Mariposa Apartment Homes at Spring Hollow	
City:	Spring Hollow	Region:	3	Fee Received:	Yes
Challenger:	Lisa Stevens, Saigebrooke Development				

Nature and Basis of the Challenge: The challenger asserts that the Application should be terminated because the development is located 145 feet from an active railroad and heavy industrial use for which pre-clearance was not requested.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. The railroad that the challenger measured at 145 feet from the development site is actually part of a private facility that, according to the company's website, manufactures and distributes wood and wood-alternative products including lumber, fencing and decking, and packing materials such as pallets and shipping containers. Staff does not believe that a lumber yard would constitute heavy industrial use. Additionally, staff spoke to the company's plant manager and confirmed how much of the railroad track is actually used. The plant manager stated that railroad cars never travel past the loading dock, which staff measured as being 440 feet from the development site. Given this information, staff determined that pre-clearance was not needed for this site. A scoring notice was issued on June 2, 2014.

TDHCA ID#	14090	Development Name:		Stone Oaks Apartments	
City:	Laredo	Region:	11	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma Housing Advisors				

Nature and Basis of the Challenge: The challenger asserts that the Application fails some threshold requirements. Specifically, the challenger claims that the application cannot be considered eligible to compete in the At-Risk Set-Aside because it proposes new construction and subsequent demolition of an existing public housing development. In addition, the challenger asserts that the applicant did not submit adequate documentation with respect to a relocation plan. The challenger also points out issues with the financing structure, namely the lack of demolition costs and classification of certain fees.

Analysis and Resolution: Staff reviewed the challenge as well as the applicant's response. The application does qualify to compete in the At-Risk Set-Aside pursuant to the Rule, which allows for relocation of existing units and the transfer of affordability restrictions and At-Risk eligible subsidies to be transferred to a new site. As of the date of this log, the application is under review; however, staff has not has not determined that the exhibits submitted in the application with respect to demolition costs, fees, or any requirements with respect to a relocation plan are deficient to the point of not being able to be cured administratively. Staff has taken no specific action in response to this challenge and will continue to complete the review and issue a scoring notice for this application.

TDHCA ID#	14092	Development Name:	Madison Oaks Apartments		
City:	Winnsboro	Region:	4	Fee Received:	Yes
Challenger:	Chris Applequist, Miller-Valentine				

Nature and Basis of the Challenge: The challenger asserts that the applicant should not qualify for two points under §11.9(c)(4) of the QAP related to Opportunity Index because the day care cited in the Application is located more than one linear mile from the proposed development site. The challenger further asserts that the Application should be terminated due to two separate undesirable site features that the applicant failed to disclose: a junk yard and a die cast manufacturing facility.

Analysis and Resolution: Staff has reviewed the challenge as well as the Applicant’s response. With regards to the points under the Opportunity Index, the Applicant provided a survey showing that the child care facility is located less than one mile from the development site. Therefore, the Application qualifies for the two points, which were awarded in the scoring notice issued June 4, 2014. In reviewing the site for undesirable features, staff disagrees with the challenger’s assertion that a “junk yard” is present within 1,000 feet of the development site. The business in question is a tractor supply retail facility which is fully enclosed within a metal building. The Applicant provided documentation showing that the alleged die cast facility has been closed for more than a decade. Neither of these facilities would rise to the level of an undesirable site feature and therefore the site was not determined to be ineligible.

TDHCA ID#	14097	Development Name:		Residences at Rodd Field	
City:	Corpus Christi	Region:	10	Fee Received:	Yes
Challenger:	Enrique Flores, GCM Housing Alton, Ltd				

Nature and Basis of Challenge: The challenger asserts that the application is financially infeasible because the expense to income ratio reflected in year 1 of the stabilized pro forma exceeds the threshold of 65 percent.

Analysis and Resolution: This application has been terminated. However, should the application be reinstated upon appeal, the QAP specifies that challenges to the financial feasibility are premature. If and when the Real Estate Analysis Division underwrites the transaction a recommendation will be made based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules.

TDHCA ID#	14112	Development Name:		San Angelo Townhomes	
City:	San Angelo	Region:	12	Fee Received:	Yes
Challenger:	Jack Jenks, Lone Star Housing Group				

The above referenced application was not deemed by staff to be competitive in the region based on the applicant's own self-score. As of the posting of this log, the application has not been reviewed by staff pursuant to §10.201(5) of the Uniform Multifamily Rules. Staff has noted the challenge and will review it along with any responses from the applicant in order to make a determination should the application itself be reviewed.

TDHCA ID#	14127	Development Name:		Haymon Krupp	
City:	El Paso	Region:	13	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma Housing Advisors, LLC				

Nature and Basis of Challenge: The challenger asserts that the Application is ineligible for points under §11.9(d)(4) of the QAP related to Local Political Subdivision funding because the Applicant did not provide a CPA's certification that the funds being contributed to the development are available. The challenger also points out several potential issues with the financing structure of the transaction and with the relocation plan.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff determined that there is no requirement for a CPA certification in order to award points under this scoring item for this application. Therefore, after review of all of the required documentation regarding the Local Political Subdivision funding, staff awarded the points requested under this scoring item. A scoring notice to that effect was issued on June 11, 2014. As to the assertions regarding the transaction's financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules. Staff reviewed the Relocation Plan and resolved any questions through the Administrative Deficiency process.

TDHCA ID#	14129	Development Name:		Westfall Baines	
City:	El Paso	Region:	13	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma Housing Advisors, LLC				

Nature and Basis of Challenge: The challenger asserts that the Application is ineligible for points under §11.9(d)(4) of the QAP related to Local Political Subdivision funding because the Applicant did not provide a CPA's certification that the funds are available. The challenger also points out several potential issues with the financing structure of the transaction and with the relocation plan.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff determined that there is no requirement for a CPA certification in order to award points under this scoring item for this application. Therefore, after review of all of the required documentation regarding the Local Political Subdivision funding, staff awarded the points requested under this scoring item. A scoring notice to that effect was issued on June 11, 2014. As to the assertions regarding the transaction's financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules. Staff reviewed the Relocation Plan and resolved any questions through the Administrative Deficiency process.

TDHCA ID#	14130	Development Name:		Tays	
City:	El Paso	Region:	13	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma Housing Advisors, LLC				

Nature and Basis of Challenge: The challenger asserts that there are a number of undesirable site features surrounding this development site and further claims that awarding the application could be a violation of the Department’s obligation to affirmatively further fair housing. The challenger also claims that the Application is ineligible for points under §11.9(d)(4) of the QAP related to Local Political Subdivision funding because the Applicant did not provide a CPA’s certification that the funds being contributed to the development are available. The challenger also points out several potential issues with the financing structure of the transaction and with the relocation plan.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff had similar concerns reading the undesirable features surrounding the site and terminated the application. As of the date of this log, that termination is subject to appeal to the Executive Director and subsequently to the Board.

Staff determined that there is no requirement for a CPA certification in order to award points under this scoring item for this application. Therefore, after review of all of the required documentation regarding the Local Political Subdivision funding, staff awarded the points requested under this scoring item. As to the assertions regarding the transaction’s financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules. Staff reviewed the Relocation Plan and resolved any questions through the Administrative Deficiency process.

TDHCA ID#	14133	Development Name:	Mission Village of Jacksonville		
City:	Jacksonville	Region:	4	Fee Received:	Yes
Challenger:	Chris Applequist				

Nature and Basis of the Challenge: The challenger asserts that the Application should be terminated because the development site is located within 300 feet of two undesirable site features, namely a large industrial manufacturing facility and a storage yard for temporary toilets, for which pre-clearance was not requested.

Analysis and Resolution: Staff reviewed the challenge as well as the response by the applicant and determined that there is no evidence of heavy industrial use or any other undesirable site feature within 300 feet of the site. Therefore, the site was determined to be eligible.

TDHCA ID#	14141	Development Name:	Hickory Village		
City:	Balch Springs	Region:	3	Fee Received:	Yes
Challenger:	Thomas E. Huth, Palladium				

The above referenced application was not deemed by staff to be competitive in the region based on the applicant's own self-score. As of the posting of this log, the application has not been reviewed by staff pursuant to §10.201(5) of the Uniform Multifamily Rules. Staff has noted the challenge and will save a memo into the application file should the application become competitive in the region.

TDHCA ID#	14154	Development Name:		The Grove	
City:	Odessa	Region:	12	Fee Received:	Yes
Challenger:	DDC Merritt Estates, Ltd				

Nature and Basis of the Challenge: The challenger asserts that the Application does not qualify for points related to a Community Revitalization Plan because the plan was not adopted by the municipality in which the Development site is located, was not in place as of the Full Application Final Delivery date, the target area encompasses the entire City of Odessa, and did not provide opportunity for public input. The challenger further contends that the Application is only eligible for 10 points under §11.9(d)(2)(B) of the QAP because the level of funding does not reach the necessary level to support the full 11 points. The challenger also points out issues with the financing structure as well as with the site being located in a flood plain.

Analysis: Staff reviewed the challenge as well as the response by the applicant. Staff found that the community revitalization plan and supporting documentation submitted with the application met all of the requirements of the rule. The target area also does not encompass the entire city. Staff did note in the review that the target area of the community revitalization plan was rather large, but the documentation provided by the applicant and the City of Odessa provided an explanation for the size of the target area. In addition, staff determined that a significant portion of the budget included in the plan was targeted in a much smaller area inclusive of the development site.

Regarding the funding from a Local Political Subdivision, staff reviewed the resolution from the City of Odessa included in the application, which indicates a commitment of a sufficient amount of funding in the form of an in-kind contribution to substantiate the points requested by the applicant.

Resolution: Staff awarded the points requested under both scoring items. However, while the resolution from the City of Odessa regarding a funding commitment does meet the requirements of the rule with respect to awarding points to the application, staff is requiring that, at the time of Commitment, that the applicant evidence that any costs of public improvements intended to be used as such contribution would have otherwise been borne by the developer and that the improvements themselves otherwise required by the city as part of the development.

TDHCA ID#	14154	Development Name:		The Grove	
City:	Odessa	Region:	12	Fee Received:	Yes
Challenger:	Lone Star Housing Group				

Nature and Basis of the Challenge: The challenger asserts that the Application does not qualify for points related to a Community Revitalization Plan because the target area encompasses the entire City of Odessa. The challenger further contends that the Application is ineligible for points under §11.9(d)(2)(B)(i) of the QAP because a portion of the funding being provided is for off-site cost located several streets away from the development site.

Analysis: Staff reviewed the challenge as well as the response by the applicant. Staff found that the community revitalization plan and supporting documentation submitted with the application met all of the requirements of the rule. The target area also does not encompass the entire city. Staff did note in the review that the target area of the community revitalization plan was rather large, but the documentation provided by the applicant and the City of Odessa provided an explanation for the size of the target area. In addition, staff determined that a significant portion of the budget included in the plan was targeted in a smaller area surrounding the development site.

Regarding the funding from a Local Political Subdivision, staff reviewed the resolution from the City of Odessa included in the application, which indicates a commitment of a sufficient amount of funding in the form of an in-kind contribution to substantiate the points requested by the applicant.

Resolution: Staff awarded the points requested under both scoring items. However, while the resolution from the City of Odessa regarding a funding commitment does meet the requirements of the rule with respect to awarding points to the application, staff is requiring that, at the time of Commitment, that the applicant evidence that any costs of public improvements intended to be used as such contribution would have otherwise been borne by the developer and that the improvements themselves otherwise required by the city as part of the development.

TDHCA ID#	14158	Development Name:	Bishop Gardens		
City:	Justin	Region:	3	Fee Received:	Yes
Challenger:	Thomas E Huth, Palladium				

Nature and Basis of the Challenge: The challenger asserts that the application should be terminated due to violations of Civil Rights and Nondiscrimination Requirements related to the configuration of the buildings. The challenger further contends that the Applicant should be ineligible for points under §11.9(d)(2) of the QAP related to Local Political Subdivision funding because the Applicant is also using this funding as HOME Match.

Analysis and Resolution: Staff reviewed the challenge as well as the response by the applicant. Regarding the issue of funds being used as both the funding commitment from a Local Political Subdivision and HOME Match, there is no provision in the rule against doing so. With respect to the alleged violations of the Civil Rights and Nondiscrimination Requirements, program staff consulted with the Department’s Legal Division and determined that the building configuration would not preclude the development from being constructed and operated in accordance with the applicable civil rights laws.

TDHCA ID#	14177	Development Name:		Orchard Estates	
City:	Alton	Region:	11	Fee Received:	Yes
Challenger:	Sara Reidy, Casa Linda Development Corporation				

Nature and Basis of the Challenge: The challenger asserts that the Application is only eligible for two points under §11.9(e)(4)(A) of the QAP related to Leveraging of Private, State and Federal funds, as opposed to the three points the applicant claimed. The basis of this assertion is that the application shows the credit request to be exactly 8% of the total housing development cost as presented in Section 3 of the “Finance Scoring” form.

Analysis and Resolution: Staff disagrees with the assertion that the Application is ineligible for the three points under §11.9(e)(4)(A) related to Leveraging of Private, State and Federal funds. The cell the challenger references showing 8% of total housing development cost is formatted to round to the nearest whole number. However, if carried out the figure is clearly less than 8% as required by the rule for applicants electing three (3) points. A scoring notice was issued May 7, 2014, awarding the 3 points.

TDHCA ID#	14177	Development Name:		Orchard Estates	
City:	Alton (ETJ)	Region:	11	Fee Received:	Yes
Challenger:	Enrique Flores, GCM Housing Alton, Ltd				

Nature and Basis of the Challenge: The challenger asserts that the Application is ineligible for points under §11.9.(c)(6)(A) of the QAP related to Underserved Area, because the development site is not located in a Colonia.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. With regard to the Underserved Area scoring item, staff issued an Administrative Deficiency in order to assess whether or not “the site has the physical and economic characteristics of the neighboring Colonia.” The Applicant provided information supporting the Colonia designation and staff awarded the points in the scoring notice dated May 7, 2014. The definition of Colonia is as follows:

A geographic area that is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state, that consist of eleven (11) or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low-income and very low-income based on the federal Office of management and Budget poverty index, and meets the qualifications of an economically distressed area under Texas Water Code, §17.921; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department.

The challenger contends that the application should not be considered to be in a Colonia because the development site itself does not consist of eleven or more dwellings, and the challenger’s interpretation of the definition is that a vacant site could not possibly be considered a Colonia. The vacant development site is adjacent to the Stewart South Subdivision which is a Colonia designated by the Office of the Attorney General. Staff’s research also indicates that the vacant tract is substantially similar in character. Staff determined that it is reasonable to view the development site and Stewart South Subdivision as part of the same contiguous geographic area. Staff determined that the Application should be awarded the points as elected. Further, due to the very nature of colonias the extremely narrow reading the challenger espouses would effectively render this point item meaningless, for development within such an area would be a virtual impossibility. Staff believes that the analysis it has undertaken leads to a commonsense result that will support development of affordable rental housing as a desirable feature of colonias.

TDHCA ID#	14180	Development Name:	Serenity Place		
City:	Dallas	Region:	3	Fee Received:	Yes
Challenger:	Beau Busby				

Nature and Basis of Challenge: Challenger asserts that the Applicant does not meet the definition of Supportive Housing and should, therefore, be considered an ineligible Applicant.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff disagrees with the assessment by the challenger that the financing structure precludes the Applicant from the definition of supportive housing. Staff has reviewed the Application as supportive housing and scored it as such.

TDHCA ID#	14191	Development Name:		Wheatley Courts	
City:	San Antonio	Region:	9	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma housing				

Nature and Basis of the Challenge: The challenger asserts that the development site has many undesirable area features that the Applicant failed to include in its request for pre-clearance. The challenger also points out potential issues with the financing structure and with the relocation plan.

Analysis: Staff has reviewed the challenge as well as the applicant’s response. Staff also conducted a site visit and met with the applicant, the City of San Antonio, and the San Antonio Housing Authority to discuss the plan to mitigate these features through the implementation of a community revitalization plan. As to the assertions regarding the transaction’s financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules. Staff reviewed the Relocation Plan and resolved any questions through the Administrative Deficiency process.

Resolution: Staff agrees that there are characteristics surrounding the site that could potentially be undesirable area features and is presenting these issues to the Board for deliberation as to the eligibility of the site in the context of the larger revitalization plan.

TDHCA ID#	14205	Development Name:	Avondale Apt		
City:	Fort Worth	Region:	3	Fee Received:	Yes
Challenger:	Linda Stephens, Saigebrook Development				

Nature and Basis of Challenge: The challenger asserts that the Applicant failed to notify all of the required neighborhood organizations and should therefore be terminated.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. First, staff has determined that the Northwest Fort Worth Community Alliance is not required to be notified because the organization is not on record with the County or State. In addition, staff believes that this organization may not be a qualified neighborhood organization due to the nature of its membership.

TDHCA ID#	14209	Development Name:		Riverside Village	
City:	Rio Hondo	Region:	11	Fee Received:	Yes
Challenger:	Cynthia L. Bast, CDC Brownsville				

Nature and Basis of the Challenge: The challenger asserts that the Application is only eligible for 8.5 points related to Local Government Support because the development site is located in the ETJ of the City of Rio Hondo, but no letter of support was received from the County. The challenger also points out that the development site has not yet received the environmental clearance needed for the HOME funds. If the credits are awarded, but there are subsequently delays in receiving this clearance, the Credits could be lost to Region 11. The challenger also raises concerns about access to water.

Analysis and Resolution: Staff has reviewed the challenge and the response documentation provided by the applicant. Based on the documentation provided, staff agrees that the application is only eligible for 8.5 points under Local Government Support and issued a scoring notice accordingly on June 11, 2014. The other concerns raised by the challenger have no effect on score or the eligibility of the application.

TDHCA ID#	14226	Development Name:	Art at Bratton's Edge		
City:	Austin	Region:	7	Fee Received:	Yes
Challenger:	Kecia Boulware, Amtex				

Nature and Basis of Challenge: The challenger asserts that the Applicant failed to notify all of the required neighborhood organizations and should therefore be terminated.

Analysis and Resolution: Staff has reviewed the challenge and the response documentation provided by the applicant. Based on the documentation provided, staff has determined that the organizations referenced in the challenge was not on record with the County or State at the time the application was submitted and therefore the Applicant was not required to provide them notification. Staff took no action to terminate the application.

TDHCA ID#	14226	Development Name:	Art at Bratton's Edge		
City:	Austin	Region:	7	Fee Received:	Yes
Challenger:	Jennifer Hicks, Foundation Communities				

Nature and Basis of Challenge: The challenger asserts that the Applicant failed to notify all of the required neighborhood organizations and should therefore be terminated.

Analysis and Resolution: Staff has reviewed the challenge and the response documentation provided by the applicant. Based on the documentation provided, staff has determined that the organizations referenced in the challenge was not on record with the County or State at the time the application was submitted and therefore the Applicant was not required to provide them notification. Staff took no action to terminate the application.

TDHCA ID#	14244	Development Name:		Merritt Estates	
City:	Midland	Region:	12	Fee Received:	Yes
Challenger:	Jack Jenks, Lone Star Housing Group				

The above referenced application was not deemed by staff to be competitive in the region based on the applicant's own self-score. As of the posting of this log, the application has not been reviewed by staff pursuant to §10.201(5) of the Uniform Multifamily Rules. Staff has noted the challenge and will save a memo into the application file should the application become competitive in the region.

TDHCA ID#	14271	Development Name:	Abbington Walk of Emory		
City:	Emory	Region:	4	Fee Received:	Yes
Challenger:	Michael Ash, The Commonwealth Companies				

Nature and Basis of the Challenge: The challenger asserts that the Application is not eligible for the 14 points requested under §11.9(d)(2) of the QAP related to Development Funding from a Local Political Subdivision because the commitment from the City of Emory is neither a loan nor an in-kind contribution but rather a deferral of fees.

Analysis and Resolution: Staff has reviewed the challenge as well as the response documentation provided by the applicant. Staff, too had questions about whether or not this commitment could be considered a loan, but ultimately determined that the documentation provided supports the funding structure as a loan. As such, the scoring notice was issued on June 2, 2014, awarding the full 14 points.

TDHCA ID#	14283	Development Name:		Bella Vista	
City:	Alton (ETJ)	Region:	11	Fee Received:	Yes
Challenger:	Sara Reidy, Casa Linda Development Corporation				

Nature and Basis of the Challenge: The challenger asserts that the Application is only eligible for two points under §11.9(e)(4)(A) of the QAP related to Leveraging of Private, State and Federal funds, as opposed to the three points the applicant elected. The basis for this assertion is that the application indicates an acquisition cost that is \$50,000 more than the purchase contract for the land. The subtraction of this \$50,000 would cause the credit request to be over 8% of the total housing development cost.

Analysis and Resolution: Staff reviewed the challenge and the response by the applicant and determined that the cost reflected in the application was supported and eligible to be included in the calculation. A scoring notice was issued on May 7, 2014, awarding the full point request under both of these scoring items.

TDHCA ID#	14288	Development Name:	Villas at Boston Heights		
City:	Benbrook	Region:	3	Fee Received:	Yes
Challenger:	Thomas E. Huth				

The above referenced application was not deemed by staff to be competitive in the region based on the applicant's own self-score. As of the posting of this log, the application has not been reviewed by staff pursuant to §10.201(5) of the Uniform Multifamily Rules. Staff has noted the challenge and will save a memo into the application file should the application become competitive in the region.

TDHCA ID#	14292	Development Name:	Cypress Creek Apartment Homes at Parker Creek North		
City:	Royse City	Region:	3	Fee Received:	Yes
Challenger:	Saigebrook Development				

Nature and Basis of the Challenge: The challenger asserts that the developer is attempting to circumvent the \$3 million cap by claiming to be a 10% developer on this transaction.

Analysis and Resolution: Staff has reviewed the challenge and the response by the applicant. Staff determined that Mr. Stuart Shaw’s participation in Cypress Creek Apartment Homes at Parker North would not trigger application of the rule regarding the \$3 million limitation. Once staff completes the remaining reviews and determines which applications to recommend for awards at the late-July Board meeting, staff will perform a comprehensive analysis of any \$3 million cap issues.

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

RECOMMENDED ACTION

WHEREAS, a Housing Tax Credit application for Bruton Apartments was submitted to the Department on February 21, 2014;

WHEREAS, in lieu of a Certification of Reservation, a Carryforward Designation Certificate was issued on January 9, 2014, and will expire on December 31, 2016;

WHEREAS, the proposed issuer of the bonds for the Development is the City of Dallas Housing Finance Corporation; and

WHEREAS, the Executive Award and Review Advisory Committee (“EARAC”) recommends the issuance of the Determination Notice with the conditions that closing occur within 120 days and that the terms and financing structure not change prior to closing;

WHEREAS, the previous participation review in accordance with 10 TAC §1.5 noted some issues; however, after considering the response received from the owner, the issues did not rise to a level that warranted a recommendation of denial or additional conditions from EARAC;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$1,355,101 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 the Bruton Apartments 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 October 24, 2014, or if the underwritten financing structure or terms change prior to closing, this Determination Notice will be rescinded without further action by the Board.

BACKGROUND

General Information: Bruton Apartments, located in Dallas, Dallas County, involves the new construction of a mixed-use development of residential units and first floor retail and commercial space to be leased in 3 of the 10 proposed buildings. Of the 264 total residential units, 13 units will be rent and

income restricted at 50% of AMFI and the remaining 251 units will be rent and income restricted at 60% of AMFI. The development will serve the general population and is currently in the process of requesting a zoning change to allow for the number of units proposed. In addition to the tax credit financing, the application also proposes to secure a local government loan from the City of Dallas Office of Economic Development.

Conditions to Award: The application and underwriting report were reviewed by EARAC and it was recommended by 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 120 days (October 24, 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 from the date of the reservation 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: The Borrower is Bruton Apartments, Ltd. The General Partner is Bruton Apartments GP, LLC, of which the sole member is the City of Dallas Housing Finance Corporation which includes the following board members and officers: Michael Harling, Sherman Roberts, Monique S. Allen, James H. Harp III, Randall Parker, Trent Hughes, David Kitner, Eric Anderson, Ben Brown, Marcos Rincon, Don Robinson, James Armstrong and Karen Schaffner.

Previous Participation Review: The Department's Executive Award and Review Advisory Committee ("EARAC") met on June 16, 2014, and considered the previous participation review documentation relating to the organizational structure noted above in accordance with the Previous Participation Reviews rule found in 10 TAC §1.5. Some of the issues that were reported included a failure to comply with additional rent and occupancy restrictions, improper calculation of utility allowances, failure to comply with an accessibility requirement, noncompliance with social service requirements, and minor violations of the uniform physical condition standards. After discussion of these findings and the owner's response, EARAC found that the compliance issues do not rise to a level that warrants a recommendation of denial or additional conditions on the award.

Census Demographics: The development is to be located at 9415 Bruton Road in Dallas. Demographics for the census tract (0020.00) include AMFI of \$32,113; the total population is 7,184; the percent of population that is minority is 92.27%; the percent of the population that is below the poverty line is 19.82%; the number of owner-occupied units is 787 and the number of renter units is 1,178. (Census information is from FFIEC Geocoding for 2013.)

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

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

RECOMMENDED ACTION

WHEREAS, Hunter Plaza was originally awarded an allocation of Housing Tax Credits at the December 12, 2013, Board meeting and had the Determination Notice reinstated at the March 6, 2014, Board meeting;

WHEREAS, due to an increase in construction costs which necessitated additional sources of funds to be sought, the Applicant was unable to close on the bonds by the original Certificate of Reservation expiration deadline of April 13, 2014;

WHEREAS, a new Certification of Reservation was issued on April 8, 2014, and will expire on September 5, 2014;

WHEREAS, the proposed issuer of the bonds for the Development is the Trinity River Public Facility Corporation;

WHEREAS, an updated 4% Housing Tax Credit application was submitted to the Department on April 16, 2014; and

WHEREAS, the previous participation review in accordance with 10 TAC §1.5 was not considered by the Executive Award and Review Advisory Committee (“EARAC”) because there were no changes to the applicant’s compliance history that was previously reviewed in connection with the action taken by the Board on March 6, 2014;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$554,789 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 Hunter Plaza is hereby approved in the form presented to this meeting.

BACKGROUND

General Information: Hunter Plaza, located in Fort Worth, Tarrant County, involves the acquisition and rehabilitation of an existing building which was originally constructed in the early 1950s as an 11-story hotel and was later renovated in 1972 converting the structure into a multifamily development with residential units on the second through tenth floors. The first and eleventh floors were comprised of common areas and office space, most of which at this time are uninhabitable. The property as a whole

has been vacant since 2010. Moreover, based on the age and historic nature of the building, the Applicant is pursuing both state and federal Historic Tax Credits through the Texas Historic Commission (“THC”) and the National Park Service (“NPS”), respectively. In addition to these unique funding sources, the application proposes to use City of Fort Worth HOME funds.

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. The proposed rehabilitation will include creating a mixed use development of residential units, new common areas and first floor commercial space to be leased. Of the 164 total residential units, 3 units will be rent and income restricted at 50% of AMFI, 112 units will be rent and income restricted at 60% AMFI and the remaining 49 units will be market rate with no rent or income restrictions. Twenty-five of the 115 rent and income restricted units will have project based vouchers through HUD’s Rental Assistance Demonstration (“RAD”) program; furthermore, an additional 30 of the 115 units will have project based vouchers through the Fort Worth Housing Authority. The development will serve the general population and is currently zoned appropriately. During discussion of the proposed development during the EARAC meeting, an issue was raised regarding the ability of the property to meet the Department’s accessibility requirements given the historic nature of certain aspects of the building. As a result, staff contacted the applicant and reminded them that upon completion of the rehabilitation, the property must meet all accessibility requirements.

Organizational Structure: The Borrower is FW Hunter Plaza, L.P, and the General Partner is FW Hunter Plaza GP, LLC, of which the sole member is Fort Worth Affordability, Inc. and is comprised of the following board members and officers: Barbara Holston, Terri Attaway, Mark Presswood, Michael Ramirez, and Richard Stinson.

Previous Participation Review: The Department’s Executive Award and Review Advisory Committee (“EARAC”) considered this applicant’s previous participation in connection with the action taken by the Board on March 6, 2014 and found that the applicant’s compliance history did not warrant a recommendation of denial or conditions being placed on the award. There have been no changes in the applicant’s compliance history and therefore, EARAC did not re-review the matter.

Census Demographics: The development is to be located at 605 West 1st Street in Fort Worth. Demographics for the census tract (1233.00) include AMFI of \$90,014; the total population is 4,539; the percent of population that is minority is 29.90%; the percent of the population that is below the poverty line is 20.97%; the number of owner-occupied units is 298 and the number of renter units is 1,504. (Census information is from FFIEC Geocoding for 2013.)

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

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action on Inducement Resolution No. 14-036 for Multifamily Housing Revenue Bonds and an Authorization for Filing Applications for Private Activity Bond Authority - 2014 Waiting List for Highland Oaks Apartments

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; and

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

NOW, therefore, it is hereby

RESOLVED, that Inducement Resolution 14-036 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority from the 2014 Private Activity Bond Program for Highland Oaks Apartments (#14604) is hereby approved in the form presented to this meeting.

BACKGROUND

The BRB 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 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 and the complete application including a transcript from the hearing will then be presented before the Board for a decision on the 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 \$581 million is set aside for multifamily until August 15th for the 2014 program year which includes the TDHCA set aside of approximately \$116 million. Inducement Resolution 14-036 reserves approximately \$9 million in state volume cap.

Highland Oaks Apartments (#14604)

General Information: The existing development is located at 2400 Buffalo Gap Road in Abilene, Taylor County. The application proposes the acquisition and rehabilitation of 170 total units serving the general population. This transaction is proposed to be Priority 3 consisting of low income units that will be rent and income restricted as well as market rate units that will have no rent or income restrictions.

Census Demographics: Demographics for the census tract (0123.00) include an AMFI of \$38,875; the total population is 4,482; the percent of population that is a minority is 36.21%; the percent of population that is below the poverty line is 18.11%; the number of owner occupied units is 776 and the number of renter units is 800. (Census information from FFIEC Geocoding 2013).

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

RESOLUTION NO. 14-036

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS 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 in one or more series for the purpose of providing financing for the multifamily residential rental developments (the “Developments”) more fully described in Exhibit A attached hereto. The ownership of the Developments as more fully described in Exhibit A will consist of the applicable ownership entity and its principals or a related person (the “Owners”) within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Owners have made not more than 60 days prior to the date hereof, payments with respect to the Developments and expect to make additional payments in the future and desire that they be reimbursed for such payments and other costs associated with the Developments from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, the Owners have indicated their willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that the requirements of the Act and the Department will be satisfied and that the Developments 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 Owners for the costs associated with the Developments listed on Exhibit A attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of the Owners, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of the Developments 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 Developments one or more Applications 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 Governing Board of the Department (the "Board") has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to the Owners to finance the Developments on the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owners to provide financing for the respective Developments in an aggregate principal amount not to exceed those amounts, corresponding to the Developments, 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 the respective 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 the respective 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 1.2. 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 1.3. Reimbursement. The Department reasonably expects to reimburse the Owners 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 Developments") 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 applicable 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 Developments; (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 1.4. Principal Amount. Based on representations of the Owners, the Department reasonably expects that the maximum principal amount of debt issued to reimburse the Owners for the Costs of the Developments will not exceed the amount set forth in Exhibit A which corresponds to the applicable Development.

Section 1.5. Limited Obligations. The Owners may commence with the acquisition and construction or rehabilitation of the Developments, which Developments will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement, on terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the applicable 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 its 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 1.6. The Developments. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, which are to be occupied entirely by Eligible Tenants, as determined by the Department, and which are 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 1.7. 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 Owners for costs of its Development.

Section 1.8. Costs of Developments. The Costs of the Developments may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Developments. Without limiting the generality of the foregoing, the Costs of the Developments 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 Developments, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Developments, the placing of the Developments in operation and that satisfy the Code and the Act. The Owners 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 1.9. No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owners nor any one claiming by, through or under the Owners shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 1.10. 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 Owners and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the 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 (“Bond Counsel”), 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 1.11. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Developments’ necessary review and legal documentation for the filing of one or more Applications 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 an Owner.

Section 1.12. Related Persons. The Department acknowledges that financing of all or any part of the Developments 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 Owners.

Section 1.13. Declaration of Official Intent. This Resolution constitutes the Department’s official intent for expenditures on Costs of the Developments 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 Developments 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 1.14. 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 1.15. 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

CERTAIN FINDINGS AND DETERMINATIONS

Section 2.1. Certain Findings Regarding Developments and Owners. The Board finds that:

(a) the Developments are 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 Owners will supply, in their Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;

- (c) the Owners are financially responsible;
 - (d) the financing of the Developments is a public purpose and will provide a public benefit;
- and
- (e) the Developments will be undertaken within the authority granted by the Act to the Department and the Owners.

Section 2.2. 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 2.3. Certain Findings with Respect to the Bonds. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Developments 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.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1. 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 3.2. 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 3.3. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 26th day of June, 2014.

[SEAL]

By: _____
Chair, Governing Board

ATTEST:

Secretary to the Governing Board

Signature Page to Inducement Resolution

EXHIBIT “A”

Description of the Owner and the Development

Project Name	Owner	Principals	Amount Not to Exceed
Highland Oaks Apartments	Highland Oaks – Abilene, LLC	Highland Oaks – Abilene Manager, LLC, Managing Member; LMM Partners, LLC, as Managing Member of Highland Oaks – Abilene Manager, LLC; Principals of LMM Partners LLC being R. Lee Harris and Jeanette Jayne	\$9,000,000
Costs: Acquisition/Rehabilitation of a 170 unit affordable, multifamily, rental community located on approximately 9.3 acres of land located at 2400 Buffalo Gap Road, Abilene, Texas 79605 (Taylor County).			

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action on Resolution No. 14-033 for the Second Supplemental Trust Indenture and Forbearance and Modification Agreement relating to the Multifamily Housing Revenue Bonds for Homes at Pecan Grove, Series 2005

RECOMMENDED ACTION

WHEREAS, the Department issued Series 2005 tax-exempt bonds in the aggregate principal amount of \$14,030,000 to the Homes at Pecan Grove development in Dallas to construct 250 units of affordable multifamily rental housing;

WHEREAS, the Department approved the First Supplemental Trust Indenture and Modification Agreement in September 2013, which modified some of the terms of the original financing structure, including the mandatory sinking fund and redemption provisions, stabilization requirements, and final maturity under the original bond covenants; and

WHEREAS, the Owner is requesting an amendment to the First Supplemental Trust Indenture and Modification Agreement that would allow the property to draw on funds established in an escrow account, advanced by the tax credit fund guarantor, should the property be unable to fulfill its debt obligations;

NOW, therefore, it is hereby

RESOLVED, that Resolution No. 14-033 relating to the Second Supplemental Trust Indenture and Forbearance and Modification Agreement for the Homes at Pecan Grove is hereby approved as presented to this meeting; and

FURTHER RESOLVED, that staff is authorized, empowered and directed for and on behalf of the Department to execute and deliver such documents, instruments, and writings and perform such acts and deeds as may be necessary to effectuate the foregoing.

BACKGROUND

The bonds for Homes at Pecan Grove (“Pecan Grove”) were originally issued through the Department in January 2005. The Series 2005 tax-exempt bond amount was \$14,030,000 and the bonds were privately placed with Charter Municipal Mortgage Acceptance Company and as such were unrated with no credit enhancement. The interest rate on the bonds is 6.50% per annum.

The Board previously approved, in September 2013, modifications to some aspects of the financing structure under the original bond covenants which include the redemption provisions and the maturity and sinking fund redemptions. These modifications were forecasted to eliminate the need for Centerline (the investor limited partner) to fund operating deficits, shorten the time by which the property could reach break-even and reduce debt service.

The Owner is now requesting the Department's approval of an amendment to the First Supplemental Trust Indenture. As part of a larger portfolio, securitized by Freddie Mac that was being restructured last fall, there was a \$12 million support escrow account, advanced by Natixis (the tax credit fund guarantor) that is available should there be an inability for certain properties within the portfolio to fulfill its debt obligations. Specifically, this additional cash flow support is available to 12 (three of which are in Texas) of the 17 properties. The Owner has indicated that since last fall, they have reevaluated the projections for one of the properties in Texas (Villas at Winkler which includes bonds by a local issuer) that was to have access to this escrow account. Their discussions with Freddie Mac and Natixis resulted in an agreement to substitute the Homes at Pecan Grove property for the Villas at Winkler.

At the time of the restructure last fall, Homes at Pecan Grove was expected to achieve above a 1.0x debt coverage ratio ("DCR") based on 2011 and 2012 financials as well as the reduced debt service. Since then there has been a shortfall of approximately \$17,000 due to maintenance and capital expenses primarily related to unit turnover and property damage. Moreover, Pecan Grove needed to increase security resulting from acts of vandalism, curfew violations and non-resident loitering. There was an increase to supportive services that was used to increase social service staff hours at the property so more youth activities and supervision could serve to mitigate such incidents at the property. The owner has indicated that in determining the 2014 budgets there were considerations for maintaining expenses associated with the aforementioned items which may help spur tenant retention and leasing and still allow the property to achieve above a 1.0x DCR, but provides additional monetary resources should operating deficits occur.

OTHER INFORMATION

Organizational Structure and Compliance: The Borrower is Chicory Court – Simpson Stuart, LP and the General Partner is Simpson Stuart Dallas, LLC which is comprised of Centerline Guaranteed Manager LLC, a wholly owned subsidiary of the investor limited partner. On December 14, 2011, the Department approved an ownership transfer request to replace the original General Partner, 3111 Simpson Stuart, LLC and its sole member, Agape Pecan Grove, Inc. with the aforementioned entity.

RESOLUTION NO. 14-033

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF SECOND SUPPLEMENTAL TRUST INDENTURE AND FORBEARANCE AND MODIFICATION AGREEMENT IN CONNECTION WITH MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (HOMES AT PECAN GROVE) SERIES 2005; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Act further authorizes the Department to issue its revenue bonds for the purpose of refunding any bonds theretofore issued by the Department under such terms, conditions and details as shall be determined by the Board; and

WHEREAS, the Issuer previously issued its Multifamily Housing Mortgage Revenue Bonds (Homes at Pecan Grove) Series 2005 in the original principal amount of \$14,030,000 (the “2005 Bonds pursuant to the terms and provisions of that certain Trust Indenture dated as of January 1, 2005 (the “Indenture”), between the Issuer and Wells Fargo Bank, National Association, as trustee (the “Trustee”); and

WHEREAS, the proceeds of the 2005 Bonds were loaned to Chicory Court - Simpson Stuart, LP, a limited partnership organized and existing under the laws of the State of Texas (the “Borrower”) for the purpose of financing a portion of the costs of a multifamily housing development known as Homes at Pecan Grove (the “Project”), pursuant to that certain Loan Agreement dated as of January 1, 2005 (the “Loan Agreement”) among the Issuer, the Borrower and the Trustee; and

WHEREAS, the Trustee and the Department entered into the Supplemental Trust Indenture and Modification Agreement (the “Supplement”) dated October 1, 2013, to make certain modifications to the terms of the 2005 Bonds and conforming changes to the Indenture; and

WHEREAS, the Borrower has requested that the Issuer approve certain amendments to the Supplement as described in the Second Supplemental Trust Indenture and Forbearance and Modification Agreement (the “Second Supplement”); and

WHEREAS, the Issuer's execution of the Second Supplement shall be subject to receipt of the consents, opinions, approvals or notices required by the Indenture; and

WHEREAS, the Issuer now desires to take certain actions with respect to the Second Supplement;

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Approval, Execution and Delivery of Second Supplement. The Second Supplement, in substantially the form presented at this meeting, is hereby approved and adopted by the Issuer, and the Authorized Representatives of the Department named in this Resolution are each hereby authorized and empowered to execute and deliver the Second Supplement on behalf of the Issuer, with such changes as may be approved by the authorized representative executing the same, such approval to be evidenced by such Authorized Representative's execution thereof.

Section 1.2 Execution and Delivery of Other Documents. The Authorized Representatives shall be and each is expressly authorized, empowered and directed from time to time and at any time to do and perform all acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer all certificates, financing statements, instruments and other documents, whether or not herein mentioned, as they may determine to be necessary or desirable in order to carry out the terms and provisions of this resolution, as well as the terms and provisions of the Second Supplement, such determination to be conclusively evidenced by the performance of such acts and things and the execution of any such certificate, financing statement, instrument or other document.

Section 1.3 Consents and Approvals. The Issuer's execution of the Second Supplement is expressly subject to receipt of the consents, opinions, approvals or notices required by the Indenture.

Section 1.4 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Governing Board, the Executive Director of the Department, Deputy Executive Director of Multifamily Finance and Fair Housing of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Finance of the Department, the Director of Texas Homeownership of the Department, and the Secretary or any Assistant Secretary to the Governing 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.

Section 1.5 Certification of Records. The Secretary and Assistant Secretary to the Governing Board hereby are authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This resolution was considered and adopted at a meeting of the Governing 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 Governing 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 26th day of June, 2014.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

**SECOND SUPPLEMENTAL TRUST INDENTURE AND FORBEARANCE
AND MODIFICATION AGREEMENT**

\$14,030,000 Texas Department of Housing and Community Affairs
Multifamily Housing Mortgage Revenue Bonds (Homes at Pecan Grove) Series 2005

This SECOND SUPPLEMENTAL TRUST INDENTURE AND FORBEARANCE AND MODIFICATION AGREEMENT, dated as of July 1, 2014 (this “**Second Supplement**”), among the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (together with its successors and assigns, the “**Issuer**”), Chicory Court-Simpson Stuart, LP, a limited partnership duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns, the “**Borrower**”) and Wells Fargo Bank, National Association, a national banking association duly organized, validly existing and authorized to accept the duties and obligations set out by virtue of the laws of the United States of America, as trustee (together with any successor trustee and their respective successors and assigns, the “**Trustee**”) under a Trust Indenture, dated as of January 1, 2005, as amended by a Supplemental Trust Indenture and Modification Agreement dated as of October 1, 2013 (together, and as further amended, modified or supplemented from time to time, the “**Indenture**”), from the Issuer to the Trustee (capitalized terms used herein and not otherwise defined having the meaning assigned to them in the Indenture),

W I T N E S S E T H:

WHEREAS, pursuant to the Indenture, the Issuer has previously issued its Multifamily Housing Mortgage Revenue Bonds (Homes at Pecan Grove) Series 2005 in the original aggregate principal amount of \$14,030,000 (the “**Bonds**”), to finance a portion of the costs of the acquisition, construction and equipping of a 250-unit residential rental development known as “Homes at Pecan Grove” and located in Dallas, Texas (the “**Project**”); and

WHEREAS, pursuant to a Loan Agreement, dated as of January 1, 2005, among the Issuer, the Trustee and the Borrower, the Issuer loaned the proceeds of the Bonds to the Borrower to finance a portion of the cost of the Project; and

WHEREAS, the Borrower and the Servicer have asked the Issuer and the Trustee to enter into this Second Supplement (i) to provide for certain support payments to be made hereunder, (ii) to provide for forbearance under certain circumstances and (iii) to make certain modifications to the terms of the Bonds all as more fully described herein with the consent of the Owners of not less than two-thirds in aggregate principal amount of the Bonds then Outstanding; and

WHEREAS, Federal Home Loan Mortgage Corporation (“**Freddie Mac**”) is the registered owner of 100% of the Outstanding Bonds and as the single Owner of all Bonds Outstanding is the Majority Owner, as such term is defined in the Indenture; and

WHEREAS, Sections 9.02, 9.03, 9.04, 9.06 and 9.07 of the Indenture provide that the Indenture and the Loan Agreement can be amended for such purposes by a supplemental trust

indenture accompanied by the consent of the Majority Owner and the Borrower and upon delivery of an opinion of Bond Counsel.

NOW, THEREFORE, in consideration of the foregoing and subject to the requirements of Sections 9.02, 9.03, 9.04, 9.06 and 9.07 of the Indenture, the Issuer, the Trustee, the Servicer and the Borrower, with the consent of the Majority Owner, hereby agree that the Indenture and the Loan Agreement be amended, modified and supplemented as follows:

ARTICLE I. DEFINITIONS

Section 1.01. Definitions.

(a) The following new defined terms are hereby added to the Indenture as follows:

“Actual CCG Additional Support Payment” means any monthly cash flow support made by Centerline Capital Group LLC (“CCG”) to fund a Cash Flow Shortfall (which may be in addition to each monthly Holdings Support Payment).

“Approved Capital Expenditures” means the cost incurred in connection with any capital improvements or replacements, not to exceed the amounts shown as “capital expenses” on the Approved Budget for such period, as such budget may be amended from time to time, or otherwise as approved by Natixis Financial Products LLC.

“Assumed CCG Additional Support Payment” means the assumed monthly cash flow support amount from CCG, in the amount of \$8,000.

“Cash Flow Shortfalls” means, for a specified period, the difference, if negative, of (A) Operating Revenues, minus (B) the sum of (i) Operating Expenses, (ii) required principal payments and required interest payments on the Bonds and any other permitted hard subordinate debt (for the avoidance of doubt, this clause (ii) excludes principal and interest payments that are payable from Excess Cash Flow or otherwise considered “soft” or “contingent” or “payable from cash flow only”) and (iii) Approved Capital Expenditures (to the extent not paid from the Replacement Reserve Fund).

“Excess Cash Flow” means, for a specified period, the difference, if positive, of (A) Operating Revenues, minus (B) the sum of (i) Operating Expenses, (ii) required principal payments and required interest payments on the Bonds and any other permitted hard subordinate debt (for the avoidance of doubt, this clause (ii) excludes principal and interest payments that are payable from Excess Cash Flow or otherwise considered “soft” or “contingent” or “payable from cash flow only”) and (iii) costs incurred in connection with any capital expenditures (to the extent not paid from the Replacement Reserve Fund).

“Forborne Remedial Actions” shall mean, for purposes of Section 3.01 of this Second Supplement, the exercise of any of the following rights and remedies: (1) accelerating the principal amount of the Bonds; (2) declaring the unpaid indebtedness of the Borrower under the documents securing the related Bonds to be due and payable; (3) foreclosing, exercising the power of sale or taking any other property-related remedies, advertising to foreclose, or taking any other actions to foreclose upon or exercise the power of sale or other property-related remedies under the mortgage, deed of trust or deed to secure debt encumbering the Project; (4) directing a partial mandatory redemption of the Bonds, pursuant to Section 4.01 of this Indenture, or (5) any other right or remedy that if exercised could reasonably be expected to result in the loss by the Borrower of any low income housing tax credits.

“Holdings Support Payment” means each monthly cash flow support payment to be made by the Work-Out Support Provider to fund a Cash Flow Shortfall pursuant to the Work-Out Account Control Agreement.

“Operating Expenses” means, without duplication, with respect to any period for which such calculation shall be made, all reasonable and necessary expenses incurred by the Borrower in the ordinary course of operating, owning, managing, leasing and maintaining the Project which are directly associated with the Project for the applicable period, including: (a) general and administrative costs incurred by the Borrower that are directly attributable to owning and operating the Project; (b) repairs and maintenance expenses; (c) labor costs; (d) real estate taxes or insurance premiums actually paid by the Borrower that are not paid from the Tax and Insurance Fund and any amounts deposited by the Borrower into the Tax and Insurance Fund; (e) other taxes actually paid by the Borrower (except for taxes and other amounts specified in (d) immediately above and taxes based on income of the Borrower); (f) utility expenses; (g) supply costs; (h) advertising expenses; (i) property management fees actually paid for the applicable period; (j) reasonable leasing commissions paid in connection with tenant leases; (k) fees paid to the Issuer, the Trustee, and the lender in respect of any other permitted hard subordinate debt; (l) tax credit and regulatory compliance fees to the extent not included in (k) above; (m) annual Borrower audit fees paid to independent accountants; (n) any costs of inspection performed by structural, environmental, or other engineers; (o) amounts required to be deposited by the Borrower into the Replacement Reserve Fund; and (p) legal fees incurred by the Borrower directly attributable to the ownership of the Project, including work related to tax abatement applications and Bondholder, Servicer, Trustee or Issuer inquiries, consents and requests to the extent required under this Indenture or the Loan Documents. For the avoidance of doubt, legal fees shall not include any expenditures attributable to legal expenses unrelated to operation of the Project.

Notwithstanding the foregoing or anything to the contrary contained herein, the term “Operating Expenses” shall not include: (i) the amount of any debt service in respect of the Bonds or any principal, interest or other amounts paid under any other notes, mortgages or loans relating to the Project; (ii) any non-cash charges such as depreciation and amortization; (iii) Approved Capital Expenditures or any other costs incurred in connection with capital improvements or replacements; (iv) any taxes, insurance or other items paid from sums held in the Tax and Insurance Fund or any other Fund or Account established under the terms of this Indenture; (v) any expenses, commissions, charges or other amounts paid to an affiliate of the Borrower without the prior written consent of Natisis Financial Products LLC, except for the management fee described in clause (i) in the preceding paragraph; (vi) any expenses or costs paid directly or indirectly through the use of any insurance or condemnation proceeds, other than insurance proceeds or condemnation awards specifically paid to reimburse the Borrower for loss of business or rental income; (vii) the costs of any items paid for or reimbursed to the Borrower out of funds in the Replacement Reserve Fund; (viii) any expenses related to or incurred in connection with an event which could result in the Borrower’s receiving capital proceeds; (ix) any refunds of security deposits made to tenants of the Project; (x) any general or administrative expenditures of the Borrower not directly attributable to the Project; (xi) distributions or other payments by the Borrower to its partners pursuant to the Partnership Agreement (as such term is defined in the Indenture); (xii) the amount of any principal and interest paid in respect of any Voluntary Loans, Operating Loans, Replacement Reserve Loans or Deferred Development Fee (each as defined in the Partnership Agreement); and (xiii) expenses incurred in connection with a Sale or Refinancing Transaction.

Notwithstanding anything to the contrary contained herein, the term “Operating Expenses” shall not include any of the foregoing items to the extent paid directly or reimbursed by a tenant of the Borrower or any other third party.

“Operating Revenues” means, without duplication, for the applicable period for which such calculation shall be made, the sum of all gross rental receipts and all other income, proceeds, receipts and revenues generated by and from the use and operation of the Project in respect of all or any part thereof, including: (a) base rental income, including all increases in rent based upon increases in the consumer price index (or other inflation factor); (b) pass-through charges; (c) late charges; (d) vending machine income; (e) laundry income; (f) percentage rents; (g) parking income and receipts; (h) non-refundable pet deposits or fees; (i) any forfeited or non-refundable security deposits, prepaid rent, rental and charges for space occupancy; (j) storage income; (k) insurance proceeds or condemnation awards paid to reimburse the Borrower for loss of business or rental income; (l) any insurance proceeds or condemnation awards in excess of the portion thereof used to restore, repair or replace the Project or to retire the Bonds if required under this Indenture or the Loan Documents; (m) any property tax refunds received by the Project whether applicable to the period before or after the date hereof; (n) any legal fees recovered from plaintiffs or defendants, as the case may be, to lawsuits the Borrower is either pursuing or defending or proceeds from judgments awarded in the Borrower’s favor which are not reimbursable to a third party; (o) interest earned, to the extent the Borrower is entitled to such interest, on any accounts into which any of the foregoing revenues are deposited,

including accounts held by the Trustee; and (p) amounts released from the Tax and Insurance Fund due to “overfunding” of such Fund in previous periods.

Notwithstanding the foregoing or anything to the contrary contained herein, the term “Operating Revenues” shall be exclusive of (i) any proceeds of the Bonds or any other permitted debt, (ii) any capital proceeds used to restore, repair or replace the Project or to retire the Bonds if required under this Indenture or the Loan Documents, (iii) any refundable security deposits, unearned portion of any prepaid rent, and any other refundable items (provided, however, that, at such time as security deposits or other refundable items have been forfeited or earned, such items shall become part of Operating Revenues), and all interest earned on any accounts into which any of the foregoing revenues are deposited to the extent such interest is refundable, (iv) proceeds from a Sale or Refinancing Transaction, and (v) any Voluntary Loans or Capital Contributions (as defined in the Partnership Agreement).

