

BOARD BOOK OF JANUARY 18, 2018



J. B. Goodwin, Chair

Leslie Bingham Escareño, Vice-Chair

Paul Braden, Member

Asusena Reséndiz, Member

Sharon Thomason, Member

Leo Vasquez, III, Member

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT IN FISCAL YEAR 2016

The Texas Department of Housing and Community Affairs (“TDHCA”) is the State of Texas’ lead agency responsible for affordable housing and administers a statewide array of programs to help Texans become more independent and self-sufficient. Short descriptions and key impact measures for these programs – including the total number of households/individuals to be served and total funding either administered or pledged for Fiscal Year 2016 (September 1, 2015, through August 31, 2016) – are set out below:

Multifamily New Construction & Rehabilitation:

Provides mechanisms to attract investment capital and to make available significant financing for the construction and rehabilitation of affordable rental housing through the Housing Tax Credit, Multifamily Bond, and Multifamily Direct Loan programs.

Total Households Served: 11,728

Total Funding: \$1,127,191,576

Single Family New Construction, Rehabilitation, Bootstrap, and Stabilization:

Assists with the construction, repair, or rehabilitation of affordable single family housing by providing grants and loans through the HOME Single Family Development, HOME Homeowner Rehabilitation Assistance, Amy Young Barrier Removal, and Texas Bootstrap programs. Stabilizes homeownership in *colonias* through the HOME Contract for Deed program.

Total Households Served: 317

Total Funding: \$17,905,785

Single Family Homeownership Program & Homebuyer Assistance:

Provides down payment and closing cost assistance, mortgage loans, and mortgage credit certificates to eligible households through the HOME Homebuyer Assistance, My First Texas Home, and Mortgage Credit Certificates programs.

Total Households Served: 2,987

Total Funding: \$351,564,766

Rental Assistance:

Provides rental, security, and utility deposit assistance through HOME Tenant Based Rental Assistance and rental assistance payments through HUD Housing Choice Vouchers.

Total Households Served: 1,287

Total Funding: 13,978,985

Weatherization Assistance Program:

Provides funding to help low-income households control energy costs through the installation of energy efficient materials and through energy conservation education.

Total Households Served: 3,384

Total Funding: \$20,656,298

Homelessness

Funds local programs and services for individuals and families at risk of homelessness or experiencing homelessness. Primary programs are the Homeless Housing and Services program and the Emergency Solutions Grants program.

Total Individuals Served: 33,297

Total Funding: \$13,076,967

Comprehensive Energy Assistance Program:

Provides energy utility bill assistance to households with an income at or below 150% federal poverty guidelines.

Total Households Served: 136,071

Total Funding: \$106,246,875

Community Services Block Grant:

Provides administrative support for essential services for low-income individuals through Community Action Agencies.

Total Individuals Served: 559,322

Total Funding: \$28,937,414

Source: This data comes from the TDHCA 2017 State Low Income Housing Plan and Annual Report and the Economic Indicators database. Multifamily New Construction & Rehab data come from the most recent award logs for FY2016.

Note: Some households may be served by more than one TDHCA program.



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

**A G E N D A
8:00 AM
January 18, 2018**

**John H. Reagan Building
JHR 140, 105 W 15th Street
Austin, Texas 78701**

CALL TO ORDER

ROLL CALL

J.B. Goodwin, Chair

CERTIFICATION OF QUORUM

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.

Resolution Recognizing February as *Black History Month*

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 Tex. Gov't Code, Texas Open Meetings Act. Action may be taken on any item on this agenda, regardless of how designated.

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

EXECUTIVE

- a) Presentation, discussion, and possible action on Board meeting minutes summaries for October 12, 2017, and November 9, 2017

J. Beau Eccles
General Counsel

LEGAL DIVISION

- b) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning 814 S. Kentucky (HTC 70005 / CMTS 874)
c) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning 1209 Keralum (HTC 70062 / CMTS 901)
d) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Las Villas de Merida (HTC 02009 / CMTS 3210)

Jeffrey T. Pender
Deputy General Counsel

MULTIFAMILY FINANCE

- e) Presentation, discussion, and possible action on Determination Notices for Housing Tax Credits with another Issuer
17421 The Brookwood San Antonio
17444 Sabine Place Fort Worth
f) Presentation, discussion, and possible action on Determination Notice for Housing Tax Credits with another Issuer and an Award of Direct Loan Funds
17445 Nightingale at Goodnight Ranch Austin
g) Presentation, discussion, and possible action on Inducement Resolution No. 18-013, McMullen Square Apartments, for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2018 Waiting List

Marni Holloway
Director
Multifamily Finance

- h) Presentation, discussion, and possible action regarding a request for waiver of 10 TAC §10.101(b)(2), related to Development Size Limitations for Hutto Station in Hutto

ASSET MANAGEMENT

- i) Presentation, discussion, and possible action regarding material amendments to Housing Tax Credit Applications
13044 Villas of Vanston Park Mesquite
14148 Greens at Brentford Mission Bend

Raquel Morales
Director
Asset Management

SINGLE FAMILY OPERATIONS AND SERVICES

- j) Presentation, discussion, and possible action on Colonia Self Help Center (“Colonia SHC”) Program Award to Val Verde County in accordance with Tex. Gov’t Code §2306.582 through Community Development Block Grant (“CDBG”) Funding

Homero Cabello
Director
Single Family Operations
and Services

HOUSING RESOURCE CENTER

- k) Presentation, discussion, and possible action on a draft substantial amendment of the 2015-2019 State of Texas Consolidated Plan

Elizabeth Yevich
Director
Housing Resource Center

COMMUNITY AFFAIRS

- l) Presentation, discussion, and possible action on awards for 2018 Community Services Block Grant Discretionary (“CSBG-D”) Direct Client Assistance and Network Operational Investments

Michael DeYoung
Director
Community Affairs

HOME AND HOMELESSNESS PROGRAMS

- m) Presentation, discussion, and possible action to authorize the issuance of the 2017 HOME Single Family Programs Homeowner Rehabilitation Assistance (“HRA”) Notice of Funding Availability (“NOFA”) and publication of the NOFA in the *Texas Register*
n) Presentation, discussion, and possible action to authorize the issuance of the 2017 HOME Single Family Programs Tenant-Based Rental Assistance (“TBRA”) and Homebuyer Assistance (“HBA”) Notice of Funding Availability (“NOFA”) and publication of the NOFA in the *Texas Register*

Abigail Versyp
Director
HOME and Homelessness
Programs

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) TDHCA Outreach Activities, (December 2017 – January 2018)
b) Report on Department’s Fair Housing Activities
c) Report on minor amendments to the 2014 and 2015 State of Texas Consolidated Plan: One Year Action Plans
d) Report on the 2019 QAP Planning Project
e) Report on the Department’s Swap Portfolio and recent activities with respect thereto

Michael Lyttle
Chief of External Affairs
Suzanne Hemphill
Fair Housing Project Mgr
Elizabeth Yevich
Director
Housing Resource Center
Marni Holloway
Director
Multifamily Finance
Monica Galuski
Chief Investment Officer

ACTION ITEMS

ITEM 3: REPORTS

- a) Quarterly Report on Texas Homeownership Division Activity
b) Report on change in reporting to the Internal Revenue Service (“IRS”) regarding eligible basis

Cathy Gutierrez
Director, Texas
Homeownership Division
Patricia Murphy
Chief of Compliance

ITEM 4: MULTIFAMILY FINANCE

- a) Presentation, discussion, and possible action on a Request for Rural Designation under 10 TAC §10.204(5)(B) for the Cameron Park Colonia
b) Presentation, discussion, and possible action regarding site eligibility under 10 TAC §10.101(a)(2), related to Undesirable Site Features for Residences of Stillwater in Georgetown
c) Presentation, discussion, and possible action regarding an award of Direct Loan funds from the 2017-1 Multifamily Direct Loan Notice of Funding Availability
17028 The Vineyard on Lancaster Fort Worth

Marni Holloway
Director
Multifamily Finance

- d) Presentation, discussion, and possible action regarding the interpretation of provisions of the Qualified Allocation Plan relating to the claiming of disaster points; the timing of submittal of resolutions of local government support or opposition and state representative input letters; and the handling of these matters by staff if they create a change in self-score that would disqualify an applicant for pre-application points

Marni Holloway
Director
Multifamily Finance

**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):

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;
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; including seeking legal advice in connection with a 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.

J.B. Goodwin
Chair

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.

If you would like to follow actions taken by the Governing Board during this meeting, please follow TDHCA account (@tdhca) on Twitter.

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Terri Roeber, ADA Responsible Employee, at 512-475-3959 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 Elena Peinado, 512-475-3814, 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 Elena Peinado, al siguiente número 512-475-3814 por lo menos tres días antes de la junta para hacer los preparativos apropiados.

NOTICE AS TO HANDGUN PROHIBITION DURING THE OPEN MEETING OF A GOVERNMENTAL ENTITY IN THIS ROOM ON THIS DATE:

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta.

Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.

De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista.

NONE OF THESE RESTRICTIONS EXTEND BEYOND THIS ROOM ON THIS DATE AND DURING THE MEETING OF THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Texas Department of Housing and Community Affairs

WHEREAS, February 2018 is Black History Month, and has a nationally designated theme of “African Americans in Times of War,” commemorating the centennial of the end of the First World War in 1918;

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) recognizes the significance of Black History Month as an important time to acknowledge the struggles and to celebrate the contributions of African American soldiers and sailors, veterans, and civilians in Texas’ history, American history, and world history;

WHEREAS, the Department recognizes the roles of African Americans in times of war, from the Revolutionary War Era to that of the present “War against Terrorism,” in making the world safe for democracy; and

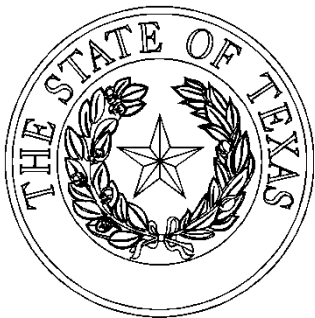
WHEREAS, the Department recognizes that the ethnic and racial diversity of Texas soldiers and veterans enriches and strengthens not only our nation’s military, but our nation as a community;

NOW, THEREFORE, it is hereby

RESOLVED, that the Texas Department of Housing and Community Affairs —

- (1) recognizes the significance of Black History Month as an important time to acknowledge, better understand, and celebrate the history of African Americans, and encourages the continued celebration of this month to provide an opportunity for all peoples of the State of Texas to learn more about the roles of African Americans in every American war, from the Revolutionary War Era to that of the present “War against Terrorism” and its effects on the past, present and future of our Lone Star State, the United States, and the World; and
- (2) recognizes the specific and unique issues faced by African Americans in times of war, including the impact of migration and urban development, and the responsibility of providing equal housing opportunities for all. The Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate February 2018 as Black History Month in Texas and encourages all Texas individuals and organizations, public and private, to join and work together in this observance.

Signed this _____ day of January 2018.



J. B. Goodwin, Chair

Leslie Bingham Escareño, Vice
Chair

Leo Vasquez, Member

Paul A. Braden, Member

Asusena Reséndiz, Member

Sharon Thomason, Member

Timothy K. Irvine, Executive
Director

CONSENT AGENDA

1a

BOARD ACTION REQUEST

BOARD SECRETARY

JANUARY 18, 2018

Presentation, discussion, and possible action on Board meeting minutes summaries for October 12, 2017, and November 9, 2017

RECOMMENDED ACTION

Approve the Board meeting minutes summaries for October 12, 2017, and November 9, 2017

RESOLVED, that the Board meeting minutes summaries for October 12, 2017, and November 9, 2017, are hereby approved as presented.

**Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
October 12, 2017**

On Thursday, the twelfth day of October 2017, at 9:00 a.m., the regular 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, 105 W. 15th Street, Austin, Texas.

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

- J.B. Goodwin
- Leslie Bingham Escareño
- Asusena Reséndiz
- Sharon Thomason
- Leo Vasquez

J.B. Goodwin presided as Chair, and James “Beau” Eccles, TDHCA General Counsel, served as secretary.

- 1) The Board unanimously approved the Consent Agenda as amended with the following item moved to the Action Item agenda: 1(g) – Presentation, discussion and possible action on Conditional Program Year 2017 Emergency Solutions Grants Program Awards. Additional information on several report items was provided by Tim Irvine, TDHCA Executive Director, and Michael Lyttle, TDHCA Chief of External Affairs.
- 2) Action Item 1(g) – Presentation, discussion and possible action on Conditional Program Year 2017 Emergency Solutions Grants Program Awards – was presented by Jennifer Molinari, TDHCA Director of HOME and Homeless Programs, with additional information from Mr. Eccles. Following public comment (listed below), the Board unanimously approved staff recommendation regarding the awards as amended.
 - Marta B. Peláez, Family Violence Prevention Services, testified with information about the agenda item
- 3) Tom Gouris, TDHCA Deputy Executive Director, introduced a short video shown to the Board and audience related to Consent Agenda Item 1(l) – Presentation, discussion and possible action on Resolution No. 18-006 approving an increase in the maximum amount of outstanding advances under the Advances and Security Agreement with Federal Home Loan Bank of Dallas; authorizing the execution of documents and instruments relating thereto; making certain findings and determinations in connection therewith; and containing other provisions relating to the subject.
- 4) Action Item 3(a) – Presentation, discussion and possible Action regarding Extension to the 10% Test Deadline, Waiver of Extension Fee and Potential Penalty Points for 16040 Parklane Villas, Brenham – was presented by Raquel Morales, TDHCA Director of Asset Management. The Board unanimously approved staff recommendation to make the extension and grant the waiver request.

5) Action Item 3(b) – Presentation, discussion, public comment and possible Board action or direction to staff regarding the handling of extension requests for Placed in Service deadlines for Developments located in a Major Disaster Area for 15076 Provision at Four Corners, Four Corners; 15110 Place of Grace, Beaumont; 15116 The Carlyle, China; 15121 The Glades of Gregory, Gregory; 15126 Brazoria Manor, Brazoria; 16012 Mariposa at Clear Creek, Clear Creek; 16040 Parklane Villas, Brenham; 16172 Lumberton Senior Village, Lumberton; 16246 Gala at Four Corners, Four Corners; 16256 Chapman Crossing, Houston; and 16258 Provision at West Bellfort, Houston – was presented by Ms. Morales with additional information from Mr. Irvine and Mr. Eccles. The Board unanimously approved staff recommendation to grant the extension requests.

6) Chairman Goodwin exercised his discretion on consideration of the order of items on the agenda to take up Action Item 4(b) – Presentation, discussion and possible action on the proposed amendment 10 TAC Chapter 10 Subchapter E, concerning the Post Award and Asset Management Requirements, and directing its publication for public comment in the *Texas Register* – which was presented by Ms. Morales. The Board unanimously approved staff recommendation to publish the draft amendment.

7) Action Item 4(a) – Presentation, discussion, and possible action on the proposed amendments of 10 TAC Chapter 13 concerning the Multifamily Direct Loan Rules, and directing its publication for public comment in the *Texas Register* – was presented by Marni Holloway, TDHCA Director of Multifamily Finance. The Board unanimously approved staff recommendation to publish the draft amendments.

8) Action Item 5(a) – Presentation, discussion and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Emli at Liberty Crossing) Series 2017 Resolution No. 18-008 and a Determination Notice of Housing Tax Credits – was presented by Ms. Holloway. The Board unanimously approved staff recommendation to issue the bonds and credits.

9) Action Item 5(b) – Presentation, discussion and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Springs Apartments) Series 2017 Resolution No. 18-009 and a Determination Notice of Housing Tax Credits – was presented by Ms. Holloway with additional information from Mr. Irvine, Mr. Eccles, and Brent Stewart, TDHCA Director of Real Estate Analysis. Following public comment (listed below), the Board unanimously approved staff recommendation to issue the bonds and credits.

- Michael Clark, UAH Property Management, testified in opposition to staff recommendation
- Cynthia Bast read a letter into the record from Bob Coe, Affordable Housing Analysts, which contained information about the agenda item
- Darrell Jack, Apartment Market Data, testified in support of staff recommendation

10) Action Item 5(c) – Presentation, discussion, and possible action regarding awards of Direct Loan funds from the 2017-1 Multifamily Direct Loan Notice of Funding Availability for 17506 Tuscany Park at Arcola, Arcola; and 17502 Freedom's Path at Kerrville, Kerrville – was presented by Andrew Sinnott, TDHCA Multifamily Loans Program Administrator. The Board unanimously approved staff recommendation for an award to Tuscany Park at Arcola but did not consider Freedom's Path as it was pulled from the agenda.

11) Action Item 5(d) – Presentation, discussion, and possible action regarding a waiver of 10 TAC §13.8(c)(5) of the Multifamily Direct Loan Rule for 17500 Works at Pleasant Valley Phase II, Austin; and 17509 Poesta Creek Apartments, Beeville – was presented by Mr. Sinnott with additional information from

Mr. Irvine and Mr. Stewart. The Board unanimously approved staff recommendation to grant the waiver requests.

12) Action Item 5(e) – Presentation, discussion, and possible action regarding a refinancing of a Direct Loan-funded Development for 1001829 The Azure, Midland – was presented by Ms. Holloway. The Board unanimously approved staff recommendation to approve the rule waiver request and refinance the loan.

14) The following public comment was made on matters other than items for which there were posted agenda items:

- Dalton Duffy, a resident at TDHCA-funded multifamily development Skyline Terrace, thanked the Board and staff for their work on affordable housing matters
- Robert Hewitt, a resident at TDHCA-funded multifamily development Capitol Studios, thanked the Board and staff for their work on affordable housing matters

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 10:30 a.m. The next meeting is set for Thursday, November 9, 2017.

Secretary

Approved:

Chair

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
November 9, 2017

On Thursday, the ninth day of November 2017, at 8:05 a.m., the regular 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, 105 W. 15th Street, Austin, Texas.

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

- J.B. Goodwin
- Paul A. Braden
- Asusena Reséndiz
- Leo Vasquez

J.B. Goodwin presided as Chair, and James “Beau” Eccles, TDHCA General Counsel, served as secretary.

- 1) The Board unanimously approved the Consent Agenda as presented
- 2) The Board did not hear Action Item 3(a) – Presentation, discussion, and possible action on an appeal under 10 Texas Administrative Code §1.7, Staff Appeals, in regards to 2017 Emergency Solutions Grants Application Process, The Children's Center, Inc., as it was pulled from the agenda.
- 3) Action Item 3(b) – Presentation, discussion, and possible action on an appeal under 10 Texas Administrative Code §1.7, Staff Appeals, in regards to 2017 Emergency Solutions Grants Application Process, Family Violence Prevention Services, Inc – was presented by Abigail Versyp, TDHCA Director of HOME and Homeless Programs. The Board unanimously approved staff recommendation to approve the appeal.
- 4) Action Item 3(c) – Presentation, discussion, and possible action on Program Year 2017 Emergency Solutions Grants Program Awards and Program Year 2016 Emergency Solutions Grants Program Recaptured Funding Allocation – was presented by Ms. Versyp. Following public comment (listed below), the Board unanimously approved staff recommendation on the awards and funding allocation.
 - Dorothy Morris, SAMMinistries in San Antonio, testified in support of staff recommendation
- 5) Action Item 4(a) – Presentation, discussion, and possible action regarding a waiver of the extension prohibition in 10 TAC §10.402(a) and treatment of an extension under 10 TAC §10.405(c) of the Uniform Multifamily Rules for 17363 Residences of Long Branch, Rowlett – was presented by Marni Holloway, TDHCA Director of Multifamily Finance, with additional information from Tim Irvine, TDHCA Executive Director, and Mr. Eccles. Following public comment (listed below), the Board unanimously denied the waiver and extension request from the applicant.
 - Jean Latsha, Pedcor Investments, provided information in support of the waiver and extension request from the applicant
 - Barry Palmer, Coats Rose, provided information in opposition to the waiver and extension request from the applicant

- Ryan Combs, Palladium USA, provided information in opposition to the waiver and extension request from the applicant

6) Action Item 4(b) – Presentation, discussion and possible action on a Determination regarding Eligibility under 10 TAC §10.101(a)(4) related to Undesirable Neighborhood Characteristics for Villa Americana (#17411) in Houston – was presented by Ms. Holloway with additional information from Mr. Irvine and Mr. Eccles. Following public comment (listed below), the Board unanimously denied staff recommendation and found the site eligible.

- Staff read letters into the record from the Honorable Borris Miles, Texas State Senator, District 13, and the Honorable Garnet Coleman, Texas State Representative, District 147, in opposition to staff recommendation
- Barry Palmer, Coats Rose, testified in opposition to staff recommendation
- Audrey Martin, Purple Martin Real Estate, testified in opposition to staff recommendation
- Lieutenant Kenneth Baker, Houston Police Department, testified in opposition to staff recommendation
- Tamea Dula, Coats Rose, testified in opposition to staff recommendation
- Chris Akbari, ITEX Group, testified in opposition to staff recommendation
- Dr. Murphy E. Simon, Jr., Bethel Institutional Missionary Baptist Church, testified in opposition to staff recommendation

7) The Board did not hear Action Item 4(c) – Presentation, discussion and possible action on an appeal timely filed for 17107 The Residence at Wolfforth, Wolfforth, as it was pulled from the agenda.

8) Action Item 5(a) – Presentation, discussion, and possible action on an order adopting the amendment of 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, and an order directing its publication in the *Texas Register* – was presented by Ms. Holloway. Following public comment (listed below), the Board unanimously approved staff recommendation as amended to adopt the amendments to the QAP and publish them.

- Jean Langendorf, Disability Rights Texas, provided comments on the agenda item
- Sarah Anderson, S. Anderson Consulting, provided comments on the agenda item
- Audrey Martin, Purple Martin Real Estate, provided comments on the agenda item
- Tracey Fine, National Church Residences, provided comments on the agenda item
- Janine Sisak, DMA Development, provided comments on the agenda item
- Heiwa Salovitz, ADAPT of Texas, provided comments on the agenda item
- Zachary Krotchtengel, Marquis Real Estate Consultants, provided comments on the agenda item

9) At 9:50 a.m., the Board went into Executive Session and reconvened in open session at 10:20 a.m. No action was taken in Executive Session.

10) Action Item 5(b) – Presentation, discussion, and possible action on orders adopting the amendments of 10 TAC Chapter 10 Subchapter A, concerning General Information and Definitions; Subchapter B, concerning Site and Development Requirements and Restrictions; Subchapter C, concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions, and Waiver of Rules; and Subchapter G, concerning Fee Schedule, Appeals, and Other Provisions; and directing their publication in the *Texas Register* – was presented by Ms. Holloway with additional information from Mr. Irvine; Brent Stewart, TDHCA

Director of Real Estate Analysis; and, Patricia Murphy, TDHCA Chief of Compliance. Following public comment (listed below), the Board by a 3-1 vote (Mr. Vasquez opposed) approved staff recommendation as amended to adopt the amendments.

- Walter Moreau, Foundation Communities, provided comments on the agenda item
- Scott Marks, Coats Rose, provided comments on the agenda item
- Janine Sisak, Texas Affiliation of Affordable Housing Providers (“TAAHP”), provided comments on the agenda item
- Bobby Bowling, TAAHP, provided comments on the agenda item
- Chad Asarch, Steele Properties, provided comments on the agenda item
- Tracey Fine, National Church Residences, provided comments on the agenda item
- Jean Langendorf, Disability Rights Texas, provided comments on the agenda item

11) The following public comment was made on matters other than items for which there were posted agenda items:

- Chad Asarch, Steele Properties, provided comments about the Tax Reform Bill
- Janine Sisak, Texas Affiliation of Affordable Housing Providers (“TAAHP”), provided comments on the process of development and contents of the 2018 Qualified Allocation Plan
- Bobby Bowling, TAAHP, provided comments on the 2018 multifamily rules

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 11:40 a.m. The next meeting is set for Thursday, December 14, 2017.

Secretary

Approved:

Chair

1b

BOARD ACTION REQUEST

LEGAL DIVISION

JANUARY 18, 2018

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning 814 S. Kentucky (HTC 70005 / CMTS 874)

RECOMMENDED ACTION

WHEREAS, 814 S. Kentucky, owned by the Betty D. Parlet Family Trust (“Owner”), has uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, on November 28, 2017, Owner’s representatives participated in an informal conference with the Enforcement Committee and agreed, subject to Board approval, to enter into an Agreed Final Order assessing a fully forgivable administrative penalty of \$200, to be forgiven if all violations are resolved as specified in the Agreed Final Order on or before February 20, 2018;

WHEREAS, unresolved compliance findings include one Household Income Above Limit Upon Initial Occupancy violation; one Annual Eligibility Certification violation, and one violation relating to failure to establish a utility allowance; 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 an Agreed Final Order assessing an administrative penalty of \$200, subject to forgiveness as outlined above, for noncompliance at 814 S. Kentucky, as presented at this meeting, but authorizing staff to make any necessary non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

The Betty D. Parlet Family Trust (“Owner”) is the owner of 814 S. Kentucky (“Property”), a low income apartment complex composed of one unit, located in Amarillo, Potter County. Betty Parlet is the Owner contact in CMTS. The property is managed by GDH Amarillo Property Management, Inc., represented by Glen Holdgrafer and Diane Holdgrafer.

The Property is subject to a Land Use Restriction Agreement (“LURA”) signed by a prior owner in 1990 in consideration for a housing tax credit allocation in the total amount of \$17,260 to acquire, rehabilitate and operate the Property. Current owner acquired the property in 2005 and remains subject to the terms of the LURA in accordance with Section 2 thereof, which stipulates that its restrictions run with the land.

Owner was previously referred for an administrative penalty in 2012, but the referral was closed informally when full corrections were received. Owner was referred again in 2017, and partial corrective documentation was submitted upon intervention by the Enforcement Committee. The following compliance violations identified during 2017 were referred for an administrative penalty and have been resolved:

1. Failure to submit pre-onsite documentation, including a unit status report and entrance interview questionnaire;
2. Failure to submit acceptable written policies and procedures, including tenant selection criteria; and
3. Failure to resolve Uniform Physical Condition Standards (“UPCS”) violations.

The following compliance violations identified during 2017 were referred for an administrative penalty and are unresolved:

1. Failure to provide documentation that household income was within prescribed limits upon initial occupancy;
2. Failure to provide Annual Eligibility Certification; and
3. Failure to calculate and maintain utility allowance.

There is a single restricted unit and the unresolved findings listed above cannot be addressed until that unit is occupied by a qualified household with a properly restricted rent. Owner participated in an informal conference with the Enforcement Committee on November 28, 2017, and indicated that the nonqualified household had just moved out, but the unit was not yet ready for occupancy because the former tenant had not yet fully removed his/her belongings. Owner agreed to sign an Agreed Final Order with the following terms:

1. A \$200 administrative penalty, subject to partial forgiveness as indicated below;
2. Owner must address the file monitoring violations as indicated in the Agreed Final Order, and submit full documentation to TDHCA on or before February 20, 2018.
3. If Owner complies with all requirements and addresses all violations as required, the full administrative penalty in the amount of \$200 will be forgiven; and
4. If Owner violates any provision of the Agreed Final Order, the full administrative penalty will immediately come due and payable.

Consistent with direction from the Department's Enforcement Committee, a probated and, upon successful completion of probation, partially forgivable administrative penalty in the amount of \$200 is recommended. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST
BETTY D. PARLET FAMILY TRUST
WITH RESPECT TO
814 S. KENTUCKY
(HTC FILE # 70005 / CMTS # 874)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 18th day of January, 2018, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) considered the matter of whether enforcement action should be taken against the **BETTY D. PARLET FAMILY TRUST** (“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 Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov’t Code § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov’t Code § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 1990, Maidel Bogard (“Prior Owner”) was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$1,726 to build and operate a single tax credit rental unit known as 814 S. Kentucky (“Property”) (HTC file No. 70005 / CMTS No. 874 / LDLD No. 323).

2. Respondent signed a land use restriction agreement (“LURA”) regarding the Property. The LURA was effective October 30, 1990, and filed of record at Volume 2135, Page 840 of the Official Public Records of Real Property of Potter County, Texas (“Records”). In accordance with Section 2 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the property and binding on all successors and assigns for the full term of the LURA.
3. Respondent took ownership of the Property in 2005 and, although an Agreement to Comply was not signed, Respondent is bound to the terms of the LURA in accordance with Section 2 thereof.
4. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

5. An on-site monitoring review was conducted on January 27, 2017, 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 violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and a July 4, 2017, corrective action deadline was set, however, the following findings were not corrected before the deadline:
 - a. Respondent failed to submit pre-onsite documentation, a violation of 10 TAC §10.607 (Reporting Requirements) and §10.618 (Onsite Monitoring), which require all developments to submit necessary documentation as requested in preparation for an upcoming monitoring review. Corrective documentation was received on November 15, 2017, after intervention by the Enforcement Committee, resolving the finding.
 - b. Respondent failed to maintain written policies and procedures, including tenant selection criteria, a violation of 10 TAC §10.610 (Written Policies and Procedures), which requires all developments to establish written tenant selection criteria that meet minimum TDHCA requirements. Corrective documentation was received on November 15, 2017, after intervention by the Enforcement Committee, resolving the finding.
 - c. Respondent failed to provide documentation that household income was within prescribed limits upon initial occupancy for 814 S. Kentucky, a violation of 10 TAC §10.611 (Determination, Documentation and Certification of Annual Income) and Section 4 of the LURA, which require screening of tenants to ensure qualification for the program. This finding is unresolved.
 - d. Respondent failed to provide an Annual Eligibility Certification for 814 S. Kentucky, a violation of 10 TAC §10.612 (Tenant File Requirements), which requires developments to annually collect an Annual Eligibility Certification form from each household. This finding is unresolved.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC §§ 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.

- e. Respondent failed to properly calculate the utility allowance for the property, a violation of 10 TAC §10.614 (Utility Allowances), which requires all developments to establish a utility allowance. A utility allowance was established on November 10, 2017, after intervention by the Enforcement Committee, but the finding cannot be corrected until the restricted unit is occupied and rent is verified to be within restricted limits. This finding is unresolved.
6. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on May 24, 2017. Inspection reports showed numerous serious property condition findings, a violation of 10 TAC §10.621 (Property Condition Standards). Notifications of noncompliance were sent and a September 21, 2017, corrective action deadline was set. Full corrective documentation was received on October 19, 2017, after intervention by the Enforcement Committee. All UPCS findings have been resolved.
7. The following violations remain outstanding at the time of this order:
 - a. Household income violation described in FOF #5.c;
 - b. Annual Eligibility Certification violation described in FOF #5.d; and
 - c. Utility allowance violation described in FOF #5.e.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC §2.
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 TAC §10.607 and §10.618 in 2017, by not submitting pre-onsite documentation including a unit status report and entrance interview questionnaire in preparation for the monitoring review;
5. Respondent violated 10 TAC §10.610 in 2017, by not maintaining written tenant selection criteria meeting TDHCA requirements;
6. Respondent violated 10 TAC §10.611 and Section 4 of the LURA in 2017, by failing to provide documentation that household incomes were within prescribed limits upon initial occupancy for the restricted unit;
7. Respondent violated 10 TAC §10.612 and Section 4 of the LURA in 2017 by failing to collect Annual Eligibility Certifications for the restricted unit.
8. Respondent violated 10 TAC §10.614 in 2017 by failing to properly calculate a utility allowance for the restricted unit;

9. Respondent violated 10 TAC § 10.621 in 2017, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.²
10. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.
11. 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.
12. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code § 2306.053 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.
13. An administrative penalty of \$200 is an appropriate penalty in accordance with 10 TAC §2.

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 \$200, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that Respondent shall fully address the file monitoring violations as indicated in the exhibits and submit full documentation to TDHCA as required on or before February 20, 2018.

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 assessed administrative penalty and the full amount of the administrative penalty totaling \$200 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, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, the full administrative penalty in the amount of \$200 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" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied.

² HUD's Uniform Physical Condition Standards are the standards adopted by TDHCA pursuant to 10 TAC 10.621(a)

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>. After the upload is complete, an email must be sent to Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

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

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 3, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on January 18, 2018.

By: _____
Name: J.B. Goodwin
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 18th day of January, 2018, personally appeared J.B. Goodwin, 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 18th day of January, 2018, personally appeared James "Beau" Eccles, 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

Exhibit 1

File Monitoring Violation Resources and Instructions

1. Refer to the following link for all references to the rules at 10 TAC §10 that are referenced below:
[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y)
2. Refer to the following link for copies of forms that are referenced below:
<http://www.tdhca.state.tx.us/pmcomp/forms.htm>
3. Technical support and training presentations are available at the following links:
Income and Rent Limits: <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>
Utility Allowance: <http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm>
FAQ's: <http://www.tdhca.state.tx.us/pmcomp/compFaqs.htm>
4. **All corrections must be submitted via CMTS:** See link for steps to upload documents
<http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>.
9. **Utility Allowance – What to submit:** submit a copy of the new utility allowance via CMTS. Also submit the development's updated Unit Status Report to demonstrate that the utility allowance has been implemented. Rent will be tested development-wide once the proper allowance is implemented, and any resulting noncompliance will be cited at that time and provided a separate corrective action period of 90 days.
For more information, see <http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm>
10. **Required actions to resolve the Household Income Finding, Annual Eligibility Certification Finding, and Utility Allowance Finding:**
 - a. Make unit ready for occupancy and submit a letter to the Department via CMTS on or before 2/20/2018, certifying that the unit is ready for occupancy;
 - b. Occupy the unit with a qualified household. Occupancy may take place after 2/20/2018, *provided that* the unit was made ready for occupancy and you submitted a letter certifying that it was ready before that date. Ensure that you collect a complete tenant file from the household. Also ensure that the rent is properly restricted*, including an allowance for utilities. Guidelines to assist you with collecting a complete tenant file and establishing an appropriate rent level are at Exhibit 2.
 - c. Within 30 days of occupancy by a qualified household, submit:
 - a. An updated Unit Status Report / Quarterly Vacancy report via CMTS. This report must be completed within CMTS. When you first log in to CMTS, a table will appear with multiple links inside. One link will say "Unit Status Report".
 - b. Upload the full tenant file, including the tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, tenant rights and resources guide acknowledgment, and a copy of the tenant selection criteria under which the household was screened. Receipt of a tenant file after 2/20/2018 is acceptable provided that the certification indicating that the unit is ready for occupancy is submitted on or before 2/20/2018;

** Rent will be tested once the proper allowance is implemented, and any resulting noncompliance relating to rents will be cited at that time and provided a separate corrective action period of 90 days.*

Exhibit 2

Tenant File Guidelines

The following technical support does not represent a complete list of all file requirements and is intended only as a guide. TDHCA staff recommends that all onsite staff responsible for accepting and processing applications sign up for First Thursday Training in order to get a full overview of the process. Sign up at <http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html>.

Forms discussed below are available at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>.

1. **Intake Application:** Each adult household member must complete their own application in order to be properly screened at initial certification. A married couple can complete a joint application. The Department does not have a required form to screen households, but we make a sample form available for that purpose. All households must be screened for household composition, income and assets. Applicants must complete all blanks on the application and answer all questions. Any lines left intentionally blank should be marked with "none" or "n/a." The application must be signed and dated by all adult household members, using the date that the form is actually completed. If you use the Texas Apartment Association (TAA) Rental Application, be aware that it does not include all requirements, but they have a "Supplemental Rental Application for Units Under Government Regulated Affordable Housing Programs" that includes the additional requirements.
2. **Release and Consent:** Have tenant sign TDHCA's Release and Consent form so that verifications may be collected by the property.
3. **Verify Income:** Each source of income and asset must be documented for every adult household member based upon the information disclosed on the application. There are multiple methods:
 - a. **First hand verifications:** Paystubs or payroll print-outs that show gross income. If you choose this method, ensure that you consistently collect a specified number of consecutive check stubs as defined in your management plan;
 - b. **Employment Verification Form:** Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the employer. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the employer portion has authority to do so and has access to all applicable information in order to verify the employment income. If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it;
 - c. **Verification of non-employment income:** You must obtain verifications for all other income sources, such as child support, social security, and/or unemployment benefits. Self-certification by the household is not acceptable. Examples: benefit verification letter(s) would be acceptable for social security and/or employment benefits. Acceptable verifications for child support could include documents such as divorce decree(s), court order(s), or a written statement from the court or attorney general regarding the monthly awarded amount;
 - d. **Telephone Verifications:** these are acceptable *only* for clarifying discrepancies and cannot be used as primary form of verification. Include your name, the date, the name of the person with whom you spoke, and your signature; and

- e. **Certification of Zero Income:** If an adult household member does not report any sources of income on the application, this form can be used to document thorough screening and to document the source of funds used to pay for rent, utilities, and/or other necessities.
4. **Verify Assets:** Regardless of their balances, applicants must report all assets owned, including assets such as checking or savings accounts. The accounts are typically disclosed on the application form, but you must review all documentation from the tenant to ensure proper documentation of the household's income and assets. For instance, review the credit report (if you pull one), application, pay stubs, and other documents to ensure that all information is consistent. Examples of ways to find assets that are frequently overlooked: Review pay stubs for assets such as checking and retirement accounts that the household may have forgotten to include in the application. These accounts must also be verified. Format of verifications:
 - a. **Under \$5000 Asset Certification Form:** If the total cash value of the assets owned by members of the household is less than \$5,000, as reported on the Intake Application, the TDHCA Under \$5,000 Asset Certification form may be used to verify assets. If applicable, follow the instructions to complete one form per household that includes everyone's assets, even minors, and have all adults sign and date using the date that the form is actually completed.
 - b. **First hand verifications** such as bank statements to verify a checking account. Ensure that you use a consistent number of consecutive statements, as identified in your management plan.
 - c. **3rd party verifications** using the TDHCA Asset Verification form. As with the "Employment Verification Form" discussed above, Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the financial institution. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the financial institution's portion has authority to do so and has access to all applicable information in order to verify the asset(s). If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it.
 5. **Tenant Income Certification Form:** Upon verification of all income and asset sources disclosed on the application and any additional information found in the documentation submitted by the tenant, the next step is to annualize the sources on the Income Certification Form, add them together, and compare to the applicable income limit for household size which can be found at <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>. Be sure to include any income derived from assets. The form must include all household members, and be signed by each adult household member.

6. **Lease:** Must conform with your LURA and TDHCA requirements and indicate a rent below the maximum rent limits, which can be found at <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm> When determining the rent, ensure that the tenant's rent, plus the utility allowance, plus any housing subsidies, plus any mandatory fees, are below the maximum limits set by TDHCA. 10 TAC §10.613(a) prohibits the eviction or termination of tenancy of low income households for reasons other than good cause throughout the affordability period in accordance with Revenue Ruling 2004-82. In addition, 10 TAC §10.613(f) prohibits HTC developments from locking out or threatening to lock out any development resident, or seizing or threatening to seize personal property of a resident, except by judicial process, for purposes of performing necessary repairs or construction work, or in case of emergency. The prohibitions must be included in the lease or lease addendum. TAA has an affordable lease addendum that has incorporated this required language. If you are not a TAA member, you can draft a lease addendum using the requirements outlined above.
7. **Tenant Selection Criteria:** In accordance with 10 TAC §10.610(b), you must maintain written policies and procedures, including Tenant Selection Criteria, and a copy of those written criteria under which an applicant was screened must be included in the household's file. You already submitted acceptable Criteria to the Department, but you must include a copy in the household file and submit a copy with the tenant file.
8. **Tenant Rights and Resources Guide:** As of 1/8/2015, the Fair Housing Disclosure Notice and Tenant Amenities and Services Notice have been replaced by the Tenant Rights and Resources Guide, a copy of which is available online at: <http://www.tdhca.state.tx.us/pmcdocs/FairHousingDisclosureBooklet.doc>.

In accordance with 10 TAC §10.613(m), a laminated copy of this guide must be posted in a common area of the leasing office. Development must also provide a copy of the guide to each household during the application process and upon any subsequent changes to the items described at paragraph b) below. The Tenant Rights and Resources Guide includes:

- a) Information about Fair Housing and tenant choice; and
- b) Information regarding common amenities, unit amenities, and services.

A representative of the household must receive a copy of the Tenant Rights and Resources Guide and sign an acknowledgment of receipt of the brochure prior to, but no more than 120 days prior to, the initial lease execution date.

In the event that there is a prior finding for a Fair Housing Disclosure Notice, Tenant Amenities and Services Notice, the Tenant Rights and Resources Guide was not provided timely, or the household does not certify to receipt of the Tenant Rights and Resources Guide, resolution will be achieved by providing the household with the Tenant Rights and Resources Guide and receiving a signed acknowledgment. A copy of the acknowledgment form is available at:

<http://www.tdhca.state.tx.us/pmcdocs/FairHousingDisclosureSignaturePage.pdf>

Exhibit 3:

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
SUBCHAPTER E	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406	Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

1c

BOARD ACTION REQUEST

LEGAL DIVISION

JANUARY 18, 2018

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning 1209 Keralum (HTC 70062 / CMTS 901)

RECOMMENDED ACTION

WHEREAS, 1209 Keralum, owned by Efrain and Maria F. Garza (“Owner”), had unresolved compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, all findings that had been referred for an administrative penalty were resolved informally before consideration by the Enforcement Committee;

WHEREAS, Owner’s representatives have agreed, subject to Board approval, to enter into an Agreed Final Order stipulating that violations occurred, and assessing no administrative penalty; 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 an Agreed Final Order, stipulating that violations occurred at 1209 Keralum (HTC 70062 / CMTS 901), as presented at this meeting, but authorizing staff to make any necessary non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Efrain and Maria F. Garza (“Owner”) are the owners of 1209 Keralum (“Property”), a low income apartment complex composed of four units, located in Mission, Hidalgo County. The property is self-managed.

The Property is subject to a Land Use Restriction Agreement (“LURA”) signed by a prior owner in 1990 in consideration for a housing tax credit allocation in the annual amount of \$6,291 to build and operate the Property. The Owner acquired the property in 2013 and signed an Agreement to Comply with the LURA. Further, the LURA remains in effect per Section 2 of the LURA which stipulates that its restrictions run with the land.

Owner has no penalty referral history. Owner responded to monitoring notices from the Compliance Division and timely submitted corrective documentation on multiple occasions, but those submissions were not acceptable, resulting in an administrative penalty referral for the following violations:

1. Failure to provide acceptable written policies and procedures, including tenant selection criteria;
2. Failure to include required no lock-out and good cause eviction language in the leases or lease addenda; and
3. Failure to collect an Annual Eligibility Certification for one unit.

Extensive technical support was provided by the Compliance Division and Legal Division after the property was referred for an administrative penalty. Ultimately, all violations were resolved by November 21, 2017, after the Enforcement Committee deadline for avoiding the informal conference. It is not appropriate to close the administrative penalty referral with a warning letter because of the missed Committee deadline, however, full resolution was achieved before the informal conference, and Owner has agreed to sign an Agreed Final Order assessing no administrative penalty for noncompliance at 1209 Keralum, but stipulating that violations has occurred and were not timely corrected.

Consistent with direction from the Department’s Enforcement Committee, an Agreed Final Order stipulating that violations occurred is recommended, with no administrative penalty. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST
EFRAIN AND MARIA F. GARZA,
HUSBAND AND WIFE WITH
RESPECT TO 1209 KERALUM
(HTC FILE # 70062 / CMTS # 901)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 18th day of January, 2018, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) considered the matter of whether enforcement action should be taken against **EFRAIN AND MARIA F. GARZA, HUSBAND AND WIFE**, an individual (“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 Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov’t Code § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov’t Code § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 1990, TRDLA/Williams (“Prior Owner”) was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$6,291 to build and operate 1209 Keralum (“Property”) (HTC file No. 70062 / CMTS No. 901 / LDLD No. 696).
2. Prior Owner signed a land use restriction agreement (“LURA”) regarding the Property. The LURA was effective December 12, 1990, and filed of record at Volume 3007, Page 427 of the Official Public Records of Real Property of Hidalgo County, Texas (“Records”). In accordance with Section 2 of the LURA, the LURA is a restrictive covenant/deed restriction

encumbering the property and binding on all successors and assigns for the full term of the LURA.

3. Respondent purchased the Property and signed an agreement with TDHCA to assume the duties imposed by the LURA and to comply fully with the terms thereof (Agreement to Assume and Comply), effective August 17, 2013, and filed the same in the Records at Document Number 2013-2447222, thereby binding Respondent to the terms of the LURA.
4. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

5. An on-site monitoring review was conducted on April 14, 2016, 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 violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and a June 8, 2016, corrective action deadline was set, however, the following violations were not resolved before the corrective action deadline:
 - a. Respondent failed to maintain policies and procedures, including written tenant selection criteria, a violation of 10 TAC §10.610 (Written Policies and Procedures), which requires all developments to establish written tenant selection criteria that meet minimum TDHCA requirements. An acceptable policy was received October 24, 2017, after intervention by the Enforcement Committee. The violation is resolved.
 - b. Respondent failed to execute required lease provisions or exclude prohibited lease language, a violation of 10 TAC §10.613 (Lease Requirements), which requires leases to include specific language protecting tenants from eviction without good cause and prohibiting owners from taking certain actions such as locking out or seizing property, or threatening to do so, except by judicial process. An acceptable policy was received November 21, 2017, after intervention by the Enforcement Committee. The violation is resolved.
 - c. Respondent failed to provide an Annual Eligibility Certifications for unit 4, a violation of 10 TAC §10.612 (Tenant File Requirements), which requires developments to annually collect an Annual Eligibility Certification form from each household. An acceptable policy was received October 24, 2017, after intervention by the Enforcement Committee. The violation is resolved.
6. All violations listed above are considered resolved at the time of this order:

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC §§ 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 and 10 TAC §2.
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 TAC §10.610 in 2016, by not maintaining written tenant selection criteria meeting TDHCA requirements;
5. Respondent violated 10 TAC §10.613 in 2016, by not executing required lease language meeting TDHCA requirements;
6. Respondent violated 10 TAC §10.612 in 2016 by failing to collect an Annual Eligibility Certification for unit 4.
7. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, 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 § 2306.053 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 \$0 is an appropriate penalty in accordance with 10 TAC 10 TAC §2.

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 \$0.

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 1, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on January 18, 2018.

By: _____
Name: J.B. Goodwin
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 18th day of January, 2018, personally appeared J.B. Goodwin, 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 18th day of January, 2018, personally appeared James "Beau" Eccles, 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

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 Efrain Garza, 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 Efrain Garza, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of _____ for Respondent. I am the authorized representative of Respondent, owner of the Property, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."

RESPONDENT:

EFRAIN GARZA, husband

By: _____

Name: _____

Given under my hand and seal of office this _____ day of _____, 2018.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

Exhibit 1

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
SUBCHAPTER E	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406	Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

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BOARD ACTION REQUEST

LEGAL DIVISION

JANUARY 18, 2018

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Las Villas de Merida (HTC 02009 / CMTS 3210)

RECOMMENDED ACTION

WHEREAS, Las Villas de Merida, owned by Las Villas de Merida Apartments, L.P. (“Owner”), has uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, on January 4, 2018, Owner’s representatives participated in an informal conference with the Enforcement Committee and agreed, subject to Board approval, to enter into an Agreed Final Order assessing an administrative penalty of \$10,000, to be forgiven if all violations are resolved as specified in the Agreed Final Order on or before April 18, 2018;

WHEREAS, unresolved compliance findings include Uniform Physical Condition Standards (“UPCS”) violations identified during the 2013 inspection; Uniform Physical Condition Standards (“UPCS”) violations identified during the 2016 inspection; and a violation for Building 8 no longer being in compliance and no longer participating in the program due to habitability and structural deficiencies; 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 an Agreed Final Order assessing an administrative penalty of \$10,000, subject to forgiveness as outlined above, for noncompliance at Las Villas de Merida, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Las Villas de Merida Apartments, L.P. (“Owner”) is the owner of Las Villas de Merida Apartments (“Property”), a low income apartment complex consisting of 19 residential buildings containing 160 units, located in San Antonio, Bexar County. Records of the Texas Secretary of State show that the general partner is Las Villas De Merida Apartments I, LLC, of which the Mexican American Unity Council Inc (“MAUC”) is the managing member. Those records further list the following members and/or officers for MAUC as of December 31, 2012: Adela N. Gonzalez (Director and Chair), Lupe Ochoa (Director and Treasurer), Ofelia Garza (Director), Gloria Davila (Director and Vice-Chair), Oscar H. Villarreal (Director), Sofia Moreno (Secretary), Michael A Garcia Jr (Director), Martha Tijerina (Director), and Estella Andrade Cadena (Director). CMTS lists Fernando Godinez as the primary contact(s) for Owner and shows that the property is managed by The Lynd Company. Fernando Godinez attended the informal conference with the Enforcement Committee as President and CEO for MAUC.

The Property is subject to a Land Use Restriction Agreement (“LURA”) signed in 2004 in consideration for a housing tax credit allocation in the annual amount of \$917,770 to acquire the Property. The development has been faced with numerous financial and physical challenges that led to a decline in occupancy and an increase in deferred maintenance due to lack of funds. Adding to those problems are allegedly substandard original construction practices causing serious defects and hastening deterioration of the property. Financial problems have existed since 2010, when Robert R. Burchfield, managing member for the co-general partner, was removed from the organization and the nonprofit co-general partner, MAUC, became the sole general partner. The original limited partners also underwent restructuring at that time.

Uniform Physical Condition Standards inspections were conducted on December 2, 2013, and September 7, 2016, both identifying serious violations that remain unresolved. In addition, Building 8 (BIN TX-0200907) is vacant and uninhabitable, with no efforts made to restore the building. In 2014, TDHCA issued a finding that Building 8 was no longer in compliance and no longer participating in the program, resulting in IRS recapture. MAUC indicated that it did not have sufficient funds to perform such extensive repairs, and only minor repairs were completed.

In an effort to turn the development around and restore the property to compliance, a buyer was identified in late 2015 to purchase the property and perform a full rehabilitation. The buyer is an affiliate entity of The Zieben Group, and the purchasing entity will be ZGLVDM, LLC (“Buyer”). An ownership transfer request was submitted to the Department on December 21, 2015, and was accompanied by a corrective action plan in which Buyer committed to addressing the physical condition of the property, and provided a proposed 12-month timeline for resolution. The corrective action plan was updated and resubmitted on August 4, 2016, and included as part of its plan the scope of work for the proposed rehabilitation to correct outstanding UPCS findings, as well as additional items that were subsequently identified. The Department, based upon the information provided in the ownership transfer request and Buyer’s commitment to restoring compliance, approved the transfer on December 6, 2016.

On January 10, 2017, Buyer representatives informed the Department that closing had not yet occurred, but that it was expected to close on January 31, 2017, citing delays due to finalization of the purchase and sale agreement. The representative also informed the Department that once the purchase agreement was finalized and executed, Buyer would likely need to amend the corrective action plan timeline to at least 18 months versus the 12 months previously proposed to complete all necessary repairs.

After the purchase and sale agreement was finalized, a further delay was caused by land ownership complications. The site consists of approximately 10 acres. All buildings, parking areas, driveways, and other improvements utilized in connection with the operation of the property are located on 7.118 acres. The remaining 2.893 acres encumbered by the LURA are not used in any way for the operation of the property and Owner has title to that unused portion of land via a long-term ground lease. In order to finalize the sale, the Owner needed to obtain the fee owners' approval to transfer the leasehold estate, but was unsuccessful in obtaining that consent. A material LURA amendment request was submitted and ultimately approved by the Board on October 12, 2017, releasing the unused 2.893 acre portion of land from the LURA. That partial release has been drafted by the Department and is currently pending final review and signature.

Representatives for Owner, Buyer, and the syndicator, Alden Torch Financial, participated in an informal conference with the Enforcement Committee on January 4, 2018. Representatives for the three groups indicated that the only remaining obstacles to closing are (1) signing the partial LURA release and (2) finalizing the administrative penalty that is the subject of this Board Action Request. Representatives for the Owner and syndicator verbally confirmed that Owner would not be receiving any proceeds from the sale; any proceeds would go toward repaying investors to recover losses. Buyer presented an amended corrective action plan, expanded to include the 2016 UPCS violations. Due to continued deterioration of the property, coupled with potential problems with the availability of qualified contractors after Hurricane Harvey, repairs will take an estimated 18-24 months from closing, with the construction loan financing including a 24-month completion deadline. Closing is scheduled for the end of this month and Buyer estimates that the development will be stabilized by January 1, 2020.

The Enforcement Committee considered all appropriate factors and recommended an Agreed Final Order with the following terms, to be signed by the Owner and non-transferrable to the Buyer:

1. A \$10,000 administrative penalty, subject to partial forgiveness as indicated below;
2. Owner shall have 90 days to fully resolve all violations and submit acceptable evidence of correction. If Owner complies, the full administrative penalty shall be forgiven;
3. If the property is sold, the administrative penalty must be paid in full at closing if any violations remain unresolved;
4. If Owner violates any provision of the Agreed Final Order, the full administrative penalty will immediately come due and payable.

Consistent with direction from the Department's Enforcement Committee, a probated and, upon successful completion of probation, forgivable administrative penalty in the amount of \$10,000 is recommended. This Order will be a reportable item of consideration under previous participation for any new award to the principals of the Owner. This Order will not be a reportable item of consideration under previous participation for any new award to the principals of the Buyer.

<p>ENFORCEMENT ACTION AGAINST LAS VILLAS DE MERIDA APARTMENTS, L.P. WITH RESPECT TO LAS VILLAS DE MERIDA APARTMENTS (HTC FILE # 2009 / CMTS # 3210)</p>	§ § § § § § §	<p>BEFORE THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS</p>
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AGREED FINAL ORDER

General Remarks and official action taken:

On this 18th day of January, 2018, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) considered the matter of whether enforcement action should be taken against **LAS VILLAS DE MERIDA APARTMENTS, 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 Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov’t Code § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov’t Code § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 2002, Respondent was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$917,770 to acquire and operate Las Villas De Merida Apartments (“Property”) (HTC file No. 2009 / CMTS No. 3210 / LDLD No. 552).
2. Respondent signed a land use restriction agreement (“LURA”) regarding the Property. The LURA was effective February 27, 2004, and filed of record at Document Number 20040276733 of the Official Public Records of Real Property of Bexar County, Texas (“Records”), as amended by a First Amendment executed on January 6, 2008, and filed in the Records at Document Number 20080010182.

3. Respondent is subject to the regulatory authority of TDHCA.
4. Respondent has entered into a contract to sell the property to ZGLVDM, LLC (“Buyer”). The Department has approved the sale and Buyer is not subject to the terms this Agreed Final Order.

Compliance Violations¹:

5. An on-site monitoring review was conducted on September 19, 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 violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and a January 15, 2014, corrective action deadline was set. The following violation was not corrected before the deadline:

Respondent failed to address structural and habitability problems with Building 8 (BIN TX-0200907) that rendered the building uninhabitable and unavailable for occupancy, resulting in the Department reporting the building to the Internal Revenue Service with a finding that the project was no longer in compliance and was no longer participating in the program. These failures were in violation of the representations made on page 1 of the LURA, which requires 75% of the units to be leased to households whose income is 60% or less of area median income, and in violation of Appendix A of the LURA, which defines a minimum applicable fraction of 75% for BIN TX-0200907, a violation of 10 TAC §10.616 (Property Condition Standards), which requires units to be decent, safe, sanitary, in good repair, and suitable for occupancy.

6. A Uniform Physical Condition Standards (“UPCS”) inspection was conducted on December 2, 2013. Inspection reports showed numerous serious property condition violations, a violation of 10 TAC §10.621 (Property Condition Standards). Notifications of noncompliance were sent and a May 5, 2014, corrective action deadline was set. Partial corrective action was received but violations listed at *Exhibit 1* were not corrected before the deadline.
7. A Uniform Physical Condition Standards (“UPCS”) inspection was conducted on September 7, 2016. Inspection reports showed numerous serious property condition violations, a violation of 10 TAC §10.621 (Property Condition Standards). Notifications of noncompliance were sent and a December 3, 2016, corrective action deadline was set. Partial corrective action was received but violations listed at *Exhibit 2* were not corrected before the deadline.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC §§ 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.

8. The following violations remain outstanding at the time of this order:
 - a. Violations for BIN TX-0200907 no longer being in compliance and no longer participating in the program as described in FOF #5.
 - b. UPCS violations described in FOF #6; and
 - c. 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 and 10 TAC §2.
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 TAC §10.621 in 2013 and 2016, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.²
5. Respondent violated representations made on page 1 of the LURA, which requires 75% of the units to be leased to households whose income is 60% or less of area median income, as further defined by Appendix A, which requires a minimum applicable fraction of 75% for BIN TX-0200907;
6. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, 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 §2306.053 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 \$10,000 is an appropriate penalty in accordance with 10 TAC §2.

² HUD's Uniform Physical Condition Standards are the standards adopted by TDHCA pursuant to 10 TAC 10.621(a)

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 \$10,000, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that Respondent shall repair all UPCS violations as indicated in *Exhibit 1*, and submit work orders in the correct format, including all necessary parts, to document the corrections to TDHCA on or before April 18, 2018.

IT IS FURTHER ORDERED that Respondent shall repair all UPCS violations as indicated in *Exhibit 2*, and submit work orders in the correct format, including all necessary parts, to document the corrections to TDHCA on or before April 18, 2018.

IT IS FURTHER ORDERED that Respondent shall restore Building 8 (BIN TX-0200907) to a condition appropriate for habitation and provide complete evidence of the restoration to TDHCA as indicated in *Exhibit 3* on or before April 18, 2018.

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at *Exhibit 4*, and obtain approval from the Department prior to consummating a sale of the Property to any organization other than ZGLVDM, LLC.

IT IS FURTHER ORDERED that the Department shall have ten business days ("Department Review") to review any corrective documentation received from Respondent via CMTS.

IT IS FURTHER ORDERED that if the sale to ZGLVDM, LLC or another buyer approved by the Department is scheduled within 10 business days of submitting corrective documentation to the Department, the \$10,000 administrative penalty shall be held in escrow at closing pending the result of the Department Review. Upon completion of the Department Review, a letter shall be issued electronically, notifying Respondent of the result. If no corrective documentation is submitted, no letter will be issued.

IT IS FURTHER ORDERED that if the Department Review letter indicates that Respondent has timely and fully complied 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 assessed administrative penalty and the full amount of the administrative penalty will be deferred and forgiven. If the \$10,000 administrative penalty has been paid into escrow, the full administrative penalty shall be refunded to Respondent.

IT IS FURTHER ORDERED that if the Department Review letter indicates that Respondent has failed to satisfy any conditions or has otherwise violated any provision of this Order, or if the property is sold before the terms and conditions of this Order have been fully satisfied, then the full administrative penalty in the amount of \$10,000 shall be immediately due and payable to the Department. Such payment shall be made upon the earlier of (a) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (b) the property closing date if sold before the terms and conditions of this Order have been fully satisfied. Payment shall be made either (a) by cashier's check payable to the "Texas Department of Housing and Community Affairs", or (b) held in escrow at closing and released to TDHCA if the Department Review shows that corrective documentation did not fully resolve all violations.

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>. After the upload is complete, an email must be sent to Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

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

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Exhibit 1

2013 UPCS Instructions

1. UPCS violations that must be corrected: See attached list. Corrected violations are marked with the word “Cert”, referencing an Owner’s Certification of Corrected Exigent Health and Safety Violations dated 12/5/2013. All other violations are uncorrected.
2. Prepare corrective documentation following these guidelines:
<http://www.tdhca.state.tx.us/pmcomp/inspections/docs/UPCS-WorkOrderGuidelines.pdf>
3. Submit corrective documentation via CMTS following the instructions at <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf> on or before 4/4/2018, then email Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to let her know that the submission is ready for review. Remember that TDHCA has 10 business days to review the corrective documentation.

TX-02-009 _ _

The Inspection Group, Inc.

Insp 12/3/13

Report Date: Dec 02, 2013

List of Deficiencies Found

LicName

Owner's EH&S cert 12/5/13

		Def. Found			Roll	Exp	Notes
		L1	L2	L3			
		Deficiency Title					
CMTS 3210 - Las Villas de Merida							
1700 S Hamilton San Antonio, Tx 78250							
	Fencing and Gates		X	Damaged/Falling/Leaning	0	0	no peedestrian gates latch
	Grounds	X		Overgrown/Penetrating Vegetation	0	0	trees on bldgs
	Health & Safety		X	Hazards - Tripping	0	0	offset in walkway by 6102
01	Building: 01						
	Building Exterior						
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
	Unit: 1102						
	Doors		X	Deteriorated/Missing Seals (Entry Only)	0	0	front
	Health & Safety		X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	0	0	1st bedroom furniture blocks window - fixed Cert
	Walls	X		Damaged	0	0	living room
02	Building: 02						
	Building Exterior						
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
	Windows	X		Damaged/Missing Screens	0	0	3 or more
	Unit: 2103						
	Doors		X	Damaged Surface (Holes/Paint/Rusting)	0	0	2nd bedroom
	Unit: 2105						
	Doors	X		Missing Door	0	0	33rd bedroom closet off tracks
	Windows	X		Cracked/Broken/Missing Panes	0	0	abbove rear door
	Unit: 2108						
	Doors		X	Damaged Frames/Threshold/Lintels/Trim	0	0	patio - threshold
		X		Missing Door	0	0	laundry
03	Building: 03						
	Building Exterior						
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
	Unit: 3110						
	Bathroom	X		Plumbing - Leaking Faucet/Pipes	0	0	tuub faucet
	Doors	X		Missing Door	0	0	1st bedroom closet
	Floors	X		Rot/Deteriorated Subfloor	0	0	upstairs bathroom
	Health & Safety		X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	0	0	downstairs bedroom - hasp on door blocks egress Cert
	Unit: 3112						
	Ceiling	X		Needs Paint	0	0	dining room

The Inspection Group, Inc.

Report Date: Dec 02, 2013

List of Deficiencies Found

LicName

		Def. Found						
		L1	L2	L3	Deficiency Title	Roll	Exp	Notes
CMTS 3210 - Las Villas de Merida								
1700 S Hamilton San Antonio, Tx 78250								
Building: 03								
Unit: 3112								
	Doors			X	Damaged Surface (Holes/Paint/Rusting)	0	0	bedrooms
04	Building: 04							
	Building Exterior							
	Roofs			X	Missing/Damaged Components from Downspout/Gutter	0	0	downspout by 4106
	Walls	X			Stained/Peeling/Needs Paint	0	0	trim
	Unit: 4105							
	Kitchen			X	Dishwasher/Garbage Disposal - Damaged/Inoperable	0	0	disposal
				X	Plumbing - Clogged Drains	0	0	sink
		X			Refrigerator-Missing/Damaged/Inoperable	0	0	gasket torn
05	Building: 05							
	Building Exterior							
	Walls	X			Stained/Peeling/Needs Paint	0	0	trim
	Unit: 5101							
	Health & Safety			X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	0	0	back door blocked by storage Cert
06	Building: 06							
	Building Exterior							
	Walls	X			Stained/Peeling/Needs Paint	0	0	trim
	Unit: 6102							
	Health & Safety			X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	0	0	front door blocked by storage Cert
07	Building: 07							
	Building Exterior							
	Walls	X			Stained/Peeling/Needs Paint	0	0	trim
	Unit: 7101							
	Electrical Outlets/Switches			X	Blocked Access to Electrical Panel	0	0	bby shelves
		X			Missing/Broken Cover Plates	0	0	kitchen switch plate cracked
	Unit: 7102							
	Doors			X	Missing Door	0	0	bathroom

The Inspection Group, Inc.

Report Date: Dec 02, 2013

List of Deficiencies Found

LicName

	Def. Found			Deficiency Title	Roll	Exp	Notes
	L1	L2	L3				
CMTS 3210 - Las Villas de Merida							
1700 S Hamilton San Antonio, Tx 78250							
08	Building: 08						
Building Exterior							
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
Unit: 8102							
	Bathroom		X	Ventilation/Exhaust System - Inoperable	0	0	electric disconnected
	Ceiling	X		Needs Paint	0	0	diningroom
	Doors		X	Damaged Hardware/Locks	0	0	front door privacy lock missing
	Electrical		X	GFI Inoperable	0	0	electric disconnected
	Health & Safety		X	Hazards - Other	0	0	down unit
	Hot Water Heater		X	Inoperable Unit/Components	0	0	electric disconnected
	HVAC System		X	Inoperable	0	0	electric disconnected
	Kitchen		X	Cabinets - Missing/Damaged	0	0	drawer
			X	Dishwasher/Garbage Disposal - Damaged/Inoperable	0	0	electric disconnected
			X	Range Hoods/Exhaust Fans -Excessive Grease/Inoperable	0	0	electric disconnected
			X	Range/Stove - Missing/Damaged/Inoperable	0	0	electric disconnected
			X	Refrigerator-Missing/Damaged/Inoperable	0	0	electric disconnected
	Lighting		X	Missing/Inoperable Fixture	0	0	living room missing , electric disconnected
Unit: 8103							
	Bathroom		X	Ventilation/Exhaust System - Inoperable	0	0	electric disconnected
	Ceiling		X	Holes/Missing Tiles/Panels	0	0	dining room , hallway
	Doors		X	Missing Door	0	0	bedroom closet, laundry, bathroom
	Electrical		X	GFI Inoperable	0	0	electric disconnected
	Floors		X	Missing Flooring	0	0	1st floor
	Health & Safety		X	Hazards - Other	0	0	down unit
	Hot Water Heater		X	Inoperable Unit/Components	0	0	electric disconnected
	HVAC System		X	Inoperable	0	0	inside unit missing
	Kitchen		X	Cabinets - Missing/Damaged	0	0	drawers
			X	Range Hoods/Exhaust Fans -Excessive Grease/Inoperable	0	0	electric disconnected
			X	Range/Stove - Missing/Damaged/Inoperable	0	0	electric disconnected
			X	Refrigerator-Missing/Damaged/Inoperable	0	0	electric disconnected
	Lighting		X	Missing/Inoperable Fixture	0	0	electric disconnected
	Walls		X	Needs Paint	0	0	master bathroom
Unit: 8104							
	Bathroom		X	Ventilation/Exhaust System - Inoperable	0	0	electric disconnected
	Doors		X	Damaged Hardware/Locks	0	0	bathroom , rear door locks
			X	Missing Door	0	0	bedroom , bathroom

The Inspection Group, Inc.

Report Date: Dec 02, 2013

List of Deficiencies Found

LicName

		Def. Found						
		L1	L2	L3	Deficiency Title	Roll	Exp	Notes
CMTS 3210 - Las Villas de Merida								
1700 S Hamilton San Antonio, Tx 78250								
Building: 08								
Unit: 8104								
08	Electrical			X	GFI Inoperable	0	0	electric disconnected
				X	Missing Covers	0	0	interior breaker panel
	Floors			X	Missing Flooring	0	0	all floorings
	Health & Safety			X	Hazards - Other	0	0	down unit
	Hot Water Heater			X	Inoperable Unit/Components	0	0	electric disconnected
	HVAC System			X	Inoperable	0	0	electric disconnected
	Kitchen		X		Dishwasher/Garbage Disposal - Damaged/Inoperable	0	0	electric disconnected
				X	Range/Stove - Missing/Damaged/Inoperable	0	0	electric disconnected
				X	Refrigerator-Missing/Damaged/Inoperable	0	0	missing ,
				X	Sink - Damaged/Missing	0	0	electric disconnected
	Lighting		X		Missing/Inoperable Fixture	0	0	living room , electric disconnected
	Walls			X	Damaged	0	0	kitchen
	Unit: 8105							
	Bathroom			X	Shower/Tub - Damaged/Missing	0	0	fixture missing
			X		Ventilation/Exhaust System - Inoperable	0	0	electric disconnected
	Ceiling			X	Holes/Missing Tiles/Panels	0	0	living room
	Doors			X	Damaged Surface (Holes/Paint/Rusting)	0	0	2nd bedroom
	Electrical			X	GFI Inoperable	0	0	electric disconnected
	Floors			X	Missing Flooring	0	0	all floorings
	Health & Safety			X	Air Quality - Mold and/or Mildew Observed	0	0	living room
				X	Hazards - Other	0	0	down unit
	Hot Water Heater			X	Inoperable Unit/Components	0	0	electric disconnected
	HVAC System			X	Inoperable	0	0	inner unit missing , electric disconnected
	Kitchen		X		Dishwasher/Garbage Disposal - Damaged/Inoperable	0	0	electric disconnected
			X		Range Hoods/Exhaust Fans -Excessive Grease/Inoperable	0	0	electric disconnected
			X		Range/Stove - Missing/Damaged/Inoperable	0	0	electric disconnected
			X		Refrigerator-Missing/Damaged/Inoperable	0	0	electric disconnected
	Lighting			X	Missing/Inoperable Fixture	0	0	electric disconnected
	Walls			X	Damaged	0	0	living room , kitchen
	Windows			X	Cracked/Broken/Missing Panes	0	0	1st bedroom
Unit: 8106								
	Bathroom			X	Shower/Tub - Damaged/Missing	0	0	tub fixture missing
			X		Ventilation/Exhaust System - Inoperable	0	0	electric disconnected
	Doors			X	Damaged Hardware/Locks	0	0	front privacy lock

The Inspection Group, Inc.

Report Date: Dec 02, 2013

List of Deficiencies Found

LicName

08

Def. Found		Deficiency Title	Roll	Exp	Notes
L1	L2 L3				
CMTS 3210 - Las Villas de Merida					
1700 S Hamilton San Antonio, Tx 78250					
Building: 08					
Unit: 8106					
Electrical	X	GFI Inoperable	0	0	electric disconnected
Health & Safety	X	Hazards - Other	0	0	down unit
Hot Water Heater	X	Inoperable Unit/Components	0	0	electric disconnected
HVAC System	X	Inoperable	0	0	inner unit missing , electric disconnected
Kitchen	X	Cabinets - Missing/Damaged	0	0	drawers
	X	Dishwasher/Garbage Disposal - Damaged/Inoperable	0	0	electric disconnected
	X	Range Hoods/Exhaust Fans -Excessive Grease/Inoperable	0	0	electric disconnected
	X	Range/Stove - Missing/Damaged/Inoperable	0	0	electric disconnected
	X	Refrigerator-Missing/Damaged/Inoperable	0	0	electric disconnected
Lighting	X	Missing/Inoperable Fixture	0	0	electric disconnected
Unit: 8108					
Bathroom	X	Ventilation/Exhaust System - Inoperable	0	0	electric disconnected
Electrical	X	GFI Inoperable	0	0	electric disconnected
Health & Safety	X	Hazards - Other	0	0	down unit
Hot Water Heater	X	Inoperable Unit/Components	0	0	electric disconnected
HVAC System	X	Inoperable	0	0	electric disconnected , inner unit missing
Kitchen	X	Dishwasher/Garbage Disposal - Damaged/Inoperable	0	0	electric disconnected
	X	Range Hoods/Exhaust Fans -Excessive Grease/Inoperable	0	0	electric disconnected
	X	Range/Stove - Missing/Damaged/Inoperable	0	0	electric disconnected
	X	Refrigerator-Missing/Damaged/Inoperable	0	0	electric disconnected
Lighting	X	Missing/Inoperable Fixture	0	0	electric disconnected
Unit: 8109					
Bathroom	X	Ventilation/Exhaust System - Inoperable	0	0	electric disconnected
Doors	X	Deteriorated/Missing Seals (Entry Only)	0	0	rear
	X	Missing Door	0	0	laundry
Electrical	X	GFI Inoperable	0	0	electric disconnected
Health & Safety	X	Hazards - Other	0	0	down unit
Hot Water Heater	X	Inoperable Unit/Components	0	0	electric disconnected
HVAC System	X	Inoperable	0	0	electric disconnected
Kitchen	X	Cabinets - Missing/Damaged	0	0	drawers
	X	Dishwasher/Garbage Disposal - Damaged/Inoperable	0	0	electric disconnected
	X	Range Hoods/Exhaust Fans -Excessive Grease/Inoperable	0	0	electric disconnected , hood missing

The Inspection Group, Inc.

Report Date: Dec 02, 2013

List of Deficiencies Found

LicName

	Def. Found			Deficiency Title	Roll	Exp	Notes
	L1	L2	L3				
CMTS 3210 - Las Villas de Merida							
1700 S Hamilton San Antonio, Tx 78250							
08	Building: 08						
	Unit: 8109						
	Kitchen		X	Range/Stove - Missing/Damaged/Inoperable	0	0	electric disconnected
			X	Refrigerator-Missing/Damaged/Inoperable	0	0	electric disconnected
	Lighting		X	Missing/Inoperable Fixture	0	0	electric disconnected
Walls	X		Damaged	0	0	laundry	
09	Building: 09						
	Building Exterior						
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
	Unit: 9103						
	Doors	X		Missing Door	0	0	laundry
	Unit: 9104						
Kitchen	X		Refrigerator-Missing/Damaged/Inoperable	0	0	gasket torn	
Outlets/Switches	X		Missing/Broken Cover Plates	0	0	2nd bedroom wallplug cover	
10	Building: 10						
	Building Exterior						
	Roofs		X	Missing/Damaged Components from Downspout/Gutter	0	0	downspout damaged
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
	Unit: 10103						
	Doors		X	Damaged Hardware/Locks	0	0	rear knob missing
	X		Missing Door	0	0	laundry	
Electrical		X	Missing Breakers/Fuses	0	0	open port	
Health & Safety		X	Hazards - Other	0	0	vacant	
11	Building: 11						
	Building Exterior						
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
	Unit: 11102						
	Bathroom		X	Plumbing - Clogged Drains	0	0	sink
	Doors	X		Missing Door	0	0	laundry
Electrical		X	Missing Breakers/Fuses	0	0	open port	
Unit: 11106							
Doors		X	Damaged Surface (Holes/Paint/Rusting)	0	0	2nd bedroom door	
		X	Deteriorated/Missing Seals (Entry Only)	0	0	rear	

The Inspection Group, Inc.

Report Date: Dec 02, 2013

List of Deficiencies Found

LicName

		Def. Found			Roll	Exp	Notes	
		L1	L2	L3	Deficiency Title			
CMTS 3210 - Las Villas de Merida								
1700 S Hamilton San Antonio, Tx 78250								
11	Building: 11							
	Unit: 11106							
	Health & Safety			X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	0	0	storage blocks front door
	Outlets/Switches			X	Missing	0	0	
			X		Missing/Broken Cover Plates	0	0	entry - light switcg covercracked , 2nd bedroom wallplug cover missing - ffixed
	Walls	X			Damaged	0	0	stairway
12	Building: 12							
	Unit: 12202							
	Outlets/Switches			X	Missing/Broken Cover Plates	0	0	2 missing - fixed
13	Building: 13							
	Building Exterior							
	Walls	X			Stained/Peeling/Needs Paint	0	0	trim
	Unit: 13201							
	Electrical			X	Blocked Access to Electrical Panel	0	0	by furniture
	Unit: 13202							
	Doors	X			Missing Door	0	0	laundry
14	Building: 14							
	Building Exterior							
	Walls	X			Stained/Peeling/Needs Paint	0	0	trim
15	Building: 15							
	Building Exterior							
	Roofs		X		Missing/Damaged Components from Downspout/Gutter	0	0	downnspouts damaged
	Walls	X			Stained/Peeling/Needs Paint	0	0	triim
	Unit: 15103							
	Doors	X			Missing Door	0	0	laundry
	Health & Safety			X	Infestation - Insects	0	0	rroach
	Stairs			X	Broken/Missing Hand Railing	0	0	loose
	Unit: 15109							
	Kitchen	X			Refrigerator-Missing/Damaged/Ino perable	0	0	gasket torn
16	Building: 16							
	Building Exterior							

The Inspection Group, Inc.

Report Date: Dec 02, 2013

List of Deficiencies Found

LicName

	Def. Found			Deficiency Title	Roll	Exp	Notes
	L1	L2	L3				
CMTS 3210 - Las Villas de Merida							
1700 S Hamilton San Antonio, Tx 78250							
16	Building: 16						
	Building Exterior						
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
	Unit: 16101						
	Laundry Area		X	Dryer Vent Missing/Inoperable	0	0	nno hoose
17	Building: 17						
	Building Exterior						
	Roofs		X	Missing/Damaged Components from Downspout/Gutter	0	0	downspouts
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
	Unit: 17103						
	Doors		X	Damaged Frames/Threshold/Lintels/Trim	0	0	front outside
			X	Missing Door	0	0	laundry
	Electrical		X	Missing Breakers/Fuses	0	0	open port - fixed
	Health & Safety		X	Hazards - Other	0	0	down unit
	Unit: 17104						
	Doors		X	Damaged Hardware/Locks	0	0	entry deadbolt
			X	Missing Door	0	0	laundry
	Floors		X	Missing Flooring	0	0	all floorings
	Health & Safety		X	Hazards - Other	0	0	down unit
	Kitchen		X	Range Hoods/Exhaust Fans -Excessive Grease/Inoperable	0	0	missing
			X	Range/Stove - Missing/Damaged/Inoperable	0	0	missing
			X	Refrigerator-Missing/Damaged/Inoperable	0	0	missing
	Unit: 17110						
	Doors	X		Missing Door	0	0	laundry
18	Building: 18						
	Building Exterior						
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
	Unit: 18101						
	Health & Safety		X	Flammable Materials - Improperly Stored	0	0	gas can and weedeater in bathroom Cert
	Unit: 18102						
	Health & Safety		X	Infestation - Insects	0	0	roaches
	Unit: 18104						
	Bathroom	X		Plumbing - Leaking Faucet/Pipes	0	0	tub faucet

The Inspection Group, Inc.

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List of Deficiencies Found

LicName

	Def. Found			Deficiency Title	Roll	Exp	Notes
	L1	L2	L3				
CMTS 3210 - Las Villas de Merida							
1700 S Hamilton San Antonio, Tx 78250							
18	Building: 18						
	Unit: 18108						
	Doors	X		Missing Door	0	0	laundry
	Health & Safety		X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	0	0	bedrooms - furniture blocks windows Cert
19	Building: 19						
	Unit: 19101						
	Bathroom	X		Plumbing - Leaking Faucet/Pipes	0	0	tub faucet
	Windows	X		Cracked/Broken/Missing Panes	0	0	above front door
	Unit: 19107						
	Doors		X	Deteriorated/Missing Seals (Entry Only)	0	0	front
	Health & Safety		X	Hazards - Sharp Edges	0	0	medice cabinet mirror
	Windows	X		Cracked/Broken/Missing Panes	0	0	abovefront door
20	Building: 20						
	Building Exterior						
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
	Unit: 20004						
	Doors		X	Deteriorated/Missing Seals (Entry Only)	0	0	rear
	Electrical		X	Missing Breakers/Fuses	0	0	open portt
	Health & Safety		X	Hazards - Other	0	0	nno access to 4th bedroom - locked Cert
21	Building: 21						
	Building Exterior						
	Walls	X		Stained/Peeling/Needs Paint	0	0	trim
	Unit: 21003						
	Health & Safety		X	Electrical Hazards - Exposed Wires/Open Panels	0	0	kitchen wall plug cover missing
	Kitchen		X	Hazards - Other	0	0	down unit
			X	Refrigerator-Missing/Damaged/Ino perable	0	0	missing
	Outlets/Switches		X	Missing/Broken Cover Plates	0	0	kitchen wallplug cover missing
	Unit: 21004						
	Doors	X		Missing Door	0	0	laundry
	Health & Safety		X	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	0	0	33rd bedroom hasp on door blocks egress Cert

The Inspection Group, Inc.

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List of Deficiencies Found

LicName

		Def. Found						
		L1	L2	L3	Deficiency Title	Roll	Exp	Notes
CMTS 3210 - Las Villas de Merida								
1700 S Hamilton San Antonio, Tx 78250								
Building: Garage 100								
Building Exterior								
	Health & Safety			X	Hazards - Other	0	0	exterior only
	Roofs		X		Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls		X		Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 1300								
Building Exterior								
	Health & Safety			X	Hazards - Other	0	0	exterior only
	Roofs		X		Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls		X		Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 1400								
Building Exterior								
	Health & Safety			X	Hazards - Other	0	0	exterior only
	Roofs		X		Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls		X		Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 1500								
Building Exterior								
	Health & Safety			X	Hazards - Other	0	0	exterior only
	Roofs		X		Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls		X		Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 1600								
Building Exterior								
	Health & Safety			X	Hazards - Other	0	0	exterior only
	Roofs		X		Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls		X		Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 1700								
Building Exterior								
	Health & Safety			X	Hazards - Other	0	0	exterior only
	Roofs		X		Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls		X		Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 1800								
Building Exterior								
	Health & Safety			X	Hazards - Other	0	0	exterior only
	Roofs		X		Missing/Damaged Components from Downspout/Gutter	0	0	downspout

The Inspection Group, Inc.

Report Date: Dec 02, 2013

List of Deficiencies Found

LicName

		Def. Found					
	L1	L2	L3	Deficiency Title	Roll	Exp	Notes
CMTS 3210 - Las Villas de Merida							
1700 S Hamilton San Antonio, Tx 78250							
Building: Garage 1800							
Building Exterior							
	Walls		X	Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 200							
Building Exterior							
	Health & Safety		X	Hazards - Other	0	0	exterior only
	Roofs		X	Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls		X	Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 300							
Building Exterior							
	Health & Safety		X	Hazards - Other	0	0	exterior only
	Roofs		X	Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls		X	Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 400							
Building Exterior							
	Health & Safety		X	Hazards - Other	0	0	exterior only
	Roofs		X	Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls		X	Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 500							
Building Exterior							
	Health & Safety		X	Hazards - Other	0	0	exterior only
	Walls		X	Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 600							
Building Exterior							
	Health & Safety		X	Hazards - Other	0	0	exterior only
	Roofs		X	Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls		X	Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 700							
Building Exterior							
	Health & Safety		X	Hazards - Other	0	0	exterior only
	Roofs		X	Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls		X	Missing Pieces/Holes/Spalling	0	0	rrear
Building: Garage 800							
Building Exterior							

The Inspection Group, Inc.

Report Date: Dec 02, 2013

List of Deficiencies Found

LicName

Def. Found							
L1	L2	L3	Deficiency Title	Roll	Exp	Notes	
CMTS 3210 - Las Villas de Merida							
1700 S Hamilton San Antonio, Tx 78250							
Building: Garage 800							
Building Exterior							
	Health & Safety		X	Hazards - Other	0	0	exterior only
	Roofs	X		Missing/Damaged Components from Downspout/Gutter	0	0	downspout
	Walls	X		Missing Pieces/Holes/Spalling	0	0	siding
Building: Garage 900							
Building Exterior							
	Roofs	X		Missing/Damaged Components from Downspout/Gutter	0	0	downspout
Building: Office							
Building Systems							
	Emergency Power		X	Auxiliary Lighting Inoperable	0	0	laundry
Community Room							
	Ceiling	X		Needs Paint	0	0	peeling

Exhibit 2

2016 UPCS Instructions

1. UPCS violations that must be corrected: See attached list. Corrected violations are marked with a date. Uncorrected violations are indicated by the absence of a date and/or marked as “Uncorrected”.
2. Prepare corrective documentation following these guidelines:
<http://www.tdhca.state.tx.us/pmcomp/inspections/docs/UPCS-WorkOrderGuidelines.pdf>
3. Submit corrective documentation via CMTS following the instructions at <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf> on or before 4/4/2018, then email Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to let her know that the submission is ready for review. Remember that TDHCA has 10 business days to review the corrective documentation.

Texas Department of Housing And Community Affairs
List of Deficiencies Found

CMTS #: 3210
LIHTC: 02009
Inspection Date: 9/7/2016
Incomplete Corrections

Printed On: June 03, 2016

Inspectable Area Inspectable Item	Deficiency		Comments
La Villa De Merida, Apts 1700 South Hamilton SA, Tx 78207			
Building:			
Unit:			
Grounds	Overgrown/Penetrating-Vegetation	11/17/2016	L3 tree near unit 2109 obstructs walkway - impassable, overgrown tree between bldgs 10 & 11
Grounds	Erosion/Rutting Areas	Uncorrected	L3 bldg 11 undercutting concrete
Refuse Disposal	Broken/Damaged-Enclosure-Inadequate-Outside Storage	11/17/2016	L2 L3 damaged trash enclosures
Building: Bldg 01 TX0200900			
Unit:			
Health & Safety	Emergency-Fire-Exits-Blocked/Unusable	Emergency/Fire-Exits 10/10/2016	L3 emergency light battery office three total
Building Exterior			
Roofs	Missing/Damaged Components from Downspout/Gutter	Uncorrected	L2 missing/damaged downspouts
Walls	Stained/Peeling/Needs-Paint		L1
Windows	Peeling/Needs-Paint	} 11/14/2016	L1
Windows	Damaged/Missing-Screens		L1
Unit: Unit 1101			
Bathroom	Water-Closet/Toilet-Damaged/Clogged/Missing	10/26/2016	L2 toilet seat
Bathroom	Shower/Tub-Damaged/Missing	10/27/2016	L2 discoloration 60%
Bathroom	Lavatory-Sink-Damaged/Missing	} 10/26/2016	L1 stopper
Doors	Missing-Door		L2 2 bi-folds
Smoke Detector	Missing/Inoperable	9/8/2016	L3 one in bedroom
Walls	Damaged	} 10/26/2016	L1 hole
Walls	Peeling/Needs-Paint		L1 crayon and repairs
Windows	Damaged/Missing-Screens		L1 torn screen
Unit: Unit 1104			
Bathroom	Plumbing-Leaking-Faucet/Pipes	} 11/1/2016	L1 bathtub and toilet
Bathroom	Lavatory-Sink-Damaged/Missing		L1 stopper
Bathroom	Shower/Tub-Damaged/Missing		L1 stopper
Ceiling	Holes/Missing-Tiles/Panels	} 11/1/2016	L1 water damage 1 sq ft near light fixture
Doors	Deteriorated/Missing-Seals-Entry-Only		L3 front door seal
Health & Safety	Infestation-Insects	12/13/2016	L3 roaches
Smoke Detector	Missing/Inoperable	9/8/2016	L3 four missing/inoperable
Walls	Damaged	11/1/2016	L1 hole beneath light switch 1 sq in
Building: Bldg 02 TX0200901			
Unit:			
Building Exterior			
Foundations	Cracks/Gaps	Uncorrected	L3 1/2 inch wide crack
Health & Safety	Electrical-Hazards-Exposed-Wires/Open-Panels	9/8/2016	L3 missing panel from outside ac unit - exposed wires
Roofs	Missing/Damaged Components from Downspout/Gutter	Uncorrected	L2 missing and damaged downspouts
Walls	Missing-Pieces/Holes/Spalling	} 11/14/2016	L2 holes in wall from missing outside ac unit
Walls	Stained/Peeling/Needs-Paint		L1
Windows	Peeling/Needs-Paint		L1
Windows	Damaged/Missing-Screens	L1	
Unit: Unit 2109			
Bathroom	Water-Closet/Toilet-Damaged/Clogged/Missing	} 10/25/2016	L2 running toilet
Bathroom	Lavatory-Sink-Damaged/Missing		L1 stopper
Bathroom	Shower/Tub-Damaged/Missing		L1 stopper
Smoke Detector	Missing/Inoperable	} 10/25/2016	L3 two missing or inoperable
Stairs	Broken/Missing-Hand-Railing		L3 hand rail loose and disconnected
Building: Bldg 03 TX0200902			
Unit:			
Building Exterior			
Roofs	Missing/Damaged Components from Downspout/Gutter	Uncorrected	L2 crushed downspout
Basement/Garage/Carport			
Walls	Damaged	Uncorrected	L3 multiple large holes and missing siding - garages

Texas Department of Housing And Community Affairs
List of Deficiencies Found

Printed On: June 03, 2016

Inspectable Area Inspectable Item	Deficiency	C N 3	Comments
Building Exterior			
Walls	Stained/Peeling/Needs-Paint	L1	
Windows	Peeling/Needs-Paint	L1	
Windows	Damaged/Missing-Screens	L1	
Unit: Unit 3109			
Bathroom	Shower/Tub—Damaged/Missing	L1	stopper
Bathroom	Lavatory-Sink—Damaged/Missing	L1	stopper
Laundry Area	Dryer-Vent-Missing/Damaged/Inoperable	L3	dryer vent disconnected
Smoke Detector	Missing/Inoperable 9/8/2016	L3	missing
Walls	Peeling/Needs-Paint 10/26/2016	L1	crayon
Unit: Unit 3113			
Bathroom	Lavatory-Sink—Damaged/Missing	L1	stopper
Doors	Deteriorated/Missing-Seals-(Entry-Only) 10/25/2016	L3	both entries
Unit: Unit 3114			
Bathroom	Shower/Tub—Damaged/Missing	L1	stopper
Bathroom	Lavatory-Sink—Damaged/Missing	L1	stopper
Doors	Deteriorated/Missing-Seals-(Entry-Only) 10/25/2016	L3	back entry door
Building: Bldg 04 TX0200903			
Unit:			
Basement/Garage/Carport			
Doors	Missing-Door	L3	garage entry door missing
Doors	Damaged-Surface-(Holes/Paint/Rusting) 11/15/2016	L3	hole in garage door
Building Exterior			
Foundations	Spalling/Exposed-Rebar 11/15/2016	L3	exposed rebar
Roofs	Missing/Damaged Components from Downspout/Gutter Uncorrected	L2	missing and crushed downspouts
Basement/Garage/Carport			
Walls	Damaged	L2	garage missing siding
Walls	Damaged/Deteriorated-Trim 11/15/2016	L2	garage trim damaged
Building Exterior			
Walls	Missing-Pieces/Holes/Spalling	L2	missing siding
Walls	Stained/Peeling/Needs-Paint	L1	
Windows	Damaged/Missing-Screens	L1	
Windows	Peeling/Needs-Paint	L1	
Unit: Unit 4105			
Bathroom	Shower/Tub—Damaged/Missing	L1	stopper
Bathroom	Lavatory-Sink—Damaged/Missing	L1	stopper
Unit: Unit 4111			
Bathroom	Shower/Tub—Damaged/Missing	L1	stopper
Bathroom	Lavatory-Sink—Damaged/Missing	L1	stopper
Doors	Missing-Door	L2	two laundry bi-folds
Health & Safety	Emergency-Fire-Exits—Emergency-Fire-Exits 9/8/2016 Blocked/Unusable	L3	blocked egress - bed
Health & Safety	Infestation—Insects 12/13/2016	L3	roaches
Kitchen	Refrigerator-Missing/Damaged/Inoperable 10/26/2016	L1	seal
Smoke Detector	Missing/Inoperable 9/8/2016	L3	3 missing or inoperable
Building: Bldg 05 TX0200904			
Unit:			
Building Exterior			
Roofs	Missing/Damaged Components from Downspout/Gutter Uncorrected	L2	missing/damaged downspouts
Walls	Stained/Peeling/Needs-Paint	L1	
Windows	Damaged/Missing-Screens	L1	
Windows	Peeling/Needs-Paint	L1	
Unit: Unit 5202			
Bathroom	Lavatory-Sink—Damaged/Missing 10/24/2016	L1	stopper
Building: Bldg 06 TX0200905			
Unit:			
Building Exterior			
Roofs	Missing/Damaged Components from Downspout/Gutter Uncorrected	L2	missing/damaged downspouts

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List of Deficiencies Found

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Inspectable Area Inspectable Item	Deficiency	1	2	3	Comments
Unit: Unit 6102	Walls } Stained/Peeling/Needs-Paint	L1			
	Windows } Peeling/Needs-Paint	L1			
	Windows } Damaged/Missing-Screens	L1			
Building: Bldg 07 TX0200906	Bathroom } Shower/Tub—Damaged/Missing		L2		discoloration
Unit:	Building Exterior				
	Roofs } Missing/Damaged Components from Downspout/Gutter		L2		missing/damaged downspouts
	Walls } Stained/Peeling/Needs-Paint	L1			
	Windows } Peeling/Needs-Paint	L1			
	Windows } Damaged/Missing-Screens	L1			
Unit: Unit 7201	Bathroom } Shower/Tub—Damaged/Missing	L1			stopper
	Bathroom } Lavatory-Sink—Damaged/Missing	L1			stopper
	Health & Safety } Electrical-Hazards—Exposed-Wires/Open-Panels		L3		pushed in blank in breaker panel
	Windows } Inoperable/Not-Loockable	L1			window cannot be opened
Building: Bldg 08 TX0200907	Unit:				
	Building Exterior				
	Roofs } Missing/Damaged Components from Downspout/Gutter		L2		missing/damaged downspouts
	Walls } Stained/Peeling/Needs Paint	L1			
	Windows } Damaged/Missing Screens	L1			
	Windows } Peeling/Needs Paint	L1			
Unit: Unit 8102	Bathroom } Shower/Tub - Damaged/Missing		L3		tub hardware missing
	Ceiling } Holes/Missing Tiles/Panels		L2		water damage
	Health & Safety } Electrical-Hazards—Exposed-Wires/Open-Panels		L3		panel above tub missing - exposed wire
	Kitchen } Cabinets - Missing/Damaged		L2		missing drawers
	Lighting } Missing/Inoperable-Fixture	L1			missing light fixture
	Smoke Detector } Missing/Inoperable		L3		four inoperable
Unit: Unit 8106	Bathroom } Shower/Tub - Damaged/Missing		L3		missing tub hardware
	Ceiling } Holes/Missing Tiles/Panels	L1			hole from missing bathroom vent
	Doors } Damaged Surface (Holes/Paint/Rusting)		L3		hole from missing door lock
	Doors } Missing Door	L1			
	Health & Safety } Electrical-Hazards—Exposed-Wires/Open-Panels		L3		missing panel above tub - exposed wires
	Smoke Detector } Missing/Inoperable		L3		three inoperable
Building: Bldg 09 TX0200908	Unit:				
	Building Exterior				
	Roofs } Missing/Damaged Components from Downspout/Gutter		L2		missing/damaged downspouts
	Walls } Stained/Peeling/Needs-Paint	L1			
	Windows } Peeling/Needs-Paint	L1			
	Windows } Damaged/Missing-Screens	L1			
Unit: Unit 9105	Bathroom } Shower/Tub—Damaged/Missing	L1			stopper
	Bathroom } Lavatory-Sink—Damaged/Missing		L1		stopper
	Kitchen } Dishwasher/Carbage-Disposal—Inoperable		L2		disposal inoperable
	Outlets/Switches } Missing/Broken-Cover-Plates		L3		two missing outlet covers
	Walls } Damaged	L1			hole
Building: Bldg 10 TX0200909	Unit:				
	Building Exterior				
	Roofs } Missing/Damaged Components from Downspout/Gutter		L2		missing/damaged downspouts
	Walls } Stained/Peeling/Needs-Paint	L1			
	Windows } Damaged/Missing-Screens	L1			