“*Sale or Refinancing Transaction*” means any of the following items or transactions not in the ordinary course of business: a sale, transfer, exchange or other disposition of all or substantially all of the assets of the Borrower, a condemnation of or casualty at the Project or any part thereof (other than an event which produces business interruption insurance proceeds or other similar payments), a claim against a title insurance company, the refinancing of the Note or other indebtedness of the Borrower and any similar item or transaction.

(b) All other capitalized terms used herein unless otherwise defined shall have the same meaning as used in Article I of the Indenture or Article I of the Loan Agreement.

ARTICLE II. THE AMENDMENTS

Section 2.01. Amendment to Section 4.02 of Indenture. Section 4.02 of the Indenture is hereby amended and restated in its entirety to provide in full as follows:

“Section 4.02 Redemption Price of Bonds Redeemed Pursuant to Mandatory Redemption. The Bonds being redeemed before maturity in accordance with Section 4.01 of this Indenture shall be redeemed at a redemption price equal to the principal amount of the Bonds being redeemed, together with accrued interest to the date of redemption. Failure to pay any interest forborne under Section 3.01 of the Second Supplement upon any optional redemption or upon a mandatory redemption in whole pursuant to Section 4.01 of this Indenture shall constitute a default in the payment of the redemption price of the Bonds.”

Section 2.02. Amendment to Exhibit A of the Indenture; Replacement for Form of Bond. The form of Bond attached to the Indenture as Exhibit A is hereby replaced with the form of Bond attached as Exhibit A to this Second Supplement. Promptly following the execution and delivery of this Second Supplement, the Trustee shall deliver to the Majority Owner, or upon its order, an executed and authenticated replacement Bond certificate in the form set forth in Exhibit A to this Second Supplement.

ARTICLE III. FORBEARANCE

Section 3.01. Forbearance. The Servicer and the Trustee hereby agree to forbear from the exercise of any of the Forborne Remedial Actions in respect of a failure of the Borrower to pay amounts needed to pay in full any installment of principal and interest when and as the same

shall become due and payable, in the following instance: (x) such unpaid installment amount is less than or equal to the difference between the Assumed CCG Additional Support Payment and the Actual CCG Additional Support Payment, and (y) the Holdings Support Payment has been made in full by the Work-Out Support Provider or an equivalent amount has been otherwise provided by the Work-Out Support Provider, its affiliates or a third party (or a combination thereof). Such forbearance shall terminate upon the earlier of (i) any Interest Payment Date with respect to which an installment of principal and interest is not paid in full other than as described in the previous sentence, or (ii) December 31, 2020 (i.e., the last day of the low income housing tax credit compliance period applicable to the Project), whereupon the full amount of previously unpaid principal and interest shall become due and payable.

Section 3.02. Notice of Forbearance. Not less than five (5) days before any Interest Payment Date before December 31, 2020 for which the forbearance set forth in Section 3.01 hereof shall be applicable, the Servicer shall provide the Trustee and the Majority Owner with notice specifying (i) that the forbearance set forth in Section 3.01 hereof shall be applicable for such Interest Payment Date, and (ii) the amount of any such interest and principal to be forborne with respect to such Interest Payment Date. The Trustee shall keep records of the total amount of forborne interest and principal accrued but unpaid from time to time, and shall provide notification of such amounts to the Majority Owner, the Issuer, the Servicer and the Borrower upon request.

ARTICLE IV. CONDITIONS; REPRESENTATIONS AND COVENANTS

Section 4.01. Conditions to Effectiveness. It shall be a condition to the effectiveness of this Second Supplement that the following shall be satisfied:

(a) all of the conditions set forth in the Indenture and the Loan Agreement to the amendment or modification thereof shall have been met or waived in writing, which waiver is evidenced by the parties' execution of this Second Supplement;

(b) the previously issued and authenticated Bonds have been cancelled by the Trustee;

(c) there shall have been delivered an unqualified opinion of Bond Counsel, addressed to the Issuer, the Trustee, the Servicer and the Majority Owner substantially to the effect that (i) interest on the Bonds is excludable from the gross income of the owners of the Bonds for federal income tax purposes, and (ii) this Second Supplement has been duly authorized, executed and delivered by the Issuer and is enforceable against the Issuer in accordance with its terms, subject to customary exclusions; and

(d) the Work-Out Account Control Agreement shall have been executed and delivered by the parties thereto, and all amounts required thereby shall have been deposited thereunder.

Section 4.02. Representations and Covenants of Borrower. By its execution and delivery hereof, the Borrower hereby:

(a) represents that it is the owner of the Project and the borrower of the loan made from the proceeds of the Bonds;

(b) consents to the amendments of the Indenture and the Loan Agreement contained in this Second Supplement;

(c) irrevocably waives, without recourse, all irregularities in the timing, content and delivery of all notices that are required by the Indenture or the Loan Agreement with respect to the amendment of the Indenture and the Loan Agreement referred to above;

(d) agrees to be bound by the terms of the Indenture, as amended by this Second Supplement; and

(e) agrees that, prior to December __, 2014, it shall not cause, permit or permit the General Partner to cause or permit, (a) a change in ownership of the Project or (b) the transfer of any equity interest in the Borrower, the admission of any new equity investors in the Borrower or the withdrawal of any existing equity investors in the Borrower, without, in each case, delivery to the Trustee of an opinion of Bond Counsel to the effect that such change, transfer, admission or withdrawal will not adversely affect the exclusion from gross income of interest on the Bonds for purposes of federal income taxation; and

(f) certifies that the federal tax-related representations of the Borrower in the Loan Agreement, in the Regulatory Agreement, and in the Borrower Tax Certificate dated January 27, 2005 (the “**Borrower’s Tax Certificate**”) remain true and correct in all material respects as of the date hereof and that the Borrower is not in material default under or breach of any covenant contained in the Borrower Tax Certificate or the Regulatory Agreement or any of the federal tax-related covenants of the Borrower contained in the Loan Agreement.

ARTICLE V. FURTHER SUPPLEMENTS

Section 5.01. Further Supplements. This Second Supplement may be supplemented or amended in the manner and subject to the conditions set forth in Article IX of the Indenture for amendments to the Indenture.

ARTICLE VI. MISCELLANEOUS

Section 6.01. Second Supplement as Part of Indenture and Loan Agreement. This Second Supplement shall be construed in connection with and as a part of the Indenture and the Loan Agreement to the extent of the provisions herein that are amendatory thereof or supplemental thereto. The Form of Bond attached as Exhibit A to the Indenture shall be replaced with the Form of Bond attached as Exhibit A to this Second Supplement. The Initial Bond shall be numbered ____.

Section 6.02. Severability. If any provision of this Second Supplement shall be held or deemed to be, or shall, in fact, be, illegal, inoperative or unenforceable, the same shall not

affect any other provision herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 6.03. Counterparts; Electronic Signatures. This Second Supplement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. To the fullest extent permitted by applicable law, signatures transmitted by facsimile or other electronic means shall constitute original signatures for all purposes hereunder.

Section 6.04. Rules of Interpretation. Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed. Use of the words “herein,” “hereby,” “hereunder,” “hereof,” “hereinbefore,” “hereinafter” and other equivalent words refer to this Second Supplement as a whole, and not solely to the particular portion in which any such word is used.

Section 6.05. Captions. The captions and headings in this Second Supplement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Second Supplement.

Section 6.06. Governing Law. This Second Supplement shall be governed by the internal laws of the State of Texas, without regard to conflict of laws principles.

Section 6.07. Successors and Assigns. This Second Supplement shall inure to the benefit of, and shall be binding upon, the Issuer and its successors and assigns, the Borrower and its successors and assigns, and the Trustee, any successor trustee and their respective successors and assigns. In addition, this Second Supplement shall be binding upon the current Owners of the Bonds and all future Owners from time to time of the Bonds and their respective successors and assigns.

Section 6.08. Tax Matters. The Issuer certifies that the federal tax-related representations of the Issuer contained in the Indenture, in the Regulatory Agreement and in the Tax Certificate remain true and correct in all material respects as of the date hereof and that the Issuer is not in material default under or breach of any covenants contained in the Tax Certificate and the Regulatory Agreement or any of the federal tax-related covenants of the Issuer contained in the Indenture.

(Signature Page Follows)

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Second Supplemental Trust Indenture and Forbearance and Modification Agreement to be executed and delivered by their respective duly authorized representatives, all as of the date first above written.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Name: J. Paul Ozer
Title: Chair

(SEAL)

ATTEST:

Secretary

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____
Name: _____
Title: _____

CIDCORY COURT-SIMPSON STUART, LP, a Texas
limited partnership

By: SIMPSON STUART DALLAS LLC, a
Delaware limited liability company, its general partner

By: CENTERLINE GUARANTEED MANAGER
LLC, a Delaware limited liability company,
its manager

By: CENTERLINE AFFORDABLE
HOUSING ADVISORS LLC, a
Delaware limited liability company, its
sole member

By: _____
Name: James P. Flynn
Title: Director

MAJORITY OWNER CONSENT

\$14,030,000

Texas Department of Housing and Community Affairs
Multifamily Housing Mortgage Revenue Bonds (Homes at Pecan Grove) Series 2005

THE UNDERSIGNED HEREBY:

1. Represents that it is the registered owner of 100% in aggregate principal amount of the above-referenced bonds (the "Bonds") and, as such, is the Majority Owner of the Bonds under the Indenture;
2. Hereby consents to the amendments of the Indenture and the Loan Agreement contained in the Second Supplemental Trust Indenture and Forbearance and Modification Agreement to which this Majority Owner Consent is attached; and
3. Irrevocably waives, without recourse, all irregularities in the timing, content and delivery of all notices that are required by the Indenture or the Loan Agreement with respect to the amendment of the Indenture and the Loan Agreement referred to above.

Terms used in this Majority Owner Consent with initial capital letters, but not defined herein, shall have the same meanings given such terms in the Second Supplemental Trust Indenture and Forbearance and Modification Agreement to which this Majority Owner Consent is attached.

(Signature Page Follows)

IN WITNESS WHEREOF, the undersigned has caused this Majority Owner Consent to be executed by its duly authorized representative as of the _____ day of July, 2014.

FEDERAL HOME LOAN
MORTGAGE CORPORATION

By: _____

Name: _____

Title: _____

Acknowledged and Agreed:

CENTERLINE MORTGAGE CAPITAL INC.,
as Servicer

By: _____

Name: _____

Title: _____

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING MORTGAGE REVENUE BOND
(HOMES AT PECAN GROVE*)
SERIES 2005

THE STATE OF TEXAS IS NOT OBLIGATED TO PAY THE PRINCIPAL OR INTEREST ON THIS BOND. THE FAITH, CREDIT OR TAXING POWER OF THE STATE OF TEXAS IS NOT PLEDGED, GIVEN OR LOANED TO PAYMENT OF THIS BOND'S PRINCIPAL OR INTEREST.

THIS BOND IS A RESTRICTED SECURITY AND MAY BE TRANSFERRED ONLY AS PROVIDED HEREIN AND IN THE HEREIN DESCRIBED INDENTURE.

Number: _____ \$ _____

<u>Maturity Date:</u>	<u>Dated Date:</u>	<u>Interest Rate:</u>
January 1, 2038	October 1, 2013	As described herein

REGISTERED OWNER: Federal Home Loan Mortgage Corporation

PRINCIPAL AMOUNT: _____

FOR VALUE RECEIVED, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the "Issuer"), a public and official agency of the State of Texas (the "State"), hereby acknowledges itself indebted and for value received promises to pay to the registered owner hereof stated above, or registered assigns, at the maturity date stated above, but only from the sources and as hereinafter provided, upon presentation and surrender of this Bond at the operations office of Wells Fargo Bank, National Association, in Minneapolis, Minnesota or its successor as trustee (the "Trustee"), under the Indenture (described below), the principal amount stated above, and to pay interest on said principal amount at the interest rate set forth above, from and including the date of issuance hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by wire transfer to an account in the United States if there be one Owner of all of the Bonds or otherwise by check or draft mailed to

* Formerly known as Rose Court at Simpson Stuart

the record Owners of Bonds as the same appear upon the books of registry to be maintained by the Trustee, as registrar.

This Bond is one of a series of bonds (the “Bonds”) issued pursuant to, and is subject to, the Trust Indenture dated as of January 1, 2005 between the Issuer and the Trustee, as supplemented by that certain Supplemental Trust Indenture and Modification Agreement (the “Supplement”) dated as of October 1, 2013, and as further supplemented by that certain Second Supplemental Trust Indenture and Forbearance and Modification Agreement dated as of July 1, 2014, (and as further amended and supplemented from time to time, the “Indenture”), the bond resolution of the Issuer duly approved and adopted by the Issuer (the “Resolution”), and Chapter 2306, Texas Government Code, as amended (the “Act”). Reference is made to the Indenture, the Resolution and the Act for a full statement of their respective terms. Capitalized terms used herein and not otherwise defined herein have the respective meanings accorded such terms in the Indenture, which are hereby incorporated herein by reference. The Bonds issued under the Indenture are expressly limited to \$13,178,233.15 in aggregate principal amount of the Bonds and are all of like tenor, except as to numbers and denominations, and are issued for the purposes of providing construction and permanent financing for qualified multifamily rental housing units in the State and of paying certain expenses incidental thereto. Pursuant to a Loan Agreement dated as of January 1, 2005, and a Promissory Note (the “Note”) dated January 1, 2005, Chicory Court-Simpson Stuart, LP, a Texas limited partnership (the “Borrower”), has agreed to make payments to the Issuer in amounts equal to amounts of principal of and premium, if any, and interest on the Bonds.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, INCOME AND RECEIPTS OF THE ISSUER PLEDGED TO THE PAYMENT THEREOF AND ARE SECURED BY AN ASSIGNMENT OF THE MORTGAGE AND OTHER ASSETS DESCRIBED HEREIN. NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF SUCH BONDS. THE STATE OF TEXAS IS NOT LIABLE ON SUCH BONDS AND SUCH BONDS ARE NOT A DEBT OF THE STATE OF TEXAS. THE BONDS DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. THE BONDS DO NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THE BONDS. THE BONDS ARE ISSUED UNDER CHAPTER 2306, TEXAS GOVERNMENT CODE, AS AMENDED. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, DIRECTOR, MEMBER, EMPLOYEE OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH

THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

The State shall not be liable for the Bonds, and the Bonds shall not constitute a debt of the State. The Act does not provide any procedure for the State to make appropriations for deposit into any reserve funds established under the Indenture.

Interest on the Bonds. The Bonds (including this Bond) shall bear interest on the outstanding principal amount thereof from the date of issuance at a rate of five percent (5.00%) per annum to and including June 30, 2006 or upon earlier redemption or acceleration, in each case, computed on the basis of a 360-day year comprised of twelve 30-day months. After June 30, 2006, the Bonds (including this Bond) shall bear interest on the outstanding principal amount thereof from the date of issuance at a rate of six and one-half percent (6.50%) per annum until paid on the Maturity Date or upon or upon earlier redemption or acceleration, in each case, computed on the basis of a 360-day year comprised of twelve 30-day months. The interest payable on the Bonds as provided above shall be payable on each Interest Payment Date.

Registration and Transfer. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of any Authorized Denomination or Authorized Denominations, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Bonds are issuable as fully registered Bonds in Authorized Denominations as provided in the Indenture. The Issuer, the Trustee, and any other person may treat the person in whose name this Bond is registered on the books of registry as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and no person shall be affected by notice to the contrary.

This Bond may be transferred in whole or in part by the Owner, only (i) to any subsidiary of the Owner or any entity under common management or control with the Owner, any affiliate of the Owner, any entity arising out of any merger or consolidation of the Owner, or a trustee in bankruptcy of the Owner, (ii) to any Accredited Investor (as defined in Rule 501(a)(1), (2), (3), (4), (7) or (8) of Regulation D promulgated under the Securities Act of 1933) or any Qualified Institutional Buyer (as defined in Rule 144A promulgated under the Securities Act of 1933), (iii) to any bank, savings institution or insurance company (whether acting in a trustee or custodial capacity for any Accredited Investor or Qualified Institutional Buyer or on its own behalf), or (iv) to any trust or custodial arrangement with respect to which the ultimate beneficial owner or owners of which are each an Accredited Investor or Qualified Institutional Buyer.

THE TRUSTEE SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF ANY BONDS UNLESS SUCH HOLDER'S PROSPECTIVE TRANSFEREE DELIVERS TO

THE TRUSTEE AN INVESTOR'S LETTER SUBSTANTIALLY IN THE APPROPRIATE FORM SET FORTH IN EXHIBIT D TO THE INDENTURE.

Mandatory Redemption. The Bonds shall be subject to mandatory redemption, and shall be redeemed, prior to maturity as follows:

(a) (i) in whole or in part on the first Interest Payment Date for which notice can be given in accordance with the Indenture after the Completion Date to the extent funds remain on deposit on such date in the Loan Account of the Construction Fund, as provided in Section 6.03 of the Indenture, and (ii) on the first Interest Payment Date for which notice can be given in accordance with the Indenture after receipt by the Trustee from the Majority Owner of direction to redeem Bonds from amounts on deposit in the Earnout Account of the Construction Fund, as contemplated by Section 6.02(b)(iii) of the Indenture, and Section 5.23 of the Loan Agreement; or

(b) in part on the first Interest Payment Date for which notice can be given in accordance with the Indenture, in the amount and allocated for payment of the Bonds as specified by the Majority Owner, if the Project has not achieved Stabilization (as evidenced by a certificate of the Servicer to the Majority Owner, Trustee and Issuer) within twenty-four (24) months after the earlier of (A) the date the Project achieves Completion or (B) the Completion Date. Notwithstanding the foregoing, the requirements of Section 4.01(b) of the Indenture shall be suspended until April 16, 2016, unless the Work-Out Support Provider shall be in default with respect to its payment obligations secured by the Work-Out Account Control Agreement due to a Bankruptcy, in which event the requirements of Section 4.01(b) of the Indenture shall be reinstated. Provided the Work-Out Support Provider is not then in default with respect to such payment obligations due to a Bankruptcy, from and after April 16, 2016, Section 4.01(b) of the Indenture shall be deleted in its entirety, all references in the Bonds, the Indenture and the Loan Documents to Section 4.01(b) of the Indenture shall be of no further force or effect whatsoever and the Majority Owner shall no longer have the right to direct any mandatory redemption of the Bonds as a result of the failure of the Project to achieve "Stabilization" under the original terms of the Loan Documents; or

(c) in whole or in part on the first Interest Payment Date for which adequate notice can be given in accordance with the Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are deposited in the Revenue Fund and are not to be used to repair or restore the Project; or

(d) upon a Determination of Taxability if the Owner of a Bond presents his Bond for redemption, on any date selected by such Owner, specified in a notice in writing delivered to the Trustee, the Borrower and the Issuer at least thirty (30) days prior to such date; or

(e) in whole on any specified Interest Payment Date on or after March 1, 2005, if the Owners of all of the Bonds elect redemption by giving not less than 180 days' prior written notice thereof to the Issuer, the Trustee and the Borrower, which notice shall specify the Interest Payment Date on which the Bonds are to be redeemed; or

(f) in part on the Interest Payment Dates and in the amounts set forth on Exhibit B of the Indenture subject to adjustment as provided in Section 4.07(b) of the Indenture; or

(g) in part in an amount equal to \$250,000 on or about the date of execution and delivery of the Supplement, without any further notice or direction by the Majority Owner, the Issuer, the Borrower or any other person.

Redemption Price of Bonds Redeemed Pursuant to Mandatory Redemption. The Bonds being redeemed before maturity as described above shall be redeemed at a redemption price equal to the principal amount of the Bonds being redeemed, together with accrued interest to the date of redemption.

Optional Redemption. The Bonds shall be subject to redemption prior to maturity in whole but not in part on any Interest Payment Date on or after March 1, 2005, from the proceeds of an optional prepayment of the Loan by the Borrower, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

Purchase in Lieu of Redemption. At the election of the Borrower or the Investor Limited Partner upon a redemption in whole of the Bonds, if the Borrower obtains a Favorable Opinion of Bond Counsel, by written notice to the Trustee and the Majority Owner given not less than five (5) Business Days in advance of the proposed redemption date, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date. The purchase price of Bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and shall be payable on the date of redemption thereof. Bonds so purchased in lieu of redemption shall be registered to or upon the direction of the Borrower or the Investor Limited Partner.

Notice of Redemption.

(a) Notice of redemption shall be given by the Trustee by telephone, telegram or other electronic means, promptly confirmed in writing, not less than ten (10) Business Days prior to the date fixed for redemption; provided, however, that no notice of redemption shall be required for a redemption pursuant to Section 4.01(d), (e) or (f) of the Indenture.

(b) Notice of redemption shall be given to the Owners of all Bonds to be redeemed, by telephone, telex, telecopier or other electronic means, promptly confirmed in writing, at their addresses appearing on the books of registry. Receipt of such notice of redemption shall not be a condition precedent to such redemption, and failure so to notify any of such registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds.

(c) Notice of redemption having been given as provided in subsection (a) or (b) of Section 4.05 of the Indenture and all conditions precedent, if any, specified in such notice having been met to the satisfaction of the Majority Owner, as evidenced in writing by the Majority Owner to the Trustee, the Bonds or portions thereof so to be redeemed shall become due and payable on the date fixed for redemption at the redemption price specified therein plus any accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Bonds or portions thereof shall be paid at the redemption price,

plus any accrued interest to the redemption date. On and after the redemption date (unless funds for the payment of the redemption price and accrued interest of the Bonds called for redemption shall not have been provided to the Trustee), (i) such Bonds shall cease to bear interest and (ii) such Bonds shall no longer be considered as Outstanding under the Indenture.

1. Selection of Bonds To Be Redeemed.

(a) Except as otherwise expressly set forth herein, if less than all of the Bonds are to be redeemed, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee randomly.

(b) In making such selection randomly, the Trustee may treat each Bond to be redeemed as representing that number of Bonds of the lowest Authorized Denomination as is obtained by dividing the principal amount of such Bond by such Authorized Denomination.

Partial Redemption of Registered Bonds.

(a) In case part but not all of a Bond shall be selected for redemption, upon presentation and surrender at the Principal Office of the Trustee of such Bond by the Owner thereof or his attorney duly authorized in writing (with due endorsement for transfer or accompanied by written instrument of transfer in form satisfactory to the Trustee) the Trustee shall authenticate and deliver to or upon the order of such Owner, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds, at the option of such Owner, of any Authorized Denomination of like tenor, or if less than the minimum Authorized Denomination, an amount necessary to equal the unredeemed portion of the principal amount of the Bond; provided, however, that such surrender of Bonds shall not be required for payment of the redemption price pursuant to subsection (f) under the heading "Mandatory Redemption" above. For all purposes of the Indenture (including exchange and transfer), the Bond so issued in less than a minimum Authorized Denomination shall be deemed to have been issued in an Authorized Denomination. Bonds so presented and surrendered shall be canceled in accordance with the Indenture. Notwithstanding the foregoing, surrender of the Bonds shall not be a condition to payment of redemption price pursuant to subsection (f) under the heading "Mandatory Redemption" above.

(b) In the event of a partial redemption of Bonds other than pursuant to subsection (f) under the heading "Mandatory Redemption" above, the amount of each payment required under the mandatory sinking fund schedule set forth on Exhibit B to the Indenture on or after the date of such redemption shall be adjusted to provide for level debt service payment of such Bonds over their remaining term from and after the first Interest Payment Date following such redemption. The Majority Owner shall provide the Trustee with a revised Exhibit B to the Indenture reflecting such adjusted schedule.

Enforcement. Only the Majority Owner shall have the right to enforce the provisions of this Bond or the Indenture or to institute any action to enforce the covenants herein or therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. If an Event of Default occurs and is continuing, the principal of all Bonds then

outstanding may be declared due and payable by the Majority Owner upon the conditions and in the manner and with the effect provided in the Indenture. As provided in the Indenture, and to the extent permitted by law, interest and a penalty rate of interest shall be payable on unpaid amounts due hereon.

Discharge. The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall be deemed to be paid and no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of Bonds and of such payment.

Modifications. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond shall not be valid or obligatory for any purpose until it shall have been authenticated by a duly authorized officer of the Trustee, as Authenticating Agent.

It is hereby certified and recited that all conditions, acts and things required by the statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed and that the issue of the Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said statutes.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed as of the Dated Date stated above.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Chair

(SEAL)

ATTEST:

By: _____
Secretary

FORM OF CERTIFICATE OF AUTHENTICATION

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture and is one of the Texas Department of Housing and Community Affairs Multifamily Housing Mortgage Revenue Bonds (Homes at Pecan Grove*) Series 2005.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee and Authenticating
Agent

By: _____
Authorized Signatory

Date of Authentication: _____

* Formerly known as Rose Court at Simpson Stuart

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address, including Zip Code, and Federal Taxpayer
Identification or Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

Signature: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action regarding an Award of HOME funds from the 2013-1 HOME Multifamily Development Program Notice of Funding Availability for Majors Place Apartments

RECOMMENDED ACTION

WHEREAS, the Department received a total of 32 applications for HOME awards under the 2013-1 HOME Multifamily Development Program Notice of Funding Availability (“NOFA”);

WHEREAS, \$13,690,000 in HOME funds under the General Set Aside have been awarded under the NOFA to date and \$2,002,455 remains available under the General Set Aside to award to eligible applications;

WHEREAS, an application for funding under the General Set Aside was received for Majors Place Apartments;

WHEREAS, \$997,545 in de-obligated funds and program income, in addition to what was contemplated in the NOFA under the General Set Aside, is currently available to award, for a total of \$3,000,000 as recommended in the Underwriting Report; and

WHEREAS, the previous participation reviews in accordance with 10 TAC §1.5 by the Executive Award and Review Advisory Committee (“EARAC”) did not note any issues with this application;

NOW, therefore, it is hereby

RESOLVED, that commitment of HOME funding from the 2013-1 HOME Multifamily Development Program NOFA for Majors Place Apartments is hereby approved as presented to this meeting; and

FURTHER RESOLVED, that the Board’s approval is conditioned upon satisfaction of all conditions of underwriting and completion of any other reviews required to ensure compliance with the applicable rules and requirements for HOME Multifamily Development Program funds.

BACKGROUND

On September 12, 2013, the Board approved the 2013-1 HOME Multifamily Development Program NOFA with \$21,692,455 in funds (\$15,692,455 under the General Set Aside and \$6,000,000 under the CHDO Set Aside). At the Board Meeting of November 7, 2013, \$7,090,000 in HOME funds under the General Set Aside was awarded to nine applications under the NOFA. At the Board Meeting of December 12, 2013, \$2,000,000 in HOME funds under the General Set Aside was awarded to two applications under the NOFA. At the Board Meeting of January 23, 2014, \$2,850,000 in HOME funds under the General Set Aside was awarded to two applications under the NOFA. At the Board Meeting of March 6, 2014, \$1,000,000 in HOME funds under the General Set Aside was awarded to one application under the NOFA. At the Board Meeting of May 8, 2014, \$2,300,000 in HOME funds under the CHDO Set Aside was awarded to one application under the NOFA. At the Board Meeting of June 5, 2014, \$750,000 in HOME funds under the General Set Aside was awarded to one application under the NOFA.

Staff is recommending the Board's approval of Majors Place Apartment for \$3,000,000 in HOME funds under the General Set Aside. Since only \$2,002,455 is remaining under the General Set Aside, \$997,545 in de-obligated funds and program income is being recommended to fully fund the application. The recommended applications and award amounts are outlined in the attached Application and Award Recommendations Log.

General Information: Majors Place Apartments is applying for HOME funds without any other Department sources (4% or 9% Housing Tax Credits) of funds. The \$3,000,000 HOME loan is proposed to be a second lien mortgage at 0% interest. Other sources include a first lien conventional loan from IBC Bank for \$14,200,000 and \$500,000 in owner equity. The funds will be used to construct 176 units serving General population households known as Majors Place Apartments. 36 of the 176 units will target households earning 50% or less of the Area Median Income, while the other 140 units will be market-rate units with no income restrictions.

Previous Participation Review: EARAC met on June 16, 2014, and considered the previous participation review documentation relating to the organizational structures for the Majors Place Apartments application in accordance with the Previous Participation Reviews rule found in 10 TAC §1.5. No issues related to previous participation were identified for the applicant or its affiliates.

Should the recommended award be approved, \$3,700,000 will remain available under the NOFA with \$0 under the General Set Aside and \$3,700,000 under the CHDO Set Aside. The \$3,700,000 available under the CHDO Set Aside may be rolled over to the next NOFA, which is currently anticipated to be made available in the late-Summer to Fall 2014.



2013-1 HOME Multifamily Development (MFD) Program NOFA - Application Log

Total of \$21,692,455 Available

Application Acceptance Period Ended 12/30/13 - Only applications that have been awarded/recommended or are under review are reflected

Total Set Aside Funding Level: \$ 15,692,455

General Set-Aside

Available Balance (after awarded/recommended): \$ -

File #	Reg.	Date Received (1)	Development Name	City	Housing Activity (2)	Reqstd HOME Units	Total units	Target Population	Layering (3)	Requested Project Funds	As Underwritten	Recommended Project Funds	Status
13046	11	2/11/2013	La Esperanza Del Rio	Rio Grande City ETJ	NC	10	60	General	9%	\$1,000,000	\$ 1,000,000	\$ 1,000,000	Approved 12/12/13
13003	3	2/25/2013	Crossing at Oak Grove	Kerens	R	26	32	General	9%	\$370,000	\$ 370,000	\$ 370,000	Approved 11/7/13
13004	4	2/25/2013	Stone Creek Apartments	Kilgore	R	17	56	General	9%	\$540,000	\$ 540,000	\$ 540,000	Approved 11/7/13
13001	4	2/27/2013	Sunset Place Apartments	Malakoff	R	11	36	General	9%	\$430,000	\$ 430,000	\$ 430,000	Approved 11/7/13
13201	7	2/27/2013	The Trails at Carmel Creek	Hutto	NC	9	61	Elderly	9%	\$1,000,000	\$ 1,000,000	\$ 1,000,000	Approved 11/7/13
13213	10	2/28/2013	Bailey Square	Cuero	NC	9	56	General	9%	\$1,000,000	\$ 1,000,000	\$ 1,000,000	Approved 11/7/13
13232	5	3/1/2013	Pine Lake Estates	Nacogdoches	R	12	100	Elderly	9%	\$1,000,000	\$ 1,000,000	\$ 1,000,000	Approved 11/7/13
13180	12	3/13/2013	Mission Village of Pecos	Pecos	NC	12	60	General	9%	\$750,000	\$ 750,000	\$ 750,000	Approved 11/7/13
13058	3	3/28/2013	Evergreen at Hebron Senior Community	Hebron	NC	8	136	Elderly	9%	\$1,000,000	\$ 1,000,000	\$ 1,000,000	Approved 11/7/13
13145	3	3/28/2013	Mariposa at Elk Drive	Burleson	NC	14	180	Elderly	9%	\$1,000,000	\$ 1,000,000	\$ 1,000,000	Approved 11/7/13
13051	11	5/8/2013	Royal Gardens	Rio Grande City	NC	11	80	General	9%	\$1,000,000	\$ 1,000,000	\$ 1,000,000	Approved 12/12/13
13118	8	10/11/2013	Oak Ridge Apartments	Nolanville	NC	8	48	General	9%	\$1,000,000	\$ 1,000,000	\$ 1,000,000	Approved 1/23/14
13500	9	10/11/2013	Sunrise Townhomes	Fredericksburg	NC	16	36	General	HOME only	\$1,850,000	\$ 1,850,000	\$ 1,850,000	Approved 1/23/14

13119	10	11/19/2013	Emma Finke Villas	Beeville	R	13	76	General	9%	\$1,000,000	\$1,000,000	\$1,000,000	Approved 3/6/14
13139	1	12/27/2013	Stonebridge of Plainview	Plainview	NC	10	80	General	9%	\$750,000	\$750,000	\$750,000	Approved 6/5/14
13502	3	12/30/2013	Majors Place Apartments	Greenville	NC	36	176	General	HOME only	\$3,000,000	\$3,000,000	\$3,000,000	To be recommended for award
Total General Applications			16	Unit Totals:		222	1273	Total:		\$ 16,690,000	\$ 16,690,000	\$ 16,690,000	

CHDO Set-Aside

Total Set Aside Funding Level: \$ 6,000,000
Available Balance (after recommended/awarded): \$ 3,700,000

File #	Reg.	Date Received	Development Name	City	Housing Activity (1)	Reqstd HOME Units	Total units	Target Population (2)	Layering (3)	Requested Project Funds	As Underwritten	Recommended Project Funds	Status
13501	10	12/30/2013	Houston House Apartments	Victoria	R	49	50	General	HOME only	\$2,300,000	\$ 2,300,000	\$ 2,300,000	Approved 5/8/14
Total CHDO Applications			2	Unit Totals:		49	50	Total:		\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	

Sorted by Date Received

1 = Date Received: The date that the application, all required 3rd Party Reports, and Application Fees were received. Time received is currently not reflected.

2 = Housing Activity: New Construction=NC, Rehabilitation=R

3 = Layering of Other Department Active Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program

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BOARD ACTION REQUEST
COMPLIANCE DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action on modified award conditions for Stonebridge at Plainview

RECOMMENDED ACTION

WHEREAS, on June 5, 2014, the Board approved the award of HOME funds to Stonebridge at Plainview conditioned upon correction of all issues of noncompliance at an affiliated property, Arbor Cove;

WHEREAS, it has been determined that there is an issue of noncompliance relating to providing a Fair Housing Disclosure Notice that cannot be corrected because the household has left the property and cannot be provided with such a notice; and

WHEREAS, the recommendation of the Executive Award Review Advisory Committee (“EARAC”) was based on an assumption that the owner had the ability to correct all issues of noncompliance and it would not recommend imposing a clearly impossible condition under these circumstances;

NOW, therefore, it is hereby

RESOLVED, that the Board accepts EARAC’s recommendation to modify the award conditions of June 5, 2014, for Stonebridge at Plainview to exclude the requirement to correct the noncompliance associated with unit 311 and the Failure to Provide the Fair Housing Disclosure Notice.

BACKGROUND

Since January 2013, owners have been required to provide each household that moves in or transfers on-site with the Department’s Fair Housing Disclosure Notice. A household moved into Arbor Cove on February 8, 2013, fairly soon after the new rule went into effect, without being provided the required notice. That household vacated the unit at a time when there was no corrective action possible for this finding of noncompliance (revised rules were adopted in November 2013 that provide limited ability to correct this event of noncompliance). At the time that EARAC was considering this applicant’s compliance history it was not known that there was an event that could not be corrected. The owner has been working with Department staff and submitting corrective action as required. There is one more issue outstanding that can be corrected (household income above income limit upon initial occupancy for unit 419). Provided that the owner corrects that issue on or before July 5, 2014, EARAC recommends approval of HOME funds to Stonebridge at Plainview despite the uncorrected compliance issue associated with unit 311.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action on Conditional Program Year (PY) 2014
Emergency Solutions Grants Awards

RECOMMENDED ACTION

WHEREAS, the Emergency Solutions Grants (“ESG”) program is funded by the U.S. Department of Housing and Urban Development (“HUD”). For Program Year 2014, the Department expects to receive \$8,239,076, of which \$7,933,970 or 96.3% will be awarded and \$305,106 or 3.7% will be retained for State administration of the program; and

WHEREAS, federal program rules require the Department to commit all funds within 60 days of receipt of an award letter from HUD and the Department has not yet received an award letter from HUD, the Department is proposing awards, conditioned on the receipt of said HUD award letter and funds and any required environmental review, at this Governing Board meeting to be able to move forward with the planning and implementation of the grant as soon as the Award letter from HUD arrives;

NOW, therefore, it is hereby

RESOLVED, that the executive director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate the award of \$7,933,970 in PY 2014 ESG contracts to the awardees selected through the 2014 ESG Notice of Funding Availability.

Background

The Emergency Solutions Grants (“ESG”) program is funded by the U.S. Department of Housing and Urban Development (“HUD”). The ESG’s focus is to assist people to regain stability in permanent housing quickly after experiencing a housing crisis and/or homelessness. ESG funds can be utilized for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless; the payment of certain expenses related to operating emergency shelters; essential services related to emergency shelters and street outreach for the homeless; and homelessness prevention and rapid re-housing assistance.

On February 10, 2014, the Department released a Notice of Funding Availability (“NOFA”) notifying prospective applicants of the availability of ESG funds for Program Year 2014.

Applications were due on March 10, 2014. The Department received 43 applications from 9 of the 12 Continuum of Care (“CoC”) Regions.

There were no applicants from the Wichita Falls/Wise, Palo Pinto, Wichita, Archer counties CoC, nor the Bryan/College Station/Brazos Valley CoC. There were also no applicants from within the Fort Worth/Arlington/Tarrant County CoC, but in this case, as specified on the 2014 ESG NOFA, the Department will award the ESG funds directly to the CoC lead agency, and in turn they will determine how to distribute the funds locally. This is part of a model the Department is piloting as a possible ESG grant distribution method for the coming years. The idea behind this model is to leverage the CoC’s local expertise, letting them distribute the funds using their knowledge of local needs, priorities and capacities.

For the 43 applications received, awardees were chosen based on a standardized scoring instrument that evaluated and scored eligible proposals. Funds were allocated to the CoC regions based on criteria indicated in the NOFA, including the CoC regions’ proportionate share of the state’s total homeless population and persons living in poverty.

Attachment A reflects all eligible applications received and denotes the recommended awardees, their original request and the recommended award amount. Some requested amounts were adjusted upward based on allowances for additional administrative funds in the NOFA. Successful applicants must provide a match of 100% of the ESG award, with the exception of \$100,000 which is available by application for awardees that are unable to meet the match requirement. While some awardees had issues reported to Executive Award Review Advisory Committee (“EARAC”), EARAC did recommend approval. To the extent that any remaining listed awardees have not been reviewed and recommended by the by the date of the Board meeting, staff will provide a recommendation to the Board relating to those items.

Texas Department of Housing and Community Affairs
Emergency Solutions Grants (ESG) program
Recommended 2014 ESG Awards (Conditional*)

#	Continuum of Care	Application ID	Applicant Name	Name of Partners (if applicable)	Eligible?	Final Score	Final Award Recommendation
1	San Antonio/ Bexar County	TX-500-02-FE	Family Endeavors, Inc.	1) National Veterans Outreach American G.I. Forum 2) The Salvation Army - San Antonio	Yes	778	\$452,288
2	San Antonio/ Bexar County	TX-500-05-SAMMI	San Antonio Metropolitan Ministry, Inc. dba SAMMinistries	1) San Antonio Food Bank 2) Haven for Hope of Bexar County	Yes	583	\$327,956
3	San Antonio/ Bexar County	TX-500-03-FVPS	Family Violence Prevention Services, Inc.	N/A	Yes	567	\$0
4	San Antonio/ Bexar County	TX-500-04-HC	Health Collaborative	N/A	Yes	430	\$0
5	San Antonio/ Bexar County	TX-500-01-CCASA	Catholic Charities, Archdiocese of San Antonio, Inc.	N/A	Yes	347	\$0
6	Austin/Travis County	TX-503-01-YAFALW	Youth and Family Alliance dba LifeWorks	1) Travis County Domestic Violence and Sexual Assault Survival Center dba SafePlace 2) Ending Community Homelessness Coalition, Inc.	Yes	564	\$399,879
7	Dallas City & County/ Irving	TX-600-02-TFP	The Family Place, Inc.	1) Metrocare Services 2) Promise House, Inc 3) Legal Aid of NorthWest Texas	Yes	607	\$602,288
8	Dallas City & County/ Irving	TX-600-01-SHCI	Shared Housing Center, Inc. dba Shared Housing	1) Dallas County Hospital District - Parkland 2) Jewish Family Services 3) Rainbow Days, Inc	Yes	328	\$101,477
9	Fort Worth/Arlington/ Tarrant County	Per NOFA, funds to be awarded directly to Tarrant County CoC					\$500,149
10	El Paso City & County	TX-603-03-SAEP	The Salvation Army - El Paso	N/A	Yes	606	\$150,000
11	El Paso City & County	TX-603-01-CAFV	Center Against Family Violence	1) Sexual Trauma & Assault Response Services (STARS)	Yes	382	\$147,550
12	El Paso City & County	TX-603-02-PV	Project Vida	1) La Posada Home, Inc. 2) YWCA El Paso Del Norte Region 3) El Paso Alliance	No**	0	\$0
13	Waco/McLennan County	TX-604-01-FACI	Family Abuse Center, Inc.	N/A	Yes	631	\$72,876
14	Texas Balance of State	TX-607-01-AO	Advocacy Outreach	1) Bastrop County Women's Shelter dba Family Crisis Center	Yes	760	\$302,288
15	Texas Balance of State	TX-607-13-LPP	La Posada Providencia	1) Loaves and Fishes of the Rio Grande Valley, Inc. 2) South Texas Adult Resource and Training Center 3) Family Crisis Center, Inc.	Yes	747	\$566,541

Texas Department of Housing and Community Affairs
Emergency Solutions Grants (ESG) program
Recommended 2014 ESG Awards (Conditional*)

#	Continuum of Care	Application ID	Applicant Name	Name of Partners (if applicable)	Eligible?	Final Score	Final Award Recommendation
16	Texas Balance of State	TX-607-14-MCFS	Mid-Coast Family Services, Inc.	N/A	Yes	727	\$133,201
17	Texas Balance of State	TX-607-17-SACC	The Salvation Army - Corpus Christi	1) Corpus Christi Metro Ministries (CCMM)	Yes	707	\$302,288
18	Texas Balance of State	TX-607-21-SATY	The Salvation Army - Tyler	1) PATH: People Attempting to Help 2) East Texas Crisis Center	Yes	707	\$452,288
19	Texas Balance of State	TX-607-23-WSET	Women's Shelter of East Texas, Inc. (DBA Janelle Grum Family Crisis Center of East Texas)	N/A	Yes	702	\$125,000
20	Texas Balance of State	TX-607-18-SAFET	Shelter Agencies for Families in East Texas, Inc. dba SAFE-T	N/A	Yes	694	\$149,691
21	Texas Balance of State	TX-607-05-CD	City of Denton	1) Christian Community Action 2) Denton County Friends of the Family 3) Giving Hope, Inc 4) The Salvation Army - Denton	Yes	676	\$591,880
22	Texas Balance of State	TX-607-04-CCHHI	Corpus Christi Hope House, Inc.	N/A	Yes	637	\$130,690
23	Texas Balance of State	TX-607-15-MCWCC	Matagorda County Women's Crisis Center dba The Crisis Center	1) Economic Action Committee of the Gulf Coast	Yes	632	\$302,288
24	Texas Balance of State	TX-607-10-FOWI	Friendship of Women, Inc.	1) Bishop Enrique San Pedro Ozanam 2) Catholic Charities of the Rio Grande Valley 3) Brownsville Adult Literacy Council, Inc.	Yes	542	\$0
25	Texas Balance of State	TX-607-06-CT	City of Texarkana	1) Texarkana Friendship Center 2) The Salvation Army - Texarkana 3) Randy Sams Outreach Shelter 4) Domestic Violence Prevention, Inc. 5) Housing Authority of Texarkana	Yes	502	\$0
26	Texas Balance of State	TX-607-22-WCET	Women's Center of East Texas, Inc.	N/A	Yes	502	\$0
27	Texas Balance of State	TX-607-08-FIC	Families in Crisis, Inc.	N/A	Yes	469	\$0
28	Texas Balance of State	TX-607-11-FROI	Four Rivers Outreach, Inc.	N/A	Yes	441	\$0
29	Texas Balance of State	TX-607-16-SAAB	The Salvation Army - Abilene	N/A	Yes	424	\$0
30	Texas Balance of State	TX-607-12-GCSI	Grayson County Shelter, Inc.	1) Grayson County Juvenile Alternatives, Inc dba North Texas Youth Connection 2) Texoma Council of Governments	Yes	402	\$0

Texas Department of Housing and Community Affairs
Emergency Solutions Grants (ESG) program
Recommended 2014 ESG Awards (Conditional*)

#	Continuum of Care	Application ID	Applicant Name	Name of Partners (if applicable)	Eligible?	Final Score	Final Award Recommendation
31	Texas Balance of State	TX-607-20-SAMMI	San Antonio Metropolitan Ministry, Inc. dba SAMMinistries	N/A	Yes	354	\$0
32	Texas Balance of State	TX-607-07-CVCAA	Concho Valley Community Action Agency	1) The Salvation Army - San Angelo	Yes	343	\$0
33	Texas Balance of State	TX-607-19-SAL	The Salvation Army - Lubbock	N/A	Yes	299	\$0
34	Texas Balance of State	TX-607-03-CC	The Children's Center, Inc.	1) St. Vincent's House 2) Catholic Charities of the Archdiocese of Galveston/Houston	Yes	223	\$0
35	Texas Balance of State	TX-607-02-ARCH	Advocacy Resource Center for Housing	N/A	No**	0	\$0
36	Texas Balance of State	TX-607-09-FMHC	Faith Mission & Help Center, Inc.	N/A	No**	0	\$0
37	Amarillo	TX-611-01-COA	City of Amarillo	1) Another Chance House, Inc. 2) Family Support Services, Inc. 3) Guyon Saunders Resource Center 4) The Salvation Army - Amarillo	Yes	461	\$92,024
38	Wichita Falls/Wise, Palo Pinto, Wichita, Archer Counties	No applicants	NA	NA	NA	0	\$0
39	City of Houston/Harris County	TX-700-01-ACAMI	Alliance of Community Assistance Ministries, Inc.	1) Fort Bend County Women's Center 2) Humble Area Assistance Ministries, Inc. (HAAM) 3) Memorial Assistance Ministries (MAM) 4) Wesley Community Center	Yes	864	\$602,288
40	City of Houston/Harris County	TX-700-05-SEARCHHS	SEARCH Homeless Services	1) Healthcare for the Homeless 2) The Salvation Army - Houston	Yes	712	\$452,288
41	City of Houston/Harris County	TX-700-06-TBOTW	The Bridge Over Troubled Waters, Inc.	1) Bay Area Turning Point 2) Bay Area Council on Drugs and Alcohol	Yes	675.33	\$452,120
42	City of Houston/Harris County	TX-700-04-NAM	Northwest Assistance Ministries	1) Santa Maria Hostel 2) Houston Area Community Services	Yes	672	\$340,528
43	City of Houston/Harris County	TX-700-03-HAWC	Houston Area Women's Center	N/A	Yes	595	\$0
44	City of Houston/Harris County	TX-700-02-BAHS	Bay Area Homeless Services	N/A	Yes	500	\$0
45	Bryan/College Station/ Brazos Valley	No applicants	NA	NA	NA	0	\$0
46	Beaumont/Port Arthur/ South East Texas	TX-703-01-COB	City of Beaumont	1) Catholic Charities of Southeast Texas 2) Family Services of Southeast Texas 3) Some Other Place, Inc	Yes	400	\$184,104
						Total:	\$7,933,970

*Awards are conditioned on receipt of funding from the U.S. Department of Housing and Urban Development

**Application was determined ineligible during the application review process.

Texas Department of Housing and Community Affairs
 Emergency Solutions Grants (ESG) program
 Recommended 2014 ESG Awards (Conditional*)

#	Continuum of Care	Applicant Name	Final Award Recommendation
1	San Antonio/Bexar County	Family Endeavors, Inc.	\$452,288
2	San Antonio/ Bexar County	San Antonio Metropolitan Ministry, Inc. dba SAMMinistries	\$327,956
3	Austin/Travis County	Youth and Family Alliance dba LifeWorks	\$399,879
4	Dallas City & County/Irving	The Family Place, Inc.	\$602,288
5	Dallas City & County/ Irving	Shared Housing Center, Inc. dba Shared Housing	\$101,477
6	Fort Worth/Arlington/ Tarrant County CoC		\$500,149
7	El Paso City & County	The Salvation Army - El Paso	\$150,000
8	El Paso City & County	Center Against Family Violence	\$147,550
9	Waco/McLennan County	Family Abuse Center, Inc.	\$72,876
10	Texas Balance of State	Advocacy Outreach	\$302,288
11	Texas Balance of State	La Posada Providencia	\$566,541
12	Texas Balance of State	Mid-Coast Family Services, Inc.	\$133,201
13	Texas Balance of State	The Salvation Army - Corpus Christi	\$302,288
14	Texas Balance of State	The Salvation Army - Tyler	\$452,288
15	Texas Balance of State	Women's Shelter of East Texas, Inc. (DBA Janelle Grum Family Crisis Center of East Texas)	\$125,000
16	Texas Balance of State	Shelter Agencies for Families in East Texas, Inc. dba SAFE-T	\$149,691
17	Texas Balance of State	City of Denton	\$591,880
18	Texas Balance of State	Corpus Christi Hope House, Inc.	\$130,690
19	Texas Balance of State	Matagorda County Women's Crisis Center dba The Crisis Center	\$302,288
20	Amarillo	City of Amarillo	\$92,024
21	City of Houston/Harris County	Alliance of Community Assistance Ministries, Inc.	\$602,288

Texas Department of Housing and Community Affairs
Emergency Solutions Grants (ESG) program
Recommended 2014 ESG Awards (Conditional*)

#	Continuum of Care	Applicant Name	Final Award Recommendation
22	City of Houston/Harris County	SEARCH Homeless Services	\$452,288
23	City of Houston/Harris County	The Bridge Over Troubled Waters, Inc.	\$452,120
24	City of Houston/Harris County	Northwest Assistance Ministries	\$340,528
25	Beaumont/Port Arthur/ South East Texas	City of Beaumont	\$184,104

*Awards are conditioned on receipt of funding from HUD and enviromental review

Total \$7,933,970

#	Continuum of Care	Funds Awarded in CoC	Applications Received	Applications Funded
1	San Antonio/ Bexar County	\$780,244	5	3
2	Austin/Travis County	\$399,879	1	1
3	Dallas City & County/ Irving	\$703,765	2	2
4	Fort Worth/Arlington/Tarrant County	\$500,149	NA*	NA*
5	El Paso City & County	\$297,550	3	2
6	Waco/McLennan County	\$72,876	1	1
7	Texas Balance of State**	\$3,056,155	23	10
8	Amarillo	\$92,024	1	1
9	Wichita Falls/Wise, Palo Pinto, Wichita, Archer Counties	\$0	0	0
10	City of Houston/Harris County	\$1,847,224	6	4
11	Bryan/College Station/Brazos Valley	\$0	0	0
12	Beaumont/Port Arthur/South East Texas	\$184,104	1	1
Total		\$7,933,970	43	25

NA* Per NOFA, funds will be awarded directly for the CoC to distribute.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action on Conditional Prior Year Emergency Shelter Grants Program (“ESGP”) and Emergency Solutions Grants (“ESG”) program Awards

RECOMMENDED ACTION

WHEREAS, at the May 8, 2014, meeting the Board authorized staff to effectuate contracts or amendments to contracts of current recipients, or applicants under Notices of Funding Availability, of the unexpended previous years ESG and ESGP funds, and

WHEREAS, staff has identified eligible organizations to receive these funds;

NOW, therefore, it is hereby

RESOLVED, that the executive director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate the award of \$625,401 in prior year Emergency Shelter Grants Program contracts, and \$249,926 and \$779,140 in prior years 2011 and 2012 respectively, Emergency Solutions Grants contracts to the awardees indicated in Attachment A.

Background

The ESGP was funded by the U.S. Department of Housing and Urban Development (“HUD”) until July 2012, when HUD ended the program and started the ESG. The ESGP’s focus had been the first step in a continuum of assistance to enable homeless individuals and families to move toward independent living as well as to prevent homelessness. ESGP funds could be utilized for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, the payment of certain operating expenses and essential services in connection with emergency shelters for the homeless, and for homelessness prevention activities. Funds from this prior program have been identified as available for use; therefore, activities under these contracts approve today will be limited to only those activities eligible under the original ESGP.