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Inspectable Area Inspectable Item	Deficiency	C	S	D	Comments
Windows	Peeling/Needs-Paint 11/14/2016	1			
Unit: Unit 10103					
Bathroom	Lavatory-Sink—Damaged/Missing } 10/26/2016	1			stopper
Bathroom	Shower/Tub—Damaged/Missing	1			
Ceiling	Holes/Missing-Tiles/Panels 9/12/2016		2		water damage
Doors	Damaged-Surface (Holes/Paint/Rusting)			3	laundry door delamination
Kitchen	Dishwasher/Garbage-Disposal—Inoperable } 10/26/2016		2		disposal inoperable
Smoke Detector	Missing/Inoperable 9/8/2016			3	
Building: Bldg 11 TX0200910					
Unit:					
Building Exterior					
Roofs	Missing/Damaged Components from Downspout/Gutter } 11/18/2016	Uncorrected		2	missing/damaged downspouts
Walls	Stained/Peeling/Needs-Paint			1	
Windows	Peeling/Needs-Paint			1	
Windows	Damaged/Missing-Screens			1	
Unit: Unit 11107					
Bathroom	Lavatory-Sink—Damaged/Missing } 10/26/2016	1			stopper
Kitchen	Range/Stove—Missing/Damaged/Inoperable			3	two burners inoperable
Unit: Unit 11108					
Bathroom	Shower/Tub—Damaged/Missing } 10/25/2016	1			stopper
Bathroom	Lavatory-Sink—Damaged/Missing			1	stopper
Building: Bldg 12 TX0200911					
Unit:					
Building Exterior					
Roofs	Missing/Damaged Components from Downspout/Gutter } 11/15/2016	Uncorrected		2	missing/damaged downspouts
Walls	Stained/Peeling/Needs-Paint			1	
Windows	Peeling/Needs-Paint			1	
Windows	Damaged/Missing-Screens			1	
Unit: Unit 12101					
Bathroom	Lavatory-Sink—Damaged/Missing 10/25/2016			1	stopper
Building: Bldg 13 TX0200912					
Unit:					
Building Exterior					
Roofs	Missing/Damaged Components from Downspout/Gutter } 11/15/2016	Uncorrected		2	missing/damaged downspout
Walls	Stained/Peeling/Needs-Paint			1	
Windows	Peeling/Needs-Paint			1	
Windows	Damaged/Missing-Screens			1	
Unit: Unit 13201					
Bathroom	Lavatory-Sink—Damaged/Missing } 10/25/2016	1			stopper
Bathroom	Shower/Tub—Damaged/Missing			2	discoloration
Health & Safety	Infestation—Insects 12/13/2016			3	roaches
Smoke Detector	Missing/Inoperable 9/8/2016			3	
Building: Bldg 14 TX0200913					
Unit:					
Building Exterior					
Roofs	Missing/Damaged Components from Downspout/Gutter } 11/15/2016	Uncorrected		2	missing/damaged downspouts
Walls	Stained/Peeling/Needs-Paint			1	
Windows	Peeling/Needs-Paint			1	
Windows	Damaged/Missing-Screens			1	
Unit: Unit 14102					
Bathroom	Shower/Tub—Damaged/Missing } 10/25/2016	1			stopper
Kitchen	Dishwasher/Garbage-Disposal—Inoperable			2	disposal inoperable
Building: Bldg 15 TX0200914					
Unit:					
Building Exterior					
Roofs	Missing/Damaged Components from Downspout/Gutter } 11/18/2016	Uncorrected		2	missing/damaged downspouts
Walls	Missing Pieces/Holes/Spalling			3	holes from missing outside ac unit

Texas Department of Housing And Community Affairs
List of Deficiencies Found

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Inspectable Area Inspectable Item	Deficiency	C	S	D	Comments
Walls	Stained/Peeling/Needs-Paint	L1			
Windows	Damaged/Missing-Screens	L1			three or more missing/damaged
Windows	Peeling/Needs-Paint	L1			
Unit: Unit 15103					
Bathroom	Lavatory-Sink—Damaged/Missing	L1			stopper
Bathroom	Shower/Tub—Damaged/Missing	L1			stopper
Doors	Deteriorated/Missing-Seals (Entry-Only)			L3	front entry door
Smoke Detector	Missing/Inoperable 9/8/2016			L3	
Unit: Unit 15108					
Bathroom	Lavatory-Sink—Damaged/Missing	L1			stopper
Bathroom	Shower/Tub—Damaged/Missing	L1			stopper
Doors	Missing-Door			L2	two bi-folds laundry
Doors	Deteriorated/Missing-Seals (Entry-Only)			L3	front entry door
Building: Bldg 16 TX0200915					
Unit:					
Building Exterior					
Roofs	Missing/Damaged Components from Downspout/Gutter			L2	missing/damaged downspouts
Windows	Peeling/Needs-Paint	L1			
Windows	Damaged/Missing-Screens	L1			
Windows	Cracked/Broken/Missing/Cracked-Panes 12/1/2016			L3	missing pane - boarded up
Unit: Unit 16104					
Bathroom	Lavatory-Sink—Damaged/Missing	L1			stopper
Bathroom	Shower/Tub—Damaged/Missing	L1			stopper
Kitchen	Dishwasher/Carbage-Disposal—Inoperable 9/7/2016			L2	disposal inoperable - Repaired during inspection
Smoke Detector	Missing/Inoperable 9/8/2016			L3	
Building: Bldg 17 TX0200916					
Unit:					
Building Exterior					
Roofs	Missing/Damaged Components from Downspout/Gutter			L2	missing/damaged downspouts
Walls	Stained/Peeling/Needs-Paint	L1			
Windows	Peeling/Needs-Paint	L1			
Windows	Damaged/Missing-Screens	L1			
Unit: Unit 17101					
Bathroom	Lavatory-Sink—Damaged/Missing	L1			stopper
Bathroom	Shower/Tub—Damaged/Missing	L1			stopper
Doors	Damaged-Hardware/Leeks			L3	back entry door lock stuck
Smoke Detector	Missing/Inoperable 9/8/2016			L3	two missing/inoperable
Unit: Unit 17105					
Doors	Deteriorated/Missing-Seals (Entry-Only) 10/26/2016			L3	front and back entry
Health & Safety	Electrical-Hazards—Exposed-Wires/Open-Panels			L3	panel above tub open - exposed wires
Smoke Detector	Missing/Inoperable 9/8/2016			L3	two in bedrooms
Unit: Unit 17111					
Bathroom	Lavatory-Sink—Damaged/Missing	L1			stopper
Bathroom	Shower/Tub—Damaged/Missing	L1			stopper
Doors	Deteriorated/Missing-Seals (Entry-Only)			L3	back entry door
Kitchen	Range/Stove—Missing/Damaged/Inoperable			L3	missing burners
Building: Bldg 18 TX0200917					
Unit:					
Building Exterior					
Roofs	Missing/Damaged Components from Downspout/Gutter			L2	missing/damaged downspouts
Walls	Missing-Pieces/Holes/Spalling			L3	hole due to missing vent cover near roofline
Walls	Stained/Peeling/Needs-Paint	L1			
Windows	Peeling/Needs-Paint	L1			
Windows	Damaged/Missing-Screens	L1			
Unit: Unit 18104					
Bathroom	Shower/Tub—Damaged/Missing	L1			stopper
Bathroom	Lavatory-Sink—Damaged/Missing	L1			stopper
Unit: Unit 18109					

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

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Inspectable Area Inspectable Item	Deficiency	1	2	3	Comments
Bathroom	Shower/Tub—Damaged/Missing			L1	stopper
Bathroom	Lavatory Sink—Damaged/Missing			L1	stopper
Health & Safety	Infestation—Insects 12/13/2016			L3	roaches
Kitchen	Dishwasher/Garbage Disposal—Inoperable 10/27/2016			L2	disposal inoperable
Outlets/Switches	Missing/Broken Cover Plates			L3	four outlet covers missing or broken
Smoke Detector	Missing/Inoperable 9/8/2016			L3	four missing/inoperable
Stairs	Broken/Missing Hand-Railing 10/27/2016			L3	hand rail loose and disconnected
Building: Bldg 19 TX0200918					
Unit:					
Building Exterior					
Roofs	Missing/Damaged Components from Downspout/Gutter			L2	missing/damaged downspouts
	Uncorrected				
Walls	Stained/Peeling/Needs-Paint			L1	
Windows	Damaged/Missing-Screens			L1	
Windows	Peeling/Needs-Paint			L1	
Unit: Unit 19105					
Bathroom	Lavatory Sink—Damaged/Missing			L1	stopper
Bathroom	Shower/Tub—Damaged/Missing			L1	stopper
Smoke Detector	Missing/Inoperable 9/8/2016			L3	two inoperable
Walls	Peeling/Needs-Paint 10/25/2016			L1	crayon on wall top of stairs
Unit: Unit 19107					
Bathroom	Lavatory Sink—Damaged/Missing			L1	stopper
Bathroom	Shower/Tub—Damaged/Missing			L1	stopper
Doors	Missing-Door			L2	two bi-folds laundry
Health & Safety	Hazards—Sharp Edges			L3	cracked glass mirror bathroom
Building: Bldg 20 TX0200919					
Unit:					
Building Exterior					
Roofs	Missing/Damaged Components from Downspout/Gutter			L2	missing/damaged downspouts
	Uncorrected				
Walls	Stained/Peeling/Needs-Paint			L1	
Windows	Damaged/Missing-Screens			L1	
Windows	Peeling/Needs-Paint			L1	
Unit: Unit 20001					
Bathroom	Lavatory Sink—Damaged/Missing 10/25/2016			L1	stopper
Health & Safety	Emergency Fire Exits—Emergency/Fire Exits Blocked/Unusable			L3	blocked egress bedroom dresser
Smoke Detector	Missing/Inoperable			L3	four inoperable
Building: Bldg 21 TX0200920					
Unit:					
Building Exterior					
Roofs	Missing/Damaged Components from Downspout/Gutter			L2	missing/damaged downspouts
	Uncorrected				
Walls	Stained/Peeling/Needs-Paint			L1	
Windows	Peeling/Needs-Paint			L1	
Unit: Unit 21001					
Bathroom	Shower/Tub—Damaged/Missing			L1	stopper
Bathroom	Lavatory Sink—Damaged/Missing			L1	stopper
Doors	Damaged Surface (Holes/Paint/Rusting)			L3	holes in two doors
Outlets/Switches	Missing/Broken Cover Plates 9/8/2016			L3	light switch

Exhibit 3

Instructions for BIN TX-0200907 (Building 8)

1. Building must be fully restored and ready for occupancy on or before 4/4/2018. The following information is provided to assist Respondent in its restoration efforts to ensure that the building will meet minimum Department requirements upon completion:
 - a. The Department rule describing how TDHCA monitors properties for Uniform Physical Condition Standards violations is 10 TAC §10.621, available at [http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=10&rl=621](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=10&rl=621).
 - b. The Department uses HUD's Uniform Physical Condition Standards for inspection purposes. The UPCS checklist is available at the following link. <https://www.tdhca.state.tx.us/pmcomp/inspections/docs/REAC-UPCS-Inspection-Checklist.pdf>. Please note that this form does not need to be submitted to TDHCA and the link is provided as a tool only.
 - c. The Department uses the Guide for Completing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition available at <https://www.irs.gov/pub/irs-utl/lihc-form8823guide.pdf> for identifying reportable findings of noncompliance. See Chapter 6, Category 11c and Chapter 21, Category 11p.
2. Upon completion of restoration and no later than 4/4/2018, Respondent must demonstrate complete restoration of Building 8 by submitting:
 - a. A narrative explanation of work completed to address the physical condition of the building;
 - b. Supporting documentation such as invoices, completed contracts, and work orders; and
 - c. Either dated and labeled photographs of the building and units, or a video of a full building walk-through;
 - d. Certificate of occupancy or comparable documentation issued by the City of San Antonio for building 8.
3. Submit corrective documentation via CMTS following the instructions at <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf> on or before 4/4/2018, then email Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to let her know that the submission is ready for review. Remember that TDHCA has 10 business days to review the corrective documentation. If a video is done and cannot be uploaded to CMTS, it may be emailed to ysella.kaseman@tdhca.state.tx.us.

Exhibit 4:

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
SUBCHAPTER E	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406	Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JANUARY 18, 2018

Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer (#17421 The Brookwood, San Antonio)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for The Brookwood, sponsored by the San Antonio Housing Trust Finance Corporation, was submitted to the Department on May 12, 2017;

WHEREAS, in lieu of a Certification of Reservation, a Carryforward Designation Certificate from the Texas Bond Review Board (“BRB”) was issued on January 18, 2017, and will expire on December 31, 2019;

WHEREAS, the proposed issuer of the bonds is the San Antonio Housing Trust Finance Corporation; and

WHEREAS, the Executive Award and Review Advisory Committee (“EARAC”) recommends the issuance of the Determination Notice with the condition that the closing occur within 120 days (on or before May 18, 2018);

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$679,676 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 Brookwood is hereby approved as presented to this meeting; and

FURTHER RESOLVED, that provided the Applicant has not closed on the bond financing on or before May 18, 2018, the Board authorizes the Director of Multifamily Finance or the Executive Director to approve or deny an extension of the Determination Notice date, subject to an updated previous participation review, if necessary.

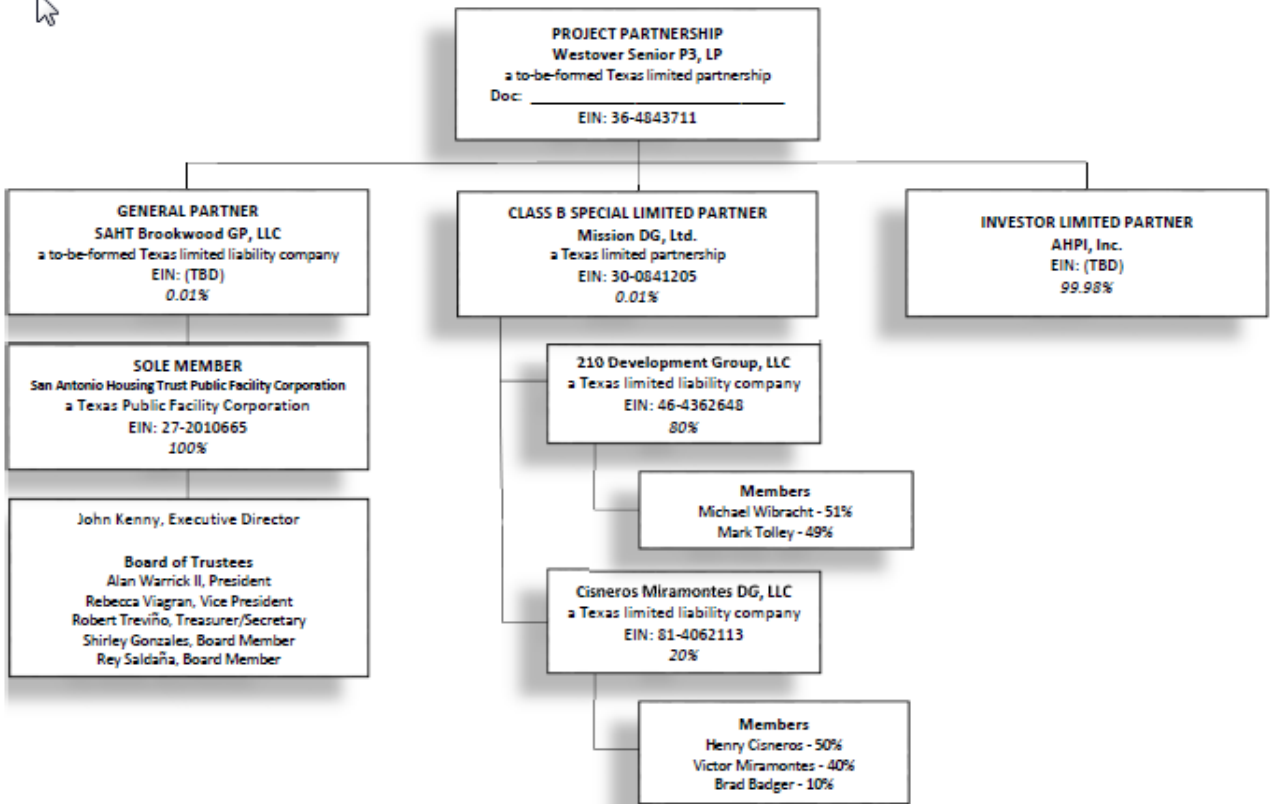
BACKGROUND

General Information: The Brookwood, proposed to be located at the southwest corner of Richland Hills Drive and Ingram Road in San Antonio, Bexar County, involves the new construction of 197 units, of which 138 will be rent and income restricted at 60% of Area Median Family Income and the remaining 59 will be market rate with no income or rent restrictions. The development will serve an elderly population and is currently zoned appropriately. The census tract (1719.02) has a median household income of \$33,598, is in the fourth quartile, and has a poverty rate of 22.30%.

Organizational Structure and Previous Participation: The Borrower is Westover Senior P3, L.P., and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 2 and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

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

EXHIBIT A



17421 The Brookwood - Application Summary

REAL ESTATE ANALYSIS DIVISION

January 8, 2018

PROPERTY IDENTIFICATION	
Application #	17421
Development	The Brookwood
City / County	San Antonio / Bexar
Region/Area	9 / Urban
Population	Elderly Preference
Set-Aside	General
Activity	New Construction

RECOMMENDATION					
TDHCA Program	Request	Recommended			
LIHTC (4% Credit)	\$692,123	\$679,676	\$3,450/Unit	\$0.94	
	Amount	Rate	Amort	Term	Lien

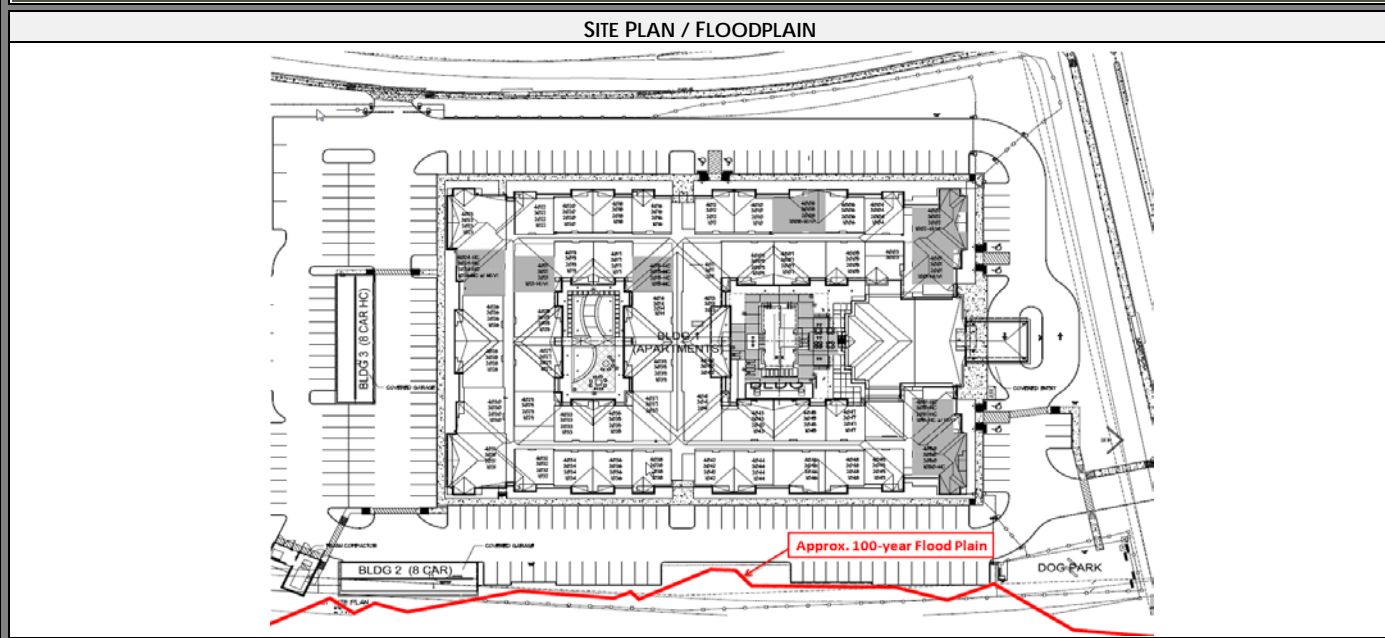
KEY PRINCIPAL / SPONSOR		
210 Development Group Joel Pollack		
SA Housing Trust Public Facility Corporation (SAHTPFC) John Kenny		
Limited Partner Henry Cisneros		
Related-Parties	Contractor - No	Seller - Yes



TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	21	11%	30%	-	0%
1	98	50%	40%	-	0%
2	78	40%	50%	-	0%
3	-	0%	60%	138	70%
4	-	0%	MR	59	30%
TOTAL	197	100%	TOTAL	197	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.19	Expense Ratio	34.4%
Breakeven Occ.	82.7%	Breakeven Rent	\$903
Average Rent	\$1,016	B/E Rent Margin	\$113
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	\$4,042/unit	Controllable	\$2,894/unit



SITE PLAN / FLOODPLAIN

MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)	3.9%		
Highest Unit Capture Rate	7%	1 BR/60%	84
Dominant Unit Cap. Rate	7%	1 BR/60%	84
Premiums (↑60% Rents)	Yes	\$1028/Avg.	
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	918 SF	Density	33.7/acre
Acquisition		\$07K/unit	\$1,350K
Building Cost	\$91.01/SF	\$84K/unit	\$16,457K
Hard Cost		\$98K/unit	\$19,230K
Total Cost		\$173K/unit	\$34,053K
Developer Fee	\$3,962K	(65% Deferred)	Paid Year: 8
Contractor Fee	\$2,394K	30% Boost	No

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Berkadia Capital LLC	40/40	3.95%	\$23,925,000	1.19						Affordable Housing Partners, Inc. - Equity	\$6,357,059
										Mission DG & SAHTPFC - Deferred Dev Fee	\$2,558,765
					Prepays (Impact/Permit Fees)	0/0	0.00%	\$1,212,497	1.19		
					GP Equity Contribution	0/0	0.00%	\$100	1.19	TOTAL EQUITY SOURCES	\$8,915,824
										TOTAL DEBT SOURCES	\$25,137,597
TOTAL DEBT (Must Pay)			\$23,925,000							TOTAL CAPITALIZATION	\$34,053,421

CONDITIONS

1 Receipt and acceptance before Determination Notice:

- Pursuant to §10.402(d)(7), a letter from Applicant's Attorney, "...identifying the statutory basis for the exemption and indicating that the exemption is reasonably achievable, subject to appraisal district review.

2 Receipt and acceptance by Cost Certification:

- Executed Ground Lease with the San Antonio Housing Trust Public Facilities Corporation clearly specifying all terms and conditions, including who will retain ownership of land and improvements at the end of the lease.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

BOND RESERVATION / ISSUER	
Issuer	SA Housing Trust Facility Corporation
Expiration Date	12/31/2019
Bond Amount	\$25,000,000
BRB Priority	Carryforward
Close Date	TBD
Bond Structure	HUD 221 (d)(4) - Cash Collateralized

RISK PROFILE	
STRENGTHS/MITIGATING FACTORS	
o	Attractive Architecture
o	Large Common area
o	Tenant Amenities
WEAKNESSES/RISKS	
o	Co-Applicant/Co-Developer new to HTC program
o	30% Market Rate units with large premiums
o	Feasibility contingent on MR units
o	Feasibility contingent on secondary income
o	Low contingency (3.5%)



BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JANUARY 18, 2018

Presentation, discussion, and possible action on Determination Notices for Housing Tax Credits with another Issuer (#17444 Sabine Place Apartments, Fort Worth)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Sabine Place Apartments, sponsored by Steele Properties and Fort Worth Affordability, Inc., was submitted to the Department on November 2, 2017;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on October 6, 2017, and will expire on March 5, 2018;

WHEREAS, the proposed issuer of the bonds is the Trinity River Public Facilities Corporation;

WHEREAS, pursuant to 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, applicants are required to disclose to the Department the existence of certain characteristics of a proposed development site;

WHEREAS, the applicant has disclosed the presence of undesirable neighborhood characteristics, specifically relating to a poverty rate that exceeds 40%;

WHEREAS, staff has conducted a further review of the proposed development site and surrounding neighborhood and based on the upward trend in incomes in the subject census tract since 2013 and the fact that the poverty rate in the tract decreased to 38.7% (which is below the threshold) based on the 2018 Site Demographics, recommends the proposed site be found eligible under 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules; and

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 4 and subject to the conditions as noted herein after review and discussion by the Executive Award and Review Advisory Committee (“EARAC”);

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$341,364 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 Sabine Place Apartments, and conditioned upon the following, is hereby approved as presented to this meeting.

1. Fort Worth Housing Solutions ("FWHS") f/k/a Fort Worth Housing Authority shall have an employee who is specifically tasked with responding to physical deficiencies on

- existing properties and who conducts periodic property inspections to continually monitor property conditions.
2. FWHS shall bring Compliance Quality Assurance in-house through a department whose responsibility is to provide further compliance oversight over internal processes. It is the goal of FWHS to formalize the Compliance Quality Assurance protocol for housing tax credit developments to address and correct issues before they become findings of noncompliance.
 3. FWHS shall require its property managers and Asset Management staff to attend annual compliance workshops.
 4. FWHS shall task its Asset Management Department with the reporting function for responses to TDHCA inspection and monitoring reports. This places a single point of responsibility for such events at a level that can be monitored and maintained.
 5. FWHS shall initiate a system by which the FWHS Asset Management Department monitors property level compliance communications.
 6. FWHS shall require its Asset Management Department to monitor CMTS accounts regularly to provide oversight to its property management companies' communications with the TDHCA.
 7. To further facilitate the timeliness of responses to TDHCA, a single email distribution group will be set up which includes as many people within your organization that you would like. The email address will be updated in CMTS and would allow everyone in that group to receive notification of any uploads to each property's CMTS account.
 8. Upon request, from the Department, the management Company will provide documentation that reflects the implementation of these measures.

BACKGROUND

General Information: Sabine Place Apartments is located at 1215 Terminal Road, Fort Worth, Tarrant County, and consists of 71 units. The Development will serve the general population and conforms to current zoning. The subject property was originally constructed in 1968 and the units are occupied and operating as public housing. Eight units will be rent and income restricted at 30% of the Area Medium Family Income ("AMFI") and 63 units will be rent and income restricted at 60% of the AMFI. The census tract (1050.01) has a median household income of \$34,318, is in the fourth quartile, and has a poverty rate of 41.70%.

Site Analysis: The presence of undesirable neighborhood characteristics under §10.101(a)(3) requires additional site analysis and those characteristics attributable to the Sabine Place Apartments include a poverty rate above 40%. The development is located in a census tract that has a poverty rate of 41.70% for 2017; which exceeds the threshold allowed under 10 TAC §10.101(a)(3).

The poverty rate for the subject tract has varied mildly since 2015. Based on the available historical information the poverty rate peaked at 42.10% in 2015 and has gravitated downward in subsequent years. On October 18, 2017, the Department released the draft 2018 Site Demographics Characteristics Report and the poverty rate for the subject census tract has decreased to 38.70% bringing it below the threshold. An assessment of the incomes of households residing in the census tract reflects an upward trend starting in 2013. Based on these findings staff recommends the site be eligible under 10 TAC §10.101(a)(3).

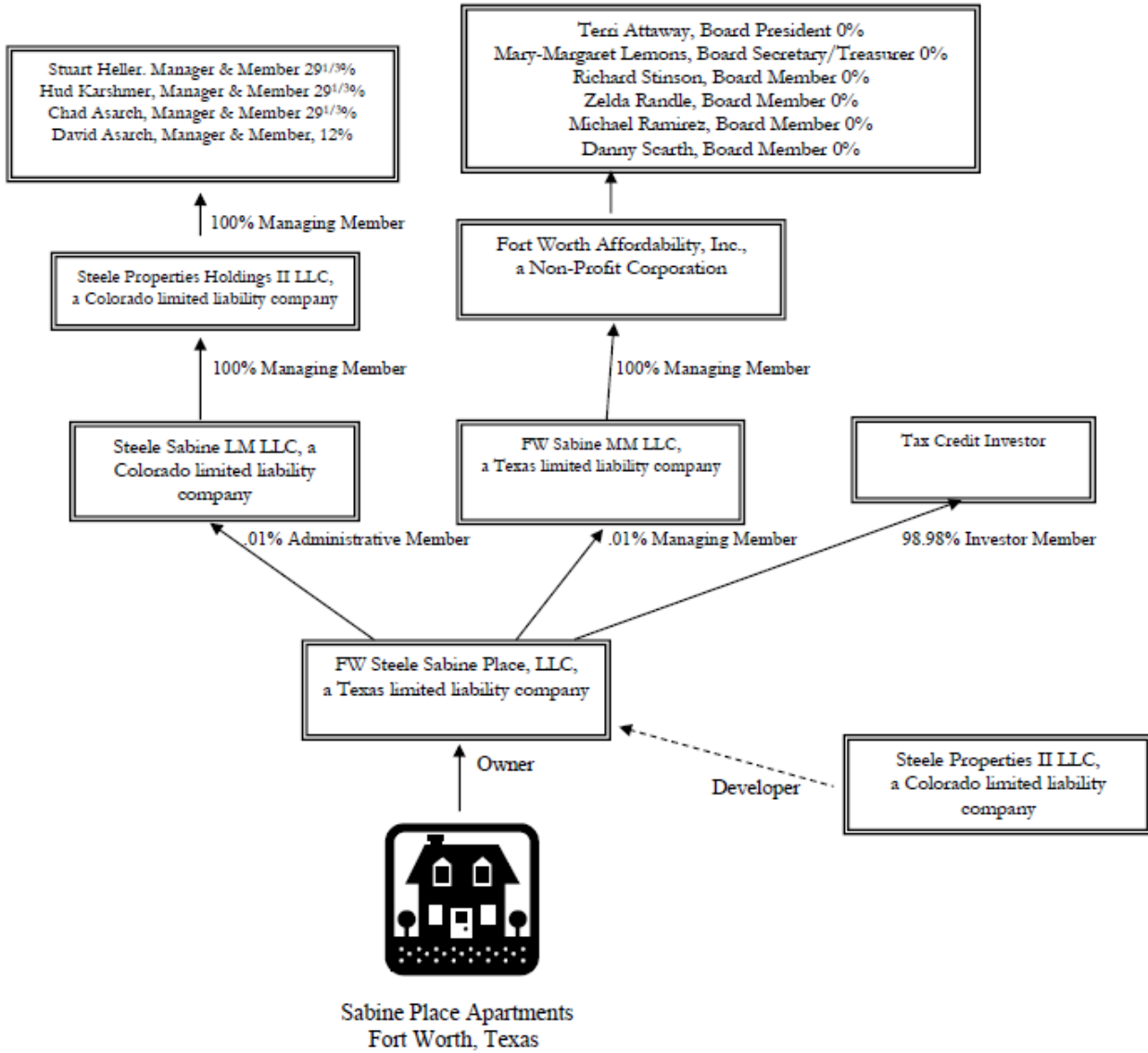
Organizational Structure: The Borrower is FW Steele Sabine Place, LLC and includes the entities and principals as indicated in the organization chart in Exhibit A. The applicant's portfolio is considered a Category 4 and the previous participation was deemed acceptable by EARAC, with the aforementioned

conditions, after review and discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: There were no letters of support or opposition received by the Department.

EXHIBIT A

Sabine Place Apartments
(Owner)



17444 Sabine Place Apartments - Application Summary

REAL ESTATE ANALYSIS DIVISION

January 5, 2018

PROPERTY IDENTIFICATION	
Application #	17444
Development	Sabine Place Apartments
City / County	Fort Worth / Tarrant
Region/Area	3 / Urban
Population	General
Set-Aside	General
Activity	Acquisition/Rehab (Built in 1968)

RECOMMENDATION					
TDHCA Program	Request	Recommended			
LIHTC (4% Credit)	\$341,364	\$341,364	\$4,808/Unit	\$0.92	

KEY PRINCIPAL / SPONSOR		
Steele Properties II LLC		
Chad Asarch		
Paul Moore		
Stuart Heller		
Fort Worth Housing Solutions (Fort Worth Housing Authority)		
Related-Parties	Contractor - No	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	8	11%
1	-	0%	40%	-	0%
2	35	49%	50%	-	0%
3	36	51%	60%	63	89%
4	-	0%	MR	-	0%
TOTAL	71	100%	TOTAL	71	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	Expense Ratio	48.9%
Breakeven Occ.	88.6%	Breakeven Rent	\$1,109
Average Rent	\$1,189	B/E Rent Margin	\$80
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	\$6,668/unit	Controllable	\$5,397/unit



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			3.1%
Highest Unit Capture Rate	5%	3 BR/60%	36
Dominant Unit Cap. Rate	5%	3 BR/60%	36
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	71	100% Total Units	

DEVELOPMENT COST SUMMARY			
Costs Underwritten		TDHCA's Costs - Based on PCA	
Avg. Unit Size	887 SF	Density	12.8/acre
Acquisition		\$64K/unit	\$4,525K
Building Cost	\$37.32/SF	\$33K/unit	\$2,351K
Hard Cost		\$40K/unit	\$2,824K
Total Cost		\$152K/unit	\$10,800K
Developer Fee	\$1,199K	(5% Deferred)	Paid Year: 2
Contractor Fee	\$392K	30% Boost	Yes

REHABILITATION COSTS / UNIT			
Site Work	\$2K	5%	Finishes/Fixtures \$25K 63%
Building Shell	\$3K	8%	Amenities \$1K 2%
HVAC	\$3K	7%	Total Exterior \$6K 16%
Appliances	\$2K	5%	Total Interior \$30K 75%

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Citi Bank	17/35	4.80%	\$7,280,000	1.15	Net Operating Income	0/0	0.00%	\$296,898	1.15	Raymond James Tax Credit Fund	\$3,156,985
										Steele Properties II LLC	\$65,908
TOTAL DEBT (Must Pay)			\$7,280,000		CASH FLOW DEBT / GRANTS			\$296,898		TOTAL EQUITY SOURCES	\$3,222,893
										TOTAL DEBT SOURCES	\$7,576,898
										TOTAL CAPITALIZATION	\$10,799,791

CONDITIONS

1 Receipt and acceptance by Cost Certification:

- : Certification of comprehensive testing for asbestos, lead-based paint, and lead in drinking water; that any appropriate abatement procedures were implemented by a qualified abatement company; and that any remaining asbestos-containing materials, lead-based paint, or lead in drinking water are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

BOND RESERVATION / ISSUER

Issuer	Trinity River PFC
Expiration Date	3/4/2018
Bond Amount	\$8,000,000
BRB Priority	Priority 3
Close Date	N/A
Bond Structure	Private Placement

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

- 100% of units covered with Section 8
- Experienced Developer
- 48% Expense Ratio helps mitigate 1.15 DCR
- DCR stays above 1.15 for all 15 years

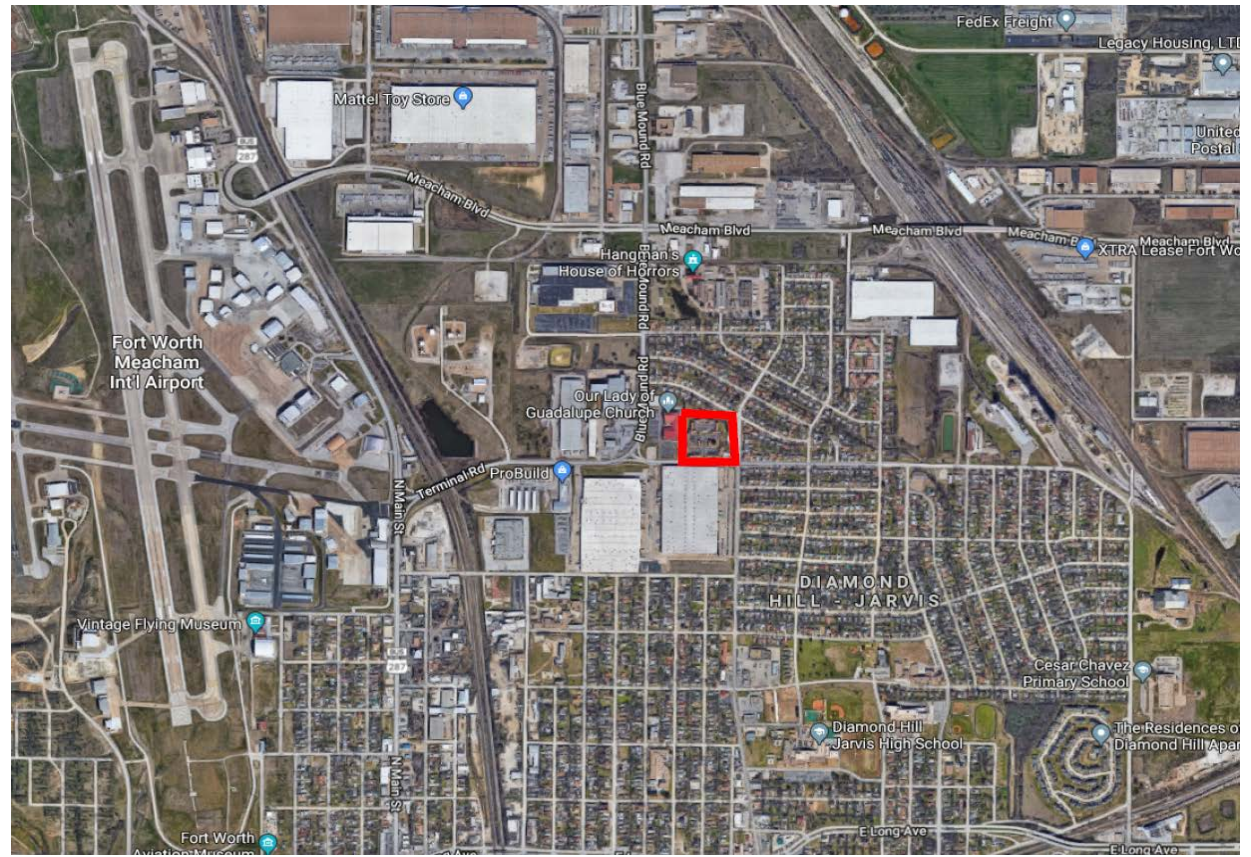
WEAKNESSES/RISKS

- Application submitted at 1.15 times DCR
- Potential asbestos and lead issues could lead to cost

AREA MAP



AERIAL PHOTOGRAPH(S)



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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JANUARY 18, 2018

Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer and an Award of Direct Loan Funds (#17445 The Nightingale at Goodnight Ranch, Austin)

RECOMMENDED ACTION

WHEREAS, an application for both 4% Housing Tax Credits and Direct Loan funds for The Nightingale at Goodnight Ranch, sponsored by the Austin DMA Housing III, LLC and Austin Housing Finance Corporation, was submitted to the Department on October 27, 2017;

WHEREAS, the Direct Loan funds application was submitted under the 2017-1 Multifamily Direct Loan Notice of Funding Availability (“2017-1 NOFA”) and there is National Housing Trust Fund (“NHTF”) funding available under the Supportive Housing/Soft Repayment Set-Aside;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on October 18, 2017, and will expire on March 17, 2018; and

WHEREAS, the proposed issuer of the bonds is the Austin Housing Finance Corporation of Travis County;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$598,253 in 4% Housing Tax Credits and \$1,500,000 in NHTF Funds, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website for The Nightingale at Goodnight Ranch is hereby approved as presented to this meeting.

BACKGROUND

General Information: The Nightingale at Goodnight Ranch, proposed to be located at 5900 Charles Merle Drive in Austin, Travis County, involves the new construction of 174 units; of which 94 will be rent and income restricted at 60% of Area Median Family Income (“AMFI”), 36 units will be rent and income restricted at 50% AMFI, 11 will be rent and income restricted at 30% AMFI and 33 units will be at market rate with no income or rent restrictions. Additionally, layered among the 50% AMFI HTC units, 16 will be income restricted at 30% AMFI with NHTF rents. The development will serve the elderly population (elderly limitation) and the site is currently zoned appropriately. The census tract (0024.26) has a median household income of \$69,245, is in the second quartile, and has a poverty rate of 9.6%. In accordance with 10 TAC §10.204(16), the Applicant has provided an existing development – Wildflower Terrace – for inclusion in the Department’s Section 811 Project Rental Assistance (“PRA”) Demonstration Program, which has been approved for participation in the Section 811 PRA Program. As required in section 4 of the 2017-1 NOFA, the Department’s Governing Board must establish a hard closing deadline at the time of

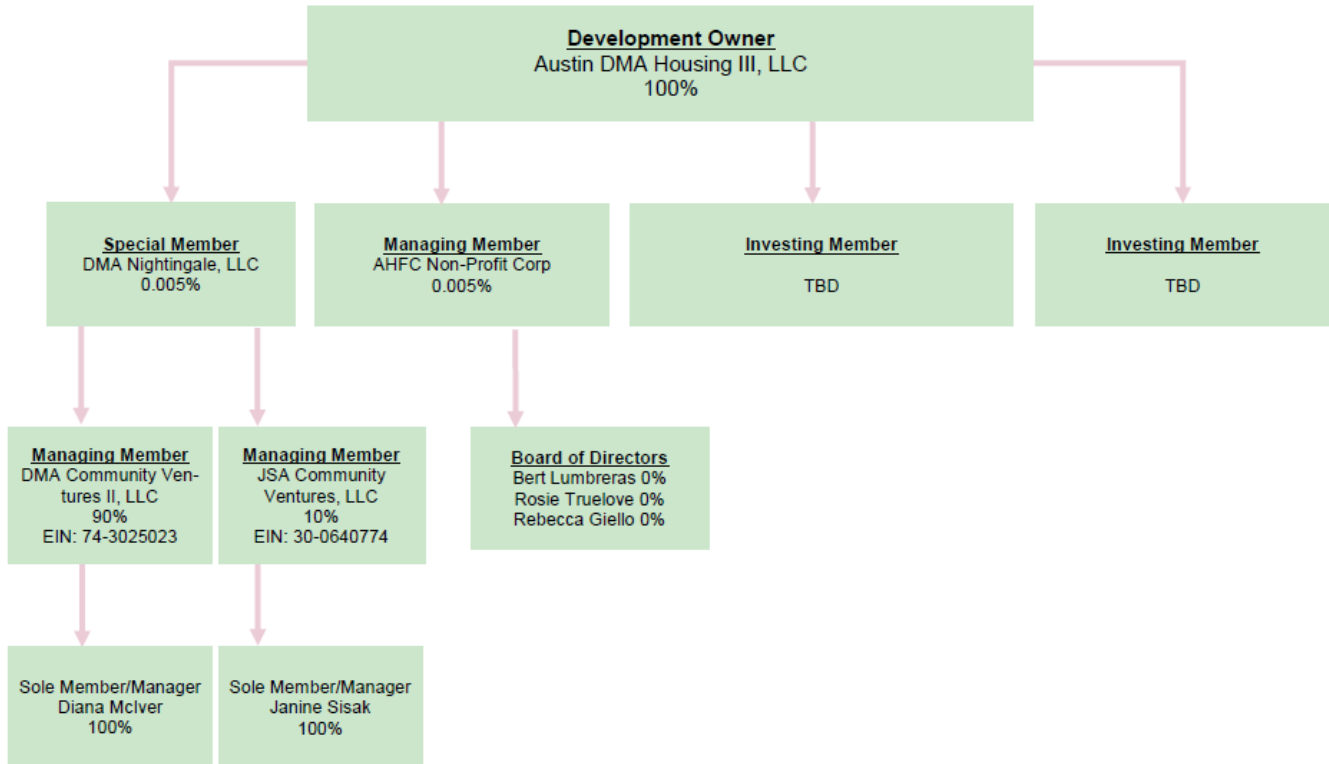
award. In line with the bond reservation expiration date, such a deadline is appropriate for closing on the Direct Loan funds as well.

The Direct Loan award (proposed to be funded with National Housing Trust Fund) has been underwritten and recommended at 0% interest, structured as a second lien surplus cash flow loan with a 15 year term that is coterminous with the term of the first lien loan and a 35 year amortization. NHTF funds from the Supportive Housing/Soft Repayment set-aside – by virtue of the 30% units that would not exist otherwise – will be utilized for this loan.

Organizational Structure and Previous Participation: The Borrower is Austin DMA Housing III, LLC, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered an Extra Large Category 2 and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

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

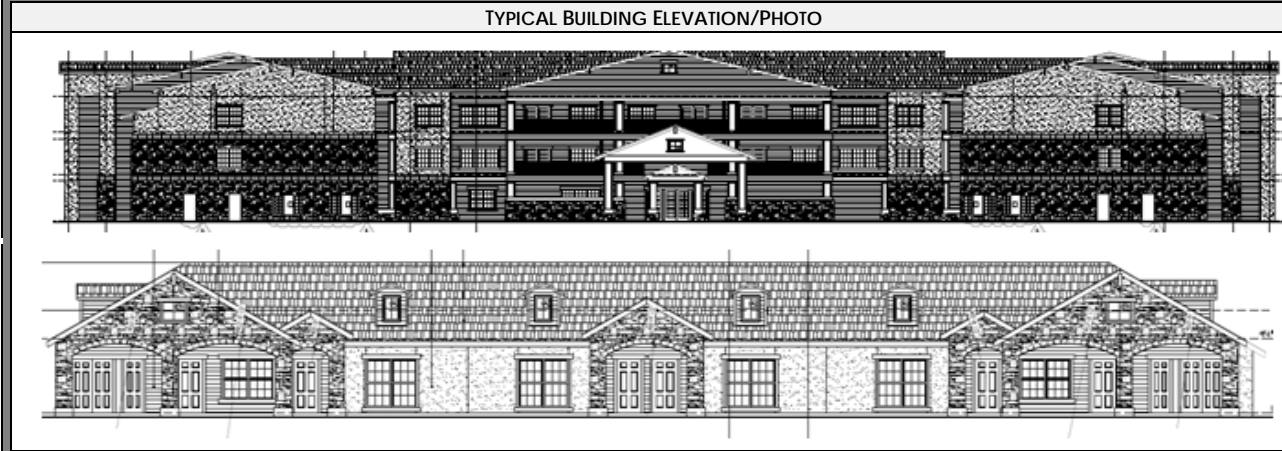
EXHIBIT A



17445 The Nightingale at Goodnight Ranch - Application Summary

REAL ESTATE ANALYSIS DIVISION
January 8, 2018

PROPERTY IDENTIFICATION		RECOMMENDATION					KEY PRINCIPAL / SPONSOR			
Application #	17445	TDHCA Program	Request	Recommended			DMA Development Company, LLC and Austin Housing Finance Corporation			
Development	The Nightingale at Goodnight Ranch	LIHTC (4% Credit)	\$598,253	\$598,253	\$3,438/Unit	\$0.95				
City / County	Austin / Travis		Amount	Rate	Amort	Term				Lien
Region/Area	7 / Urban	Multifamily Direct Loan (Soft Repay)	\$1,500,000	0.00%		15				2
Population	Elderly Limitation									
Set-Aside	General									
Activity	New Construction									



UNIT DISTRIBUTION		INCOME DISTRIBUTION			
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	11	6%
1	134	77%	40%	-	0%
2	40	23%	50%	36	21%
3	-	0%	60%	94	54%
4	-	0%	MR	33	19%
TOTAL	174	100%	TOTAL	174	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten	Applicant's Pro Forma		
Debt Coverage	1.15	Expense Ratio	38.8%
Breakeven Occ.	85.1%	Breakeven Rent	\$832
Average Rent	\$905	B/E Rent Margin	\$73
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	\$3,927/unit	Controllable	\$2,735/unit

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	3.7%
Highest Unit Capture Rate	11% 1 BR/50% 25
Dominant Unit Cap. Rate	9% 1 BR/60% 81
Premiums (↑60% Rents)	Yes \$512/Avg.
Rent Assisted Units	N/A

DEVELOPMENT COST SUMMARY

Costs Underwritten	Applicant's Costs		
Avg. Unit Size	855 SF	Density	23.6/acre
Acquisition		\$11K/unit	\$1,963K
Building Cost	\$82.40/SF	\$70K/unit	\$12,262K
Hard Cost		\$89K/unit	\$15,498K
Total Cost		\$152K/unit	\$26,441K
Developer Fee	\$2,930K	(58% Deferred)	Paid Year: 9
Contractor Fee	\$2,108K	30% Boost	No

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Chase Bank, N.A.	15/35	5.00%	\$15,500,000	1.15	AHFC	40/40	0.00%	\$2,000,000	1.15	Boston Capital	\$5,682,835
TDHCA - Multifamily Direct Loan (Soft Repayable)	15/0	0.00%	\$1,500,000	1.15	Kelly Grossman Architects	0/0	0.00%	\$75,000	1.15	DMA Development	\$1,708,096
TOTAL DEBT (Must Pay)			\$17,000,000		CASH FLOW DEBT / GRANTS			\$2,150,000		TOTAL EQUITY SOURCES	\$7,390,931
										TOTAL DEBT SOURCES	\$19,150,000
										TOTAL CAPITALIZATION	\$26,540,931

CONDITIONS

1 Receipt and acceptance before Direct Loan Closing

- a: Substantially final construction contract with Schedule of Values.
- b: Updated term sheets with substantially final terms from all lenders
- c: Substantially final draft of limited partnership agreement.
- d: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a 1.15 DCR.
- e: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.

2 Receipt and acceptance before Determination Notice:

- Receive firm commitment from City of Austin for the \$2M to be loaned to AHFC Nightingale at Goodnight Ranch Non Profit Corporation and terms of the loan.

3 Receipt and acceptance by Cost Certification:

- Executed Ground Lease with AHFC clearly specifying all terms and conditions, including who will retain ownership of land and improvements at the end of the lease.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

BOND RESERVATION / ISSUER	
Issuer	Austin Housing Finance Corporation
Expiration Date	3/17/2018
Bond Amount	\$16,000,000
BRB Priority	Priority 3
Close Date	TBD
Bond Structure	Private Placement - Chase Bank

RISK PROFILE	
STRENGTHS/MITIGATING FACTORS	
▫ Extensive Developer history	
▫ Located in a master-planned community	
WEAKNESSES/RISKS	
▫ Feasibility dependent on tax exemption	
▫ 1.15 underwritten DCR with debt reduction	
▫ Market risk on 19% of units	



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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JANUARY 18, 2018

Presentation, discussion, and possible action on Inducement Resolution No. 18-013, McMullen Square Apartments, for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2018 Waiting List

RECOMMENDED ACTION

WHEREAS, a bond pre-application, as further detailed below, was submitted to the Department for consideration of an inducement resolution;

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

WHEREAS, approval of the inducement will allow staff to submit an application to the Bond Review Board (“BRB”) for the issuance of a Certificate of Reservation associated with the Development;

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, the Inducement Resolution No. 18-013 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority under the Private Activity Bond Program for McMullen Square Apartments 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, including but not limited to site eligibility and threshold as well as previous participation as it relates to previously funded developments through the Department. During the review of the full application, staff will also underwrite the transaction and determine financial feasibility 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 to the Board for a decision on the issuance of bonds as well as a determination on the amount of housing tax credits anticipated to be allocated to the development. This inducement resolution would reserve approximately \$6.3 million in private activity bond volume cap.

McMullen Square Apartments (18603)

This development is proposed to be located at 537 N. General McMullen Drive in San Antonio, Bexar County, and includes the acquisition/rehabilitation of 100 units serving the general population. This transaction is proposed to be Priority 3 with 56 of the units rent and income restricted at 60% of the Area Median Family Income (“AMFI”) and 44 units of the units rent and income restricted at 50% AMFI. The Department has not received any letters of support or opposition for this development.

RESOLUTION NO. 18-013

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 or Applications for Carryforward for 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 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 Deputy Executive Directors of the Department, the Chief Financial Officer 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 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. The Bonds will be a special limited obligation of the Department payable solely from amounts pledged for that purpose under the financing documents.

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 18th day of January, 2018.

[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
McMullen Square Apartments	TCD McMullen, LP, a Texas limited partnership	General Partner: TCD McMullen GP, LLC, a Texas limited liability company	\$6,300,000.00
Costs: Acquisition/rehabilitation of a 100-unit affordable, multifamily housing development known as McMullen Square Apartments, located at 537 N. General McMullen Drive, San Antonio, Texas 78228.			

1h

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JANUARY 18, 2018

Presentation, discussion, and possible action regarding a request for waiver of 10 TAC §10.101(b)(2), related to Development Size Limitations for Hutto Station in Hutto

RECOMMENDED ACTION

WHEREAS, new construction developments located in Rural Areas are limited to a maximum number of 80 units pursuant to 10 TAC §10.101(b)(2) of the Uniform Multifamily Rules;

WHEREAS, the Department previously received a request from an applicant to build a 92-unit development in Hutto, Williamson County, which was considered a Rural Area pursuant to the 2017 Site Demographic Characteristics Report released by the Department;

WHEREAS, after a preliminary evaluation of the proposed primary market area, demand calculations, number of units proposed, drive times to major employers in the area and population trends of Hutto, staff believed granting the waiver supported the requirements articulated in 10 TAC §10.207 relating to waivers granted by the Board and the Board granted such waiver at the Board meeting of February 28, 2017;

WHEREAS, an application was never submitted and the applicant has since requested the waiver be re-evaluated based on a proposed 140-unit development in Hutto, Williamson County;

WHEREAS, staff has performed an evaluation of the factors considered in the previous request based on the increased number of units and believes the granting of the waiver still supports the requirements articulated in 10 TAC §10.207 relating to waivers granted by the Board; and

WHEREAS, the granting of the waiver is specific to the facts and circumstances relating to this request and information provided by the applicant; should those change at the time the housing tax credit application is submitted or should the application be submitted in a subsequent program year, a re-evaluation of the request may be warranted;

NOW, therefore, it is hereby

RESOLVED, that the waiver relating to 10 TAC §10.101(b)(2) of the Uniform Multifamily Rules concerning Development Size Limitations for a proposed development in Hutto, Williamson County, planned for submission in the 2018 program year is hereby granted.

BACKGROUND

The Uniform Multifamily Rules contain a provision relating to limitations of the size of a development which reads in part “*New Construction or Adaptive Reuse Developments in Rural Areas are limited to a maximum of 80 Units. Other Developments do not have a limitation as to the maximum number of Units.*”

This requirement stems, in part, from the definition of a Rural Development as found in Tex. Gov’t Code §2306.004(28-b), which reads “*a development or proposed development that is located in a rural area, other than rural new construction developments with more than 80 units.*” The applicant maintains that developments in a rural area has applicability as it relates to Competitive 9% HTC applications under what is known as the Rural Set-Aside which requires a certain amount of the HTC ceiling be reserved for developments in a rural area. Staff agrees with this assessment and believes the definition represents a characterization of a development that would have greater implication under the Competitive 9% HTC program considering the Rural Set-Aside and other provisions that relate to the scoring of a rural application. Under the Non-competitive 4% HTC program set-aside and scoring provisions do not exist. However, the requirement in the rule that limits the size of multifamily developments in rural areas, regardless of funding source, is representative of Department policy in preventing the over-burdening of units in a rural area.

The updated request was represented to involve a new construction, 140-unit development located in Hutto, Williamson County and serve the general population. The applicant indicated that of the 140-units, only 126 will be restricted while the remaining 14 units will be at market rate. Staff notes that the 80-unit limitation is not specific to low-income units alone but total units and; therefore, the number of proposed rent-restricted units is not a factor in staff’s evaluation herein. Hutto is located to the east of IH-35, north of Austin and just outside of Round Rock and in 2015, had a population of 23,832, compared to 13,470 in 2010. The proposed development site is located within a mile of the boundary of the Round Rock city limits, which in 2015 had a population of 115,997. Staff notes that if Hutto and Round Rock shared a boundary, Hutto would have been considered urban in designation.

In reviewing the request, although a full market study had not been completed, staff evaluated preliminary capture rates and demand calculations based on a revised primary market area from that submitted for the 2017 waiver request. The revised primary market area appropriately includes demand from the nearby city of Taylor given drive-times to major job centers. It is important to note that in considering these projections staff expects the capture rate requirements to be within parameters required for an urban area as articulated in 10 TAC §10.302(i)(1)(B) of the Underwriting and Loan Policy Rules. Additional information provided by the applicant included a listing of major employers in the area, yielding approximately 24,000 jobs within 20 minutes of the proposed development site. Moreover, within the primary market area there are sizable market rate multifamily developments that are characteristic of the types of developments seen in more urban areas. According to the applicant, these developments have high occupancy rates and thus demonstrate the demand for housing in the area.

The general process for a waiver granted by the Board, as articulated under 10 TAC §10.207 of the Uniform Multifamily Rules, requires an applicant to demonstrate how, by not granting the waiver, the Department would not be meeting its policies and purposes under Tex. Gov’t Code Chapter

2306. At the time of the original request in 2017 the applicant contended that there were not any pending 4% or 9% applications for developments in Hutto and as a result the need for affordable housing in the community will go unmet which speaks to Tex. Gov't Code §2306.001(2). The updated request contends that there will likely not be any 9% applications for the 2018 application round submitted for Hutto since it is not under a disaster declaration, and as a result, will likely not be competitive in the region. Given it is still early in the year, it is hard to predict where applications will be submitted. Staff believes the proposed development would also serve to stimulate economic development in Hutto as articulated under Tex. Gov't Code §2306.002 and would maximize the number of affordable units added to the state's housing supply as identified under Tex. Gov't Code §2306.6701.

Considering all of the aforementioned facts, staff believes Hutto has the characteristics that would be representative of an urban area, and that the area could support the number of units now proposed by the applicant based on the preliminary information received. Staff also notes that the applicant provided a resolution, adopted by the City of Hutto, that supports an application for up to 140-units.

RESOLUTION NO. R-17-09-21-10E

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS SUPPORTING AN APPLICATION FROM PEDCOR INVESTMENTS, A LIMITED LIABILITY COMPANY TO THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS FOR 2017 OR 2018 HOUSING TAX CREDITS FOR THE PROPOSED DEVELOPMENT KNOWN AS HUTTO STATION, LOCATED AT APPROXIMATELY 9039 US HIGHWAY 79 IN THE CITY OF HUTTO, TEXAS.

WHEREAS, the City Council hereby supports a 4% Tax Credit Application being submitted by Pedcor Investments, a Limited Liability Company ("Pedcor"), to the Texas Department of Housing and Community Affairs.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS:

1. That in accordance with the requirements of Texas Government Code Section 2306.67071 and Texas Administrative Code Section 10.204(4), it is hereby found that:
 - a. Notice has been provided to the governing body in accordance with Texas Government Code Section 2306.67071(a), and;
 - b. The governing body has had sufficient opportunity to obtain a response from the applicant regarding any questions or concerns about the proposed development, and;
 - c. The governing body has held a hearing at which public comment may be made on the proposed development in accordance with Texas Government Code Section 2306.67071(b), and;
 - d. After due consideration of the information provided by the applicant and public comment, the governing body does not object to the proposed application.
2. That for and on behalf of the governing body, Doug Gaul, Mayor, or designee, is hereby authorized, empowered and directed to certify these resolutions to the Texas Department of Housing and Community Affairs.
3. The Hutto City Council hereby approves the resolution supporting an application from Pedcor Investments, A Limited Liability Company to the Texas Department of Housing and Community Affairs for 2017 or 2018 Housing Tax Credits for the proposed development known as Hutto Station.
4. The City Council hereby supports Pedcor's application for rezoning subject to the project containing 140 units, of which 20% will be market rate.

RESOLVED on this the 21st day of the month **September, 2017**.

CITY OF HUTTO, TEXAS

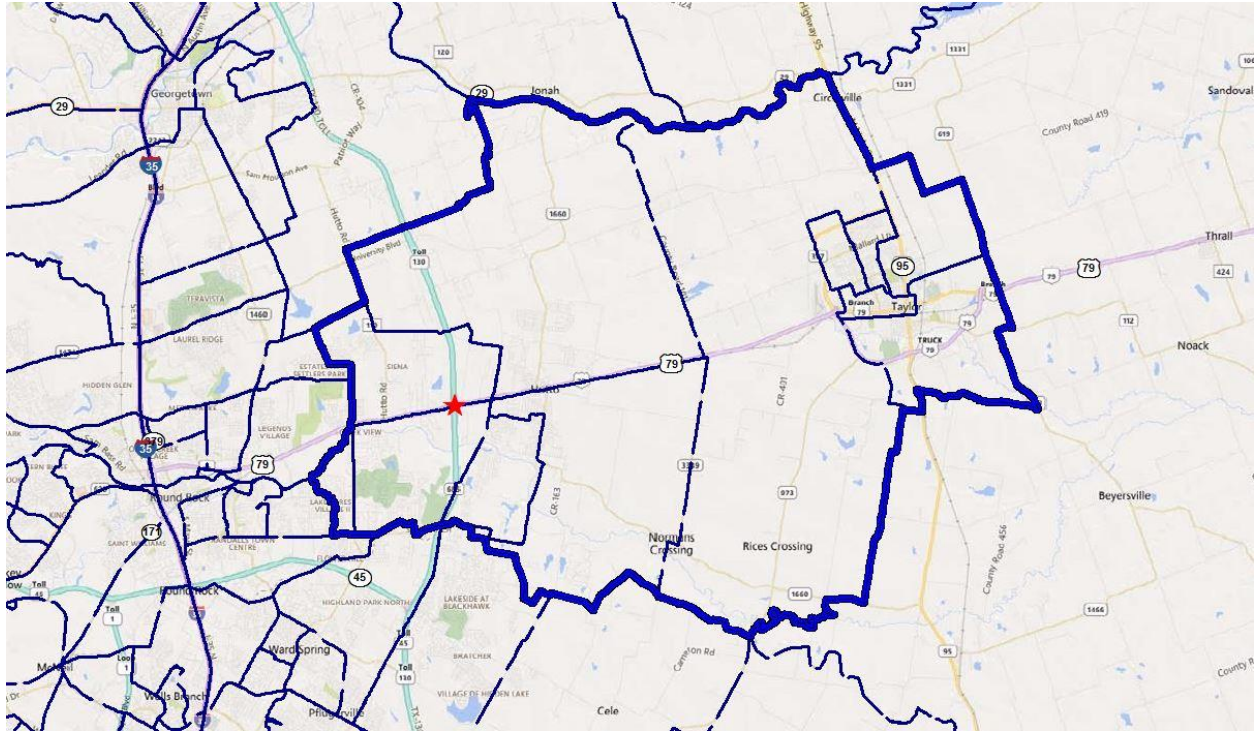


Doug Gaul, Mayor

ATTEST:



Seth Gipson, City Secretary



1i

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
JANUARY 18, 2018

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit (“HTC”) Application for Villas of Vanston Park (HTC #13044)

RECOMMENDED ACTION

WHEREAS, Villas of Vanston Park (the “Development”) received a 9% HTC award in 2013 for the construction of 160 new units in Mesquite, Dallas County;

WHEREAS, in July of 2014, the Department approved a reduction in the number of units from 160 to 155;

WHEREAS, Vanston Park Investments, L.P. (the “Development Owner”) is now requesting approval to amend the Application to increase the area of the development site from 3.404 acres to 3.784 acres;

WHEREAS, the increase in site acreage results in a modification of the residential density of at least five percent (10% decrease in residential density), which requires Board approval under Tex. Gov’t Code §2306.6712 and 10 TAC §10.405(a)(4)(F);

WHEREAS, the Development Owner has complied with the amendment requirements in 10 TAC §10.405(a); and

WHEREAS, the change does not negatively affect the Development or impact the viability of the transaction, and would not have impacted the scoring of the application;

NOW, therefore, it is hereby

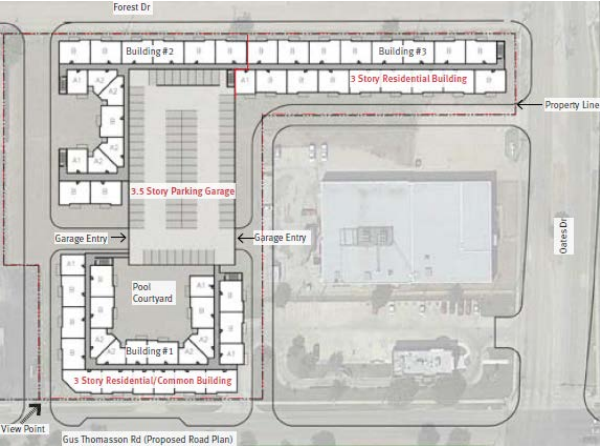
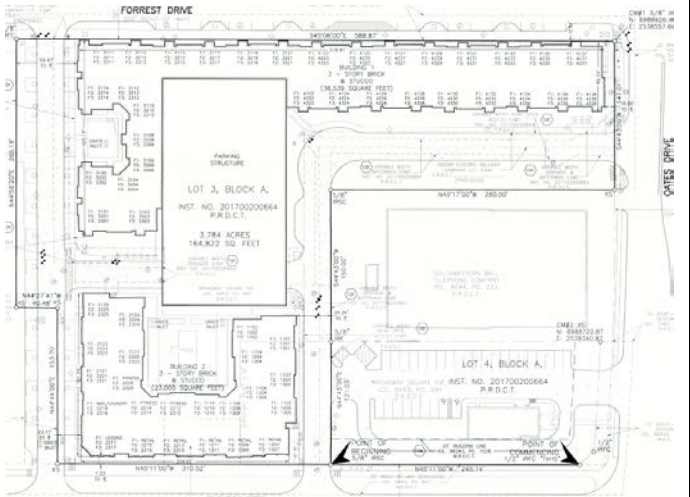
RESOLVED, that the amendment for Villas of Vanston Park is approved as presented to this meeting, and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Villas of Vanston Park is a 155-unit development in Mesquite, in Dallas County, that was approved for a 9% HTC award in 2013. The Development was originally proposed to have 160 units, but at its board meeting of July 31, 2014, the TDHCA Board approved a reduction in the number of units to 155. Construction of the Development has been completed, and the cost certification documentation is currently under review by the Department. In a letter as of November 10, 2017, a representative for Vanston Park Investments, L.P., the Development Owner, requested approval for a change to the area of the development site.

At application, a development site of 3.404 acres was proposed. According to the Development Owner, due to a request from the City of Mesquite, additional land was acquired to address fire lane requirements. This increased the area of the development site to 3.784 acres, which results in a decrease of 10% to the residential density of the Development. Board approval is required for a modification of the residential density of at least 5% under 10 TAC §10.405(a)(4)(F).

It is worth noting that a review of the cost certification documentation revealed other changes to the Development that had been included in the building plans but not specifically mentioned in the amendment request letter submitted in 2014. Notably, the common area decreased from 4,467 square feet (4,500 square feet stated in the underwriting report) to 4,335 square feet (a 2.96% reduction; 3.67% reduction based on underwritten area). Additionally, the number of bathrooms in two of the two-bedroom units decreased from two to 1.5. The change to two of the bathrooms would not have necessarily required approval from the board, but a 3% reduction to the common area square footage would have required board approval.

Material Alterations as defined in Texas Government Code §2306.6712 and 10 TAC §10.405(a)(4)(F)	
Application	Amendment
<p>Site acreage = 3.404 acres Units: 155 Density = 45.53 units/acre</p> <p>135,675 Net Rentable Square Feet 4,500 Common Area Square Feet</p> 	<p>Site acreage = 3.784 acres Units: 155 Density = 40.96 units/acre (10% decrease)</p> <p>136,114 Net Rentable Square Feet (0.32% increase) 4,335 Common Area Square Feet (-3.67%)</p> 

Staff has reviewed the original application and underwriting report and concluded that the change to the Application would not have changed the scoring of the Application and does not negatively impact the tax credit allocation awarded. The final credit recommendation will be determined once the cost certification review is finalized.

Staff recommends approval of the material amendment to the Application for Villas of Vanston Park as presented.

VANSTON VILLAS DEVELOPMENT, LLC

General Partner of Vanston Park Investments, L.P.

3030 LBJ Freeway, Suite 1350, Dallas, Texas 75234

November 10, 2017

Texas Department of Housing and Community Affairs

221 East 11th Street

Austin, Texas 78711-3941

Attn: Rosalio Banuelos, Senior Asset Manager

rosalio.banuelos@tdhca.state.tx.us

RE: Villas of Vanston Park TDHCA: # 13044 Request for Amendment to the Land Legal Description for Project Site and Residential Density of the Project

Dear Mr. Banuelos,

The purpose of this amendment request is to change the Land legal description of the project site and residential density for the above captioned development. At the time of the 10% test, the site was 3.404 ac. and residential density 45.53 units/acre. Due to a request from the City of Mesquite, we acquired an additional piece of property to address fire lane requirements. This addition increased the project acreage to 3.784 ac and reduced the residential density to 40.96 units/acre.

These changes could not have been reasonably foreseen early in the project. Initially, the engineering plans appeared to sufficiently address the City's requirements. The insufficiency of the Fire Marshall's requirement was discovered during the permitting process. An AS-Built Survey is enclosed indicating the site acreage as 3.784 ac.

Thank you for your assistance.

Sincerely,

Vanston Park Investments, L.P.

By: 

Joseph Agumadu, Manager

Vanston Villas Development, LLC,

General Partner, Vanston Park Investments, L.P.



Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 11/10/2017

Amendment Requested: *LURA Amendment,*

Has the change been implemented? *Yes*

Award Stage: *LURA Origination (Prior to Cost Cert)*

NOTE: Material Application or LURA Amendment requests must be received 45 days before the Board Meeting.

Contact your Asset Manager if you are unsure what type of Amendment to request: <https://www.tdhca.state.tx.us/asset-management/contacts.htm>

DEVELOPMENT INFORMATION

Dev. Name: Villas of Vanston Park

File No. / CMTS No.: 13044 /4943

CONTACT INFORMATION

Request Submitted By: Nedra Nortey

Phone #/Email: (214) 342-1400 /nedra@sdacus.com

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

- The change(s) requested The reason the change is necessary The good cause for the change
 An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

- Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted
- Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect
- Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.
- Material Amendment fee of \$2,500 for first amendments, \$3,000 for second amendments, \$3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see *Subchapter E, §10.405(a)(3)*):

- Site plan Scope of tenant services Exclusion of reqs in Subchapters B & C
- Number of units* Reduction of 3%+ in unit sq ft Other
- Bedroom mix Reduction of 3%+ common area
- Architectural design Residential density (5%+ change)

If “Number of units” is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

- Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units
- Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with §10.405(a)(6)(b).*

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, *§10.405(b)(2)*):

- Reductions in the number of LI units Change in Target Population
- Changes to income or rent restrictions Removal of Non-profit Other
- Change in ROFR period or other ROFR provisions

The following additional items are attached for consideration or will be forthcoming:

- Draft Notice of Public Hearing* Evidence of public hearing*

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

The Land Description in the LURA was not approved by the board. the acreage of the site at the time of application was 3.404. Because of the addition of land requited By the City of Mesquite to accomodate for the Fire Lane during construction, the acreage increased to 3.784. The Development Buildings and Units, (number of units, size of units and bildings size) remain the same.

- Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

The Land Description in the LURA was not approved by the board. the acreage of the site at the time of application was 3.404. Because of the addition of land requited By the City of Mesquite to accomodate for the Fire Lane during construction, the acreage increased to 3.784. The Development Buildings and Units, (number of units, size of units and bildings size) remain the same.

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

The Land Description in the LURA was not approved by the board. the acreage of the site at the time of application was 3.404. Because of the addition of land requited By the City of Mesquite to accomodate for the Fire Lane during construction, the acreage increased to 3.784. The Development Buildings and Units, (number of units, size of units and bildings size) remain the same.

VANSTON VILLAS DEVELOPMENT, LLC

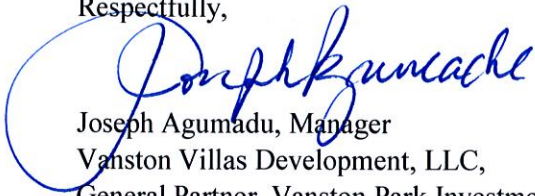
General Partner of Vanston Park Investments, L.P.

3030 LBJ Freeway, Suite 1350, Dallas, Texas 75234

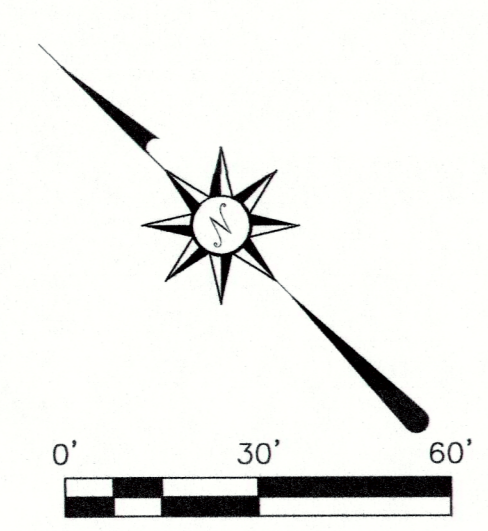
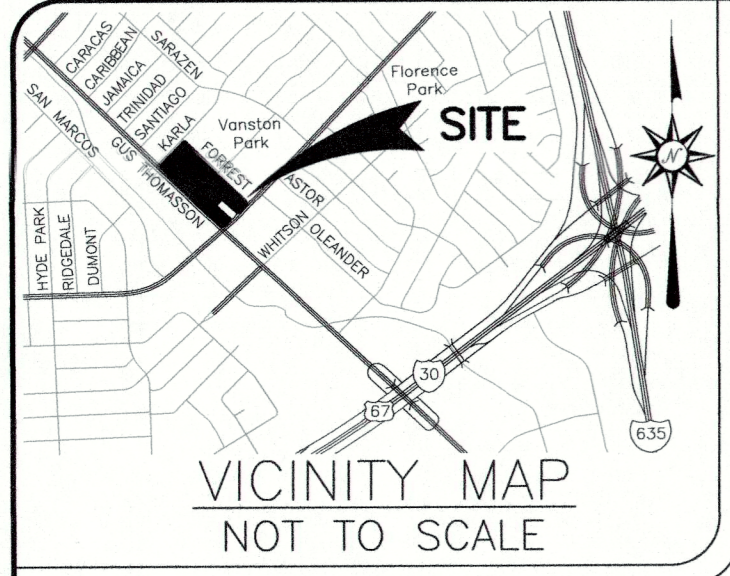
STATEMENT OF NO FINANCIAL IMPACT

The undersigned is the Manager of Vanston Villas Development, LLC, the General Partner of Vanston Park Investments, LP (“Owner”). By execution of this statement, the undersigned confirms on behalf of the Owner that the changes described in the amendment request to the Department will not have any additional financial impact on the transaction.

Respectfully,



Joseph Agumadu, Manager
Vanston Villas Development, LLC,
General Partner, Vanston Park Investments, L.P.



LEGAL DISCRPTION

Being all of Lot 3, Block A, of VANSTON BROADWAY ADDITION, an Addition to the City Mesquite, Dallas County, Texas, according to the plat thereof recorded in Instrument Number 201700200664, of the Plat Records Dallas County, Texas.

GENERAL NOTES

- Bearings are based on the deed recorded in Vol. 9918, Pg. 715, Deed Records, Dallas County, Texas. Coordinates shown hereon are NAD (83) tied to the Texas State Coordinate System of 1983, North Central Zone 4202, Geoid Model 12A.
- There are no protrusions or intrusions on the property as shown.
- CM#1 is located at the Southeast corner of the subject tract, also being the intersection of the Southwest right-of-way line of Forest Drive and the Northwest right-of-way line of Oates Drive. CM#2 is located at the Southwest corner of the Southwestern Bell tract, and the Northwest right-of-way line of Oates Drive.

TABLE A NOTES

- Observed no evidence of recent earth moving work, building construction, or building additions on the site.

FLOOD STATEMENT

According to Map No. 4811300360L, dated July 7, 2014 of the National Flood Insurance Program Map, Flood Insurance Rate Map of Dallas County, Texas, Federal Emergency Management Agency, Federal Insurance Administration, this property is within Zone "X" and is not within a special flood hazard area. This flood statement shall not create liability on the part of the surveyor.

TITLE COMMITMENT NOTES

Commitment for Title Insurance issued by Fidelity National Title Insurance Company
 Commitment / GF Number: 1702776-MCCB
 Effective Date: August 14, 2017
 Issued Date: August 29, 2017

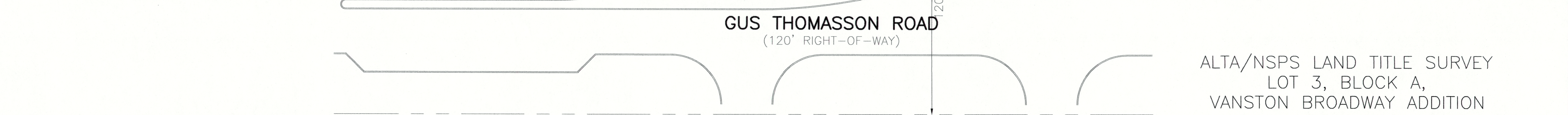
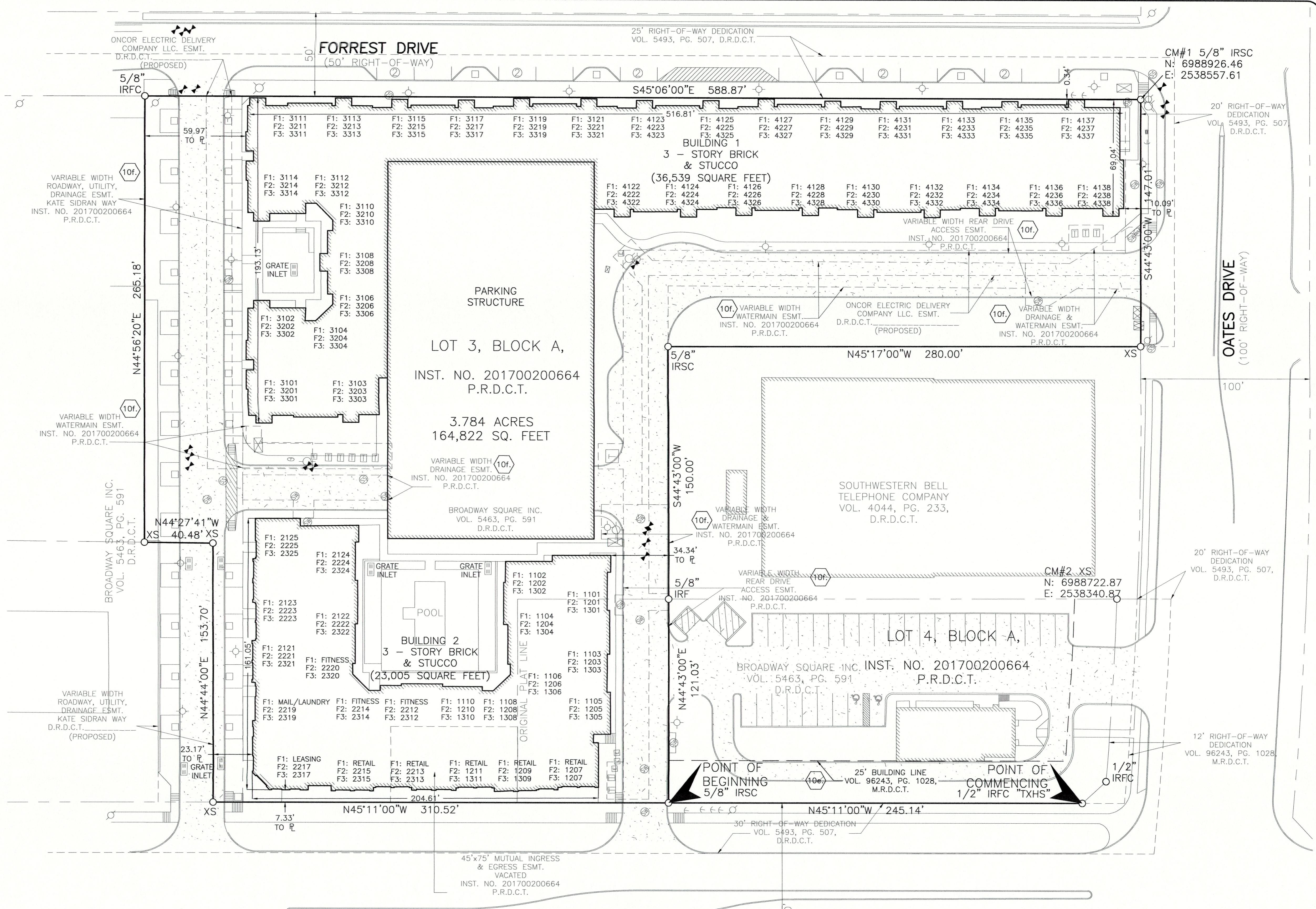
- The following restrictive covenants of record itemized below (We must either insert specific recording data or delete this exception):
 Those recorded in Instrument No. 201700200664, of the Plat Records of Dallas County, Texas, and in Instrument No. 201700034195, Official Public Records of Dallas County, Texas
 NOTE: Deleting therefrom any restrictions indicating any preference, limitation, or discrimination based on race, color, religion, sex, handicap, familial status, or national origin.
- The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception):
 e. Twenty Five (25) foot building line along a portion of the Southwesterly property line as shown on Plat recorded in Volume 96243, Page 1028, Map Records of Dallas County, Texas. AFFECTS AS SHOWN
 f. The following easements, as dedicated by plat recorded in Instrument No. 201700200664, Plat Records, Dallas County, Texas:
 . Variable width rear drive access easement.
 . Variable width drainage and water main easement.
 . Variable width roadway, utility and drainage easement.
 . Proposed Kate Sidran Way.
 AFFECTS AS SHOWN
 g. Easement granted to Texas Power & Light Company recorded in Volume 4906, Page 470, Real Property Records of Dallas County, Texas. UNABLE TO LOCATE
 p. Easement as shown in instrument from VANSTON PARK INVESTMENTS, LP to AT&T Texas (AT&T), dated April 22, 2015 and filed in Instrument No. 201500175201, Official Public Records, Dallas County, Texas. AFFECT SUBJECT TRACT IN IT'S ENTIRETY
 q. Easement as shown in instrument from Vanston Park Investments, LP to Time Warner Cable Enterprises, LLC, dated February 2, 2015 and filed in Instrument No. 201600303611, Official Public Records, Dallas County, Texas. AFFECT SUBJECT TRACT IN IT'S ENTIRETY

SURVEYOR'S CERTIFICATE

To: CommunityBank of Texas, N.A., a national banking association and its successors and/or assigns, Bank of America, N.A., its successors and/or assigns and Banc of America CDC Special Holding Company Inc., its successors and assigns, Fidelity National Title Insurance Company, Sendera Title, and Vanston Park Investments, LP.

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2016 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes Items 1, 2, 3, 4, 6(a), 7(a), 7(b), 8, 9, 11, 13, and 16 of Table A thereof.

Date Field Survey Completed - Dec. 21, 2016
 Date Signed for Final Issued - Nov. 06, 2017
 Philip E. Adams, RPLS 5610
 Adams Surveying Company, LLC



LEGEND

CM CONTROLLING MONUMENT	⊠ ELECTRIC PULLBOX	⊠ COMMUNICATION VAULT	PARKING COUNT
XS 'X' SET IN CONCRETE	⊠ TRANSFORMER	⊠ WATER VALVE	PARKING GARAGE:
IRF IRON ROD FOUND	⊠ ELECTRIC VAULT	⊠ FIRE HYDRANT	STANDARD = 282
IRFC IRON ROD FOUND WITH CAP	⊠ LIGHT POLE	⊠ WATER METER	HANDICAP = 13
IRSC IRON ROD SET WITH CAP	⊠ GUY WIRE	⊠ SANITARY SEWER MANHOLE	STREET PARKING:
D.R.D.C.T. DEED RECORDS, DALLAS COUNTY, TEXAS	⊠ POWER POLE	⊠ STORM WATER MANHOLE	STANDARD = 10
P.R.D.C.T. PLAT RECORDS, DALLAS COUNTY, TEXAS	⊠ TELEPHONE BOX	⊠g TITLE COMMITMENT NOTES	TOTAL PARKING = 305
M.R.D.C.T. MAP RECORDS, DALLAS COUNTY, TEXAS			

REVISIONS		JOB No. 14104	
1	August 14, 2017	©	COPYRIGHT 2017
2	September 01, 2017	DRAWN BY	TC
3	November 06, 2017	CHECKED BY	PA
ISSUE DATE: Nov. 06, 2017		DATE	11/06/2017

Adams
 surveying company, LLC
 P.O. Box 833059
 Richardson, Texas 75083
 Phone: (469) 317-0250
 Fax: (214) 295-9844
 TBPLS Firm Registration No. 10177500

ALTA/NSPS LAND TITLE SURVEY
 LOT 3, BLOCK A,
 VANSTON BROADWAY ADDITION

BEING 3.784 ACRES IN THE
 T. Thomas Survey, Abstract No.1461
 City of Mesquite, Dallas County, Texas

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
JANUARY 18, 2018

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit (“HTC”) Application for Greens at Brentford (HTC #14148)

RECOMMENDED ACTION

WHEREAS, Greens at Brentford (the “Development”) received an award of 9% Housing Tax Credits in 2014 for the construction of 150 units of multifamily housing in Mission Bend, Fort Bend County;

WHEREAS, due to miscalculation of the required size of the detention pond, the Development Owner was required to modify the site plan, which resulted in several changes to the original Application, including moving the Community Center from a stand-alone building to being combined with one of the residential buildings, resulting in a reduction of the common area square footage from 4,767 square feet to 3,456 square feet, a reduction of 27.5% or 1,311 square feet;

WHEREAS, Board approval is required for a reduction of 3 percent or more in the square footage of the units or common areas and a significant modification of the site plan as directed in Tex. Gov’t Code §2306.6712 and 10 TAC §10.405(a)(4)(D) and 10 TAC §10.405(a)(4)(A) and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the application, or affect the amount of the tax credits awarded;


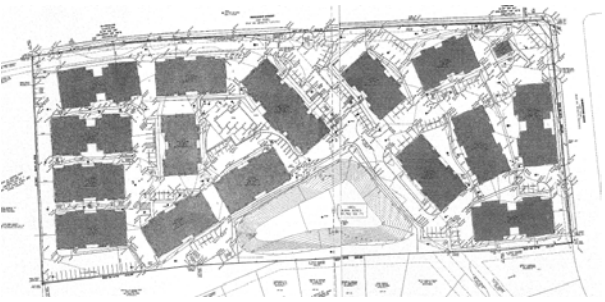
NOW, therefore, it is hereby

RESOLVED, that the requested application amendment for the Greens at Brentford is approved as presented at this meeting and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Greens at Brentford was approved during the 2014 competitive 9% Housing Tax Credit cycle to construct 150 multifamily units in Mission Bend, Fort Bend County. On December 12, 2017, Les Kilday, Member of the General Partner, submitted a request for approval of a material amendment for the reduction of the square footage of the common area and a significant modification to the site plan. Specifically, the square footage and location of the community building changed. The reduction was identified during the Asset Manager’s review of the final cost certification submitted for this Development.

At the time of Application, the Development Owner designed and planned to build a 4,767 square foot free standing community building separate from the residential buildings. However, due to miscalculations by the Civil Engineer, the detention pond had to be increased to meet Fort Bend County guidelines. The larger detention pond footprint resulted in the Development Owner combining the community center with one of the residential buildings. This change reduced the size of the common area from 4,767 square feet to 3,456 square feet. No amenities or services were changed due to the reduction in the square footage. The net rentable square footage also increased from 157,340 to 158,390. The maintenance building was moved from the playground area to the northeast corner of the property. And, an updated boundary survey increased the site acreage slightly from 8.9895 to 8.994 acres, slightly decreasing the residential density.

Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)	
Application	Amendment
<p><u>Modification of site plan and reduction of 3%+ in square footage of common areas</u></p> <p>Development Site: 8.9895 acres Units: 150 Density: 16.686 units/acre Residential Buildings: 15 Non-Residential Buildings: 1 Common Area Square Footage: 4,767 Net Rentable SF: 157,340</p> 	<p>Development Site: 8.994 acres Units: 150 Density: 16.678 units/acre Residential Buildings: 15 Non-Residential Buildings: 0 Common Area Square Footage: 3,456 Net Rentable SF: 158,390</p> 

Staff has reviewed the original application, the underwriting report, and the cost certification and has concluded that the changes to the site plan, the reduced square footage of the community building, and the other resulting modifications would not have impacted the scoring of the application, and do not significantly affect the total development costs or affect the tax credit allocation awarded.

Staff recommends approval of the material amendment request as presented.

December 12, 2017

Lucy Trevino
Senior Asset Manager
Texas Department of Housing and Community Affairs
221 East 11th
Austin, Texas 78701

Re: Amendment request for TDHCA File # 14148, Greens at Brentford, Mission Bend
(Houston ETJ), Texas

Ms. Trevino,

Please accept this letter, along with a \$2,500 check, as a formal request for amendment to Greens at Brentford, TDHCA # 14148.

Due to miscalculations by our Civil Engineer, the detention pond for Greens at Brentford had to be upsized to meet Fort Bend County guidelines. With the larger detention pond footprint, the following changes were made from our initial application:

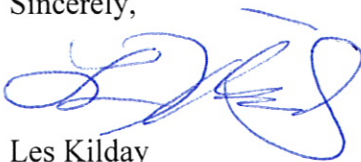
- a) Removed one of the residential buildings by the original detention pond and combined it with the Community Center (which was originally a stand-alone building).
- b) Reduced the Community Center size from 4,767 sq.ft. to 3,456 sq.ft. No amenities or services were changed due to the reduction in square feet.
- c) The maintenance building was moved from the playground area to the NE corner of the property.

Other changes from application include:

- d) An updated boundary survey changed the site acreage slightly from 8.9895 to 8.994. This also changed the density from 16.686 units/acre to 16.678 units/acre.
- e) Net rentable square footage was increased from 157,340 to 158,390.

If you have any questions or need more information, please email or give me a call.

Sincerely,



Les Kilday
Member, General Partner

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BOARD ACTION REQUEST

SINGLE FAMILY OPERATIONS & SERVICES

JANUARY 18, 2018

Presentation, discussion, and possible action on Colonia Self Help Center (“Colonia SHC”) Program Award to Val Verde County 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/Willacy, El Paso, Hidalgo, Starr, and Webb counties;

WHEREAS, in 2001 the Department opened two additional Colonia SHCs in Maverick and Val Verde counties as authorized by 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 prior to the Board’s consideration of a Colonia SHC award;

WHEREAS, on December 7, 2017, the Department met with the C-RAC to discuss a funding proposal for Val Verde County and the C-RAC recommended to award funds to the county; and

WHEREAS, this award will make available CDBG funding to serve Val Verde County colonias 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 Val Verde County in the amount of \$1,000,000 from Program Year 2017 and deobligated funds, as further described in Exhibits A and B.

BACKGROUND

Colonia Self-Help Centers Program

The Colonia SHC Program was created in 1995 by the 74th Texas Legislature. The purpose of a Colonia SHC is 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 area or in another area that the Department has determined is suitable. Pursuant to Tex. Gov't Code Chapter 2306 Subchapter Z, the Department established Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties. Statute allows for Colonia SHCs to be established in any other county if TDHCA deems it necessary and appropriate and if the county is designated an economically distressed area under Chapter 17 of the Water Code. In 2001, TDHCA established additional centers in Maverick and Val Verde counties.

The Department allocates no more than \$1,000,000 per Colonia SHC contract in accordance with 10 TAC §25.5. If there are insufficient funds available from an award year to fund a county's proposal fully, the county may accept the amount available at that time and wait for the remainder to be funded utilizing the allocation from the subsequent year.

The C-RAC and the counties designate five colonias in each county service area to receive concentrated attention from that Colonia SHC. The C-RAC advises the TDHCA Governing Board regarding the needs of the colonia residents, programs that are appropriate and effective for Colonia SHCs, and activities that may be undertaken to better serve colonia residents. Counties submitting Colonia SHC funding proposals must include a needs assessment for each identified colonia, accompanied by a customized scope of work based on the assessment and the eligible activities defined in statute and the Program Rules. On December 7, 2017, C-RAC convened at the Webb County Colonia SHC for presentations of proposals and scopes of work by Val Verde County.

The Val Verde County SHC award was presented to the Executive Award Review and Advisory Committee on January 8, 2017, and recommended for award.

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 ("TDA") receives the allocation from the U.S. Department of Housing and Urban Development, and TDA and TDHCA together manage TxCDBG funds and implement the Colonia SHC Program through a Memorandum of Understanding. The Colonia SHC contracts are four years long per Tex. Gov't Code §2306.587. Administrators that complete all contractual requirements before the end of the contract period may submit proposals for new funding depending on funding availability.