Awardees for the prior year ESGP funds were chosen based on the requirements relating to use of funds in the 2014 Notice of Funds Availability (“NOFA”), which is the most recent program-related guidance issued by the Department. Section IX of the NOFA states, “if prior year funds become available, the additional funding *may* be used to make additional awards to ESG agencies already awarded 2014 ESG funds.” However, to prevent the mixture of funds from two different programs with separate sets of rules, staff has elected to provide the funds to the next applicants in line by region with the highest proportional poverty and the next highest score.

The ESG program is also funded by HUD. The ESG program's focus is to assist people in regaining stability in permanent housing quickly after experiencing a housing crisis and/or homelessness. ESG funds can be utilized for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless; the payment of certain expenses related to operating emergency shelters; essential services related to emergency shelters and street outreach for the homeless; and, homelessness prevention and rapid re-housing assistance.

Awardees for the prior year ESG funds were chosen based the use of funds requirements of the 2013 Notice of Funds Availability (NOFA). Section IX of the NOFA states, "If, subsequent to announcement of awards made under the FY2013 NOFA, additional 2013 funds become available either through a supplemental appropriation, return of funds, or recapture, or if prior year funds become available, the additional funding *may* be used to make additional awards to ESG agencies already awarded 2013 ESG funds." Staff has elected to award ESG funds from program years 2011 and 2012 to those 2013 awardees whose applications were not fully funded due to the Department receiving a lower allocation from HUD than expected in PY 2013 and because of sequestration. After these awardees were "made whole" (i.e., fully funded) staff provided funds to the next applicants in line by region with the highest proportional poverty and the next highest score. To the extent that any listed awardees have not been reviewed and recommended by the Executive Award Review Advisory Committee by the date of the Board meeting, staff will provide a recommendation to the Board relating to those items.

Attachment A reflects the awardees of prior-year ESGP and ESG funds.

ATTACHMENT A

#	Continuum of Care	Applicant Name	Name of Partners (if applicable)	APP PY	Award Recommendation
1	Austin/Travis County	Youth and Family Alliance dba LifeWorks	1) SafePlace 2) Salvation Army - Austin 3) ECHO: Ending Community Homelessness Coalition 4) Caritas of Austin	2013	\$70,463
2	Beaumont/Port Arthur/Southeast Texas	City of Beaumont	1) Catholic Charities of South East Texas 2) Family Services of South East Texas 3) Some Other Place/Henry's Place	2013	\$57,927
3	Waco/McClennan County	Family Abuse Center, Inc.	N/A	2013	\$19,836
4	Texas Balance of State	Mid-Coast Family Services	N/A	2013	\$12,094
5	City of El Paso /El Paso County	Project Vida	1) La Posada Home, Inc. 2) YWCA El Paso Del Norte Region; 3) County of El Paso 4) El Paso Alliance, Inc.	2013	\$78,858
6	Fort Worth/Arlington/Tarrant County	SafeHaven of Tarrant County	1) Catholic Charities Fort Worth; 2) Grapevine Relief And Community Exchange; 3) Presbyterian Night Shelter	2013	\$10,748
			Total		\$249,926
			Available 2011 Funds		\$249,926
			Balance		\$0
End 2011 Funds					
6	Fort Worth/Arlington/Tarrant County	SafeHaven of Tarrant County	1) Catholic Charities Fort Worth; 2) Grapevine Relief And Community Exchange; 3) Presbyterian Night Shelter	2013	\$154,431
7	Texas Balance of State	The Salvation Army - Corpus Christi	N/A	2013	\$17,581
8	Bryan/College Station/Brazos Valley	Twin City Mission	Family Promise of Bryan/College Station	2013	\$16,565
			Total		\$188,577
			Available 2012 Funds		\$779,140
			Balance 2012 Funds		\$590,563

End 2013 Applications Made Whole					
1	City of Houston/Harris County	Northwest Alliance Ministries	1) Santa Maria Hostel 2) Houston Area Community Services	2014	\$103,470
2	San Antonio	San Antonio Metropolitan Ministries	1) San Antonio Food Bank 2) Haven for Hope of Bexar County	2014	\$122,043
			Total		\$225,513
			Available 2012 Funds		\$590,563
			Balance 2012 Funds		\$365,050
End 2014 Applications Made Whole					
1	Texas Balance of State	Salvation Army - Tyler	N/A	2013	\$150,000
2	City of Houston/Harris County	Houston Area Womens Center	N/A	2013	\$150,000
			Total		\$300,000
			Available 2012 Funds		\$365,050
			Balance 2012 Funds		\$65,050
End 2013 Down the List					
1	Texas Balance of State	Friendship of Women, Inc.	1) Bishop Entique San Pedro Ozanam Center 2) Catholic Charities of the Rio Grande Valley 3) Brownsville Adult Literacy Council, Inc.	2014	\$478,944
2	City of Houston/Harris County	Houston Area Women's Center	NA	2014	\$146,457
			Total		\$625,401
			Available 2010 Funds -ESGP		\$625,401
			Balance		\$0
End 2010 Funds					
3	Texas Balance of State	Friendship of Women, Inc.	1) Bishop Entique San Pedro Ozanam Center 2) Catholic Charities of the Rio Grande Valley 3) Brownsville Adult Literacy Council, Inc.	2014	\$65,050
			Total		\$65,050
			Available 2012 Funds		\$65,050
			Balance		\$0
End 2014 Down-the-List					
End 2012 Funds					

R1

BOARD REPORT ITEM
PROGRAM PLANNING, POLICY, AND METRICS (3PM)
JUNE 26, 2014

Presentation on the Department Quarterly Snapshot tool.

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 duties is updating 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.

A companion document, the Snapshot User Guide, is located on the Department’s website. It is available at <http://tdhca.state.tx.us/metrics> for any reader interested in learning more about the report as well as the business and technical definitions for each program. It should be noted that one field name has changed beginning with this iteration of the Snapshot. “Non-TDHCA Admin Funds for Programming” will now be “Funds for Subrecipient Programming.” Staff believes this change will add clarity to the meaning of the data in that column.

Quarterly Snapshot Department Level

Program Type	Program	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units	Persons Served	Demolised Properties
					Retained	Expended	% Expended											
Single Family	MCC	\$ 181,341,604	N/A	\$ 181,341,604	N/A	N/A	N/A	\$ 181,341,604	\$ 717,958	\$ 180,623,646	99.6%		\$ 288,207,573	83.8%		2,037		
	TMP	\$ 600,000,000	N/A	\$ 600,000,000	N/A	N/A	N/A	\$ 600,000,000	\$ 257,532,182	\$ 342,467,818	57.1%		\$ 323,090,086	53.8%		2,435		
	HOME	\$ 215,065,945	\$ 19,924,101	\$ 234,990,046	\$ 16,637,610	\$ 14,657,663	0%	\$ 218,352,436	\$ 4,871,200	\$ 213,481,236	97.8%		\$ 153,887,868	70.5%		4,451		
	NSP	\$ 92,999,047	\$ 5,266,643	\$ 98,265,690	\$ 6,912,378	\$ 6,207,665	89.8%	\$ 91,353,312	\$ 4,539,264	\$ 86,814,048	95.0%		\$ 79,719,346	87.3%		1,923		161
	HTF	\$ 28,405,389	\$ 1,892,455	\$ 30,297,844	\$ 1,204,859	\$ 904,946	75.1%	\$ 29,092,985	\$ -	\$ 29,092,985	100%		\$ 23,555,177	81.0%		597		
	CSHC	\$ 10,417,048	\$ -	\$ 10,417,048	\$ 139,886	\$ 50,263	35.9%	\$ 10,277,162	\$ 2,183,334	\$ 8,093,828	78.8%		\$ 3,385,148	32.9%		156	26,683	
Multi-Family	9% HTC	\$ 58,633,207	\$ 2,915,861	\$ 61,549,068	N/A	N/A	N/A	\$ 61,549,068	\$ 1	\$ 61,549,067	100%		N/A	N/A	N/A	0		
	4% HTC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 6,372,608	100%		\$ -	0%		2,152		
	MF Bonds	\$ -	N/A	\$ -	N/A	N/A	N/A	\$ -	\$ -	\$ -	0%		N/A	N/A	N/A	0		
Community Affairs	LIHEAP	\$ 255,750,494	N/A	\$ 255,750,494	\$ 6,081,987	\$ 1,385,363	22.8%	\$ 249,668,507	\$ 6,703,908	\$ 46,648,186	97.3%		\$ 20,761,632	48.6%		3,389		
	CEAP									\$ 196,316,413			\$ 100,535,505					
	DOE	\$ 5,681,699	N/A	\$ 5,681,699	\$ 413,402	\$ 23,715	5.7%	\$ 5,268,297	\$ -	\$ 5,268,297	100%	[In Progress]	\$ 796,385	15.1%	[In Progress]	1,991		
	ESG	\$ 6,944,311	N/A	\$ 6,944,311	\$ 260,410	\$ 182,616	70.1%	\$ 6,683,901	\$ -	\$ 6,683,901	100%		\$ 3,199,183	47.9%			14,625	
	HHSP	\$ 5,000,000	N/A	\$ 5,000,000	N/A	N/A	N/A	\$ 5,000,000	\$ 1,387,651	\$ 3,612,349	72.2%		\$ 1,409,539	28.2%			3,501	
	CSBG	\$ 62,401,160	N/A	\$ 62,401,160	\$ 3,671,699	\$ 676,193	18.4%	\$ 58,729,461	\$ 1,768,417	\$ 56,961,044	97.0%		\$ 31,353,636	53.4%			487,269	
	BSCC	\$ 50,000	N/A	\$ 50,000	N/A	N/A	N/A	\$ 50,000	\$ -	\$ 50,000	100%		\$ 34,802	69.6%				
	Section 8	\$ 6,616,316	N/A	\$ 6,616,316	\$ 625,757	\$ 171,853	27.5%	\$ 5,990,559	\$ -	\$ 5,990,559	100%		\$ 2,210,090	36.9%		831		

Trendlines represent the percent Contracted and Expended for each program. The markers represent a past quarter represented on a Snapshot.

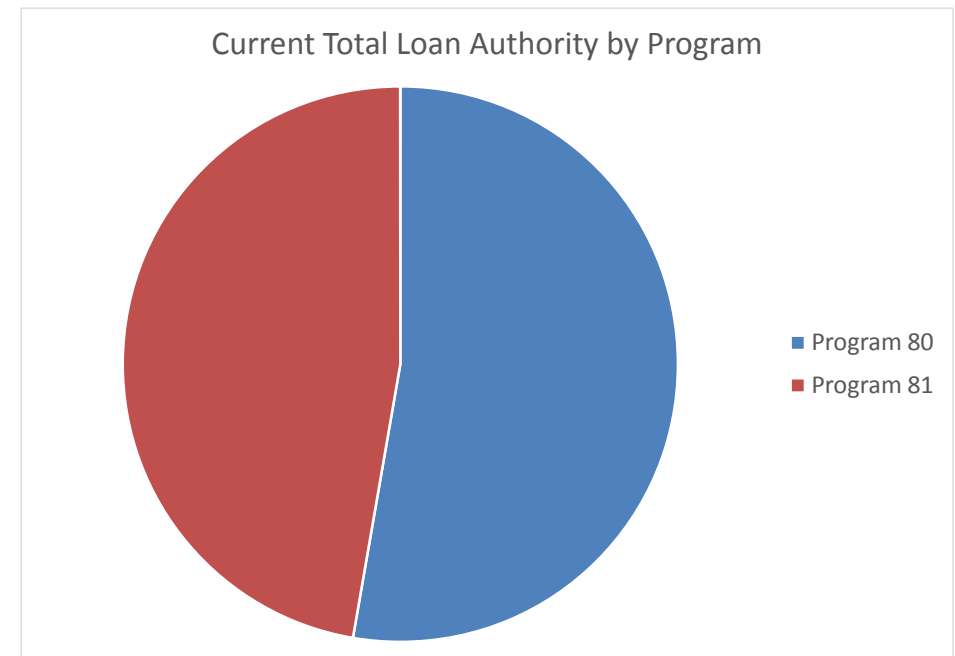
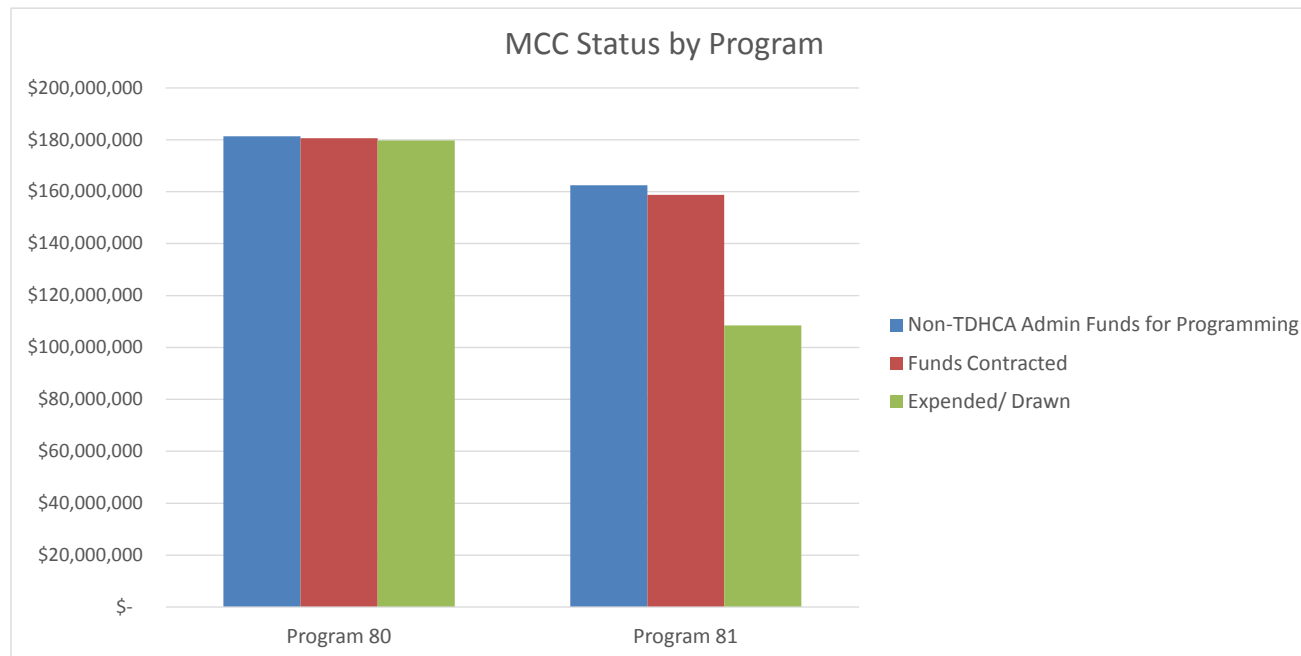
Performance data varies from program to program. Some programs track "Units" or "Households." Others track "Persons Served" or "Properties." For most programs, only one of the measures of performance is represented. For those where more are represented, the figures do not overlap but instead represent separate services.

Quarterly Snapshot

Program Area - Mortgage Credit Certificate

MCC Program	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units	Deadline
				Retained	Expended	% Expended										
Program 80	\$ 181,341,604	N/A	\$ 181,341,604	N/A	N/A	N/A	\$ 181,341,604	\$ 717,958	\$ 180,623,646	99.6%		\$ 179,772,789	99.1%		1,250	N/A
Program 81	\$ 162,500,000	N/A	\$ 162,500,000	N/A	N/A	N/A	\$ 162,500,000	\$ 3,692,524	\$ 158,807,476	97.7%		\$ 108,434,784	66.7%		787	N/A
Total	\$ 343,841,604	N/A	\$ 343,841,604	N/A	N/A	N/A	\$ 343,841,604	\$ 4,410,482	\$ 339,431,122	98.7%		\$ 288,207,573	83.8%		2,037	N/A
Prog. Terms	Loan Authority						Loan Authority		Committed in Pipeline			Issued			Originated	

The purpose of the Program Area Snapshot is to articulate some of the attributes of the program that make it unique. These items cannot usually be articulated on the Department Snapshot, which necessitate a closer look. For the MCC program, one unique attribute is that the program uses different terminology than "awarded," "contracted," and "expended." To clarify those distinctions, the "Prog. Terms" row was added to show the terminology used by staff in the program area. Hopefully this information will not only clarify how the program fits into the Snapshot and its comparable stages, but will also help in any communications with the program area.



The bar chart shows the status of each MCC program. The chart shows the progress of the total loan authority as its Committed in the Pipeline and then Issued. The blue lines show how much funding is intended to go to the subrecipients or households. This is essentially the yardstick by which we can measure progress. The red bar shows the amount contracted. For example, the red bar for Program 80 shows that almost 100% of the Total Loan Authority has been obligated, also referred to as Committed in the Pipeline. Finally, the green bar indicates the amount of funds that have been expended, also referred to in the MCC program as "Issued." In the MCC program, the issuance of credits is the goal of the program and thus the final metric used to determine progress.

As one might expect, the older program is further along in the final goal of full expenditures where the most recent year is moving along but not as fully expended.

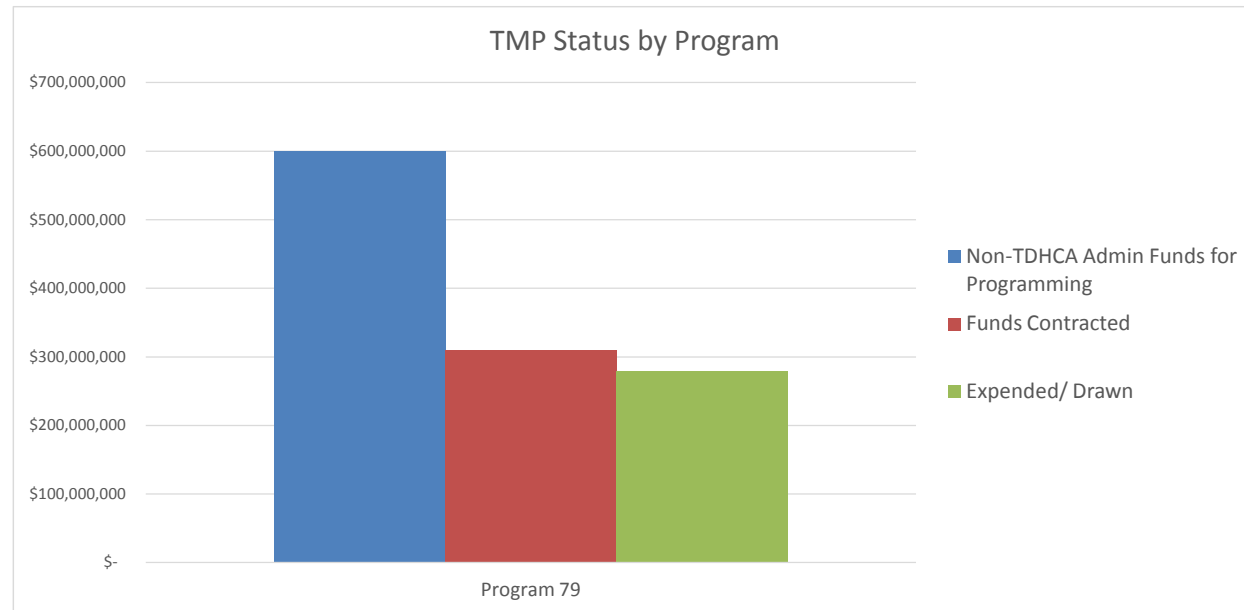
TDHCA's MCC program is split into Programs 80 and 81. As the above chart shows, the \$343 million in current Total Loan Authority is split between the two programs. Just under half is for the newer program 81 whereas just over half is for Program 80.

Quarterly Snapshot

Program Area - My First Texas Home (TMP)

TMP Program	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units	Deadline
				Retained	Expended	% Expended										
Program 79	\$ 600,000,000	N/A	\$ 600,000,000	N/A	N/A	N/A	\$ 600,000,000	\$ 257,532,182	\$ 342,467,818	57.1%		\$ 323,090,086	53.8%		2,435	N/A
Prog. Terms	Program Cap		Program Cap				Program Cap		Reservations & Compliance			Purchased/ Servicer & Investor/Trustee				

The purpose of the Program Area Snapshot is to articulate some of the attributes of the program that make it unique. These items cannot usually be articulated on the Department Snapshot, which necessitate a closer look. For the TMP program, one unique attribute is that the program uses different terminology than "awarded," "contracted," and "expended." To clarify those distinctions, the "Prog. Terms" row was added to show the terminology used by staff in the program area. Hopefully this information will clarify how the program fits into the Snapshot and its comparable stages.



The bar chart shows the status of the TMP program. The chart shows the progress of the funds as they come through the initial Reservations & Compliance stage (blue bar), go through Underwriting Certifications & Exceptions (red bar), and then finally the loans are Purchased (green bar). These stages, respectively, are comparable to the Award, Contracted, and Expended phases of other programs. Unlike the MCC program, there is currently only a single TMP program. The chart above shows that of the \$600M program cap, 57% or about \$343M has reached the Reservations & Compliance stage (or Contracted in the Snapshot). Further, 53% or about \$323M in loans have been purchased by a Servicer or Investor/Trustee (Expended). For the TMP program, the purchase of the loans are the funds being put to their final purpose and are thus the final metric of success.

Quarterly Snapshot Program Area - HOME

Program Year	Award to Administer	Program Income ^{^^}	Total Cumulative Funds	TDHCA Administrative Funds*			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units**	PI Allocation	PI Expended
				Retained	Expended	% Expended											
2008	\$ 40,043,225		\$ 40,043,225				\$ 40,043,225	\$ -	\$ 40,043,225	100.0%		\$ 37,440,153	93.5%		846	\$ 3,251,726	\$ 3,251,726
2009	\$ 43,933,530		\$ 43,933,530				\$ 43,933,530	\$ 1,268,447	\$ 42,665,083	97.1%		\$ 38,528,898	87.7%		697	\$ 3,447,443	\$ 3,447,443
2010	\$ 43,593,825		\$ 43,593,825				\$ 43,593,825	\$ 626,365	\$ 42,967,460	98.6%		\$ 35,173,033	80.7%		916	\$ 4,686,260	\$ 4,686,260
2011	\$ 39,180,788		\$ 39,180,788				\$ 39,180,788	\$ 1,090,033	\$ 38,090,755	97.2%		\$ 22,198,222	56.7%		669	\$ 2,652,961	\$ 2,652,961
2012	\$ 24,284,636		\$ 24,284,636				\$ 24,284,636	\$ 2,973,997	\$ 21,310,639	87.8%		\$ 220,083	0.9%		777	\$ 27,579	\$ 27,579
2013	\$ 24,029,941		\$ 24,029,941				\$ 24,029,941	\$ 15,549,968	\$ 8,479,973	35.3%		\$ 403,377	1.7%		13	\$ 5,858,132	\$ 5,858,132
HOME PI	N/A	\$ 19,924,101	\$ 19,924,101				\$ 19,924,101	\$ -	\$ 19,924,101	100.0%	N/A	\$ 19,924,101	100.0%	N/A	533	N/A	N/A
HOME Admin	\$ -	\$ -	\$ -	\$ 16,637,610	\$ 14,657,663	88.1%	\$ (16,637,610)	\$ (16,637,610)	\$ -	0.0%	N/A	\$ -	0.0%	N/A	N/A	N/A	N/A
Total	\$ 215,065,945	\$ 19,924,101	\$ 234,990,046	\$ 16,637,610	\$ 14,657,663		\$ 218,352,436	\$ 4,871,200	\$ 213,481,236	97.8%		\$ 153,887,868	70.5%		4,451	\$ 19,924,101	\$ 19,924,101

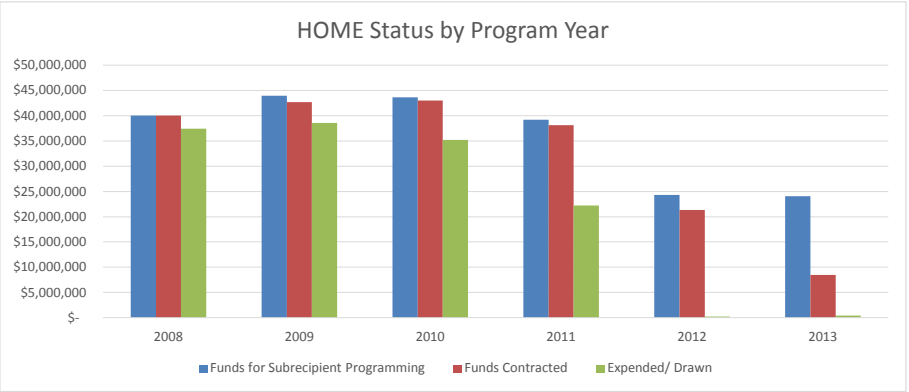
* TDHCA Administrative Funds figures are not available on a per year basis ^^ Program Income is from Program Years 2008 - 2013

** HOME units are counted at commitment, divided proportionally across the contributing funding years

^ The HOME Snapshot represents both single family and multifamily activities

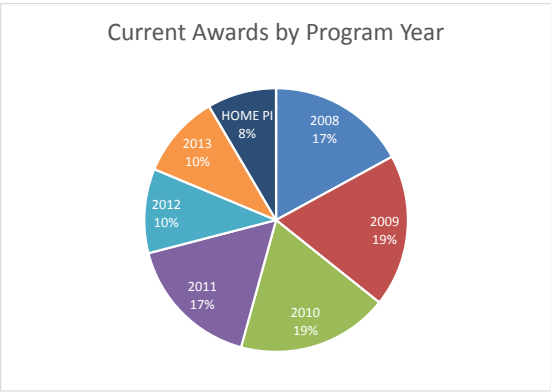
- Once a program year is reflected as being 100% expended, it will no longer be represented on the Snapshot

As the Trendlines show, there is fluctuation in the % Contracted and % Expended between quarters. This is due to the timing of Program Income. As PI is accrued, the percentages drop. As the PI is committed and expended, the percentages rise again. The trendlines occasionally show dips due to Program Income and Deobligated funds. When IDIS codes the incoming funds against a specific year, those years will show a decrease in the percentages Contracted and Expended. It is also important to note that with Trendlines, the vertical distance in each point is relative to the values of each point. Thus, in one cell, a seemingly large vertical difference in values may be less than 1%, whereas in an adjacent cell a seemingly small vertical distance represents 10%. The value of the trendlines is in reflecting relative change over time.

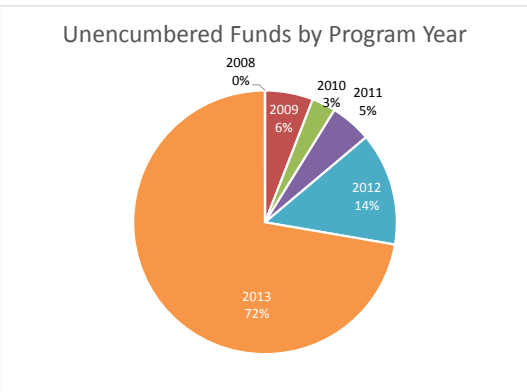


The bar chart shows the status of the program by program year. The chart shows the progress of the obligations and expenditures for awards to subrecipients in that year, not the actual obligations and expenditures that took place during that year. For example, the red line for 2008 shows that the entire ~\$41M in that year's award has been obligated. Some of that amount may have been obligated in more recent years. The above bar chart is a look at the status of a year's progress, not the activity that took place during that year.

The blue lines show how much funding was awarded to TDHCA for Administrators in that year. This is essentially the yardstick by which we can measure progress. The red lines show the funds that have been obligated by executed contract or reservation setup agreement. As one might expect, the older years are fully obligated where the most recent year is moving along but not fully obligated. The green line represents expenditures, the final metric the Snapshot uses to measure progress.



This pie chart simply shows the distribution of funds for the HOME program from HUD across the program years. For example, of the roughly \$215M TDHCA is administering, most of it is split into program years equalling about 19% or ~\$40M until 2011 when the award amount began declining.



HUD Performance Metrics		
Metric	Due Date	Progress
Commitment	4/30/2014	100%
Draw	6/30/2014	100%



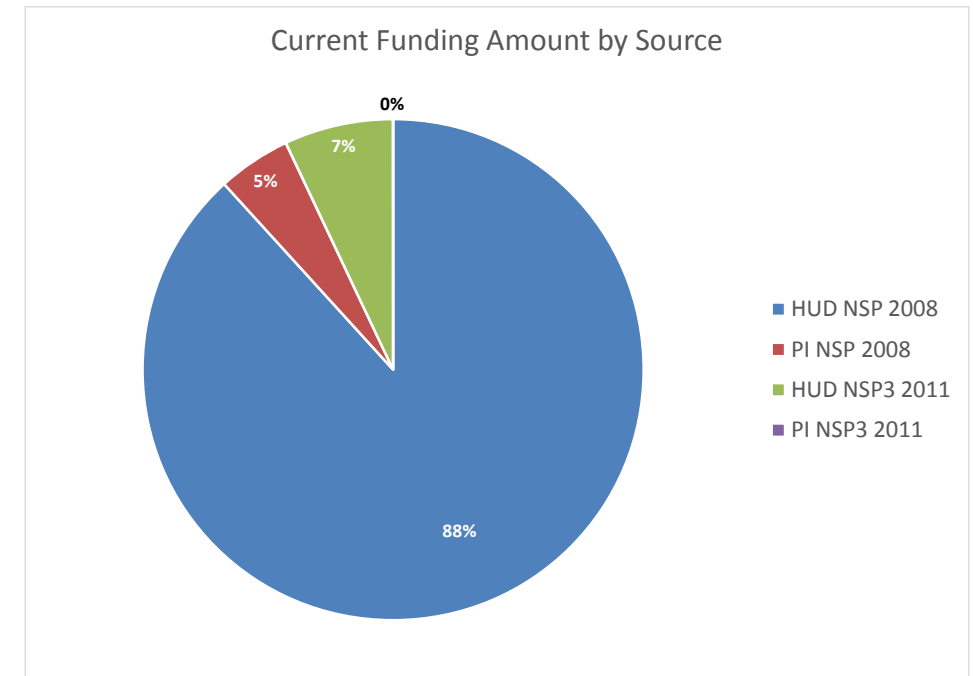
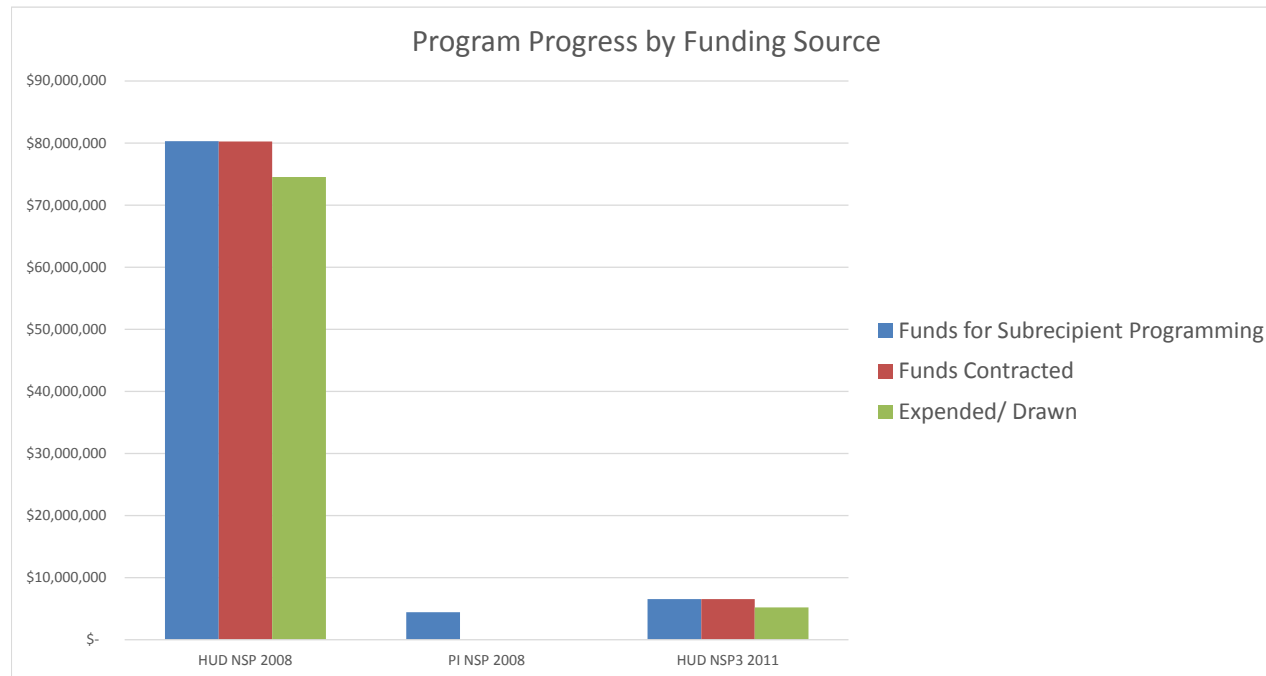
The primary HUD metric for determining the status of the HOME program throughout each year is our progress in the above table. HUD determines that by certain dates, a certain amount of both draws (expenditures) must be reached and then later, a certain amount of funds must be committed. As is shown in the above table, TDHCA met its deadline for amount drawn.

Quarterly Snapshot

Program Area - Neighborhood Stabilization Program (NSP)

Program	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units	Demolished Properties
				Retained	Expended	% Expended										
HUD NSP 2008	\$ 85,714,069	\$ -	\$ 85,714,069	\$ 5,380,896	\$ 5,380,896	100.0%	\$ 80,333,173	\$ 4,539,264	\$ 80,257,568	94.6%		\$ 74,510,384	92.8%		1,878	161
PI NSP 2008	\$ -	\$ 5,266,643	\$ 5,266,643	\$ 802,984	\$ 169,114	21.1%	\$ 4,463,659					\$ -			0	0
HUD NSP3 2011	\$ 7,284,978	\$ -	\$ 7,284,978	\$ 728,498	\$ 657,655	90.3%	\$ 6,556,480	\$ 0	\$ 6,556,480	100.0%		\$ 5,208,962	79.4%		45	0
PI NSP3 2011	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -					\$ -			0	0
Total	\$ 92,999,047	\$ 5,266,643	\$ 98,265,690	\$ 6,912,378	\$ 6,207,665	89.8%	\$ 91,353,312	\$ 4,539,264	\$ 86,814,048	95%		\$ 79,719,346	87.3%		1,923	161

The NSP % Contracted Trendlines have decreased slightly due to a corrected error in the data. Previous data erroneously included TDHCA Admin as part of the Funds Contracted.



The bar chart shows the status of NSP by program. The chart shows the progress of the obligations and expenditures for awards to subrecipients. The blue bars show how much funding was awarded to TDHCA for subrecipients under that program. This is essentially the yardstick by which we can measure progress. The red bars show the funds that have been obligated by executed contract. As one might expect, the older program is more fully obligated where the most recent program is moving along but as far. The green bars represent expenditures, the final metric the Snapshot uses to measure progress. NSP1 is over 92% drawn whereas the newer NSP3 is about 80% drawn.

This pie chart simply shows the distribution of funds for the Neighborhood Stabilization Program across multiple programs. For example, of the roughly \$93M TDHCA is administering, almost 90% comes from the NSP1 program.

These figures will change over time as the NSP and NSP3 programs are eventually closed and the Program Income (PI) programs accrue additional funding.

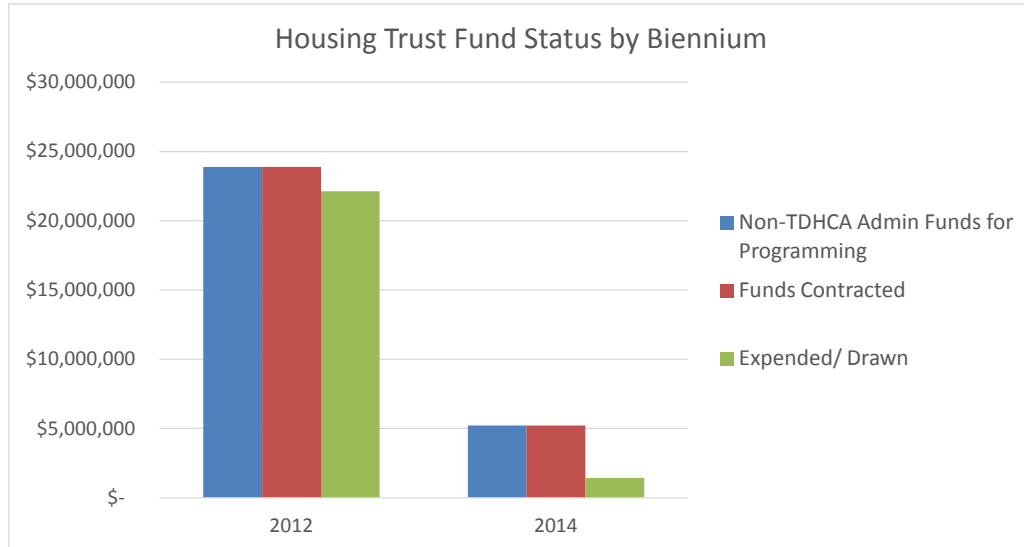
Quarterly Snapshot

Program Area - Housing Trust Fund (HTF)

Biennium	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Fund for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units	Deadline
				Retained	Expended	% Expended										
2012	\$ 24,552,020	\$ -	\$ 24,552,020	\$ 673,859	\$ 618,439	91.8%	\$ 23,878,161	\$ -	\$ 23,878,161	100%		\$ 22,122,183	92.6%		522	N/A
2014	\$ 3,853,369	\$ 1,892,455	\$ 5,745,824	\$ 531,000	\$ 286,507	54.0%	\$ 5,214,824	\$ -	\$ 5,214,824	100%		\$ 1,432,994	27.5%		75	N/A
Total	\$ 28,405,389	\$ 1,892,455	\$ 30,297,844	\$ 1,204,859	\$ 904,946	75.1%	\$ 29,092,985	\$ -	\$ 29,092,985	100%		\$ 23,555,177	81.0%		597	N/A

The trendlines show dips in the % Contracted and % Expended history. This is an effect of both the 2010/2011 biennium being closed as well as the 2014/2015 biennium's funding coming online. These events both reduce the amount of Contracted and Expended funds in the total figure, thus lowering the percentages resulting in the dip.

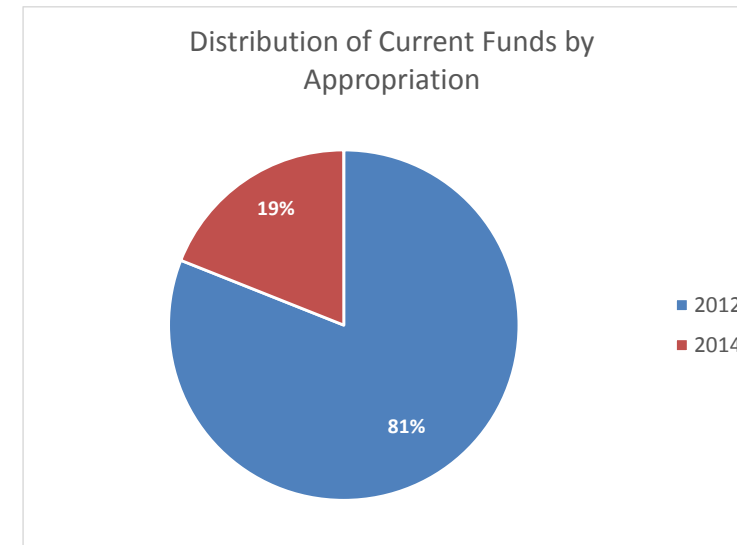
The "Units" field includes all performance for activities closed during those years. The 2012 figure includes "households served" from certain HHSP contracts that received HTF funding during the 2012/2013 biennium.



The bar chart shows the status of the program by biennium. The chart shows the progress of the obligations and expenditures for appropriations in that biennium, not the actual obligations and expenditures that took place during that biennium. For example, the red line for 2012 shows that the entire ~\$24M in that biennium's appropriation has been obligated. Some of that amount may have been obligated in the most recent biennium. Additionally staff may have finished obligating the 2010/11 biennium during 2012, so the amount actually obligated during the biennium may have been different. The above bar chart is a look at the status of a biennium's progress, not the activity that took place during that biennium.

The blue lines show how much funding was available in the biennium. This is essentially the yardstick by which we can measure progress. The red lines show the funds that have been obligated by executed contract or reservation setup agreement. As one might expect, the older biennium is fully obligated where the most recent biennium is far along but not fully obligated. The green line represents expenditures, the final metric the Snapshot uses to measure progress. The 2012 biennium's appropriation is almost expended (92%) while the newest appropriation is about 27% expended.

The PI will never show "Funds Contracted" nor "Expended/Drawn." This is due to the fact that PI is not strictly tied to a year/biennium, so it is portrayed with the newest biennium.

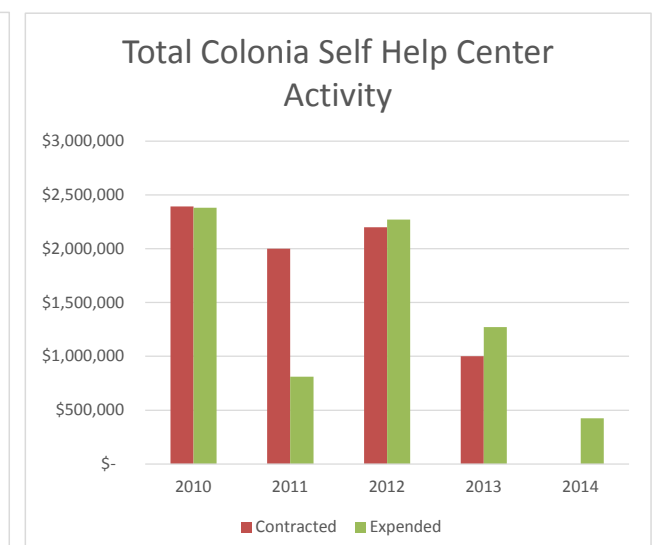
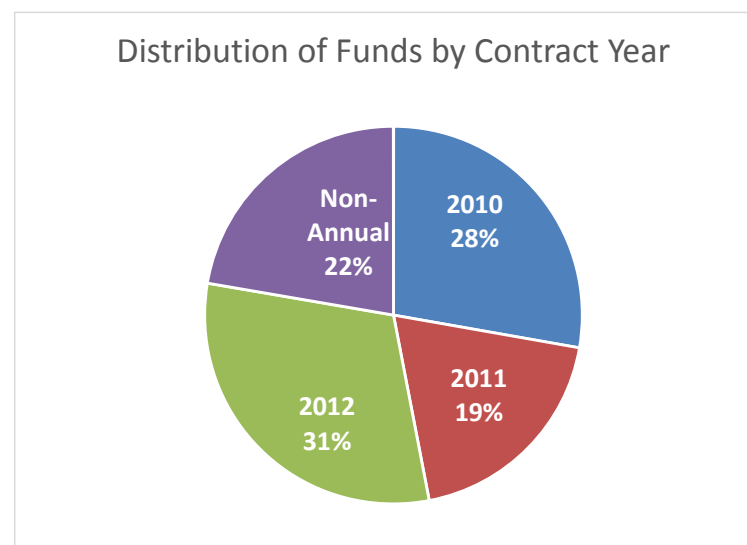
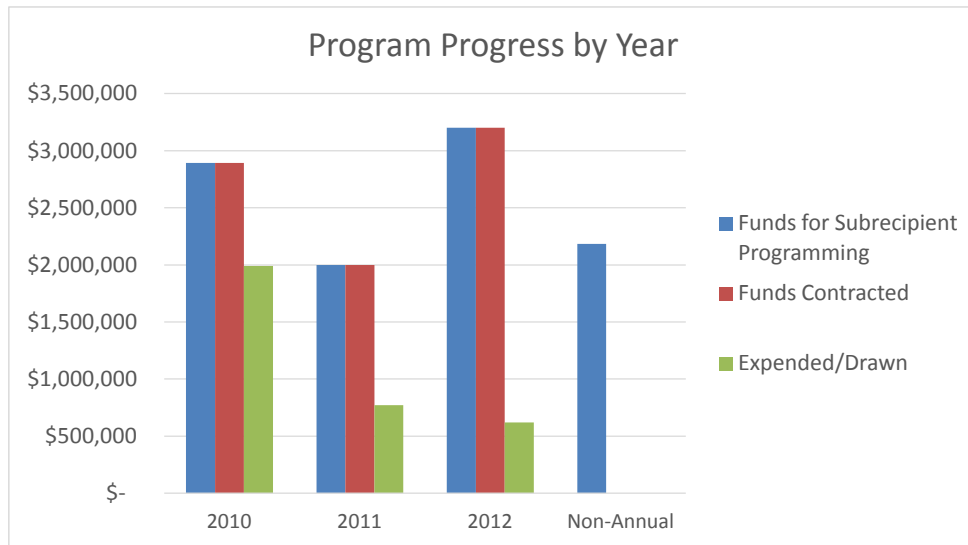


This pie chart simply shows the distribution of funds for the Housing Trust Fund program across biennia. For example, of the roughly \$29M TDHCA is administering, about 80% comes from the 2012 biennium. The 2012 biennium is so much larger than the 2014 biennium because 3 biennia worth of allocations were closed out and moved into 2012 program funds. The actual allocation from the legislature was not \$24M for the 2012/2013 biennium.

Quarterly Snapshot

Program Area - Colonia Self Help Centers

Program	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/Drawn	% Expended	% Expended Trendline	Units	Persons Served
				Retained	Expended	% Expended										
2010	\$ 2,893,828	\$ -	\$ 2,893,828				\$ 2,893,828	\$ -	\$ 2,893,828	100%		\$ 1,991,628	68.8%		58	14,505
2011	\$ 2,000,000	\$ -	\$ 2,000,000				\$ 2,000,000	\$ -	\$ 2,000,000	100%		\$ 772,146	38.6%		21	5,840
2012	\$ 3,200,000	\$ -	\$ 3,200,000				\$ 3,200,000	\$ -	\$ 3,200,000	100%		\$ 621,374	19.4%		77	6,338
Non-Annual	\$ 2,323,220	\$ -	\$ 2,323,220	\$ 139,886	\$ 50,263	35.9%	\$ 2,183,334	\$ 2,183,334	\$ -	0.0%		\$ -	0.0%		0	0
Total	\$ 10,417,048	\$ -	\$ 10,417,048	\$ 139,886	\$ 50,263	35.9%	\$ 10,277,162	\$ 2,183,334	\$ 8,093,828	78.8%		\$ 3,385,148	32.9%		156	26,683



In this bar chart we see all funding years that currently have open contracts plus any unobligated funds. You may notice that 2009 saw no executed contracts. This is due to the timing of the funding awards and subrecipient's closing contracts. At the time funding became available, no subrecipients were available to take on additional funds so the contracts were awarded in 2010. Also, 2013 contracts have not yet been executed so those are not represented here either. Please note that the years on the horizontal axis represents activity on contracts executed in those years, not activity in a year. For example, the graph shows lower expenditures (green) in 2012. The program expended almost \$2.3M in 2012, but on contracts executed prior to 2012.

The blue lines show how much funding was available in the contract year. This is essentially the yardstick by which we can measure progress. The red lines show the funds that have been obligated by executed contract. The chart shows that all contract years have fully obligated the funds. The unobligated amount ("Non-Annual") will, by definition, always show no contracted funds. The goal with this column is to move all of these funds into a program year, eventually having no funds in this column. The green bar shows the final goal, which is expenditure. As one would expect, the older contract years show higher levels of expenditure as they've been working longer than the newer contract years.

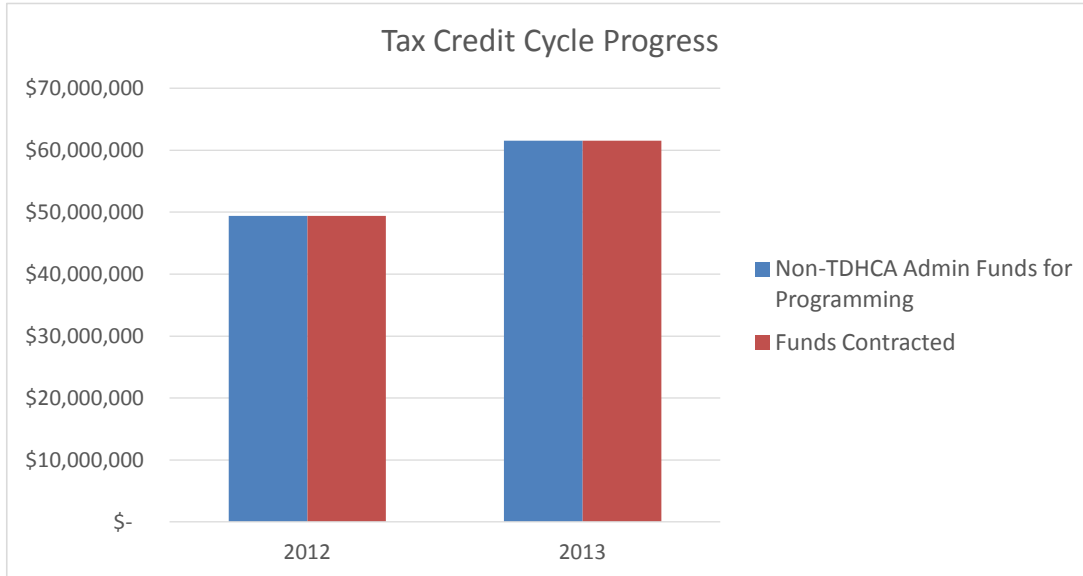
This pie chart simply shows the distribution of funds for the Colonia Self Help Centers across years. For example, of the roughly \$10.5M TDHCA is administering, over 30% comes from 2012. About 22% comes from either Unobligated or Non-Annual funds. The amount of Non-Annual funds (deobligations and admin) is typical just before a new series of awards. Within the next few months, new awards will be made and most of the "Non-annual" row will be moved into a new program year.

In contrast to the previous bar chart, the above chart shows activity during a given year. For example, in 2012 the program obligated approximately \$2M and spent about \$2.3M. Please note that these obligations and expenditures are across multiple years, no contract exceeded their allocation. This chart is focused on the activity of the program, as opposed to the progress of individual contract years.

Quarterly Snapshot

Program Area - 9% Housing Tax Credits (HTC)

Program Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units
				Retained	Expended	% Expended									
2012	\$ 56,484,298	\$ (7,089,748)	\$ 49,394,550	N/A	N/A	N/A	\$ 49,394,550	\$ -	\$ 49,394,550	100%		N/A	N/A	N/A	5,161
2013	\$ 58,633,207	\$ 2,915,861	\$ 61,549,068	N/A	N/A	N/A	\$ 61,549,068	\$ 1	\$ 61,549,067	100%		N/A	N/A	N/A	0
Program Terms		Fed Authorization	Returned/ Pool/Forwards								Carryover				



The 9% HTC program is unique in that the Snapshot at the Department-level will only show the current year. The funds are considered "contracted" when they have reached "Carryover." The next major programmatic threshold is the deals having 8609's issued. This stage will not be tracked because this stage happens approximately 2 years after the award of tax credits to the developer. By this time the Snapshot will already be focused on a new tax credit cycle. Thus, progress for 9% HTC shows the tax credit award in "Award to Administer" and progresses through the funds being contracted (having reached Carryover).

The "Program Terms" row shows the nomenclature of the program. This row helps to show how the unique aspects of the program fit within the Snapshot.