EXHIBIT A

COLONIA SHC AWARD DESCRIPTION FOR VAL VERDE COUNTY

Subrecipient: Val Verde County
Contact: The Honorable Efrain Valdez, Val Verde County Judge
Colonias: Rise Estates
Val Verde Park
Val Verde Park #2
Cienegas Terrace
Town of Comstock

Val Verde County proposes the following housing and community development activities to benefit an estimated 4,938 persons, of which 4,938 or 100% are of low- to moderate-income:

Performance Activity	Quantity	Budget
Public Service		\$100,000
Solid Waste Removal	16 events	
Title-Related Services	5 activities	
Tool Library	400 checkouts	
Technology Access	400 visits	
Homeownership Classes	10 classes	
Model Home Plans	3 plans	
Residential Rehabilitation	13 homes	\$570,000
Reconstruction (Not feasible for rehab)	4 homes	\$180,000
Administration		\$150,000
TOTAL		\$1,000,000

**EXHIBIT B
BUDGET
COLONIA SELF-HELP CENTER CONTRACT NO.
VAL VERDE COUNTY**

LINE	CATEGORIES	ORIGINAL CONTRACT	PRESENT CHANGES (+/-)	TOTAL
1	Acquisition, Disposition			
2	Clearance			
3	Center/Facility			
4	Public Facilities (use 4a, 4b, or 4c)			
4a	Water			
4b	Sewer			
4c	Flood and Drainage Facilities			
5	Street/Bridges			
6	Other Public Facilities			
7	Public Service (Limited to 8% of Request)	\$ 100,000		\$ 100,000
8	Relocation			
9	Rehabilitation (use 9a or 9b)			
9a	Residential Rehabilitation	\$ 570,000		\$ 570,000
9b	Commercial Rehabilitation			
10	Public Housing Modernization			
11	Removal of Architectural Barriers			
12	Planning Only			
13	Administration, Planning and Management	\$ 150,000		\$ 150,000
14	Economic Development (use 14a, 14b or 14c)			
14a	Assistance to Non-Profit			
14b	Assistance to For-profit Entities			
14c	Micro enterprises or Small Business			
15	New Construction (use 15a, 15b, or 15c)			
15a	Last Resort			
15b	Not feasible for Rehabilitation (Reconstruction)	\$ 180,000		\$ 180,000
15c	Other 105 (a) 15			
16	Unspecified Activities			
17	Homeownership Assistance			
32	General Administration			
	Totals	\$ 1,000,000	\$0	\$ 1,000,000

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BOARD ACTION REQUEST
HOUSING RESOURCE CENTER
JANUARY 18, 2018

Presentation, discussion, and possible action on a draft substantial amendment of the 2015-2019 State of Texas Consolidated Plan

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Housing and Urban Development (“HUD”) requires the submission of a five year Consolidated Plan in accordance with 24 CFR §91.520;

WHEREAS, the Texas Department of Housing and Community Affairs (“TDHCA”), Texas Department of Agriculture (“TDA”), and Texas Department of State Health Services (“DSHS”) prepared the 2015–2019 State of Texas Consolidated Plan (“Plan”);

WHEREAS, the Plan covers the State’s administration of the Community Development Block Grant (“CDBG”) program by TDA, the Housing Opportunities for Persons with AIDS Program (“HOPWA”) by DSHS, and the Emergency Solutions Grants Program (“ESG”), the HOME Investment Partnerships Program (“HOME”), and the National Housing Trust Fund (“NHTF”) by TDHCA;

WHEREAS, TDHCA staff coordinated the development of the Plan, which was approved for submission to HUD at the Board meeting of December 18, 2014, and which received final approval from HUD on September 15, 2015;

WHEREAS, DSHS staff has identified new goals and activities for the HOPWA program and, in accordance with State’s citizen participation plan and the requirements of 24 CFR §91.505, the State is required to substantially amend the Plan in order to develop new activities for the HOPWA program;

WHEREAS, DSHS and TDHCA staff have developed a draft amendment of the Plan to incorporate new HOPWA goals in accordance with 24 CFR §91.115; and

WHEREAS, a public comment period will be open from, January 19, 2018, through February 19, 2018, 5:00 pm Austin local time, to garner input on the draft substantial amendment of the Plan;

NOW, therefore, it is hereby

RESOLVED, that the draft substantial amendment of the Plan, in the form presented to this meeting, is hereby approved for release for public comment;

FURTHER RESOLVED, that the Executive Director and his designees are each hereby authorized, empowered and directed, for and on behalf of the Department, to cause notice of the draft substantial amendment of the Plan to be published in the *Texas Register* and, in

connection therewith, to make such non-substantive grammatical and technical changes as they deem necessary or advisable; and

FURTHER RESOLVED, that, should no comments be made during the public comment period and should no substantive changes be necessary for the final version of the substantially amended Plan, staff may submit the Plan to HUD without further Board approval.

BACKGROUND

The 2015–2019 State of Texas Consolidated Plan covers four programs funded by HUD: TDHCA administers the HOME Program, ESG Program; and NHTF program; TDA administers CDBG; and DSHS administers the HOPWA Program. During 2014, all three state agencies collaborated to complete the Plan, along with extensive input from other state agencies, stakeholders, advocates, and community members. TDHCA is lead agency for the Plan’s development.

The Plan was approved for submission to HUD at the Board meeting of December 18, 2014, and the Plan received final approval from HUD on September 15, 2015.

During the summer and fall of 2017, and with technical assistance from HUD, DSHS staff identified new goals and activities for the HOPWA program. In order to include these new goals and activities into the next HOPWA program year in 2018, the new goals and activities must first be added to the five-year 2015-2019 Consolidated Plan. In accordance with State’s citizen participation plan and the requirements of 24 CFR §91.505, the State is required to substantially amend the Plan in order to develop new activities for the HOPWA program. DSHS and TDHCA staff have developed a draft amendment of the Plan to incorporate new HOPWA goals and activities in accordance with 24 CFR §91.115.

Upon approval by the Board, the draft substantial amendment of the Plan will be available for public comment on the TDHCA Public Comment Center at <http://www.tdhca.state.tx.us/public-comment.htm>. A public comment period will be open from January 19, 2018, through February 19, 2018, 5:00 pm Austin local time, to garner input on the draft substantial amendment of the Plan. Should no comments be made during the public comment period and should no substantive changes be necessary for the final version of the substantially amended Plan, staff may submit the Plan to HUD.

This action seeks approval to release a draft amendment of the 2015-2019 State of Texas Consolidated Plan for public comment. This action also seeks to submit the final Plan to HUD, if no comments are made and no substantive changes are made to the Plan presented at this meeting. Staff recommends approval of this action.

Draft Substantial Amendment to the 2015-2019 State of Texas Consolidated Plan

The purpose of this Draft Substantial Amendment to the 2015-2019 State of Texas Consolidated Plan is to add two new Goals and activities for the HOPWA program. Updates to the following sections are proposed:

SP-25 Priority Needs

Updates are proposed to the HOPWA priority needs table in SP-25 to associate priority needs to the proposed new goals:

- Rental Assistance (p. 2)
- Supportive Services for Persons with HIV/AIDS (p. 12)
- Emergency shelter and transitional housing (p. 14)
- Rental Assistance (p. 16)

SP-45 Goals Summary

Updates are proposed to the HOPWA Goals Summary and Description tables to add the following new goals:

- HOPWA Facility-Based Housing Subsidy Assistance (pp. 24 and 28)
- HOPWA Resource Identification (pp. 24 and 28)

The full 2015-2019 State of Texas Consolidated Plan is available at <http://www.tdhca.state.tx.us/housing-center/pubs-plans.htm#consolidated>.

SP-25 Priority Needs – 91.315(a)(2)

Priority Needs

1	Priority Need Name	Rental Assistance
	Priority Level	High
	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Public Housing Residents Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Colonia Self-Help Centers HOME Administration HOPWA Permanent Housing Placement Assistance HOPWA Tenant-Based Rental Assistance Tenant-Based Rental Assistance with HOME funding HOPWA Facility-Based Housing Subsidy Assistance HOPWA Resource Identification

	Description	Rental Assistance includes security and utility deposits, and rental subsidies, usually while the household engages in a self-sufficiency program.
	Basis for Relative Priority	<p>The Needs Assessment in Section 10 and Section 30 established that cost burden was a housing problem that by far affected the most households with housing problems and were within 0-100% Area Median Income ("AMI"). Needs Assessment Section 10, Table 3, "Housing Problems", shows that 83% of renters with housing problems and income between 0-100% AMI had cost burden (i.e., spending more than 30% of income on rent) or severe cost burden (i.e., spending 50% or more of income on rent). In the answer to the question in that section "What are the most common housing problems", it was found that renters with housing problems in the 0-30% AMI category experienced a severe cost burden 5% higher than homeowners with housing problems, and renters with housing problems in the >30-50% and >50-80% AMI categories experienced non-severe cost burden 9-17% higher than homeowners with housing problems.</p> <p>The Market Analysis Section 15 shows that renters do not have access to enough affordable rental units. First, in the answer to the question in that section "Is there sufficient housing for households at all income levels?", there is a discussion of housing mismatch which demonstrates that higher income households often reside in market-rate units that could be affordable to the lowest-income households. Low-income households (e.g., 0-80% AMI) make up only 56% of all households occupying housing affordable to them. Even though there appears to be a large number of affordable units, this mismatch is one issue that creates cost burden. Also, in the answer to the question in that section "How is affordability of housing likely to change considering changes to home values and/or rents?", even with the increase in median incomes, the rates of cost burden for all renters remained steady over 5 years at 44%. Rental assistance would help to lower this rate of cost burden.</p>
2	Priority Need Name	Production of new units
	Priority Level	High

<p>Population</p>	<p>Extremely Low Low Moderate Large Families Families with Children Elderly Public Housing Residents Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence Other</p>
<p>Geographic Areas Affected</p>	<p>State Service Area</p>
<p>Associated Goals</p>	<p>CDBG Colonia Set-Aside Construction of single family housing HOME Administration HOME Households in new/rehabed multifamily units NHTF households in new multifamily units NHTF Administration</p>

<p>Description</p>	<p>Multifamily development of new units for the construction of a rental development, which will have units to be offered at below-market-rate rents.</p> <p>CHDOs could be eligible to receive funding for the new construction of affordable single-family homes. New single-family homes must follow certain design and quality requirements and must be sold to low-income homebuyers after completion of construction. The production of new units may be paired with permanent financing to qualified households if needed.</p> <p>Production also includes Self-Help Housing. The Bootstrap Loan Program (“Bootstrap”) allows for self-help housing construction to provide very low-income families—including persons with special needs, such as colonia residents—an opportunity to purchase or refinance real property on which to build new housing or repair their existing homes through "sweat equity." Household income may not exceed 60% of AMI. All Bootstrap households provide at least 65% of the labor necessary to build or rehabilitate their housing under the supervision and guidance of a state-certified administrator or Colonia Self-Help Center. The maximum Bootstrap loan may not exceed \$45,000 per household.</p> <p>The Colonia SHCs provides targeted colonias in border counties with opportunities to improve housing and increase personal capacity for homeownership. The SHCs provide housing services in the form of new construction, reconstruction, rehabilitation, small repairs, tool lending, construction skills training, and utility connections. Colonia residents are able to repair and construct their own and others’ housing under the guidance of qualified nonprofit housing developers who provide training in construction methods and homeownership. SHC community development activities include homeownership education, access to and training in computers/technology, consumer rights education, financial literacy, and solid waste disposal assistance.</p>
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	<p>Basis for Relative Priority</p>	<p>As previously established in the "Basis for Relative Priority" for the Rental Assistance Priority Need, the most common housing problem for renters is distinctly cost burden. Creation of new multifamily units that offer reduced rents works hand-in-hand with rental assistance, since both types of assistance alleviate cost burden.</p> <p>Regarding the need for more affordable single-family units, the Needs Assessment Section 10 established that cost burden was a housing problem that by far affected the most homeowners that had housing problems and were within 0-100% AMI. Needs Assessment Section 10, Table 3, "Housing Problems", shows that 87% of homeowners with housing problems and incomes between 0-100% AMI had cost burden (i.e., spending more than 30% of income on mortgage) or severe cost burden (i.e., spending 50% or more of income on mortgage). In the answer to the question in that section "What are the most common housing problems", it was found that homeowners with housing problems in the 0-30% and >80-100% AMI categories experienced a cost burden 7-10% higher than renters with housing problems.</p> <p>Also, Needs Assessment Section 30 discussed the needs of colonia residents, who live in colonias with reduced infrastructure and poor housing. New affordable units would provide options for persons who live in substandard housing.</p> <p>Finally, the Market Analysis Section 15 showed how the affordability of homes for households with median family income compared to the income required to qualify for an 80%, fixed-rate mortgage to purchase a median priced home in most Multiple Listing Services ("MLS") has gone down from 2011 to 2013. When affordability is going down, the need for affordable units increases.</p> <p>Because of these factors, TDHCA will continue to evaluate annually whether a portion of NHTF should be directed to ownership activities to address housing problems within the context of availability of other fund sources.</p>
<p>3</p>	<p>Priority Need Name</p>	<p>Acquisition of existing units</p>
	<p>Priority Level</p>	<p>High</p>

Population	<p>Extremely Low Low Moderate Large Families Families with Children Elderly Public Housing Residents Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with HIV/AIDS and their Families Victims of Domestic Violence Other</p>
Geographic Areas Affected	State Service Area
Associated Goals	<p>CDBG Colonia Set-Aside HOME Administration Homebuyer assistance with possible rehabilitation</p>
Description	<p>For HOME, acquisition of existing units would provide funds for downpayment and closing costs. Homebuyer assistance could be paired with rehabilitation, if the home has architectural barriers for persons with disabilities. Homebuyer assistance can also include contract for deed conversions.</p> <p>Finally, TDHCA's Colonia SHCs provides targeted colonias in border counties with opportunities to improve housing and increase personal capacity for homeownership and employment. The SHCs provide housing services in the form of new construction, reconstruction, rehabilitation, small repairs, contract for deed conversions, tool lending, construction skills training, and utility connections. Colonia residents are able to repair and construct their own and others' housing under the guidance of qualified nonprofit housing developers who provide training in construction methods and homeownership. SHC community development activities include homeownership education, access to and training in computers/technology, consumer rights education, financial literacy, and solid waste disposal assistance.</p>

	<p>Basis for Relative Priority</p>	<p>As was already established in the "Basis for Relative Priority" for the Production of new units, the most common housing problem for owners is cost burden. Assisting homebuyers with the affordable acquisition of units will help address cost burden for potential homebuyers.</p> <p>As established by Needs Assessment Section 30, unscrupulous practices regarding the use of contracts for deed are often detrimental to the buyers of properties. By converting those contracts for deed to traditional mortgages, the units that were unaffordable through the high interest rates in the contracts for deed become affordable through mortgages, while also providing the homeowner with the full rights of homeownership.</p> <p>Also, as established by Needs Assessments Section 45, persons with disabilities may need assistance with barrier removal. The pairing of homebuyer assistance, which helps make the home affordable, and barrier removal, which allows the person with a disability to function in the home, addresses a housing and special need.</p>
4	<p>Priority Need Name</p>	<p>Rehabilitation of housing</p>
	<p>Priority Level</p>	<p>High</p>

<p>Population</p>	<p>Extremely Low Low Moderate Large Families Families with Children Elderly Public Housing Residents Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence Other</p>
<p>Geographic Areas Affected</p>	<p>State Service Area</p>
<p>Associated Goals</p>	<p>CDBG Administration CDBG Colonia Self-Help Centers CDBG Colonia Set-Aside HOME Administration Homeless Goals HOME Households in new/rehabed multifamily units Rehabilitation of single family housing</p>

<p>Description</p>	<p>Rehabilitation is the act of making repairs designed to address health and safety concerns, as well as local code requirements, and reconstruction is rebuilding either because it is not cost feasible to repair the home because of the extent of needed repairs, or because a home has been damaged or destroyed beyond repair.</p> <p>Rehabilitation or reconstruction of single-family units involves construction activities on owner-occupied housing on the same site. Activities intended to address rehabilitation needs can also result in new construction of housing units when they replace a previous, existing housing unit. Also permitted are (1) instances where an existing owner-occupied manufactured housing unit is replaced with a site-built house or another manufactured housing unit on the same site; (2) an existing housing unit is demolished and rebuilt on a lot located outside a floodplain or away from other environmental hazards; or (3) when a housing unit is replaced because it has become uninhabitable as a result of disaster or condemnation by local government.</p> <p>Rehabilitation of multifamily units varies from property to property depending on specific needs, and could include exterior and/or interior work. A definition of rehabilitation can be found in the Uniform Multifamily Rules 10 Texas Administrative Code, §10.3.</p> <p>Rehabilitation and reconstruction includes self-help housing, which involves on-site technical assistance to low- and very low-income individuals for outreach and education; housing rehabilitation; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; contract-for-deed conversions; and capital access for mortgages.</p> <p>Finally, rehabilitation may include renovation or major rehabilitation of an emergency shelter or conversion of a building into an emergency shelter.</p>
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<p>Basis for Relative Priority</p>	<p>As was already established in the "Basis for Relative Priority" for the Production of new units, the most common housing problem for renters and owners is cost burden. The Needs Assessment Section 10 shows that substandard housing is the least commonly identified housing problem, experienced by only 2% of the population under 100% AMI. However, the Market Assessment Section 15 notes the importance of local economies on the housing markets. While substandard housing is not as common of a problem for Texas as a whole compared to other housing problems, in some communities substandard housing may be a substantial problem. This is true in rural areas and especially true in colonias, as noted in Needs Assessment Section 30. Colonias are unique in that they have large amounts of substandard housing but, unlike much of the rest of Texas, have more affordable housing, as described in Market Analysis Section 50.</p> <p>Rehabilitation of multifamily units will help ensure affordability for renters and, as new units are added to the State's affordable housing stock, provide more affordable rental choices. Rehabilitation for single-family housing in colonias is strongly supported by the Needs Assessment and Market Analysis. Rehabilitation outside the colonias may be supported by local markets, as illustrated by comments during the consultation of the 2015-2019 State of Texas Consolidated Plan from TICH and TDCJ (Market Analysis Section 20). Although homeowner cost burden is measured in the Needs Assessment Chapter by comparing the mortgage and utility payments to the income of the homeowner, an analysis of home rehabilitation or reconstruction compared to income of the homeowner may show a substantial hardship for homeowners. Assistance of up to \$85,000, which is the highest amount allowable in the HOME Single Family rehabilitation/reconstruction activity in 2014, would result in a loan of similar size as some mortgages as generated through a private financial institution. If the homeowner already has a mortgage or has income between 0-80% AMI, this large loan payment could create a burden. In this way, rehabilitation could affect affordability for the homeowner. HOME's Single-Family rehabilitation/reconstruction program helps sustain affordability, because it repairs or replaces older housing stock through deferred, forgivable loans or grants with new, more energy-efficient housing stock, thus reducing potential cost burden. Though the focus in the Needs Assessment and Market Analysis is on affordability and availability, it should be noted that rehabilitation would also improve the safety of the homeowner.</p> <p>Because of these factors and particularly the needs inside colonias, HOME funds are made available annually for single family rehabilitation activities. TDHCA will continue to evaluate annually whether HOME funds should be directed to other activities that could more directly address common housing problems, such as cost burden, while ensuring that the rural parts of the state have access address the most common housing problems they may be experiencing based on geography or population.</p> <p>Regarding the rehabilitation of emergency shelters, Needs Assessment 40 shows that there are 16,336 unsheltered homeless on a given night. Maintaining the safety and quality of shelters will continue to warrant the rehabilitation of emergency shelters when possible.</p>
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5	Priority Need Name	Supportive Services for Persons with HIV/AIDS
	Priority Level	High
	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Public Housing Residents Persons with HIV/AIDS Persons with HIV/AIDS and their Families
	Geographic Areas Affected	State Service Area
	Associated Goals	HOPWA-Funded Supportive Services HOPWA Resource Identification
	Description	<p>The Supportive Services program provides case management, basic telephone service, and assistance to purchase smoke detectors to eligible individuals living with HIV and their families. Case managers also assist HOPWA clients with comprehensive housing plans and make referrals such as medical care, mental health and/or substance abuse treatment, and other services based on the client's individual needs.</p> <p>Resource Identification is used for establishing, coordinating and developing housing assistance resources for eligible persons (including conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing-related initiatives).</p>
	Basis for Relative Priority	<p>The Market Analysis states that the State HOPWA program provides tenant-based rental assistance; short-term rent, mortgage, and utilities assistance, and some project sponsors provide financial assistance with security deposits and credit checks. HOPWA-eligible individuals who have exited from an institution into the State's HOPWA program receive supportive services from a case manager which include a comprehensive housing plan and linkage and referrals to health professionals as needed to assist in keeping the client stable and housed.</p> <p>HOPWA eligibility requires an HIV diagnosis and income at 80% or below AMI. HIV disproportionately affects racial/ethnic minorities and males. At the end of 2012, 72,932 persons were living with HIV in Texas, many at incomes below the poverty level, and the number continues to rise every year. According to the DSHS 2012 Texas STD and HIV Integrated Epidemiologic Profile, Texas had the 8th highest rate (19.7/100,000 population) of new HIV diagnoses in the nation in 2011. Housing is a critical need for PLHW and their families.</p>

6	Priority Need Name	Homeless Outreach
	Priority Level	High
	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Other
	Geographic Areas Affected	State Service Area
	Associated Goals	Homeless Goals
	Description	Offering essential services helps unsheltered homeless persons connect with emergency shelter, housing, or critical services, and provides urgent, non-facility-based care to those who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility. Outreach includes engagement, case management, emergency health and mental health services, transportation, and services for special needs populations. Case Management includes using a centralized assessment system, conducting evaluations, counseling, coordinating services, obtaining local benefits, monitoring program participant progress, providing information and referrals, and developing an individualized housing. Emergency health services include assessing a program participant's health problems and developing a treatment plan while helping to understand their health needs. Mental health services are also provided. Transportation assistance is allowed for the homeless population and outreach providers. Outreach to special needs population will vary based on the special need and will be specified in Strategic Plan Section 45.

	Basis for Relative Priority	Needs of individuals and families at risk of homelessness are established in Needs Assessment Section 10. Along with having low-incomes, many individuals and families at risk of homelessness have co-occurring issues, such as needs for essential services like child care or education. Because of these co-occurring issues, outreach to prevent homelessness for these populations is essential. Special needs populations described in Needs Assessment Section 45 have difficulty retaining housing in unique ways and are often vulnerable to homelessness. These populations need outreach tailored to them.
7	Priority Need Name	Emergency shelter and transitional housing
	Priority Level	High
	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Other
	Geographic Areas Affected	State Service Area
	Associated Goals	Homeless Goals HOPWA Facility-Based Housing Subsidy Assistance HOPWA Resource Identification

	Description	Emergency shelter means the provision of a temporary shelter for homeless persons which does not require occupants to sign leases or occupancy agreements. Emergency shelters include shelters that provide overnight accommodation services as well as shelters that provide a space to stay during day time hours. Emergency shelters can offer essential services, such as case management, child care, education services, employment assistance, job training, outpatient health services, legal services, life training skills, mental health services, substance abuse treatment services, transportation, and services for special populations.
	Basis for Relative Priority	As was already established in the "Basis for Relative Priority" for Rental Assistance, the most common housing problem is cost burden. As discussed in Needs Assessment Section 10, certain characteristics, such as cost burden, can lead to instability of housing and risk of homelessness. With the 16,336 estimated number of homeless persons unsheltered on a given night listed in the Needs Assessment Section 40, the need for emergency shelter becomes apparent.
8	Priority Need Name	Rapid Re-housing
	Priority Level	High
	Population	Extremely Low Low Large Families Families with Children Elderly Public Housing Residents Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence Other
	Geographic Areas Affected	State Service Area
	Associated Goals	Homeless Goals

	Description	Rapid re-housing includes housing relocation, stabilization services, and short- and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing. Rapid re-housing may involve providing last month's rent, rental application fees, security deposits, utility deposits, utility payments, and moving costs. Services provided for homelessness prevention may involve housing search and placement, housing stability case management, mediation, legal services for subject matters such as landlord/tenant disputes, and credit repair.
	Basis for Relative Priority	As established in Needs Assessment Section 40, a continuum of care approach for homeless populations necessitates more options than only providing emergency shelter. In addition, Market Analysis Section 30 discusses the cost savings of rapid re-housing.
9	Priority Need Name	Homelessness Prevention
	Priority Level	High
	Population	Extremely Low Low Large Families Families with Children Elderly Public Housing Residents Persons with HIV/AIDS and their Families Other
	Geographic Areas Affected	State Service Area
	Associated Goals	HOPWA Permanent Housing Placement Assistance HOPWA Short-Term Rent, Mortgage, & Utilities Asst HOPWA Tenant-Based Rental Assistance Homeless Goals HOPWA Resource Identification

	Description	<p>Homelessness prevention includes using relocation and stabilization services and short- and/or medium-term rental assistance to prevent an individual or family from moving into an emergency shelter or another place. Homelessness prevention may involve providing last month's rent, rental application fees, security deposits, utility deposits, utility payments, and moving costs. Services provided for homelessness prevention may involve housing search and placement, housing stability case management, mediation, legal services for subject matters such as landlord/tenant disputes, and credit repair.</p> <p>The Texas HOPWA program prevents homelessness and stabilizes housing for PLWH in Texas with housing subsidy assistance activities and supportive services. TBRA provides tenant-based rental assistance to eligible individuals until they are able to secure other affordable and stable housing. STRMU provides emergency short-term rent, mortgage, and utility payments to eligible individuals for a maximum of 21 weeks of assistance in a 52-week period. PHP provides assistance for housing placement costs which may include application fees, related credit checks, and reasonable security deposits necessary to move persons into permanent housing. All of these activities, along with supportive services, helps clients maintain affordable and stable housing, reduces risk of homelessness, and improves access to health care and supportive services.</p>
	Basis for Relative Priority	<p>As established in Needs Assessment Section 40, a continuum of care approach for homeless populations necessitates more options than providing emergency shelter. Market Analysis Section 30 discusses the cost savings of homelessness prevention.</p> <p>PLWH and their families have a critical need for housing in Texas. Stable housing significantly increases rates of improved health outcomes for this population. HOPWA eligibility requires an HIV diagnosis and income at 80% or below AMI. HIV disproportionately affects racial/ethnic minorities and males. At the end of 2012, 72,932 persons were living with HIV in Texas, many at incomes below the poverty level, and the number continues to rise every year. "In 2011...Texas had the 8th highest rate (19.7/100,000 population) of new HIV diagnoses in the nation" (Texas Department of State Health Services, 2014).</p>
10	Priority Need Name	Public Improvements and Infrastructure
	Priority Level	High
	Population	Extremely Low Low Moderate Non-housing Community Development Other
	Geographic Areas Affected	State Service Area

	Associated Goals	CDBG Administration CDBG Colonia Set-Aside CDBG Disaster Relief / Urgent Need CDBG Economic Development CDBG Other Construction CDBG Planning / Capacity Building
	Description	Public improvements and infrastructure include water and wastewater systems, roads/streets, and other utilities. SHCs in colonias include on-site technical assistance to low- and very low-income individuals and families for community development activities; infrastructure improvements; outreach and education; construction skills training; and infrastructure construction and access.
	Basis for Relative Priority	Although the Non-Homeless Special Need category "other" does not indicate which "other" is specified in the printed version of this document, "other" in this context means colonia residents. The Needs Assessment shows the need for public improvements and infrastructure as a majority of the applications received for CDBG funds include improvements and/or installation of public infrastructure. This predominance demonstrates a priority need for these types of projects.
11	Priority Need Name	Economic development
	Priority Level	High
	Population	Extremely Low Low Moderate Non-housing Community Development Other
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Administration CDBG Economic Development CDBG Other Construction
	Description	Economic development includes projects in support of job creation activity primarily benefiting individuals of low-to-moderate income and downtown revitalization activities to eliminate/prevent slum and blight conditions.
	Basis for Relative Priority	Although the Non-Homeless Special Need category "other" does not indicate which "other" is specified in the printed version of this document, "other" in this context means colonia residents. The Market Analysis shows that economic development is needed as growing urbanization and an increasingly competitive global environment present challenges for the economic conditions of rural, non-entitlement communities.

12	Priority Need Name	Public facilities
	Priority Level	High
	Population	Extremely Low Low Moderate Non-housing Community Development Other
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Administration CDBG Colonia Set-Aside CDBG Disaster Relief / Urgent Need CDBG Economic Development CDBG Other Construction CDBG Planning / Capacity Building
	Description	Public facilities include, but are not limited to neighborhood facilities such as libraries, public schools or community centers, and facilities for persons with special needs such as the homeless and senior citizens.
	Basis for Relative Priority	The Needs Assessment explains how rural, non-entitlement communities frequently face choosing to utilize CDBG funds for public facilities over their public infrastructure needs. Given the importance of public facilities, CDBG is developing the Community Enhancement fund to use deobligated funds to support public facility projects in rural communities.
13	Priority Need Name	Public services
	Priority Level	High
	Population	Extremely Low Low Moderate Non-housing Community Development Other
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Administration CDBG Colonia Self-Help Centers CDBG Disaster Relief / Urgent Need CDBG Economic Development CDBG Other Construction CDBG Planning / Capacity Building

	Description	Public service activities include, but are not limited to, employment services, health services, and services for senior citizens.
	Basis for Relative Priority	The Needs Assessment shows the need for public services in rural communities is frequently foregone in order to employ CDBG for fundamental public infrastructure improvements. Additionally, many rural communities lack the service providers needed to deliver such services in their communities.

Table 1 – Priority Needs Summary

Narrative (Optional)

Low-income persons with special needs include colonia residents; elderly and frail elderly populations; homeless populations and persons at risk of homelessness; persons with alcohol and substance use disorders; persons with mental, physical, intellectual, or developmental disabilities; persons with HIV/AIDS and their families; public housing residents and persons on wait lists for public housing; veterans and wounded warriors; victims of domestic violence, including persons with protections under the Violence Against Woman Act ("VAWA") (domestic violence, dating violence, sexual assault, or stalking); youth aging out of foster care; and farmworkers are considered special needs groups for housing-related priority goals. Please refer to the Needs Assessment Chapter of this document for more detailed descriptions of the need associated with special needs groups. Note that when the population is listed as "other," this could be one of three populations: colonia residents, youth aging out of foster care, and farmworkers.

SP-45 Goals Summary – 91.315(a)(4)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeless Goals	2015	2019	Homeless	State of Texas	Emergency shelter and transitional housing Homeless Outreach Homelessness Prevention Rapid Re-housing Rehabilitation of housing	ESG: \$41,195,380	Tenant-based rental assistance / Rapid Rehousing: 22850 Households Assisted Homeless Person Overnight Shelter: 53555 Persons Assisted Homelessness Prevention: 31240 Persons Assisted
2	Construction of single family housing	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units	HOME: \$3,362,570	Homeowner Housing Added: 35 Household Housing Unit
3	Rehabilitation of single family housing	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Rehabilitation of housing	HOME: \$5,611,175	Homeowner Housing Rehabilitated: 330 Household Housing Unit
4	Homebuyer assistance with possible rehabilitation	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Acquisition of existing units	HOME: \$2,408,057	Direct Financial Assistance to Homebuyers: 200 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Tenant-Based Rental Assistance with HOME funding	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Rental Assistance	HOME: \$28,055,875	Tenant-based rental assistance / Rapid Rehousing: 2550 Households Assisted
6	HOME Households in new/rehabed multifamily units	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units Rehabilitation of housing	HOME: \$37,742,675	Rental units constructed: 300 Household Housing Unit Rental units rehabilitated: 75 Household Housing Unit
7	HOPWA Tenant-Based Rental Assistance	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Homelessness Prevention Rental Assistance	HOPWA: \$8,646,610	Tenant-based rental assistance / Rapid Rehousing: 2200 Households Assisted
8	HOPWA Short-Term Rent, Mortgage, & Utilities Asst	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Homelessness Prevention	HOPWA: \$2,267,963	Homelessness Prevention: 2350 Persons Assisted
9	HOPWA Permanent Housing Placement Assistance	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Homelessness Prevention Rental Assistance	HOPWA: \$42,524	Public service activities other than Low/Moderate Income Housing Benefit: 65 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
10	HOPWA-Funded Supportive Services	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: \$2,267,963	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 4450 Persons Assisted
11	CDBG Other Construction	2015	2019	Non-Housing Community Development	State of Texas	Economic development Public Improvements and Infrastructure Public facilities Public services	CDBG: \$224,430,740	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 1139215 Persons Assisted
12	CDBG Economic Development	2015	2019	Non-Housing Community Development Economic Development	State of Texas	Economic development Public Improvements and Infrastructure Public facilities Public services	CDBG: \$74,368,045	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 66610 Persons Assisted Jobs created/retained: 4000 Jobs
13	CDBG Planning / Capacity Building	2015	2019	Non-Housing Community Development	State of Texas	Public Improvements and Infrastructure Public facilities Public services	CDBG: \$2,802,475 CDBG Colonias Set-aside: \$121,250	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 187695 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
14	CDBG Disaster Relief / Urgent Need	2015	2019	Non-Housing Community Development	State of Texas	Public Improvements and Infrastructure Public facilities Public services	CDBG: \$47,036,165	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 661240 Persons Assisted
15	CDBG Colonia Set-Aside	2015	2019	Affordable Housing Non-Housing Community Development	State of Texas	Acquisition of existing units Production of new units Public Improvements and Infrastructure Public facilities Rehabilitation of housing	CDBG Colonias Set-aside: \$29,916,560	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 16740 Persons Assisted
16	CDBG Colonia Self-Help Centers	2015	2019	Self-Help Centers	State of Texas	Public services Rehabilitation of housing Rental Assistance	CDBG: \$7,479,140	Other: 72455 Other
17	CDBG Administration	2015	2015	Administration/Technical Assistance		Economic development Public Improvements and Infrastructure Public facilities Public services Rehabilitation of housing	CDBG: \$9,474,965	
18	HOME Administration	2015	2019	HOME Administration	State of Texas	Acquisition of existing units Production of new units Rehabilitation of housing Rental Assistance	HOME: \$12,287,815	

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
19	NHTF households in new multifamily units	2016	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units	Housing Trust Fund: \$4,310,529	Rental units constructed: 75 Household Housing Unit
20	NHTF Administration	2016	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units	Housing Trust Fund: \$478,948	Other: 0 Other
21	HOPWA Facility-Based Housing Subsidy Assistance	2018	2019	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Emergency shelter and transitional housing Rental Assistance	HOPWA: (allocations will be programmed in the 2018 OYAP)	HIV/AIDS Housing Operations Homelessness Prevention
22	HOPWA Resource Identification	2018	2019	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Rental Assistance Supportive Services for Persons with HIV/AIDS Homelessness Prevention Emergency shelter and transitional housing	HOPWA: (allocations will be programmed in the 2018 OYAP)	Other

Table 2 – Goals Summary

Goal Descriptions

1	Goal Name	Homeless Goals
	Goal Description	Goals for 5-year period based on Program Year ("PY") 2012 performance.

2	Goal Name	Construction of single family housing
	Goal Description	The number will be an estimation of households to be assisted through Single-Family HOME funds for new construction based on PY 2014 allocation and a planned shift in resources from multifamily to single-family activities.
3	Goal Name	Rehabilitation of single family housing
	Goal Description	The number will be an estimation of households to be assisted through Single-Family HOME funds for rehabilitation and new construction based on the PY 2014 allocation for general single family and persons with disabilities set-asides, and a planned shift in resources from multifamily to single-family activities.
4	Goal Name	Homebuyer assistance with possible rehabilitation
	Goal Description	The number will be an estimation of households to be assisted through Single-Family HOME funds for homebuyer assistance and homebuyer assistance with rehabilitation or modification based on the PY 2014 allocation for contract-for-deed conversion and persons with disabilities set-asides, and a shift in resources from multifamily to single-family activities.
5	Goal Name	Tenant-Based Rental Assistance with HOME funding
	Goal Description	The number will be an estimation of households to be assisted through Single-Family HOME funds for TBRA based on the PY 2014 allocation for general single family and persons with disabilities set-asides, and a planned shift in resources from multifamily to single family activities.
6	Goal Name	HOME Households in new/rehabed multifamily units
	Goal Description	The number will be an estimation of units rehabilitated or newly constructed based on the PY 2014 allocation and a planned shift in resources from multifamily to single-family activities. Multifamily Development Funds are available in the form of low interest rate repayable loans to for-profit and nonprofit developers to construct and/or rehabilitate affordable multifamily rental housing. HOME Multifamily Development Funds typically represent 5% to 20% of the total development costs on projects that are layered with 9% HTCs. For non-layered projects, HOME Multifamily Development Funds can represent over 50% of a project's total development cost. If the construction is paired with other sources of TDHCA funding, performance is measured at the time that cost certification is measured. If construction is only HOME funding, then performance is measured at the time of final draw.
7	Goal Name	HOPWA Tenant-Based Rental Assistance
	Goal Description	The TBRA program provides tenant-based rental assistance to eligible individuals until they are able to secure other affordable and stable housing. TBRA helps clients maintain affordable and stable housing, reduces risk of homelessness, and improves access to health care and supportive services.

8	Goal Name	HOPWA Short-Term Rent, Mortgage, & Utilities Asst
	Goal Description	STRMU assistance program: The STRMU program provides emergency short-term rent, mortgage, and utility payments to eligible individuals for a maximum of 21 weeks of assistance in a 52-week period. STRMU helps low-income HIV-positive clients maintain affordable housing, reduce risk of homelessness, and improve access to health care and supportive services.
9	Goal Name	HOPWA Permanent Housing Placement Assistance
	Goal Description	The PHP program provides assistance for housing placement costs which may include application fees, related credit checks, and reasonable security deposits necessary to move persons into permanent housing. PHP helps low-income HIV-positive clients establish affordable and stable housing, reduce risk of homelessness, and improve access to health care and supportive services.
10	Goal Name	HOPWA-Funded Supportive Services
	Goal Description	HOPWA Supportive Services provides financial assistance for HOPWA case management, basic telephone service, and provision of smoke detectors. Supportive Services may be provided in conjunction with HOPWA housing assistance or as a stand-alone service. HOPWA housing assistance and Supportive Services are integrated with the larger Ryan White Program both in administration and service delivery, which in turn is integrated into the larger, multi-sectoral system for delivering treatment and care to these clients. The goals of the HOPWA program are to help low-income HIV-positive clients establish or maintain affordable and stable housing; to reduce the risk of homelessness; and to improve access to health care and supportive services.
11	Goal Name	CDBG Other Construction
	Goal Description	Total number of beneficiaries for CDBG other construction grants, including basic infrastructure. Funding allocated includes annual allocation in addition to previously deobligated funds.
12	Goal Name	CDBG Economic Development
	Goal Description	Number of jobs created/retained and beneficiaries served by the Texas Capital Fund programs. Funding allocated includes annual allocation in addition to previously deobligated funds.
13	Goal Name	CDBG Planning / Capacity Building
	Goal Description	Total number of beneficiaries served by the CDBG Planning/Capacity Building programs (may include public services). Funding allocated includes annual allocation in addition to previously deobligated funds.
14	Goal Name	CDBG Disaster Relief / Urgent Need
	Goal Description	Total number of beneficiaries served by the CDBG Disaster Relief / Urgent Need programs. Funding allocated includes annual allocation in addition to previously deobligated funds.

15	Goal Name	CDBG Colonia Set-Aside
	Goal Description	Total number of beneficiaries served by the CDBG colonia programs. Funding allocated includes annual allocation in addition to previously deobligated funds.
16	Goal Name	CDBG Colonia Self-Help Centers
	Goal Description	Colonia residents receiving direct assistance through Self-Help Centers..
17	Goal Name	CDBG Administration
	Goal Description	CDBG Administrative costs including Technical Assistance.
18	Goal Name	HOME Administration
	Goal Description	HOME Administraive funds from PY 2015 HOME allocation and projected PI.
19	Goal Name	NHTF households in new multifamily units
	Goal Description	The number will be an estimation of newly constructed units based on average per unit maximum investment. Multifamily Development Funds are available in the form of low interest rate repayable loans to for-profit and nonprofit developers to construct affordable multifamily rental housing. If the construction is paired Tax Credit financing, performance is measured at the time that cost certification is measured. If construction is only Multifamily Direct Loan funds, then performance is measured at the time of final draw.
20	Goal Name	NHTF Administration
	Goal Description	NHTF Administrative funds.
21	Goal Name	HOPWA Facility-Based Housing Subsidy Assistance
	Goal Description	HOPWA Facility-Based Housing Subsidy Assistance activities will include Short-term supportive housing (STSH) and Transitional supportive housing (TSH). STSH provides temporary housing assistance to eligible individuals to prevent homelessness and allow an opportunity to develop an individualized housing and service plan to guide the client's linkage to permanent housing. TSH provides up to 24 cumulative months of facility-based rental assistance to households that are homeless or at risk of homelessness, including assistance for shared housing arrangements.
22	Goal Name	HOPWA Resource Identification
	Goal Description	Resource Identification is used for establishing, coordinating and developing housing assistance resources for eligible persons (including conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing-related initiatives).

11

BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
JANUARY 18, 2018

Presentation, discussion, and possible action on awards for 2018 Community Services Block Grant Discretionary (“CSBG-D”) Direct Client Assistance and Network Operational Investments

RECOMMENDED ACTION

WHEREAS, Community Services Block Grant (“CSBG”) funds are awarded annually to the Texas Department of Housing and Community Affairs (the “Department”) by the U.S. Department of Health and Human Services (“USHHS”);

WHEREAS, the Department reserves 90% of the allotment for CSBG eligible entities to provide services/assistance to the low-income population in all 254 counties; up to 5% for state administration expenses; and the remaining amount for discretionary use;

WHEREAS, at the Board meeting of June 29, 2017, the Department established a set aside of \$1,600,000 for CSBG discretionary projects, of which up to \$590,000 was programmed for Direct Client Assistance and Network Operational Investments;

WHEREAS, a Request for Applications (“RFA”) was released on November 30, 2017, for Direct Client Assistance and Network Operational Investments and eligible entities interested in applying completed and returned applications;

WHEREAS, staff has reviewed and evaluated the applications received under the RFA and recommends Board approval of awards totaling \$365,189 for Direct Client Assistance and \$224,811 for Network Operational Investments to 28 of the 30 eligible applicants that applied, met the requirements for funding, and have received a recommendation for an award from the Executive Award Review Advisory Committee (“EARAC”); and

WHEREAS, the Executive Award Review Advisory Committee (“EARAC”) met on January 5, 2018, and proposed conditions as described below;

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 take any and all such actions as they or any of them may deem necessary or advisable to effectuate the awards, as represented herein, of \$365,189 for Direct Client Assistance and \$224,811 for Network Operational Investments.

BACKGROUND

The Department set aside a total of \$590,000 in state CSBG Discretionary funds for Direct Client Assistance and Network Operational Investments as approved at the Board meeting of June 29, 2017, and subsequently released an RFA requesting that interested eligible entities submit a budget and performance statement. Staff has reviewed the 30 submittals and recommends an award to each of the successful entities listed in Attachment A. The entities will have access to the funds upon execution of a contract, limited to direct client assistance and network operational investments, excluding salaries or other operational costs. Examples of how funds may be used for direct client assistance include assisting eligible clients with obtaining job associated uniforms and training; assisting eligible clients with direct educational expenses (*e.g.*, tuition, textbooks, etc.); assisting clients with the cost of transportation to and from work and other necessary functions; and assisting eligible clients in the cost of certain health care needs. Examples of how funds may be used for network operational investments include, but are not limited to, efforts related to the planning and development of a community needs assessment and the subsequent planning and development of a strategic plan. Based on the previous participation review, discussed below, EARAC recommended that two of the 30 applications be denied awards, one of the applications be awarded with conditions, and the remaining 27 be approved without conditions. Please refer to Attachment A.

The Previous Participation Rule (10 TAC, §1.302) includes a review of CSBG-D awards prior to contract execution. These discretionary awards are subject to this review. The review has been performed and the following entities have been recommended by EARAC for denial or award with conditions:

Agency	Issue
Cameron & Willacy Counties Community Projects, Inc. (CWCCP)	EARAC recommends denial of the award based on continued Single Audit issues and unresolved monitoring findings resulting in disallowed costs in the amount of \$861,812.86.
Community Services, Inc. (CSI)	EARAC recommends denial of the award based on unresolved Single Audit and monitoring findings resulting in disallowed costs in the amount of \$241,416.27.
West Texas Opportunities, Inc. (WTO)	Approved conditioned upon resolving open Cost Allocation Finding identified during the August 25, 2017 Monitoring Report. The condition must be met prior to the contract execution but not to exceed 90 days from Board approval.

CWCCP and CSI were notified of EARAC's recommendation on January 5, 2018. Their deadline to appeal was January 12, 2018. If either appeals, the funds for the other applicants will be withheld till the appeal is final.

Attachment A reflects all 28 applicants recommended for funding and the funding recommendation amounts; the entity with an asterisk is the one for which the award is conditional, and that condition is identified in the previous table. If the condition is not met, the funds will be awarded proportionally to the other recommended applicants.

Attachment A

Funding Recommendations for Program Year 2018 Community Services Block Grant Discretionary Funds for Direct Client Assistance and Network Operational Investments

	CSBG Subrecipient	Direct Client Assistance Award	Network Operational Investments Award	Direct Client Assistance Comments	Network Operational Investments Comments	Total Award
1	Aspermont Small Business Development Center, Inc.	\$11,404	\$10,153	Vision & dental assistance	Needs Assessment, Strategic Planning, Outreach	\$21,557
2	Austin, City of, Health and Human Services Dept.	\$21,558		Rent & utility assistance		\$21,558
3	Brazos Valley Community Action Programs		\$21,558		Community Needs Assessment	\$21,558
4	Central Texas Opportunities, Inc.	\$9,654	\$11,903	Uniforms, training, testing fees, transportation	Community Needs Assessment, strategic plan retreat, staff development	\$21,557
5	Combined Community Action	\$21,558		Temporary shelter, transportation		\$21,558
6	Community Action Committee of Victoria Texas	\$16,808	\$4,750	Rental assistance	Community Needs Assessment	\$21,558
7	Community Action Social Services and Education		\$21,558		Training for Community Needs Assessment, NPIs, Org Standards, program and accounting software	\$21,558
8	Community Action, Inc. of Central Texas		\$21,558		Computer servers	\$21,558
9	Community Council of South Central Texas, Inc.	\$9,840	\$4,910	Employment related assistance, housing assistance	MIP accounting software, equipment	\$14,750
10	Community Services of Northeast Texas, Inc.	\$18,154	\$3,403	Tuition, tools, uniforms, & supplies required for employment, gas cards and other assistance for those working towards self-sufficiency	Computers and software	\$21,557
11	Concho Valley Community Action Agency	\$18,154	\$3,403	Educational expenses	ROMA Implementer Training & travel	\$21,557

12	Economic Action Committee of the Gulf Coast	\$11,754	\$9,803	Education and employment expenses	ROMA Implementer Training & travel, client tracking system	\$21,557
13	Economic Opportunities Advancement Corp. of Region XI	\$21,558		Education, housing assistance		\$21,558
14	El Paso Project BRAVO	\$21,558		Education related costs		\$21,558
15	Hidalgo County Community Service Agency		\$21,558		Travel, contractual, trainings on legal, financial, & management	\$21,558
16	Hill Country Community Action Association, Inc.	\$8,154	\$13,403	Emergency assistance for low-income persons. Rental and utility assistance and assistance with expenses related to employment and education for persons working towards self-sufficiency	Staff training on programmatic area and ROMA, Community Needs Assessment	\$21,557
17	Nueces County Community Action Agency		\$21,558		Trainings related to Organizational Standards, board training, trainings at WIPFLI and TACAA, software purchases, reproduce employee handbook	\$21,558
18	Opportunities for Williamson and Burnet Counties	\$18,154	\$3,403	Educational expenses and support for meals program	Fiscal and programmatic software	\$21,557
19	Panhandle Community Services		\$21,558		Client tracking systems	\$21,558
20	Rolling Plains Management Corporation	\$21,558		Rental assistance		\$21,558
21	San Antonio, City of, Department of Human Services	\$21,558		Educational assistance		\$21,558

22	South East TX Regional Planning Commission		\$14,750		Travel, supplies, consultant for Community Needs Assessment & Strategic Planning	\$14,750
23	South Plains Community Action	\$21,558		Education and employment assistance and other types of assistance for persons working towards self-sufficiency		\$21,558
24	South Texas Development Council	\$21,558		Education and employment assistance and other types of assistance for persons working towards self-sufficiency		\$21,558
25	Texas Neighborhood Services	\$16,779	\$4,778	Gas cards, supportive services, educational expenses, uniforms and tools related to employment	ROMA Implementer Certification	\$21,557
26	Tri-County Community Action Agency	\$18,458	\$3,100	RX assistance, housing assistance, education and employment related expenses for persons working towards self-sufficiency, youth mentoring project	ROMA Implementer Certification, Strategic Planning and Needs Assessment efforts	\$21,558
27	Webb County Community Action Agency	\$13,854	\$7,704	Skills training	ROMA training	\$21,558
28	West Texas Opportunities, Inc.*	\$21,558		Rental assistance		\$21,558
	TOTAL	\$365,189	\$224,811			\$590,000

Note 1: In the event that any of these funds remain uncommitted, the Department will reprogram the funds among the eligible categories previously approved by the Board.

Note 2: In the event an appeal by CWCCP and/or CSI is submitted and approved by EARAC, funds will be reallocated among the applicants proportionally.

* Award with Conditions

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BOARD ACTION REQUEST

HOME AND HOMELESSNESS PROGRAMS DIVISION

JANUARY 18, 2018

Presentation, discussion, and possible action to authorize the issuance of the 2017 HOME Single Family Programs Homeowner Rehabilitation Assistance (“HRA”) Notice of Funding Availability (“NOFA”) and publication of the NOFA in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (“TDHCA” or the “Department”) has approximately \$7,831,686 of HOME Single Family general set-aside funds to make available for the Homeowner Rehabilitation Assistance (“HRA”) program activity from the U.S. Department of Housing and Urban Development’s (“HUD”) State of Texas 2017 allocation to TDHCA for the HOME Program; and

WHEREAS, based on public input and dialogue, the Department proposes to make approximately \$7,831,686 in funds available for HRA through the HOME Reservation System;

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 post on the Department’s website and to publish a notification in the *Texas Register*, a 2017 HOME Single Family Programs Homeowner Rehabilitation Assistance (“HRA”) NOFA for funding in the amount of approximately \$7,831,686, to be released into the Reservation System, and to make any technical corrections or perform such other acts as may be necessary to effectuate the foregoing.

BACKGROUND

The U. S. Department of Housing and Urban Development’s (“HUD”) State of Texas 2017 allocation to TDHCA for the HOME Program is approximately \$23,199,182 and was received on October 30, 2017. TDHCA has programmed the funds for various uses in accordance with the HUD-approved 2017 Consolidated Plan One-Year Action Plan (“OYAP”). Staff is proposing to release a HOME Single Family Programs Homeowner Rehabilitation Assistance (“HRA”) NOFA that includes \$7,831,686 of the 2017 HOME allocation for general set asides. The funds will be made available through the Reservation System to single family HOME Program Reservation System Administrators for HRA activities. These set-aside funds are subject to the Regional Allocation Formula.

On December 19, 2017, staff held a roundtable to solicit input regarding community preferences for funding through an awards cycle or the Reservation System for the 2017 allocation for general set-

aside funds. Based on feedback from that roundtable, staff is releasing \$7,831,686 in general set-aside HOME funds from the 2017 allocation into the Reservation System for HRA on February 13, 2018. Approval for participation in the Reservation System is not a guarantee of funding availability.

Any funds remaining on September 18, 2018, not requested under this NOFA may be reprogrammed in a manner that is consistent with the 2017 One-Year Action Plan (“OYAP”) approved by HUD.

The availability and use of these funds are subject to state and federal regulations including, but not limited to Texas Administrative Code in Title 10 Part 1, Chapter 20, Single Family Umbrella Rule, and Chapter 23, the Single Family HOME Program, as amended (“HOME Program Rule”), and the federal regulation governing the HOME Program at 24 CFR Part 92, as amended (“HOME Final Rule”).

The 2017 HOME Single Family Programs Homeowner Rehabilitation Assistance (“HRA”) NOFA was developed in accordance with the Single Family Umbrella and HOME Program Rules. Administrators will access the funds available under this NOFA through existing Reservation System agreements.



**HOME Investment Partnerships Program (“HOME”)
CFDA# 14.239**

**2017 HOME Single Family Programs HRA General Set-Aside
Notice of Funding Availability (“NOFA”)**

1) Summary.

- a) The Texas Department of Housing and Community Affairs (the “Department”) announces an initial NOFA of approximately \$7,831,686 in HOME funds for HRA under the general set-aside.
- b) The availability and use of these funds are subject to the HOME rules including, but not limited to the following: Texas Administrative Code (“TAC”) rules in effect at the time of contract execution, Title 10, Part 1, Chapters 1, 2, 20, 21, and 23 (“State HOME Rules”); and Tex. Gov’t Code Chapter 2306. Other federal and state regulations include but are not limited to, 24 CFR Part 58 for environmental requirements; 2 CFR Part 200 for Uniform Administrative Requirements; 24 CFR §135.38 for Section 3 requirements; 24 CFR Part 5, Subpart A for fair housing; and 24 CFR Part 92 (“Federal HOME Rules”); and for units of government the Uniform Grant Management Standards (“UGMS”) as set forth in Texas Local Government Code Chapter 783. Applicants must familiarize themselves and comply with all of the applicable state and federal rules that govern the HOME Program.
- c) Capitalized terms in this NOFA have the meanings defined herein, or as defined in State HOME Rules or the Federal HOME Rules.

- 2) Source of Funds.** Funds totaling \$7,831,686 are made available for single family activities through the Department’s 2017 annual HOME allocation from the U.S. Department of Housing and Urban Development (“HUD”). The Department, in its sole discretion, may also release unallocated HOME funds, deobligated funds, Program Income, and funds reallocated from undersubscribed set-asides, as allowable and available, under this NOFA. The Department, in its sole discretion, also reserves the right to cancel or modify the amount available in this NOFA.

3) Eligible and Prohibited Activities.

- a) The following activity types are eligible uses of Set-Aside HOME funds under this NOFA:

Homeowner Rehabilitation Assistance (“HRA”). HRA provides funds for the rehabilitation, reconstruction, or new construction of a single family residence owned and occupied by an eligible low-income Household. Specific program guidelines can be found at 10 TAC §§23.30 - 23.32.

b) Prohibited activities include those at 24 CFR §92.214 and in the State HOME Rules.

4) Limitation on Funds.

a) Funds will not be eligible for use in a Participating Jurisdiction (“PJ”).

b) Funding under this NOFA may be made available through the Reservation System to HOME Administrators with active Reservation System Participation (“RSP”) Agreements. Applications to request an RSP Agreement are accepted on an on-going basis. Applicants requesting a RSP Agreement must submit a completed application, required documentation, and associated application materials as detailed in the Application Submission Procedures Manual (“ASPM”).

c) Each applicant that is granted HOME funds may also be eligible to receive funding for Administrative costs. Funds for Administrative costs cannot exceed 4% of the total project funds committed under the Reservation System.

d) Updated balances for the Reservation System may be accessed online at <http://www.tdhca.state.tx.us/home-division/home-reservation-summary.htm>. Reservations of funds may be submitted at any time during the term of a RSP Agreement, as long as funds are available in the Reservation System. Participation in the Reservation System is not a guarantee of funding availability.

e) Except as limited in this NOFA or by statute, the Department may reprogram funds at anytime to the Reservation System, or to administer directly.

5) Regional Allocation Formula. In accordance with Tex. Gov’t Code §2306.111(d), these funds are subject to the Regional Allocation Formula (“RAF”). Refer to Table 1: Regional Allocation for Homeowner Rehabilitation Assistance, which will also be published on the Department’s website at <http://www.tdhca.state.tx.us/home-division/applications.htm>.

Table 1: Regional Allocation for Homeowner Rehabilitation Assistance			
Region	Urban Subregion	Rural Subregion	Total Available in Region
1	\$ 85,836	\$ 357,390	\$443,226
2	\$ 71,426	\$ 312,078	\$383,504
3	\$ 1,103,324	\$ 218,365	\$1,321,689
4	\$ 228,201	\$ 534,816	\$763,017
5	\$ 130,605	\$ 344,259	\$474,864
6	\$ 262,387	\$ 162,749	\$425,136
7	\$ 565,543	\$ 156,930	\$722,473
8	\$ 214,341	\$ 256,008	\$470,349
9	\$ 210,915	\$ 190,386	\$401,301

Table 1: Regional Allocation for Homeowner Rehabilitation Assistance			
Region	Urban Subregion	Rural Subregion	Total Available in Region
10	\$ 177,904	\$ 265,179	\$443,083
11	\$ 211,329	\$ 339,661	\$550,990
12	\$ 151,315	\$ 316,752	\$468,067
13	\$ 181,676	\$ 782,314	\$963,990
Total	\$ 3,594,800	\$ 4,236,886	\$7,831,686

6) Allocation of Funds.

- a) Approximately \$7,831,686 in funds are reserved for general set-aside HRA Activities through the HOME Reservation System in accordance with section 4 of this NOFA and subject to the RAF, and will be available under each Uniform State Service Region by sub-region (Rural and Urban) beginning on **Tuesday, February 13, 2018, at 10:00 a.m. Austin local time** until **Tuesday, March 13, 2018, at 10:00 a.m. Austin local time**.
- b) On **Wednesday, March 14, 2018, at 10:00 a.m. Austin local time**, any funds which have not been requested under section 6(a) of this NOFA will collapse within each region and will be made available by Uniform State Service Region until **Tuesday, April 17, 2018, at 10:00 a.m. Austin local time**.
- c) On **Wednesday, April 18, 2018, at 10:00 a.m. Austin local time**, any funds which have not been requested under sections 6(a) or 6(b) of this NOFA will collapse and be made available as described below:
 - i) If the remaining balance does not exceed \$3,000,000, all remaining funds will collapse and be made available for HRA Activities in any Uniform State Service Region.
 - ii) If the remaining balance exceeds \$3,000,000, remaining funds will be divided into two equal parts. One-half (50%) of remaining funds will be made available for HRA Activities in any Uniform State Service Region, and one half (50%) of remaining funds be withdrawn from the HRA General Set-Aside Reservation System.
 - iii) Funds withdrawn under section 6(c)(ii) of this NOFA will be made available on **Tuesday, September 18, 2018, at 10:00 a.m. Austin local time** in the Reservation System for any General Set-Aside Activity in any Uniform State Service Region.
- d) An alternative timeline and method of releasing funds may be implemented, at the Department’s sole discretion.

7) Application Requirements

- a) Reservation System. Applications to request a RSP Agreement are accepted on an on-going basis. Applicants requesting a RSP Agreement must submit a completed RSP application, required documentation, and associated application materials as detailed in the Application Submission Procedures Manual (“ASPM”).

- b) All Application materials including manuals, program guidelines, and applicable HOME rules, are available on the Department's website at <http://www.tdhca.state.tx.us/home-division/applications.htm>.
- c) Applications must adhere to the State HOME Rule, the Federal HOME Rule, and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, cannot be altered or modified, and must be fully completed and in final form before submitting them to the Department.
- d) Administrative deficiencies noted during the review of an Application shall be subject to the administrative deficiency process outlined in 10 TAC §23.24.
- e) All Applicants will be subject to a Previous Participation Review by the Department as outlined in 10 TAC §1.302.
- f) Audit Requirements. All Applicants are subject to the requirements of 10 TAC §1.403 concerning Single Audits.
- g) Pursuant to Tex. Gov't Code §2306.1112, the Executive Award and Review Advisory Committee will make recommendations to the Board regarding funding and allocation decisions.

8) Eligible and Ineligible Applicants.

- a) Eligible Applicants include Units of General Local Government, Nonprofit Organizations, Public Housing Authorities, Local Mental Health Authorities, and Councils of Government.
- b) Applicants are required to familiarize themselves with the Department's certification and debarment policies prior to application submission.

9) Application Submission.

- a) The Department will accept applications for participating in the Reservation System on an on-going basis. **RSP applications are to be submitted as an upload to the Department's FTP server in the format requirements detailed in the RSP ASPM.**
- b) Applicants must submit a completed Application, required documentation, and associated application materials, as described in this NOFA and as detailed in the applicable ASPM. All scanned copies must be scanned in accordance with the guidance provided in the applicable ASPM.
- c) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of \$30 per Application. Payment must be in the form of a check, cashier's check or money order. **Do not send cash.** Pursuant to Tex. Gov't Code §2306.147(b), the Department will waive Application fees for private nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must request a waiver of the grant application fee in a board resolution authorizing the submittal of the application to the Department, and must include with the

application proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.

- d) This NOFA does not include text of the various applicable regulatory provisions that may be important to the HOME Program. For proper completion of the application, the Department strongly encourages potential Applicants to review the State and Federal regulations, and contact the HOME and Homelessness Programs Division for guidance and assistance.

10) Dispute Resolution/Appeal.

- a) In accordance with Tex. Gov't Code §2306.082 and 10 TAC §1.17, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Tex. Gov't Code Chapter 2009, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at any time an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's Rule on ADR at 10 TAC §1.17.
- b) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

All Application materials including manuals, this NOFA, program guidelines, and applicable HOME rules are available on the Department's website at <http://www.tdhca.state.tx.us/home-division/applications.htm>.

For questions regarding this NOFA, please contact Jaelyn Pryll, HOME Production Coordinator for the HOME and Homelessness Programs Division, at (512) 475-2975 or via email at HOME@tdhca.state.tx.us.

1n

BOARD ACTION REQUEST

HOME AND HOMELESSNESS PROGRAMS DIVISION

JANUARY 18, 2018

Presentation, discussion, and possible action to authorize the issuance of the 2017 HOME Single Family Programs Homebuyer Assistance (“HBA”) and Tenant-Based Rental Assistance (“TBRA”) Notice of Funding Availability (“NOFA”) and publication of the NOFA in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (“TDHCA” or the “Department”) has approximately \$6,407,742 of HOME Single Family general set-aside funds to make available for HBA and TBRA program activities from the U.S. Department of Housing and Urban Development’s (“HUD”) State of Texas 2017 allocation to TDHCA for the HOME Program; and

WHEREAS, based on public input and dialogue, the Department proposes to make approximately \$6,407,742 in funds available for HBA and TBRA under the general set-aside through awards made under an Open Application Cycle;

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 post on the Department’s website and to publish a notification in the *Texas Register*, a 2017 HOME Single Family Programs Homebuyer Assistance (“HBA”) Tenant-Based Rental Assistance (“TBRA”) NOFA in the amount of approximately \$6,407,742, and to make any technical corrections or perform such other acts as may be necessary to effectuate the foregoing.

BACKGROUND

The U. S. Department of Housing and Urban Development’s (“HUD”) State of Texas 2017 allocation to TDHCA for the HOME Program is approximately \$23,199,182 and was received on October 30, 2017. TDHCA has programmed the funds for various uses in accordance with the HUD-approved 2017 Consolidated Plan One-Year Action Plan (“OYAP”). Staff is proposing to release a HOME Single Family Programs Homebuyer Assistance (“HBA”) and Tenant-Based Rental Assistance (“TBRA”) NOFA which includes \$6,407,742 of the 2017 HOME allocation for general set asides. The funds will be made available for award for single family HOME Program HBA and TBRA activities. These set-aside funds are subject to the Regional Allocation Formula.

On December 19, 2017, staff held a roundtable to solicit input regarding community preferences for funding through an awards cycle or the Reservation System for the 2017 allocation for general set-aside funds. Based on feedback from that roundtable, staff is proposing to award \$6,407,742 in general set-aside HOME funds from the 2017 allocation through an Open Application Cycle for

HBA and TBRA. Applications for an Open Application Cycle are prioritized on a first-come, first-serve basis based on Application receipt date and time. The NOFA will be structured according to activity type under the general set-aside. Applications for award will be accepted beginning March 13, 2018 and ending July 10, 2018, or when all funds are awarded, whichever comes earlier. Funds in an amount not to exceed \$150,000 in project funds per application may be awarded under this NOFA for provision of HBA. Funds in an amount not to exceed \$350,000 in project funds per application may be awarded under this NOFA for provision of TBRA. Applicants may apply for more than one award under the Open Application Cycle, with a maximum of two contracts per program activity type. Applicants requesting more than one award must submit a separate application for each request, and the service areas for each award per program activity must be mutually exclusive.

Funds which have not been requested under the Open Application Cycle as of Tuesday, July 10, 2018, at 5 p.m. Austin local time will be made available under the Reservation System in any Uniform State Service Region for general set-aside TBRA or HBA Activities.

Any funds remaining on September 18, 2018, at 10 a.m. Austin local time not requested under this NOFA may be reprogrammed in a manner that is consistent with the 2017 One-Year Action Plan (“OYAP”) approved by HUD.

The availability and use of these funds are subject to state and federal regulations including, but not limited to Texas Administrative Code in Title 10 Part 1, Chapter 20, Single Family Umbrella Rule, and Chapter 23, the Single Family HOME Program, as amended (“HOME Program Rule”), and the federal regulation governing the HOME Program at 24 CFR Part 92, as amended (“HOME Final Rule”).

The 2017 HOME Single Family Programs Tenant-Based Rental Assistance (“TBRA”) and Homebuyer Assistance (“HBA”) NOFA was developed in accordance with the Single Family Umbrella and HOME Program Rules. Administrators will access the funds available under this NOFA by applying under an Open Application Cycle.



**HOME Investment Partnerships Program (“HOME”)
CFDA# 14.239**

**2017 HOME Single Family Programs HBA and TBRA General Set-Aside
Notice of Funding Availability (“NOFA”)**

1) Summary.

- a) The Texas Department of Housing and Community Affairs (the “Department”) announces an initial NOFA of approximately \$6,407,742 in HOME funds for HBA and TBRA programs under the general set-aside.
- b) The availability and use of these funds are subject to the HOME rules including, but not limited to the following: Texas Administrative Code (“TAC”) rules in effect at the time of contract execution, Title 10, Part 1, Chapters 1, 2, 20, 21, and 23 (“State HOME Rules”); and Tex. Gov’t Code Chapter 2306. Other federal and state regulations include but are not limited to, 24 CFR Part 58 for environmental requirements; 2 CFR Part 200 for Uniform Administrative Requirements; 24 CFR §135.38 for Section 3 requirements; 24 CFR Part 5, Subpart A for fair housing; and 24 CFR Part 92 (“Federal HOME Rules”); and for units of government the Uniform Grant Management Standards (“UGMS”) as set forth in Texas Local Government Code Chapter 783. Applicants must familiarize themselves and comply with all of the applicable state and federal rules that govern the HOME Program.
- c) Capitalized terms in this NOFA have the meanings defined herein or as defined in State HOME Rules or the Federal HOME Rules.

- 2) Source of Funds.** Funds totaling \$6,407,742 are made available for single family activities through the Department’s 2017 annual HOME allocation from the U.S. Department of Housing and Urban Development (“HUD”). The Department, in its sole discretion, may also release unallocated HOME funds, deobligated funds, Program Income, and funds reallocated from undersubscribed set-asides, as allowable and available, under this NOFA. The Department, in its sole discretion, also reserves the right to cancel or modify the amount available in this NOFA.

3) Eligible and Prohibited Activities.

- a) The following activity types are eligible uses of Set-Aside HOME funds awarded under this NOFA:

i) **Homebuyer Assistance (“HBA”).** HBA provides down payment and closing cost assistance, as well as possible rehabilitation assistance for accessibility modifications for eligible low-income Households. Specific program guidelines can be found at 10 TAC Chapter 23, Single Family HOME Program, Subchapter D, Homebuyer Assistance Program, §§23.40 - 23.42.

ii) **Tenant-Based Rental Assistance (“TBRA”).** TBRA provides rental subsidies to eligible low-income Households. Assistance may include rental, security, and utility deposits. Specific program guidelines can be found at 10 TAC Chapter 23, Single Family HOME Program, Subchapter F, Tenant-Based Rental Assistance Program, §§23.60 - 23.62.

b) Prohibited activities include those at 24 CFR §92.214 and in the State HOME Rules.

4) Limitation on Funds.

a) Funds will not be eligible for use in a Participating Jurisdiction (“PJ”).

b) The Department awards Open Application Cycle HOME funds to eligible entities for the intent of one or more Households and the maximum amount of each award may not exceed the following amounts (exclusive of administrative costs) per program activity:

i) \$150,000 for HBA applications

ii) \$350,000 for TBRA applications

c) Applicants may apply for more than one award under the Open Application Cycle. Applicants requesting more than one award must submit a separate application for each request, and the service areas for each award per program activity must be mutually exclusive. The Department will not award more than two contracts per program activity to the same Applicant under the Open Application Cycle.

d) Funding under this NOFA may be available through the Reservation System to HOME Administrators with active Reservation System Participation (“RSP”) Agreements. Applications to request a RSP Agreement are accepted on an on-going basis. Applicants requesting a RSP Agreement must submit a completed application, required documentation, and associated application materials as detailed in the Application Submission Procedures Manual (“ASPM”).

e) Each applicant that is awarded HOME funds may also be eligible to receive funding for Administrative costs. Funds for Administrative costs cannot exceed 4% of the total project funds awarded under a contract.

f) Except as limited in this NOFA or by statute, the Department may reprogram funds at anytime to the Reservation System, or to administer directly.

5) Regional Allocation Formula. In accordance with Tex. Gov’t Code §2306.111(d), these funds are subject to the Regional Allocation Formula (“RAF”). Refer to Table 1: Regional Allocation

for Homebuyer Assistance and Tenant-Based Rental Assistance, which will also be published on the Department’s website at <http://www.tdhca.state.tx.us/home-division/applications.htm>.

Region	Urban Subregion	Rural Subregion	Total Available in Region
1	\$70,229	\$292,410	\$362,639
2	\$58,440	\$255,337	\$313,776
3	\$902,719	\$178,662	\$1,081,381
4	\$186,710	\$437,576	\$624,286
5	\$106,859	\$281,666	\$388,525
6	\$214,680	\$133,158	\$347,838
7	\$462,717	\$128,397	\$591,114
8	\$175,370	\$209,461	\$384,831
9	\$172,567	\$155,770	\$328,337
10	\$145,558	\$216,965	\$362,522
11	\$172,905	\$277,904	\$450,810
12	\$123,803	\$259,161	\$382,964
13	\$148,644	\$640,075	\$788,719
Total	\$2,941,200	\$3,466,542	\$6,407,742

6) Allocation of Funds.

a) **Tenant-Based Rental Assistance and Homebuyer Assistance.** Approximately \$6,407,742 in funds is available for general set-aside TBRA and HBA program activities under an Open Application Cycle for contract awards in accordance with section 4 of this NOFA.

i) Requirements of the RAF and 10 TAC §23.22(a) will be utilized in prioritizing funding recommendations. Applicants for the Open Application Cycle may apply for the maximum allowed in each activity even though the amount of available funds utilizing the RAF may be less. However, only the maximum allowable under the RAF will be recommended for award during the RAF period.

ii) Applications that do not exceed the RAF limitation for the Subregion under which the Application is received will be prioritized for award based on Application received date. Remaining funds after subregional awards will collapse into the Region, and Applications which do not exceed the remaining funds available in the Region will be prioritized based on the Application received date. Applications that exceeded the remaining funds available by Subregion or Region, as applicable, will be prioritized for remaining funds available statewide based on the Application received date.

iii) Applications for the Open Application Cycle will be accepted beginning on **Tuesday, March 13, 2018, at 10:00 a.m. Austin local time on a first-come, first-serve basis.** Applications received prior to the commencement of the Application acceptance period will not be accepted.

- iv) On **Tuesday, May 15, 2018, at 10:00 a.m. Austin local time**, funds not requested under the Open Application Cycle utilizing the RAF will collapse and will be made available in any Uniform State Service Region. Applications will be accepted by the Department on an on-going basis until the earlier of the award of all funds or **Tuesday, July 10, 2018, at 5:00 p.m. Austin local time**.
 - v) On **Wednesday, July 11, 2018, at 10 a.m. Austin local time**, funds which have not been requested under the Open Application Cycle will be made available under the Reservation System for reservation and commitment of funds benefiting individual Households through RSP Agreements in any Uniform State Service Region for General set-aside TBRA or HBA Activities.
 - vi) On **Tuesday, September 18, 2018, at 10:00 a.m. Austin local time**, any remaining funding not requested under this NOFA may be reprogrammed in a manner that is consistent with the Department's 2017 One-Year Action Plan ("OYAP") approved by HUD.
- b) An alternative timeline and method of releasing funds may be implemented, at the Department's sole discretion.

7) Application Requirements

- a) All Application materials including manuals, program guidelines, and applicable HOME rules, are available on the Department's website at <http://www.tdhca.state.tx.us/home-division/applications.htm>.
- b) Applications must adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, cannot be altered or modified, and must be in final form before submitting them to the Department.
- c) Administrative deficiencies noted during the review of an Application shall be subject to the administrative deficiency process outlined in 10 TAC §23.24.
- d) All Applicants will be subject to a Previous Participation Review by the Department as outlined in 10 TAC §1.302.
- e) Audit Requirements. All Applicants are subject to the requirements of 10 TAC §1.403 concerning Single Audits.
- f) Pursuant to Tex. Gov't Code §2306.1112, the Executive Award and Review Advisory Committee will make recommendations to the Board regarding funding and allocation decisions.

8) Eligible and Ineligible Applicants.

- a) Eligible Applicants include Units of General Local Government, Nonprofit Organizations, Public Housing Authorities, Local Mental Health Authorities, and Councils of Government.

- b) Applicants are required to familiarize themselves with the Department's certification and debarment policies prior to application submission.

9) Application Submission.

- a) The Department will accept applications for the Open Application Cycle on an on-going basis. **Applications are to be submitted as an upload to the Department's FTP server in the format requirements detailed in the Open Application Cycle Application Submission Procedures Manual ("ASPM"). The Department will not accept Open Application Cycle applications submitted otherwise.**
- b) Applications for the Open Application Cycle must be received no later than **Tuesday, July 10, 2018 at 5:00 p.m. Austin local time. Applications received after the deadline for submission will not be considered for an award.**
- c) Applicants must submit a completed Application, required documentation, and associated application materials, as described in this NOFA and as detailed in the applicable ASPM. All scanned copies must be scanned in accordance with the guidance provided in the applicable ASPM.
- d) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of \$30 per Application. Payment must be in the form of a check, cashier's check or money order. **Do not send cash.** Pursuant to Tex. Gov't Code §2306.147(b), the Department will waive Application fees for private nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must request a waiver of the grant application fee in a board resolution authorizing the submittal of the application to the Department, and must include with the application proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.
- e) This NOFA does not include text of the various applicable regulatory provisions that may be important to the HOME Program. For proper completion of the application, the Department strongly encourages potential Applicants to review the State and Federal regulations, and contact the HOME and Homelessness Programs Division for guidance and assistance.

10) Dispute Resolution/Appeal.

- a) In accordance with Tex. Gov't Code §2306.082 and 10 TAC §1.17, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Tex. Gov't Code Chapter 2009, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at any time an

Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's Rule on ADR at 10 TAC §1.17.

- b) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

All Application materials including manuals, this NOFA, program guidelines, and applicable HOME rules are available on the Department's website at <http://www.tdhca.state.tx.us/home-division/applications.htm>.

For questions regarding this NOFA, please contact Jaclyn Pryll, HOME Production Coordinator for the HOME and Homelessness Programs Division, at (512) 475-2975 or via email at HOME@tdhca.state.tx.us.

2a

TDHCA Outreach Activities, December 2017-January 2018

A compilation of outreach and educational activities designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public.

Activity	Event	Date	Location	Division
Roundtable	2019 QAP Planning Project	12/14/2017	Austin, TX	Multifamily Finance Division
Roundtable	2017 HOME Single Family General Set-Aside	12/19/2017	Austin, TX	HOME Investment Partnerships Program
Training	ESG Learning Opportunity on Language Access Plan	01/03/2018	N/A	HOME and Homelessness Programs

Internet Postings of Note

A list of new or noteworthy postings to the Department's website.

Asset Management

- Updated board-approved Asset Management Rules for 2018
- Updates to Post Award Construction Status Reports deadlines
- Added properties to the list of presentation, discussion, and possible action for next board meeting
- Replaced new manual – Post Award Activities Manual – January 2018

Colonia Initiatives:

- Added 2014, 2017 Program Rules to Colonia Self Help Centers page
- Added 2016, 2017 Single Family Programs Umbrella Rule

Communications:

- Updated board photos and bios
- Added new Success Story spotlight article
- Updated homepage article (TDHCA and Woodforest National Bank partnership for first time homebuyer program)
- Updated about TDHCA Programs Overview brochure
- Updated TDHCA homepage article (Texas Ending Homelessness Fund launch)
- Press Announcement: Texas Ending Homelessness Fund launch

Community Affairs:

- Updated CEAP, WAP and CSBG information (removed subrecipients' lists)
- Updated energy savings tips for Public Utility Commission of Texas (PowertoSaveTexas.org)
- Replaced CEAP Vendor Agreement

Compliance:

- Updated Tenant Rights and Resources Guide for TDHCA-monitored rental properties
- Updated FAQs
- Released monitoring checklist used by TDHCA staff to monitor affordable housing developments

Homeownership:

- Updated REALTOR® list for Texas First Time Homebuyer
- Updated information related to issuance fee on MCC/MFTH loan
- Included Manufactured Housing in properties eligible for loans through MFTH program

HOME and Homeless:

- Updated Ending Homelessness Fund page with donation launch date
- Updated HOME Single Family Program application links
- Updated ESG Waiver guidance related to Hurricane Harvey
- Updated monthly performance report instructions for ESG program
- Updated point-of-time homelessness data on Ending Homelessness Fund page

Housing Resource Center:

- Added upcoming TICH meetings to TDHCA online calendar
- Updated TICH members, advisory members and staff support contact list

Multifamily:

- Updated Housing Tax Credit Program intro packets
- Added 2018 Uniform Multifamily Rules and 2018 Multifamily Direct Loan Rule in pdf format
- Added HTC webinar videos/series
- Archived 4% HTC Post Bond Closure Packets (2015, 2016); replaced with 2017 Post Bond Closure Submission Packet
- Updated Schedule of Fees to reflect 2018 date
- Updated Qualified Allocation Plan Project Resources to reflect 2019 date; added Resident Survey
- Replaced Neighborhood Information Packet to reflect 2018 date
- Added/updated forms to reflect 2018 date for Previous Participation and Experience Certificate Request
- Added 2018 Uniform Application Templates
- Revised list of Declared Disaster Areas under supporting information for 2018 application process
- Updated the Multifamily Housing Revenue Bond Rules to reflect 2018 date
- Added multiple links under the 2018 Multifamily Uniform Application section
- Announcement of Application Acceptance Period for the 2018 Competitive Housing Tax Credit Cycle
- Replaced/Added 2017 National Housing Trust Fund Allocation Plan, Rules, Income and Rent Limits

Notice of Funding Availability

- Added 2017 HOME Single Family Special Set-Aside of \$3.1 million
- Added Multifamily Direct Loan 2018-1

Public Comment:

- Updated listings of open/closed public comment items
- Added under public comment dates draft 2018 State of Texas Low Income Housing Plan and Annual Report

Purchasing:

- Updated No-Bid Contracts document

Frequently Used Acronyms

AMFI	Area Median Family Income	LURA	Land Use Restriction Agreement
AYBR	Amy Young Barrier Removal Program	MF	Multifamily
CEAP	Comprehensive Energy Assistance Program	MFTH	My First Texas Home Program
CFD	Contract for Deed Program	MRB	Mortgage Revenue Bond Program
CFDC	Contract for Deed Conversion Assistance Grants	NHTF	National Housing Trust Fund
CHDO	Community Housing Development Organization	NOFA	Notice of Funding Availability
CMTS	Compliance Monitoring and Tracking System	NSP	Neighborhood Stabilization Program
CSBG	Community Services Block Grant Program	OIG	Office of Inspector General
ESG	Emergency Solutions Grants Program	QAP	Qualified Allocation Plan
FAQ	Frequently Asked Questions	QCP	Quantifiable Community Participation
HBA	Homebuyer Assistance Program	REA	Real Estate Analysis
HHSCC	Housing and Health Services Coordination Council	RFA	Request for Applications
HHSP	Homeless Housing and Services Program	RFO	Request for Offer
HRA	Homeowner Rehabilitation Assistance Program	RFP	Request for Proposals
HRC	Housing Resource Center	RFQ	Request for Qualifications
HTC	Housing Tax Credit	ROFR	Right of First Refusal
HTF	Housing Trust Fund	SLIHP	State of Texas Low Income Housing Plan
HUD	US Department of Housing and Urban Development	TA	Technical Assistance
IFB	Invitation for Bid	TBRA	Tenant Based Rental Assistance Program
		TICH	Texas Interagency Council for the Homeless
		TSHEP	Texas Statewide Homebuyer Education Program
		TXMCC	Texas Mortgage Credit Certificate
		VAWA	Violence Against Women Act
		WAP	Weatherization Assistance Program

2b

BOARD REPORT ITEM

FAIR HOUSING, DATA MANAGEMENT, & REPORTING

JANUARY 18, 2018

Report on Department's Fair Housing Activities

This report provides an update on fair housing-related projects and activities conducted since the prior fair housing report, which was presented to the Board in September 2017. This includes Texas Department of Housing and Community Affairs ("TDHCA") projects in various stages of research, planning, and implementation to affirmatively further fair housing.

Understanding this report

The report lists the Department's Fair Housing Action Steps. Action Steps may be associated with one or more of six impediments identified in the 2013 Analysis of Impediments to Fair Housing Choice for the State of Texas. This report includes all Fair Housing Action Steps for both HUD and non-HUD funded activities.

The report is generated from a database maintained by the Fair Housing, Data Management, and Reporting Division. Some elements of the database and report may change in the future as staff works to improve reporting and document the Department's efforts to affirmatively further fair housing.

TDHCA Fair Housing Action Steps			
Action Step ID	1	Development of a Revised Multifamily Affirmative Fair Housing Marketing Rule	
Begin Date:	6/6/2014	COMPLETED - 4/1/2015	Multifamily H
Summary	Development of a revised rule for Multifamily Affirmative Fair Housing Marketing through Subchapter F of the Uniform Multifamily Rules. The new rule will guide owners and managers in identifying "least likely to apply" populations using HUD's definition of minority concentration and seek to clarify and expand on HUD's definition of a "market area". The Department hosted roundtables for feedback and create a tool to assist in comparing tenant pool data (or in the case of new construction developments, census tract demographic data) to MSA or County demographic census data.		

The report lists a begin date and status for each entered Action Step. The status will reflect "Completed" for items that are finished. The status of "In Progress" is used for items that are underway and have not yet been completed. The "On Going" status is used for items that are continuing, without a planned end date.

TDHCA Fair Housing Action Steps			
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Summary	Development of a revised rule for Multifamily Affirmative Fair Housing Marketing through Subchapter F of the Uniform Multifamily Rules. The new rule will guide owners and managers in identifying "least likely to apply" populations using HUD's definition of minority concentration and seek to clarify and expand on HUD's definition of a "market area". The Department hosted roundtables for feedback and create a tool to assist in comparing tenant pool data (or in the case of new construction developments, census tract demographic data) to MSA or County demographic census data.		

Included in the report is a summary of each Action Step and the overhead category describing the activity. Categories include Agency Wide, Single Family, and Multifamily. Community Affairs items, which include the Emergency Solutions Grant Program, are included in the Single Family category. Action Steps are tied to specific TDHCA program areas. The "H" indicates the program area includes HUD funded programs. This report tracks all Fair Housing activity, including activities on non-HUD funded programs.

TDHCA Fair Housing Action Steps

Ongoing Action Steps

Action Step ID **15 State Agency Fair Housing Workgroup**

Begin Date: 5/6/2014 ONGOING Agency Wide **H**

Summary A routine meeting schedule was established for Texas Department of Agriculture, Texas Department of Housing and Community Affairs ("TDHCA"), Texas Workforce Commission, General Land Office, and Department of State Health Services to assist state agencies in aligning fair housing efforts including efforts associated with the Analysis of Impediments, consider ways to improve fair housing education and outreach across the state, and develop consistency in complaint direction, training, and resource provision. The workgroup is working jointly on the implementation of the new affirmatively furthering fair housing rule ("AFFH") rule and state fair housing planning document. The workgroup has been meeting since May 2014 and continues to meet quarterly or as needed.

Action Step ID **16 Memorandum of Understanding with the Texas Workforce Commission**

Begin Date: 5/13/2014 ONGOING Agency Wide **H**

Summary The current memorandum of understanding ("MOU") between TDHCA and Texas Workforce Commission ("TWC") was reviewed and revised to add the opportunity for improved training collaboration and complaint direction. MOU requirements for mandated reporting in the event of uncorrected fair housing violations were strengthened and the expectation for information on reported violations and settlements was clarified. TDHCA and TWC continue to work closely together, sharing information and referrals as outlined in the MOU.

Action Step ID **134 Development of "Becoming a Homeowner" Online Homebuyer Education Tool**

Begin Date: 9/1/2014 ONGOING Single Family

Summary The Texas Homeownership division developed a free online homebuyer education module, "Becoming a Homeowner." The tool is available in both English and Spanish. This provides buyers with a greater understanding of what to expect when purchasing a home, including information on the Mortgage Credit Certificate ("MCC") program, down payment assistance, and lending rates. The convenient, self-paced course offers a pre- and post-purchase tutorial on the ins and outs of buying a home. The online course is available 24/7. In summer 2017 an average of 1,000 homebuyers took the course monthly.

Action Step ID **155 Implementation of National Housing Trust Fund, Development of Units to Serve Extremely Low-Income Households**

Begin Date: 11/2/2015 ONGOING Multifamily H

Summary The National Housing Trust Fund ("NHTF") is a new affordable housing production program that compliments existing Federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families. NHTF funds may be used for the production or preservation of affordable housing through the acquisition or new construction of non-luxury housing with suitable amenities. Funds will be initially allocated through the Regional Allocation Formula and subject to affirmative marketing requirements. All NHTF-assisted units will be required to have a minimum affordability period of 30 years. Texas received an allocation of \$4,789,477 for program year 2016, executing the 2016 Grant Agreement in October 2017, and anticipates receiving \$8,858,738 for program year 2017. Staff are currently seeking HUD approval of the 2017 Allocation Plan.

Action Step ID **180 Participation in the Money Follows the Person Program to Increase Housing Options for Persons Exiting Institutions**

Begin Date: 1/1/2012 ONGOING Single Family H

Summary Since 2012, the Department has partnered with Texas Department of Aging and Disability Services ("DADS") and Texas Health and Human Services Commission ("HHSC") to use Money Follows the Person ("MFP") funds to increase housing options for individuals who choose to exit institutions. TDHCA has used the MFP program to support the administration of Section 8 Housing Choice Vouchers targeted to individuals leaving institutions, to develop and implement a Section 811 Project Rental Assistance (PRA) Program, and to support the administration of tenant based rental assistance through the HOME Investment Partnership Program. MFP funds assist Texas in creating a bridge program for individuals leaving institutions which can subsidize rent for up to five years for individuals awaiting Housing Choice Vouchers or other rental assistance. MFP-funded staff build capacity in communities across Texas. Staff also assists Medicaid and Service Coordinator providers on how to make referrals to housing programs and work with relocation contractors to improve programs (see also step #38 and #93). The Centers for Medicaid and Medicare Services completed a site visit to Texas to learn more about the state's MFP program. The evaluators stated that "Overall Texas has made tremendous strides at enhancing the lives of individuals participating in the MFP program."

Action Step ID **189 Track Conciliation and Cause Notifications from Texas Workforce Commission, Civil Rights Division**

Begin Date: 6/1/2016 ONGOING Multifamily H

Summary Staff tracks conciliation agreements and cause notifications from Texas Workforce Commission, Civil Rights Division regarding fair housing complaints at TDHCA funded properties. Texas Workforce Commission notifies TDHCA per a memorandum of understanding. Agreements are attached to property records in the Compliance Monitoring and Tracking System ("CMTS") for TDHCA staff to reference. This will assist the agency in monitoring and working with properties to mitigate fair housing barriers and take corrective actions.

Action Step ID **202 Agency Wide Biennial Fair Housing Training**

Begin Date: 11/1/2016 ONGOING

Agency Wide

H

Summary Effective April 2017, all TDHCA staff will complete a fair housing training module biennially. New hires will complete the training within the first 90 days of employment. TDHCA's human resources manual was updated to include this training requirement; this will be monitored by the human resources division. The HUD-approved training is provided online, at no cost through the Texas Workforce Commission, Civil Rights Division. In 2017 agency staff took the fair housing training offered through the Texas Workforce Commission and had the opportunity to attend two fair housing webinars.

Action Step ID **208 Participation in the State of Texas Reentry Task Force**

Begin Date: 6/19/2009 ONGOING

Agency Wide

H

Summary A member of the fair housing team participates in the State of Texas Reentry Task Force and quarterly meetings. Texas's statewide Reentry Task Force promotes increased collaboration and coordination among localized re-entry initiatives and state-level entities, specifically in efforts to help stakeholders minimize barriers that impact individuals' successful reintegration into Texas communities. The Texas Reentry Task Force was established through House Bill 1711 and became effective June 19, 2009 through Texas Gov't Code §501.098. Having a criminal record is not a protected characteristic under the Fair Housing Act, however, criminal history-based restrictions on housing opportunities may violate the Act if, without justification, their burden falls more often on renters or other housing market participants of one race or national origin over another.

Completed or In Progress Action Steps

Action Step ID **156 Multifamily Direct Loan Program, Set-Aside for Supportive Housing or Units for Very Low-Income Households**

Begin Date: 3/22/2016 IN PROGRESS

Multifamily

H

Summary The Multifamily Direct Loan Program provides funding to nonprofit and for-profit entities for the new construction or rehabilitation of affordable multifamily rental developments (10 TAC §13). The 2017-1 Notice of Funding Availability (“NOFA”) includes a \$8,310,529 set-aside for soft repayable and/or deferred forgivable loans. Developments may qualify by meeting the Department’s Supportive Housing definition or by creating units for households at 30% area median income (“AMI”) that would not be available otherwise. Funds under this set-aside are intended to increase the number of 30% rent-restricted units and occupy them with households with an annual income of 30% AMI or less who are not currently receiving any type of rental assistance. The 2017-1 Multifamily Direct Loan notice of funding availability closed on October 31, 2017. The 2018-1 NOFA includes \$3,300,000 in supportive housing.

Action Step ID **165 Revise the State’s Citizen/Community Participation Plan to Comply with the Affirmatively Furthering Fair Housing (“AFFH”) Rule**

Begin Date: 2/1/2016 COMPLETED - 11/9/2017

Agency Wide

H

Summary Staff developed a timeline and detailed process to comply with the new requirements for the Citizen Participation Plan in HUD’s AFFH Rule. The rule requires consultation and community participation in the analysis of fair housing data, an assessment of fair housing issues and contributing factors, and an identification of fair housing priorities and goals. Under the AFFH rule the participation plan must be amended prior to the initiation of the Assessment of Fair Housing (“AFH”) process and attempt to reach a broad audience, with specific engagement with protected classes and organizations representing those classes. The State’s Citizen Participation Plan was approved at the November 9, 2017, board meeting.

Action Step ID **183 Data Update for the Multifamily Affirmative Fair Housing Marketing Tool**

Begin Date: 4/1/2016 IN PROGRESS

Multifamily

H

Summary Fair Housing, Data Management, and Reporting (“FHDMR”) staff is currently researching a possible data update to the Multifamily Affirmative Fair Housing Marketing Tool. The update would address the change in demographic data reported by properties to align with available Census data. In January 2017 the Contract Monitoring and Tracking System (“CMTS”) data entry screens were updated to include demographic data in up to five race categories. This change was implemented as a result of the Housing and Economic Recovery Act (“HERA”) of 2008 which required the Department to annually report certain information to HUD, including the race of each household member. The tool currently uses 2010 Census data; an update has been discussed with Compliance, Legal, and Information Systems to use American Community Survey (“ACS”) data to reflect a more recent time period. Information Systems staff will draft change request and estimate the work hours required. Compliance staff anticipates proposing a rule change in 2018 (see also step #1).

Action Step ID **204 Continuum of Care Local Competition Award Model**

Begin Date: 1/15/2015 COMPLETED - 11/13/2017

Single Family

H

Summary In order to foster local decision making, the Emergency Solutions Grant ("ESG") has been working with Continuum of Care ("CoC") lead agencies to administer a local competition on behalf of TDHCA for ESG funds. The lead agencies adjust the notice of funding availability ("NOFA"), and elements of competitive scoring to consider elements such as past performance and future target outcomes. This model assists the program area in better evaluating barriers, impediments, and program metrics by leveraging the CoC local capacity and expertise. A pilot local competition was run in 2015 resulting in more local connections and coordination. In 2016, TDHCA expanded the pilot program for local competitions from two CoC Lead Agencies to five CoC Lead Agencies. In 2017, TDHCA worked with four CoC Lead Agencies to run a local competition for ESG funds.

Action Step ID **205 Waiver Request, Fair Market Rents**

Begin Date: 2/21/2017 IN PROGRESS

Single Family

H

Summary The Department requested an extension and expansion of HUD's waiver of Fair Market Rents ("FMRs") in certain counties for 2017 Emergency Solutions Grant ("ESG") Subrecipients from November 1, 2017, to August 31, 2018. A waiver was previously granted by HUD for certain counties for 2016 ESG Subrecipients. The waiver requests for FMR waivers are currently pending with HUD for approval.

Action Step ID **213 Creation of Opportunity Maps for the Public Housing Authority Jurisdiction, Provided to Voucher Holders**

Begin Date: 3/10/2017 COMPLETED - 9/25/2017

Single Family

H

Summary Staff created a series of maps of housing opportunities within the Department's Public Housing Authority ("PHA") jurisdiction. The maps show TDHCA properties, veteran clinics, and local schools, by median rent, median income, and poverty rate. The maps are available by county for each of the 34 counties in the PHA service area. In September 2017, the Department began to provide the maps and related information when briefing voucher holders.

Action Step ID **215 Conduct Focus Groups and Survey Housing Tax Credit Residents**

Begin Date: 2/24/2017 IN PROGRESS

Multifamily

Summary The Department contracted with the Ray Marshall Center of the University of Texas at Austin to conduct a series of focus groups and a resident survey among residents living in properties funded by Housing Tax Credits. The goal was to gather feedback on the most important housing and community characteristics to residents so that the Department can best meet low- to moderate-income residents' needs. The three focus groups gave residents an opportunity to share their experiences. The moderators of these focus groups sought to attract diverse crowds that reflect the variety of residents that the Department serves—rural, elderly, families. The survey was available in both online and paper formats, with paper surveys being heavily weighted towards elderly and rural Developments. Like the focus groups, the survey sought residents' varied perspectives on the type of unit, Development, and neighborhood features that best meet their needs.

With this knowledge tabulated in datasets, staff is now able to ask specific research questions about the needs of residents based on geographic, socio-economic, and demographic criteria. Such a tool might allow for the Department to create rules tailored to the specific needs of the populations served. Staff has begun formulating these questions, and intends to release a report in the spring of 2018. Findings from this data set may also play a part in the Multifamily Finance Division's monthly roundtables for discussing the 2019 Qualified Allocation Plan and Uniform Multifamily Rules with stakeholders.