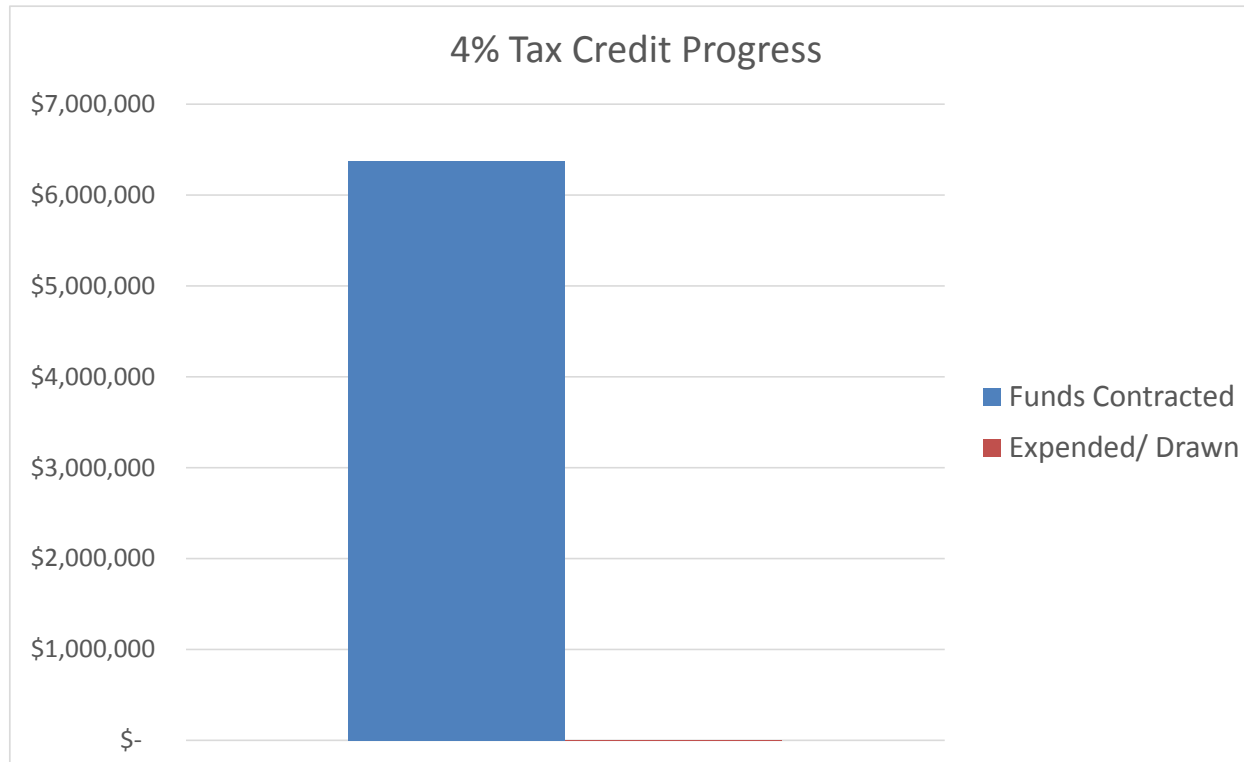
Notice that the Program Income for 2012 shows a negative number. This is possible due to forwards from the previous year. These forwards are an award of tax credits made from the next year's allocation. Thus, any forwards must be subtracted from the total allocation and combined with any Returned Credits or National Pool Credits. The table below shows the breakdown for the 2012 Program Income field.

Credit Type	Increase/ Decrease	Amount
Initial Allocation		\$ 56,484,298
2011 Forward	Decrease	\$ 8,376,635
Returned Credit	Increase	\$ 1,038,604
National Pool	Increase	\$ 248,283
Final 2012 Alloc.		\$ 49,394,550

Quarterly Snapshot

Program Area - 4% Housing Tax Credits (4% HTC)

Program Year	Award to Administer	Program Income	Total Cumulative	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units
				Retained	Expended	% Expended									
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 6,372,608	100%		\$ -	0%		2,152
Program Terms									Determination Notice Issued		8609 Issued				



4% HTC deals do not have an award or authorization amount. In contrast to other programs that work to expend a certain amount of funds each cycle, the 4% HTC funds deals as they are proposed and approved. To track progress for this program the Snapshot defines "Funds Contracted" as the amount of funding in deals having had a Determination Notice issued. Progress for this program's Snapshot is defined as the percent of those deals that have a Determination Notice issued that then have 8609's issued. Similar to the 9% tax credit, developers typically take two years or more to complete the development and request 8609's. Thus, expended % are likely to remain low in the Snapshot report.

The "Program Terms" row shows the nomenclature of the program. This row helps to show how the unique aspects of the program fit within the Snapshot.

Quarterly Snapshot

Program Area - Multifamily Bond (MFBond)

Program	Award to Administer	Program Income	Total Cumulative	TDHCA Administrative Funds			Funds for Subrecipient	Funds Unencumber	Funds Contracte	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units
				Retained	Expended	% Expended									
MF Bond	\$ -	N/A	\$ -	N/A	N/A	N/A	\$ -	\$ -	\$ -	0%		N/A	N/A	N/A	0
Program Terms	Bond Review Board Designation								Closed Deals						

The MF Bond program does have an amount that in bonds it can issue set by the Bond Review Board. In this way it is more akin to other TDHCA programs. Progress for this program is similar to other programs in that progress is tracked by the amount of funds that are in deals that have closed as a percentage of the Designation authorized by the Bond Review Board.

As you can see from the data above, there are currently no MF Bond deals currently active. This is due to recent market forces that have made it difficult to realize financial viability with MF Bond deals. The visual components of the Program Area Snapshot for this program will be very similar to the other programs as active deals come into the program.

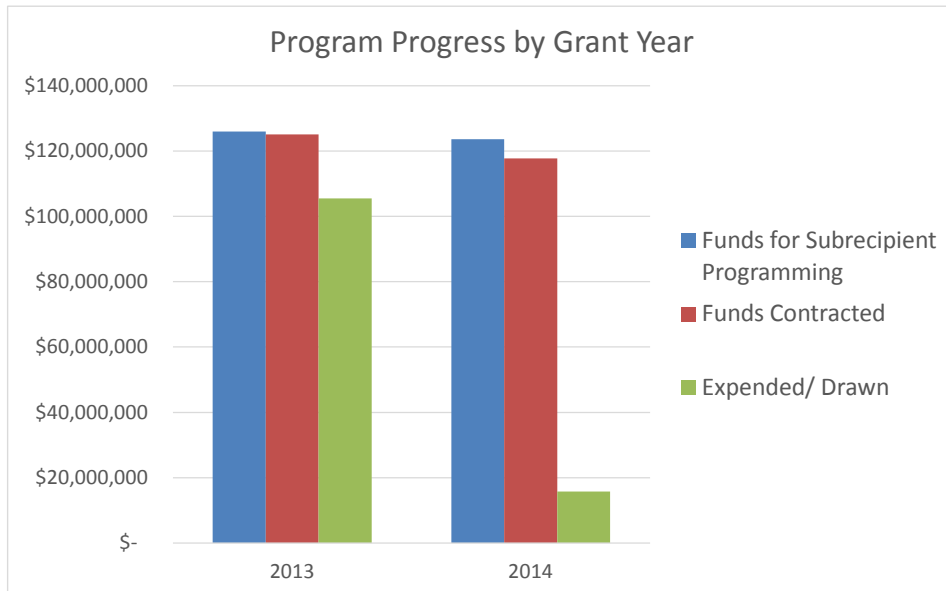
Quarterly Snapshot

Program Area - Low Income Housing Energy Assistance Program (LIHEAP)

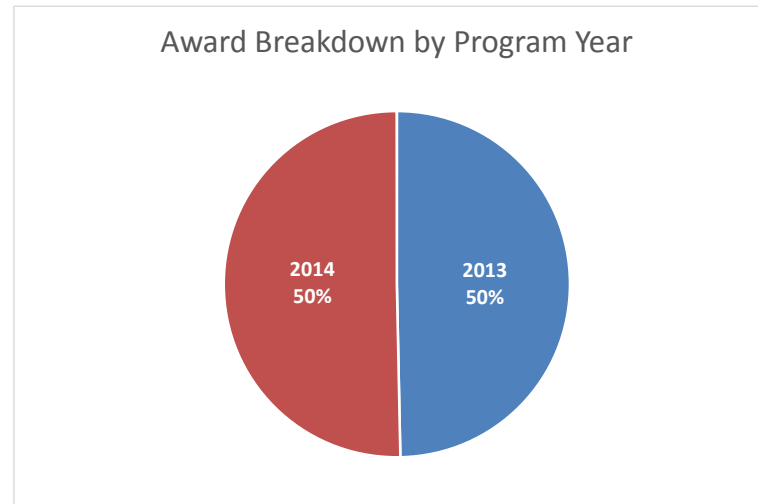
Program	Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units	Persons Served
					Retained	Expended	% Expended										
LIHEAP	2013	\$ 127,064,242	N/A	\$ 127,064,242	\$ 1,038,138	\$ 1,038,138	100.0%	\$ 126,026,104	\$ 873,831	\$ 25,316,358	99.3%		\$ 20,263,205	83.8%		3,311	
CEAP													\$ 99,835,915				
LIHEAP	2014	\$ 128,686,252	N/A	\$ 128,686,252	\$ 5,043,849	\$ 347,225	6.9%	\$ 123,642,403	\$ 5,830,077	\$ 21,331,828	95.3%		\$ 498,427	12.7%		78	
CEAP													\$ 96,480,498				
LIHEAP	Total	\$ 255,750,494	N/A	\$ 255,750,494	\$ 6,081,987	\$ 1,385,363	22.8%	\$ 249,668,507	\$ 6,703,908	\$ 46,648,186	97.3%		\$ 20,761,632	48.6%		3,389	
CEAP													\$ 196,316,413				

TDHCA receives a grant for LIHEAP and breaks that single annual award into two programs: Comprehensive Energy Assistance Program (CEAP) and Low Income Housing Energy Assistance Program (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.

Because there are only two data points for each trendline, the trendlines themselves become somewhat nondescript. Currently, all the trendlines show is that the percentages went up over the last quarter. With additional figures in the next Snapshot, the relative degree of change will be clear.



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. The lighter bars on top show the LIHEAP progress while the darker portions of the bars are CEAP.



This pie chart shows the breakdown of the active LIHEAP grants (both LIHEAP and CEAP programs) by year. The grant years are very similar with the 2014 grant being just slightly higher than the 2013 grant.

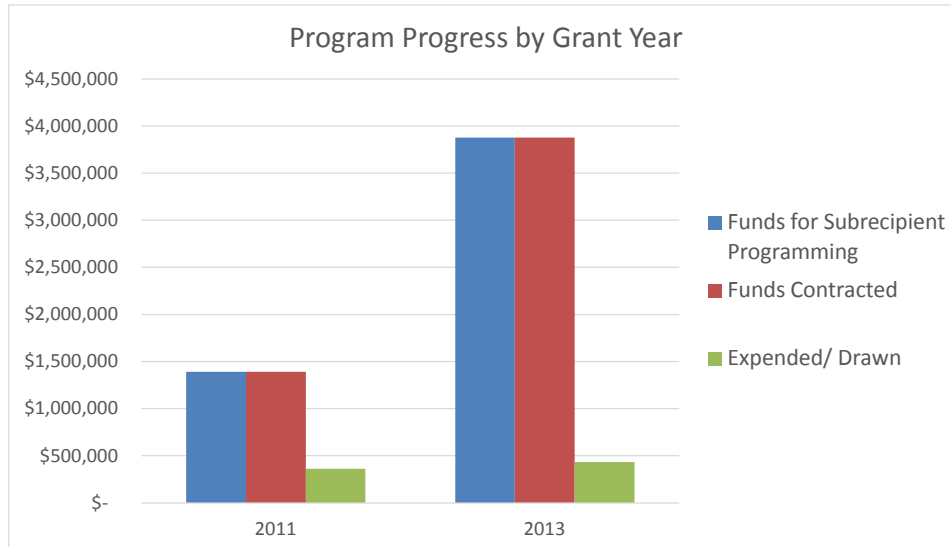
Quarterly Snapshot

Program Area - Department of Energy Weatherization Assistance Program (DOE-WAP)

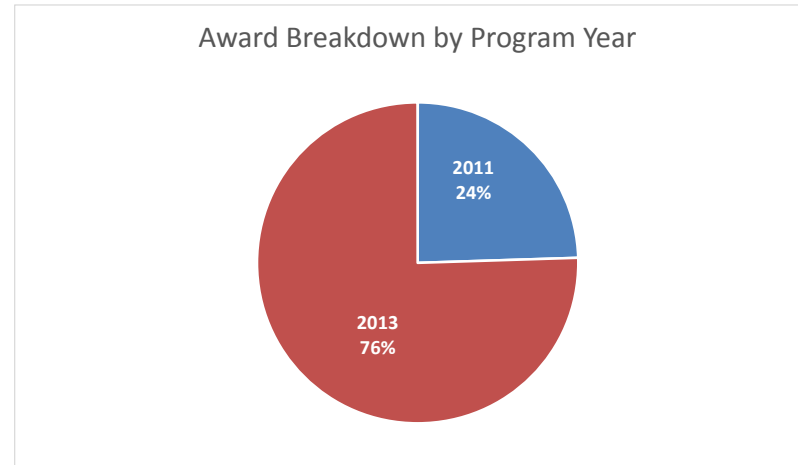
Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units
				Retained	Expended	% Expended									
2011	\$ 1,391,743	N/A	\$ 1,391,743	\$ -	\$ -	N/A	\$ 1,391,743	\$ -	\$ 1,391,743	100.0%	[In Progress]	\$ 362,102	26.0%	[In Progress]	1,911
2013	\$ 4,289,956	N/A	\$ 4,289,956	\$ 413,402.00	\$ 23,715.06	5.7%	\$ 3,876,554	\$ -	\$ 3,876,554	100.0%	[In Progress]	\$ 434,283	11.2%	[In Progress]	80
Total	\$ 5,681,699	N/A	\$ 5,681,699	\$ 413,402.00	\$ 23,715.06	5.7%	\$ 5,268,297	\$ -	\$ 5,268,297	100.0%	[In Progress]	\$ 796,385	15.1%	[In Progress]	1,991

TDHCA did not receive a 2012 DOE-WAP grant as the Federal Department of Energy (DOE) took into account the size of the Recovery Act funds awarded to TDHCA when determining 2012 grant amounts. As TDHCA received one of the largest Recovery Act DOE-WAP awards in the nation, DOE decided to divert 2012 funds to States that received smaller Recovery Act awards.

Because there are only two data points for each trendline, the trendlines themselves become somewhat nondescript. Currently, all the trendlines show is that the percentages went up over the last quarter. With additional figures in the next Snapshot, the relative degree of change will be clear.



The bar charts show the status of the DOE-WAP 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 in that the older grants are further along in terms of Funds Contracted and Expended/Drawn than the newer programs.

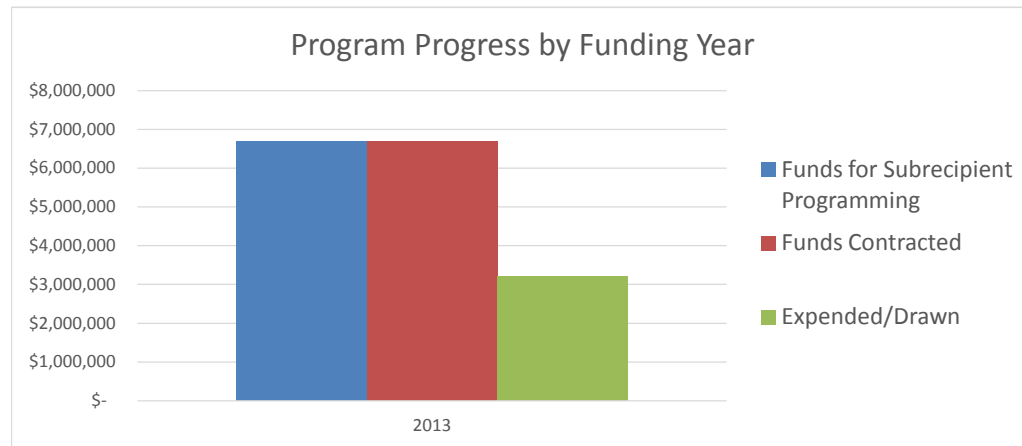


This pie chart shows the breakdown of the active DOE-WAP grants. As the chart shows, the 2011 award makes up less than 25% of the active DOE-WAP grants.

Quarterly Snapshot

Program Area - Emergency Solutions Grant (ESG)

Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/Drawn	% Expended	% Expended Trendline	Persons Served
				Retained	Expended	% Expended									
2013	\$ 6,944,311	N/A	\$ 6,944,311	\$ 260,410	\$ 182,616	70.1%	\$ 6,683,901	\$ -	\$ 6,683,901	100.0%		\$3,199,183	47.9%		14,625

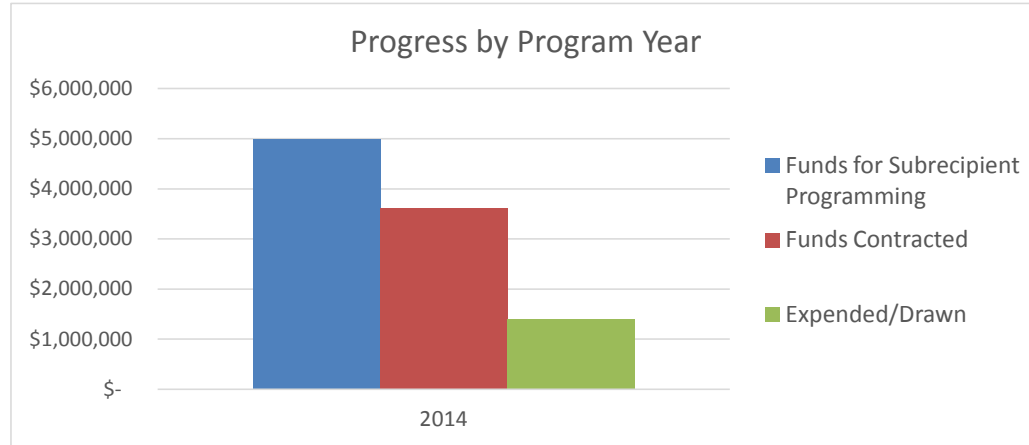


The bar chart shows the progress of the program broken down by program years. The blue bar represents the amount to go to the subrecipients. The red shows the amount under executed contracts whereas the green shows those funds that have been expended.

Quarterly Snapshot

Program Area - Housing and Homeless Services Program (HHSP)

Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/Drawn	% Expended	% Expended Trendline	Persons Served
				Retained	Expended	% Expended									
2014	\$ 5,000,000	N/A	\$ 5,000,000	N/A	N/A	N/A	\$ 5,000,000	\$ 1,387,651	\$ 3,612,349	72.2%		\$ 1,409,539	28.2%		3,501



The Housing and Homeless Services Program provides funding to the eight largest cities in support of services to homeless individuals and families including services such as case management and housing placement and retention.

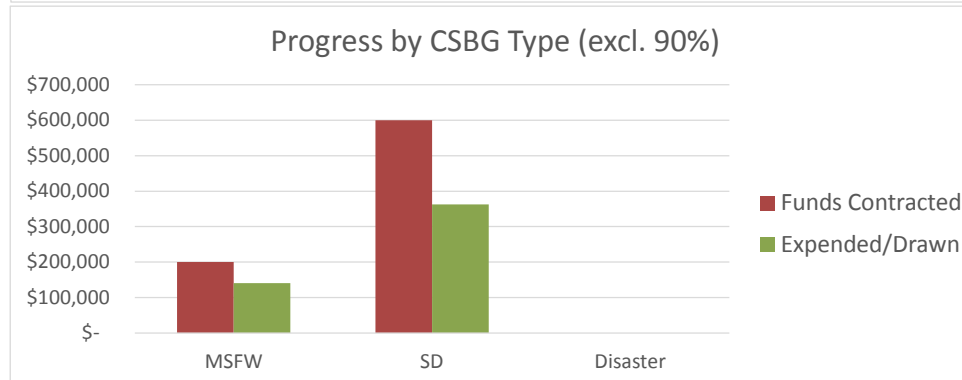
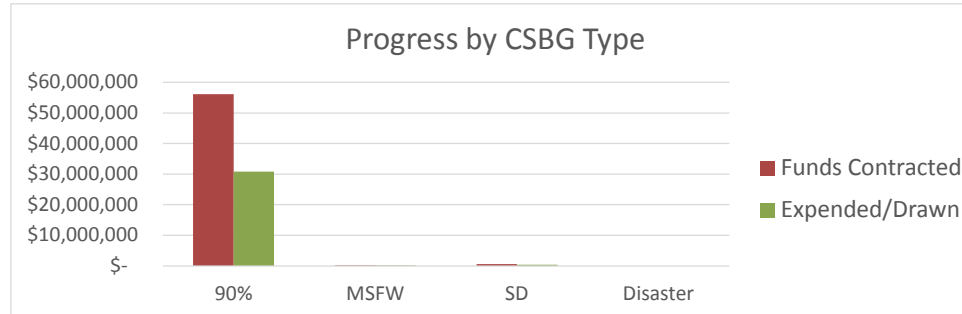
The bar chart shows the progress of the program broken down by program years. The blue bar represents the amount to go to the subrecipients. The red shows the amount under executed contracts whereas the green shows those funds that have been expended.

Quarterly Snapshot

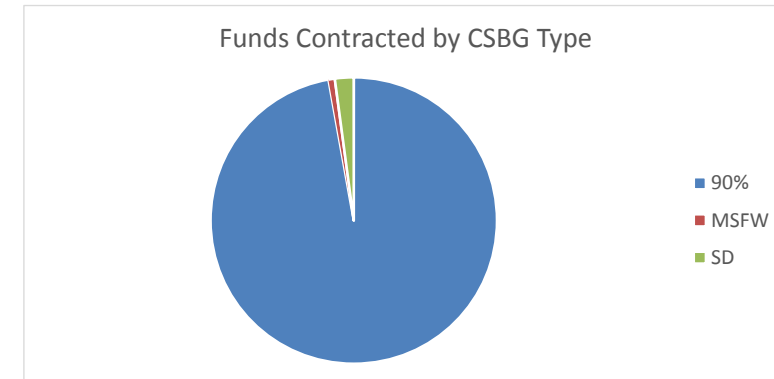
Program Area - Community Services Block Grant (CSBG)

Year	CSBG-Type	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracte	% Contracted Trendline	Expended/Drawn	% Expended	% Expended Trendline	Persons Served
					Retained	Expended	% Expended									
2013	90%	\$ 30,420,666	N/A	\$ 30,420,666	\$ 1,773,649	\$ 676,193	38.1%	\$ 28,647,017	\$ 468,417	\$ 27,378,600	98.4%	\$ 26,977,849	95.9%		376,081	
	MSFW									\$ 200,000		\$ 141,160			199	
	SD									\$ 600,000		\$ 362,950				
2014	All	\$ 31,980,494	N/A	\$ 31,980,494	\$ 1,898,050	\$ -	0.0%	\$ 30,082,444	\$ 1,300,000	\$ 28,782,444	95.7%	\$ 3,871,677	12.9%		110,989	
Total		\$ 62,401,160	N/A	\$ 62,401,160	\$ 3,671,699	\$ 676,193	18.4%	\$ 58,729,461	\$ 1,768,417	\$ 56,961,044	97.0%	\$ 31,353,636	53.4%		487,269	

CSBG can be divided into multiple pools of funding. 90% is the amount setaside for Community Action Agencies. MSFW is Migrant/Seasonal Farm Worker and SD is State Discretionary.



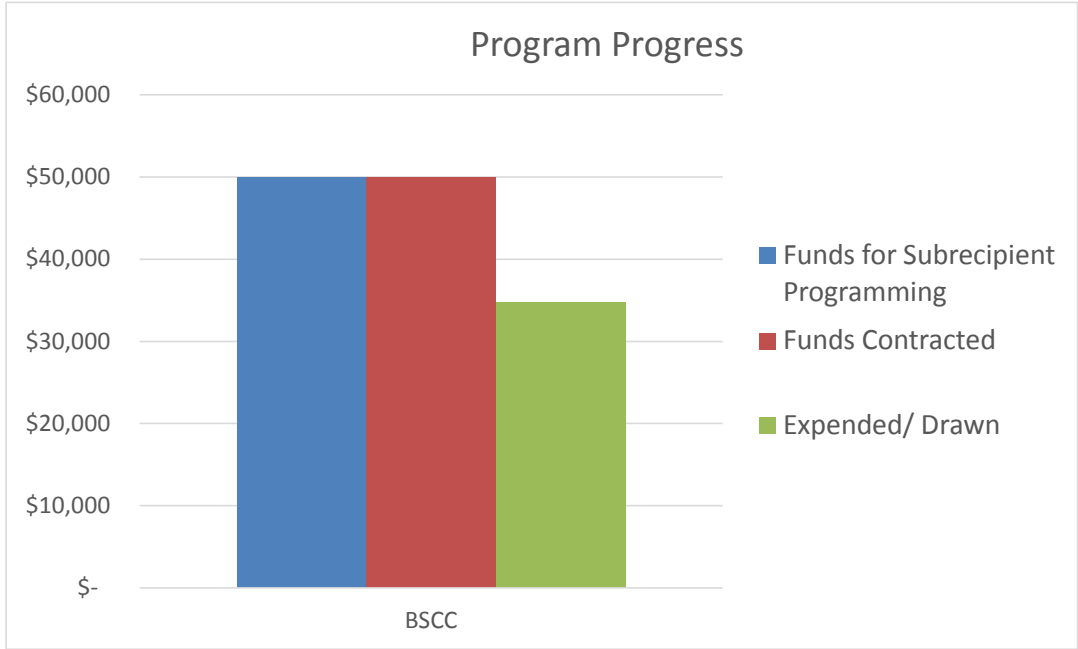
These bar charts show the progress (amount contracted vs. amount expended) for each type of CSBG funding. The red bar shows the amount under executed contracts whereas the green shows those funds that have been expended. As one may expect, the primary funding channel (90%) is further along whereas the others have further to go to fully expend. The bottom chart is separated to better illustrate the non-90% funding channels.



Quarterly Snapshot

Program Area - Balance of State Continuum of Care (BSCC)

Program	Award to Administer	Program Income	Total Cumulative	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumber	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units
				Retained	Expended	% Expended									
BSCC	\$ 50,000	N/A	\$ 50,000	N/A	N/A	N/A	\$ 50,000	\$ -	\$ 50,000	100.0%		\$ 34,802	69.6%		N/A

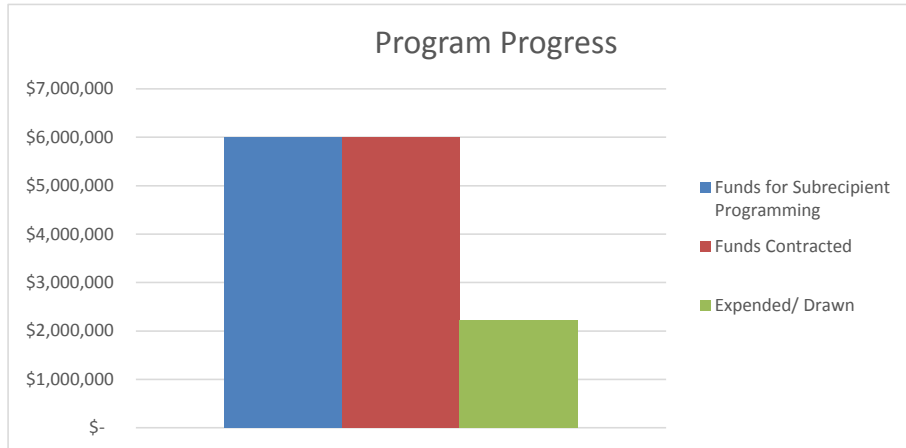


The Balance of State Continuum of Care program is a \$50,000/year contract to the Texas Homeless Network to provide administration support and services in the areas of the State not covered by other Continuum's of Care. As the funding is for administrative expenses, there are no "Units" or "Persons Served" directly from program funds. The funds do allow services to be provided so there is considerable benefit from the funds.

Quarterly Snapshot

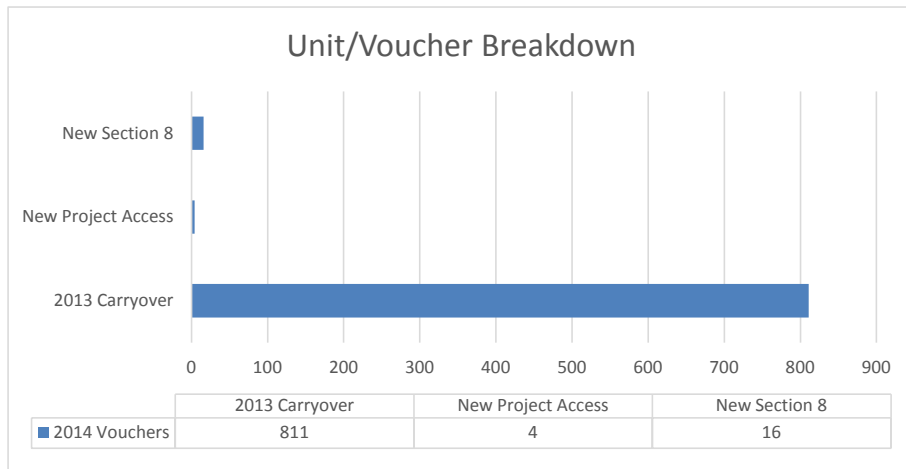
Program Area - Section 8

Program Year	Award to Administer	Program Income	Total Cumulative Funds	TDHCA Administrative Funds			Funds for Subrecipient Programming	Funds Unencumbered	Funds Contracted	% Contracted	% Contracted Trendline	Expended/ Drawn	% Expended	% Expended Trendline	Units
				Retained	Expended	% Expended									
2014	\$ 6,616,316	N/A	\$ 6,616,316	\$ 625,757	\$ 171,853	27.5%	\$ 5,990,559	\$ -	\$ 5,990,559	100%		\$ 2,210,090	36.9%		831

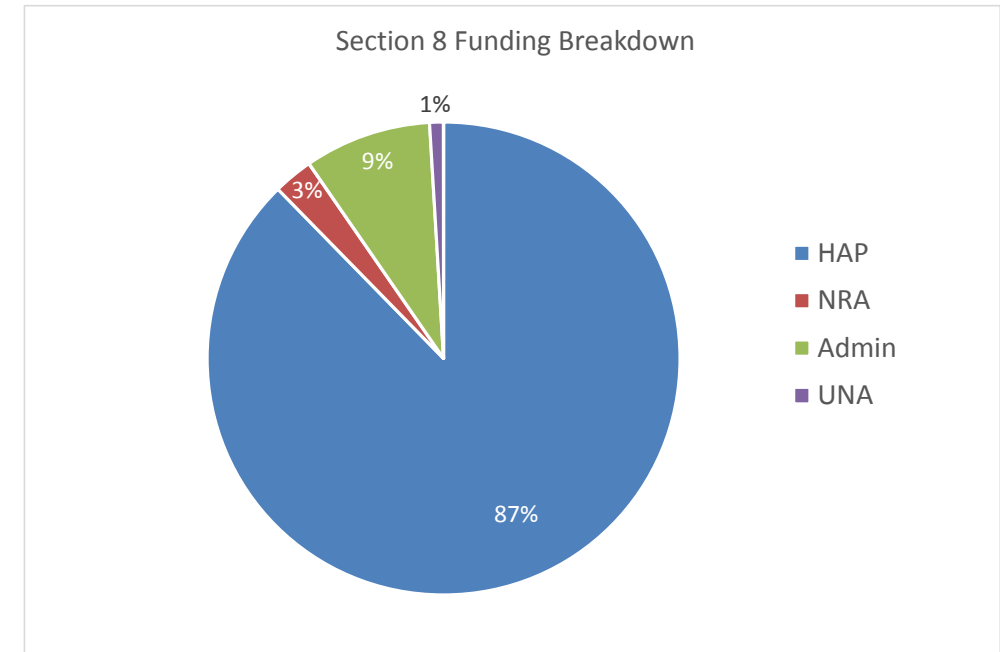


The bar chart shows the progress of the program in fully expending the funds designated for programs (excludes TDHCA admin funding). Due to the unique nature of Section 8, the funds are always considered to be "Contracted." The expended amount, shown in green, is typical for a program only a few months into its annual cycle. This figure will continue to increase through the year until the next cycle begins and the bar resets back to zero.

The "% Expended Trendline" reflects a significant dip in the % Expended in the last quarter. This is due to the awarding of new Section 8 funds and the beginning of a new funding cycle. Section 8 has no overlap of funding cycles. On January 1st each year the new cycle starts. As such, the "% Expended" returns to zero. This dip will occur with the first Snapshot of each calendar year.



The bar chart to the left shows the current unit/voucher amount by its "source." Since voucher holders can maintain their voucher over multiple years, vouchers are recounted once each year to determine the number of vouchers served. Of the 831 vouchers served by the program this calendar year, 811 have been carried forward from the previous year. To date, 20 new vouchers have been issued. 4 have been through the Project Access program and the balance have been through the standard Section 8 program.



The above pie chart shows the breakdown of the 2014 award. The award comes primarily from Housing Assistance Payments (HAP), which are payments for the rental and utility assistance, and Administrative funds (admin), which are payments to TDHCA to administer the program. The remaining amount comes from unspent balances. The Net Restricted Assets (NRA) are from unspent HAP funds and used for assistance to clients, where the Unrestricted Net Assets (UNA) are from funds for TDHCA administrative activities.

R2

BOARD REPORT ITEM
ASSET MANAGEMENT DIVISION
JUNE 26, 2014

Executive Report of Multifamily Program Amendments, Extensions, and Ownership Transfers

REPORT ITEM

This report contains information on 3rd Quarter of Fiscal Year 2014 (3/1/14 to 5/31/14).

- 37 LURA Amendments (36 Administratively Approved; 1 Board Approved)
- 11 Application Amendments (2 Administratively Approved; 8 Board Approved; 1 Board Denied)
- 5 Extensions (4 Cost Certification/1 10% Test; Approved Administratively)
- 6 Ownership Transfers (All Approved Administratively)

4th Quarter of Fiscal Year 2014 information will be reported at the September 2014 meeting.

**Land Use Restriction Agreement (LURA) Amendments
2014 3rd Quarter**

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Subject of Amendment Approved
12409	3/3/2014	Tealwood Place Apts	Wichita Falls	M. Dale Dodson	Reduce points required for unit amenities from 14 to 11
12405	3/3/2014	Saddlewood Club	Bryan	M. Dale Dodson	Reduce points required for unit amenities from 14 to 11
10064	3/4/2014	Cypress Gardens	Houston	Scott Brian	Amend Legal Description and Correct Green Building amenities
11248	3/4/2014	The Roxton	Denton	Mitchell Friedman	Add affirmative mktg for veterans, correct tenant population w/special needs from 10% to 5%; correct mobility access units; app fractions for Bldgs. 12 and 13
09316	3/5/2014	Champion Homes of Bay Walk	Galveston	Saleem Jafar	Correction to BINs - Appendix E
09127	3/6/2014	Sage Brush Village	Odessa	Randy Stevenson	Revision to list of accessible units
98121	3/12/2014	Green Tree Village apts	Amarillo	Rick Morrow-Lockelord	Change of term used in Supportive Services section of LURA
10035	3/18/2014	Stonehaven Apartment Homes	Houston	Kenneth Fambro	Need to add missing amenity "100% masonry" and mandatory threshold amenities
10178	3/18/2014	Cypress Creek at Fayridge	Houston	Rick Deyoe	Amend Appendix E - Applicable Fraction for Building 3
04488	3/19/2014	Mission del Rio Homes	San Antonio	Gilbert M Piette	Decrease number of units from 240 to 180, decrease number of residential buildings from 10 to 7, and reduce acreage to about 10.8812 to be consistent with application amendment approved by Board on 5/5/11.
94067	3/20/2014	Canterbury Crossing Apts	Abilene	Rick Morrow-Lockelord	2nd LURA amendment was not signed by the Department prior to recording the document
05624	3/24/2014	Harris Branch Apartments	Austin	Debra Guerrero	Correction to BINs
10176	3/25/2014	Canyon Square Village	El Paso	Ike Monty	Revise list of accessible units in Appendix B to include unit 13102
97090	3/27/2014	Western Gallagher II, Ltd.	El Paso	Gerald Cichon	Remove HUB requirement based on previously approved (2007) ownership transfer. Agreement to Comply due to 1998 ownership transfer needed. Sections 4(f) and 4(g) also have to be added.
11012	3/28/2014	Hillside West Seniors	Dallas	Brandon Bolin	Replace full perimeter fencing with community theatre room
11251	4/2/2014	Bluebonnet Villa/Primrose Park	Bedford	Steven Bodkin	Delete covered pavilion and add BBQ grills and picnic tables; and add enclosed sun porch or covered community porch/patio. Delete storage room or closet and add self cleaning ovens
10033	4/14/2014	Sulpher Springs Pioneer Crossing for	Sulphur Springs	Noor Allah Jooma	Correct unit mix/income set-asides consistent with application.
11257	4/21/2014	Brazos Senior Villas	Rosenberg	Les Kilday	Add affirmative mktg for veterans
11033	4/21/2014	American GI Forum Vg I/II	Robstown	Walter Martinez	Add affirmative mktg for veterans
11055	4/21/2014	Valley at Cobb Park	Fort Worth	Katrina Wright	Add affirmative mktg for veterans
11070	4/21/2014	Presidio Palms II	San Elizario	Bobby Bowling IV	Add affirmative mktg for veterans
11086	4/21/2014	La Belle Vie	Lumberton	Katrina Wright	Add affirmative mktg for veterans

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Subject of Amendment Approved
11097	4/21/2014	Rosehill Ridge	Texarkana	Johnny Riley	Add affirmative mktg for veterans
11115	4/21/2014	Castle Manor Apartments	Corpus Christi	Carmen Johnston	Add affirmative mktg for veterans
11135	4/21/2014	Jourdanton Square Apts	Jourdanton	Dennis Hoover	Add affirmative mktg for veterans
12403	4/21/2014	Village of Kaufman	Kaufman	Sue Koch	Add affirmative mktg for veterans
11179	4/21/2014	Meadowlake Village Apts	Mabank	Warren Maupin	Add affirmative mktg for veterans
11195	4/21/2014	Stonebridge at Ironton	Lubbock	Victoria Spicer	Add affirmative mktg for veterans
11197	4/21/2014	Park Village Apartments	Big Spring	Daniel O'Dea	Add affirmative mktg for veterans
11203	4/21/2014	Woodside Village	McKinney	Chad Asarch	Add affirmative mktg for veterans
11261	4/21/2014	Noah Estates	San Angelo	Terry Shaner	Add affirmative mktg for veterans and correction to accessible units
12003	4/21/2014	Parkstone Senior Village Phase II	Wichita Falls	Randy Stevenson	Add affirmative mktg for veterans
12402	4/21/2014	Fox Run apartments	Orange	Ron Mehl	Add affirmative mktg for veterans
060415	4/22/2014	Village Creek	Fort Worth	Steven West	Delete some amenities and add others, result of cost cert review.
1000987	5/1/2014	Evergreen at Morningstar	The Colony	Bradley E Forslunch	Amend HOME LURA to include full Fair Housing definition. Property violates Fair Housing currently as is.
1000659	5/20/2014	Evergreen at Rockwall	Rockwall	Bradley E Forslunch	Amend HOME LURA to include full Fair Housing definition. Property violates Fair Housing currently as is.

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BOARD APPROVED

95081/930	4/10/2014	Parks at Wynnewood	Dallas	John Greenan	Amend LURA upon construction completion to delete buildings that will be part of another phase and to not monitor these units/buildings during construction.
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**Housing Tax Credit Application Amendments
2014 3rd Quarter**

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Subject of Amendment Approved
13180	4/29/2014	Mission Village of Pecos	Pecos	Michael Ash	Revised architectural plans
13058	5/16/2014	Evergreen at Arbor Hills	Carrollton	Brad Forslund	Changes in site plan, building configuration

2

BOARD APPROVED

13242	3/6/2014	Saige Meadows	Tyler	Alyssa Carpenter	Amendment to change the site plan, common areas, residential buildings, exterior composition, and unit plans.
13118	4/10/2014	Oak Ridge Apartments	Nolanville	Rick Morrow-Lockelord	Reduce site acreage, revise site plan, change residential density, and reduce common area (size of clubhouse)
060613	4/22/2014	Stonehaven Apartment Homes	Houston	Kenneth G. Cash	Changed in legal description due to involuntary purchase by TXDOT
13232	4/10/2014	Pine Lake Estates	Nacogdoches	Rick Deyoe	Change/correction of 30%AMI set-aside requirement (should be 50%AMI).
12252	4/10/2014	Gulf Coast Arms Apartments	Houston	Lee Zieben	Correction of site acreage due to surveyor including a public street in the original survey.
13102	4/22/2014	Reserve at McAlister	Burleson	Rick Morrow-Lockelord	Number and location of bldgs changed and size and floor plan of clubhouse changed.
13196	4/10/2014	Emerald Village	San Antonio	Debra Guerrero	Change in site plan (reduction of 47% due to wetlands) and residential density.
060613B	4/10/2014	Stonehave Apartment Homes	Houston	Kenneth Cash	Partial release of acreage due to involuntary purchase of property by TxDOT.

8

BOARD DENIED

13201	4/10/2014	Trails at Carmel Creek	Hutto	Valentin DeLeon	Decrease 30%AMI units by one (change to 50%AMI/HOME); Board denied request
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1

**Housing Tax Credit Extensions
2014 3rd Quarter**

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Extension	Original Deadline	Approved Extension Deadline
11120	3/13/2014	La Promesa Apartments	Odessa	Sue Koch	Cost Certification	1/15/2013	1/15/2014
12112	4/4/2014	Inez Tims	Lufkin	Ike Akbari	Cost Certification	1/15/2014	8/22/2014
13187	4/9/2014	Barron's Branch	Waco	Lisa Stephens	10% Test	7/1/2014	11/15/2014
12004	5/15/2014	Sutton Oaks II	San Antonio	Lourdes Castro Ramirez	Cost Certification	1/15/2014	5/15/2014
07605	5/27/2014	North Shore Apartments	Houston	Blake Brazeal	Cost Certification	1/15/2009	10/5/2009

**Housing Tax Credit Program Ownership Transfers
2014 3rd Quarter**

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
70133	3/6/2014	Spring Hill Apartments	Dallas	Thurman Midpark, LP	HS Spring Hill, LLC and K&P Hospitality, LLC	Property Sale
11261	3/6/2014	Noah Estates	San Angelo	No departing entity	MacDonald and Associates, Inc.	Addition of Special Limited Partner
850004	4/4/2014	Oak Timbers-Ennis	Ennis	Oak Timbers-Ennis, LP	1 Timber Oaks-Ennis, LLC	Property Sale
96058	4/8/2014	Creekside Terrace Apartments	Ennis	Life Rebuilders, Inc.	Creekside Housing, LLC	Property Sale
12300	4/29/2014	Capital Studios	Austin	Martin Instrument, L.P.	Ann Elise Clift, CPA	HUB Replacement
98031	4/30/2014	Gables Manor	Daingerfield	Rick Morrow-Lockelord	Jan & Mike McClain	Property Sale

ACTION ITEMS

2a

BOARD ACTION REQUEST
FINANCIAL ADMINISTRATION DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action on the FY 2015 Operating Budget

RECOMMENDED ACTION

WHEREAS, the Governing Board of the Texas Department of Housing and Community Affairs is required to approve a FY 2015 Operating Budget and,

WHEREAS, the Department is required to submit the budget to the Governor's Office and the Legislative Budget Board ("LBB");

NOW, therefore, it is hereby

RESOLVED, that the FY 2015 Operating Budget, in the form presented to this meeting, is hereby approved and,

FURTHER RESOLVED, that upon approval by the Governing Board of the Texas Department of Housing and Community Affairs, the Department will submit the budget to the Governor's Office and the LBB.

BACKGROUND

In accordance Chapter 2306 of the Texas Government Code, TDHCA is charged with preparing an operating budget for Board adoption on or before September 1 of each fiscal year. The budget includes operational expenses distributed among the Department's divisions. It does not include federal or state funds that pass through to subrecipients except for administrative funds associated with those federal funds that are retained and reflected in the budget. In addition, in accordance with internal auditing standards and the board's internal audit charter, the budget includes the Internal Audit Division's annual operating budget.

The FY 2015 Internal Operating Budget, which the Board is considering, corresponds to the second year of the General Appropriations Act ("GAA") passed by the 83rd Texas Legislature. In total, this budget provides for expenditures and associated revenues of \$25,690,815 or a \$322,715 (1.2%) decrease over the prior year budget.

The budget reflects 309 FTEs. The net reduction of three FTEs is a result of five positions eliminated through attrition. Three of those positions were not utilized due to the scale down in the Neighborhood Stabilization Program ("NSP"), and two positions,

related to Community Affairs programs, were redirected for the creation of the Fair Housing Section.

Included in the Salaries and Wages line item is the 2% across-the-board salary increase approved by the 83rd Legislature with an impact of \$322,682 and a 1% allowance for salary growth of \$164,568. These increases are primarily offset by cost cutting measures to Federal Programs such as NSP and other Community Affairs Programs. Overall, federal funding utilized in the budget for operations decreased \$450,024 or 0.9%. In addition, the Department's IT Hardware and Software Refresh Project was approved by the Legislature for \$172,100 (excluding the MH portion of \$41,400) a decrease of \$131,000.

This budget continues to include temporary funding for NSP and "Money Follows the Person" with two FTEs. In addition, a newly awarded Section 811 Grant from the U.S. Department of Housing and Urban Development ("HUD") is also included in the budget.

Additionally, the Housing Finance Division budget, which is funded with fees generated from the Department's bond program and tax credit activities, increased by \$133,700 or 0.9%. This increase is primarily attributed to an increase in salaries related to the 2% across-the-board. This increase is offset by a decrease in expenditures related to the Legislature's approval of the Department's IT Hardware and Software Refresh Project of which \$84,492 is funded from the Housing Finance Division budget.

For a complete explanation of the aforementioned budget categories and details, please see the accompanying Comparison Report.

TEXAS DEPT. OF HOUSING AND COMMUNITY AFFAIRS
FY 2015 Operating Budget
Comparison Report
June 26, 2014

The Comparison Report provides an explanation of significant changes to key cost categories.

In total, this FY 2015 Operating Budget is \$25,690,815 or a \$322,715 (1.2%) decrease over the prior year budget.

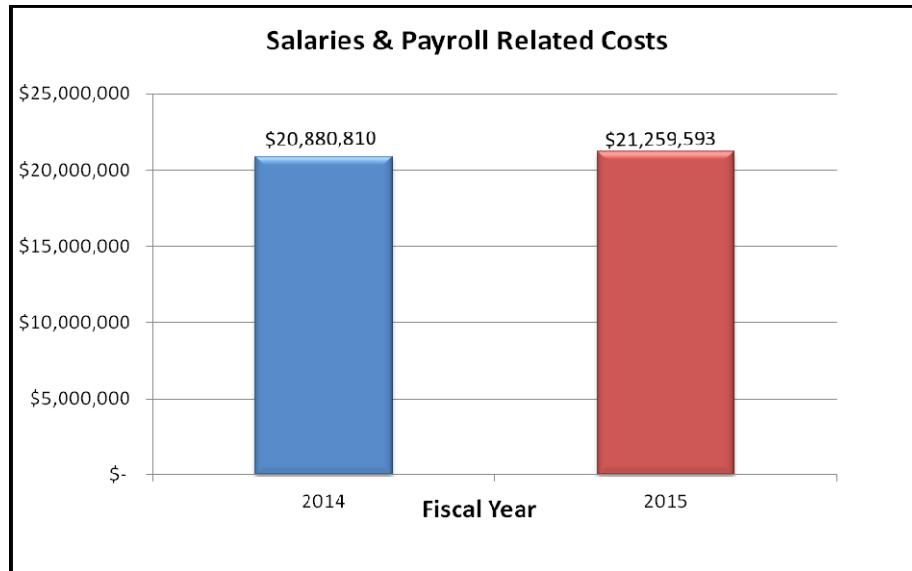
Below are the highlights of the FY 2015 Budget. Please refer to the “Comparison by Expense Object” schedule on Page 7.

1. **Salaries/Wages and Payroll Related Costs.** These two line items represent 82.8% of the total operating budget.

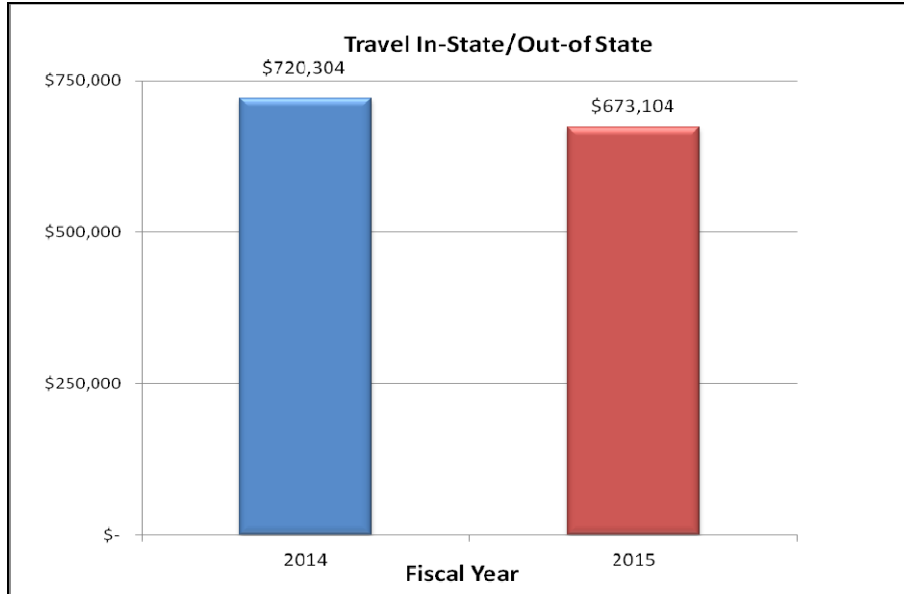
The budget reflects 309 FTEs. The net reduction of three FTEs is a result of five positions eliminated through attrition. Three of those positions were not utilized due to the scale down in the Neighborhood Stabilization Program (“NSP”), and two positions, related to Community Affairs programs, were redirected for the creation of the Fair Housing Section.

The Salaries and Wages line item includes the 2% across-the-board salary increase approved by the 83rd Legislature with an impact of \$322,682 and a 1% allowance for salary growth of \$164,568. These increases were primarily offset by salary reductions related to NSP and Community Affairs Programs.

Payroll related costs decreased \$73,313. The decrease in payroll related costs is proportional to the decrease in salaries.



2. **Travel In-State and Out-of-State.** The Department’s In-State travel budget will decrease \$47,200 or 7.9%. The majority of the decrease is attributed to reductions in the travel budget for Executive in the amount of \$12,000, \$10,000 for NSP, \$6,500 for Community Affairs, \$5,000 for Asset Management and \$15,000 for Compliance. Out-of-State travel remains constant at \$125,394.



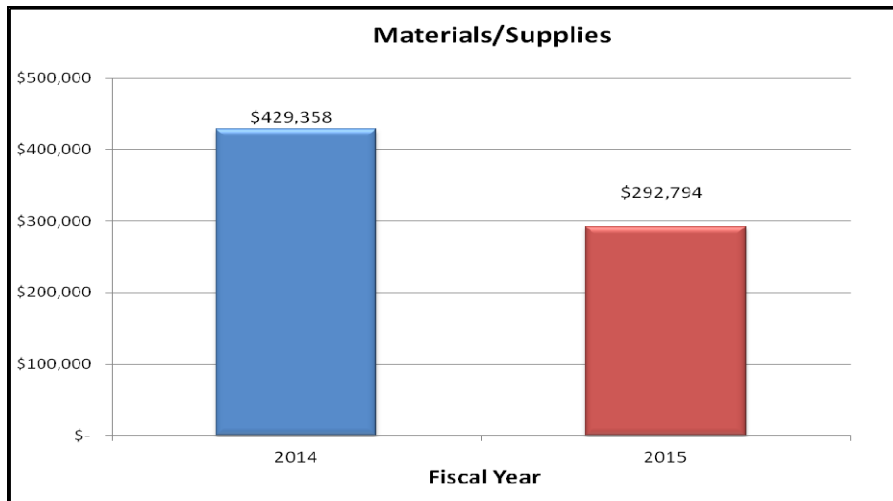
3. **Professional Fees.** Professional Fees and Services decreased \$298,629 or 19.5%. The majority of the decrease can be attributed to reductions in Single Audit Costs of \$146,209, legal fees and NSP document preparation of \$90,500 and other miscellaneous trainings and special projects. Please refer to the professional fees chart on the next page for more details.



Professional Fees Chart

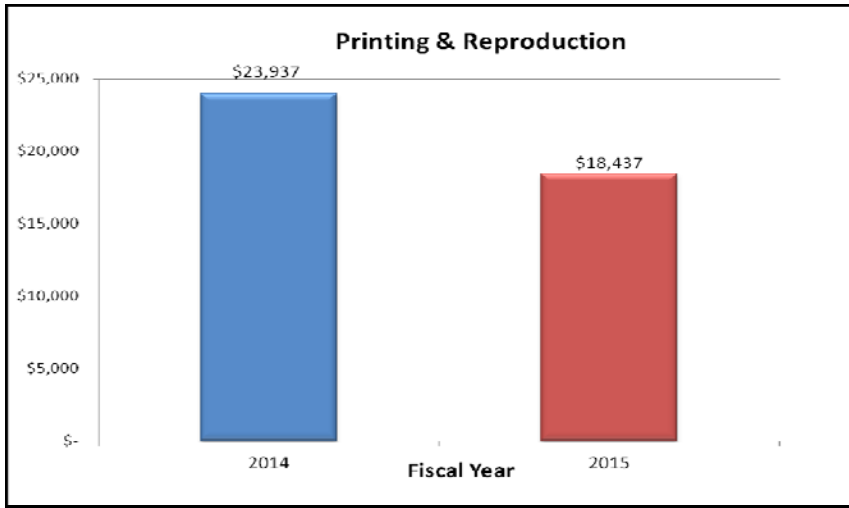
<u>Division</u>	<u>Type of Service</u>	<u>2014 Budgeted</u>	<u>2015 Budgeted</u>
Various	Statewide Cost Allocation	\$ 63,590	\$ 62,977
Various	Audit Costs - Financial and Single Audit	519,977	408,500
Legal/NSP	Legal Costs/Document Preparation	225,000	134,500
Compliance	Inspection Outsourcing (On-Site Inspections)	300,000	315,000
Texas Homeownership	Tx. Statewide Homebuyer Education Program	50,000	50,000
HRC	Market Studies and Preparation of Educational Materials	120,000	120,000
Various	Miscellaneous Training and Special Projects	239,880	128,841
Community Affairs	Training	15,000	15,000
Total		\$ 1,533,447	\$ 1,234,818

4. **Materials and Supplies.** Materials and Supplies decreased \$136,565 or 31.8%. These reductions are attributed to the reduction of expenses across the organization as a result of various cost cutting measures such as agency wide fixed costs.

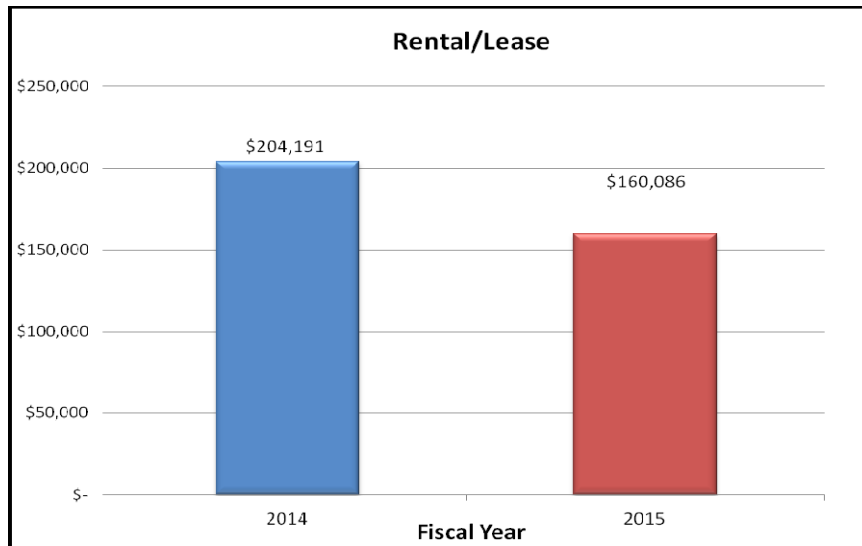


5. **Repairs and Maintenance.** The budget continues to include funding for maintenance of agency software such as MITAS, PeopleSoft Financials, Housing Pro, APPX, and Oracle. These core software products support Loan Servicing, State/Federal Accounting, Bond Accounting, Section 8 Administration, Human Resources, Compliance Monitoring, Community Affairs and Multifamily Housing Programs. The budget for repairs and maintenance experienced a decrease of \$43,319 or 7.0% reflective of the reduction in the second year of the capital budget.

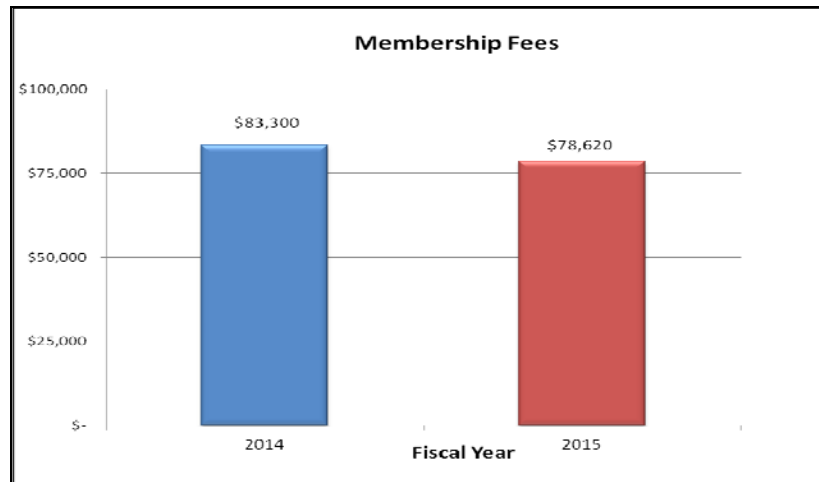
6. **Printing and Reproduction.** Printing and reproduction decreased \$5,500 or 23.0%. These reductions are attributed to the reduction of expenses across the organization as a result of various cost cutting measures such as agency wide fixed costs.



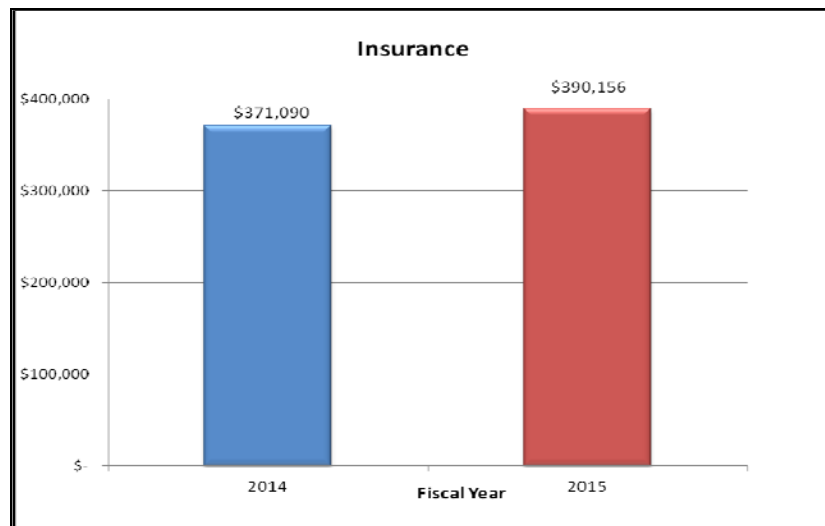
7. **Rentals and Leases.** The Department continues to lease space at the Twin Towers Office Center and a satellite office in Pharr, Texas. This expense category also includes copier rentals and meeting space utilized for events such as public hearings, forums and trainings. The FY 2015 budget decreased by \$44,105 due to the new lease for the satellite office and a reduction in copier costs.



8. **Membership Fees.** Membership fees decreased \$4,680 or 5.6% as a result of a decrease in individual memberships for staff. Key associations which the Department is members of are; the National Council of State Housing Agencies (“NCSHA”), National Association of Home Builders (“NAHB”), and the National Association of State Community Services Programs (“NASCSPP”). These expenses are limited to dues/memberships and do not reflect additional costs of attending seminars and meetings such as registration fees and travel.

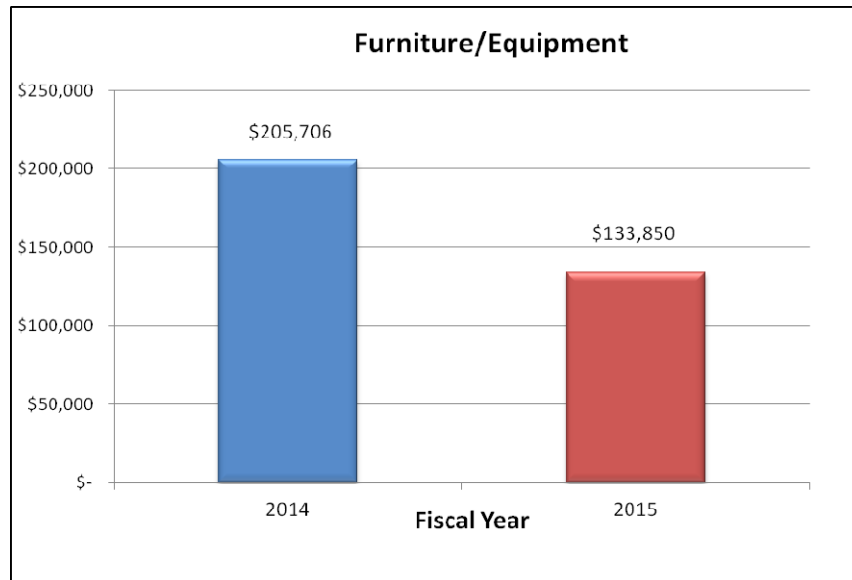


- 9. **Staff Development.** Staff Development decreased \$33,100 or 18.4% as a result of historical spending trends.
- 10. **Insurance/Employee Bonds.** Insurance increased a net of \$19,082 or 5.1%. \$15,000 was attributed to a fee for network security and \$4,000 related to an increase in insurance premium related to the Director’s and Officer’s insurance policy.



- 11. **Employee Tuition.** Employee Tuition decreased \$6,250 or 32.5% due to low participation in continuing education.
- 12. **Advertising.** Advertising decreased \$2,650 or 14.2%. The decrease in this category can be attributed to the Department altering its recruiting efforts by utilizing on-line media.
- 13. **Temporary Help.** Temporary Help increased \$174,700 or 173.8%. The increase in this category is primarily due to a service contract for Program Project Development Services related to the Community Affairs network.
- 14. **Furniture and Equipment.** Included in this category is the Legislature’s approval of the Department’s IT Hardware and Software Refresh Project as it relates to non-capital expenses such as update and replacement of end-user computers and operational software upgrades, including an

upgrade to Windows 7, a Microsoft Office upgrade, server operating system upgrades, and additional database server software licenses. The benefits of these planned purchases include increased security, better performance for end-user computers, and the ability to provide continued support for TDHCA's enterprise systems, such as the Central Database Systems, PeopleSoft Financials, MITAS, and the Manufactured Housing System. This line item decreased \$71,856 or 34.9% due to lower expenditures budgeted for the second year of the biennium.



15. **Communication and Utilities.** The decrease of \$104,995 or 27.6% is due to a re-evaluation of historical spending trends related to the centralized phone system.
16. **Capital Outlay.** The Capital Budget decreased \$88,000 or 52.4% as approved by the Legislature for mission critical growth including server hardware upgrades and network equipment enhancements, so that systems remain supported by vendors and the security and reliability of these systems remain at high levels. Similar to the Furniture and Equipment category, lower expenditures were budgeted for the second year of the biennium.
17. **State Office of Risk Management (“SORM”).** The decrease of \$6,331 or 15.1% is a result of the Department’s favorable safety record.

A detailed budget by division/section is located at <http://www.tdhca.state.tx.us/finan.htm>

Comparison by Expense Object

	2014 Budget (b)	2015 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	\$ 16,839,363	\$ 17,144,833	\$ 305,470	1.8%
Payroll Related Costs	4,041,447	4,114,760	73,313	1.8%
Travel In-State	594,910	547,710	(47,200)	-7.9%
Travel Out-of-State	125,394	125,394	-	0.0%
Professional Fees	1,533,447	1,234,818	(298,629)	-19.5%
Material and Supplies	429,358	292,794	(136,565)	-31.8%
Repairs/Maintenance	619,621	576,302	(43,319)	-7.0%
Printing and Reproduction	23,937	18,437	(5,500)	-23.0%
Rentals and Leases	204,191	160,086	(44,105)	-21.6%
Membership Fees	83,300	78,620	(4,680)	-5.6%
Staff Development	180,326	147,226	(33,100)	-18.4%
Insurance/Employee Bonds	371,090	390,172	19,082	5.1%
Employee Tuition	19,250	13,000	(6,250)	-32.5%
Advertising	18,600	15,950	(2,650)	-14.2%
Freight/Delivery	33,000	30,900	(2,100)	-6.4%
Temporary Help	100,500	275,200	174,700	173.8%
Furniture and Equipment	205,706	133,850	(71,856)	-34.9%
Communication and Utilities	380,089	275,094	(104,995)	-27.6%
Capital Outlay	168,000	80,000	(88,000)	-52.4%
State Office of Risk Management	42,000	35,669	(6,331)	-15.1%
Total Department	\$ 26,013,530	\$ 25,690,815	\$ (322,715)	-1.2%
FTE's	312	309.00	(3.00)	-1.0%
Method of Finance:				
GR-General Revenue - Dedicated	\$ 1,088,847	\$ 1,063,141	\$ (25,706)	-2.4%
GR-Earned Federal Funds	2,067,669	2,112,917	45,248	2.2%
Federal Funds-Non-HERA	6,354,666	6,144,422	(210,245)	-3.3%
Federal Funds-Neighborhood Stabilization Program (HERA)	842,682	574,711	(267,971)	-31.8%
Appropriated Receipts - Housing Finance	14,865,732	14,999,432	133,700	0.9%
Appropriated Receipts - Manufact. Housing	511,438	511,828	390	0.1%
Interagency Contracts	282,497	284,365	1,869	0.7%
Total, Method of Finance	\$ 26,013,530	\$ 25,690,815	\$ (322,715)	-1.2%

Note: Appropriated Receipts - Housing Finance include Bond Administration Fees, Housing Tax Credit Fees, Compliance Fees and Asset Management Fees.

Methods of Finance

The 2015 Budget includes the following sources:

General Revenue

Dedicated - State appropriated funds including Housing Trust Fund, Enriched Housing and funding for affordable housing market studies.

Earned Federal Funds - Federal funds appropriated for indirect costs associated with administering federal funds.

Federal Funds

Federal Funds-Non- HERA - Core federal programs such as Community Services Block Grant, Emergency Solutions Grant, HOME, Weatherization Assistance Program, Section 8 Housing and Low Income Home Energy Assistance Program.

Neighborhood Stabilization Program - Federally appropriated funds specifically designated for HERA-NSP.

Section 811 PRA Program - Federally appropriated funds specifically designated for project based housing vouchers for extremely low-income persons with disabilities.

Appropriated Receipts - Housing Finance

Bond Admin Fees - Appropriated receipts associated with our Single Family and Multifamily bond programs such as application fees, issuance fees, and administration fees.

Low Income Housing Tax Credit Fees - Appropriated receipts associated with our housing tax credit program such as application fees and commitment fees.

Compliance Fees - Fees assessed to multifamily developers for the purpose of ensuring long-term compliance.

Asset Oversight Fees - Fees assessed to TCAP and Exchange property developers for the purpose of safeguarding the Department's financial interest in their properties.

Appropriated Receipts - Manufactured Housing

Manufactured Housing Division fees generated through inspecting, licensing and titling activities.

Interagency Contracts

Contract with the Texas Department of Agriculture for the Office of Colonia Initiatives ("OCI") Self-Help Center's operation and administration and contract with the Texas Department of Aging and Disabilities ("DADS") for the Money Follows the Person program.



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

**FISCAL YEAR 2015
OPERATING BUDGET**
(September 1, 2014 through August 31, 2015)

June 26, 2014

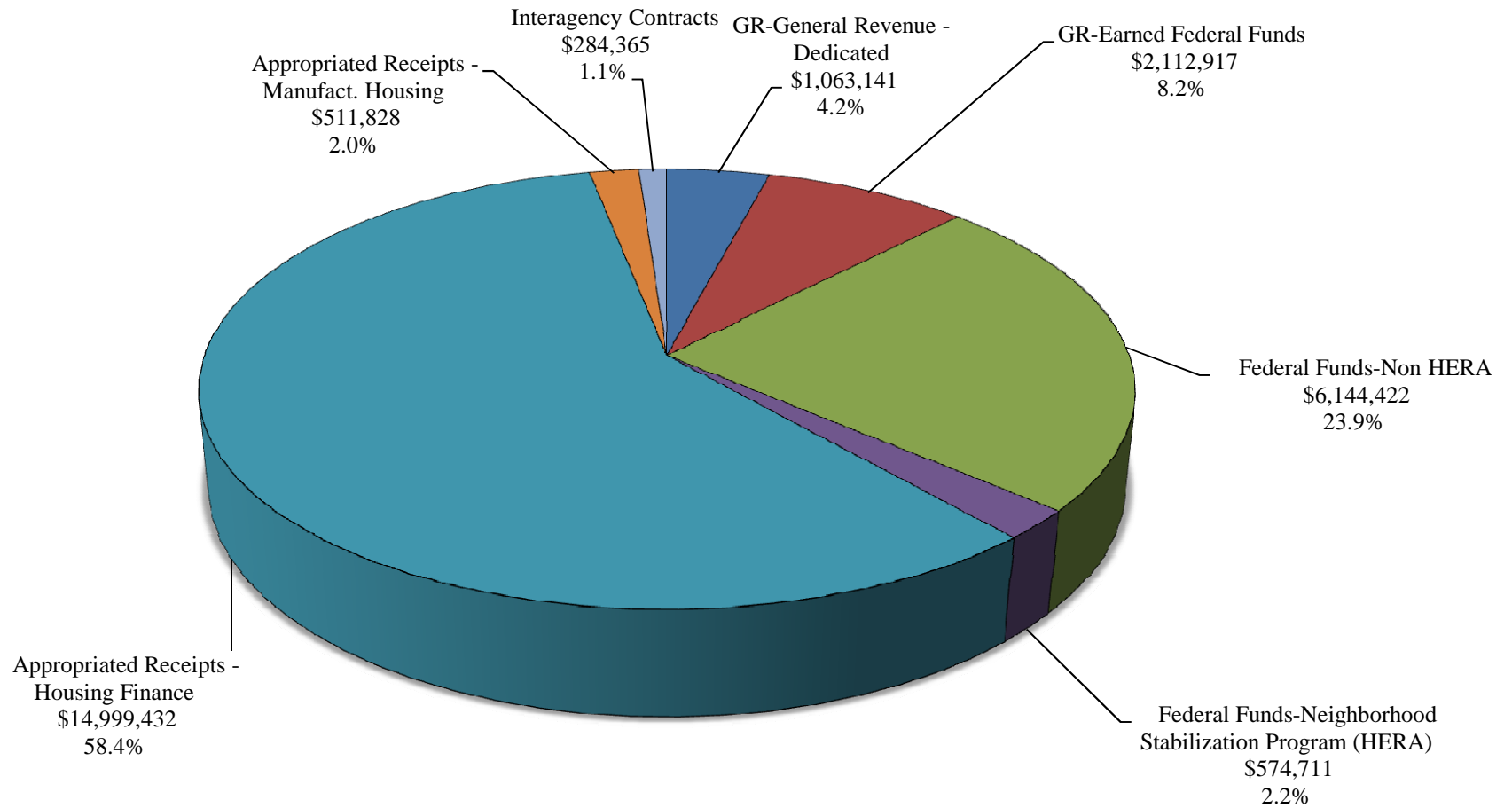
Prepared by the Financial Administration Division

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY-2015 OPERATING BUDGET**

T A B L E O F C O N T E N T S

Method of Finance Chart..... 1
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Capital Budget by Project 6

Texas Department of Housing and Community Affairs FY 2015 Method of Finance



Total Budget: \$25,690,815

Comparison by Division

	2014 Budget (b)	2015 Budget (b)	Variance (b-a)	Percentage Change
Executive Administration:				
Executive Office	251,015	219,255	(31,760)	-12.7%
Board	81,557	70,036	(11,521)	-14.1%
Legal Services	1,069,550	977,852	(91,698)	-8.6%
Internal Audit	365,030	368,786	3,756	1.0%
External Affairs	503,946	438,878	(65,068)	-12.9%
Housing Resource Center	706,600	655,659	(50,941)	-7.2%
Total, Executive Administration	2,977,698	2,730,466	(247,232)	-8.3%
Human Resources	333,976	333,418	(558)	-0.2%
Multifamily Allocation	1,328,465	991,686	(336,780)	-25.4%
Fair Housing	-	343,099	343,099	-
Total, Multifamily Division	1,328,465	1,334,785	6,320	-25.4%
Single Family, Community Affairs & Metrics Division:				
Single Family, Community Affairs & Metrics - Admin	568,864	725,443	156,579	27.5%
HOME Program	908,840	823,743	(85,098)	-9.4%
Texas Homeownership Program	470,764	472,481	1,717	0.4%
Neighborhood Stabilization Program	607,259	453,553	(153,705)	-25.3%
Office of Colonia Initiatives/HTF	775,087	696,653	(78,434)	-10.1%
Community Affairs - Administration	146,045	507,853	361,808	247.7%
Community Affairs - Program Administration	690,241	676,029	(14,212)	-2.1%
Community Affairs - Fiscal	581,575	507,402	(74,173)	-12.8%
Section 8	376,842	329,521	(47,322)	-12.6%
Information Systems	1,616,649	1,625,757	9,108	0.6%
Total, Single Family, Comm. Affairs & Metrics Division	6,742,167	6,818,435	76,269	1.1%
Financial Administration:				
Chief Financial Officer	269,974	277,842	7,868	2.9%
Accounting Operations	1,130,383	1,037,118	(93,265)	-8.3%
Financial Services	1,132,854	1,130,746	(2,108)	-0.2%
Loan Services	628,194	628,677	482	0.1%
Purchasing and Facilities Management	566,997	569,200	2,202	0.4%
Total, Financial Administration	3,728,403	3,643,583	(84,820)	-2.3%
Asset Analysis & Management Division:				
Real Estate Analysis	820,738	826,612	5,874	0.7%
Asset Management	771,493	810,058	38,565	5.0%
Program Services	856,106	808,521	(47,585)	-5.6%
Bond Finance	454,374	462,540	8,166	1.8%
Total, Asset Analysis & Management Division	2,902,712	2,907,731	5,019	0
Compliance Division				
Compliance - Administration	539,492	475,463	(64,029)	-11.9%
Physical Inspections	1,064,815	1,144,528	79,713	7.5%
Contract Monitoring	478,956	481,489	2,533	0.5%
Compliance Monitoring	1,047,917	1,029,280	(18,637)	-1.8%
Community Affairs Monitoring	524,383	504,778	(19,605)	-3.7%
Total, Compliance	3,655,563	3,635,537	(20,025)	-0.5%
Capital Budget	303,100	172,100	(131,000)	-43.2%
Payroll Related Costs	4,041,447	4,114,760	73,312	1.8%
Total, Department	\$ 26,013,530	\$ 25,690,815	\$ (322,715)	-1.2%

	2014 Budget (b)	2015 Budget (b)	Variance (b-a)	Percentage Change
Method of Finance:				
General Revenue:				
GR-General Revenue - Dedicated	\$ 1,088,847	\$ 1,063,141	\$ (25,706)	-2.4%
GR-Earned Federal Funds	2,067,669	2,112,917	45,248	2.2%
Federal Funds-Non ARRA/DRD/HERA	6,354,666	6,144,422	(210,245)	-3.3%
Federal Funds-Neighborhood Stabilization Program	842,682	574,711	(267,971)	-31.8%
Appropriated Receipts - Housing Finance	14,865,732	14,999,432	133,700	0.9%
Appropriated Receipts - Manufact. Housing	511,438	511,828	390	0.1%
Interagency Contracts	282,497	284,365	1,869	0.7%
Total, Method of Finance	\$ 26,013,530	\$ 25,690,815	\$ (322,715)	-1.2%

Note: Appropriated Receipts - Housing Finance includes Bond Administration Fees, Housing Tax Credit Fees, Compliance Fees and Asset Management Fees.

Texas Department of Housing and Community Affairs

Full Time Equivalent (FTE) Positions

September 2014 thru August 2015

	2014 FTEs			2015 FTEs			Variance		
	CAP FTEs	Temporary		CAP FTEs	Temporary		CAP FTEs	Temporary	
		FTEs	Total FTEs		FTEs	Total FTEs		FTEs	Total FTEs
Executive Administration:									
Executive Office	1.00	-	1.00	1.00	-	1.00	-	-	-
Board	-	-	-	-	-	-	-	-	-
Legal Services	9.00	-	9.00	9.00	-	9.00	-	-	-
Internal Audit	4.00	-	4.00	4.00	-	4.00	-	-	-
External Affairs	5.00	-	5.00	4.00	-	4.00	(1.00)	-	(1.00)
Housing Resource Center	7.00	-	7.00	6.00	-	6.00	(1.00)	-	(1.00)
Total, Executive Administration	26.00	-	26.00	24.00	-	24.00	(2.00)	-	(2.00)
Multifamily Allocation	14.00	-	14.00	13.00	-	13.00	(1.00)	-	(1.00)
Fair Housing	-	-	-	4.00	-	4.00	4.00	-	4.00
Total, Multifamily Division	14.00	-	14.00	17.00	-	17.00	3.00	-	3.00
Single Family, Community Affairs, & Metrics :									
SF, CA, & Metrics - Administration	3.00	2.00	5.00	5.00	2.00	7.00	2.00	-	2.00
HOME Program	12.00	-	12.00	11.00	-	11.00	(1.00)	-	(1.00)
Texas Homeownership Program	4.00	-	4.00	4.00	-	4.00	-	-	-
Neighborhood Stabilization Program	-	9.00	9.00	-	6.00	6.00	-	(3.00)	(3.00)
Office of Colonia Initiatives/HTF	9.00	-	9.00	8.00	-	8.00	(1.00)	-	(1.00)
Community Affairs - Administration	2.00	-	2.00	1.00	-	1.00	(1.00)	-	(1.00)
Community Affairs - Program Administration	9.00	-	9.00	9.00	-	9.00	-	-	-
Community Affairs - Training	-	-	-	-	-	-	-	-	-
Section 8	6.00	-	6.00	5.00	-	5.00	(1.00)	-	(1.00)
Information Services	20.00	-	20.00	20.00	-	20.00	-	-	-
Total, Single Family, Community Affairs, & Metrics	72.00	11.00	83.00	70.00	8.00	78.00	(2.00)	(3.00)	(5.00)
Human Resources	4.00	-	4.00	4.00	-	4.00	-	-	-
Financial Administration:									
Chief Financial Officer	3.00	-	3.00	3.00	-	3.00	-	-	-
Accounting Operations	10.00	-	10.00	10.00	-	10.00	-	-	-
Financial Services/Budget/Travel	12.00	-	12.00	12.00	-	12.00	-	-	-
Loan Services	8.00	-	8.00	8.00	-	8.00	-	-	-
Purchasing and Facilities Management	8.00	-	8.00	8.00	-	8.00	-	-	-
Total, Financial Administration	41.00	-	41.00	41.00	-	41.00	-	-	-
Asset Analysis & Management									
Real Estate Analysis	10.00	-	10.00	10.00	-	10.00	-	-	-
Asset Management	9.00	-	9.00	10.00	-	10.00	1.00	-	1.00
Bond Finance	4.00	-	4.00	4.00	-	4.00	-	-	-
Program Services	12.00	-	12.00	12.00	-	12.00	-	-	-
Total, Asset Analysis & Management	35.00	-	35.00	36.00	-	36.00	1.00	-	1.00
Compliance Division:									
Monitoring - Administration	6.00	-	6.00	5.00	-	5.00	(1.00)	-	(1.00)
Physical Inspections	11.00	-	11.00	12.00	-	12.00	1.00	-	1.00
Contract Monitoring	6.00	-	6.00	6.00	-	6.00	-	-	-
Compliance Monitoring	15.00	-	15.00	15.00	-	15.00	-	-	-
CA Inspectors	7.00	-	7.00	7.00	-	7.00	-	-	-
Total, Compliance Division	45.00	-	45.00	45.00	-	45.00	-	-	-
Subtotal, Housing and Community Affairs	237.00	11.00	248.00	237.00	8.00	245.00	-	(3.00)	(3.00)
Manufactured Housing	64.00	-	64.00	64.00	-	64.00	-	-	-
	-	-	-	-	-	-	-	-	-
Total, Department FTEs	301.00	11.00	312.00	301.00	8.00	309.00	-	(3.00)	(3.00)



Out of State Travel

September 1, 2014 thru August 31, 2015

	Budget 2014	Federal Funds	General Revenue	Appropriated Receipts	Total
Executive Administration:					
Executive Office	9,783			9,783	9,783
Board	10,000			10,000	10,000
Legal Services	4,410			4,410	4,410
Internal Audit	1,500		1,500		1,500
External Affairs	3,145		-	3,145	3,145
Housing Resource Center	2,000		2,000	-	2,000
Total, Executive Administration	30,838	-	3,500	27,338	30,838
Multifamily Allocation	6,000			6,000	6,000
Fair Housing	3,000			3,000	3,000
Total, Multifamily Division	9,000	-	-	9,000	9,000
Single Family, Community Affairs & Metrics:					
SF, CA & Metrics - Administration	5,600	5,600		-	5,600
HOME Program	7,000	7,000			7,000
Texas Homeownership Program	7,000			7,000	7,000
Neighborhood Stabilization Program	-				-
Office of Colonia Initiatives/HTF	3,000		3,000		3,000
Community Affairs - Administration	7,700	7,700			7,700
Community Affairs - Program Administration	10,000	10,000			10,000
Community Affairs - Fiscal	3,000	3,000			3,000
Section 8	2,500	2,500			2,500
Information Services	1,500		750	750	1,500
Total, Single Family, Community Affairs & Metrics	47,300	35,800	3,750	7,750	47,300
Human Resources	1,200			1,200	1,200
Financial Administration:					
Chief Financial Officer	2,525			2,525	2,525
Accounting Operations	1,615		1,615		1,615
Financial Services / Budget / Travel	1,526			1,526	1,526
Loan Servicing	2,000			2,000	2,000
Purchasing and Facilities Management	-				-
Total, Agency Administration	7,666	-	1,615	6,051	7,666
Asset Analysis & Management Division:					
Real Estate Analysis	5,000			5,000	5,000
Bond Finance	8,000			8,000	8,000
Asset Management	2,000			2,000	2,000
Program Services	2,000	500		1,500	2,000
Total, Asset Analysis & Management Division	17,000	500	-	16,500	17,000
Compliance Division:					
Compliance - Administration	8,390	5,873		2,517	8,390
Physical Inspections	-			-	-
Contract Monitoring	-	-		-	-
Compliance Monitoring	-	-		-	-
Community Affairs Inspectors	4,000	4,000			4,000
Total, Compliance Division	12,390	9,873	-	2,517	12,390
Total, Department	125,394	46,173	8,865	70,356	125,394

Note: Rider 16, Out of State Travel Limitations states that the limitation does not apply to travel associated with federal programs if the cost of such travel is paid for or reimbursed by the federal government.



Capital Budget

September 1, 2014 thru August 31, 2015

Budget Categories	Budgeted	Federal Funds	HF Approp Receipts
Salaries		53002	53002
Travel In-State			
Travel Out-of-State			
Professional Fees			
Materials/Supplies			
Repairs/Maintenance			
Printing and Reproduction			
Rental/Lease			
Membership Dues			
Staff Development			
Insurance/Employee Bonds			
Employee Tuition			
Advertising			
Freight/Delivery			
Temporary Help			
Furniture/Equipment	92,100	30,410	61,690
Communications/Utilities			
Capital Outlay	80,000	28,641	51,359
State Office of Risk Management			
Total	172,100	59,051	113,049

Notes:

1. Capital Outlay and Furniture/Equip are Scheduled Replacement of Items
2. Does not tie to the Capital Budget Rider due to \$41,400 budgeted in Manufactured Housing for Replacement of Items



Capital Budget by Project

September 1, 2014 thru August 31, 2015

Project Name	50002	50002	Total	Professional Services	Capital Outlay	LIHTC	Compliance Fees	Bond Admin Fees	Manufactured Housing	Total
	Federal Funds	HF Approp Receipts								
Scheduled Replacement of Items:										
Furniture/Equipment (PCs, Printers, etc)	30,410	61,690	92,100	-	61,690	15,636	25,633	20,421	-	61,690
Capital Outlay (Servers, Network Enhancements)	28,641	51,359	80,000	-	51,359	13,018	21,340	17,001	-	51,359
Total, Fiscal Year 2015	59,051	113,049	172,100	-	113,049	28,654	46,973	37,422	-	113,049

2b

BOARD ACTION REQUEST
FINANCIAL ADMINISTRATION DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action on the FY 2015 Housing Finance Division Budget

RECOMMENDED ACTION

WHEREAS, the Governing Board of the Texas Department of Housing and Community Affairs is required to approve a FY 2015 Housing Finance Division Budget and

WHEREAS, the Department is required to submit the budget to the Governor's Office and the Legislative Budget Board ("LBB");

NOW, therefore, it is hereby

RESOLVED, that the FY 2015 Housing Finance Division Budget, in the form presented to this meeting, is hereby approved and

FURTHER RESOLVED, that upon approval by the Governing Board of the Texas Department of Housing and Community Affairs, the Department will submit the budget to the Governor's Office and the LBB.

BACKGROUND

In accordance with Tex. Gov't. Code, §2306.113 the Department shall create a separate annual budget for the Housing Finance Division to certify the housing program fee revenue that supports the Department. This budget is a subset of the whole operating budget and shows the Housing Finance revenues also known as Appropriated Receipts that support the operating budget.

The FY 2015 Housing Finance Division Budget, which the Board is evaluating for approval is \$15 million. The Housing Finance Budget complies with the provisions of the General Appropriations Act.

In addition, in accordance with Tex. Gov't. Code, §2306.117 and 2306.118, the Department incurs operational and nonoperational expenses in carrying out the functions of the Housing Finance Division. These types of expenses may be paid only from revenues or funds provided under this Chapter. The revenue and funds of the Department received by or payable through the programs and functions of the housing finance division, other than funds necessary for the operation of the housing finance division and appropriated funds, shall be administered outside the treasury with the Texas Treasury Safekeeping Trust Company.



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

**FISCAL YEAR 2015
HOUSING FINANCE DIVISION BUDGET**
(September 1, 2014 through August 31, 2015)

June 26, 2014

Prepared by the Financial Administration Division



Housing Finance Budget Appropriated Receipts

September 1, 2014 thru August 31, 2015

Budget Categories	Single Family, Community						Payroll Related		Total
	Executive Administration	Multifamily Allocation	Affairs & Metrics	Financial Administration	Asset Analysis & Management	Compliance	Capital Budget	Costs	
Salaries	1,554,550	1,067,847	2,060,086	1,933,114	2,009,223	1,579,299			10,204,119
Payroll Related Costs	-	-	-	-	-	-		2,324,577	2,324,577
Travel In-State	55,000	18,750	39,500	12,725	18,500	114,800			259,275
Travel Out-of-State	27,338	9,000	7,750	7,251	16,500	2,517			70,356
Professional Fees	116,311	5,789	54,767	243,258	13,173	323,939			757,237
Materials/Supplies	29,212	16,490	17,286	29,318	42,715	29,810			164,831
Repairs/Maintenance	31,589	26,936	34,921	134,138	38,028	41,842			307,455
Printing and Reproduction	3,072	500	5,000	911	-	475			9,958
Rental/Lease	9,343	12,738	29,618	11,687	11,098	11,207			85,690
Membership Dues	49,500	1,500	100	5,463	740	3,550			60,853
Staff Development	17,200	9,876	8,500	25,500	23,600	6,413			91,088
Insurance/Employee Bonds	32,720	23,558	44,157	59,349	41,893	36,596			238,274
Employee Tuition	-	-	-	1,875	6,000	-			7,875
Advertising	250	1,000	10,000	963	1,000	-			13,213
Freight/Delivery	2,450	1,000	2,650	10,275	4,625	763			21,763
Temporary Help	30,751	5,838	1,926	4,539	3,301	3,828			50,184
Furniture/Equipment	3,400	1,200	1,100	6,600	4,050	1,950	61,690		79,990
Communications/Utilities	22,615	13,947	20,881	36,963	66,603	21,043			182,053
Capital Outlay	-	-	-	-	-	-	51,359		51,359
State Office of Risk Management	2,737	2,475	2,038	4,804	3,494	3,734			19,283
Total	1,988,037	1,218,445	2,340,281	2,528,734	2,304,543	2,181,766	113,049	2,324,577	14,999,432

Method of Finance:

Single Family Bond Administration Fees	1,853,559
Multifamily Bond Administration Fees	562,826
Housing Tax Credit Fees	2,125,399
Compliance Fees	2,541,543
Asset Management Fees	668,880
Appropriated Receipts - Central Support	7,247,224
Total, Method of Finance	14,999,432

Note: Appropriated Receipts include Bond Administration Fees, Housing Tax Credit Fees, Asset Management Fees and Compliance Fees

2c

BOARD ACTION REQUEST

FINANCIAL ADMINISTRATION DIVISION

JUNE 26, 2014

Presentation, Discussion, and Possible Action regarding the Legislative Appropriations Request (“LAR”) for State Fiscal Years (“SFY”) 2016-17

RECOMMENDED ACTION

WHEREAS the Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”) must submit to the Office of the Governor and the Legislative Budget Board (“LBB”) a LAR identifying funding needs for the SFY 2016-17 biennium;

WHEREAS Executive Staff has reviewed anticipated needs and resources and made appropriate recommendations; and

WHEREAS Financial Administration has developed an Operating Budget for SFY 2015 that will serve as the basis of the LAR;

NOW, therefore, it is hereby

RESOLVED, that staff is authorized to submit the LAR for SFY 2016-17 as presented in this meeting to the Governor’s Office of Budget, Planning and Policy (“GOBPP”) and the LBB no later than August 4, 2014.

BACKGROUND

Every biennium, each state agency is required to develop and submit to the GOBPP and LBB a LAR. The LAR is used by the LBB, the Senate Committee on Finance, and the House Committee on Appropriations to determine appropriate funding levels for each state agency.

The LAR lays out a state agency’s historical funding and the requested funding for the biennium as well as associated performance measures such as households served. During the fall, the GOBPP and LBB will hold a public hearing on the agency’s LAR and study the request. At the beginning of the 84th Legislative Session, the LBB will develop the first draft of the General Appropriations Act reflecting its recommendations for the baseline budget for each agency. Thereafter, the Senate Committee on Finance and House Committee on Appropriations will hold hearings for each state agency. The General Appropriations Act (“GAA”) is the end product of the budgeting process.

The recently released instructions for the SFY 2016-17 LAR included a submission schedule. The Department's LAR is due on August 4, 2014. This is earlier than in previous interims. Last interim, the LAR was due August 16, 2012.

Highlights of Proposed SFY 2016-17 LAR

Performance Measures

Prior to developing its LAR, each agency is given the opportunity to request changes to its budget structure and performance measures. TDHCA requested and was granted changes to its performance measures that moved measures associated with units, households, or persons served from targeted to actual. TDHCA also requested and was granted changes in contract oversight performance measures that better highlight the network of Community Affairs contracts that provide safety-net services to all 254 Texas counties. The LAR will include TDHCA's projected performance for SFY 2016-17 under these measures. To the extent that the LBB accepts these projections, they will be reflected as targets within the Performance Rider included with the Department's appropriations. In general, projected measures change primarily to reflect increases or decreases in expected funding or anticipated shifts in funding activities. (See *Rider Change Requests* below for more information on riders.)

Request for Baseline Funding

Within the LAR, each agency communicates to the Governor's Office and Legislature the "baseline" funding needed to continue its current operations in the coming biennium. State agencies can also request funding over and above baseline, including requests for increased staff. These are referred to as Exceptional Items. Staff recommends that the Department's SFY 2016-17 LAR reflect solely baseline funding. As is the case with the proposed SFY 2015 Operating Budget, the SFY 2016-17 baseline will reflect adjustments in Methods of Finance consistent with current programs and activities. This includes increased compliance and asset management duties and the administration of the HUD Section 811 Program. Staff recommends maintaining the Department's FTE cap at its current level of 313.

Rider Change Requests

Each state agency has riders attached to its appropriations that provide directive on use of funds. Historically, the first rider lays out key performance measures while the second rider lays out the agency's proposed capital budget. Riders thereafter tend to be unique to each state agency. Through the LAR, state agencies may request changes to their appropriation riders. Beyond the performance measure changes noted above and capital budget updates, staff recommends only the deletion of the Sunset Rider and, as needed, updates in other riders related to funding estimates and state fiscal year. The Sunset Rider (Rider 13) makes TDHCA's appropriations contingent on the continuation of the Department by the legislature. The passage of House Bill 3361, 83rd Texas Legislature, Regular Session, continues the Department for 12 years making this rider unnecessary.

Capital Rider Request/Information Technology Detail

Within the LAR, state agencies communicate their information systems needs for the coming biennium. This is done through the previously referenced Capital Budget Rider and through a separate document, the Information Technology Detail (“ITD”), which outlines all anticipated information technology needs, inclusive of the Capital Budget. The Department’s SFY 2016-17 LAR’s Capital Budget Rider request includes \$492,000 in Federal Funds and Appropriated Receipts over the coming biennium in order to replace hardware and software no longer supported by vendors and ensures systems in place meet current needs, including security needs. Funding requested would allow the Department to replace computers that will be older than five years, improve information security, and upgrade server software and hardware and network hardware, all of which will be end-of-life in SFY 2016-17.

Ten Percent General Revenue Reduction

Within the LAR, state agencies are asked to include a supplemental schedule detailing how they would reduce their baseline General Revenue and General Revenue Dedicated Funds by 10 percent. On June 6th, TDHCA submitted its Base Reconciliation to the GOBPP and the LBB, identifying what the agency believes the baseline General Revenue to be. The Base Reconciliation must be certified by the GOBPP and the LBB. The 10 percent schedule will be based on this certified amount. The Department hopes to receive the certified figure later this month. A proposed reduction schedule based on the certified amount will be brought to the Board during the July 31, 2014 Board Meeting. As in previous biennia, the Department would propose reductions that would minimize the impact on programs and services. The majority of the Department’s General Revenue is associated with the Housing Trust Fund and the Homeless Housing and Services Program.

Attachment:

- Recommended Rider Change Requests for SFY 2016-17 LAR Exclusive of Rider 1 (Performance Measures) and Rider 2 (Capital Budget)
- Summary of Capital Rider Request/Information Technology Detail

Recommended Rider Change Requests for SFY 2016-17 LAR Exclusive of Rider 1 (Performance Measures) and Rider 2 (Capital Budget)

Rider	Comment
<p>3 Low/Moderate Income Housing Construction. Out of the funds appropriated above, no less than \$500,000 each year of the biennium shall be expended on low/moderate income housing construction in enterprise zone areas.</p>	<p>No change.</p>
<p>4 Housing Assistance. To the extent allowed by state and federal program guidelines the department shall adopt an annual goal to apply no less than \$30,000,000 of the funds available from the Housing Trust Fund, HOME Program, Section 8 Program, and Housing Tax-Credit Program's total housing funds toward housing assistance for individuals and families earning less than 30 percent of the Area Median Family Income (AMFI). No less than 20 percent of the funds available from the Housing Trust Fund, HOME Program, Section 8 Program, and Housing Tax- Credit Program shall be spent for individuals and families earning between 31 percent and 60 percent of the area median family income. To the extent allowed by state and federal program guidelines in those counties where the area median family income is lower than the state average median family income, the department shall use the average state median income in interpreting this rider. The department shall provide an annual report to the Legislative Budget Board documenting its expenditures in each income category.</p>	<p>No change.</p>
<p>5 Conversions of Executory Contracts.</p> <p>a. Out of the funds appropriated above, the department shall spend not less than \$4,000,000 for the biennium for the sole purpose of contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income. It is the intent of the Legislature that the department shall make a good-faith effort to complete at least 200 contract for deed conversions by August 31, 2015.</p> <p>b. The Department of Housing and Community Affairs shall provide a quarterly report to the Legislative Budget Board detailing the number of, and cost for each, contract for deed conversions completed</p>	<p>No change.</p>
<p>6 Colonia Set-Aside Program Allocation. The Texas Department of Agriculture (TDA) shall allocate 2.5 percent of the yearly allocation of Community Development Block Grant (CDBG) monies to support the operation of the Colonia Self-Help Centers and shall transfer such funds to the Department of Housing and Community Affairs on September 1 each year of the biennium. Consistent with federal rules and regulations, the funds provided from TDA to the Colonia Self- Help Center in El Paso county shall be used to provide internet access and training for parents and their children attending elementary schools in colonias, to establish technology centers within those elementary school libraries, to purchase wireless devices and laptop computers to loan out from the technology centers, and improve internet access for students and parents.</p>	<p>No change.</p>
<p>7 Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments. Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund are included above in Strategy A.1.3, Housing Trust Fund, estimated to be \$1,600,000 <u>\$2,200,000</u> each year.</p>	<p>Updated years estimated interest earnings and loan repayments.</p>

Recommended Rider Change Requests for SFY 2016-17 LAR Exclusive of Rider 1 (Performance Measures) and Rider 2 (Capital Budget)

<p>8 Housing Trust Fund Deposits to the Texas Treasury Safekeeping Trust Company.</p> <p>a. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund, all funds above those retained for administrative purposes in fiscal year 2014<u>16</u> and fiscal year 2015<u>17</u> shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, at the beginning of each fiscal year. The amounts to be transferred in fiscal years 2014<u>16</u> and 2015<u>17</u> include an estimated \$1,600,000 <u>\$2,200,000</u> in each fiscal year from interest earnings and loan repayments received, identified above in Rider 8, Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments.</p> <p>b. Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, for the same purpose.</p> <p>c. The Department of Housing and Community Affairs shall provide an annual report to the Legislative Budget Board, the House Appropriations Committee, and the Senate Finance Committee no later than October 1 detailing the agency's plan to expend funds from the Housing Trust Fund during the current fiscal year.</p> <p>d. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund, all funds above those retained for administrative purposes in fiscal year 2014<u>16</u> and 2015<u>17</u> and above amounts required in § (a) of this rider, shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, no later than October 1 of each fiscal year.</p> <p>e. At the end of each fiscal year, any unexpended administrative balances appropriated under Strategy A.1.3, Housing Trust Fund, shall be transferred to the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306.</p>	<p>Updated years estimated interest earnings and loan repayments.</p>
<p>9 Mortgage Revenue Bond Program. The Department of Housing and Community Affairs shall operate the First-Time Homebuyer Mortgage Revenue Bond Program in a manner that maximizes the creation of very low-income single family housing by ensuring that at least 30 percent of the lendable bond proceeds are set aside for a period of one year for individuals and families at 80 percent and below the area median family income (AMFI), while assuring the highest reasonable bond rating. In an effort to facilitate the origination of single family mortgage loans to individuals and families at 80 percent and below the AMFI, the department shall utilize down payment and closing cost assistance or other assistance methods.</p>	<p>No changes.</p>
<p>10 Additional Appropriated Receipts.</p> <p>a. Except during an emergency as defined by the Governor, no appropriation of appropriated receipts in addition to the estimated amounts above may be expended by the Department of Housing and Community Affairs unless:</p> <p>b. the department's governing board files a finding of fact along with a written plan outlining the source, use, and projected impact of the</p>	<p>No changes.</p>

Recommended Rider Change Requests for SFY 2016-17 LAR Exclusive of Rider 1 (Performance Measures) and Rider 2 (Capital Budget)

<p>funds on performance measures with the Legislative Budget Board and the Governor and indicating that additional appropriations are required to maintain adequate levels of program performance; and,</p> <p>c. the Legislative Budget Board nor the Governor issues a written disapproval not later than: the 10th day after the date the staff of the Legislative Budget Board concludes its review of the findings of fact and forwards those findings of fact along with the conclusions or comments of the Legislative Budget Board staff to the Chair of the Housing Appropriations Committee, Chair of the Senate Finance Committee, Speaker of the House, and Lieutenant Governor; and within 10 business days of the receipt of the finding of fact by the Governor and the written plan, which would not prohibit the agency from responding in an emergency.</p> <p>d. This provision does not apply to appropriated receipts included in the amounts appropriated above that are collected under Object Codes 3719 and 3802. Appropriated receipts collected under these revenue object codes are governed under provisions found in Article TX, §8.03 and Article TX, §12.02.</p>	
<p>11 Manufactured Homeowner Consumer Claims. Included above in Goal E, Manufactured Housing, the Manufactured Housing Division of the Department of Housing and Community Affairs is appropriated an amount required for the purpose of paying manufactured housing consumer claims from Appropriated Receipts according to the Occupations Code Chapter 1201, Manufactured Housing Standards Act, from Statement of Ownership and Location (SOL) issuance fees involving manufactured housing that are collected during the 2014-15 <u>2016-17</u> biennium. No General Revenue is appropriated for the payment of these claims.</p>	<p>Updated years.</p>
<p>12 Affordable Housing Research and Information Program. Out of funds appropriated above in Strategy B.1.1, Housing Resource Center, the Department of Housing and Community Affairs shall conduct the Affordable Housing Research and Information Program with the assistance of the Texas Department Agriculture, to the extent allowed by state law, in order to avoid a duplication of effort. It is the intent of the Legislature that no funds shall be transferred between the Department of Housing and Community Affairs and the Texas Department of Agriculture for this purpose.</p>	<p>No changes.</p>
<p>13 Reporting on Weatherization Efforts. As part of its efforts to help low-income Texans eligible for weatherization to conserve energy and lower bills, Texas Department of Housing and Community Affairs (TDHCA) shall use funds appropriated above to coordinate with investor- owned utilities, from which TDHCA receives funds, and that offer energy efficiency programs for Texans meeting low-income eligibility criteria to make sure the monies available for low-income energy efficiency programs spent both through the agency and through utility programs are effectively and adequately spent. The TDHCA shall use funds appropriated above to produce an annual report with information about the number of low-income household benefiting from energy efficiency monies through state, federal and utility-funded programs, the total amount of federal, utility and state funds expended on the programs, the average amount spent per unit weatherized in each program, as well as the peak electricity demand reduction, the amount overall electric energy saved, the amount of money saved and the number of job and job years created. A copy of the annual report shall be delivered to the Lieutenant Governor, Speaker and Governor, as well as made available on TDHCA's website by March 15th of 2014<u>16</u> and March 15th of 2015<u>17</u>.</p>	<p>Update years.</p>

Recommended Rider Change Requests for SFY 2016-17 LAR Exclusive of Rider 1 (Performance Measures) and Rider 2 (Capital Budget)

<p>14 Sunset Contingency. Funds appropriated above for fiscal year 2015 for the Texas Department of Housing and Community Affairs are made contingent on the continuation of the Texas Department of Housing and Community Affairs by the Eighty third Legislature. In the event that the agency is not continued, the funds appropriated for fiscal year 2014 or as much thereof as may be necessary are to be used to provide for the phase out of the agency operations.</p>	<p>Rider no longer needed due to passage of House Bill 3361, 83rd Texas Legislature, Regular Session, which continues TDHCA 12 years.</p>
<p>15 Transfer of the Veterans Housing Assistance Program. Out of funds appropriated above, in Strategy A.1.3, Housing Trust Fund, the Texas Department of Housing and Community Affairs shall establish an Interagency Contract to provide 10 percent, not to exceed \$4,300,110 for the 2014-15 2016-17 biennium (\$4,200,110 for grants and \$100,000 for administration), to the appropriate fund or account with the Texas Veterans' Commission for the purpose of administering a Veterans Housing Assistance Program that will assist Texas veterans and their families in obtaining, maintaining or improving housing.</p>	<p>No changes.</p>

FY 2016-2017 Capital Budget Summary

The information technology (IT) planning component associated with the Legislative Appropriations Request (LAR) is the Information Technology Detail (ITD). The primary purpose of the ITD is to provide the supporting detail and justification for the agency's IT operating budget and any capital budget requests. In the ITD for each biennium, the IT staffing, operational activities, and hardware and software maintenance expenses are described in a project called Daily Operations. Any additional projects submitted in the ITD are capital budget projects. For the past five ITDs, TDHCA's capital budget projects have been funded by a mix of appropriated receipts and federal funds, but no general revenue has been used for such projects. We will continue this funding model for the FY 2016-2017 biennium and future biennia. State agencies submit the ITD along with the LAR in the Legislative Budget Board's Automated Budget and Evaluation System of Texas (ABEST).