Action Step ID **216 Actions to Comply with the Violence Against Women Act**

Begin Date: 12/23/2016 COMPLETED - 9/7/2017

Multifamily

H

Summary In March 2017, HUD released their implementing regulations regarding the Violence Against Women Act ("VAWA"). VAWA was reauthorized in 2013 and provided basic protections for applicants and residents at many affordable housing properties, including all HOME and Housing Tax Credit Developments who have experienced domestic violence, dating violence, or sexual assault. The regulations require a Notice of Occupancy Rights and the Certification be provided when a household applies for assistance, if a household is denied occupancy and/or if an existing household is notified that they are being evicted or their lease will not be renewed. In addition, there is a model emergency transfer plan. HUD's regulations require owners of developments with HOME, National Housing Trust Fund, Neighborhood Stabilization Program, and any state (Multifamily Direct Loan) funds used as HOME match, that receive a contract on or after December 16, 2016, to permit a tenant to break a lease without penalty if the Department determines that the tenant meets the criteria for an emergency transfer under 24 CFR §5.2005. Staff proposed amendments to 10 TAC to comply with the regulations and took those to the Department's board on April 27, 2017. The rule was finalized by the board at the September 7, 2017, board meeting.

Action Step ID **222 Conference Presentation Proposal, Texas Association of Local Housing Finance Agencies ("TALHFA")**

Begin Date: 4/14/2017 COMPLETED - 10/27/2017 Agency Wide **H**

Summary Fair Housing staff submitted a conference proposal to present at the annual TALHFA meeting in October 2017. The proposal, Fair Housing Considerations for Housing Finance Agencies, would provide an overview of fair housing principles and permitting in a non-discriminatory manner as it relates to the Fair Housing Act. The presentation would review accessibility requirements such as unit design, 2010 ADA standards, and the distribution of accessible units. The presentation proposal was ultimately not accepted.

Action Step ID **223 Revised Tenant's Rights and Resources Guide**

Begin Date: 6/2/2017 COMPLETED - 12/14/2017 Multifamily **H**

Summary The Department's Tenant's Rights and Resources Guide was revised to more clearly inform tenants of TDHCA-monitored properties of their rights and to provide important guidance and resources. The guide is required per 10 TAC 10.613 (m). The guide was reorganized and rewritten at a lower reading level. The revised version is available in an easy to read, fill-able format for properties. It provides a general outline of what property owners must do and what they may not do and includes consolidated complaint information, which offers instructions regarding who to contact for Fair Housing, property and general complaints (see also step #47). The guide has been translated into Spanish and is available in other languages upon request.

Action Step ID **224 Analyze and Modify Payment Standards for the Housing Choice Voucher Program ("HCVP") – 2018**

Begin Date: 10/20/2017 COMPLETED - 12/14/2017 Single Family **H**

Summary Staff examined county fair market rents ("FMRs") and small area fair market rents ("SAFMRs") by zip code to determine if payment standards for the Department's Housing Choice Voucher Program service area needed to be adjusted to expand tenant housing choice. The Department's Public Housing Authority ("PHA") may establish payment standards between 90 and 110 percent of the FMR except in certain counties in the Dallas Metropolitan Statistical Areas, where HUD requires the use of SAFMRs as the payment standard. The establishment of the standards is important because it essentially determines whether a household will be able to find a unit they can afford with the voucher the Department issues. In areas where market rents are high and there is high demand for rental units it can be challenging for a voucher holder to find a unit. Increased FMR aid in areas where voucher holders have difficulty in finding acceptable units or affording units in more desirable areas. Higher FMRs provides additional choices and opportunities to tenants in highly competitive rental markets. Payment standards were approved at TDHCA's December 14, 2017, board meeting (see also step #38, #133, and #197).

Action Step ID **225 Meeting with the Office of Minority Health Statistics and Engagement**

Begin Date: 9/8/2017 COMPLETED - 11/28/2017

Agency Wide

H

Summary Department staff met with staff from the Office of Minority Health Statistics and Engagement within Health and Human Services (“HHS”) to learn about their work and possible collaborations. TDHCA discussed requesting a poverty simulation to train staff. Department staff requested a copy of the equity analysis how-to guide from the Office of Minority Health Statistics and Engagement. The guidance document offers a method to measure disproportionality and disparities and will be available in 2018.

Action Step ID **226 TDHCA Attendance at the Opportunity Forum presented by the University of Texas school of Law: After the Storm, Building Resilient and Equitable Communities**

Begin Date: 10/1/2017 IN PROGRESS

Agency Wide

H

Summary The forum explored rebuilding efforts in the wake of Hurricane Harvey and the challenges specific to historically underserved populations, including low-income persons of color. Panelists discussed strategies to protect all residents from future flooding and exposure to hazards, lessons learned from prior disasters, and how to rebuild resilient and equitable communities. Staff attended in an effort to understand the rebuilding challenges faced by protected populations.

Action Step ID **227 Revised Request for Qualifications for Fair Housing Training Providers**

Begin Date: 7/1/2017 IN PROGRESS

Single Family

Summary In September 2017, staff revised the request for qualifications for fair housing training providers. Under the revised RFQ trainings for development owners and management companies must cover specific fair housing content including protected classes, reasonable accommodations and modifications, design and construction standards, and recently released HUD guidance. Five hours of fair housing training is required under 10 TAC § 10.402(e)(1)(a) and 10 TAC § 10.402(e)(1)(b). The criteria are effective January 1, 2018 (see also step #45).

Action Step ID **228 Housing Assistance Letters Translated into Spanish**

Begin Date: 6/1/2015 COMPLETED - 9/8/2017

Agency Wide

H

Summary The Department’s Housing Resource Center division had housing assistance template response letters translated into the Spanish language. These letters provide information on a variety of assistance areas such as long term and short term rental needs, home repair, homebuyer assistance, utility assistance, weatherization, disaster, complaints, foreclosure and fair housing. The templates are used by agency staff answering phone calls, emails, fax and USPS mail.

Action Step ID **229 Fair Housing Training, Emergency Solutions Grants 2017 Implementation Workshop**

Begin Date: 7/1/2017 COMPLETED - 10/18/2017 Single Family H

Summary Staff conducted a 60 minute webinar for Emergency Solutions Grant (“ESG”) administrators during the 2017 Implementation Workshop. The presentation focused on fair housing and civil rights within the ESG program. Materials covered protected classes, use of criminal records, reasonable accommodations, limited English proficiency, affirmative outreach, the Violence Against Women Act of 2013, fair housing complaints, and fair housing documentation (see also step #46, 151, 181, 187).

Action Step ID **230 Emergency Solutions Grants (“ESG”) Learning Opportunity on Language Access Plans**

Begin Date: 8/1/2017 COMPLETED - 1/3/2018 Single Family H

Summary The January 2017 ESG learning opportunity covered language access plans and limited English proficiency. The webinar provided a step-by-step process on how to create a language access plan, where to find data on language needs, and examples of when to provide language access. Language access plans assist with fair housing barriers based on national origin (see also step #124).

Action Step ID **232 Creation of a Single Family Programs Affirmative Marketing Tool**

Begin Date: 7/1/2016 COMPLETED - 9/13/2017 Single Family H

Summary Staff built a tool to comply with 10 TAC §20.9 Fair Housing, Affirmative Marketing and Reasonable Accommodations. The tool identifies the least likely to apply populations by program activity type (homebuyer, rehabilitation, or rental assistance) and region. It works by comparing Census Demographic Data from the American Community Survey (2011-2015) to all single-family households served during calendar years 2006-2015. For a group to be underrepresented, the percentage of the households belonging in the group served in the Housing Contract System is at least 20% less than the percentage of the same group representation in the region. Administrators may use the Department’s tool to identify the least likely to apply populations, or another method. If another method is used administrators must provide a detailed explanation of the methodology used. Staff anticipates updating the data annually (see also step #231).

Action Step ID **233 Webinar, Single Family Programs: Fair Housing & Affirmative Marketing Under 10 TAC § 20.9**

Begin Date: 7/1/2017 COMPLETED - 11/2/2017 Single Family H

Summary The Department hosted a webinar training for single family program administrators of the HOME Investment Partnerships Program, State Housing Trust Fund, Neighborhood Stabilization Program, Amy Young Barrier Removal Program, Colonia Self Help Centers, and Texas Bootstrap Loan Program on the new Fair Housing, Affirmative Marketing and Reasonable Accommodations rule (10 TAC 20.9). The presentation addressed highlights of the new rule, demonstrated the single family affirmative marketing tool, and provided examples to help guide best practices (see also step #231 and #232).

Action Step ID **234 Training to Amy Young Barrier Removal Program Administrators on 10 TAC § 20.9**

Begin Date: 7/1/2017 IN PROGRESS Single Family

Summary The Fair Housing Project Manager presented at the Amy Young Barrier Removal Program administrators training workshop on 10 TAC §20.9 Fair Housing, Affirmative Marketing and Reasonable Accommodations. The presentation addressed highlights of the new rule, demonstrated the single family affirmative marketing tool, and provided examples to help guide best practices (see also step #231, #232, and #233).

Action Step ID **235 Request to Adopt Small Area Fair Market Rents in the Housing Choice Voucher Program (“HCVP”)**

Begin Date: 11/1/2017 IN PROGRESS Single Family **H**

Summary The Department requested permission from the regional HUD office to use an alternative standard, to adopt Small Area Fair Market Rents (“SAFMRs”) for counties in the jurisdiction that fall within the Fort Worth or San Antonio Metro Fair Market Areas. SAFMRs provide clients with access to a broader range of neighborhoods, thus allowing them the choice to move into areas with more employment, transportation and educational opportunities. Additionally, use of the SAFMRs may allow the Department to prevent undue subsidy in lower-rent neighborhoods. The request was sent for Johnson, Bandera, Comal, Guadalupe, and Wilson counties. The waiver request was sent on November 29, 2017. On December 23, 2017, the United States District Court for the District of Columbia ordered HUD to implement the mandatory components of the Small Area FMR rule on January 1, 2018.

Action Step ID **236 Department Participation in the Joint Solutions Housing Work Group**

Begin Date: 8/17/2017 IN PROGRESS Agency Wide **H**

Summary The Department participates in the Joint Solutions Housing Work Group (“JSHWG”) consisting of local, state, and federal organizations (including the Federal Emergency Management Agency and the U.S. Department of Housing and Urban Development) that help perform the critical role of assessing housing needs and long term recovery needs in the wake of a disaster. The JSHWG utilizes all appropriate housing resources available from state and federal agencies, the local government, non-profit community and private sector; communicates and coordinates feasible housing solutions, as families transition to more permanent housing; and maintains a holistic community approach in addressing disaster survivors unmet housing needs. While persons affected by a disaster are not necessarily specific members of a protected class the needs of persons impacted by the disaster may differ based on membership in a protected class, such as persons with disabilities.

2c

BOARD REPORT ITEM
HOUSING RESOURCE CENTER
JANUARY 18, 2018

Report on minor amendments to the 2014 and 2015 State of Texas Consolidated Plan: One-Year Action Plans

BACKGROUND

Overview of the One-Year Action Plan

The Texas Department of Housing and Community Affairs (“TDHCA”), Texas Department of Agriculture (“TDA”), and Texas Department of State Health Services (“DSHS”) jointly prepare the State of Texas One-Year Action Plan (“OYAP”) annually for submittal to the U.S. Department of Housing and Urban Development (“HUD”), in accordance with 24 CFR §91.320. TDHCA coordinates preparation of the OYAP documents for all three state agencies. The OYAP covers the State’s administration of the Community Development Block Grant (“CDBG”) program by (“TDA”), the Housing Opportunities for Persons with AIDS Program (“HOPWA”) by DSHS, and the Emergency Solutions Grants Program (“ESG”), the HOME Investment Partnerships Program (“HOME”), and the National Housing Trust Fund (“NHTF”) by TDHCA.

Purpose of the 2014 and 2015 OYAP Minor Amendments

Based on information available through HUD’s Integrated Disbursement and Information System (“IDIS”), the State of Texas HOPWA program has a balance of \$521,520.30 from fiscal year (“FY”) 2014 and a balance of \$264,697.12 from FY 2015 to commit to HOPWA activities. Accordingly, DSHS has worked directly with HUD to extend the period of performance for the FY 2014 and FY 2015 HOPWA grants so that DSHS may commit the unused funds to activities connected to the 2014 and 2015 OYAPs and liquidate the FY 2014 and FY 2015 HOPWA fund balances.

On December 1, 2017, DSHS submitted a request and spend-down plan to HUD to extend the period of performance for the FY 2014 (TX-H-14-F999) and FY 2015 (TX-H-15-F999) HOPWA formula grants until May 31, 2020, in order to spend down the FY 2014 and FY 2015 fund balances and assist eligible households.

Based on historical expenditure data, DSHS plans to liquidate the FY 2014 fund balance within a three-month period starting on May 1, 2018, during the HOPWA 2018 program year (02/01/2018 – 01/31/2019). Similarly, based on historical expenditure data, DSHS plans to liquidate the FY 2015 fund balance within a two-month period starting on August 1, 2018, during the HOPWA 2018 program year (02/01/2018 – 01/31/2019).

Concurrently with the request and spend-down plan to extend the period of performance, HUD has requested that the State of Texas make minor amendments to the 2014 and 2015 OYAPs in order to reflect the reprogramming of the FY 2014 and FY 2015 HOPWA funds.

Processing the 2014 and 2015 OYAP Minor Amendments

TDHCA and DSHS have prepared minor amendments to the 2014 OYAP and 2015 OYAP in accordance with the State's citizen participation plan and the requirements of 24 CFR §91.505. Since DSHS will not develop new activities or change the method of distribution connected to the 2014 OYAP or the 2015 OYAP, the State of Texas is not required to substantially amend either the 2014 OYAP or the 2015 OYAP, which is a chapter of the 2015-2019 State of Texas Consolidated Plan. Instead, TDHCA and DSHS have submitted minor amendments to the 2014 OYAP and 2015 OYAP. These amendment requirements were confirmed in a conference call held between HUD, TDHCA, and DSHS staff on November 9, 2017.

Minor amendments to the 2014 OYAP and 2015 OYAP were submitted to HUD on December 14, 2017, and have been posted to the TDHCA webpage at <http://www.tdhca.state.tx.us/housing-center/pubs-plans.htm>. A minor amendment to the 2015 OYAP has also been submitted in IDIS, as 2015 was the first year that the State of Texas' Consolidated Planning documents were submitted to HUD in IDIS.

As a result of these amendments, DSHS estimates that 334 eligible households will be served with the FY 2014 funds and 170 eligible households will be served with the FY 2015 funds. The use of these reprogrammed FY 2014 and FY 2015 HOPWA funds will be reported on in future State of Texas Consolidated Plan Annual Performance Reports ("CAPERs").

2d

BOARD ACTION REPORT
MULTIFAMILY FINANCE DIVISION
JANUARY 18, 2018

Report on the 2019 QAP Planning Project

Texas Department of Housing and Community Affairs (“TDHCA”) staff met with stakeholders on December 14, 2017, to launch the planning process for the 2019 Qualified Allocation Plan (“QAP”) and Uniform Multifamily Rules (“Rules”). Staff presented overarching themes to be discussed during the 2019 roundtables and presented a draft timeline in order to receive stakeholder feedback and guidance.

Some stakeholders requested that staff move away from monthly meetings and hold quarterly meetings that could be longer and cover more ground, given that many participants must travel from out of town to attend. Staff proposed identifying the month(s) where participation tends to be on the lower side and cancelling those meetings in advance. In response to this stakeholder input, staff has decided to preemptively cancel the February and July meetings. Staff may also cancel other monthly roundtables, unless more time is needed for in-depth discussion. Staff will try to post ideas discussed at the meetings on the Department’s online forum, in order to provide stakeholders who could not travel to Austin an opportunity to provide input.

Many in the audience were receptive to the idea of staff occasionally providing draft revisions to various sections of the QAP and Rules to jumpstart conversations, whether in the online forum or at the roundtable meetings. Stakeholders and staff could then work together to fine tune those proposals through an open dialogue as we all move towards a staff draft of the QAP and Rules in early fall, 2018.

In response to some stakeholders’ concerns about rising interest rates and land prices, lower equity pricing, municipal impact fees, etc., staff shared the idea of adding a sliding, or weighted, scale to some scoring items in order to make more Development Sites eligible while also encouraging more scoring differentiation. Stakeholders requested that items like Opportunity Index should not change in intent, since they believe that it works well overall, but a structural change that weighted scoring criteria might be welcome and should be shared in more detail in the online forum.

Regarding rising Development construction costs, Texas Association of Affordable Housing Providers (“TAAHP”) representatives shared that their members have begun gathering receipts in order to catalogue how material and labor costs are indeed rising. Staff shared that they may be able to also make use of their cost certification database in order to calculate and project rising costs in various regions across the state, depending on Development type. Staff and stakeholders intend to have a QAP and Rules roundtable in the future where they collectively identify a methodology for determining by how much, or by how little, cost thresholds should rise for the purposes of competitive scoring criteria in the QAP.

Both staff and stakeholders recognize that there are limitations to how the Department addresses Development costs. Aside from the possibility that costs for both labor and materials are rising, turning building cost into an effective scoring item remains an issue. Stakeholders noted that the cost per square foot rule pushes developers to build fewer, but larger, units. Other stakeholders

expressed concern with the practice of voluntarily limiting eligible basis, since revealing true costs may prove counter-productive when a proposed Development is underwritten by Real Estate Analysis staff. While statute requires the competitive cost per square foot measure, both stakeholders and staff are interested in exploring ways to address rewarding Developments that best limit costs while delivering a quality housing product.

With underserved area criteria, some stakeholders are concerned that the “donut hole” issue is only exacerbated by the current scoring items, and ask that staff find scoring criteria to counteract the pull of Developments away from downtowns. Staff proposed the idea of possibly looking to weight some of the underserved area items, which largely focus on previous awards in census tracts, with variables that reflect sudden population growth and gentrification pressure in those census tracts.

Stakeholders also welcomed staff’s further studying employment measures that can be incorporated into the QAP. Proximity to jobs that pay roughly \$1,250 to \$3,333 a month could conceivably incentivize development near areas where Housing Tax Credit (“HTC”) Development residents may tend to work. These proximity measures could also be weighted, as with Opportunity Index, to award more points for Developments near a higher number of jobs and fewer points for Developments also near jobs, but a lower number.

A few participants were interested in how staff maintains contact with the Governor’s office, to which staff shared that they ensure that the Governor’s appropriate staff is briefed regularly about significant ongoing developments in the planning process for the QAP and Rules. Similarly, staff also expects to include the Governing Board’s QAP and Rules Committee in the planning process throughout the year and will more than likely hold at least one public meeting with them, if the Governing Board so wishes.

When staff proposed the idea of continuing to make incremental changes to the QAP and Rules through annual amendments, as opposed to repealing fully and replacing the QAP and Rules in their entirety, participants expressed support. Staff asked that participants help to recruit other participants to these roundtables who have strong experience in the financial aspects of HTCs, especially lenders and syndicators, as the Department would welcome their input when crafting next year’s rules.

Lastly, some stakeholders asked if the Readiness-to-Proceed item added to the QAP by Governor Abbott would remain a permanent fixture or would only apply to the 2018 cycle. Given industry concerns about this scoring item, if it were to remain in the QAP permanently, stakeholders wish to discuss it in more detail during the coming roundtables.

2e

BOARD REPORT ITEM
BOND FINANCE DIVISION
JANUARY 18, 2018

Report on the Department's Swap Portfolio and recent activities with respect thereto

BACKGROUND

The Department previously entered into five interest rate swaps for the purpose of hedging interest rate risk associated with its single family mortgage revenue tax-exempt variable rate demand bonds. Currently, four of the swaps remain outstanding.

In accordance with the Department's Interest Rate Swap Policy, the Bond Finance Division has the day-to-day responsibility for managing the swaps. The outstanding bonds associated with each of the swaps are reduced by scheduled redemptions and maturing amounts, and by amounts representing principal and prepayments received on the mortgage-backed securities that secure each bond issue. Under state law, the notional amount of swap outstanding cannot exceed the par amount of related bonds outstanding. To avoid being overswapped, staff closely monitors the amount of swap outstanding, the related outstanding bond amount, and any upcoming bond redemptions to ensure enough swap is called to comply with State law.

In addition to monitoring state law compliance, staff works closely with the Department's Financial Advisor, George K. Baum, to identify opportunities to terminate or reduce swaps by exercising par optional termination, or call rights, on those swaps. Staff analyzes the economic benefit of the proposed termination and evaluates any potential interest rate or other associated risk. When both economically beneficial and prudent to do so, optional termination rights are exercised on portions of the underlying swaps.

The attached report reflects the status of the Department's swaps as of December 1, 2017. Series 2005A and Series 2007A swaps are matched amortization swaps; as such, a reduction in the outstanding swap amount for these series is the result of principal payments and prepayments received on the underlying mortgage loans. The reduction of approximately \$1.5 million in the outstanding swap for Series 2004B and approximately \$1.8 million in the outstanding swap for Series 2004D was primarily to match the amount of bonds outstanding to the amount of swap outstanding in compliance with state law, which requires that the bonds outstanding equal or exceed the amount of swap outstanding at all times.

Since 2004, when the Department first utilized swaps to hedge variable rate bonds, the total notional amount of swaps has been reduced from an initial \$354,005,000 to the current outstanding amount of \$94,395,000.

Texas Department of Housing and Community Affairs
Swap Portfolio Update
January 18, 2018

Matched Amortization Swaps							
Related Bonds	Swap Counterparty	Effective Date	Maturity Date	Original Notional Amount	Swap Outstanding Notional as of 6/1/2017	Swap Outstanding Notional as of 12/1/2017	CHANGE in Swap Outstanding
2005A	JP Morgan	8/1/2005	9/1/2036	\$ 100,000,000	\$ 25,675,000	\$ 23,905,000	\$ (1,770,000)
2007A	JP Morgan	6/5/2007	9/1/2038	\$ 143,005,000	\$ 30,385,000	\$ 27,900,000	\$ (2,485,000)

Amortizing Swaps with Optionality							
Related Bonds	Swap Counterparty	Effective/Restructured Date	Maturity Date	Original Notional Amount	Swap Outstanding Notional as of 6/1/2017	Swap Outstanding Notional as of 12/1/2017	CHANGE in Swap Outstanding
2004B	BNY Mellon	3/1/2014	9/1/2034	\$ 40,000,000	\$ 27,020,000	\$ 25,495,000	\$ (1,525,000)
2004D	Goldman Sachs	1/1/2005	3/1/2035	\$ 35,000,000	\$ 18,920,000	\$ 17,095,000	\$ (1,825,000)
2006H	BNY Mellon	3/1/2014	9/1/2025	\$ 36,000,000	\$ -	\$ -	\$ -

TOTAL SWAPS				\$ 354,005,000	\$ 102,000,000	\$ 94,395,000	\$ (7,605,000)
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2004B - UBS AG was the original counterparty and the original notional at issuance was \$53,000,000.

Variable Rate Bonds Associated with Matched Amortization Swaps							
Related Bonds	Swap Counterparty	Effective Date	Maturity Date	Original Notional Amount	Bonds Outstanding 6/1/2017	Bonds Outstanding 12/1/2017	CHANGE in Bonds Outstanding
2005A	JP Morgan	8/1/2005	9/1/2036	\$ 100,000,000	\$ 25,675,000	\$ 23,905,000	\$ (1,770,000)
2007A	JP Morgan	6/5/2007	9/1/2038	\$ 143,005,000	\$ 30,385,000	\$ 27,900,000	\$ (2,485,000)

Variable Rate Bonds Associated with Amortizing Swaps with Optionality							
Related Bonds	Swap Counterparty	Effective Date	Maturity Date	Original Notional Amount	Bonds Outstanding 6/1/2017	Bonds Outstanding 12/1/2017	CHANGE in Bonds Outstanding
2004B	BNY Mellon	3/1/2014	9/1/2034	\$ 40,000,000	\$ 27,875,000	\$ 25,495,000	\$ (2,380,000)
2004D	Goldman Sachs	1/1/2005	3/1/2035	\$ 35,000,000	\$ 18,920,000	\$ 17,095,000	\$ (1,825,000)
2006H	BNY Mellon	3/1/2014	9/1/2025	\$ 36,000,000	\$ -	\$ -	\$ -

TOTAL BONDS				\$ 354,005,000	\$ 102,855,000	\$ 94,395,000	\$ (8,460,000)
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ACTION ITEMS

3a

BOARD REPORT ITEM

TEXAS HOMEOWNERSHIP DIVISION

JANUARY 18, 2018

Quarterly Report on Texas Homeownership Division Activity

Background

The Texas Homeownership Division is primarily responsible for the creation, oversight and administration of the Department's non-federal homeownership programs, which are designed to assist low-to-moderate income first time homebuyers. The program does this through both bond proceeds, as well as through a TBA program in which funds are generated through private investors. The Department currently offers homeownership options through the following programs:

- My First Texas Home ("TMP 79") Program offers expanded mortgage-loan opportunities to qualifying first-time homebuyers, including government and conventional 30-year fixed rate mortgage loan options that include downpayment and/or closing cost assistance.
- Texas Mortgage Credit Certificate ("MCC") Program assists in making homeownership more affordable by providing first-time homebuyers a federal income tax credit, reducing the homebuyer's potential federal income tax liability. By having an MCC, the homebuyer has the ability to convert a portion (currently 40%) of their annual mortgage interest into a direct income tax credit of up to \$2,000 on their U.S. individual income tax return. The credit may be applied for the life of the loan, as long as it continues to be the borrower's primary residence. The Texas MCC Stand-alone option can be used with a conventional or government first mortgage loan.
- "Combo" option – to further expand the opportunity for affordable homeownership, first-time homebuyers can maximize their home-purchase benefits by combining a Texas Mortgage Credit Certificate with a My First Texas Home-TMP 79 mortgage loan. This "Combo" option is available at a minimal additional cost to the homebuyer.

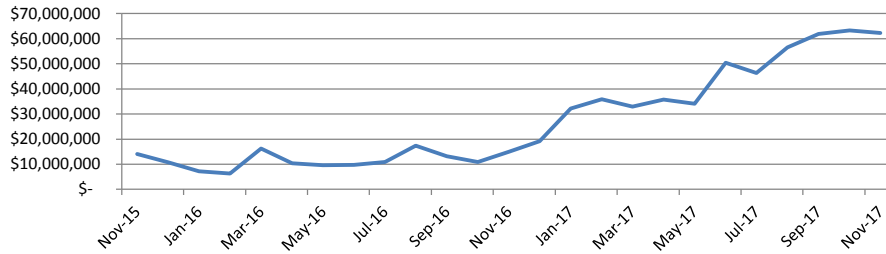
The following reports reflect program activity over the prior two years (updated through November 30, 2017) for each of the three available options described above (Loan Only, MCC Only, Combo). The reports provide monthly loan purchase trends, average interest rates, top originating counties, average mortgage credit certificate amount, and average FICO score.

Texas Department of Housing and Community Affairs

My First Texas Home - Program 79

As of November 30, 2017

My First Texas Home Monthly Loan Purchase Activity



Reflects loans purchased by the Master Servicer in the month the loan was purchased. A seasonal reduction in new loan origination typically occurs December through February and is reflected on a delayed basis to take into account the time from loan origination to closing and purchase by the Master Servicer. The recent surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.

Recent 3-Month Activity (9/1/2017 - 11/30/17)

Number of Loans	1,168
Total Loan Amount	\$ 187,377,852

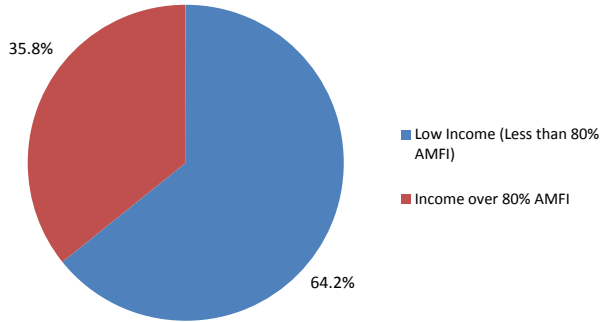
At a Glance (For the Past 2 Year Period)

Number of Loans	4,269
Average Loan Amount	\$ 156,579
Average Down Payment Assistance	\$ 6,378
Average Purchase Price	\$ 159,499
Average Annual Income	\$ 52,627
Average Household Size	2.6
Average FICO Score	677

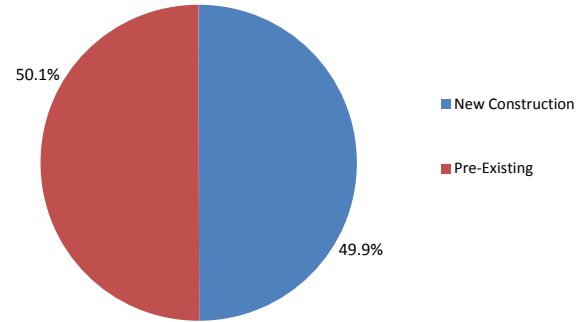
Interest Rates (For the Past 2 Year Period)

2 Year Average	4.22%
Last 12 Month Average	4.20%
Last 30 Day Average	4.34%

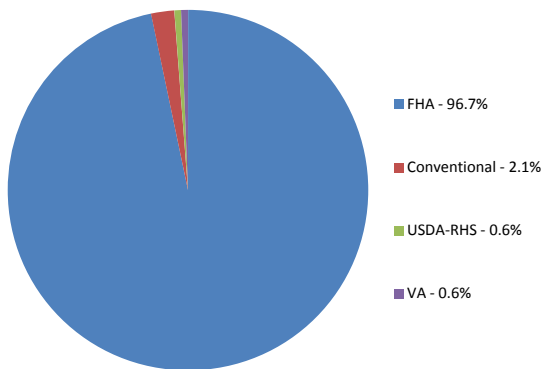
Household Income



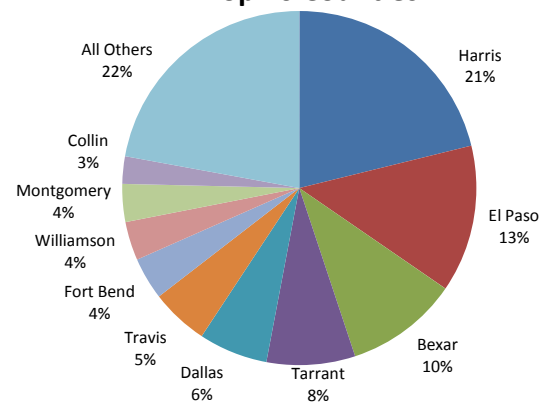
New Construction or Pre-Existing



Type of Loan



Top 10 Counties

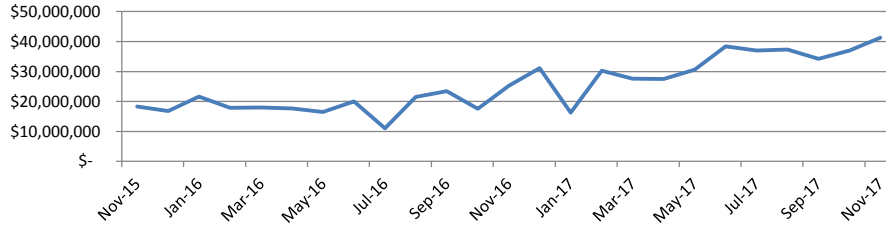


Texas Department of Housing and Community Affairs

Mortgage Credit Certificates (MCCs)

As of November 30, 2017

Mortgage Credit Certificates (MCCs) Monthly MCC Issuance Activity



Reflects MCCs issued over a two-year period. A seasonal reduction in MCC issuances typically occurs September through December; however, the recent surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.

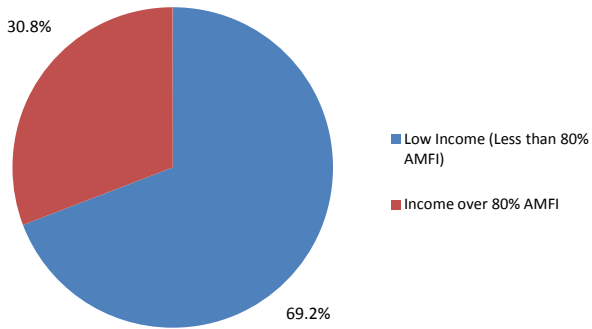
Recent 3-Month Activity (9/1/2017 - 11/30/17)

Number of Loans	612
Total Loan Amount	\$ 112,445,005

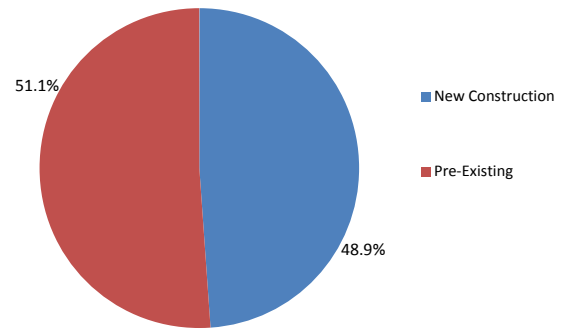
At a Glance (For the Past 2 Year Period)

Number of MCCs	3,573
Average Loan Amount	\$ 172,366
Average MCC Amount	\$ 68,946
Current MCC Credit Rate	40%
Average Purchase Price	\$ 179,357
Average Annual Income	\$ 51,765
Average Household Size	2.3
Average FICO Score	702

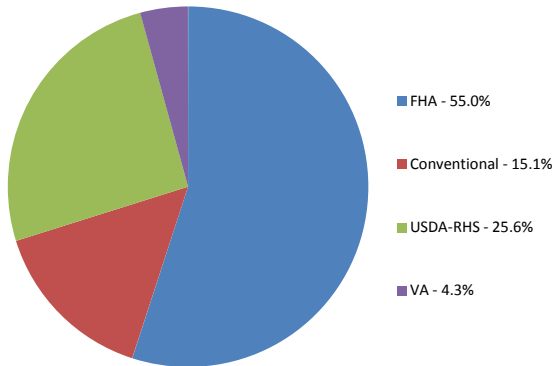
Household Income



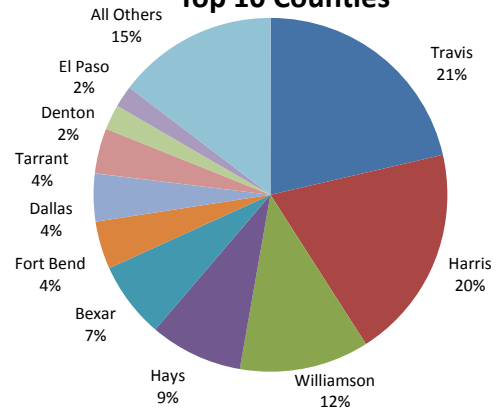
New Construction or Pre-Existing



Type of Loan



Top 10 Counties

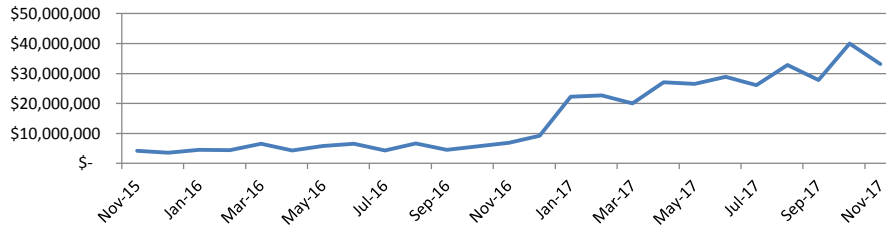


Texas Department of Housing and Community Affairs

Combos (My First Texas Home Loan with an MCC)

As of November 30, 2017

Combos (My First Texas Home Loan with an MCC) Monthly Combo Issuance Activity



Reflects Combos issued over a two-year period. A seasonal reduction in Combos typically occurs September through December. The recent surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.

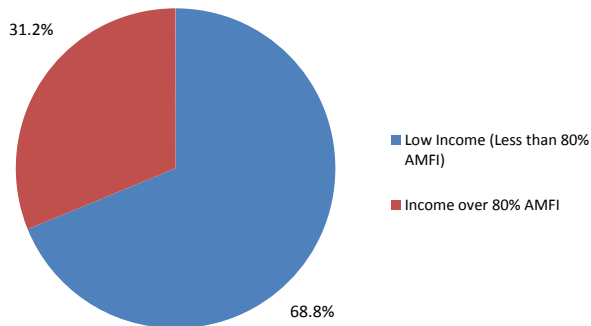
Recent 3-Month Activity (9/1/2017 - 11/30/17)

Number of Loans	624
Total Loan Amount	\$ 100,991,546

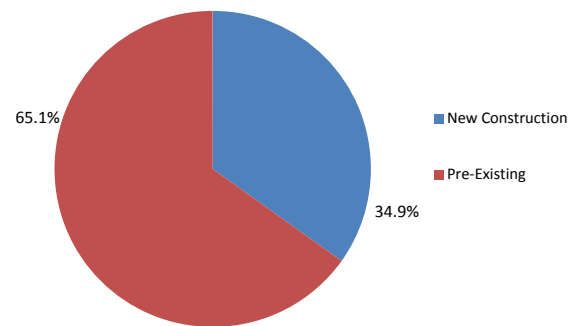
At a Glance (For the Past 2 Year Period)

Number of Combos	2,420
Average Loan Amount	\$ 157,281
Average MCC Amount	\$ 62,913
Average Down Payment Assistance	\$ 6,409
Current MCC Credit Rate	40%
Average Purchase Price	\$ 160,621
Average Annual Income	\$ 50,765
Average Household Size	2.6
Average FICO Score	681

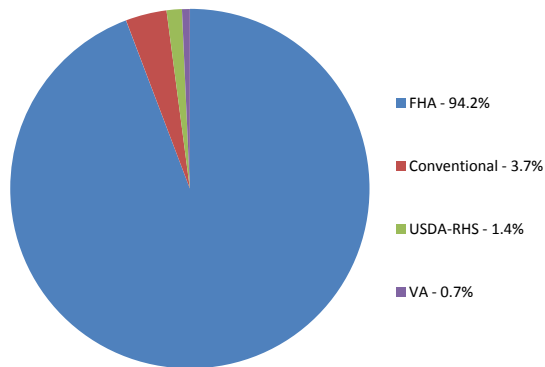
Household Income



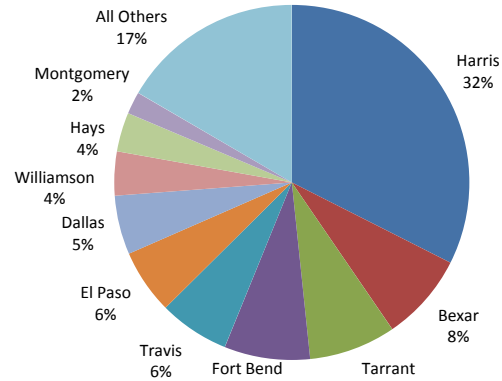
New Construction or Pre-Existing



Type of Loan



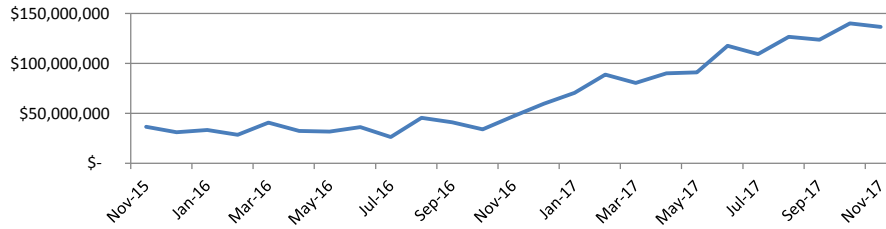
Top 10 Counties



Texas Department of Housing and Community Affairs Aggregate (My First Texas Home, MCCs and Combos)

As of November 30, 2017

Aggregate (My First Texas Home, MCCs and Combos) Monthly Issuance Activity



Reflects Aggregate (My First Texas Home, MCCs and Combos) loan originations issued over a two-year period. The recent surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.

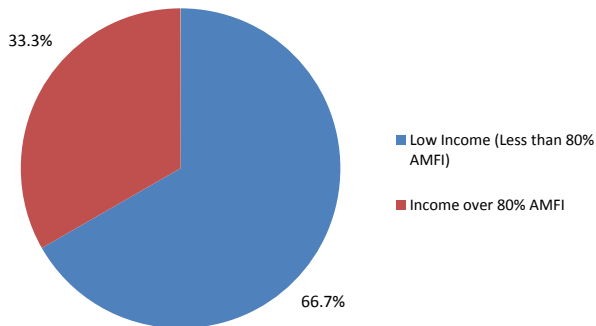
Recent 3-Month Activity (9/1/2017 - 11/30/17)

Number of Loans	2,404
Total Loan Amount	\$ 400,814,403

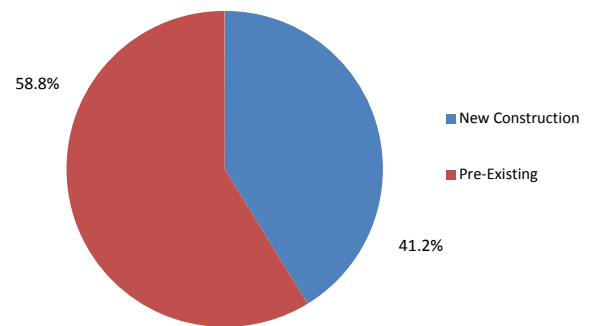
At a Glance (For the Past 2 Year Period)

Number of Loans	10,262
Average Loan Amount	\$ 162,241
Average Down Payment Assistance	\$ 6,389
Current MCC Credit Rate	40%
Average Purchase Price	\$ 166,679
Average Annual Income	\$ 51,888
Average Household Size	2.5
Average FICO Score	687

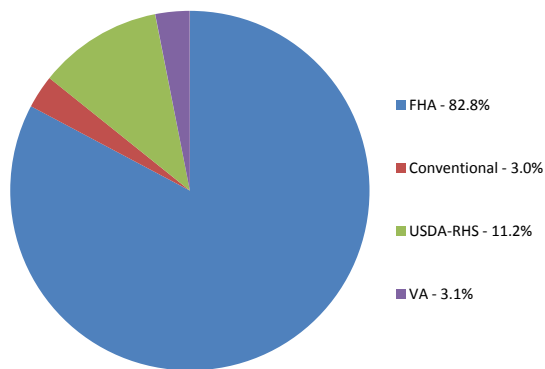
Household Income



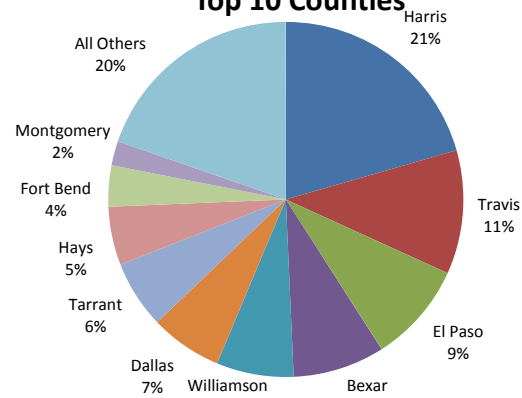
New Construction or Pre-Existing



Type of Loan



Top 10 Counties



3b

BOARD REPORT ITEM
COMPLIANCE DIVISION
JANUARY 18, 2018

Report on change in reporting to the Internal Revenue Service (“IRS”) regarding eligible basis

BACKGROUND

State allocating agencies are required to monitor for compliance with the Housing Tax Credit program. If noncompliance is identified, a notice of noncompliance is sent to the owner, and a corrective action period is provided. If at the end of the corrective action period the owner has not established continual compliance, a report (form 8823) is sent to the IRS. The IRS has provided a guide (the “8823 Audit Guide”) for monitoring agencies to use when monitoring tax credit properties. The Department relies on this guide for determining what noncompliance should be reported to the IRS on form 8823.

Recently staff from the Compliance Division attended “Advanced Issues” training on the Housing Tax Credit program. It was brought to our attention that the manner in which we have been handling events related to eligible basis needs to be adjusted to comport with the 8823 Audit Guide.

Historically, if a property has excess basis or indicated on their cost certification that they were removing certain costs from their eligible basis, the Department has not cited noncompliance or filed an 8823 if the Development charges for amenities such as garages, storage, covered parking, etc. that had been voluntarily excluded from the total reported eligible basis.

Eligible basis includes the cost of constructing all of those items. When the owner completes part 2 of the 8609 (Low Income Housing Credit Allocation and Certification), each identified building’s total eligible basis can be reported to the IRS on line 7 of the 8609.

The 8823 Audit Guide states:

“Out of Compliance

The Eligible Basis of a property is reduced when space that originally qualified as residential rental property changes character or space that was originally designated for use by qualified tenants is no longer available to them. Typical noncompliance may involve converting common areas to commercial property, or charging fees for facilities (such as a swimming pool), the cost of which were included in the Eligible Basis.

The date of noncompliance is the specific date the residential space is converted to commercial space or when a fee is charged.

Back in Compliance

Common areas and tax credit rental units may be converted to commercial space. Whether the cost of these converted spaces can be restored to Eligible Basis by changing the properties back into common areas or tax credit rental units has not been determined. In these instances, the state agency should not report the building back in compliance. Instead, the state agency should contact the IRS National Office LIHC Program Analyst for instructions.”

Tax credit monitoring agencies are required to report any time an owner is charging any resident (low income or market) for the use of non residential space that is includible in eligible basis, whether it is being claimed as such or not. There may be no tax consequence, but the state must report it so that the IRS is able to make a determination of possible impact. Staff confirmed with the IRS that we are to report this event.

This is a significant shift in treatment of this issue, and the purpose of this report item is to communicate this change to the Board, owners, and managers. An email announcement will also be sent out to the Department's listserv.

Since the state tax credit monitoring agency does not report this issue as corrected on form 8823, consideration also needs to be given to how this will be treated during previous participation reviews. Staff recommends that until there is a rule change, the issue will not be considered during previous participation reviews. As rules are proposed for revision there will be opportunity for public input.

4a

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**

4b

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JANUARY 18, 2018

Presentation, discussion, and possible action regarding site eligibility under 10 TAC §10.101(a)(2) related to Undesirable Site Features for Residences of Stillwater in Georgetown

RECOMMENDED ACTION

WHEREAS, pursuant to 10 TAC §10.101(a)(2) of the 2018 Uniform Multifamily Rules related to Undesirable Site Features, Development Sites within the applicable distance of any of the undesirable features identified therein may be considered ineligible as determined by the Board, unless the Applicant provides information regarding mitigation of the applicable undesirable site feature(s);

WHEREAS, a request was submitted by an applicant proposing a 4% Housing Tax Credit development in Georgetown that is within 500 feet of a railway; and

WHEREAS, pursuant to 10 TAC §10.101(a)(2), acceptable mitigation for such undesirable site feature, in accordance with the rule, was not submitted;

NOW, therefore, it is hereby,

RESOLVED, that the Board accepts staff recommendation, and finds the site for the proposed Residences of Stillwater development ineligible under the requirements of 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules.

BACKGROUND

The Department received a request from Pedcor Investments seeking a preliminary determination on site eligibility for a proposed development, Residences of Stillwater, in Georgetown. The site, intended to include new construction, and funded through the 4% Housing Tax Credit program, is within 500 feet of a railway which constitutes an undesirable site feature requiring disclosure under the rule. Specifically, the rule states the following:

“Development Sites located within 500 feet of active railroad tracks, measured from the closest rail to the boundary of the Development Site, unless the Applicant provides evidence that the city/community has adopted a Railroad Quiet Zone or the railroad in question is commuter or light rail.”

The presence of an undesirable site feature does not automatically render a site ineligible but rather requires an applicant disclose the specific undesirable site feature and submit appropriate mitigation, as further detailed in the rule. Pursuant to §10.101(a)(2):

“Where there is a local ordinance that regulates the proximity of such undesirable feature to a multifamily development that has smaller distances than the minimum distances noted below, then such smaller distances may be used and documentation such as a copy of the local ordinance identifying such distances relative to the Development Site must be included in the Application.”

New for the 2018 Uniform Multifamily Rules, is language in this section that states the following:

“If a state or federal cognizant agency would require a new facility under its jurisdiction to have a minimum separation from housing, the Department will defer to that agency and require the same separation for a new housing facility near an existing regulated or registered facility.”

The proposed development site is located in northeast Georgetown just off the NE Inner Loop and west of State Highway 130. The site is surrounded primarily by vacant land, with the railroad track just north of the site. According to the map provided by the applicant and attached hereto the railroad track is approximately 450 feet from the proposed development site and there is a tract of land (3.3 acres), represented to be future commercial development and zoned as such, that would separate the Residences of Stillwater from the railroad track. The applicant also indicated that adjacent to the proposed development site will be a single family subdivision of approximately 230 homes that will be adjacent to the railroad track.

The applicant contends that the Department’s concern as it relates to proximity to a railroad track is primarily based on noise and further stated that based on their own research of the Federal Transportation Administration Noise and Vibration Manual there is no minimum separation requirement between railroads and residential uses. Moreover, the applicant stated that the manual does address mitigation in cases where railroads might have a significant impact on noise levels, particularly in residential areas.

Also referenced in the applicant’s request was the assertion that while HUD does not impose a separation distance of housing from railroads, they do prohibit developments with unacceptable noise exposures and in some instances provides for mitigation. The applicant further asserts that although HUD does not regulate the placement of railroads, they are the cognizant agency as it relates to the placement of affordable housing and that the Department should utilize their standards for acceptable mitigation in addressing the noise levels that proximity to a railroad track creates. HUD considers noise levels above 65dB but not exceeding 75dB to be “Normally Unacceptable” and requires noise attenuation through certain building designs and construction techniques. Although an application has not been submitted so that the source of financing can be confirmed, the applicant represented that they are proposing to use HUD financing and will be required to comply with HUD standards regarding noise as a result. Should the development not be financed by HUD the applicant offered conditioning the eligibility on meeting HUD requirements with respect to noise attenuation.

The language in the rule is clear regarding the type of mitigation that could be submitted in order for staff to find the development site eligible despite the proximity to the railroad track. In this case, the applicant did not provide a local ordinance that imposes a smaller distance than 500 feet from the railroad to the Development Site nor did the applicant provide information from a state or federal cognizant agency that would regulate how close they could put a new railroad track next to residential uses. Staff recommends the Board find the Development Site ineligible.



December 21, 2017

Tim Irvine
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Request to Waive 10 TAC §10.101(a)(2) related to Undesirable Site Features

Dear Mr. Irvine:

Please accept this letter as a formal request to waive §10.101(a)(2)(E) of the 2018 Uniform Multifamily Rules ("Rule"), related to Undesirable Site Features, for Residences of Stillwater. The specific rule prohibits:

Development Sites located within 500 feet of active railroad tracks, measured from the closest rail to the boundary of the Development Site, unless the Applicant provides evidence that the city/community has adopted a Railroad Quiet Zone or the railroad in question is commuter or light rail.

Pursuant to §10.101(a)(2) of the Uniform Multifamily Rules, "If a state or federal cognizant agency would require a new facility under its jurisdiction to have a minimum separation from housing, the Department will defer to that agency and require the same separation for a new housing facility near an existing regulated or registered facility." We understand that the Department considers the US Department of Transportation the appropriate federal cognizant agency as it does have regulatory responsibilities over and implements safety rules and standards for the nation's railroads. We also understand that the concern over noise is the primary reason for the Department's prohibition of Development Sites within 500 feet of a railroad track. Therefore, we have reviewed the Federal Transportation Administration ("FTA") Noise and Vibration Manual and conducted online research to determine if there is a minimum separation requirement between railroads and residential uses. We have also contacted the Federal Transit Administration Office of Planning and Environment but to date have not spoken with anyone. From the information we have gathered thus far, there seems to be no such minimum separation requirement. However, the manual does address mitigation in cases where proposed railroads might have a significant impact on noise levels, and particularly in residential areas.

Similarly, HUD does not impose a minimum separation distance from railroad tracks for new housing facilities. However, as you know, HUD does prohibit projects with unacceptable noise exposures. Like what we found in the FTA manual, HUD does allow for mitigation in those cases. While not the federal agency that regulates railroads, HUD is arguably the federal cognizant agency with respect to the placement of housing. Therefore, we believe their regulations are relevant. Our knowledge of the rules and regulations of the US Department of Transportation, HUD and the TDHCA bring us to the conclusion that there is one primary concern of all three, and that is noise. Therefore, we will address that issue here.

It is true that noise levels above 65dB but not exceeding 75dB are considered "Normally Unacceptable" by HUD. We have had some experience with Development Sites located near busy roads, and in the cases where noise levels are considered Normally Unacceptable we have provided noise attenuation through certain building designs and construction techniques which are approved by HUD. For instance, we may use triple-pane windows; higher density, insulated frame material; enhanced wall construction (i.e. a second layer of drywall) on exterior walls; and staggered stud wall design. We are also thoughtful in site planning with respect to placement of exterior amenities so that noise levels are acceptable.

Because we are proposing HUD financing in this transaction and therefore will be required to comply with HUD standards regarding noise, we ask that the Department grant a waiver of 10 TAC §10.101(a)(2)(E). Although we do not anticipate closing the transaction without HUD financing, we appreciate that the Department may want to condition the waiver on our meeting any HUD requirements with respect to noise if it would not otherwise be required through the HUD financing.

When considering this request, please note the fact that the railroad tracks in question are more than 400 feet from the Development Site, and there is a 3.3-acre tract zoned for commercial use between the Development Site and the railroad tracks. While we have not measured the precise distance, attached is an image of the site which shows the tracks along with the other planned development, including 230 single family homes which are planned for construction beginning in 2018.

Finally, we appreciate that all applicants seeking waivers can point to the Department's statutory obligation to provide for the housing needs of individuals and families of low and moderate income as a reason to grant the waiver. Often these waivers are requested by those seeking competitive (9%) credits, and the counter argument is that any credit not awarded to one applicant will be used by another applicant to further the same cause. That is not the case here. In this instance, without the waiver, the development simply will not be constructed, and those housing needs will not be met. It should be noted as well that there is no expectation for any pre-applications for the 2018 9% cycle in Georgetown since Williamson County is not under a disaster declaration and therefore will not be competitive in the region. In addition, we do have a resolution from the city supporting this development and are unaware of any other applications for 4% credits in the area. Therefore, we believe granting this request clearly furthers the purposes and policies outlined in Texas Government Code, §§2306.001(2), 2306.002(1), 2306.002(2), and 2306.6701.

Thank you for your consideration, and please let me know if you need any additional information. If you are unable to grant this waiver, we respectfully request that it be placed on the next possible Board meeting agenda.

Sincerely,



Jean Marie Latsha
Vice President - Development

Cc: Marni Holloway
Teresa Morales
Craig Lintner



4c

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JANUARY 18, 2018

Presentation, discussion, and possible action regarding an award of Direct Loan funds from the 2017-1 Multifamily Direct Loan Notice of Funding Availability

RECOMMENDED ACTION

WHEREAS, the Department has received a total of 44 applications for Multifamily Direct Loan funds under the 2017-1 Multifamily Direct Loan Notice of Funding Availability (“NOFA”);

WHEREAS, Application 17028, which is requesting \$1,100,000 in Direct Loan funds for The Vineyard on Lancaster, is a Priority 3 application under the Supportive Housing/ Soft Repayment set-aside that has received complete reviews for compliance with program and underwriting requirements;

WHEREAS, the requested amount of Direct Loan funds was recommended by the Executive Award and Review Advisory Committee (“EARAC”);

WHEREAS, 10 TAC §13.5(d)(2) requires Applications for Developments previously awarded Department funds under any program to be found eligible by the Board; and

WHEREAS, this application has provided evidence of circumstances beyond the applicant’s control that could not have been prevented by timely start of construction as a criteria for the Board to consider for being found eligible;

NOW, therefore, it is hereby

RESOLVED, that an award of \$1,100,000 in National Housing Trust Fund (“NHTF”) from the NOFA for The Vineyard on Lancaster is hereby approved in the form presented at this meeting; and

FURTHER RESOLVED, that the Board’s approval is conditioned upon satisfaction of all conditions of underwriting and the 811 PRA Program, and completion of any other reviews required to assure compliance with the applicable rules and requirements.

BACKGROUND

On December 15, 2016, the Board approved the 2017-1 Multifamily Direct Loan NOFA with \$32,549,905 in funds with up to \$4,000,000 in the Supportive Housing/ Soft Repayment Set-Aside, \$4,723,589, in the CHDO Set-Aside, and \$23,826,316 in the General Set-Aside. The NOFA has since been amended four times in the past several months to include \$2,299,235 in additional TCAP

Repayment Funds, \$7,000,000 in NSP1 Program Income, and a reduction of \$9,086,316 in HOME funds, all of which occurred under the General Set-Aside, thereby increasing the General Set-Aside slightly to \$24,039,235. Additionally, \$4,310,528 in National Housing Trust Fund has been added to the Supportive Housing/Soft Repayment set-aside. The overall NOFA amount has consequently increased to \$37,073,353. Of the \$37,073,353, \$1,500,000 is reserved under the CHDO set-aside for an application that is currently under review and \$4,100,000 is reserved under the Supportive Housing/ Soft Repayment set-aside for this application, Nightingale at Goodnight Ranch (17445) – which is being recommended for an award of \$1,500,000 today – and another application that is currently under review. No funds remain available under the General set-aside.

Staff and EARAC are recommending the Board's approval of The Vineyard on Lancaster application (17028) for NHTF totaling \$1,100,000 under the Supportive Housing/ Soft Repayment Set-Aside. The recommended applications and award amounts are outlined in the attached award recommendations log.

The Vineyard on Lancaster was awarded an allocation of 9% Housing Tax Credits ("HTC") in July 2017 for application 17028, which proposed new construction of 104 units serving a Supportive Housing population in Fort Worth. The Applicant expects construction costs to increase since the time of the original underwriting in July 2017, leading them to hedge against those increased costs by submitting this Direct Loan application. This expectation of increased costs are beyond the Applicant's control in accordance with 10 TAC §13.5(d)(2) and have led the Applicant to request Direct Loan funds that they did not originally seek in 2017. With the addition of Direct Loan funds, 11 of the 104 units will now also be restricted under a separate Land Use Restriction Agreement ("LURA") from the HTC LURA. All 11 Direct Loan units will target households earning 30% or less of the Area Median Income ("AMI").

As required in 10 TAC §13.11(m) of the Multifamily Direct Loan Rule, the Department's Governing Board must establish a hard closing deadline at the time of award. As such, staff recommends that closing on the Direct Loan must occur no later than June 29, 2018.

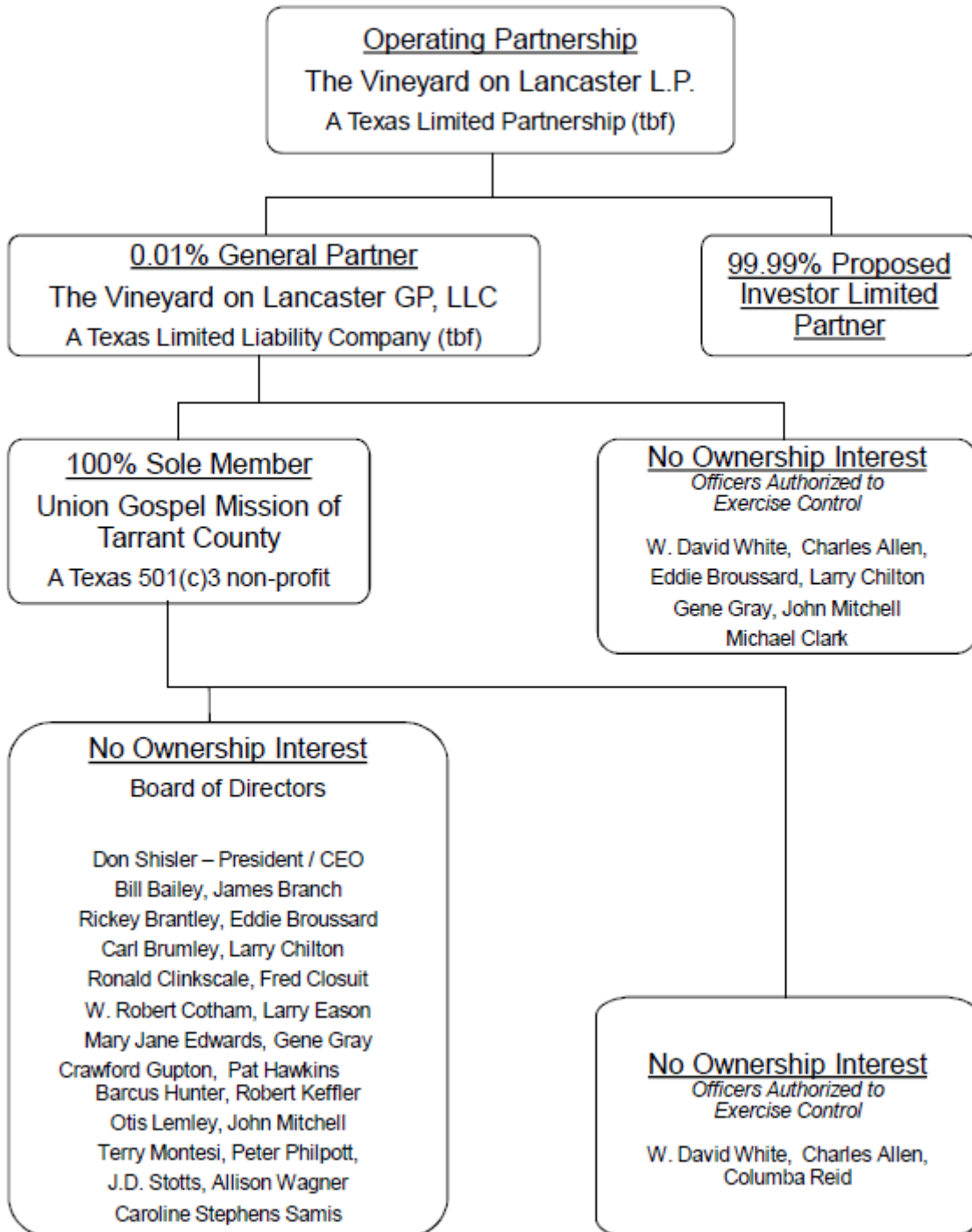
This application has been underwritten and determined to meet the Real Estate Analysis rules and requirements and has received a previous participation review.

Should the recommended award – as well as Nightingale at Goodnight (17445) which is also being recommended for approval at this Board meeting – be approved, \$3,000,000 will remain available under the NOFA with \$1,500,000 remaining available under Supportive Housing/ Soft Repayment Set-Aside, of which, one application requesting \$1,500,000 is still under review. Subsequent award recommendations for applications undergoing staff reviews may appear on future Board agendas.

The Application and Award Recommendations Log is attached.

Organizational Structure and Previous Participation: The borrower is The Vineyard on Lancaster, LP and includes entities and principals as indicated in the organization chart below. At the time of the Previous Participation Review, the applicant was a Small Portfolio Category 1.

Public Comment: There have been no letters of support or opposition received by the Department.





January 9, 2018

DIRECTORS

W. David White
Chairman

Charles Allen
Vice-Chairman
Treasurer

Columba J. Reid
Secretary

Andrew Sinnott
Multifamily Loan Programs Administrator
Texas Department of Housing and Community Affairs
Austin, TX 78711

Re: Union Gospel Mission of Tarrant County Eligibility Determination for
The Vineyard on Lancaster

Dear Mr. Sinnott:

Please accept this request for eligibility describing the circumstances beyond Union Gospel Mission of Tarrant County's control affecting The Vineyard on Lancaster.

While construction has not begun on The Vineyard, the award of the 9% tax credits design work has progressed. The 100% design development set was completed at the end of December. The general contractor will next develop final costs in conjunction with subcontractors as we move toward a closing and start of construction at the end of March.

There is significant likelihood that the costs will escalate from their last estimate due to increasing demand for materials and labor resulting from the hurricanes of 2017, and due to a generally improving economy. The unemployment rate in Dallas/Fort Worth/Arlington was recently reported at 3.3%, causing upward pressure on wages. While this is encouraging for the local economy, and also is providing more jobs for our program graduates who will be possible tenants of The Vineyard, it is also putting upward pressure on construction costs. A CNBC report dated January 5 stated "All signs and numbers point to a huge year for the construction industry. Even in December, with much of the nation frozen, the construction industry added 30,000 jobs, according to the Bureau of Labor Statistics. For all of 2017, construction added 210,000 jobs, a 35 percent increase over 2016. Construction spending is also soaring, rising more than expected in November to a record \$1.257 trillion, according to the Commerce Department."

Union Gospel Mission of Tarrant County relies mainly on donations to fund its wide variety of operations and social services. The reduced equity commitment for The Vineyard will provide a hedge against the rising

Bill Bailey
James O. Branch
Rickey Brantley
Eddie Broussard
Carl R. Brumley
Larry Chilton
Ronald Clinkscale
Fred Closuit
W. Robert Cotham
Larry D. Eason
Mary Jane Edwards
Gene Gray
Crawford Gupton
Pat C. Hawkins
Barcus Hunter
Robert J. Keffler
Otis Lemley
John Mitchell
Terry Montesi
Peter Philpott
Caroline Stephens Samis
J.D. Stotts
Allison Wagner

PRESIDENT/CEO
Don Shisler

CHAPLAIN
Stanley Maneikis

1321 EAST LANCASTER
FORT WORTH, TEXAS 76102

PHONE (817) 339-2553
FAX (817) 335-2504
www.ugm-tc.org

UGM-TC is a local, 501(c)(3) non-profit organization



construction costs and allow Union Gospel Mission of Tarrant County to maintain reserves, minimize the risk of reduction of services, and supplement any negative cash flow in the long-term operation of The Vineyard on Lancaster.

Sincerely,

A handwritten signature in blue ink that reads "Don Shisler". The signature is fluid and cursive.

Don Shisler
President/CEO

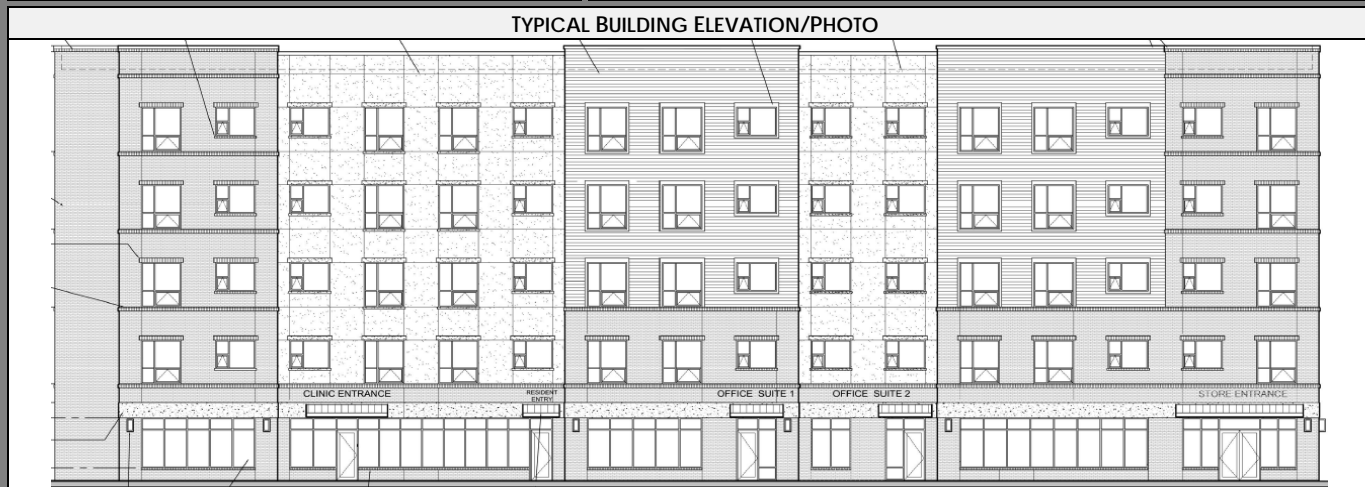
17028 The Vineyards on Lancaster - Application Summary

REAL ESTATE ANALYSIS DIVISION
January 8, 2018

PROPERTY IDENTIFICATION	
Application #	17028
Development	The Vineyards on Lancaster
City / County	Fort Worth / Tarrant
Region/Area	3 / Urban
Population	Supportive Housing
Set-Aside	General
Activity	New Construction

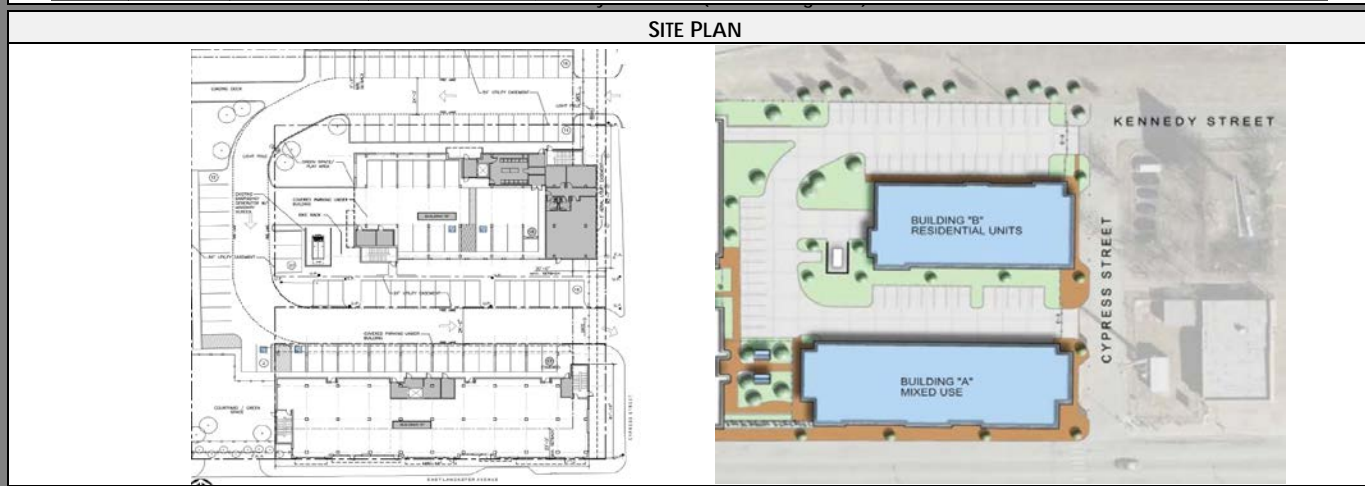
RECOMMENDATION						
TDHCA Program	Request	Recommended				
LIHTC (9% Credit)	\$1,330,273	\$1,330,273	\$12,791/Unit	\$0.90		
	Amount	Rate	Amort	Term	Lien	
Multifamily Direct Loan (Soft Repayable)	\$1,100,000					

KEY PRINCIPAL / SPONSOR		
Union Gospel Mission of Tarrant County Don Shisler		
Related-Parties	Contractor - No	Seller - Yes



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	22	21%
1	88	85%	40%	-	0%
2	16	15%	50%	42	40%
3	-	0%	60%	34	33%
4	-	0%	MR	6	6%
TOTAL	104	100%	TOTAL	104	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		TDHCA's Pro Forma	
Debt Coverage	N/A	Expense Ratio	82.6%
Breakeven Occ.	76.4%	Breakeven Rent	\$526
Average Rent	\$642	B/E Rent Margin	\$115
Property Taxes	\$453/unit	Exemption/PILOT	0%
Total Expense	\$6,065/unit	Controllable	\$3,910/unit



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (30% Maximum)	2.6%		
Highest Unit Capture Rate	8%	1 BR/60%	28
Dominant Unit Cap. Rate	6%	1 BR/50%	34
Premiums (↑60% Rents)	No		
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	759 SF	Density	67.0/acre
Acquisition		\$00K/unit	\$K
Building Cost	\$131.06/SF	\$100K/unit	\$10,348K
Hard Cost		\$109K/unit	\$11,366K
Total Cost		\$167K/unit	\$17,417K
Developer Fee	\$2,100K	(27% Deferred)	Paid Year: 5
Contractor Fee	\$1,591K	30% Boost	Yes

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
TDHCA	0/0	0.00%	\$1,100,000	N/A	Union Gospel Mission of Tarrant County	0/0	0.00%	\$3,704,435	N/A	National Equity Fund	\$11,972,457
										Union Gospel Mission of Tarrant County	\$562,742
TOTAL DEBT (Must Pay)			\$1,100,000		CASH FLOW DEBT / GRANTS			\$3,781,935		TOTAL EQUITY SOURCES	\$12,535,199
										TOTAL DEBT SOURCES	\$4,881,935
										TOTAL CAPITALIZATION	\$17,417,134

CONDITIONS

- 1 Receipt and acceptance before Direct Loan Closing
 - a: Substantially final construction contract with Schedule of Values.
 - b: Updated term sheets with substantially final terms from all lenders
 - c: Substantially final draft of limited partnership agreement.
 - d: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.

2 Documentation at Cost Certification clearing environmental issues identified in the ESA report, specifically:

- Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

RISK PROFILE
STRENGTHS/MITIGATING FACTORS
<ul style="list-style-type: none"> ▫ No foreclosable debt
WEAKNESSES/RISKS
AREA MAP

AERIAL PHOTOGRAPH(S)



2017-1 Multifamily Direct Loan Program - Application Log - January 18, 2018

Per 2017-1 Multifamily Direct Loan Notice of Funding Availability published in the Texas Register on 12/30/2016 and First, Second, Third, and Fourth Amendments to NOFA

The following data was compiled using information submitted by each applicant. While this data has been reviewed or verified by the Department, errors may still be present. Those reviewing the log are advised to use caution in reaching any definitive conclusions based on this information alone. Where Applications are layered with 9% or 4% Tax credits, the Applications are also subject to evaluation under the Department criteria for those fund sources. Applicants are encouraged to review 10 TAC §511.1(b) and 10.2(a) concerning Due Diligence and Applicant Responsibility, along with 10 TAC Subchapter C related to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applications. This log will be updated periodically as staff completes application reviews and as more applications are received. The Multifamily Direct Loan Program - Application Log is presented for informational use only, and does not represent a conclusion or judgment by TDHCA, its staff or Board. Applicants that identify an error in the log should contact Andrew Sinnott at andrew.sinnott@tdhca.state.tx.us as soon as possible. Identification of an error early does not guarantee that the error can be addressed administratively.

Applications sorted by date received within set-aside.

TDHCA Application #	Property Name	Property City	Property County	Region	Housing Activity ¹	Multifamily Direct Loan Request/Award	Target Population	Total Units	MF Direct Loan Units	Layering ²	Date Received ³	Comments
17501	Live Oak Trails	Austin	Travis	7	NC	\$ 600,000	Supportive Housing	58	10	9%	1/9/2017	Recommended for TCAP RF award at 7/13/17 Board meeting
17502	Freedom's Path at Kerrville	Kerrville	Kerr	9	NC	\$ 300,000	Supportive Housing	49	13	9%	1/9/2017	Recommended for TCAP RF award at 12/14/17 Board meeting
17423	Palladium Glenn Heights	Glenn Heights	Ellis	3	NC	\$ 800,000	General	270	7	4%	4/20/2017	Recommended for TCAP RF award at 9/7/17 Board meeting
17500	Works at Pleasant Valley Phase II	Austin	Travis	7	NC	\$ 1,500,000	Supportive Housing	29	12		7/13/2017	Recommended for NHTF award at 12/14/17 Board meeting
17028	The Vineyard on Lancaster	Fort Worth	Tarrant	3	NC	\$ 1,100,000	Supportive Housing	104	11	9%	10/27/2017	Recommended for NHTF award at 1/18/18 Board meeting
17511	AHA! at Briarcliff	Austin	Travis	7	NC	\$ 1,500,000	General	27	10		10/27/2017	
17445	The Nightingale at Goodnight Ranch	Austin	Travis	7	NC	\$ 1,500,000	Elderly Preference	174	16	4%	10/27/2017	Recommended for NHTF award at 1/18/18 Board meeting
17512	Housing First Oak Springs	Austin	Travis	7	NC	\$ -	Supportive Housing	50	50	4%	10/31/2017	Withdrawn
Total Amount Requested Under SH/SR Set Aside						\$ 7,300,000	Total Units	761	129			
Total Amount Awarded Under SH/SR Set Aside (TCAP RF)						\$ 1,700,000	Total Units	377	30			
Total Amount Awarded Under SH/SR Set Aside (NHTF)						\$ 4,100,000	Total Units	307	39			
Total Amount Remaining Under SH/SR Set Aside (TCAP RF)						\$ 2,300,000	\$1,289,471 reserved for pending application. \$1,010,529 transferred to 2018-1 Multifamily Direct Loan NOFA.					
Total Amount Remaining Under SH/SR Set Aside (NHTF)						\$ 210,529	\$210,529 reserved for pending application.					

TCAP RF \$4,000,000
NHTF \$4,310,529
Total Set Aside Funding Level: \$8,310,529

CHDO (HOME funds only)

TDHCA#	Property Name	Property City	Property County	Region	Housing Activity ¹	Multifamily Direct Loan Request/Award	Target Population	Total Units	MF Direct Loan Units	Layering ²	Date Received ³	Comments
17505	Merritt Monument	Midland	Midland	12	NC	\$ -	General	104	34	9%	3/30/2017	Withdrawn
17504	Merritt Heritage	Georgetown	Williamson	7	NC	\$ -	Elderly Limitation	244	34	9%	3/30/2017	Withdrawn
17509	Poesta Creek Apartments	Beeville	Bee	10	R	\$ 2,000,000	General	50	50		3/31/2017	Recommended for award at 12/14/17 Board meeting
17738	Las Casitas De Azucar	Santa Rosa	Cameron	11	NC	\$ -	General	50	27	9%	4/3/2017	Withdrawn
17165	Merritt Headwaters	Dripping Springs	Hays	7	NC	\$ -	General	80	20	9%	4/3/2017	Terminated
17508	Casitas San Miguel	San Elizario	El Paso	13	NC	\$ -	General	24	24		4/12/2017	Withdrawn
17510	Brook Haven Supportive Housing	Rockdale	Milam	8	NC	\$ 1,500,000	Supportive Housing	30	30		7/7/2017	
17436	Boyce Lane Apartment Homes	Austin ETJ	Travis	7	NC	\$ -	General	280	42	4%	10/25/2017	Withdrawn
Total Amount Requested Under CHDO Set Aside						\$ 3,500,000	Total Units	862	261			
Total Amount Awarded Under CHDO Set Aside						\$ 2,000,000	Total Units	50	50			
Total Amount Remaining Under CHDO Set Aside						\$ 2,723,589	\$1,500,000 reserved for pending application. \$1,223,589 reprogrammed.					

HOME (available in non-PJs) \$6,240,000
NSP1 PI (available statewide) \$7,000,000
TCAP RF (available statewide) \$10,799,235

General

TDHCA#	Property Name	Property City	Property County	Region	Housing Activity ¹	Multifamily Direct Loan Request/Award	Target Population	Total Units	MF Direct Loan Units	Layering ²	Date Received ³	Comments
17503	The Reserve at Dry Creek	Hewitt	McLennan	8	NC	\$ 1,450,000	Elderly Limitation	113	12	9%	1/9/2017	Recommended for HOME award at 5/25/17 Board meeting
17402	Harris Ridge Apartments	Austin	Travis	7	NC	\$ 3,000,000	General	324	50	4%	1/9/2017	Recommended for TCAP RF award at 5/25/17 Board meeting
17403	Lord Road Apartments	San Antonio	Bexar	9	NC	\$ -	General	324	50	4%	1/9/2017	Terminated
17404	Commons at Goodnight	Austin	Travis	7	NC	\$ 3,000,000	General	304	23	4%	2/3/2017	Recommended for NSP1 PI award at 12/14/17 Board meeting
17405	Bridge at Cameron	Austin	Travis	7	NC	\$ 2,590,000	General	263	22	4%	2/3/2017	Recommended for TCAP RF award at 10/12/17 Board meeting

Total General Set Aside Funding Level: \$24,039,235

17409	Bridge at Canyon View	Austin	Travis	7	NC	\$ -	General	264	21	4%	3/7/2017	Withdrawn
17401	Primrose Village	Weslaco	Hidalgo	11	NC	\$ 1,100,000	General	242	21	4%	3/10/2017	Recommended for NSP1 PI award at 10/12/17 Board meeting
17507	Easterling Culeba Apartments	San Antonio	Bexar	9	NC	\$ -	General	90	50	9%	3/23/2017	Withdrawn
17506	Tuscany Park at Arcola	Arcola	Fort Bend	6	NC	\$ 2,020,000	General	96	50	9%	3/24/2017	Recommended for TCAP RF award at 10/12/17 Board meeting
17107	The Residence at Wolfforth	Wolfforth	Lubbock	1	NC	\$ 500,000	Elderly Limitation	49	6	9%	4/3/2017	Returned HOME award after being recommended for award 7/27/17
17273	The Residence at Lamar	Wichita Falls	Wichita	2	ADR	\$ 950,000	Elderly Limitation	30	9	9%	4/3/2017	Recommended for 9% HTC without Direct Loan funds
17281	The Residence at Arbor Grove	Arlington	Tarrant	3	NC	\$ 1,250,000	Elderly Limitation	126	11	9%	4/3/2017	Recommended for 9% HTC without Direct Loan funds
17012	Secretariat Apartments	Arlington	Tarrant	3	NC	\$ 3,000,000	Elderly Limitation	74	50	9%	4/3/2017	Recommended for 9% HTC without Direct Loan funds
17076	Sphinx at Throckmorton Villas	McKinney	Collin	3	NC	\$ -	General	124	21	9%	4/3/2017	Terminated
17372	Sunset Trails	Bullard	Cherokee	4	NC	\$ 740,000	Elderly Limitation	48	7	9%	4/3/2017	Not recommended for 9% HTC
17208	Waverly Village	New Waverly	Walker	6	R	\$ 300,000	General	50	5	9%	4/3/2017	Recommended for HOME award at 7/27/17 Board meeting
17007	Magnolia Station	Winnie	Chambers	6	NC	\$ 1,220,000	General	44	11	9%	4/3/2017	Not recommended for 9% HTC
17204	Vista Bella	Lago Vista	Travis	7	NC	\$ 1,935,000	General	72	40	9%	4/3/2017	Recommended for HOME award at 7/27/17 Board meeting
17179	The Nightingale at Goodnight Ranch	Austin	Travis	7	NC	\$ -	Elderly Limitation	174	54	9%	4/3/2017	Withdrawn and resubmitted as 4%/ Direct Loan application (17445)
17205	Travis Flats	Austin	Travis	7	NC	\$ 3,000,000	General	146	53	9%	4/3/2017	Not recommended for 9% HTC
17290	Golden Trails	West	McLennan	8	NC	\$ 2,055,000	Elderly Limitation	45	17	9%	4/3/2017	Recommended for HOME award at 7/27/17 Board meeting
17013	Rio Lofts	San Antonio	Bexar	9	NC	\$ 3,000,000	General	81	50	9%	4/3/2017	Recommended for 9% HTC without Direct Loan funds
17026	10715 Bandera Apartments	San Antonio	Bexar	9	NC	\$ -	General	84	50	9%	4/3/2017	Withdrawn
17042	Huntington at Paseo de la Resaca	Brownsville	Cameron	11	NC	\$ 2,500,000	Elderly Limitation	132	42	9%	4/3/2017	Recommended for 9% HTC without Direct Loan funds
17094	Catalon at Paseo de la Resaca	Brownsville	Cameron	11	NC	\$ 2,500,000	General	128	42	9%	4/3/2017	Recommended for 9% HTC without Direct Loan funds
17258	Village at Henderson	Corpus Christi	Nueces	10	NC	\$ 1,000,000	General	88	8	9%	4/3/2017	CHDO Set Aside requested
17069	Arlinda Gardens Supportive Housing	Bryan	Brazos	8	NC	\$ -	Supportive Housing	100	30	9%	4/3/2017	Terminated
17416	Manchaca Commons	Austin	Travis	7	NC	\$ -	General	240	20	4%	4/4/2017	Withdrawn
Total Amount Requested Under General Set Aside: Development Sites in non-PJs						\$ 8,200,000	Total Units	545	119			
Total Amount Requested Under General Set Aside: Development Sites in PJs						\$ 28,910,000	Total Units	3,310	706			
Total Amount Requested Under General Set Aside: TOTAL						\$ 37,110,000	Total Units	3,855	825			
Total Amount Awarded Under General Set Aside (HOME)						\$ 5,740,000	Total Units	280	74			
Total Amount Awarded Under General Set Aside (TCAP RF)						\$ 7,610,000	Total Units	683	122			
Total Amount Awarded Under General Set Aside (NSP1 PI)						\$ 4,100,000	Total Units	242	21			
Total Amount Remaining Under General Set Aside (HOME)						\$ 500,000	Funds reprogrammed.					
Total Amount Remaining Under General Set Aside (TCAP RF)						\$ 3,189,235	Funds transferred to 2018-1 Multifamily Direct Loan NOFA.					
Total Amount Remaining Under General Set Aside (NSP1 PI)						\$ 2,900,000	Funds transferred to 2018-1 Multifamily Direct Loan NOFA.					

1 = Housing Activity: New Construction=NC, Rehabilitation=R, ADR = Adaptive Reuse

2 = Layering of Other Department Funds: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program

3 = Date Received: The date that the application, all required 3rd Party Reports, Application Fees (if applicable), and Certificate of Reservation (if applicable) were received.

4d

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JANUARY 18, 2018

Presentation, discussion, and possible action regarding the interpretation of provisions of the Qualified Allocation Plan relating to the claiming of disaster points; the timing of submittal of resolutions of local government support or opposition and state representative input letters; and the handling of these matters by staff if they create a change in self-score that would disqualify an applicant for pre-application points.

RECOMMENDED ACTION

WHEREAS, pursuant to a Tex. Gov't Code §2306.6710(b)(1)(H), an Application may receive ten (10) points if at the time of Application submission or at any time within the two-year period preceding the date of submission, the Development Site is located in an area declared to be a disaster area under the Tex Gov't Code, §418.014;

WHEREAS, a number of counties that have had an eligible declared disaster event will see that eligibility expire prior to the Full Application Delivery Date of March 1, 2018;

WHEREAS, the Department received an inquiry regarding the deadline for submitting an Application to be eligible for the 10 points for Declared Disaster Area in counties for which the disaster declaration will expire prior to the Full Application Delivery Date of March 1, 2018;

WHEREAS, Applicants that requested points for Declared Disaster Areas in the pre-application but do not qualify for those points as a result of the Board's action may suffer a penalty of the loss of six pre-application points; and

WHEREAS, staff has determined that board action to interpret its rules in light of statutory language on these items is in order;

NOW, therefore, it is hereby

RESOLVED, that for Applicants wishing to submit Applications for Development Sites that are in counties that have an eligible declared disaster event that will expire within the Application Acceptance Period, but prior to the Full Application Delivery Date of March 1, 2018, the eligibility of submitting the complete application under the rules will be as interpreted by the Board; and

FURTHER RESOLVED, that pre-applications affected by action taken by the Board on this issue will be allowed to adjust their claimed points in accordance with the Board's order without penalty.

BACKGROUND

Tex. Gov't Code §2306.6710(b)(1)(H) states:

(b) If an application satisfies the threshold criteria, the department shall score and rank the application using a point system that:

(1) prioritizes in descending order criteria regarding:

...

(H) whether, at the time the complete application is submitted or at any time within the two-year period preceding the date of submission, the proposed development site is located in an area declared to be a disaster under Section 418.014;

This requirement is codified in the Texas Administrative Code at 10 TAC §11.9(d)(3), related to Declared Disaster Area:

“An Application may receive ten (10) points if at the time of Application submission or at any time within the two-year period preceding the date of submission, the Development Site is located in an area declared to be a disaster area under the Tex Gov't Code, §418.014.”

The Department has identified 25 counties that have an eligible declared disaster event for which that eligibility will expire prior to the Full Application Delivery Date of March 1, 2018. The last eligible disaster declaration was made for these counties on January 26, 2016. A list of those counties, including Bailey, Castro, Childress, Cochran, Collin, Dallas, Deaf Smith, Dickens, Ellis, Franklin, Hall, Hardeman, Hockley, Hopkins, Kaufman, Kent, King, Lamb, Navarro, Parmer, Red River, Rockwall, Terry, Titus, and Wichita, can be found in the Declared Disaster Areas exhibit posted on the Department's website at <http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm>.

Staff provided guidance that those wishing to score 10 points for Declared Disaster Area for Developments in these counties must submit a complete Application on or before January 26, 2018, which is two years after the date of the declaration. Staff provided guidance that anything that would have been due with a full Application on March 1, 2018 would be due on January 26, 2018; and anything due after March 1, 2018 would maintain its original due date. For these Applicants, if no pre-application is submitted, staff provided guidance that the *Electronic Filing Agreement* must be submitted by January 12, 2018 in order to ensure enough time for the Department to assign a username to create the account and set up the password.

After staff provided such guidance, the Department received an inquiry regarding the deadline for submitting an Application to be eligible for the 10 points for Declared Disaster Area in counties for which the disaster declaration will expire prior to the Full Application Delivery Date of March 1, 2018. The inquiry suggested that the expiration date of the two year period following the declaration should be February 26, 2018, rather than January 26, 2018, because the declaration had an effective period of thirty days, ending on February 26, 2016. Per the inquiry, the prospective applicant argued that the operation of Tex. Gov't Code §418.014 provides that such a state of disaster continues until one of three events occur: either the Governor terminates the declaration by executive order, the legislature terminates the declaration by law which is confirmed by the Governor's executive order, or 30 days elapses from the date of the declaration (unless renewed by the Governor). Accordingly, unless otherwise truncated per the statute, the area would continue to be an “area declared to be a disaster” until 30 days after the declaration.

Tex. Gov't Code §418.014. DECLARATION OF STATE OF DISASTER states:

- (a) The governor by executive order or proclamation may declare a state of disaster if the governor finds a disaster has occurred or that the occurrence or threat of disaster is imminent.
- (b) Except as provided by Subsection (c), the state of disaster continues until the governor:
 - (1) finds that:
 - (A) the threat or danger has passed; or
 - (B) the disaster has been dealt with to the extent that emergency conditions no longer exist;
 - and
 - (2) terminates the state of disaster by executive order.
- (c) A state of disaster may not continue for more than 30 days unless renewed by the governor. The legislature by law may terminate a state of disaster at any time. On termination by the legislature, the governor shall issue an executive order ending the state of disaster.

Staff found no evidence that the declaration issued on January 26, 2016, was renewed or terminated and therefore concluded that it terminated on February 26, 2016.

“Full Application Delivery Date” is addressed in 10 TAC §11.2, the Program Calendar. One of the questions presented is whether the Full Application Delivery Date is an “on or before” date, as opposed to an express requirement to submit applications on, and only on, March 1st. Staff has given the guidance that submitting applications early to meet the two year mark is acceptable, but the Board must make this determination, as well as determine whether the duration of the existence of a disaster area is counted in that two year time frame. Generally, it has long been the practice of TDHCA to allow and encourage submission of applications early and as long before the end of the Application Acceptance Period as possible.

A further issue exists as to the appropriate date to submit materials from elected officials. Potential applicants have advised that their representatives and local governments are relying on 10 TAC §11.2, the Program Calendar, which specifically states as separate and distinct items:

- Full Applications are due by March 1
- Final input from Elected Officials (including local government resolutions of support and input from State Representatives) is due by March 1.

The Board must determine whether the undefined term in §2306.6710(b)(1)(H) “the complete application,” per TDHCA’s program calendar at 10 TAC §11.2, includes both the “Full Application” and the “Final input from Elected Officials” by the two year mark, or whether the “Final input from Elected Officials” may be submitted by March 1 by finding the earlier submitted “Full Application” materials satisfies the statutory requirement to submit “the complete application.”

Finally, the timing of pre-application submissions raises another important issue regarding these Applications: 10 TAC §11.9(e)(3) related to points for Pre-application Participation, includes the following requirement:

“An Application may qualify to receive up to six (6) points provided a pre-application was submitted by the Pre-application Final Delivery Date. Applications that meet the

requirements described in subparagraphs (A) - (G) of this paragraph will qualify for six (6) points:

...

(E) The Application final score (inclusive of only scoring items reflected on the self score form) does not vary by more than four (4) points from what was reflected in the pre-application self score;"

The Pre-application Final Delivery Date was January 9, 2018. Applicants affected by this issue may have claimed or not claimed points in their pre-application regarding this point item, and would lose pre-application points unless the Board addresses this issue.

Pursuant to 10 TAC §10.207:

"... An Applicant may request a waiver in writing at or prior to the submission of the pre-application (if applicable) or the Application or subsequent to an award. Waiver requests on Competitive HTC Applications will not be accepted between submission of the Application and any award for the Application. Staff may identify and initiate a waiver request as part of another Board action request. ..."

Accordingly, the questions presented to the Board for its determination are:

1. *May an applicant claim disaster points under 10 TAC §11.9(d)(3) if they submit their application within two years from when the declaration under Tex. Gov't Code §418.014 expired?*

Note: 10 TAC §11.9(d)(3), provides: "An Application may receive ten (10) points if at the time of Application submission or at any time within the two-year period preceding the date of submission, the Development Site is located in an area declared to be a disaster area under the Tex Gov't Code, §418.014;" and Tex. Gov't Code §2306.6710(b)(1)(H), provides: "whether, at the time the complete application is submitted or at any time within the two-year period preceding the date of submission, the proposed development site is located in an area declared to be a disaster under Section 418.014."

2. *What is the "Full Application Delivery Date?"*

Note: Staff has provided guidance that that it is any day in the Application Acceptance Period, between January 4, 2018, and March 1, 2018, may be the Full Application Delivery Date, and not a single fixed date.

3. *If an application is submitted prior to March 1 in order to claim points for 10 TAC §11.9(d)(3), may the applicant also provide elected official support (local government resolutions and state representative letters) up to and including March 1?*

Note: The program calendar found at 10 TAC §11.2 expressly provides that elected official input items are due on or before March 1, and treats this separately from the date and description of the Full Application Delivery Date.

4. *If elected official input is allowed to be submitted by March 1, and after the submission of all other application materials timed to claim disaster points, does the Board consider the application (minus the elected official input) a "complete" application, as required by statute?*

5. *If an applicant's pre-application self-score regarding disaster points is affected by the Board's interpretation on these matters, will the difference in number of points render them ineligible for full pre-application points?*