With the Board's approval, TDHCA will submit one capital budget project in the FY 2016-2017 LAR/ITD: the IT Hardware and Software Upgrades project, with a budget of \$492,000 for the biennium. This project will build upon computer and software upgrades currently being carried out through the \$588,000 FY 2014-2015 IT Hardware and Software Refresh capital budget project.

Because the budget for the FY 2012-2013 version of this project was reduced from \$703,000 to \$190,000 during the 82nd legislative session, TDHCA removed all planned end-user hardware and software purchases from the project that biennium. In FY 2014-2015, 150 of the agency's computers are being replaced. As of May 15, this work is 50% complete and is on pace to be finished in July. In all cases the computers being replaced have been in use for longer than five years. We are also upgrading aging server hardware and outdated software this biennium.

Through the FY 2016-2017 IT Hardware and Software Upgrades project, computers that will be older than five years in that biennium will be replaced. The capital budget will also be used to improve information security and upgrade server software and hardware and network hardware that will be end-of-life in that biennium. The agency's server hardware and software powers TDHCA's mission-critical systems, many of which are accessed by thousands of our customers across the state. These systems include the agency website, the Community Affairs Contract System, the Compliance Monitoring and Tracking System, the Housing Contract System, PeopleSoft Financials, the Manufactured Housing System, the Mitas Accounting and Loan Servicing System, the Section 8 system (Housing Pro), and others.

The planned FY 2016 IT Hardware and Software Upgrades budget of \$303,000 consists of the following items, in priority order:

- 1) Security hardware and software -- \$60,000
- 2) End user hardware -- \$148,000
- 3) Windows and Linux server hardware upgrades -- \$15,000
- 4) Server software licenses -- \$15,000
- 5) Cisco hardware replacement purchases -- \$25,000
- 6) Oracle server hardware upgrade -- \$40,000

The planned FY 2017 IT Hardware and Software Upgrades budget of \$189,000 consists of the following items, in priority order:

- 1) End user hardware -- \$134,000
- 2) Windows and Linux server hardware upgrades -- \$15,000
- 3) Server software licenses -- \$15,000
- 4) Cisco hardware replacement purchases -- \$25,000

3

BOARD ACTION REQUEST

BOND FINANCE DIVISION

JUNE 26, 2014

Presentation, Discussion, and Possible Action on Resolution No. 14-035 authorizing Publication of Public Notice for Mortgage Credit Certificate Program (MCC) (Program 83)

RECOMMENDED ACTION

See attached resolution

BACKGROUND

TDHCA's current MCC program was released on April 14, 2014 ("Program 82" or "P82"). Under this program, approximately 15% of the \$131.25 million of MCC authority has been issued or commitments are in the pipeline. At the current commitment rate, the P82 program is expected to fully commit its Non-Targeted Area funds (80% of the Total Funds) in 10 months and all of its funds in 13 months. In order to ensure a continuous flow of available MCC funds, staff is requesting approval to publish the Public Notice for the next program - MCC Program 83. The notice is required to be published for 90 days prior to the issuance of MCCs under the program. Publishing the notice now will allow greater flexibility later in accessing unused Private Activity Cap ("PAB"). Staff will come back to the Board at a later date, prior to the issuance of any MCCs under Program 83, for approval to request the bond authority from the Texas Bond Review Board and for approval of the related MCC documents.

A mortgage credit certificate is an instrument designed to assist persons of low to moderate income to better afford individual home ownership. The procedures for issuing MCCs were established by the United States Congress as an alternative to the issuance of single family mortgage revenue bonds. As distinguished from a bond program, in an MCC program no bonds are issued, no mortgage money is actually lent by the Department, many of the costs associated with a bond program are not incurred, and lenders are required to pay only nominal up-front fees.

Mortgage Credit Certificates help make ownership of a new or existing home more affordable by entitling the homeowner to a personal tax credit of up to \$2,000 against their federal tax liability for a portion of the interest paid on their home mortgage. For example, a homeowner that purchased a home with a mortgage loan in the amount of \$140,000 at a 4.25% interest rate for 30 years would have a monthly principal and interest payment of \$689. With an MCC, homeowners can submit a revised W-4 Withholding Form to his or her employer to reduce the federal withholding tax by up to \$166.67 per month, which increases the borrower's disposable income by reducing their federal income tax obligation. This same homeowner can also deduct the yearly mortgage interest paid of approximately \$3,950 (\$5,950 less \$2,000) as an itemized deduction on their annual federal income tax return. Simply put, an MCC tax credit is a dollar for dollar reduction of income taxes owed.

In order to be eligible for an MCC, borrowers must comply with the same first-time homebuyer requirements stipulated by the Internal Revenue Code for mortgage revenue bonds. For example, MCC recipients must occupy the residence as their primary residence, comply with income limits and comply with home purchase price limits. MCCs cannot be used when mortgages are funded with tax-exempt bond proceeds, but they can be used with other taxable single family programs offered by the Department, such as the TMP 79 mortgage loan program.

Under Federal guidelines, the Department, as an issuer of mortgage revenue bonds can trade \$1 of bond authority for \$0.25 of MCC authority. For the current Program 82, the Department used \$525 million in private activity volume cap in order to make available \$131.25 million of MCC authority. Today, staff is asking the Board to authorize staff to publish the notice for the next MCC program (Program 83). The actual approval of Program 83 documents and approval to convert bonding authority will not occur until a future Board meeting. Staff is currently projecting that Program 83 will use the remaining carry forward that the Department has on-hand (approx. \$400 million) in addition to an estimate of up to \$600 million that would be submitted in one or more PAB requests to the Texas Bond Review Board (the “BRB”) before the end of calendar year 2014 based upon availability of otherwise unused volume cap authority.

MCC Program 83 Example

Average P82 Mortgage Credit Certificate Program Mortgage Amount	\$140,000
Market Mortgage Interest Rate	4.25%
First Year Mortgage Interest	\$5,950
MCC Certificate Credit Rate	40%
Calculated Tax Credit Amount	\$2,380
Maximum Tax Credit Allowed	\$2,000
Schedule “A” Mortgage Interest Deduction	\$3,950

Lenders participating in TDHCA’s previous Mortgage Credit Certificate Programs have expressed continued interest in mortgage credit certificates. The proposed program is currently anticipated to assist over 4,800 Texas families in attaining the “American Dream” of homeownership – these numbers will vary depending upon the dollar amount of private activity volume cap requested. The Department’s MCC programs in the past three fiscal years have assisted 3,144 homebuyers and facilitated approximately \$437 million in mortgage loan financing. Currently, Program 82 has enough remaining MCC commitment authority to support approximately \$279 million in additional mortgage loan commitments. It is staff’s intention to release Program 83 once Program 82 has been fully committed. Program 82 was originally expected to be launched in September of 2014, but due to increasing demand was actually launched five months early in order to allow a continuous availability of funds for the program. Staff has incorporated the use of eHousing – an online application processing service – to vastly improve the ability of the Department to handle this increase in MCC commitment activity volume. At the current rate of expenditure, Program 82’s Non-Targeted Area funds are expected to be fully committed by February 2015.

If the current rate of MMC commitments is sustained then Program 83 could be fully committed 20 months thereafter. Please see the tables set-forth below for recent program activities.

Month	Calendar Year MCC Issuance			
	2011	2012	2013	2014
January	0	31	43	66
February	57	19	120	155
March	33	63	86	199
April	30	45	91	193
May	27	38	60	124
June	52	14	0	
July	73	100	107	
August	59	28	88	
September	12	96	185	
October	59	135	197	
November	73	86	103	
December	70	142	316	
Total	545	797	1396	737

Fiscal Year	MCCs Issued	\$ of Loans
2011	625	82,145,517
2012	552	72,186,691
2013	1054	146,935,191
2014 (9-mos)	1538	218,270,865
2014 (proj.)	2044	290,000,000

Program	MCC Credit %	PAB Cap Used	MCC's Issued	Estimated Loan Volume Supported
P75	30%	120,000,000	709	100,000,000
P78	35%	180,000,000	988	128,571,429
P80	35%	260,000,000	1257	185,714,286
P81*	40%	260,000,000	930	162,500,000
P82*	40%	525,000,000	31	328,125,000

* All of the MCC issuance has not been completed for this program.

RESOLUTION NO. 14-035

RESOLUTION AUTHORIZING PUBLICATION OF PUBLIC NOTICE FOR MORTGAGE CREDIT CERTIFICATE PROGRAM; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time (the "Act"), for the purpose 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 and very low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the "Governing Board")) from time to time) at prices they can afford; and

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

WHEREAS, the Department proposes to convert a portion of its authority to issue qualified mortgage bonds to mortgage credit certificates ("MCCs"), to be used for the Department's Mortgage Credit Certificate Program to be designated as Program 83 ("MCC Program 83"); and

WHEREAS, the Governing Board desires to authorize the publication of public notice required under Section 25 of the Internal Revenue Code of 1986, as amended, and Treasury Regulation Section 1.25-3T(j)(4) issued thereunder as to the issuance of MCCs and maintenance of a list of single family mortgage lenders that will participate in MCC Program 83 (the "Public Notice") and the taking of such actions as may be necessary to carry out the purposes of this Resolution;

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Publication of Public Notice. The Department is hereby authorized to publish the Public Notice in the Texas Register and newspapers throughout the State.

Section 1.2 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Governing Board, the Executive Director of the Department, the Deputy Executive Director of Multifamily Finance and Fair Housing of the Department, the Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department, the Director of Multifamily Finance of the Department and the Secretary or any Assistant Secretary to the Governing Board. Such persons

are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Persons is authorized to act individually as set forth in this Resolution.

Section 1.3 Ratifying Other Actions. All other actions taken or to be taken by the Executive Director and the Department’s staff in connection with the publication of the Public Notice for MCC Program 83 are hereby ratified and confirmed.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing 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 Governing 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 26th day of June, 2014.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

4

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
JUNE 26, 2014

Presentation, Discussion, and Possible Action to approve material amendments to seven (7) Land Use Restriction Agreements (“LURAs”) for the following developments located in or around El Paso: Fonseca, Ltd., Prado, Ltd., NCDO Housing, Ltd., Western Whirlwind, Ltd., Cactus Rose, Ltd., Painted Desert Townhomes, and Whispering Sands Townhomes.

RECOMMENDED ACTION

WHEREAS, the Owners of seven related Developments, in or around El Paso, received an award of 9% Housing Tax Credits for each of the above-referenced Developments between the years of 1995 and 2003;

WHEREAS, each of the tax credit applications for these seven Developments received points and/or other preferences for having a Historically Underutilized Business (“HUB”), namely Investment Builders, Inc. (“IBI”), participate in the ownership of the Development;

WHEREAS, the LURAs each require that throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall have an ownership interest and maintain regular, continuous, and substantial participation in the Development, operation, and ownership of the Development;

WHEREAS, all of these Developments are within their Compliance Periods, as defined in their respective LURAs;

WHEREAS, the Development Owner requests approval to amend all seven LURAs to replace the HUB requirement with a Qualified Nonprofit Organization requirement for the remainders of the respective Compliance Periods;

WHEREAS, no demonstrable benefit or satisfactory good cause has been provided by the owner to the Department as required by 10 TAC §10.405(b);

WHEREAS, although it may have certain common public policy reasons underlying its use as a scoring criterion, the Qualified Nonprofit Organization is a different preference item for the tax credit program than a HUB, advancing distinct State and Federal policy initiatives;

WHEREAS, staff has been unable to identify any preferred compelling policy reasons to approve the requested changes;

WHEREAS, even if action is taken on this item to allow any such amendment(s), this would not constitute approval of an ownership transfer of these properties and

subsequent approval of such any such request would be conditioned upon compliance with 10 TAC §10.406; and

WHEREAS, Board approval is required for material LURA amendments, and the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board ;

NOW, therefore, it is hereby

RESOLVED, that the requested LURA amendments for Fonseca, Ltd., Prado, Ltd., NCDO Housing, Ltd., Western Whirlwind, Ltd., Cactus Rose, Ltd., Painted Desert Townhomes, and Whispering Sands Townhomes are denied.

BACKGROUND

The HUB owner of each Development is Investment Builders, Inc. (“IBI”). IBI intends to sign a purchase and sale agreement to transfer the general partner interests in a larger portfolio of 25 Developments in the El Paso region to a Texas nonprofit corporation controlled by the Housing Authority of the City of El Paso (“HACEP”). The Owner reported that 18 of the 25 Developments do not require HUB participation. According to IBI, HACEP wants to purchase all or none of the portfolio and will do so only if these material LURA amendments and the subsequent ownership transfers are approved. While a LURA amendment and transfer of these Developments may be beneficial for the current and future Owner, neither has provided any explanation as to why they cannot continue to comply with the LURA requirement for a HUB through another means (such as a partnership with a HUB through the remaining compliance period), or why this transfer is necessary or beneficial to the residents of the Development, or in the best interest of the State. The transfers are subject to approval by the Department, which would be denied for these seven Developments, if these LURA amendments are not approved since transfer of these to a non-HUB would not comply with the requirements of the existing LURAs.

Staff evaluated each amendment request and determined that the requests do not provide an equal or better substitute for the public policy purpose of HUB participation requirement. Each of the Developments was awarded tax credits in different years, and therefore, there was a different emphasis on scoring points and the specifics of the HUB ownership requirement. For example, some LURAs require the HUB to be designated as the Managing General Partner within the ownership structure, while others require the HUB to hold an ownership interest of some sort. All the LURAs for these properties require material participation by the HUB in the development, operation, and ownership of the project. The policy to include HUB participation is a State policy initiative while the Qualified Nonprofit Organization preference is provided for in the Federal statute. In this case, however, the State would not have received credit for the Qualified Nonprofit Organization participation because this is occurring so long after the initial award and issuance of 8609s. While both preferences are valued they serve different purposes.

The Owner stated that, because the proposed underlying general partner/owner is owned and controlled by a Nonprofit organized by the Housing Authority rather than owned by an individual, it is legally incapable of being organized as a HUB. The Owner provided a legal opinion from Art Provenghi, Legal

Counsel to HACEP, confirming that HACEP cannot legally organize a wholly-owned or wholly-controlled subsidiary or an affiliate that would qualify as a HUB, as a HUB is defined by law as a “for profit” entity. The legal opinion does not specify whether or not HACEP could form a partnership with a third-party HUB to meet the requirement in the LURA. However, from conversations with the Owner’s legal representative, it appears that HACEP is not interested in such a partnership and would like full control of ownership of the Development. The Owner also contends that, because the general partner possesses many of the characteristics of a typical HUB through their Board composition, they should be approved as a replacement even though not legally certified as a HUB. The board of directors of the proposed general partners are composed of the same persons who serve as directors on the HACEP board. A legal opinion from Art Provenghi stating that the majority of the HACEP’s Board of Commissioners are women and/or Hispanic was also provided. The Owner also stated that new owners will use contracting criteria that gives preference to HUBs.

The letter from the Owner also identifies previous similar ownership transfers approved by the Department. The transfers of the general partner interests from a HUB to nonprofit entities affiliated with HACEP for Saul Kleinfeld, Ltd (#95024) and for Meadowbrook Townhomes (#02067) were approved in 2004 by the Executive Director at that time. Other similar transfers were administratively approved by the Director of Multifamily Finance Production in 2007. A copy of the approval letters was provided by the Owner. In 2009, the Executive Director approved a similar transfer for Cedar Oak Townhomes (#04070), but the approval letter states that the loss of the HUB points would not have negatively affected the award. Staff also found evidence of denials of such transfers over the years. In October 2007, the board heard a request to eliminate the HUB without adding a nonprofit replacement (Chaparral Townhomes #01005). This item was tabled and the owner subsequently found a replacement HUB. In December 2007, the board heard discussion on three Developments with this HUB issue. Preston Trace, #04105, requested to delete the HUB requirement and ultimately the owner found a new HUB. The original HUB of Freeport Oaks, #04255, and TownePark Fredericksburg II, #04260, lost its HUB status and a 90 day extension was granted wherein the Owner found a new HUB to participate in ownership. In May 2010, Brazos Landing, #01029, went before the board and requested the elimination of a HUB which was denied by the Board.

The rule for material LURA amendments (10 TAC §10.405(b)) which lays out a process for the amendment of a LURA was not in effect at the time of these prior requests as it was a rule first adopted by the Board on March 3, 2011. Staff did not find any record of similar transfers being approved since the rule has been in place. The last time the TDHCA Board approved a transfer from HUB to Non-Profit was on January 20, 2011 and was with respect to the Townhomes of Bay Forest. This transfer was approved as part of a NSP workout solution in order to maintain affordable housing of the development and prevent imminent foreclosure. Most recently, on September 18, 2013, a requested transfer of a HUB ownership requirement to a Non-Profit for Sunset Arbor, #99126, was denied administratively. There is no specific provision in the rules regarding the substitution of a Non-Profit for a HUB, and there is no provision in the rules to make an assessment that the composition of a Non-Profit is like a HUB based solely on board composition.

The attached table provides a summary of each Development’s requirement. Staff believes the Owner has not provided sufficient evidence of the need for transfer from a HUB to a Qualified Nonprofit and has not identified how this would be in the best interest of the residents or of the State of Texas, aside from the proposed new Owner’s interest to solely own the Developments. Furthermore, the Owner

specifically states in the request letters that the “proposed amendment will have no effect on the operation of [the Development] or its financial stability”. Therefore, staff recommends that the requested LURA amendments be denied.

#95026/Fonseca, Ltd.

Fonseca, Ltd. was approved during the 1995 competitive cycle to construct 14 new construction units in El Paso, Texas. The 15-year Federal Compliance Period has expired. However, the application received points at the time of application to extend the Compliance Period ten years beyond the Federal requirement, for a total of 25 years, as reflected in the LURA. The 25-year Compliance Period will end on 2021 and at that point the HUB requirement will automatically expire.

The original HUB general partner, Investment Builders, Inc. (“IBI”), intends to sign a purchase and sale agreement to transfer the managing general partnership interest in Fonseca, Ltd. to Paisano Fonseca, LLC. The sole member of Paisano Fonseca, LLC is Paisano Housing Redevelopment Corporation (“Paisano Housing”), a Texas nonprofit corporation controlled by the Housing Authority of the City of El Paso (“HACEP”).

The Owner also pointed out that the original tax credit application for the Development had the option to propose a Qualified Nonprofit Organization instead of a HUB, which would have resulted in a score reduction of two points and that the application would have continued to be competitive and receive tax credits. The Owner indicates that there were only four applications from El Paso in the 1995 tax credit round, and all four applications were submitted by IBI.

Pursuant to 10 TAC §10.405(b)(4), the Owner scheduled a public hearing for June 13, 2014.

#97089/Prado, Ltd.

Prado, Ltd. was approved during the 1997 competitive cycle to construct 64 new construction units in El Paso, Texas. The Federal 15-year compliance period expires in 2014; however, the application received points at the time of application review to extend this period and additional ten years, for a total of 25 years, as reflected in the LURA. The 25-year Compliance Period will end on 2024 and at that point the HUB requirement will automatically expire.

The original HUB general partner, Investment Builders, Inc. (“IBI”), intends to sign a purchase and sale agreement to transfer the managing general partnership interest in Prado, Ltd. to Paisano Prado I, LLC. The sole member of Paisano Prado I, LLC is Paisano Housing Redevelopment Corporation (“Paisano Housing”), a Texas nonprofit corporation controlled by the Housing Authority of the City of El Paso (“HACEP”).

The Owner also pointed out that the tax credit application for the Development would have lost five points if a HUB had not been proposed but states that the next application to be funded, which was not funded, was for a project from a HACEP affiliate, which did not have a HUB. The two projects were competing in the nonprofit set aside, and the LURA for Prado, Ltd. requires material participation by a Qualified Nonprofit Organization, in addition to a HUB managing general partner.

Pursuant to 10 TAC §10.405(b)(4), the Owner scheduled a public hearing for June 13, 2014.

#98091/NCDO Housing, Ltd.

NCDO Housing, Ltd. was approved during the 1998 competitive cycle to construct 32 new construction units in El Paso, Texas. The letter from the Owner points out that the 15-year compliance period expires in 2015; however, the application received points at the time of application review to extend the Compliance Period ten years beyond the Federal requirement, for a total of 25 years, as reflected in the LURA. The 25-year Compliance Period will end on 2025 and at that point the HUB requirement will automatically expire.

The original HUB general partner, IBI NCDO Housing LP, LLC (“IBI NCDO Housing”), intends to sign a purchase and sale agreement to transfer the managing general partnership interest in NCDO Housing, Ltd. to Paisano NCDO I, LLC. The sole member of Paisano NCDO I, LLC is Paisano Housing Redevelopment Corporation (“Paisano Housing”), a Texas nonprofit corporation controlled by the Housing Authority of the City of El Paso (“HACEP”).

The Owner also pointed out that the tax credit application for the Development would have lost five points if a HUB had not been proposed but states that only one other project was competing in the nonprofit set aside. Both projects were being developed by IBI. Neither the Owner nor the Department have been able to determine what the impact on the award would have been if the HUB points had not been claimed. The LURA for NCDO Housing, Ltd. currently requires material participation by a Qualified Nonprofit Organization, in addition to a HUB managing general partner.

The Owner has scheduled a public hearing for June 11, 2014.

#01018/Western Whirlwind, Ltd.

Western Whirlwind, Ltd. was approved during the 2001 competitive cycle to construct 36 new construction units in Horizon City, Texas. The application proposed and received points for having a joint venture between a for-profit and a nonprofit general partner. However, on June 28, 2006, the Department’s Board approved the for-profit co-general partner, IBI Western Whirlwind, LLC, a HUB, to take complete ownership and control of the general partner interest, and the requirement for a HUB to hold an ownership interest and maintain regular, continuous, and substantial participation in the development and operation of the project is reflected in the LURA, as amended. The letter from the Owner states that the 15-year compliance period will end in 2018; however, the application received points at the time of application review to extend the Compliance Period ten years beyond the Federal requirement, for a total of 25 years, as reflected in the LURA. The 25-year Compliance Period will end on 2028 and at that point the HUB requirement will automatically expire.

IBI Western Whirlwind, LLC, the managing general partner, whose sole member is a HUB, has entered into a Purchase and Sale Agreement to transfer the managing general partnership interest in Western Whirlwind, Ltd. to Paisano Western Whirlwind, LLC. The sole member of Paisano Western Whirlwind, LLC is Paisano Housing Redevelopment Corporation (“Paisano Housing”), a Texas nonprofit corporation controlled by the Housing Authority of the City of El Paso (“HACEP”).

The Owner also pointed out that the tax credit application for the Development could have proposed a Qualified Nonprofit Organization instead of a HUB with no difference in scoring. For three points, the application could have selected one of the two mutually exclusive options of either having a HUB as Development Owner or controlling the Development Owner or having a joint venture between a for-

profit organization and a Qualified Nonprofit Organization, in which the Qualified Nonprofit Organization materially participated in the project as one of the general partners. The application proposed to use a HUB instead of a Non-Profit. However, there is no provision in the rules to substitute a Non-Profit for a HUB.

Pursuant to 10 TAC §10.405(b)(4), the Owner scheduled a public hearing for June 12, 2014.

#01119/Cactus Rose, Ltd.

Cactus Rose, Ltd. was approved during the 2001 competitive cycle to construct 26 new construction units in Anthony, Texas. The letter from the Owner states that the 15-year compliance period will end in 2017; however, the application received points at the time of application review to extend the Compliance Period 10 years beyond the Federal requirement, for a total of 25 years, as reflected in the LURA. The 25-year Compliance Period will end on 2027 and at that point the HUB requirement will automatically expire.

IBI Cactus Rose, LLC, the managing general partner, of which Investment Builders, Inc. (“IBI”), a HUB, is the sole member, intends to sign a purchase and sale agreement to transfer the managing general partnership interest in Cactus Rose, Ltd. to Paisano Cactus Rose, LLC. The sole member of Paisano Cactus Rose, LLC is Paisano Housing Redevelopment Corporation (“Paisano Housing”), a Texas nonprofit corporation controlled by the Housing Authority of the City of El Paso (“HACEP”).

The Owner also pointed out that the tax credit application for the Development could have proposed a Qualified Nonprofit Organization instead of a HUB with no difference in scoring. For three points, the application could have selected one of the two mutually exclusive options of either having a HUB as Development Owner or controlling the Development Owner or having a joint venture between a for-profit organization and a Qualified Nonprofit Organization, in which the Qualified Nonprofit Organization materially participated in the project as one of the general partners. The application proposed to use a HUB instead of a nonprofit. However, there is no provision in the LURA or rules to substitute a Non-Profit for a HUB.

Pursuant to 10 TAC §10.405(b)(4), the Owner has scheduled a public hearing for June 16, 2014.

#02061/Painted Desert Townhomes

Painted Desert Townhomes was approved during the 2002 competitive cycle to construct 20 new construction units in Clint, Texas. The letter from the Owner points states that the 15-year compliance period will end in 2018; however, the application received points at the time of application review to extend the Compliance Period 25 years beyond the Federal requirement, for a total of 40 years, as reflected in the LURA. The 40-year Compliance Period will end on 2043 and at that point the HUB requirement will automatically expire.

IBI Painted Desert Townhomes, LLC, the managing general partner, of which Investment Builders, Inc. (“IBI”), a HUB, is the sole member, intends to sign a purchase and sale agreement to transfer the managing general partnership interest in Painted Desert Townhomes, Ltd. to Paisano Painted Desert, LLC. The sole member of Paisano Painted Desert, LLC is Paisano Housing Redevelopment Corporation (“Paisano Housing”), a Texas nonprofit corporation controlled by the Housing Authority of the City of El Paso (“HACEP”).

The Owner also pointed out that the award to the Development was made under the rural set-aside, and that the application for this Development had no competitors. Therefore, the award would have been made even if HUB points had not been claimed. The Owner also submitted a copy of the sheet from the application indicating that the application would have qualified for three points for either the HUB or a nonprofit. However, there is no provision in the LURA or rules to substitute a Non-Profit for a HUB.

Pursuant to 10 TAC §10.405(b)(4), the Owner scheduled a public hearing for June 12, 2014.

#03222/Whispering Sands Townhomes

Whispering Sands Townhomes was approved during the 2003 competitive cycle to construct 36 new construction units in Anthony, Texas. The letter from the Owner states that the 15-year compliance period will end in 2019 which was confirmed by staff. Therefore the HUB requirement will automatically expire in five years.

IBI Whispering Sands Townhomes, LLC, the managing general partner, of which Investment Builders, Inc. (“IBI”), a HUB, is the sole member, and intends to sign a purchase and sale agreement to transfer the managing general partnership interest in Whispering Sands Townhomes, Ltd. to Paisano Whispering Sands, LLC. The sole member of Paisano Whispering Sands, LLC is Paisano Housing Redevelopment Corporation (“Paisano Housing”), a Texas nonprofit corporation controlled by the Housing Authority of the City of El Paso (“HACEP”).

The Owner also pointed out that the award to the Development was made under the rural set-aside, and that the application for this Development had no competitors. Therefore, the award would have been made even if HUB points had not been claimed. The Owner also submitted a copy of the sheet from the application indicating that the application would have qualified for three points for either the HUB or a nonprofit. However, there is no provision in the LURA or rules to substitute a Non-Profit for a HUB.

Pursuant to 10 TAC §10.405(b)(4), the Owner has scheduled a public hearing for June 16, 2014.

File #	Name	LURA Requirement	Point impact	Comments	Credit Period (First year)	Last Year of Extended Compliance Period	Departing Entity	Incoming Entity
95026	Fonseca, Ltd.	Throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall remain the Managing General Partner and must maintain regular, continuous, and substantial participation in the development, operation and ownership of the project	2 points loss for removing HUB	The Owner pointed out that the original tax credit application for the Development could have proposed a Qualified Nonprofit Organization instead of a HUB, which would have resulted in a score reduction of two points and that the application would have continued to be competitive and received tax credits. The Owner indicates that there were only four applications from El Paso in the 1995 tax credit round, and all four applications were submitted by IBI.	1997	2021	Investment Builders, Inc.	Paisano Fonseca, LLC
97089	Prado, Ltd.	Throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall remain the Managing General Partner and must maintain regular, continuous, and substantial participation in the development, operation and ownership of the project	5 points loss	The Owner pointed out that the tax credit application for the Development would have lost five points if a HUB had not been proposed but states that the next application to be funded, which was not funded, was for a project from a HACEP affiliate, which did not have a HUB. The two projects were competing in the nonprofit set aside, and the LURA for Prado, Ltd. requires material participation by a Qualified Nonprofit Organization, in addition to a HUB managing general partner.	1999	2023	Investment Builders, Inc.	Paisano Prado I, LLC
98091	NCDO Housing, Ltd.	Throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall remain the Managing General Partner and must maintain regular, continuous, and substantial participation in the development, operation and ownership of the project	5 points loss	The Owner pointed out that the tax credit application for the Development would have lost five points if a HUB had not been proposed but states that only one other project was competing in the nonprofit set aside. Both projects were being developed by IBI. Neither the Owner nor the Department have been able to determine what the impact on the award would have been if the HUB points had not been claimed. The LURA for NCDO Housing, Ltd. currently requires material participation by a Qualified Nonprofit Organization, in addition to a HUB managing general partner.	2000	2024	IBI NCDO Housing, LP, LLC	Paisano NCDO I, LLC
01018	Western Whirlwind, Ltd.	Throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall hold an ownership interest and must maintain regular, continuous, and substantial participation in the development, operation of the project	No point loss	went from NP at application to HUB via amendment. Now wants to go back to NP. The Owner pointed out that the tax credit application for the Development could have proposed a Qualified Nonprofit Organization instead of a HUB with no difference in scoring. For three points, the application could have selected one of the two mutually exclusive options of either having a HUB as Development Owner or controlling the Development Owner or having a joint venture between a for-profit organization and a Qualified Nonprofit Organization, in which the Qualified Nonprofit Organization materially participated in the project as one of the general partners. The application proposed to use a HUB instead of a nonprofit.	2003/2004	2028	IBI Western Whirlwind, LLC	Paisano Western Whirlwind, LLC
01119	Cactus Rose, Ltd.	Throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall hold an ownership interest in the project and must maintain regular, continuous, and substantial participation in the development and operation of the project	No point loss	The Owner also pointed out that the tax credit application for the Development could have proposed a Qualified Nonprofit Organization instead of a HUB with no difference in scoring. For three points, the application could have selected one of the two mutually exclusive options of either having a HUB as Development Owner or controlling the Development Owner or having a joint venture between a for-profit organization and a Qualified Nonprofit Organization, in which the Qualified Nonprofit Organization materially participated in the project as one of the general partners. The application proposed to use a HUB instead of a nonprofit.	2003	2027	IBI Cactus Rose, LLC	Paisano Cactus Rose, LLC
02061	Painted Desert Townhomes	Throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall hold an ownership interest in the project and must maintain regular, continuous, and substantial participation in the development and operation of the project	No point loss	Owner pointed out that the award to the Development was made under the rural set-aside, and that the application for this Development had no competitors.	2004	2043	IBI Painted Desert Townhomes, LLC	Paisano Painted Desert, LLC
03222	Whispering Sands Townhomes	Throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall hold an ownership interest in the project and must maintain regular, continuous, and substantial participation in the development and operation of the project	No point loss	Owner pointed out that the award to the Development was made under the rural set-aside, and that the application for this Development had no competitors. Does not appear accurate based on list posted on our website, but there would not have been a point difference had a nonprofit been proposed instead of a HUB.	2004/2005	2019	IBI Whispering Sands Townhomes, LLC	Paisano Whispering Sands, LLC

IBI entities - sole member is Investment Builders, Inc. (IBI), a HUB.

Paisano entities - sole member is Paisano Housing Redevelopment Corporation, a TX nonprofit corp. controlled by HACEP.

FONSECA, LTD.
7400 Viscount Blvd., Suite 109
El Paso, TX 79925

May 27, 2014

Texas Department of Housing and Community Affairs
Mr. Tom Gouris
Deputy Executive Director for Housing Programs
Mr. Rosalio Banuelos
Asset Manager
P.O. Box 13941
221 East 11th Street
Austin, TX 78701

Re: Application by Fonseca, Ltd. (“Fonseca”) to amend the LURA to delete the requirement that the managing general partner, Investment Builders, Inc. (“IBI”) maintain its status as a HUB during the compliance period, as extended, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the compliance period, as extended.

Dear Mr. Gouris and Mr. Banuelos:

This is an application by Fonseca under 10 Texas Administrative Code Rule §10.405(b). The following information is being supplied to comply with the Rule:

1. **Description of the Requested Change:** Fonseca desires to amend the LURA encumbering the property located at 627 Fonseca Drive, El Paso, Texas, to delete the requirement that the managing general partner, IBI, maintain its status as a HUB during the compliance period, as extended, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the compliance period, as extended.

2. **Reason for the Requested Change:** IBI and Paisano Fonseca, LLC (“Paisano Fonseca”) intend to sign a Purchase and Sale Agreement (the “PSA”). Under the PSA, IBI has agreed to sell and assign its managing general partnership interest in Fonseca to Paisano Fonseca. The transfer of the general partnership interest is subject to the approval of the Texas Department of Housing and Community Development (“TDHCA”). Further, the transaction is also subject to the approval by TDHCA of the amendment described in paragraph 1 above.

IBI is a for profit corporation owned by Ike J. Monty and is a HUB. Paisano Fonseca is a Texas limited liability company. Its sole member is Paisano Housing Redevelopment Corporation (“Paisano Housing”), a Texas nonprofit corporation, which is controlled by the Housing Authority of the City of El Paso (“HACEP”). Paisano Housing is a Qualified Nonprofit Organization. HACEP is a unit of local government that operates on a nonprofit basis. Even

though Paisano Fonseca is a Texas limited liability company, the fact that it is owned and controlled by Paisano Housing renders it legally incapable of being organized as HUB. Attached is a legal opinion from Art Provenghi, Legal Counsel to HACEP, confirming that Paisano Cactus Rose cannot be legally organized as a HUB.

3. **Good Cause for the Requested Amendment:** Fonseca asserts that good cause exists to approve the requested amendment for the following reasons:

(a) An attempt has been made to determine if Fonseca could have been structured with either a Qualified Nonprofit Organization or a HUB with no difference in scoring. One document was located. It is the 1995 Recommendations from TDHCA staff for awards under the General Set Aside. Four El Paso projects were recommended for awards of tax credits: Fonseca, Ltd., Western Redd Road, Ltd., Western Yarbrough, Ltd. and Saul Kleinfeld. All four projects were developed by IBI. The LURA pertaining to Fonseca, Ltd. shows that the project is required to have a HUB during the compliance period. However, the QAP indicates that IBI could have chosen a qualified nonprofit instead of a HUB. The 1995 QAP gave 5 points for using a HUB and 3 points for using a qualified nonprofit. (See Exhibit B). If IBI had elected to use a qualified nonprofit, its score would have been decreased by only 2 points. Given the scores of the other three projects, Fonseca, Ltd. would still have been competitive at 83 points. Additionally, Ike J. Monty and Cynthia Bast both recollect that the four listed projects were the only applications from El Paso in the 1995 round. Unfortunately, the submission logs for 1995 have not been located to confirm this point but Ike Monty feels strongly that his recollection is accurate. I would also refer you to the other attachment to my transmittal email, which is labeled IBI Portfolio TDHCA letters. The first relevant letter is dated August 20, 2004 from Edwina P. Carrington, Executive Director of TDHCA to Rudolf Montiel, P.E. Executive Director of HACEP. Ms. Carrington granted HACEP's request to substitute Affordable Housing Saul Kleinfeld, LLC (a HACEP entity) for the general partner in Saul Kleinfeld, Ltd. Other HACEP entities were approved to replace the original general partner in the other five named entities. Saul Kleinfeld had a HUB and no qualified nonprofit, just like ownership structure of Fonseca. The point is that TDHCA has already approved the substitution of an HUB with a HACEP entity in a project that is identical to Fonseca.

(b) HUBs are business entities, the majority ownership of which is owned by persons who are African American, Hispanic American, Asian, Pacific American, Native American, or women of any ethnicity. The public purpose behind the creation of HUBs is to provide individuals who qualify to own HUBs with certain public contracting opportunities that have been historically unavailable to them. In Texas, this concept is embodied in 34 TAC 20.13 which provides that each state agency must make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. The purpose of the HUB program is to promote full and equal business opportunities

Mr. Tom Gouris
Mr. Rosalio Banuelos
Page 3
May 27, 2014

for all businesses in an effort to remedy disparity in state procurement and contracting in accordance with the HUB goals specified in the State of Texas Disparity Study.

Even though Paisano Fonseca cannot be organized as a HUB, it possesses many of the characteristics of a HUB. For example, the boards of directors of both Paisano Fonseca and Paisano Housing are composed of the same persons who serve as directors on the HACEP board. The HACEP board members are primarily individuals who could qualify to own a HUB (i.e. Hispanic Americans and women) (See attached legal opinion of Art Provenghi). Further, Paisano Housing and its subsidiary, Paisano Fonseca, will use the same contracting criteria (preference to HUBs) that are used by state agencies. This is particularly pertinent to housing because contractors are continuously needed for repairs and renovations to housing units.

(c) This proposed amendment will have no effect on the operation of Fonseca or its financial stability. HACEP, through its subsidiaries, already owns general partnership interests in various LIHTC projects and has a proven track record showing compliance with all regulatory requirements.

(d) The 15 year compliance period has already expired.

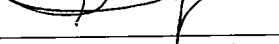
(e) The necessity for this amendment could not have been reasonably foreseen at the time of the application was filed because this transaction was not being discussed or even contemplated at that time.

For the reasons set forth above, Fonseca requests that the proposed amendment be approved by TDHCA.

Very truly yours,

Fonseca, Ltd.

By: Investment Builders, Inc.,
General Partner

By: 
Ike J. Monty, President

cc: Mr. Francis S. Ainsa Jr.
Mr. Art Provenghi
Mr. Tim Johnson

(C) EXHIBIT 216: Label as EXHIBIT 216, evidence that a HUB, which has conducted business as such, has existed for at least one year and has been certified by the General Services Commission, and is either the project owner or has the *controlling interest* in the project owner. (5 points)

(5) PARTICIPATION OF LOCAL TAX EXEMPT ORGANIZATIONS

(A) EXHIBIT 217: Label as EXHIBIT 217, evidence that the subject development has significant participation by a qualified non-profit entity with substantial experience in the development and management of affordable housing. To qualify under this section, a non-profit entity must have existed for at least 24 months prior to the date of the application with respect to the subject development, and must either be the project owner or hold the *controlling interest* in the project owner. Additional information to be provided with respect to the non-profit entity shall include a schedule of properties owner (whether directly or indirectly) years of ownership, addresses of properties, number of units in the properties, and the percentage of direct or indirect ownership of each property. (3 points)

(B) [REDACTED] Label as EXHIBIT 218, evidence that property owner has an executed agreement with a local tax exempt organization for the provision of special supportive services that would not otherwise be available to the tenants. [REDACTED]
[REDACTED] based upon the following:

- (i) the duration of the service agreement,
- (ii) the accessibility and appropriateness of the service to the tenants,
- (iii) the experience of the service provider, and
- (iv) the importance of the service in enhancing the tenants standard of living. The supportive service will be included in the Land Use Restrictive Covenants ([REDACTED])

(6) TENANT POPULATIONS WITH SPECIAL HOUSING NEEDS

(A) This criterion applies exclusively to elderly projects located in areas that are not served by RECDS. In addition, the project





Housing Authority of the City of El Paso

Mr. Rosalio Banuelos
Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street, Austin, Texas 78701

I am legal counsel for the Housing Authority of the City of El Paso (HACEP). I have been asked by staff of the Texas Department of Housing and Community Affairs (TDHCA) to provide a legal opinion addressing how the stakeholders in and management control of HACEP and its affiliates mirror the majority ownership of a HUB. This issue has arisen as part of a request submitted by HACEP and its affiliates to be approved by TDHCA to replace a HUB as a general partner in a number of low income housing tax credit apartments in El Paso County.

We have set forth our opinion in a separate letter addressing why HACEP and its affiliates cannot meet the legal definition of a HUB. However, as addressed in this letter, HACEP's stakeholders and controlling management do mirror a HUB. A HUB is an entity "in which 51 percent or more of the assets and interest[s] . . . are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership's control, operation, and management." TEX. GOV'T CODE ANN. § 2161.001(2)(A) and (C). An "economically disadvantaged person" means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including, but not limited to, Hispanic Americans and women." *Id.* § 2161.001(3).

HACEP is a unit of local government which operates on a nonprofit basis. Furthermore, HACEP and its affiliates own, operate, manage and develop low income housing exclusively within El Paso County, Texas. As a unit of government HACEP is effectively owned by the citizens of El Paso, Texas and the residents it serves. In that regard, HACEP's "owners" would, if HACEP were a for-profit entity, qualify as a HUB because the population of El Paso and HACEP's programs are predominately Hispanic or Latino. Specifically, El Paso County is 81.2 percent Hispanic/Latino¹ and HACEP's largest program, its public housing program, is 98 percent Hispanic/Latino.² The vast majority of residents in all of HACEP's various housing programs are Hispanic/Latino.³ In addition, a majority of HACEP's Board of Commissioners,

¹ US Census Bureau, State and County Quick Facts for El Paso County, Texas (data as of 2012) [<http://quickfacts.census.gov/qfd/states/48/48141.html> visited February 18, 2014].

² HACEP Public Housing Resident Characteristics Report as of January 31, 2014. The HACEP Public Housing program serves approximately 6,000 households.

³ The residents in HACEP's Housing Choice Voucher (HCV) program, which serves approximately 4,800 households, are 93 percent Hispanic/Latino.

which is vested with the highest level of managerial control over the organization, are women and/or Hispanic/Latino. This has been the case for many years in the past and for the current Board of Commissioners.

The term "economically disadvantaged," unfortunately, describes both the citizens of El Paso County in general and the residents of HACEP's housing programs. El Paso County is consistently designated one of the very poorest urban counties in the United States.⁴ The poverty rate in El Paso County stands at 28.7 percent.⁵ The median household income in El Paso County is \$36,699, about 25 percent below the statewide median income level.⁶ The household incomes of the residents of HACEP programs is much lower than the El Paso County figure, as 95 percent of HACEP's public housing residents have household incomes of less than \$25,000 per year.⁷ In fact, 62 percent of HACEP's public housing residents have annual household incomes of \$10,000 or less. The average annual income of residents in HACEP's other large program, the HCV program, is \$10,225. Over 90 percent of HACEP's overall program residents are considered to have very- or extremely-low incomes, meaning they have household incomes below 30 percent of the median household income level.⁸

In view of the foregoing, it is my legal position that while HACEP cannot technically qualify as a HUB because of its governmental and nonprofit legal status, its effective ownership and ultimate management control consists of well above 51 percent which is attributable to Hispanic/Latino individuals and women who would be categorized as "economically disadvantaged individuals" under applicable law pertaining to HUBs.

Sincerely,



Art Provenghi

Legal Counsel

Housing Authority of the City of El Paso

⁴ University of Texas at Austin, College of Liberal Arts Report: "Poverty in Texas" (3rd Edition, February 2014) (noting El Paso is the sixth poorest county in the United States) [http://texaspolitics.laits.utexas.edu/12_2_0.html], visited February 18, 2014].

⁵ http://www.laits.utexas.edu/txp_media/html/pov/features/ten_counties/slide1.html.

⁶ US Census Bureau, State and County Quick Facts for El Paso County, Texas, supra.

⁷ HACEP Public Housing Resident Characteristics Report as of January 31, 2014.

⁸ 90 percent of HCV Residents are very- or extremely-low income.

NOTICE OF PUBLIC HEARING

May 29, 2014

All tenants residing in Fonseca Apartments
627 Fonseca Drive
El Paso, Texas 79905

Senator Jose Rodriguez
100 North Ochoa St., Ste. A
El Paso, Texas 79901

Sterling Corporate Tax Credit Fund IV, L.P.
c/o Ms. Laurie S. Amster
111 Great Neck Rd.
Great Neck, NY 11021

Representative Naomi Gonzalez
6044 Gateway East, Ste. 818
El Paso, Texas 79905

Mayor Oscar Leeser
300 North Campbell
El Paso, Texas 79901

Please take notice that Fonseca, Ltd. will hold a public hearing to receive comments on a proposed amendment to the Declaration of Land Use Restrictive Covenants for Low Income Housing Credits (“LURA”) applicable to the Fonseca Apartments. The hearing will take place at the following time and location:

**Friday, June 13, 2014
5:30 p.m.
Community Room
Fonseca Apartments
627 Fonseca Drive
El Paso, Texas 79905**

Proposed Amendment:

Fonseca, Ltd. is proposing that the LURA be amended to remove the requirement that the managing general partner must be a HUB and maintain ownership in the project, and to substitute a requirement that that managing general partner be a Qualified Nonprofit Organization or be controlled by a Qualified Nonprofit Organization.

THE PROPOSED AMENDMENT WILL NOT AFFECT ANY TENANT’S CURRENT LEASE TERMS.

Background Information:

- The Fonseca Apartments are owned by Fonseca, Ltd., a Texas limited partnership.
- The amendment is being proposed by Investment Builders, Inc. (“IBI”), which is the current managing general partner of Fonseca, Ltd. a Texas limited partnership.
- IBI has entered into a Purchase and Sale Agreement (“PSA”) under which IBI will assign its general partnership interest to Paisano Fonseca, LLC, a Texas limited liability company, which is a subsidiary of Paisano Housing Redevelopment Corporation (“Paisano Housing”).
- IBI is a Historically Underutilized Business (“HUB”).
- The LURA requires that, during the compliance period, which is 25 years, IBI must maintain its HUB status and remain as the managing co-general partner.
- Paisano Housing is a Qualified Nonprofit Organization and is the sole member of Paisano Fonseca, LLC. Paisano Housing is not a HUB and cannot legally be reorganized as a HUB.

At the hearing, a representative from Fonseca, Ltd. will accept written and oral comments on the proposed amendment. At the hearing, representatives of IBI and Paisano Fonseca, LLC will make presentations regarding why the amendment is being proposed. Tenants of the Fonseca Apartments and the officials named above are encouraged to participate in the hearing process. Written comments from those who cannot attend the hearing in person may be provided by noon on June 13, 2014 to Ms. Maria Espinoza by hand delivery at the address given above or by sending the written comments to her by Fax (915) 594-0434. Individuals who require auxiliary aids or services for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least two (2) days before the hearing so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least three (3) days before the hearing so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Maria Espinoza al siguiente número (915) 594-2141 a por lo menos tres días antes de la junta para hacer los preparativos apropiados.

PRADO, LTD.
7400 Viscount Blvd., Suite 109
El Paso, TX 79925

May 27, 2014

Texas Department of Housing and Community Affairs
Mr. Tom Gouris
Deputy Executive Director for Housing Programs
Mr. Rosalio Banuelos
Asset Manager
P.O. Box 13941
221 East 11th Street
Austin, TX 78701

Re: Application by Prado , Ltd. ("Prado ") to amend the LURA to delete the requirement that the managing general partner, Investment Builders, Inc. ("IBI") maintain its status as a HUB during the compliance period, as extended, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the compliance period, as extended.

Dear Mr. Gouris and Mr. Banuelos:

This is an application by Prado under 10 Texas Administrative Code Rule §10.405(b). The following information is being supplied to comply with the Rule:

1. **Description of the Requested Change:** Prado desires to amend the LURA encumbering the property located at 151 S. Prado Road, El Paso, Texas, to delete the requirement that the managing general partner, Investment Builders, Inc. ("IBI") maintain its ownership in and status as a HUB during the compliance period, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization that materially participates in the operation of the project during the compliance period.

2. **Reason for the Requested Change:** IBI and Paisano Prado I, LLC ("Paisano Prado") intend to sign a Purchase and Sale Agreement (the "PSA"). Under the PSA, IBI has agreed to sell and assign its managing general partnership interest in Prado to Paisano Prado. The transfer of the general partnership interest is subject to the approval of the Texas Department of Housing and Community Development ("TDHCA"). Further, the transaction is also subject to the approval by TDHCA of the amendment described in paragraph 1 above.

IBI is a for profit Texas corporation owned by Ike J. Monty and is a HUB. Paisano Prado is a Texas limited liability company. Its sole member is Paisano Housing Redevelopment Corporation ("Paisano Housing"), a Texas nonprofit corporation, which is controlled by the Housing Authority of the City of El Paso ("HACEP"). Paisano Housing is a Qualified Nonprofit Organization. HACEP is a unit of local government that operates on a nonprofit basis. Even

though Paisano Prado is a Texas limited liability company, the fact that it is owned and controlled by Paisano Housing renders it legally incapable of being organized as HUB. Attached is a legal opinion from Art Provenghi, Legal Counsel to HACEP, confirming that Paisano NCDO cannot be legally organized as a HUB.

3. **Good Cause for the Requested Amendment:** Prado asserts that good cause exists to approve the requested amendment for the following reasons:

(a) An attempt has been made to determine if Prado could have been structured with either a Qualified Nonprofit Organization or a HUB with no difference in scoring. Three documents were located: the 1997 LIHTC Application Submission Log, the 1997 Ad Hoc Committee Recommendation List show projects that were awarded tax credits and the 1997 Ad Hoc Committee Recommendation List showing the projects that did not receive an award. Two El Paso projects were competing in the nonprofit set aside. Prado, which was being developed by IBI, and Los Jardines, which was being developed by Paisano Housing Redevelopment Corp., a subsidiary of HACEP. The LURA pertaining to Prado shows that the project is required to have a HUB and a qualified nonprofit during the compliance period. The 1997 QAP gave 5 points for using a HUB. If IBI had not used a HUB, its score would have been reduced by 5 points (78 to 73). This would have given Los Jardines the highest score (77). However, Los Jardines was being developed by a Paisano Housing, which is a qualified nonprofit owned by HACEP. By operation of law, HACEP entities cannot qualify as HUBs, which tells me that HACEP was not proposing to use a HUB in its application. Thus, even if Los Jardines was awarded credits, the project would not have had a HUB and, most important, if TDHCA approves this request the HACEP entity that would have received the award will be the replacement for the HUB. In addition to the letter from Edwina P. Carrington to Rudolf Montiel, P.E. granting HACEP's request to substitute Affordable Housing Saul Kleinfeld, LLC (a HACEP entity) for the general partner in Saul Kleinfeld, Ltd, there are still more instances where TDHCA has approved requests to substitute a HACEP entity for a HUB. Please see the letter dated December 31, 2004 from Ms. Carrington to Ms. Richardson approving the substitution of Affordable Housing Meadowbrook, LLC (a HACEP entity) for the IBI HUB. Also please see the letter dated January 8, 2007 from Ms. Robbye Meyer to Vince Dodds approving the replacement of the IBI HUB in Western Redd Road, Ltd. and Western Yarbrough, Ltd. with an Affordable Housing entity owned by HACEP. Finally, please see the letter dated December 30, 2009 from Mr. Michael Gerber to Ms. Richardson approving the IBI HUB with HAC Cedar Oak, Inc., which is an entity owned by HACEP. In short, it appears that TDHCA has not had an issue with replacing an IBI HUB with a HACEP owned entity when requested to do so. Please see Exhibit D attached.

(b) HUBs are business entities, the majority ownership of which is owned by persons who are African American, Hispanic American, Asian, Pacific American, Native American or women of any ethnicity. The public purpose behind the creation of HUBs is to provide individuals who qualify to own HUBs with certain public contracting opportunities that have been historically unavailable to them. In Texas, this concept is embodied in 34 TAC 20.13 which

provides that each state agency must make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. The purpose of the HUB program is to promote full and equal business opportunities for all businesses in an effort to remedy disparity in state procurement and contracting in accordance with the HUB goals specified in the State of Texas Disparity Study.

Even though Paisano Prado cannot be organized as a HUB, it possesses many of the characteristics of a HUB. For example, the boards of directors of both Paisano Prado and Paisano Housing are composed of the same persons who serve as directors on the HACEP board. The HACEP board members are primarily individuals who could qualify to own a HUB (i.e. Hispanic Americans and women) (See attached legal opinion of Art Provenghi). Further, Paisano Housing and its subsidiary, Paisano Prado will use the same contracting criteria (preference to HUBs) that are used by state agencies. This is particularly pertinent to housing because contractors are continuously needed for repairs and renovations to housing units.

(c) This proposed amendment will have no effect on the operation of Prado or its financial stability. HACEP, through its subsidiaries, already owns general partnership interests in various LIHTC projects and has a proven track record showing compliance with all regulatory requirements.

(d) The 15 year compliance period expires in 2014.

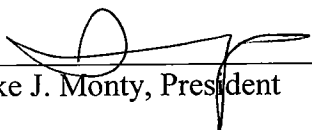
(e) The necessity for this amendment could not have been reasonably foreseen at the time of the application was filed because this transaction was not being discussed or even contemplated at that time.

For the reasons set forth above, Prado requests that the proposed amendment be approved by TDHCA.

Very truly yours,

Prado, Ltd.

By: Investment Builders, Inc.,
General Partner

By: 
Ike J. Monty, President

cc: Mr. Francis S. Ainsa Jr.
Mr. Art Provenghi
Mr. Tim Johnson

(4) SPONSOR CHARACTERISTICS

(A) "EXHIBIT 210: Label as EXHIBIT 210, evidence that the ownership entity, general partner, general contractor or its principals have a record of successfully constructing or developing residential/commercial property. Evidence must be in the form of the AIA Document A111 - Standard Form of Agreement Between Owner & Contractor, the AIA Document G704 - Certificate of Substantial Completion, IRS Form 8609, Development Agreements and Partnership Agreements, HUD Form 9822, or other appropriate documentation verifying that the ownership entity, general partner, general contractor or their principals have the required experience. (NOTE: The names on the forms and agreements must tie back to the ownership entity, general partner, general contractor and their respective principals as listed in the application.) *Property Owners in noncompliance with any of the aforementioned programs, but which are not barred from having an Application recommended by §50.4(f), or which have had a continuing pattern of defaults and foreclosures are ineligible to claim the points for this item* (10 points). The term "successfully" is defined as acting in a capacity as the general contractor or developer of;

(i) at least 100 multifamily residential units or comparable commercial property (i.e., dormitory and hotel/motel); or

(ii) at least 35 multifamily residential units or comparable commercial property if the project applying for credits is a Rural Project."

(B) EXHIBIT 211: Label as EXHIBIT 211, evidence that the HUB has been certified by the General Services Commission and is the Project Owner or Controls the Project Owner. With respect to the filing of an Application and the development, operation and ownership of a Project, the historically underutilized person or persons whose ownership interests comprise a majority of a corporation, partnership, joint venture or other business entity, must maintain this majority and must demonstrate regular, continuous, and substantial participation in the operation and management activities of the entity. Likewise, with regard to a sole proprietorship, the individual who comprises the sole proprietorship must demonstrate regular, continuous, and substantial participation in the development, operation and ownership of the Project. The Department shall require evidence of regular, continuous and substantial participation and this evidence shall include, but not limited to, the agreement to personally guarantee the interim construction loan secured (and all other guarantees to the equity investor) relative to the development of a Project by the person or persons upon whose purported ownership interest(s) and participation form the basis for which the designation of a HUB is being claimed. Any such guarantee wherein an Affiliate, partner and or Beneficial Owner of the guarantor agrees to indemnify, in whole or in part, the guarantor from the liability arising from the guarantee, shall not constitute said evidence. The Department shall, during and after the Application Round, monitor those individuals upon whose purported ownership interest(s) and participation form the basis for which the designation of HUB is being claimed and may require the submission of any additional documentation as required to verify said evidence. To qualify for these points, in addition to the certification from the General Services Commission, the historically underutilized person or persons whose ownership interest(s) form the basis of the HUB designation must provide the necessary loan and syndication guarantees to develop the Project. The Department's goal is to have substantive participation by those individuals upon whose purported ownership interest(s) and participation form the basis for which the designation as a HUB is claimed. A determination by the Department that there has been a material misrepresentation as to such participation or that insufficient evidence has been provided to substantiate such participation will be final and points awarded for HUB participation will be withdrawn accordingly. (5 points)

(5) PARTICIPATION OF LOCAL TAX EXEMPT ORGANIZATIONS.

EXHIBIT 212: Label as EXHIBIT 212, evidence that the Property owner has an executed agreement with a Local Tax Exempt Organization for the provision of special supportive services that would not otherwise be available to the tenants. The supportive services will be evaluated based upon the following:

- (A) the duration of the service agreement,
- (B) the accessibility and appropriateness of the service to the tenants,
- (C) the experience of the service provider, and

(D) the importance of the service in enhancing the tenants standard of living. The supportive service will be included in the LURA. (Up to 5 points)





Housing Authority of the City of El Paso

Mr. Rosalio Banuelos
Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street, Austin, Texas 78701

I am legal counsel for the Housing Authority of the City of El Paso (HACEP). I have been asked by staff of the Texas Department of Housing and Community Affairs (TDHCA) to provide a legal opinion addressing how the stakeholders in and management control of HACEP and its affiliates mirror the majority ownership of a HUB. This issue has arisen as part of a request submitted by HACEP and its affiliates to be approved by TDHCA to replace a HUB as a general partner in a number of low income housing tax credit apartments in El Paso County.

We have set forth our opinion in a separate letter addressing why HACEP and its affiliates cannot meet the legal definition of a HUB. However, as addressed in this letter, HACEP's stakeholders and controlling management do mirror a HUB. A HUB is an entity "in which 51 percent or more of the assets and interest[s] . . . are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership's control, operation, and management." TEX. GOV'T CODE ANN. § 2161.001(2)(A) and (C). An "economically disadvantaged person" means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including, but not limited to, Hispanic Americans and women." *Id.* § 2161.001(3).

HACEP is a unit of local government which operates on a nonprofit basis. Furthermore, HACEP and its affiliates own, operate, manage and develop low income housing exclusively within El Paso County, Texas. As a unit of government HACEP is effectively owned by the citizens of El Paso, Texas and the residents it serves. In that regard, HACEP's "owners" would, if HACEP were a for-profit entity, qualify as a HUB because the population of El Paso and HACEP's programs are predominately Hispanic or Latino. Specifically, El Paso County is 81.2 percent Hispanic/Latino¹ and HACEP's largest program, its public housing program, is 98 percent Hispanic/Latino.² The vast majority of residents in all of HACEP's various housing programs are Hispanic/Latino.³ In addition, a majority of HACEP's Board of Commissioners,

¹ US Census Bureau, State and County Quick Facts for El Paso County, Texas (data as of 2012) [<http://quickfacts.census.gov/qfd/states/48/48141.html> visited February 18, 2014].

² HACEP Public Housing Resident Characteristics Report as of January 31, 2014. The HACEP Public Housing program serves approximately 6,000 households.

³ The residents in HACEP's Housing Choice Voucher (HCV) program, which serves approximately 4,800 households, are 93 percent Hispanic/Latino.

which is vested with the highest level of managerial control over the organization, are women and/or Hispanic/Latino. This has been the case for many years in the past and for the current Board of Commissioners.

The term "economically disadvantaged," unfortunately, describes both the citizens of El Paso County in general and the residents of HACEP's housing programs. El Paso County is consistently designated one of the very poorest urban counties in the United States.⁴ The poverty rate in El Paso County stands at 28.7 percent.⁵ The median household income in El Paso County is \$36,699, about 25 percent below the statewide median income level.⁶ The household incomes of the residents of HACEP programs is much lower than the El Paso County figure, as 95 percent of HACEP's public housing residents have household incomes of less than \$25,000 per year.⁷ In fact, 62 percent of HACEP's public housing residents have annual household incomes of \$10,000 per less. The average annual income of residents in HACEP's other large program, the HCV program, is \$10,225. Over 90 percent of HACEP's overall program residents are considered to have very- or extremely-low incomes, meaning they have household incomes below 30 percent of the median household income level.⁸

In view of the foregoing, it is my legal position that while HACEP cannot technically qualify as a HUB because of its governmental and nonprofit legal status, its effective ownership and ultimate management control consists of well above 51 percent which is attributable to Hispanic/Latino individuals and women who would be categorized as "economically disadvantaged individuals" under applicable law pertaining to HUBs.

Sincerely,



Art Provenghi

Legal Counsel

Housing Authority of the City of El Paso

⁴ University of Texas at Austin, College of Liberal Arts Report: "Poverty in Texas" (3rd Edition, February 2014) (noting El Paso is the sixth poorest county in the United States) [http://texaspolitics.laits.utexas.edu/12_2_0.html], visited February 18, 2014).

⁵ http://www.laits.utexas.edu/txp_media/html/pov/features/ten_counties/slide1.html.

⁶ US Census Bureau, State and County Quick Facts for El Paso County, Texas, *supra*.

⁷ HACEP Public Housing Resident Characteristics Report as of January 31, 2014.

⁸ 90 percent of HCV Residents are very- or extremely-low income.

1831



TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

WWW.TDHCA.STATE.TX.US

RICK PERRY
Governor

August 30, 2004

EDWINA P. CARRINGTON
Executive Director

Rudolf Montiel, P.E.
Housing Authority of the City of El Paso
5300 East Paisano Drive
El Paso, Texas 79905

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Re: <u>Development Owner</u>	<u>Development</u>	<u>HTC No.</u>
Saul Kleinfeld, Ltd.	Saul Kleinfeld Apartments	95024
Western Pebble Hills, Ltd.	Western Pebble Hills Apartments	96067
Western Pellicano, Ltd.	Western Pellicano Apartments	96068


Dear Mr. Montiel:

A letter from Locke Liddell & Sapp LLP, dated August 25, 2004, requested approval from the Department for the replacement of the general partner of each of the Development Owners named above. The replacement general partners would be affiliates of the Housing Authority of the City of El Paso, as follow:

<u>Development</u>	<u>HTC No.</u>	<u>New General Partner</u>
Saul Kleinfeld Apartments	95024	Affordable Housing Saul Kleinfeld, LLC
Western Pebble Hills Apartments	96067	Affordable Housing Western Pebble Hills, LLC
Western Pellicano Apartments	96068	Affordable Housing Western Pellicano, LLC

Your request is granted.

Sincerely,



Edwina P. Carrington
Executive Director

MFP/BS

cc: Ruth Cedillo, Deputy Executive Director

T:\mfm\LIHTCAmendments of Ownership\95024 96067 96068 owner change.doc


TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

3266

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.....
RICK PERRY
Governor

December 31, 2004

EDWINA P. CARRINGTON
Executive Director

Ms. Christine R. Richardson
Locke Liddell & Sapp LLP
100 Congress Avenue, Suite 300
Austin, Texas 78701-4042

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogahy
C. Kent Conline
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

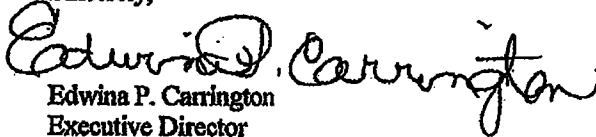
Re: Meadowbrook Townhomes, Ltd. (the Development Owner)
Meadowbrook Townhomes (the Development)
Housing Tax Credit Development No. 02067

Dear Ms. Richardson:

Your letter of December 13, 2004 requested approval to replace the general partner of the development owner named above. Under the request, Affordable Housing Meadowbrook, LLC (AHM) would replace IBI Meadowbrook, LLC, an organization whose sole member is Investment Builders Inc., an Historically Underutilized Business. AHM is a wholly-owned instrumentality of HACEP Acquisition Corp., a for-profit organization that is, itself, a wholly-owned instrumentality of the Housing Authority of the City of El Paso.

Your request is granted. This letter will be forwarded to our Portfolio Management and Compliance Division.

Sincerely,


Edwina P. Carrington
Executive Director

MFP/BS

cc: Ruth Cedillo, Deputy Executive Director

T:\vfm\LIHTCAAmendments of Ownership\02067 121604 transfer.doc

507 SABINE - SUITE 400 ■ P.O. BOX 13941 ■ AUSTIN, TEXAS 78711-3941 ■ (512) 475-3800



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Michael Gerber
EXECUTIVE DIRECTOR

January 8, 2007

Mr. Vince Dodds
Chief Executive Officer
The Housing Authority of the City of El Paso
5300 East Paisano Drive
El Paso, Texas 79905-2931

Re: Western Redd Road HTC No. 95027 Western Carolina HTC No. 97025
Western Yarbrough HTC No. 95028 Western Burgundy HTC No. 97088
Western Gallagher HTC No. 960701531 Lee Seniors HTC No. 98093
Western Crosby HTC No. 97023 Western Eastside Seniors HTC No. 99097

Dear Mr. Dodds:

Your letters of December 22, 2006 requested approval for changes that have been made in the ownership structure of the development owner of each development named above. As indicated by the letters and accompanying documents, the name that follows each development name below is the name of the organization that is now the general partner of the owner. Each entity below is wholly owned and controlled by Paisano Housing Redevelopment Corp., a wholly owned and controlled affiliate of The Housing Authority of the City of El Paso.

Western Redd Road, HTC No. 95027
Affordable Housing Western Redd Road, LLC

Western Carolina, HTC No. 97025
Affordable Housing Western Carolina, LLC

Western Yarbrough, HTC No. 95028
Affordable Housing Western Yarbrough, LLC

Western Burgundy, HTC No. 97088
Affordable Housing Western Burgundy, LLC

Western Gallagher, HTC No. 96070
Affordable Housing Western Gallagher, LLC

Lee Seniors, HTC No. 98093
Affordable Housing Western Lee Elderly, LLC

Western Crosby, HTC No. 97023
Affordable Housing Western Crosby, LLC

Western Eastside Seniors, HTC No. 99097
Affordable Housing Eastside Elderly, LLC

Your request is granted. This letter will be forwarded to our Portfolio Management and Compliance Division.

Sincerely,

[Signature]
Robbye Meyer
Director of Multifamily Finance Production

MFP/bs

Cc: Patricia Murphy, Manager of Compliance

RECEIVED

JAN 09 2007

COMPLIANCE



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

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Tom H. Gann
Lowell A. Keig
Juan S. Muñoz, Ph.D.

December 30, 2009

Christine Richardson
Locke, Lord, Bissell & Liddell, LLP
100 Congress Avenue, Suite 300
Austin, Texas 78701-2748

Re: Cedar Oak Townhomes (the Development) El Paso
Cedar Oak Townhomes, Ltd. (the Development Owner)
Housing Tax Credit Development No. 04070 / 060250

Dear Ms. Richardson:

The Texas Department of Housing and Community Affairs received your letter of December 14, 2009. The letter requested approval for a change in the ownership structure of the development owner named above. The structure would change by replacing the current general partner, IBI Cedar Oak Townhomes, LLC, with HAC Cedar Oak, Inc. HAC Cedar Oak, Inc is an instrumentality of the Housing Authority of the City of El Paso.

Additionally, you have requested a waiver of the requirement to replace the Historically Underutilized Business (HUB) general partner with a non-HUB. The replacement of IBI Cedar Oak Townhomes with a non-HUB results in the loss of HUB points; however, this would not have negatively affected the award.

Your requests are granted. This letter will be forwarded to our Compliance and Asset Oversight Division and to the Real Estate Analysis Division.

Thank you for your letter.

Sincerely,



Michael Gerber
Executive Director

MFP/eh

Cc: Patricia Murphy, Chief of Compliance and Asset Oversight
Audrey Martin, Manager of Real Estate Analysis



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

BOARD MEMBERS
C. Kent Conine, *Chair*
Gloria Ray, *Vice Chair*
Leslie Bingham Escareño
Tom H. Gann
Lowell A. Keig
Juan S. Muñoz, Ph.D.

December 30, 2009

Christine Richardson
Locke, Lord, Bissell & Liddell, LLP
100 Congress Avenue, Suite 300
Austin, Texas 78701-2748

Re: North Mountain Village (the Development) El Paso
North Mountain Village, Ltd. (the Development Owner)
Housing Tax Credit Development No. 05060

Dear Ms. Richardson:

The Texas Department of Housing and Community Affairs received your letter of December 14, 2009. The letter requested approval for a change in the ownership structure of the development owner named above. The structure would change by replacing the current general partners, IBI North Mountain Village, LLC and TMC North Mountain Village, LLC, with HAC North Mountain, Inc. HAC North Mountain, Inc is an instrumentality of the Housing Authority of the City of El Paso.

Additionally, you have requested a waiver of the requirement to replace the Historically Underutilized Business (HUB) general partner with a non-HUB. The replacement of TMC North Mountain Village, LLC with a non-HUB results in the loss of HUB points; however, this would not have negatively affected the award.

Your requests are granted. This letter will be forwarded to our Compliance and Asset Oversight Division and to the Real Estate Analysis Division.

Thank you for your letter.

Sincerely,



Michael Gerber
Executive Director

MFP/ch

Cc: Patricia Murphy, Chief of Compliance and Asset Oversight
Audrey Martin, Manager of Real Estate Analysis

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♻️ Printed on recycled paper

NOTICE OF PUBLIC HEARING

May 29, 2014

All tenants residing in the Prado Apartments
151 South Prado Road
El Paso, Texas 79907

Senator Jose Rodriguez
100 North Ochoa St.
El Paso, Texas 79901

Midland Corporate Tax Credit XII LP
c/o Boston Financial
101 Arch Street, 14th Floor
Boston, MA 02110

Representative Naomi Gonzalez
6044 Gateway East, Suite 818
El Paso, Texas 79905

Midland Mortgage Investment Corporation
for itself and as agent for
Midland Affordable Housing Group
c/o Boston Financial
101 Arch Street, 14th Floor
Boston, MA 02110

Mayor Oscar Leeser
300 North Campbell
El Paso, Texas 79901

Please take notice that Prado, Ltd. will hold a public hearing to receive comments on a proposed amendment to the Declaration of Land Use Restrictive Covenants for Low Income Housing Credits (“LURA”) applicable to the Prado Apartments. The hearing will take place at the following time and location:

**Friday, June 13, 2014
5:30 p.m.
Public Room
Prado Apartments
151 South Prado Road
El Paso, Texas 79907**

Proposed Amendment:

Prado, Ltd. is proposing that the LURA be amended to remove the requirement that the managing general partner must be a HUB and to substitute a requirement that that managing general partner be a Qualified Nonprofit Organization.

THE PROPOSED AMENDMENT WILL NOT AFFECT ANY TENANT’S CURRENT LEASE TERMS.

Background Information:

- The Prado Apartments are owned by Prado, Ltd., a Texas limited partnership.
- The amendment is being proposed by Investment Builders, Inc. (“IBI”), which is the current managing general partner of Prado, Ltd. a Texas limited partnership.
- The co-general non-profit partner is TVP Non-Profit Corporation, a Texas nonprofit corporation (“TVP”).
- IBI and TVP have entered into a Purchase and Sale Agreement (“PSA”) under which IBI will assign its general partnership interest to Paisano Housing Redevelopment Corporation (“Paisano Housing”) and TVP will assign its general partnership interest to AHV Prado, LLC, a Texas limited liability company (“AHV Housing”).
- IBI is a Historically Underutilized Business (“HUB”).
- The LURA requires that, during the compliance period, which is 25 years, IBI must maintain its HUB status and remain as the managing co-general partner.
- Paisano Housing is a Qualified Nonprofit Organization but is not a HUB and cannot legally be reorganized as a HUB.

At the hearing, a representative from Prado, Ltd. will accept written and oral comments on the proposed amendment. At the hearing, representatives of IBI and AHV Housing will make presentations regarding why the amendment is being proposed. Tenants of the Prado Apartments and the officials named above are encouraged to participate in the hearing process. Written comments from those who cannot attend the hearing in person may be provided by noon on June 13, 2014 to Ms. Maria Espinoza by hand delivery at the address given above or by sending the written comments to her by Fax (915) 594-0434. Individuals who require auxiliary aids or services for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least two (2) days before the hearing so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least three (3) days before the hearing so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Maria Espinoza al siguiente número (915) 594-2141 a por lo menos tres días antes de la junta para hacer los preparativos apropiados.

NCDO HOUSING, LTD.
7400 Viscount Blvd., Suite 109
El Paso, TX 79925

May 27, 2014

Texas Department of Housing and Community Affairs
Mr. Tom Gouris
Deputy Executive Director for Housing Programs
Mr. Rosalio Banuelos
Asset Manager
P.O. Box 13941
221 East 11th Street
Austin, TX 78701

Re: Application by NCDO Housing, Ltd. (“NCDO”) to amend the LURA to delete the requirement that the managing general partner, IBI NCDO Housing LP, LLC (“IBI NCDO Housing”) maintain its status as a HUB during the compliance period, as extended, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the compliance period, as extended.

Dear Mr. Gouris and Mr. Banuelos:

This is an application by NCDO under 10 Texas Administrative Code Rule §10.405(b). The following information is being supplied to comply with the Rule:

1. **Description of the Requested Change:** NCDO desires to amend the LURA encumbering the property located at 5250 Wren Avenue, El Paso, Texas, to delete the requirement that the managing general partner, IBI NCDO Housing maintain its ownership and its status as a HUB during the compliance period, and to substitute a requirement that during the remainder of the compliance period, the managing general partner be a Qualified Nonprofit Organization that materially participates in the operation of the project.

2. **Reason for the Requested Change:** IBI NCDO Housing and Paisano NCDO I, LLC (“Paisano NCDO”) intend to sign a Purchase and Sale Agreement (the “PSA”). Under the PSA, IBI NCDO Housing has agreed to sell and assign its managing general partnership interest in NCDO to Paisano NCDO. The transfer of the general partnership interest is subject to the approval of the Texas Department of Housing and Community Development (“TDHCA”). Further, the transaction is also subject to the approval by TDHCA of the amendment described in paragraph 1 above.

IBI NCDO Housing is a for profit Texas limited liability company whose sole member is IBI, which is a HUB. Paisano NCDO is a Texas limited liability company. Its sole member is

Paisano Housing Redevelopment Corporation (“Paisano Housing”), a Texas nonprofit corporation, which is controlled by the Housing Authority of the City of El Paso (“HACEP”). Paisano Housing is a Qualified Nonprofit Organization. HACEP is a unit of local government that operates on a nonprofit basis. Even though Paisano NCDO is a Texas limited liability company, the fact that it is owned and controlled by Paisano Housing renders it legally incapable of being organized as HUB. Attached is a legal opinion from Art Provenghi, Legal Counsel to HACEP, confirming that Paisano NCDO cannot be legally organized as a HUB.

3. **Good Cause for the Requested Amendment:** NCDO asserts that good cause exists to approve the requested amendment for the following reasons:

(a) An attempt has been made to determine if NCDO could have been structured with either a Qualified Nonprofit Organization or a HUB with no difference in scoring. Two documents were located: the 1998 Low Income Tax Credit Application Submission Log and the 1998 LIHTC Allocation List. Two El Paso projects were competing in the nonprofit set aside: NCDO Housing, Ltd., and Santa Lucia Housing, both of which were being developed by IBI. The LURA pertaining to NCDO shows that the project is required to have a HUB and a qualified nonprofit during the compliance period. The 1998 QAP gave 5 points for using a HUB. If IBI had not used a HUB, its score would have been reduced by 5 points. However, this would not have impacted the award because only IBI was competing in the nonprofit set aside in El Paso. Reference should be made to the letters from TDHCA approving the substitution of the IBI HUB with an entity owned by HACEP. You have indicated that scoring information for these projects is either not available or does not show the effect on scoring of not claiming points for a HUB. My client does not have any records or information showing the effect on scoring if no HUB points had been claimed. See Exhibit C attached hereto.

(b) HUBs are business entities, the majority ownership of which is owned by persons who are African American, Hispanic American, Asian Pacific American, Native American or women of any ethnicity. The public purpose behind the creation of HUBs is to provide individuals who qualify to own HUBs with certain public contracting opportunities that have been historically unavailable to them. In Texas, this concept is embodied in 34 TAC 20.13 which provides that each state agency must make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. The purpose of the HUB program is to promote full and equal business opportunities for all businesses in an effort to remedy disparity in state procurement and contracting in accordance with the HUB goals specified in the State of Texas Disparity Study.

Even though Paisano NCDO cannot be organized as a HUB, it possesses many of the characteristics of a HUB. For example, the boards of directors of both Paisano NCDO and Paisano Housing are composed of the same persons who serve as directors on the HACEP board.

Mr. Tom Gouris
Mr. Rosalio Banuelos
Page 3
May 27, 2014

The HACEP board members are primarily individuals who could qualify to own a HUB (i.e. Hispanic Americans and women) (See attached legal opinion of Art Provenghi). Further, Paisano Housing and its subsidiary, Paisano NCDO will use the same contracting criteria (preference to HUBs) that are used by state agencies. This is particularly pertinent to housing because contractors are continuously needed for repairs and renovations to housing units.

(c) This proposed amendment will have no effect on the operation of NCDO or its financial stability. HACEP, through its subsidiaries, already owns general partnership interests in various LIHTC projects and has a proven track record showing compliance with all regulatory requirements.

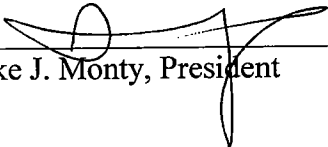
(d) The 15 year compliance period expires in 2015.

(e) The necessity for this amendment could not have been reasonably foreseen at the time of the application was filed because this transaction was not being discussed or even contemplated at that time.

For the reasons set forth above, NCDO requests that the proposed amendment be approved by TDHCA.

NCDO Housing, Ltd.

By: Investment Builders, Inc.
General Partner

By: 
Ike J. Monty, President

cc: Mr. Francis S. Ainsa Jr.
Mr. Art Provenghi
Mr. Tim Johnson

(vi) at least 35 multifamily residential units or comparable commercial property if the project applying for credits is a Rural Project; or

(vii) Property Owners in noncompliance with HUD, TxRD, HOME, or LIHTC, but which are not barred from having an Application recommended by §49.4(f), or which have had a continuing pattern of defaults and foreclosures are ineligible to claim the points for this item.

10 10

(B) EXHIBIT 211: Label as EXHIBIT 211, evidence that the HUB has been certified by the General Services Commission and is the Project Owner or Controls the Project Owner. With respect to the filing of an Application and the development, operation and ownership of a Project, the historically underutilized person or persons whose ownership interests comprise a majority of a corporation, partnership, joint venture or other business entity, must maintain this majority and must demonstrate regular, continuous, and substantial participation in the operation and management activities of the entity. Likewise, with regard to a sole proprietorship, the individual who comprises the sole proprietorship must demonstrate regular, continuous, and substantial participation in the development, operation and ownership of the Project. The Department shall require evidence of regular, continuous and substantial participation and this evidence shall include, but not limited to, the agreement to personally guarantee the interim construction loan secured (and all other guarantees to the equity investor) relative to the development of a Project by the person or persons upon whose purported ownership interest(s) and participation form the basis for which the designation of a HUB is being claimed. Any such guarantee wherein an Affiliate, partner and or Beneficial Owner of the guarantor agrees to indemnify, in whole or in part, the guarantor from the liability arising from the guarantee, shall not constitute said evidence. The Department shall, during and after the Application Round, monitor those individuals upon whose purported ownership interest(s) and participation form the basis for which the designation of HUB is being claimed and may require the submission of any additional documentation as required to verify said evidence. To qualify for these points, in addition to the certification from the General Services Commission, the historically underutilized person or persons whose ownership interest(s) form the basis of the HUB designation must provide the necessary loan and syndication guarantees to develop the Project. The Department's goal is to have substantive participation by those individuals upon whose purported ownership interest(s) and participation form the basis for which the designation as a HUB is claimed. A determination by the Department that there has been a material misrepresentation as to such participation or that insufficient evidence has been provided to substantiate such participation will be final and points awarded for HUB participation will be withdrawn accordingly.

5 5

(5) PARTICIPATION OF LOCAL TAX EXEMPT ORGANIZATIONS. EXHIBIT 212: Label as EXHIBIT 212, evidence that the Property owner has an executed agreement with a Local Tax Exempt Organization for the provision of special supportive services that would not otherwise be available to the tenants. The supportive services will be evaluated based upon the following:

- (A) the duration of the service agreement,
- (B) the accessibility and appropriateness of the service to the tenants,
- (C) the experience of the service provider, and
- (D) the importance of the service in enhancing the tenants standard of living. The supportive service will be included in the LURA.

Up to 5 5





Housing Authority of the City of El Paso

Mr. Rosalio Banuelos
Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street, Austin, Texas 78701

I am legal counsel for the Housing Authority of the City of El Paso (HACEP). I have been asked by staff of the Texas Department of Housing and Community Affairs (TDHCA) to provide a legal opinion addressing how the stakeholders in and management control of HACEP and its affiliates mirror the majority ownership of a HUB. This issue has arisen as part of a request submitted by HACEP and its affiliates to be approved by TDHCA to replace a HUB as a general partner in a number of low income housing tax credit apartments in El Paso County.

We have set forth our opinion in a separate letter addressing why HACEP and its affiliates cannot meet the legal definition of a HUB. However, as addressed in this letter, HACEP's stakeholders and controlling management do mirror a HUB. A HUB is an entity "in which 51 percent or more of the assets and interest[s] . . . are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership's control, operation, and management." TEX. GOV'T CODE ANN. § 2161.001(2)(A) and (C). An "economically disadvantaged person" means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including, but not limited to, Hispanic Americans and women." *Id.* § 2161.001(3).

HACEP is a unit of local government which operates on a nonprofit basis. Furthermore, HACEP and its affiliates own, operate, manage and develop low income housing exclusively within El Paso County, Texas. As a unit of government HACEP is effectively owned by the citizens of El Paso, Texas and the residents it serves. In that regard, HACEP's "owners" would, if HACEP were a for-profit entity, qualify as a HUB because the population of El Paso and HACEP's programs are predominately Hispanic or Latino. Specifically, El Paso County is 81.2 percent Hispanic/Latino¹ and HACEP's largest program, its public housing program, is 98 percent Hispanic/Latino.² The vast majority of residents in all of HACEP's various housing programs are Hispanic/Latino.³ In addition, a majority of HACEP's Board of Commissioners,

¹ US Census Bureau, State and County Quick Facts for El Paso County, Texas (data as of 2012) [<http://quickfacts.census.gov/qfd/states/48/48141.html> visited February 18, 2014].

² HACEP Public Housing Resident Characteristics Report as of January 31, 2014. The HACEP Public Housing program serves approximately 6,000 households.

³ The residents in HACEP's Housing Choice Voucher (HCV) program, which serves approximately 4,800 households, are 93 percent Hispanic/Latino.

which is vested with the highest level of managerial control over the organization, are women and/or Hispanic/Latino. This has been the case for many years in the past and for the current Board of Commissioners.

The term "economically disadvantaged," unfortunately, describes both the citizens of El Paso County in general and the residents of HACEP's housing programs. El Paso County is consistently designated one of the very poorest urban counties in the United States.⁴ The poverty rate in El Paso County stands at 28.7 percent.⁵ The median household income in El Paso County is \$36,699, about 25 percent below the statewide median income level.⁶ The household incomes of the residents of HACEP programs is much lower than the El Paso County figure, as 95 percent of HACEP's public housing residents have household incomes of less than \$25,000 per year.⁷ In fact, 62 percent of HACEP's public housing residents have annual household incomes of \$10,000 per less. The average annual income of residents in HACEP's other large program, the HCV program, is \$10,225. Over 90 percent of HACEP's overall program residents are considered to have very- or extremely-low incomes, meaning they have household incomes below 30 percent of the median household income level.⁸

In view of the foregoing, it is my legal position that while HACEP cannot technically qualify as a HUB because of its governmental and nonprofit legal status, its effective ownership and ultimate management control consists of well above 51 percent which is attributable to Hispanic/Latino individuals and women who would be categorized as "economically disadvantaged individuals" under applicable law pertaining to HUBs.

Sincerely,



Art Provenghi

Legal Counsel

Housing Authority of the City of El Paso

⁴ University of Texas at Austin, College of Liberal Arts Report: "Poverty in Texas" (3rd Edition, February 2014) (noting El Paso is the sixth poorest county in the United States) [http://texaspolitics.laits.utexas.edu/12_2_0.html, visited February 18, 2014].

⁵ http://www.laits.utexas.edu/txp_media/html/pov/features/ten_counties/slide1.html.

⁶ US Census Bureau, State and County Quick Facts for El Paso County, Texas, *supra*.

⁷ HACEP Public Housing Resident Characteristics Report as of January 31, 2014.

⁸ 90 percent of HCV Residents are very- or extremely-low income.

NOTICE OF PUBLIC HEARING

May 29, 2014

All tenants residing in NCDO Housing
5250 Wren Avenue
El Paso, Texas 79907

Senator Jose Rodriguez
100 North Ochoa St., Ste. A
El Paso, Texas 79901

Northeast Community Development Org.
c/o Dr. Gustavo Martinez, President
4756 Excalibur Drive
El Paso, Texas 79902

Representative Marisa Marquez
1444 Montana, Ste. 100
El Paso, Texas 79902

Midland Corporate Tax Credit V LP
c/o Boston Financial
101 Arch Street, 14th Floor
Boston, MA 02110

Mayor Oscar Leeser
300 North Campbell
El Paso, Texas 79901

Please take notice that NCDO Housing, Ltd. will hold a public hearing to receive comments on a proposed amendment to the Declaration of Land Use Restrictive Covenants for Low Income Housing Credits (“LURA”) applicable to the NCDO Housing Apartments. The hearing will take place at the following time and location:

**Wednesday, June 11, 2014
5:30 p.m.
Community Room
NCDO Housing
5250 Wren Avenue
El Paso, Texas 79907**

Proposed Amendment:

NCDO Housing, Ltd. is proposing that the Declaration of Land Use Restrictive Covenants for Low Income Housing Credits (the “LURA”) be amended to remove the requirement that the managing general partner must be a HUB and maintain ownership in the project, and to substitute a requirement that that managing general partner be a Qualified Nonprofit Organization or be controlled by a Qualified Nonprofit Organization.

THE PROPOSED AMENDMENT WILL NOT AFFECT ANY TENANT’S CURRENT LEASE TERMS.

Background Information:

- The NCDO Housing Apartments are owned by NCDO Housing, Ltd., a Texas limited partnership.
- The amendment is being proposed by IBI NCDO Housing LP, LLC, (“IBI”), which is the current managing general partner of NCDO Housing, Ltd. a Texas limited partnership.
- The co-general non-profit partner is Northeast Community Development Organization, a Texas nonprofit corporation (“NCDO”).
- IBI and NCDO have entered into a Purchase and Sale Agreement (“PSA”) under which IBI will assign its general partnership interest to Paisano NCDO I, LLC, a Texas limited liability company, which is a subsidiary of Paisano Housing Redevelopment Corporation (“Paisano Housing”).
- IBI is a Historically Underutilized Business (“HUB”).
- The LURA requires that, during the compliance period, which is 25 years, IBI must maintain its ownership and HUB and remain as the managing co-general partner.
- Paisano Housing is a Qualified Nonprofit Organization and is the sole member of Paisano NCDO I, LLC. Paisano Housing is not a HUB and cannot legally be reorganized as a HUB.

At the hearing, a representative from NCDO Housing, Ltd. will accept written and oral comments on the proposed amendment. At the hearing, representatives of IBI and Paisano NCDO I, LLC will make presentations regarding why the amendment is being proposed. Tenants of the NCDO Housing Apartments and the officials named above are encouraged to participate in the hearing process. Written comments from those who cannot attend the hearing in person may be provided by noon on June 13, 2014 to Ms. Maria Espinoza by hand delivery at the address given above or by sending the written comments to her by Fax (915) 594-0434. Individuals who require auxiliary aids or services for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least two (2) days before the hearing so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least three (3) days before the hearing so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Maria Espinoza al siguiente número (915) 594-2141 a por lo menos tres días antes de la junta para hacer los preparativos apropiados.

WESTERN WHIRLWIND LTD.
7400 Viscount Blvd., Suite 109
El Paso, TX 79925

May 27, 2014

Texas Department of Housing and Community Affairs
Mr. Tom Gouris
Deputy Executive Director for Housing Programs
Mr. Rosalio Banuelos
Asset Manager
P.O. Box 13941
221 East 11th Street
Austin, TX 78701

Re: Application by Western Whirlwind, Ltd. ("Western Whirlwind") to amend the LURA to delete the requirement that the managing general partner, IBI Western Whirlwind, LLC ("IBI Western Whirlwind") maintain its status as a HUB during the compliance period and substantially participate in the operation of the project, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the compliance period and substantially participate in the operation of the project.

Dear Mr. Gouris and Mr. Banuelos:

This is an application by Western Whirlwind under 10 Texas Administrative Code Rule §10.405(b). The following information is being supplied to comply with the Rule:

1. **Description of the Requested Change:** Western Whirlwind desires to amend the LURA encumbering the property located at 131 E. Lake Drive, Horizon City, Texas, to delete the requirement that the managing general partner, IBI Western Whirlwind, maintain its status as a HUB during the compliance period and substantially participate in the operation of the project and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the compliance period and substantially participate in the operation of the project.

2. **Reason for the Requested Change:** IBI Western Whirlwind and Paisano Western Whirlwind, LLC ("Paisano Western Whirlwind") have entered into a Purchase and Sale Agreement (the "PSA"). Under the PSA, IBI has agreed to sell and assign its managing general partnership interest in Western Whirlwind to Paisano Western Whirlwind. The transfer of the general partnership interest is subject to the approval of the Texas Department of Housing and Community Development ("TDHCA"). Further, the transaction is also subject to the approval by TDHCA of the amendment described in paragraph 1 above.

IBI Western Whirlwind is a for profit Delaware limited liability company whose sole member is IBI, which is a HUB. Paisano Western Whirlwind is a Texas limited liability company. Its sole member is Paisano Housing Redevelopment Corporation (“Paisano Housing”), a Texas nonprofit corporation, which is controlled by the Housing Authority of the City of El Paso (“HACEP”). Paisano Housing is a Qualified Nonprofit Organization. HACEP is a unit of local government that operates on a nonprofit basis. Even though Paisano Western Whirlwind is a Texas limited liability company, the fact that it is owned and controlled by Paisano Housing renders it legally incapable of being organized as HUB. Attached is a legal opinion from Art Provenghi, Legal Counsel to HACEP, confirming that Paisano Western Whirlwind cannot be legally organized as a HUB. This scoring during the application process is not

3. Good Cause for the Requested Amendment: Western Whirlwind asserts that good cause exists to approve the requested amendment for the following reasons:

(a) Western Whirlwind was originally owned by IBI Western Whirlwind, a for profit entity, and Santa Lucia Community Development Corporation (SLCDO”), a qualified nonprofit organization. In 2006, SLCDO was allowed by TDHC to withdraw as a general partner and IBI Western Whirlwind, LLC, was allowed to become the sole general partner. The original LURA did not require that a HUB own an interest in the project or be a general partner. Nonetheless, IBI was a HUB although no points were claimed for that status. When TDHCA permitted SLCDO to withdraw, it required that the LURA be amended to provide that a HUB must maintain an ownership in and substantially participate in the operation of the project. Thus, because there was no HUB in the original ownership structure, IBI and Paisano Western Whirlwind are requesting an amendment that would return to ownership to resemble the original structure. Please see attached Exhibit E.

(b) HUBs are business entities, the majority ownership of which is owned by persons who are African American, Hispanic American, Asian, Pacific American, Native American or women of any ethnicity. The public purpose behind the creation of HUBs is to provide individuals who qualify to own HUBs with certain public contracting opportunities that have been historically unavailable to them. In Texas, this concept is embodied in 34 TAC 20.13 which provides that each state agency must make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. The purpose of the HUB program is to promote full and equal business opportunities for all businesses in an effort to remedy disparity in state procurement and contracting in accordance with the HUB goals specified in the State of Texas Disparity Study.

Even though Paisano Western Whirlwind cannot be organized as a HUB, it possesses many of the characteristics of a HUB. For example, the boards of directors of both Paisano

Mr. Tom Gouris
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Page 3
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Western Whirlwind and Paisano Housing are composed of the same persons who serve as directors on the HACEP board. The HACEP board members are primarily individuals who could qualify to own a HUB (i.e. Hispanic Americans and women) (See attached legal opinion of Art Provenghi). Further, Paisano Housing and its subsidiary, Paisano Western Whirlwind will use the same contracting criteria (preference to HUBs) that are used by state agencies. This is particularly pertinent to housing because contractors are continuously needed for repairs and renovations to housing units.

(c) This proposed amendment will have no effect on the operation of Western Whirlwind or its financial stability. HACEP, through its subsidiaries, already owns general partnership interests in various LIHTC projects and has a proven track record showing compliance with all regulatory requirements.

(d) The 15 year compliance period expires in 2018.

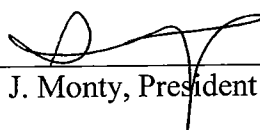
(e) The necessity for this amendment could not have been reasonably foreseen at the time of the application was filed because this transaction was not being discussed or even contemplated at that time.

Very truly yours,

Western Whirlwind, Ltd.

By: IBI Western Whirlwind, LLC

By: Investment Builders, Inc.,
Sole Member

By: 
Ike J. Monty, President

cc: Mr. Francis S. Ainsa Jr.
Mr. Art Provenghi
Mr. Tim Johnson



Texas Department of Housing and Community Affairs

Housing Tax Credit Program

U.S. Mailing Address: P.O. Box 13941, Austin, Texas 78711-3941

Private Carrier Delivery: 507 Sabine, Suite 400 Austin, TX 78701

Telephone: (512) 475-3340 Telecopier: (512) 475-0764

June 28, 2006

NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST

To: Rick Morrow

HTC No. 01018, Western Whirlwind

Summary of Request: The owner requests approval for the for-profit co-general partner, IBI Western Whirlwind, LLC, a Historically Underutilized Business (HUB) to take complete ownership and control of the general partner interest. As proposed, the existing nonprofit co-general partner, Santa Lucia Community Development Organization, would withdraw from the ownership organization. In the application, the applicant qualified for three points under either of two mutually exclusive options: (1) operating the development as a joint venture between a for-profit and a nonprofit general partner, or (2) participation of a HUB in the ownership. The applicant chose to obtain the points for the joint venture instead of the HUB.

Governing Law:	§2306.6712, Texas Government Code. The code indicates that material alterations include any modification considered significant by the Board.
Owner:	Western Whirlwind, Ltd.
General Partner:	IBI Western Whirlwind, LLC (IBI); Santa Lucia Community Development Organization (SLCDO)
Developers:	Investment Builders Development Company, Inc.; SLCDO
Principals/Interested Parties:	Ike Monty (IBI); SLCDO
Syndicator:	MMA Financial, LLC
Construction Lender:	Midland Mortgage Investment Corporation
Permanent Lender:	Midland Affordable Housing Group Trust
Other Funding:	NA
City/County:	Horizon City/El Paso
Set-Aside:	Rural/Prison Communities (General Population)
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	General Population
Units:	36 HTC units
2001 Allocation:	\$267,524
Allocation per HTC Unit:	\$7,431
Prior Board Actions:	7/01 - Approved award of tax credits
Underwriting Reevaluation:	The remaining principal would have sufficient financial resources to be acceptable as the sole general partner.
Staff Recommendation:	Staff recommends approving the request with the stipulation to be included in an amendment to the LURA that the remaining and now, sole, general partner would continue to be a qualified HUB throughout the compliance period. The requested modifications would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.

THIS REQUEST WAS APPROVED AT THE BOARD MEETING OF JUNE 26, 2006. THE APPROVAL WILL BE CONFIRMED BY THE MINUTES AS APPROVED AND RECORDED IN A SUBSEQUENT BOARD MEETING.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production





Housing Authority of the City of El Paso

Mr. Rosalio Banuelos
Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street, Austin, Texas 78701

I am legal counsel for the Housing Authority of the City of El Paso (HACEP). I have been asked by staff of the Texas Department of Housing and Community Affairs (TDHCA) to provide a legal opinion addressing how the stakeholders in and management control of HACEP and its affiliates mirror the majority ownership of a HUB. This issue has arisen as part of a request submitted by HACEP and its affiliates to be approved by TDHCA to replace a HUB as a general partner in a number of low income housing tax credit apartments in El Paso County.

We have set forth our opinion in a separate letter addressing why HACEP and its affiliates cannot meet the legal definition of a HUB. However, as addressed in this letter, HACEP's stakeholders and controlling management do mirror a HUB. A HUB is an entity "in which 51 percent or more of the assets and interest[s] . . . are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership's control, operation, and management." TEX. GOV'T CODE ANN. § 2161.001(2)(A) and (C). An "economically disadvantaged person" means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including, but not limited to, Hispanic Americans and women." *Id.* § 2161.001(3).

HACEP is a unit of local government which operates on a nonprofit basis. Furthermore, HACEP and its affiliates own, operate, manage and develop low income housing exclusively within El Paso County, Texas. As a unit of government HACEP is effectively owned by the citizens of El Paso, Texas and the residents it serves. In that regard, HACEP's "owners" would, if HACEP were a for-profit entity, qualify as a HUB because the population of El Paso and HACEP's programs are predominately Hispanic or Latino. Specifically, El Paso County is 81.2 percent Hispanic/Latino¹ and HACEP's largest program, its public housing program, is 98 percent Hispanic/Latino.² The vast majority of residents in all of HACEP's various housing programs are Hispanic/Latino.³ In addition, a majority of HACEP's Board of Commissioners,

¹ US Census Bureau, State and County Quick Facts for El Paso County, Texas (data as of 2012) [<http://quickfacts.census.gov/qfd/states/48/48141.html> visited February 18, 2014].

² HACEP Public Housing Resident Characteristics Report as of January 31, 2014. The HACEP Public Housing program serves approximately 6,000 households.

³ The residents in HACEP's Housing Choice Voucher (HCV) program, which serves approximately 4,800 households, are 93 percent Hispanic/Latino.

which is vested with the highest level of managerial control over the organization, are women and/or Hispanic/Latino. This has been the case for many years in the past and for the current Board of Commissioners.

The term "economically disadvantaged," unfortunately, describes both the citizens of El Paso County in general and the residents of HACEP's housing programs. El Paso County is consistently designated one of the very poorest urban counties in the United States.⁴ The poverty rate in El Paso County stands at 28.7 percent.⁵ The median household income in El Paso County is \$36,699, about 25 percent below the statewide median income level.⁶ The household incomes of the residents of HACEP programs is much lower than the El Paso County figure, as 95 percent of HACEP's public housing residents have household incomes of less than \$25,000 per year.⁷ In fact, 62 percent of HACEP's public housing residents have annual household incomes of \$10,000 per less. The average annual income of residents in HACEP's other large program, the HCV program, is \$10,225. Over 90 percent of HACEP's overall program residents are considered to have very- or extremely-low incomes, meaning they have household incomes below 30 percent of the median household income level.⁸

In view of the foregoing, it is my legal position that while HACEP cannot technically qualify as a HUB because of its governmental and nonprofit legal status, its effective ownership and ultimate management control consists of well above 51 percent which is attributable to Hispanic/Latino individuals and women who would be categorized as "economically disadvantaged individuals" under applicable law pertaining to HUBs.

Sincerely,



Art Provenghi

Legal Counsel

Housing Authority of the City of El Paso

⁴ University of Texas at Austin, College of Liberal Arts Report: "Poverty in Texas" (3rd Edition, February 2014) (noting El Paso is the sixth poorest county in the United States) [http://texaspolitics.laits.utexas.edu/12_2_0.html], visited February 18, 2014).

⁵ http://www.laits.utexas.edu/txp_media/html/pov/features/ten_counties/slide1.html.

⁶ US Census Bureau, State and County Quick Facts for El Paso County, Texas, *supra*.

⁷ HACEP Public Housing Resident Characteristics Report as of January 31, 2014.

⁸ 90 percent of HCV Residents are very- or extremely-low income.

NOTICE OF PUBLIC HEARING

May 29, 2014

All tenants residing in Western Whirlwind
131 E. Lake Drive
Horizon City, Texas 79928

Senator Jose Rodriguez
100 North Ochoa St., Ste. A
El Paso, Texas 79901

Midland Corporate Tax Credit XVII LP
c/o Boston Financial
101 Arch Street, 14th Floor
Boston, MA 02110

Representative Mary Gonzalez
1200 Santos Sanchez
Socorro, TX 79927

Midland Special Limited Partner, Inc.
c/o Boston Financial
101 Arch Street, 14th Floor
Boston, MA 02110

Mayor Walter Miller
14999 Darrington Road
Horizon City, Texas 79928

Please take notice that Western Whirlwind, Ltd. will hold a public hearing to receive comments on a proposed amendment to the Declaration of Land Use Restrictive Covenants for Low Income Housing Credits ("LURA") applicable to the Western Whirlwind apartments. The hearing will take place at the following time and location:

**Thursday, June 12, 2014
7:30 p.m.
Community Room
Western Whirlwind
131 E. Lake Drive
Horizon City, Texas 79928**

Proposed Amendment:

Paisano Housing, Ltd. is proposing that the LURA be amended to remove the requirement that the managing general partner must be a HUB and maintain its ownership in the project, and to substitute a requirement that that managing general partner be a Qualified Nonprofit Organization or be controlled by a Qualified Nonprofit Organization.

THE PROPOSED AMENDMENT WILL NOT AFFECT ANY TENANT'S CURRENT LEASE TERMS.

Background Information:

- The Western Whirlwind apartments are owned by Western Whirlwind, Ltd., a Texas limited partnership.
- The amendment is being proposed by IBI Western Whirlwind, LLC (“IBI”), which is the sole managing general partner of Western Whirlwind, Ltd., a Texas limited partnership.
- IBI has entered into a Purchase and Sale Agreement (“PSA”) under which IBI will assign its general partnership interest to Paisano Western Whirlwind, LLC.
- IBI is a Historically Underutilized Business (“HUB”).
- The LURA requires that, during the compliance period, IBI must maintain its ownership in the project, its HUB status and remain as the managing co-general partner.
- Paisano Housing is a Qualified Nonprofit Organization and is the sole member of Paisano Western Whirlwind, LLC. Paisano Housing is not a HUB and cannot legally be reorganized as a HUB.

At the hearing, a representative from Western Whirlwind, Ltd.. will accept written and oral comments on the proposed amendment. At the hearing, representatives of IBI and Paisano Western Whirlwind will make presentations regarding why the amendment is being proposed. Tenants of Western Whirlwind and the officials named above are encouraged to participate in the hearing process. Written comments from those who cannot attend the hearing in person may be provided by noon on June 13, 2014 to Ms. Maria Espinoza by hand delivery at the address given above or by sending the written comments to her by Fax (915) 594-0434. Individuals who require auxiliary aids or services for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least two (2) days before the hearing so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least three (3) days before the hearing so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Maria Espinoza al siguiente número (915) 594-2141 a por lo menos tres días antes de la junta para hacer los preparativos apropiados.

CACTUS ROSE, LTD.
7400 Viscount Blvd., Suite 109
El Paso, TX 79925

May 27, 2014

Texas Department of Housing and Community Affairs
Mr. Tom Gouris
Deputy Executive Director for Housing Programs
Mr. Rosalio Banuelos
Asset Manager
P.O. Box 13941
221 East 11th Street
Austin, TX 78701

Re: Application by Cactus Rose, Ltd. (“Cactus Rose”) to amend the LURA to delete the requirement that the managing general partner, IBI Cactus Rose, LLC (“IBI Cactus Rose”) maintain its status as a HUB and an ownership interest in the project during the compliance period, as extended, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the compliance period, as extended.

Dear Mr. Gouris and Mr. Banuelos:

This is an application by Cactus Rose under 10 Texas Administrative Code Rule §10.405(b). The following information is being supplied to comply with the Rule:

1. **Description of the Requested Change:** Cactus Rose desires to amend the LURA encumbering the property located at 225 Poplar, Anthony, Texas to delete the requirement that Investment Builders, Inc., the sole member of the managing general partner, IBI Cactus Rose, maintain its status as a HUB and hold an ownership interest in the project, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the remainder of the compliance period, and materially participate in the operation of the project.

2. **Reason for the Requested Change:** IBI Cactus Rose, Paisano Cactus Rose, LLC (“Paisano”), and AHV Cactus Rose, Inc. intend to sign a Purchase and Sale Agreement (the “PSA”). Under the PSA, IBI Cactus Rose has agreed to sell and assign its managing general partnership interest in Cactus Rose to Paisano Cactus Rose. The transfer of the general partnership interest is subject to the approval of the Texas Department of Housing and Community Development (“TDHCA”). Further, the transaction is also subject to the approval by TDHCA of the amendment described in paragraph 1 above.

IBI Cactus Rose is a for profit Delaware limited liability company whose sole member is IBI, which is a HUB. Paisano Cactus Rose is a Texas limited liability company. Its sole member is Paisano Housing Redevelopment Corporation ("Paisano Housing"), a Texas nonprofit corporation, which is controlled by the Housing Authority of the City of El Paso ("HACEP"). Paisano Housing is a Qualified Nonprofit Organization. HACEP is a unit of local government that operates on a nonprofit basis. Even though Paisano Cactus Rose is a Texas limited liability company, the fact that it is owned and controlled by Paisano Housing renders it legally incapable of being organized as HUB. Attached is a legal opinion from Art Provenghi, Legal Counsel to HACEP, confirming that Paisano Cactus Rose cannot be legally organized as a HUB.

3. **Good Cause for the Requested Amendment:** Cactus Rose asserts that good cause exists to approve the requested amendment for the following reasons:

(a) Under the QAP in effect when the application for credits was filed for Cactus Rose, the developer of Cactus Rose could have structured ownership of Cactus Rose with either a Qualified Nonprofit Organization or a HUB with no difference in scoring. Cactus Rose was a rural set aside project and had no competitors. In short, the developer would have been awarded credits for Cactus Rose even if a HUB had not been used in the ownership structure. Please refer top Exhibit A, which is page 30 from the 2001 LIHTC Application Submission Procedures Manuel. Exhibit A shows that the same number of points could be claimed regardless of whether a HUB or a Qualified Nonprofit Organization was used in the ownership of Cactus Rose.

(b) HUBs are business entities, the majority ownership of which is owned by persons who are African American, Hispanic American, Asian, Pacific American, Native American, or women of any ethnicity. The public purpose behind the creation of HUBs is to provide individuals who qualify to own HUBs with certain public contracting opportunities that have been historically unavailable to them. In Texas, this concept is embodied in 34 TAC 20.13 which provides that each state agency must make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. The purpose of the HUB program is to promote full and equal business opportunities for all businesses in an effort to remedy disparity in state procurement and contracting in accordance with the HUB goals specified in the State of Texas Disparity Study.

Even though Paisano Cactus Rose cannot be organized as a HUB, it possesses many of the characteristics of a HUB. For example, the boards of directors of both Paisano Cactus Rose and Paisano Housing are composed of the same persons who serve as directors on the HACEP board. The HACEP board members are primarily individuals who could qualify to own a HUB (i.e. Hispanic Americans and women) (See attached legal opinion of Art Provenghi). Further, Paisano Housing and its subsidiary, Paisano Cactus Rose, will use the same contracting criteria

Mr. Tom Gouris
Mr. Rosalio Banuelos
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(preference to HUBs) that are used by state agencies. This is particularly pertinent to housing because contractors are continuously needed for repairs and renovations to housing units.

(c) This proposed amendment will have no effect on the operation of Cactus Rose or its financial stability. HACEP, through its subsidiaries, already owns general partnership interests in various LIHTC projects and has a proven track record showing compliance with all regulatory requirements.

(d) The 15 year compliance period will end in 2017.

(e) The necessity for this amendment could not have been reasonably foreseen at the time of the application was filed because this transaction was not being discussed or even contemplated at that time.

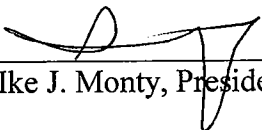
For the reasons set forth above, Cactus Rose requests that the proposed amendment be approved by TDHCA.

Very truly yours,

Cactus Rose, Ltd.

By: IBI Cactus Rose, LLC
General Partner

By: Investment Builders, Inc.,
Sole Member

By: 
Ike J. Monty, President

cc: Mr. Francis S. Ainsa Jr.
Mr. Art Provenghi
Mr. Tim Johnson

(K) The Project is comprised entirely of fourplexes and Town Homes. To qualify for these points the development must be on contiguous property under common ownership, management, and Control and must have a density of no more than 16 Units per acre. None of the residential buildings may share common roofs with other buildings. None of the residential buildings may have an exterior door that opens onto a breezeway or hallway that serves other units or buildings (5 points). 5 5

(L) Exhibit 205. For developments which involve rehabilitation of existing units, evidence that a majority of the development's residential Units are vacant and uninhabitable at the time the Application is submitted. Such evidence must be in the form of a letter and report from the local municipal authority citing substantial code violations. To qualify for these points, the Applicant or its Affiliates must not have owned a significant interest in, or have had Control of the Project during the period in which such Units were rendered uninhabitable (4 points). 4 0

(M) Exhibit 206. Evidence from the local municipal authority stating that the Project fulfills a need for additional affordable rental housing as evidenced in a local Consolidated Plan, Comprehensive Plan, other or local planning document. If the municipality does not have such a planning document, then a letter from the local municipal authority stating that there is no local plan and that the city supports the Project must be submitted (5 points). 5 5

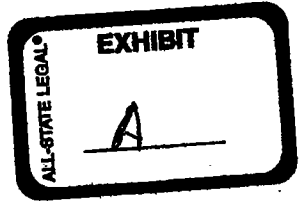
(N) The Project consists of not more than 36 Units and is not a part of, or contiguous to, a larger Project. A Project may not receive points for this characteristic if it would otherwise qualify as a Rural Project (5 points). 5 0

(O) Exhibit 207. Evidence that the proposed Project is partially funded by a HOPE VI grant from HUD. The Project must have already received the commitment from HUD. Submission of a HOPE VI application to HUD does not qualify a Project for these points. Evidence shall include a copy of the commitment letter from HUD indicating the HOPE VI grant terms and grant award amount (5 points). 5 0

(4) Sponsor Characteristics. Projects may only receive points for one of the two criteria listed in subparagraphs (A) and (B) of this paragraph: 3 3

(A) EXHIBIT 208. Evidence that a HUB, as certified by the General Services Commission, is the Project Owner or Controls the Project Owner. With respect to the filing of an Application and the development, operation and ownership of a Project, the historically underutilized person or persons whose ownership interests comprise a majority of a corporation, partnership, joint venture or other business entity, must maintain this majority and must demonstrate regular, continuous, and substantial participation in the operation and management activities of the entity. Likewise, with regard to a sole proprietorship, the individual who comprises the sole proprietorship must demonstrate regular, continuous, and substantial participation in the development, operation and ownership of the Project. The Department shall, during and after the Application Round, monitor those individuals whose purported ownership interest(s) and participation form the basis upon which the designation of HUB is being claimed and may require the submission of additional documentation as required to verify said evidence. The Department's goal is to have substantive participation by those individuals whose purported ownership interest(s) and participation form the basis which the designation as a HUB is claimed. A determination by the Department that there has been a material misrepresentation as to such participation or that insufficient evidence has been provided to substantiate such participation will be final and points awarded for HUB participation will be withdrawn accordingly. The following documentation must be provided to qualify for these points:

- (i) certification from the General Services Commission that the Person is a HUB; and
- (ii) evidence of regular, continuous and substantial participation. This evidence shall include, but not be limited to, the agreement to personally guarantee the interim construction loan secured relative to the development of a Project (and to personally provide all other guarantees to the equity investor) by the person or persons whose purported ownership interest(s) and participation form the basis upon which the designation of a HUB is being claimed. Any such guarantee wherein an Affiliate, partner and or Beneficial Owner of the guarantor agrees to indemnify, in whole or in part, the guarantor from the liability arising from the guarantee, shall not constitute said evidence (3 points).



(B) Exhibit 209. Joint Ventures with Qualified Nonprofit Organizations. Evidence that the Project involves a joint venture between a forprofit organization and a Qualified Nonprofit Organization. The Qualified Nonprofit Organization must be materially participating in the Project as one of the General Partners, but is not required to have Control, to receive these points. However, projects without Control will not be eligible for the nonprofit set-aside. Such evidence must be in the form of an executed partnership agreement between the organizations participating in the joint venture. The partnership agreement must clearly identify the percentage interest of each organization. (3 points) 3 0

(5) Exhibit 210. Project Provides Supportive Services to Tenants. Evidence that the Project Owner has an executed agreement with a for profit organization or a tax-exempt entity for the provision of special supportive services for the tenants. The service provider must be an existing organization qualified by the Internal Revenue Service or other governmental entity. The provision of supportive services will be included in the LURA (up to 5 points, depending upon the services committed in accordance with subparagraph (B) of this paragraph). 5 5

(A) Both documents described in clauses (i) and (ii) of this subparagraph must be submitted for the service provider to be considered under this exhibit.

(i) A fully executed contract between the service provider and the Applicant that establishes that the services offered provide a benefit that would not be readily available to the tenants if they were not residing in the development.

(ii) A copy of the service provider's Articles of Incorporation or comparable chartering document.

(B) The supportive services contract will be evaluated using the criteria described in clauses (i) through (v) of this subparagraph. The contract must clearly state the:

(i) Cost of Services to the Project Owner. The cost shown in the contract must also be included in the Project's operating budget and proforma. The costs must be reasonable for the benefit derived by the tenants. Services for which the Project Owner does not pay, will not receive a point for this item (1 point).

(ii) Availability of Services - The services must be provided on site or with transportation provided to offsite locations. (1 point).

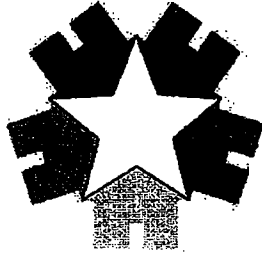
(iii) Duration of Contract - A commitment to provide the services for not less than five years or an option to renew the contract annually for not less than five years must be provided (1 point).

(iv) Experience of Service Provider - The Department will evaluate the experience of the organization as well as the professional and educational qualifications of the individuals delivering the services (1 point).

(v) Appropriateness - Services must be appropriate and provide a tangible benefit in enhancing the standard of living of a majority of low-income tenants (1 point).

(6) Tenant Populations With Special Housing Needs. Projects may receive points under as many of the subparagraphs as apply, in accordance with the terms of those subparagraphs.

(A) This criterion applies to elderly Projects which provide significant facilities and services specifically designed to meet the physical and social needs of the residents. Significant services may include congregate dining facilities, social and recreation programs, continuing education, welfare information and counseling, referral services, transportation and recreation. Other attributes of such Projects include providing hand rails along steps and interior hallways, grab bars in bathrooms, routes that allow for barrier-free travel, lever type doorknobs and single lever faucets. All multistory buildings (two or more floors) must be served by an elevator. Individual Units shall not be multistory. Elderly Projects must not contain any Units with three or more bedrooms. Such a Project must conform to the Federal Fair Housing Act and must be a Project which meets the definition of Qualified Elderly Project (10 points). 10 0



Housing Authority of the City of El Paso

Mr. Rosalio Banuelos
Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street, Austin, Texas 78701

I am legal counsel for the Housing Authority of the City of El Paso (HACEP). I have been asked by staff of the Texas Department of Housing and Community Affairs (TDHCA) to provide a legal opinion addressing how the stakeholders in and management control of HACEP and its affiliates mirror the majority ownership of a HUB. This issue has arisen as part of a request submitted by HACEP and its affiliates to be approved by TDHCA to replace a HUB as a general partner in a number of low income housing tax credit apartments in El Paso County.

We have set forth our opinion in a separate letter addressing why HACEP and its affiliates cannot meet the legal definition of a HUB. However, as addressed in this letter, HACEP's stakeholders and controlling management do mirror a HUB. A HUB is an entity "in which 51 percent or more of the assets and interest[s] . . . are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership's control, operation, and management." TEX. GOV'T CODE ANN. § 2161.001(2)(A) and (C). An "economically disadvantaged person" means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including, but not limited to, Hispanic Americans and women." *Id.* § 2161.001(3).

HACEP is a unit of local government which operates on a nonprofit basis. Furthermore, HACEP and its affiliates own, operate, manage and develop low income housing exclusively within El Paso County, Texas. As a unit of government HACEP is effectively owned by the citizens of El Paso, Texas and the residents it serves. In that regard, HACEP's "owners" would, if HACEP were a for-profit entity, qualify as a HUB because the population of El Paso and HACEP's programs are predominately Hispanic or Latino. Specifically, El Paso County is 81.2 percent Hispanic/Latino¹ and HACEP's largest program, its public housing program, is 98 percent Hispanic/Latino.² The vast majority of residents in all of HACEP's various housing programs are Hispanic/Latino.³ In addition, a majority of HACEP's Board of Commissioners,

¹ US Census Bureau, State and County Quick Facts for El Paso County, Texas (data as of 2012) [<http://quickfacts.census.gov/qfd/states/48/48141.html> visited February 18, 2014].

² HACEP Public Housing Resident Characteristics Report as of January 31, 2014. The HACEP Public Housing program serves approximately 6,000 households.

³ The residents in HACEP's Housing Choice Voucher (HCV) program, which serves approximately 4,800 households, are 93 percent Hispanic/Latino.

which is vested with the highest level of managerial control over the organization, are women and/or Hispanic/Latino. This has been the case for many years in the past and for the current Board of Commissioners.

The term "economically disadvantaged," unfortunately, describes both the citizens of El Paso County in general and the residents of HACEP's housing programs. El Paso County is consistently designated one of the very poorest urban counties in the United States.⁴ The poverty rate in El Paso County stands at 28.7 percent.⁵ The median household income in El Paso County is \$36,699, about 25 percent below the statewide median income level.⁶ The household incomes of the residents of HACEP programs is much lower than the El Paso County figure, as 95 percent of HACEP's public housing residents have household incomes of less than \$25,000 per year.⁷ In fact, 62 percent of HACEP's public housing residents have annual household incomes of \$10,000 per less. The average annual income of residents in HACEP's other large program, the HCV program, is \$10,225. Over 90 percent of HACEP's overall program residents are considered to have very- or extremely-low incomes, meaning they have household incomes below 30 percent of the median household income level.⁸

In view of the foregoing, it is my legal position that while HACEP cannot technically qualify as a HUB because of its governmental and nonprofit legal status, its effective ownership and ultimate management control consists of well above 51 percent which is attributable to Hispanic/Latino individuals and women who would be categorized as "economically disadvantaged individuals" under applicable law pertaining to HUBs.

Sincerely,



Art Provenghi

Legal Counsel

Housing Authority of the City of El Paso

⁴ University of Texas at Austin, College of Liberal Arts Report: "Poverty in Texas" (3rd Edition, February 2014) (noting El Paso is the sixth poorest county in the United States) [http://texaspolitics.laits.utexas.edu/12_2_0.html, visited February 18, 2014].

⁵ http://www.laits.utexas.edu/txp_media/html/pov/features/ten_counties/slide1.html.

⁶ US Census Bureau, State and County Quick Facts for El Paso County, Texas, *supra*.

⁷ HACEP Public Housing Resident Characteristics Report as of January 31, 2014.

⁸ 90 percent of HCV Residents are very- or extremely-low income.

NOTICE OF PUBLIC HEARING

May 29, 2014

All tenants residing in Cactus Rose
225 Poplar Street
Anthony, Texas 79821

Senator Jose Rodriguez
100 North Ochoa St., Ste. A
El Paso, Texas 79901

Midland Corporate Tax Credit XIV LP
Midland Special Limited Partner, Inc.
c/o Boston Financial
101 Arch Street, 14th Floor
Boston, MA 02110

Representative Joseph E. Moody
5675 Woodrow Bean, Transmountain Dr.,
Ste. 12
El Paso, Texas 79924

Mayor Lee Vela
401 Wildcat Dr.
Anthony, Texas 79921

Please take notice that Cactus Rose, Ltd. will hold a public hearing to receive comments on a proposed amendment to the Declaration of Land Use Restrictive Covenants for Low Income Housing Credits (“LURA”) applicable to the Cactus Rose apartments. The hearing will take place at the following time and location:

**Monday, June 16, 2014
5:30 p.m.
Community Room
225 Poplar Street
Anthony, Texas 79821**

Proposed Amendment:

Cactus Rose, Ltd. is proposing that the LURA be amended to remove the requirement that the managing general partner must be a HUB and maintain ownership in the project, and to substitute a requirement that that managing general partner be a Qualified Nonprofit Organization or be controlled by a Qualified Nonprofit Organization.

THE PROPOSED AMENDMENT WILL NOT AFFECT ANY TENANT’S CURRENT LEASE TERMS.

Background Information:

- The Cactus Rose apartments are owned by Cactus Rose, Ltd., a Texas limited partnership.
- The amendment is being proposed by IBI Cactus Rose, LLC (“IBI”), which is the sole managing general partner of Cactus Rose Townhomes, Ltd., a Texas limited partnership.
- IBI has have entered into a Purchase and Sale Agreement (“PSA”) under which IBI will assign its general partnership interest to Paisano Cactus Rose, LLC, a Texas limited liability company, which is a subsidiary of the Paisano Housing Redevelopment Corporation.
- IBI is a Historically Underutilized Business (“HUB”).
- The LURA requires that, during the compliance period, which is 25 years, IBI must maintain its ownership in the project, its HUB status and remain as the managing co-general partner.
- Paisano Housing is a Qualified Nonprofit Organization and is the sole member of Paisano Cactus Rose, LLC. Paisano Housing is not a HUB and cannot legally be reorganized as a HUB.

At the hearing, a representative from Cactus Rose, Ltd. will accept written and oral comments on the proposed amendment. At the hearing, representatives of IBI and Paisano Cactus Rose, LLC will make presentations regarding why the amendment is being proposed. Tenants of the Cactus Rose apartments and the officials named above are encouraged to participate in the hearing process. Written comments from those who cannot attend the hearing in person may be provided by noon on June 13, 2014 to Ms. Maria Espinoza by hand delivery at the address given above or by sending the written comments to her by Fax (915) 594-0434. Individuals who require auxiliary aids or services for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least two (2) days before the hearing so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least three (3) days before the hearing so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Maria Espinoza al siguiente número (915) 594-2141 a por lo menos tres días antes de la junta para hacer los preparativos apropiados.

PAINTED DESERT TOWNHOMES, LTD.
7400 Viscount Blvd., Ste. 109
El Paso, TX 79925

May 27, 2014

Texas Department of Housing and Community Affairs
Mr. Tom Gouris
Deputy Executive Director for Housing Programs
Mr. Rosalio Banuelos
Asset Manager
P.O. Box 13941
221 East 11th Street
Austin, TX 78701

Re: Application by Painted Townhomes, Ltd. ("Painted Desert") to amend the LURA to delete the requirement that the managing general partner, IBI Painted Desert Townhomes, LLC ("IBI Painted Desert") maintain its status as a HUB during the compliance period, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the compliance period.

Dear Mr. Gouris and Mr. Banuelos:

This is an application by Painted Desert under 10 Texas Administrative Code Rule §10.405(b). The following information is being supplied to comply with the Rule:

1. **Description of the Requested Change:** Painted Desert desires to amend the LURA encumbering the property located at 12682 Rio Negro Drive, Clint, Texas, to delete the requirement that the managing general partner, IBI Painted Desert, maintain its ownership and status as a HUB during the compliance period, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the compliance period and substantially participate in the operation of the project.

2. **Reason for the Requested Change:** IBI Painted Desert and Paisano Painted Desert, LLC ("Paisano Painted Desert") intend to sign a Purchase and Sale Agreement (the "PSA"). Under the PSA, IBI Painted Desert has agreed to sell and assign its managing general partnership interest in Painted Desert to Paisano Painted Desert. The transfer of the general partnership interest is subject to the approval of the Texas Department of Housing and Community Development ("TDHCA"). Further, the transaction is also subject to the approval by TDHCA of the amendment described in paragraph 1 above.

IBI Painted Desert is a for profit Delaware limited liability company whose sole member is IBI, which is a HUB. Paisano Painted Desert is a Texas limited liability company. Its sole

member is Paisano Housing Redevelopment Corporation (“Paisano Housing”), a Texas nonprofit corporation, which is controlled by the Housing Authority of the City of El Paso (“HACEP”). Paisano Housing is a Qualified Nonprofit Organization. HACEP is a unit of local government that operates on a nonprofit basis. Even though Paisano Painted Desert is a Texas limited liability company, the fact that it is owned and controlled by Paisano Housing renders it legally incapable of being organized as HUB. Attached is a legal opinion from Art Provenghi, Legal Counsel to HACEP, confirming that Paisano Painted Desert cannot be legally organized as a HUB.

3. **Good Cause for the Requested Amendment:** Painted Desert asserts that good cause exists to approve the requested amendment for the following reasons:

(a) The award to Painted Desert Townhomes was made under the rural set aside. The award would have been made even if HUB points had not been claimed because Painted Desert’s records indicate that there were no competitors. (See Exhibit G attached hereto).

(b) HUBs are business entities, the majority ownership of which is owned by persons who are African American, Hispanic American, Asian, Pacific American, Native American or women of any ethnicity. The public purpose behind the creation of HUBs is to provide individuals who qualify to own HUBs with certain public contracting opportunities that have been historically unavailable to them. In Texas, this concept is embodied in 34 TAC 20.13 which provides that each state agency must make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. The purpose of the HUB program is to promote full and equal business opportunities for all businesses in an effort to remedy disparity in state procurement and contracting in accordance with the HUB goals specified in the State of Texas Disparity Study.

Even though Paisano Painted Desert cannot be organized as a HUB, it possesses many of the characteristics of a HUB. For example, the boards of directors of both Paisano Painted Desert and Paisano Housing are composed of the same persons who serve as directors on the HACEP board. The HACEP board members are primarily individuals who could qualify to own a HUB (i.e. Hispanic Americans and women) (See attached legal opinion of Art Provenghi). Further, Paisano Housing and its subsidiary, Paisano Painted Desert, will use the same contracting criteria (preference to HUBs) that are used by state agencies. This is particularly pertinent to housing because contractors are continuously needed for repairs and renovations to housing units.

(c) This proposed amendment will have no effect on the operation of Painted Desert or its financial stability. HACEP, through its subsidiaries, already owns general partnership interests in various LIHTC projects and has a proven track record showing compliance with all regulatory requirements.

Mr. Tom Gouris
Mr. Rosalio Banuelos
Page 3
May 27, 2014

(d) The 15 year compliance period will end in 20.

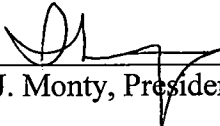
(e) The necessity for this amendment could not have been reasonably foreseen at the time of the application was filed because this transaction was not being discussed or even contemplated at that time.

For the reasons set forth above, Painted Desert requests that the proposed amendment be approved by TDHCA.

Painted Desert Townhomes, Ltd.

By: IBI Painted Desert Townhomes, LLC
General Partner

By: Investment Builders, Inc.,
Sole Member

By: 
Ike J. Monty, President

cc: Mr. Francis S. Ainsa Jr.
Mr. Art Provenghi
Mr. Tim Johnson

(xiv) Greater than 75% masonry on exterior (3 points);	3	—
(G) The proposed Development provides housing density of no more than 42 Units per acre for multi-story elderly or urban infill Developments and no more than 24 Units per acre for all other Developments, as follows:		
(i) 34 Units per acre or less for multi-story elderly or urban infill developments, or 16 Units or less per acre for all other Developments (6 points); or	6	—
(ii) 35 to 38 Units per acre for multi-story elderly or urban infill developments, or 17 to 20 Units per acre for all other Developments (4 points); or	4	—
(iii) 39 to 42 Units per acres for multi-story elderly or urban infill developments, 21 to 24 Units per acre for all other Developments (2 points).	2	—
(H) Exhibit 206. The Development is an existing Residential Development without maximum rent limitations or set-asides for affordable housing. If maximum rent limitations had existed previously, then the restrictions must have expired at least one year prior to the date of Application to the Department (4 points).	4	—
(I) The Development is a mixed-income development comprised of both market rate Units and qualified tax credit Units. To qualify for these points, the project must be located in a submarket where the average rents based on the number of bedrooms for comparable market rate units are at least 10% higher on a per net rentable square foot basis than the maximum allowable rents under the Program. Additionally, excluding 4-bedroom Units, the proposed rents for the market rate units in the project must be at least 5% higher on a per net rentable square foot basis than the maximum allowable rents under the Program. The Market Study required by subsection (e)(12)(B) of this section must provide an analysis of these requirements for each bedroom type shown in proposed unit mix. Points will be awarded to Development's with a Unit based Applicable Fraction which is no greater than:		
(i) 80% (8 points); or,	8	—
(ii) 85% (6 points); or,	6	—
(iii) 90% (4 points); or	4	—
(iv) 95% (2 points).	2	—
(J) Exhibit 207. Evidence that the proposed historic Residential Development has received an historic property designation by a federal, state or local Governmental Entity. Such evidence must be in the form of a letter from the designating entity identifying the Development by name and address and stating that the Development is:	6	—
(i) listed in the National Register of Historic Places under the United States Department of the Interior in accordance with the National Historic Preservation Act of 1966;		
(ii) located in a registered historic district and certified by the United States Department of the Interior as being of historic significance to that district;		
(iii) identified in a city, county, or state historic preservation list; or		
(iv) designated as a state landmark (6 points).		
(K) The Development consists of not more than 36 Units and is not a part of, or contiguous to, a larger Development (5 points).	5	5
(L) Exhibit 208. Evidence that the proposed Development is partially funded by a HOPE VI, Section 202 or Section 811 grant from HUD. The Project must have already received the commitment from HUD. Submission of a HOPE VI, Section 202 or Section 811 grant application to HUD does not qualify a Development for these points. Evidence shall include a copy of the commitment letter from HUD indicating the HOPE VI, Section 202 or Section 811 grant terms and grant award amount (5 points).	5	—
(5) Sponsor Characteristics. Developments may only receive points for one of the two criteria listed in subparagraphs (A) and (B) of this paragraph. To satisfy the requirements of subparagraphs (A) or (B), a copy of an agreement between the two partnering entities must be provided which shows that the nonprofit organization or HUB will hold an ownership interest in and materially participate (within the meaning of the Code §469(h)) in the development and operation of the Development throughout the Compliance Period and clearly identifies the ownership percentages of all parties (3 points maximum for subparagraphs (A) and (B) of this paragraph).	3	3



(A) Exhibit 209. Evidence that a HUB, as certified by the Texas Building and Procurement Commission (formerly General Services Commission), has an ownership interest in and materially participates in the development and operation of the Development throughout the Compliance Period. To qualify for these points, the Applicant must submit a certification from the Texas Building and Procurement Commission (formerly General Services Commission) that the Person is a HUB and is valid through July 31, 2002 and renewable after that date. ☒

(B) Exhibit 210. Joint Ventures with Qualified Nonprofit Organizations. Evidence that the Development involves a joint venture between a for profit organization and a Qualified Nonprofit Organization. The Qualified Nonprofit Organization must be materially participating in the Development as one of the General Partners (or Managing Members), but is not required to have Control, to receive these points. However, Developments without Control will not be eligible for the nonprofit set-aside. ☐

(6) Exhibit 211. Development Provides Supportive Services to Tenants. Evidence that the Development Owner has an executed agreement with a for profit organization or a tax-exempt entity for the provision of special supportive services for the tenants. The service provider must be an existing organization qualified by the Internal Revenue Service or other governmental entity. The provision of supportive services will be included in the LURA (up to 7 points, depending upon the services committed in accordance with subparagraph (B) of this paragraph, plus two additional points pursuant to clause (vi) of subparagraph (B) of this paragraph). Acceptable services are described in subparagraphs (C) through (E) of this paragraph.

(A) Both documents described in clauses (i) and (ii) of this subparagraph must be submitted for the service provider to be considered under this exhibit.

(i) A fully executed contract, not more than 6 months old from the first day of the Application Acceptance Period between the service provider and the Applicant that establishes that the services offered provide a benefit that would not be readily available to the tenants if they were not residing in the Development.

(ii) A copy of the service provider's Articles of Incorporation or comparable chartering document.

(B) The supportive services contract will be evaluated using the criteria described in clauses (i) through (vi) of this subparagraph. The contract must clearly state the:

(i) Cost of Services to the Development Owner. The cost shown in the contract must also be included in the Development's operating budget and proforma. The costs must be reasonable for the benefit derived by the tenants. Services for which the Development Owner does not pay, will not receive a point for this item, except in the event that a supportive service provider is able to provide services with funds they receive from other sources. Evidence of the provider's other funding source(s) enabling the provision of service to the tenants of the proposed Development must be provided (1 point). 1 1

(ii) Availability of Services - The services must be provided on site or with transportation provided to offsite locations (1 point). 1 1

(iii) Duration of Contract - A commitment to provide the services for not less than five years or an option to renew the contract annually for not less than five years must be provided (1 point). 1 1

(iv) Experience of Service Provider - The Department will evaluate the experience of the organization as well as the professional and educational qualifications of the individuals delivering the services (1 point). 1 1

(v) Appropriateness - Services must be appropriate and provide a tangible benefit in enhancing the standard of living of a majority of low-income tenants (1 point). 1 1

(vi) Coordination with tenant services provided through housing programs - An extra two points will be awarded for services that are provided through state workforce development and welfare programs as evidenced by execution of a Tenant Supportive Services Certification (2 points). 2 —

(7) Tenant Characteristics - Populations with Special Needs Housing & Rent and Income Levels. Developments may receive points under as many of the subparagraphs as apply, in accordance with the terms of those subparagraphs.



Housing Authority of the City of El Paso

Mr. Rosalio Banuelos
Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street, Austin, Texas 78701

I am legal counsel for the Housing Authority of the City of El Paso (HACEP). I have been asked by staff of the Texas Department of Housing and Community Affairs (TDHCA) to provide a legal opinion addressing how the stakeholders in and management control of HACEP and its affiliates mirror the majority ownership of a HUB. This issue has arisen as part of a request submitted by HACEP and its affiliates to be approved by TDHCA to replace a HUB as a general partner in a number of low income housing tax credit apartments in El Paso County.

We have set forth our opinion in a separate letter addressing why HACEP and its affiliates cannot meet the legal definition of a HUB. However, as addressed in this letter, HACEP's stakeholders and controlling management do mirror a HUB. A HUB is an entity "in which 51 percent or more of the assets and interest[s] . . . are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership's control, operation, and management." TEX. GOV'T CODE ANN. § 2161.001(2)(A) and (C). An "economically disadvantaged person" means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including, but not limited to, Hispanic Americans and women." *Id.* § 2161.001(3).

HACEP is a unit of local government which operates on a nonprofit basis. Furthermore, HACEP and its affiliates own, operate, manage and develop low income housing exclusively within El Paso County, Texas. As a unit of government HACEP is effectively owned by the citizens of El Paso, Texas and the residents it serves. In that regard, HACEP's "owners" would, if HACEP were a for-profit entity, qualify as a HUB because the population of El Paso and HACEP's programs are predominately Hispanic or Latino. Specifically, El Paso County is 81.2 percent Hispanic/Latino¹ and HACEP's largest program, its public housing program, is 98 percent Hispanic/Latino.² The vast majority of residents in all of HACEP's various housing programs are Hispanic/Latino.³ In addition, a majority of HACEP's Board of Commissioners,

¹ US Census Bureau, State and County Quick Facts for El Paso County, Texas (data as of 2012) (<http://quickfacts.census.gov/qfd/states/48/48141.html> visited February 18, 2014).

² HACEP Public Housing Resident Characteristics Report as of January 31, 2014. The HACEP Public Housing program serves approximately 6,000 households.

³ The residents in HACEP's Housing Choice Voucher (HCV) program, which serves approximately 4,800 households, are 93 percent Hispanic/Latino.

which is vested with the highest level of managerial control over the organization, are women and/or Hispanic/Latino. This has been the case for many years in the past and for the current Board of Commissioners.

The term "economically disadvantaged," unfortunately, describes both the citizens of El Paso County in general and the residents of HACEP's housing programs. El Paso County is consistently designated one of the very poorest urban counties in the United States.⁴ The poverty rate in El Paso County stands at 28.7 percent.⁵ The median household income in El Paso County is \$36,699, about 25 percent below the statewide median income level.⁶ The household incomes of the residents of HACEP programs is much lower than the El Paso County figure, as 95 percent of HACEP's public housing residents have household incomes of less than \$25,000 per year.⁷ In fact, 62 percent of HACEP's public housing residents have annual household incomes of \$10,000 per less. The average annual income of residents in HACEP's other large program, the HCV program, is \$10,225. Over 90 percent of HACEP's overall program residents are considered to have very- or extremely-low incomes, meaning they have household incomes below 30 percent of the median household income level.⁸

In view of the foregoing, it is my legal position that while HACEP cannot technically qualify as a HUB because of its governmental and nonprofit legal status, its effective ownership and ultimate management control consists of well above 51 percent which is attributable to Hispanic/Latino individuals and women who would be categorized as "economically disadvantaged individuals" under applicable law pertaining to HUBs.

Sincerely,



Art Provenghi

Legal Counsel

Housing Authority of the City of El Paso

⁴ University of Texas at Austin, College of Liberal Arts Report: "Poverty in Texas" (3rd Edition, February 2014) (noting El Paso is the sixth poorest county in the United States) [http://texaspolitics.laits.utexas.edu/12_2_0.html, visited February 18, 2014].

⁵ http://www.laits.utexas.edu/txp_media/html/pov/features/ten_counties/slide1.html.

⁶ US Census Bureau, State and County Quick Facts for El Paso County, Texas, *supra*.

⁷ HACEP Public Housing Resident Characteristics Report as of January 31, 2014.

⁸ 90 percent of HCV Residents are very- or extremely-low income.

NOTICE OF PUBLIC HEARING

May 29, 2014

All tenants residing in Painted Desert
Townhomes
12682 Rio Negro Drive
Clint, Texas 79836

SunAmerica Housing Fund 1099
c/o Tara Holleran
3850 Rocking J Road
Round Rock, Texas 78664

Senator Jose Rodriguez
100 North Ochoa St., Ste. A
El Paso, Texas 79901

Representative Mary Gonzalez
1200 Santos Sanchez
Socorro, TX 79927

Mayor Dale T. Reinhardt
200 N. San Elizario Road
Clint, Texas 79836

Please take notice that Painted Desert Townhomes, Ltd. will hold a public hearing to receive comments on a proposed amendment to the Declaration of Land Use Restrictive Covenants for Low Income Housing Credits (“LURA”) applicable to the Painted Desert Townhomes Apartments. The hearing will take place at the following time and location:

**Thursday, June 12, 2014
5:30 p.m.
Community Room
Painted Desert Townhomes
12682 Rio Negro Drive
Clint, Texas 79836**

Proposed Amendment:

Painted Desert Townhomes, Ltd. is proposing that the LURA be amended to remove the requirement that the managing general partner must be a HUB and maintain ownership in the project, and to substitute a requirement that that managing general partner be a Qualified Nonprofit Organization or be controlled by a Qualified Non Profit Organization.

THE PROPOSED AMENDMENT WILL NOT AFFECT ANY TENANT’S CURRENT LEASE TERMS.

Background Information:

- The Painted Desert Townhomes are owned by Painted Desert Townhomes, Ltd., a Texas limited partnership.
- The amendment is being proposed by IBI Painted Desert Townhomes, LLC (“IBI”), which is the current managing general partner of Painted Desert Townhomes, Ltd. a Texas limited partnership.
- IBI has entered into a Purchase and Sale Agreement (“PSA”) under which IBI will assign its general partnership interest to Paisano Painted Desert, LLC, a Texas limited liability company, which is a subsidiary of Paisano Housing Redevelopment Corporation (“Paisano Housing”).
- IBI is a Historically Underutilized Business (“HUB”).
- The LURA requires that, during the compliance period, which is 25 years, IBI must maintain its owner in the project, its HUB status and remain as the managing co-general partner.
- Paisano Housing is a Qualified Nonprofit Organization and is the sole member of Paisano Painted Desert, LLC. Paisano Housing is not a HUB and cannot legally be reorganized as a HUB.

At the hearing, a representative from Painted Desert Townhomes, Ltd. will accept written and oral comments on the proposed amendment. At the hearing, representatives of IBI and Paisano Painted Desert, LLC will make presentations regarding why the amendment is being proposed. Tenants of the Painted Desert Townhomes Apartments and the officials named above are encouraged to participate in the hearing process. Written comments from those who cannot attend the hearing in person may be provided by noon on June 13, 2014 to Ms. Maria Espinoza by hand delivery at the address given above or by sending the written comments to her by Fax (915) 594-0434. Individuals who require auxiliary aids or services for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least two (2) days before the hearing so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least three (3) days before the hearing so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Maria Espinoza al siguiente número (915) 594-2141 a por lo menos tres días antes de la junta para hacer los preparativos apropiados.

WHISPERING SANDS TOWNHOMES, LTD.
7400 Viscount Blvd., Suite 109
El Paso, TX 79925

May 27, 2014

Texas Department of Housing and Community Affairs
Mr. Tom Gouris
Deputy Executive Director for Housing Programs
Mr. Rosalio Banuelos
Asset Manager
P.O. Box 13941
221 East 11th Street
Austin, TX 78701

Re: Application by Whispering Sands Townhomes, Ltd. (“Whispering Sands”) to amend the LURA to delete the requirement that the managing general partner, IBI Whispering Sands Townhomes, LLC (“IBI Whispering Sands”) maintain its status as a HUB during the compliance period, as extended, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the compliance period, as extended.

Dear Mr. Gouris and Mr. Banuelos:

This is an application by Whispering Sands under 10 Texas Administrative Code Rule §10.405(b). The following information is being supplied to comply with the Rule:

1. **Description of the Requested Change:** Whispering Sands desires to amend the LURA encumbering the property located at 500 Omar Street, Anthony, Texas, to delete the requirement that the managing general partner, IBI Whispering Sands maintain its ownership in and status as a HUB during the compliance period, and to substitute a requirement that the managing general partner be a Qualified Nonprofit Organization during the compliance period, as extended.

2. **Reason for the Requested Change:** IBI Whispering Sands and Paisano Whispering Sands, LLC (“Paisano Whispering Sands”) intend to sign a Purchase and Sale Agreement (the “PSA”). Under the PSA, IBI Whispering Sands has agreed to sell and assign its managing general partnership interest in Whispering Sands to Paisano Whispering Sands. The transfer of the general partnership interest is subject to the approval of the Texas Department of Housing and Community Development (“TDHCA”). Further, the transaction is also subject to the approval by TDHCA of the amendment described in paragraph 1 above.

IBI Whispering Sands is a for profit Delaware limited liability company whose sole member is IBI, which is a HUB. Paisano Whispering Sands is a Texas limited liability company. Its sole member is Paisano Housing Redevelopment Corporation ("Paisano Housing"), a Texas nonprofit corporation, which is controlled by the Housing Authority of the City of El Paso ("HACEP"). Paisano Housing is a Qualified Nonprofit Organization. HACEP is a unit of local government that operates on a nonprofit basis. Even though Paisano Whispering Sands is a Texas limited liability company, the fact that it is owned and controlled by Paisano Housing renders it legally incapable of being organized as HUB. Attached is a legal opinion from Art Provenghi, Legal Counsel to HACEP, confirming that Paisano Whispering Sands cannot be legally organized as a HUB.

3. **Good Cause for the Requested Amendment:** Whispering Sands asserts that good cause exists to approve the requested amendment for the following reasons:

(a) The award made to Whispering Sands was made under the rural set aside. The award would have been made even if HUB points had not been claimed because Whispering Sands' records indicate that there were no competitors. (See Exhibit F attached hereto).

(b) HUBs are business entities, the majority ownership of which is owned by persons who are African American, Hispanic American, Asian, Pacific American, Native American, or women of any ethnicity. The public purpose behind the creation of HUBs is to provide individuals who qualify to own HUBs with certain public contracting opportunities that have been historically unavailable to them. In Texas, this concept is embodied in 34 TAC 20.13 which provides that each state agency must make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. The purpose of the HUB program is to promote full and equal business opportunities for all businesses in an effort to remedy disparity in state procurement and contracting in accordance with the HUB goals specified in the State of Texas Disparity Study.

Even though Paisano Whispering Sands cannot be organized as a HUB, it possesses many of the characteristics of a HUB. For example, the boards of directors of both Paisano Whispering Sands and Paisano Housing are composed of the same persons who serve as directors on the HACEP board. The HACEP board members are primarily individuals who could qualify to own a HUB (i.e. Hispanic Americans and women) (See attached legal opinion of Art Provenghi). Further, Paisano Housing and its subsidiary, Paisano Whispering Sands, will use the same contracting criteria (preference to HUBs) that are used by state agencies. This is particularly pertinent to housing because contractors are continuously needed for repairs and renovations to housing units.

Mr. Tom Gouris
Mr. Rosalio Banuelos
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(c) This proposed amendment will have no effect on the operation of Whispering Sands or its financial stability. HACEP, through its subsidiaries, already owns general partnership interests in various LIHTC projects and has a proven track record showing compliance with all regulatory requirements.

(d) The 15 year compliance period will end in 2019.

(e) The necessity for this amendment could not have been reasonably foreseen at the time of the application was filed because this transaction was not being discussed or even contemplated at that time.

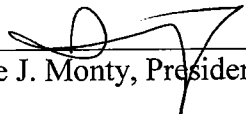
For the reasons set forth above, Whispering Sands requests that the proposed amendment be approved by TDHCA.

Very truly yours,

Whispering Sands Townhomes, Ltd.

By: IBI Whispering Sands Townhomes, LLC,
General Partner

By: Investment Builders, Inc.,
Sole Member

By: 
Ike J. Monty, President

cc: Mr. Francis S. Ainsa Jr.
Mr. Art Provenghi
Mr. Tim Johnson

Points Requested by Applicant:

Pre-Application	Application
3	3

(5) Sponsor Characteristics. Developments may only receive points for one of the three criteria listed in subparagraphs (A) through (C) of this paragraph. To satisfy the requirements of subparagraphs (A) or (B) of this paragraph, a copy of an agreement between the two partnering entities must be provided which shows that the nonprofit organization or HUB will hold an ownership interest in and materially participate (within the meaning of the Code §469(h)) in the development and operation of the Development throughout the Compliance Period and clearly identifies the ownership percentages of all parties (3 points maximum for one of subparagraphs (A) through (C) of this paragraph).

(A) Evidence that a HUB, as certified by the Texas Building and Procurement Commission (formerly General Services Commission), has an ownership interest in and materially participates in the development and operation of the Development throughout the Compliance Period. To qualify for these points, the Applicant must submit a certification from the Texas Building and Procurement Commission (formerly General Services Commission) that the Person is a HUB at the close of the Application Acceptance Period. Evidence will need to be supplemented, either at the time the Application is submitted or at the time a HUB certification renewal is received by the Applicant, confirming that the certification is valid through July 31, 2003 and renewable after that date.

(B) Joint Ventures with Qualified Nonprofit Organizations. Evidence that the Development involves a joint venture between a for profit organization and a Qualified Nonprofit Organization. The Qualified Nonprofit Organization must be materially participating in the Development as one of the General Partners (or Managing Members), but is not required to have Control, to receive these points. However, to also be eligible for the Nonprofit Set-Aside, as further described in §49.7 of this title, the Qualified Nonprofit Organization must have Control.

(C) The proposed Development involves the rehabilitation of existing Units, or on- or off-site replacement of Units, that are owned by a Public Housing Authority, and which Units, or replacement Units, will continue to be owned by a partnership Controlled by said Public Housing Authority or its nonprofit affiliate as evidenced by a partnership agreement showing the Control by the said Public Housing Authority. A Housing Finance Agency is not considered to be a Public Housing Authority for purposes of this exhibit.

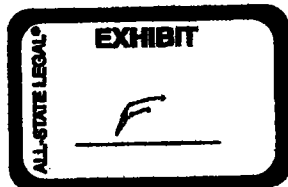
(6) Developments Targeting Tenant Populations of Individuals with Children. The Rent Schedule of the Application must show that 50% or more of the Units in the Development have more than 2 bedroom (1 point).

1	1
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(7) Development Provides Supportive Services to Tenants. Points may be received under both subparagraphs (A) and (B) of this paragraph.

2	2
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(A) An Applicant will receive points for coordinating their tenant services with those services provided through state workforce development and welfare programs as evidenced by execution of a Tenant Supportive Services Certification (2 points).





Housing Authority of the City of El Paso

Mr. Rosalio Banuelos
Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street, Austin, Texas 78701

I am legal counsel for the Housing Authority of the City of El Paso (HACEP). I have been asked by staff of the Texas Department of Housing and Community Affairs (TDHCA) to provide a legal opinion addressing how the stakeholders in and management control of HACEP and its affiliates mirror the majority ownership of a HUB. This issue has arisen as part of a request submitted by HACEP and its affiliates to be approved by TDHCA to replace a HUB as a general partner in a number of low income housing tax credit apartments in El Paso County.

We have set forth our opinion in a separate letter addressing why HACEP and its affiliates cannot meet the legal definition of a HUB. However, as addressed in this letter, HACEP's stakeholders and controlling management do mirror a HUB. A HUB is an entity "in which 51 percent or more of the assets and interest[s] . . . are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership's control, operation, and management." TEX. GOV'T CODE ANN. § 2161.001(2)(A) and (C). An "economically disadvantaged person" means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including, but not limited to, Hispanic Americans and women." *Id.* § 2161.001(3).

HACEP is a unit of local government which operates on a nonprofit basis. Furthermore, HACEP and its affiliates own, operate, manage and develop low income housing exclusively within El Paso County, Texas. As a unit of government HACEP is effectively owned by the citizens of El Paso, Texas and the residents it serves. In that regard, HACEP's "owners" would, if HACEP were a for-profit entity, qualify as a HUB because the population of El Paso and HACEP's programs are predominately Hispanic or Latino. Specifically, El Paso County is 81.2 percent Hispanic/Latino¹ and HACEP's largest program, its public housing program, is 98 percent Hispanic/Latino.² The vast majority of residents in all of HACEP's various housing programs are Hispanic/Latino.³ In addition, a majority of HACEP's Board of Commissioners,

¹ US Census Bureau, State and County Quick Facts for El Paso County, Texas (data as of 2012) [<http://quickfacts.census.gov/qfd/states/48/48141.html> visited February 18, 2014].

² HACEP Public Housing Resident Characteristics Report as of January 31, 2014. The HACEP Public Housing program serves approximately 6,000 households.

³ The residents in HACEP's Housing Choice Voucher (HCV) program, which serves approximately 4,800 households, are 93 percent Hispanic/Latino.

which is vested with the highest level of managerial control over the organization, are women and/or Hispanic/Latino. This has been the case for many years in the past and for the current Board of Commissioners.

The term "economically disadvantaged," unfortunately, describes both the citizens of El Paso County in general and the residents of HACEP's housing programs. El Paso County is consistently designated one of the very poorest urban counties in the United States.⁴ The poverty rate in El Paso County stands at 28.7 percent.⁵ The median household income in El Paso County is \$36,699, about 25 percent below the statewide median income level.⁶ The household incomes of the residents of HACEP programs is much lower than the El Paso County figure, as 95 percent of HACEP's public housing residents have household incomes of less than \$25,000 per year.⁷ In fact, 62 percent of HACEP's public housing residents have annual household incomes of \$10,000 per less. The average annual income of residents in HACEP's other large program, the HCV program, is \$10,225. Over 90 percent of HACEP's overall program residents are considered to have very- or extremely-low incomes, meaning they have household incomes below 30 percent of the median household income level.⁸

In view of the foregoing, it is my legal position that while HACEP cannot technically qualify as a HUB because of its governmental and nonprofit legal status, its effective ownership and ultimate management control consists of well above 51 percent which is attributable to Hispanic/Latino individuals and women who would be categorized as "economically disadvantaged individuals" under applicable law pertaining to HUBs.

Sincerely,



Art Provenghi

Legal Counsel

Housing Authority of the City of El Paso

⁴ University of Texas at Austin, College of Liberal Arts Report: "Poverty in Texas" (3rd Edition, February 2014) (noting El Paso is the sixth poorest county in the United States) [http://texaspolitics.laits.utexas.edu/12_2_0.html, visited February 18, 2014].

⁵ http://www.laits.utexas.edu/txo_media/html/pov/features/ten_counties/slide1.html.

⁶ US Census Bureau, State and County Quick Facts for El Paso County, Texas, *supra*.

⁷ HACEP Public Housing Resident Characteristics Report as of January 31, 2014.

⁸ 90 percent of HCV Residents are very- or extremely-low income.

NOTICE OF PUBLIC HEARING

May 29, 2014

All tenants residing in
Whispering Sands Townhomes
500 Omar Street
Anthony, Texas 79821

Senator Jose Rodriguez
100 North Ochoa St., Ste. A
El Paso, Texas 79901

MMA Financial Affordable Housing Fund
IV, Ltd.
MMA Special Limited Partners, Inc.
c/o Boston Financial
101 Arch Street, 14th Floor
Boston, MA 02110

Representative Joseph E. Moody
5675 Woodrow Bean, Transmountain Dr.,
Ste. 12
El Paso, Texas 79924

Mayor Lee Vela
401 Wildcat Dr.
Anthony, Texas 79921

Please take notice that Whispering Sands Townhomes, Ltd. will hold a public hearing to receive comments on a proposed amendment to the Declaration of Land Use Restrictive Covenants for Low Income Housing Credits ("LURA") applicable to the Whispering Sands Townhomes. The hearing will take place at the following time and location:

**Wednesday, June 16, 2014
7:30 p.m.
Community Room
Whispering Sands Townhomes
500 Omar Street
Anthony, Texas 79821**

Proposed Amendment:

Whispering Sands Townhomes, Ltd. is proposing that the LURA be amended to remove the requirement that the managing general partner must be a HUB and to substitute a requirement that that managing general partner be a Qualified Nonprofit Organization or be controlled by a Qualified Nonprofit Organization.

THE PROPOSED AMENDMENT WILL NOT AFFECT ANY TENANT'S CURRENT LEASE TERMS.

Background Information:

- The Whispering Sands Townhomes are owned by Whispering Sands Townhomes, Ltd., a Texas limited partnership.
- The amendment is being proposed by IBI Whispering Sands Townhomes, LLC (“IBI”), which is the current managing general partner of Whispering Sands Townhomes, Ltd., a Texas limited partnership.
- IBI has entered into a Purchase and Sale Agreement (“PSA”) under which IBI will assign its general partnership interest to Paisano Whispering Sands, LLC, a Texas limited liability company, which is a subsidiary of Paisano Housing Redevelopment Corporation.
- IBI is a Historically Underutilized Business (“HUB”).
- The LURA requires that, during the compliance period, IBI must maintain its ownership in the project, its HUB status and remain as the managing co-general partner.
- Paisano Housing is a Qualified Nonprofit Organization and is the sole member of Paisano Whispering Sands, LLC. Paisano Housing is not a HUB and cannot legally be reorganized as a HUB.

At the hearing, a representative from Whispering Sands Townhomes, Ltd.. will accept written and oral comments on the proposed amendment. At the hearing, representatives of IBI and Paisano Whispering Sands Townhomes, LLC will make presentations regarding why the amendment is being proposed. Tenants of Whispering Sands and the officials named above are encouraged to participate in the hearing process. Written comments from those who cannot attend the hearing in person may be provided by noon on June 13, 2014 to Ms. Maria Espinoza by hand delivery at the address given above or by sending the written comments to her by Fax (915) 594-0434. Individuals who require auxiliary aids or services for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least two (2) days before the hearing so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Ms. Maria Espinoza at (915) 594-2141 at least three (3) days before the hearing so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Maria Espinoza al siguiente número (915) 594-2141 a por lo menos tres días antes de la junta para hacer los preparativos apropiados.

5a

**To Be Posted
three days
prior to the meeting**

5b

**To Be Posted
three days
prior to the meeting**